



**Ipsos Marketing**  
The Innovation and Brand Research Specialists

# Managing Tomorrow's Brands

Sunando Das



Nobody's Unpredictable

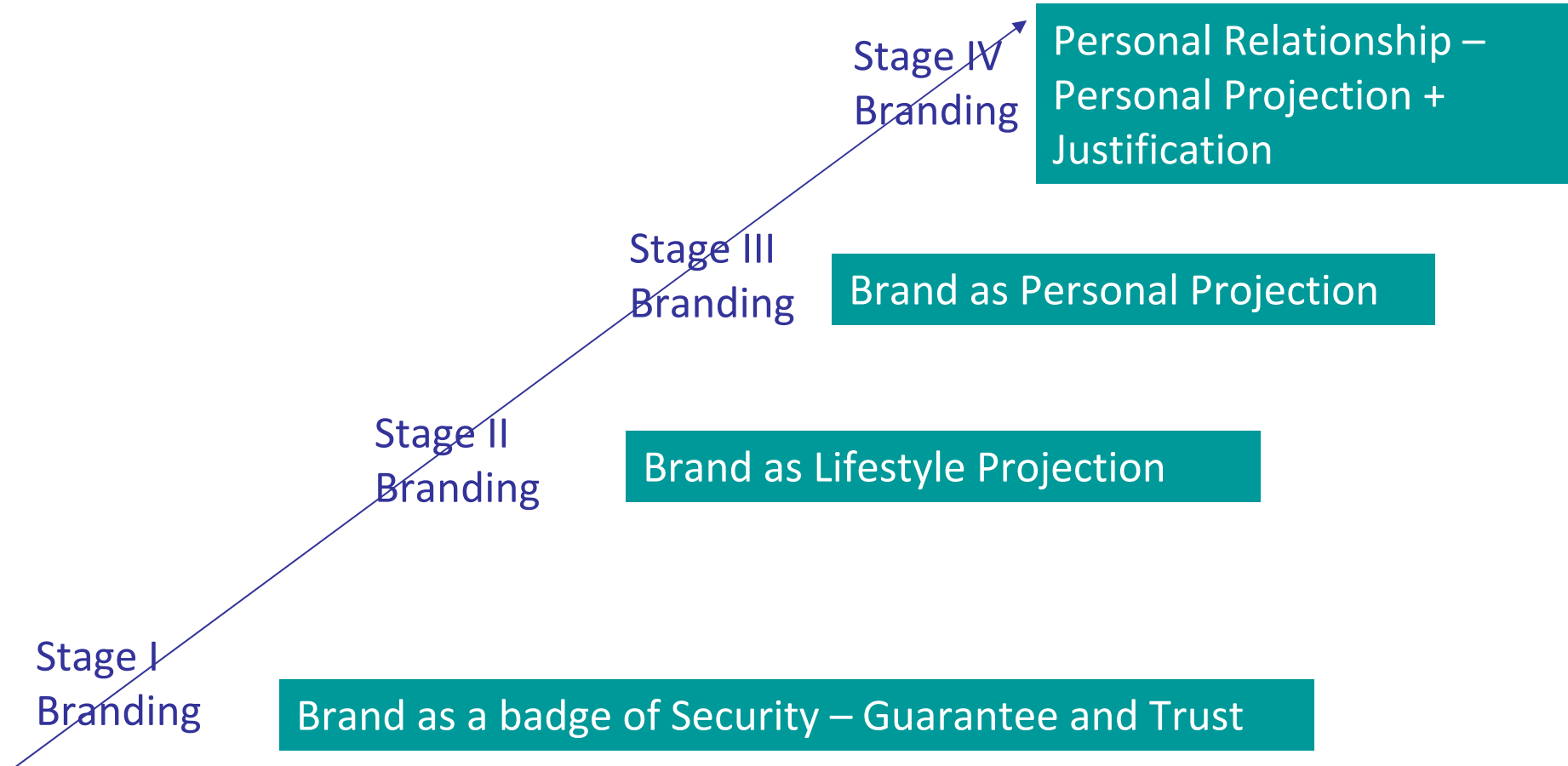


# Consumer Choice – Far Complicated Than We Think?





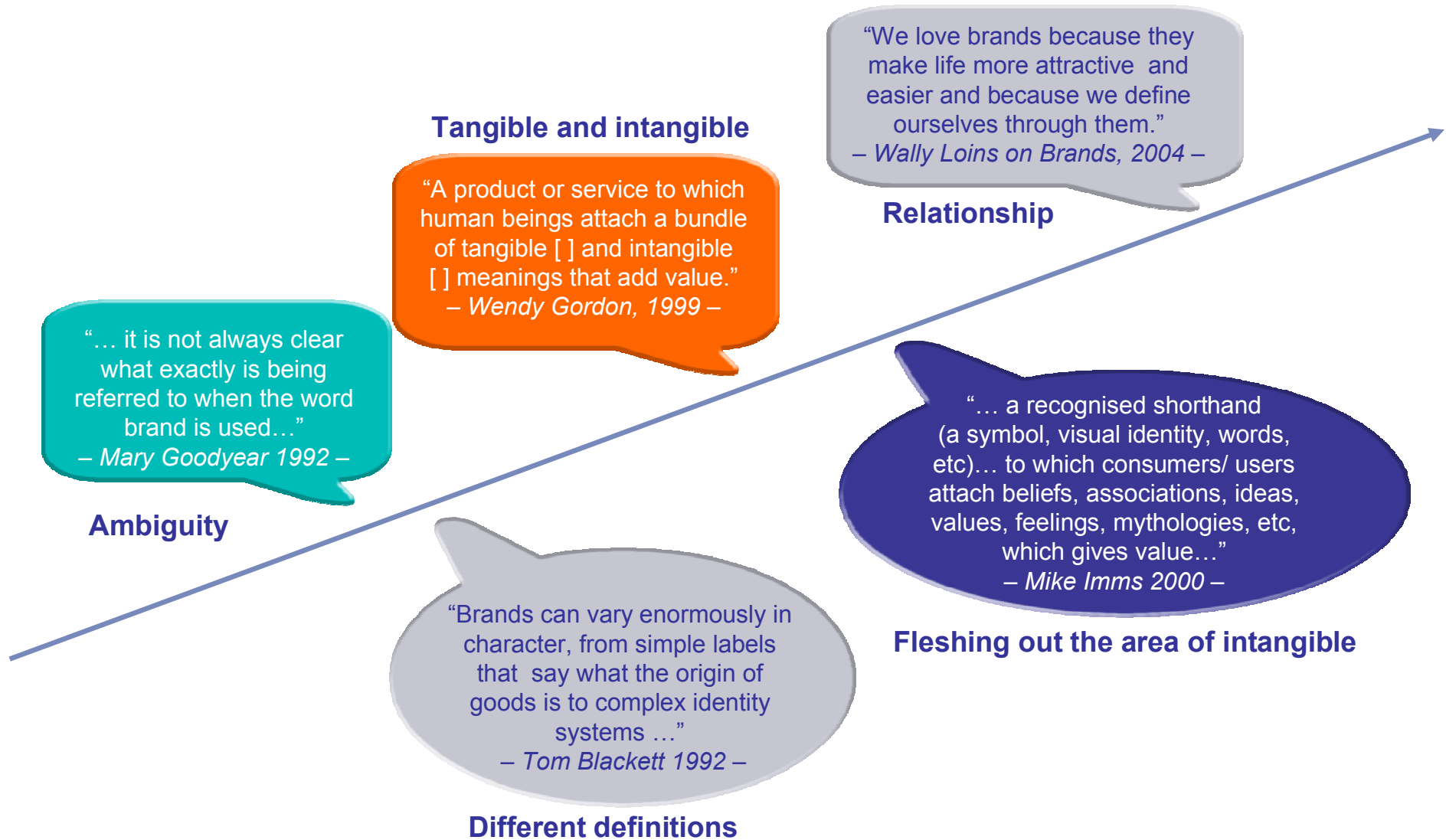
# Relevance and Role of Brands Also Changing Over Time



Note: Stage I, II and III – published by Harvard Business School



# Relevance and Role of Brands Also Changing Over Time





**But, The Key Question Remains the Same....**

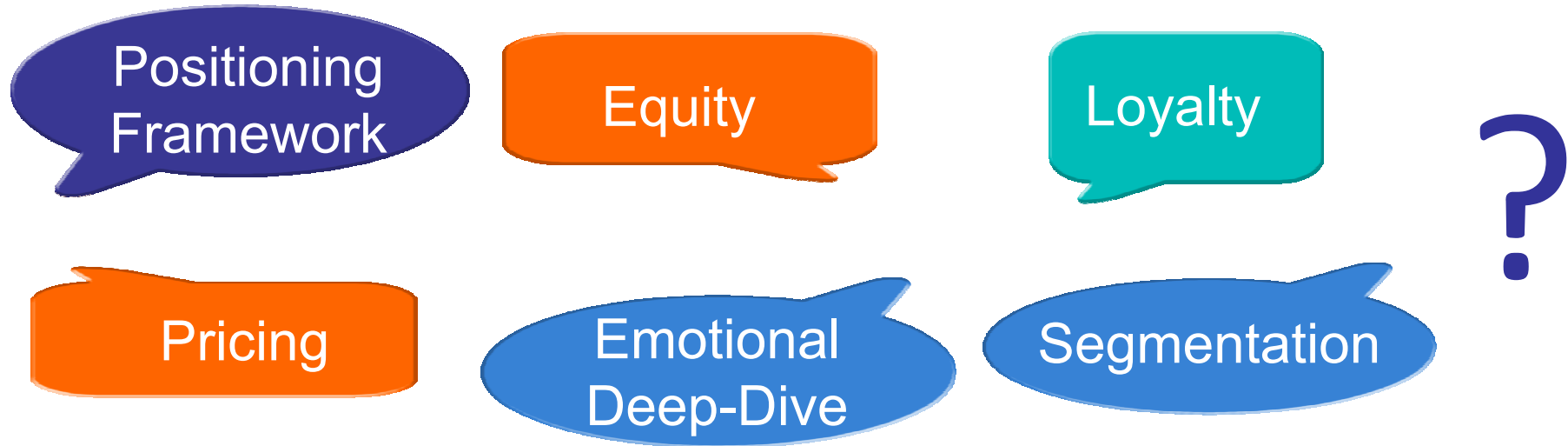
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**How Do I Increase Share of Choice  
Among Consumers?**



## And as a Research Community, How do we Address the Issue?

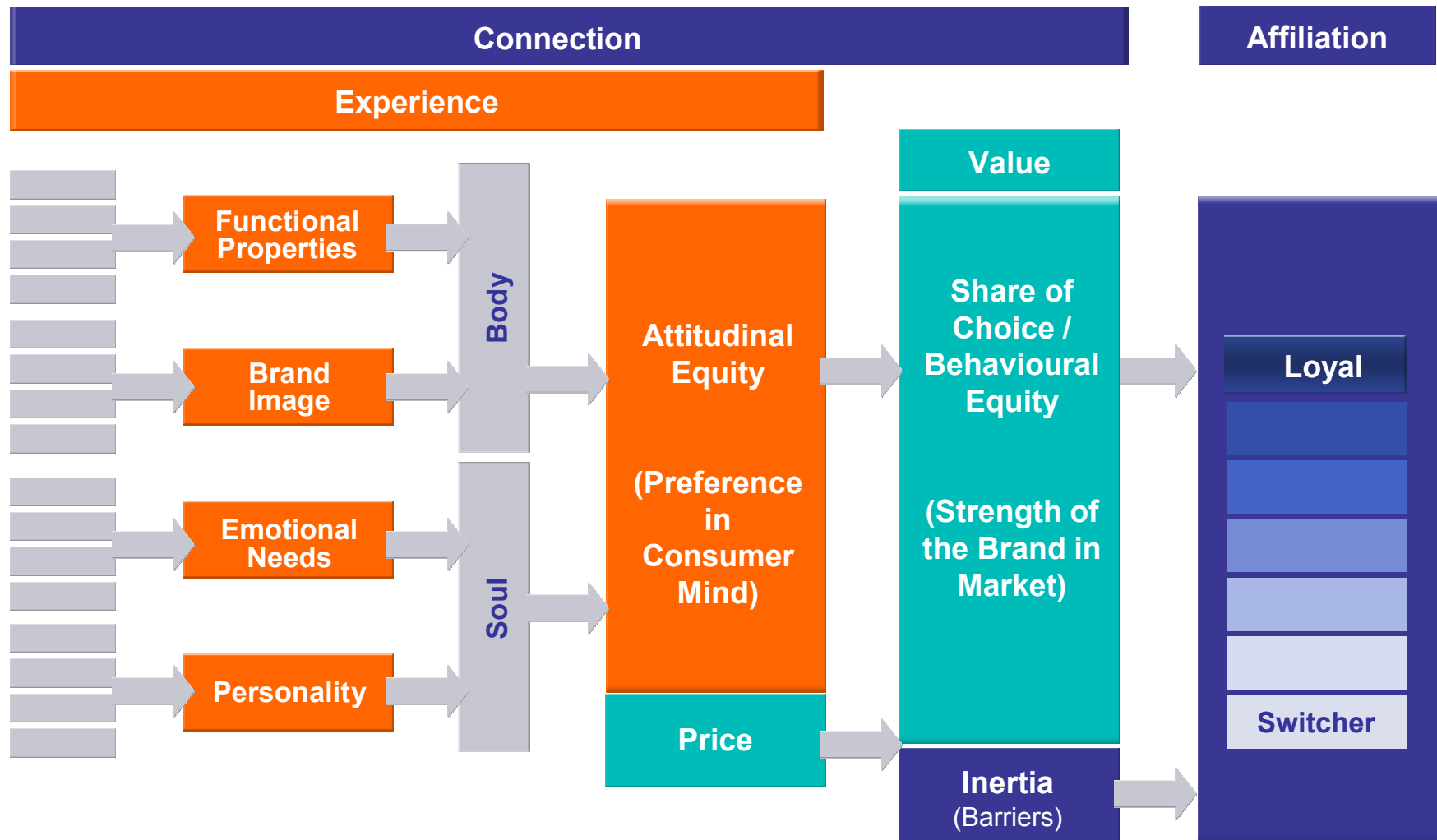
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Are we talking of different discrete tools for representing different parts of the consumer choice process? Who and How is the integration owned?



