Ipsos MORI

DISRUPTIVE MARKETS
NAVIGATING THE FUTURE

Summer Business Review

July 2010

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DISRUPTIVE MARKETS: WELCOME TO OUR SUMMER REVIEW

Every six months we look across the research we've been doing, and think about some of the common themes emerging. We hope that you find this briefing useful - we've covered the broad spectrum of our work at Ipsos MORI. Although we are often associated with opinion polls, these are actually 0.1% of our business: emerging trends, reactions to new technology, the changing needs of consumers and building stronger relationships with customers occupy most of our time.

One word – disruption – stands out for us as characterising the climate we are all working in at the moment. There is huge uncertainty about the economy, about consumer behaviour and how quickly some new technologies will develop. For example, the public sector workforce has risen by 10 per cent over the last couple of years, but largely because of the effective nationalisation of the banks. Last year the number of cars on Britain's roads fell for the first time in living memory. Unemployment rose – but not by as much as expected, as companies and employees worked together on cost-cutting measures that kept people in work, often on lower wages, in a way not seen in previous recessions. These are patterns that only a few brave souls would have predicted in 2007.

But at the same time, outside the financial services sector at least, many of the UK's biggest companies have continued to flourish.

None of us will ever have perfect information about what's changing, and how quickly. It's enough of a struggle for many UK businesses to anticipate and respond effectively to the current market. The twin challenges of economic uncertainty and technological change make this ever more difficult, and it's critical to at least get close to making the right decisions. Get the judgement right and fast growth is possible even in this market: get it wrong and you face a short life span in business.

Even in uncertain times, one constant is being confident in what your brand stands for, communicating this effectively, and delivering great services and value for customers. We hope you find what's here of use – the report is on our website, and our team would be delighted to talk about anything covered here. Let me know what you think.

Yours,

Ben Page
Chief Executive

TEN TRENDS IN 2010

Simon Atkinson
Assistant Chief Executive

1. **The double-dip recession?** We're starting to see a double-dip in consumer optimism. After a year of mainly positive scores, our Economic Optimism Index is now back in the red, at -5 points, with more expecting the economy to deteriorate. We've still got a long way to go to match the extreme pessimism of 2008, but with the economy now mentioned by 50% as the single biggest issue facing the country, it's clear that people are worried.

2. Consumers say **the recession has made them think twice about things:** 62% say they're now "more engaged with my day-to-day finances". They attach less importance to "social responsibility" but more emphasis on companies caring for, and developing their employees.

3. People are now ready – in principle at least – for cuts in public services to pay off the deficit. Last year, the public rejected the statement "*there is a real need to cut spending on public services in order to pay off the very high national debt we now have*". Now only 35% disagree cuts are needed. Most think they are necessary (58%), but of course when they hit locally it may be another story.

4. Recession or not, the **decline in newspaper readership** has accelerated: 2010 sees media owners struggling with how they can make money from online content. Although consumers say they prefer traditional newspapers to the online versions, this isn't how they all behave: more online Britons now consume online news on a daily basis (40%) than visit the newsagent (27%). That said, they remain reluctant to pay – only 10% say they're interested in paying a one-off fee for 24-hour access.

5. **Use of email** may have peaked, but it still stands at 89% among home internet users and half are now using social networking sites.

6. Recent years have seen a quiet revolution in the death of dial-up and the **rise of broadband**. But internet penetration overall still stubbornly refuses to rise above 70%, leaving some 17 million people unable to, or not interested in, gaining access to the digital world: these are mostly older lower income consumers, and it will take a generation for usage to hit 95%.

7. At the start of the century, we predicted that by now online would become the preferred method for consumers to get in touch with the organisations they deal with. We were wrong. **Face-to-face** remains the preferred channel for retail, financial services and the public sector, and telephone for utility companies.

8. It's in the online space, however, that we're seeing some of the most **profound year-on-year changes**. Last year, 25% of online adults had heard of *Spotify*. This year, it's 52%. For those online, using YouTube (84%) and iPlayer (70%) is now the norm, rather than the exception. Consumers are embracing new ways of consuming media, and the next years will see a whole new category – e-readers and tablets – becoming mainstream.

9. Businesses expect to see some fundamental changes over the next ten years in the transition to a sustainable economy. Looking at near term prospects, their expectations on how their company will do over the next 12 months now track very closely with their assessments of what will happen **to the economy as a whole**. During the good times, businesses tended to be much more bullish about their own prospects.

10. **Maybe things will all feel better in 2012.** Some 62% of marketing professionals think the London Olympics will generate a positive perception of the UK around the world, and 65% expect it will have a positive impact on the economy.

PERSONAL, CONCRETE, AND PUBLIC
THREE TRENDS THAT BRANDS CAN USE TO WEATHER DISRUPTION

Sarah Castell

Drawing on insight from our hundreds of consumer, business-to-business and public sector qualitative studies, Sarah Castell, Head of Qualitative Methods, pulls out three important trends to help brands deliver great customer service and build loyalty.

Over recent years, British consumers developed sophisticated, playful relationships with brands, using brands to reflect and enhance different facets of their identities.

Now these consumer identities are being challenged by new, harsher discourses. Customers are told on all sides that they shouldn't trust banks, governments and large multi-nationals to have their interests at heart. The media advises them to tighten their belts, live off their fat, shop less, be cynical, scout around for deals. Customers themselves say they are re-focusing on price, quality, affordability and authenticity.

This is potentially a fundamental shift in how people see their roles as consumers, set against the background of a rapidly-evolving online and media environment. In this world, how can brands lever their emotional equity and build relationships?

Engaging qualitatively with customers gives us insight into emerging opportunities for brands. Spending time with customers, plus observing and sharing what they do in everyday settings, helps us to understand how they are interrogating and questioning the brands they use.

We suggest that these three key themes will characterise brand relationships this year and next. None of them should be a surprise – but they will all continue to grow in relevance and importance, and there is potential for many brands to take advantage of each of them.

> Customers themselves say they are re-focusing on price, quality, affordability and authenticity

1. PERSONALISATION – THE SECOND WAVE

Customers now focus more on the emotional rewards they get from individual purchase experiences – and less on their long-term relationships with brands.

When we talk with consumers, they tell us that they want to feel that each transaction, in itself, gives them an instant emotional reward. Often, this reward comes from the feeling that they've got a great deal – a product that is just right for them, personalised and tailored:

> "If they know you haven't got kids, and you don't want to go at peak times, and you don't want to go to somewhere chavvy, then they tailor that to you."

The trend towards ever-more personalised service is not new. But there's a 'second wave' of personalisation emerging, with a subtle difference. Customers are now savvier and notice overly-automated personalisation systems, so brands have to work twice as hard to personalise their offering:

> "I'm aware of what the industry does to get people like me to buy."

