

MEASURING EMOTIONAL CAPITAL AMONGST RETAIL GROCERS IN THE UK & IRELAND



EXECUTIVE SUMMARY

Our first study successfully established the link between the emotional attractiveness of a brand and underlying customer behaviours, including acquisition, loyalty and non-user consideration.

By identifying and understanding the underlying drivers of emotional attractiveness, we have been able to define the specific opportunities for brand's to grow, as well as the areas of weakness they need to defend.

We have mapped the levels of Emotional Capital across the grocery category, identifying the brands with an emotional surplus and those with a significant deficit. In each instance we have been able to drill down to the underlying drivers to emotional repulsion or attraction.

We recommend that through a detailed and nuanced understanding of a brand's Emotional Capital they will better understand where they can grow, and the audiences they need to defend.

INTRODUCTION TO EMOTIONAL CAPITAL

Emotional Capital is the currency of a brand's relationship with its customers. The more Emotional Capital they have, the closer their customer relationships are. And building close relationships with customers is key if brands are going to realise long-term growth.

Brands with closer customer relationships spark the instincts of their audience. They provoke an emotional reaction. Emotions accumulate, both positive and negative. And they can be given a value. This value is their Emotional Capital.

Brands that we push away have negative Emotional Capital. Brands that we pull towards us have positive Emotional Capital. We can both measure a brand's Emotional Capital as it stands today and forecast how a brand's might rise or decline in the future.

We measure a brand's Emotional Capital by understanding whether or not customers pull the brand towards them or push it away. The instinctive response the brand ignites in people. This is called the Emotor score. It understands a brand's attractiveness.

We understand the future supply of Emotional Capital by assessing the brand's considered appeal amongst the audience. We do this by looking at five different statement groups, the detail of which can be found in the methodology and the appendix.

We want to help our clients build closer customer relationships, and to achieve this we need to understand how much Emotional Capital they have, and the areas they need to focus on to achieve more.

PURPOSE OF RESEARCH

This paper is the first study to use the Emotor methodology, detailed below. The purpose of this pilot was to establish the relationship between the emotional attraction of a brand (how much Emotional Capital it has) and positive customer behaviours (purchase intent, customer loyalty, non-customer consideration).

The research also sought to interrogate the underlying drivers of emotional attraction, and their relationship with Emotional Capital. We looked to understand if we can diagnose why a brand may attract or repel a specific audience.

Grocery is the first category that has been interrogated, with the research looking at the levels of Emotional Capital present in grocery brands in both the UK & Ireland.

01

METHODOLOGY

The study has four sections – awareness of the brands, their attractiveness (Emotor score), their considered appeal (CLOSE scores) and finally claimed customer behaviour.

Awareness was captured with regard first, spontaneous and prompted mention.

Attractiveness was understood in two dimensions – whether a brand is “my sort of brand”, and underlying propensity to purchase (with no barriers would you shop here). Both attractiveness scores were combined to provide the brand’s Emotor score – the value of Emotional Capital held by the brand.

The CLOSE scores are five groups of statements that provide a more nuanced understanding of why brand’s either attract or repel customers. The five statement groups cover the following:



Coherent

the extent to which the brand is consistent across the customer experience



Literate

how well the brand is perceived to understand the needs of its customers



On the level

whether or not the brand can be trusted to act with integrity



Self-aware

the extent to which the brand is honest about its strengths and weaknesses



Ethical

how ethical the brand is perceived to be

Finally, customer behaviour was measured with regard to purchase motivation, frequency, loyalty, recency of behaviour change for new and lapsed customers.

Sample

A nationally representative sample of 2,000 people was surveyed across the UK & Ireland. 20 brands were interrogated, with each respondent seeing 2 brands, providing 200 evaluations.

The survey list per country was as follows:

Brands	UK	IRE	NI
Brand Count	18	10	9
Abel & Cole	X		
Aldi	X	X	X
Amazon Fresh	X		
Asda	X	X	X
Budgens	X		
Happy Shopper	X		
Iceland	X		
Lidl	X	X	X
M&S Food	X	X	X
Morrisons	X		
Ocado	X		
Riverford	X		
Sainsbury's	X	X	X
Spar	X	X	X
Tesco	X	X	X
The Cooperative Group	X	X	
Waitrose	X		
Wholefoods	X		
Dunnes		X	X
SuperValu		X	X

02

GROCERY BRANDS – THE EMOTOR SCORES

Most of the grocery category are net attractors, with positive levels of Emotional Capital present in all but six brands.

The UK

The top five in the UK broadly represent the brands with the largest market share and name recognition, showing that in a high frequency category, size matters.

Tesco was the overwhelming leader, a reflection of its high usage rates across the population. People are attracted to what they're familiar with.

The bottom five in the UK represent a mix of online retailers and high street value chains with relatively small footprints. In each case the low emotor rating can be attributed to emotional attributes measured through the CLOSE score.

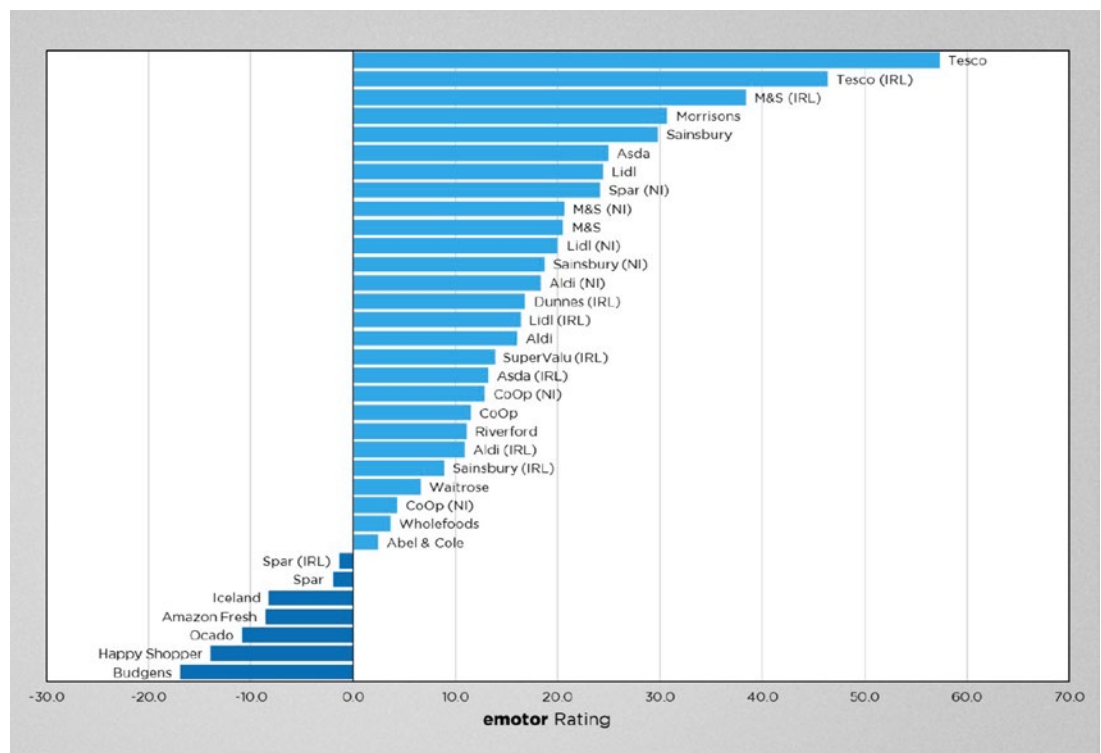
Ireland

Tesco also leads the pack in Ireland, closely followed by Sainsbury's. Spa is the only Irish brand that had a negative balance of Emotional Capital.