# Consumer-Centric View: What Makes Consumers Choose One Brand Over Another?



How to Create Preference in Consumer Mind?

How Does Preference in Consumer Mind Translate to Purchase Propensity?

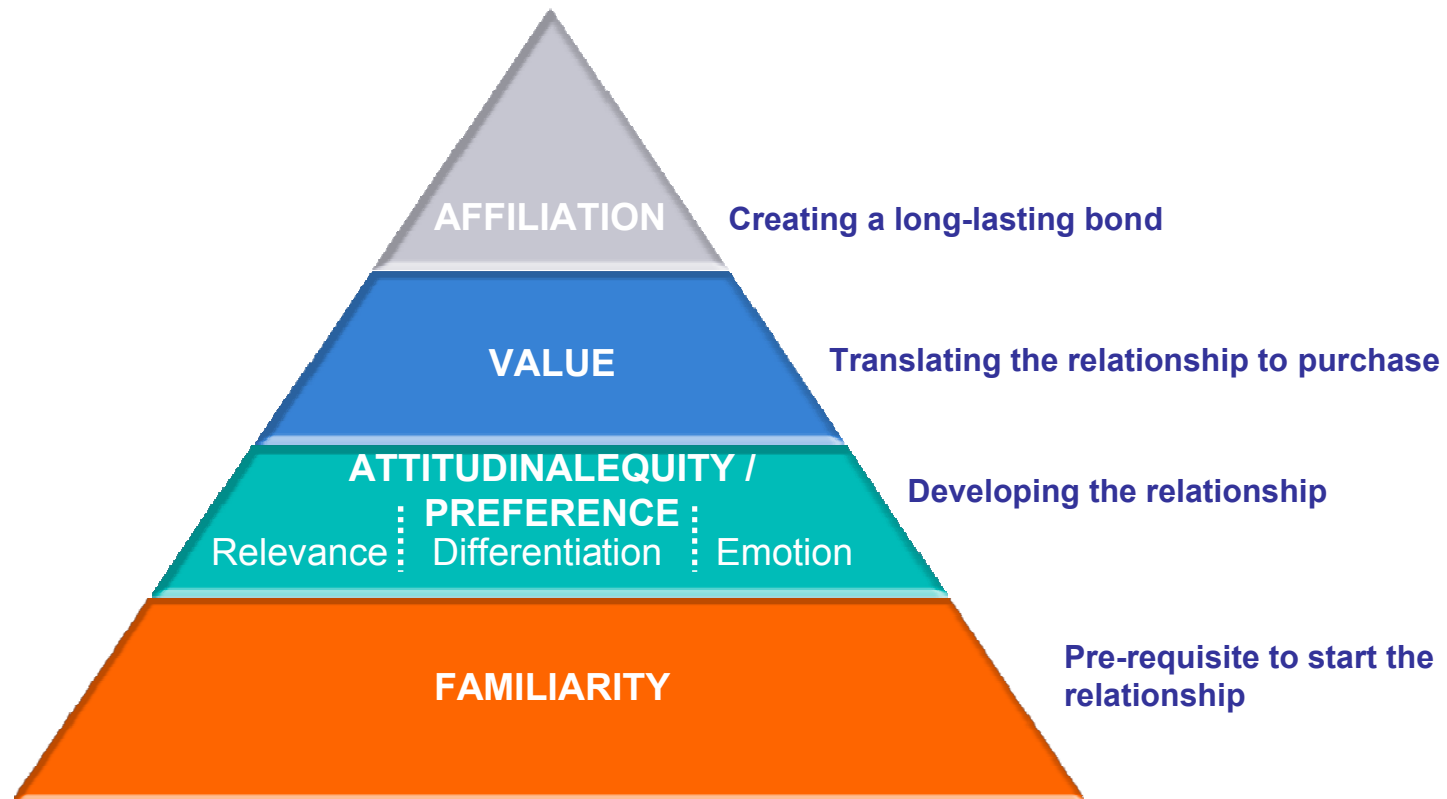
How can Brands Translate Purchase Propensity into Long-Term Relationship?





# What Can Brand Custodians do to Drive Consumer Choice of Brands?

Connecting with consumers through the **Hierarchy of Relationship Formation.**



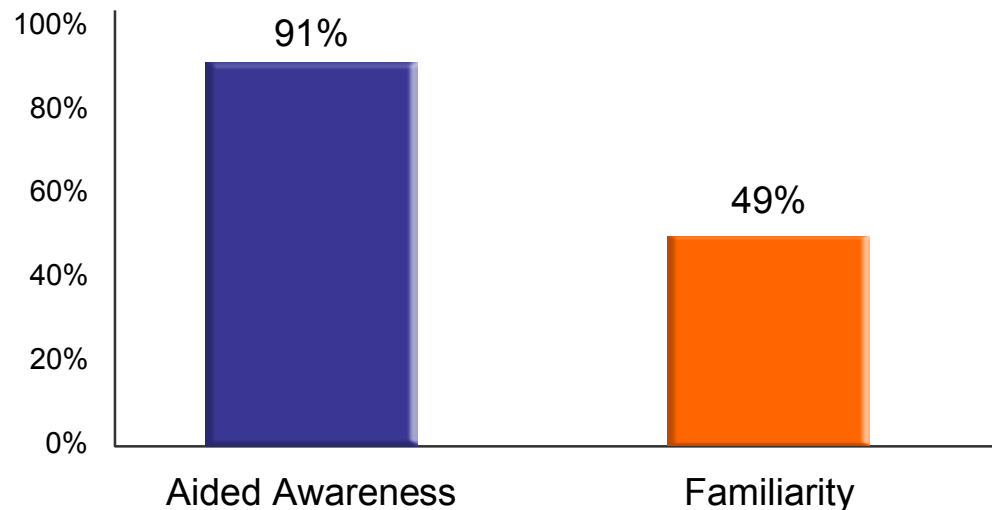


# 1. Familiarity: Pre-Requisite to Build Preference in Consumer Mind



- Brand Familiarity is the first step to build Preference and Relationship with consumers
- Awareness is not enough. Hence, it is important to build brand understanding (familiarity): Many brands with high Awareness have low levels of Familiarity

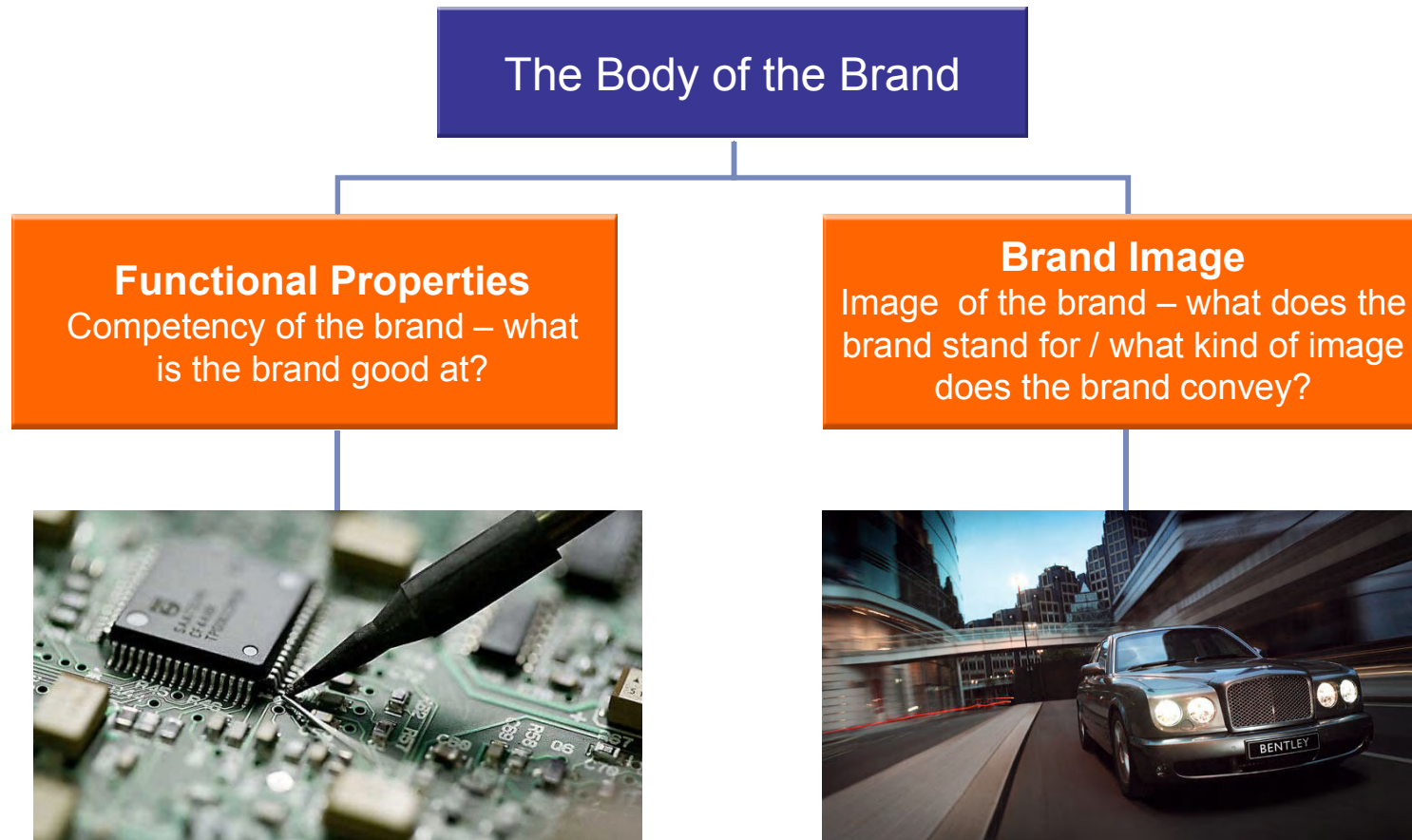
Difference between Aided Awareness vs. Familiarity



