

BRANDS AND CONSUMER TRUST

COUNTRY SLIDES AND EXECUTIVE SUMMARIES

MAY 28, 2015

UNITED KINGDOM



COUNTRY SUMMARY (1)

Consumer Trust in Brands

Food brands are most trusted. 38% of food brands qualify for the top third tier of brands most trusted whereas only 1 in 4 beverage brands is among this top trust tier. But category type seems to have a smaller impact than elsewhere.

In the UK, consumer trust in brands differs from other European countries insofar as

- personal care brands end up in the top tier more frequently
- food brands are less prominent in the top tier
- beverage and household care brands are equally likely to be in the top trust tier as elsewhere.

Examples of highly trusted brands in the UK are:

- Cadburys (Chocolate Tablets and Blocks)
- Coca Cola (Colas)
- Comfort (Fabric Conditioners)
- Domestos (Lavatory Cleaners)
- Fairy (Washing Up Liquids)
- Galaxy (Chocolate Tablets and Blocks)
- Kit Kat (Chocolate Tablets and Blocks)
- Nivea (Shaving Foams and Soaps)
- Nutella (Chocolate Spread)
- Vaseline (Body Creams and Skin Care)

Trust and organizational outcomes

Trusted brands are **larger** and purchased by **more households**: The top trust tier brand on average boasts a market share of 20% and a relative penetration* of 43%, whereas the lower trust tier brand fares significantly worse, with 10% and 21% respectively.

Across Europe, trusted brands show more growth than less trusted brands: This pattern also is true in the UK, where growth in both penetration and share is highest in the top trust tier.

Trusted brands enjoy numerous benefits when it comes to shopper attitudes:

On average, brands in the top trust tier would be recommended by 38% of consumers, whereas brands in the lower trust tier only get 18% of recommendation. These levels are higher than in other European markets.

On average, brands in the top trust tier would be in a position to command a price premium for 1 out of 5 (18%) of consumers, whereas brands in the lower trust tier only achieve such willingness for 1 out of 9 (11%) consumers. These numbers are higher than in other markets.



COUNTRY SUMMARY (2)

Trust & Price

Trust in brands in Europe on average is not dependent on the price charged by a brand relative to its Private Label competitors.

While brands in the UK tend to be equally expensive relative to PL as in other European markets (25% are more than twice as expensive as their PL peers compared to 27% in Europe), their price positioning is related to the trust they command.

Brands charging less than 50% more than Private Labels are substantially less likely to qualify for the top trust tier than brands that are more than at least 50% more expensive.

Trust & Private Labels

The success of Private Labels in the category is hardly related to brand trust. We see no difference with respect to PL share in the three trust tiers across Europe, and the same is true for the UK.

The most trusted brands in the UK are in categories with an average PL share of 31% whereas the brands in the lower trust tier are confronted with similar PL shares (32% on average). Whether trusted brands prevent PL success or whether low PL shares render brand trust more likely is an open issue.

Trust in Local vs Pan-European Brands

Trust levels for pan-European brands surveyed in this study (pan-European is defined as „in the top 3 in the category in at least three markets“) is higher than for local brands (local defined as „brand not in the top ten in any other market surveyed“) or regional brands (in-between local and pan-European). Whether there is a causal relationship must be questioned nonetheless: (1) We find more local brands than global ones that make it into the top 3. (2) Pan-European brands may have managed to make it into the top 3 in many countries because they are trusted for other reasons than being global.

The UK features slightly more local brands than the average European market (39 vs 33%).

These 39% local brands are

- underrepresented in the top trust tier (where 31% are local)
- represented as expected in the middle tier (where 37% are local)
- overrepresented in the lower trust tier (where 48% are local).

This is an indication that local brands seem to enjoy relatively lower levels of trust among British shoppers.



