

GBI Europe Launch Presentation

SEPTEMBER 2018



Global
Business
Influencers



Decisions, decisions, decisions

September 2018



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Welcome

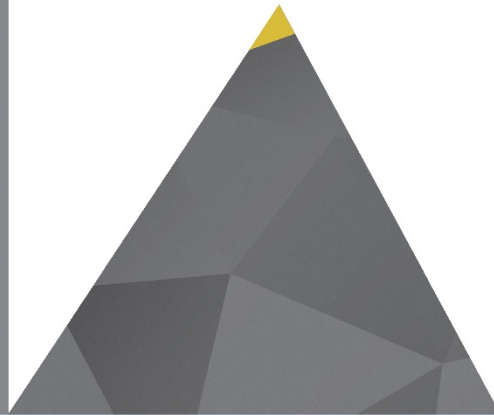
This presentation is all about how the Global Business Influencers make decisions and what's driving these choices. We'll look at this in business, focusing specifically on the role of emotions. We will also investigate their attitudes to finance, luxury, and travel.

But, before we start, a quick recap on GBI...

23 markets represented globally

Australia	South Korea	UK
China	Taiwan	USA
Japan	Thailand	UAE
Hong Kong	France	KSA
Indonesia	Germany	Qatar
Malaysia	Italy	Bahrain
Philippines	Spain	Kuwait
Singapore	Switzerland	India (pilot)

Less than
1% of the
population

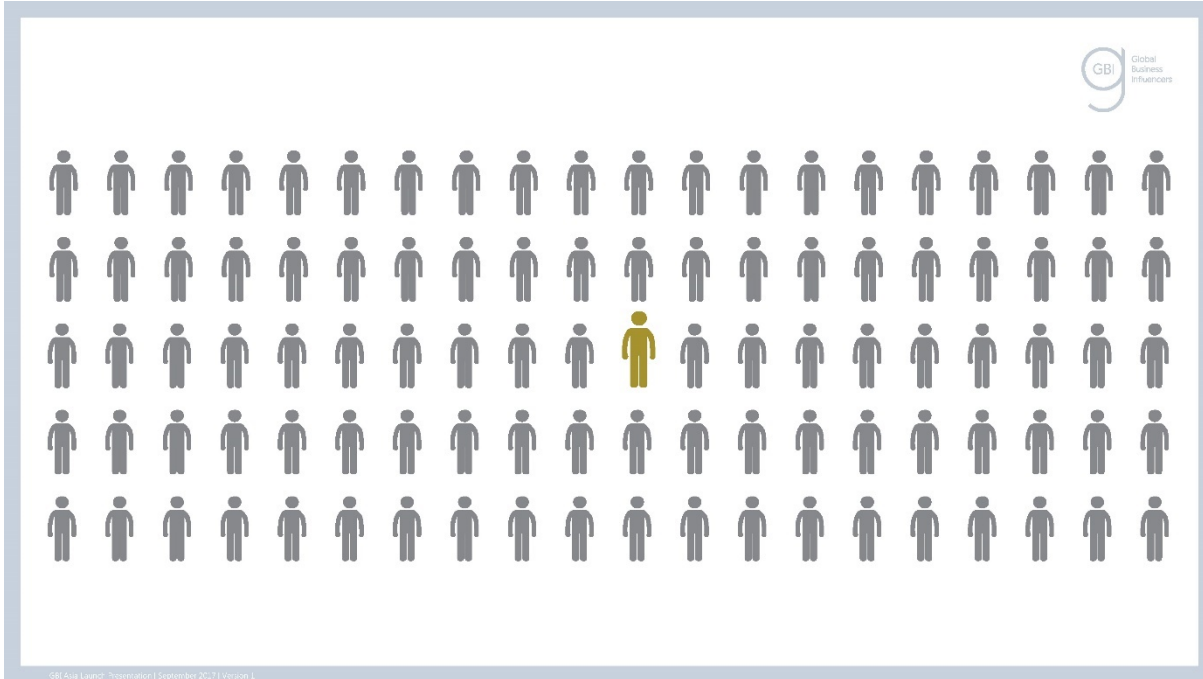


Who are the Global Business Influencers?

By definition the Global Business Influencers are a very niche group. They represent less than 1% of the population. But, taking into account their influence, spending power, and the corporate budgets they control, they are a disproportionately important audience for B2B marketers. They represent the key to profitability for sectors such as: finance, luxury goods, and cars, airlines, and hotels.

We speak to 11,853 of them across Asia (including China and Japan), Europe, the US, and for 2018 we added Australia and the Middle East – and ran a pilot in India This takes the total number of countries covered to 23, representing 72% of the world's GDP.

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A hard to reach audience

As you'd expect with a unique audience such as this, they're incredibly difficult to speak with. You can't reach them via general population surveys; they're just too small to pick up. For instance, the proportion of the population who are c-suite in the UK is 1 in 650 people!

This is where GBI comes in. It focuses on senior business people in medium and large companies. It's used extensively by the media industry globally to understand this vital audience.



Their world

With so much going on in the world, the way these individuals make decisions has, arguably, never been more important.

It's worth noting that during the presentation we'll draw on three sets of research:

- The main GBI Europe dataset, which has a sample of 3,062.
- Global data from our annual GBI Barometer survey, which spoke to 726 business influencers across the world.
- Conversations we had with Global Business Influencers.

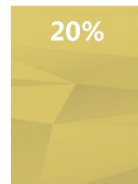


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The domination of geo-politics

It's been a year dominated by geo-politics (Brexit, the trans pacific partnership, and Trump) with trade being central to these discussions. Governments seem to be struggling to govern, which is impacting the global order.