Source: Learning from Ipsos ASI Equity\*Builder database

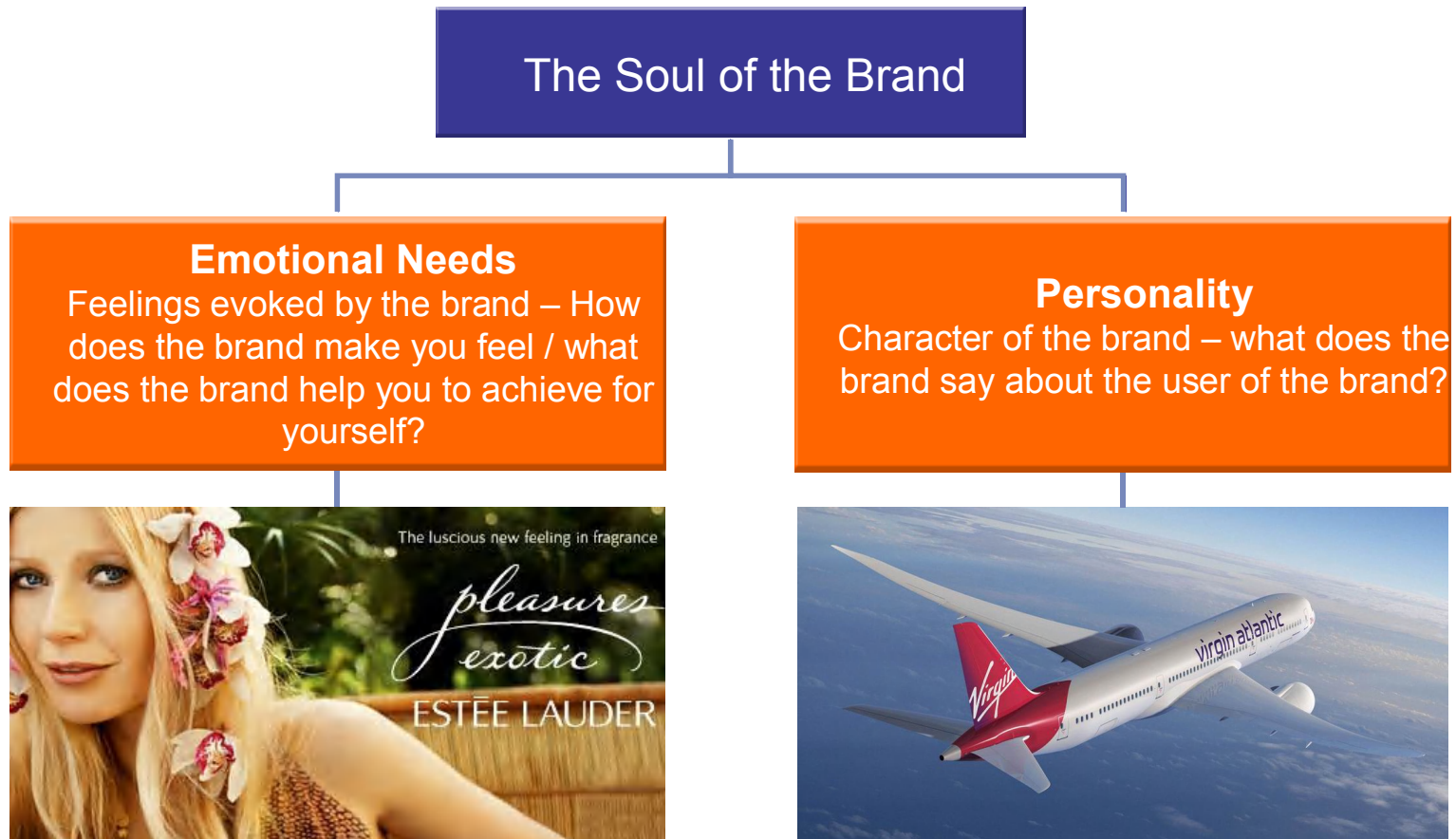
## 2. Creating the Preference in Consumer Mind

What are the Components of a Brand's DNA?



## 2. Creating the Preference in Consumer Mind

What are the Components of a Brand's DNA?





## 2a. RELEVANCE: Brands Need to be RELEVANT on all Facets to Create Preference in Consumer Mind

- All the facets of a brand's DNA, on their own, explain significantly Preference in consumer mind
- The four Facets together are able to explain 85% - 95% of consumer preference across categories and countries



Facets of a Brand's DNA	Explanation of Preference	
Functional Properties	Body	60%
Brand Image		42%
Emotional Needs	Soul	62%
Personality		38%

Note: Data Based on Ipsos R&D surveys across categories and countries in 2008



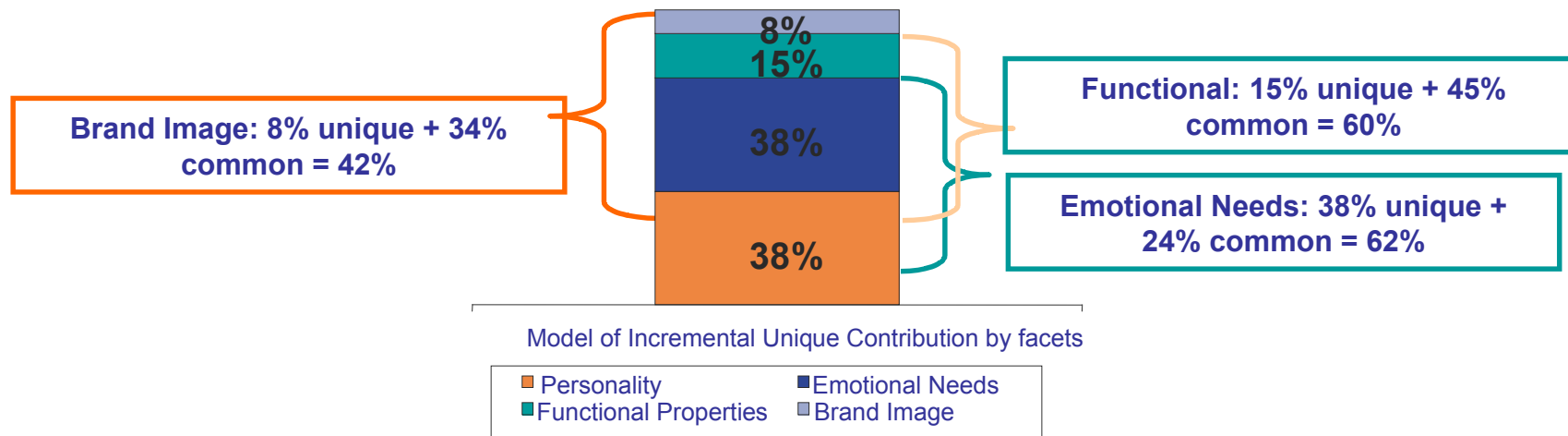
## 2a. RELEVANCE: The Facets are not Independent But Inter-Dependent



**Misnomer: Emotion and Functional add up to 100%  
THEY DO NOT**

They are non-additive, duplicative, and inter-related

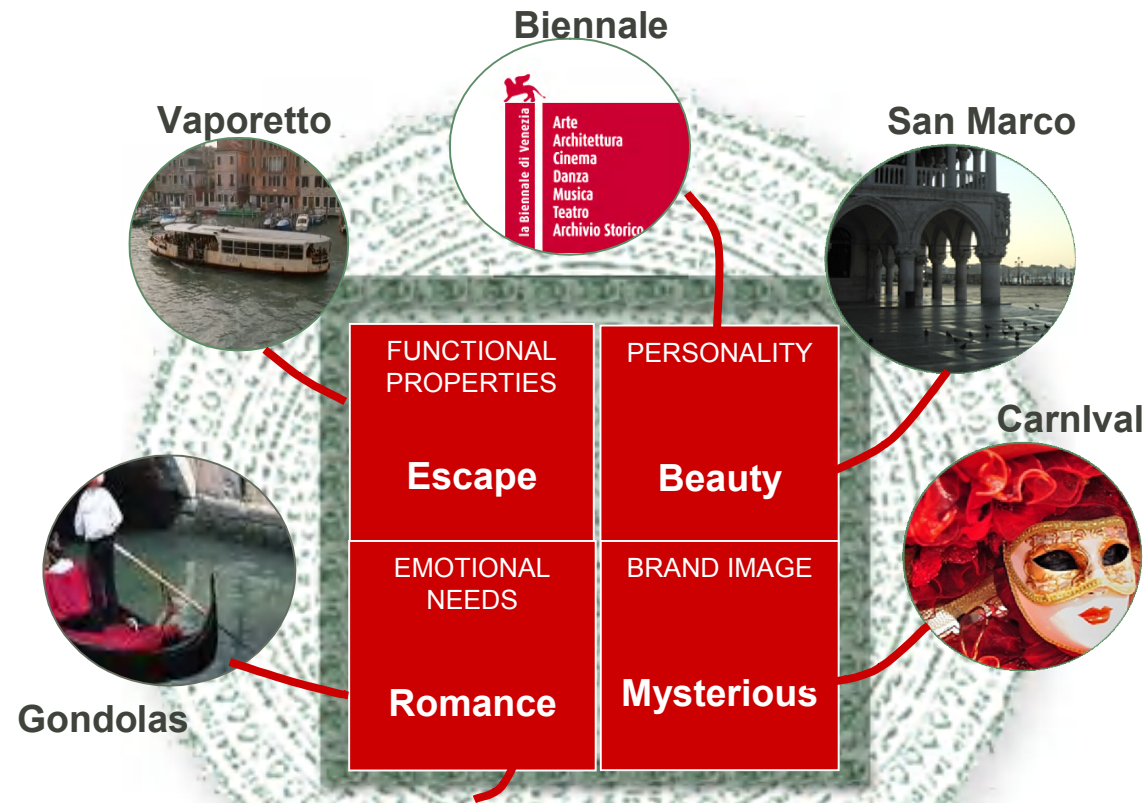
- The level of interaction varies by categories and countries. For example, in a study





## 2a. RELEVANCE: Successful Brands Have Found Ways of Being RELEVANT on all Facets to Create Preference in Consumer Mind

Example of Venice as a brand





## 2b. DIFFERENTIATION: Brands Must Have a Point of Difference



Product Differentiation



Technological Differentiation



Packaging Differentiation



Formula Differentiation



Experience Differentiation



Experience Differentiation

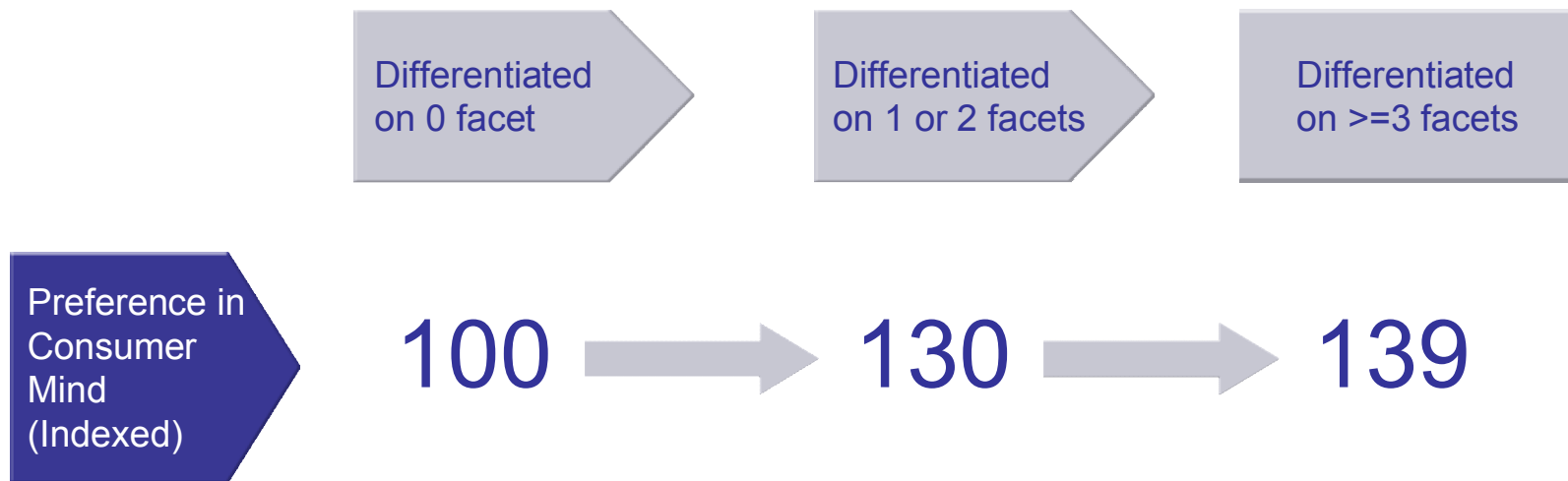




## 2b. DIFFERENTIATION: Brands Must Have a Point of Difference



Brands do not need to be differentiated on all facets...there is a point of diminishing returns  
➔ Quality of differentiation



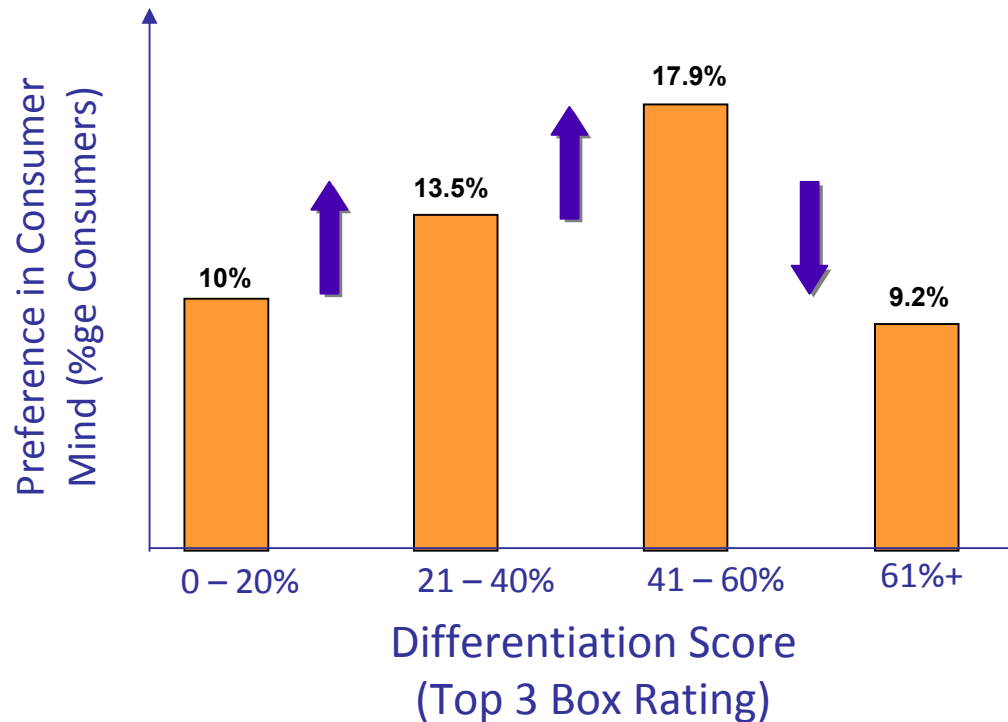
Note: Data Based on Ipsos R&D surveys across categories and countries in 2008



