

Purchasing Power:

A Research Proposal on the Impacts of the Recent Global Recession on Household Goods Purchase in North West London

BACKGROUND

In the advent of the global recession, emphatic attention has been accorded to the national and global economies at the expense of the unprecedented cost of living experienced in the household. As figures keep fluctuating and economies post mild prosperity, households have kept vigil on the market trends hoping to recover to the yester years of economic prosperity. In the understanding that the purchasing power determines the expenditure trends in the market, household purchases outline a strong economy or a dwindling economy. It is in this respect that this proposal seeks to evaluate the spending mannerism before, during and after the recession in a bid to establish the existent purchasing power during the mentioned periods. The uncertainty that mulled the aforementioned periods is likely to have informed the spending mannerisms especially in the United Kingdom and thus this study will deviate from the national and global economic trends and focus entirely on the spending in the house, pointing out to which end the recession has hit the household spending. The motivation for the choice of North West London is hinged on the understanding that the area is made up of the middle class who times and again have been linked with huge debts and policy makers have warned that they are the persons most likely to be hard hit by the recession.

OBJECTIVES OF THE STUDY

- I.** Establish the extend to which household spending was/has been affected by the recent global recession
- II.** Establish whether the purchasing power was affected in the advent of the recession i.e. before, during and/or after the recession
- III.** To determine to which extent the production will be able to sustain the employment depending on the reduced or increased demand of household goods
- IV.** To ascertain the impact of the reduced spending or increased spending on the national GDP
- V.** To shed light into the progress made on the recovery; if full or household purchasing is still smarting from the effects of the recession
- VI.** To offer information for use in planning of the national budget as well as a factual foundation for economical advice from economic strategists.
- VII.** Provide insight into the futuristic household purchase trends and thus adequately inform producers, distributors and retailers as well as consumers

LITERATURE REVIEW

To capture the whole issue of the recent global recession, recent research has focused on the stability and economic prosperity that characterizes the national economy. The major issue is the stability of World currencies as well as improved performance of the national economy on the scales of jobs, living conditions, housing and taxation. Whereas these are the major points of concern for policy makers, the consumers are concerned about the pricing of house hold goods, housing in terms of rents and mortgages, job loss or

sustenance, the cost of living as well as the savings which are perceived as important hall marks for the working class. The essence of all these concepts parallels the need for sensitivity as far as policy formulation and fiscal planning involved. This will give the initial light on the prevailing circumstances and show how unexpectedly the economic down turn affected the spending wills and whims of most residents in the UK.

The recession has been characterized by the uncertainty and monetary scares. Job losses and increased taxation has seen the once burgeoning household budget being reduced to the basic necessities. By far, this has been orchestrated by the adverse effects and as the government admits to these problems and asserts that it is doing all it can; the middle class person's budget has adversely been affected. To this end, Barell did mention how eventually the citizens will have to bear the brunt for the recession, adding that the setting up of the government after the recent elections could adversely have a toll on the already exhausted household budget. In addition, the only perfect indicator that the nation has smarted from the economic downturn is hinged on the performance of the household goods consumer in the market. Because of these far reaching effects, the importance of household consumption study cannot be ignored.

As he was presenting the proposal for the household stimulus package, Australian Deputy Prime Minister and Treasurer, Hon Wayne Shawn noted that the increased household consumption had been vital for the rise of the Australian GDP even in the face of the adversities of the Global recession. Household consumption underlines the sustenance of major economic strongholds amongst them production, employment rates, GDP, taxation and export earning. It is in light of this understanding that the contribution of the household spending of the households in N. West London could be connected to the GDP ratios as this could be transformed nationally because the populace in the region is considered an ideal representation of the whole Of the UK population. In addition, this presents the perfect exploration of just how deep the society was engulfed in the global recession as the government seems to

have accorded precedence to the national economy and little attention to the consumption rates. Given the fact that even with a strong export orientation, domestic consumption still remains the ideal avenue for national sustenance of the economy alongside good monetary and fiscal policy. Consumption also cushions the currency against the backdrop of inflation and falling international rates, ensuring sustained periods of stability in the national and international currency and goods markets.

Though economic indicators show that the global recession is over, the uncertainty that lingers over the future could be holding back household expenditure. Simos asserts that as a result, consumers are probably reviewing and re-evaluating their household spending priorities and this could lead to a variation of the future dictates of household purchases. The engagement into the value calculus orientation furthers this debate as it is more likely that household consumption will seek to gain quality and value for goods and services acquired. Fears over downsized budgets of house hold goods which would enhance the importance of the re-alignment of business ventures emanate as the global recession has most likely influenced household mindsets and spending habits.

Gaps in Literature

The lack of a particular study that recognizes and evaluates the importance of household consumption is the largest gap in an economical paradigm. As producers seek to re-align themselves perfectly in order to ideally meet the needs of the consumers, the manner in which household spending and consumption has been affected by the recent global recession and how it might influence future purchases should remain a core area of focus for the strategist. In addition, the existent literature recognizes the power of the consumer and fails to meet the peak importance of the household spending in all paradigms of national economy; ranging from exports, production, GDP, employment and taxation which provides the revenue for governance.