EMOTOR RATING

Base: UK + IRL
Index -100 to +100

Calculating the emotor rating using this methodology provides a good spread of brand scores – from those which 'attract' vs those which 'repel' shoppers



In detail – Attraction

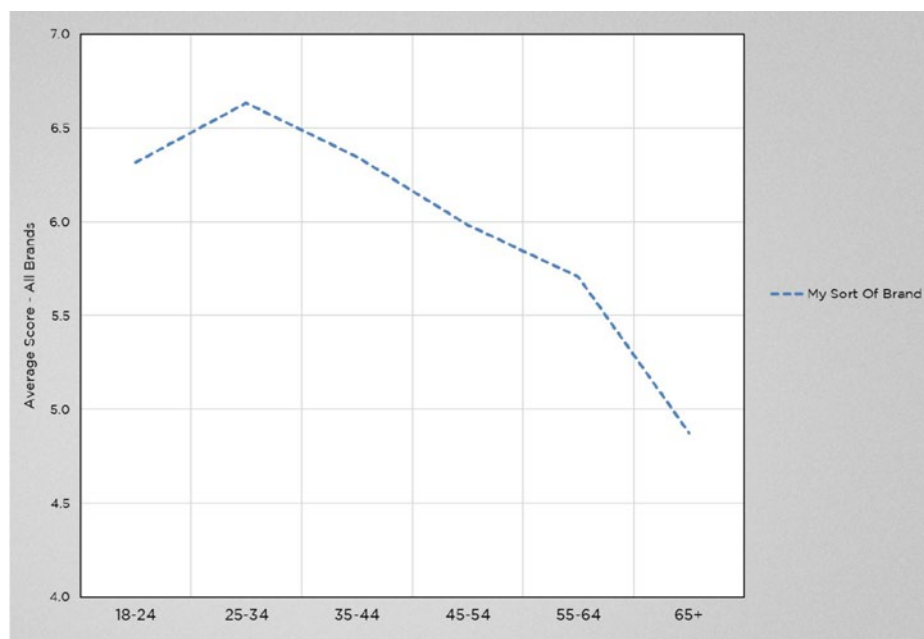
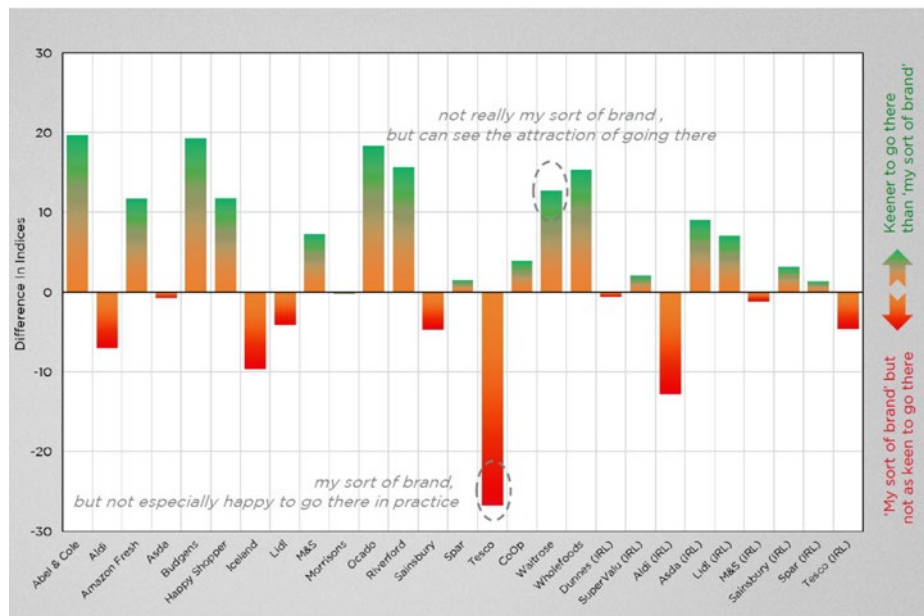
My sort of brand vs Predisposition

Underpinning the Emotor score, these two key measures measure brand attraction. Brands across the category showed differences between those brands who people feel an affinity to the brand (my sort of brand), and those who are attracted to the experience of shopping there (predisposition).

This is evidenced on one hand in Tesco's scores, with respondents extremely attracted to shopping experience at Tesco, but not feeling similar levels of emotional affinity. The reverse is true for M&S. A good sign of how brands can recruit customers through different types of emotional attraction.

Brand attraction by age

"My sort of brand" declines as people age, peaking at the 25-34 y/o age group and reaching studied indifference as customers reach retirement. A signal that as customers age, their attraction to brands is driven more by predisposition than it is by affinity.

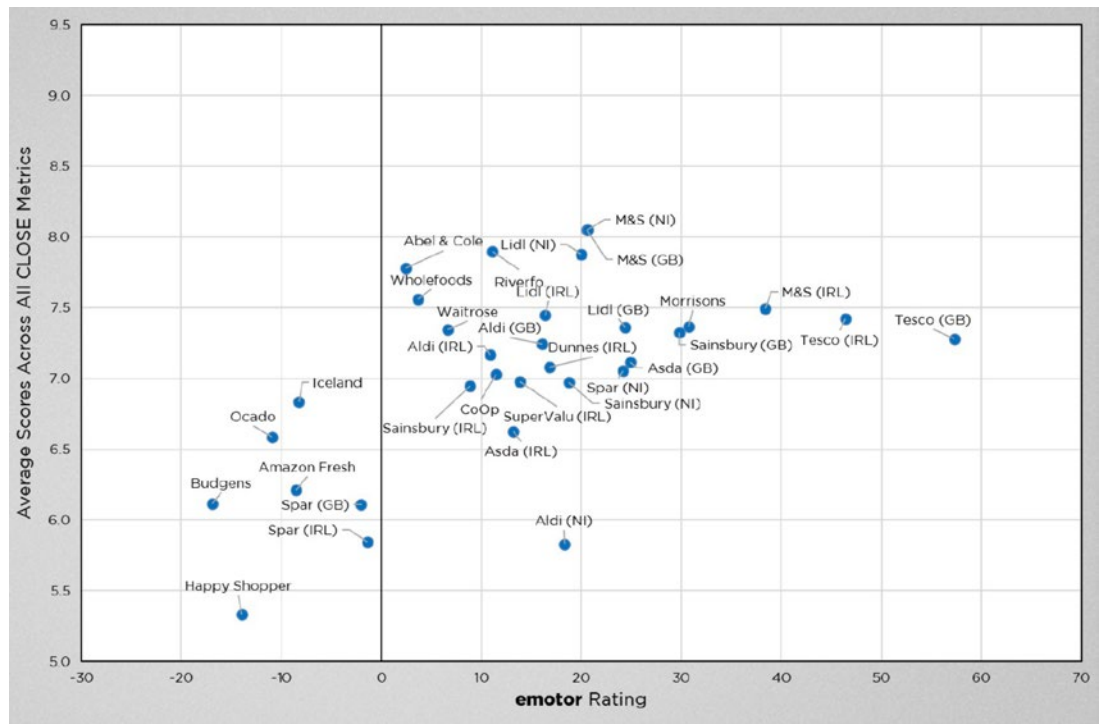


Correlation vs. Emotor

A brand's Emotor score strongly correlates with their CLOSE scores.

The stronger the brand's Emotor score, the more aligned their CLOSE scores. Strong brands do well across the board.

Poorer performing brands have weaknesses that can be identified. And if they can be identified, they can be addressed.

