

Research Connection...

IPSOS-ASI THE ADVERTISING RESEARCH COMPANY

RESEARCH ARTICLE TWO

*This paper was originally presented by Laurent Flores, Director of International Ad Testing – Ipsos-ASI, at the ARF's 1st Americas Conference in Toronto on May 16, 1999. The theme of the conference was "Marketing Successes Across Cultures, Beyond Borders." The results reported in this paper originated from the Ipsos-ASI Next*TV system, an in-home, video based system providing multiple measures of recall, persuasion and diagnostics, using comparable methods across the U.S., Canada and Latin America. The complete text of this paper can be found in the proceedings of that conference.*

Consumer and Advertising in the Americas: Are There Global Rules with Local Touch?

Introduction and Objectives

The purpose of this paper is to provide a better understanding of "how advertising works" across the Americas. In today's world, the question is not really "Does advertising work across countries and cultures?" but "How does advertising work?" Ipsos-ASI believes that the answer to this question may help produce more effective commercials.

When answering this question, we need to consider the similarities as well as the differences between countries. Of course, there are differences. But, if you know that advertising works along the same general lines, regardless of culture, then comparing consumer response across borders is not only feasible, but it also provides clear information on how your ad works internationally. So the first question to address is: "What makes an effective commercial?" This being defined, we can

identify the measures that can be used to understand how both North and South American consumers differ in relation to advertising. We will then be able to better understand if there are *Global Rules with a Local Touch across the Americas*.

What Makes an Effective Commercial?

Our in-market validation data shows that regardless of the media, market or culture, advertising has to reach consumers through a media plan that provides adequate exposure to the relevant audience. Given exposure, *the ad has to gain the viewer's attention and leave an impression associated with the brand*; therefore, a comprehensive pre-test should include **recall** measures to ensure that **exposure** translates to delivery of a branded message.

In addition to being noticed and remembered, you expect

your advertising to influence consumers' behavior – or at least their beliefs, their attitudes, or their perceptions of your brand. In fact, our definition of persuasion is the *ability to change consumer behavior, beliefs, or attitudes*.

Measuring Persuasion Across Borders

Although measuring persuasion is important both in the U.S. and internationally, there is no single measure of persuasion that fits all situations. For example, our experience in the packaged goods industry led to the development of two measures that work well in clearly defined situations: one based on brand shift, the other based on purchase intent ratings.

Let's first take the example of our brand shift persuasion measure across the Americas. Our experience shows that *this measure is similar internationally, but is also culturally sensitive*.

To evaluate the strength of a persuasion score, we developed a PAR model [Predictive Average Result] that provides an average persuasion value, controlling for brand and market specificities in:

- **Market Fragmentation**
 The more alternatives, the lower the persuasion.
- **Brand Strength or Share**
 The stronger the brand share, the lower the persuasion.
- **Loyalty** The higher the market loyalty and less switching between brands, the lower the persuasion.

In fact, some brands tend to get lower scores not because of the ad itself, but because of particular characteristics of the brand and the market. PAR provides a specific norm for a given a brand after considering these factors. The higher the persuasion score relative to PAR, the better the commercial's persuasion value.

Although relevant and applicable internationally, the calibration exercise across the Americas demonstrated that one single PAR model could not be used across the regions. The PAR equation is the same in all regions, but the numeric factors, or coefficients, must be fit to the data for each country.