Biggest challenges facing their company



Technological advances

Security / Cyber security

Innovation

Government policy and regulation

Too much data / Information

Source: GBI 2018 Barometer, Three biggest challenges facing your company at the moment

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Biggest challenges facing their company

Government policy and regulation is cited as a top 5 challenge by the Global Business Influencers. It's having a big impact on business and these leaders have some tough decisions to make in a world of uncertainty.



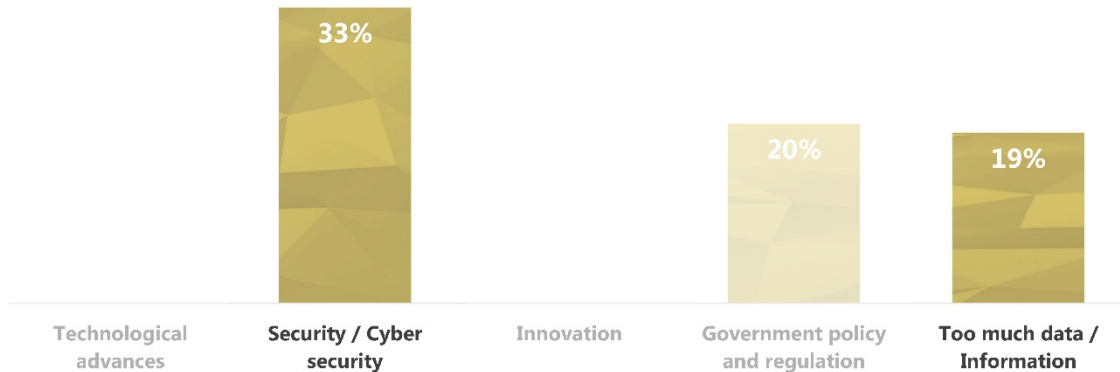
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8

Data security

While there haven't been as many ransomware attacks as last year, there's been a lot more publicity around data breaches, such as the Facebook and Cambridge Analytica saga.

Biggest challenges facing their company



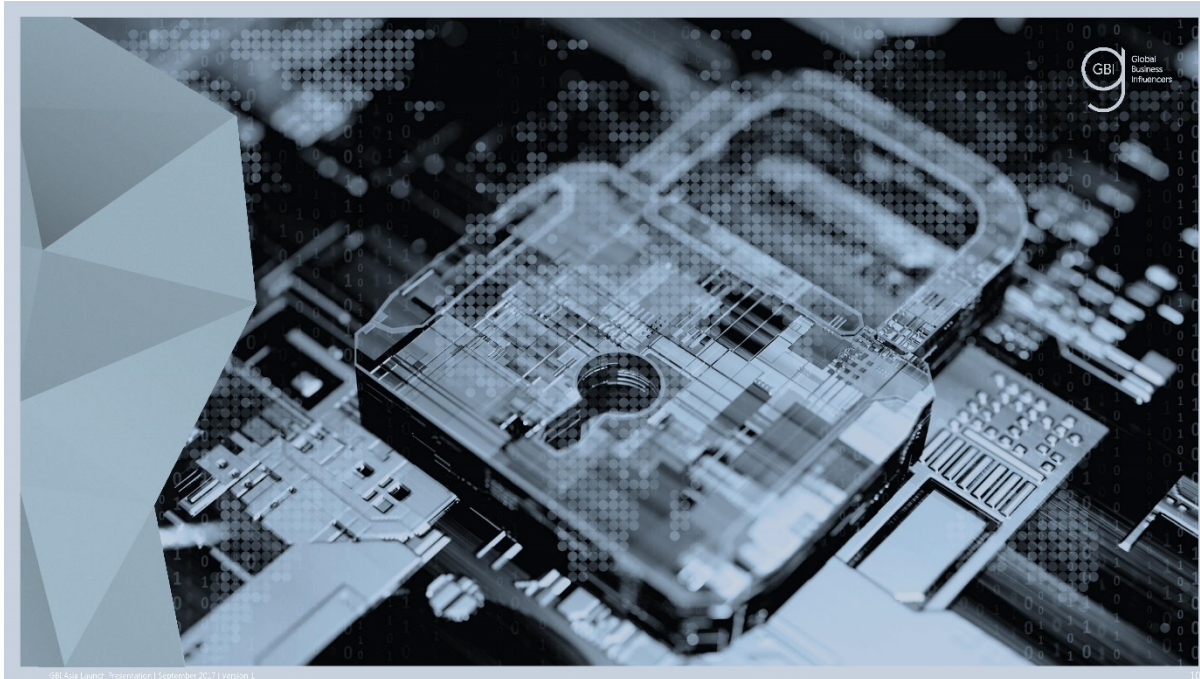
Source: GBI 2018 Barometer, Three biggest challenges facing your company at the moment

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9

Too much data

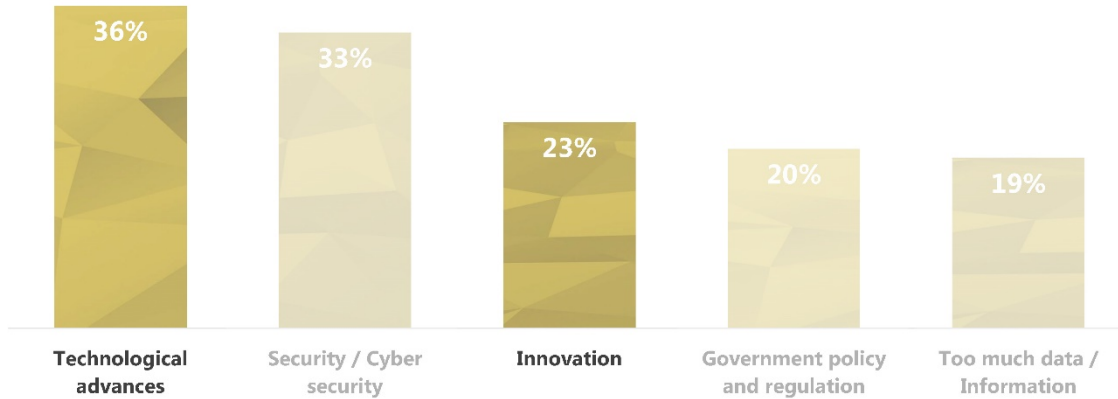
Concerns regarding data use are evident in two challenges facing the GBI, one of which is new for 2018 – too much data/information. But, the bigger challenge is how to safeguard data and ensure it's used appropriately.