COUNTRY SUMMARY (3)

Drivers of Brand Trust

The following set of drivers is responsible for **high brand trust across Europe**:



1. Marketing Activities

Innovation followed by Advertising & Social Media Activity

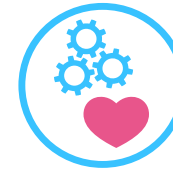
Promotion has no impact (even negative when looking at actual promotion and trust)



2. Positioning

Current/Up-to-date followed by Long Heritage and Local Icon

Being perceived as global does not make a difference



3. Function and Emotion

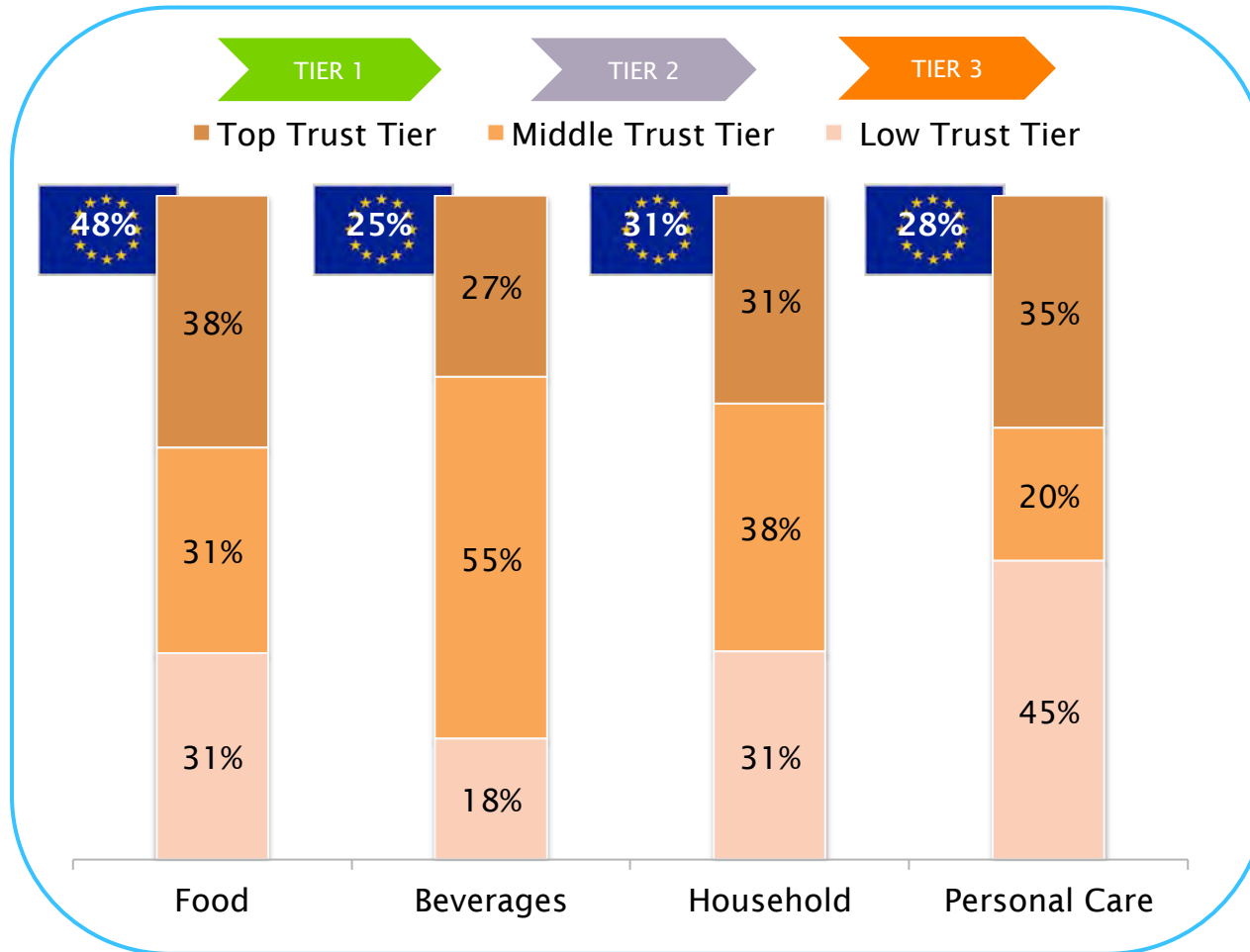
Consistency in quality & Prestige

matter more than being superior or being fun and exciting.