The following charts illustrate this finding by showing the effect of fragmentation [Figure 1], share [Figure 2], and loyalty [Figure 3] on PAR for both regions:

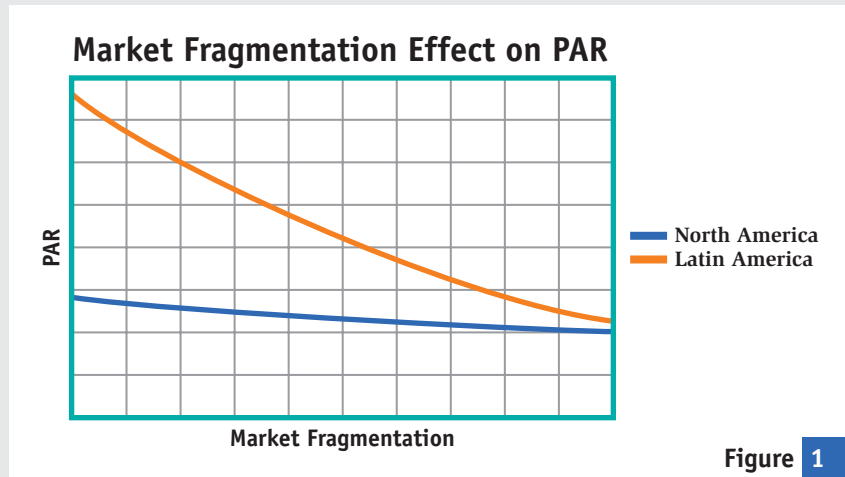


Figure 1

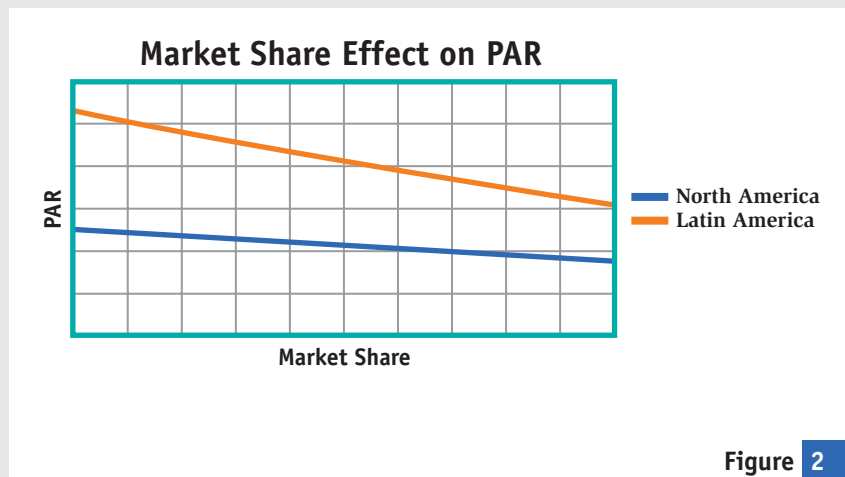


Figure 2

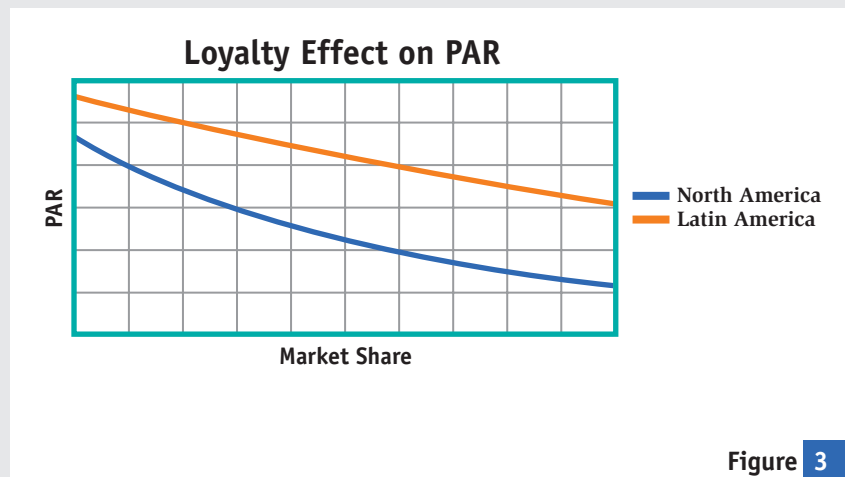


Figure 3

As shown in the charts, although the effects of fragmentation, share, and loyalty work similarly, the PAR elasticity in South America is higher, and small changes in the market variables have a greater impact on the persuasion score. Although the measure remains relevant, valid and reliable across the two regions, the model calibration showed that the measure is culturally sensitive. On average, within same market and brand conditions, South Americans tend to get higher scores than North Americans, so the same copy test score may have different marketing outcomes, depending on the region.

