# ideas

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# The Economic Pulse of the World in 2016

By | Ipsos)

It’ s year end again, and what has been the economic confidence like from a total global perspective over the past 12 months? How do citizens assess the current status of their country’ s economy? Which one “excels” ? Which one “lags behind” ? “Ipsos Series Survey on Global Economic Confidence” conducted in 25 countries around the globe reveals to you the economic pulse of the world in 2016.

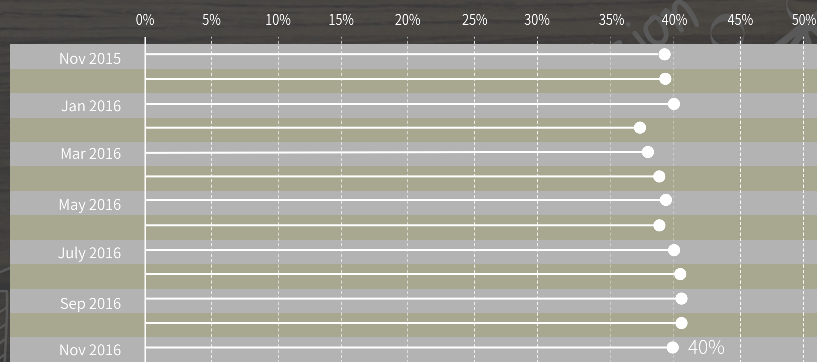
# Global economic confidence assessment

As was assessed by respondents worldwide, the economy in their respective countries declined first and slightly recovered in the past year. In November 2016, of respondents from the 25 countries involved in the survey, 40% considered the economic situation in their own country as "good", varying little as compared to that in November 2015 (39%).

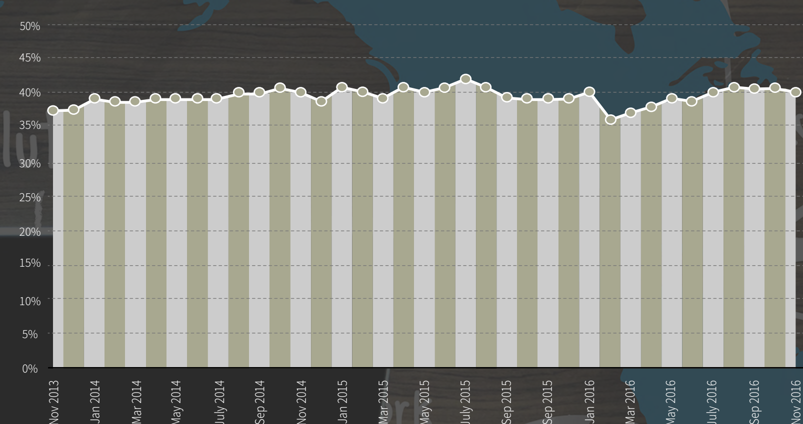
Data collected over the past three years show that the overall assessment around the world has remained stable, fluctuating within 7 percentage points and without significant increase or decrease. Following a modest rise from 37%, November 2013 to 42%, July 2015, the overall rating dropped to 36% in February 2016. It was not until July 2016 that the proportion once again slowly rose to 40%.

Although the global recession ended six or seven years ago, there is no obvious improvement in global economic confidence. Rather, it is still significantly lower than pre-crisis level (55% in October 2007) before 2008. Nevertheless, this "normal" may lay the foundation for future growth so that the latter can be more stable and sound.

Global citizens assessing the current economic situation in their country as "Good"



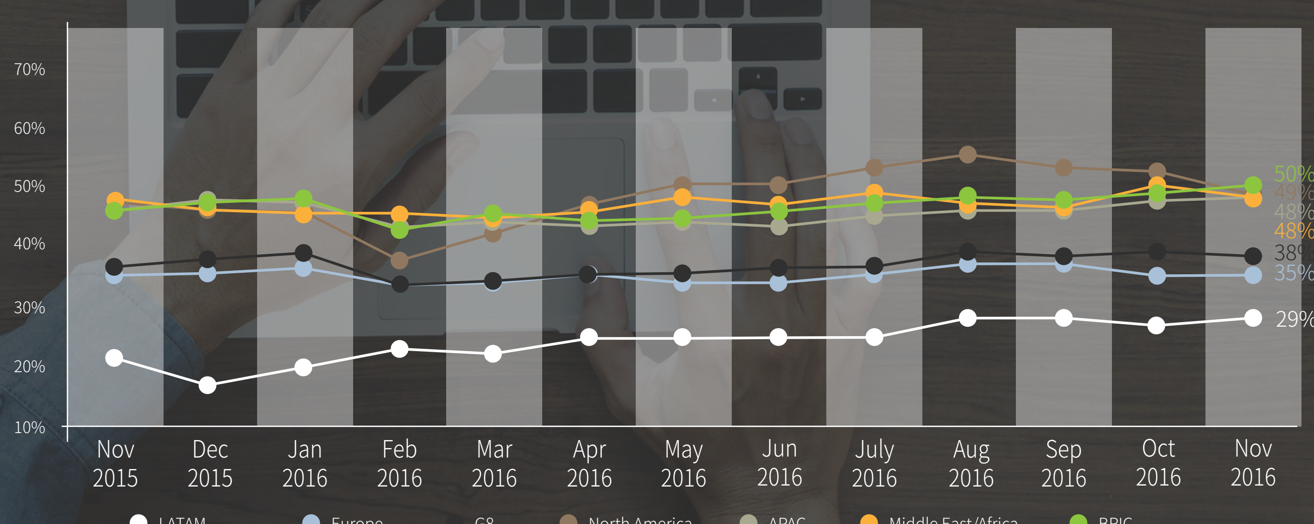

Global citizens assessing the current economic situation in their country as "Good" (2013.11-2016.11)




# Economic confidence by regions

Despite the slight increase at the overall global level, economic situation varies with region. Looking back over the past 12 months, which is the global winner? And which is the loser?

Proportion of respondents assessing the economic situation in their own region as "good" (2015.11-2016.11)



According to data in November 2016, up to 50% of the BRIC countries held that their economic situation was good, an increase of four percentage points as compared to that in November 2015.

It was followed by North America and Middle East / Africa. The economy in North America witnessed remarkable fluctuation over in the past year – dropping from 48% in November 2015 to 39% in February 2016 at first, back to 56% in August 2016, and then down to 49%.

The economic situation in Middle East / Africa was stable over the past year, as was confirmed by 48% of the respondents, which was the same as in November 2015.

The overall performance of G8 countries and Europe lagged slightly behind the three regions mentioned above, and saw little fluctuation in the past 12 months. 38% of respondents from G8 said the economy in their respective country was fine, merely up one percentage point as compared with that in November 2015, while the proportion in European countries remained the same year on year (35%).

Despite the clear gap from other regions in terms of overall performance, the overall evaluation of economy in Latin America rose from 21%, November 2015 to 29% a year later, up 8 percentage points, also the biggest increase in all regions.

## Current economic confidence by country

At the national level, according to data in November 2016, India (86%) remained at the top position in the national economic confidence, followed by Saudi Arabia (82%). The economic situation in Germany (77%), China (76%), Sweden (66%) and Peru (65%) were also quite remarkable. In contrast, very few respondents from South Korea (10%) and Brazil (9%) considered their respective economy as good, ranking behind in all these nations.

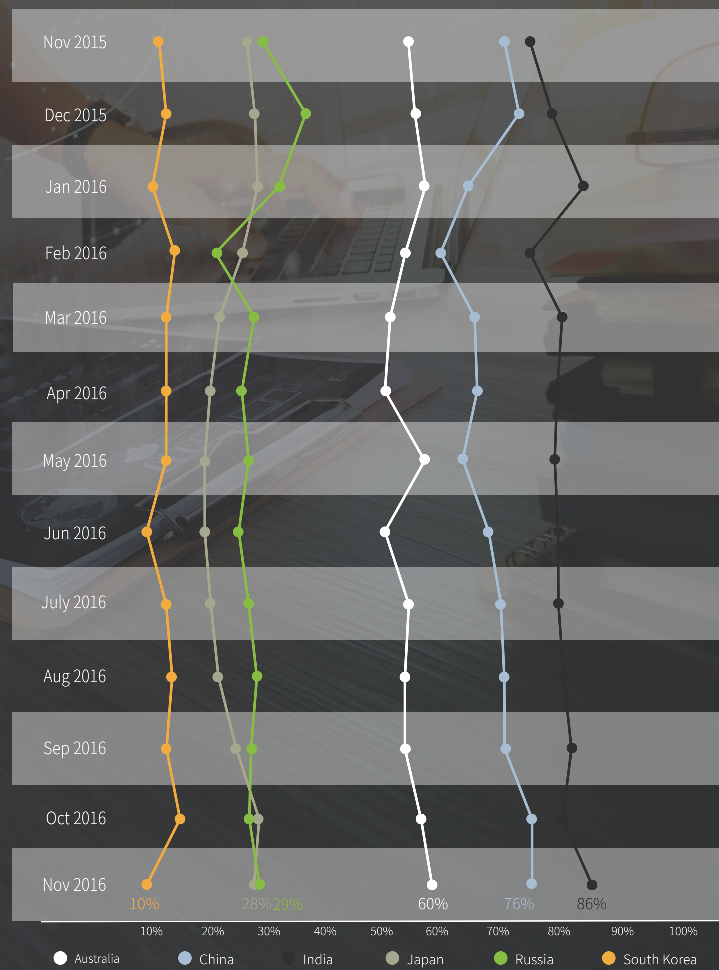
# Trend


The economic confidence of countries in Asia varied, and the top three were India, China and Australia respectively in 2016 which all saw a slight increase in the past 12 months. The assessment of economic situation in India rose most, from 76% in November 2015 to 86% a year later, up 10 percentage points. In China, it went up 4 percentage points and reached 76% in November 2016, and in Australia, it grew from 55% to 60% over the same period, up 5 percentage points.

