



Ipsos Marketing

The Innovation and Brand Research Specialists



PERCEPTOR[®] Plus:

A Comprehensive, Predictive Approach for Building Strong Brands

A Consumer Goods Sector White Paper



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Research Challenge

Ipsos Marketing recently embarked on a multinational R&D study to uncover better ways to understand how consumers connect with brands. Our findings resulted in a new brand research tool we call **PERCEPTOR[®] Plus**, which integrates all relevant drivers of brand choice into a comprehensive framework, uncovers the present strength of the brand as well as the future direction in which it is moving, and offers solutions to Marketers on how to improve their strategies for optimizing brand share and value.

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Ipsos Marketing operates under a global structure that brings clients unequalled research expertise throughout their innovation and brand development process. Supported by specialized teams, Ipsos Marketing offers in-depth understanding of the drivers of consumer choice and of the marketing challenges faced by our clients. Our experts provide integrated qualitative and quantitative research solutions, as well as advanced modelling and forecasting techniques that include simulations and linkages to in-market data.

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Introduction: A Better Understanding of Brand and Consumer Interaction

For many companies – especially large consumer goods companies – company worth and future growth potential hinge on the health of their brands. Given the mammoth role of brands in corporate success, most large companies have a research process in place for deriving insights with respect to measurement and management of brands. While brand research has been leveraged by the consumer goods industry for decades, it should be continually investigated to ensure that it fully addresses the multi-dimensional role that a brand plays in the consumer's mind and, at the same time, offers practical business solutions.

Ipsos Marketing, Consumer Goods recently embarked on R&D to uncover better ways to understand how consumers connect with brands. Our findings resulted in a new brand research tool we call **PERCEPTOR®Plus**. **PERCEPTOR®Plus** not only provides a superior method for determining what drives consumer choice, but also offers solutions on how Marketers can translate this information into improved strategies for optimizing brand share and value.

This White Paper details how we integrated our R&D findings into the new **PERCEPTOR®Plus** framework. We first offer a brief overview of the flaws associated with current brand research. Next, we identify current challenges to determining drivers of consumer choice. We then detail how the **PERCEPTOR®Plus** framework meets these challenges and forms a truly holistic framework by incorporating price and Affiliation (Loyalty). Finally, we present validation of our model and concluding remarks.

I. Analysis of Current Brand Frameworks

There are a plethora of modelling frameworks that attempt to measure brand strength, most often in the form of brand positioning, brand equity, brand value or consumer loyalty. Descriptions of the key frameworks in use today can be found in the Appendix.

While Marketers have a wide selection of brand models from which to choose, most of these models contain one or more of the following flaws:

- Do not cover all components of a brand's DNA – in essence, all the ways a consumer connects with a brand, including all relevant rational and emotional drivers as well as price
- Consider brand loyalty, equity and positioning optimization as discrete tools and do not integrate them into one solid framework
- Cannot predict future brand choice, nor the consequences of changes to brand positioning

These flaws make it difficult for a Marketer to decide which strategies should be deployed to increase consumer share of brand choice.

Moreover, many modelling frameworks claim validation with market share, although each uses different measures of brand strength. These competing claims of validation only add confusion for the Marketer trying to decide which model to employ.

Clearly, there is a need in the market for a single, comprehensive, predictive framework for building, measuring and managing brands.

II. Challenges to Determining the Drivers of Consumer Choice

There are two key challenges to determining what drives a consumer to choose a particular brand:

- Understanding all the components of a brand's DNA so that identification of relevant drivers of consumer choice is **comprehensive**. A comprehensive model provides a much better explanation of consumer choice and enables the Marketer to develop holistic – rather than unique – selling points for the brand.
- Recognizing that the importance of drivers of choice varies by consumer, because each individual is unique and has different needs and aspirations. Many modelling frameworks claim to be consumer-centric. However, these models cannot explain consumer choice unless they mathematically take into account individuals' drivers and integrate individuals' perceptions of brands. By developing individual-level models, the science of brand equity can move **from a brand-centric to a consumer-centric approach**.

To address these challenges, Ipsos Marketing, Consumer Goods recently conducted extensive, multinational R&D to build the foundation for a **more comprehensive and consumer-centric approach to brand research**. The research crossed four categories and five countries. Our findings are incorporated in our PERCEPTOR®Plus brand research framework.