## 2b. DIFFERENTIATION: Right Amount of Differentiation Matters...



Differentiation – Little is Good but too much could be Bad – it is Relevant Differentiation → Quantity of differentiation



Note: Data Based on IPSOS ASI Database



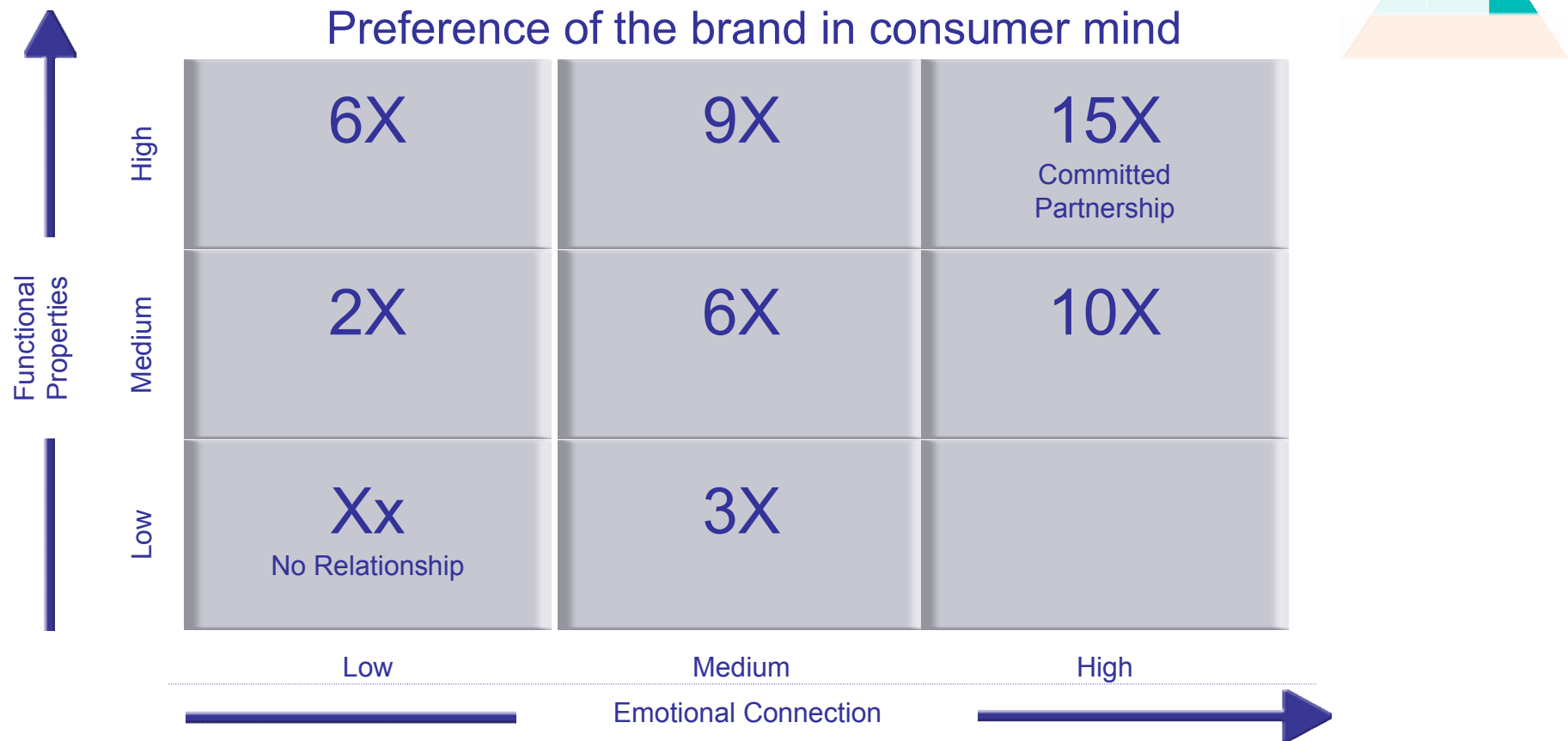
Emotion is Multidimensional and Emotional Connection intensifies the Product Experience





## 2c. Role of EMOTION: Intensifies the Product Experience

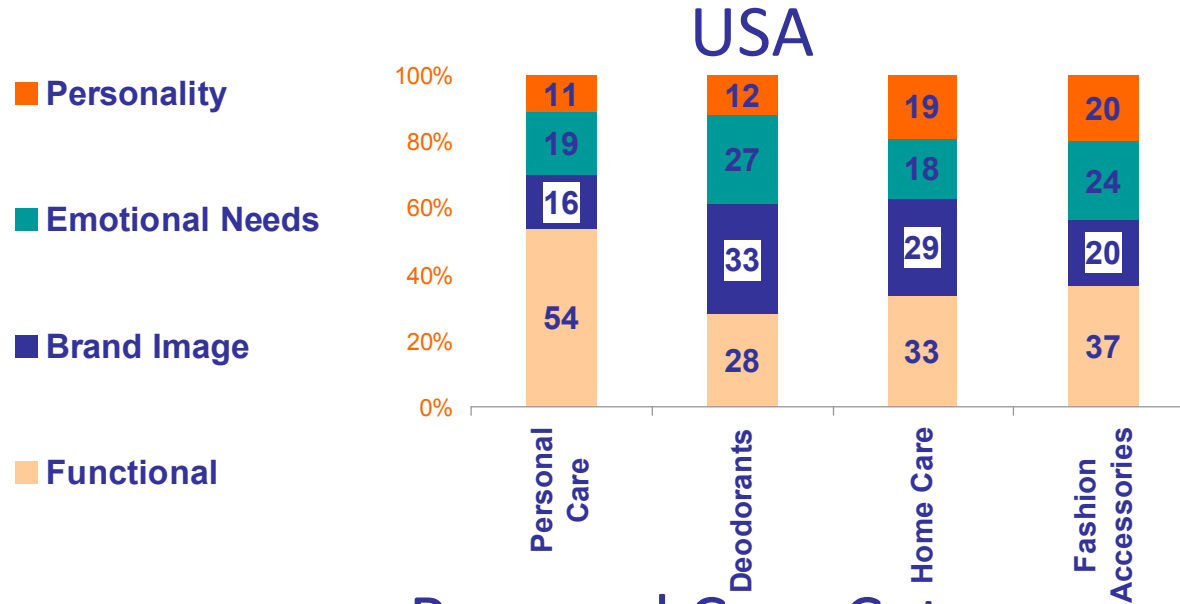
Functional Properties is the base – Emotional Connection acts on top of it to form a deeper relationship with consumers



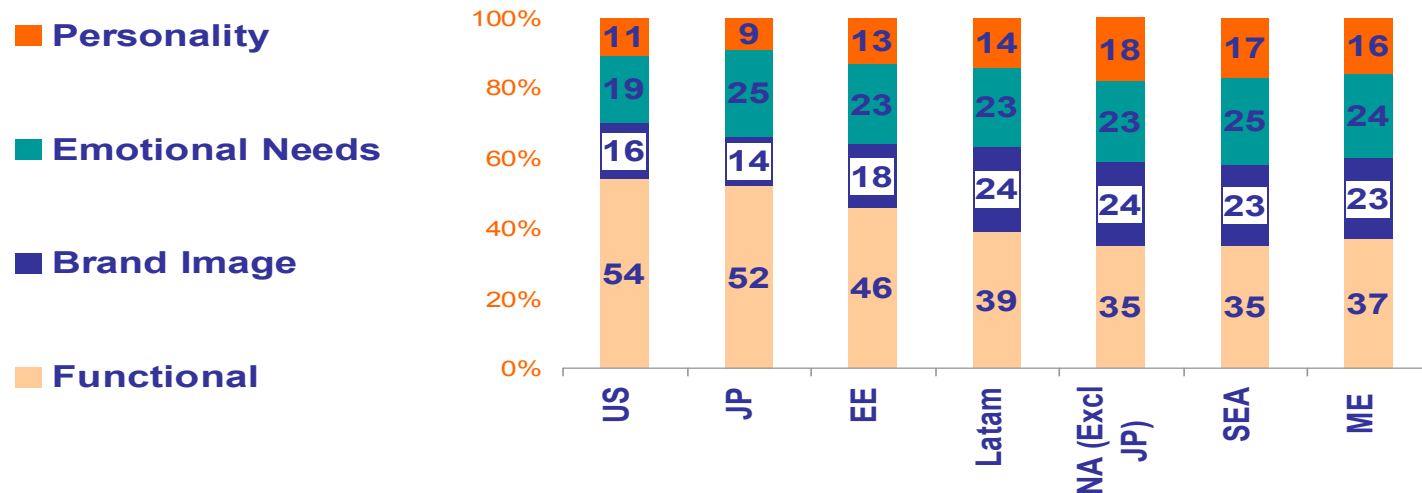
Note: Data Based on Ipsos R&D surveys across categories and countries in 2008



## 2c. Role of Different Facets of EMOTION: Varies by Category and Country



### Personal Care Category





## **However, Preference in Consumer Mind, Alone, Does not Explain Consumer Purchase Behaviour**

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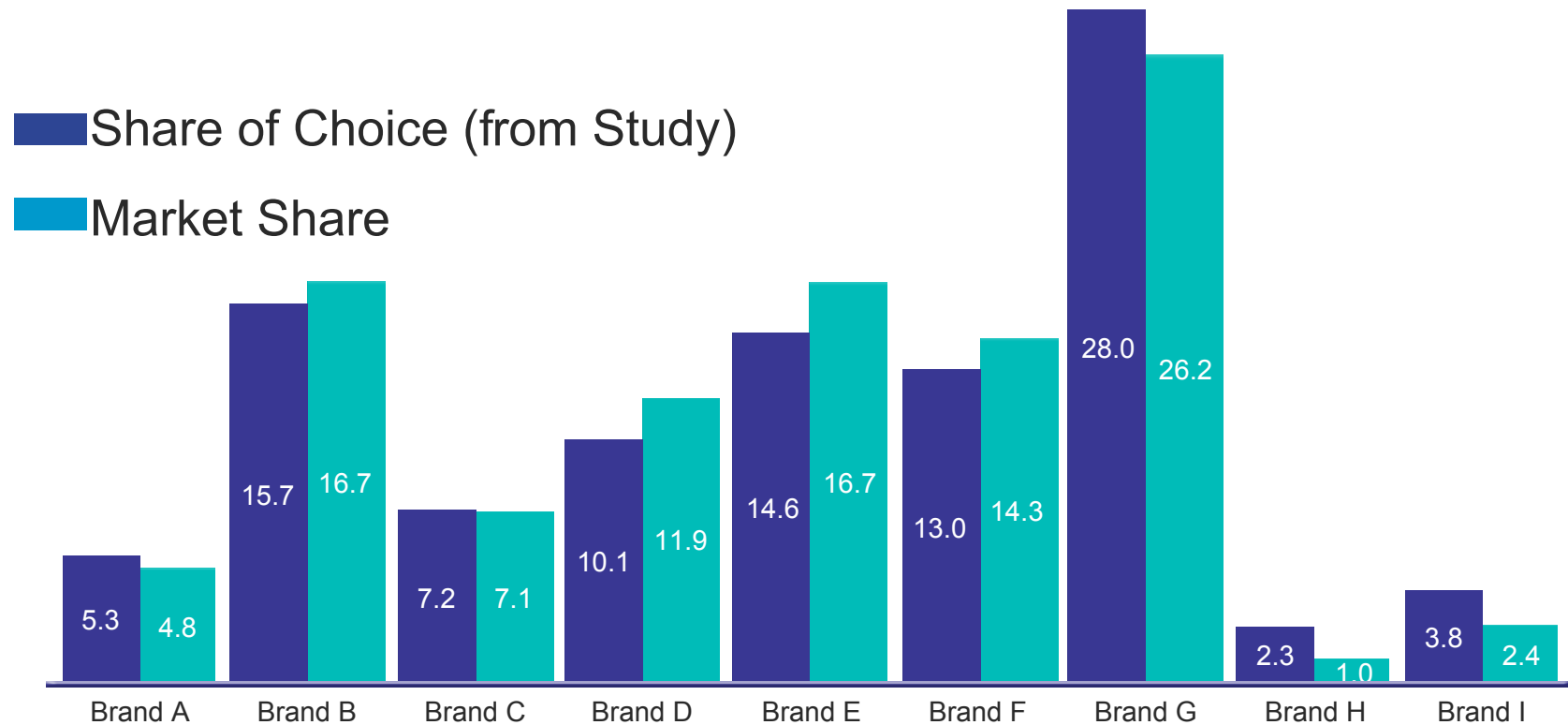
- Share of Preference explains 56% - 80% of market shares. Hence, share of Preference, alone, is not adequate to explain consumer purchase behaviour
- Share of Choice (Share of Preference in Consumer Mind + **PRICE**) explains consumer purchase propensity and hence, present market shares to the extent of 85%-95% across categories and countries