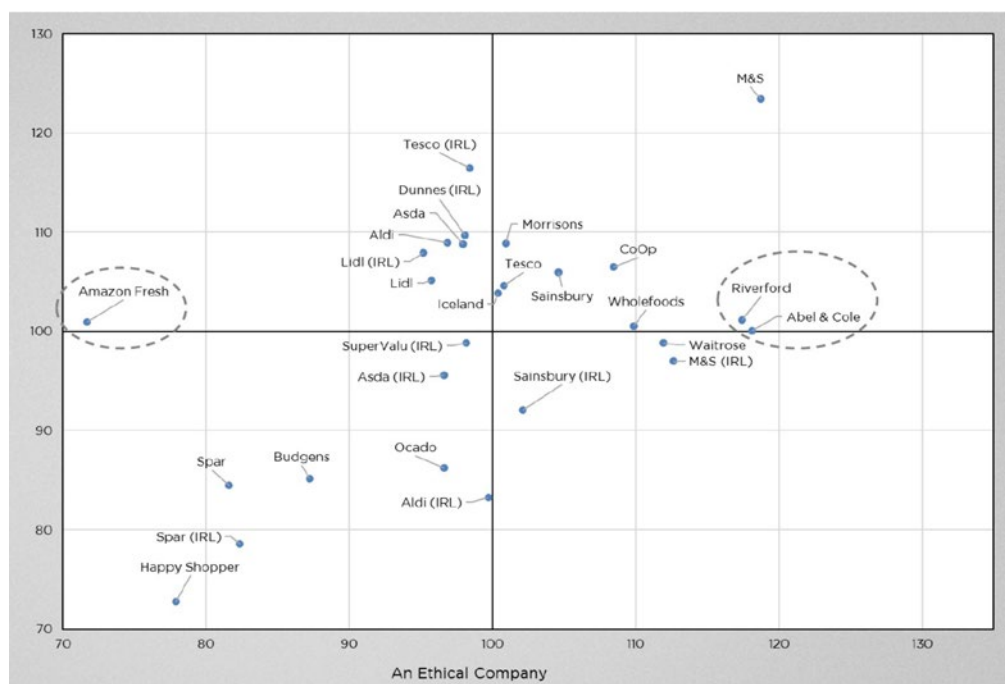
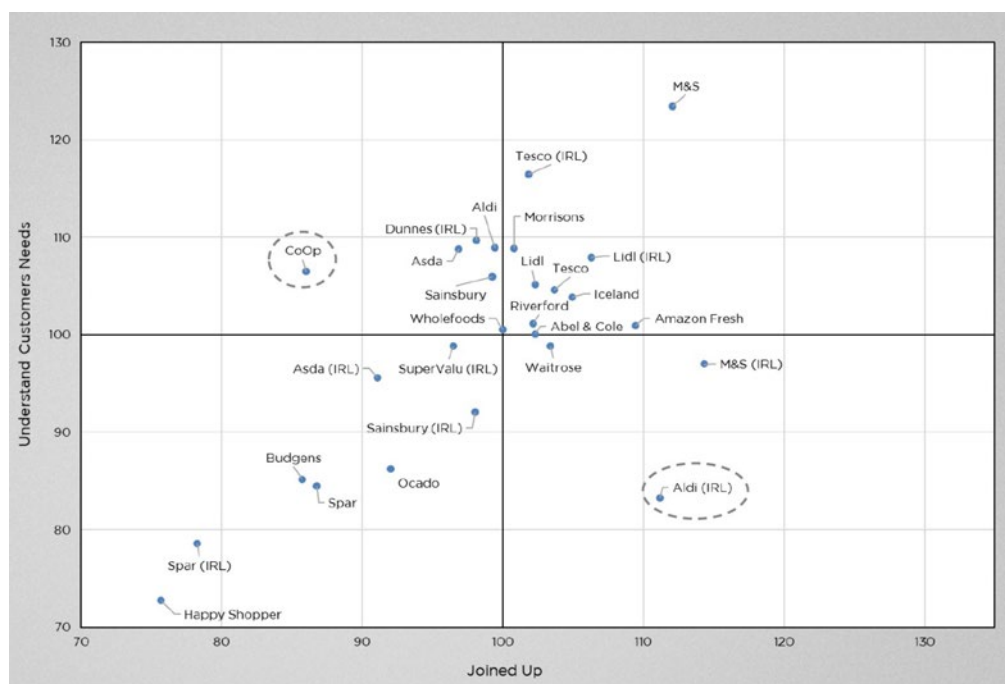


Close gaps

Most CLOSE scores tend to correlate with one another, however where a brand has a weakness we can identify it by comparing CLOSE metrics with one another.

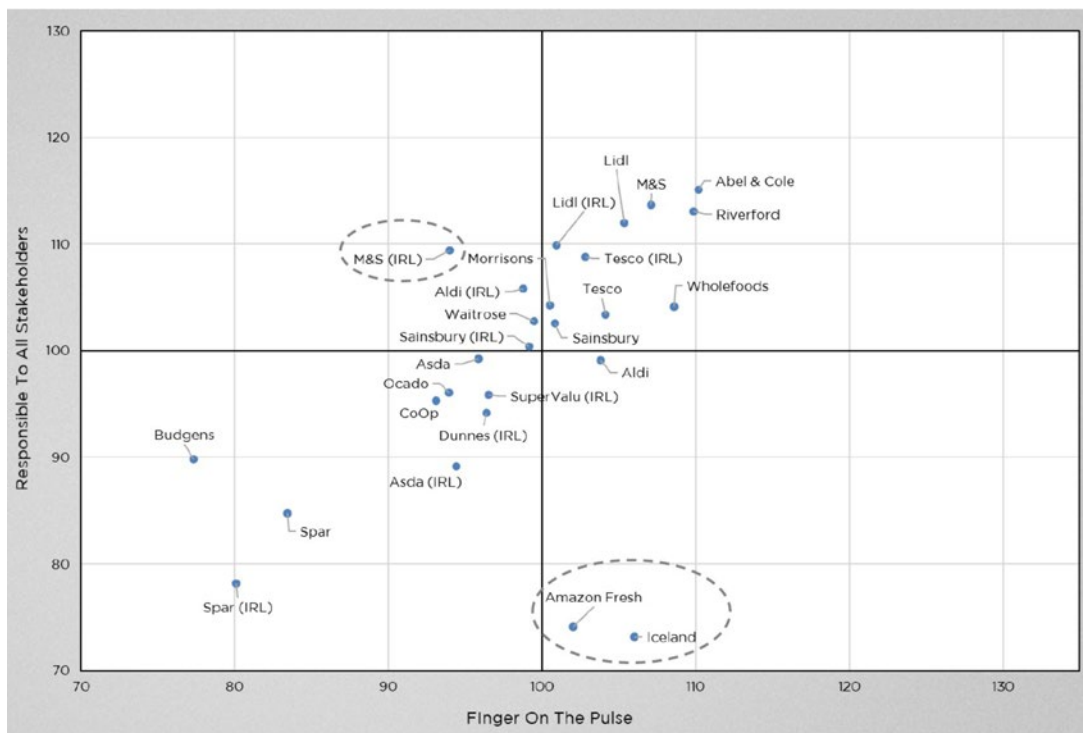
For example, comparing Joined up vs. Literate, we see that Aldi in Ireland scores poorly at understanding the needs of its customers, and Co-Op doesn't provide a joined-up brand experience.

Comparing Ethical, vs. Literate, we can see that Amazon Fresh are amongst the pack for understanding the need of customers, but rock bottom when it comes to being Ethical. Whereas Riverford and Abel & Cole score highly on Ethics, but don't outperform the competition when it comes to understanding their customers. Their challenge – take their sustainability credentials and connect them more closely with the needs of their customers.



We can see a CLOSE gap when we compare Lidl vs. On the level. We can clearly see that Ireland and Amazon Fresh are both seen as understanding their consumers, with their finger on the pulse.