TRUST IN BRANDS BY CATEGORY TYPE

Category type does not discriminate much between trust tier distribution



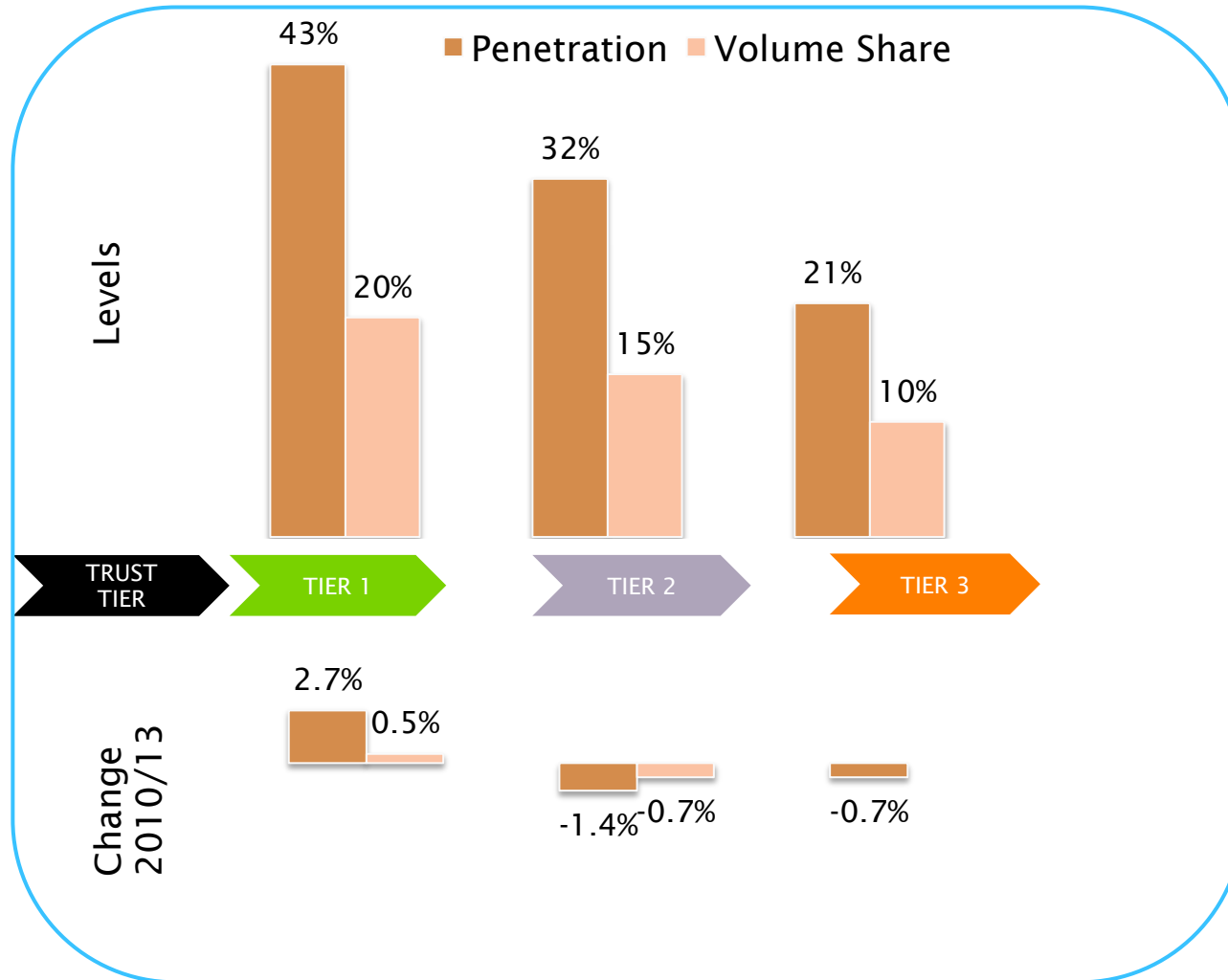
All brands were ranked by their trust scores and then split into three equally sized trust tiers.

A percentage above 33% for the top (low) trust indicates relatively more (less) trust in brands of this category group.

