



Peru 2017, From informality to modernity

Peru 2017,
From informality
to modernity

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[Guide]

Ipsos Flair: Understand to Foresee

To have more opportunities of growth, our clients really need information on a country's values and mood, at a specific time, on their vision of the future, their ambitions and desires, their ideals, on their relationship with consumption and brand image.

Launched in 2005, Ipsos Flair was created in the first place with the ambition to deliver original and sharp views with a cultural and sociological background.

Flair explores the many different facets of an individual, be it a consumer, a citizen, a spectator or an employee. Pulling down the stereotypes, "Flair" emphasizes the free spirit and the competence of Ipsos experts.

Ipsos is uniquely positioned around five major specialisations: marketing; customer and employee satisfaction; media and advertising; public opinion research; and survey management.

Ipsos is an independent market research company controlled and managed by research professionals. Ipsos researchers assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media and they measure public opinion around the globe.

By bringing together these diverse yet complementary perspectives, the Ipsos Flair series helps our clients to formulate and to fine-tune strategic planning approaches.

France was the Flair pilot country in 2005, followed by Italy in 2010, China in 2012, Thailand since 2015.

Latam is the n°1 region in terms of Flair growth, made possible thanks to the great reception of our clients and the commitment of our teams. After Argentina, Brazil, Colombia and Mexico, it is now about Peru.

Ipsos APOYO Opinion y Mercado, now known as Ipsos Peru, is the merger of two leaders: APOYO Opinion y Mercado and Ipsos.

Founded in France in 1975, Ipsos has grown into a worldwide research group with a strong presence in all key markets and offices in 88 countries. Since 1999 it is listed in the Paris stock exchange and currently has direct presence in 88 countries, including almost all of Latin American countries, where the firm is the market research leading company

APOYO Group was founded in 1977 and the Market and Public Opinion Division was created in 1984. Ten years later, this division became into APOYO Opinion y Mercado, a Peruvian company leader in market and social research. Nowadays has more than 200 full-time employees.

Ipsos Peru works in research projects with both private and public institutions, as well as international organisations. The firm is the creator of the most reliable and widely used socio-economic levels' classification in Peru, which reports are published every year. In terms of political and election issues, Ipsos Peru has provided fast and accurate projection results since 1986. Ipsos conducts qualitative and quantitative research among the general public and specific targets (business, professional, farmers etc.), to study individuals as citizens and consumers.

That is why we are really happy to develop Flair in Peru, should have a major stake for all our customers...

Enjoy your reading!

Henri Wallard
Deputy CEO
Chairman of Loyalty and Public Affairs

[Editorial]

From Brazil to Colombia, from Mexico to Argentina, a myriad of stereotypes about Latin America exists.

It is perhaps Peru that breaks all the preconceptions, judging by the contents emerging from the seven hundred million answers in the search engines.

Peru has the privilege to be a legendary country before being a geographical reality.

One finds there the oldest city of the American continent and one of the oldest in the world, Caral, which gives its name to the first American civilisation, Caral-Supe (North of Lima), between 2627 and 2100 BC.

One finds the empire of the Inca, the kingdom of Cuzco which covers all of the Andes, one of the most amazing single roads' infrastructures in the world (Qhapaq Ñan) allowing the messengers to transmit all the instructions useful to a centralising administration comparable with the Emperor of China management.

At the beginning of the 16th century, the area of the empire goes from southern Chile to the border of current Colombia, including parts of Argentina, Bolivia, Peru and Ecuador.

In 1531, one finds Pizarro and the Spanish conquerors in Lima, the city he would go on to found in 1535 as the 'City of the Kings'. Between 1544 and 1824, Peru saw 39 viceroys and became a source of gold and silver for Spain, amid the slaughtering of the native population.

One finds José de San Martín and Simón Bolívar, who succeeded where Túpac Amaru II had failed 1780-1781, with the Declaration of Independence of Peru on July 28th, 1821. A scission followed, with High-Peru remaining faithful to Bolivar, which gave rise to Bolivia.

One finds years of conflicts with Ecuador and Chile, years of coups alternating democracies and dictatorships.

One finds the 70,000 victims of the Luminous Path from 1980 to 1993, its sporadic resurgences between 2008 and 2009, the obsession of the Peruvian army remaining an alliance between the guerrillas and the “narcotraficantes” – drug traffickers – of the Apurimac and Ene valleys.

This volcanic environment is not only in the books of history: Peru is located on a seismic fault, hence – as in Japan – regular but weak earthquakes and sometimes, as in Yungay, in 1970, the tragedies involving tens of thousands of deaths.

One finds also vertiginous trains, as in the Sierra, culminating at an altitude of 4,871 metres. Eleven hours, 69 tunnels, 58 bridges to go from Lima to Huancayo. And of course, one of the most famous in the world, the Machu Picchu train, connecting Cuzco to Aguas Calientes.

At this stage, one could wonder whether Peru really exists or if it is a fiction born of the imagination of adventurers, storytellers or screenwriters.

Peru seems to be a country with no limits, neither horizontal as an ex Empire, nor vertical when the Huascarán mountain draws an upward line from 6,768 metres in the Western Cordillera.

However, Peru really exists.

After years of nonstop rise (hence its nickname of “Dragon of the Andes”) from 2003 to 2013, the annual growth rate passed from over 7% to 3.3%; the fall in the price of the raw materials is not favourable to one of the most productive countries, at the cost of irreversible damage for the environment.

The level of poverty and the inequalities are inversely proportional to the wealth of the country in natural resources. In 2015, 20% of the population lived under the poverty line and unemployment passed from 6 to 7% in one year.

However, the fundamentals are good. The national debt is equivalent to 23% of the GDP (Vs. 132% in Italy, 97,5% in France, 66% in Brazil, 50% in Venezuela, for example) and the reserves make it possible to cover twenty months of imports.

The Peruvians are largely more positive than the other citizens of Latin America regarding their economic situation with 61% thinking that it is good vs. 19% of Argentinian, 14% of Mexicans and 8% of Brazilians. About the future, they are most trustful of all the probed countries, with 67% which estimate that the economic situation will be better in six months, ahead of Brazilians (57%), Argentinians (54%) and Mexicans (27%).

An optimism that is again obvious in the results of a global survey conducted by Ipsos (Study of the main concerns in the world, September 2016): 61% of Peruvians perceive that the country is heading in the right direction, a figure above the global level (37%).

However, what worries Peruvians today is crime and violence (74%), with education in second place (47%) and political corruption third (42%).

One of the possible assumptions for their optimism is their capacity to live on minimal resources with 70% of the working population forming part of the “informal economy”. Peru breaks the record held by France when it comes to online piracy – the illegal free downloading of materials found on the internet that should normally be paid for.

Since July 2016, Peru has had a new President, Pedro Pablo Kuczynski, who was narrowly victorious over his rival Keiko Fujimori, the daughter of the former leader Alberto Fujimori.

After each presidential election, everywhere, all seems to become (finally) possible! Peru does not escape the rule.

Paradoxically, this country which was an empire, today seems to be a wasteland, as if the time of the interior Reconquista had come, as if the moment to push back the limits had returned.

Hence our title, “Peru 2017, from informality to modernity”, indicates hope for a revival and concrete solutions... at all levels: infrastructure, education, access to drinking water, health, security, corruption, employment, taxation.

That supposes new alliances, at the level of the elected officials, as at the level of the areas and the cities and – more than one revolution – a step ahead.

It is also what the cover image is trying to convey.

Yves Bardon
Ipsos Flair Program Director

Perspective from Alex Grönberger – CEO *of Ipsos Latam Region*

From informality to modernity

Latin America is a very exciting place for business and investment. Its natural wealth and entrepreneurial spirit, combined with the end of long periods of social and political tension, has resulted in an explosion of development in the region over the past 20 years.

During this period there was an average annual growth rate of 7%, although some years marked over 10 points and others experienced negative numbers. These ups and down are attractive for liquid investments, with low entry and exit barriers, but they create a lot of uncertainty for large investments and those related to infrastructure. As a result, general investment in funds and infrastructure in our region has been delayed; investing in Latin America is for fast movers and not for the weak-hearted. In contrast, Peru has behaved like a good student; in these last 20 years, it has not only grown more rapidly than the regional average, at 8% annually, but it has also shown positive growth in 19 of the 20 years (-0.6% in 1998). This positive behaviour, stable and without surprises, has allowed Peru to show a difference to the rest of the region and to attract quality investment, projecting the country towards a more prosperous future.

Peru's transition from informality to modernity is established. Mining continues to be the strongest sector, with positive growth despite the lowering of commodity prices, although this increased wealth has occurred to a great extent because of increased consumer access among the larger sectors of the population. A reflection of the increased level of consumption can be observed in the growth in shopping centres: there are 81 shopping centres operating in Peru, a number that has steadily increased since the 8 that existed at the end of 1999. It is hoped that another 10 will be opened towards the end of 2017. This process of

growth has brought with it a development of pride and belief in themselves as Peruvians and it encouraged the nation to define itself and transform differences into valuable assets. Examples of this strengthened pride within Peruvians are the two important national brands: the new Peruvian cuisine and the development of the tourism brand, Marca  Peruvian cuisine is now a global brand and the originality, contrast and culinary creativity nourished by the fusion of local, European, African and Asian cultures is so interesting that it now dominates the rankings of the best restaurants in Latin America and is positioned among the best in the world. But what is even more notable is that the success, quality and originality of Peruvian cuisine internationally is reflected in the same pride that Peruvians feel for it; it is the new national flag that makes them puff out their chests in pride and smile with satisfaction!

The other great national symbol that reflects well the step from informality to modernity is the development in tourism. The number of international tourists has doubled in less than 10 years and destinations have multiplied far beyond Machu Picchu, offering destinations such as Nazca, Puno, Iquitos, the Andes, the Amazon region, beaches and Inca cities as well as visits to the more modern and colonial towns and cities. To transform tourism into a more inclusive sector that generates greater employment, the Peruvian government is focusing on eliminating visas, improving airports and increasing connectivity with other important aviation hubs in Latin America and the APEC region. Stable growth, strengthened pride and an established path towards modernity present a market and a Peruvian consumer that is ready for new opportunities, and open to experimentation and innovation. This is Peru's moment. I hope that this edition of 'Flair' will inspire and provide the belief to go even further!

┌ The perspective of Alfredo Torres – Chief Executive Ipsos Perú ┐

Peru is a millennial country. The civilisation that developed within the territory that now falls inside Peruvian borders was, according to the historian Arnold Toynbee, one of the few primary civilisations in the history of the universe.

In Peru are both Caral, the oldest city in the Americas, and Cusco, the capital of the Inca Empire - which covered an area of 3000 km² - more than double the territory of Peru today. Lima is in the centre of the country and it became the capital city almost five centuries ago, erected by the Spanish Viceroyalty as its centre in South America.

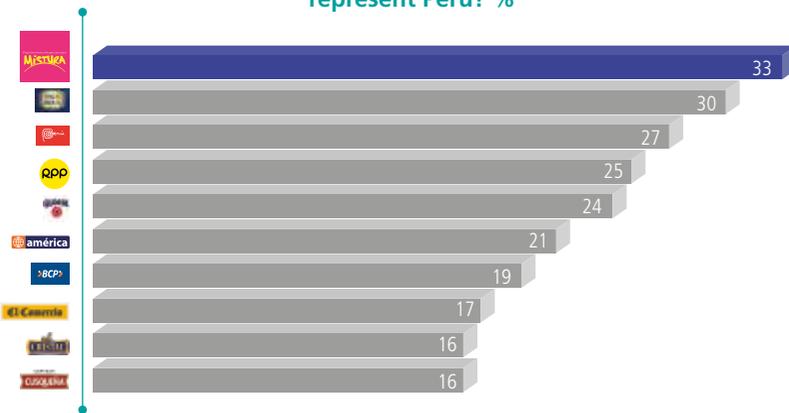
It is for this reason that the historian Jorge Basadre considers that Peru was not born of barbarian tribes, but rather of the contact between two civilisations, each of them endowed with their own unique maturity and authenticity. Moreover, because Peru was the centre of Spanish power in the region, it was only able to declare its independence in 1821.

Peru is one of few countries in the world with the widest of biological megadiversity. Botanist David Bellamy said that if he could save just one country in order to preserve the biodiversity of the planet, it would be Peru. Currently spanning an area of 1.3 million km², and bringing together 84 of the 117 recognised living zones in the world, Peru is inhabited by an extremely rich diversity of species; from its ocean, where the waves lap on 3,000 kilometres of coastline, to the diverse ecological heights of the Andes, and from Lake Titicaca, the highest lake in the world, to the dry forests of the north coast.

This combination of a millennial culture and a multitude of ecosystems, added to important migration from Europe, Asia and Africa, has led to the development of the Peruvian cuisine that has become internationally renowned. Peru is in the Guinness Book of Records as the country with the widest variety of foods on the planet and has on several occasions

been nominated the best culinary destination in the world by the World Travel Awards. In contrast with other countries who are proud of their technology, their music or their sporting achievements, in Peru the principal source of national pride is its gastronomy. The exalted value that Peru attributes to its cuisine has resulted in Mistura - the food fair that takes place every year in Lima - and which is visited by over half a million people - in public opinion, Mistura is the brand that is most associated with the country.

Which three brands best represent Peru? %



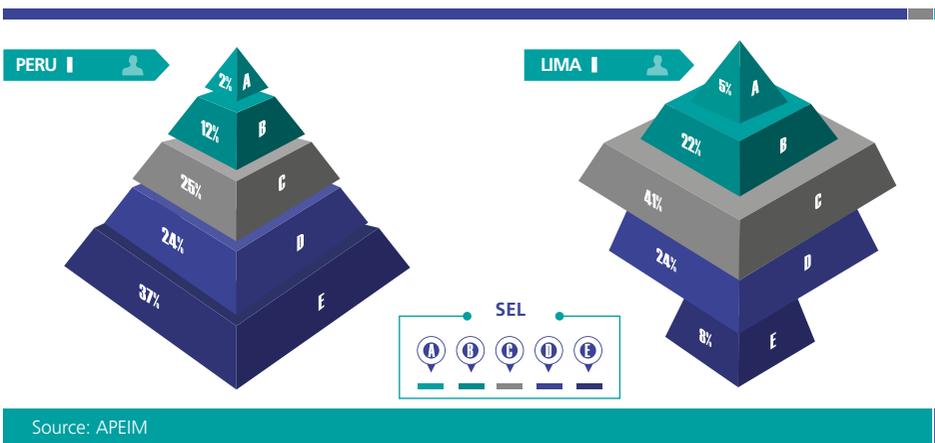
Source: Ipsos Perú

July 2016

From a geographical and demographical point of view, Peru is a country of contrasts, 11% of the country is coastal, 31% is the mountainous Andean region and 58% is the Amazon jungle, while contrariwise, of its 31 million residents 53% live on the coast, 38% in the highlands and 9% in the jungle. However, half a century ago half the population lived in the Andes. A demographic explosion has brought waves of migration from the highlands to the coast and cities have expanded, especially metropolitan Lima, which today is home to 10 million people. The positive effect of this intense period of migration has been the speeding up of integration. Today the vast majority of Peruvians feel themselves to be 'mestizo' – a blend of their Andean heritage with Spanish colonial blood and they value cultural fusion.

As in many developing societies, the socio-economical structure of Peru continues to be pyramid shaped. According to calculations

made by the Peruvian Association of Market Research Companies, the traditional middle classes (level AB) make up 14% and the emerging middle class (level C) make up 25%, while the more general sectors of the population (levels DE) make up 61%. Only the ABC levels have formal employment and respect employment laws. In the DE levels, the majority are self-employed in activities that produce little in terms of employment and taxation. The good news is that this is beginning to change. In Lima, the middle class has now reached 68%, while the general sector - where informal employment prevails - represent only 32%.



The progress in Lima and in other places in the country is the result of the economic model that was introduced into Peru at the beginning of the 1990's and which has made it possible, over the last 25 years, for Peru to become the country that has experienced the most growth in South America, with an average annual growth rate of 5% and with an average inflation rate of 3%. During this period, Peru's per capita GNP has risen from US\$ 1,500 to over US\$ 6,100 (at the current US\$) and monetary poverty has reduced from over 60% to 22%. The engines of growth have been mining, agro-industrial produce and tourism.

Politically, Peru is a paradox. Its most popular ex-president, Alberto Fujimori, is in prison for human rights abuse and corruption. Fujimori, an authoritarian ruler, governed the country between 1990 and 2000. His popularity was based on the recovery of the national economy and the defeat of two terrorist movements (Partido Comunista Sendero Luminoso and Movimiento

Revolucionario Tupac Amaru), which had claimed thousands of victims through acts of terrorism. The result of this paradox is that the political party with the most support is Fuerza Popular, headed by Keiko Fujimori, the daughter of the ex-president, but she was unsuccessful in taking power at the last election because of the strong anti-Fujimori feeling that is shared by a large sector of the population.

During the 2016 elections, this paradox could be seen very clearly. Keiko received 39.8% of the votes in the first round of the elections and achieved an absolute majority in the Congress of the Republic. Pedro Pablo Kuczynski (commonly known as PPK), received 21% of the votes and remained in second place. But the outcome of the second round was that Kuczynski defeated Fujimori with a result of 50.1% to 49.9%. It is worth mentioning that Ipsos predicted a result of 50.4% to 49.6% on the eve of the elections.

President Kuczynski assumed his Presidency on 28 July 2016 and has roused huge expectations among citizens and financial institutions because of his experience and background, and for having formed a government of high-level technocrats. PPK assumed the presidency at the age of 77 having been the President of the Council of Ministers, Minister of Finance and Economy and Minister of Energy and Mines during the two previous governments, as well as having had a successful professional career in international organisations and companies. His Head of Cabinet, Fernando Zavala, is also noted for his extensive experience in the public and private sectors, having also been Minister of Finance and the Economy and previously President of the principal beer company in the country.

In his message to the nation on the day that he assumed the presidency, President Kuczynski announced that his goals for the coming five years of government would be to achieve a country with water and sanitation for all, quality education and public health and with more procedure and thereby less corruption, discrimination and insecurity. This coincided with citizens' concerns, although in a different order, as the population's fear of delinquency takes first place. The fact that his party holds a minority in the Congress, suggests that his biggest challenge will be to reach agreements with the opposition, although significant improvements can be expected in the management

of public services, which have been very much neglected over past years.

The other area where it is hoped that the new government will make a difference is in the promotion of private investment, given the grand expectations that have been aroused in the business community and among consumers. The government has committed itself to developing a series of infrastructure projects and to facilitating investments that are currently barred by various contradicting regulations. If this is achieved, it could maintain a growth in the economy of 5% despite global deceleration. Peru will celebrate 200 years of independent life in 2021, when this presidency comes to an end. The President has promised to leave us with a more modern and fair country.

So be it.

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[USERS' GUIDE]

“If politics is the art of what is possible and the economy is the science of what is useful, culture is a realization of what is worthwhile”

Felipe Ortiz de Zevallos

Proud to be Peruvian and happy

¹ Ipsos: Opinion Data – Peru, July 2016

Peru - Piruw - the Quechua and Aymara word for abundance - conjures up feelings of hope, optimism, pride, love and warmth for the majority of Peruvians and foreign residents; but for some people, it awakens mixed feelings that combine sadness, shame, anger and even indifference¹.

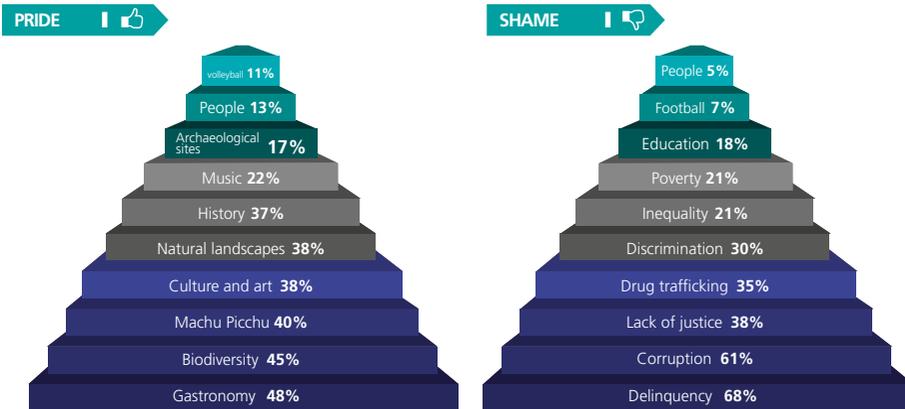
And as the old adage observes about life in Peru, 'it is suffered but enjoyed'. To be a Peruvian is a pride and joy.

⟨ **BY Javier Alvarez, Ipsos Marketing** ⟩

Is happiness Peruvian?

We Peruvians are proud of our gastronomy (especially of our cebiche and northern cuisine), natural resources, culture and art, natural landscapes, history and music, not to mention the emblematic Inca citadel, Machu Picchu. 95% of Peruvians' chests swell with pride for all of the reasons listed.

Reasons for feeling... for Peru



Database: Total interviewees (1,196)

Source: Ipsos Perú

Peru, July 2016

In addition to this, we boast about the Nasca lines, Lake Titicaca, the Amazon River, Cusco, the numerous Inca baths, Colca Canyon, Paracas National Reserve and Señor de Sipan tomb, all the places that we feel best represent our country to the world².

² Ipsos: Opinion Data – Peru, July 2015

In general, admiration for Peru is focused mainly on our culinary heritage, archeology, history and biodiversity; but there is also special concern for certain aspects of our country that embarrass us and that we would like to disassociate ourselves from, such as delinquency, corruption, injustice, drug trafficking, discrimination, inequality, poverty and the low level of education³.

³ Ipsos: Opinion Data – Peru, July 2016

Peru has a number of unique characteristics that make it an exceptional country, different from any other in the world and its inhabitants also have qualities of which they can be proud. We frequently demonstrate values like creativity, imagination, ingenuity, dedication to work, perseverance, bravery, love of Peru and what it is to be Peruvian, as well as an entrepreneurial spirit and boundless generosity⁴.

⁴ Ipsos: Opinion Data – Peru, October 2006

We also consider ourselves to be fortunate, superstitious and lucky⁵. But since we aren't perfect, we also perceive ourselves as disorganised, hypocritical, envious, undisciplined, unpunctual and suspicious⁶.

⁵ Ipsos: profile of young people, adults and the elderly - 2015

⁶ Ipsos: Opinion Data – Peru, October 2006

Even if we trust the closest members of our family - our parents, siblings and partners - our distrust increases significantly with regard to our colleagues, bosses and neighbourhood friends⁷.

⁷ Ipsos: Opinion Data – Peru, November 2003

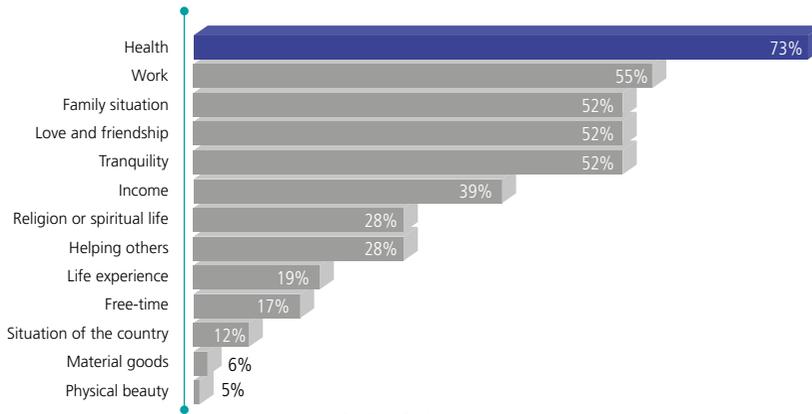
We Peruvians are content if we are healthy, if our work goes well, if our families are happy and peaceful and if we are satisfied with our income⁸. In 2016, a survey carried out by Ipsos registered that 80% of Peruvians felt happy most of the time, with inhabitants of Lima and the centre of the country among the most outstanding. In 2013, the PUCP⁹ completed a similar study that confirmed this national state of happiness and highlighted Huancayo as the happiest city, with a ranking of 61% in the national happiness index. In 2016 Peru was ranked at no. 22 in the world, no. 6° in the Americas and in addition to this, it is above average in figures that correspond to global happiness¹⁰.