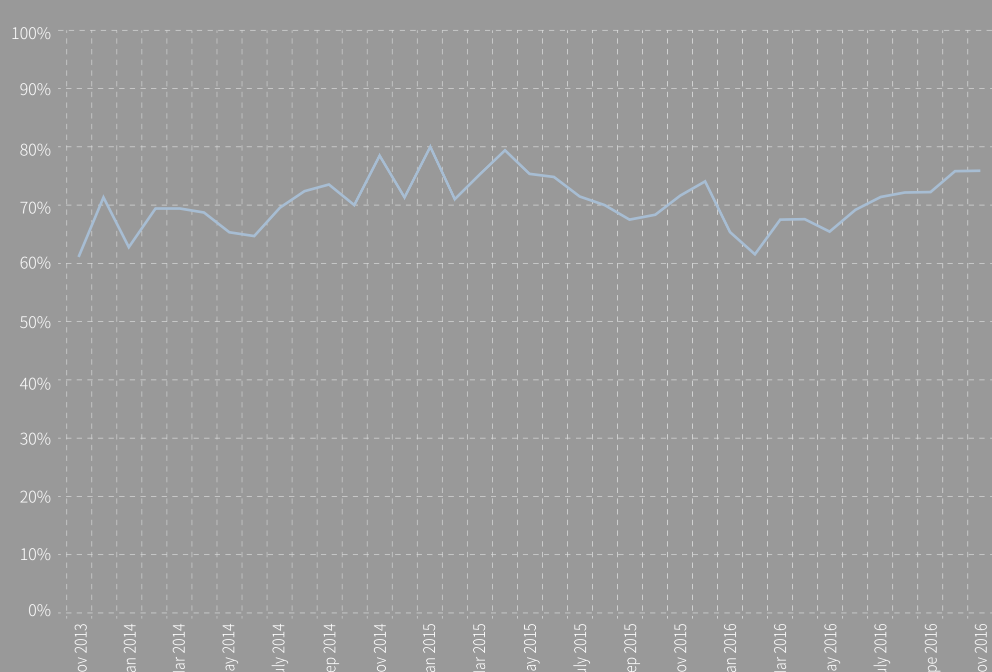
The economic confidence in Russia and Japan somewhat lagged behind countries just mentioned. Except for a slight fluctuation in the first four months, the proportion remained the same year on year in November 2016 (29%). There was not much increase in Japan, where it dropped slightly in the first half of the year and then went back to 28% in November, merely up 2 percentage points year on year.

The economic confidence in South Korea ranked last in countries covered in Asia-Pacific Region, down from 12% in November 2015 to 10% a year later.

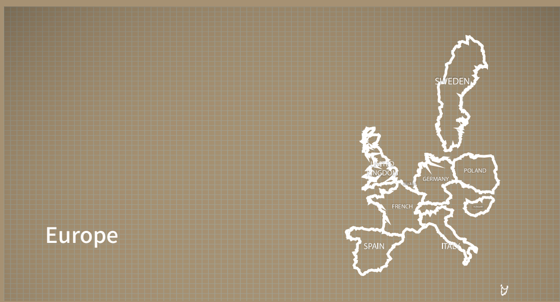
Proportion of respondents from Asia-Pacific Region assessing the economic situation in their own country as "good" (2015.11-2016.11)




Three years data of china assessing the economic situation in their own country as "good" (2013.11-2016.11)

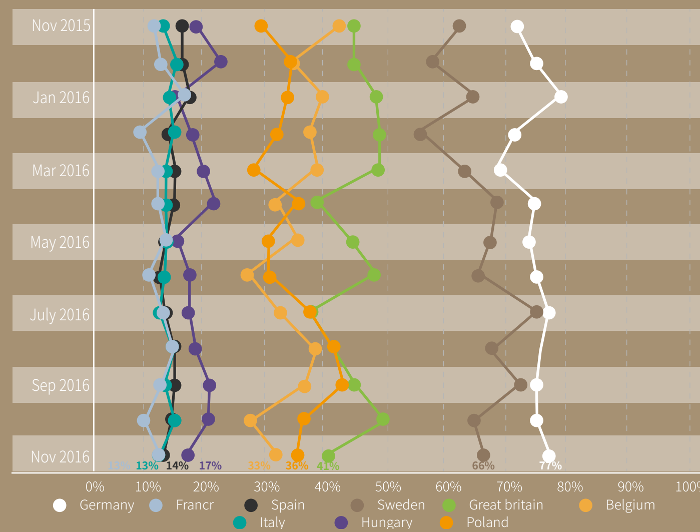



The three-year data revealed that the economic confidence of Chinese consumers went up 17% between November 2013 and November 2014, fluctuated between 61% and 80% in May 2016, and finally rose to 70% in November of the same year.

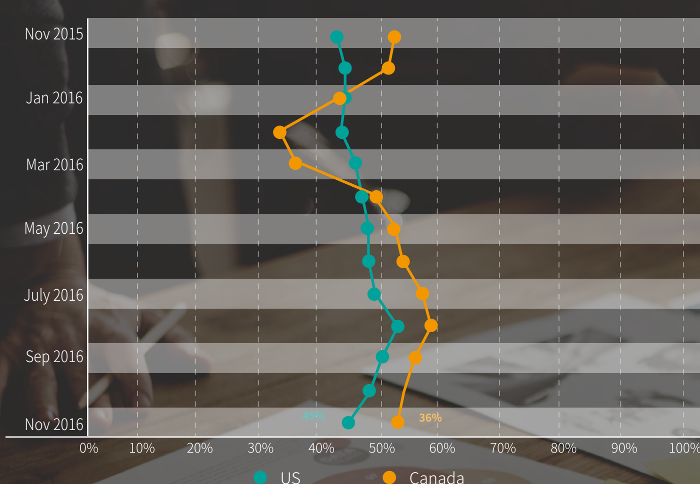



The economic confidence in European countries didn’t fluctuate much in the past 12 months. It rose slightly in Germany, Poland, Sweden, France, Italy, and declined to some extent in Belgium, Britain, Spain, and Hungary. Belgium witnessed the largest change, down 10 percentage points, i.e. from 43% in November 2015 to 33% a year later.

Proportion of respondents from Europe assessing the economic situation in their own country as “good” (2015.11-2016.11)




Proportion of respondents from North America assessing the economic situation in their own country as “good” (2015.11-2016.11)

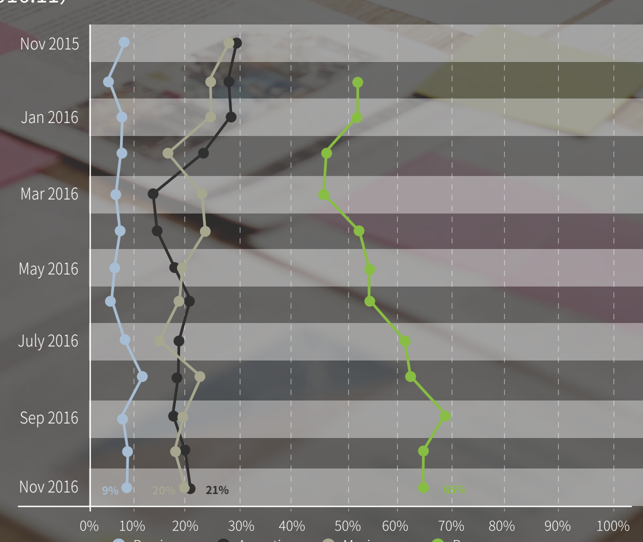




In North America, the national economic confidence of the United States and Canada was 45% and 53% respectively in November 2016, both up 1 percentage points year on year. During this period, Canada experienced a period of significant fluctuations between 34% and 59%, while it generally remained stable in the US.

