

Renting versus Buying

Une étude européenne
Perspective Anglaise

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*"If my life is for rent, and I don't learn to buy,
well I deserve nothing more than I get,
because nothing I have is truly mine",*

Dido Armstrong, 2003 - **Born and lives in London**
Life for Rent, bmg UK & Ireland.

English rental behaviour

- Summary

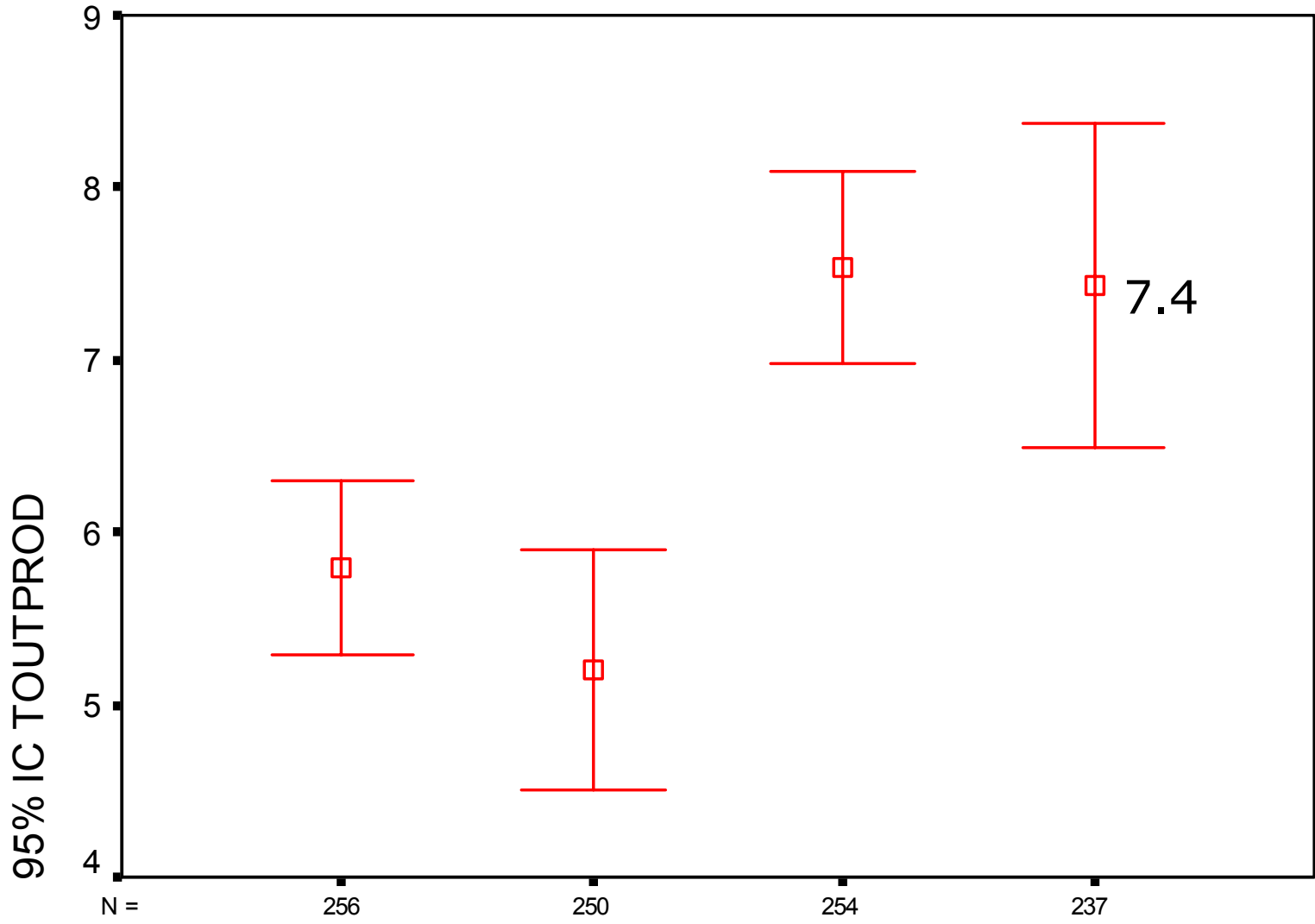
- ❑ Relatively heavy renters – ‘London’ factor?
 - ❑ Leisure and ‘hi-tech’ categories
 - ❑ High property ownership – paradox?
 - ❑ Relatively high car rentals
 - ❑ Ownership=value
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- ❑ Reflects British cultural behaviour?
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English rental behaviour - relatively heavy renters