⁸ Ipsos: Opinion Data – Peru, October 2016

⁹ PUCP: Investigation of Cultural Welfare and Development - Peru. March 2013

¹⁰ CNC and Red WIN: Hope and Happiness Global Barometer – 2016

Elements that determine happiness



Database: Total interviewees

Source: Ipsos Perú

Peru, October 2016

¹¹ Ipsos: Opinion Data – Peru, October 2016

The majority of citizens enjoy the positive and hopeful atmosphere of the country; happiness is the emotion that awakens a feeling of trust and optimism in the present and future. Three out of four Peruvians are satisfied with the life they lead¹¹; and perhaps because of this the number of people planning to emigrate has decreased over the last decade¹².

¹² Ipsos: Opinion Data – Lima, June 2009

¹³ Apoyo Consultoria: SAE Global Survey – July 2016

Moreover, Peruvian businessmen have indicated their optimism about the next five-year presidential term¹³.

How to build a future?

¹⁴ IPAE: CADE 2007, 2009

Trust in the country's potential is evident when businessmen declare that they would prefer their children to stay and work in this country or go abroad to work for a few years before returning to settle down in Peru¹⁴.

¹⁵ IPAE: CADE for Students 2009

The student segment has a similar perspective about the future, with aspirations both of remaining here in Peru to live or leaving only for a period before returning. Very few see themselves living abroad permanently in the future¹⁵. In addition, they consider that they will be successful in finding acceptable work opportunities after concluding their studies¹⁶.

¹⁶ IPAE: CADE for Universities 2011

¹⁷ Ipsos: Opinion Data – Peru, November 2003

In our society, when a Peruvian progresses and triumphs in life, the majority presume that it is as a result of their own individual effort, as opposed to luck or through the contacts they might have¹⁷.

Education seems to represent the clear path towards individual success for Peruvian businessmen, hard work is the dominating factor for some while others feel that it is due to relationships and contacts¹⁸. In the world optimism ranking, Peru is ranked at no. 31°; and in ranking related to belief in the economy's growth, it is ranked at no. 23°.

¹⁸ IPAE: CADE 2007, 2009

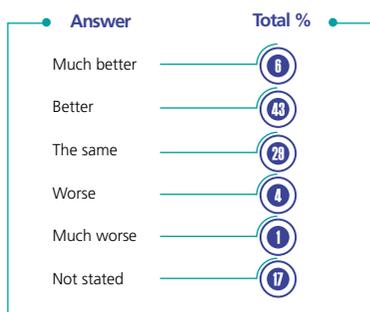
¹⁹ CNC and Red WIN: Hope and Happiness Global Barometer – 2016

²⁰ Ipsos: Opinion Data – Peru, July 2016

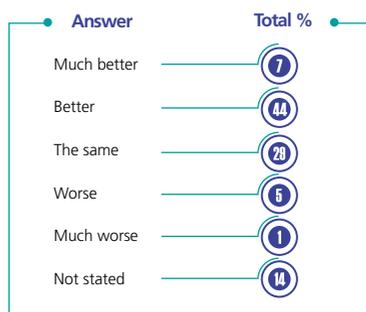
In both lists, these indicators are below the global average¹⁹. 27% consider that Peru is progressing and almost half stated that they believed it would improve in 2017. When it comes to family, 21% consider that their current economic situation is satisfactory, while 44% feel that it will improve in the near future (within the next 12 months). Regarding their individual situations, 40% consider that they are progressing and 37% think the same about the place where they live. People from Lima have a more positive ranking while there is less optimism in the east (jungle) where their expectations of progress are higher but involve a delay of many decades before being fulfilled²⁰.

What do you think that the economic situation will be like...in 12 months' time?

AS A COUNTRY



AS A FAMILY



Database: Total interviewees (994)

Source: Ipsos Perú

Peru, July 2016

Finding progress

Looking forward to 2021, which is the year of the Bicentenary of Peruvian Independence, the population expects there to be substantial improvements in infrastructure, education, social programs, economy, health and especially in public safety. These are sectors in which, based on a net evaluation, the situation will become worse before improving²¹.

²¹ IPAE: CADE for Universities 2011

²² Ipsos: Opinion Data
– Peru, October
2012

Thus, there is much work to be done but there are also interesting opportunities for a brighter future and increased development for a country of which we, as Peruvians, would be both happy and proud. In terms of values, we should promote honesty, responsibility, discipline, patriotism, sincerity, solidarity and tolerance. In terms of attitudes, we should improve our response towards laws, discrimination and organisation²².

For the majority of the population, Peru continues to be a *“beggar seated on a golden bench”* a remark made by the Italian scientist Antonio Raimondi, with reference to the waste and poor use of our immense natural wealth.

Today there is consensus that the activities that offer the best opportunities for the future economic development of the country are tourism, agriculture, the energy sector, mining, agro-industrial activity, the textile industry and fishing. We must trust that we will learn to better manage our resources and distribute our wealth equally. At the same time, we will reconfirm our commitment to the environment and protect our natural resources.

It is not unreasonable to think that in the next 50 years, the most valuable assets on the planet will be air and water - and that Peru, with its lands, forests, rivers, lakes and springs - holds enormous potential.

For all we have and all we have achieved, we shall continue to sing: *“I am proud to be Peruvian and I’m happy to have been born in this beautiful land of sun, where the indomitable Inca preferred to die, bequeathing a great heritage to my people. Rich mountains, beautiful land, cheerful beaches, that’s my Peru! fertile lands, snowy peaks, river stream, that is my Peru!”*²³.

²³ Manuel Raygada –
Waltz for My Peru
1946

Rethinking the Peruvian Profile

When we Peruvians talk about ourselves, a number of prejudices come to light which shape our understanding of who and what we are. Our image of society is vague, heterogeneous and sometimes contradictory.

What are Peruvians really like?

It would be ambitious to try to define it in just a few lines. But I can present some variables that I consider to be important in order to understand ourselves better, or at least to break down some conventional ideas which we find ourselves occupied with when it comes to analysing our society.

For this purpose, I will use three measurements: political and ideological, economical and social.

⟨ **BY Carlos Ponce**, Ipsos Public Affairs ⟩

Variables when reading political behaviour: left or right?

Without doubt, the use of these concepts in Peru is easy to break down. Many of the debates that are currently applicable stigmatise both groups. In the surveys we carried out in the urban environment, 35% to 40% of the people we interviewed claimed to be familiar with the terminology, and there were people from this zone that had a mistaken understanding of these concepts. When we included the rural zones, we see that the proportion that claimed to know these terms dropped to 25% to 30%. To put it simply, 70% of Peruvians do not know what we are talking about when we use these terms.

This does not mean that attacks against either group do not have a political effect. If the intention is to generate fear of a certain group, this can be achieved and it can have an effect on votes. However, the lack of true knowledge about left-right terminology reveals that this variable has currently fallen into disuse and has lost impact in people's political decisions particularly among those who tend to associate certain fears with a distinct group of people, beyond that which the labels suggest in theoretical terms.

It is worth mentioning that among those that do understand the terminology, the majority consider themselves to belong to the centre and consider that this polarity is important when it comes to deciding their vote. Around 60% of citizens take into account the political position of the candidates before deciding who to vote for.

²⁴ <http://www.ipsos-na.com/download/pr.aspx?id=15346>

One strategy that politicians in Peru have opted for is to move closer to the centre, in contrast to politicians of the United States, where campaigns tend to opt for polarisation. This is due to the difference in the orientation of their voters, who as a result of the existence of the bipartisan system, tend to distribute themselves towards each end of the scale rather than towards the centre²⁴.

If these traditional categories are ineffective at present, which ones seem to be significant?

In the last two presidential elections (2011 and 2016), we saw that there was an important economic component that conditioned the vote in the first round, but that in the second round, this relinquished importance compared to the political component, which gathers strength every five years: fujimorismo or antifujimorismo²⁵.

²⁵ PONCE, Carlos. How to convince undecided voters. http://www.ipsos.pe/punto_de_vista_public_affairs_2016_05_26

This variable defined the last two elected presidents and it is a variable that currently serves to help us better understand Peruvians as voters and citizens. However, no phenomenon is affected by one variable: in the last two elections, the debate allowed this variable to position itself as being the most important factor in the decision of those voters that tipped the balance in the final stretch.

To understand the reason why this variable reactivates every five years but does not form part of the daily political debate, it is important to take two pieces of information into account: **interest in politics and the level of information among Peruvians.**

A little over a third of Peruvians (37%) state that they are interested in political and economic aspects of the country and a quarter (24%) state that they are not interested. Interest is greater in Lima, in urban areas and the northern regions²⁶ (a lagging in Apra orientation in the region?).

²⁶ Ipsos. National urban and rural survey, august 2016

This lack of interest could be interpreted as low consumption of political related information, which in an ideal context should help to form opinion and help to set the position of important topics on the civil society agenda.



Bringing up to date the exercise carried out by Alfredo Torres²⁷, we use both variables (interest in politics and consumption of media to inform oneself) and we divide the population into three: i) those that have a great interest in politics and use media in order to inform themselves on a regular basis; ii) those that have low interest in politics and use media as a lesser source of information, and iii) those that are not interested in politics and do not use media as a way of informing themselves.

²⁷ Torres, Alfredo. Public opinion 1921-2921: A journey through time to discover who we Peruvians are and what we want. Lima, 2010.

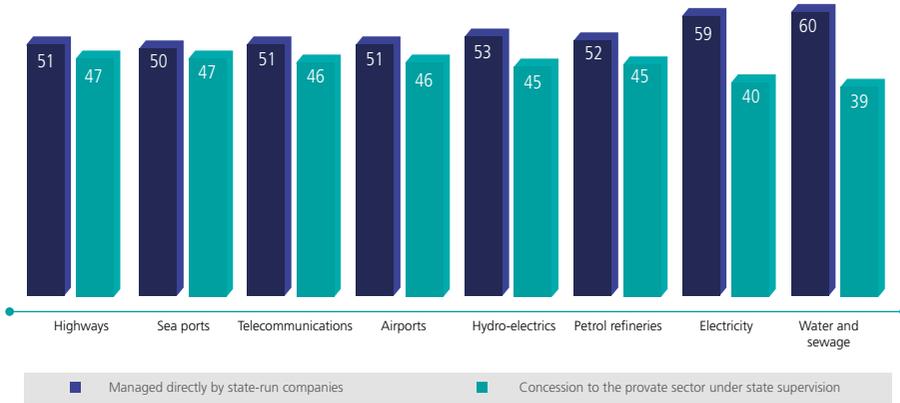
We can see that between 2010 and 2016 there has been an increase in the attentive public, which could be due to it being an electoral year, in which the consumption of media and public interest in politics tends to be greater. We could say that, of every three Peruvians, one is attentive, another is distracted and the other is indifferent with respect to their political and economic attitude.

In terms of the economy, how much of the State do we want? Statists or Liberals?

Although the media tries to instil in us the idea that the free market is the best option, Peruvian public opinion prefers to give a few nods to state control. In strategic sectors, at least half of Peruvians prefer state above private administration and this is an even stronger tendency when it comes to electricity and water, two sectors which directly affect the citizen's pockets.

Should public services be managed by state-run companies or given in concession to the private sector under state supervision?

Total 2016 - Arranged by "in concession to the private sector under state supervision"

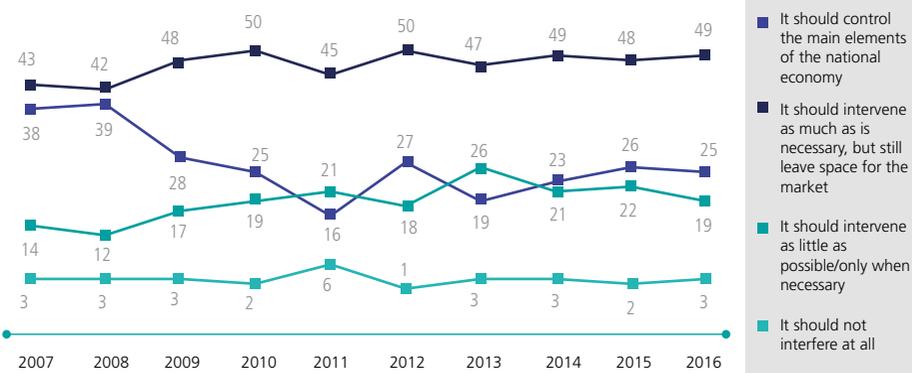


Source: Ipsos Perú

In the following graphs, Statism vs. Liberalism can be seen in greater detail. There is a clear group of around 25-30% that demands more state intervention in the economy. There is a very small group of extreme Liberals, who do not want the state's participation in any way and the rest are distributed in intermediate positions.

To what extent do you think that the state should intervene in the country's economical activity

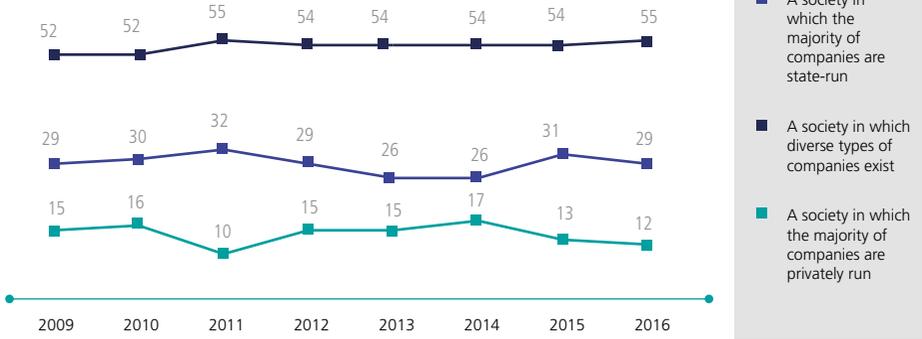
Comparison 2007 - 2016 %



Source: Ipsos Perú

What kind of society would you like Peru to be?

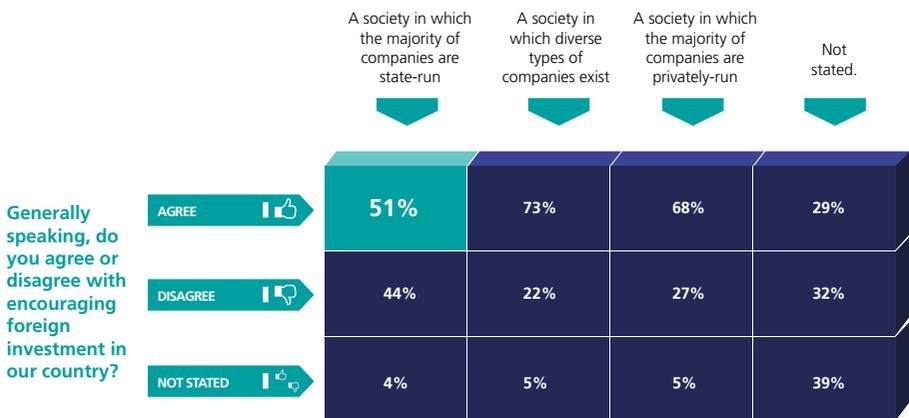
Comparison 2009 - 2016



Source: Ipsos Perú

When asked about the agreement regarding foreign investment, 30% were against it and 64% in favour. The 30% could be the same group that seeks greater state intervention but when we interpret this with regard to the type of society that they prefer, we can see that half of those that would prefer a majority of state companies, are in agreement with foreign investment.

What kind of society would you like Peru to be?



Source: Ipsos Perú

So, Statists or Liberals?

I believe that rather than having a clear cut position with regards to the running of the country and its economy, what the Peruvian has is a profound sense of distrust. According to the Latinobarómetro, over 80% of Peruvians show distrust in the state's dealings with others and a similar percentage feel that Peru is governed by powerful groups that are more interested in benefiting themselves than in benefiting others.

This distrust is based as much in state as in private companies and it is this, in the end, that shapes certain attitudes, where each Peruvian prefers to put their own well-being before trust in other people, companies or the state.

This is reflected when we measure the perception of personal progress and expectations for the future: the expectation of personal progress is always higher than one's expectation as a country. This brings us to the idea.

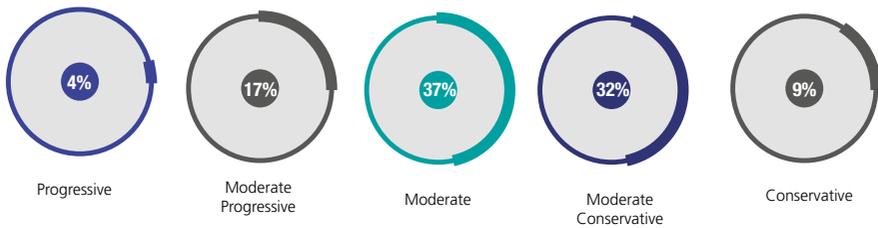
In social aspects: progressive or conservative?

After looking at the political and economic variables, we try to make an index of conservatism or progressivism in order to analyse just how progressive or conservative we Peruvians are.

²⁸ Prefer authorities that are willing to take excessive measures to combat delinquency rather than one that respects human rights.

On the basis of four questions, we divided the population into five levels, using attitudes towards civil union, the death penalty, therapeutic abortion and the 'mano dura'²⁸ or hard-handed approach to crime as indicators.

Those that were in favour of abortion and civil union and against the 'mano dura' approach and the death penalty are the most progressive; those that are against abortion and civil union and in favour of the 'mano dura' and the death penalty are the most conservative.



Source: Ipsos Perú

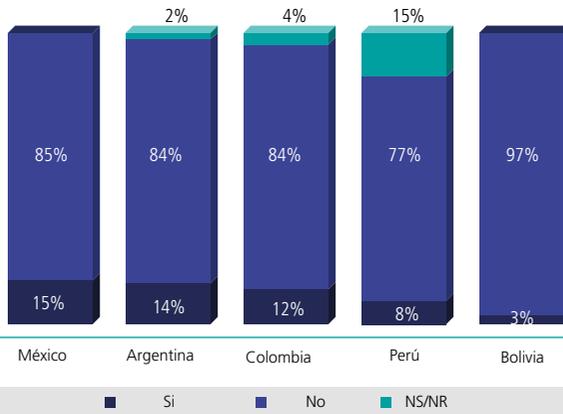
Generally speaking, we could say that 20% of the population have a progressive attitude, 40% a moderate one and 40% conservative. However, the problem with this indicator is that the “moderates” are those that do not satisfy the previously mentioned conditions and that do not have a fixed pattern.

My hypothesis is that if we were to include civil liberties in this indicator, such as the use of drugs for example, moderates would move closer to the conservative side than the progressive. And we know from our figures and those revealed by the Latinobarometer, only between 5% and 10% agree with the idea of marijuana for personal use. The attitude towards the consumption and legalisation of other drugs is even more critical. That is to say, that at least 90% of Peruvians disagree that each person should have the right to do what they like in private.

In 2010 we carried out a regional investigation²⁹ about attitudes towards marijuana and as well as observing that we, in Peru, are one of the more conservative countries, there is a graph that really caught my attention: that which shows the declared consumption of marijuana, where 8% of Peruvians admit to having used it.

²⁹ Ipsos, nationwide study carried out in urban areas of 6 countries in the region. Chile took part in the study although no data was presented in response to this question. 2010.

However, the figure that corresponds to the answer “not stated”, is higher than any of the other countries where this survey was carried out (15%). If we assume that those that responded “not stated” have been potential consumers and prefer not to say so, use would rise to 23%, placing us at the top of the list of countries where this survey was carried out.



Source: Ipsos Perú

Why is it important to mention this?

It is a key characteristic to understand: that we Peruvians do not like to talk about subjects that make us uncomfortable or that question the status quo. We prefer to treat them as taboo and sweep them under the carpet.

This has occurred with the subject of civil union, abortion and violence against women.

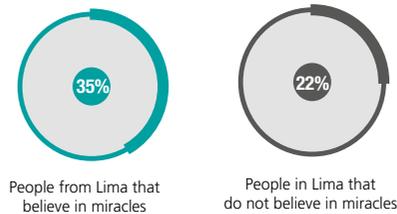
A way of understanding this analysis could be through religion: we are a country where 95% believe in some sort of God (almost 80% are Catholic, almost 11% Evangelist and 4% of the population make up other religions) and almost half of these consider themselves to be practitioners.

³⁰ Ipsos, survey carried out in Lima, March 2016.

All of this adds up to the fact that the vast majority are against lay or secular thinking (only 15% of people from Lima are in favour³⁰), which guarantees the equal rights of all citizens, despite what one or other religion might say.

And it is not that I have anything against these beliefs, it is only that I consider it to be a variable that could affect one's perception when religious dogma is placed before what is rational or verifiable. And this becomes problematic when citizens' rights are at stake. The graph below indicates how perception can vary depending on religious inclination.

Percentage of people who believe that Peru will classify for the World Cup



Source: Ipsos Perú

After analysing these variables and how they can influence citizens' actions, it seems necessary to say that I consider it unlikely that these tendencies will change in the short-term. Political disaffection, distrust towards the state and companies, as well as attitudes towards social causes are the result of more complex structural phenomena: inequality - especially as regards to access to education - the crisis between political parties, the historical relationship between the state and the citizen, etc. However, all solutions start by identifying the problem; and it is necessary to put these topics on the agenda and stop trying to make them invisible. Real change for the Peruvian - not to mention social struggles - still has a long way to go and many hurdles to overcome, but in the medium-term, we should reach what has already been attained in other countries in the region.

Political Chronicles or How Public Affairs are perceived

Politics perceived as something negative

*Let's go to the Congress to ridicule,
here we will begin a new life.
Let's gossip about everything there,
so as not to betray popular faith.*

Parlamánias – Serafina Quinteras

*Dearest townspeople, my ideas are absurdities
Which is why I wish to be left to work,
And since I am of the town
Vote for the town.*

Si yo fuera diputado
Deogracias Rebaza, El Trovador Andino

The person who believes that the lack of popularity for members of congress is something new is mistaken.

Serafina Quinteros' classic waltz speaks of parliamentarians whose euphoria stems from the fact that they have lived an easy life for six years. They justify their luck by announcing a series of implausible measures, concluding with the well-known chorus of 'corvinas fritas que nadarán solas sobre las olas con su limón' – fried sea bass that swim alone on the waves with a slice of lemon – an image that seeks to illustrate the ridiculous proposals offered up by politicians.

This seemingly ridiculous phrase is recalled when one finds oneself faced with an absurd promise that is impossible to keep. The lesser known 'huayno' of Andean troubadours speak to us of those well-meaning candidates who make grandiose promises only to degenerate into folly and cunning: from the construction of highways and the electrification of villages, they later stoop to nonsensical pacts with workers such as "120 soles a day and three women at once".

The lyrics of these songs show that during the '50s and '60s, legislators were already considered to be a band of crooks, ready to take advantage of public naivety. But the truth is not as pessimistic as it may seem.

A congressman who takes his job seriously is subject to working days that end well after midnight, and he attends to an endless stream of people who ask for everything imaginable. He is someone who has no choice but to appear before the media whether at seven in the morning or eleven at night, knowing that if he makes the tiniest slip it will be the cause of interminable criticism and jeering; and he needs to be in the know and well prepared with answers that offend no one. If that were not all, a congressman spends much of his time travelling, visiting populous areas for the sake of carrying out a task known as 'representation'.

This is undoubtedly true, or almost true, for every appointed position.

But if one were to ask the man in the street about the role of a congressman he would respond that a congressman does nothing but still receives an enviable salary for sitting in the chamber and speaking into the microphone he has in front of him.

The Opinión Data report from Ipsos Perú tells us that approval of congress reached an average of 15.5% during the first six months of 2016. The Judiciary achieved the same figure while the Government obtained 20.8% during the same period. In addition to this, approval of the Peruvian President tends to be far below that of his peers in the region.

⟨ **BY Baco Sacio**, *Associated Consultant* ⟩

The Peruvian Paradox

Since the reinstatement of democracy 15 years ago, growth in the Peruvian economy has reached unusual peaks and when abroad one hears of the "Peruvian miracle". Poverty levels dropped from 54% in 2001 to the current figure 31 of 22% and whether to a greater or lesser degree, all the social indicators and signals of state services show an improvement during this time frame.

³¹ INEI, 2015

Yet despite all this, the continental-scale study 'Latinobarómetro' tells us that we are the third most dissatisfied country with democracy in South America. Just 25% of the people interviewed in Peru stated that they were satisfied, only slightly exceeding the levels for Paraguay and Brazil, which achieved 24% and 21% respectively³².