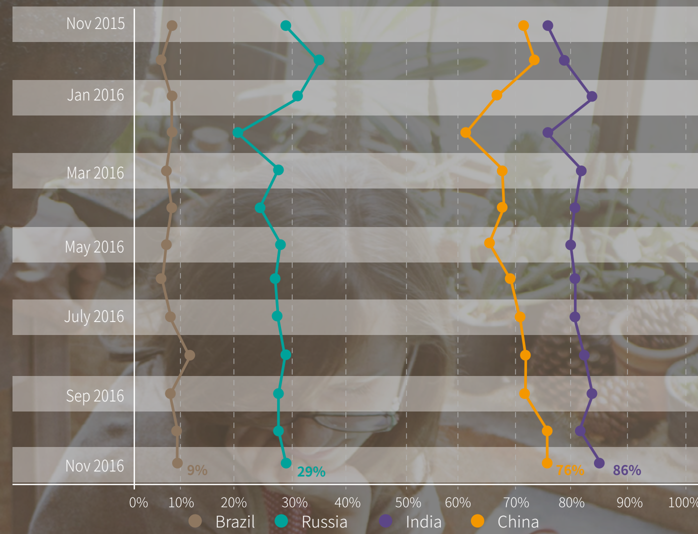

Peru stood out from the other three countries surveyed in Latin America, up from 52% to 65% in the past year. It dropped from 29%, November 2015, to 21% a year later in Argentina, from 27% to 20% in Mexico, and up 1 percentage points to 9% in Brazil, which was still at the very bottom.

Proportion of respondents from Latin America assessing the economic situation in their own country as “good” (2015.11-2016.11)




In BRIC, India has maintained considerable national economic confidence, at 86% in November 2016, up 10 percentage points year on year. It was closely followed by China that has seen an increase from 72% to 76%. The national economic confidence of Russia in November 2016 was 29%, the same as it was a year before. Brazil was still at the bottom over the past 12 months, with the highest national economic confidence of 12% in August 2016 and below 10% in other months.

Proportion of respondents from BRIC assessing the economic situation in their own country as "good" (2015.11-2016.11)




# Evaluation of economic outlook

How do citizens consider the economic outlook in their own country?

Respondents in India were most optimistic of its economic outlook, and up to 66% claimed that local economy would get stronger in 6 months. It was closely followed by Peru, 64%. Although the economic confidence in Brazil was quite low, nearly 60% (59%) were optimistic of its economic outlook. It was also quite striking in Saudi Arabia (55%), Argentina (50%) and China (49%).

# Healing the Pain

## Responding to bad experiences to boost customer loyalty

By | Jean - François Damais & Roger Sant

The importance of customer experience as a driver of business performance is widely acknowledged and most companies make significant investments in strategic action planning tools to design and deliver experiences that truly meet customers' needs.

More and more companies deploy Voice of the Customer (VOC) programmes or Enterprise Feedback Management (EFM) programmes to monitor the customer experience in real-time and enable timely interventions when customers face what we call "critical incidents". Critical incidents are moments of truth in the customer experience that have the potential to make or break a relationship.

Most VOC/EFM programmes have case management systems that enable companies to manage critical incidents on a customer-by-customer basis and to intervene in order to "close the loop" on each piece of customer feedback.

But too often companies do not think strategically enough about the way they manage and respond to critical incidents. This can lead to interventions that are not targeted enough and therefore ineffective at mitigating negative customer outcomes such as bad mouthing or customer churn. In addition, ineffective case management systems lead to wasted efforts and resources, extra load on service staff and increased costs.

Closing the loop for every customer is hard to sustain as it is extremely costly and resource heavy. So how can companies prioritise action and understand how to best respond to customer issues?

Ipsos Loyalty Smart Interventions Framework helps clients optimise interventions for maximum effectiveness by focussing on two key principles:

**Not all critical incidents are equal.** Companies need to discriminate between different types of incidents and prioritise interventions based on likely impact.

**There is no "one size fits all" intervention.** Different types of incidents need different types of responses, taking into account customer profile and past transaction history.


Algorithms based on a combination of factors, such as type of critical incident, customer profile or transaction history, can then be created to help companies deploy intelligent case management and closed loop systems that can suggest what the best next action and intervention is for any given situation. This can maximise the ROI of customer feedback programmes and reduce customer complaints and churn.

Ipsos Loyalty has carried out a survey* across 7 US sectors in the US in order to investigate the occurrence and impact of critical incidents and the extent to which companies are successful at mitigating negative customer outcomes following a customer issue. This paper presents our findings and the associated business implications.

# CUSTOMER EXPERIENCE REALLY MATTERS

We first investigated the degree of influence of different factors on how customers make decisions about which brands they choose to do business with across a range of sectors.

The fact that personal experience matters is not a surprise - as expected customer experience is shown to have a significant impact on decision making, meaning that customers trust their own experience and judgement before relying on other types of information sources such as friends and family, social networks, experts/opinion leaders, and communications from the company itself.

But the dominance of customer experience in the ecosystem of influences is striking and has direct implications for companies when it comes to resource allocation and strategic planning. It is crucial to allocate the right amount of resources to manage the customer experience appropriately in order to drive usage and customer loyalty.

According to our research, 66% of respondents state that personal experience has a lot of influence on how they make decisions about which brands they choose to do business with.

Personal experience **66%**

Friends and family **35%**

Social media **16%**

Experts online **14%**

Communication from the company online **14%**

Communication from the company in traditional media **11%**

Experts in traditional media **10%**

Opinion leaders in traditional media **7%**

Opinion leaders online **7%**

# WATCH OUT FOR CRITICAL INCIDENTS!

Managing the customer experience is not an easy task. In service industries in particular, keeping a high degree of consistency in the way services are delivered to customers is a challenge. And the number of channels of interactions has grown recently making it even harder for brands to offer a consistent and on-brand experience to all customers at all times.

Ipsos Loyalty’s critical incidents question enables companies to identify and track the occurrence of critical incidents. A subsequent open-ended question can be mined using text analytics to get under the skin of issues and see what the recurring themes are.

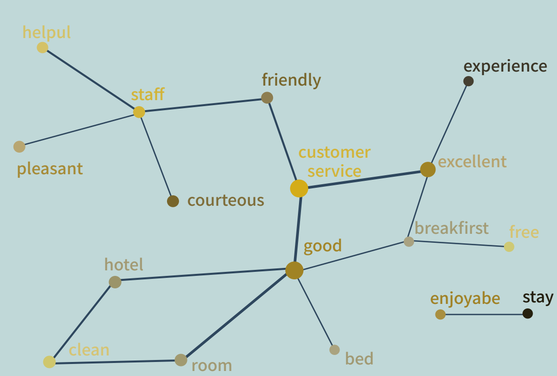
## Q:

Thinking of your last visit to X, did you experience any of the following?

1. Very positive experience
2. ......
3. ......
4. ......
5. Very negative experience

**If a positive experience, ask:**
Thinking about what pleased you, can you tell us what happened? - OPEN ENDED

**If a negative experience, ask:**
Thinking about the problem you experienced, can you
tell us what happened? - OPEN ENDED



# OCCURRENCE AND NATURE OF CRITICAL INCIDENTS

The data below shows the % of positive and negative critical incidents among customers who had specific interactions with companies across various sectors and channels.

The first finding is that significant proportions of customers do indeed experience critical incidents across all sectors. The second finding is that the occurrence of these experiences varies significantly across sectors and service channels.

On average across all sectors and channels, 78% of customers have experienced some form of critical incident in the recent past

48% have experienced a positive critical incident

30%have experienced a negative critical incident

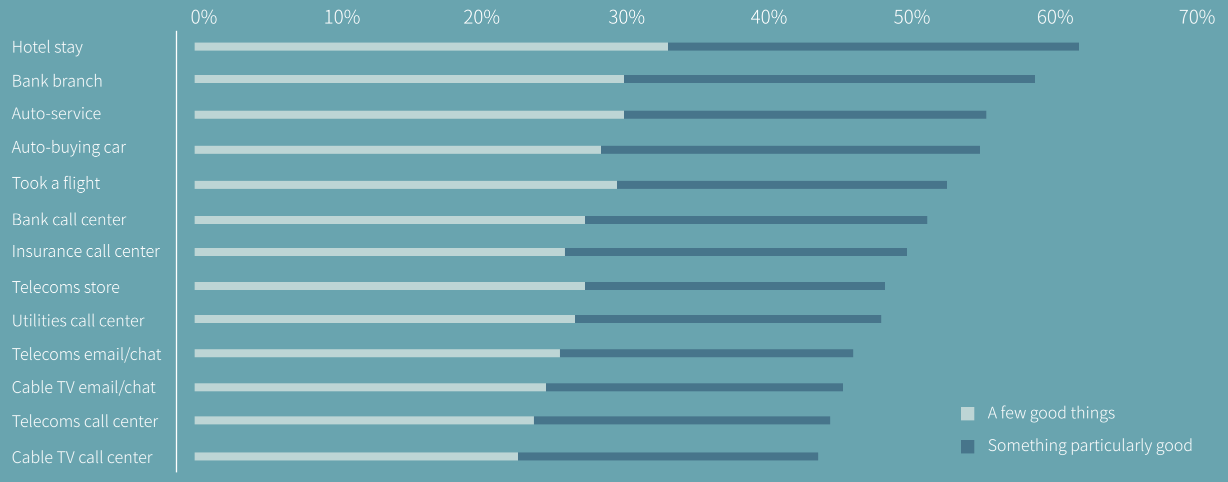
## Positive critical incidents are most frequent for