For instance, consumes have told us they appreciate their 'junk mail' being tailored to the kinds of offers they buy, and online brands remembering their preferences. But they feel uncomfortable when it's obvious that they're part of a "consumer segment". Also, they don't want to have to do the work themselves, updating their profiles and preferences in complex online environments, unless they get more immediate rewards.

Evolving and developing loyalty schemes, while an important feature of customer relationships, will not be the whole story.

Indeed, over the next months and years, consumer willingness to share personal information, in return for benefits or free services, may well be re-evaluated. There is an emerging debate around the "cost of free" – alerting customers to the fact that sharing their personal information may have hidden costs later, as it makes them more easily delivered as new markets to advertisers.

We suspect that for many brands, there is much emotional capital to be made out of simply recognising customers, in a personal way, during the purchase experience.

For instance, we hear that it's very powerful when the individual with whom a customer is dealing is empowered to do something different and 'outside the rules' – a special service, which feels like it's just for them. This requires imagination rather than a considerable outlay:

> **"I work in a shop where people buy £700 dresses, and they always ask for a little something extra – so we keep a bowl of keyrings under the desk to give them. Everyone likes something extra to feel special."**

This desire for a personal transaction may also be why more and more customers tell us about the pleasure they get haggling for discounts. It may be that we were once shrinking violets - as Omid Djalili claims in Moneysupermarket.com's advertising, "In the Middle East we have a word for people who can't haggle – we call them British". But now customers are getting more sophisticated at identifying how a corporate policy from the retailer or brand impacts on their experience in the shop; and they are starting to use this to their advantage.

So, some customers are starting to enjoy "playing off" shop assistants against their retailers, and even retailers against the brands they supply, haggling where possible to increase the value of their purchase to them.

In this world, it's important to be the kind of brand which empowers its staff to give customers individual, unexpected and delightful experiences at the moment of purchase. The challenge, of course, is achieving this while remaining profitable.

2. CONCRETE EXPERIENCES MATTER MORE THAN COMMUNICATION

In the world of brand communication, the concrete and tangible experience has gradually become more and more important. In a world of fragmented media, above the line advertising is, increasingly, failing to cut through:

> **"I either watch it without ads on Sky+ or I download it and it tends not to have any ads in it anyway"**

Marketers have identified a number of related, equally important issues which are affecting traditional interactions with brands, such as the rise of peer recommendation, or the trend for consumers to place more emphasis on product performance.

But while people may not be talking about your latest ad around the water cooler, they may still be talking about your brand. For example, we know that discount vouchers have never been so popular. Customers tell us that they like vouchers because they allow the purchaser to be generous; customers themselves pass them round their own networks and advocate the brand through concrete examples of value. This helps customers connect with their own communities, adding an extra layer of emotional value to the discount or special offer itself. And it's a win-win situation, as these customers are then more likely to take up the offers and reach towards your brand:

> **"When we know there's nappies on special offer the email goes round and we go down and get them for all of us."**

This also means that when the customer arrives at the purchase point with his or her voucher or "secret tip" about a sale, he or she already feels a bit special - different from the other punters in the queue, possessed of secret and valuable knowledge. All this positive emotional equity accrues back to the brand.

This trend away from communication, and towards a focus on brand experience is well underway. We think it's set to continue in future, and could be taken as a useful principle for brands in a wide range of categories.

3. LOCAL PUBLIC SPACES ARE BEING RECLAIMED, AND BRANDS CAN BE A PART OF THIS

Brand owners could also consider the implications of a significant, large-scale social trend: the gradual reclaiming of public space for community-driven activities.

The internet has opened the door. As the web matures, online connectivity is now used to bolster real world relationships. Customers value personal experiences, as we've discussed above, and they are achieving these personal interactions through all sorts of events, from organised sports, pop-up shops and restaurants, to spontaneous mass events (the descendents of the flash mob), or music festivals. The key is that people seek to have experiences with each other, rather than as individual consumers with brands providing products and services. While brands are very much present, they provide space and opportunity for them to do so.

All these kinds of events are part of a very long-term social trend which can be observed through semiotic analysis. In a recent project on beauty, we worked with semioticians Sign Salad, who identified that one of the emergent trends in public space design was spaces designed to be fully interactive with the public who use them. Consider new 'infinity edged' fountains in town squares, in which children can play, versus old-fashioned, contained water features. Beyond semiotics,

consumers themselves tell us they have noticed a blur between public and private spaces, which means people are doing more things in public spaces that they used to do at home; from watching television on sofas in shopping centres, to applying make-up on trains.

For brands, we suggest using this trend as a thought experiment. What would you do differently if you considered public space in terms of an "ongoing festival"? This process generates many opportunities for brands to join in this festival by enabling and facilitating the things that communities and participants want to achieve. This is not about traditional sponsorship, but about partnership and enabling communities to do the things that they want to do. Local should be the focus.

This means that instead of brands seeding or controlling local activities, they should think in terms of enabling networks of people who are already interacting. In the future, brands may be valued in terms of how well they support consumers to do whatever they want to do. ○

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CUSTOMER STRATEGY IN THE BOARDROOM

Alex Bollen

Alex Bollen on what Ipsos MORI's latest research among business leaders tells us about the changing business world.

First of all, some good news. The view from the boardroom suggests that things are getting better. Our latest Captains of Industry research among business leaders shows that they feel more optimistic about the economy than at any point in the past six years.

It has been a gloomy old time and the recession has shaken up the business world in many respects. A majority of business leaders (71%) say it has forced them to take tough decisions they have sometimes put off making in the past.

And many businesses have had to rethink their customer offer. Just under half (45%) of Captains say the recession has forced them to change their product or service offering. This is echoed by our latest research among members of the Chartered Institute of Marketing: 72% agree that there has been a fundamental shift in their customers' behaviours and spending patterns since the start of the recession.

However, our research shows that one strategic imperative remains unchanged. Customer retention (chosen by 49%) is still a greater priority than customer acquisition (chosen by 24%) for most business leaders.

When we asked about customer strategy in more detail, the areas where business leaders thought they and their teams are strongest are:

- Believing that meeting customer needs is the best path to a sustainable competitive advantage (59%); and

- Developing enduring relationships with their most profitable customers (45%).