Thus, there is a paradox behind displaying good results in the management of public affairs and how bad we Peruvians feel. I would not dare to try to explain this paradox in a conclusive way, as it is an extensive and complex thesis. However, I will try to give an overview from the perspective of my specialty, which is qualitative research.

From the lines written above, one might have the impression that we are governed by irreproachable politics, or that public services have reached levels comparable with those of Scandinavia, and that we live in the best of all worlds. Yet most certainly the reality is quite different.

First of all, it is important to understand our recent history.

The trauma left after the crisis of the eighties remains fresh in the psyche of the nation. When we evaluated the principle presidential candidates in our focus groups, I was astonished to observe that when speaking of Alan García, what was commented on most was the shortages, the queues, the hyperinflation and the terrorist attacks. Little was mentioned of the achievements of the second Apra government that were, in general, very positive.

The crisis suffered between 1985-90 was so intense that it decimated large parts of national institutions and the public's expectations of the state. Many of us remember the expression "Papá Gobierno". In this way, we understood that it was the state that was supposed to relieve extreme poverty through welfare policies, that would resolve the economic situation of Peruvian families and that would determine the success or failure of companies in this country.

Without a doubt, forming a company was seen in a bad light and resisted by the public sector.

The nineties brought economic stability, but in practice, this meant the death of the State as the great benefactor. Surveys carried out by Apoyo Opinión y Mercado and later by Ipsos Perú indicated that year after year, public opinion was more and more open to becoming a liberal economy and that the only control over products that might be acceptable would be on basic commodities, such as milk.

This fact was confirmed with the phrase that has been heard countless times in focus groups, changing very little over the years: *“my future and my family’s depends on my effort. The State wil not give me anything”*. Only a few months ago, I even heard someone say *“I don’t mind who is elected, AS LONG AS THEY DON’T CLIP MY WINGS”*.

How often is this phrase repeated!

We are told that any type of economic improvement - and of course, the livelihood of the family is subject to individual effort - but particularly entrepreneurship, has changed from an unpopular activity to an enterprise which has positive value.

But we are also told that the State and those who run it do nothing for its citizens and that if they do, it is usually at the expense of the people themselves.

This logic excludes and fails to consider those public officials at all levels that often work hard despite the inadequate resources that are available.

Public opinion tends to focus on the scandals perpetrated by high level officials and authorities played out in the media or the day-to-day corruption that only occasionally relates to lower level officials. The reasoning of the common citizen is that anyone who enters the public system does so to take undue advantage of it. *“They steal”, “they are all thieves”* are phrases that are heard over and over again. The distrust that is present in the public sector and those that work or aspire to work in it is very high: only 14% of interviewees claimed to trust the political parties (OD September 2016, Ipsos Perú).

It is worth making a side comment: When examining the dilemma of choosing someone honest but who does not carry out public

projects to someone who steals but who does public works, one participant in a focus group said something that struck a chord with me: *“They all steal anyway but at least the one who carries out a project gives something back”*.

We Peruvians tend to think that reciprocity is an exclusively Andean characteristic but in fact it is a human and international aspiration. The idea that a politician or official will use their power exclusively for their own benefit is deep-rooted and as we have seen, nothing new. The press tends to highlight scandals and disputes between political rivals.

The public see it as yet another show of how politicians are only concerned with their own interests and thus, by definition, no longer work for the common good. The achievements of an administration and the collaboration between different political groups rarely generates any interest in the media.

What sells and makes noise is the congressman sleeping in his seat, or the one who publically insults and offends his colleague or the official who is suspected of accepting a bribe.

Different realities, different perceptions

To all of the above, we have to add the diversity of Peru. We often use the country's economic growth as a way of maintaining that all is well in the country. And we forget that this growth is concentrated in a 'Modern Peru', the Peru of companies that are integrated through globalisation, and through exports, and the growth of Pymes or Mypes in the country's principal cities.

But there is also a rural Peru, an atavistic Peru whose reality has changed very little over the last decades.

And this of course generates very diverse views and opinions. Since 1990, the presidential elections have tended to include a candidate that is considered to be anti-establishment - Fujimori against Vargas Llosa, Humala during his time, and more recently Véronika Mendoza. We have all heard the expression 'electorate' which refers disparagingly to those who vote for these candidates - and in less critical moments, we have heard our acquaintances speaking of the Peruvian voters' lack of logic.

Serious mistake!

He who votes for a candidate who is opposite to the “model” does not lack logic, it is only that he has a different logic! Those of us who live and work in modern Lima know the benefits that have come from mining, to mention an obvious example.

We cannot understand how a lost community in the Andes might oppose it if, in theory, they will be the first to benefit from it. We do not pause to think that for 500 years, mining was synonymous with slavery and death, and that to say goodbye to life as a farmer and to be destined to work in the mine is the same as being sentenced to death.

For decades, mining resulted in the poisoning of the environment and to the farmer's destitution. These things are not wiped away over a generation, or through a lecture. Those who are not lucky enough to work in the neighbourhood mine look on at those who do with envy, if not desperation, and at times subject them to arrogant and verbal abuse.

If you are not able to understand this reality, then you will not understand the fact that different peoples have different senses of logic. Eight years ago, I carried out a study in the south of the country, in the province of Cusco.

One of my areas of focus was in Chumbivilcas with Quechua farmers who spoke very little Spanish. I expected there to be a total opposition to mining; however, the results were not what I expected. These peasant farmers were resigned to the fact that mining would come and that they could not do anything to stop it.

They were willing to accept so long as their children were taught how to drive the company's trucks and forklifts as a way of giving them a place in this new reality. When a mine is created within a community, it disrupts the economy and its society changes forever. Can we expect that these people have the same logic as the person who reads the finance section of the newspaper everyday?

One does not have to go far to realise that one of the principal problems in Peru is the lack of empathy with others.

The current political debate is not characterised by the exchange of ideas but rather by the disqualification of he who thinks differently: if somebody has ideas that have any kind of social colouring, he runs

the risk of being branded as 'caviar' - something like a champagne socialist; if he is leftist, he is branded as 'communist' or 'pro-terrorist'. If one has never experienced poverty "one cannot understand poverty nor fight against it". And what the qualifier seeks is to disqualify. If you are a communist or a lobbyist, your opinion is not worth considering.

The most tragic example of this is the Truth and Reconciliation report (Comisión de la Verdad y Reconciliación).

As its principal authors have been singled out as 'leftist', it is considered to be a document that sympathises with Shining Path terrorists. This has occurred multiple times without even the reading of its principal conclusions. Unsurprisingly, the Shining Path leadership rejected the report's findings on the grounds that it exclusively favoured the police and military.

Therefore, as a society, we are opting for a kind of deaf aggression rather than therapeutic debate that would bring us RECONCILIATION after an extremely difficult recent past. This does not mean reconciliation with terrorists but reconciliation with our past and ourselves.

Politics is seen to be a negative phenomenon and therefore everything that revolves around it is perceived to be harmful.

Expectations

After the relative slowing down of Humala's five-year term, Pedro Pablo Kuczynski's election as President signifies for many the hope of renewed and strengthened economic growth.

But it perhaps indicates something even bigger: if he and his officials are successful in establishing a style of politics that involves more dialogue and less confrontation than that of his predecessors, we Peruvians could become accustomed to a different way of doing politics. A style in which the logic of the other is taken into account and which prioritises the satisfying of needs that have been forgotten so many times.

If this is achieved, it is possible that our heterogeneity could go from a factor that separates, to one that reflects the way the sum of all these parts start to come together.

And the acceptance of authority and satisfaction with democracy would improve significantly...

「The street belongs to us all」

How many times have we heard phrases like “don’t go that way, there’s a demonstration”, or have we had to change our route to avoid some sort of rally, or perhaps we have even taken part in a protest about a political or social topic that we disagree with.

These are just examples of what has become known as political involvement and over the last years, along with the advances in technology and internet access, citizens have started to phenomenally change the way that they express their dissatisfaction about public issues.

〈BY Karina Miranda, Ipsos Public Affairs〉

What is political involvement?

It is the fundamental basis of democracy. Its importance is based in the fact that through involvement, citizens can make their interests, preferences and needs known, and above all, they can lobby as a way to influence politics and authorities. (Brady, Verba and Scholozman, 1995).

Academics have described it in different ways and almost all definitions of political involvement include four basic concepts: activity, citizenship, government and influence. (Brady, 1999).

- **Activity:** Political involvement requires action, in other words, thoughts, attitudes and motivations are not enough. It is necessary to carry out tangible activities.
- **Citizenship:** These activities should be carried out by ordinary citizens. Here we refer to actions carried out by people who do not belong to a political elite. In this respect, it should also be voluntary and not imposed by dominating classes.
- **Government:** These practices should be related to the government, that is to say, targeting politics or government activities.
- **Influence:** It should have the capacity to influence the results and measures adopted by the regime, introducing new topics into the agenda or changing values or preferences that are directly related to political decision-making.

Political involvement has followed different practices throughout history.

Its beginnings centred exclusively on voting and campaign activity while today it takes on ever more creative and modern forms, for example, expressed through social networks.

The result is that political involvement is no longer seen through traditional actions due to the fact that citizens are discovering more diverse and immediate ways to express their opinions and exercise their influence in politics.

What is happening nowadays?

We tend to think that there are very few people who actively participate in politics and this is certainly true. However, if we analyse the numbers comparatively and in line with the Barometer of the Americas (2012), Peruvians have a high level of involvement in protests: 13% state that they have participated in some sort of protest in the last year. It may seem like a low figure, but it is the third highest in the region, only exceeded by Bolivia (18%) and Haiti (17%).

Going beyond participation itself, what is also interesting to consider is the support received at this type of demonstration.

According to data collected by Ipsos Perú (July 2011), over half of the national public opinion approves of marches in the streets and a slightly lower percentage approves of demonstrations taking place in public squares. Outside of Lima, and among lower socioeconomic spheres, there is widespread approval for this type of protest.

Support is given with the prerequisite that these demonstrations are peaceful; other forms of involvement, such as roadblocks in the street or highway only receive 10% approval.

Another notable piece of information is that two thirds of the population consider that rallies are a response to citizens' legitimate needs and claims. Furthermore, almost two out of every five people interviewed stated that demonstrations and protests are natural phenomena of democracy.

In reality, if they are understood to be forms of political involvement, they represent one of the basic principles of democracy and constitute both a citizen's right and duty.

Age, education level, parenthood and socioeconomic level are all factors that influence a citizen's level of participation. Additionally, people who have a higher level of discontentment with the political system have a higher level of participation. The same occurs with those who are dissatisfied with the country's economic level.

It follows then that citizens who have more demands from the system tend to protest more than those who are satisfied with Peru's economic and political situation.

What are the situations and circumstances that cause a higher level of rallying among citizens?

In general, we have learned from literature that there is a higher level of political involvement related to issues that concern the community and specific problems.

That is to say, when it comes to issues that directly concern us or our closer surroundings. Think about the power to convene of causes such as, March for Life, March for Equality, March against Child Labour (better known as the Ley Pulpin) or other more recent protests such as the march to oppose Keiko Fujimori's candidacy for President.

Some sources of media stated that around 50,000 demonstrators took part in the last rally to oppose the candidate for Fuerza Popular. What is interesting about these recent demonstrations is that they were summoned and circulated in their totality through social networks.

Platforms such as Facebook and Twitter have become useful tools that give a voice to citizens. In this sense, the more conventional forms of media, in addition to signing up to political parties, making contact with politicians or collaborating with political campaigns have been overridden, making way for less institutionalised strategies like demonstrations and street protests, that mainly

imply taking control of the public space as a way of expressing dissatisfaction and non-conformance.

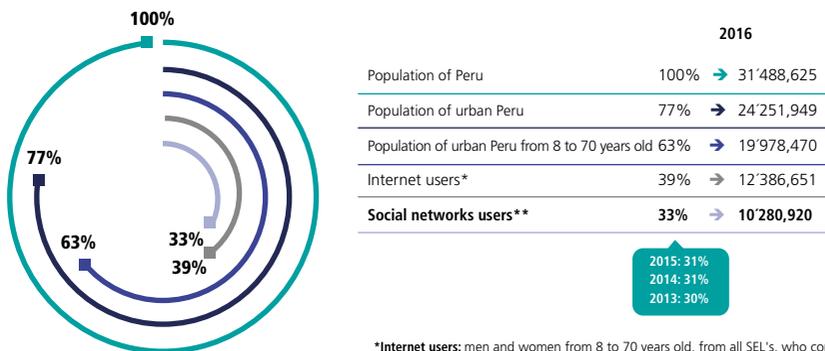
To this current situation, one could add the high level of distrust felt by the citizen towards institutions, increased scepticism on an interpersonal level, the low percentage of membership to organisations (both political and non-political) and the absence of formal channels through which the population can make their opinion known.

All of this leads us to the thought that a change in the pattern of behaviour with regards to political involvement could be expected, as well as the need to use more modern and accessible mediums, as represented by today's social networks.

What is the role of social networks in political involvement?

In order to understand the importance of social networks nowadays, it is worth looking at the percentage of the population that uses them.

According to the Ipsos Profile of the Social Networks user (April, 2016), over 10 million Peruvians are consumers of at least one social network, which represents 33% of the country's population, but if we were to look specifically at urban Internet users in Peru, the penetration reaches 83%.



*Internet users: men and women from 8 to 70 years old, from all SEL's, who connect to the internet at least once per month.

**Social networks users: men and women from 8 to 70 years old, from all SEL's, who have an account with a social network.

If we analyse the tendency during the last three years, we can observe a light increase. In 2013, social networks users made up a third of the population, a figure that reached 81% when we only refer to Internet users between the age of 8 and 70 years old.

This population mainly belongs to the medium and high socioeconomic levels, between the age of 18 and 35 years old (also known as millennials), who are single and have some sort of occupation, whether it be a job or studies.

They connect to the internet an average of six times per week, which allows them to have immediate contact with matters of their interest, as well as constant interaction with pages, people, companies and groups that are important to them.

Nearly six years ago, in his book, *Opinión Pública 1921-2021*, Alfredo Torres mentioned that citizens who were born in the digital age would be directly involved in the country's political life through their comments on social networks and through the dissemination of videos about subjects of their interest.

This new way of involving themselves in politics was to have a direct implication in electoral campaigns as we have recently seen in the rise of the Julio Guzman's candidacy, who made himself known through social networks and went on to reach second place among the voters' preferences, fuelled by the impact of significant coverage in mass media.

Facebook is the role model when it comes to social networks, used by practically 100% of all network users.

Half of these connect everyday and two out of every five connect between 1 and 3 times per week. With this level of use, the impact that it has on the user's life is obvious. Twitter on the other hand, only has 24% penetration. One third use it on a daily basis and half visit the page 1 to 3 times per week. Twitter users mainly belong to AB socioeconomic levels and are located in Lima.

What is the level of political involvement of these social networks users?

In reality, involvement in government issues through Facebook or Twitter is a very new phenomenon.

Pages like No a Keiko that were only created seven years ago, have over 60,000 followers on Twitter and around 150,000 'likes' on Facebook.

Although this represents an extremely limited proportion of the society, the particular relevance of this group is that over the last months it convened two national marches that, according to estimates made by some medias, involved the participation of almost 100,000 citizens. All of this was made possible through social networks.

Which landmark marches can we mention?

In July 2000, Alejandro Toledo and other leaders of the political party, Perú Posible, summoned the Marcha de los Cuatro Suyos, in protest of Alberto Fujimori's second re-election.

Beyond the political implications it had, what is interesting is that the demonstration was summoned as a political rally and the prior organisation that involved the participation of social organisations, political groups, students, syndicates and the general public, etc. was carried out 'face to face'.

Just 16 years ago, the reach of technology was limited to the use of mobile telephones and nobody would have imagined the meteoric change in the use of internet and the rise of social networks that this would bring.

In December 2014, Congress approved the Juvenile Labour Scheme Law, a policy that promoted the entry of young people between the ages of 18 and 24 into the employment market, through the reduction of employment costs for the employer, but which would also imply cut in the benefits received by young people. Although some people were of the opinion that the law would reduce informality and promote the hiring of unemployed young people, it was not well received by public opinion and as soon the legislation was brought forward, 72% proclaimed their disagreement³³.

The young were the first to organise themselves and summon various protest marches against the so-called Ley Pulpin. Between December and January, five demonstrations took place and the principal media in the country reported the participation of up to 20,000 young people in these 5 pulpinazos.

³³ Ipsos, January 2015

The presence that this movement had on social networks was surprising.

Facebook pages were created for each of the five rallies and the hashtag #leypulpin became a trend during the months of social protest.

What was notable about this demonstration is that, as we stated at the beginning of this article, political involvement should have an influence, that is to say, it should be capable of influencing the results or measures adopted by a regime and this is exactly what occurred.

At the end of January last year, and after the annulment of the law by Congress, newspapers such as La República published news such as this: *“In this way, the five multitudinous marches summoned by young people and the different syndicates echoes through legislation”*³⁴.

³⁴ La República newspaper, 27 January 2015

The immediacy with which we have access to the news today, the ease with which we can transfer images, videos, photos and memes means that we are more aware of what is occurring around us and in as much as the subjects about which people protest are of our interest, this will motivate the political involvement of citizens in our society.

An opposite case is that which related to the March for Equality and the project for the Non-matrimonial Civil Union Law.

The possibility that Congress could pass a law that would give people of the same sex the right to live together and share their assets was the basis for which some people and civil organisation got together and demonstrated in the so-called March for Equality.

Despite the social noise that was created by these demonstrations, the Law was not approved and in March of last year, Congress shelved the draft bill.

What is it that makes some demonstrations successful is exerting pressure on the government and others not?

As we have mentioned throughout this article, as important as participation itself is the support that these types of intervention

can generate in public opinion. In this particular case, only a third of the national population approved of Civil Union (Ipsos, May 2016).

The people of Lima, those who belong to the high socioeconomic levels, young people and women were those who showed higher levels of acceptance. However, in our society this is still a sensitive topic that should remain in the public agenda. The political involvement of those who support it is key if it is to be accomplished.

Where are we heading?

In the past, the town's central square was a meeting place. You met with the neighbours, who came here to find out what was going on and what the latest news was. Today, this type of intervention takes place virtually.

Access to internet, the ease and speed with which we can connect, the possibility of being part of virtual communities, broadcasting opinions, posting videos etc. means that involvement is immediate. It is no longer necessary to be there physically to feel that you are involved in a supporting a social or political cause.

However, despite all this social movement, political involvement through social networks remains a phenomenon of the elite, that is to say those citizens that have access to technology, residents of large cities and a better economic situation.

According to the Profile of the Internet User (Ipsos, 2016), only 39% of the whole national population has access to Internet. Among the higher levels, this percentage is over 90%, a figure that is very distant to that observed in SEL D, where only 1 out of 2 people is connected or in SEL E, where the proportion falls to 1 out of every 3.

The good news is that during the last four years, the tendency is clearly increasing and it would all indicate that it will continue in this way, and that access to social networks will rise.

It is therefore necessary to be aware, because the possibilities of information, dissemination and involvement through the virtual world, are becoming ever stronger and this is just the beginning.

Can the informal economy be drastically reduced in Peru?

Pedro Pablo Kuczynski's new government has promised to radically reduce the informal economy in Peru and if this objective is reached the country could drastically change direction, as more families could become included in the formal world of work. Families would not only have access to the benefits provided by formal employment but they would also contribute to an accelerated growth in internal consumption, providing greater opportunities for companies that could lead to the country entering a virtuous cycle of growth.

But it is not an easy path. Throughout Peruvian history there have been many and differing attempts to reduce the informal economy. Proposals for change should not only focus on incentives in the short term, but also on reforms that would have a positive impact on the productivity of both companies and workers.

⟨ **BY Patricia Rojas, Ipsos Public Affairs** ⟩

Alva - a carpenter - is up everyday before sunrise and he works for at least 10 hours each day, except on Sundays.

He delivers orders that customers have placed with him over the previous few weeks. Alva feels that things are going well for him, he can't complain. Economic growth has resulted in his client portfolio expanding and he works with companies as well as with individuals. When customers require an official company invoice, the neighbourhood glassmaker lends him one of his. He has no problem negotiating with formal companies, but he does not want to apply for a Registro único de Contribuyentes (RUC). *“That is only for the big companies, and anyway I don't know how to do it, it's very complicated and makes the prices I give my customers even higher,”* he says.

He has an area in his house that he uses as a workshop, so he can have lunch at home. His wife makes his food for him, and also for his son and for their helper. Alva has no expenses in terms of

rent, because he owns his own home. *“We settled on this land over 20 years ago, and now we have the ownership papers”*, he says proudly. He enjoys his work, and he is teaching his son the carpentry trade, who will eventually inherit both the business and their home.

However, his company cannot grow; when he has a lot of orders, he constantly searches for helpers but they tend not to stay for long. He also tells us that experienced workmen like himself are generally older and do not wish to work for someone else.

Alva’s story reflects the reality of many Peruvian workers and traders, as 70% of the PEA is informal in this country. In other words, only 30% of Peruvian workers are in employment that includes full benefits.

The informal world of work can be divided into three parts: informal tradesmen with dependents, like Alva, tradesmen without dependents and informal workers.

A study that was carried out among informal workers in Lima, Arequipa, Chiclayo, Cusco and Iquitos in February 2016 by Ipsos Perú for *Semana Económica*, the principle magazine about business and the economy in Peru, revealed that on average, the first group had a monthly income of S/.1461 while the second received less than half that amount, so that their average annual income was 25% less than that of a formal worker who earned the minimum wage but worked for only 48 hours per week.

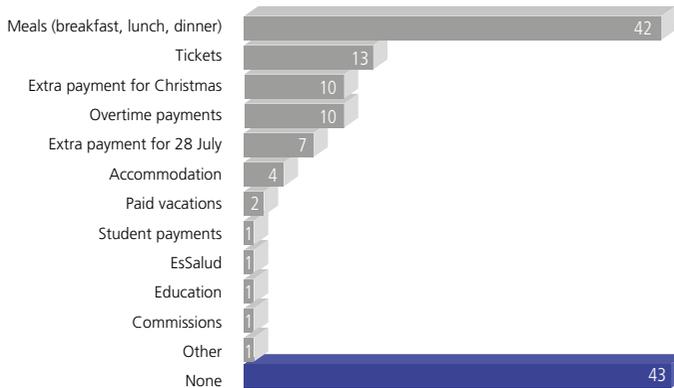
The situation is even more precarious for the third group, that of informal workers, who receive an average of S/.674 per month, 50% less than the annual income of a formal worker receiving the minimum wage.

Even if the basic earnings in Peru are not the best, the situation for formal workers is quite different to that of informal workers.

Two out of every five informal workers receive food and transport as a basic benefit, but almost half do not even receive this. Worse still, these workers do not have any employment benefits, which leaves them in a vulnerable situation in the case of any health emergencies, and also without a pension for their retirement. According to the study carried out for *Semana Económica*, the principal perceived downside relating to their employment was the lack of health insurance.

Additionally, informal workers have very limited access to formal credit as they receive their wages in cash, which excludes them from the financial system.

Thinking about this business, what type of benefits do they offer their employees?



Database: Total interviewees that work in businesses and have dependents; Multiple responses, suggested.

Source: Ipsos Perú (for Semana Económica)

As we know, the informal economy affects the 'real' economy in different ways.

On the one hand, it reduces the base for taxation, while on the other hand it represents a productivity problem for workers and companies. Add to this the enormous social concern that the informal world of work represents. For these reasons, the present government has promised to reduce the percentage of informal work in the country, taking it from 70% to around 60% of the PEA, according to a recent presentation by the Ministry of the Economy and Finance at the 21 Symposium for International Companies and Sustainable Management.

It is calculated that for each percentage point of informal work a billion soles of potential income is lost. If the governments proposed aim is met, when this term of office is finished in 2021, the formal PEA should have reach 60% of the total. That would mean that the State would be able to raise an additional 10 billion soles in taxes that would represent around 1.5% of the Peruvian PBI. This is a very ambitious goal that will face a series of difficulties in its implementation.

The problem of informal work should be addressed on different fronts. In the short term, measures exist that can reverse informal work through incentives and the creation of employment in formal companies. This would have a positive impact on the group of unskilled informal workers.