### 3. Share of Choice = Preference in Consumer Mind + PRICE. What is the Validation?



Correlation – Not a good enough criterion for validation. Predicting at brand level and individual respondent level within each study – is the litmus test



Further, Share of Choice is able to predict accurately behaviour for 70%+ of respondents across categories and countries



### 3. Share of Choice: It is the **VALUE** Perception which drives purchase propensity

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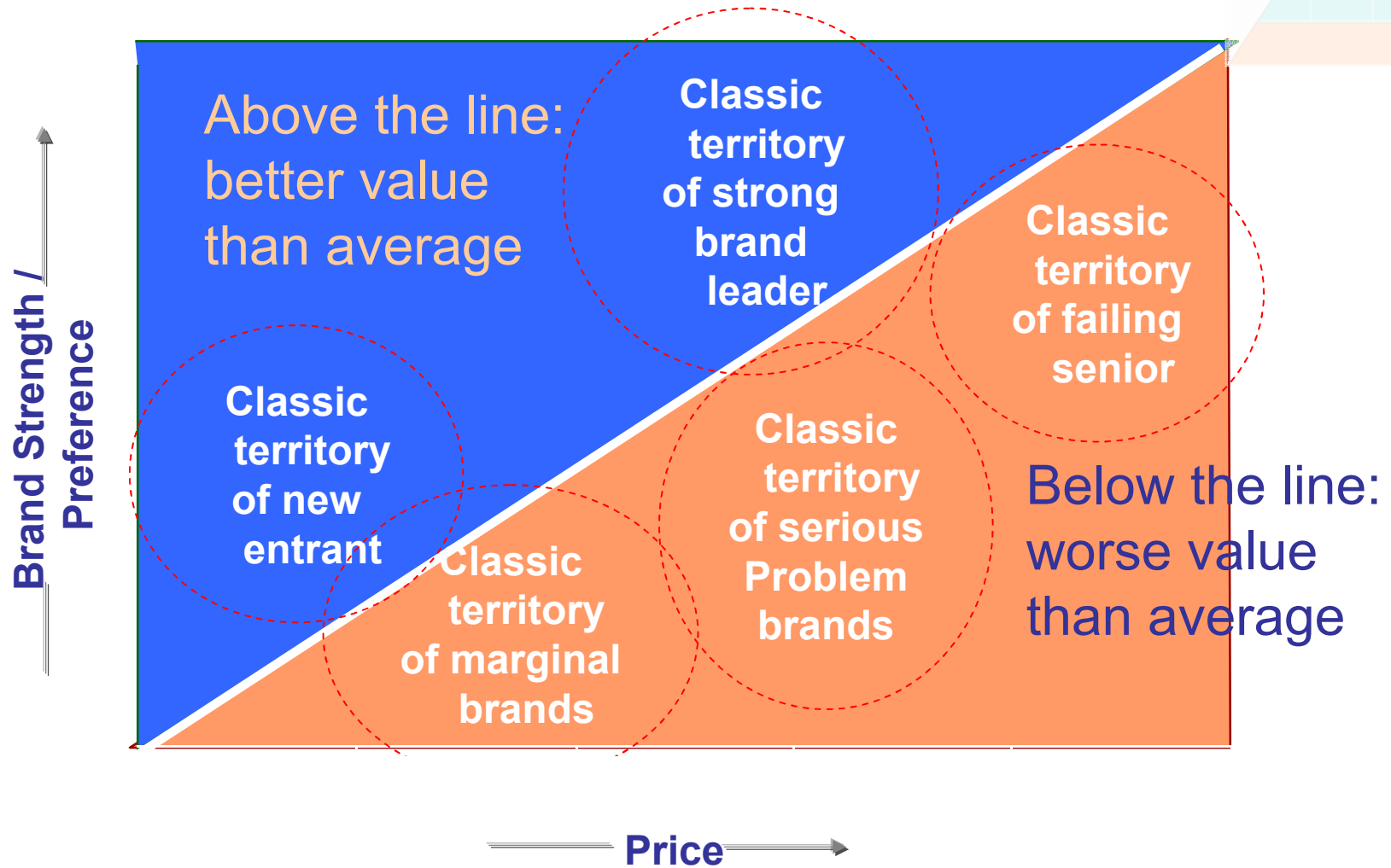
The balance between Price Perception and Brand Strength / Preference in consumers' minds drives purchase propensity. This is the VALUE perception in consumer mind





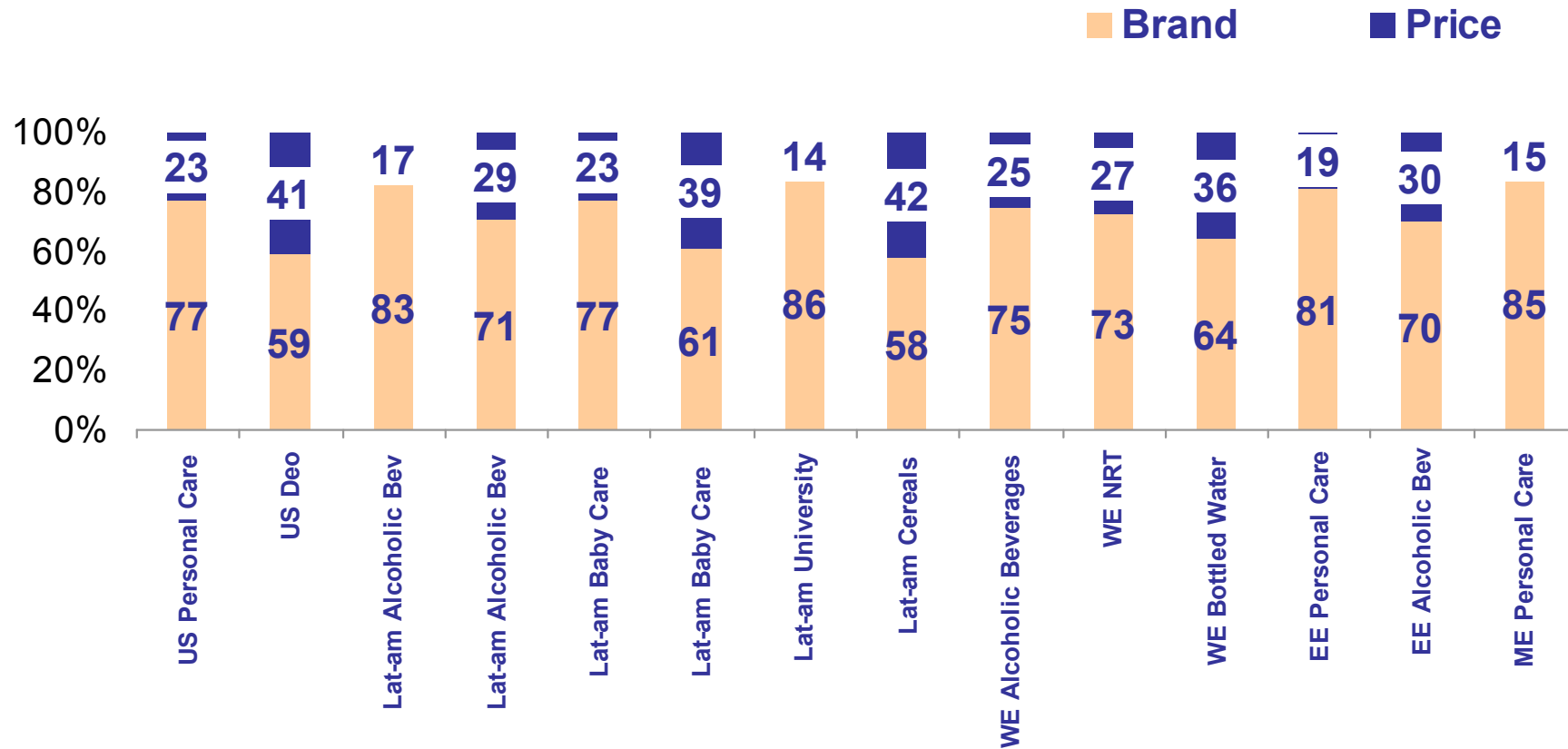


### 3. Share of Choice: It is the VALUE Perception which drives purchase propensity





### 3. Role of PRICE: Varies by Category and Country





### 3. Role of PRICE: Function of...

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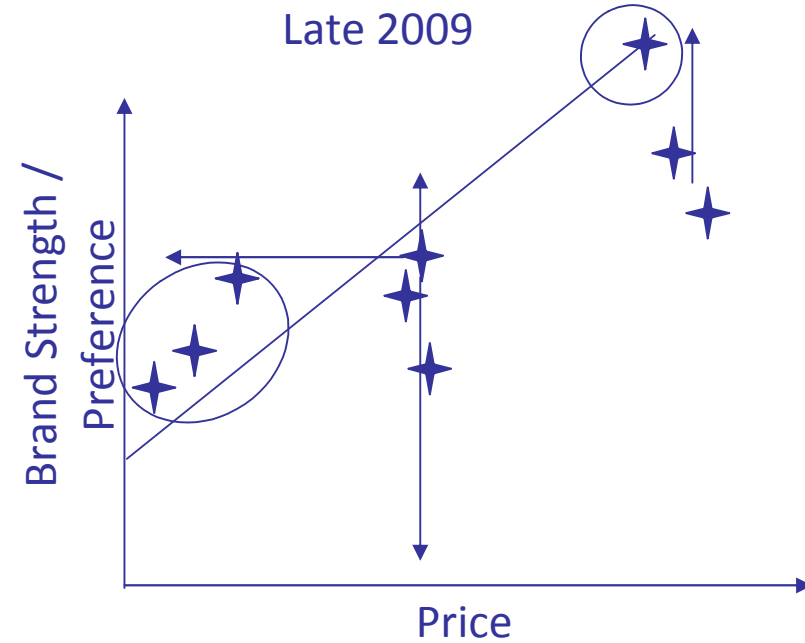
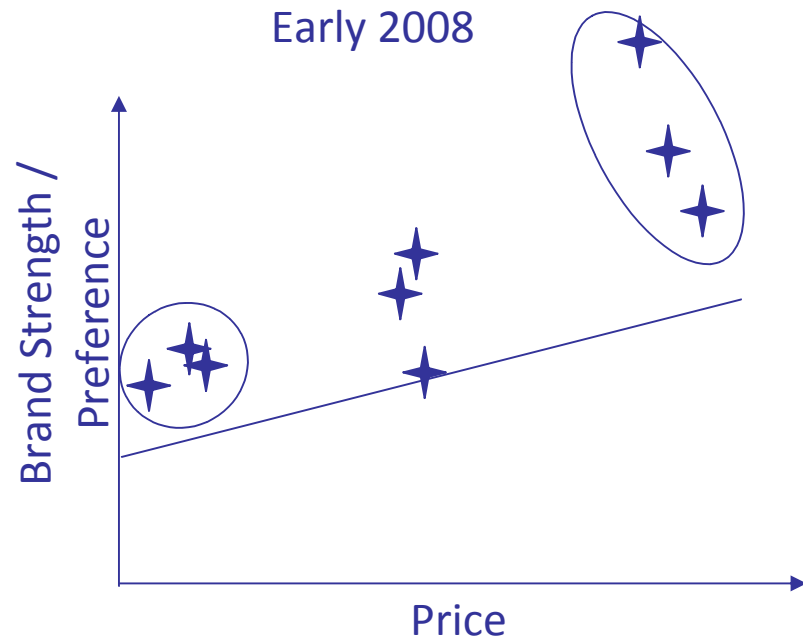


- Level of involvement in the category
  - Cross-Category Trade-off
  
- Risk of switching brands in the category
  - Perceived Differentiation between brands in the market
  
- Actual price differences between brands in the market

# 3. PRICE in the New Economic Environment: What's Happening?



✦ Brands

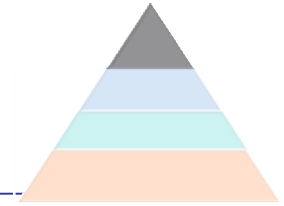


Short-Term Price change – need not be the long-term solution

Long-term brand benefits: Justification of the price – Value Perception: Is the way to go

The above illustration based on actual client surveys

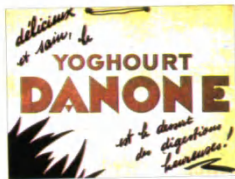
## 4. Today ≠ Tomorrow



- Many successful brands of yesterday have not been able to sustain themselves



- On the other hand, there are mother brands which has been in existence since ages and have evolved over time successfully



Affichette publicitaire, 1930

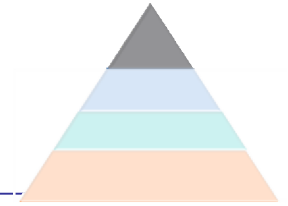


1908





## 4. Today ≠ Tomorrow Affiliation: Creating a Long-Lasting Bond



### Affiliation

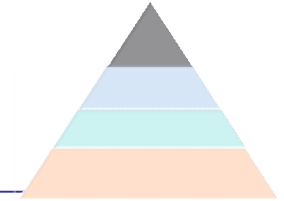
The present strength of the brand in market and the future direction in which the brand is moving.