PERCEPTOR®Plus is unique in that it incorporates all the dimensions of a brand's DNA into one integrated framework. Moreover, it provides capabilities for realistic simulations of the impact of changes in positioning and price to provide the Marketer with predictive scenario planning for brand strategy optimization. Our R&D validates the PERCEPTOR®Plus modeling framework across categories and countries.

III. How PERCEPTOR®Plus Examines a Brand's DNA

"When we use the term 'brand,' we often don't know what we are talking about. We tend to use this word as if brand were a form of physical, tangible asset that can be leveraged and structured and minced and processed, when in fact its meaning is more complicated and ambiguous than it's ever been in our history."
 – Andrew Zollie, Brand Futurist¹

The premise of PERCEPTOR®Plus is that, just like humans, a brand has a **Body** and a **Soul**.

The Body and the Soul of the brand help connect it to the mind and heart of the consumer, respectively. This connection is formed through various consumer interactions with the brand, thus creating an experience with the brand. Brands are all about experiences and relationships, and these experiences and relationships are the main source of any company's connection with consumers.

At Ipsos Marketing, we believe that you need to understand and measure both the Body and Soul of a brand in order to fully understand a brand's DNA.

The Body of the brand must include the following two components:

- 1 Functional Properties:** These represent what the brand is good at, or the competency of the brand – for example, "good taste" for a food brand, "rich lather" for a soap brand, "effective at removing dirt" for a household cleaner brand, or "good fragrance" for a perfume brand.
- 2 Brand Image:** This refers to what the brand stands for, and what kind of image the brand conveys. Examples of brand image attributes are innovative brand, trustworthy brand, brand that reminds me of happy experiences, authentic brand, prestigious brand, and traditional brand.

The Soul of the brand must include the following two components:

- 3 Emotional Needs:** This represents the feelings evoked by the brand and measures how the brand makes the user feel and what the brand helps the user to achieve. Examples of emotional attributes are excitement, fun, well-being, and in control of self.
- 4 Personality:** These attributes help us understand the character of the brand and what the brand says about the user. Personality attribute lists could include cheerful, humorous, intelligent, and successful.

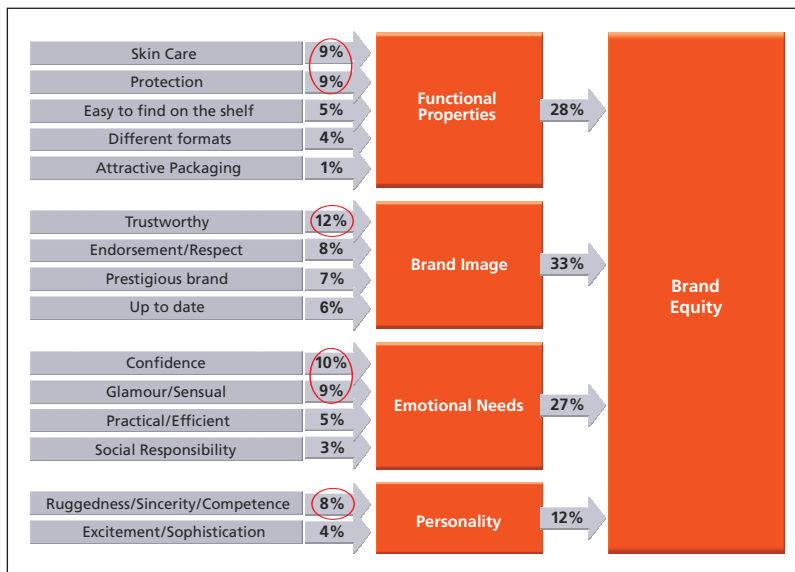
These four components together drive the implicit value or the strength of the brand in consumers' minds and represent the **Brand Equity**.

The PERCEPTOR®Plus framework incorporates a Brand Equity measure derived from the Functional Properties, Brand Image, Emotional Needs and Personality of the brand.

¹Brand: New Futures. A GBN Worldview Meeting Report. October, 2004.