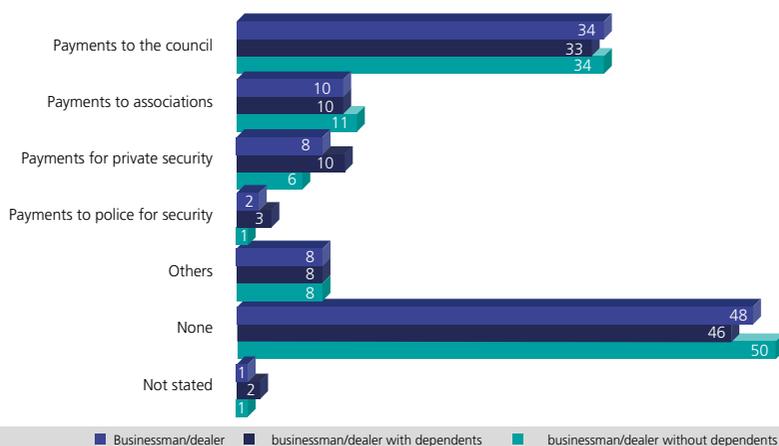
³⁵ <http://elcomercio.pe/economia/opinion/incentivos-tributarios-contra-informalidad-opinion-noticia-1929122>

Measures like that proposed by José Carlos Saavedra, Director of Macroeconomic Analysis at Apoyo Consultoría in a recent article in *El Comercio*³⁵, that seeks to create basic benefits by the introduction of formal employment with contracts for an unspecified time period, that could generate over 100,000 permanent formal jobs for workers with low qualifications at a cost that is lower than 0.1% of the PBI. According to the author, this would have an enormous impact on the group of unqualified informal workers and on the group of informal companies that seek greater stability and employment benefits.

In addition to this, public policy should be aimed at revising how to provide the non-taxpaying informal tradesman with skills.

According to the survey referred to above, even if half of all informal workers do not pay anything, there is a group that spoke of payments made to the Municipality, associations, and private security among other bodies, which could see state benefits as an incentive to formalise their operation.

Apart from payments to staff and/or rent, what payments must be made in order to ensure the functioning of your business?



Database: total interviewees that work as dealers (699), dealers with dependents (356), dealers without dependents (434).

Source: Research for *Semana Económica*, carried out by Ipsos Peru.

Source: Ipsos Perú (for *Semana Económica*)

Julio 2016

The problem is that the minority, no more than 5% of informal traders, trust in the State. If you add to this the fact that over half of the tradesmen see the Peruvian State as corrupt, 2 out of every 5 perceive it as inefficient and unfair and the third group feel that it is slow and indifferent.

On a more positive note, two thirds of traders do not believe that informal companies contribute to the country's development. Seven out of every ten traders recognise that the working conditions of formal companies are better than in informal companies, while a similar number blame the State for not formalising informal companies.

These figures shed some light on the perception of informal companies and their situation. The motivation to enter into the formal world stems from their experience and under what circumstances they would be willing to formalise their company. The story of Alva, the tradesman, is not unique, moreover, it is an accurate characterisation of the few possibilities that informal workers and their companies have for growth and of them being convinced that formality also has its benefits.

Stories like Alva's should be shared to demonstrate the opportunities that could be provided by formalising their businesses rather than it providing a story of stagnation and lack of growth. The challenge lies in discovering the barriers that prevent formalisation.

「The essential is invisible to the eyes」

〈BY Patricia Buchhammer, Ipsos Loyalty〉

A new chapter in Peruvian history began with the election of the president for a five-year term that will run from 2016-2021. From the moment the results were announced we have seen the media speculate who would make up the ministerial cabinet, and the noticeable interest in the measures proposed by the newly elected President during his first hundred days in office, and we have heard that issues such as citizen safety, the economy and the struggle against corruption top the list.

From now on, every step that we take with this new Government will have a clear aim in line with the bicentenary of our independence. We are optimistic that the Government can fulfil the promises put forward by the representatives we chose to hold the reigns of our country during this five-year term. Yet fulfilling the Government plan is almost as important as fulfilling our desires and our expectations as citizens, because ultimately this is what will raise the levels of approval and support for the elected party even though it does not hold a majority in Congress.

Related to this last point, an important theme that should also have been discussed in the media, is what Peruvians hope and wish for. The answers are unsurprising - because the people demand the same things that they have been demanding for many years:

- 9 out of every 10 Peruvians wish for either radical or moderate change in the economy;
- 6 out of 10 would like to see improvements in education services;
- 5 out of 10 hope for improvements in security;
- 4 out of 10 indicate that corruption should be eliminated;
- while 3 out of 10 expect there to be improvements in the health sector³⁶.

³⁶ Ipsos-El Comercio survey. April 2016.

Although all these areas are important and urgent, I find it notable that one issue was not mentioned and that is infancy and childhood in Peru. This segment of the population, aged between 0 and 12

years, represents 25% of the country's population³⁷; and until now there has been no discussion about the measures to be taken for the development of these young people who could exercise their right to vote in 2021, or for those who should start school in 2021.

³⁷Ipsos:population statistics 2016.

"Children are the future of the country" - is a phrase that we hear once in a while - but do we really believe this? Or is it that we only remember this when we watch something on the news that threatens this vulnerable population?

Over the last few years, there has been an effort to improve the circumstances of the country's infants, mainly in terms of health, education and development.

The infant mortality rate and chronic malnutrition rate has decreased, prenatal check-ups and assisted births have increased, and there has been an increase in primary education and registration of children at birth³⁸. However, Peru has registered the worst academic performance in all the competencies in the last published PISA test. The current levels of poor cognizance and poor learning abilities exceed 30% in children between 6 months and 5 years of age³⁹, over one and a half million children work (equivalent to 19% of this segment) and half of them do so in situations where they are exploited⁴⁰ and in addition to this, the vast difference in the opportunities available to children born in urban and rural communities is more and more evident.

³⁸ Unicef. State of the World's Children Report 2014.

³⁹ Ministry of Health. Report on Anemia in the infant population of Peru. May 2015.

⁴⁰ Enaho 2011.

When we speak of childhood, all agencies are linked, even if it does not appear so. For example, improving the quality of health services raises life expectancy levels and in light of this larger infant population, then malnutrition and forgetfulness should be reduced in order to improve the memory and learning abilities of these children. Children with a high level of education provide us with a basis for an adult population that has the natural abilities and aptitudes for formal employment, and who can then go on to contribute to the country's development and future government.

Childhood in Peru is important because it represents the future and we should remember that all the investment that is made in this segment of the population will be the longest lasting. Now is the ideal time to work with them and focus the efforts of the public and private sector towards generating the best possible environment for the best possible development.

Although the State is responsible for determining what the appropriate policies are to ensure the growth of the nation, companies can and should actively contribute from the areas they are involved in so as to speed up development. The only way to do this adequately is by knowing the population and identifying the role that it can play in order to achieve recognition, awareness and loyalty.

The Profile of the Child, published by Ipsos in 2015, can shed light on where companies -and the government - can direct their efforts, even though interviews were carried out only with children between 7 and 12 years old and only from Metropolitan Lima.

For example, we usually see publicity posters covering the streets that are aimed at adults, even though 60% of children go to school on foot and these same spaces could be used to incorporate creative campaigns about values - for example, taking care of the environment or anti-bullying - to this public.

Also, there is a significant intent among children to save the pocket money they receive (44% try to do so), but there is no culture of saving in the population. However, money management could be taught and strengthened by including financial subjects in the school curriculum, beginning in the first years of primary education.

We currently see consumer product companies becoming involved in child nutrition programs by providing information for mothers related to healthy lunch-boxes, but it is important that this knowledge reaches children at an early age so that they learn to identify which foods provide nutritional value to their diet and which do not.

Another interesting fact is that the vast majority of children prefer to play outside than with electronic equipment; however, only half carry out this type of activity after school. For any brand whose target is in this segment, what could be better than establishing a link through play? Why not promote activities during school hours, but outside class time, that stimulate physical activity and that would also contribute to improving the health of these children?

And if a company's concern is developing loyalty and capturing customers from a young age in order to keep them over time, then the best promotion to offer would be one where children receive a free toy and better still, if the toy be useful or that it have some educational meaning. Machu Picchu is at the top of the list of places that youngsters wish to visit, so rewarding their loyalty with a trip would be an unforgettable experience.

Television must be mentioned as a damaging media because of the number of days and hours that children are exposed to it. Stricter controls of the programs that are broadcast and checks that they contain appropriate content is important, nevertheless, this channel could be exploited to broadcast appropriate publicity.

From whichever angle we look at it, we will always find an opportunity for improvement that would allow us to contribute to the development of a population that is still being shaped. As citizens, and even more so as companies, we have the responsibility to comply with society and we should help the Peruvians of the future, who are also citizens and consumers of products and services and who maintain a level of sincerity, innocence and transparency.

We hear complaints about the quality of service at health centers, about public insecurity or the disorganisation of the city and the chaos at rush hour, but we do not open spaces to listen to the 19% of children who dream of being doctors, the 14% who want to be police or the 11% who want to be engineers and who also wish to live in the same city where they grew up.

If you have ever read the story of the Little Prince by Antoine de Saint-Exupéry, you may remember the phrase: "...you can only see well with the heart, the essential is invisible to the eyes". I feel it reflects this situation exactly.

Today it would appear that what is essential is improving the economy, security and the elimination of corruption, but who is behind all this? Isn't it the very same members of society that threaten the lives of others? Is it not the very same citizens of this society that are involved in acts of corruption? Is it not those authorities that do not always put in place the appropriate policies to combat these wrongs? So what is at the heart of the population?

We should understand that the change comes from within, but not from the population that is already "contaminated". The only ones who will be able to change the future - our future - are the children that are growing up among us today and who we are responsible for, and it is for us to give them a present that will prepare them to shine later on.

[The connected, informed and farandulero Peruvian]

“The medium is the message”

Several decades ago, teacher and philosopher Marshall McLuhan (1911-1980) coined this phrase as one of the first visionaries of communication media. McLuhan is the creator of numerous concepts that are popular today that relate to mass diffusion and the society of information.

Despite the fact that he died before the existence of cable television and little was known about global interaction, he already had a vision of the future of the media as an extension of our body, mind and being, where the message can no longer be considered only content or information.

The media constitutes the most powerfully persuasive tool for brands and public opinion.

The speed with which it has evolved over the last decades has given us no time to adapt and nowadays we continue to be exposed to constant changes in technology, unceasingly attuning ourselves to new forms of communication.

Peru is no stranger to this new era.

In addition to the fact that news and current affairs can be heard and seen by millions of people at a time thanks to television and radio, today we have the capacity to deliver messages across the planet in an instant. This has without doubt brought about an enormous change in the world of information and communication.

<INTERVIEW

Gabriel Labó,

Ipsos Connect Director >

Is TV the Queen of the media?

Without a doubt!

Since the first televised transmission in Peru in 1955 and the appearance of the initial television channels (channel 7 and 4 in 1958), which transmitted the original black and white programmes and live commercials, television became the queen of all media.

Today, Peruvian television viewers are connected and informed, and the number of viewers is growing. Over 90% of Peruvian homes have a colour television and they tend to watch a programme every day⁴¹.

According to the study of “Habits and Attitudes towards television”

73% of viewers watch television in order to stay informed and 56% for the purpose of entertainment. In addition to this, Peruvians are now opting more towards an interest in celebrities at the expense of watching soap operas. Thus the emergence and success of reality shows and the recurrent appearance and following of celebrities on different news programmes or shows that are transmitted and repeated in the morning, during the day and at night.

Although it may sound contradictory to the ratings, viewers are in disagreement with the programme and request change. Over 70% of Lima inhabitants complain about the existence of “rubbish” programmes, including news and current affairs programmes, which are based on celebrity scandals.

Additionally, people claim that they are tired of watching violent and pessimistic news: “there is too much violence on the news”, “I am tired of watching news about robbery, death and road accidents”.

Furthermore, it is important to observe that the Peruvian viewer is in a constant state of change. In Peru, there is a growing openness towards cable television and the use of alternative media to watch programmes that are becoming popular. In Lima, 79% of the population has cable television and if they are unable to watch their programme, over a third will do so via the Internet, principally watching the repeat on YouTube.

⁴¹ Ipsos IGM Report
“Habits and
Attitudes towards
television 2015”

The challenge for producers and publicists will involve a huge creative effort to innovate and achieve a significant improvement in the content and variety of the line-up.

In many countries, the radio is the most popular media... Is radio closer to people in Peru too?

According to some specialists, during the first semester of the year, the investment in radio publicity has grown significantly compared to other media.

It would appear that companies are opting for a redistribution of the investment mix, giving more importance to this media⁴².

Whether passively or actively, consciously or unconsciously, the vast majority of the inhabitants of Lima frequently listen to the radio. 86% are habitual radio listeners, who tend to connect once or several times during the week and in any location: either at home or in the work place, where they spend the most time, as well as outside, while they walk or carry out some activity or while they are using public transport or any other vehicle.

Without doubt, Peruvians are connected to this media and the execution of this activity is combined with the motivation to relax and enjoy songs or listen to programmes that enable them to stay informed about the latest news⁴³.

The different radio stations are connecting with their listeners more and more and the possibility exists that this media is becoming less of a “hot media”, as McLuhan defined the media that had low levels of participation of interaction.

Today, people not only listen to the radio but also to live transmissions on the Internet or even on television. We can also connect to social networks, give our opinion, request songs and even participate or change the topic of a live programme.

According to the study about radio: a third of radio listeners visit radio station websites and a fifth follow them on social networks. Peruvians are interacting differently with the media and adapting to new forms of communication. It is perhaps no surprise then that some radio stations have over a million followers on Twitter.

⁴² Article from Semana Económica “Radio publicity is what grows the most” 4 of July 2016

⁴³ Ipsos IGM Report “Habits and Attitudes towards Radio” 2015

Radio in Peru will continue to change and adapt to the population. It will no longer be a novelty to hear of new creative ideas for the transmission of radio programmes that have a wider participation and interaction from the public in the short term.

What is the influence of the press in Peru?

Without doubt, the press in Peru has significant power over public opinion, as described by Alfredo Torres in his article published in El Comercio on the 17 September 2014. "The power and prestige of the Peruvian press is greater than that which is observed in other societies due to the fact that in the last decades of the XX century it confronted harsh circumstances with perseverance...⁴⁴".

⁴⁴ Article from El Comercio "The power of the press in Peru" by Alfredo Torres, 17 September 2014

There are close to 100 newspapers in Peru and approximately one third of these are published in Lima and Callao. According to the latest study, entitled "Habits and attitudes towards the written press" and carried out in Metropolitan Lima, there are over five million habitual readers between the ages of 12 and 70 years old (76% of the population)⁴⁵.

⁴⁵ Ipsos IGM Report "Habits, uses and attitudes towards written press 2015"

Although newspaper reading is at its most intense during the weekend, the proportion of readers that read newspapers on a daily basis has increased in recent years. However, a lower figure corresponds to readers who devote all their attention to reading the newspaper. Peruvians read only 62% of the newspaper and tend to perform other activities while reading, such as listening to music, eating or watching television.

Another important piece of information is that Peruvian readers have changed their habits. A decade ago, we read as the newspaper as a source of information, entertainment and education/culture (85, 50 and 48%, respectively). Nowadays this has decreased, with only 53% claiming to read the newspaper as a source of information. It is perhaps for this reason that there is a strong preference towards sports and entertainment/celebrity newspapers.

Although a large number of readers prefer the printed version, there are more and more users of the online version (17%). Additionally, there is an increasing presence of newspapers on social networks, some of which already have over a million followers. In this sense, with the power

and prestige that they enjoy in Peru, newspapers have a tremendous opportunity to adapt to their readers and seek new niches of readers.

Similarly to other parts of the world, the internet and the use of digital multi-platforms is growing and will undoubtedly soon be one of the more important media to allow people to stay informed about almost everything. In Peru, we have over 12 million connected Internet users (38% of the urban population) and 69% inhabitants of Lima⁴⁶.

⁴⁶ Ipsos IGM Report
"Digital World
and the use of
Digital Devices
2015"

This digital boom has had a strong impact on consumption; with more frequent access to Internet connection, Internet users are more exposed to the media. Likewise, increased access to mobile devices has deemed their role fundamental in decision-making, due to the fact that they can be connected everywhere.

Peruvians are even connected during mealtimes. According to the latest study "The digital world and the use of technological devices in 2015 internet users connect everywhere: 90% at home, 62% in public places, 60% at the home of friends or family, 59% at work, 47% in transit on the move and 41% at college or university. Other connection moments to take into account are: 49% while lying in bed, 39% while having lunch or dinner and 38% while having breakfast.

The use of mobile telephones as a means of communication is very high; Peruvians use mobile phones three times more than landlines. Currently, there are over 15 million mobile phones in Peru, while ten years ago, this figure was less than half.

The Peruvian mobile phone user has an average age of 32, belongs to SEL C, is mainly independent and uses the 'pay as you go' system. As well as using a mobile phone for telephone calls, chatting and messaging, a large proportion uses it as their principal tool for doing business and contacting clients⁴⁷.

⁴⁷ Ipsos IGM Report
"Mobile phone
user profile 2015"

The smartphone is now the tool with the highest level of connectivity between the internet users in Peru. 62% of the population own a smartphone. Although the Millennials and Generation X are the most connected, the so-called "baby boomers" also own devices.

In addition to the smartphone, the trend towards using other devices is also rising. 62% own a PC, 60% a laptop, 45% a tablet and 35% a television with Internet access (Internet/Smart TV). No doubt this trend will continue to increase and we will become closer to a genuine multi-platform world.

In Peru, using a combination of devices simultaneously is also increasing. A third of Internet users use a smartphone and watch television at the same time (35%) and watch television while using a tablet (31%)⁴⁸.

⁴⁸ Ipsos IGM Report
"Mobile phone
user profile 2015"

This increase in Internet use is the reason behind the decline in certain activities such as: watching television (it is now watched on the internet), telephoning friends/family (they are now written to over the internet), buying newspapers (they are now accessed online) and going to the cinema (films are watched on the internet).

With this boom in access to information through different media and the ever-increasing use of a multi-platform world, advertisers will have more difficulty generating attention.

This will be a challenge for strategists, marketers and publicists who aim to create persuasive campaigns that manage to capture and hold the public's attention by using a mix of appropriate media.

In this sense, integrated planning of activities using digital and traditional media with unified teams that are objective focused will be vital in Peru.

[Consequences]

Everyday Consumption and Cultural Identities

*“There is no joy like that of the poor;
you betrayed me with the sausage seller.
And ruined by your betrayal
I married Felipa, the tomato seller.
I have heard that today you are ruined, that
naphthalene has made you ill
But I am content, selling nuts at my market stall”.*

Fragment of the Romance Waltz at la Parada, composed
by Augusto Polo Campos, and performed by Los
Troveros Criollos, 1958.

Why do traditional urban markets continue to exist?

In the last few decades, supermarket chains have expanded, not only in Lima but in all of the country's principal cities.

One might think that their arrival would replace the traditional markets in districts of Lima and the provinces. However, not only have these markets resisted this encroachment but in many cases they have become stronger, and they could continue to exist for a long time to come.

What are the strengths that have allowed them to survive?

Part of the explanation will be given in this article: in the first place, it is because of the personal treatment that customers receive and secondly, the market provides for the needs that exist in particular Peruvian cultures.

It has not been easy for traditional markets to survive. The appearance of supermarket chains has resulted in them competing with heavyweight competitors, and this has resulted in traditional markets experiencing diminishing sales.

But as time has gone on, market traders have noticed that their businesses have improved with every passing year.

In Lima, according to the 'Profile of the market stand and trader, 2014' carried out by Ipsos Marketing, the average weekly sale at a market stand went from 1875 soles in 2009 to 2547 soles in 2014. Similarly, 55% of traders in Lima considered that their business was 'better than before' and 54% decided to invest more in the stand the following year, and 98% planned to continue with their business.

All this demonstrates that the life expectancy of their businesses is significant and the primary reason for this is the very personalised treatment of customers, that includes the ability to change the price and quantity of the product at the point of sale.

⟨ **BY Lidia Oie, Ipsos Marketing** ⟩

Flexibility in prices and quantity

One of the advantages that supermarket chains have is the ability to buy and sell large volumes of products.

This allows them to offer competitive prices and to launch mass promotions for their customers. A market trader, in contrast, buys a very small quantity of a product for their stand compared with what a supermarket would buy for its stores on a national level.

As a way of reducing the advantage that supermarkets have, market traders have developed certain practices that make their customers feel that they are receiving extremely personalised and advantageous treatment.

For example, it is very common for a customer to receive an 'extra' - an addition to the amount of the product that was asked for - alternatively, they might receive a discount on the original price - or perhaps if the customer is a few coins short of the total cost, the trader will cover the difference.

«I know most of the people that come. And sometimes if they are missing 20 cents, I just tell them to pay me next time they come»

Market trader at El Edén Market, Av. Benavides.

This personal treatment has a particular warmth that is expressed in the way that the products are offered. Terms such “casero” or “caserita” or “señito” are almost universal in the markets that are referred to here. And with local customers or the most frequent shoppers, they are often even addressed by their names.

Traditional markets and cultural identities

Because of the large volumes of trade, supermarkets offer a very homogenous and standardised ‘shop’. It is for this reason that it is possible to find the same products in their establishments in Lima, Trujillo, Arequipa, Chiclayo or Cusco. And the type of product that they sell can even be found - perhaps under a different brand name - in other countries.

In contrast, traditional markets tend to sell products that answer the cultural needs and customs of the diverse cultures that are found in the regions where they are.

In terms of regional cookery, traditional markets offer products that are as diverse as the cultural profile of each region.

Therefore, depending on the region, one can find names that appear to be very exotic to the standard middle class ‘limeño’ who only shops at the supermarket.

For example: mashuas, arracachas, panisara, chanacos, ocas, guayabas, bijao leaf, chonta, lard, llacanes, ñuñas, máchica, or meats that are not strange for some people but are rarely found in supermarkets, for example, black hen, lamb, rabbit, guinea pig or different types of ham or river fish.

In addition, products can be found at markets relating to natural or herbal medicine and to religious customs or magical beliefs.

In the San Camilo in Arequipa one can find, for example, llama hoof, seven ‘cons’, sasca cuti, among other natural products. In the central market in Trujillo, and the Progress market in Chimbote, floral baths are offered to attract good luck and dispel bad feeling.

It may be that the fact that traditional markets answer these unique cultural needs in each region is one of their main

strengths. Moreover, this does not only occur in the regions as there are large numbers of migrants in the capital today.

But as well as providing a way for these diverse traditions to continue, markets have also taken on some of the modern practices of supermarkets.

Modernisation

As a way of not letting supermarkets gain too much of an advantage, traditional markets have tried to imitate them by taking better care of their surroundings, by improving cleanliness and order, and improving the presentation of their products.

Adding this to the wide range of fresh local products, has enabled markets to attract clients from diverse socio-economic levels and has created loyalty in regular customers which has worked against their competitors.

Markets such as El Edén are a very good example of this. There are several markets in Lima with the same name.

El Eden began as an association of traders that saw formalisation as a necessary step towards success. They are located in districts with high purchasing power, and these markets attend to the needs of customers from different socio-economic levels and they have maintained their customer base over the years.

We are able to confirm that the characteristics that previously were only associated with supermarkets are today features that successful markets have adopted because of their importance to their customers.

Not all traditional markets have followed this trend of modernisation and they have weakened as a result. This is the case of the Piura Central Market, whose informality, lack of security, poor location and lack of cleanliness have limited its success and competitiveness.

In the majority of markets like the San Camilo in Arequipa, the Central market in Chachapoyas, and Aguamiro in Yurimaguas, anniversaries are celebrated with parties, sporting events and even processions in the surrounding streets.

These events resemble the celebrations held by supermarkets to celebrate their anniversaries or Independence Day, the only difference is that they take place at a level that corresponds to the size of their businesses.

The culinary boom and traditional markets

Another factor which continues to develop and which has had an impact on the economic success of traditional markets in recent years is the culinary boom.

Since Peruvian cuisine acquired international notoriety, the number of tourists that visit traditional indigenous markets has grown considerably and has turned into an important source of income.

This has occurred in markets such as the N°1 in Surquillo in Lima, and the San Pedro market in Cusco. Market traders even use certain words in English, like: 'yes', 'cheap', 'delicious' - as a way of attracting these tourists.

In the same way, the multitude of restaurants that have opened over the last few years all over the country has resulted in increased demand for traditional markets, as they have the advantage of selling indigenous ingredients.

