

connect

insight, innovation and ideas
from our global network

In this issue:

- The digital maze
- Learning from leopards
- The .dx happenings with digital
- Measuring consumer experience
- Mobile payments
- Sustainable mobility





Welcome to the new international edition of connect

GfK Custom Research is pleased to present to you the first issue of our international magazine 'connect'. It features contributions from our team of experts around the world and shares our Points of View on a wide range of topics, covering trends, marketing issues, research initiatives and perspectives in the global marketplace.

'Digital' – the focus

Digital has changed consumers' lives in a multitude of ways. It has affected the way we communicate, shop and engage in social interactions, as well as the amount of time we spend on these activities. Critically, this digital evolution has also altered the way that organizations conduct their business. Our unique knowledge and expertise with emerging technologies - the highlights of which we share in this magazine - have already helped our clients navigate and prosper in this highly dynamic global environment.

In this issue, we focus on the topic of "Digital Data" – an area that provides market research with both a basis and a challenge. It is our mission to transform this data into powerful knowledge for decision-making purposes.

Perspectives in the global marketplace

In the Perspectives section, we look at different topics and trends across the ever changing world, and how they affect businesses. The contributions come from the Future Teams, who are our global communities of experts, representing our main sector and practice areas. They act as engines of innovation and actively promote knowledge exchange and the latest thinking with fresh insights.

GfK Association and GfK Marketing Intelligence Review – scientific theory translated for practical use

The GfK Association is the non-profit organization of the GfK Group for promoting market research. Among other areas, its activities include investigative research, close cooperation with scientific institutions and support for the education of market researchers. GfK Marketing Intelligence Review presents scientific theory, translated for practical use – delivering marketing knowledge from international high-ranking experts and focuses on all aspects of marketing intelligence.

We hope you enjoy reading this edition and, if you have any comments or suggestions, please get in touch: connect@gfk.com

Sincerely,
GfK Custom Research

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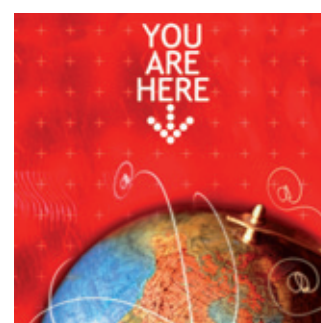
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dig·i·tal da·ta [ˈdidZitl dEite]

sg. and pl.

(latin digitus = finger/toe and dare = give, datum = that which is given)

Digital data are logically grouped information entities which can be measured in units such as bit, bytes, kilobytes (kB), megabytes (MB), terabytes (TB) and petabytes (PB). They are based on a series of 1s and 0s, which means that analog information can also be encoded. This makes it possible for music, speech, and static or moving images to be quickly read, understood, saved, standardized and reproduced around the world. Without digital data, computers, internet, SMS and DVDs would quite simply not exist.

Digital data provides market research with both a basis and a challenge. It is GfK's mission to transform this data into powerful knowledge for decision-making purposes.

Interview with Professor Dr. Klaus L. Wübbenhorst, CEO of the GfK Group

Leading the way through the digital maze

It is all around us. We live in it; we use it. But the digital world has become so complex that it is now almost impossible to comprehend its full scope, influence and impact. Digitality is no longer a mere companion to everyday life; it defines our very existence. The digital world in all its facets is GfK's central theme for 2011.

KLAUS, GfK HAS CHOSEN TO MAKE 2011 ITS DIGITAL YEAR. WHY?

The time has come for market research to clearly position itself in this sphere. All over the world, knowledge concerning the power of data from the internet is being accumulated. And knowledge is also being accumulated regarding the opportunities and risks for the economy, society and every individual that arise from the incredible amount of information available in the digital sphere. The job of market research is to assume the role of a guide – illuminating, organizing, and interpreting the digital maze, and separating the wheat from the chaff.

Our 2011 “digital year” offers us an opportunity to take stock of this task across all GfK sectors and countries. This is the ideal platform to put our internet-based innovations in the spotlight and to communicate to our clients our digital strengths as the pioneering leaders of the market research industry.

SO WHAT ARE GfK'S DIGITAL STRENGTHS?

Well first of all, they are the general strengths of market research conducted in line with international professional standards. This includes, for example, always observing the principle of anonymity when processing, transferring and using data, adhering to data protection guidelines and prohibiting the linking of non-research activities with our work. This code of conduct is more important than ever today, because we market researchers are increasingly active on the internet, a sphere in which many forms of tracking software are pushing the boundaries and

making George Orwell's novel “1984” a possible reality at global level. This is known as “web scraping”. Of course, market research also relies on obtaining the maximum amount of information and the best possible analysis of this information. However, real market research is not focused on personalized data, but on grouped data. It is not interested in the behavior of individuals, but in comparable behavioral patterns within a defined group of people.

GfK's particular strengths lie in its core philosophy, which was formulated by GfK founder Professor Wilhelm Vershofen 77 years ago when he put forward his business concept. It is about allowing “the voice of the consumer to be heard”, wherever that consumer may be: in the supermarket, on the couch, in the car or – as is increasingly the case – in the digital sphere. We have an abundance of knowledge, the best minds and the most advanced tools, which allow us to generate an image of consumers that encompasses every aspect of their lives. The core of our mission is to bring together the many layers of data that we obtain from a wide variety of sources. We know the retail sales figures, the details of consumers' purchases and the reasons behind consumption and non-consumption, and we have information on media usage. By supplementing this knowledge with digital components, such as opinions and comments submitted in blogs, forums and social networks or searching and purchasing habits on the internet, we can provide entirely new dimensions of knowledge.

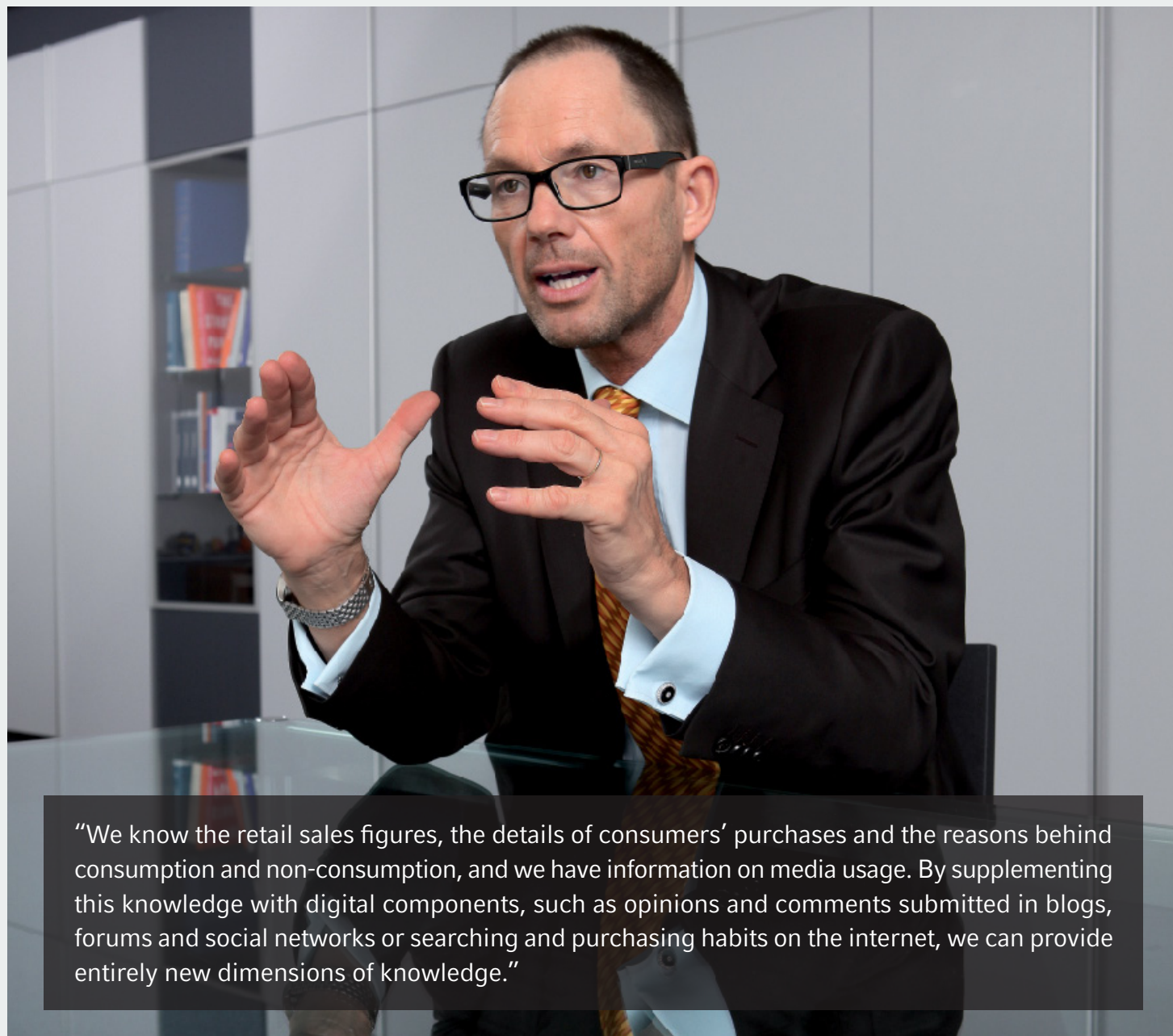
BUT IN RESEARCHING INTERNET CONTENT OF THIS KIND, THE MARKET RESEARCH INDUSTRY FINDS ITSELF IN A COMPLETELY NEW COMPETITIVE ENVIRONMENT.