- Highest from secondary data
 - 2nd highest renters from our sample
(7.4 categories – France 5.8; Italy 5.2)
 - High % of ‘very heavy’ renters
(41% of 15+ categories and 73% of 20+)
(more City Centre; more 45-54 years; own business)
 - “London factor?” = ‘global city’
(House prices double 2nd major city)
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European Rental Behaviour

	France	Germany	UK	Italy
Principal residence 2003 (ownership %) (Source : Euromonitor 2004)	56 %	47 %	73 %	78 %
Car rental days (million) 2002 Source : Datamonitor 2003	40	32	43	19
DVD rental transactions (million) 2003, Source : Euromonitor 2004	30.58	55.09	89.73	32.63



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Average categories rented / 33

English rental categories

- leisure and 'hi-tech' categories

□ Leisure activities

- Golf; sailing; 4x4's (even towels & snorkels {'tubas'})
- Fancy dress {'deguisement'}; tuxedo

□ Hi-tech

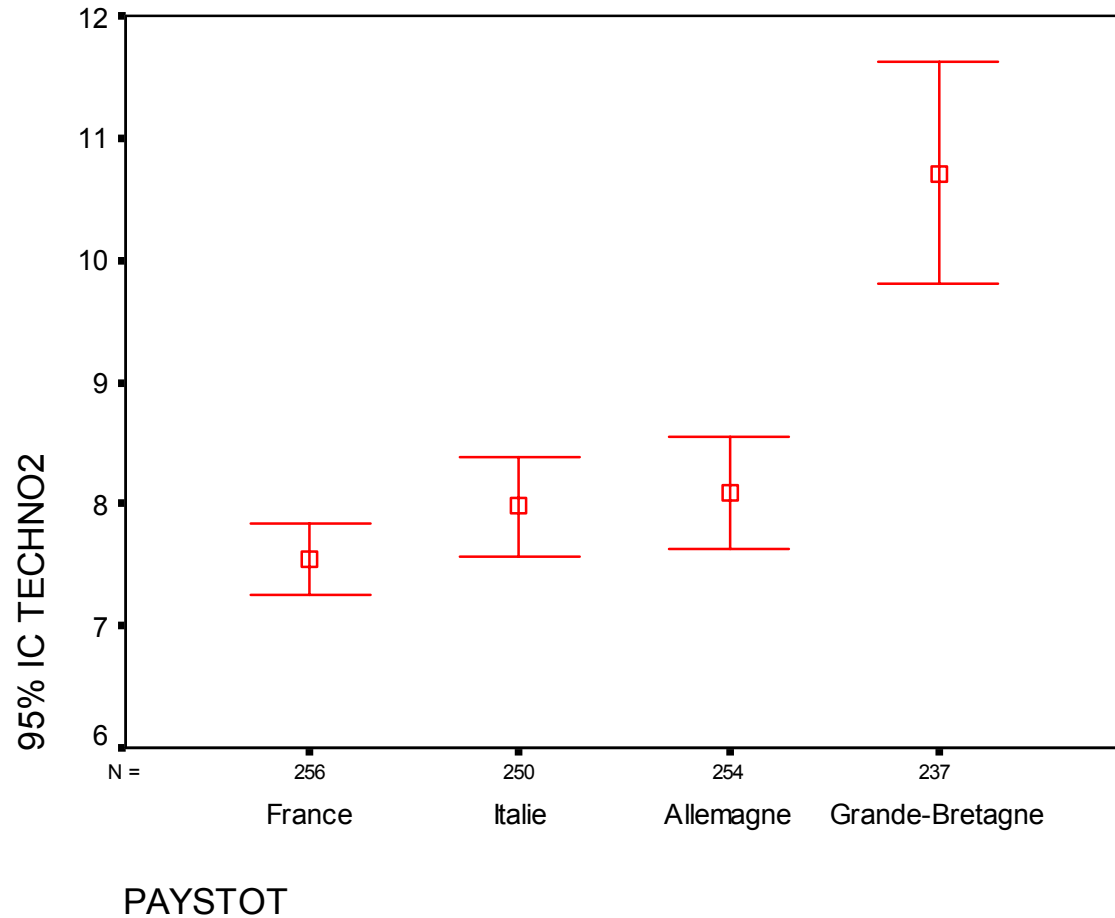
- Equipment
 - Television; Dvd
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European consumption by category (%)