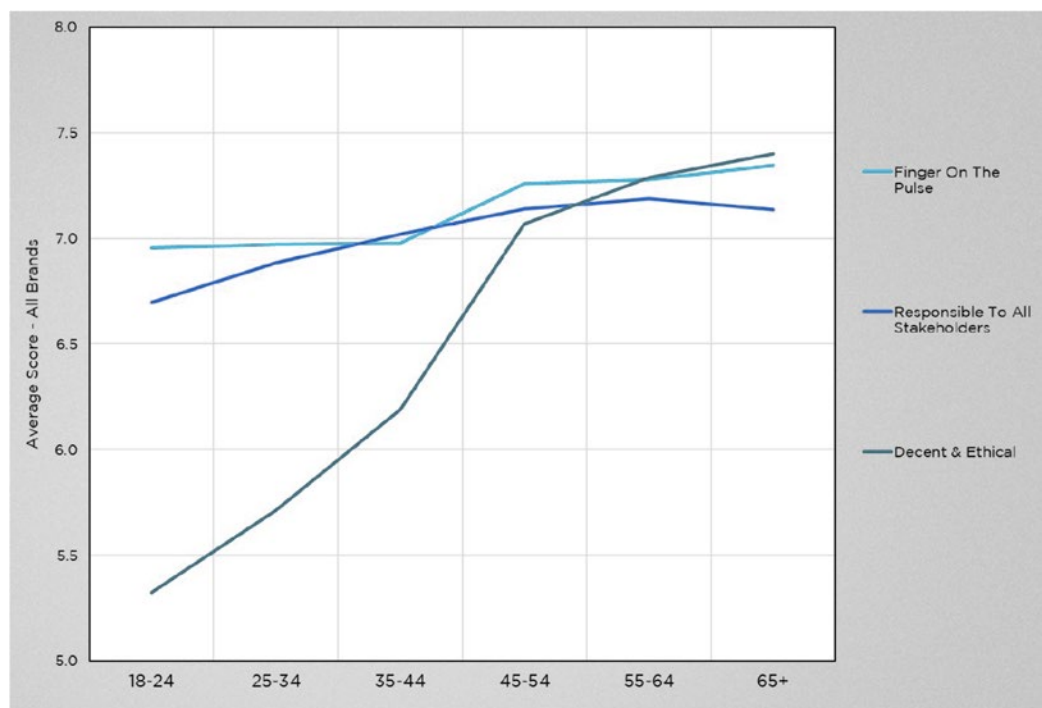
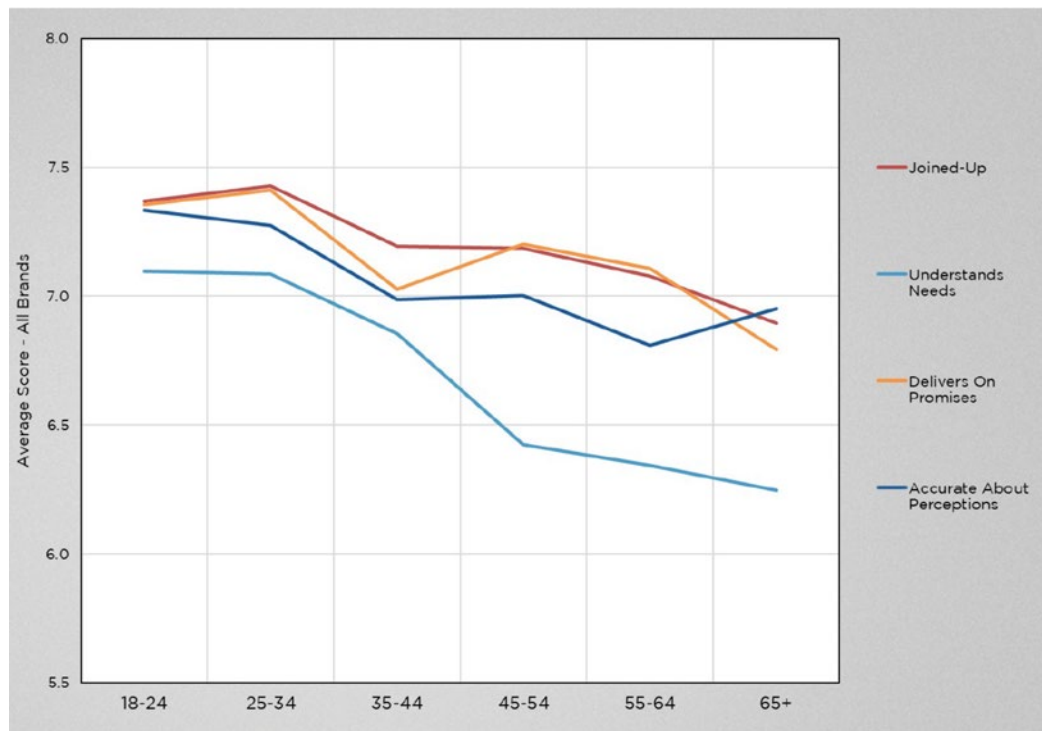
However, they are seen as significantly deficient when it comes to trust. To get closer to customers, they will need to work harder to demonstrate that they act responsibly to all their stakeholders.



Close metrics by age

As per overall brand attraction, CLOSE metrics decline with age, however this happens at different rates across the range of emotional scores. The perceived coherency of a brand experience decline slowly, still being valued by customers as they age. However the same is not true for Literate, with older customers being less convinced than those younger that in general brands' understand their needs.

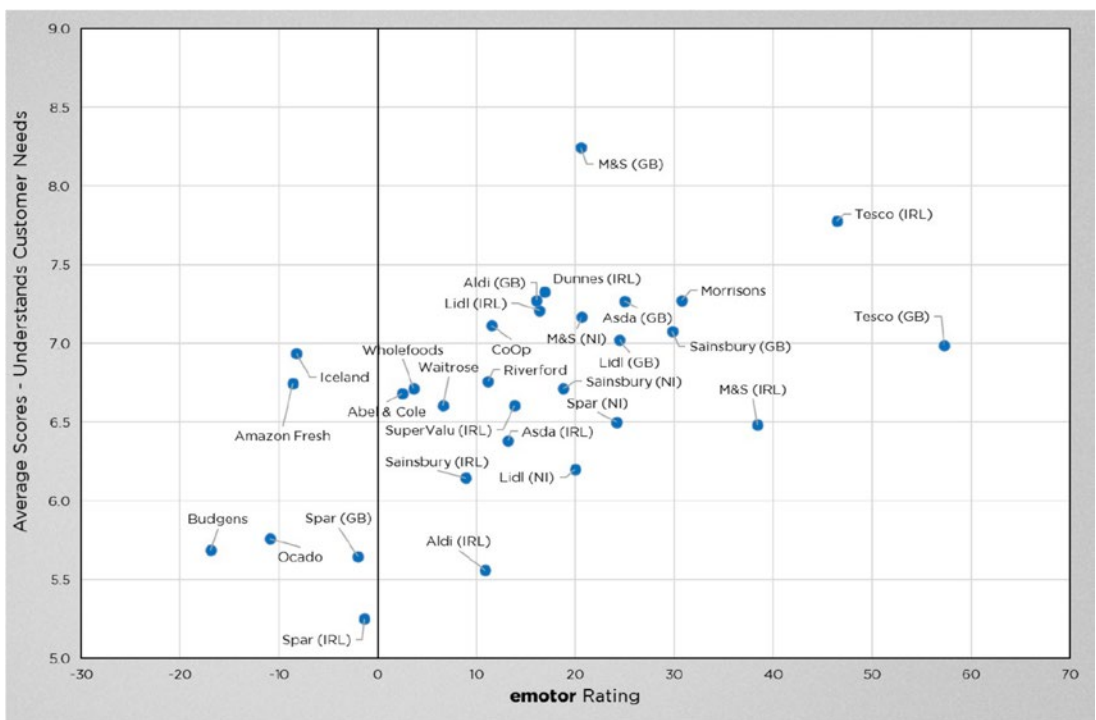
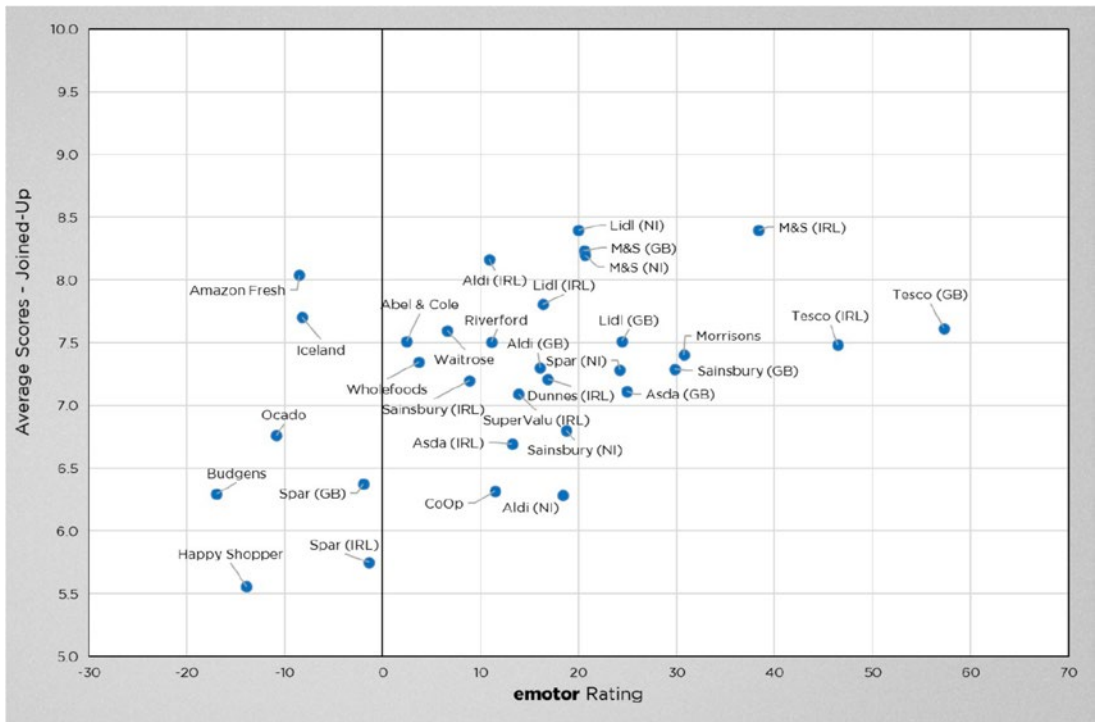
The reverse is true for Ethical. The older the customers, the more likely they are to think that a brand acts ethically, and that it has the "finger on the pulse". Younger customers are also less likely to believe that brands can be trusted to act responsibility to all stakeholders.