Technology and business

Technology has become such a big part of everyday business life. Tech infrastructure affects the culture, efficiency, and relationships of a business. It also affects the security of confidential information and trade advantages.

Biggest challenges facing their company



Source: GBI 2018 Barometer, Three biggest challenges facing your company at the moment

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11

The biggest challenges

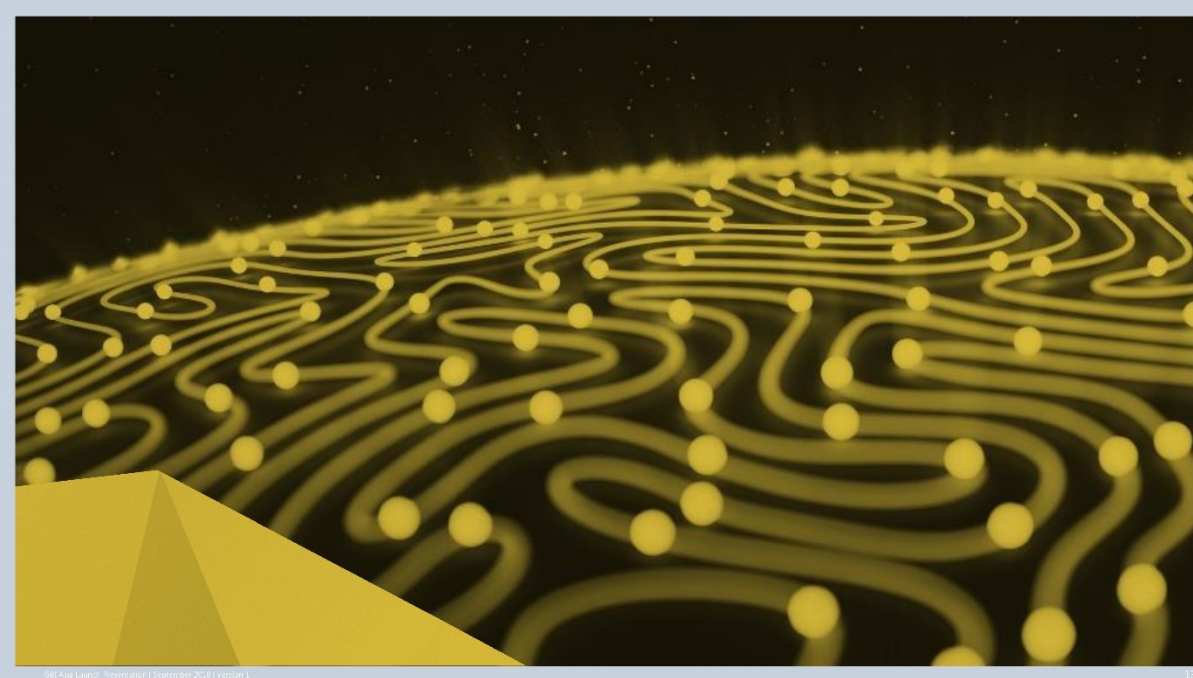
The focus we saw last year remains. Tech advancements and innovation continue to be two of the greatest challenges they face.

In light of all these challenges, the Global Business Influencers have some tough decisions to make. With so much change it's never been more important to understand how these people make decisions.



Business decision making

With total budgets of US\$2 trillion in Europe, across 31 different decision making areas, it only deepens the need to make good decisions.



The challenge of decision making

So, we decided to further explore how senior business people make decisions, to better understand how we can reach them. Not just in terms of exposing them to our message, but effectively communicating and engaging with them.

With so much change and disruption, and an ever-increasing need for speed, it is hard for anybody to think rationally about every decision. In fact it would be impossible. So, we need to consider the role of non-rational influences like emotion, gut feeling, and experience.

To do this, we talked to over 700 people in our annual GBI Barometer survey about exactly this. We showed them a number of statements about themselves and the way they think about work and making decisions, asking them to indicate the extent to which they agreed or disagreed with them. The statements we used were based on extensive academic work on this topic.

Some definitions

Emotion: Feeling, independent of reasoning

Intuition: The ability to understand something instinctively, without the need for conscious reasoning

Cognition: The act of acquiring knowledge and understanding through thought, experience and the senses

Some definitions

As part of this we'll be drawing on three terms to understand how they make business decisions.

- **Emotions** are feelings based around your situation or your mood. Faced with a situation, you might feel: happy, angry, nervous, excited, confident, etc.
- **Intuition** is an ability to understand something instinctively, without the need to think deeply about it. Intuition can be rooted in experience (of life, as well as business), but it manifests itself as what you might call gut feel. A good example is riding a bike: once you learn how, you no longer need to think about the process of operating the pedals.
- **Cognition** is a word less used in everyday speech. But, it simply refers to the process of how we acquire knowledge and understanding through thinking, experience, and feeling.