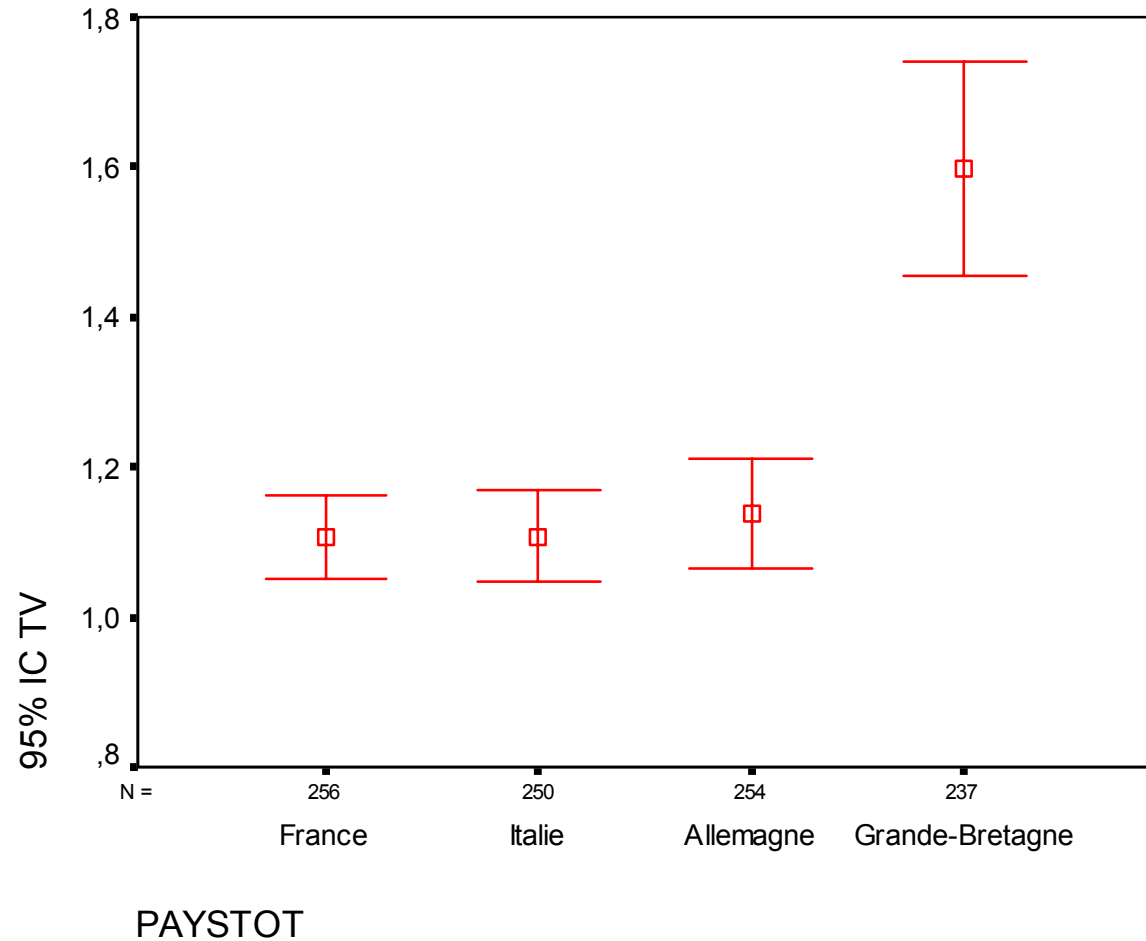
Country	food	alcohol	clothing	leisure
France	14	2	4	9
Germany	11	2	6	10
UK	9	6	5	14
Italy	14	1	7	9

Source: Euromonitor, 2004.