C, L, O, S, E in detail

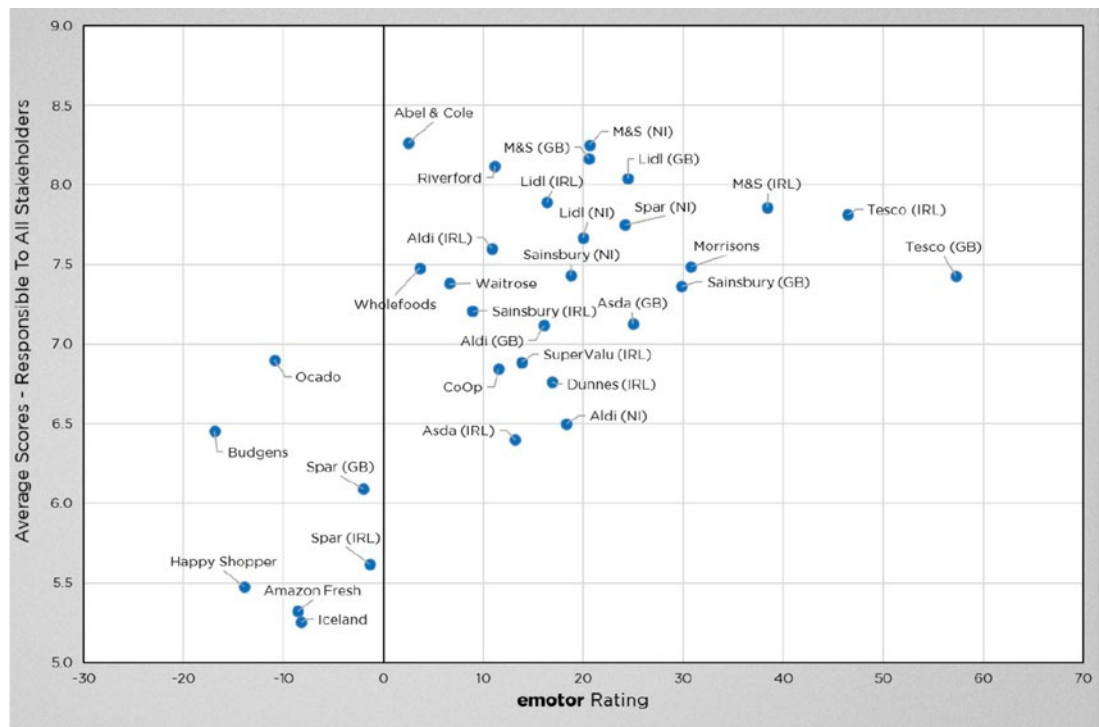
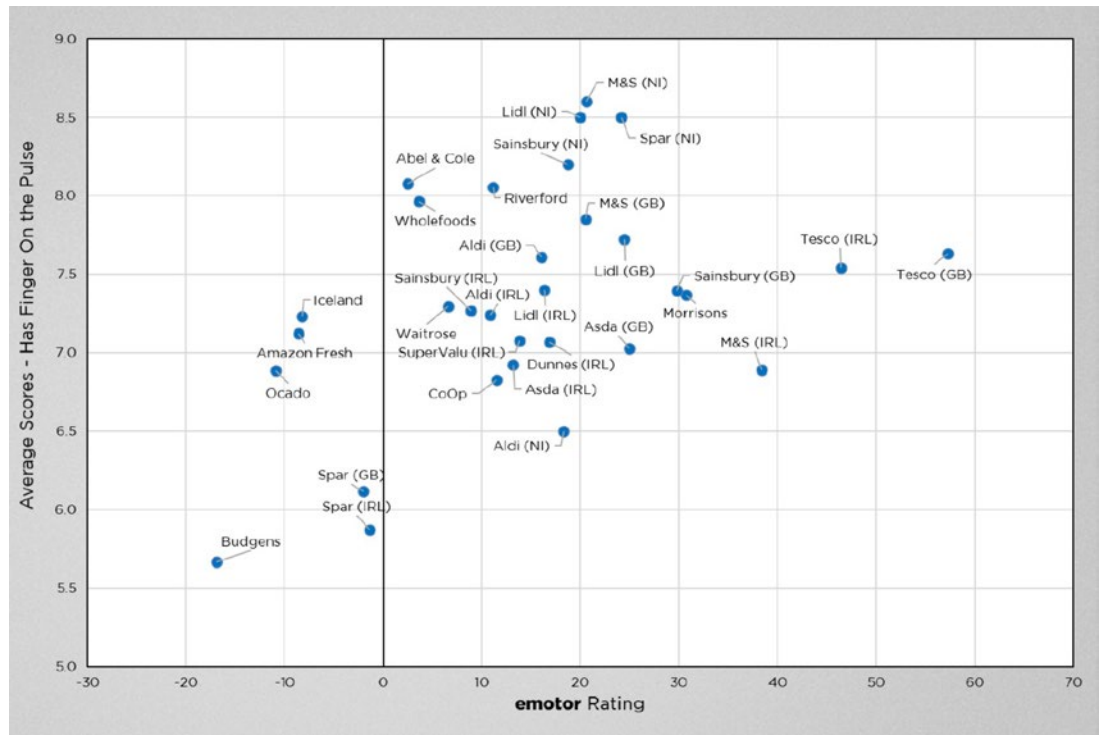
A brand's coherence strongly correlates with their overall attraction. However, Amazon Fresh are an outlier, being seen as providing a coherent experience, but not attracting customers as a result, whereas M&S and Tesco both attract customers and are seen as being coherent whilst doing so.

A brand's customer literacy is seen in two ways – understanding needs, and having their finger on the pulse. For the former, M&S GB are a slight outlier, understanding needs well, but not completely converting this into attraction. Interestingly M&S Ireland has the opposite problem, attracting customers but not understanding their needs.