Hotels
**61%**

Band branches
**57%**

Car dealerships
**54%**

### Positive critical incidents



调查 Survey
观点 POV
EFM 专栏
新闻 News

## Negative critical incidents are most frequent for

Cable TV companies

**46%**

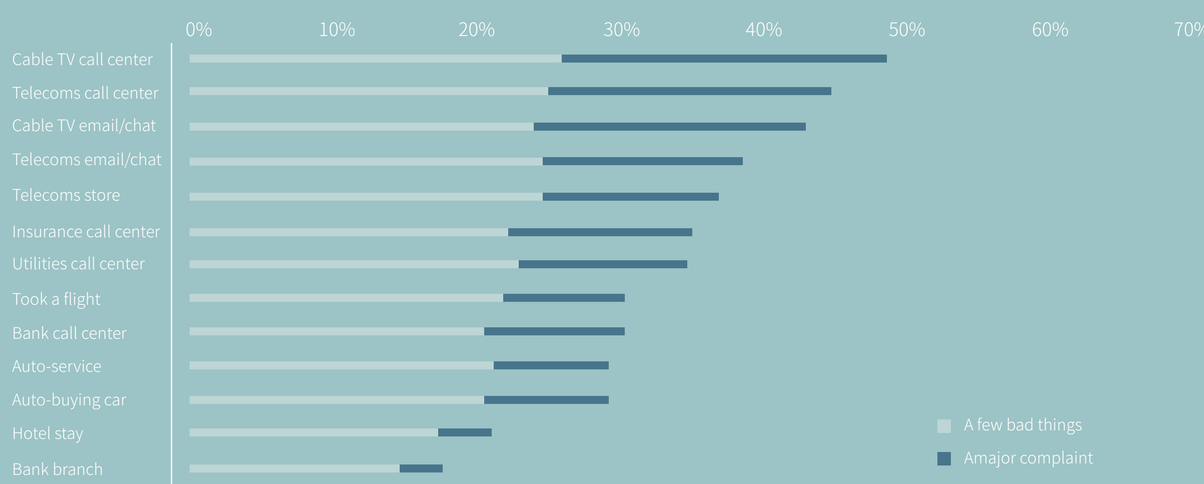
Telecoms carriers

**39%**

**+ Call centers**

compared to other channels

### Negative critical incidents




# WHAT ABOUT IMPACT?

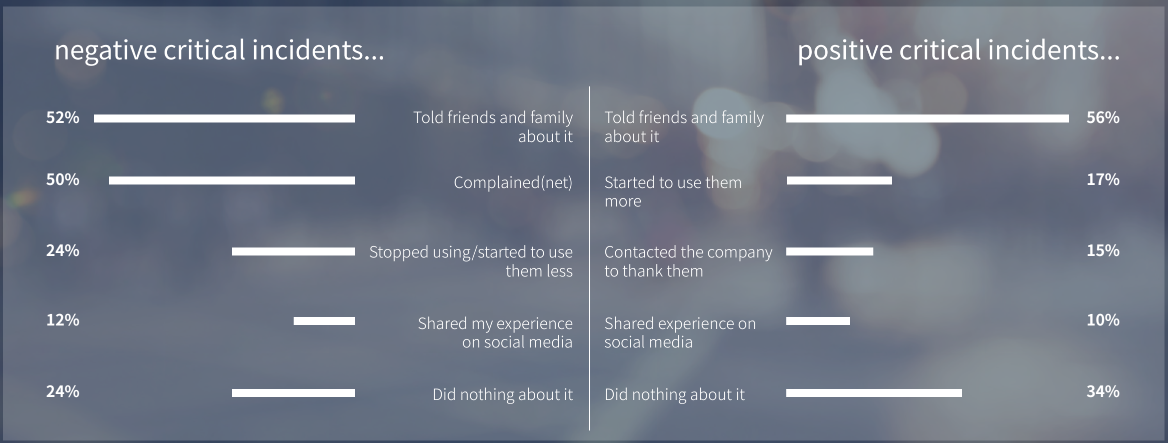
So we know that there are many critical incidents, but what about impact? Do these experiences really make a difference in terms of customer attitudes and behaviour towards brands? Can single incidents really impact or even make or break long term relationships between customers and companies? The answer is clearly YES. Our data shows that...

### Our data shows that…

- 52% of people who had a negative experience say that they told friends, family or colleagues about this bad experience
- 50% contacted the company to complain
- 24% state that they started to use the brand less or stopped using it since it happened
- 12% shared their bad experience on social media since it happened

The same is true for positive critical incidents...

- 56% who had a positive experience with a brand say that shared their experiences with friends and family
- 10% say they shared their experience on social media
- 17% say that they started using that brand more since




Not only do critical incidents have an impact on repeat purchase and actual behaviour, they also have a significant ripple effect via word of mouth and social networks. In the case of negative experiences, another consequence is increased load on the call centre/service staff as customers will keep complaining about the issue until a suitable resolution is provided.

Clearly the stakes are high and companies need to work hard to leverage their customers' good experiences and resulting goodwill, while designing processes and service experiences that minimise the occurrence of negative critical incidents.

**How successful are companies at intervening whensomething goes wrong in the Customer Experience?**

Most companies recognise that delivering a perfect experience to all customers at all times is not a realistic goal. It is inevitable that some experiences will go wrong and the key is to then know how to best intervene to mitigate the potential impact of negative critical incidents cost effectively. Our analysis enables us to picture the current mechanisms of interventions that companies deploy when things go wrong and the extent to which these interventions are successful.

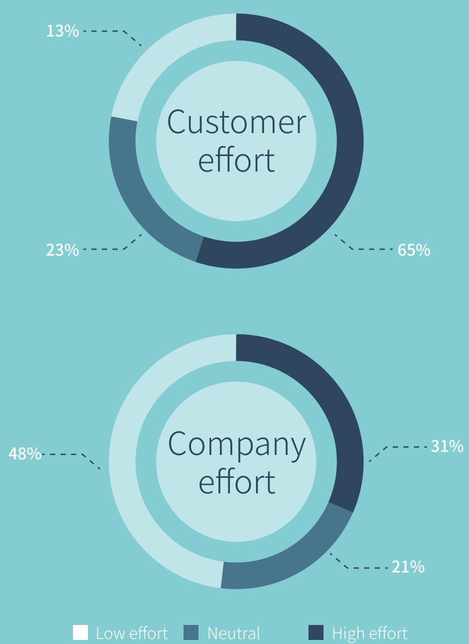
Across all sectors, customers report that in over 1 in 3 cases companies are not even aware of a complaint or negative experience, meaning that they do not have the right systems in place to capture customer feedback following an interaction.

**And when they are aware of negative critical incidents we found that:**

- The company did not do anything in 1 in 3 cases
- In 3 out of 4 cases the company did not apologise to the customer
- Only 16% of customers say that they have been kept informed of the situation by the company

# DON’ T LET CUSTOMERS DO ALL THE WORK!

In addition, while we would expect companies to work hard to solve a customer issue, our data shows that too often customers perceive that they are putting more effort in than companies to get things resolved following a negative critical incident or complaint.




- 65% of customers think they had to put a lot of effort in to get things resolved
- Just under 50% of customers perceive that companies have made little effort to resolve the issue

Even more concerning is the fact that in about 6 out of 10 cases customers perceive that they have had to put more effort than companies to sort out an issue. When we compare these people to those who think the company put in more effort, we find they are;

- Over **3 times** more likely to share their negative experience on social media
- **4 times** more likely to use the company less or stop using it
- **2.5 times** more likely to tell friends and family about it
- About **twice** as likely to complain to the company about it

# CUSTOMER:COMPANY EFFORT RATIO MATTERS

One of the key findings here is that measuring customer effort in isolation is not enough. While it does link to customer outcomes, we found it is the Customer:Company Effort Ratio that really matters.

The ratio, which takes both perceived customer and company effort into account, is 3 times more predictive of a customer’ s propensity to use the company again following a negative critical incident or complaint than the Customer Effort Score alone.



Customer effort higher than company effort

Customer effort lower than company effort

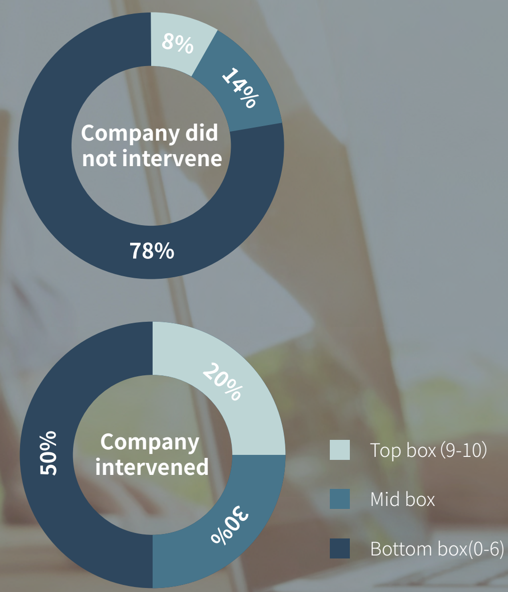
# DON’ T LET CUSTOMERS DO ALL THE

## Optimising interventions for maximum effectiveness

All in all, about 50% of customers who experienced a negative critical incident are dissatisfied with how the issue was resolved. This clearly shows that companies need to do much more to intervene or respond to negative experiences in order to meet customers’ expectations.

It makes intuitive sense that interventions can make a real difference in customers’ attitude and behaviour following a negative critical incident. Indeed, our data shows the proportion of customers who are unlikely to use the company in the future, as a result of a negative experience that has not been addressed by the company, is 78% vs 50% among those whose issue has been addressed by the company.