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- Brands that are strong today will not be strong tomorrow unless they change with evolving consumer needs and preferences
  - At the same time, the brand must be true to its core brand promise
- Most measures capture only the present strength of the brand
- We need a measure (Affiliation) which is dynamic and reflective of both present and future behaviour



## 4. Affiliation: What is it?

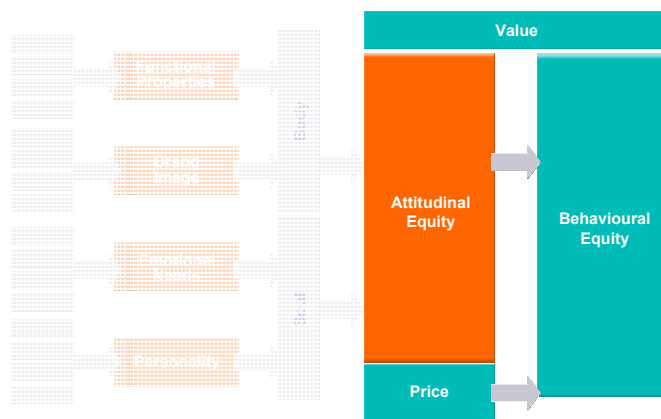


- The likelihood of customers staying with their current brand / using more
- Two Forces at work

Brands available:  
Choice Leadership  
(Behavioral Equity)

+

People's predisposition to switch:  
Inertia/Barriers

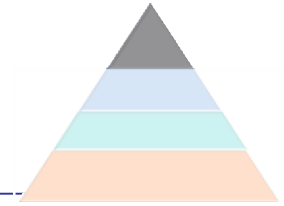


### Factors Inhibiting Switching

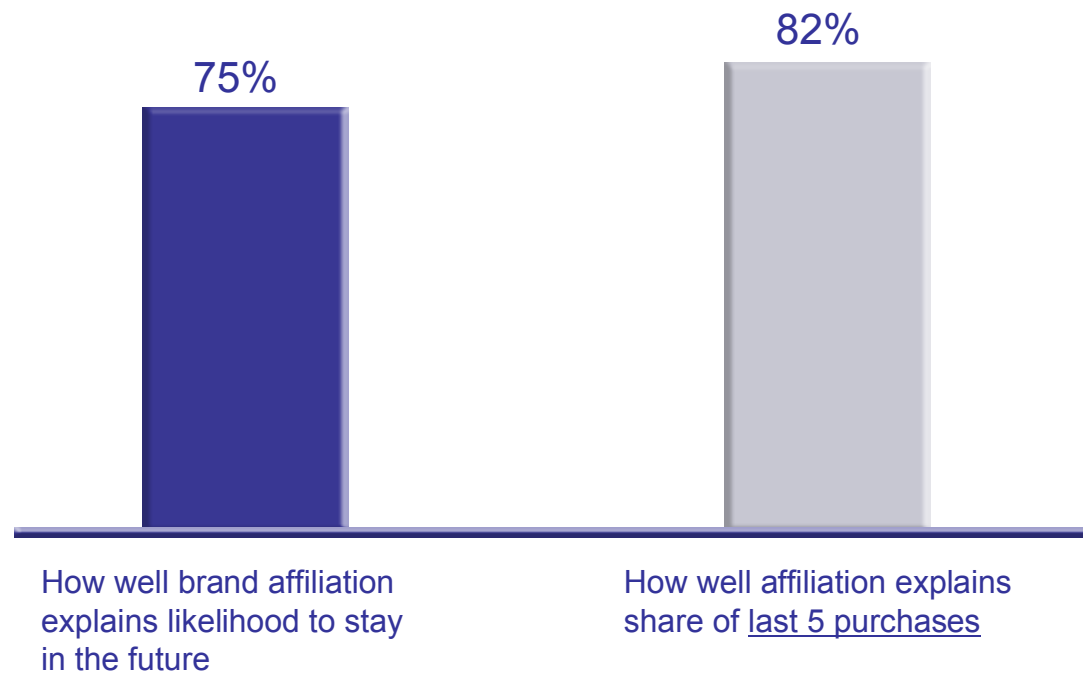
Effort to switch  
Effort to compare offers  
Wide acceptance  
Importance of decision  
Variety seeking tendency etc..



## 4. Affiliation: Creating a Long-Lasting Bond



Present strength of the brand in market and the future direction in which the brand is moving together explain brand behaviour



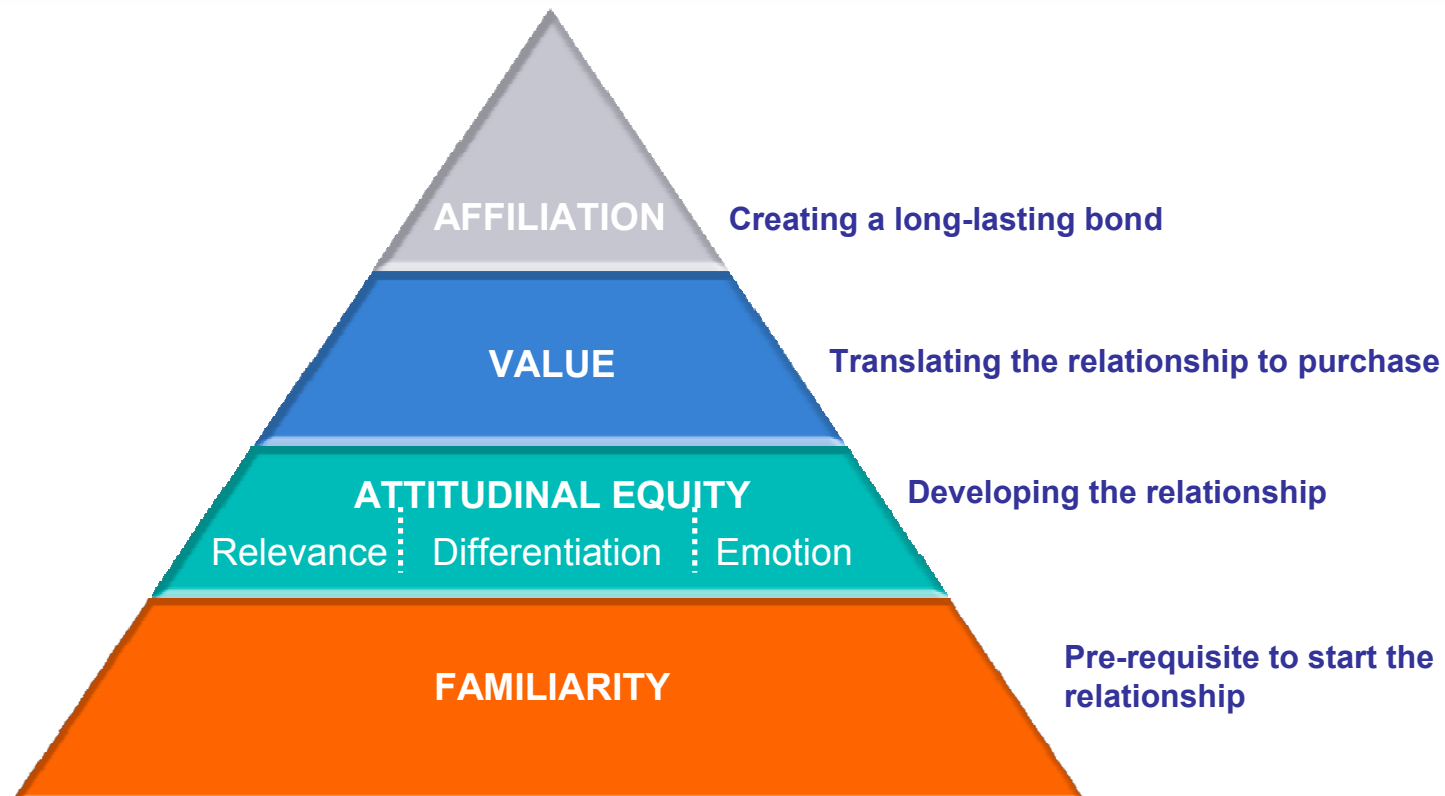
Note: Data Based on Ipsos R&D surveys across categories and countries in 2008





# ..... What Can Brand Custodians do to Drive Higher Consumer Share of Choice of their Brands?

Connect with consumers through the **Hierarchy of Relationship Formation** – to enable their brands to **Build Relationships** with consumers.



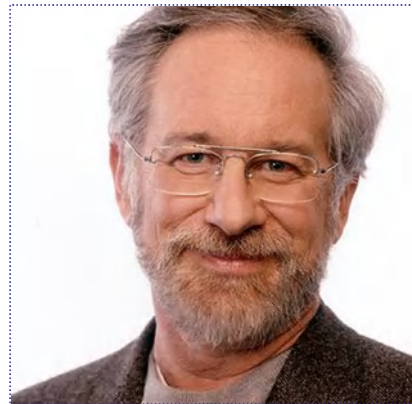


## In Addition, Form this Intimate Relationship with as Many Individual Consumers as Possible

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- Brands should form **intimate relationships** with consumers. Intimate relationships are close personal relationships characterized by familiar feelings.

**Intimate brand relationships** connect with each individual consumer uniquely as their needs are different.



“I make movies for the masses...  
but I talk to them one at a time”

- Steven Spielberg

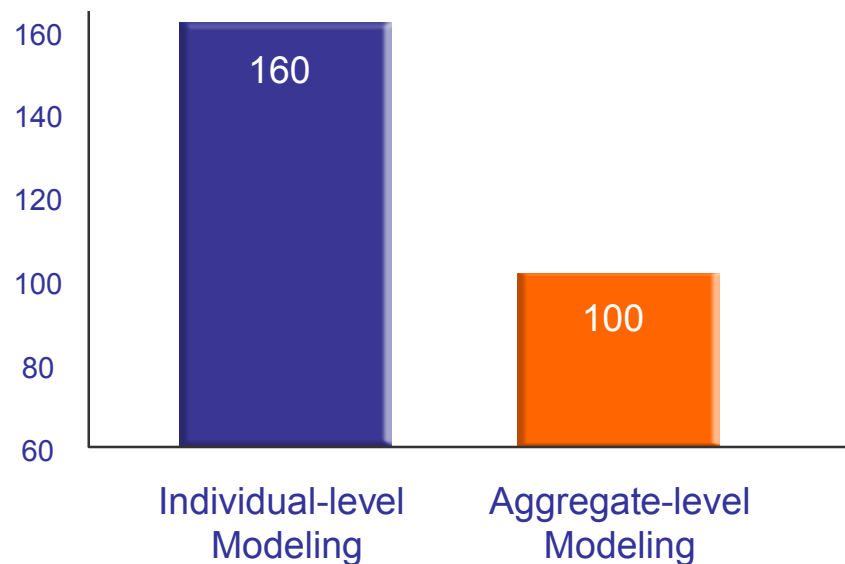


# Building the Brand Relationship at the Individual Consumer Level

- In order to measure brand intimacy, **we need to model at individual-level.** Because every consumer is unique, brands need to connect with each individual consumer in the way each consumer desires.

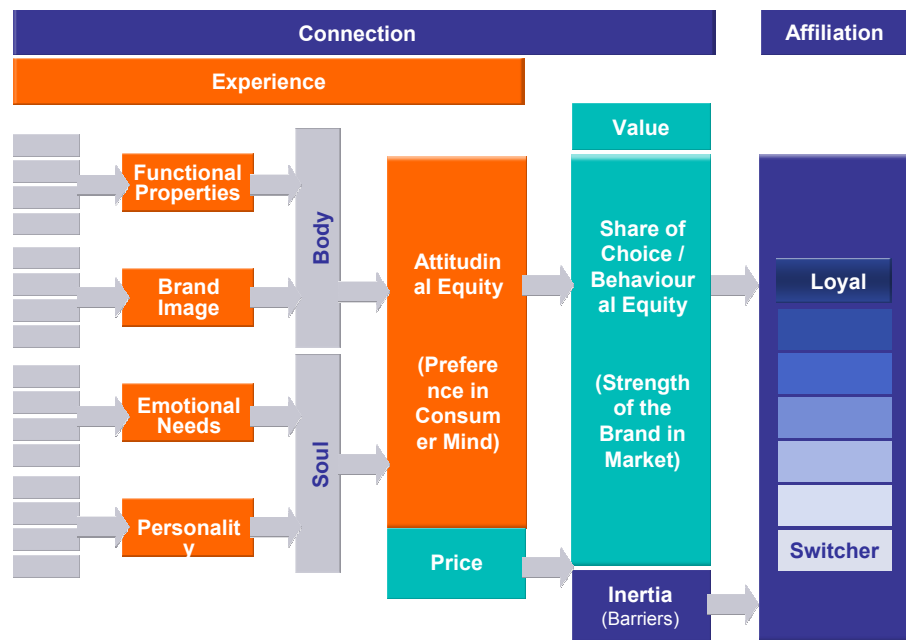
**Individual-level modeling** explains brand choice better than aggregate-level modeling.