©Europanel | Tiers are defined at country level - contain the top, middle and lower third of brands based on average trust score (7 point scale where 7 = max). Brands included are top 3 in each country therefore comparison not implying best vs worst trusted brands but high performers relative to their peers within study scope



BRAND SIZE, BRAND GROWTH AND TRUST



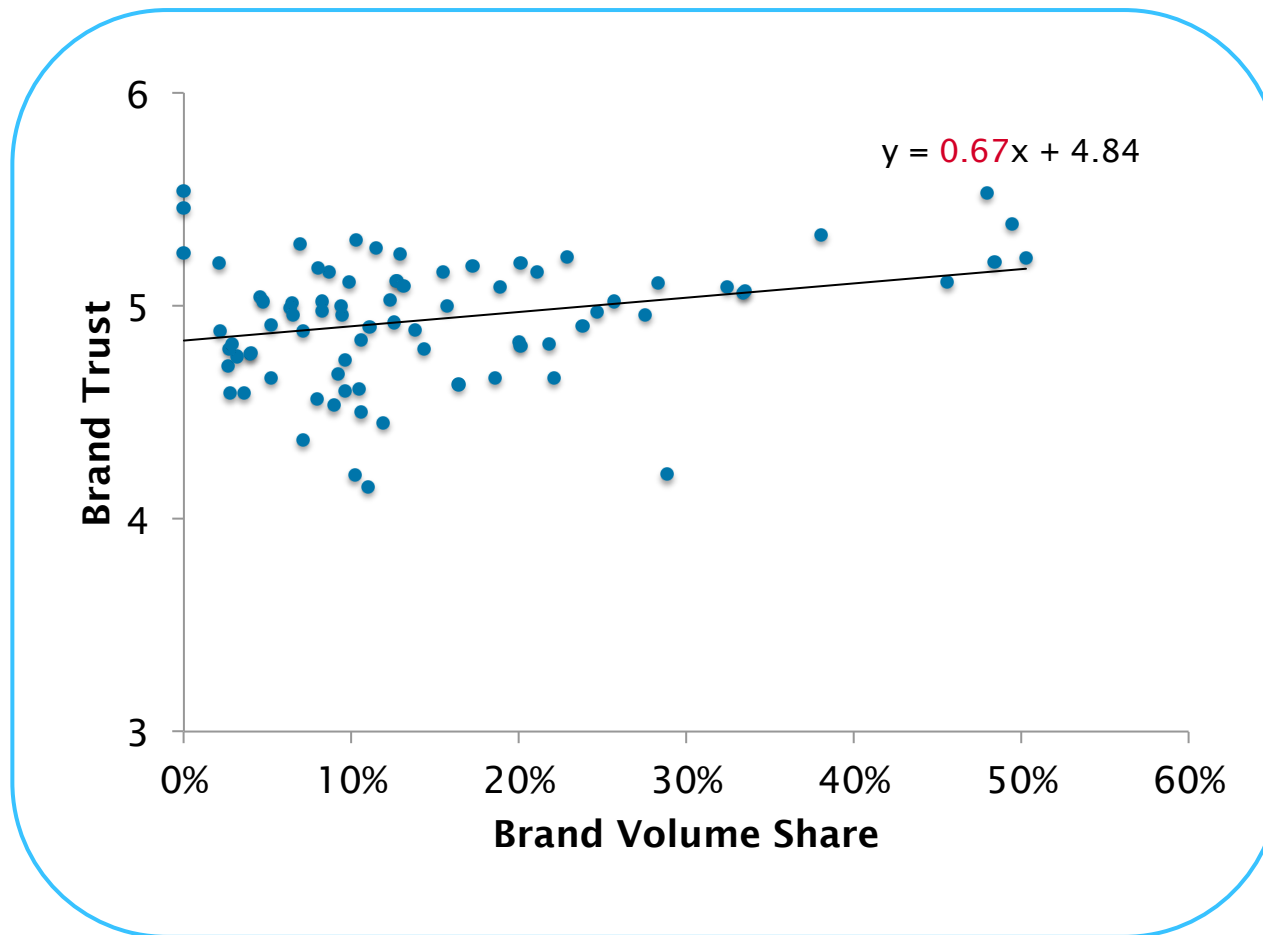
The top part of this chart compares penetration (% of category buyers) and share averages for the three trust tiers.