That's true. In almost every country in the world, small and large technologically advanced companies are monitoring and collecting digital traces on the net and putting these together to produce a supposedly realistic impression of individual consumers. However, many of these business models will soon be prohibited and they are also missing the reference value of the "analog world", in which consumers continue to be active. Established market research companies like GfK do offer this benchmark, and the data they

provide constitutes the normal "currency" in many markets. At GfK, for example, this applies at international level to sales figures for technical consumer goods and at local level to our media research.

Our new "competition" may sometimes appear to be more innovative and lower-priced, but at GfK we easily compensate for this with our experience, quality and long-term perspective in handling data, as well as our carefully selected partnerships. As a result, we are the independent authority in the online sphere and are even gaining these new digital competitors as clients.

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"We know the retail sales figures, the details of consumers' purchases and the reasons behind consumption and non-consumption, and we have information on media usage. By supplementing this knowledge with digital components, such as opinions and comments submitted in blogs, forums and social networks or searching and purchasing habits on the internet, we can provide entirely new dimensions of knowledge."

CEO Professor Dr. Klaus L. Wübbenhorst is confident that GfK is well equipped for the future

GfK's new approaches to digital research

What the .dx is happening with digital?

The consumer has become a digital individual; to fully explore that shift, researchers have had to go digital too – and this clearly goes beyond “traditional” online surveys. GfK's ad-hoc research in “digital” is forging ahead, with their latest instruments grouped under the brand “GfK .dx solutions”.

By Norbert Wirth, GfK Custom Research, UK

For GfK, digital research covers two areas: the first is investigating digital markets and consumers' digital lifestyles and behavior, i.e. where and how people are interacting with the digital environment. The second is using digital techniques to undertake research into a market, e.g. collecting data via mobile phones, using cookie technology to understand peoples' exposure to advertisements on the web, using blog or online forum qualitative approaches to engage respondents in a discussion about new product ideas.

Digital is changing consumer lifestyles and markets

With the explosion of devices allowing fast and easy access to the online world, digital is changing how consumers communicate, shop, gather information on products and services, engage with brands and interact with companies. The number of touch points that consumers now have with their favorite brands is vast – covering, as it does, both offline (high street shops, print advertising, etc.) and online (websites, online ads, social forums...) mechanisms. And the popularity of the digital world hasn't just changed the number of these contacts: it's also opened up a whole new range of communication tools and information pools that market research can tap into – from monitoring social media, to engaging with online communities, to web mining, digital qualitative, online behavioral tracking, online ad tracking... the list goes on.

Market research must be able to investigate all of these touch points, and a key part of that role is advising clients on what technique will be most effective for their needs. It's the market researcher's job to understand each and every tool within the

vast array of both “traditional” and digital research techniques and know which will work best for any given situation.

GfK .dx solutions

With a fast growing array of digitally enabled research techniques being developed around GfK's ad-hoc research, GfK grouped its digital offerings under the umbrella brand, GfK .dx solutions, with each offering being fully integrated into GfK's research and targeted at a specific objective.

Unlike at some other research agencies, GfK has not just bolted a “digital team” onto the company, to run alongside the “regular” researchers. At GfK, experienced sector specialists are getting full access to a digital toolbox, so they are becoming digital experts as well. Many of them have already taken this journey and can now unleash the full potential of digital research to support their clients. GfK is blending its research experience with the new digital techniques, balanced alongside its traditional tools. This means the research packages GfK designs contain truly integrated approaches of all types – traditional and digital – not just “bolt on” ideas that will fail to reach into the far corners of the research requirements. With a full suite of tools directly under their control, GfK's researchers are able to answer the full research picture for their clients.

The first three products that have been brought under the GfK .dx umbrella are GfKSiteObSurvey.dx, GfKMarketObSurvey.dx and GfKSocioLog.dx – and there are a whole lot more in the pipeline.

GfKSiteObSurvey.dx

GfKSiteObSurvey.dx is an ad-hoc research approach created together with GfK's subsidiary and online research expert, nurago, which analyzes the usage of a website: its usability and the user experience. It works in one of two ways: either independent visitors to the site receive a "layer" (can't be blocked, as "pop-ups" can be) as they land, asking if they would participate in a short survey on the site's usability. Those who accept complete their visit as planned, before answering questions on their experience. Alternatively, GfK uses existing panel members, targeting those who match the site's own audience profile. These people are asked to go to the site and to carry out a specific task, such as finding an item of information; they then fill in the survey questions directly afterwards.

In both these cases, GfK asks the respondents for permission to track their usage of the website. So, in addition to the survey response, the market researchers also get information on how each person has actually navigated through the site. This is the main difference between GfKSiteObSurvey.dx and a standard feedback survey – and this makes GfKSiteObSurvey.dx much more powerful. GfKSiteObSurvey.dx was used in GfK's work last year for the global

Advertising Research Foundation (ARF), when they wanted to improve the user experience for visitors to their website, www.thearf.org. The study investigated: who is using the site; what the main reasons are for visiting the site; do users succeed in what they want to do on the site; what are the most critical issues on the site; how is the website perceived on the key dimensions of usability, design, emotional appeal and content; how does the website contribute to the understanding of the role of ARF and the ARF image in general; which further features on the site may be useful for users; and what potential changes to the site might improve the user experience?

The survey recruited from actual visitors to the site and collected 214 participants in total. The results were illuminating: GfK found that the main reason people visited the site (to gather information) was also the area they quoted most as being where the site fell short of their expectations (lack of information provided on the site). Even leaving out the rest of the findings delivered by the survey, this one insight on its own gave ARF a clear steer on how to make a huge improvement in the user experience.