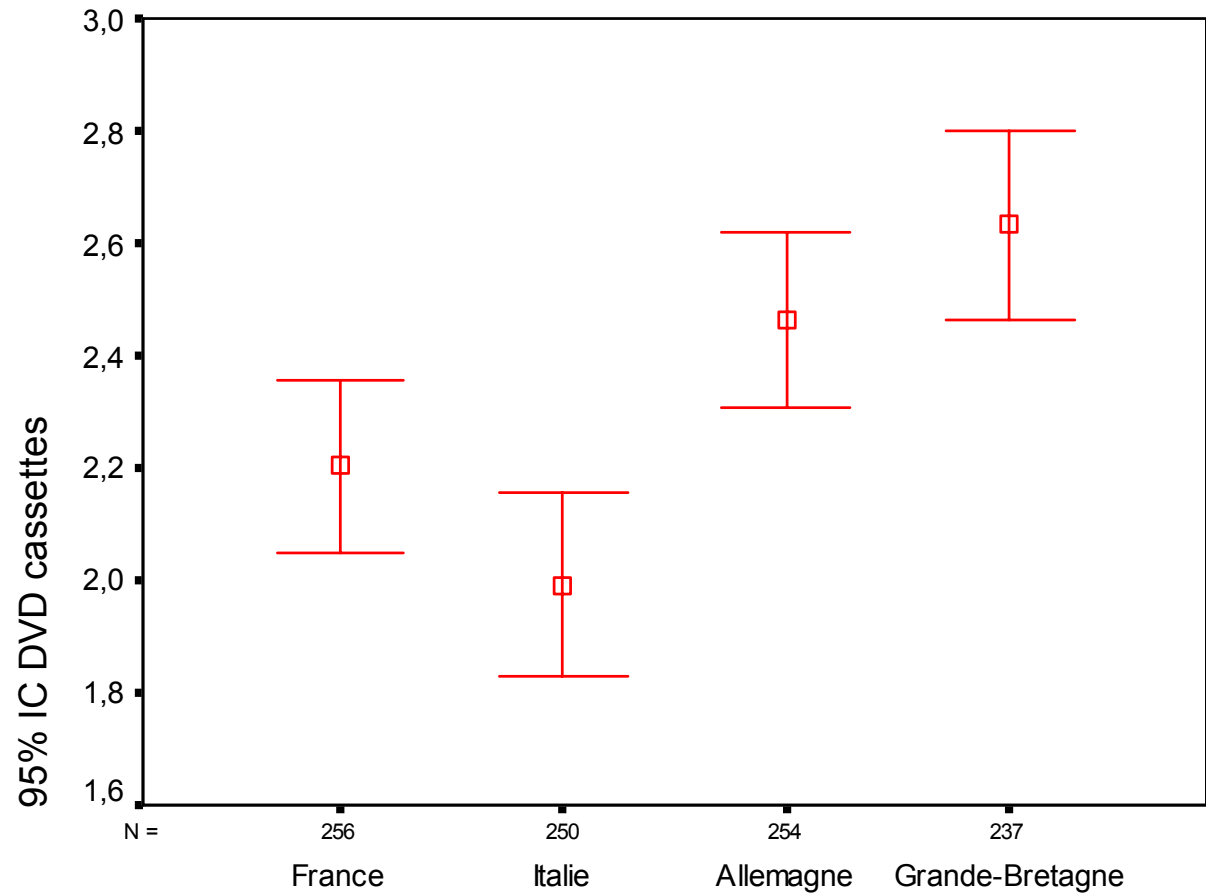
'Hi-tech' products in general (7 products)



télévisions...