**Likelihood to use company after negative incident**




**Key questions companies need to address:**

- Do we need to contact every single customer, every time they give a low score or report an incident?
- Which types of critical incidents should we respond to in priority?
- When is an apology good enough?
- When should some form of compensation be offered?

**Interventions work.** The challenge is to do design cost effective intervention schemes that maximise the return on effort and investment.

**We used our Smart Interventions Framework to understand how companies should prioritise interventions and maximise their effectiveness. We applied the framework on the data we collected and some results are shown below.**

We used Text Analytics to mine customer comments in order identify the different types of issues that customers are facing across all sectors and assess their likely impact on customer behaviour.
Our Action Priority Index is a weighted average of impact vs incidence and ranks the issues that companies need to focus on in order of priority.

### 1 Understand which critical incidents have the highest impact

| | Occurence | Impact* | Action Priority Index |
|---|---|---|---|
| Bad staff attitude | 5% | 1.3 | 156 |
| Overcharging | 9% | 0.8 | 154 |
| Poor staff competence | 5% | 0.9 | 100 |
| Poor customer service | 4% | 0.8 | 73 |
| Product or service failure | 13% | 0.3 | 71 |
| Issue not resolved | 2% | 1.4 | 46 |

✓ Identify priorities for action ✓ Here bad staff attitude and overcharging issues are priorites for action

The second step enables us to understand which interventions are best suited to each type of incident. The graph below shows the potential impact** of different types of interventions on likelihood to use the company in the future for the top two priority critical incidents.

## 2 Identify most suitable response to high impact critical incidents


**Bad staff attitude -** Treating customers with respect is the most suitable response as less costly than financial compensation but as effective.

**Overcharging -** Here, a financial compensation will be needed to make a real difference.

### KEY FINDINGS ARE:

- Treating customers with respect is the most suitable response among customers who had a critical incident relating to staff attitude. It will not only be less costly than any harder intervention, such as financial compensation, discount or freebie, but will be as impactful.
- Harder interventions, such as financial compensation, discount or freebie, are more likely to be needed when customers have been overcharged although softer interventions will also have some positive impact.
- It is very important for companies to understand the likely impact of interventions and to know when it is suitable to apply soft vs hard interventions depending on the situation.
- Without an understanding of which critical incidents to focus on in priority and how to best respond to these incidents, companies might well be losing valuable resources, customers and money from fighting the wrong fight.

# KEY IMPLICATIONS

1) Closing the loop for every customer is hard to sustain as it is extremely costly and resource heavy. Companies need to prioritise effort and interventions by tracking and targeting critical incidents that have the highest impact on customers.

2) Companies then need to understand how to best respond to these high impact critical incidents in order to maximise return on effort and investment.

3) This will in turn enable the deployment of more intelligent case management and closed loop systems that will maximise the ROI of customer feedback programmes and reduce customer complaints and churn.


### ABOUT IPSOS LOYALTY

Ipsos Loyalty helps companies address customer issues for maximum return on effort and effectiveness. Our Smart Interventions Framework enables companies to identify high impact critical incidents to focus on in priority and optimise response. This type of analysis can help companies design and deploy intelligent case management and closed loop systems that can maximise the ROI of customer feedback programmes and reduce customer complaints and churn.

*10,061 interviews collected via Ipsos online panels in the USA across 7 sectors among customers who have experienced a critical incident in the recent past.
**impact defined as mean % increase in likelihood to use company in future assuming intervention was offered following negative incident.

# Emotion, Attention and Memory in Advertising

By | Gailynn Nicks & Yannick Carriou

# How can brand campaigns leverage the interplay of attention,memory and emotion to influence people’ s choices?

**We have always known that stories with the ability to stir our emotions get remembered. They also have the capacity to influence our behaviour. So emotion-based advertising can be highly effective, but to be truly effective it needs to be more than just a good story.**

This paper outlines how advertisers can make optimal use of emotional stimuli with the aim of influencing people’ s brand choices. To do that, we look at how people pay attention to, and both encode into memory and later retrieve, emotionlinked stimuli. Finally, we look at this evidence in the context of advertising to draw some conclusions about how these interact to deliver desired brand outcomes.

## Looking for diamonds

The Diamond Producers Association recently released a new set of ads. They aim to reintroduce the idea of diamonds to the relationships and aspirations of millennials. This is a group for whom “forever” is a meaningless concept along with tradition, eternity and commitment. Their focus is the journey, not the destination.

The new theme is about honesty, authenticity and truth, separating the fake from the real. The campaign moves away from “Diamonds are Forever” which has been used since 1947, to the new, “Real is Rare. Real is a Diamond” theme. It is a thoroughly emotional campaign at every level and leverages story-telling in both traditional and digital media.

Diamonds symbolise the dilemma of many leading products and brands with regard to millennials. Although very familiar with the traditional role of diamonds and other brands, younger generations have a different set of motivations and brand relationships from their predecessors at their age. They have more choices than ever, but this comes with a volume of exposure to abundant and complex options and continual bombardment from brands. This has consequences, selective attention being one. How can brands capture their attention to reinforce familiar ideas or to introduce new ones?

## Linking emotional advertising to brand choices

The goal of using emotion in advertising is, of course, to influence brand choice. So we need to link emotional stimuli with what we know about attention and memory if we are to use it to influence how people make choices.

The ideas outlined below also link with theories of decisionmaking. It is fairly widely acknowledged that we use a system of dual processing to make choices, the primary proponent of which is Daniel Kahneman1. In summary, he proposes that we have two parallel systems for making choices: System 1 is based on automated, non-conscious processing, commonly referred to as “emotion-based thinking” and System 2 which is based on more cognitive, reflective or more conscious processing, often referred to as “rational thinking” .

System 1 and System 2 are often incorrectly labelled “emotional” and “rational” , thus equating emotion with being “irrational” . This is an inaccurate view of the role of emotion in decisionmaking. In this context emotion or System 1 represents a highly evolved process, enabling us to use automated, intuitive, fast routes (short-cuts) to decision-making, reducing the load on heavy, cognitive, reflective thinking.

Our brains make use of these short-cuts or heuristics in order to select which decisions require cognitive thinking – from a scientific perspective an inherently “rational” approach. Of course, those non-conscious short-cuts or heuristics rely on the neural pathways we have developed and shaped over time, based on our personal experiences and memories. These heuristics help us to process large amount of data and brands can make use of these to their advantage.

How? We know that brands exist in people’ s minds as associative memory structures. These are networks of thoughts, feelings, images, associations, colours, sounds, symbols and memories related to the brand in question. Branding, or the “marque” , acts as a heuristic, a shortcut enabling people to draw quickly on this large body of associations and knowledge to facilitate choice when they are called upon to make a decision.

Brand communications can play an important part in capturing attention to either reinforce or disrupt this mental network, creating new ideas and memories or adding strength to those that already exist.

# WHY USE "EMOTIONAL ADVERTISING"?

"Emotional advertising" has become very fashionable, but why?
Is it down to advertiser FOMO (Fear of Missing Out) or is there clear evidence, both in outcomes and underlying theory, that it works?

**The idea is that "emotion" in the form of story-telling performs three key functions:**

- Emotion stimuli can capture attention with novel, surprisingor engaging ideas
- Emotional messages can be processed automatically, using lower levels of conscious attention so placing a lower cognitive load on our processing and memory encoding faculties
- Emotional advertising creates emotional connections that make a brand easier to retrieve at a moment of choice i.e. making it highly salient

## What is emotion?

### DEFINING EMOTION FOR THE PURPOSE OF MARKETING AND MEASUREMENT

There is a substantial body of philosophical and psychological work on this topic and "emotion" is an over-used word when linked with brands. A reasonable definition with scientific research behind it, and one that lends itself to the area of brands and measurement comes from Phelps.

Following an event, emotions come first. They may trigger feelings, or an evaluated response and these may be altered or modified (appraised) before they become encoded into memory.

**Emotion, evaluation and appraisal can be defined in these terms:**

**Appraisal:** Awareness and the cognitive interpretation of the meaning of an event can both initiate and/or alter an emotional response. The appraisal of an event elicits and modifies all the features of emotion – it is the subjective experience of emotion. This is where our past experiences and memories may intercede between our emotional response and the ultimate attitudes or behaviours that result. Survey data inevitably includes appraisal, although the framing of questions can enable us to interpret the degree to which heuristics or biases have been active. It is also helpful to understand this chain of events, since the appraised meaning may well be the de facto response encoded to memory.

**Evaluation:** The primary function of emotion is to highlight the significance or importance of events so that these events receive priority in further processing through the Limbic System*. Evaluation does not necessarily require conscious processing. We know and can define these feelings, such as anger, surprise or tenderness in response to a stimulus.

**Emotion:** The discrete, unevaluated response to an external or internal event that entails a range of synchronised features, including subjective experience, expression, bodily response, and action tendencies. They are generally non-conscious responses. (Facial coding is an example of where we can measure unevaluated response).

These definitions are consistent with other writing and the view that emotions are processed automatically and subconsciously, with or without subsequent conscious evaluation.