Customer strategy: key strengths and challenges

A. In which two or three of the following areas do you think you and your top team are strongest?
B. Which two or three do you think you and your top team will find most challenging in 2010?
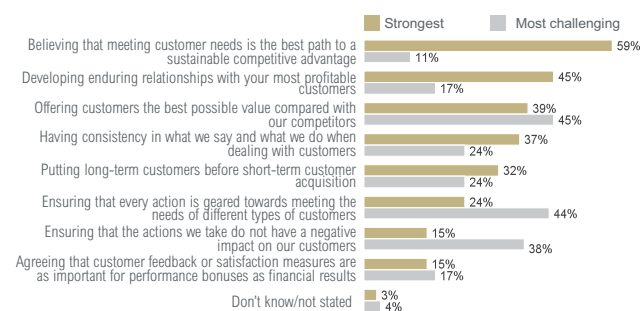
Base: British Captains of Industry (100), interviewed Sep-Dec 2009

So the strategic imperative of meeting customer needs is clearly agreed, as is the emphasis on the most profitable customers. But the devil, as ever, is in the execution. When asked to identify their biggest challenges in 2010 as far as customer strategy is concerned, business leaders' top answers are:

- Offering customers the best possible value compared with competitors (45%); and

- Ensuring that every action is geared towards meeting the needs of different customers (44%).

Business leaders feel reasonably confident about matching competitors for value: 39% see this as one of their strengths. But only 24% say that ensuring everything in the business is focused on meeting the needs of different customers is a strong point.

Part of the challenge here is effectively managing the torrent of customer data which flows through a business. Our research among members of the Chartered Institute of Marketing found that only 9% of those using CRM feel that their systems are very effective at allowing accurate analysis and profiling of customers and customers segments, while only 26% say that their marketing function has a high level of visibility over all of their organisation's relevant customer data.

While customer data has never been just a marketing or operational issue, one trend our research picks up is that customer measures are finding their way into more and more boardrooms. Ov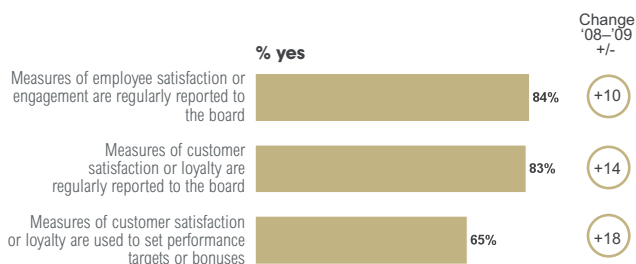er four-fifths (83%) of business leaders say that the measures of customer satisfaction/loyalty are regularly reported to the board, up 14 percentage points from the year before. Around two thirds (65%) say that these measures are used to set performance targets or bonuses, up 18 percentage points. Customer management is clearly developing a harder edge.

Finally, we asked business leaders who they think leads the way as far as excellent customer service is concerned. As was the case last year, Tesco comes top, mentioned by 25%. The rest of the list is dominated by retailers. This is in line with what we have found in our general public research: supermarkets beat other sectors hands down when it comes to perceptions of offering fair deals and treating customers well.

So what conclusions can we draw from all of this? Clearly the recession has forced many businesses to reappraise the way they do things. And, as times have got tougher, hard measures of customer satisfaction and loyalty have become more influential. This trend is unlikely to reverse. The rise of social media means that the voice of the customer has become harder than ever to ignore. The challenge for the boardroom – and the rest of the business – is how to piece together the different bits of the customer jigsaw to build stronger customer relationships. ◉

Alex Bollen is a Research Director at Ipsos MORI Loyalty, our team dedicated to improving business performance through building successful customer and employee relationships

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Customer measures in the boardroom

Thinking about your business, which, if any, of these apply?

	% yes	Change '08–'09 +/-
Measures of employee satisfaction or engagement are regularly reported to the board	84%	+10
Measures of customer satisfaction or loyalty are regularly reported to the board	83%	+14
Measures of customer satisfaction or loyalty are used to set performance targets or bonuses	65%	+18

Base: British Captains of Industry (100), interviewed Sep-Dec 2009

TOP TEN ADVERTISING LESSONS LEARNED

Extol the virtues of research to a creative and you're likely to get a swift slap. However, an Ipsos ASI evaluation, which tracked thousands of commercial campaigns worldwide, now shows even researchers believe that creative is king. Deborah McCrudden reveals her Top Ten Tips.

2,500

tracked campaigns

Deborah McCrudden

Advertising tracking has several forms, but the most powerful is continuous weekly tracking. Across 2,500 tracked campaigns, combined with media schedules, Ipsos ASI arrives at its unique global database. From this data, we get a reference point for results and the source of these Top 10 media lessons learned from Ipsos ASI. These are general observations – any one brand situation may be uniquely different. Also, these are not supposed to be 'hard rules' but simply to act as guidelines for best practice.

1. Creative is king!

When looking at advertising and promotion spend, it's easy to assume that, because media comprises such a high proportion of overall spend, it must be the most important factor. In fact, creative has a disproportionate influence on the success or failure of an advertising campaign.

Ipsos ASI's global advertising database shows that creative quality accounts for about three quarters of variance when explaining differences in ad recall levels. Weak creative rarely earns good recall based on heavy media.

So, despite the high cost of buying media, the 'creative' is key for driving success. To ensure that creative is as strong as possible, it's important to pre-test creative and consider the ad development process.

2. Ads do not wear-in

Although TV ads do have long-term, brand equity-building potential, the most marked impact is in the short-term. A strong ad will achieve high levels of recall in the minds of consumers within the first burst of spend. A poor performing ad will not. It is wishful thinking to hope that an ad will "wear-in" on the flawed principle that "a bit more spend" will surely have an impact. An ad that does not achieve good recall in the first burst of spend indicates that, creatively, it is simply not engaging enough – whether because of its creative style or because of how its message is couched. Better to ditch it than hope the media spend will lift it to success.

3. All media builds with diminishing returns

It's not only TV that experiences this: all media appear to build with diminishing returns. The recommendation therefore is to focus your media plan on building reach quickly and not to drive recall too high in any one medium. Instead, if one can afford to maximise the medium, add a second to extend the reach.

4. Persuasion peaks quickly after airing

Persuasion also peaks quickly. 81% of all campaigns tracked peaked by 850 GRPs and within 12 weeks from start of airing.

5. Minimising ad recall decay is more important than building recall

If an ad is compelling in itself, and engages consumers in a dialogue with what the brand is all about, then it is almost certain to achieve high recall. However, to maximise marketing spend efficiency and brand impact, it is hugely important to sustain that level of recall in consumers' minds so that the brand remains top of mind, driving visibility in the marketplace, and continuing to build positive associations.

6. Recency planning is best

Through modelling the data collected on thousands of campaigns around the world, with a wide variety of flighting patterns, we have seen that more continuous TV plans tend to maintain advertising presence more efficiently than 'burst' plans. This links closely to the theory of Recency Planning, which states that your ad should be the last ad seen prior to a purchasing decision. This has been demonstrated to be a successful strategy, particularly for FMCG products where purchasing

occasions come along in quick succession. Burst-based Frequency Planning can be wasteful because of the rapid decay of advertising effects and the consequent long periods off air, allowing competitors the opportunity to become top of mind prior to the next purchase occasion. Recency planning works best once an advertising idea has been firmly established with an initial heavy up burst, followed by lower weights of infrequent but ongoing reminders.