Let's consider the following case from Ipsos Marketing's R&D which focuses on the male deodorant category in the U.S. As illustrated in *Figure 1*, the case examines fifteen positioning platforms in the context of the four components – Functional Properties, Brand Image, Emotional Needs and Personality. The results indicate that, for the U.S. male deodorant category, consumers connect most strongly with brands that are trustworthy in terms of brand image and serve their emotional need to be confident and have internal well being. A deodorant that is effective in terms of skin care and protection and which exudes personality traits of ruggedness, sincerity and competence are also highly important factors in the consumer's mind. This is critical information for a deodorant manufacturer to know when marketing this product in the U.S.

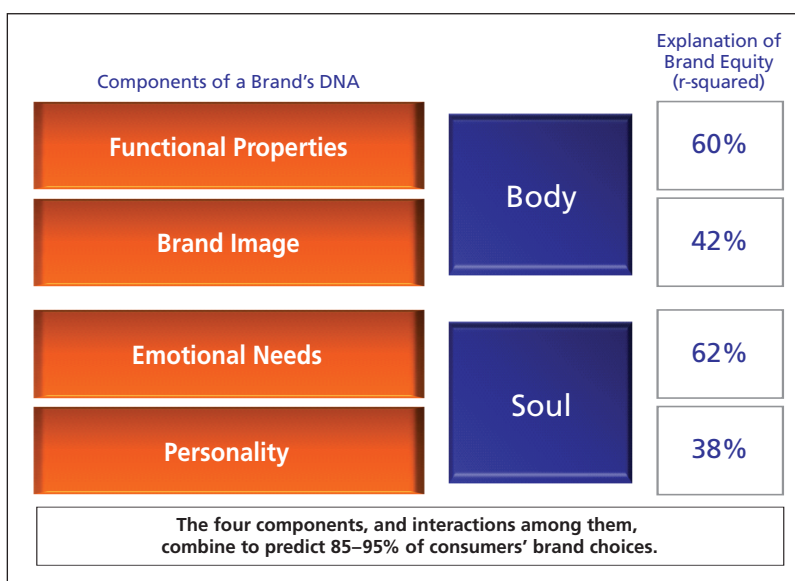
Figure 1
What Drives Brand Equity in This Category



Validation of the Four Components of Body and Soul

Each of the four components is a significant driver of Brand Equity on its own, as shown in *Figure 2*. Therefore, existing frameworks which focus on one or more of these components are not wrong; however, they are not complete.

Figure 2



PERCEPTOR®Plus, on the other hand, integrates all four components and does a much better job of predicting consumer choice than a model with only one component. When we consider all four components of Body and Soul and the interactions among them, we are able to predict 85–95% of consumers' brand choices.

Interaction among the Four Components of Body and Soul

As one might expect, there is a large degree of interaction among the four components. If one dimension within any component changes, it will have an effect on some of the dimensions across other components. Therefore, when devising any strategy, it is important for Marketers to understand the net impact of changing emotional and functional attributes on the brand.

IV. How PERCEPTOR®Plus Moves from a Brand-Centric to a Consumer-Centric Approach

As stated earlier, the importance of drivers varies by individual consumers. Unless a model accounts for this heterogeneity, it cannot explain consumer choice well. The R&D conducted by Ipsos Marketing shows that individual-level models are at least 30% more accurate in predicting consumer behavior.

PERCEPTOR®Plus is an individual-level model and, as such, provides a more valid explanation of brand choice. While many brand frameworks claim to understand individual-level Brand Equity, most provide an individual-level equity score assuming the importance of drivers is the same across consumers—in essence, an aggregate-level driver analysis. PERCEPTOR®Plus provides a true individual-level equity score.

Individual-level models have several other important benefits:

- Enable Marketers to understand the fit between individual-level drivers and individual-level brand perceptions, which helps in developing more refined positioning strategies. Since perceptions are linked to predicted behavior on an individual basis, as opposed to taking into account what is important to consumers on average, more relevant positioning can be developed for increasing brand equity.
- Individual-level models are needed if Marketers want to generate simulations of market change outcomes. Otherwise, simulations can be misleading to the Marketer. An example would be a segmented market. If performance is improved on attributes which are important to a segment, it might be enough to influence consumers in that segment to switch from Brand A to Brand B. If overall importance is improperly measured, it may not be enough to influence consumers in that segment to switch—in this case the impact would be understated. The reverse situation is equally as likely.
- Individual-level models offer the Marketer more flexibility. For example, individual-level models can be:
 - Integrated with other research tools, such as an existing personality framework developed separately from the brand development model;
 - Used to provide a financial value for brands by calculating an individual-level consumer brand equity score which serves as input into a formula for brand validation²;
 - Can be extended to include **Affiliation**, which will be discussed shortly.