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GfK's digital research links the world

Privacy and compliance in digital market research

A new breed of data

As internet companies, online advertisers and market research firms embrace Web 2.0 and new business models, data privacy regulators are weighing in to ensure consumers' privacy rights are respected. GfK is at the forefront of this issue. It understands the trends in the digital space and transforms its knowledge into best-in-class privacy and data protection practices.

By David W. Stark, GfK SE, Canada

Technology is changing the way we work, communicate and spend our leisure time. Virtually every organization in every sector has been affected to some degree by rapid technological advancements in recent years. The market research industry is witnessing two broad trends:

- In quantitative research, there is a shift from the use of probability-based samples to working with convenience samples. The most obvious example of this is the growth of internet-based interviews as a data collection method. Virtually non-existent 15 years ago, the total estimated worldwide spend on online research in 2010 was nearly 4.6 billion US dollars, up 9% from 2009. A significant proportion of online research is conducted using panels and online communities.
- There is also an increase in observational research and passive data collection. Whether it is conducting ethnographic research, experimenting with neuroscience, monitoring what people are saying in the blogosphere and on social networking sites, or measuring online ad impressions through the use of cookies – to name but a few examples – traditional survey questionnaires are not necessary for a growing amount of research that is conducted today.

At the heart of both trends are innovative technologies, Web 2.0 and in particular social media.

GfK plays a leadership role

The legal and privacy issues associated with the new ways that market research is conducted today have to be considered very carefully. Talented, knowledgeable professionals throughout each market research firm are

needed, who can help to ensure that the projects undertaken for their clients comply with pertinent laws and recognized industry codes of conduct. ESOMAR's code predates many privacy laws, as do the codes of other long-established industry associations. Market research organizations have a long and proud history of treating respondents' privacy with great care in accordance with industry guidelines. They know how to collect and process information responsibly and render it in an anonymous form. This strong foundation should help the industry maintain a positive climate for research as legislators and regulators take stock of the new ways researchers collect data today. However, even reputable research firms can make mistakes in fast-changing environments where industry guidelines and laws do not squarely address technological developments and new business models.

At GfK, in-house lawyers and compliance professionals provide privacy advice to their business colleagues both at local and international levels. In addition, a number of employees are making significant contributions to prominent industry associations and committees that are focused on the development of industry guidelines in new areas of research, including social media, mobile interactive, and online behavioral advertising and web tracking research.

The advancement of new industry association guidelines in which GfK is actively involved is informed by a strong desire to protect respondents. Tracking cookies, device identification and web scraping are among the topics that are being addressed in industry guidelines. Data privacy regulators are also focusing on these and other technologies.

Taking a bite out of cookies

Cookies are small text files websites set on users' computers for a variety of purposes, including analyzing web traffic, recognizing prior visitors and accommodating their preferences. Online advertising networks use cookies to track consumers' movements across multiple websites in order to display relevant advertising. This is known as behavioral advertising and it is commanding regulators' scrutiny. Concerns have been expressed over whether the information gathered from consumers' browsing activity is truly anonymous and whether they have sufficient tools at their disposal to be able to opt-out of being tracked. In market research, tracking

cookies can be used to measure ad impressions or specific website content, which can be linked with attitudinal and demographic data

collected in surveys and reported anonymously. Clear notice and informed consent are required, though, and respondents should be given the option of opting-out of receiving tracking cookies.

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For an in-depth interview with David Stark, [click here](#).



GfK's market research is focused on privacy

How digital evolution is creating new markets and market segments

Learning from leopards

In the mid-19th century, the British naturalist Charles Darwin sought to explain the diversity of life. In his theory of evolution, he finally demonstrated how plants and animals adapt to their habitats during a process of optimization that lasts millions of years, changing and dividing themselves into different species. Some years ago, these ideas began to find their way into social and philosophical areas of research. The digitalization of the technological world also takes on a whole new meaning when viewed from an evolutionary perspective.

By Dr. Rudolf Aunkofer, GfK Retail and Technology, Germany

Evolution, as described by Darwin, is a slow, gradual process in which all creatures that exist today, with their diverse characteristics, have developed from the simplest forms of life. All biological species therefore have a common origin and are related to one another to a lesser or greater extent.

A common origin can also be identified in the digital world: the mainframe computer, which was conceived in the 1930s and 1940s. The three “progenitors”, Zuse Z3, Mark I and ENIAC, were just the beginning of a development process that eventually produced the personal computer in the mid-1970s. Each of the many variations of the PC – such as the Xerox Alto, the MITS Altair 8800, the TRS-80 from Radio Shack, the Apple I and II, the Commodore PET and the IBM PC 5150 – in turn formed the basis for an amazing variety of new “species”.

Software – the DNA of the digital world

It was not just the appearance of the personal computer that altered quickly and radically over the years. Its inner workings, the software, also underwent major changes. Thanks to the invention of the microprocessor, its continuous miniaturization and increasing capabilities, computers and mini computers called “embedded systems” are now integrated in a number of products, such as mobile phones, navigation systems, digital cameras, portable media players and netbooks, as well as household appliances and perhaps pieces of clothing or jewelry in the near future. Digital technology has conquered virtually all areas of life. Ultimately, these new

products are a symbiosis of hardware and software, and their software could almost be viewed as a form of DNA – because like genes, their bits contain concrete product information.

Take, for example, a smartphone: externally, almost all manufacturers’ touch screen designs look very similar. But the difference is on the inside: through the installation of small software programs called applets, the device can be adapted to meet any individual requirements. And the needs of users now extend far beyond simply making phone calls. They want to be integrated in virtual worlds, to access all information on the internet at short notice, or to watch mobile TV. Therefore, alongside general technological progress, it is the selective behavior of users that really steers the development of products. As in nature, the “survival of the fittest” principle also applies here – the best-adapted device comes out on top. It could even be said that the smartphone in its current form is simply a miniaturized monitor or TV screen that has been adapted to the preferences of its mobile connected users.

However, despite the variety in the field of digital development, there are also products which have not been able to adapt to changes in the pattern of demand – and which therefore represent a dead end from an evolutionary perspective. Examples include the home computers from Atari and Commodore, the PDAs from Psion and Palm and the Newton from Apple. Similarly, traditional scanners and dot matrix printers, for example, belong to a “species” that can only survive in certain narrowly defined niches.

The internet as a driving force

The mass medium of the internet, with its overwhelming variety of blogs, online communities, social networks and shopping opportunities, is a major driving force behind the varied design of digital products. Since the content of individual internet usage is different and the way in which this content is accessed varies at local, regional and global level, products must therefore be designed accordingly.

Screens are a good example of this. On the one hand, displays designed for stationary use are becoming increasingly large: there are now huge public screens for watching football matches in public and TV sets have reached sizes of 32 inches or more. On the other hand, there is a trend towards miniaturization when it comes to mobile devices. Manufacturers are already producing

mobile phone displays with 3 to 4-inch diagonals and netbook screens with 10 to 13-inch diagonals.

It is interesting to note that up to now – similar to a selective process of evolution – only one product category has been able to assert itself on the market for each display size. For example, screens with 13-inch diagonals are almost exclusively produced for netbooks, and 7-inch screens are currently only used for the new generation of tablets. This is reminiscent of Darwin's finches on the Galapagos Islands. On each island, the birds developed to form an independent, new species of finch, and to this day the individual species can only be found on their respective islands. The shape of their beaks, their plumage and their body size adapted to the natural conditions of their habitat.