The bottom part compares the change in share and penetration of these tiers between 2010 and 2013.



BRAND SHARE AND TRUST

Share fosters trust



This chart shows the relationship between market share and trust.

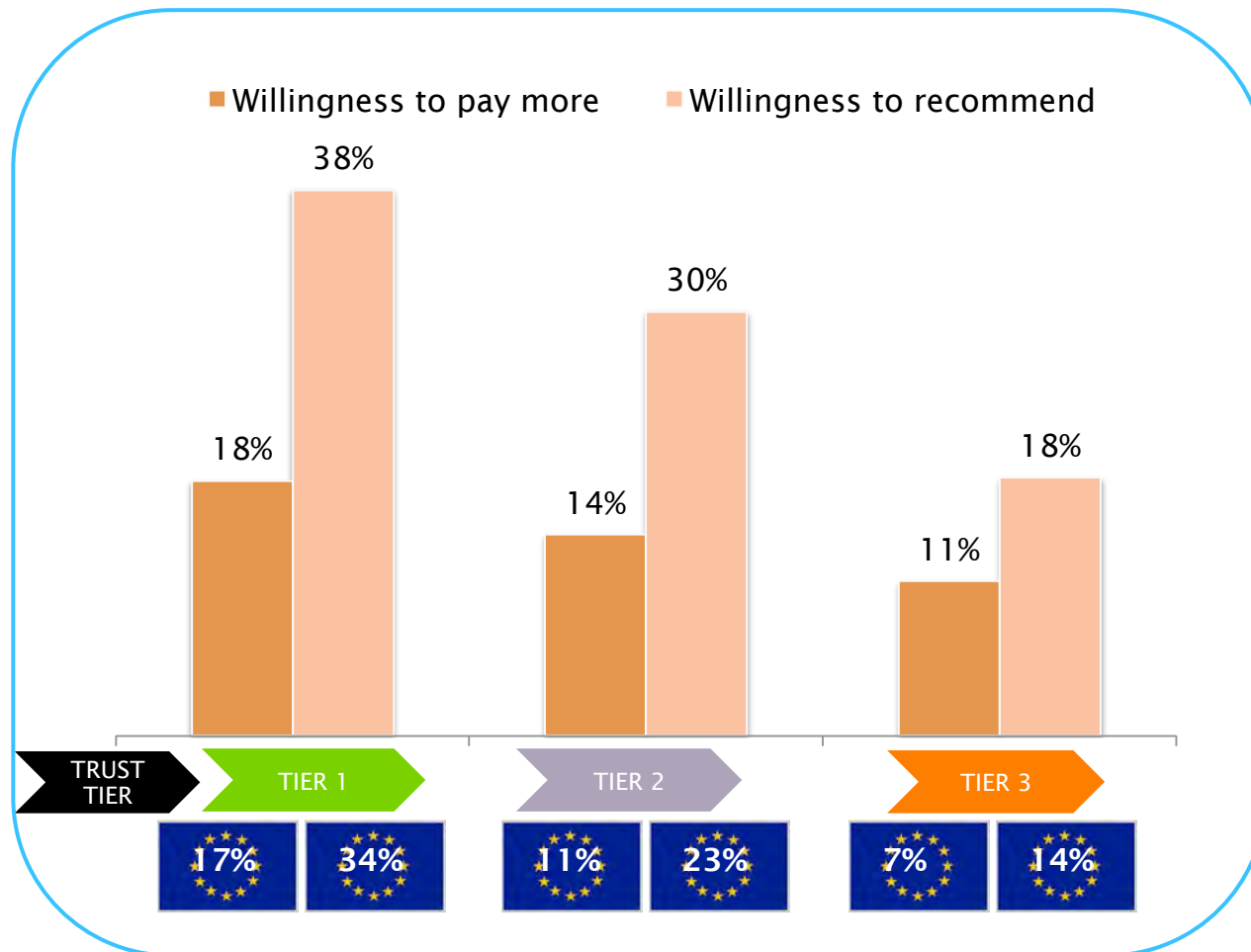
The red number reports the expected increase in trust for a given increase in market share (e.g. an extra 10% market share result in an average increase of trust of 0.07).