V. A Truly Holistic Brand Framework: How PERCEPTOR®Plus Incorporates Price and Loyalty

Brand Value: Brand Equity vs. Price

Brand Value reflects the trade-off between the perceived equity of a brand and its price. However, the role of price is often underplayed in branding frameworks. Price may not be considered at all or it may be considered only implicitly (when consumers make judgments without direct exposure to price). Even if price is incorporated into a model, it may not be possible to simulate the impact of price changes on brand choice.

As a holistic, integrated brand development framework, PERCEPTOR®Plus incorporates price. Why? Because a brand research tool should allow for changing any brand positioning variables – including price impact – which the Marketer can control to understand the implications for brand strategy.

Moreover, our R&D shows that the importance of price vs. Brand Equity varies widely by categories and countries. In one case, we observed the importance of price to be only 11% while the importance of brand equity was 89%. However, in another case, the importance of price was 55% vs. brand equity importance of 45%.

² Fischer, Marc. *Valuing Brand Assets: A Cross-effective and Easy to Implement Measurement Approach*. MSI Working Paper Series, Issue 2; 2007.

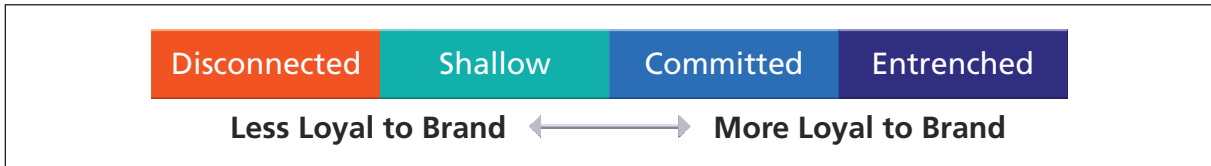
Affiliation: A Measure of Brand Loyalty

A consumer’s **Affiliation** with the brand reflects how loyal he or she is to the brand and how likely he or she is to continue with or defect from the brand in the future. Understanding Affiliation requires incorporating barriers, which are individual psychological factors that inhibit consumer switching of brands. As expected, the impact of barriers is low in most consumer goods categories. For example, 10–15% is typical in low-risk consumer goods categories.

Affiliation simultaneously considers Brand Value and barriers. The greater the value a consumer has for a brand and the higher the barriers are to switching from that brand, the more likely the consumer will be to buy that brand in the future. The converse also is true. Lower brand value and lower barriers imply the consumer will be more likely to switch in the future.