7. Creative pools should be aired sequentially, not concurrently

Often brands develop a "pool of creatives" that they can call upon. The temptation might be to air multiple creative executions concurrently in the hope that the campaign will cut through more strongly and more brand messages can be conveyed. In reality the opposite is true. By airing concurrently a brand is asking the consumer to remember multiple executions and messages, with each receiving a diluted share of budget. As a result cut-through and message take-out tend to perform more weakly than when creative pools are aired sequentially. If a particular creative performs outstandingly, one can always re-air after the creative pool has run its course.

8. Share of voice is not so important

It is a common misconception that a brand can achieve strong levels of ad recall just by outspending its rivals and achieving a strong share of voice in market. Indeed, some brands/companies place specific targets on a minimum SOV believing it to be a pre-requisite for strong ad performance. In truth, advertising standout is not

An ad that does not achieve good recall in the first burst of spend indicates that creatively it is simply not engaging enough

achieved by spending more on media than your competitors. The quality of the creative idea is the main driver of ad recall and persuasion, not spend. It is better to spend time, effort and money on creating a strong creative that is engaging and relevant to your audience, than trying to outshout your rivals through massive spend.

9. Adding an additional media touch point is better than overspending on one medium

Spending money behind bad creative will never produce the desired results. That said, the role of which media channels a brand uses to make an impact on consumers cannot be underestimated. However, there is no golden bullet - what works for one brand/product, will not necessarily work for another. Are there any golden rules? *Yes*. Ensure each media channel has an objective and assess performance against these objectives. Pick your media channels based on their roles, rather than affordability - if you cannot see how a channel will add benefit, do not use it. Assume most consumers will experience more than one media channel, therefore maintain creative and message synergy across all channels. Extending the campaign to an additional media channel is more effective than over spending on one - this is especially pertinent for TV.

10. TV ad recall does not follow 'media consumption'

While it is important to understand the media consumption habits of your target audience, it is also important that you do not jump to conclusions about how this might influence the response to your campaign. We know from our research that whilst older consumers watch more hours of TV, for example, that this does not necessarily correlate with increased advertising recognition among this group. In fact we see much higher recognition scores from younger people who watch less TV. The hypothesis is that younger consumers are more engaged with branded communications and therefore require fewer opportunities to see an ad and internalise it than their elders. With this in mind, advertisers and their media agencies must make sure that they research and understand both the potential and actual impact of their brand campaigns rather than just making a leap of faith.

There are more media channels today than at any point in history, with more being created every day. With ever-growing pressure on budgets, advertisers need access to as much information as possible so that they can maximise the effectiveness of their campaigns - what, where, when, how and for how long. Creative is king, but you need to understand the whole picture to get the best results. ◉

Deborah McCrudden is Chief Operating Officer at Ipsos ASI, Ipsos MORI's specialist advertising, brand and communications team.

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Contrary to what many creatives believe, our findings point to research backing the thinking that creative is king

REPUTATION THINKING

Milorad Ajder

When talking to the Board, 'reputation' is the most common terminology used by Reputation Council members, followed by 'trust' and 'brand'. Around half say 'reputation' is a term they use to discuss key strategic issues with a senior management audience, while around a third each use the 'trust' and 'brand' terminology. There are some different perspectives on which language is most appropriate in this context:

"Reputation – people understand that. Trust is too blithe"

"I am on the Board in the UK business, and for the first time I'm hearing a lot of members of the Board saying, 'How do we improve our reputation? How do we let people know? What can we do?'. So it is very much higher on the agenda"

"Trust I think is a huge word, and it's something that I think every sensible organisation is paying a great deal of attention to, the generation of an atmosphere of trust – two-way trust, that is"

"We're a strong brand, so obviously brand is a regular topic of discussion. We discuss trust at an Executive Board level every quarter because it's important to the health of our brand and our business – there is a broad and deep understanding of that amongst management"

'Reputation', 'Trust' and 'Brand' – key concepts at board level

Other key terms used to articulate reputation issues to senior management are 'risk' and 'corporate responsibility'. 'Risk' features more prominently than 'opportunities', although a few members do talk about 'growth', 'competitiveness' and 'thought leadership' (while conversely a few also talk about 'cost control'). 'Corporate responsibility' is more commonly used than 'sustainability', 'environment' and 'ethics' – a few also talk about 'credibility' and 'transparency':

"We're measuring reputation against operational risk – the operational risk function is very strong internally, we have three committees which take this very seriously"
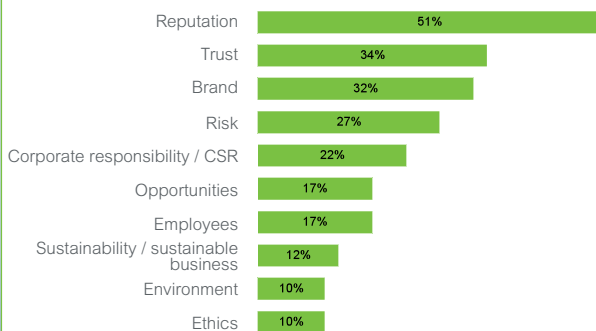
"I try to gain their interest when I say we have growth opportunities if we manage our reputation right. For me, linking reputation with the success of the company is the key … it helps make the company more successful"

"Sustainability is a huge one … not just in terms of environmental sustainability, but more broadly business sustainability, sustainable management, in which I would encompass all the aspects of corporate and social responsibility as well"

Authenticity

A critical concern in reputation management is how to show to the outside world that the company's beliefs and values are genuine – and this has been previously suggested by a Council member as a topic for further discussion. Most commonly, members underline the importance of demonstrating through the company's everyday actions and behaviour that it is living its values. The theme of consistency is a recurring one, both in terms of aligning actions and communications, as well as behaving consistently over time:

When talking to the Board/senior executives, what key strategic issues do you most often refer to?