Not all brands are perfectly positioned on the line – a brand can have more or less trust given its size.



TRUST AND ITS IMPACT ON ATTITUDES

Trust fosters recommendation and willingness to pay



This chart shows the percentage of respondents ticking one of the top two boxes when it comes to

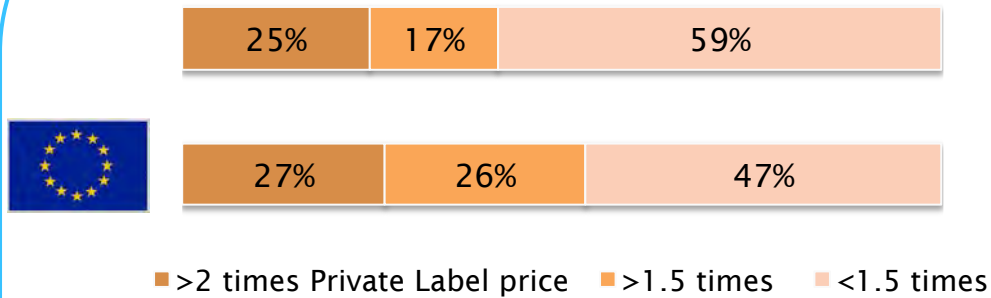
- (1) willingness to pay more for this brand
- (2) likelihood to recommend the brand

Bear in mind that this is grocery products and levels will be relatively low!

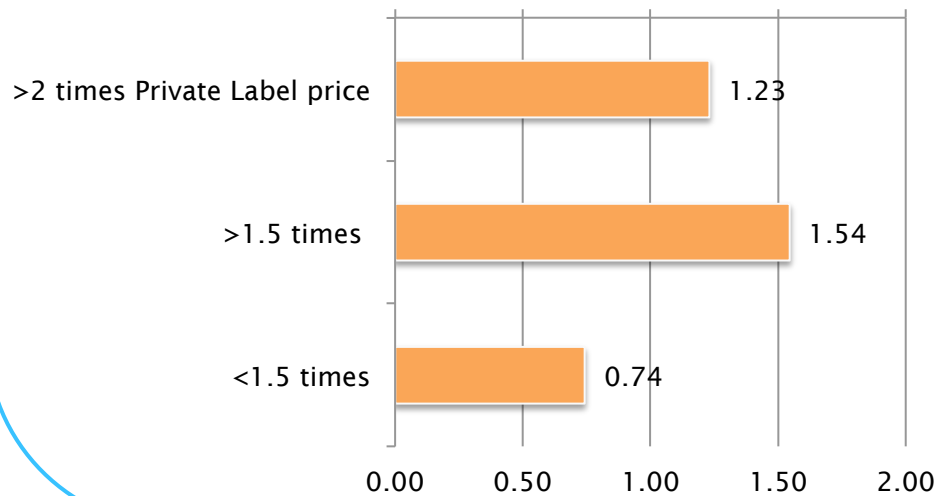


TRUST AND BRAND PRICE LEVELS (1)

