June 2017
Ipsos Connect

# Reality check
## Drive growth, by understanding the reality of how people choose brands

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**The pace of technological and social change is bewilderingly fast. In the world of brand and communications, we feel this particularly keenly, with the digital revolution transforming the way that brands seek to connect with people.**

At the age of 45, I am not particularly old – and yet when I embarked on my career in the mid-1990s, "search engine optimisation" meant trying to work out why my car wouldn't start, and "social networks" meant the people I met in the pub.

So, when age-related depression threatens to set in, and I am tempted to write myself off as a dinosaur, it is comforting to remember that people and their behaviour don't change as fast as technology does.

Critically, in many categories, the role that brands play in people's lives doesn't change. For example, back in the mid-1990s, I would not have had e-commerce apps installed on my smartphone, allowing me to order my groceries at the touch of a button. Indeed, I wouldn't have known what you meant by "app" or "smartphone". However, when my groceries reached the kitchen, I was still cooking them and eating them the same way then as I do now. (A slightly better quality chef these days, perhaps).

So, whilst grocery brands have a lot of new ways in which to gain my attention, and influence my choice – the underlying factors driving my choice have not changed. I know that particular brand of brown sauce still tastes great on a bacon sandwich, and that experience will stay lodged in my mental network for that brand, regardless of the fact that I can order it online these days. As long as it remains easy for me to buy, by whatever means, then I will buy it again.

I don't necessarily "love" that brand of brown sauce, and I certainly don't want to "engage" with it on social media – but I do love the way it tastes on a bacon sandwich, so I will buy it again. To put that in more academic language – I will continue to make a habitual brand choice of brown sauce, based on my established mental network. I will do this to the extent that I will not give it a moment's thought - and other brands of brown sauce will have to work pretty hard to disrupt that process.

By basing your brand evaluation around people, and the reality of how they choose brands – which is still governed by "analogue" mental networks, even if those networks can be digitally disrupted these days – then you can find the best strategy for growth.

Brand Value Creator (BVC), the Ipsos approach to measuring brand equity, is based on these principles. With calculations based around each individual respondent, it is rooted in reality for individual people at the moment of assessment. This is reflected in the market-leading validations it achieves – no competitor approach reflects market share, or potential for growth, better. So, harnessing the insight that comes from BVC will help drive brand growth.

BVC studies have been running for 10 years. This has yielded an extensive database from which we can mine learning to inform brand growth strategies. The database reflects the way that people make choices between brands, and how this has been evolving – gradually – over time.

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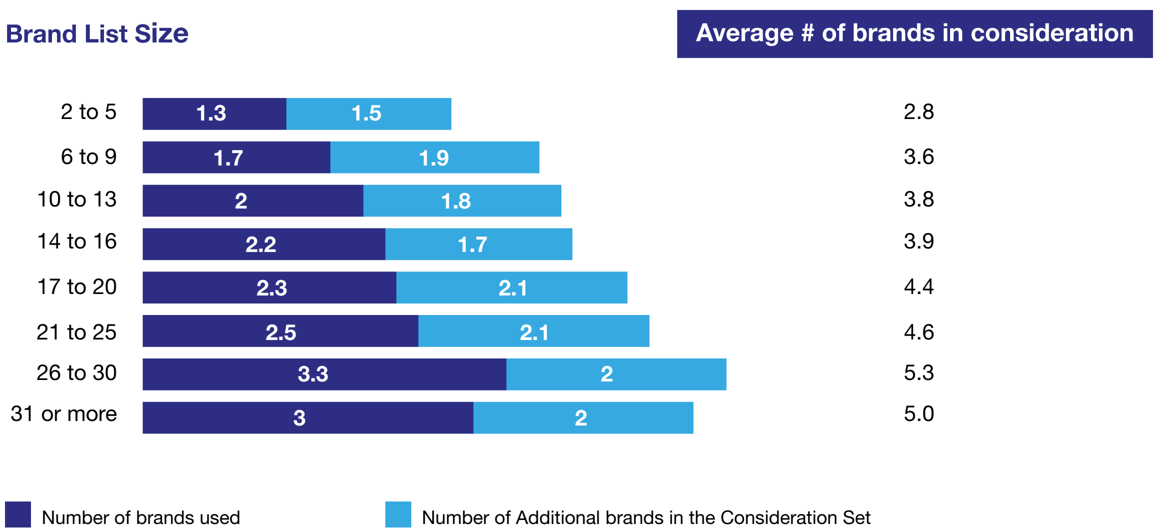
The first step towards brand growth is to be **salient** – to come readily to mind in the moments that matter, for more people, more often. Brands which are salient will make it into an individual person's consideration set. Naturally, the number of brands considered will be influenced by the number of brands available – on average, the busier and more cluttered the market, the larger the consideration set. Not that much larger, however. Where the number of brands in a category is less than 10, the average consideration set is around 3. When it is over 10, it goes up – but only to between 4.5 and 5 on average. (See ***Figure 1***)