And DVD...

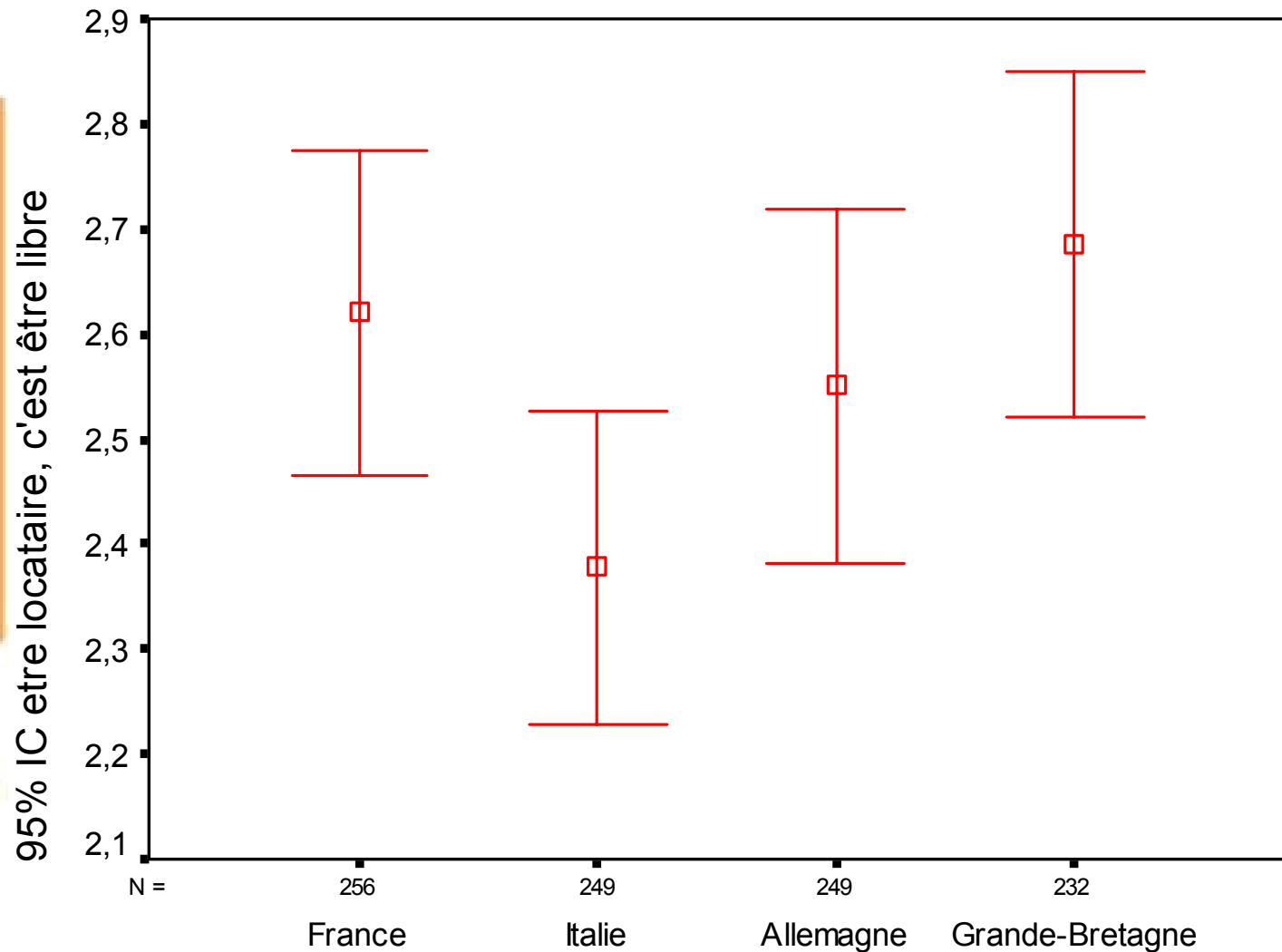
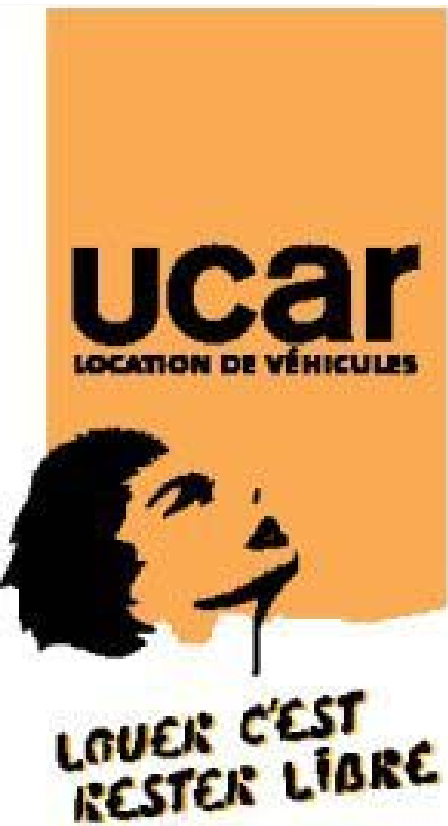


