

European Concerns Are Defined By The economic Crisis

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Findings of the GfK "Challenges of Europe" 2009 survey

This year's list of concerns of Europe's citizens is dominated by the financial and economic crisis. Despite being temporarily knocked from first place last year, problems on the labor market have climbed back up to first place in the list of concerns, as anxieties have grown.

This is one of the findings of GfK's "Challenges of Europe", a survey carried out annually on behalf of GfK Association.

There has been a very steep rise in the level of anxiety about economic stability. Whereas the issue did not appear in the European top ten in 2008, it is now the second biggest concern. Conversely, worries about prices and purchasing power development have eased this year.

Unemployment is also the number one concern in Germany.

Following a period of continuous decline in job anxieties in recent years, German citizens' concerns about unemployment are once again creeping up, rising by 4 percentage points in 2009. At 57%, problems on the labor market are by far the biggest worry for Germans.

In fact, with the highest numbers of people employed in Germany since reunification, the situation on the job market was initially positive in 2008. However, the first effects of the economic downturn started to become evident at the beginning of 2009.

The number of people in employment once again fell below the "magic" 40 million mark, and according to figures released by the International Labour Organization (ILO), the unemployment rate climbed by 0.1 point to 7.3% in January this year.

A further increase was probably halted by short-time work arrangements. It remains to be seen whether this or other measures to boost the economy can prevent a deterioration in the situation on the job market, and if so, to what extent.

Germans worried about economic development

In Germany, concern about economic development is climbing steeply. Having been ranked 15th last year, it now stands in second place, with 36% of Germans citing it as their biggest anxiety.

The main reason for this is the much-discussed recession triggered by the banking crisis, the effects of which are also being felt in Germany. 13% of German citizens name the "financial and banking crisis" as their top concern, while 11% cite the "economic crisis".

The latest figures from the Statistisches Bundesamt (Federal Statistical Office) back up these findings: in real terms, Gross Domestic Product (GDP) in the fourth quarter of 2008 decreased by 2.1%, and the forecasts for 2009 are also pointing downwards.

With 14% of nominations, the issue of education comes a distant third in the list of concerns. The education system in Germany has come increasingly under discussion, in particular as a result of the PISA survey.

Concerns about pensions eclipsed by the economic crisis

Germans are considerably less anxious about pensions and retirement provisions than they were in the previous year.

Following a rise in the past few years, the importance of the issue for Germans has decreased by 14 points compared with the previous year, to stand at 9%. Increased pension payments could be one reason for this; however, it is also likely that alarm about the current economic situation is eclipsing pension anxieties.

Concern about the development of prices and purchasing power occupies fourth place in the current ranking, although presently, only 13% of citizens view this as a problem, compared with 37% last year. This could be explained by the sinking rate of inflation, which peaked in 2008 as a result of escalating energy and food prices.

However, the costs of fuel, gas, oil and food have fallen considerably since last autumn and this has curbed inflation, which stood at just 1% in February 2009.

The issue of social security is perceived as problematic by 13% of Germans, the same as in the previous year. Before that, similarly high values were last seen towards the end of the last recession in 2003 and 2004.

Unemployment a major issue in both eastern and western Germany

Almost 20 years after the fall of the Berlin Wall, the two parts of Germany are becoming more aligned in terms of the main worries of their citizens.

For example, unemployment occupies the central position as the biggest problem in both East and West. In 2009, concern about this issue in western Germany has climbed from 51% to 55%, and is therefore approaching the level in eastern Germany (unchanged at 63%).

The issue of Germany's economic stability is viewed as a significantly more major problem than in the previous year in both areas of Germany, and is currently ranked second in the list of concerns. Although citizens in eastern Germany have tended to be more worried in the past, the trend is now becoming reversed.

In total, 38% of consumers in western Germany said they were troubled by the economic situation, whereas this value was 29% in eastern Germany.

Unemployment is the top issue in Europe

The global economic crisis has only begun to affect the employment market in some countries, but anxiety is growing in Europe about the potential consequences.