Even though the larger restaurants have their suppliers who deliver ingredients to their venues, smaller and newer restaurants go to the markets to look for ingredients for their daily menus. The N°1 market in Surquillo receives a significant number of staff from these restaurants every day, who have become devotees and now make up an important part of the customer base of these traders.

Some television programmes about gastronomy often visit this and other markets.

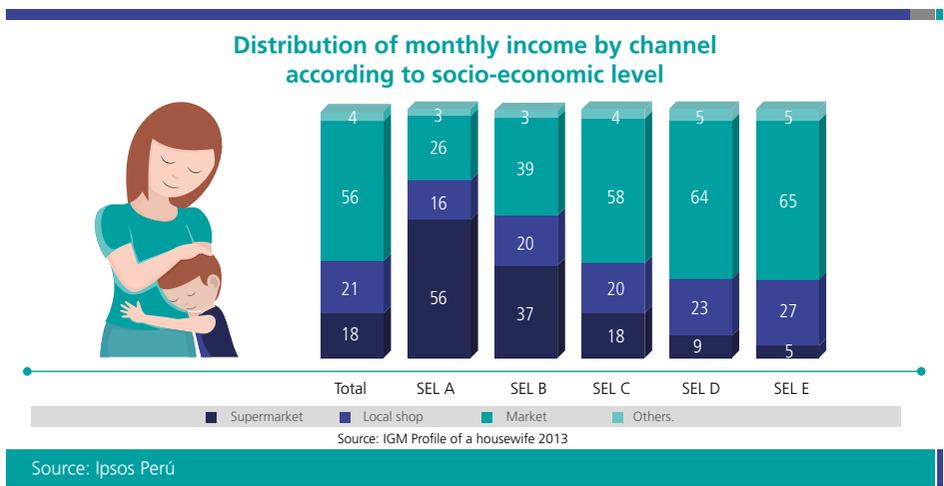
Moreover, in Surquillo and some of the other traditional markets such as the San José market in Jesús María, there are now indigenous food stalls that have become famous in the city.

The importance of traditional markets

The economic significance of traditional markets is demonstrated by the fact that over half of the family monthly income is spent on the purchase of products for the home, according to the study carried out by Ipsos in 2014, and this study was carried out at these markets.

There is nothing to indicate that sales have decreased or that their chances of survival are lessening.

Therefore, for other economic actors, especially those covered by subsistence rubric, it would be useful to revise this study, because it represents a detailed analysis of market stalls and the traders themselves (who are mostly women), as their current importance is related to the way that these markets attend to the diverse needs of their customers.



Factors such as personalised treatment, a willingness to improve their service and to imitate some of the ways of supermarkets, but above all the way that they connect with their customers and their cultural identities, is what explains their ability to survive and the fact that they continue to be an important part of the economy and of the cities in this country.

「The transformation of the surroundings and channels」

*«Shoemaker what happened?,
Why are you so happy,
I think it is because,
of what the fashion is»*

The Shopkeeper: Emmanuel

Changing behaviour in the shopper and consumer continues to accelerate in every corner of the globe and both the traditional sales channels (such as neighborhood stores, markets stalls etc) and the more modern channels (supermarkets, convenience stores etc) are having to evolve to keep up, faced with a more demanding clientele who have access to more information than ever before and who are increasingly connected to diverse communication and distribution channels.

In this context, our country has distinctive characteristics that should be taken into account. In particular, the significant presence of local stores will continue to be fundamental for a large majority of people and their change will not follow the patterns of evolution, both in terms of use and life cycle that is reflected by the channels produced in other countries.

< I N T E R V I E W

Giuliana Nuñez,

Ipsos Marketing >

Why is the neighbourhood store so important in Peru?

The Peruvian housewife is the promoter of the economy, and of values and customs, and the greater proportion of her monthly spending is concentrated on purchasing goods for the home via the traditional channel of the neighbourhood store - because of its convenience in terms of distance, because it can supply most of the products that meet her needs and because of the close relationship that she may establish with the person in charge of the business.

In our country, there is on average one neighbourhood store per block⁴⁹ and consequently these establishments enjoy a high frequency index of consumers' visits. These stores are essential especially for the majority of housewives who have limited cash availability; they provide the cost effectiveness that they seek, and this is the reason why their use is higher among lower socio-economic sectors.

In addition, neighbourhood stores are the best channel available when it comes to 'saving the day' for the busy housewife who finds herself needing to buy something unexpectedly, perhaps because she is missing an essential ingredient for the meal of the day or because she needs to buy a bottle for an unexpected get-together. The convenience of the neighbourhood store because of its closeness to the home makes it into a channel that is also used by children and young people, when they too, need to buy a product or to treat themselves to sweets or a soda.

⁴⁹ Business census, Ipsos Peru 2011

Visits to neighbourhood stores



Visits to supermarkets



Visits everyday according to socio-economic level (%)



Visits everyday according to socio-economic level (%)

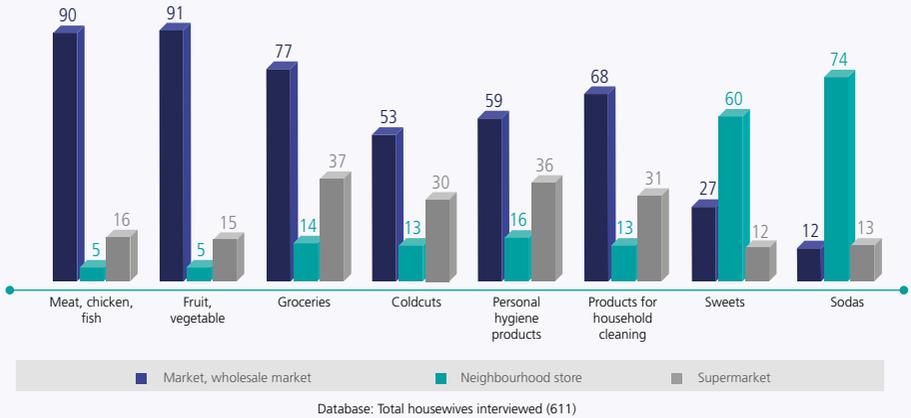


Database: Total housewives interviewed 2013, Ipsos Peru

Source: IGM Profile of the Housewife 2013, Ipsos Peru

Further, because of the sphere of influence of neighbourhood stores, they tend to combine a selection of products (groceries, fruits, vegetables, meat, personal hygiene products, soft drinks and sweets, among others), that are both appropriate and sufficient as well as offering competitive prices, so that the housewife will buy the majority of the basic products she needs for her home in this establishment.

Places where housewives buy their household products

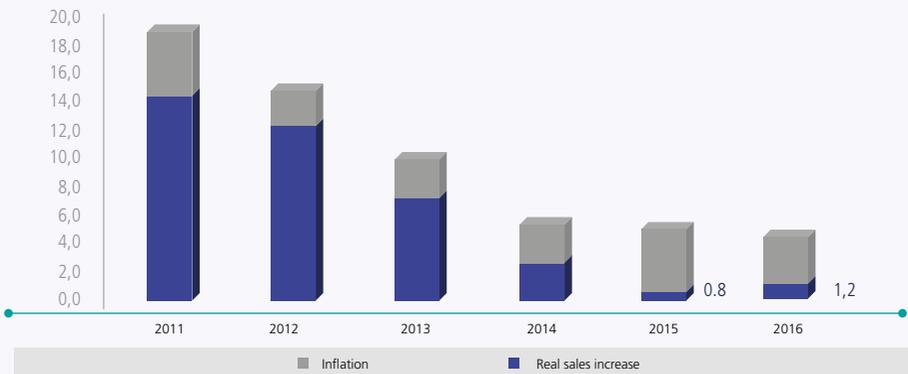


Source: Profile of the housewife 2015, Ipsos Peru

What has been the sales performance in the modern channel?

Despite the fact that over the last few years the modern channel - especially supermarkets - has expanded, it is also faced with the reality that in this country there has been a slowing down in purchasing power and restricted profit margins as a result of the strong competition that exists in the traditional channel, which has adjusted its prices, services and business format to match the needs of the consumer.

Modern retails: growth of sales in principle companies 1/2/ (var % of the sales in sales)



1/ Includes the eleven principle companies in the sector (supermarkets, department stores and home centres, chemists and cinemas). 2/ 2015 is an estimate. Projection carried out in January 2015.

Source: SMV companies, APOYO Consultancy

The transformation of the neighbourhood store has come slowly but surely

In this context, the strength of neighbourhood stores will continue to be their proximity to the consumer, and because of their extensive presence in the country, the diversity of products and the bargain prices they offer allows them to compete with the other channels.

There are over 200,000 neighbourhood stores in our country, of which almost 71 thousand are located in Metropolitan Lima and Callao, according to estimates from INEI, although their expansion has certainly slowed down as a result of the growing presence and proposals of other channels, including the modern channel.

And yet despite this, over the last few years, average sales in this channel have increased, as has the consumers' continued use, demonstrated by the number of weekday visits and the amount spent per sales ticket. In addition to this, Peruvian store owners are managing their businesses by specialising - offering particular products - better store infrastructure, by improved service for customers and through sustainability and continuity in the following ways:

- *The principle steps store owners or store keepers in this channel are developing as a way of coping with competition is by cultivating a sense of closeness and generating a positive experience for the customer during their purchase, mainly through friendly service, extended opening times and the sale of products that have a good cost-benefit ratio.*
- *They also continue to increase and improve their infrastructure, with greater ownership of refrigeration units (especially for soft drinks), as well as developing a wider selection of products to include all product categories.*
- *With relation to suppliers in the traditional channel, price is a key factor when it comes to selecting products, as is responsibility, friendliness during visits and reliable delivery of merchandise. There are, therefore, opportunities for development and improvement in relationships in this channel with current and potential suppliers, through sales and product display training, which although essential, is still only a newly emerging feature.*

- *In addition, the development of increased connectivity with the consumer has constituted an opportunity for development which has yet to be initiated in the traditional channel, and which should be launched in order to link up with the increasingly connected client. Smartphones are now more frequently in use among housewives as well as other types of customers and they seek faster and more efficient solutions (payment methods, information about products and promotions, delivery services, among others).*

Until now, these changes have been more visible in Lima than in the provinces.

The majority of neighbourhood store operators are an essential source of income for their homes.

In terms of neighbourhood store managers, according to the study made about the profile of the neighborhood store and storekeeper⁵⁰, especially in the provinces, the majority of owners and managers of this type of store are women, they are between an average age of 45 and 48 years old and belong to socio-economic level 'C'. Over the last few years, there has been a substantial increase in heads of household in this sales channel, making this type of business an increasingly essential source of income for many Peruvian homes.

⁵⁰ Ipsos Perú, 2014

The majority of the managers in this channel consider that the business is the same or better than before and a large majority plan to continue in this occupation; from experience, they know how to cope with the adverse conditions that have occurred over time (economic crisis, the appearance and development of the modern channel and a more interconnected environment, among others), and they have a high level of resilience.

In the same way that it occurs globally, local sales channels are also challenged by the following factors:

- *A consumer who faces a purchasing decision that is more complex and indirect because of their interaction with different online and offline media, that may result in them changing their brand or purchasing channel preference. Our country is no exception to this global tendency.*

- *An omni-channel shopper who may carry out their purchases through different channels simultaneously, either going personally to a point of sale or by carrying out online purchases through digital media, using a smartphone, laptop, tablet, PC or other medium, or by making purchases that are available to be delivered either to the store for collection, or to the home or workplace. Brands and sales channels that resonate with customers are those that can offer favourable experiences through a variety of contact moments.*
- *They also have to deal with shoppers who are more and more used to purchasing through electronic platforms or applications.*

The rapid change that is taking place in the market has huge implications when it comes to how products are offered and the way the shopper interacts with brands and how sales channels should develop. These channels, both online and offline, should continue to transform their business models so that they maintain their strength and value.

Technology that attracts and repels

Technology: the 'fast track' to development in Peru

According to the International Monetary Fund, Peru continues to be a developing country.

This is a reality that any Peruvian can experience first-hand in his day-to-day life. This is because, even in 2016, although Peru is advancing, progress is still relatively slow.

The list of tasks that the government still has to do remains long. Let us review some data to get a clearer idea about the current situation: According to recent statistics from the Ministry of Health in Peru, there are still regions in the country where over 30% of the homes do not have access to drinking water; or where over 25% do not have basic sanitation, in other words, they do not have proper toilets.

The Peruvian jungle continues to be one of the regions that is most forgotten by the government.

The deficiency of some of the most basic needs (health, hygiene etc.) is in conflict with the way that technology, an asset that has started to be considered as a primary need among all socio-economic levels, is penetrating Peruvian homes, especially over the past five years.

In this technological scenario, Peru is advancing, and at an optimal rate.

This may well be because this type of development depends less on what the government does and more on how inspiring technology is for all citizens and on aggressive campaigns and brands, and the fact that there is increased competition in the market, with smartphones accessible to almost everyone and which represent a platform for access to information via internet.

〈BY Jorge Benito, Ipsos UU Director〉

We observe these advances very frequently, that is every time we visit the homes of our consumers to carry out fieldwork for our surveys. Regardless of their SEL, it is not uncommon to find the same brand and screen size of Smart TV, high quality sound equipment as well as some kind of state-of-the-art game console.

But when visiting homes that belong to lower socio-economic levels and they invite you to use their toilet (often shared by a large family) or when they show you their bedrooms, where one can see that the whole family sleeps in an overcrowded room, it is obvious (to the onlooker) all the things that they are still lacking.

Moreover, they sometimes feel a little embarrassed and do not want you to see inside their homes.

We would be wrong to think that these examples can be seen in all Peruvian homes and we need to be realistic; and statistics can help us with this. The penetration of these types of tools/equipment (tablets, laptops, game consoles etc.) does not exceed 30% of homes, and today these continue to be products that have a low penetration level. ('Leadership in lasting goods', Ipsos Perú, 2015).

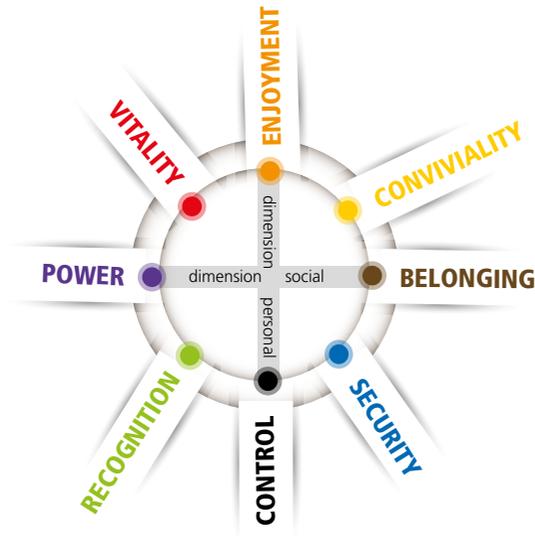
But if we speak about certain iconic products, such as flat-screen, LED or LCD televisions that I referred to earlier, the penetration level reaches 50% among SEL C and 21% in SEL D in the same study.

How can we explain this imbalance?

There is a fundamental point that comes to mind, which may help us to understand it, although there may be other influencing factors.

Technology attracts all of us, and very much so. In order to develop this idea, I will use the Censydiam framework, which is a methodology that is totally focused on the person and reveals what human motivations are activated in a specific category.

This framework is internationally validated and helps our clients to understand consumers in depth, obtaining workable insights that will guide future strategies.



'Enjoyment' relates to maximising the pleasure that one gets out of life and only thinking about having a good time, without concern for the consequences.

There are times when I let myself go, I am spontaneous and I follow my instincts. The aim behind consumption is abundance and enjoyment.

'Conviviality' relates to wanting to connect with other people.

For me, meeting people is a pleasure. I really like sharing enjoyable moments with good friends and people I care about. Exchanging and sharing experiences means leaving behind any differences that we might have.

'Belonging' is related to seeing myself surrounded by people who accept me as I am, as an equal, and who make me feel welcome.

A sense of belonging is related to the need to be part of a society or group. One area of this is related to following the norms and traditions simply because we are part of a culture or group.

'Security' is related to the experience of being relaxed, feeling calm and secure.

At these moments one feels the need to step back and recharge. One seeks a calming, comforting experience that removes the stress and pressure of one's busy life.

'Control' is related to staying in control, hiding my emotions and feeling.

It doesn't mean not having feelings, but simply not letting them show so that other people can see them.

'Recognition' is related to feeling unique, special and ahead of the rest.

The recognition dimension reflects the need to stand out in a crowd and break the mold. Recognition is about feeling proud about one's own special ability, one's intellectual, cultural and material state.

'Power' is related to the need to be the best.

It is related to the desire to be respected, praised and recognised for the decisions that I take and for the achievements I have obtained in my life. The power dimension reflects my status and the need to be an authority and a leader for others.

'Vitality' is about adventure, putting my limits to the test and discovering new things.

It is related to the need that we have to leave our comfort zone, to explore our environment and achieve independence (far from the rest). Therefore we travel and experience exotic and unusual situations, in order to be stimulated and excited.

To sum up:

- The horizontal axis defines us, where on the one hand, the extreme is where the motivation of **belonging** leads, that is, the desire to feel accepted, treated as an equal, feeling that you belong, and on the other hand, the opposite extreme where the motivation is **power**, the need to stand out, to be better, to succeed and be recognised for it.
- The vertical axis is influenced by the Sigmund Freud theory and his liberation and repression mechanism, resulting in

an extreme, where the person seeks to enjoy, maximising the pleasure that is obtained in life without worrying about the consequences and the opposite extreme of the control that is related to hiding emotions and feelings, having a sense of being completely in control of the situation, disciplined and adhering to routines.

How does the Censydiam explain our behaviour?

Describing the principles of Censydiam, my sensation is that especially in the lower SELs, there is a double entrance to this category: on the one hand, technology is a **status symbol** and a way of showing progress and success while on the other hand, technology **makes them feel integrated in society** (it breaks down the stronger differences between the SELs, technology puts the A1 and E citizen on the same level).

Focusing on the question of access to information, there is no doubt that the Internet (whether via smartphone, computers, laptops or tablets) is King. Of the total internet users (people who connect at least once per month) in urban Peru between the ages of 8 and 70 years old, we found that 93% in SEL A and 54% in SEL D and 36% in SEL E (the level that is characterised by extreme poverty... but which is starting to connect little by little, with increased frequency).

There are still a lot of people who do not have an Internet connection at home (internet cafes where this service is provided are still visited very often, especially among the lower SELs), mainly for two reasons⁵¹:

1. **The shortage of service**, as stated by 31% of interviewees.
2. **Not owning a computer** from which to connect, a group that reached 20%.

What is the most efficient solution to avoid having to pay?

Access does not necessarily mean paying for it. In the past, France was the world champion when it came to pirating. And now, Peru?

Pirating does not only relate to the Internet, but also to cable television, films, series, music, etc. According to the results of

⁵¹ 'Attitudes towards internet and use' - Ipsos Perú, 2016

a recent study carried out by the consulting firm JP Partners in Peru, Ecuador and Chile, four out of ten homes have cable TV in their homes through pirating (there is a higher rate of pirating in our country compared to Ecuador and Chile).

The consequences of this are clear: the cable television industry in this country loses 160 million dollars per year. Already in 2013, we read in the press that the Telefonica company estimated that there were 150 thousand informal WIFI users nationwide.

In the face of piracy, it is possible that the smartphone, due to its increased accessibility in economic terms (mass circulation of Chinese brands, top-ups from just s./ 3), is becoming the main legal entry point for the technological world.

39% of urban Peruvians use smartphones and we can see that in SEL D at least 30% now use a smartphone. (Profile of the smartphoner, Ipsos Perú, 2015). Beyond status seeking and the attraction of ownership, if we look at the main use of the phone, the principle reason is for the citizen to connect with family and friends (65%), for work reasons (22%) and for entertainment and leisure, which rose from 4% in 2014 to 13% during 2015.

Internet is so internalised that smartphoners state that they use it much more than for just phone calls and text messages. (69% vs. 31%).

The catalysts for this Peruvian 'technological revolution'

As we have reported in the paragraphs above, the people responsible for this impetus in adopting technology are mainly the telecommunication companies that have tried over the last few years to facilitate access for citizens of all socio-economic levels, with irresistible campaigns that guarantee free use of the main social networks (Facebook, WhatsApp, Twitter, Waze) when they have little credit on their phones.

The telecommunications world is now at an exciting and highly dynamic moment: new operators have recently entered the market that are trying to revolutionise the market by offering truly accessible prices, such as Bitel, which is trying to position itself in the populated areas and urban areas of the country with very low prices, or Entel, that is taking advantage of its differential point of having the fastest internet in Peru.

But not everything is rose coloured. Infrastructure is not advancing as rapidly as we would like.

Coverage still does not reach all the areas that it should. Even if in Lima we are equal to other European countries that have 4G-connection speed, there are many areas, especially in the Peruvian jungle, that the 3G signal does not reach at an optimal level, according to data from OSIPTEL (Organismo supervisor de inversión privada de telecomunicaciones).

And if we talk about ranking, Peru is at No. 80 when it comes to Internet connection speed (out of a list of 145 countries), according to the study carried out by Akamai Technologies, Inc.

What repels us about technology

Despite the attraction that technology generates and its undoubted benefits, there are still behavioural, cognitive and attitudinal barriers that exist in the country: there are areas where, regardless of their socio-economic level, there is greater distrust towards technology and the possibilities that it offers, and the switch from offline to online is still difficult, especially when we start to talk about virtual transactions.

I have the sense that the background of insecurity that is experienced in Peru: robbery and muggings, kidnappings and gun fights taking place in any part of Lima or any region of Peru (as well as the underlying fear since the period of terrorism in the 1980s, the collapse of some banks, etc.) is in some way still influencing this distrust.

Thieves can rob you in the street, but also in the virtual world. Consumers are up to date with the tactics of virtual thieves: they talk about it as though they were experts in murders, receiving endless fraudulent emails (mainly from bogus financial institutions) and they use the word phishing with an unnerving familiarity.

If the offline thief can rob you and or clone your credit or debit card, a virtual thief can do the same if you buy online or make a transaction through your bank over the Internet.

Peruvians tend to be very traditional and face-to-face contact is still very important for us. To give an example: he or she still very much prefers to go in person to the bank to carry out a transaction or to go to the electronics shop to carry out a task or to shop, procedures that could be done much more quickly from home, using internet banking or e-commerce.

It is also probable that the capacity for reasoning, especially among lower socio-economic levels and older people, is also influencing this behaviour. As well as a kind of laziness, the idea that 'a known evil is better than an unknown virtue'.

We can go over some revealing facts about the two great worlds where Peru is still very much behind: electronic purchasing and Internet banking.

1. Electronic purchasing: Of the total internet users that we talked about at the start of this article, only 9% of those in urban Peru buy or sell on the internet, that is to say, 23% of all internet users. ('Electronic trade, Ipsos Perú', 2016). As we can see, there is still a lot to do!

The profile of the buyer is a young single adult, from SEL B who works or studies. He buys more than he sells (22% vs. 8%) and as expected, young people between the age of 18 and 24 years old are at the top of the list, because they are more open to technology and trusting (or daring, depending on how you look at it), with less resistance towards the risk of adopting new behaviours).

But listen up reader; although they are more open, they still prefer to buy on national websites (55%) compared to international ones (22%).

What do they buy?

- Accessories for mobile phones and accessories: 38%
- Technology: 30%
- Clothing and shoes: 30%
- Food: this has dropped to 11%. Peruvians prefer to buy at the market and at the nearest neighbourhood store, more than at the supermarket and they like online shopping even less.

- ... and more importantly, even though they have made the step toward shopping online, 38% of online buyers prefer to pay in cash (picking up the product at a store or receiving it at home and paying on delivery).
2. Electronic banking: according to the data from studies about personal banking and bank use by the Lima resident (Ipsos Perú, 2015) the population of Metropolitan Lima who are bank users and who are between 18 to 70 years of age represent 51%.

Out of this total figure, there are very few who have dared to take the step of using internet or mobile banking: 24% have used internet banking and only 11% mobile banking (only in SEL A over 50% use internet banking. As we can see, the barriers are greater among users than the associated benefits).

The distrust towards mobile and internet banking is high and the consumer displays this openly, expressing doubt: 19% trust mobile banking very little or not at all and 12% when it comes to internet banking: it is interesting to note from these results that there is a higher sense of security when working with a mobile phone than a computer, perhaps because it is felt to be more private and less vulnerable to hackers and viruses. The main fear that these people have is that their passwords will be stolen.