* The Limbic System is a set of brain structures located on top of the brainstem and buried under the cortex. Limbic system structures are involved in many of our emotions and motivations, particularly those that are related to survival.

# How does emotion capture attention?

**"Like a spotlight, attention helps us focus on some stimuli in preference to others"**

The amount of information we are exposed to vastly exceeds our ability to process it. If we think of attention, we can call it the set of processes that enhance our perceptions and processing of some information over others. Like a spotlight, attention helps us focus on some stimuli in preference to others. It works in two ways: by helping us to filter information "top-down" depending on things we are interested in or motivate us; and "bottom-up" based on the perceptual properties of the information itself, like movement or colour, novelty or surprise.

In capturing attention, emotional stimuli take priority over neutral stimuli – we notice an angry or happy face quicker than a neutral face. Top-down, relevant emotional stimuli, combined with attention grabbing bottom-up emotional stimuli get priority. Good emotional content first creates attention engagement at an automatic level, and then sustains engagement through relevance to an individual's personal goals and motivations.

So the nature of the interaction between emotion and attention is dynamic, develops over time and is dependent on both the nature and relevance of the stimuli. Think of watching a movie trailer. It is exciting and features one of our favourite stars, but we only keep watching if the story is one we like and relate to.

For brand communications, it also means that attention is related to both the immediate stimuli (attention salience) and how the stimuli interact with the individual's motivations or need states (memory salience). The link to motivations and needs is often lost by advertisers in a rush to simply capture immediate attention.

What is less clear is the degree to which we pay attention to emotional stimuli in the presence of a high cognitive load. Indications are that the attention paid to emotional stimuli is lower when there is a high cognitive load. In other words, if I am busy doing something on my phone or computer like banking or shopping then I am less likely to pay attention to emotional stimuli than if I am doing something that doesn't require so much cognitive effort. Alternatively, when watching TV, I may be in the ideal state to pay attention to emotional stimuli.

There is also some evidence that attention to emotional stimuli reduces the resources available for cognitive processing5. In advertising, this would mean that we may pay less attention to the branding, messages or persuasive elements of the ad if we are focused on the story. So, if we are busy watching a cute performing dog in an ad, we may not bother to notice the name of the brand being advertised. This has implications for designing executions that are trying to both engage and persuade. It also has implications for the media context in which ads appear and the degree of receptivity of the target audience. Ideally, emotional ads find an easy and relevant way to link the brand to the story.

Finally, there is also emerging evidence that these responses vary according to individual pre-disposition. Some individuals are more or less sensitive to emotional content, depending on their nature, development or even current mood state.

So emotional content that is attention-grabbing and relevant can help an ad to achieve sustained engagement, but this can be reduced if other tasks are taking place at the same time. The implication for advertisers: to balance the desire to get across as many messages or cues as possible with the risk of being "screened out" regardless of the emotional content.

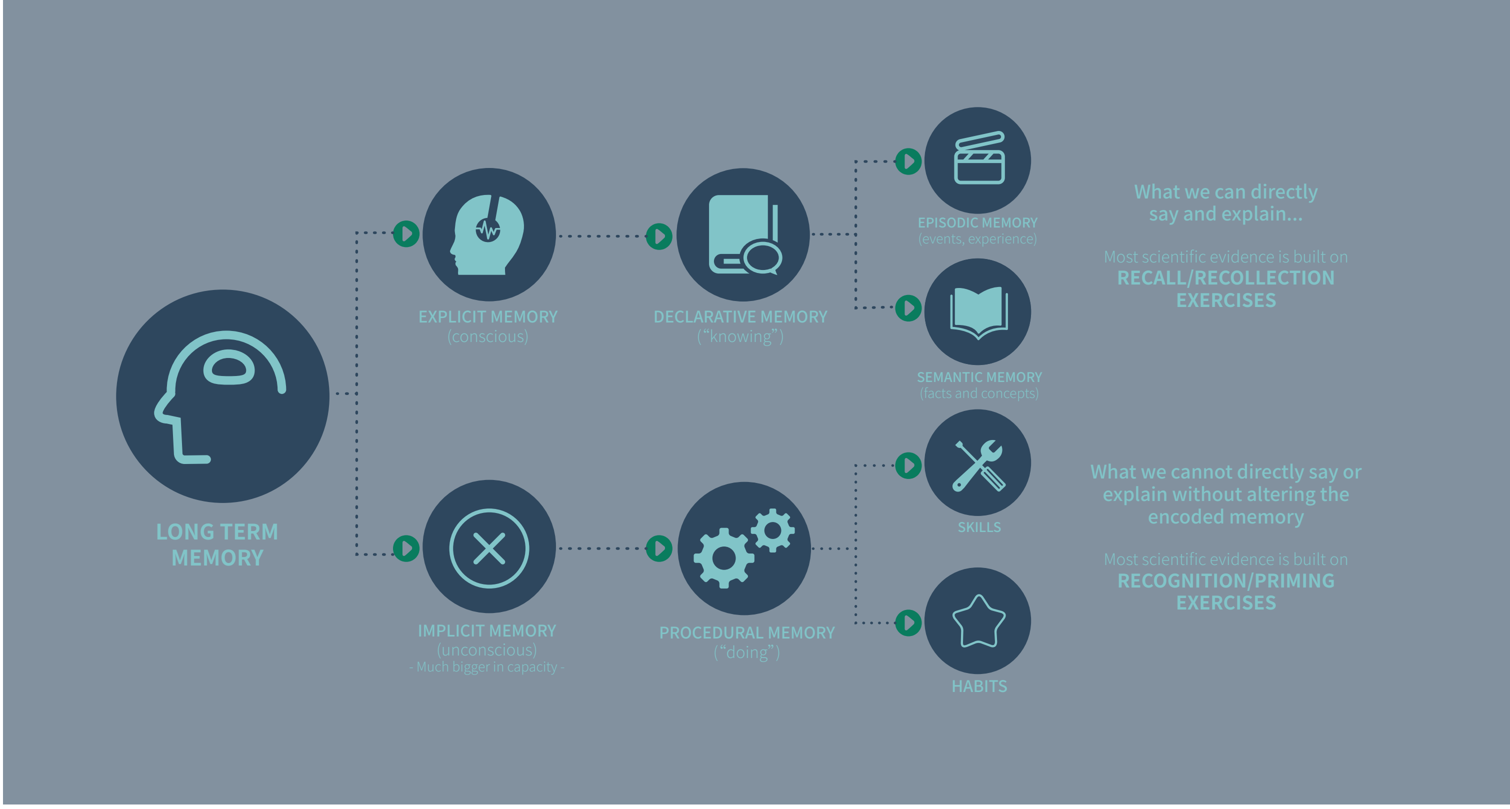
# How does emotion influence how stimuli are processed in memory?

## The nature of memory

There are well established models of memory. The first way in which we separate areas of memory is to think of things we process and forget (short-term memory) and things we process and keep for later (long-term memory). The area of memory we are interested in is long term memory, things we keep and can later retrieve.

The two key areas of long-term memory are explicit (conscious) and implicit (non-conscious). Memories of things like events and our environment are considered part of our episodic memory, while facts and concepts are stored in our semantic memory. Think of going to a French lesson. What you remember about the lesson, the people, how you got there and so on are stored in episodic memory, while the grammar and vocabulary you learned is stored in semantic memory. The two may, at times, be remembered together but are more likely to be retrieved and used separately.

Our implicit memory capacity is far larger and stores things that may influence us, but in a less conscious way. Perhaps some of the experiences we had in class make it a compelling event in our calendar and we feel very positive towards the next class for reasons we can't articulate. Or the class fits neatly into a time of day that is part of a standard routine, so we find ourselves at the French class more out of habit than conscious desire.




## HOW MEMORIES ARE CREATED AND RETRIEVED

Psychology has long abandoned the idea that memories are stored together in neat, discrete parcels located in particular areas of the brain. It is now proven that memories are distributed all over the brain and linked together by networks of connections.

It was assumed (and still is to a large extent) that active processing would create stronger and more durable memories than low-level processing 7. In fact, in much the same way that we can process emotions without conscious appraisal, implicit learning occurs without conscious attention.

In addition, Joseph LeDoux9 (The Emotional Brain 1998) outlines the fact that memories, even explicit ones, are not carbon copies of the experience from which they were taken. In between the unevaluated response and the appraised response, we each apply elements of our subconscious biases and heuristics to arrive at a suitably analysed memory for storage and retrieval at some later date. These encoded experiences are often referred to as engrams.

For advertisers, this means that whatever is communicated in an ad will be most likely be filtered through the lens of current mental networks before becoming a memory. The implication is that trying to overcome poor brand perceptions or to disrupt, rather than reinforce, mental networks will need more than a good story or subtle brand cues.

## HOW EMOTION ADDS TO OR CHANGES THIS PROCESS

Emotional arousal (a response to an emotional stimulus) undoubtedly attracts resources to facilitate some sort of encoding in memory. Evidence has shown, however, that this arousal leads to selective effects on memory.

Emotional stimuli increase the likelihood of select components of an event being remembered. These components include details that capture attention, aspects of the event that are somehow integral to the emotional focus or things about the stimuli that are relevant to the goals or motivations of the individual.

