

ANNUAL REPORT 2013/14

CREATING KNOWLEDGE

BRANDS AND MARKETS / METHODS / STUDIES

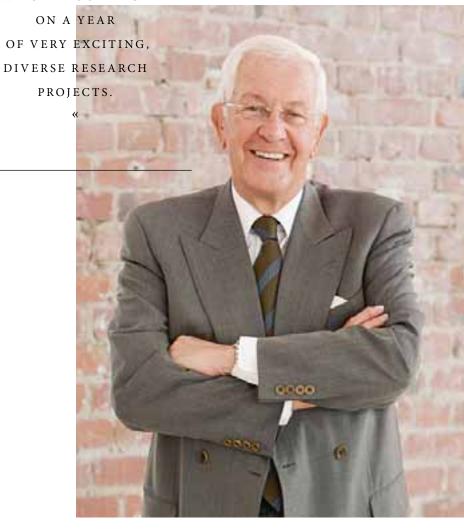
SHARING KNOWLEDGE

TRAINING / PUBLICATIONS / EVENTS

TAKING STOCK

ANNUAL FINANCIAL STATEMENTS / STRUCTURE / EXECUTIVE BOARD / ARTICLES OF ASSOCIATION **>>**

WE CAN LOOK BACK



LADIES AND GENTLEMEN,

One of the central tasks of the GfK Verein is creating knowledge and developing forward-thinking research methods. As a non-profit organization that promotes market research and the majority shareholder of GfK SE, we are happy to provide you with a comprehensive and transparent insight into our activities each year.

Overall, we can look back at a year of very interesting, diverse research projects. Two of the projects that we will present in this annual report focus on the Internet and social networks like Twitter and Facebook. After all, the World Wide Web and the widespread digitalization of our daily lives also interest market researchers: How do people really communicate via the Internet? What information can marketing gain from the texts and photos posted by social media users? How does a storm of criticism develop from a single negative Tweet? In order to answer these and many other questions and generate new knowledge for marketing research, we integrate developments and trends into our research portfolio at a very early stage.

We also continued to refine and expand our training programs at universities in emerging markets. What began four years ago south of the Sahara is now being continued in China. All of our university training programs have the aim of educating market researchers for the emerging markets.

As the majority shareholder of GfK SE, we keep a close eye on its development – both for our own sake and for the sake of all other shareholders. Its ongoing transformation process, which is well under way, is particularly important as it is designed to establish the basis for even greater success.

The success of our activities also depends on the expertise and commitment of the GfK Verein's employees. I would like to thank all of my colleagues and those who support our endeavors for their hard work and dedication. This particularly includes all members of the GfK Verein, its Advisory Board, Supervisory Council and Executive Board, and our cooperation partners in the fields of academia and business.

The 2013/2014 annual report is the first to be published under my presidency. I am very pleased to present it to you and I hope you enjoy reading it.

Best regards,

Frof. Hubert Weiler
President of the GfK Verein

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PRACTICAL, BUT WITH ACADEMIC DEPTH

As a think tank for market research, the GfK Verein focuses on the creation of knowledge, particularly in the form of fundamental research and the development of methods. In this interview, Prof. Dr. Raimund Wildner, Director and Vice President of the GfK Verein, explains what sets the organization apart and what it focuses on – particularly given the rapid changes occurring in market research and marketing.

You have been with the GfK Verein since 1995. How would you characterize it?

RAIMUND WILDNER: There are two elements to the GfK Verein. On the one hand, it is a research institute. This means that it can tackle questions and research projects that sometimes take a long time to bear fruit. However, the GfK Verein also holds a 56 percent stake in GfK SE. That brings some hefty responsibilities with it. The GfK Verein guides GfK SE in much the same way as a conscientious family business owner. Together, we aim to long-term success and execute it together.

How has the GfK Verein changed over the last almost 20 years?

RAIMUND WILDNER: The most notable change has been its growth. When I started here, there was a part-time chairman, a managing director, and the secretary's office. We now have 18 employees. One important point, of course, was that funds became available for the GfK Verein's research activities thanks to a dividend payout by GfK SE. However, there are limits on how this money can be used: The research has to be in line with our Articles of Association and it also has to provide some benefit to GfK SE. We also don't want to substitute the research performed by GfK SE. That is why we focus on fundamental research.

How do you decide which topics to research?