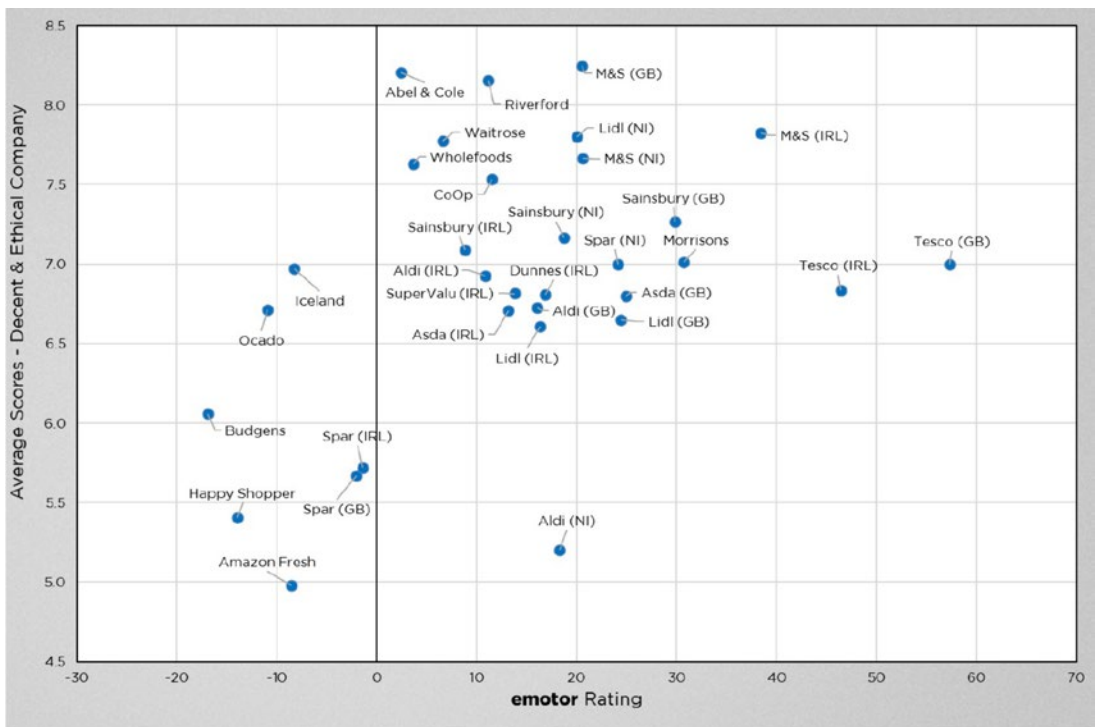
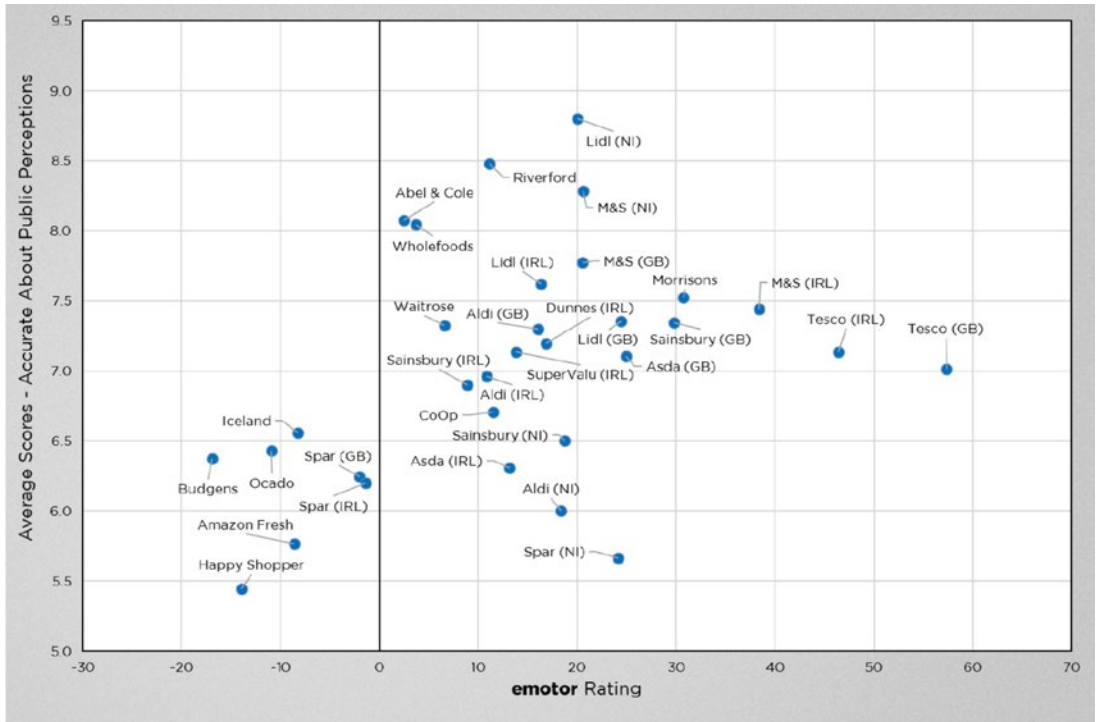
In terms of being “on the pulse”, Tesco are an outlier. They attract customers but are very much middle of the pack when it comes to being on the pulse.

For being on the level, the score again correlate strongly, with a slight outlier in Abel & Cole. A trustworthy brand that has not managed to convert this emotional attribute into Emotional Capital.



Self-aware correlates with overall attraction, however some brands do show more self-awareness than they are able to convert into Emotional Capital. Riverford, Abel & Cole and Whole Foods are all in this camp. Whilst once again, Tesco continue to over perform on Emotional Capital, despite being in the middle of the CLOSE scores throughout.

Finally, Ethical strongly correlates with Emotional Capital, with Tesco again in the pack and Abel & Cole and Riverford not fully capitalising their ethical perceptions.



04

BRANDS IN DETAIL

We have shown the relationship between instinctive attraction and considered appeal.

The former through Emotor, and the latter through CLOSE.

We are now able to look at individual brands and highlight how this methodology can provide them with a clear direction.

Abel & Cole

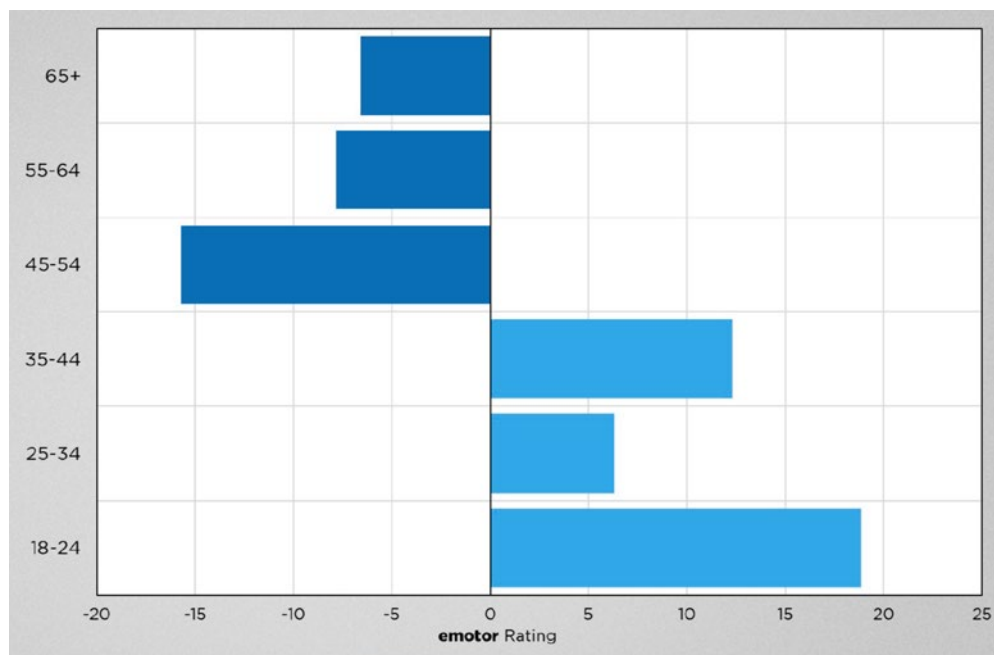
Abel & Cole attract younger customers, whilst repelling those who are older.