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Smoke signals are the origin of all communication. Over a thousand years of constant evolution, the tree of communication has gained many different, increasingly digitalized branches

The digital revolution – a challenge for the entertainment industry

Welcome to the world of downloads

Cinema, books, music, computer games or DVDs: never before have we watched, read, listened or played as much as we do today. The world of entertainment is firmly established in daily life. Anyone can enter it through a wide range of media – and an increasing number of people have done so. Since the internet made its breakthrough, entertainment products have been more rapidly and easily available. This applies not only to the data carriers, but primarily to the content itself. The process of digitalization has not stopped at entertainment media: downloads have thrown up a host of new challenges for the whole entertainment industry.

By Ulrike Altig, GfK Media, Germany

Entertainment? What exactly is entertainment? In general terms, it can be defined as an engaging activity which is enjoyed during spare time. More precisely: a consumer experiences a product that has been conceived and produced by somebody else. Using this definition, entertainment has already existed since the beginning of mankind, as in storytelling and singing. These became more widely available and lasted longer due to the emergence of the written word and the invention of printing in 1450. Music followed suit a few centuries later and, subsequently, the cinema and video games markets developed. These entertainment segments all have one thing in common: they have always been trend setters since. They have also undergone a number of fundamental technical changes.

In the music business ease of use, quality and availability have constantly improved. Technology has progressed from wax cylinders to records, from music cassettes to compact discs, from music DVDs to digital downloads and on demand streaming. New formats have enhanced or replaced predecessors. Bearing this in mind there is one fundamental entertainment characteristic that has never changed. Everything revolves around the product and the content, rather than the medium on which it is conveyed, stored or presented.

The product is more important than the channel

Let's turn back the clock to 1982. Following "Off The Wall", Michael Jackson finally achieved international solo success with his record-breaking album "Thriller". His unique way to dance, stage presence and musical originality remain beyond compare to this day. His countless entries in the charts with "Thriller", including eleven No. 1s in Germany and the top spots in the USA, Japan and Australia, speak for themselves. In the 80s, music was almost exclusively bought in the form of analog records and cassette tapes. Digital compact discs had only just been launched on the market at that time. In 1991 changes occurred as the CD quickly established itself as a serious alternative medium. Music fans moved with the times, and started to buy all three different types of media, helping Jackson achieve global fame with "Dangerous".

In the new millennium the CD became the dominant market force. The "old" music cassettes and new DVDs lagged some way behind. Vinyl records only played a minor role. What of Michael Jackson? He carried on where he left off, once again taking over the international charts with "Invincible". This song took him straight to No. 1 in countries such as the UK, Sweden, the USA and Australia. The new millennium also marked the onset of digital downloads. File sharing services like "Napster" made

illegal global access to MP3 files possible. The iPod helped legal downloads achieve a breakthrough. The portable, digital media player was firmly established from the middle of the noughties. Music downloads became the norm and, as a result, sales on the physical market steadily dropped. Between 2002 and 2010 sales of CDs, music DVDs, records and cassette tapes fell by a total of

52% in Germany, the Netherlands and France. In the last three years alone, sales of physical music media in Western Europe have declined by 20%, while music downloads sales have increased by 62%.

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Exciting new download world: an increasing number of music fans listen to their favorite songs on their iPods

GfK is responding to changes in media consumption with its UMS measurement universe

Media to go

Did you miss the casting show yesterday? No time to watch the crime drama tomorrow evening? No problem – thanks to digital technology. Watching TV and listening to the radio at a later time online is increasingly becoming the norm around the world. And in order to accurately record the complex changes in media consumption behavior as a result of digital technology, one measuring device alone is no longer enough. In fact, an entire measurement universe is necessary to do this successfully. GfK's is called UMS – Universal Meter System.

By Dr. Tanja Hackenbruch, GfK Switzerland

He should really be asleep by now, but Peter is still watching Billy Wilder's "One, Two, Three" on TV. He rarely watches a single channel for an extended period or stays up late to see the end of a program. Usually, he simply turns on the TV before going to bed and flicks through the channels for about an hour. He loves watching films in the original language and can't stand poor dubbing. For this reason in particular, he is grateful for his digital receiver, which not only offers him a large choice of films but also multichannel audio.

The next morning, though not feeling particularly well rested, Peter is already on his way to work and is listening to the radio in the car. He has it set to his favorite station and rarely changes to a different one. He knows the presenters, appreciates their jokes and likes the music.

In his lunch break, he regularly watches the latest TV news via podcast on his own tablet PC. His working hours are not fixed, so he can take his lunch break whenever it's convenient.

There are weekends when Peter would really prefer not to get out of bed at all, particularly after a merry evening watching football in the pub with his friends the night before. On days like this, he grabs his tablet PC and a cup of coffee and slips back into bed. Then he uses an online service provider to click through the various broadcasters' Sunday programs. He loves this type of TV, which allows him to have some of the better Sunday programs running in one window while he browses his personal emails, surfs the net a bit, looks up this and that, chats and forwards links to others.

New questions to media research

Peter's media consumption behavior presents media research with completely new challenges. For example, while a few years ago it was sufficient for providers of TV and radio programs to know the total number of users who watch or listen to a program, today it is also necessary to show how many people use which platforms and which devices. Is it in the interest of providers to also make a program available online, in addition to distribution on cable TV online? Do programs need to be optimized for viewing on mobile phones? And of course, it is also interesting to know whether there are a lot of people like Peter who watch a program in the original language and whether it is profitable to integrate the capacity for two audio tracks in the transmission medium.

Of course, it is in the interests of every media provider to ensure that expensively produced content is reused as often as possible. However, this leads to a process of convergence in which the boundaries between traditional forms of media and also between different modes of transmission become blurred. Take, for example, TV viewing: the same content can be watched on a TV or a computer. Transmission can take place via analog or digital technology, cable, satellite, terrestrial or IP-TV, live, streamed or time-shifted. And while the medium of TV used to generally be synonymous with TV sets, nowadays computers and, to an increasing extent, mobile phones must also be considered as terminals.

The UMS measurement universe

In order to accomplish this in developed markets, it is, for example, no longer sufficient to equip TV sets in private

households with a stationary measurement device. Swiss GfK Telecontrol, the GfK company specializing in electronic audience measurement, has therefore added a real measurement universe to its range of tools: the GfK Telecontrol Universal Meter System UMS. Depending on the area of application and the market conditions, a variety of different devices are used. Together, they record

consumption of TV, radio, print media and the internet, in and outside the home, and with reference to all modes of transmission. And this is all done within just one panel – one single defined, representative group of people.

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Together, the Mediawatch, USX and the UMX fixmeter make up GfK Telecontrol's measurement universe: UMS



Perspectives in the Global Marketplace

Measuring consumer experience becomes a reality

By Danica Allen, GfK Custom Research, USA

More and more, we are seeing brands focusing on delivery of the customer experience to differentiate their products or services, rather than relying on brand claims. Examples are coming through everywhere - Starbucks, Nike, Jeep, Lego – and are driven by the fact that experiences are more difficult to copy than brand attributes. They're often highly unique and subjective and can become synonymous with the brand, creating a 'selling point' that cuts through today's advertising overload, to draw in customers.

This phenomenon is catching on strongly in today's markets, but it is hardly new, as evidenced by this AdWeek excerpt from nearly three years ago:

"Whatever the methodology, it's increasingly clear that customers desperately want goods and services, communications and marketing campaigns that dazzle their senses, touch their hearts, and stimulate their minds - delivering a positive experience they will remember. Businesses will live or die, not by the attributes they promise, but by the brand experiences and value they offer customers at every touch point."