RAIMUND WILDNER: The development of market research plays a large role here as its importance has grown exponentially in the past 20 years. One reason for this has been the sudden advent of new markets thanks to the break-up of previous monopolies like the post office, telecommunications, and the energy supply. From the nineties onwards, markets in the East also started opening up. At the moment, digitalization is having an impact on market research, of course. For example, it is becoming less and less costly to conduct online interviews. This is resulting in greater competition for established market researchers. Simple bread-and-butter studies used to make up a considerable portion of revenues. That is no longer the case and we have to react to these changes. This means we need more and better data for market research. We have to intelligently link data, develop forecasts from this information, and further improve the quality of the evaluations. That is the baseline. The individual projects are then defined in discussions with GfK SE, university researchers, and the Advisory Board.



What trends are changing marketing – also one of the GfK Verein's areas of research?

RAIMUND WILDNER: Again, the key word here is digitalization. This includes the rise in e-commerce — as well as the fact that people are checking prices on their smartphones while they are looking at products in store. Customers also rate products online or discuss them in forums. Manufacturers have long since lost their position as the sole communicators of their brands. This means that marketing has to be very open and honest as errors are quickly spotted and punished in this digital age. Companies have to be fair partners for their customers and actively engage in dialogue.

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COMPANIES

FAIR
PARTNERS

FOR THEIR CUSTOMERS AND ACTIVELY ENGAGE IN DIALOGUE.

What does research at the GfK Verein focus on?

RAIMUND WILDNER: Researching emotions is — and will remain – an important area. It used to be very difficult to collect this kind of data. We initially began with an instrument that ascertained emotions with the aid of pictures. This was very successful and we introduced this method internationally and adapted it to cultural particularities. Since then, we have gone a step further and developed a software solution which recognizes facial expressions. This is also being used successfully and undergoing further development. At the moment, we are looking at whether it would be possible to collect the same type of data using the voice. This would allow us to collect emotional information over the telephone, for instance. Another field of research is modeling. We are currently testing whether new or existing questions in consumer research can be better answered using agent-based models. The role of trust is another area that we continue to work in. And market research in emerging markets is becoming an increasingly important area as well. Most market research instruments were developed in the US and Europe. But a household in Africa, for example, is very different from one in Europe. We therefore need to find out how to collect good, reliable results in these markets. So, there is still plenty of research left to be done. We are already active in Africa and are now branching out into Asia.

You mentioned the close cooperation between the GfK Verein and GfK SE. What is special about this constellation?

RAIMUND WILDNER: We are an organization that promotes market research. It is therefore very important to us that we work collaboratively with GfK SE on our projects. Research topics often arise from our discussions with one another. We look into these issues and apply the findings to clients' projects in conjunction with GfK SE. Following this, we receive client feedback. During the research process, GfK SE ensures that we remain practically focused and do not wind up in an ivory tower. On the other hand, we set great store by the fact that our work has real academic depth. The ability to combine these approaches with one another is a true strength and is something that makes us unique.



THIS MEANS THAT MARKETING HAS TO BE VERY OPEN AND HONEST.

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GfK SE has undergone some restructuring recently. Does this have any effect on the GfK Verein?

RAIMUND WILDNER: No, there are no direct consequences for us. The organizational changes at GfK SE became necessary due to its growth over the past years. We are following these changes attentively and offering our constructive support, and we are confident that GfK will be even stronger thanks to the restructuring.

In other words, everything is in place for the GfK Verein to continue its success?

RAIMUND WILDNER: The GfK Verein is very well positioned. We will continue to go about our work with as much care, clearheadedness, and energy as in the past. We are also seeing very strong demand for our services from outside the organization – for example from international cooperation partners. We are not just internationally well connected – we also have a reputation as a very fair cooperation partner. With all this in mind, we are in an ideal position to maintain the GfK Verein's standing as a think tank for market and marketing research.

VITA

Professor Dr. Raimund Wildner has been with the GfK Group since 1984. He became Managing Director of the GfK Verein in 1995 and assumed the position of Vice President in 2005. In April 2011, Raimund Wildner was named an Honorary Professor of Business Administration and Statistics at the Faculty of Law and Economics at Friedrich-Alexander-Universität Erlangen-Nuremberg.

He has received numerous awards for his work, including being named "Market Researcher of the Year" by the Berufsverband deutscher Markt- und Sozialforscher e.V. (Association of German Market and Social Researchers, BVM) in 2007. In 2013, he received the "Great Mind Award" from the Advertising Research Foundation (ARF). Friedrich-Alexander-Universität Erlangen-Nürnberg has also awarded him its "WiSo Medal of Honor" for achievements in economics and social sciences. Raimund Wildner is also a member of the BVM's Board of Directors and active in the European Market Research Organization ESOMAR, where he is on the ESOMAR Professional Standards Committee.