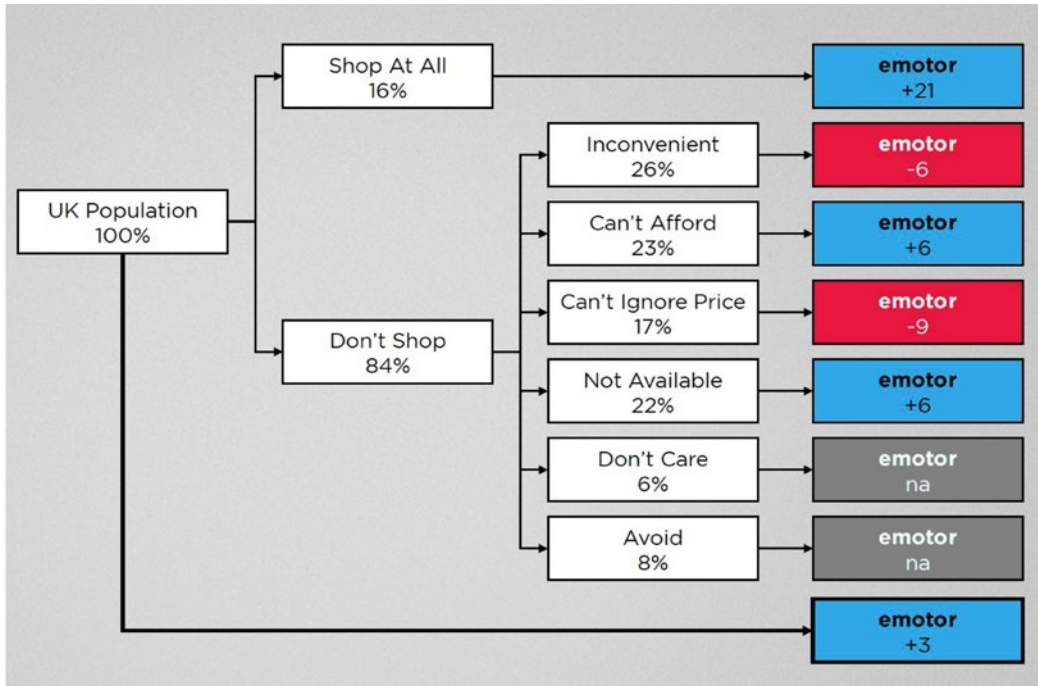
Across the CLOSE scores, Abel & Cole underperform on being joined up and deli bring on promises. And repels customers in terms of their understanding of their needs.

Looking at attitudes and behaviours, there is a significant minority who don't shop the brand at present but would definitely consider them in the future. These customers are currently attracted to Abel & Cole, but aren't being converted.

Looking more deeply we can see that the reasons shoppers aren't converting for Abel & Cole is a question of convenience and price.

For Abel & Cole to succeed they need to target a younger demographic who are attracted by the brands perceived trustworthiness and ethics and convert them with a message that frames these qualities as worth paying for.



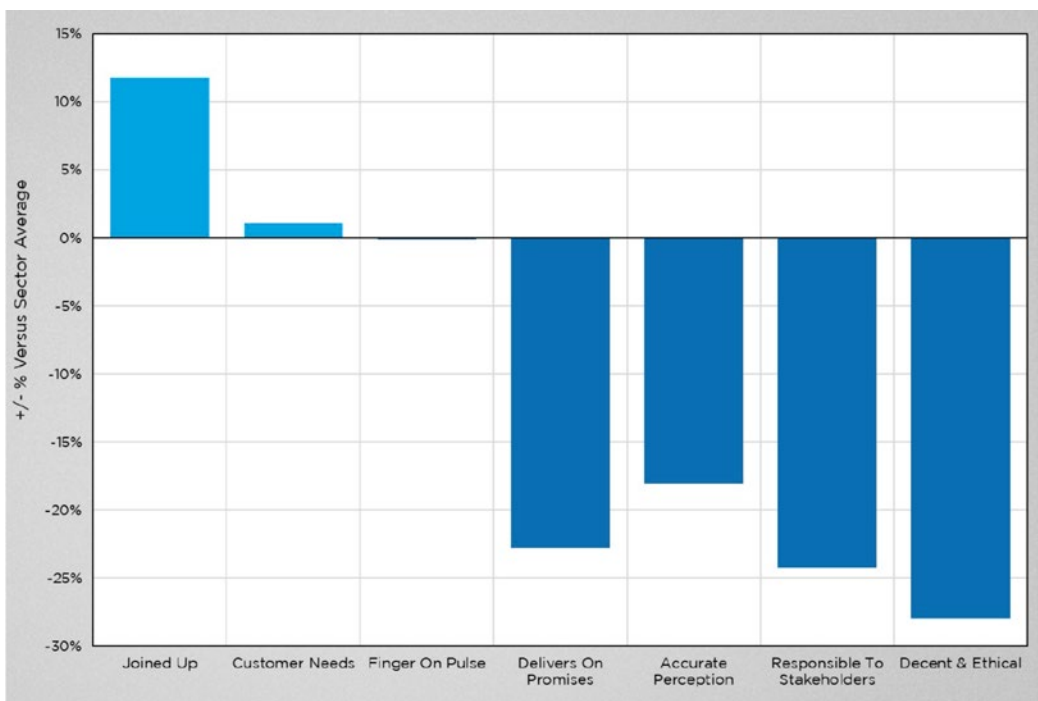


Amazon Fresh

Amazon Fresh is one of the most repelling brands in the category, scoring poorly across all CLOSE metrics except for being “joined up” in terms of the brand experience.

This translates into a considerable rejector audience. There is a huge strength of negative emotion amongst those who wouldn't consider the brand. This rejection of the brand cannot be attributed to any one point of consideration. They are poor across the board.

Amazon Fresh clearly have a macro brand job to do to address their issues of trust.

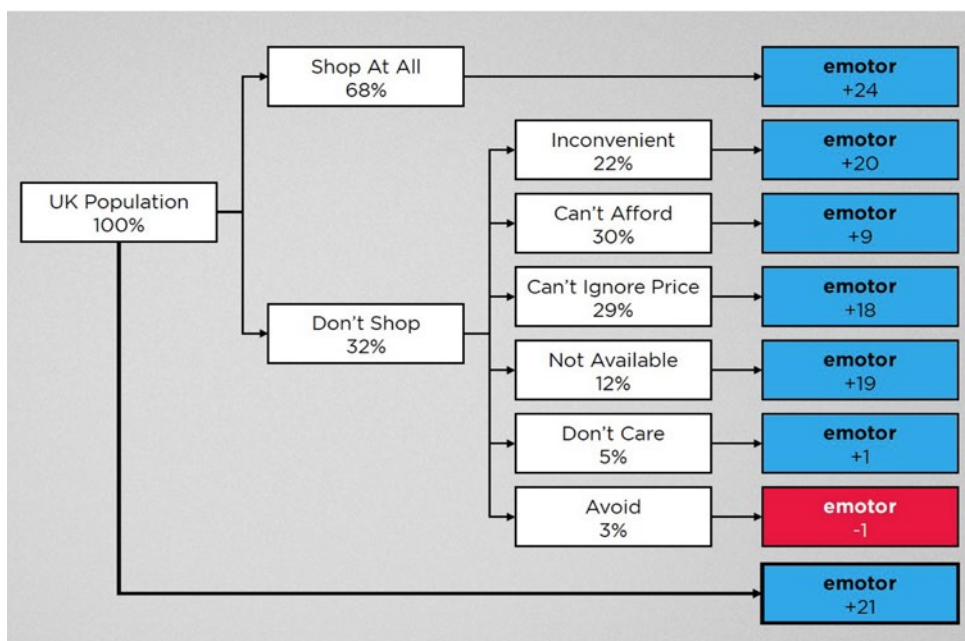
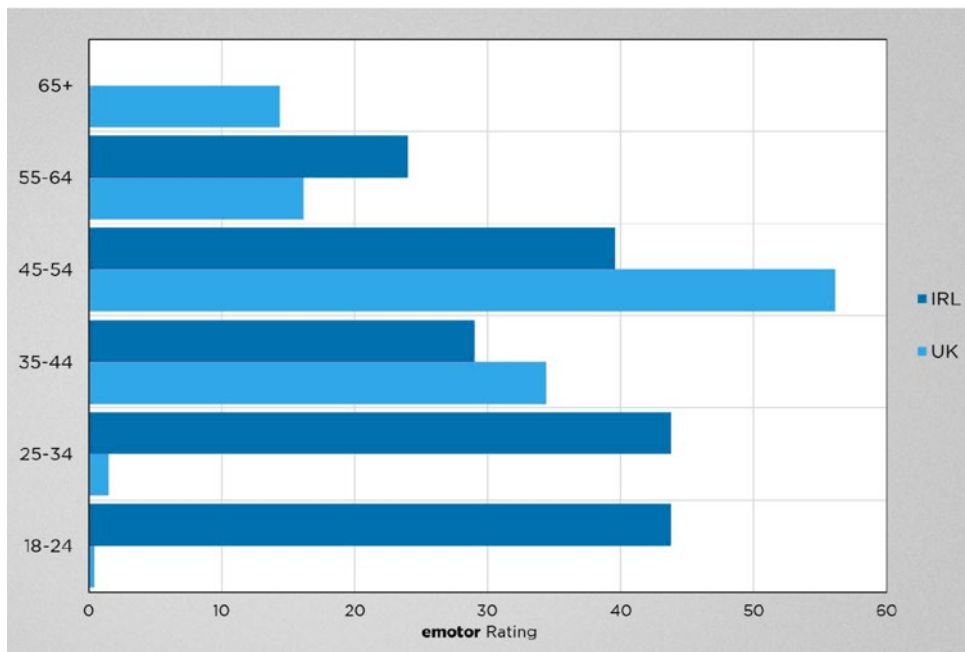