Where are the opportunities for brands?

At this point, what advice can Ipsos Perú offer to national and international companies and brands?

These recommendations represent just some key ideas to take into account, but it is clear that the potential and opportunities in this market related to technology and access to information are abundant.

- Not to abandon more tactical strategies, working with offers and promotions: this is vital to facilitate access to information and increase in this way, the penetration

of tools/equipment and the hiring of services. (tablets and smartphones at accessible prices, personalised plans with economical data, connections to internet and cable television contracts at reasonable prices...) razonables...).

- The communication of any brand has to be very clear and transparent so that the consumer is open to technology and the barriers start to come down.

One should not abandon the approach of teaching and information; we should remember that the level of school education in the general population is very low: their level of reasoning and abstraction when it comes to decoding messages is somewhat limited (we notice this in every communication test or concept test that we carry out in our offices).

Messaging, using what we saw using Censydiam, products and services as well as the sense of belonging

can work very well to motivate consumers to form part of this 'technological wave', adding also an effect that is centred on what is social and amusement, so that what stands out is the connection with family and friends.

- Continue to promote and support the advantages of online services: sooner or later, consumers (through word of mouth, through personal experience) will begin to trust them more.

And most importantly, to emphasise security and help the consumer to move towards the virtual world, demonstrating this through facts: money returned if you suffer hacking, exclusive offers for buying online, rewards with more benefits or points if there is some kind of loyalty program, etc.

[Insights]

The impact of technology on brands and people

Just when we think we have all the answers, they suddenly changed all the questions

Mario Benedetti

Over the last decade, Peru has been highlighted as one of the fastest growing economies in Latin America and the Caribbean: Chapeau! The average growth rate of GDP was 5.9%, in a low inflation environment (2.9% on average). According to the World Bank, it was a favourable external context, cautious macroeconomic policies and structural reforms in different areas that came together to bring about this high growth and low inflation scenario⁵².

⁵² <http://www.bancomundial.org/es/country/peru/overview>

This context - among other factors - has provided ideal conditions for Peru to expand its telecommunications industry. The results are visible: a substantial improvement in the different indicators for penetration, coverage and access provide evidence of marked growth, especially in the mobile telephone category.

Over the last two years, the growth of mobile telephone use in the country has increased by 16%, going from 10.2 million to 15.4 million users who have access to the service. But the most relevant aspect of this development is the impact it has on coverage and access indicators.

In contrast to the initial growth of mobile telephone use which occurred with proportionately higher intensity in segments of the population that already had access to landlines, the current expansion occurred with relatively higher intensity in segments of the population that previously had no access to the service (homes with medium to low income and located in areas that do not form part of the principle urban centres or in marginally urban zones⁵³).

⁵³ http://www.osiptel.gob.pe/Archivos/Investigaciones/Reportes/Reporte01_CoberturaAccesoExpansion_Informe_DC.pdf

It is clear these indicators show a much greater opportunity for growth.

〈 **BY Valentina Rodríguez, Ipsos Marketing** 〉

A connected country - one that opened up the market to five telephone operators in 2016 - indicates a breadth of social interaction that is very different from the perspective of several years ago and would indicate a forecast of positive future growth together with access to information from all sides.

As a consequence of the opening up of the telecommunications sector, an increase in publicity investment in Peru - reaching third place in 2015 - is evident. It is no coincidence that the telephone services category is the sector leader to which the most digital investment was made. This reflects what would appear to be a clear understanding of the current situation from their side, enabling them to take the lead, at least for now.

We find ourselves at a highly reactive moment, where we should consider the most detailed planning. This is a phrase that is completely relevant in a market that has the previously mentioned characteristics, and although it may seem like a contradiction, there is no brand that should not react to consumers' responses, nor avoid the planning phase of every new approach.

The world of ingenious marketing initiates lasting change. A brand that is static over time is condemned to forced isolation. Today, brands in Peru are in no position to swim against the current.

Local specialists agree that this adaptation to new communication methods has occurred in a parsimonious way. Over ten years ago Peru began to work mainly on a strategy that involved emailing and website content. But for the last few years the strategy has shifted its focus to high-traffic social media websites such as Youtube, Facebook and Twitter.

The latter have served as the gateway through which to approach the empowered and critical consumer who, whether informed or not, has the possibility - in a democratic context - to raise his voice and express his opinion.

It is not unusual in Peru to stumble across movements that began on these new platforms, driven by brands or by civil society itself. It is now quite common to discover social movements that

are managed from these platforms, and that have significant commanding power, stimulated through emphasizing the public's right to disagree on a diversity of subjects.

The traditional concept of WOM (Word of mouth) marketing is becoming more and more valid and has taken a level of precedence that - dare I say it - has never before been seen.

But in the same way that this evolution of social movements is emphasised, the search for brands that are in alliance with so called "influencers"⁵⁴ is also notable. It is clear that the traditional strategy of using an "endorsement celebrity" remains strong.

⁵⁴ Digital influencers are those people who hold a high level of influence through the large number of followers they have on social networks and/or blog subscribers.

It is standard practice for brands to seek influencers that will form a fundamental part of their campaign, based on the understanding that they represent an enormous opportunity to connect with people. And it is no secret that technology has become one of the productive branches of the most valuable brands in the country and that this type of strategy is now being applied in order to win over a new public.

It is clear that the Peruvian consumer is no longer a recipient entity. It is standard procedure to hear people - whether from higher or lower socio-economic levels - exclaim: "Let's look on the internet!" or "Let's google it". Although this kind of comment may have been limited to more privileged sectors in the past, the reality has changed.

Today, more than ever before, we can declare that knowledge is power. Knowledge that might be interpreted as the ability to choose what to say, what to consume, with whom to connect, who to support, and what to form an opinion about.

In this context, brands and communication media no longer possess exclusivity rights over information and content creation is unilateral.

Coming to understand this new reality is unavoidable. It is urgent that we recognise that this is a context in which strong interaction has its foundations in a physical reality rather than an exclusively virtual one. But are brands - especially those that represent establishments - ready to interpret this and enact this change?

It is now common place to come across brands that concentrate their efforts in the ability to tell a story. They know that by creating big stories, they will connect with consumers more efficiently. However, in the current situation, this may not be enough.

It is no longer only about brands having a great storytelling capability but also about having the power to turn themselves into storydoers. The market increasingly demands congruence: it is no longer sufficient to tell the story, one has to perform it.

When people come across a company with a "storydoer" profile, they often want to tell them everything they know about it. To be a "storydoer" creates fierce loyalty and causes an immense evangelising by clients because there is usually an important congruent factor between what is said and what is done. It is an unbridgeable front that not all companies or brands have been able to accomplish.

Nowadays, and still under the bombardment of impeccably designed stories, we are able to confirm that it is not about how much you can tell, but more about how much you are able to accomplish in relation to your brand's promise.

This may seem an overambitious objective in an environment that is unknown to many and that has been subject to constant intervention by new global and local players, but it is one that foresees promising potential in this field in Peru.

5 reflections about brand building in Peru



*“And it is called Peru with
P for Patria,
E for example,
R for rifle and
U for union”*

Augusto Polo Campos

《 **BY Marinela Beke**, *Directora de Ipsos Marketing* ⟩

The global brand - national brand dichotomy in the Peruvian market

There are many local brands that are revered by Peruvians; one only has to look at the study that we make at Ipsos for Fiestas Patrias or the study about the most influential brands to determine which are most closely associated with ‘being Peruvian’.

All are successful, all are relevant; however, on this occasion, I will concentrate on two cases because although strong local brands in different categories exist in all markets, these brands are very considerably beyond the ‘love and pride’ average. They represent a ‘love mark’.

We can look at this topic from two perspectives. A very intuitive and perhaps fun indicator about the presence of a Peruvian brand that has gone beyond its typical domain. Let us observe the quantity of t-shirts that are sold which are illustrated with flagship Peruvian brands.

Who buys those t-shirts that publicise brands such as Inka-Kola? Are they bought by Peruvians or by foreigners, or by Peruvians abroad?

These are probably the three target buyers but the point to be highlighted here is a certain someone exists who is willing to invest 20 soles in a garment that displays the name of their beloved brand.

These are without doubt not garments that are produced institutionally by The Coca-Cola Company, but are manufactured 'informally', because traders have discovered receptiveness in the market.

Besides seeking only receptiveness in the customer, it resonates with the consumer in a way that goes beyond the functionality of the beverage, connecting it with what makes it Peruvian. So this Peruvian 'essence', this need to be Inca Kola, to be an ambassador to Peru appears.

Does this mean that no other brand would aspire to be a relevant player in the soda beverage market?

It is clear that the success behind Inca Kola is not only based on its being a Peruvian brand, but also in a balance in brand strategy: it connects to the consumer emotionally, the flavour is unanimously perceived by Peruvians as being delicious and it is widely available at the point of sale.

In many markets, sodas are relevant players, for example Postobón in Colombia. However, none reach the same level of participation as Inca Kola does in the market in Peru.

It represents an iconic brand, just as Gloria does. Could we say them that Danone could never enter the market in Peru and would never be successful?

Indeed, Gloria is one of the most valued brands among Peruvians and one of the most influential brands in Peru.

On the other hand, if we observe the most influential brands in Peru, or the most outstanding, beyond the ranking that we can observe, the big winners are brands of mass consumption. You might say, "Well, local brands exist in all countries, you only have to look at Havaianas or Natura in Brazil which are iconic brands in that country".

In a large percentage of markets, dairy products brands manage to become the most valued brands, due to their closeness and daily presence in the consumers' mind.

However, it is not with the same intensity.

⁵⁵ Ipsos National Urban Survey July 2015. (with card)

3 brands that best represent Peru⁵⁵

RESPONSES	Jul. 2013 %	TOTAL Jul. 2015 %	SCOPE		REGION			
			Lima %	Provinces%	North	Centre	South	East
Inca Kola	28	36	41	30	30	25	32	34
Mistura	28	35	36	34	39	35	28	30
Marca Perú	34	30	28	32	33	22	36	26
Radio Programas del Perú	26	28	24	32	34	36	34	22
Gloria	27	25	25	26	25	20	29	25
Banco de Crédito (BCP)	21	21	24	19	26	12	14	19
América TV	16	20	18	21	23	20	16	31
El Comercio	14	19	21	16	17	20	14	16
Cusqueña	13	13	11	14	11	7	26	3
Cristal	13	12	14	10	11	9	6	14
Kola Real	11	9	8	10	5	11	11	18
D'Onofrio	9	8	8	7	8	8	7	6
Banco Continental	4	8	8	7	8	9	6	7
San Fernando	7	5	7	3	3	3	3	3
Other	15	1	1	2	2	0	1	4
Not stated	5	4	2	5	3	11	5	3

Source: Ipsos Perú

Is “Marca Perú” therefore a necessary endorsement?

In this case, I believe it is important to clarify the question ‘why?’.
To sell more? To achieve a better reputation?

There is almost certainly a positive halo effect by having a “Marca Peru”, although we are not dealing with a market in which any general purchase takes place within a certain category solely

because the product or service is associated with “Marca Peru”. Perhaps we are experiencing a state of excessive optimism, by which the “Marca Peru” allows some brands that have certain set characteristics to come under its wing; but it is not enough.

It is not about highlighting Peruvianess to the extreme when it is not a relevant theme and not all brands have the power to do so. Mi Banco are able to highlight their Peruvianess and go even further with their “Cholo Soy” proposal, probably because it is credible that a brand that has been supporting the development of local micro companies can be identified this proposal.

How can I sell in a context where Peruvianess seems to be flourishing, if I am a global brand?

There is no general recipe, but what we can say is that we have to take into account the extent to which Peruvianess counts in the category and in a given brand. Would I buy a tomato sauce because it contains “Peruvian tomatoes” or because the flavour goes better with my recipe?

In many categories of mass-consumption, functionality - as well as distribution - is a key reference.

To attempt to “land well” in Peru without having a good distribution partner can leave you out of the game, without having the chance to play, because if we look at the construction of leading brands, their availability at the point of sale plays an important role.

So although all games are made to be played, don’t bet your chips if you cannot comply with these two requirements: functionality and accessibility in terms of the purchase. Today, with the advance of the multi-channel, the game has started to change and we will continue to see this over the next five years.

Are we Peruvians brand followers or not?

Clearly a good exercise is to take the 10 leading product brands and observe their evolution over the last five years. Rather than losing participation, they have consolidated their markets.

Another relevant point is that if we were to look beyond the current advance in the dynamic of supermarkets, which still has

a lot of space to grow versus the traditional channel, how strong the supermarkets' own brands are. Today, not one of them has a participation of two digits.

There were times when people said that with inflation, the 'own brands' or supermarkets brands themselves would increase dramatically. This has still not occurred in Peru because here, we still have the memory of informal products or "fakes" and the brand represents a guarantee of quality and is therefore an indisputable reference.

What would be the recipe for success?

We can look at the quote from Polo Campos "And its name is Peru with P for Patria" and apply it to branding. The current state of brands takes Peruvianess into consideration although product performance is more important. I wouldn't buy something because it is Peruvian if the product is no good.

It would go something like this: And its name is Peru, with:

P for Product
E for Empathy
R for Relevance
U for Uniqness

P for **Product**

A product that is apt for the Peruvian palate, a formula that has been tailored so that the majority of people that try it would say... "Sure, it is the way I like it, or this is the service that I need, or this is the proposal from the bank that I was waiting for where I can cash my salary and keep back a little saving or where my clients pay me."

E for **Empathy**

A brand that connects to my issues, whether that be my son's homework or awakening my Peruvian pride with an Inca textile, as is the case of Cusqueña. It is the connection that goes beyond the problem/solution dynamic that governs every impulse to buy.

R for **Relevance**

We will not purchase or repurchase something that does not connect to our needs; it can be a really great offer but if I don't need it, I am not going to buy it. Looking at the real needs of Peruvians will mean that my value proposition is intimately relevant to these needs.

U for **Uniqueness**

A brand that stands apart from the rest in a market where the traditional channel makes up for approximately 80% of all transactions. It is crucial to be able to tell them apart in the moment of truth. But it doesn't all happen here; I should have made the connection previously in order to generate desire for the brand but in a way that differentiates from what I am currently consuming. Why change my brand if I am satisfied with my current brand?

Adopting the “Greener Food” tendency in Peru

BY Elizabeth Gomez, Ipsos Marketing

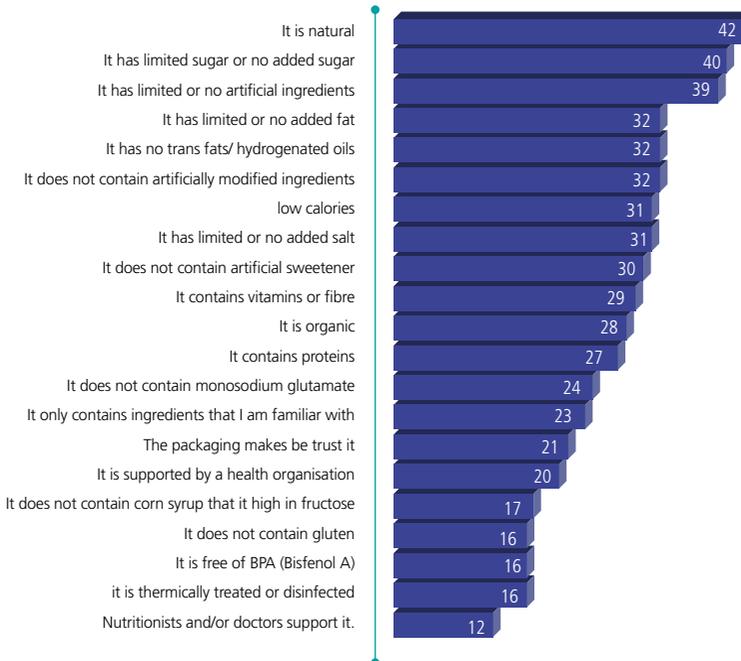
What are the preferred food attributes and ingredients of the global population?

According to the results of an online global investigation carried out by Euromonitor in 2015⁵⁶, and as illustrated below in Graph N°1, that which is referred to as ‘natural’ takes first place; foods that are either low in sugar or sugar-free come second; and foods that do not contain artificial ingredients take third place.

If we continue to look at the ranking, we come away with a clear idea about the significance of each characteristic, despite the fact that no exact figures are shown.

⁵⁶ Euromonitor International Global – Consumer Trends online survey 2015

Preferred attributes and ingredients in foods (%)



Source: Euromonitor International Global – Consumer Trends online survey 2015

When I started writing this article and reflecting on the topic it would examine -“Global tendencies and their level of adoption in Peru” - several different ideas came to my mind, in relation to all these global data.

“Greener Food”, the healthy trend

I have chosen to focus on the tendency towards “Greener Food” because I feel that somehow this is a trend that is developing more and more; it is addressed throughout the different investigations that I carry out, spoken about on the news I watch and read; and it has also had an impact on a variety of industries and the way they manufacture their products, offer services and communicate their advertising campaigns.

This trend is not uncommon in Peru; in recent years we have witnessed how consumers’ habits have changed.

We only have to look at our friends and relatives and watch what they consume or what they talk about for this inclination to be apparent: *“Make sure you drink several glasses of water per day”, “You should increase your fruit and vegetable intake”, “Don’t add too much sugar”, “Better something healthy than fast food”, “Consume oats, it helps to reduce cholesterol”, “Eat avocado because it contains natural fat”,* among others.

No doubt some of you will be thinking that this tendency is only present in high socio-economic levels (SEL). What is clear is that although perhaps this orientation began in the socioeconomic level AB, the tendency has expanded and is being adopted among the middle class.

And while the products that are available may vary with respect to the SEL of their consumers, both in terms of sophistication and cost (e.g in SEL AB, Premium organic products are available at a high price compared to widely distributed and reasonably priced natural products among SEL C), it is certain that in the general discourse of the population, there is a growing concern for health care and thus for the products that they consume.

Another interesting phenomenon that is occurring is that there is growing awareness as to the contents of the products that people, especially housewives, consume. They tend to mention complex

words, medical terms which they do not know the meaning of but which give them a degree of confidence and therefore certainty that they are consuming quality products.

It is for this reason that in several qualitative studies, we have heard mention of and demand for the following: DHA, vitamins, nutritional complements, proteins, chia, among others; and when we asked what these properties were, the interviewees were unable to explain.

Peruvian tradespeople are aware of this phenomenon and marketers are using these words in their communication campaigns and packaging to make their products more attractive, certain that in this way they will be associated with health and therefore have an advantage over the competition.

This knowledge will almost certainly cause a development in the extent to which schools educate children on this matter.

For example, I was recently in the supermarket and observed a father and son of about seven years old passing by the drinks section; the father was about to buy a beverage when the child said "Don't buy that, Dad, it's bad for you"; the father refrained from buying it. It would have been impossible to observe such a scene 30 years ago; on the contrary, years ago, the child would probably have been very happy about the purchase.

On the other hand, while health-related programs continue to be developed, such as "Dr. TV" on open television, "Consultorio La Buena Vida" on cable television and radio programs such as that of Dr. Pérez Albela, the population will continue to be informed and will no doubt be more demanding when it comes to choosing what they consume.

How to find one's way in the "Greener Food" trend

It is for this reason that global brands such as Coca-Cola, predicting this behaviour, have gone ahead and proposed marketing strategies such as "One brand".

This is the version of the beverage that has the classic red label with a text that reads: "sugar-free".

John Pinto, Vice-president for Marketing at Coca-Cola Latin America (Central America, Caribbean, Colombia, Venezuela and Ecuador) explained the strategy, which includes the launching of Coca-Cola which contains a combination of cane sugar and Stevia.

“This is a historic moment. We are launching a new campaign for ‘One Brand’ Coca-Cola. For the first time, we are bringing together the varieties that we have in our portfolio. The products are clad in the same iconic red that has characterised the brand for 130 years. We publically uphold our commitment to promote responsible consumption and to be part of the solution in relation to promoting low calorie products.”

Another key aspect of this tendency is the local appreciation of traditional, organic food.

It is worth clarifying what organic foods are.

According to the Ministry for the Environment (2014), *“Many people still confuse them with light or dietetic products. But there is no direct relationship. Organic foods are those that have been cultivated without pesticides, agro toxins, hormones and antibiotics. They are produced on a small scale (non-industrial) and seek to establish a harmonious relationship with the environment. They have a more authentic flavour”.*

It is in this way that new channels for sale have emerged in the form of convenience stores and organic fairs that have been set up in major cities.

There is a segment of consumers that is willing to pay more for premium products that have not been chemically processed or frozen.

Lima has embraced this global tendency and ‘Eco markets’ have sprung up in more and more of its districts, places where eco-friendly producers that are focused on promoting healthy consumption join together. Some examples of these are: the Miraflores Bioferia, the Ecoferia in Cieneguilla, the Mercado Saludable in La Molina, the Ecoferia Pachakámaq, the Surquillo Bioferia, San Borja Eco Market, the San Isidro Eco Market and the Mistura Agricultural Fair in Magdalena.

There are also specialised shops that offer organic products in various districts, such as: Madre Natura (Miraflores), Las Vacas Felices (Barranco and San Isidro), Punto Orgánico (Miraflores), La Sanahoria (San Isidro and Barranco), among others.

The “Greener Food” trend further increases the level of consumer demand

Finally, there is worldwide demand for safe fast food; consumers want to receive more information about the contents of products, to know where they come from and which brands are responding to their demands.

Various North American fast food chains have changed their ingredients, for example using meat that does not contain antibiotics.

They are aware that various consumers are changing their habits and are demanding foods that are different from the standard french fries and hamburgers.

Chains such as ‘Chipotle’ are part of a new segment of “Fast-casual restaurants”, which are somewhere between a traditional fast food and a casual restaurant.

You only have to look at their website to understand the image they want to project; it includes a section where it is possible to calculate the nutritional contents of each dish and they signpost dishes that correspond to special dietary requirements (e.g. vegan, vegetarian, high in protein, among others), a detailed description of the ingredients of each dish; there is also a section that explains where the ingredients are produced and the commitment that have made to society as well as another that explains the process that suppliers have to go through in order for quality of their products to be guaranteed.

In Peru, restaurants have started to include bottled water, chicha and salads in their menus and no doubt they will continue to vary their offer in order to satisfy consumers' demands.

In addition to this, we have also witnessed the appearance of new fast food offers such as 'Green Salads' that not only offer food at record speed, but also seek to offer products that transmit an overall idea of health.

It is clear that in Peru, the trend is only just beginning when compared to other countries such as China, where 88% of consumers in the two most important cities have declared their opposition to the use of additives and where more than 30% state that they frequently purchase organic foods (Ipsos China, 2016).

It is very likely that as the Peruvian consumer becomes more informed and thus more demanding, we will discover more brands that align themselves to this new worldwide tendency, not only in the capital but also in large cities in the interior of the country.

[Empowered Consumers]

*Girl, while you work so hard
He shamelessly enjoys himself
Set him alight and forget him
Throw out that shameless man you have to
maintain*

The Kept Man, Marisol, 'La Faraona de la Cumbia'

In figures:

- Women as heads of the household: 31% (Ipsos, Profile of the head of the household, 2015)
- Cohabitants: 36% (Ipsos, Housewife profile, 2016)
- Married: 31% (Ipsos, Housewife profile, 2016)
- Use of contraceptive methods among women between the age of 15 to 49 years old: 74,6% (52,2% use modern methods and 22,4% traditional methods).
- Also 8,6% manifest that they are dissatisfied with birth control⁵⁷.

⁵⁷ INEI, 2015

In words:

Over the past 15 years, the working-class districts of Lima and provincial cities have witnessed the appearance of female singers and musical groups that proclaim a new way of being for women in a country that is in a state of transformation, and in which new opportunities for emerging sectors are emerging.

Young women, from families that have migrated from rural areas, whose childhoods were defined by scarcity, by the struggle for survival and the enormous desire to move forward, to leave instability behind and to become protagonists of success stories in the years of economic growth in Peru.

Marisol and other singers like her, are examples of these journeys that help to fuel the imagination of thousands of women who follow their concerts and are moved by their life stories in the soap opera "La faraona de la cumbia".

Thousands of women who feel akin to the provincial girl who rose up, overcame countless obstacles, faced betrayal from the opposite sex but who somehow kept going and triumphed.