INNOVATIVE AND INTERNATIONAL

As a think tank for market research, the GfK Verein initiates research projects and develops new data collection methods. It is also the majority shareholder of GfK SE. This investment gives rise to a productive interplay between pure research and practical application. The GfK Verein also promotes the professional training of market researchers around the world through its cooperation programs with colleges and universities.

With its 56.1 percent stake, the GfK Verein is GfK SE's majority shareholder. As a responsible majority shareholder, the GfK Verein is committed to enhancing the value of the company in a sustainable fashion. The roles of these two organizations are, however, separate. As a non-profit organization, the GfK Verein is committed to fostering market research, while GfK SE focuses on the collection of market, brand and product-specific insights. The two institutions supplement one another: The GfK Verein benefits from its cooperation with GfK SE in the form of practical knowledge, such as current market developments and needs. GfK SE uses the GfK Verein's research findings as background knowledge when it advises clients or develops new instruments and solutions.

Long-Standing Visionaries

The GfK Verein was founded in 1934 in order to "make the consumer's voice heard" as described in the preamble. Since its inception, the GfK Verein has been pursuing its goal of establishing and advancing market research. Today, the GfK Verein fosters market research by creating and sharing knowledge relevant to marketing and market research.

Creating Knowledge: Markets and Methods

The GfK Verein delivers insights into markets and consumer trends. In its Articles of Association, it defines its objective as performing "research, both in Germany and abroad." For instance, the GfK Verein determined how much trust people in 25 countries place in various professions with its study "Global Trust in Professions 2014" (see p. 44). With this type

of work, the GfK Verein provides fundamental insights into important developments and trends among consumers and markets. It also generates relevant knowledge on how markets can be more accurately studied. For example, it develops innovative market research methods, such as the GfK EMO Scan (see p. 28), or assesses the possibilities for analyzing the long-term effect of advertising – mostly in close cooperation with businesses and research institutions. Here, the focus is not on enhancing existing instruments. Instead, the GfK Verein explores methods that represent a significant improvement on existing ones, with some of these making the jump from theory to practical implementation.

Sharing Knowledge: Global Cooperation Programs

Cooperation programs with universities and colleges are an important component of the GfK Verein's work. An important focus is the cooperation with Friedrich-Alexander-Universität Erlangen-Nürnberg, where the GfK Verein finances and performs joint research projects with the Department of Marketing Intelligence (see p. 64 ff.). For four years, the GfK Verein has been supporting the training of market researchers at universities and other facilities in four African countries. This contributes to the development of market research structures in these countries (see p. 58). Similar programs are also being rolled out in China (see p. 56). With the GfK Academy founded in 2005, the GfK Verein is also committed to providing professional training in the areas of market research and marketing. Here, internationally renowned experts share their knowledge of marketing and market research (see p. 60).



- 3 Petra Gelsen
- 4 Ronald Frank
- 5 Dr. Anja Dieckmann
- 6 Helen Streilein

- 9 Claudia Stürmer
- 10 Dr. Fabian Buder
- 11 Birgit Stoltenberg
- 12 Dr. Carolin Kaiser
- 14 Dr. Christine Kittinger-Rosanelli
- 15 Sandra Lades
- 16 Dr. Matthias Unfried
- 17 Holger Dietrich
- 18 Friedgard Spingler

THE FACES OF THE GfK VEREIN

As a think tank for market research, the GfK Verein relies on the innovativeness and commitment of its team. Its 18 employees are characterized by diverse qualifications and specialist knowledge.

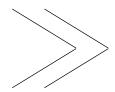
MANAGEMENT

Prof. Dr. Raimund Wildner is Managing Director and Vice President of the GfK Verein. His favorite thing about market research is that "it combines a human element with mathematics and statistics." In 2013, he received the ARF Great Minds Award in the Innovation category.

From the European Parliament to the GfK Verein: *Petra Gelsen* worked as a multilingual secretary in Brussels for ten years. Today, she is Professor Dr. Raimund Wildner's assistant. She says she is very happy that she moved to Nuremberg.

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"Don't worry, be happy" is assistant *Helen Streilein*'s motto, who works in Professor Dr. Raimund Wildner's office. The fully qualified bilingual secretary came to GfK from the women's charity Bayerischer Mütterdienst. At GfK she worked as secretary to the Board of Directors for many years.



FUNDAMENTAL RESEARCH

Dr. Anja Dieckmann is known for her "can do" attitude. She heads up the GfK Verein's Fundamental Research team together with Holger Dietrich. She completed her doctorate in the field of decision-making research at the Max Planck Institute for Human Development.

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One thing that *Holger Dietrich* really enjoys about his work is seeing science applied to real life. Together with Dr. Anja Dieckmann, he is in charge of the Fundamental Research department – the founding of which he considers a milestone in his career.