“Gut feelings are tools for an uncertain world. They’re not caprice. They are not a sixth sense or God’s voice. They are based on lots of experience, an unconscious form of intelligence”

Gerd Gigerenzer



Emotion plays a part

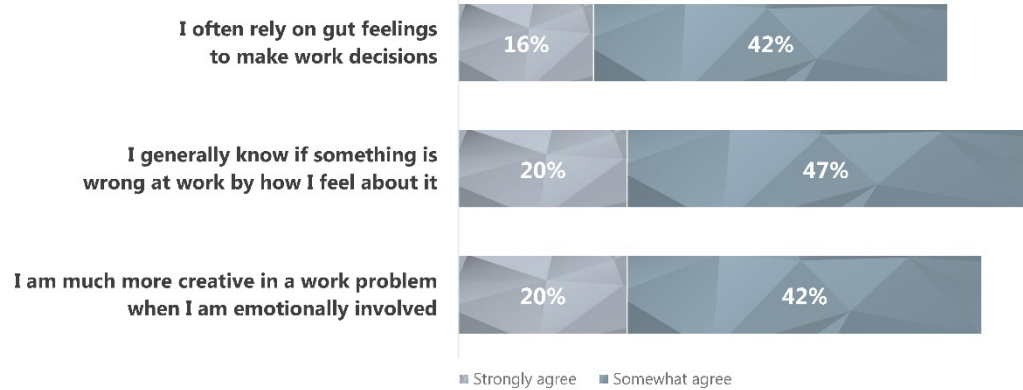
This is Gerd Gigerenzer, a leading psychologist specialising in the use of emotions and rationality in decision making. As per this quote from him, we believe the reality is that business decision makers rely much more on emotion and intuition to make decisions.



The place of emotion

The first thing to acknowledge is that Global Business Influencers are not afraid to admit that emotions and feelings play a part in their personal lives.

Beyond the spreadsheet



Source: GBI 2018 Barometer

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17

Beyond the spreadsheet

They bring these emotions into the workplace in a variety of ways, so how they make decisions is not just about spreadsheets and data analysis.

Next, you will see two short videos from Global Business Influencers about how they try to balance emotional and rational decision making. First up is Lucy, head of digital for a high end luxury brand, then we'll hear from Chris a finance director in the aviation industry.

Lucy, Head of Digital for a high end luxury brand

Source: GBI 2018 Barometer

Lucy, head of digital for a high end luxury brand

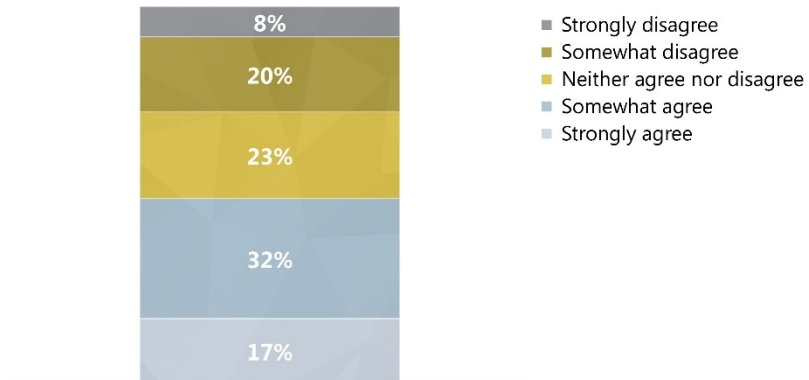
"Striking a balance between both, the conversion is the rational side and looking at the data. But, if something in that way is not going to satisfy another stakeholder who is more invested in the brand things, it's more of an emotional and gut feel type decision. So, I think it's about being able to strike a balance between both. Our most successful clients are the ones that have been able to strike the balance."

Chris, a Finance Director in the aviation industry

Chris, a finance director in the aviation industry

"It's always a balance, I have made very hard decisions before that have ended up being emotional. If there are people involved, if you're making decisions that might close down a business for example, you can't help feeling the emotion of the people who lose their jobs, etc. It's always a balance. I think that's good because it keeps you real, it keeps you human."

Trusting their hunches



Intuition
% who have confidence in intuition for their decision making (as well as emotion)

Source: GBI 2018 Barometer

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20

Trusting their hunches

They're also comfortable with an element of intuition (or gut feel) when they make decisions.

Let's hear from Stuart, a senior professional working in financial services, talking about this.

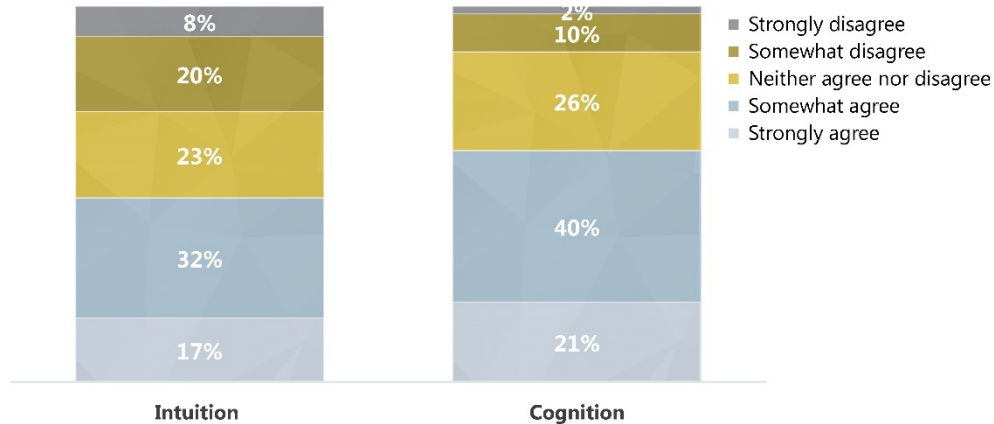
Stuart, a senior professional working in financial services

Source: GBI 2018 Barometer

Stuart, a senior professional working in financial services

"Sometimes everything on paper tells you not to do it, but you just have a gut feeling and often that's where the value add comes from. That's why people pay us to manage money and effectively think outside of the box and do things that other people aren't, because in the investment world there is a definite herd mentality and if you look back historically the herd doesn't tend to deliver the results and it's the mavericks, the one offs, the ones that are considered quite crazy for want of a better word, and way out there, they're the ones that tend to do the best."

