



France 2018

Simmer? Shudder? Or quiver?

A SUMMARY OF THE FLAIR FRANCE REPORT

Until very recently, when it came to describing the dominant mood in France, negative feelings were generally evoked. People facing their fears would even dismiss their antidotes to underline the immobility of a nation bogged down in its own anxiety.

So what has been making the French anxious, and how are they reacting?

- There has been a marked focus on 'made in France' – local produce from local land – to combat fears about globalisation, a phenomenon synonymous with relocation and vulnerability.
- The future seems to be full of threats to the environment and to peace. This has manifested itself in the idealisation of the good old days, of traditions and the defence mechanism that is nostalgia.
- The present seems to be without perspective. There is mass unemployment, terrorism, the anxiety of losing social status, and of being poorer than their parents were. This has led to the success of anything that enables escapism be it video games, *Fifty Shades of Grey*, in fact, fiction of all kinds.
- People are experiencing loneliness because nobody is providing meaning, explanation or perspective; hence the success of life coaches, mentors and the supernatural.

Echoing this, for years *The Economist* has described France as a time-bomb in the heart of Europe and a country frivolously denying reality; pessimistic and sinking. It is therefore a pleasant surprise that the same magazine designated France as "country of the year 2017" because it meets the two decisive criteria: "to have changed for the better" and "to have made the world better".

The election of Emmanuel Macron is relevant to this change of view. On a psychological level, there is a kind of French pride, a Renaissance, a new era, a desire to believe; the "Desire of the future" has boomed. The conquering image of France in the world ("France is back"), the interest of the international media in the President, the symbolic prestige of the Louvre or Versailles, and the Olympic Games 2024 in France are all signs that change is finally happening in the country.



On the economic front, the word 'growth' has returned to the agenda, with GDP at 1.8%, which is more than was estimated at the beginning of 2017 (1.5%). The morale of business leaders is also up, at the highest level since January 2008. After four months of decline, the "household morale index" rose by four points in December. More French people also think that it's a good time to make important purchases such as cars and household appliances.

Is it a sign that France should stop complaining and start looking confidently to the future? The title of this France Flair paper explores three possible developments. A France that will *quiver* with joy at the idea that the future could again mean progress, *shudder* at how fast the world is changing, or *simmer* out of anger at undelivered promises.

1. Quiver with joy and desires

'Quiver' is the attitude of those who want to shake up the rules, find their own way through and project themselves into this mobile, random, multidimensional world. For these people, globalisation and the future offer opportunities. The present invites audacity, while nostalgia is wasting time.

Here, the future is again synonymous with progress. Between April 2016 and June 2017, the proportion of those who think that France is in decline fell by 17 points from 86% to 69%. In the same timeframe, those who think France is not in decline increased by the same figure.

On the economic front, the success of Black Friday 2017 in France was remarkable: there were 42.8 million card payments in one day, a figure that brings renewed optimism and confidence. People are always on the lookout for a bargain. On the day before Christmas Eve there were 45.5 million payments by credit card, a new record that highlights the dual capacity of the French to complain and to spend.

The French still want to be food connoisseurs. Good food is a fundamental pleasure for 67% of people, while 60% consider good food necessary for their happiness. The health and nutrition aspect of their lives is unavoidable: 55% cook for a healthy diet. For 93%, having a balanced diet is essential to stay healthy (of which 47% strongly agree with this statement).

Going on holiday is not typical of a country in crisis, yet of a population of 67 million, nearly 42 million French people (2.2 million more than in 2016) made this effort, mainly in France.

Outdoor recreation is on the rise: with a turnover of 2.4 billion euros, bungalow and caravan parks account for 7% of GDP; and 50% of the commercial accommodation in France is made up of campsites.

The French love affair with the car continues. Compared to November 2016, the market grew by 10.3% at the end of 2017, with a remarkable increase in sales from French manufacturers (+ 20%).



Private happiness comes from people's living space, with the interior design market seeing an annual growth of 5%. The average household budget is €400 per year, with the annual turnover of the market at €24 billion.

Following a price collapse in 2008, the second home market is trending upwards, with an average annual increase of 0.8%. Not all second homes are old farms, longhouses or villas: 14% are studios and 13% are two-room apartments.

Being beautiful is a key expectation of the French. In a society that lacks transcendence, and is increasingly fragmented, individuality and differentiation are driving forces in a beauty market more interesting and innovative than ever. Increasingly, brands celebrate diversity and value individuality versus a standardised society. What previously passed for imperfection becomes a positive marker of differentiation. Examples include the Glossier brand, which claims to be a "beauty brand inspired by real life", and M.A.C., which incorporates transgender people into their self-creation aesthetic with its "More than T" campaign.