Measuring Recall Across Borders

Ipsos-ASI's key measures for recall include:

- **Related Recall** The percentage of the commercial audience that claims to have seen the commercial and can prove it by playing back elements of the ad.
- **Measured Attention** The ad's ability to gain viewer's attention, measured through an aided recognition of an unbranded description of the commercial.
- **Brand Linkage** The ratio between Related Recall and Measured Attention measuring the ad's ability to convert the executional impression left by the commercial into a branded impression.

The following table provides results for Related Recall, Measured Attention and Brand Linkage for Canada and U.S.A. [Table 1]:

Table 1	Next*TV Recall Scores <i>Finished Ads</i>	
	Canada %	U.S. %
Related Recall	18	21
Measured Attention	36	41
Brand Linkage	0.5	0.5

Table 2	Next*TV Recall Scores <i>Finished Ads</i>		
	Canada %	U.S. %	Hispanics %
Related Recall	18	21	24
Measured Attention	36	41	46
Brand Linkage	0.5	0.5	0.45

The table suggests some differences between Canadian and U.S. consumers, but results are on the whole very consistent on both sides of the border. This is not surprising, at least for the English-speaking part of Canada, since the cultures, markets, and media environments of these countries are more similar than, say, those of North and South America.

Recall levels tend to be at least 50% higher in the Latin American countries than in the U.S. and Canada. Is this due to differences in the market, the

media environment, differences in the ads themselves, or cultural differences in attitudes towards advertising? To help us understand these differences, we looked at cultural differences within the U.S. by examining recall scores from our Spanish language copy tests among U.S. Hispanic consumers. The direct comparison of the scores was possible since the data is collected in the same way within the Ipsos-ASI Next*TV methodology for the general and Hispanic populations of North America. Above is the recap table [Table 2].

Our research shows that Hispanic consumers tend to pay better attention to advertising, which directly translates into better Related Recall levels, compared to Canadian and U.S. consumers in the general population. This illustrates that cultural differences alone can produce different responses to advertising, even in similar market and media environment. However, these scores still fall below those of Latin American consumers, indicating that the media environment also exerts an influence.

**Diagnostic Measures:
 An Example of Likability
 Across Borders**

The next area of our study determines whether diagnostic measures show the same pattern as recall. Are they culturally sensitive? If so, what are the implications?

For this study, we used the example of likability. It is in fact one of the most popular diagnostic measures in the copy testing industry, particularly since the release of the ARF Copy Research Validity Project in 1991 [Haley & Baldinger].

Table 3 Next*TV Likability Averages <i>Finished Ads</i>					
Likability	Canada %	U.S. %	Hispanics in U.S. %	Brazil %	Italy %
Top Box	30	30.5	60	45	31
Top 2 Box	61	62	92	94	84

The above table [Table 3] provides comparisons of Likability scores from TV commercials tested within the Ipsos-ASI Next*TV system. The ratings are directly comparable, as they are collected after forced exposure to the commercial and use the same type of data collection, via telephone interview.

It appears that Canadian and American consumers have similar profiles for likability. The same may not be said of the Hispanics within the population of these regions, as their culture seems to have a bigger impact on likability. As previous studies have shown, this difference, in part, comes from the famous ‘courtesy bias’ of Latin cultures. Indeed, the same can be seen for South American consumers, and of Italian consumers in Europe, for example.

While it is helpful to know that Likability Ratings differ between North and South Americans, what are the implications for advertising? If likability is higher for Latin consumers, does it necessarily play a more important role in the commercial’s overall effectiveness? If so, can this guide the creative process?