—AdWeek September 29, 2008

The trouble is: how do you measure an experience? It's not entirely encompassed by Customer Satisfaction research, and it's not just Brand research either. Historically, customer satisfaction research has focused on measuring service or product quality and relating these to attitudinal outcomes, such as overall satisfaction and loyalty – and also, more recently, relating it to economic outcomes, such as market share and profitability. Similarly, brand research is generally oriented towards capturing consumer perceptions of brand imagery or performance and relating these to the psychometric or econometric measures of brand equity. Neither of these two widely accepted, current approaches can adequately measure Customer Experience – it falls somewhere between the two.



It is a problem that GfK has had a team of global researchers working on for the last two years – with ground-breaking results. Their three-phase, experimental project has managed to define a common denominator for linking brand and loyalty research, to measure and track Customer Experience.

It combines the common language of touchpoints with a revolutionary new 'currency', involving five critical experiential dimensions;

Talk, Think, Feel, Sense and Act

The pilot project covered multiple service and product sectors and delivered nearly 10,000 unique, touchpoint-based experience measurements – offering a data set with rich depth and breadth.

The tangible result of this R&D project is GfK's new Consumer Experience (ConEx) system - the first commercially viable system for comprehensive measurement and tracking of Customer Experience. It represents the only platform of its type capable of addressing how consumers experience brands and is being launched across all markets in the coming month.

For more information, please contact connect@gfk.com

Mobile payments: what is delaying the market?

By Ryan Garner, GfK Custom Research, UK

Near Field Communications (NFC), the technology that supports close proximity mobile payment services, has been around for many years. However, the NFC-enabled mobile devices and service support have been delayed year on year.

Recent research by GfK revealed that, globally, 62 percent of consumers find mobile payments appealing - and this becomes higher among certain key groups, including: younger consumers aged 16-24 (75 percent); innovators / early adopters (74 percent); and current smartphone owners (72 percent).

However, of the nine markets covered in the study, South Korea was the only nation that offered established mobile payment services to the consumer market. While consumer appeal for mobile payment services varies across countries, it falls into two broad categories: countries with established financial payment infrastructures, and countries whose financial infrastructure is young and still developing. Developing markets in China (82 percent) and Brazil (73 percent) find mobile payment services the most appealing, whereas the more established payment systems in developed markets, like the US and Europe, mean appeal in these nations is more limited (around 50 percent), since the existing chip-and-PIN systems offer a convenient and already trusted route.

Why, then, when the service seems to be attractive to consumers and businesses alike, is the service suffering delays in most countries?

One of the reasons is that there are so many brands from different industry sectors interested, posing the critical question: 'Who should own the relationship with the customer?' The incentive for financial institutions is that Mobile Payment embodies a critical evolutionary step. It will modernize their service offering and refresh their brand image – things that are much needed after

the negativity of the recent financial crisis. For mobile network operators, the attraction of this fledgling sector is the opportunity to diversify their revenue streams – to branch out from their core business of voice, text and data. And, for smartphone handset and operating system (OS) providers, mobile payment services represent an important new data source, that brings together online and offline purchasing behavior - something that will enhance the value of their ecosystem to advertisers.

Working out how all these different companies work together, and - importantly - who owns the customer relationship, has been the key barrier to rolling mobile payment services out for most countries. Ryan Garner, Director in GfK Business & Technology, comments, "Creating a mobile payment service that consumers are comfortable adopting means leveraging the trust placed in financial brands, but it is also vital to have a presence in the mobile sector. By tapping into all of these strengths, a mobile payments solution would quickly gain momentum with consumers and put an end to the delays experienced by NFC-based services in recent years."

[Click here](#) for additional information on Trends in Technology in GfK's TechTalk newsletter, featuring an international report and video on the Mobile Payments market.

For more information, please contact connect@gfk.com



Sustainable mobility: do 'green' cars have a global future?



By Don DeVeaux, GfK Custom Research, USA

The recent steep rises in fuel prices have lent extra vigor to consumers' willingness to consider greener cars, despite the higher like-for-like purchase cost. But is this phenomenon consistent across countries, and what are the barriers to purchase still remaining? Two separate surveys by GfK deliver some insight into these questions.

Europe

GfK Custom Research in the UK recently published results of a survey that suggested that 300,000 electric cars could hit Great Britain's roads by 2014, offering the UK Automotive industry a much needed injection of £7.2 billion (€8.2 billion) in new sales. It would mean that, at current sales levels, electric cars would account for one-in-twenty of the total cars sold in the UK over the coming years.

Motorists in Germany and the Netherlands also showed significant numbers intending to buy an electric car in the future, although not as soon as the UK.



The market, therefore, seems promising. However, there remain significant barriers to the purchase of electric cars in consumers' minds. Across UK, Germany and the Netherlands, the top three concerns are high purchase costs, limited range on a single charge, and low availability of public charging stations.



The US View

That's the top-level view in Europe, but what about the USA – home of cheap fuel (now increasing rapidly) and large, gas guzzling SUVs? A survey in the US found that one third of motorists plan to buy an alternative 'powertrain' (i.e. one of the many 'green' engine types on offer – hybrid, EV, fuel cell, clean diesel etc.) – a very similar situation as that seen in the UK. However, four in ten US motorists still intend to buy a mid-to-large vehicle with a conventional engine.

Of those looking to move to an alternative powertrain vehicle, their primary driver is 'fuel economy' – not surprising, given the greater distances involved in the USA, and greater reliance on private transport.



This raises an interesting insight. For US motorists, uptake of 'green' cars is driven more by personal economy considerations than by environmental considerations. Two-thirds say the main justification for paying more for alternative powertrain vehicles is the saving in fuel that they will make, while only one in five quote 'better for the environment' as a justification. Additionally, when plotting the intention to buy alternative powertrain vehicles against fuel price, a clear correlation emerges.



Conclusion

So what does this mean to the Automotive industry globally? A universal trend GfK is seeing is consumers putting off purchasing an alternative powertrain vehicle due to the higher purchase cost. Manufacturers and suppliers need to focus on consumers' primary motivators, which are not just about environmental concerns. Consumers need to be able to see economic sense in moving to a greener car – so the Automotive industry must focus on ways of reducing the cost of ownership, through leasing, creative finance and incentives. In addition, the unfamiliar technology of alternative powertrain vehicles is quoted across all countries as a hindrance to purchase: consumers are not familiar with the technology involved, and so need to build up trust in its reliability and running costs. Again, manufacturers would do well to invest in campaigns to simply explain the technology, and build in warranties etc, to create confidence in its reliability.

For more information, please contact connect@gfk.com

"Call. Mail. Shoot. Listen. Play."

But what functionalities add real value in convergent products?

It is very common in some industries to add diverse new functionalities to existing base products (eg, cell phones can also be cameras or MP3 players or provide direct internet access). Particularly in high-tech sectors, the functionalities of different base products are becoming increasingly analogous (= convergent products). Consumers are confronted with an almost endless number of possible functions. It is often not known which functionalities actually deliver added value to the consumer, and to what extent. Too many features may even be counterproductive as they can overwhelm the consumer.

The research by Tripat Gill, Assistant Professor of Marketing, addresses this very issue. The author explores the role of different factors on the perceived added benefit of individual extra functions. He first investigates whether added functionality is assessed differently depending on the main usage profile of the base product and the nature of the new functionality (utility versus fun-oriented). While, for example, the core value of a PDA is instrumental and practical, an MP3 player is associated with fun and pleasure. A new functionality can entail adding more utility (eg, adding GPS to a PDA) or more fun (video capability on the device) to an existing base product. The different combinations of utilitarian and hedonic functions help manufacturers to focus on the most effective added functionality and generate substantial added value for consumers.

Summary of key findings:

- **Avoid too many added functions**

Not all will actually generate added value for the consumer!