*Source: BVC Database 2017

*Figure 1*

How about our ever-increasing consumption of media, and the blurring of boundaries between categories? Both of these things could lead to more brands being salient in any given category context. There is some evidence for this – for example, if we look at all packaged goods brands, the size of the average consideration set has gone up – albeit, not by much – from around 5 a few years ago, to around 6 now. **The amount of stuff fighting for our attention increases fast – our capacity to retain that stuff in our heads does not.**

So, the battle for saliency is hard fought, and not getting any easier. Brands are better equipped to win it when they have strong mental networks – the associations which will make the brand spring effortlessly and automatically to mind when someone is next making a purchase in the category. (Such as my bacon sandwich). Since our minds can't or won't work hard enough to maintain such associations for all the brands we could potentially choose, our consideration sets are remarkably restricted, even when the range of choice is wide and getting wider.

**Put simply – I don't feel close to that brand of brown sauce. But I do feel closer to that brand than to any other. This helps that brand to have a higher perceived value for me at the moment of choice – it ranks first.**

BVC will help you understand where lack of saliency is the key challenge for your brand. Exploration of the mental networks around the category will help you identify opportunities for your brand to become more distinctive.

Once brands are salient, having successfully jostled for space within our limited mental networks, the next step is to be the **first choice** - to have the highest perceived value at the moment of choice, compared with alternatives (which might include those which have achieved attention saliency at the last moment, for example by having an eye catching promotion at point of sale).

BVC assesses a brand's ability to be first choice using two metrics – *performance* and *closeness*. "Performance", simply put, is whether a brand meets your needs – whether it does what you need it to do. Typically, performance ratings will link back to the functional purpose of the brand, or more likely the category: does it make your clothes clean, your breath fresh, etc. Such associations are often *prices of entry* – if you don't have them, you won't be considered – but genuine superiority in functional performance tends to be fleeting and quickly copied.

"Closeness" assesses the more emotional connection people have with brands. We must be realistic, and concede that, with a few famous exceptions, people generally don't have a *strong* emotional connection to brands.

I like brown sauce, but I don't feel the need to "engage" with the brand beyond putting it on my bacon sandwich. However, there is some kind of connection there – otherwise why will I automatically, and without thinking, buy that brand rather than any other, given that other brands will taste much the same?

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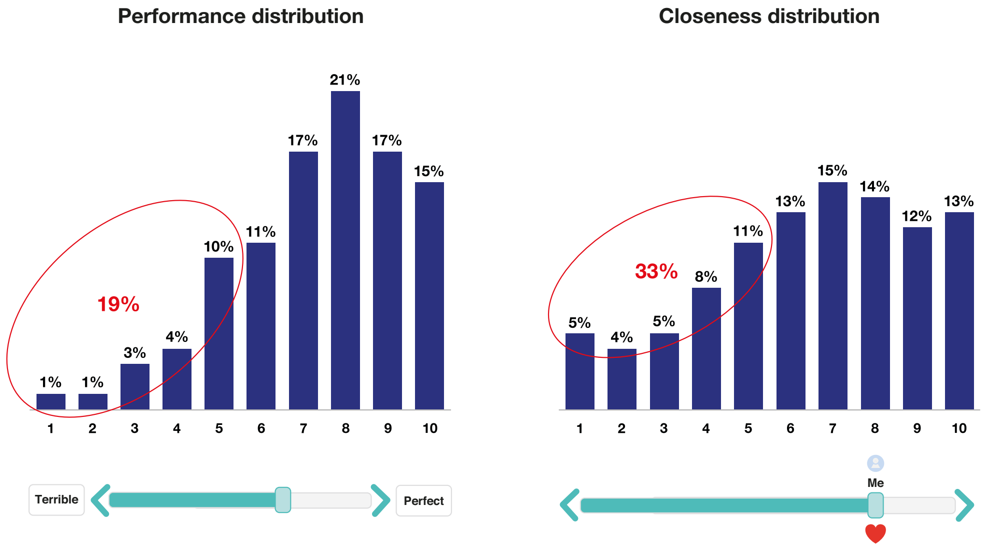
Our database provides the evidence – closeness **does** discriminate between brands, and does so more than performance. The distribution of average performance scores is relatively small compared to closeness, and the average score higher. (See **Figure 2**)

In addition, we can isolate the factors which help make brands the first choice – this is much more frequently driven by higher closeness, than by higher performance.