Details that come to mind easily and vividly make people feel more confident that their memory is accurate, regardless of how accurate those details actually are. These are often related to how the event made people feel, rather than the actual details around the event10. As an example, supporters of a particular football team will remember a key match they won against a rival in a different way from those on the losing side. The victorious supporters, happy that their team won, remember the overall experience more than the details. Those on the losing side will most likely remember more of the specific detail and less of the overall feeling of the game. Over time, however, much of the negative detail is lost and the memory becomes more general.

That means that the way we encode and subsequently retrieve memories of emotional events depends not only on the degree and valence of arousal, but also on our current networks or engrams and our underlying goals or motivations.

# What are the implications of how emotion, attention and memory interact for "emotional advertising"?

This brings us back to the idea of branding as a heuristic. We can see that the use of emotional stimuli can indeed attract more of our conscious and non-conscious resources to pay attention to, and aid the encoding of, advertising into memory. The challenge is to strike the right balance in the way memories are encoded and the way in which they are subsequently retrieved.

This requires an integrated and holistic approach – using distinctive assets and creating emotional connections to things that matter to people in order to facilitate the reinforcement of positive, associative memories or the disruption of those memory structures to encode new information. The more consistent and appealing the emotional connections created and the more fitting the brand cues accompanying an emotion-based advertisement, the more likely they are to be retrieved in the way that the advertiser desired at a suitable "relevant moment". In behavioural psychology this is known as the "priming effect".

We know from research conducted by the IPA12 that this combination of priming and ensuring that the key information required for short term action together deliver highly effective advertising. On the other hand, emotion for the sake of emotion can easily be ignored if it does not deliver a brand message that is resonant with the story being told.

## Can we really measure the impact of emotional advertising?

Defining an ad as emotional or not at the outset is a subjective exercise because to some degree, we react emotionally to everything (at least physiologically). But, as identified above, we can conclude whether or not an ad generates a salient arousal response through our approach and metrics.

When we test advertising, we measure both active and passive aspects of attention and brand impact. By showing the advertisement in a distracted media environment we do not force highly focussed attention. And by separating the measures of visibility and brand recognition we also ensure that the balance has been achieved between paying attention to the ad and absorbing the brand information.

Facial coding and other neuro-based techniques offer a moment-by-moment assessment of exactly where emotional responses take place, both positive and negative. This continuous observation also shows us where the ad is supporting increased longer-term engagement and attention, making the ad more likely to be adding something to that vital mental network.

Making sure all of these aspects are measured and assessed means that we can see exactly how the emotion is working with other aspects of a piece of brand communications, leveraging both the areas where asking is better (cognitive evaluation like brand linkage) and where observation works best (understanding where engagement and attention are built and sustained).

## What about the diamonds?

Coming back to the new campaign by the Diamond Producers Association, it ticks many of the right boxes. It shows real people in real relationships. It includes subtle but consistent cues linking special moments to diamonds. It links the same motivational needs that pull people towards diamonds using a different social context. It moves away from tradition, yesterday, "not us" and leverages things millennials relate to, millennial icons on Facebook and Instagram and displaying diamonds implicitly rather than ostentatiously. It remains to be seen whether or not emotion alone can overcome the more general issues facing the diamond industry in terms of trust and fashion.

For other brands the implications are clear. Capturing people's attention and making sure your emotional advertising is both encoded and retrieved as you would like requires more than a good story with moments of intensity. It needs to be contextually motivating and linked to the brand.

## Emotion-based advertising can be highly effective but must work within a strong and consistent brand framework.

Brands need to have a range of distinctive iconography or assets that are consistent, engaging and understood so that they reinforce the stories and emotional stimuli in advertising.

Advertisers should ensure that emotion-based advertising links to the brand through association with the cues – needs, functions, situations, sounds, sights or smells – that are most relevant in the key moments.

Effective emotional priming means having stories that are relevant to people’s motivations and goals, so that engagement with advertising is sustained and so that people associate the brand with the things that matter most to them.

Advertising assessment needs to take account of all of these aspects. It is also worth noting that emotion is not the only route to effective advertising. Cognitive stimuli are very effective at delivering desired brand outcomes when they align with people’s needs and wants and many of the most effective campaigns demonstrate this. In the end, you still need to offer people something that matters to them.

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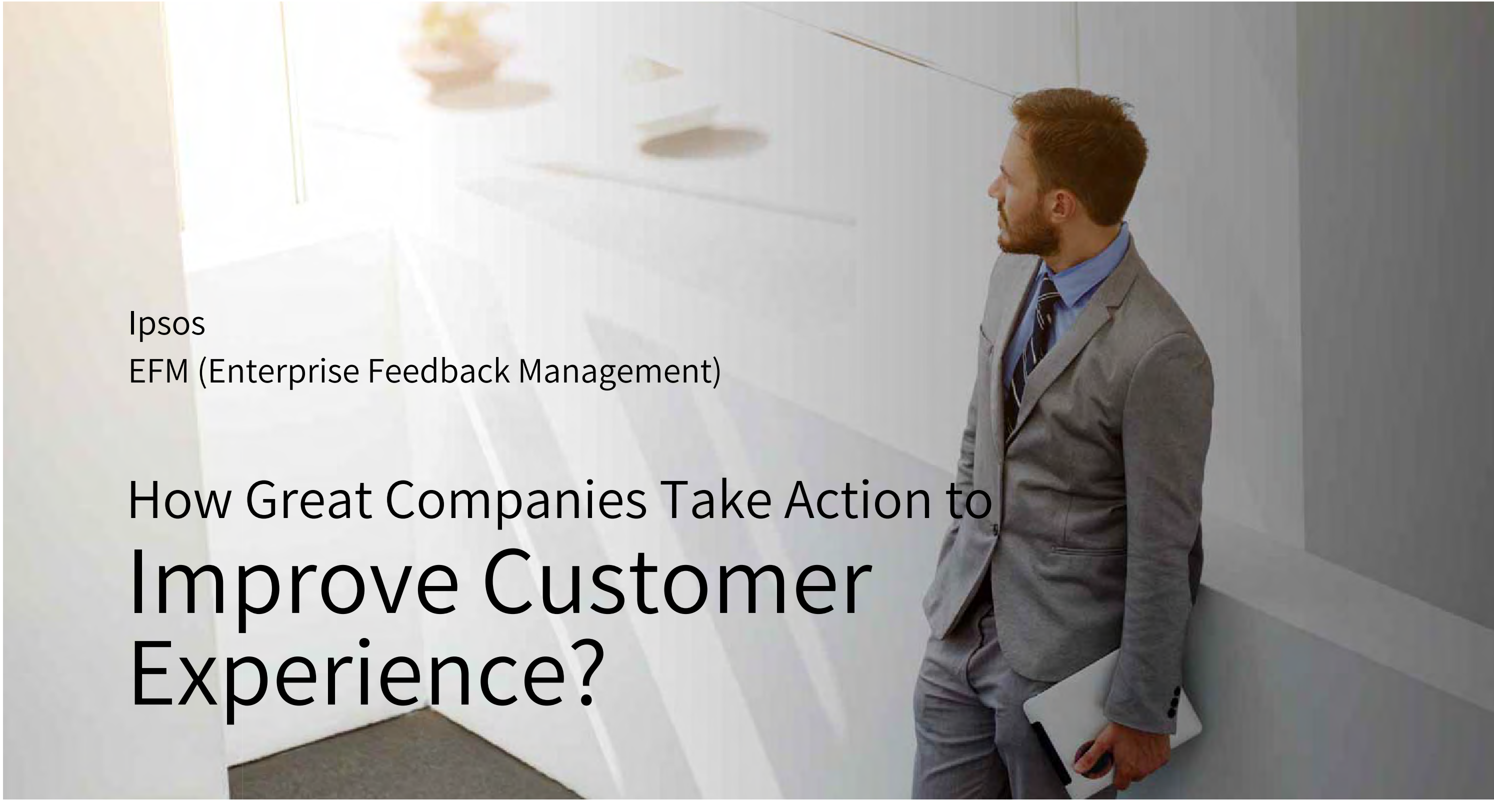

Ipsos
EFM (Enterprise Feedback Management)

## How Great Companies Take Action to

# Improve Customer Experience?

CASE

## CHOICE HOTELS

"Great" Rooms Make Great Experiences

**6,000+**
**HOTEL PROPERTIES WORLDWIDE**

**1.2M**
**SURVEYS COLLECTED PER YEAR**

**32,000**
**USERS**

Tired from jetlag or the road, you finally arrive in your hotel room after a long day of traveling. You prepare for bed, turn down the covers, and ... what's that? A HAIR on the pillow! The rest of the room is pristine, but that single strand can affect your overall comfort.

Choice Hotels understands that it's the tiny details—a single hair, a burned-out light bulb, a malfunctioning remote control—that affect the quality of a guest's stay. That's why the company rolled out the precision-focused "Great Room Condition" program.

Choice performed several key driver analyses on Likelihood to Recommend scores and found that the "room condition" and "staff service" categories had the highest impact on LTR … and, ultimately, on revenue. Since "room condition" registered as most important, the Choice Research team worked with influencers across the organization to develop the "Great Room Condition" initiative. Driven by research, the program identified 36 specific elements in the room for careful attention—from hairs on the pillow to dust under the bed to a working remote control. With insights in hand, it was clear to management as well as franchise owners that this program made sense, and momentum grew to promote and market the initiative across the company.