- **Fun outplays utility**

The incremental value is greater if the added functionality is hedonic. This is true both for hedonic base products, which focus on fun, and utilitarian

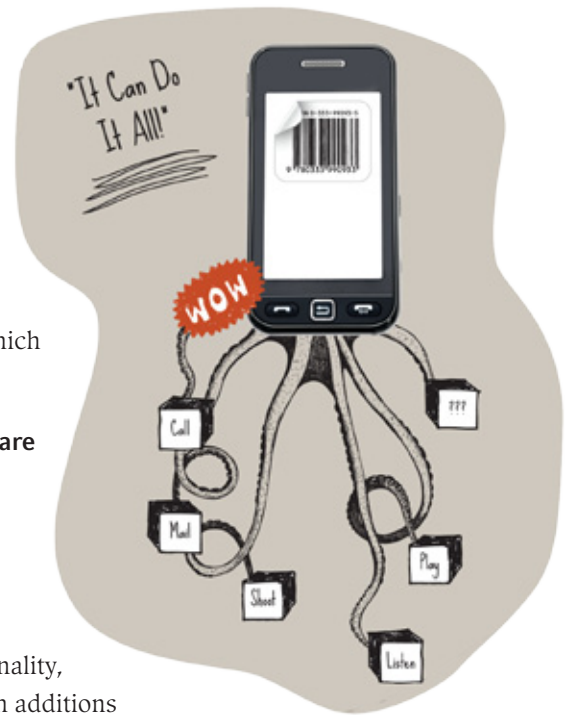
base products, which are practical.

- **Existing owners are more sensitive**

This applies to convergent products with a hedonic base and utilitarian functionality, in particular. Such additions can even result in a reduction of the perceived value.

- **The quality of the base product also influences the subjective perception of the added functionality**

Higher quality brands benefit more from incongruent additional functionality, while brands with lower quality levels should consider additions that boost the base function.



This article is a summary of Gill, Tripat (2010): "Call. Mail. Shoot. Listen. Play. But What Functionalities Add Real Value in Convergent Products?", GfK Marketing Intelligence Review, Vol. 2, No. 2 (November), pp. 16-25. It is published with the permission of the GfK Association.

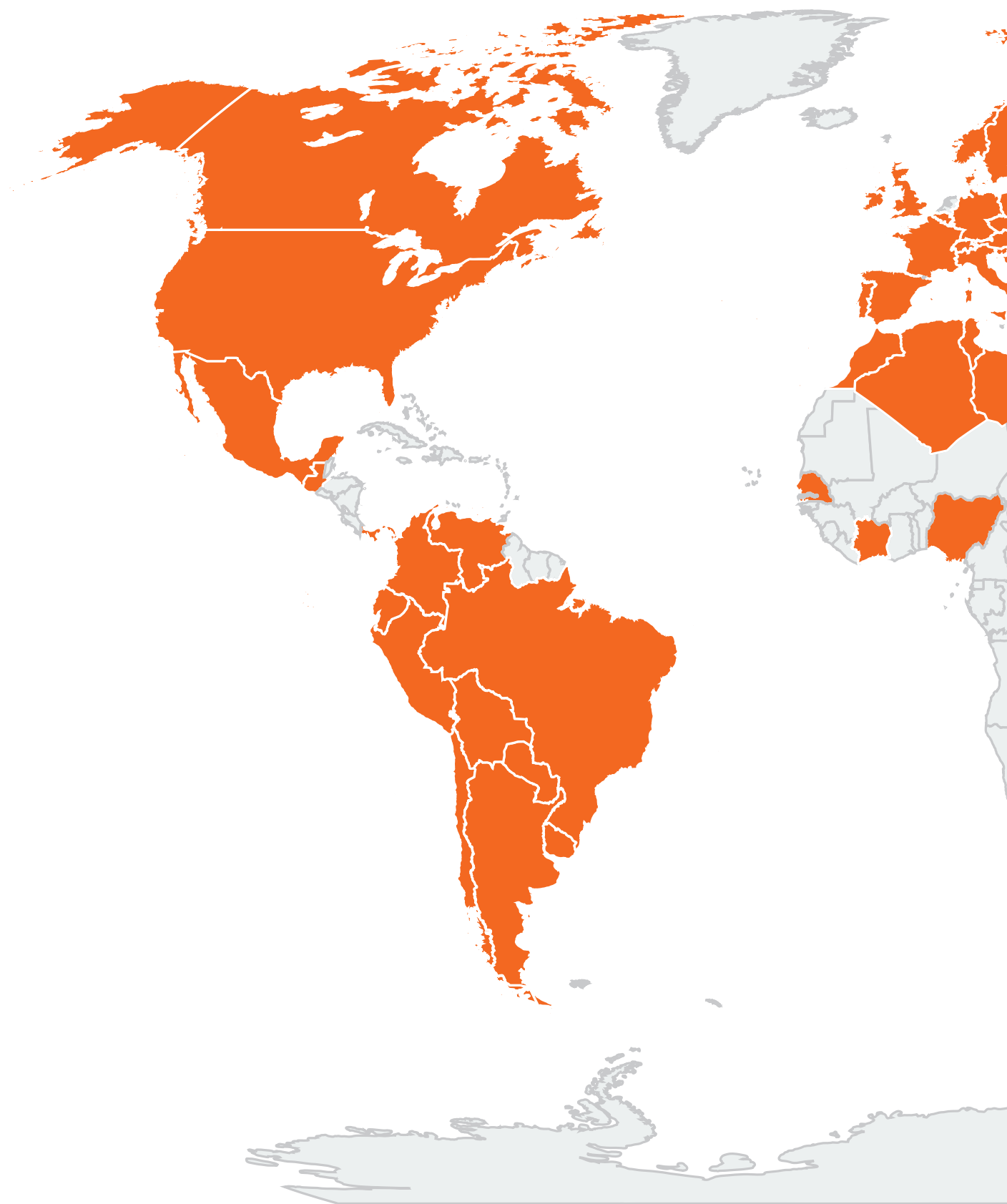
Tripat Gill is Assistant Professor of Marketing, Faculty of Business and Information Technology, University of Ontario Institute of Technology, Oshawa, ON, Canada.

