



Make Lemonade! America and the financial crisis

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Nowhere has the financial crisis been felt so dramatically or keenly as in the U.S. Currently the national debt is running at a whopping 11 trillion dollars, pushed on its way by a record 800 billion dollar bailout package. Some 5 million people have lost their jobs since the start of the recession, and unemployment is running at 8.3%, the highest rate for 25 years.

rheingold looked at how the financial crisis was impacting American consumers in a study consisting of 124 individual explorations. The research looked at the working as well as home lives of Americans and took in changing attitudes to consumption, media usage and the impact of advertising and brands on consumer perception.

Research reveals that both the American people and American national culture have been greatly affected by the downturn. The theme is omnipresent in the media, with pretty much everyone knowing someone who has lost their job, pension provision or has suffered a mortgage foreclosure. Uncertainty and fear are the consequence. In addition, Americans feel angry towards the 'perpetrators', the greedy and shameless financiers responsible for the disaster.

But Americans don't allow themselves to get bogged down in the fear and blame game. The American response is to take action and seek solutions. Even those suffering serious economic hardship, tend not to lose heart, adhering to the old adage of:

If life deals you lemons, make lemonade!

The following changes were observed amongst US consumers:

- Consumer behaviour has totally changed. Mindless consumption is out, with consumers now putting more planning into purchases and actively seeking out bargains; putting off larger purchases, clipping coupons or shopping at discount stores which have now lost their stigma. At the same time financial constraints are making indulgent purchases more attractive since they can no longer be taken for granted.

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- A similar trend can be observed in leisure-time activities. Americans are going out less and opting to skip the cinema or restaurant in favour of watching DVDs at home, home cooking, potluck dinners or video-game Singstar contests in the basement. DIY also makes sense again since activities such as gardening, cooking or restoring old furniture enable consumers to counteract their sense of impotence in face of economic woes.
- Americans are also paying more attention to their bodies: they're eating less; what they are eating is fresher and they are doing more fitness or yoga. On one hand, this is about preparing themselves for hard times ahead, while, on the other, it is also about control since it enables them to put a positive slant on self-constraint, leading to benefits in improved health, fitness and wellbeing.
- Even the collective "we" of social interaction is regaining significance, with the family providing moral and sometimes financial assistance, and the church helping Americans feel rooted in a sense of community.

But these changes aren't just part of America's response to the downturn. The extent of the crisis has shaken the US to the core. During the last 30 years Americans have indulged themselves in the get-rich-quick frenzy driven by the American dream, but now suddenly opportunities have all but disappeared. Seen against the instinctive pursuit of the dream of unconstrained growth, nowadays American consumers are being forced to recognise that NOT everything is possible!

The crisis' biggest opportunity lies within this simple admission. For, while until recently Americans had sought 'endless possibilities', investing enormous amounts of effort and denying their limitations, those Americans surveyed by rheingold now admit to feeling a sense of relief. Paradoxically, the limitations being forced upon Americans are providing them with the opportunity for greater self-determination and freedom. Indeed, while consumers reflect and come to terms with their situation, they begin to appreciate things more and to emancipate themselves from exaggerated demands.

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In view of the impact and acceptance of brands and advertising, these newfound values have enormous consequences. Advertising which communicates the old 'more-is-better message', glamour or miraculous results meets with strong suspicion through to outright rejection. Consumers call this type of advertising into question, exposing the seller's motives and ultimately deciding against them. Advertising, on the other hand, which embraces the trend to reflection is currently going down extremely well. Ads which offer relaxation and calm and promote an honest product are seen positively. Basically, consumers are paying more attention to the product itself, to its manufacture, its origins and the values of both the product and its supplier. The intention: to make a mature purchasing decision.

More than ever, Americans want products that make sense and offer a (future) perspective beyond that of their immediate benefits. In the US the Mini, for example, is perceived to be clever, economical and yet fun car. It is unique and offers owners inclusion into a fan base. The Mini meets the balance between restraint and indulgence excellently.

In his inaugural address President Barack Obama said that Americans needed to 'put down childish things'. But from a psychological perspective they have already done this. Nevertheless, the number of Americans suffering from this stagnation and lack of movement cannot be understated. American culture is, after all, centred on growth and movement from where it draws its vitality and enthusiasm. The American Dream will remain the guiding principle of the United States, but there is a possibility that a shift will take place away from notion that growth and success can be obtained effortlessly towards the original American values of 'hard work', freedom, opportunity and perseverance.

Accordingly, respondents understand the current situation to represent not so much a time of reflection but more a new step forward. They see themselves and their country entering into a new phase that involves maturity and progress but also, for the time being at least, making lemonade – perhaps not quite as sweet as usual but, nevertheless, still carbonated.