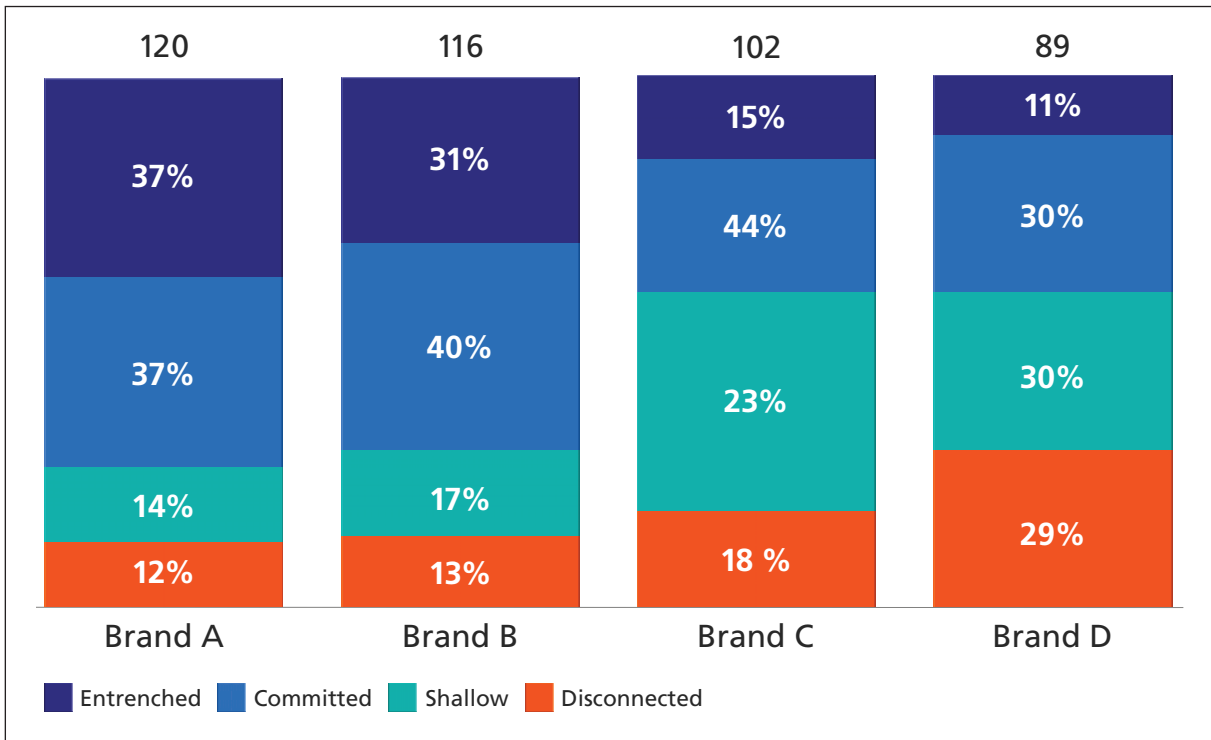
By combining information on Brand Value and barriers, consumers can be classified into four segments representing increasing levels of loyalty: Disconnected, Shallow, Committed, and Entrenched. This loyalty continuum is represented in *Figure 3*.

Figure 3
Loyalty Continuum



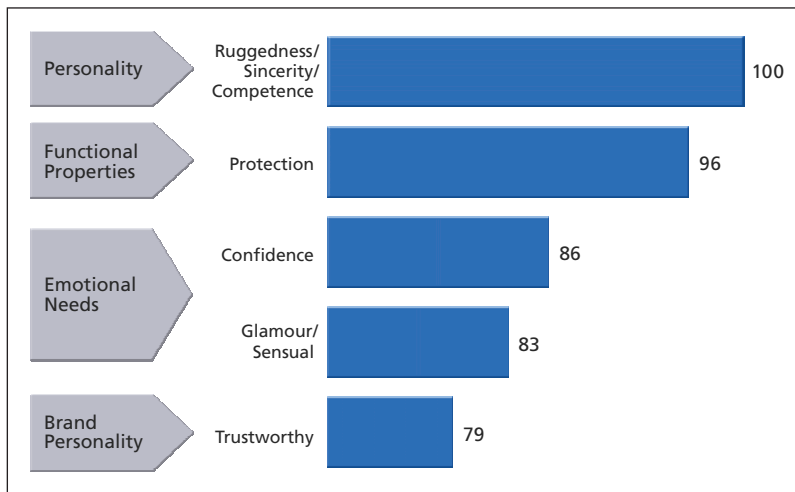
Each brand can then be profiled on these segments and an Affiliation Score can be calculated. An example is shown in *Figure 4*. As one can see, Brands A and B have stronger loyalty profiles and higher Affiliation Scores than Brands C or D.

Figure 4
Affiliation Score



Next, an analysis is conducted to determine which components of a Brand’s DNA are most important for transforming disconnected and shallow consumers into committed and entrenched consumers. *Figure 5* shows an example using the U.S. male deodorant category. The five most important positioning platforms are shown (most important platform score set equal to 100). Marketers should focus on a subset of these platforms depending on the strength of their brand versus competitors and based on which components are easiest to impact.