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English property rental

- “An Englishman’s home is his castle”

- High ownership nationally (70%)
 - Historical ‘clearances’ off the land may have led to a desire for home ownership?
 - Our sample less so (London 45%)
 - Paradox?:
 - Perceptions do not mirror behaviour – little difference in rental/buy preferences across countries despite actual behaviour differences – suggests other factors – e.g. supply; financial?
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English car rental

- relatively heavy car renters

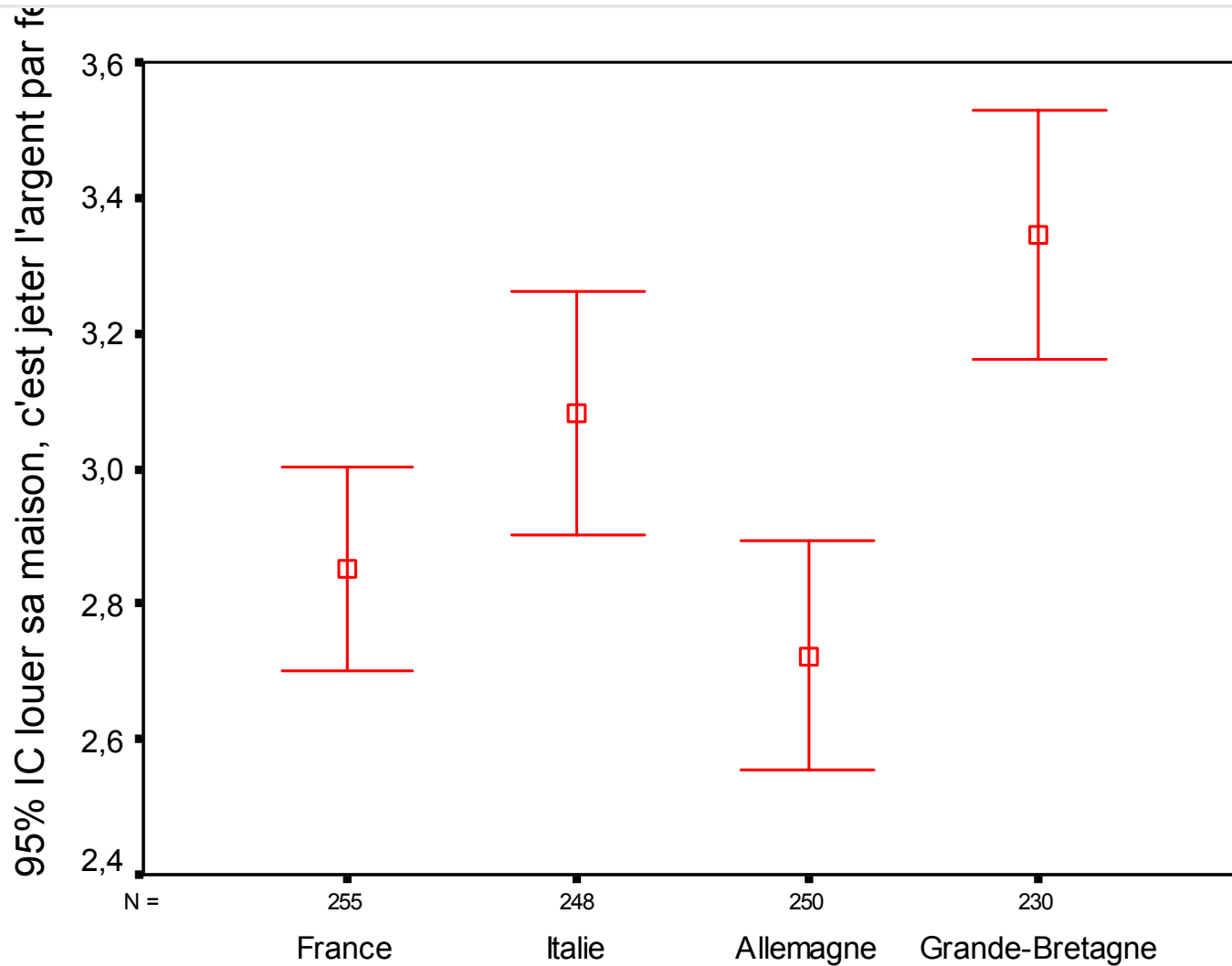
- ❑ 2nd highest overall
 - ❑ Mainly for leisure / vacation
 - ❑ Highest for 4x4 and sport rental