Going strong after three years, the program undergoes regular updates and enhancements informed by customer feedback. The company promotes the program by sending out internal posters and marketing to its hotel properties in six different languages for their multilingual employee base. Choice also updates an internal "Great Room Condition" website with best practices and tips and reinforces the importance of the program through the annual company conference.

Among the ways the "Great Room Condition" program justifies itself:

- Pilot testing demonstrates that hotels participating in the program see significant improvement in LTR scores.
- Higher LTR scores are strongly correlated with higher revenue.
- The higher LTR scores yielded in the first year of the program are associated with over $18M in incremental revenue.

## AT A GLANCE

### THE INSIGHT

After running key driver analysis on Medallia feedback data, Choice Hotels realized that "room condition" had the highest impact on LTR.

### THE ACTION

Choice rolled out a "Great Room Condition" program, which focuses on 36 specific areas to clean within each room, from the pillow to the sink to the TV remote control. The organization also regularly produces internal training and marketing materials in six different languages for the thousands of employees who execute the program.

### THE RESULTS

In addition to "Room condition" scores improving, participating properties saw an increase in LTR scores, which is associated with over $18M in incremental revenue.

TOYOTA

CASE

# TOYOTA FINANCIAL SERVICES

IVR Satisfaction Score Improves 5 Percentage Points

**70,000**

SURVEYS COLLECTED PER YEAR

**100%**

CLOSED-LOOP RATE

**800+**

USERS

Purchasing, financing, or leasing a car is a big commitment, and Toyota Financial Services (TFS) supports customers through every step of the process, enabling people to drive the car of their dreams. A multi-year loan means a long-term relationship with the customer across multiple TFS business lines, including the vehicle company itself, the financing company, and the warranty and insurance company. Recognizing this opportunity for building lifetime loyalty across multiple businesses, TFS has always invested in improving its engagement with customers.

In 2012, TFS took its customer engagement and measurement program to the next level by implementing Medallia in all four of its contact centers. TFS' interactive voice response (IVR) operations team is particularly pleased with the actions they have been able to take based on customer feedback from Medallia:

### Bringing Back the Music.

When TFS replaced hold music in the IVR with information about current marketing initiatives, customers used the open-ended question to provide feedback about not wanting to be marketed to. TFS then built a case with this customer data to convince stakeholders to reinstitute hold music.

### Where's the "0"?

When customers called into TFS's contact centers, the IVR would present touch-tone options 1 through 5. For quick navigation, many customers press "0" to be connected to the operator; although "0" was always an option, TFS's IVR did not clearly present it when outlining the introductory touchtone options. Through customer feedback about the desired "0," TFS realized this is an important option for its customers, and it reprogrammed the IVR to clearly present "0" as the customer's direct route to the operator.

### Making it Simple.

Customers with multiple TFS car loans complained that when they called the contact center the IVR presented too much information about all of their accounts, which could be both time consuming and confusing. Based on this feedback, TFS was able to streamline the information presented by the IVR and only present the most relevantaccount information.

As a result of these continued operational changes, TFS's IVR satisfaction score increased five points in the first 12 months after rolling out Medallia!

## AT A GLANCE

### THE INSIGHT

Through customer feedback, TFS identified improvement opportunities at Step 1 of the customer call experience - the IVR interaction.

### THE ACTION

To improve customer experience, the team made three critical changes to the IVR:

- Changed ads to music during hold time
- Presented "0" as a touch-tone option within the IVR
- Presented only the most relevant information for customers with multiple accounts

### THE RESULTS

As a result of these continued operational changes, TFS's IVR satisfaction score increased five percentage points in the first 12 months after rolling out Medallia!

## Ipsos Attended "Connecting Dreams with You" - China Mobile Global Partner Conference 2016

The 4th China Mobile Global Partner Conference will be held December 19 to 21 at PWTC Expo, Guangzhou. With the theme of "Connecting Dreams with You", the topic "Big Connectivity" draws the prelude of "Light of Intelligence" to lead all industries and jointly usher in the future where "all are connected".

As the big data innovation strategy partner of Guangdong Mobile, Ipsos will exhibit at Pavilion 6 Innovation Avenue on "Big Connectivity, Mobile Internet, and Intelligent Internet of Things".

By combining mobile big data and small data in conventional studies, the "Commercial Sphere and Consumer Research Big Data Product" of Ipsos Big Data aims to help business customers gain accurate characteristics and distribution of surrounding population and passenger flow, scope of the commercial sphere, analyze business of competitors, and conduct real-time tracking of operation measures.

The product can export insights via standard platforms for real-time data on membership, passenger flow and population in surrounding areas, so as to facilitate the understanding of gains and losses of the business itself and its competitors, rational allocation of resources, and optimization of industry structure to gain the initiative in the market competition.

For more information, please contact ipsos_china@ipsos.com

## Ipsos Honored as "CIMC ENRIC Best Partner for Customer Satisfaction Project 2016"


Recently, Ipsos was honored as "CIMC ENRIC Best Partner for Customer Satisfaction Project 2016".

CIMC ENRIC (stock code: 3899.HK) has grown into a leading integrated service provider and key equipment manufacturer in the industry: world No. 1 in production and sales volume of ISO liquid tanks, China No. 1 in market share of low-temperature trucks and low-temperature storage tanks. The market share of its LNG receiving station large storage tanks, LNG filling station modular products and CNG filling stations all ranks in the top three in China.

Ipsos Loyalty has conducted customer satisfaction surveys for its products for 2 consecutive years, and successfully reported to and well received by the management in Wuxi this November.

## Virtual Reality Experience at Ipsos in Germany

Ipsos in Germany launched an extensive Virtual Reality initiative. Since Virtual Reality (VR) is one of the hot topics with the power to change the way we research, a VR specialist team from various WSBLs was established to focus on further developing this new method for our daily research business.

After conducting a pilot study for Deutsche Bahn last year, where the design of train compartments was tested via virtual tours, we took the opportunity of the Research and Results market research fair to invite clients and marketing experts to this new experience. With the high end VR tool (HTC Vive) they could choose to be immersed in a virtual car clinic. Right after the experience we interviewed them about their observations and assessments.

The results of this survey were sent to all the participants and also to the press. According to the experts, Virtual Reality is best suited for store concept tests or design tests. Eight out of ten could also imagine the use for car clinics; two-thirds thought VR would also be applicable for shelf tests. In addition, we also held speeches about the application of VR in research together with the project manager from Deutsche Bahn, who had been extremely happy with the VR experience.

"Our VR initiative gained valuable insights for future business opportunities and contributes to strengthen Ipsos position as a Game Changer an innovative market research organisation", said Janet van Rossem, Director, Ipsos UU. "We are really happy about the positive feedback from our clients".

Next step is a parallel test: real car clinic vs virtual car clinic. Work is in progress.

### Holiday Plans during the 2017 Chinese New Year

| | |
|---|---|
| Holidays | Jan 27th – Feb 5th, 2017 |
| Normal Business Day | February 6th, 2017 |

**Dear clients,**

We would like to inform you that due to the upcoming Chinese New Year festival, the Ipsos office in Beijing, Shanghai, Guangzhou, Chengdu and Wuhan will be closing from January 27th to February 5th, 2017. Business will resume as usual starting on February 6th. We apologize in advance for any inconveniences caused.

### Notice: February 2017 issue of Ipsos' Client Newsletter to be suspended

**Dear clients,**

We regret to inform you all that due to the up-coming Chinese Spring Festival, the February issue of Ipsos in China's Ideas client newsletter will be suspended, and the next issue will be released in March.

Please stay tuned for more in-depth and professional industry insights and research findings from Ipsos after the Spring Festival. On behalf of Ipsos and the Ideas newsletter team, we would like to give our warmest thanks to all the clients whose support makes our efforts worthwhile! We wish you only the best of luck and good fortune in the Year of the Rooster!

Ipsos Ideas Team

*Search to Follow!*
*Ipsos Official WeChat for more insights*

**Shanghai**
Add: 31/F, Westgate Mall, No.1038, West Nanjing Road, Shanghai, 200041, PRC
Tel: 021-2231 9988
Fax: 021-2231 9999

**Beijing**
Add: 12/F, Union Plaza, No. 20 Chaowai Ave., Chaoyang District, Beijing, 100020, PRC
Tel: 86-10-5219 8899
Fax: 86-10-5219 8888

**Guangzhou**
Add: 17/F, CTS Center, No.219 Zhongshan Wu Road, Guangzhou, 510180, PRC
Tel: 86-20-8327 8855
Fax: 86-20-8327 8858

**Chengdu**
Add: 3/F, No.138, Xiaojiahe Side Street, High-tech District, Chengdu, 610041, PRC
Tel: 86-28-6666 3388
Fax: 86-28-6666 3399

**Wuhan**
Add: 10F HongKong & Macao Center, 118 JiangHan Road, HanKou Wuhan, 430014, PRC
Tel: 86-27-5988 5888
Fax(RSH): 86-27-5890 2288

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