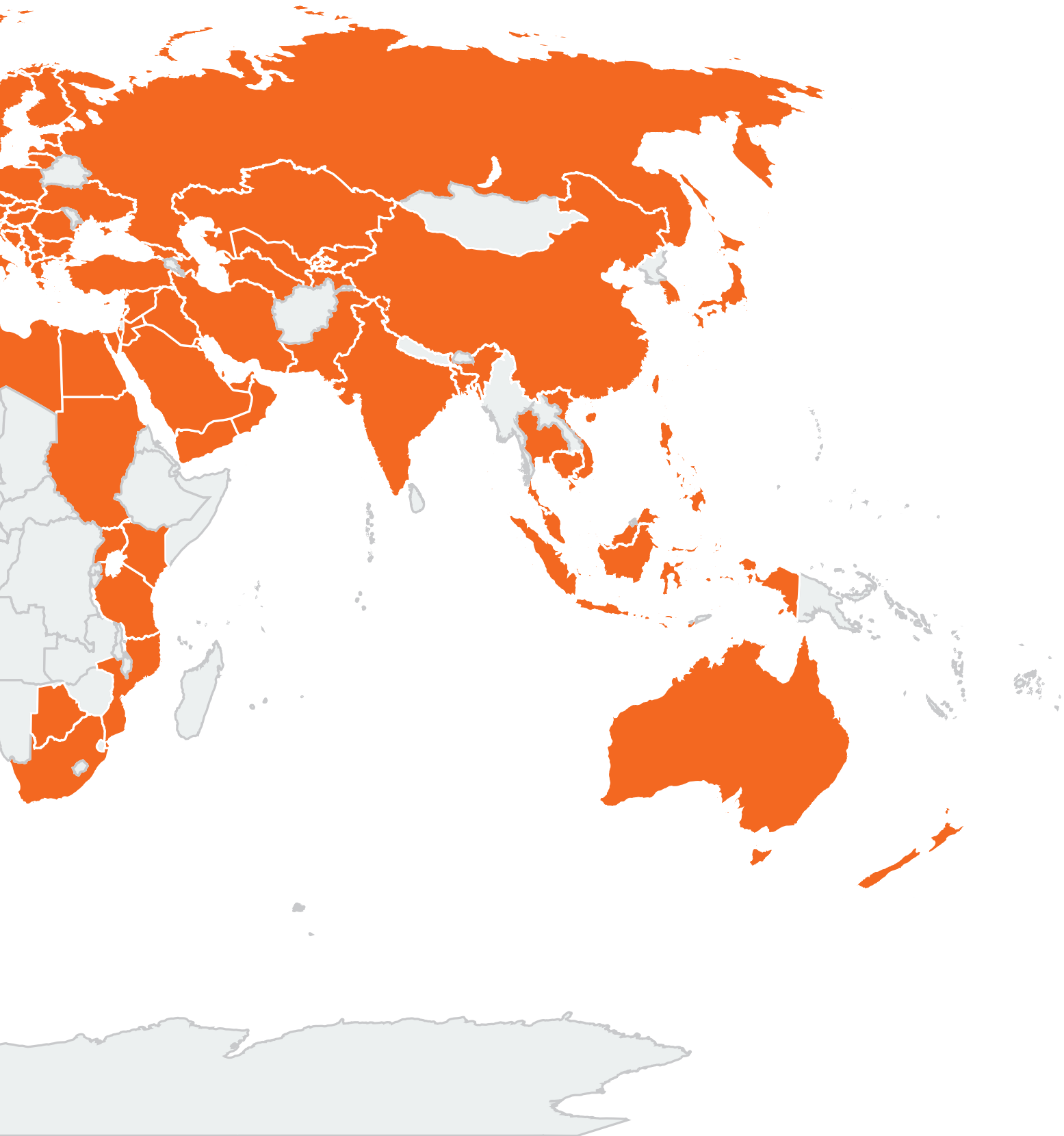


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GfK Global News

...GfK paints the world **orange**





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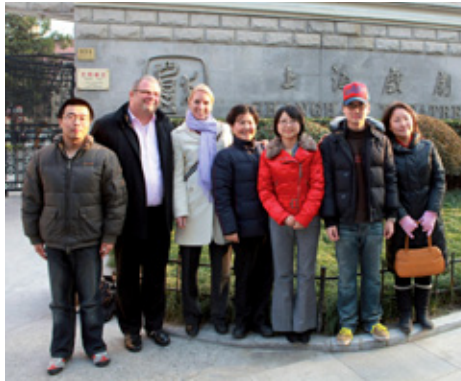
The three Managing Directors of SirValUse and nurago (f.l.): Torsten Müller, Tim Bosenick and Thomas Knauer

Germany: GfK increases stake in SirValUse and nurago

With effect from the start of the year, GfK has increased its stake in the German companies SirValUse and nurago by 20%, bringing the total shares in each to 60%.

SirValUse was founded in May 2000 and is Europe's largest consulting company in the area of user experience and usability. SirValUse investigates and optimizes the user friendliness, utility value and design of websites, software, consumer electronics, mobile applications, end devices and industrial manufacturing technology. nurago is one of the leading suppliers of technology for digital brand, media and usability research.

GfK and nurago have already achieved their first successes with the collaborative development of the GfK Media Efficiency Panel in Germany and the Netherlands, which enables detailed analysis of the effect of cross-media advertising campaigns on the actual purchasing behavior of consumers.



Media researchers from GfK Telecontrol and the Shanghai Theater Academy

China: Mediawatch used in major Shanghai media survey

The most comprehensive electronic survey on TV and radio consumption that has ever been conducted in Shanghai is based on data collected using the Mediawatch, a device created by the Swiss company GfK Telecontrol.

For two weeks last November, in 13 districts of Shanghai, 500 people aged between 20 and 69 wore this measurement device, which looks like a watch. Through an audio comparison process, the Mediawatches identified the quantitative consumption of a possible 62 TV channels and five radio stations. In addition, wearers were able to evaluate how much they enjoyed certain programs by pressing a special button on the watch.

Using the Mediawatch has enabled detailed data about TV and radio consumption in China's most important industrial city to be made available for the first time at the end of the first quarter of 2011. GfK Telecontrol's measuring device makes it possible to record the increasingly mobile use of media, as a result of technological progress in particular, of Shanghai's more than 20 million people.

The survey was organized by the Media Investigation and Research Centre of the Shanghai Theater Academy.



The GfK Retail and Technology Automotive CEE team

CEE: GfK expands its automotive panels

Since the start of the year, four GfK companies in Central and Eastern Europe have begun to use retail panels to monitor sales of automotive accessories.

These special panels have already been established by GfK Russia and GfK Ukraine over the last two years, and now GfK Hungaria, GfK Polonia, GfK Romania and GfK Kazakhstan are following suit.

GfK's Retail and Technology sector began tracking sales of product groups such as engine oil, tires, snow chains and batteries in Germany 20 years ago. Internationalization in this area has only been underway for a few years and is currently focused on the Central and Eastern European markets. A total of 15 GfK companies worldwide are currently operating an automotive panel.



GfK is increasingly using online communities for its market research surveys

USA: GfK services now include private online social communities

GfK Custom Research North America, in a joint venture with Think Passenger, offers clients a wide range of online community solutions to fit their needs.

Long term “evergreen” private social communities, typically comprising a client’s customers, have rapidly become an important resource for gathering insights, innovation and co-generation/co-creation of ideas. Other solutions offered by GfK Passenger include shorter term, more subject focused MROC’s, socialized panels that engage members in qualitative & quasi-quantitative activities and proprietary panels with a quantitative focus. These new offerings supplement GfK’s existing online qualitative and quantitative tools.

Coupling the community management and technological expertise of Passenger, with GfK’s research expertise and extensive knowledge of brands & consumers, results in a powerful, thorough approach to brand and consumer insight management. For the first time, a team of brand and consumer insight specialists, led by GfK, will be working alongside highly trained community management leaders from Passenger who are skilled at obtaining insights, innovative thoughts and creative ideas from community members.

This joint venture uniquely positions GfK and Think Passenger as industry leaders by combining the power of social communities with research rigor, brand and consumer knowledge. GfK Passenger will be developing a variety of additional solutions and services that draw upon the strengths of both organizations to address clients’ consumer and brand management needs.



GfK Türkiye’s census training in Iran

Pakistan/Iran: Retail and Technology conducts census surveys

In the past year, GfK Türkiye has run two comprehensive census projects in order to update and expand the Retail and Technology panels.

GfK employees carried out field research in a total of 24 regional areas and 110 towns in Pakistan. They registered major domestic appliances (MDA), small domestic appliances (SDA), consumer electronics (CE), IT, photo and telecom shops. Local preparations in Karachi and Lahore started in mid-July 2010, with the training program including interview preparation, pilot surveys and data collection guidance. GfK Türkiye completed the Pakistan census in December, and is currently evaluating the data and feeding it into StarTrack, the global database of GfK’s Retail and Technology sector. The initial overall market data for Pakistan has been available since March.

In Iran, GfK Türkiye included eight towns in their field research plus the capital city, and also in Karaj, Mashhad, Esfahan, Shiraz, Tabriz, Ahvaz and Rasht.