And bringing experience to bear



% who have confidence in intuition / cognition for their decision making (as well as emotion)

Source: GBI 2018 Barometer

Bringing experience to bear

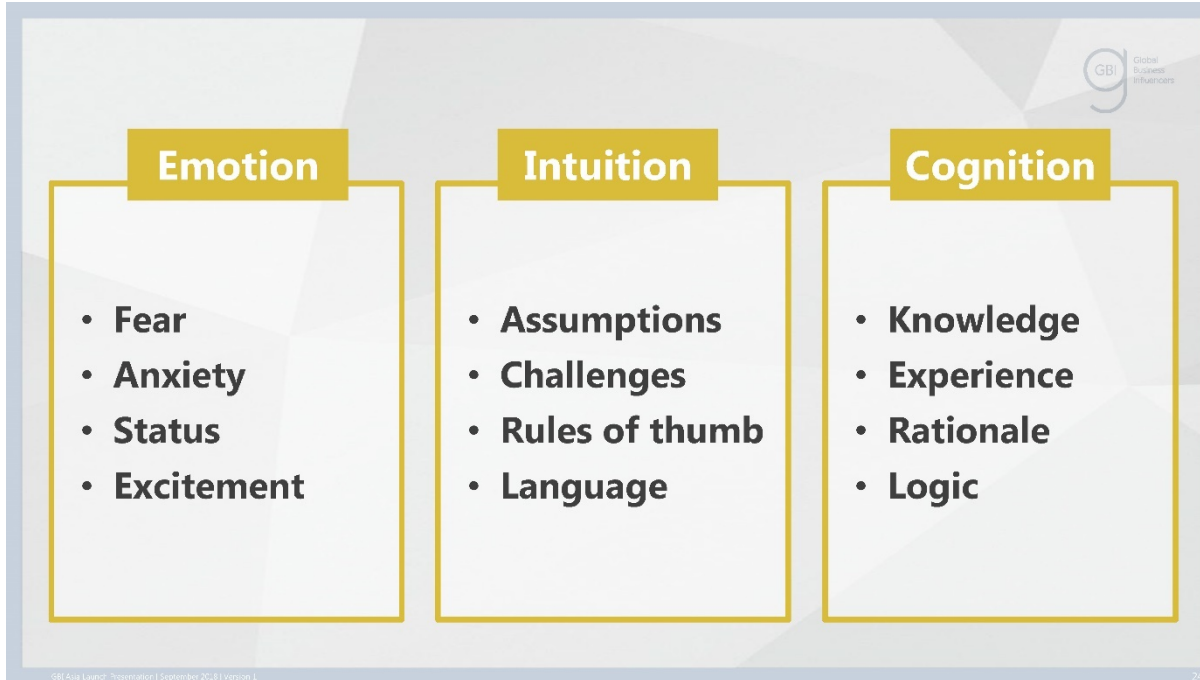
Of course, gut feel has to be combined with the often considerable experience people can bring to bear on business challenges. When asked about this, people clearly understand the need for both.

Here's another snippet from Chris about use of gut feel, in combination with a need for cognition in the form of experience built up over time.

Chris, a Finance Director in the aviation industry

Chris, a finance director in the aviation industry

"I think that gut feel is really hard to quantify. But, me personally as I've evolved in my career, you get more of a feeling and a sense (I think it's just through experience), you feel when these things are happening and you can feel when something doesn't quite smell right. I've worked with some fantastic individuals in the past who are really experienced, really understand that, and it really is about experience. The more you experience, the more mistakes you make, the more good decisions you make, and the more you see of some of this, the more you can feel when they are about to happen again and take action accordingly."



3 elements of decision making

Decision-making is a balance of emotion, intuition, and cognition, as well as analysis and data processing. A decision on purchasing flights will differ from investing in a new IT system. Let's say we're wanting to reach IT decision makers and persuade them to move their data from computer servers to the cloud. How might we approach this?

First of all, looking at **emotions**, what will resonate best with the target audience? Do we have to manage their fear of such a major change, or will they just need to look at a cost benefit analysis? Can we excite them with the possibility that success in such a move could be very positive for their career?

Thinking about how we influence their **intuitive** responses, how much do we understand about how IT decision-makers think about problems? Will the cloud environment be outside of their comfort zone? We may want to use language that negates these concerns.

Finally, tackling **cognition**, we will need to educate them on what we perceive the benefits to be, based around knowing them as people.



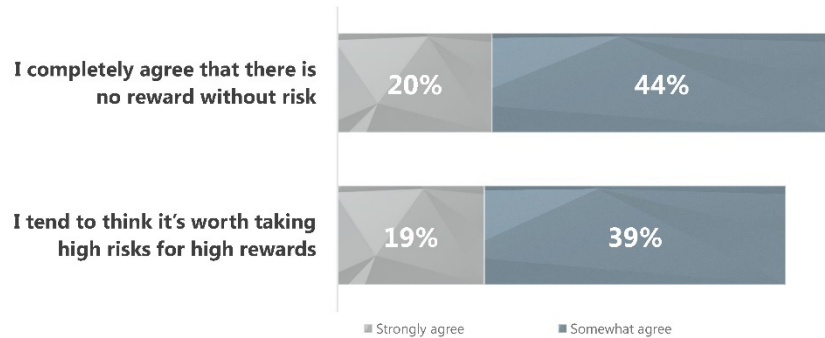
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25

Risk

Another area we explored in our Barometer this year was the subject of risk. Risk is part of any purchase decision, whether it be trying a new supplier, changing a business process, or launching a new product.