The internet, as a global machine for promotions and sales, is a privileged space to enjoy goods – 42% of French people spend money online – with growth in the luxury market.

2. Shudder at how fast the world is changing, trembling with fear at a situation that seems to be getting out of hand

Here, France shudders in the face of religions, especially Islam: 40% of French consider that “the way that Islam is practised is not compatible with the values of French society” and 74% think that “Islam seeks to impose its mode of operation” (against 18% for the Catholic religion and 15% for the Jewish religion).

The French imagine that Muslims will represent 40% of the population in 2020, even though the estimation for current numbers stands at 8-9%. A feeling that “the vast majority of Muslims are poorly integrated, only a small minority is well integrated” is up 12 points to 36% from 2016 to 2017.

We also shudder when we face super-fast changes in the world, especially with the expansion of Artificial Intelligence (AI) and automation. It is estimated that these technological developments could replace 57% of automated jobs per country in the OECD (Organization for Economic Co-operation and Development). The exponential progress of AI intersecting Genetics, Nanotechnologies and Robotics (GNR) questions the very nature of humanity, between bionic man and humanoid robot.

The debate between Elon Musk (founder of SpaceX) and Mark Zuckerberg (Facebook) summarises the divisive nature of the topic. For the first, “artificial intelligence is the greatest threat to the existence of our civilisation, with robots killing people in the street or triggering wars by manipulating information.” For the latter, “more and more sophisticated algorithms will improve our lives, for example, autonomous cars that are safer than manual cars, more efficient diagnostics and medical treatments.”

Author and scientist Raymond Kurzweil goes even further, believing that GNR will finally make it possible to realise the dream of man: to remove the limits of time and space, to reach immortality.



3. Simmer out of anger at undelivered promises

At a social level things are complex. What are the concrete and personal effects of the “recovery” in France in terms of jobs, the gradual abolition of the housing tax in terms of purchasing power, and of new laws on daily life? Who benefits from the changes? Who feels excluded from the expected benefits?

On one hand, the social buffer continues to operate at full capacity (€770 billion per year). On the other, French employees suffer the highest tax burden in Europe, being taxed at 57% with an increase in social security contributions of 48% from 2006 to 2016. By comparison, German employees are taxed at 52% and the British at 35%¹.

The tax burden may seem unbearable to a number of French people, but it is unclear if they are ready to give up a model based on redistribution and state intervention.

- 62% (-8 compared to 2016) consider that the situation “is moving towards providing too much help from the State”.
- 38% (+8) think that there is “not enough support” for the people who need it.
- 55% (+13) believe that “in order to boost growth, the role of the State must be strengthened in certain sectors of the French economy considered to be both important and strategic”.
- 45% (-13) believe that “to boost growth, the role of the State in the French economy must be limited as much as possible and give companies as much freedom as possible”.

In response to all of these shivers of fear, social and cultural splits, ghettoisation, the aversion of risk, otherness, change, the need to feel part of a territory, a group or a community, is reinforced. There is still nostalgia – or rather the irresistible desire to escape from it – in the hope that the grass is greener elsewhere or simply because the remuneration of most future pensioners may not allow them to live in France.

In this context, France cannot escape the trend shared by all Western countries: a great mistrust of information provided by the media and authorities when “fake news” has entered the mainstream language. A huge 80% of French people consider being victims of untruths deliberately spread by the media, and not only on social networks.

Conclusions

1. To find the ear of the French, politicians – as well as brands, companies and advertising – must remember the definition of authority by Hannah Arendt: “What makes men obey or tolerate real power and, on the other hand, hate people who have wealth without power, is the rational instinct that power has a certain function and is of some general use.”
2. To mobilise their teams, managers must integrate the idea that from now on, young people are no longer juniors. Bringing a 39-year-old candidate to the Presidency of France or handing over the keys of the Austrian Chancellery to a 31-year-old Conservative leader has changed many things in the representation of authority and competence.

Age, know-how and responsibilities are disconnected. This is not surprising elsewhere: to name just one, Mark Zuckerberg was 20 when he created Facebook in 2004 with his Harvard classmates. In France, AccorHotels is already one of the first companies to have created a Shadow Executive Committee member under the age of 35.

3. To go beyond the quivering, shuddering and simmering, it is necessary to innovate, to surprise, to re-engage. Perhaps the secret is to reverse the curves of all the rankings by placing France at the head of the most optimistic and confident countries in the future. This would truly be a miracle.

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GAME CHANGERS