Today, GfK records the sales of consumer electronics around the world, thanks to one of its long-standing Managing Directors, guest speaker Gunter Redwitz

Germany: 40 years of GfK Retail and Technology

GfK celebrated the 40th anniversary of its Retail and Technology sector with a special event in Nuremberg.

During the day at the German National Museum, GfK experts and guest speakers gave presentations about the past, present and future of the sector and its main focus, the technical consumer goods markets. Around 160 guests attended the 40th anniversary celebrations, including GfK employees from around the world, and long-standing national and international clients and business partners from industry, distribution and retail.

In honor of the anniversary, high-profile representatives of the Retail and Technology sector and selected guest authors have also published a book, entitled “The digitally networked knowledge society – entering the 21st century”. Currently only available in German, this 600-page book documents the history of the sector.

The Retail and Technology sector was established in 1970, launching its own “retail panel research” working group within GfK in Germany. Today, the sector is active in more than 80 countries and employs around 3,000 market experts in the fields of Digital Technology, Domestic Appliances, Fashion & Lifestyle, Tourism, Entertainment and Network Intelligence Solution. Its main focus is the analysis and interpretation of point of sale data.

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GfK's team in Nigeria with several foreign colleagues at the Lagos International Trade Fair



The 2011 Healthcare Forum "Patient 360°" focused also on "market access"



"See the future, own the future" was the theme of the first Turkish Consumer Research Conference

Nigeria: GfK starts workshop roadshow through Western Africa

A one-day workshop at the Lagos International Trade Fair was the starting point for an information tour by GfK's Retail and Technology sector to Nigeria's commercial centers and neighboring West African countries.

The company based in the region, GfK-MEMRB Marketing Services Nigeria, presented the entire service spectrum of the GfK Group at the country's most important trade fair. The main focus was the West African retail landscape and its potential for innovative sales options and the latest technological product developments. Around 50 participants from trade and industry attended the seven presentations given during the workshop. In addition, they used the opportunity to hold detailed discussions about the prospects and risks in their country with the speakers – international and local GfK experts.

Both this year and next year, further one-day seminars will follow this workshop at the Lagos International Trade Fair. These seminars will be held in the Nigerian cities of Abuja and Kano, Ghana's capital city Accra and Abidjan in the Ivory Coast. The roadshow is organized by the 50-member team from the Nigerian Retail and Technology subsidiary. Founded as recently as 2007, GfK-MEMRB Marketing Services Nigeria, which is headquartered in Lagos, now monitors sales of 18 product groups in the technical consumer goods segment.

Germany: Focusing on the patient

At this year's GfK HealthCare client event "Patient 360°", which was held in the first quarter of the year in Nuremberg, patients and their role within a changing healthcare system were the center of attention.

During this one-day event, healthcare experts gave lectures on subjects which are currently burning issues for pharmaceutical companies. Particular focus was placed on the fact that many countries have intensified their market entry regulations for new medication, which is of increasing concern to pharmaceutical companies. On this topic, Dr. Marco Rauland, Head of Pricing and Reimbursement at GfK HealthCare, demonstrated how GfK can support manufacturers on the matter of "market access". More than 20 representatives from global pharmaceutical corporations attended the event and were given insights into ongoing surveys, such as the global GfK Roper Diabetes Patient Program. Using preference surveys, they were consequently able to identify which drug therapy objectives were of the greatest priority for all those involved.

Click here for the global Healthcare Newsletter
www.gfk-pipeline.com

Turkey: GfK presents innovations

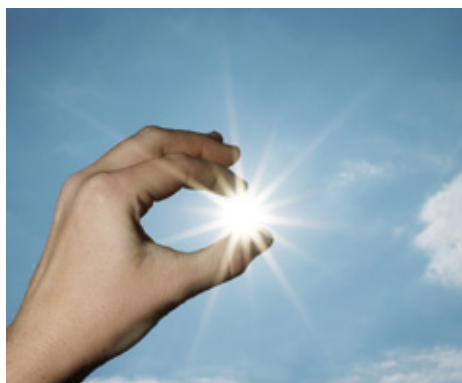
GfK Türkiye hosted its first Consumer Research Conference in Istanbul based on the theme "See the future, own the future".

More than 150 Custom Research clients attended the one-day meeting. In eight lectures and at numerous presentation stands, GfK specialists used case studies to introduce innovative and future-oriented market research methods. These included eye tracking, a technique for precisely monitoring eye movements, which GfK uses to gain a deeper understanding of consumers' purchasing decisions. Through web mining tools such as GfK Ceres and GfK Online BUZZ Miner, GfK is able to provide manufacturers and retailers with valuable additional information drawn from internet usage. Furthermore, with its BTL (below the line) Tracking, GfK measures personalized consumer targeting using mobile marketing, for example, the number of SMS, MMS or emails sent to mobile devices for advertising purposes.

Other topics discussed at the innovation conference included new research instruments relating to general consumer behavior at the point of sale and semi-ethnographic approaches in healthcare market research.



Jing Shen, GfK Boutique Head of Research for TVs and Displays, speaking in Taipei



GfK: Positioned for growth



AP-GfK Poll extends its reach

Taiwan: GfK Boutique Research hold forum for technology companies

GfK Boutique Research welcomed Taiwanese technology companies to its Technology Demand-Supply Forum in Taipei.

Under the banner “Demand drivers are changing – is the supply chain ready?” GfK’s international analysts presented their latest conclusions, combining analysis of the current demand for consumer technology devices with long-range forecasts and supply chain measurements. For example, they forecast that, as a result of the booming tablet PC market, 2011 demand for DRAM PC storage will increase by 35% compared to 2010. In contrast, 2011 Global LCD TV end-demand growth is forecast to fall to only 8%, down from 30% in 2010, meaning the LCD supply-chain should brace for lower outputs.

This event represents the latest stage by GfK Boutique Research to build a global network within the technology supply chain, as a key step to being able to identify imbalances between supply and demand that result in inventory shortage or excess.

Based in the USA and with offices also in London, Paris, and Hong Kong, GfK Boutique Research is a subsidiary of GfK’s Retail and Technology sector. It offers clarity on the changing nature of demand and how supply should meet it, by analyzing GfK retail data on durable consumer goods within the context of external information.

USA: GfK named one of the top 10 market research companies perceived to be innovative

The GreenBook® Marketing Research Directory recently released findings from the 2010 GreenBook Research Industry Trends (GRIT) Study where GfK was named one of the top 10 marketing research companies perceived to be innovative by research professionals.

The ranking, described as a barometer of how well companies are positioning themselves within the industry based on their marketing efforts, includes a total of 50 companies. Participants of the study were recruited from various sources, including the GreenBook member directory, direct email invitations, sponsor contact lists and open recruiting through several social media research groups and social sites.

The Associated Press-GfK Poll goes global

In 2011, The Associated Press-GfK Poll will undertake three large-scale public opinion surveys in important international markets, expanding its focus on political and commercial hotspots around the world. These surveys will follow on the successful AP-GfK Polls conducted in Turkey and Vietnam in 2010.

Traditionally a monthly survey of the American people, the AP-GfK Poll tracks public opinion about current U.S. and international events. Topics range from the state of the economy to the president’s approval rating, from U.S. involvement in the Middle East to confidence in Congress, from important social issues to gas prices at the pump. Cited around the world and in major U.S. media such as Meet the Press, CNN, The New York Times, and The Washington Post, the AP-GfK Poll is seen by billions of people each year.

Founded in 2008, the Poll is a partnership between The GfK Group and the Associated Press, the world’s largest news organization.

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