Reputation	51%
Trust	34%
Brand	32%
Risk	27%
Corporate responsibility / CSR	22%
Opportunities	17%
Employees	17%
Sustainability / sustainable business	12%
Environment	10%
Ethics	10%

Base: Reputation Council Members, Spring 2010 (41)   **Source:** Ipsos MORI

"By doing what it says it's going to do, that's a fundamental one. Don't over-promise and under-deliver, do the opposite – always deliver on promises"

"It isn't something that is done easily or overnight, it's a journey, a continual process of reinforcing your commitment to your values in your words and actions – so consistency is very important"

"Ultimately, the job of comms is made all the easier and more credible when you're not trying to communicate how you'd like your company to behave, you're communicating what your company is actually doing. If you're living the values, then that's by far and away the most powerful message that you can utilise … That dissonance between what stakeholders are being told and what they're actually seeing is in my view one of the most damaging things that a company can do to its own reputation"

Robust internal communication is important to articulate what the company's values mean in practice and ensure all employees act with them in mind:

"You need to have it so that your values on the inside and the outside are the same – you need to invest in this through management and internal communications"

"It needs to be from the top, so the CEO needs to take it seriously and set the objectives. The sustainability report should

be launched by the CEO or Chairman"

Sensitive communications are also highlighted, and being clear and coherent about what your values are is fundamental. Providing demonstrations to stakeholders that you are doing what you say is often addressed through non-financial reporting (a few members mention providing evidence, case studies and external verification/assurance, others talk more generally of openness, transparency, honesty and humility):

"Case studies – we did our first corporate responsibility report last year so that's the best way, as well as our ongoing corporate responsibility activities in each market"

"Rather than just stating claims, we actually use evidence and case studies to prove it … We have made a concerted effort to discover stories across our organisation which support our desired corporate position, and to then disseminate those both internally and externally"

"It's about a very open and objective way for us to create awareness and understanding about what we do and how we do it. For example, it's giving a very open insight into our environmental performance figures … and increasingly not only giving these numbers, but also external verification about how these numbers are calculated"

Another key theme is building relationships, both in terms of attracting the endorsement of independent third parties, as well as developing

direct stakeholder engagement and partnerships. Some feel that the most important point is how the company behaves when difficult issues or decisions arise, how it conducts important occasions or deals with mistakes:

"Being as transparent as possible, bringing people in so that they can see your values in action. There are techniques you can undertake to bring that to life for people. It's really about genuine engagement"

"We have to prove that there are tangible benefits, that not only are we successful but also that the wider community benefits as well … We like to engage NGOs and we certainly try to communicate things to our investors … And in terms of our relationships with governments, we certainly rely on relationships and endorsements from countries in which we operate"

"It's vitally important that companies appear to be fair and honest in dealing with difficult issues, whether they're customer issues or wider industrial issues. One has to apply common sense to these things, and I think people very easily smell a rat if there's a rat to be smelt"

Other advice mentioned by a minority of members includes:

- Embedding values into day-to-day dealings with stakeholders, such as customer communications/the customer experience and investor relations, as well as all channels, including online

- Doing activities because it is the right thing to do rather than looking for PR opportunities

- Delivering on your promises, otherwise stakeholders will pick up on any disconnects and see through unsubstantiated claims

## Aligning reputation with risk management

The importance of protecting one's corporate reputation is further reinforced by the way it is managed within member companies. In this survey, we explored the extent to which reputation is incorporated into company's risk management processes, and it is – both formally and informally. How it is integrated is dependent on internal structures but many Council members sit on risk management committees and/ or regularly feed reputation issues into risk registers. By doing this, reputational risks are treated like any other company risks – given a clear owner and reported directly to the company Board:

"We have a risk register and there's a sub-committee of the Board that looks at the risk register. We assess all the major risks to the company, reputation management is one of those key corporate risks that we constantly evaluate"

"We have Corporate Affairs Risk Committees upon which our Chief Exec sits and we have Regional Corporate Affairs Risk Committees as well, and the reputational research is actually presented to those committees and debated within those committees"

Overall, eight in ten Council members say that reputation is a formal part of their risk management processes:

Reputation and risk management

No, not part 20%

Yes, reputation formal part of risk management processes 80%
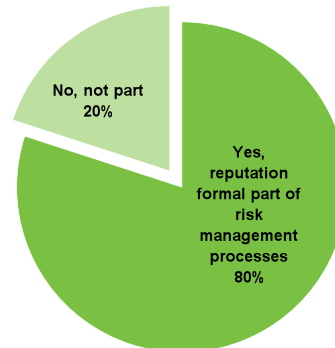
Base: Reputation Council Members, Spring 2010 (41)   **Source:** Ipsos MORI

Influences on reputation thinking

Most commonly, Council members see the media as an important influence on their thinking on reputation. Other stakeholders are also prominent influences, particularly government, customers and consultants/agencies and less commonly NGOs, investors, regulators, business partners and academics:

"I think the most important influence is the dialogue you have personally with people who are influential and form opinions in society, so I think leading figures in the media, clients, opinion formers – and it's very global, it does vary from market to market"

"The media, leveraging by pressure groups such as Which? and Sustain, and any regulatory pressures – these groups will pick up on that"

Council members are also influenced by competitors and other peer companies, as well as citing strong internal influences in many cases, ranging from colleagues and grass roots employees to the CEO/senior management. Online sources are not yet widely mentioned as influencing reputation thinking:

"What we tend to do is to just talk to other companies and get an understanding of how well they are approaching it, and then try and calibrate that and say, 'Well, what would that mean for our company? Is there something we can learn from their approach?'"

"Our customers is the most important one for us, and our partners – we have lots of business and industry partners. Our employees, they're our biggest ambassadors for the organisation, so those are the groups we're more interested in" ⊙

Milorad Adjer is Managing Director at Ipsos MORI's Reputation Centre, a specialist team working with clients to help them manage their corporate reputation and strengthen the relationships that matter most to them.

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GO WITH
THE (PATIENT) FLOW

Sarah Phillips

Today, the pharmaceutical industry is in a process of evolution, which has a major impact on how to achieve success for a brand. In the past 'Blockbuster Era', the lead indicator of sales success was the number of details achieved, the buying process was relatively simple and the physician was the dominant influencer on a brand's success. There were fewer barriers regulating a physician's prescriptions and pharmaceutical brands were aimed at large patient populations i.e. depression, hyperlipidemia, hypertension, osteoporosis.

A whole spectrum of events have changed this world: the advent of NHS reform and the patient choice agenda, increased regulation and payer control of prescribing behaviour and the development of products which focus on more niche markets.

Increased consumer awareness and the internet has lead to some groups of patients having a more proactive and involved approach towards the management of their health. In addition, new groups of influencers have emerged with increasing responsibilities and influence, such as prescribing nurses and care-givers.

The upshot of this evolution is that it is important to take a much more comprehensive and holistic view of the marketplace to influence and direct marketing strategy. Business intelligence and pharmaceutical marketers need to gain a greater understanding of the shifting sands, their broader customer groups and their customers' motivations.

