



# Consumer surveys of inflation expectations:

Effects of wording, administration mode, and opportunities to revise

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# Summary

**People seem to respond differently to different surveys with similar questions on inflation expectation.**

- Different modes of administration: online vs face to face
- Different wordings of question: *Inflation* or *Prices in general*
- Sometimes: an option to revise answers

In a controlled experimental setting respondents (N=1539) were asked about inflation expectations

## Design of the study

- Respondents were randomly assigned to one of two modes:
  - Face to face interviews
  - Web survey
- Within both conditions respondents were randomly assigned to one of two question wordings:
  - “Do you think [...] there will be inflation, deflation [definition] or neither?”
  - “Do you think [...] prices in general will go up, or go down, or stay where they are now?”
- In all conditions respondents were invited to revise
  - “I would like to make sure that I understood your answer. You said [...]. Is that correct?”

# Results

- Mode effect:
  - *Web surveys* resulted in higher inflation expectations and more dispersion than the *interviews*
- Wording effect:
  - *Prices in general* questions resulted in higher inflation expectations and more dispersion than *inflation* questions
  - *Inflation* questions resulted in more revisions (in the web condition) than the other question

## Comments on design

In general: a nice study, trying to find out how differences in response behaviour may be explained.

- Design of the study: the option to revise was not controlled for.
  - In every condition respondents were invited to revise: no conclusion possible on effects of a revision option
  - Reflection is needed on different effects of such a prompt in:
    - Face to face interviews (understanding might be hindered)
    - Web surveys (very uncommon)
- Hypothesis:
  - a prompt in a face to face interview is interpreted as a *communication* check
  - a prompt to revise in a web survey is interpreted as a *content* check

## Comments on the wording effect

- “Do you think [...] there will be inflation, deflation [definition] or neither?”
- “Do you think [...] prices in general will go up, or go down, or stay where they are now?”

Observation 1: there are differences in

- Grammatical structure
  - subject vs object position
  - nominalization vs process)
- Word frequency (inflation vs prices)
  - “High inflation” 26.300 hits in Google (Dutch)
  - “High prices” 224.000 hits in Google (Dutch)

## Comments on the wording effect

Observation 2: Semantic differences between:

- Prices in general will go up
- There will be inflation

A) What is the benchmark? Last year/other currency/wages

B) “in general” is a difficult concept. Respondents will make different connections: Bread (stable)/ housing (up) /gasoline (down)

A) The connection between in Google (Dutch)

<i>prices - rise</i>	605.000 hits
<i>prices - go down</i>	533.000 hits
<i>inflation – rises</i>	321.000 hits
<i>inflation – goes down</i>	230.000 hits

L.R.1

**Dia 7**

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**L.R.1**

**klopt dit?**

Lentz; 18-1-2017

## Comments on the follow up question

“Do you think [...] prices in general will go up, or go down, or stay where they are now?”

- If: Stay the same >
  - Do you mean that prices will go up at the same rate as now, or that prices in general will not go up [...]?

*The follow up question is inconsistent with the answer given at the first question*

- If I claim: the prices will stay where they are now
  - > I do **not** claim that they will go up at the same rate.
- The follow up question presupposes inflation is expected



## Interpretation of results

1. The concept of *inflation* is less frequent > more difficult
2. Makes respondents more insecure > less extreme
3. Stronger intention to revise after prompt
4. Mainly in the web condition, because of the content related interpretation of the (unusual) prompt to revise
5. The concept of *prices* is highly frequent > more easy
6. The default connection is: *prices go up*
7. But there are differences (bread vs houses)
8. There is no sensible “mean” for “in general” >
9. Inflation has no object, prices have many objects
10. More dispersion in price question than inflation



## Suggestions for inflation survey questions

- Avoid difficult concepts:
  - use *prices* in stead of inflation
- Avoid generalization:
  - specify prices *for daily needs*
- Avoid contradictions and presuppositions in (follow up) questioning
- Specify benchmark:
  - next year vs last year
  - tell respondents about prices last year or ask them
- Avoid ambiguous prompts to revise in (web) surveys
  - *How certain are you?*
  - Insert a *don't know* option