You must speculate to accumulate



Source: GBI 2018 Barometer

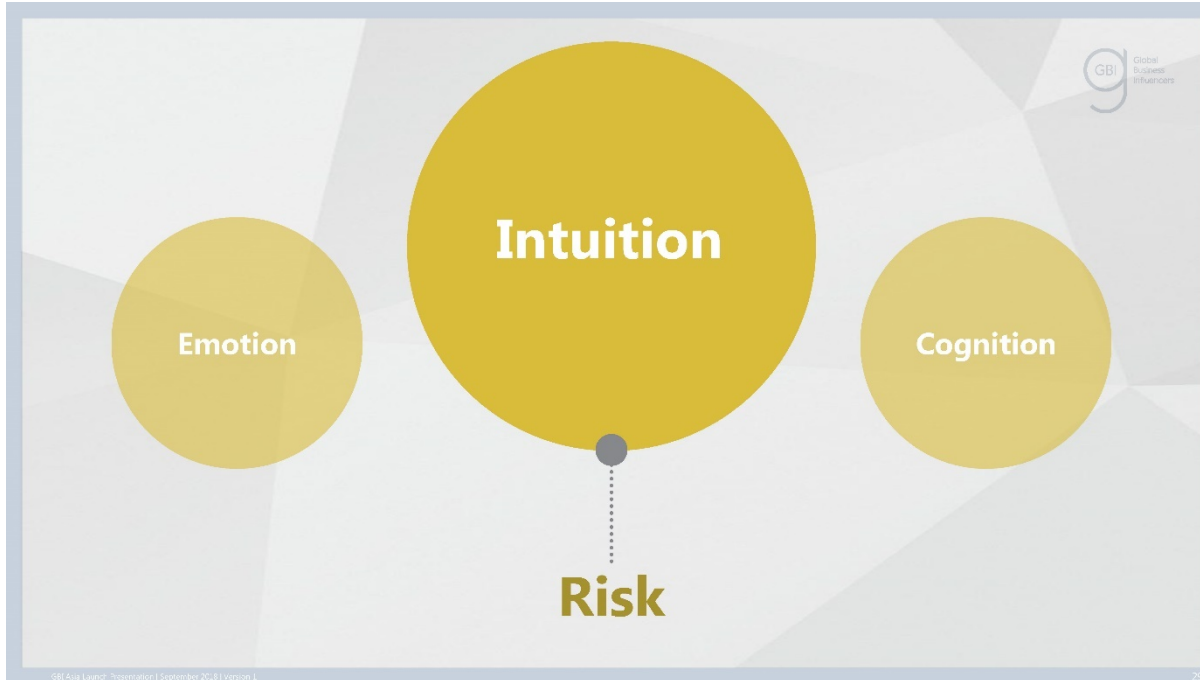
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26

You must speculate to accumulate

This much is obvious, they're embracing risk. But, what can we learn about how people take risks?

How important are our three pillars of emotion, intuition, and cognition?



High correlation between intuition and risk

Taking risks is not just about cold, rational calculation. We don't live in a world where all the data is at our fingertips, nor one where tomorrow will be the same as yesterday. We all live with uncertainty.

So, as brand marketers, we have to look beyond simply throwing information (cognition) at our potential customers. There was also no evidence of correlation between emotion and risk taking, as I think we'd probably expect.

However, gut feel and intuition correlated highly with risk. If we want to influence the decisions these people make we need to tap into their intuition as this is where they are more likely to take risk.

Let's hear from Lucy again.

Lucy, Head of Digital for a high end luxury brand

Source: GBI 2018 Barometer

Lucy, head of digital for a high end luxury brand

"For media, I think it's also down to gut feel. Thinking about how myself and other target customers for our brands would consume the media. Therefore, maybe a new product is launching and maybe we don't have huge amounts of stats and data on that. However, if there's a gut feel that it's something that could be worthwhile then I think that it's something that's worth adding into the mix."

What's driving decisions in their personal lives...?

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31

What's driving personal decisions?

Given the importance of this audience for sectors such as finance, luxury, and travel, it's also useful to understand what's driving decisions here as well.

19% have net worth
US\$1m+

Source: GBI 2018 Europe; Net-worth US\$1m+

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33

High net worth individuals

When it comes to finance, banks and financial institutions want to reach high net worth individuals (those people with a net worth of more than a million dollars). It's a key segment in GBI, with almost a fifth in Europe falling into this group. But, what decisions have they made to get to this position?

“There’s no such thing as a free lunch.”

Milton Friedman



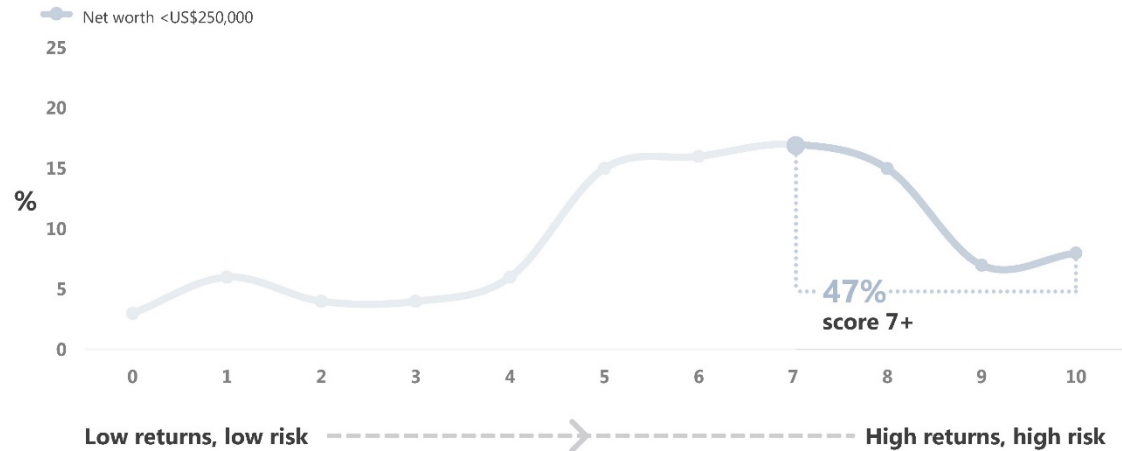
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33

No such thing as a free lunch

The economist Milton Friedman noted: ‘there’s no such thing as a free lunch’. In the financial world it’s fair to interpret this as if an investor wants to generate a higher return on investment, they will need to take on more risk.