Price Levels of all Brands studied



Top Trust Tier Presence in each Price Tier



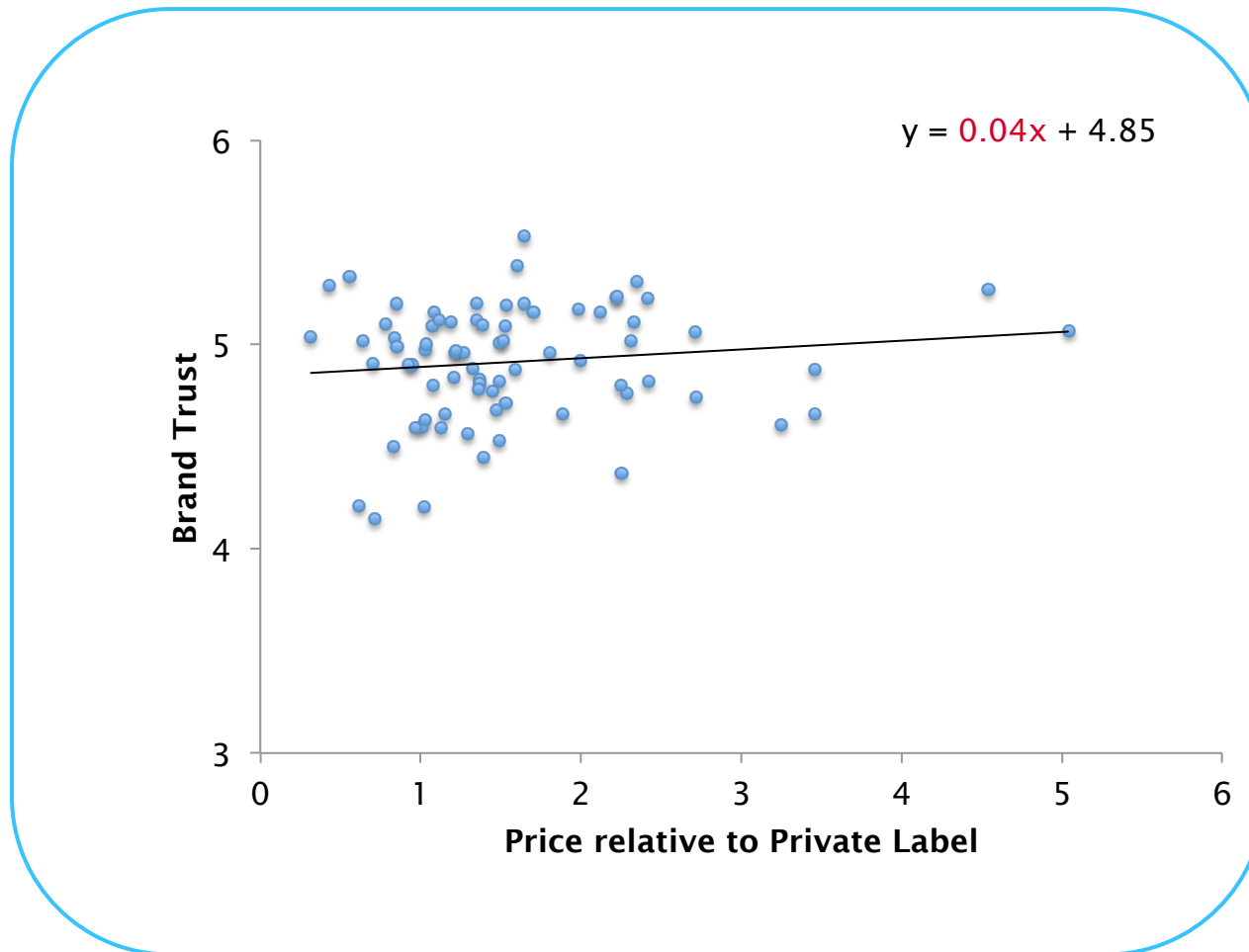
The first chart shows the percentage of brands which

- (a) charge more than twice the price of PL in their category
- (b) charge more than 1.5 times the price of PL in their category
- (c) less than 1.5 times the price of PL in their category

The second chart shows the number of top trust tier brands present in each of these price tiers relative to expectations (expected = 1.0)



TRUST AND BRAND PRICE LEVELS (2)