With an increase of 15 percentage points to 39%, unemployment tops the overall European list of concerns. In Spain, where the crisis is already becoming noticeable in the significant rise in unemployment, people are particularly unsettled, with around 67% expressing concern about the situation on the job market.

Germany and France follow at a distance, at 57% and 54% respectively. The lack of jobs troubles more than 40% of citizens in Italy, Poland and Austria respectively; here too, the situation on the labor market is the major concern. Around a quarter of Belgians are worried by this issue, and a fifth in the UK and Russia are similarly concerned.

However, it is perceived as less of a priority in the Netherlands, where just 7% think there is a need for political action.

Cause for concern: economic development

There has been an enormous increase in the level of fear about economic stability across Europe.

While this topic was named by 5% of citizens in previous years, it has shot up to a current 29%. In the UK, as many as 43% of consumers surveyed foresee difficult times ahead. Here, as in Belgium and the Netherlands, this issue is ranked in first place, and it is also a significant anxiety in Germany (36%), Austria and Spain (34% in both countries).

Just under a third of the populations of Italy, Belgium and the Netherlands respectively believe that the economic situation needs to be improved, and at least a fifth of the population in the remaining countries, with the exception of France, is worried.

Falling energy prices curb inflation concerns

Fears about prices and purchasing power development have fallen in importance by at least 7 points, following the dramatic increase of 11 percentage points in the previous year.

With 22% of mentions, this issue is now positioned behind unemployment and concern about economic development in the list of concerns. One reason for this could be the drop in the rate of inflation, which is currently benefiting consumers in most countries.

One exception is Russia, where reduced income in real terms is forecast for 2009, with imports also becoming more expensive as a result of the depreciation of the Rubel.

This is evidently unsettling citizens a great deal, and at 31%, price and purchasing power development is consequently the top concern. The French are even more worried (51%); however, purchasing power is at the forefront here, with citizens probably fearing salary reductions owing to the economic and financial crisis.

Less focus on pensions and combating crime

The issue of crime has slipped down one place on the overall European agenda and at 11%, is now in fourth place. The Italians appear to have an above-average level of concern for this problem, with 41% demanding tougher measures against crime. The topic also plays a central role in the UK (19%) and the Netherlands (17%).

Anxiety about pensions and retirement provisions seems to have lost some of its intensity, and at 8%, is currently ranked fifth. Russians, in particular, would like to see an improvement in the pensions situation, with 13% perceiving a need for action.

However, approximately one tenth of citizens in Poland, France, Germany and Austria also view retirement provisions as an important consideration.

With regard to available housing and rents, 8% of Europeans are dissatisfied with the current situation. This figure means that the value has decreased for the second time in a row, and currently occupies sixth place in the list. The Russians are particularly concerned about this problem (18%), as well as the French (10%).

The issues that are ranked 7th to 10th in the list received 7% of the nominations respectively. The differences in the rankings are only very slight. However, bringing up the rear in the list of top ten challenges this year is education policy, where there has been a slight drop from 9% to the current 7%.

Germans pay considerably more attention to the level of education in their own country, with a total of 14% believing that the policy needs attention.

The survey

The findings indicated have been extracted from the GfK "Challenges of Europe" survey, and are based on interviews with approximately 12,500 consumers, which were conducted on behalf of GfK-Nürnberg e.V. in February and March 2009 in Germany, Italy, France, Austria, the UK, Russia, Belgium, Poland, Spain and the Netherlands.

The survey was based on the following open-ended question, which is asked in the same form every year: "In your opinion, what are the most urgent issues to be resolved currently in (the country concerned)?". The survey subjects are not limited in any way as to their responses and multiple answers are possible.

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GfK Association

GfK Association ("GfK Nürnberg e.V.") was established in 1934 to promote market research.

Its membership consists of approximately 500 companies and individuals. The purpose of GfK-Nürnberg e.V. is to carry out basic research, to promote the training and further education of market researchers and to regularly produce studies to be made available to the membership. With a 56.7% stake, GfK-Nürnberg e.V. is the majority shareholder of GfK Aktiengesellschaft.

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