 - ❑ Higher % of company cars in the UK?
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English attitudes to renting

- strong desire for ownership, some rental 'negatives', but high rental behaviour

- Possession = success, happiness, "asset" value
 - Possible London factor?
(owning = success; London 49%; Rome 9%; Paris 6%)
 - Ownership = sense of value
 - Negative perception of heavy renters
 - Despite this, some high 'rational' perceptions of rentals – "cheaper to rent"
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Rational perceptions:

e.g. Renting your house is throwing money away

Does rental behaviour mirror cross-cultural management practice?

E.g. Hofstede

- UK;
 - Less hierarchy ('power'); risk-accepting; individualistic; 'masculine'
 -  Higher rental tendency?

 - France;
 - More hierarchical; risk-avoiding; individualistic; 'feminine'
 -  Lower rental tendency?
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Culture is composed of different dimensions

	Power Distance	Uncertainty Avoidance	Individualism	Masculinity
UK	43	47	3	9
Germany	43	29	15	10
Italy	34	23	7	4
France	15	12	10	35

[Rank: 53 countries – 1 highest ; 53 lowest]

Grouping Euroconsumers – a culture-based approach

(Hofstede)

	Size (Million)	Cultural Characteristics				Illustrative Marketing Implications
		Power Distance	Uncertainty Avoidance	Individualism	Masculinity	
Cluster 1 Austria, Germany Switzerland, Italy, Great Britain, Ireland	203	Small	Medium	Medium-High	High	Preference for “high-performance” products, use “successful-achiever” theme in advertising, desire for novelty, variety and pleasure, fairly risk-averse market.
Cluster 2 Belgium, France, Greece, Portugal, Spain, Turkey	182	Medium	Strong	Varied	Low-Medium	Appeal to consumer’s status and power position, reduce perceived risk in product purchase and use, emphasize product functionality.
Cluster 3 Denmark, Sweden, Finland, Netherlands, Norway	37	Small	Low	High	Low	Relatively weak resistance to new products, strong consumer desire for novelty and variety, high consumer regard for “environmentally friendly” marketers and socially conscious firms.

UK

- Location des hommes : *I would rent the place, the priest, the car, the DJ, the catering staff.*
 - Large gamme de produits loués (TV, magnétoscope, costumes pour un mariage, veste, verres)
 - Catégorie mentale plus marquée
 - Mauvaise image du gros loueur
 - Posséder, c'est avoir le sens des valeurs et de la valeur
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