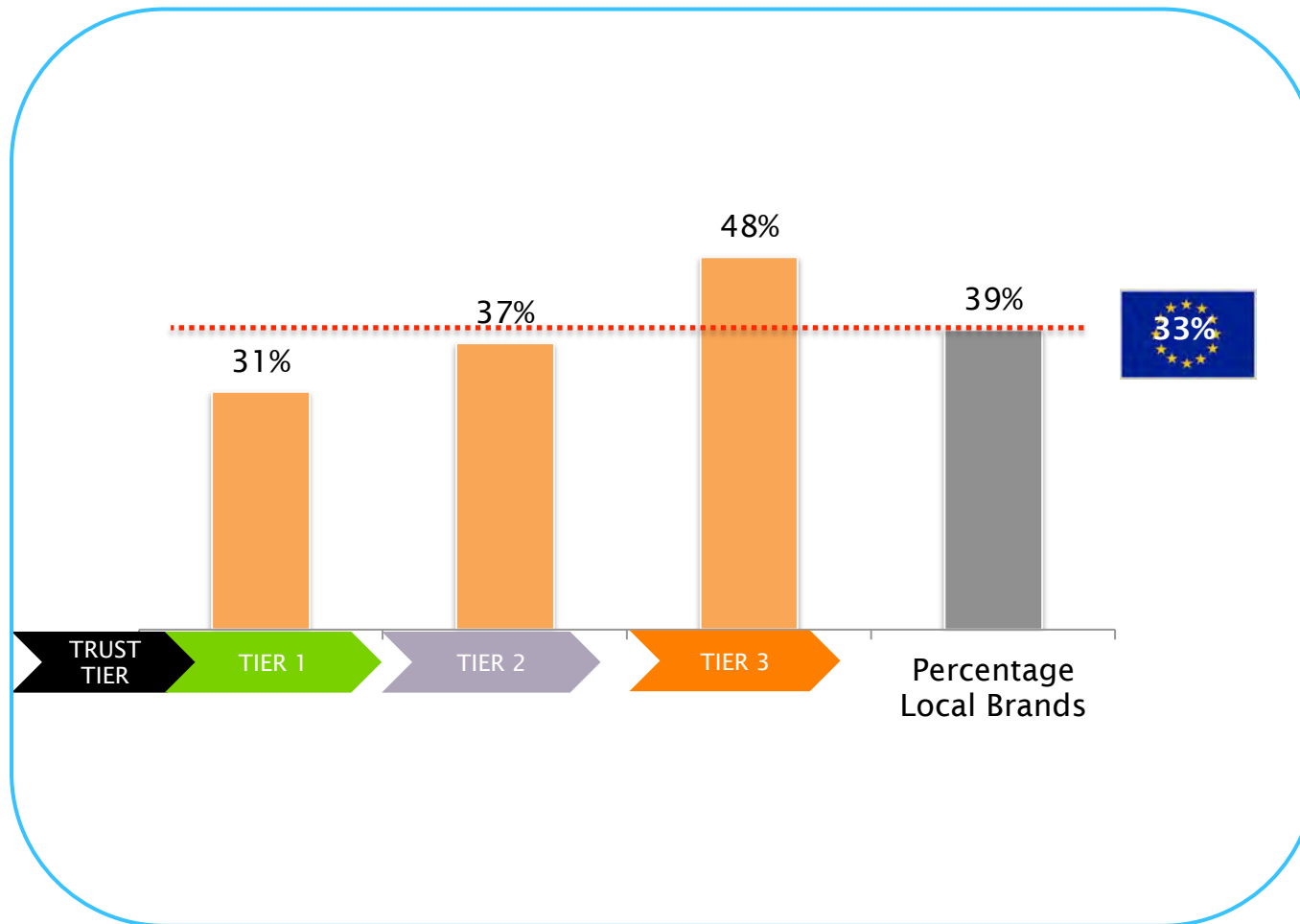
This chart shows the relationship between price and trust.

The red number reports the expected increase in trust for a given increase in price (e.g. there is no clear relationship between trust and price)



TRUST IN LOCAL BRANDS

Local brands more present in tier 3






This chart shows the relationship between trust and how local a brand is.

The grey bar shows the percentage of brands in our survey considered to be local for this study. The height of the other bars assesses whether local brands are over/under



STRATEGY PAYOFFS

WHAT IF ...FROM AVERAGE TO TOP 20%

	BE LOUD	INNOVATION	CONSISTENCY
			
Trust Change (on 7 point scale)	+0.16	+0.14	+0.2
Impact on Penetration	+4.8%	+4.2%	+6.2%

This table shows how each of the three strategies outlined in the report would pay off in this country.

So moving from an average perception on each driver to a top 20% perception would move

...trust by on a 7 point scale

... penetration by x%