Emerging trends create a need for rethinking the research tools we use to support pharmaceutical brand decision-making. One such tool is the buying process approach. Though it is referred to by other names, such as patient flow mapping, patient dynamics, market mapping and market flow modelling, irrespective of its name, the approach provides insights to help marketers prioritise their resources in a complex health care system. It is also flexible enough to identify how to reprioritise in the face of new market developments.
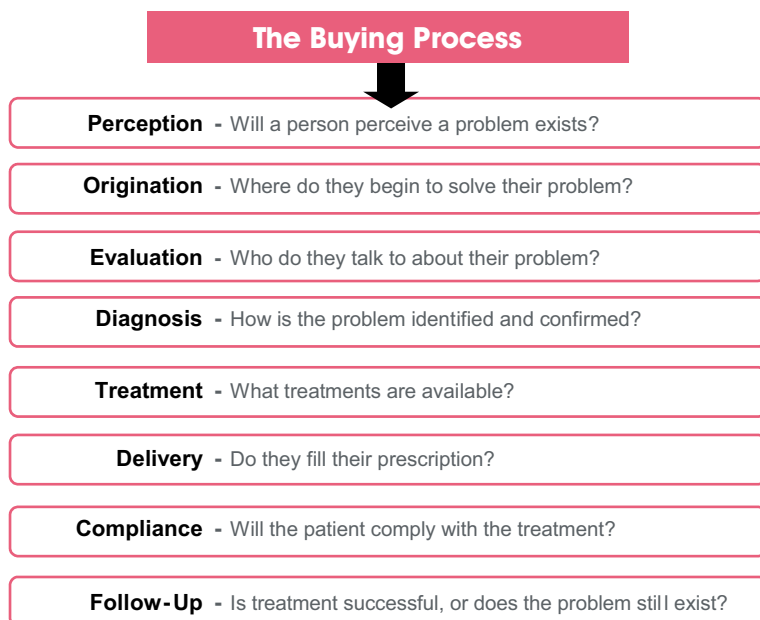
In essence, the main customer or stakeholder at the centre of any therapeutic landscape is the patient – without the patient, there is no need for a product. In the same way, the central player in the buying process is the patient. At its simplest level, the buying process aims to outline the series of events that a patient goes through as they move through the healthcare

system. The model generated aims to provide a blue-print of the process for any brand to map its opportunities by following the patient. This does not mean that the research is conducted only with patients; indeed, it is often necessary to take into account a whole series of stakeholders to understand the flow of the patient through the system. Instead, it looks for the opportunities in the cascade of events that befall a patient as they experience, are diagnosed and manage their disease.

Increased consumer awareness
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The common steps, or leverage points, through the buying process are illustrated in the table below:

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The Buying Process

Perception - Will a person perceive a problem exists?

Origination - Where do they begin to solve their problem?

Evaluation - Who do they talk to about their problem?

Diagnosis - How is the problem identified and confirmed?

Treatment - What treatments are available?

Delivery - Do they fill their prescription?

Compliance - Will the patient comply with the treatment?

Follow-Up - Is treatment successful, or does the problem still exist?

The flow of the patient through the system and an understanding of who the key stakeholders are at each stage in the process will map out the common leverage points through identifying the most common path taken by patients. This allows marketers to determine how this path can be changed or influenced to facilitate greater brand use.

Each patient is unique and has their own journey through the healthcare system. For that reason, patients provide their individual experiences, while physicians provide information for specific patients or patient types. While patient experiences are the basis for analysis, these kinds of experiences need to be evaluated not only from a patient perspective but also from the perspective of other key players in the market, including physicians. Obtaining both the prescriber, influencer and patient standpoint allows us to pinpoint differences in stakeholder perceptions. This often identifies which issues patients and physicians see differently, providing insight into both marketing and communication strategy to maximise returns for the brand. These

Given the changing environment we are all living in, it is important to take a holistic view of the influencers and players at each stage in the patient flow through the system – without that flow, there is no need for a system

perceptions are not limited to physicians and patients but can also include other stakeholders such as pharmacists, payers, nurses, care-givers, etc.

How does this work for patients?

Let's consider a hypothetical patient, Tom, a typical, middle-aged male, who has a stressful job: a market researcher on the agency side. How does Tom progress through the NHS?

Despite "eight hours of sleep every night," Tom is always tired and has been complaining about it incessantly to everyone. His symptoms have started to make an impact on this life, and like most men, he doesn't go to his doctor until pushed or nagged.

After his wife has done some searching on the internet, she is sufficiently concerned to make an appointment for him with his GP. Tom finally goes to the doctor, for the first time in five years. His GP determines that all systems are fine with Tom, with the exception of general fatigue.

The GP recommends behavioural and lifestyle changes, such as getting to bed at a regular time, reducing job-related stress, and to return for a check-up in six months.

About a year-and-a-half later, Tom falls asleep at the wheel and almost causes a major accident on the M4. His wife pushes him to see his doctor again. So, Tom returns to his GP, and he is even more tired and run down, despite changing to a job that he says is less stressful.

What's next for Tom, now that his GP could not help him with his symptoms?

Tom's GP refers him to see a specialist. As there is a long waiting list in his area,

Tom waits 8 months to see the specialist. The specialist diagnoses Tom, starts treatment and schedules a follow-up appointment to monitor progress.

The specialist is a key influencer in the buying process system, and prescribes a regimen according to protocol and familiarity. The specialist provides him with two prescriptions, four educational booklets and information about patient-support groups. The specialist thinks he did a thorough job explaining the treatment options. However, Tom is overwhelmed and fear sets in after he walks out of the office. He is concerned about the side-effects of the medication and how they will affect him.

Tom needs time to digest all of this and think it through. Tom is frustrated with the specialist's treatment recommendations and he takes the initiative to look for alternatives and possibly get a second opinion.

In the end, Tom doesn't continue on in the healthcare system. He falls out at the treatment and delivery points in the process.

The buying process can identify the key points of opportunity for intervention. The marketing strategy may need adapting if it focuses only on driving the specialist to prescribe your product versus the competition, and doesn't take into account the impact of Tom's wife and GP in getting Tom to that specialist, and the other delays or leakages caused in the system, ultimately Tom's non-compliance.

This is a simple example of how the buying process works, and it can be used for both new and in-line products. For new products, the model can provide an understanding of a new category, including insights into areas that may not have yet been covered extensively. This approach should be executed two to three years pre-launch

Each patient is unique and has their own journey through the healthcare system. For that reason, patients provide their individual experiences, while physicians provide information for specific patients or patient types

in order to have adequate time to initiate any necessary strategic initiatives prior to launch and to aid in the development of targeted marketing. Conversely, for in-line products, the buying process can help to assess fundamental changes in the market (such as new competition, generic/therapeutic substitution and/or policy changes) and provide an integrated perspective on the health care market. Once a product is introduced into the market, the tool can be used to track a brand's performance post-launch.

Given the changing environment we are all living in, it is important to take a holistic view of the influencers and players at each stage in the patient flow through the system – without that flow, there is no need for a system. ⊙

Sarah Phillips is Head of Ipsos MORI's Health Division, a worldwide specialisation focusing on understanding the motivations and influences of the multiple stakeholders who have an impact on the success of a product within the pharmaceutical industry.