Figure 5



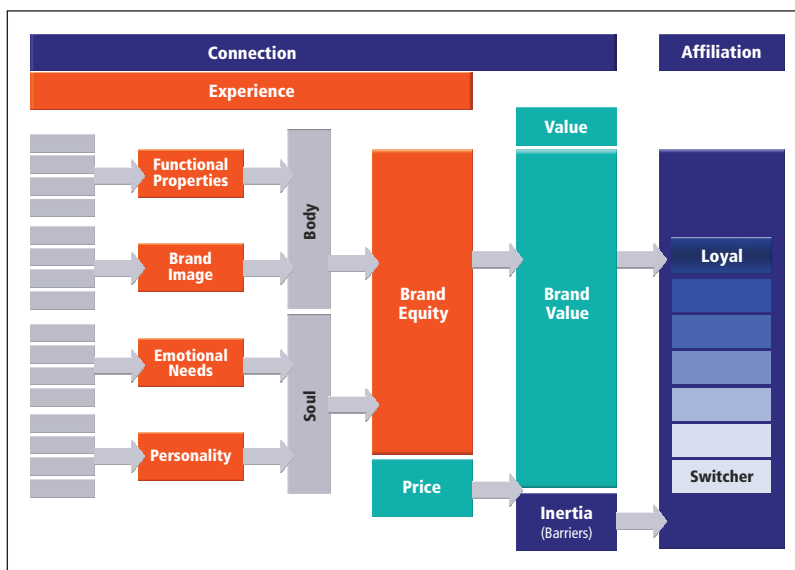
The Full PERCEPTOR®Plus Framework

Figure 6 below illustrates the fully comprehensive PERCEPTOR®Plus framework. As one can see, the PERCEPTOR®Plus framework incorporates the four components of a brand’s Body and Soul: Functional Properties, Brand Image, Emotional Needs and Personality. These four components drive **Brand Equity**.

PERCEPTOR®Plus also recognizes that Brand Equity in combination with a brand’s price drives **Brand Value**, which reflects consumers’ share of choice of brands. Brand Equity and Brand Value reflect the present strength of a brand. In order to understand the future direction in which the brand is moving, PERCEPTOR®Plus offers another dimension to its framework: **Affiliation**. Affiliation, also known as Loyalty, is a measure of the likelihood of consumers to stay with a brand in the future. Affiliation is obtained by considering Brand Value in combination with barriers – factors that make it difficult to switch brands.

Figure 6

PERCEPTOR®Plus: an Integrated Framework



VI. Validation of the PERCEPTOR®Plus Model

A strong model does a good job of explaining in-market performance. Brand choice should approximate market share assuming parity on distribution and other external factors.

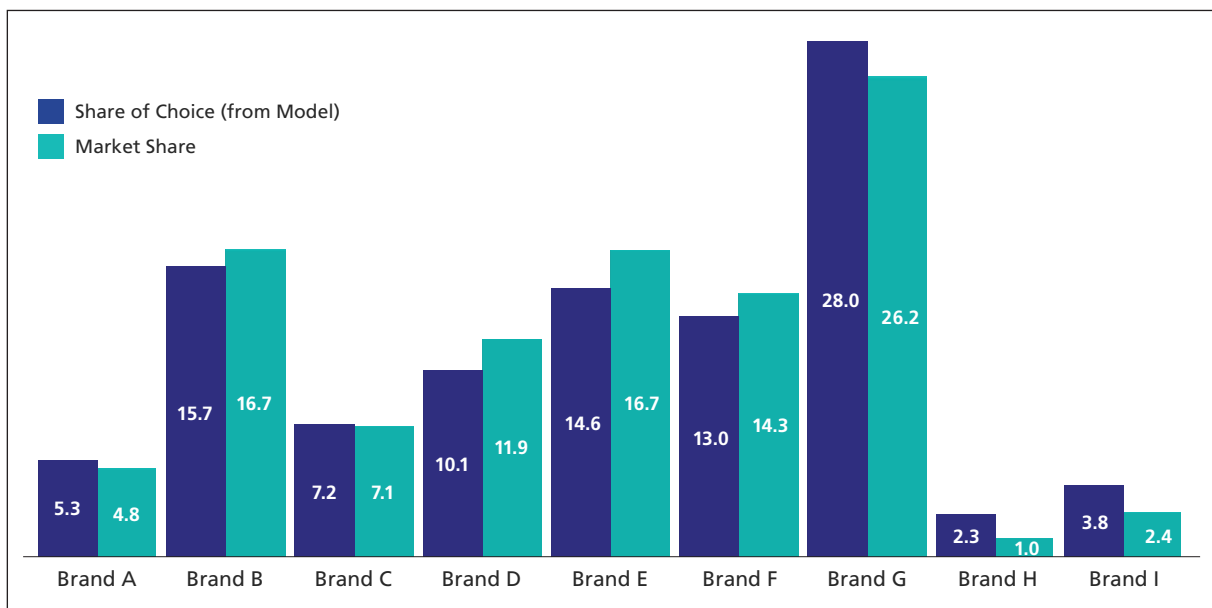
Before showing validation findings of the framework, it is important to discuss the pitfalls of a typical validation. Many validations use correlation with market share as an indicator of model quality. However, correlation only indicates the strength of a relationship and may not explain a causal relationship between survey measures and market shares. Even single questions such as “overall opinion,” “purchase intent,” or “overall quality” have a strong correlation with market shares. Therefore, the claim that a branding framework has a strong correlation with market share is not a good indicator of its quality.

