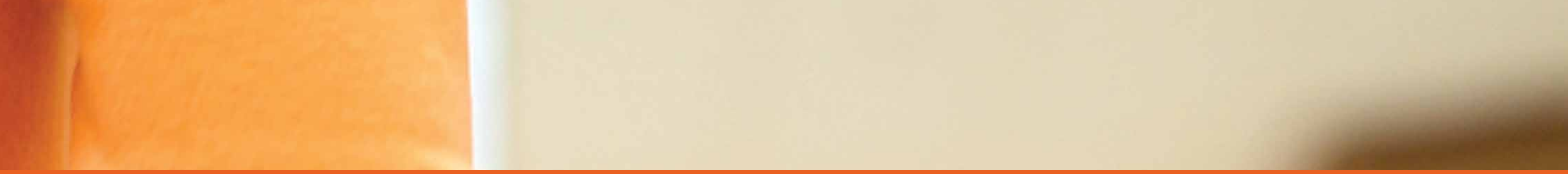

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Value For Money

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John Coll
writes

When the 'crisis' of 2008/9 occurred there was a tremendous focus on price... The price of fuel, of food, of energy, it seemed as though the price of everything was going up, a feeling persistently enhanced by the insistence of the media in pointing out nearly every one of these events to us - the mere citizens who have to pay for it...

Let's pause for a moment to reflect upon price... the definition of **price** is 'the quantity of payment or compensation given by one party to another in return for goods or services'. Overall, quite logical and reinforcing the aspect of the transactional element only of this definition - which is as it should be.

But price is only one element of the expression of value for money. Finding a definition for price that I think we could all comfortably agree, understand and act upon is fairly straightforward; finding a definition for value for money that we could equally easily all align behind is more difficult.

Try this: the definition of value for money is 'obtaining the maximum benefit with the resources available'. Could I agree with it? Yes. Can I understand it? Yes. Can I act upon it? Yes for myself, but I am not sure how easy it is for me to do this on behalf of others. This is because value for money is an internalised emotional judgment of a myriad of factors of which price is just one

As marketers, we spend significant amounts of time and energy building emotional connection to our brands and the experiences that those brands facilitate through advertising, through packaging, etc. Yet I have only ever once come across a company that has asked itself what they have done for the consumer that allows them to raise their prices. Specifically: what have they done to deserve that opportunity? I am not saying that other companies don't, I am just saying that I have only ever heard of one company who specifically posed the question and set themselves that challenge. Implicit here is the whole concept of value for money.

The reason is that value for money is massively imbued with emotion and so open to a million different interpretations based on so many variables. Is it an opinion you inherited from your mother or father? Is it important to you or to someone in your family, friends and so on? Does it hold a particular or special or significant memory or impact or association?

Yet this lack of challenge that marketers too easily ignore goes hand in hand with the other aspect of their influence that they do not want to easily acknowledge. That is the extent to which they train consumers. It is not quite Pavlovian, but it is very visible if you look for it.

We the marketers have trained consumers in the behaviour of expectation and we have been complicit with the retailers in this training programme. And we then wonder why our consumers are not loyal and, frankly, why should they be loyal when we reward disloyalty more than loyalty?

Don't misunderstand me - it is not that consumers don't care: they do. But we have provided them with a whole set of strategies to help identify and achieve their personal value for money equation development. Promotional activity whether that is in-store, money-off coupons and vouchers etc. (or whatever form they may come in). Add to this, the increasingly positive opinions that consumers have developed to retailer brands and the increasing sophistication of their private label offer. This has served only to provide more choice and more variation in the equation's components. There are certainly some places where brands will find it harder to compete in the classic channels.

Consequently, with only a very few exceptions, we are increasingly consummate repertoire shoppers and buyers. By repertoire I mean we want buy into a category, say premium lager, and there are three, four of five brands we are happy to buy and drink because we do not see a significant and compelling difference in one of them that would make us want to purchase it above all the others in all circumstances. We make less distinction between the brands as individuals, we see them increasingly as being in "sets of acceptability" and, within that set of acceptability, we look for the deal – price off, extra volume, linked purchase and so on. We finally check it off against any previous negatives that may have an impact on its acceptance, even before we think about its performance.

So the definition of value for money... is difficult. I think I know the components: a need or want to purchase, positive inclination towards the category and an acceptable brand(s) in what us increasingly a repertoire category. There is a question of whether there is an acceptable deal and then a last check on any reason why I should not buy, much of which is performed subconsciously. But please don't ask me to begin to weight those elements, or prioritise their consideration.

Finally, and very importantly, don't underestimate the value of sheer pleasure that comes from buying in one category over another; the emotional involvement there can be huge and skew all manner of logical equation, just ask any marketer - they know all about it!

John Coll is Head of CPG and Retail & Shopper at Ipsos Marketing, our team specialising in innovation and brand research.

T: +44 (0)20 8861 8000
E: john.coll@ipsos.com