

More Than Just Purchasing Power!

68- 01/10/2023 How can people regain control over their spending when the cost of living is eroding their purchasing power, giving rise to a feeling of social decline? In a comprehensive study, four researchers^[1] investigated the feelings and behaviors of Réunionnaises*. They have identified the various circumvention strategies developed by families wishing to avoid the loss of their ability to “consume as before”. This regaining of power over consumption by economic agents offers a concrete illustration of the theory of societal re-empowerment; a dynamic of emancipation that fits perfectly with the editorial line of Selfpower-community.

Facing Price Hikes: Heightened Frustration in Reunion

The frustration caused by the high living cost has reached a critical threshold in Reunion. Interestingly, supporting data indicates that the price gap with mainland France is smaller than in other Overseas Territories. To understand the dissatisfaction of Réunion residents, we must delve into the island’s colonial past and the historically excessive prices practiced by the East India Company. Today, these historical injustices compound the island’s high poverty rate and the divide between locals and well-off civil servants (linked to the cost of living allowance). This consumption phenomenon has captivated the attention of a research team from IAE Réunion, University of Paris 1, and TBS Education. In their qualitative study, which involved semi-structured interviews (14+14) and netnography (analyzing 150 posts), they analysed the disempowerment (a sense of wealth and power loss) experienced by Réunionnaises consumers. They also discovered their adaptive strategies implemented to reclaim control over their destiny..

Re-Empowerment through Adaptive Strategies and Innovative Solutions

As purchasing power dwindles, consumers find their maneuvering room shrinking and experience a sense of injustice. In response, they develop new skills and unite to collectively confront the threat of impoverishment: foregoing impulse purchases and luxuries, reducing quantities, or opting for less expensive products. They turn to online shopping to avoid temptations and focus on the essential. Their consumption becomes thoughtful, responsible, and even frugal (*wise shopper*). In doing so, they embrace a self-sufficient behavior that limits their dependence on the market.



Consumers prefer short distribution channels ©craiyon

Some become bargain hunters (*smart shoppers*), actively seeking deals and capitalizing on competition between retailers. Buyers also explore local and alternative markets. Moreover, consumer communities emerge to share difficulties and collaboratively find solutions. Among these collectives is the Facebook group “*Against the High Cost of Living 974*” where

researchers conducted their netnography. In this collaborative space, users organize to bypass traditional distribution channels, relying on a network of solidarity and mutual aid. Testimonials and grievances are extensively discussed. With the ability to mobilize and interact continuously with its members, the collective stands as a unifying and influential counterforce. It centralizes information, gathers observations, hosts debates, and offers new resources: price comparisons, group purchases, transactions facilitated through contacts in France.

Penetrating both economic and political spheres, the group denounces abuses by large retailers, their commercial strategies, and excessive profit margins. It appeals to elected officials and the state to adopt corrective measures to curb excesses but without success.

A Dissatisfied Consumer Constructs a Critical Discourse on Consumption

Consumer discontent builds a critical discourse on consumption. The group resists and organizes peaceful gatherings, online petitions, and calls to boycott supermarkets and gas stations.

Towards a Consumer Democracy

The circumvention strategies and co-design of alternative solutions attest to the ability of Réunion residents to cope with the loss of purchasing power, both individually and collectively.

Through their research, Pothin and her colleagues (2021) document the empowerment process, translating from a situation of power loss to community and then societal re-empowerment. This societal re-empowerment manifests as better control over consumption and collective mobilization aimed at changing the

practices of major retailers.

In response to this movement, large retailers employ various tactics such as “mainland prices” campaigns, promoting private label brands, and issuing promotional coupons.

The government, on the other hand, mobilizes to support social and solidarity enterprises that facilitate access to goods and services at affordable rates, such as solidarity grocery stores, associative nurseries, or personal assistance services.

Finally, the authors advocate for a consumer democracy where retailers, consumer associations, and citizens would come together to collectively envision the local market. They also propose the establishment of citizen workshops to inform and gather consumer opinions, allowing each stakeholder to defend their interests consensually.

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Analysis

The research “*Understanding consumer practices in the face of the high cost of living*” illustrates the process of individual and collective empowerment (community, collaborative, or societal) experienced by vulnerable individuals in response to the high cost of living. The societal impact of consumer community empowerment remains to be evaluated, especially to determine to what extent the criticized entities, institutions, and authorities integrate feedback and introduce changes to adapt their pricing policies.

Définitions

Disempowerment: A sense of loss of power and control (Henry and Caldwell, 2006)

Societal Re-empowerment: Actions implemented by consumers to counter institutional and personal obstacles related to market access, often leading to a transformation of the socio-political system induced by the initiatives and influences of a group engaged in societal action (Adapted from Leary and Ridinger, 2020; Pothin et al., 2021).

Netnography: A qualitative research method focused on online communities and forums (Kozinets et al., 2010).

*La Réunion, one of the French overseas départements, is located in the western Indian Ocean, east of Madagascar and southwest of Mauritius. Population : 925 000 inhabitants

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[2] 12,5% pour la Guadeloupe, 12,3% pour la Martinique, 11,6% pour la Guyane contre 7,1% à La Réunion <https://www.insee.fr/fr/statistiques/1908163>

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