## Indexed Explanation of Brand Choice

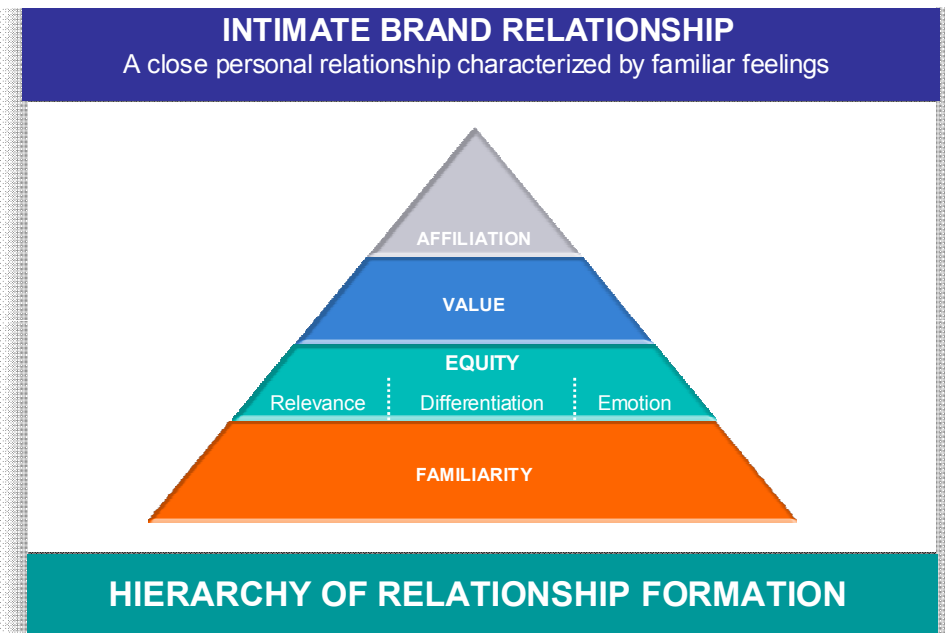


Source: Ipsos R&D surveys across categories and countries in 2008

## CONSUMER BEHAVIOUR



## METRICS TO DRIVE CONSUMER BEHAVIOUR



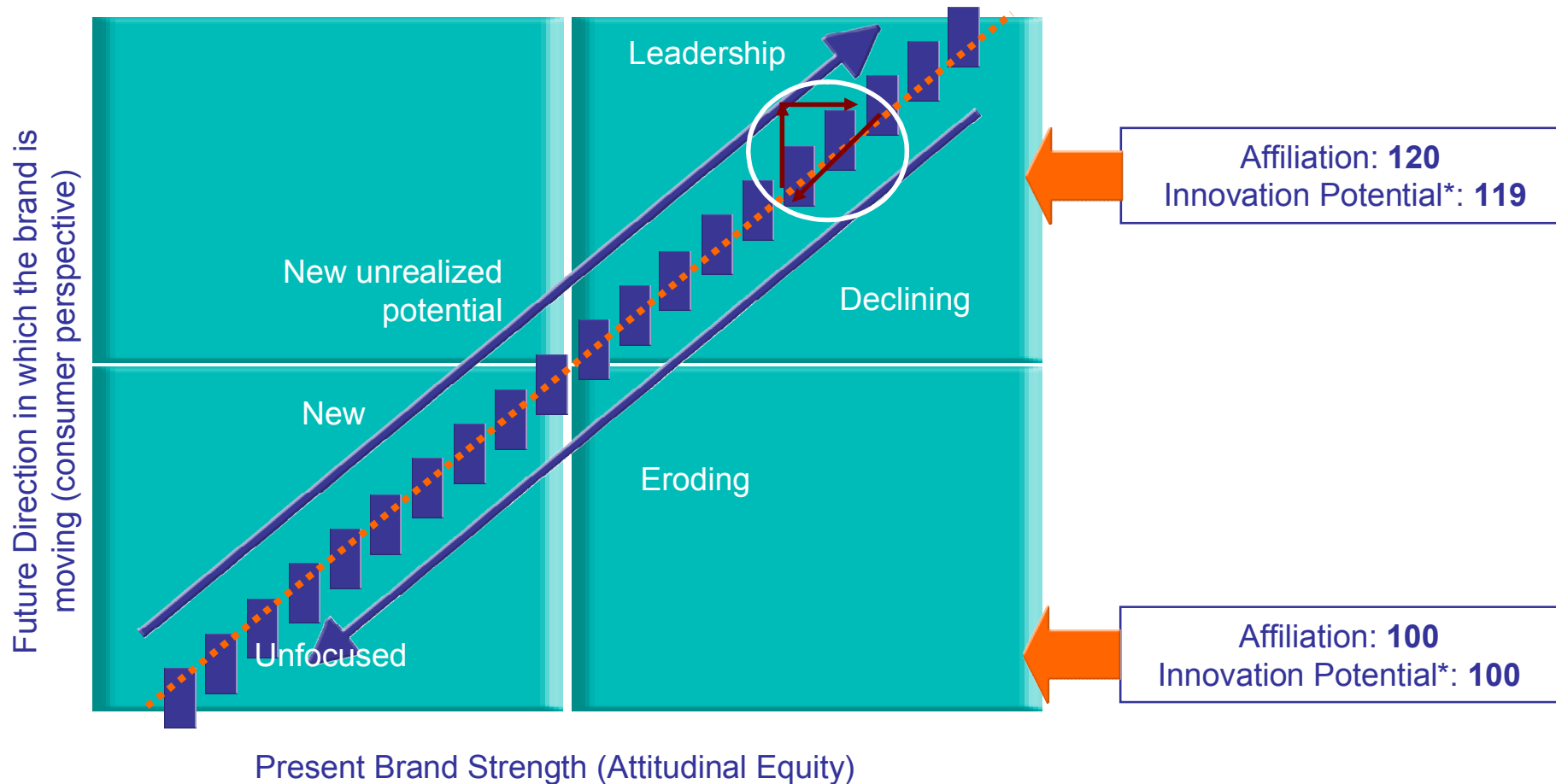


# Stronger Brands would Provide a Stronger Springboard for Success of Innovations





# Stronger Brands Provide a Stronger Springboard for Success of Innovations



Note: Innovation Potential is based on Ipsos measures of Relevance, Differentiation and Expensiveness as drivers of successful Innovation

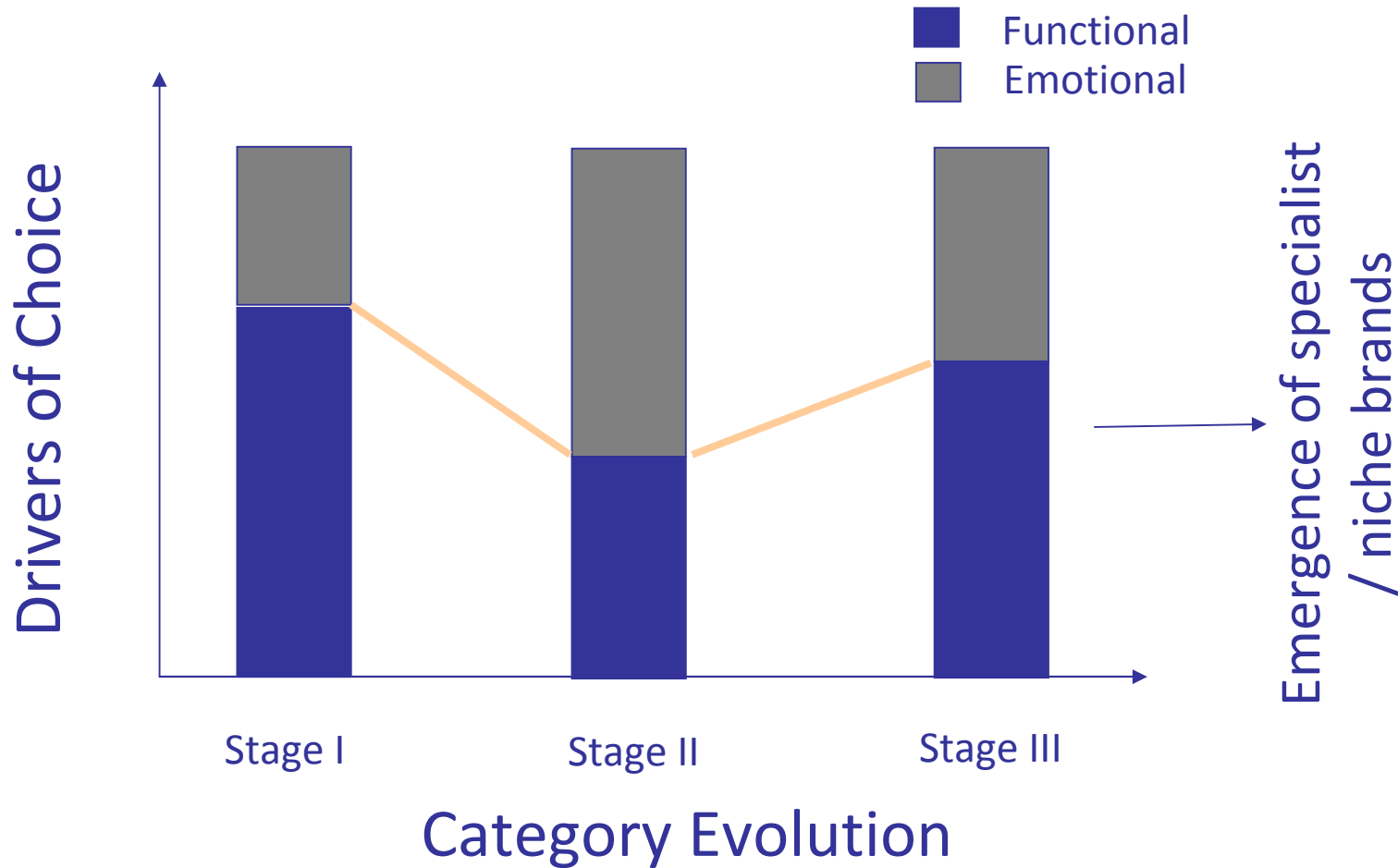
Drivers of Choice Vary by Category and Country

IS GLOBAL BRANDING A MIRAGE OR A REALITY?

- Learnings from the Heuristics for Brand Development?



# Category Evolution: Has an Impact on Evolution of Drivers of Choice

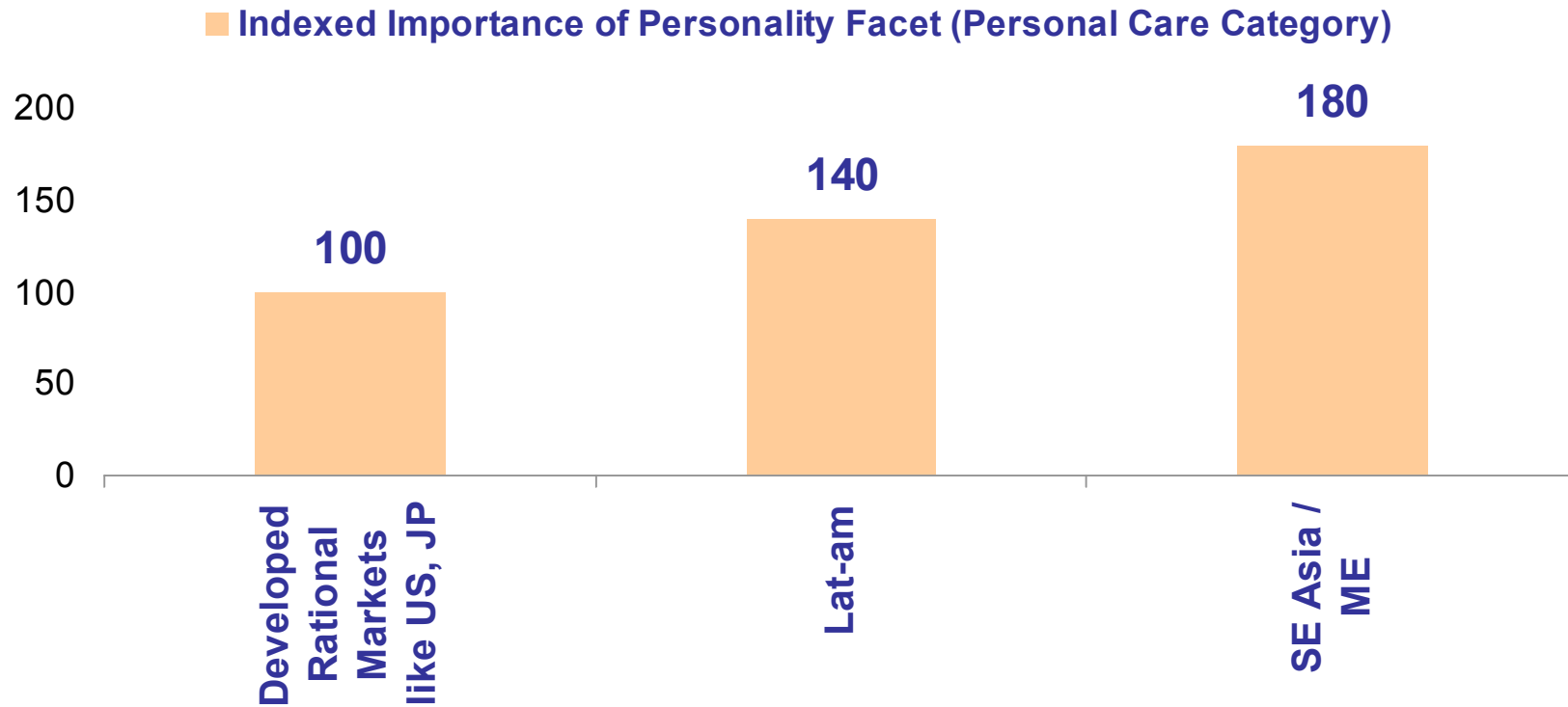


Note: This is an illustration of our theory based on findings from actual studies