〈BY **Alicia Pinzás**, *Associated Consultant*〉

“Peruvian women are fighters”

In the last two decades, the perception that Peruvian women have of themselves has changed significantly, leading them to identify themselves with the lyrics of these female cumbia singers - daring, warrior-like and who do not hesitate to stand up to chauvinist prejudice.

Without a doubt these women, young mothers who belong to the emerging middle class, see and project themselves as entrepreneurs, capable of fighting for their family's success, especially that of their children.

They are the principal motivators of their own actions, which are manifested in their ingenious search for work and business opportunities, their capacity to dedicate long days towards generating an income for their home and the dream that their children will become professionals. This dream also determines the way in which they limit the number of children they have and the timing with which they plan their birth.

What has not changed is that they define themselves first and foremost as mothers, responsible for the physical, intellectual and moral care of their children, mothers who are proud of the children's achievements.

This is a role that brings with it certain obligations but that also ensures social recognition and above all, the recognition of their children, whose appreciation is a fundamental factor in the make-up of their self-esteem.

However, in contrast to their own mothers, they increasingly seek the preservation of spaces they share with their partners or with other mothers to relax, have fun and let their hair down: they go dancing with their girlfriends, they meet up to have an evening snack together or to go shopping, or play volleyball in the streets of their neighbourhoods.

They want to stay attractive, they are interested in fashion, makeup and personal care: the use of makeup has increased significantly in these segments.

They also feel that men are no longer essential in terms of achieving their goals, thus staying with the partner is no longer a priority. On the contrary, they feel that they are often too conformist, afraid of taking risks and that they could therefore generate limitations on their ventures.

Although they understand the value of a partner that understands, loves and admires them, they are willing to be both mother and father to their children if circumstances deem this to be necessary. This attitude among women has obliged men to redefine their role; although this is perhaps difficult for the older generation, the younger generation are progressively taking a more important role in carrying out household tasks and taking on certain responsibilities in the care and education of their children.

However, women defend their role as decision makers in the home, especially in the care and education of their children, about how certain domestic tasks are carried out and about which products and brands the family consumes.

This is because they are the experts, not only because of the education they have received from their own mothers but also because they inform themselves through the media, the internet and their constant connection to social networks.

In order to be successful entrepreneurs and mothers and so that their ever-limited economic resources cover the needs of their families, they have to be practical housewives, who limit and time the number of children they have, and who know how to take advantage of the opportunities offered to them by the modern world.

The driving forces of empowerment

The two most powerful motors for empowerment have been entrepreneurship and education.

On the one hand, women from the new emerging middle classes have taken advantage of the opportunities that have opened to them as a result of economic growth in the country.

Dreaming of having their own businesses, they have dared to start off with small-sized ventures that have required minimal investment and granted enough flexibility to allow them to stay on top of their household responsibilities.

They have used their ability to establish and maintain support and information networks with relatives, neighbours, employers and government institutions; and they have managed to make a significant financial contribution to their homes, despite the fact that very few have formalized these activities.

In figures:

- Local store owners: 73% of the almost 70,000 local convenience stores that exist in this country are run by women (Ipsos, Convenience store owner profile, 2014)
- PYME: 47% loans for PYME (small and medium sized companies) from the BCP were given to women (El Comercio, 8 March 2016)
- Beauty Consultants: approximately half a million in the whole country (Perú21, 5 March 2011)
- Informal work: 69,9% among women and 62,2% among men (INEI, 2015).

On the other hand, they perceive education to be a very valuable mechanism for social mobility. Young girls are more determined than boys and there are the same number of girls as boys attending universities and technical institutes.

In the older group, many leave their studies behind because of becoming pregnant although they hope to overcome their frustration by supporting their children in their professional careers.

In figures:

- Women of 15 years old and above study for an average of 9.9 years and men for an average of 10.2 years. (INEI, 2015).
- In 2015, there was no difference in the enrolment of secondary school and university between men and women.

Empowered consumers and brands

There are still unresolved tensions between the perception that women from the emerging middle class have of themselves, a perception that reflects that desire for achievement and their everyday reality.

If truth be seen, the majority have limited economic autonomy, especially when their children are small and taking care of them is their main responsibility.

In addition to this, in urban areas, a third of women have experienced some type of gender related violence and the percentage of adolescent pregnancies has increased over the last years. (INEI, ENDES, 2014).

This contributes to a low score in terms of entering the work market, which limits women to informal and badly paid jobs. Despite this, as we have shown in the previous paragraphs, women have progressed and continue to progress significantly towards equal right over the last decades.

In figures:

- 95% of the approximately 400,000 domestic employees are women (INEI, ENAHO, 2013)
- Minimum wage: women earn only 70,3% of the income earned by men (INEI, 2015)

Brands must now support this reality; their products and communication should take into account that their consumers perceive themselves as empowered women, leaving behind the traditional model of wives or mothers. Many companies and publicity agencies have already understood this.

In this way, a few years ago, the Effie de Oro was awarded to Alicorp and the Publicis agency for the Opal Biocristales brand, which aims its communication at the more modern, informed housewife, the expert in running her home, who not only take care of their children's physical wellbeing, but also their psychological and intellectual development.

Recently, Promart Homecenter launched a successful campaign on social networks that commemorated the struggle of women and their achievements, in which it put itself forward as an ally in the battles for the rights that are still to be achieved, stating: *“We believe in women as the motor and heat of change, both of the world and of her own home”*. On the fan-page, the commitment that the brand make with gender equality takes the form of fun advice for fathers about baby care.

However, the campaign for the brand Quara from Sab Miller failed because it offered a beer especially made for women. This was perceived as being discriminatory, a denial of their equality with men and eliminating the possibility of having the same taste and consuming the same products as the opposite sex; it transmitted an image of a traditional boring women, who excluded herself from mixed recreational spaces.

Through this experience, the company learned that women aspire to shared recreational spaces, which do not include flavours defined by gender.

This and other experiences show us that our consumers will not feel identified with communicative proposals that classify them to traditional roles and that do not recognise them to be enterprising women, in the process of winning their autonomy in all spheres.

The future of civil rights in the gay population

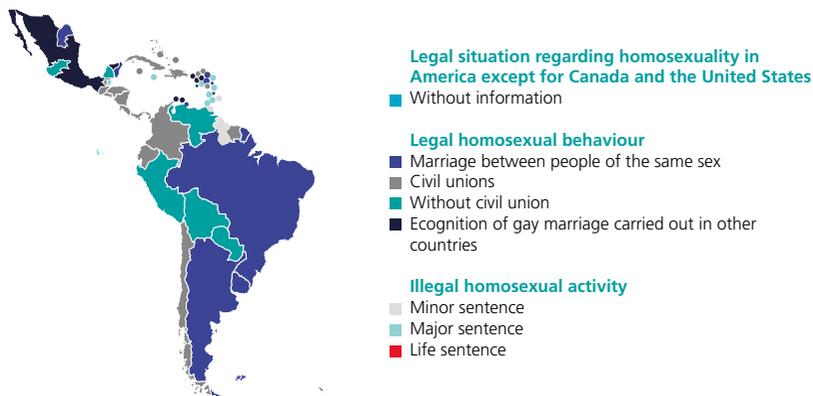
〈 BY Maria Alejandra Campos, Ipsos Public Affairs 〉

Sooner rather than later

In the 20th Century, the most important human rights struggles have revolved around indigenous populations, people of African descent and women. The 21st century is proving to be about the rights of gay people.

During the first sixteen years of this 21st century, Civil Union and gay marriage has been approved in 41 countries around the world, from Malta to Chipre and even in neighbouring Chile and Colombia.

Currently Peru is one of four countries in South America that does not have a legal framework that protects the rights of homosexual couples: Civil Union is legal in Colombia, Chile and Ecuador, and in Brazil, Argentina and Uruguay this has stretched to marriage. The routes towards achieving recognition of civil rights for the gay population have been diverse. In Colombia, it was through a ruling in the Constitutional Court, in Chile, through a vote in Congress and in Ecuador it has become a part of the new Constitution.



Source: Wikipedia

In Peru, the first attempt at establishing a legal framework for gay couples took place in 2013, with the presentation of the draft for the Civil Union law in Congress.

The motion, presented by Congressman Carlos Brice, proposed that couples of the same sex would have the right to *“form common property in a partnership (except in the case that they opted for property separation), as well as having the same rights as a first degree relative, for visits at healthcentres, decision making for emergency surgery and free lifelong habitation in the house they lived in together in the case that one of the partners should die. Additionally, the partner should benefit from social security coverage in the case that one of them does not possess it, as well as to the different types of pension”*⁵⁸. The proposal did not include the subject of parenthood rights.

⁵⁸ <https://redaccion.lamula.pe/2013/09/17/ocho-claves-sobre-la-union-civil-para-personas-del-mismo-sexo/ginnopaulmelgar/>
Consulted on 28 September 2016.

Civil Union

In Peru, for a draft bill to be voted on in a Plenary session in Congress, it first has to go through the corresponding commission. In this case, Civil Union has to be debated on in the Commission for Justice and Human Rights, presided over by Juan Carlos Eguren, then Congressmen for the Partido Popular Cristiano (popular Christian Party). There was little political willingness about this subject that caused a wait of almost two years before the draft was discussed finally in March 2015.

During 2014, before the vote in Congress, the Ministry of Justice, the Attorney General, the Ombudsman’s Office and the Judicial Authority declared themselves in favor of Civil Union.

The draft bill is not only legally viable, but it is also representative of an essential ordination of the fundamental rights of the free development of the personality, equality and non-discrimination. - Ministry of Justice.

One of the basics of our democracy and our judicial system is the recognition that as human beings we are equal before the law [...] with that in mind, the state has the obligation to ensure that all citizens enjoy the condition of equality in their lives [...] - Ombudsman’s Office

However, after a debate that lasted for just three hours, the voting concluded with four votes in favour (Pedro Spadaro, Cecilia Chacón, Mauricio Mulder and Verónica Mendoza), and seven against (Martín Rivas, Marco Tulio Falconí, José Luis Elías, Julio

Rosas, Juan Carlos Eguren, Agustín Molina and Rubén Condori) and two abstentions (Heriberto Benítez and Octavio Salazar). With this result, the draft for the Civil Union Bill was archived by the 2011-2016 Congress, and it would have to wait for the next government in order to be presented again.

Today, the view in Congress is no more auspicious than in the previous one. The Justice and Human Rights Commission is presided over by Salvador Heresi, congressman of the Oficialista party, who has kept himself at the margins of the debate about Civil Union; thus his opinion about this subject is uncertain, and it is he who defines the Commission's agenda.

Julio Rosas, a re-elected member of the Congress, who is also an evangelist, is also a member of the Commission, and flies the flag against the rights of gay couples'. On the other side, and in favour of Civil Union, are Alberto de Belaunde, Marisa Glave and Mauricio Mulder. However, the main barrier to the draft of this legislation is not in the Commission, but in the Plenary.

Even if the party of government, or at least its main representatives have shown themselves in favour of Civil Union, the opposition, Fuerza Popular, has around 72 members of parliament, so in other words, they have the absolute majority in the Congress. The official position of Fujimori's party in the last five-year term of office was in favour of patrimonial union, a legal draft that offers, as the name suggests, patrimonial rights for gay couples, although it leaves out the clauses related to them being recognised as a family.

In the 2015 vote, the party left the topic to a vote of conscience among its congressmen, so that they had no obligation to vote together. All this would indicate is that the position will be the same for this legislation.

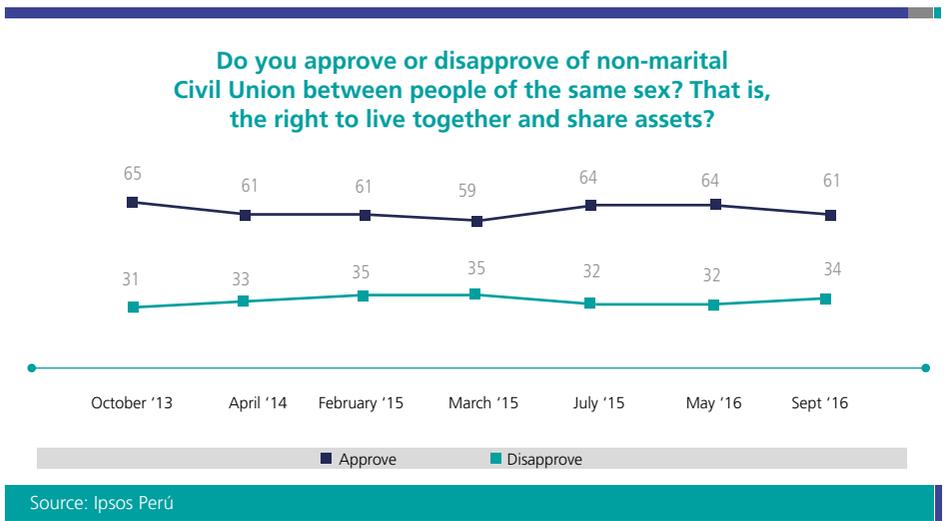
How to convince a conservative congressman to vote in favour of a progressive project? Through pressure from public opinion.

Ipsos began to measure the population's opinion about Civil Union in 2013, after the legal draft was presented for the first time. At this time, there was a majority rejection to the proposal: 65% against and 31% in favour (the rest did not express any opinion about it).

According to the last survey carried out by Ipsos in September 2016 on a national urban level, 34% of the population approved the Civil Union law for gay couples, 61% disapproved and 5% did not express any opinion. This percentage is similar to that collected over the last three years. Thus support has remained stable, independently of the way in which the information was collected.

In April 2014, after the first March for Equality (which sought to promote the measure), approval reached 33%. A year later, in February 2015, during the call for the Second March, approval rose slightly to 35%. In July of the same year, after the Pride March, support fell to 32%. In July of the same year, after the Pride March, support fell to 32%.

In May 2016, when the March for Life, an endeavour by the Archbishop against abortion and civil union, which was followed by the Third March for Equality, approval for Civil Union remained at 32%.



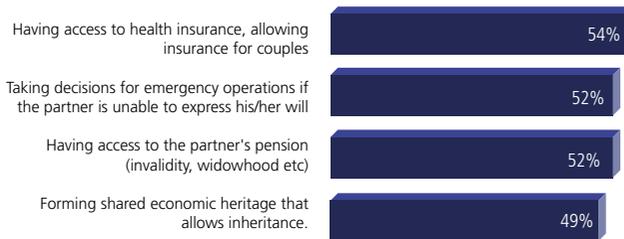
However, there are two sides of the statistics which give a more optimistic perspective about the future of Civil Union. The first is the opinion of the population regarding the specific components of the draft of the law. According to a survey carried out by Ipsos in April 2014⁵⁹, over half of the urban population of Peru is in favour

⁵⁹ <http://www.ipsos.pe/sites/default/files/imagenes%5canuncios-interes/Uni%C3%B3n%20Civil.pdf> Consulted on 29 September 2016.

of a person being able to include their gay partner in their health insurance, in taking decisions related to emergency operations, and having access to a pension in the case of being widowed, and almost half were in favour of common economic patrimony for homosexual couples.

This means that there is a communication problem with the population in the strategies used by homosexual groups to win over supporters for the Civil Union proposal. To increase support for this motion, it is essential that the population is well-informed, so that they can form an opinion on the basis of fact and not on the basis of unfounded fears that are promoted by certain sectors of society.

Do you agree or disagree with the following right that civil unions proposed between people of the same sex? (% of agreement)



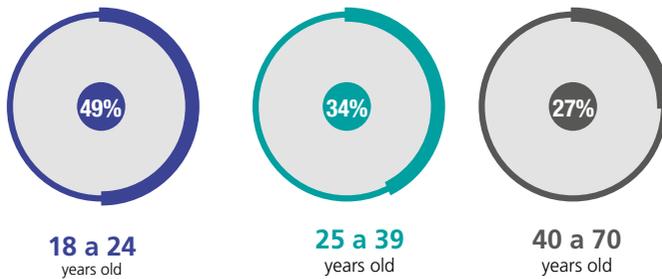
Source: Ipsos Perú

The other aspect that is inevitably related to this, is the generation gap.

The survey displays significant differences by age range as regards approval of Civil Union. We can look at the case of the last enquiry carried out by Ipsos in September this year.

Among the older cohort, the group between 40 to 70 years of age, only 27% approved the draft; in the intermediate cohort, from 25 to 39 years of age, approval rose by 7 points, to 34%; and among the youngest group, approval rose by 15 points compared to the other groups mentioned. If we continue with this progression, we can assume that the next generations will be much more likely to supporting equal rights for gay people.

Do you approve or disapprove of non-marital civil union? (% approval)



Source: Ipsos Perú

The irrefutable fact is that young people get older. When this happens and new young people appear to replace them, support for Civil Union should increase significantly. In 15 years, when the majority of the population is made up of the group that today supports the legal draft, approval should be 49%, and with a new group, probably even more progressive, it will become increasingly difficult for the Congress to reject or shelve a legal endeavour that seeks the recognition of gay rights.

We can only wait to see what will happen first, if a successful information campaign that allows the population to be adequately informed can achieve the necessary support to put pressure on the Congress, or if we have to wait 15 years for this to happen spontaneously. Let's hope it will be sooner rather than later.

Having a Big Idea and adapting creatively to the new media is key in order for a brand to stand out

We spoke to Flavia Maggi, executive vice-president at IPSOS, who told us about the new challenges that communication in this country is facing in light of the new era of multiple technological media, a global tendency that is already among us.

INTERVIEW

Flavia Maggi,

Vice-president

What are the most relevant changes in the communication world over the last years?

Something that I find very relevant is the challenge that comes with the dramatic loss of people's attention span today. According to a study carried out in Canada in 2015, the level of attention in the human being has reduced from 12 to 8 seconds in the last 15 years, one second less than that of the goldfish.

In other words, our level of attention is less than that of a fish. Can you imagine that?

We don't have a memory, or to be more precise, we have one but we only use it very selectively; we give our attention to things that really interest us. And this is not only something that can be observed abroad; it is something we also experience in Peru.

A problem of attention produced by the digital environment that surrounds us.

The digital world has revolutionised our lives, and this is not just another cliché.

A clear sign of this is that for Peruvians, the smartphone is becoming an extension of the hand. What this means for us is that we are permanently conscious of multiple things (WhatsApp, e-mail, Facebook, etc.).

In this way, we find ourselves receiving information and stimuli all the time regardless of where we are or the time of day. It is for this reason that our brain, incapable of processing it all simultaneously, begins to select from the information we receive and chooses what it wants to see and hear. In the best case scenario, we still only give a very short time to the information that we select.

The result is that communication has become even more complicated than before for Peruvians working in the creative field. Faced with a public that give their attention to a very few things and dedicates only a very short time to them means that if we do not manage to attract their attention and deliver a short and precise message, we are simply unable to reach the audience.

How have we reached this state of inattentiveness? Do you consider this to have been a rapid transition in Peru?
There is no doubt that this change has happened quickly.

What was our life like before? Even though the same communication media existed in the past (magazines, radio, advertising panels etc), television was the principal medium. It was the backbone of family life. Every home had a television with only three channels and members of the family watched the same programmes. So for a brand to appear and position itself in the consumers' mind was very easy.

Nowadays the television is no longer the protagonist, it is more of a passive medium that accompanies other activities and media like the smartphone, laptop or tablet. There is competition between simultaneous platforms and it is very important that your communication "makes noise" and attracts attention.

How can brands 'make noise' and attract the public's attention?

In light of the media's fragmentation, it is important that brands understand what people's motivations are, in order to be able to engage with them so that they will continue to watch my communication. This is only possible if they have managed to conceive of what is known as a Big Idea, which is the backbone of the message.

It is an interesting phrase - but how would you define a Big Idea?

A Big Idea is the brand's communication proposal about how to it will answer the customers' needs.

It is about being able to say what people really want to hear from the brand, but which is often impossible to verbalise. In order to engage with what people really want to hear, it is necessary to know your customers very well. To achieve this, you need to discover an ‘insight’, that unanswered desire or hidden truth.

‘Insights’ make us able to engage with needs, but the brand should have the correct content to be able to take advantage of its strengths in light of these ‘insights’. As you will see, the search for a Big Idea is a long process. In the case of the brand I worked with which was based on this premise, it took us almost three years to find it.

Why does it take so long?

It is not only about correctly identifying the customers’ needs. The brands’ role is about how to resolve this tension; to understand whether the brand really has the credentials to say what it is saying, if it is the only one saying it, if it is different, relevant and finally, how ‘campaignable’ its argument is, and how far it can go with this Big Idea.

This complexity is the reason why many companies do not do it in this country, or they do it only partially. In the past, with television’s predominance, we could afford to take the risk, but not today. If we really want to attract the attention of Peruvians, it is necessary to know what to say to them and how to connect with them.

And do you need to be present on all platforms?

Today, what is clearly effective is a 360° media strategy, which means being present in various media at the same time, adapting the message to each medium so that the consumer receives clear information about the brand and that the message does not weaken, but rather is built on a common message.

It is for this reason that the Big Idea has become vital for the brand.

Is it possible to define what the media composition should be in a 360° campaign?

Of course, but then you need to know the target and their media consumption perfectly and it all depends on what you expect the communication to build. In terms of how much to invest in each medium, it depends on the strength of creativity and of the budget that you have and once again, on the objectives that you want to achieve.

How does the situation change in light of the continuous appearance of new platforms and fast changes in the digital world?

Very much and this is the true challenge not only for Peruvians, but for the whole world. Everyday there are new platforms and applications.

It is clear that the digital world progresses faster than we do. For example, we think that we have already found the solution of how to work out how communication from a platform like Facebook will develop and then suddenly we find that the young people that we want to reach are migrating to Snapchat.

And you, who has only just found the solution for Facebook, have not even thought about how the adolescent uses this new application, why they use it and what their attitude is towards this new channel. And once you have worked that out, you can be sure that their preferences will have shifted to another new application and you will have to begin the whole process again.

So now, more than ever before, you have to be permanently investigating in order to understand the target public and to not lose sight of the trends that they adopt.

With so many variables, it is more and more complicated to find the correct moment to reach the customer.

In order to analyse this theme, there is something important that needs to be taken into account: the reception. This ability to be present at the perfect moment, so that that person is willing to listen to your message. And here the agencies have a very important role, because it is not only about paying for publicity during 'primetime' viewing times or during the best television programme. That is simple. It is about finding the best moments to appear with your message and that this will vary depending on the public and the category of the product.

Having a good Big Idea and the ability to adapt to the new media is the key for a brand to stand out.

In search of lost time: the simple things in life

⟨ BY Javier Carrera, Ipsos Loyalty Director ⟩

Simplicity is the maximum satisfaction.

Leonardo Da Vinci (1452 - 1519)

*Truth is always found in simplicity,
And not in the multiplicity and confusion of things.*

Sir Isaac Newton (1643 – 1727)

*If you cannot explain it with simplicity, it is because
you have not understood it.*

Albert Einstein (1879 - 1955)

1. Lost time

There is no doubt that time is the most valuable asset that we humans have.

We are more and more conscious that our time is limited and cannot be renewed. Life has accelerated exponentially in light of the technological advances of the digital era, with the Internet, social networks, apps and mobile devices; which have changed our concept of time and the way that we interact with people, as well as the way that we consume the goods and services that companies offer.

If we exclude the eight hours of sleep that our grandmother recommended that we sleep, we are left with 8 hours for work or study and another 8 hours of 'free time', which we dedicate to different activities, such as household chores, shopping, transport to and from work or our place of study, playing sports or going to the cinema or other leisure activities or simply having quality time to spend with our partners, family or friends.

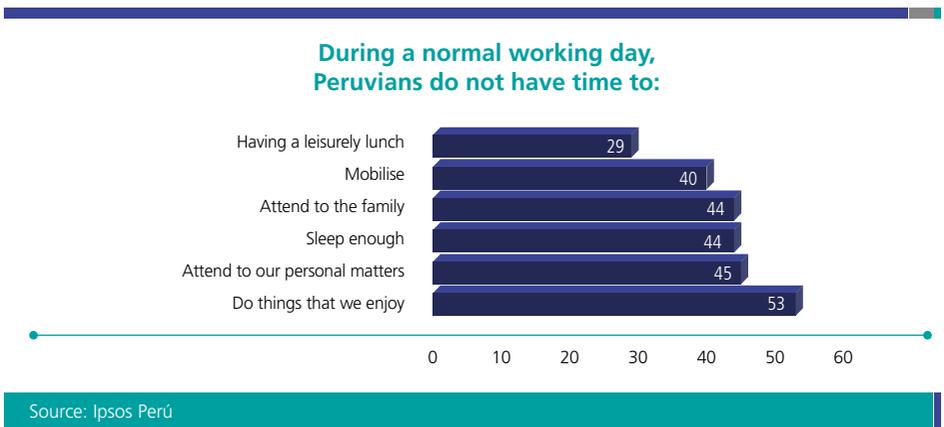
With the aim of improving productivity among workers, effective time management is now an important skill that organisations seek to develop in their workers. Companies also support technological progress in order to make the necessary tools available to their workers that will allow them to take full advantage of their working time.