RESEARCH STRATEGY- PHENOMENOLOGICAL

The study will aim at highlighting the purchasing trends in the time before, during and after the recession. In light of the findings, the research will determine how the recession has impacted on the purchasing of house hold goods and can be translated to explain the market trends that cut across the economic sphere. Thus, the research will have to scale the deepest fountains that inform consumer decisions and also seek to explain the recurrence of trends or the changes thereof. Phenomenological orientation gives sufficient room for inductive qualitative methods like questionnaires and interviews which can only be the perfect avenue for data collection in a research which requires the participation of as many households as possible. Through the phenomenological strategy, the research will adopt the views of the participants with the researcher having less control over the eventual outcome. This probably validates the adoption of the strategy add to the fact that deductions on the motivations to purchase and offer an avenue for the expression of the fears posed by the economic instability. The phenomenological platform offers the ideal opportunity to nail the trends and explain the consequences behind people decisions. For purposes of unbiased analysis and objective conclusion, the strategy, which does not draw from a hypothesis, maintains focus and narrows down to the important elements of the research. The methods employed challenge the normative and structural assumptions in a bid to come up with the real picture on the ground, as is necessitated by this kind of a research. In the end, the mapping of the perfect road for the formulation, challenging and executing of policies will be the aim of the research.

METHODOLOGY

The research will heavily rely on primary data. This decision is informed by the fact that the research has to draw from the depths of the household. Interviews and questionnaires, with similarly structured formats will be used. The main aim is for ease of analysis which will lead to a more accurate capture of the situation at the ground. The research will aim to use the response of randomly selected respondents spread evenly across the North Western parts of London. To achieve this numerical target, the pilot study and reconnaissance field trips will seek to establish about two hundred and fifty respondents with two hundred being the target of the persons expected to give full, valid and useful responses.

Questionnaires

For purposes of ease of analysis, the questionnaires will be structured with multiple answer choices. Most of the information required will be sensitive, thus the respondents will not be required to disclose their identity. This will be meant to ensure that the respondents do not hold off crucial information. The question will comprehensively cover the household spending and seek to establish the spending trends that have characterized the global recession. Questions on the spending mannerism before the onset of the recession and the time after the recession was officially declared over will also be included so as to ascertain whether spending has returned to normalcy.

The use of research assistants to deliver and collect the filled questionnaires will facilitate the research. More over, instances of vanity will be eliminated as can be the case in the use of posted questionnaires. The research assistants will ensure that the person most likely to have the crucial information gets to respond thus increasing the accuracy of the data. In addition to the delivery and collection of questionnaires, participants willing to be involved via the internet will have the questionnaires sent via the e-mails they will provide.

Interviews

Just like the case of the questionnaires, the interviews will be structured. By adhering to this format, the researcher's big aim is to maintain commonness in the data gathered. This will facilitate accuracy in analysis as well as ease the burden for technologically associated analysis especially through the use of software like Survey monkey and SPSS. The researcher will be assisted by the research assistants in traversing close to half the number of households established as a prerequisite to the accomplishment of this research venture. The interviewer will shoulder the responsibility of informing the respondents on the confidentiality of this study as well as filling in the answer as they deem it appropriate.

The interviews should plainly focus on getting the perfect response of the respondents without any bias. Recording the response will facilitate the analysis and also ensure back up for purposes of future reference. However, the introduction bit ought not to be recorded especially if it has to include the identity of the respondents. However, data thus gathered should not be tampered with and will only be used to supplement the records of the research assistants. By maintaining focus on household spending, the researcher will remain at pole position to collect all essential information as well as avoid congestion with unnecessary bits of information.

LIMITATIONS AND ETHICAL ISSUES

Accuracy and depth ought to characterize this form of research. This can only be achieved through huge investment into the research, which calls for the use of funds to drive the whole process. Research assistants can be volunteers but to motivate them a stipend should be on offer. In addition, travelling to the field incurs cost. The analysis will require the consultancy of a professional analyst especially a person well versed with the use of data analysis software.

The methods adopted will require adequate time. This is for the respondents to reply to the questionnaires as well as the carrying out of interviews which is projected to progress at the rate of ten households per day for each interviewer. The data collection might be further complicated by the disparity in the household timing of the responsible persons thus it will be difficult to follow the projected schedule. This might further escalate the cost as well as increase the time bound to be taken.

Finally, the use of research assistants is not a sure way to avoid bias. Accuracy can be hindered by the exposure of the research to the assistants who cannot be trusted not to ask leading questions as well as not stick to the structured questionnaire form. Ethically, the research targets a certain class in the society. To begin with, it will not be ethically right to inform the respondents of this classification. Secondly, the information that will be required is sensitive, thus the insistence on the confidentiality and anonymity of the respondents.