The true predictive power of any framework should be evaluated on three criteria:

- 1) How close is survey share of choice to actual share of market?
- 2) How well does the model predict brand choice for individual consumers?
- 3) How well does the model predict future shares when changing positioning or price?

With regard to the first criteria, the *Figure 7* below illustrates the relationship between survey share of choice and actual share of market in the hair care category in Thailand. As one can see, the relationship is quite strong.

Figure 7



It should be noted that the observed relationship between survey share of choice and actual share of market was equally strong in our other R&D categories as well (including deodorants, hair care, alcoholic beverages, and skin care).

With regard to the second criteria, the model accurately predicted brand choice for 75–95%+ of consumers across different categories and countries.

To test the third criteria, consumers were exposed to a number of scenarios with varying brands and prices and then asked to make purchases. The model, which had been calibrated on other data from these consumers, accurately predicted consumer choice for 70–75% of the scenarios across categories and countries.

The results on the three evaluation criteria demonstrate the robustness of the framework and underlying analytics of the model.

VII. Scenario Planning: Using Simulators to Develop Marketing Strategies

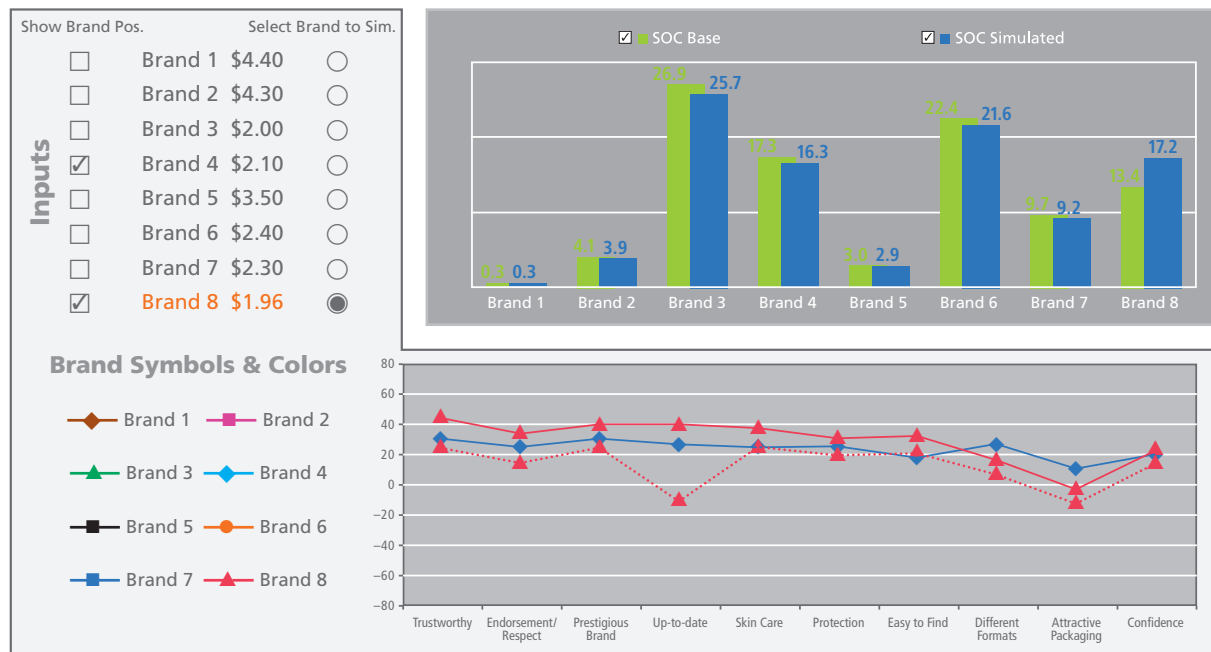
The primary business application of the framework is the Marketer’s ability to simulate different strategies to optimize brand strategy. As explained in this paper, the accuracy of simulations is enhanced by including the four different components of a brand’s DNA, evaluating the interactions between these components, and using an individual-level model.