Those with more wealth have a higher appetite for risk...



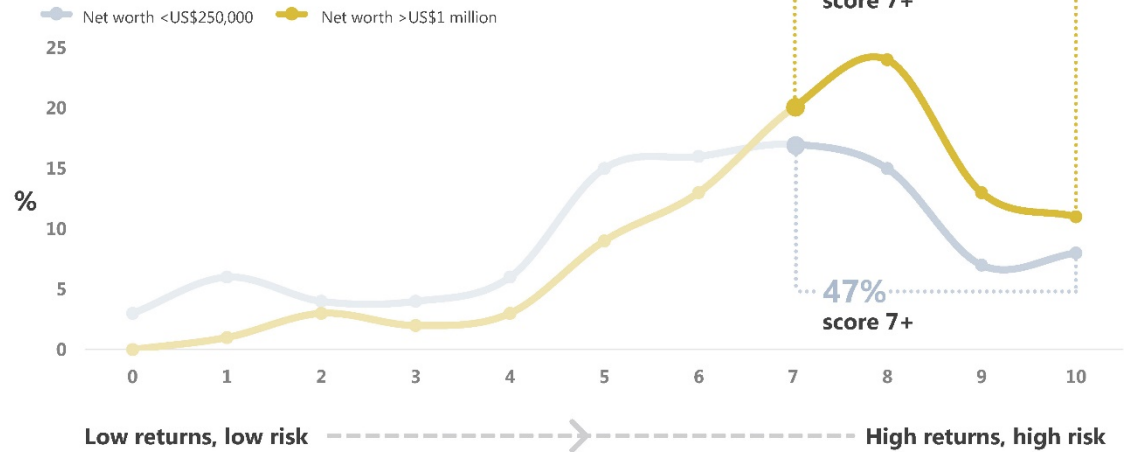
Source: GBI 2018 Barometer

An appetite for risk

Exploring this concept further, we asked a question on the GBI Barometer survey: "Overall, how would you describe the level of risk you take, when 10 means potential for high returns at a higher risk, and 0 means low returns, but your money is safe." We've detailed this along the horizontal axis. What's interesting is when we cut this by net worth.

Looking at those with a net worth below US\$250,000, we see about 47% of them scoring 7 or higher. So, we could say almost a half are willing to take a much higher risk for higher returns.

Those with more wealth have a higher appetite for risk...



Source: GBI 2018 Barometer

An appetite for risk

However, looking at those with a net worth greater than US\$1m, the proportion taking a greater risk for a greater return increases, as 68% score 7 or higher.

There's a clear correlation between higher levels of wealth and the willingness to take risk.



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36

Financial savvy

Of course, these high net worth individuals are very financially savvy. But, what's important to note is that financial crises (such as the last one, almost 10 years to the day) demonstrate that no one is infallible.

It put a new emphasis on understanding risk and a premium on wealth preservation.

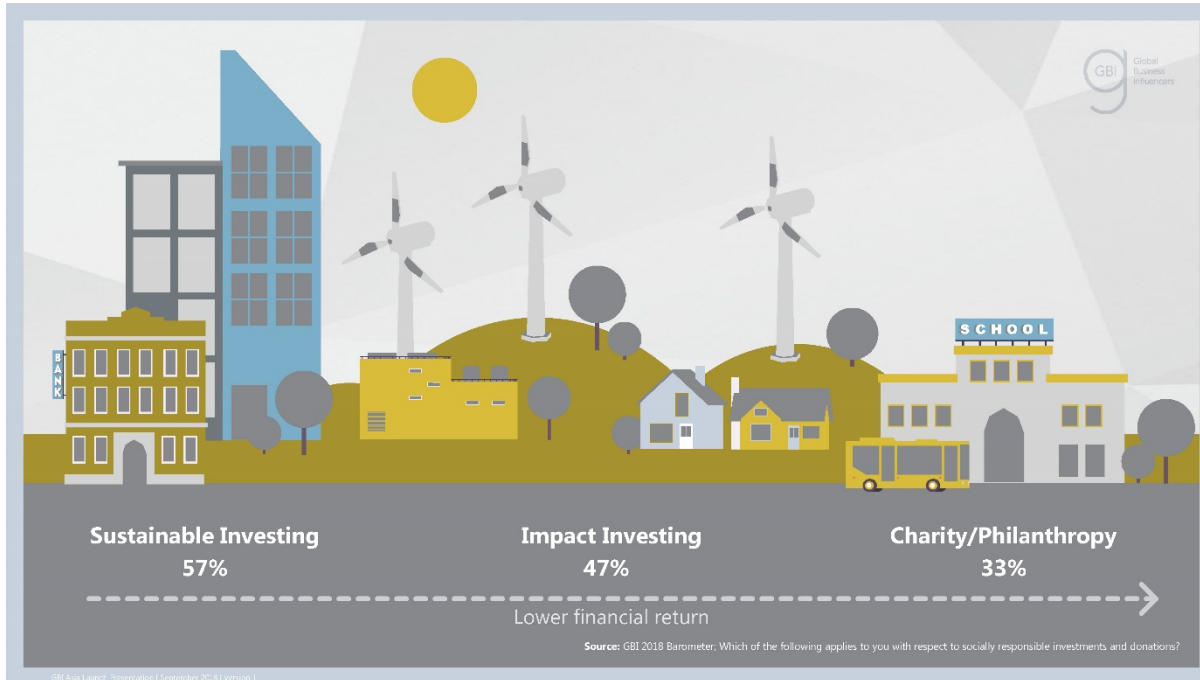
It's, therefore, important for financial institutions to be able to demonstrate they can help them manage risk correctly, in increasingly complex financial markets.