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AN iPAD REVOLUTION?

As a tidal wave of excitement and scepticism built in anticipation of the iPad finally reaching UK shores, Ipsos MediaCT investigated potential take-up among GB consumers, as well as how such technology can affect, benefit and potentially threaten traditional media consumption.

Nick Watson

Beckie Matthews

Since its grand unveiling in late January 2010, Apple's iPad has been the subject of intense media excitement and speculation. Many have hailed it as a technological masterpiece that will revolutionise the ways in which we consume and interact with everyday media; others have questioned its hype and market positioning:

Is it designed to replace our computers or accompany what we already have? Isn't it just an over-sized iPhone? What does it actually add to the media landscape?

Whilst the long-term impact of the iPad has yet to be established, there is no doubting its immense short-term success. Since its official US launch in early April, demand for the iPad has been unprecedented, with more than one million units sold in less than a month, making the iPad a faster seller than even its predecessor and sister product, the iPhone.

As a tidal wave of excitement and scepticism built in anticipation of the iPad finally reaching UK shores, Ipsos MediaCT investigated potential take-up among GB consumers, as well as how such technology can affect, benefit and potentially threaten traditional media consumption.

Pressing issues

A key area of focus has been the possible impact of the iPad on the provision of news and the potential threats and opportunities the iPad can bring to a newspaper market already in transition:

While certain sectors of the market have bucked the trend, notably the free titles and the quality daily and Sunday newspapers, a general decline in printed newspaper claimed readership has been observed over time, as well as a reduction in circulation figures. At the same time, the market has developed with the delivery of digital newspaper content on platforms such as websites and mobile phones, and publishers are now exploring the monetisation of electronic content.

In the context of these market developments, many have acknowledged that devices such as the iPad do have the potential to help to develop their digital identities even further and breathe fresh life into current business models. In particular, applications such as those already developed and showcased by the FT and Daily Express can help broaden the brand's appeal to non-traditional readers of their printed counterparts. Early indications in the US highlight the potential for news consumption on the iPad, with news applications occupying four of the top 10 spots for most downloaded free apps, one day prior to its launch.

How will news be consumed in the future?

It is also important to address the impact, if any, that the iPad and similar devices are likely to have on readership of printed newspapers.

In the long-term, will there continue to be demand for printed press, or will the portability of devices such as the iPad, combined with regular news updates online, define our future news consumption?

Ipsos MediaCT has conducted face-to-face research among a nationally representative sample of GB adults, to begin to answer these types of questions*.

US excitement does appear to have extended across the pond, with 1 in 10 of all GB adults claiming they would be extremely interested in owning an iPad, rising to a quarter of those aged 15-24. Overall, 28% show some level of interest.

Accessing news does feature highly in anticipated iPad activities (56% of

those interested in owning an iPad), behind only general internet browsing (81%) and email (62%). Consumers of quality press demonstrate the highest level of interest for accessing news in this way. Initially, the most popular way of consuming news on an iPad is likely to be via websites (45% of those interested in owning an iPad), whilst accessing a newspaper app. (28%) already generates more interest than the more established format of electronic newspapers (26%).

Anticipated interest in news consumption via devices like the iPad may signal that such devices cannot fail to have some form of impact on printed press in the future. However, our research indicates that this does not necessarily spell the end for printed formats that has been predicted by some.

Only 4% of all GB adults claim their ability to catch up on news on an iPad would result in them reading printed newspapers less often than they do currently.

Among all newspaper readers interested in owning and accessing news via an iPad, more than half believe their readership of printed press would not be affected.
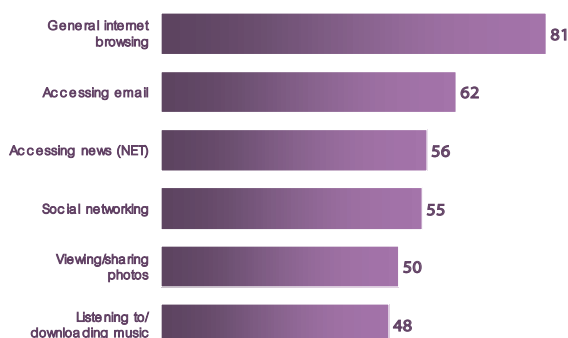
1 in 5 readers of quality newspapers

4%

of all GB adults claim their ability to catch up on news on an iPad would result in them reading printed newspapers less often than they do currently.

who are interested in owning and accessing news via an iPad claim their readership of printed newspapers would actually increase if they could catch-up on news in this way. There is some indication, therefore, that printed and mobile digital news can have a complementary co-existence for some consumers, perhaps with newspaper applications whetting the appetite for more detailed information and commentary found in the printed medium.

There may also be potential for newspaper brands to extend their appeal to new audiences through applications, as 20% of those interested in owning an iPad and using it to catch up on news, do not currently read printed press.

The launch of Apple's iPad has brought with it a fanfare of excitement, opportunity and uncertainty. Many have predicted an iPad revolution and an

Which, if any, of the following would you be interested in using an iPad for? (Top 5)

General internet browsing — 81
Accessing email — 62
Accessing news (NET) — 56
Social networking — 55
Viewing/sharing photos — 50
Listening to/downloading music — 48

*Base: All adults 15+ interested in owning an iPad (n=521)

Accessing news (net) consists of the following codes:

• Catching up on news, via websites (45%)

• Catching up on news, via an electronic version of a newspaper (26%)

• Catching up on news, via a newspaper app (28%)

overhaul of media consumption as we know it, while others have predicted a flash in the pan.

Through this research, Ipsos MediaCT has begun to take a first glimpse into the potential future and has uncovered relatively high levels of likely take-up, which we would only expect to increase as price goes down, word of mouth spreads and confidence in using technology grows. Our findings also suggest that this does not necessarily spell the end for more traditional media formats and the onus is on media brands to use this new technology to their advantage, in diversifying the appeal of their overall brand, rather than allowing themselves to be replaced. ○

Nick Watson is Senior Research Executive and Beckie Matthews is Associate Director at Ipsos MediaCT, the media, content and technology research specialists.

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Many have predicted an iPad revolution and an overhaul of media consumption as we know it, while others have predicted a flash in the pan

2010 ELECTION:
LEAST BORING EVER?

Roger Mortimore

Journalists love to characterise British general elections as "the most boring ever" - often within the first few days of the campaign. But nobody would have believed that in 2010. Not only was it clear from the start that there was real doubt about the outcome, but the electorate was more open-minded about switching allegiance between parties than at any election we have previously polled. Throw into this already volatile situation the new factor of the leadership debates, and the election was never likely to be dull.