The PERCEPTOR®Plus framework provides a dashboard that shows the importance of different drivers (including price) in influencing brand choice, along with the brand’s strengths and weaknesses on these drivers. The dashboard helps to identify improvement areas for the brand. Since drivers and perceptions vary by individual consumers, the dashboard takes into account drivers and perceptions on an *individual-level* to more accurately define which strategies will optimize brand share and value.

Figure 8 below illustrates a simulator in the U.S. male deodorant category.

The simulator evaluates the impact of a change in a brand’s position on its own share of choice as well as on competitors’ share of choice. The interaction among positioning dimensions is taken into account so that the net impact on the share of choice is reflective of the likely actual market changes. Use of the simulator in a workshop setting helps in developing appropriate brand strategies.

Figure 8



VIII. Concluding Remarks

The theory underlying most brand frameworks is based on how consumers interact with brands and how brands connect with consumers. The PERCEPTOR®Plus framework is similar to these other well-accepted frameworks. What makes PERCEPTOR®Plus unique is its ability to integrate all relevant drivers of brand choice into a comprehensive framework which reflects the reality of how consumers interact with brands.

Specifically, the PERCEPTOR®Plus framework:

- Accounts for consumer heterogeneity: Understands needs and desires for every individual consumer separately so as to be realistic;
- Understands the interaction between different positioning dimensions across different components of a brand’s DNA and integrates these interactions in scenario planning/simulations – so that the brand strategy setting exercise is accurate;
- Provides a clear linkage to current and future brand choice, which has been validated across categories and countries.

Appendix

The most often used frameworks in commercial and academic market research are the Fixed Framework, the Top-Down Framework and the Bottom-up Framework. Each framework is described below. The most accepted branding frameworks – including Aaker’s Brand Identity/Position Framework³ and Keller’s Customer-Based Brand Equity Pyramid⁴ and other well-accepted academic theories – all have a perspective on the components that should be measured.

Fixed Frameworks

Fixed frameworks attempt to force-fit brand associations and evaluations to an existing psychological framework rather than derive brand relationships from data. Typically, these frameworks excel at providing very discriminatory diagnostics; however, they do not do a good job of explaining behavior or predicting brand choice.

Top-Down Frameworks

The purpose of these frameworks is to provide a snapshot of brand strength and track movement over time. Top-down frameworks explain brand equity (or strength) using a combination of meta-measures such as relevance, commitment, and price advantage. Although they do a good job of providing an accurate brand equity score, they provide limited diagnostics and few actionable recommendations.

Bottom-Up Frameworks

Bottom-up frameworks explain brand strength using brand attributes, which can be employed in communication and activation strategies – e.g., “good taste,” “innovative brand,” “helps rejuvenate,” etc. Although these models are actionable, they tend to explain the present market only. Thus, they are not dynamic enough to predict changes in response to positioning strategy changes. Nor are they comprehensive enough to cover all the components of a brand’s DNA, such as the different types of brand attributes: functional, sensorial, personality, emotional motivation, and brand image.

PERCEPTOR®Plus vs. Current Frameworks

PERCEPTOR®Plus is similar in theory to current, well-accepted branding frameworks such as Aaker’s Brand Identity/Position Framework and Keller’s Customer Based Brand Equity Pyramid. Specifically, all of these frameworks are based on how consumers interact with brands and how brands connect with consumers. However, PERCEPTOR®Plus moves brand research frameworks forward by integrating all of the theoretical components of a brand’s DNA into a single, easily implementable, measurable solution that realistically reflects how consumers interact with brands.

³ Aaker, D.A. *Managing Brand Equity*. New York, Free Press. 1991.

⁴ Keller, K.L. “Building Customer-Based Brand Equity,” *Marketing Management*, 10 (2), 14–19. 1991.



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