So, it is hard to create an emotional connection – but the rewards for doing so are high. Both performance and closeness help you achieve a higher ranking, but closeness is more likely to push you into being **ranked first**.

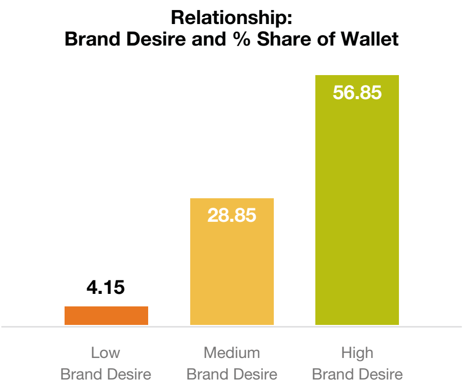
Analysis of brand associations alongside BVC can help you identify what is most likely to drive stronger connections for your brand, as well as their potential to make your brand distinctive.

Such analysis is not just an academic exercise. When we combine salience, performance and closeness, and factor in rankings at respondent level, we arrive at an overall measure of brand desire. Brand desire correlates strongly with share of wallet – i.e. the stronger your desire for a brand, the more often you say you buy it – an observation which holds true across a wide range of product and service categories, and results in the direct relationship we see between brand desire and market share. (See **Figure 3**)




*Source: BVC Database 2017

*Figure 2*




People with high desire for a brand give more of their spend in that category to that brand

This is particularly the case in service industries, which benefit the most from strong brand relationships

| Level of Brand Desire | FMCG | Alcoholic Beverages | Retail | Financial | Automotive | Restaurant | Services |
|---|---|---|---|---|---|---|---|
| | Share of Wallet (%) | | | | | | |
| Low | 4 | 3 | 4 | 4 | 4 | 4 | 4 |
| Medium | 28 | 30 | 31 | 29 | 29 | 29 | 30 |
| High | 57 | 58 | 54 | 57 | 53 | 62 | 70 |

*Source: BVC Database 2017

*Figure 3*

## Market Effects by region

| | Africa | Asia | Australia | Eastern Europe | Japan | Latin America | Middle East | North America | Western Europe |
|---|---|---|---|---|---|---|---|---|---|
| Accessibility | 31% | 26% | 23% | 27% | 23% | 29% | 26% | 26% | 23% |
| Product Range | 18% | 24% | 25% | 24% | 31% | 24% | 27% | 25% | 26% |
| Price | 10% | 12% | 13% | 12% | 11% | 12% | 12% | 11% | 11% |
| Promotion | 10% | 12% | 7% | 12% | 16% | 12% | 11% | 12% | 13% |

*Table 1*

*Source BVC Database

We also know that if a brand "punches above its weight" for brand desire – i.e. the desire is higher than its share of wallet would lead us to expect – such brands tend to grow more than others, and to be insulated against market effects e.g. people might be prepared to look somewhere else for that brand, if they can't find it in the first place where they shop. **Where brand desire outstrips share of wallet, share of wallet is likely to follow, and the brand will grow.**

Comparison within the BVC database helps you understand whether your brand has as much desire as it should, relative to its size. Analysis can lead you to the best ways to maximise the growth potential, or minimise losses.

Of course, even when a brand is salient, and has formed a strong connection through performance and closeness, it isn't going to be purchased every time.

**Market effects** can get in the way. These are the factors which make it easy for us to choose the brand we desire, or which might get in the way and push us to an alternative choice.

Again, our databases help us understand whether particular market effects are greater or smaller than we might expect for a brand of a particular size – and whether the barriers are what you think they are. For example, a knee-jerk reaction to falling sales volume might be a price cut or a sales promotion. However, if we look at our database as a whole, price, or lack of promotions, are not the most common barriers. You're more likely to have a problem with *accessibility* or *range* – people can't find your brand, or not in the format they want.

Successfully addressing a distribution, in-store visibility or range optimisation issue improves your chances of driving *profitable* growth – and this is true wherever you are in the world, not only in developing markets where distribution might be more of a practical challenge, but in more mature markets too. (See **Table 1**)

## In conclusion – brand equity measurement through BVC is not just an academic exercise. When properly analysed, and acted upon, it will help you identify and pursue the best path to profitable growth – to be bought by more people, more often, more easily.

As an example – a confectionery brand in a developing market identified, via BVC, that it was losing market share because of price, range and distribution. It increased distribution of a smaller format at a lower price point – and sales grew by over 30%.

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