What happens to our free time?

As we all know, the infrastructure gap is great and affects productivity in the country in an important way. The problems associated with the infrastructure gap have an impact on productivity in organisations and people. We only need to think about the work time that is lost on a daily basis because of the chaotic traffic in Lima and the excessive time that is spent on travel, which can take away two hours a day from our valuable free time.

As we can see in the graph below, a little over half of Peruvians declare that they do not have enough time to do the things that they like, while around 45% state that they do not have time to attend to their personal commitments, sleep enough or attend to their families, and 40% do not have time go anywhere⁶⁰.

⁶⁰ Ipsos Opinión y Mercado S.A. (2016). Simplicity in the Public Sector - Users.



How can we better take advantage of our scarce free time? Companies, institutions and public organisations can help us to recover lost time by opting for simplicity.

2. The simple things in life

Simplicity is one of the principal global tendencies in modern marketing and is nothing other than removing obstacles and barriers that challenge the relationship between customers with the private and public companies and institutions that offer them products and services.

A public or private company that opts for simplicity values its customers' time and seeks to make their lives easier, in each of the points of contact with the customer and in every experience with the brand.

"Simple" companies place the customer at the centre of their strategy and design of their products, processes and experiences, always taking into account the customers' point of view and the impact on their behaviour. For example, a "simple" company can adjust its service hours for the convenience of its customers in order to adapt to their needs, and by communicating their messages in a language that is simple and easy to understand, delivering relevant information in a transparent and honest way, solving problems and complaints efficiently and by being innovative in order to introduce changes in products, processes and experiments that make their clients feel that they are valued.

Simplicity is a corporate effort that must be present at all levels of an organisation in order to become a reality. It requires building an organisational culture centred on the client, with leadership that is clear about which of its initiatives will have the deepest impact on its clients. It is no easy task, but the return is very interesting.

Siegel+Gale, the North American global strategic branding company, published a report by the name of "Global Brand

Simplicity Index 2015” with the main results of a study that was carried out between June and August 2015 in order to evaluate the simplicity of 585 global brands, based on 12,358 online surveys in eight countries: the United States, the United Kingdom, Germany, Sweden, China, India, Saudi Arabia and the United Arab Emirates.

Listed below are some interesting figures about the impact of simplicity on the results of companies who have incorporated it as part of their strategy:

- A portfolio of actions made up of the Top 10 simplest global brands registered a growth of 293% since the start of 2009.
- Since 2009, this portfolio of actions has increased by 214% more than the global average index of actions.
- 69% of consumers are more willing to recommend a brand that offers simpler experiences and communications.
- 63% of consumers are willing to pay more for simpler experiences⁶¹.

⁶¹ Siegel+Gale (2015). Global Brand Simplicity Index.

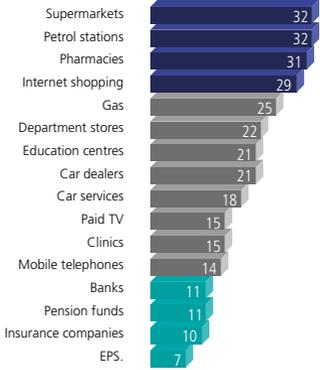
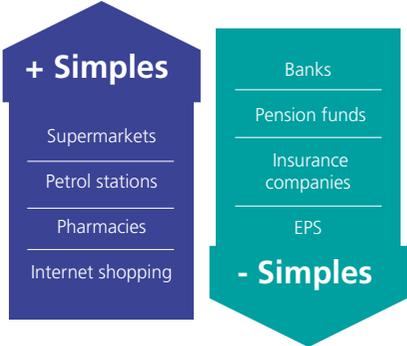
3. Simplicity in Peru

Which are the most ‘Simple’ Peruvian companies or institutions? In order to answer this question, Ipsos carried out three online investigations in November 2015, among 502 clients of companies from the private sector, 500 users of public services and 44 marketing managers. They were asked about their experiences with clients, about communications and operations of the principal companies in the country, in order to discover the level of simplicity in the private and public sectors in this country.

Supermarkets, petrol stations, pharmacies and Internet purchases lead the ranking in the private sector, while banks, AFP, insurance companies and the EPS are perceived as being the least simple⁶²:

⁶² Ipsos Opinión y Mercado S.A. (2016). Simplicity in the Private Sector - Clients.

Simplicity: Ranking of the private sector



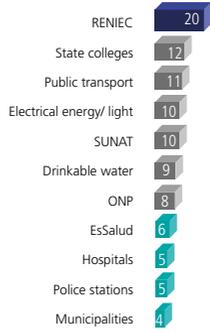
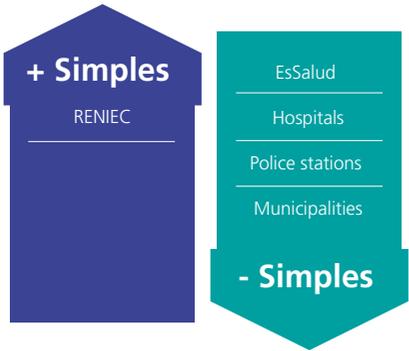
Database: Customers of private sector companies, men and women over the age of 18 from all SELs in Lima and the principal cities in the country. Source: Simplicity in the private sector (Ipsos, 2016)

Source: Ipsos Perú

⁶³ Ipsos Opinión y Mercado S.A. (2016). Simplicity in the Public Sector- Users

In the public sector ranking, the RENIEC stands out clearly, while EsSalud, hospitals, police stations and municipalities are perceived as being the least simple⁶³:

Simplicity: Ranking of the Public Sector



Source: Ipsos Perú

4. Pending Tasks

As we can observe, Peru has a long way to go to incorporate simplicity in both sectors, to benefit the customer, the consumer and users of public services.

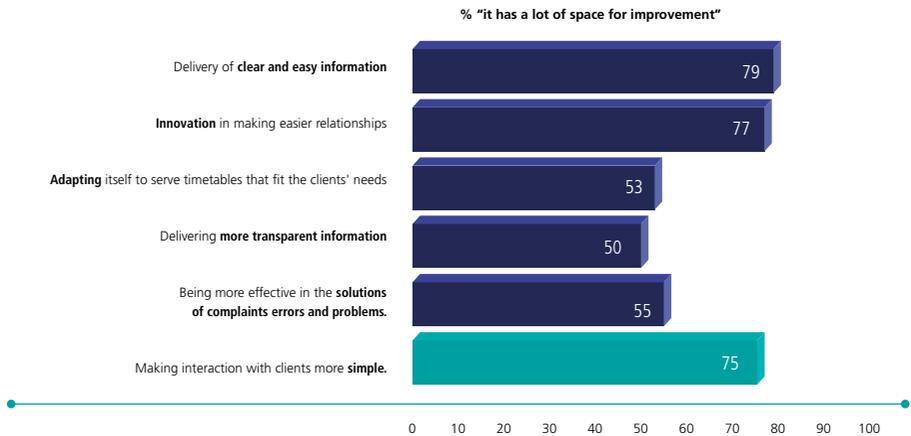
Three out of four Peruvian executives consider that the companies they work in could simplify they way that they interact with clients,

especially in the delivery of information and innovation to facilitate relationships with clients⁶⁴:

⁶⁴ Ipsos Opinión y Mercado S.A. (2016). Simplicity in the Private Sector - Executive.

Peruvian executives consider that the companies they work for have much to improve in terms of Simplicity, especially in information clarity and innovation of relationships with customers.

Do you consider that the company that you work for has space for improvement in...?



Database: 44 executives in Peruvian companies.

Source: Ipsos Perú

In order to position the client at the centre of the organisation and incorporate simplicity as a fundamental part of the strategy, it is necessary to involve the whole organisation in the effort and use the appropriate performance metrics to monitor development.

Metrics such as the Customer Effort Score (CES) and the Customer: Company Effort Ratio can help us to identify the level of simplicity achieved by our campaign in interaction with customers.

Finally, we should always try to be aware that people only have 15 minutes to interact with companies in an average working day and that 3,000 companies struggle to attract our attention during a brief moment.

In this context of extremely high competition, an experience that is filled with simplicity is the shortest road towards differentiation and client loyalty.

Millennials: the colour of hope

*“Knowing that you can, wishing that you can,
throwing those fears outside.
Painting your face the colour of hope,
tempting the future with your heart”*

Color esperanza, Diego Torres

Much has been written about the ‘Y generation’ or the ‘millennials’. Countless studies tell us about the changes experienced by this generation and how they have faced the present with a more dynamic and simple lifestyle, in tune with the modern world and technology.

According to an estimate presented by the National Institute for Statistics and Information (INEI - Instituto Nacional de Estadística e Informática) this generation, currently with an approximate age of 20 to 35 years old, makes up 25% of our population and is the sector that is favoured by brands due to their being the most economically active group.

But also because they live thinking that they can achieve whatever is proposed to them, removing fears and painting their face the colour of hope while looking towards the future with their heart”, as the singer Diego Torres sang at the start of the millennium.

This song, that managed to pinpoint a large number of the older members of this group, accurately describes a lifestyle that focuses more on personal independence, entrepreneurship and the presence of enjoyment in everything they do.

⟨ **BY Fabiola Ángeles**, *Associated Consultant* ⟩

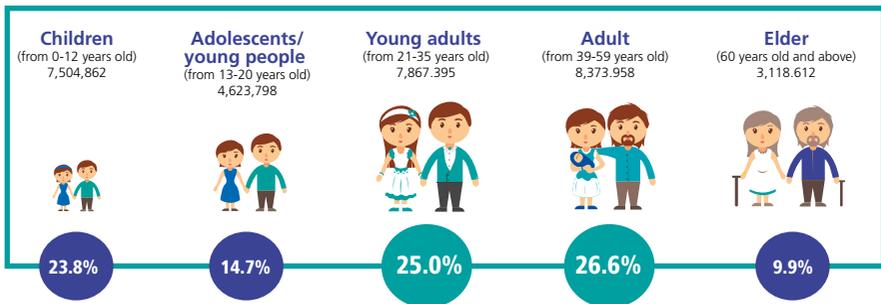
As we well know, the Millennials discovered the internet and developments in technology during their childhood and teenage years, and they grew up with all the developments and benefits that this brought with it.

In Peru we are not unfamiliar with this reality.

Our millennials witnessed the progressive change from the heavy low-definition colour television set to the SmartTV, the desktop computer that took up most of the desktop to the laptop, becoming smaller, lighter and more portable over time. And we could continue to mention developments and changes prompted by technology during their lives, only here we will stop at a particularly significant topic.

Distribution of the population by biological age 2016 ^{1/}

The adult population make up 50% of all Peruvians



Source: 1/Estimation at July 2016/INEI estimates - elaborated by Ipsos.

Although the internet marked a milestone in the life of many millennials, perhaps the most significant change in their lives was the appearance of the smartphone in this country, due to how economically accessible it is.

According to the study, 'Profile of the Young Adult' (Ipsos Peru, 2015), until last year, 51% of young people between 21 and 35 years of age already owned a smartphone.

And according to the 'Profile of internet users in Lima' (Ipsos Perú, 2016), young people between the age of 18 and 35 years old connect to the internet an average of six times per week.

The possibility of having permanent access to the Internet has contributed greatly to the essence of what could now be called an empowered generation which feels confident about being successful in their lives.

Elements of the change

- ▶ The internet permitted the globalisation of the market, that is to say that it opened the doors to economic transactions on an international level, bringing with it young people that were more and more similar throughout the world.
- ▶ However, it is necessary to mention that they did not forget their culture or traditions. On the contrary, the Internet also brought with it an emphasis on entrepreneurship, taking advantage in many cases of the fusion between world tendencies with Peruvian cultural elements.
- ▶ Greater accessibility to technology facilitated the path, as the extent of the offer in telecommunications and the appearance of constant innovations placed modern devices within the reach of young people.
- ▶ Being aware of the different realities and having all the information at hand played a part in helping this generation to have fewer prejudices and a more open mind as regards diversity and tolerance of cultural contexts and conviviality. It is however important to recognise that there is still a long way to go in this respect.
- ▶ In parallel, the new millennium in our country began with a longing for economic growth, a growth that the older generation had only dreamed about and who now observed that their own children were able to pursue opportunities that they had not had:
 - Being pioneers of your own future.

An improved educational offer both in the private and public sectors, with job opportunities in this country and abroad, means that it is no longer foolish to think about making a living through executing your personal vocation. Many people consider working independently. In 2015, three out of every 10 people had considered starting their own business. (Profile of the Young Adult Ipsos Perú, 2015).

- Enjoying the rewards of work.

Beginning a working life and enjoying purchasing power and increased access to banking products that permit them to invest their money, saving for future plans but above all, enjoying some 'well-deserved' treats as a return on the efforts invested at work.

The latter is stronger among those that have increased economic advantage while having less economic responsibility.

According to the Profile of the Young Adult (Ipsos Peru, 2015), 42% do not have children especially between the age of 21 and 25 years old and 39% still live with their parents or relatives.

We can presume that in medium and wealthy economic levels, they live in a family home where there is a relatively stable economic situation.

The entertainment activities that are most frequent among young people are dining at a restaurant for lunch or dinner or going to the cinema.

SEL A is the group that visit entertainment centres most frequently.

• Visits to entertainment centres during the last 30 days •

ESTABLISHMENT	Total (%)	SEL A	SEL B	SEL C	SEL D	SEL E
Lunch or dinner in a restaurant (not menu)	55%	88%	74%	60%	36%	27%
Cinema	38%	81%	50%	43%	23%	12%
Disco	26%	53%	39%	27%	17%	9%
Bar	20%	42%	25%	23%	10%	8%
Theatre	5%	16%	11%	4%	1%	1%
Concerts	5%	24%	9%	2%	4%	4%
Casinos	2%	15%	2%	2%	2%	1%

Source: Ipsos Perú

Current consumption attitudes

It could be said, that as consumers, the millennials have also evolved over time. Changes in technology also had important implications in consumption style and the way in which they related to companies, going from a limited offer to a unilateral relationship with them before reaching the point where the market is interactive, virtual and constantly being updated.

Some of the characteristics that define Peruvian millennials in terms of their consumption are:

- Consumerism is a part of their lifestyle; they are interested in shopping as a form of entertainment and as a way of relieving stress.

We should take into account that the average salary for young people is around S/.1270 and that 51% have a partner who earns an average salary of S/.1420 (Profile of the Young Adult, Ipsos Perú, 2015).

This type of consumer enjoys shopping and when they have children, they transform this enjoyment into buying things for them, the new generation of digital natives (born after the year 2000) that have even more independence in their consumption since childhood.

- Zoom in on personal plans and bonuses that include travelling and postgraduate studies, the proposal of goals to be reached before initiating a romantic relationship.

The delay in marriage and having children is more and more notorious, as well as the tendency of having a maximum of two children, especially among medium and high socioeconomic levels. According to the INEI, the global fertility rate fell by 3.0 during the period from 1995-2000 to 2.3 in the period between 2010-2015. If we focus on Lima, these figures fall from 2.1 to 1.8 during the same periods.

- There is a less faithful relationship with brands, a reappraisal of functional bonds versus emotional ones, an

evaluation and comparison so as to ensure that the most benefits are always obtained.

The warmth or admiration that is felt towards a brand is not necessarily reflected in their consumption. The cost/benefit equation remains valid in the consumers' imagination.

- An appreciation of experiences.

The functional aspects of products and services include interaction with the brand, the consumption experience, which give rise to memorable moments and that are satisfying because the experience cannot be taken away.

However, there is also an appreciation of the ability to communicate with the brand and express what is felt about it, whether this be positive or negative. Virtual influences and the influence of strangers have become as important as recommendations from family members and close friends.

- Social networks function as a source of "sincere opinions" that are taken into account when purchasing or acquiring a service.
- Modernity as a priority, independent of the socioeconomic level that the consumer belongs to.

It seeks to be part of this modernity, having access to and using technology, especially of the audio-visual variety. It seeks to substantiate the desire to travel and to discover other realities, as well as overcoming the fear of purchasing virtually from any part of the world.

Priorities are rearranged and technology that is labelled as 'smart' takes a privileged position.

- There is an emerging orientation towards healthy lifestyles and physical exercise as a means to live better and longer; valuing natural ingredients that help to prevent illness.

Part of this is also observed in the desire to take care of the environment, although this remains more an idea

than something that is put into practice and which is more relevant for the following generation, who are now children and adolescents and who are learning at an early age to take care of the planet and eat healthily for their own wellbeing.

Understanding the changes and adaptations that the millennials have gone through allows us to make the claim that, as consumers, they are pursuers of modernity and thus, wish to be surprised by innovations as well as having emotional connections through positive and comforting life experiences. Therefore, companies should work in two main areas: on the one hand they should ensure that the product is constantly updated and meets the consumers' expectations. And on the other hand, they should work through communication, proposing new bidirectional, interactive and experiential paths.

But there is another additional point; it helps us to understand how they are bringing up their children, this so called 'Generation Z,' who from an early age have an increased disposition for technology, a more active participation in enjoying the rewards of family, an upbringing that is even freer of prejudice and a greater connection to the world.

A generation that prefers to live experiences rather than to be told about them.

Towards a new cultural and artistic identity

BY Carmen Cruz, Ipsos Marketing

Peruvians have many things that unite them and make them feel proud; rich cultural diversity, geographical beauty, a fine artistic heritage and a historical past that strengthens the sense of community and fellowship.

That said, socially, Peru has a complex and unique reality. We are a country which has been affected on every level by cultural and racial interweaving and migration. Lima is a city made up almost completely of migrants, the majority of its citizens having come to the capital to escape the poverty and violence of their homelands.

This reality has given us a sensation of disconnection and division as a nation and it doesn't seem that over time, we have succeeded in building a more unified national identity. Even though our national heritage has always been an endless source of pride, that has to some extent made us feel part of the same nation as owners of a common past, yet it does not seem to be enough to build a more solid feeling of national unity.

In a recent survey carried out by Ipsos Public Affairs and conducted with opinion leaders concerning 'The most attractive countries in Latam', the results positioned Peru in first place with 69% for gastronomy, and in second place with 72% for historical attractions. But we fell to sixth place with only 14% when it came to cultural activity, sixth place with only 7% for music, and seventh place with 20% for natural attractions.

Gastronomy has undoubtedly been an important factor in the building up of our national image, and it spearheaded the launching of the 'Marca Peru', or Peru brand. Currently, we are the leading culinary destination in the world; Chef Virgilio Martinez's Restaurant Central has been nominated for the third consecutive time as the best restaurant in Latin America and fourth best in the world according to the 50 Best Ranking, a list of the 50 best restaurants in the world, compiled by the British magazine "Restaurant".

There is no doubt that the interest in our national heritage and our sophisticated culinary offerings has made our country a more attractive tourist destination. This is reflected in the increase in tourist visits to our city. Lima has been chosen for the third consecutive year as the most visited destination in Latin America according to the Annual Index for Global City Destinations, carried out by Mastercard.

We are clearly experiencing a period in which we are redefining what it means to be Peruvian and reconciling ourselves with ourselves. There is a renewed sense of Peruvian spirit and a passion for what is ours, never before seen, or at least not with such intensity. There is a stronger motivation to consume our own products, both in the culinary sense, as well as in cultural and artistic spheres.

After a long period of dormancy, when there was relatively little artistic and cultural development, the presence of new artistic manifestations and representations has started to emerge with force, renewing and rejuvenating the cultural atmosphere in the city. Young people, as is to be expected, are at the head of this transformation. Faced with a lack of public spaces and policies that promote artistic development, artists are taking over public spaces in a good natured way, turning them into small settings to display their ideas and designs.

On a private level, there has been significant progress compared to other years. Let us look at some of the main contributions in the different artistic areas:

- ▶ In theatre, which historically has been one of the more neglected arts in our country:
 - The acting and dancing professions have become more professional, universities are beginning to open faculties of performing arts which offer more stability and security for artists. This has resulted in the local scene becoming endowed with professionals of a higher level, offering quality performances.
 - It has been interesting to observe the evolution in commercial theatre. Starting to compete in the entertainment field with more contemporary themes has been a successful move. La Plaza Theatre, with an

average ticket price of S/.65.00 and capacity for 400 people, maintains a large audience of regular spectators. It has brought important performances to Lima that have recently triumphed in the major theatres of the world.

- ▶ In relation to music, more tropical sounds have appeared, the product of a fusion of different styles. Cumbia has changed from music for the lower classes, into a fashionable style played at most local parties, regardless of social-economic class.
 - One can observe the first small steps being taken by private companies to support musicians from the current scene who are always trying to achieve wider listening audiences on local radio stations. The Banco Continental has launched an online radio station playing music by local musicians and they relay the music of particular bands and information about them to their branches. Movistar has also launched an online radio station which follows a similar line.
 - There have been many concerts performed by renowned international artists who had never played in Peru before, which has generated much interest and has been very warmly received. The Rolling Stones concert, which in the Premium Zone tickets cost around S/.2415, sold out within the first 50 minutes of sale. Without doubt, these have been good years for concerts.
- ▶ In relation to graphic art and painting, the most significant events have been the opening of new spaces like the MAC and MATE. MALI was recently renovated and it is currently developing an important project with the Prado Museum, which promises to be a major milestone for the city.

As always, it is the independent artists that need the biggest support, their main source of income currently generated through self-management. The situation remains precarious for these groups, although little by little there is a growing network of young artists that are supported and this create new opportunities.

Lima is developing into a new style of city, one that is more modern and cosmopolitan. The return of Peruvians who lived abroad and the arrival of foreigners seeking a better future has promoted

the opening of new entertainment areas with a 'foreign' air. The district of Barranco was recently nominated as one of the 25 most 'hipster' districts to live in in the world, according to the Yahoo en Español portal. Murals and lettering are appearing more and more frequently on the walls of the city.

It is clear that we are in the process of transformation and growth; support from private companies is not only vital now for art and culture (because of the lack of public policy that supports its development), but also because it might just give it that extra push that could bring brands closer to consumers' hearts and minds.

The philosophy of Ipsos tells us that, for a brand to be successful and relevant, it ought to resonate with people's deepest motivations and ring out in consumers' hearts and minds. If you want a brand to be successful, your consumers should consider it to be relevant not only in their lives, but relevant for the whole of society. It is not only about charity (studies show that charities that are only connected with raising money are not all that relevant and do not make a significant difference to today's consumers), but that it should represent a positive meaning that gives something back to the community. In this sense, support for developing groups of artists could be highly valued among consumers and could connect to them in a more emotional way.

We have seen in qualitative studies that 'Peruvianism' for the sake of 'Peruvianism' is not relevant, that is to say that choosing a product for the simple fact that it is Peruvian is not a strong call for action.

However, there is great potential and an important opportunity to support ideas, projects and values that make us better, both as individuals and as a society. Important brands (Wong, BBVA Continental, Movistar, San Fernando) are heading in this direction and we believe that this will be the trend in the years to come.

[Song]

Peru Tricycle

Barrow with a shoe, a glass of corn soda, an old watch
Shirts and knick-knacks; so many barrows on every
crowded street-corner
Seeking that first sale
Pushing that barrow named PERU

Buses are crammed with people on their way to work
Workers, doctors, nurses, even a Captain.
Looking at their watches while the driver
Revs that motor named PERU

Everyone to the top, all wishing to arrive
By any road
Arriving at the summit of happiness
Lots of shoes worn out to get there
And a soul to win you over and a heart to love you

A life given to live with you
Where the poor man is rich, and rich man is the King
The King of glory in his immortal resurrection
Start again with those shoes we'll wear out to get there.

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Our experts are pleased to present the first edition of Ipsos Flair Perú.

Through their reflections, you can learn how to take the results of their studies a step further, in order to discover the true values and expectations of Peruvians today, at a point where analysis and intuition come together.