Marks & Spencer

M&S perform more strongly amongst younger audiences in Ireland, and older audiences in the UK. Young audience in the UK are not attracted to M&S, with a tipping point of attractiveness occurring in one's late 30s.

In the UK M&S perform strongly across the broad, attracting customers because of their perceived understanding of customer needs and their ethical reputation. In Ireland, their ethical reputation is sustained, but the perception of the brand as understanding its customers does not. From the brand's CLOSE scores, it appears as though M&S's attraction in Ireland is rooted in their slick brand experience.

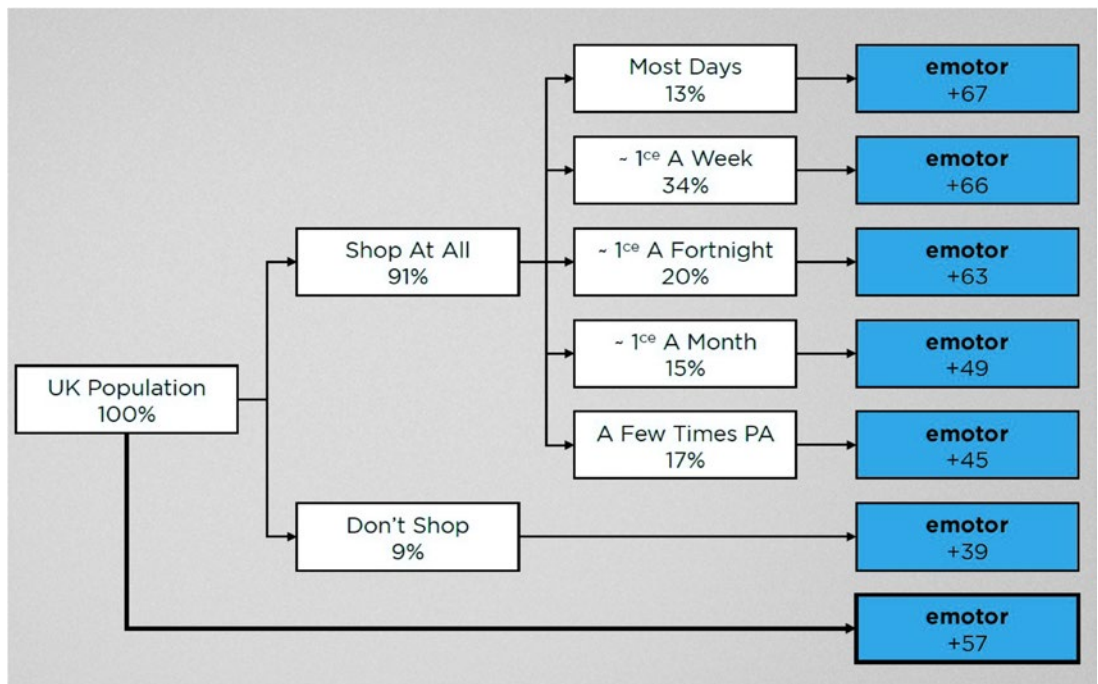
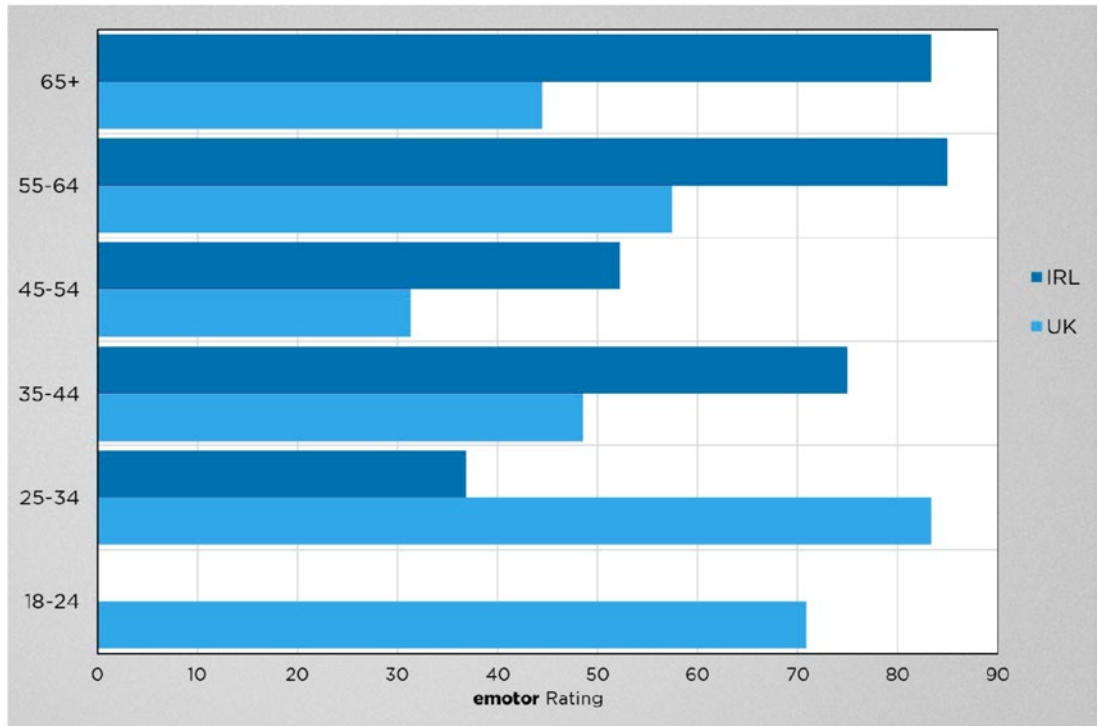
In the UK the brand is strongly attractive to customers no matter how frequently they shop. Amongst those who don't shop the brand, it scores highly across all consideration barriers, particularly convenience. If M&S can convince people shopping the brand for food is convenient, they have a readily addressable market. The situation is near identical in Ireland.



Tesco

Tesco scores strongly across age ranges in both the UK and Ireland, with an exception being younger audiences in Ireland, where the brand is more attractive to older age groups.

The size and strength of the Tesco brand is demonstrated by consistently high Emotor scores across all every customer no matter their frequency.



CONCLUSIONS

1

There is a direct correlation between emotional attractiveness and underlying customer behaviours, including acquisition, loyalty and non-user consideration

2

Familiarity and user experience can drive emotional attraction – Tesco scored highly because people shop there often, not necessarily because people believe them to be a “good” brand

3

Emotional flaws can stick around and damage a brand – Amazon will struggle in the grocery category whilst people still have negative perceptions of the master brand

4

Emotional attractiveness can be pulled apart to understand the specific areas where a brand is strong or weak

5

Assessing non-users Emotor scores can help identify future opportunities – address their barriers will help unlock growth