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Sustainable investment

As well as a focus on financial returns they also understand that with significant wealth they can make a significant impact on society.



Sustainable investing

Global Business Influencers get a lot from the world and sustainable investing provides them the opportunity to consider lower financial returns in return for a varying scale of societal and environmental good. It's interesting to see that:

- Only a very small number do solely traditional investing, where the return is only financial.
- Almost 6 in 10 do sustainable investing. For example, investing in funds or organisations that work in renewable energy.
- Slightly less (47%) do impact investing, such as projects aimed at creating jobs or reducing CO₂ emissions. It's more action orientated and the expected financial return is less.
- A third are doing charity or philanthropic work, knowing there is no financial return.

These are high involvement levels and it means financial institutions need to be talking to this in both communications and product offerings.



Sustainability in luxury

Sustainability doesn't just stop at finance though, it's also a big driver of purchasing behaviour for luxury clothing and footwear. Consumers are less interested in 'stuff'; they're becoming more conscious about the impact their consumption patterns have on the planet. Brands, therefore, need to consider it an integral part and embed throughout the value chain, for instance, disclosing supplier information.



Luxury spending

With over a fifth, of the European Global Business Influencers planning to spend more than US\$2,500 on clothes and shoes in the next 12 months, it's vital to understand other purchase drivers for this important luxury segment.

Personalisation



Source: GBI 2018 Barometer. Most important factors when purchasing luxury clothing and footwear – 33% personalisation

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41

Personalisation

As consumer values coalesce around authenticity and individuality, brands need to deliver personalisation in many forms. This can take the form of more customised products and curated recommendations, to communications and storytelling that connects to individuals. For example, Mytheresa.com offers customers the opportunity to personalise Gucci trainers online.



Experience

Living in the experience age, people are valuing doing and sharing over buying and owning more and more. Brands, therefore, need to be able to offer something unique that lets each person live the values behind it.

Louis Vuitton are great at this. They held an exhibition at the American Stock Exchange Building in New York at the end of last year. This retraced the adventure of the House of Louis Vuitton from 1854 to the present day.



The experience economy

This experience economy dominates travel. Consumers are increasingly opting to indulge in memorable experiences which underpin their choices.

The number of experiences is increasing with demand.



Unique experiences

This is a fantastic example of personalisation, uniqueness, authenticity, sustainability, and adventure.

Blink by Black Tomato provides 'pop up holidays'. You choose your location (whether it be the Mekong River or the Bolivian Altiplano) and they'll then pick the most suitable tent structure for you based on your location and environment. It's completely sustainable and leaves no trace.

A large rectangular area with a dark blue background composed of various geometric shapes. The word 'Media' is centered in a large, white, sans-serif font.

Media

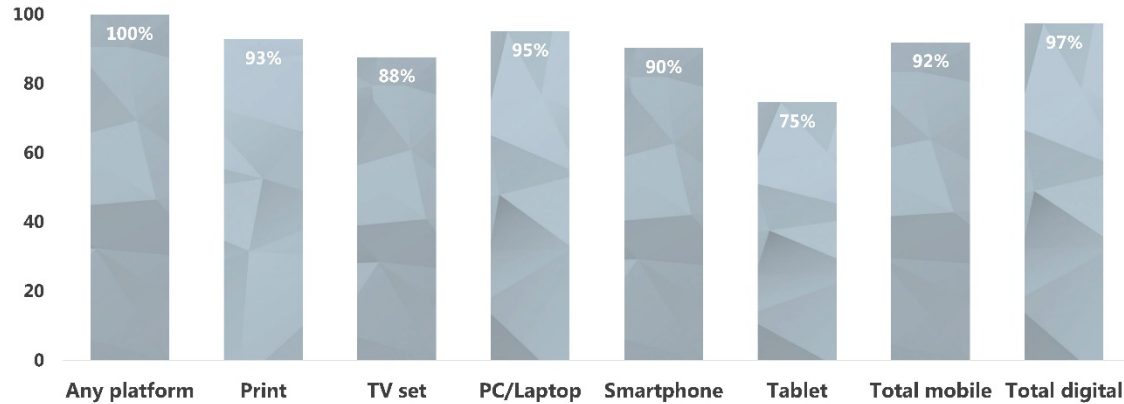
Media

So, it's great knowing all this about them, but how can we reach them?

Continue to access content across all platforms



Past 30 day reach across platforms



Source: GBI 2018 Europe

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47

Accessing content across platforms

Everyone is talking digital, but just look at the continued strength of print and television as platforms for news consumption.

Global Business Influencers are using multiple platforms to keep up to date with what is going on. They use different platforms during the day for different consumption needs.

Average brands consumed by platform



Source: GBI 2018 Global

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47

Average brands consumed by platform

The GBI are consuming multiple brands across platforms too. GBI measures over 200 international and national media brands – looking at reach, frequency and engagement with them.

3 key takeaways

1
Disruption

2
Decisions

3
Disproportionate

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48

3 key takeaways

1. These people are under pressure; they face an uncertain future due to the disruption geopolitics and technology is bringing.
2. They still need to make decisions, and we know they won't be solely rational. We probably even underestimate how big the role of emotion, intuition, and cognition are in decision making.
3. We know that this disproportionately important audience are still influenced by media, communications, and content.

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