To answer these questions, we will investigate the relationship of likability with recall and persuasion across the Americas.

Likability and Recall

The table at the right [Table 4] provides comparisons of correlations between regions for Related Recall, Measured Attention, Brand Linkage, and Top 2 Box Likability.

For all regions, the results show a positive correlation between likability and recall measures [specifically Related Recall and Measured Attention]. This alone is an important finding, since the most important research completed in this area has focused on U.S. data only [Biel 1985 & 1990; Haley & Baldinger 1991; Walker & Dubitsky 1994].

Although it is less clear for Canadians and Hispanics in the U.S., the data show that likeable ads tend to better attract consumer attention, which in turn contributes to higher levels of Related Recall overall. This is particularly true of Latin American consumers living in their native countries.

One of the most interesting findings is that, in the U.S. and Canada, while likeable ads are more likely to be attended and remembered, there is little evidence that liking also contributes to better registration of the brand name [Linkage]. On the other hand, the data show that for Latin Americans, and to a lesser extent U.S. Hispanics, liking can play a role in registration of the brand name. Across the Americas, liking plays a role in building memories of TV commercials. This role seems to be stronger for Latin American consumers.

Table 4	Recall and Top 2 Box Likability Correlations			
	Canada	U.S.	Hispanics	Latin America
Related Recall	0.25	0.30	0.26	0.39
Measured Attention	0.27	0.37	0.26	0.47
Brand Linkage	0.08	0.08	0.20	0.25

Table 5	Persuasion and Top 2 Box Likability Correlations <i>Finished Ads</i>	
	North America R	South America R
Top 2 Box Purchase Intent	0.46	0.65
Pre-Choice	0.29	0.14
Persuasion Score	0.20	0.15
Score minus PAR	0.03	0.05

Our experience suggests that advertisers should use liking as an option to attract and hold viewers' attention, without forgetting that optimal brand integration within a likeable story will help produce optimal results.

Likability and Persuasion

The above table [Table 5] shows, for both North America and South America, the correlation between likability and post-exposure Purchase Intent, and the different components of the Brand Shift persuasion measure.

Whatever the region, there is a relationship between liking the commercial, intent to purchase the brand, and the brand shift persuasion score. It is less clear, however, whether liking is associated with incremental persuasiveness above norm, or only with favorable brand attitudes conducive to persuasion.

Similarly, the research conducted by Biel at the Ogilvy Center for Research and Development in 1985 concluded that there was a positive relationship between liking and expressed brand preference.

The same research showed a measurable persuasion effect among respondents who did not particularly like the commercial. We, in fact, share Biel's comment:

"Liking is not a necessary, nor a sufficient condition for persuasion – it merely enhances it".

Main Findings and Conclusion

We began by affirming that the question today is not really "Does advertising work?" but more "How does advertising work?" across cultures. We have seen that a common advertising philosophy can help answer the question by providing common ground to look first at similarities, and then to investigate differences in the ways consumers react to advertising.

This philosophy tells us that to be effective, an ad needs to gain viewer's attention and leave an impression associated with the brand that will eventually influence the consumer. That is what we call persuasion: the ability to change consumer behavior, beliefs, or attitudes. This is a global rule that stands regardless of the country or the culture.

We have also seen that the advertising research process may need to be adapted to the local market needs. For example, we showed that brand shift persuasion works similarly internationally but is also culturally sensitive. A model calibration with local data will address the 'cultural' differences to allow comparisons across regions. The same is true of recall. *Even within the same*

region, North American consumers tend to recall ads at an average slightly lower than Hispanics. Again, the use of relevant norms can account for this effect.

Finally, for likability, we have seen that *whatever the region, liking plays a role in overall ad effectiveness*, and can be considered a 'Global Rule'.

Your Ipsos-ASI representative can help you determine the right measures for your brand, both locally and internationally, because we offer the flexibility to *measure what matters.*

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