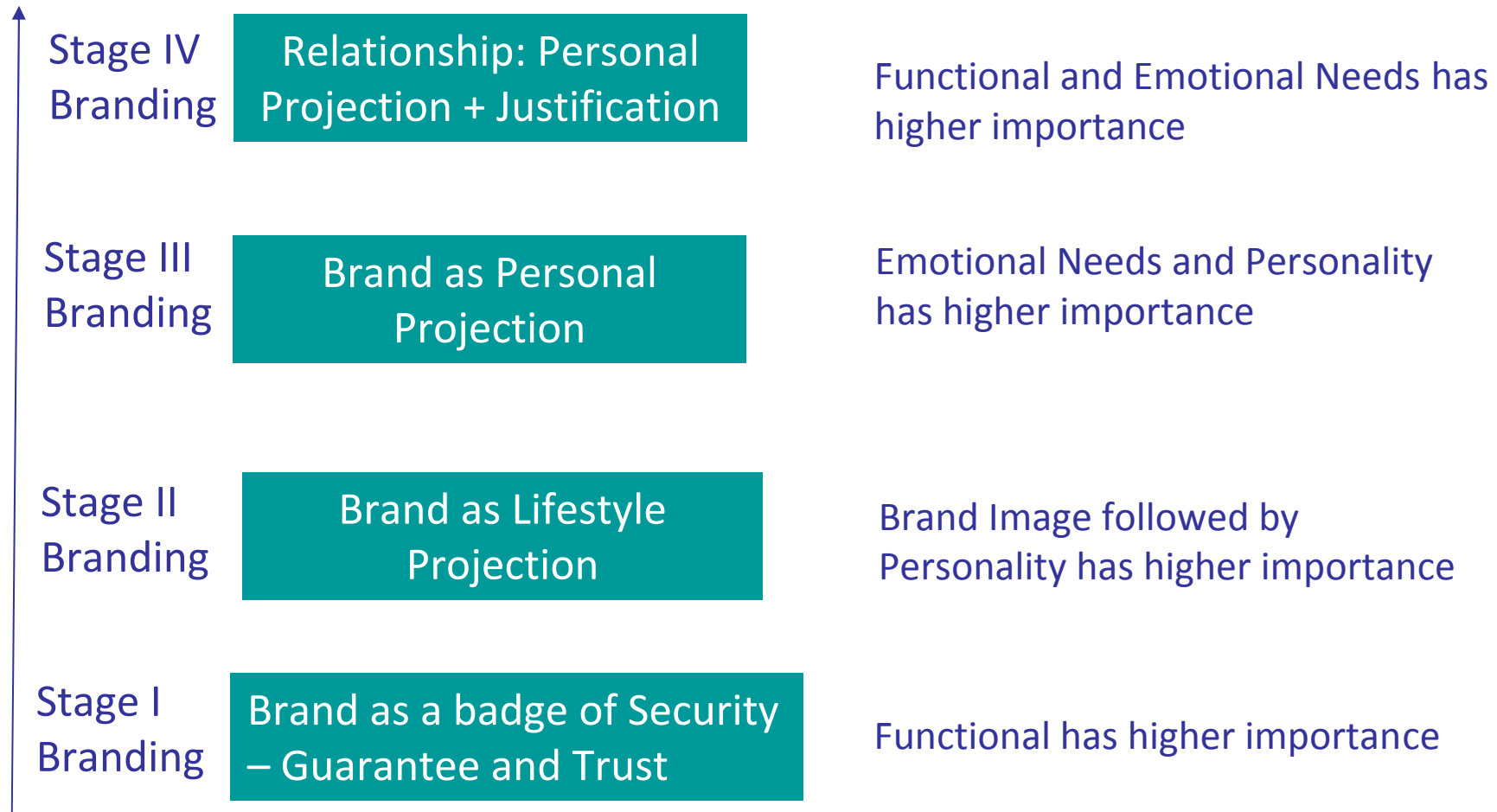


# Cultural Manifestations: Has an Impact on Nature of Drivers of Choice





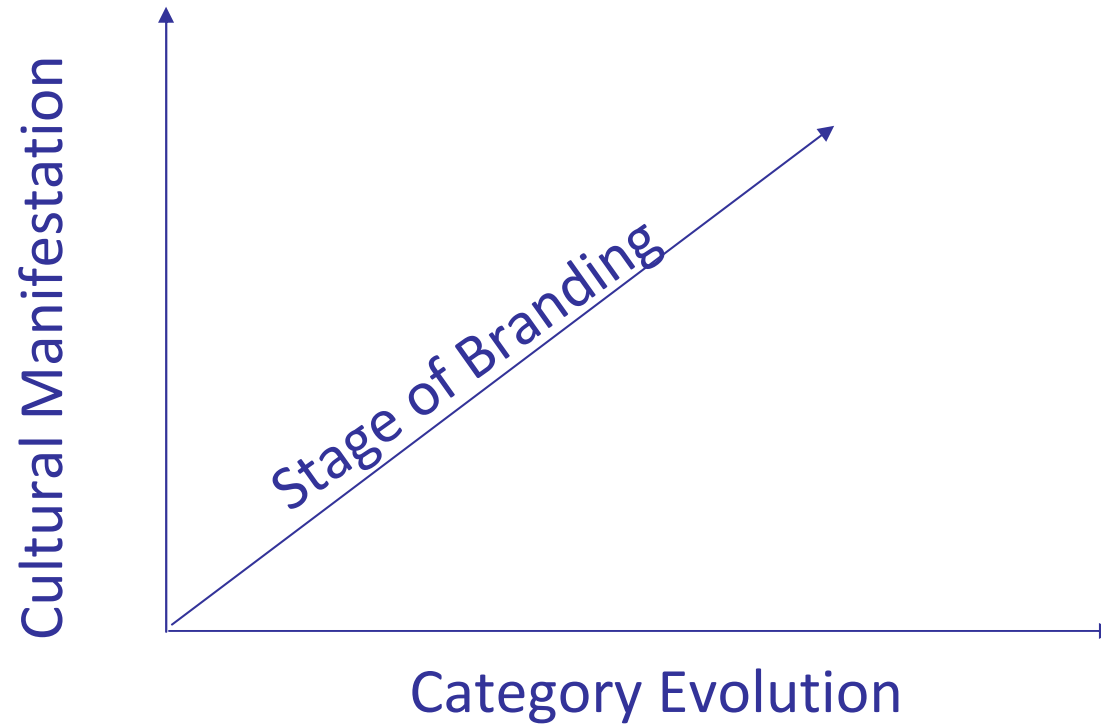
# Drivers of Choice: Evolution depending on the stage of Branding





## ..... Forces Impacting Drivers of Choice

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Is Global Branding a Mirage?



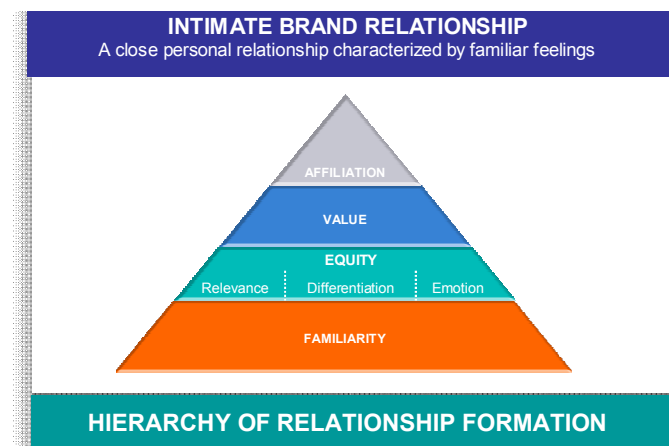
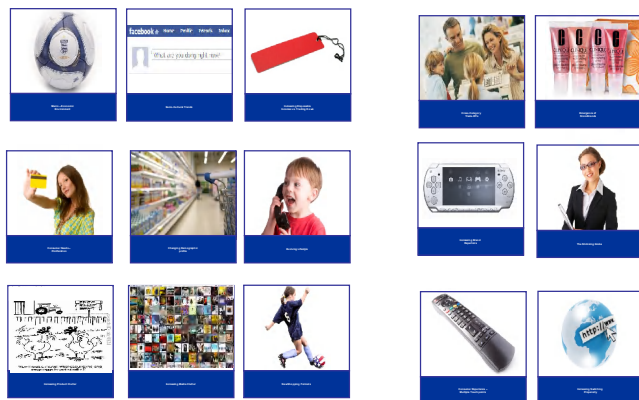
# There are Country Clusters Rather than Global Unified Picture

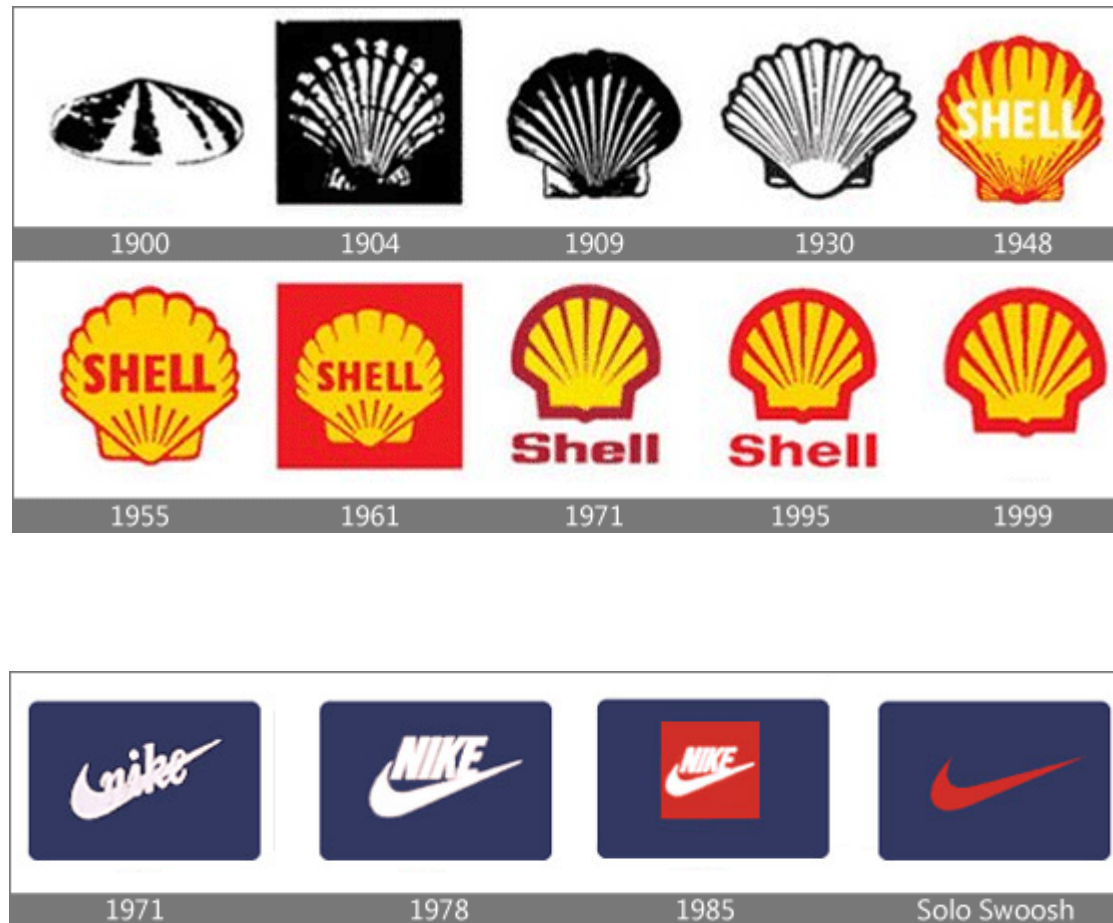
- Country Clustering ≠ Geography Proximity  
e.g. Personal Care Category



# Managing Tomorrow's Brands

- Intriguing interaction of multitude of forces impacting consumer choice
- However, consumer's relationship with brands depends on 'Simplicity and Focus'
- Understand consumers at local level to form intimate relationship with consumers – don't force global structures. Decipher country clusters





THANK YOU