Opinion polling is much more difficult under such volatile conditions than in a settled situation where most of the voters have definitely decided how they would vote. As late as a fortnight before polling day, 45% of people who told us which party they intended to vote for said they might, nevertheless, change their minds. (In 1992 the corresponding figure was 18%.) In the circumstances we, and the other pollsters, did extraordinarily well in measuring the public mood. Our final poll predicted both the Conservatives and Labour within one percentage point of the final result and the lead exactly, while our exit poll (conducted jointly with GfK NOP for

all the broadcasters, and with analysis by a team of political scientists) was almost perfect, within four seats of the outcome for all three parties.

This was an election in which the voters' views of the leaders mattered much more than what they thought about the parties or the issues. Even before the leadership debates, we found that for the first time in our experience, people were saying that the leaders were as important as policies to their vote. This may explain why the Conservative lead narrowed in the months approaching the election. In mid-2009, the polls were suggesting that an immediate

ANALYSIS OF VOTERS: GENERAL ELECTION 2010										Turnout	
	2010 vote					Change since 2005				2010	Change
	Con	Lab	LD	Oth	Lead	Con	Lab	LD	Swing (Lab to Con)		
	%	%	%	%	%	%	%	%	%	%	%
All	**37**	**30**	**24**	**10**	**7**	**+4**	**-6**	**+1**	**+5.0**	**65%**	**+4%**
Readership (regular readers)											
Daily Express	53	19	18	10	35	+5	-9	0	+7.0	67%	-2%
Daily Mail	59	16	16	9	43	+2	-6	+2	+4.0	73%	+4%
Daily Mirror	16	59	17	8	-42	+5	-8	0	+6.5	68%	+5%
Daily Record	12	65	6	17	-54	+5	+10	-10	-2.5	65%	+6%
Daily Telegraph	70	7	18	5	63	+5	-6	+1	+5.5	81%	+4%
The Guardian	9	46	37	8	-37	+2	+3	-4	-0.5	78%	+5%
The Independent	14	32	44	10	-18	+1	-2	0	+1.5	79%	+3%
Daily Star	22	35	20	23	-13	+1	-19	+5	+10.0	43%	-3%
The Sun	43	28	18	10	15	+10	-17	+6	+13.5	57%	+5%
The Times	49	22	24	5	27	+11	-5	-4	+8.0	80%	+9%
None of these	32	31	26	11	2	+5	-6	-1	+5.5	61%	+6%
Quality press*	39	26	28	7	13	+3	-1	-1	+2.0	79%	+5%
Tabloids*	43	30	17	10	13	+5	-10	+2	+7.5	64%	+2%
Mid-market tabloids*	57	17	16	10	40	+2	-7	0	+4.5	71%	+2%
Red-top tabloids*	30	42	17	11	-12	+7	-12	+3	+9.5	60%	+4%

*Includes titles read by too few respondents to be reported separately
Base: 10,211 GB electors, March-May 2010

Source: Ipsos MORI Final Election Aggregate Analysis

No party had a clear lead on the <u>most important issue</u> to voters – the economy

Which party do you think has the best policies on the economy, the Conservatives, Labour, Liberal Democrats or some other party?

- Labour
- Conservatives
- Lib Dems
- Other/None/Don't know
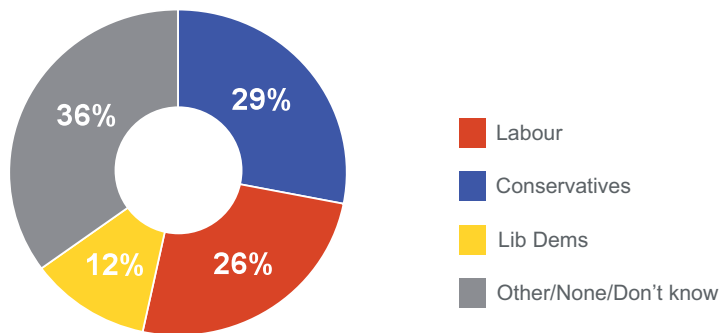
Base: 1,503 British adults 18+, 19th-22nd March 2010

Source: Ipsos MORI

election would lead to a Tory landslide; but by the turn of the year the lead was down to single figures, and then hardly moved before the campaign proper, which began with the Conservatives on 38%, Labour on 30% and the Liberal Democrats on 16% in the "poll of polls". Through that same period, Gordon Brown's satisfaction ratings were slowly rising while David Cameron's were slowly declining, and although Mr Cameron retained a slender lead as "most capable Prime Minister", on many other key characteristics such as "understanding world problems" and being "best in a crisis", it was Mr Brown who had the advantage.

Why were the issues not having more effect? One reason was simply that none of the parties ever succeeded in establishing a clear lead on any of the issues that mattered most to the voters. Most important of these was managing the economy. But the public were almost evenly split over which party had the best economic policies, 29% choosing the Conservatives and 26% Labour, whereas 36% either didn't know or thought that no party had the best policies. Not surprising, perhaps, given that they rejected all the suggested solutions to the country's economic

crisis: by substantial majorities the public opposed increasing income tax, increasing national insurance, increasing VAT and cutting spending on public services. (Yet 55% continued to name the economy as one of the most important issues facing Britain).

Of course, the "presidential" nature of the election campaign was only accentuated by the introduction of leaders' debates, and Nick Clegg's strong performance in the first debate led to an extraordinary swing in party support. In the days before the first debate, Liberal Democrat support in the various polls was averaging only 21%. Afterwards it surged, literally overnight, to around 30%.

But this didn't last. In the final voting, the Conservatives took 37% of the vote and Labour 30%, almost exactly where they had been a month earlier, while the LibDems managed only 24%, having gained at the expense of the minor parties since the start of the campaign but far from challenging for second or even first place, as seemed possible at the height of "Cleggmania".

Perhaps we should have doubted from the start how much of this increase of

LibDem support would survive all the way to the polling station three weeks later. When we looked at where that support was coming from, the LibDem surge involved no net gains from either the Conservatives or Labour – a little was drawn from minor parties, but most came from people who had previously not been saying that they were certain to vote and now claimed that they were. Naturally, this group will tend to encompass those with lower interest in elections and perhaps lower knowledge of politics and less grounding in the issues than those who had already determined to vote.

In the end the turnout was only a disappointing 65%, higher than in 2001 or 2005 but still the third lowest in modern history. Nevertheless, even though it seems that not everybody who took an interest finally bothered to vote, we found few signs of apathy. Two in five (42%) of the public told us afterwards that they had been "very interested" in news about the election – three times as many as said that about either the last close election (in 1992) or the last election that led to a change of government (in 1997). The least boring election ever? ○

Roger Mortimore is Head of Political and Electoral research in Ipsos MORI's Social Research Institute.

For more information, including full demographic breakdowns of the results, please contact roger.mortimore@ipsos.com

42%

of the public told us afterwards that they had been "very interested" in news about the election