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Dr. Carolin Kaiser works in Fundamental Research at the GfK Verein in the area of social media. She studied business computing and is particularly interested in interdisciplinary research at the interface between marketing, IT, and social sciences.

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Dr. Vladimir Manewitsch is engaged in Fundamental Research at the GfK Verein. He enjoys his work because he relishes "the challenge of forging a link between theory and practice by finding, implementing, and applying scientific approaches to real-life questions and problems."

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"When the going gets tough, the tough get going": That is *Birgit Stoltenberg*'s view. She is part of the Fundamental Research team at the GfK Verein. Having studied business mathematics, she is pleased to have the opportunity to use her love for numbers in her work.

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The research specialist *Dr. Matthias Unfried* enjoys his interdisciplinary work between Fundamental Research and applied research. Before joining the GfK Verein, he was a research assistant at the Department of Economic Theory at the Universität Erlangen-Nürnberg.

KNOWLEDGE MANAGEMENT

"A change of perspective is often all you need to see clearly." This is *Claudia Gaspar*'s ethos. As Head of the Knowledge Management department, she deals with the many aspects of researching consumption and consumers. She previously worked for many years in the GfK's Financial Market and Business Research division.

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Claudia Castaldi supports knowledge management at the GfK Verein. Her motto is: "Every day broadens our horizons." This is reflected in her hobbies: travel and photography.

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Claudia Stürmer became interested in market research during her business administration degree. The knowledge management consultant finds the challenge of "researching and examining how consumers think and act" exciting.



GFK MARKETING INTELLIGENCE REVIEW

"Nearly everything to do with research or new insights is exciting," says *Dr. Christine Kittinger-Rosanelli*. She is constantly in contact with new research findings as the Managing Editor of the GfK Marketing Intelligence Review – the marketing magazine published by the GfK Verein.

GfK ACADEMY

"Comprehensive and varied with a lot of autonomy" — that is how *Friedgard Spingler* describes her work as Managing Director of the GfK Academy. She especially likes the fact that the GfK Academy functions like a company within a company. She is also pleased that seminar participants are always full of praise for the Academy.

PRESS AND COMMUNICATIONS

"Where there's a will, there's a way. Anything else is just an excuse," says *Sandra Lades*, Head of the GfK Verein's Press Office. Having studied business administration, she was previously responsible for international marketing in the Custom Research division of the GfK SE, among other positions.

STUDIES

Roland Frank heads up the area of Studies. He previously worked for many years in media research. In his leisure time, the Munich native enjoys playing jazz, sipping on a good red wine, and traveling to France. His motto: "Live for the moment."



UNIVERSITY COOPERATION PROGRAMS

"Learning means seeing the world through new eyes," says *Dr. Andreas Neus*, who is in charge of international cooperation programs with colleges and universities. He was previously employed at IBM and the Karlsruhe Institute of Technology among others. His favorite hobby is wreck diving – exploring the submerged remains of aircraft, ships, and sunken cities.

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A new addition to the team in 2013 came in the form of *Dr. Fabian Buder*, a consultant for data analysis and empirical research methods. Working at the GfK Verein lets him "keep a finger on the pulse." His motto: If you never try anything new, you will never fulfill your potential.



CREATING KNOWLEDGE

TOPICS IN THIS SECTION:

18 /// Brands and Markets

28 /// Methods

42 /// Trends

FROM A JOIE DE VIVRE TO FRUGALITY VALUES AS A DRIVER OF BRAND SUCCESS

The Kronberg Management Talks have a long-standing tradition. This year saw top managers from packaged goods companies meet for the 33rd time to discuss a specific marketing topic. The event took place at Schlosshotel Kronberg on January 30, 2014, and was attended by 56 top managers. It focused on the relationship between brands and values and how marketing can use these insights to improve brand growth.

An increasing number of brands are losing their loyal buyers. 42 percent of manufacturer brands are among these so-called burnout brands that are experiencing declining loyalty. Four years ago, the figure stood at just 37 percent. Long-term brand loyalty has been an important topic at the Kronberg Management Talks for years: In 2011, the event organized by the GfK Verein and GfK SE focused on the effects of brand trust and how it is cultivated. Two years later, the spotlight was on how brands can gain "friends." In both cases, values played an important role. As logical consequence of these discussions, the focus at the 2014 event in Kronberg was on the relationship between values and brands. In order to assess what contribution value-based marketing makes to brand success and long-term loyalty, the GfK Verein conducted an extensive consumer survey. Prof. Dr. Raimund Wildner, Managing Director and Vice President of the GfK Verein, presented the results of the study "Values and Their Value" at the 33rd Kronberg Management Talks.

Personal Values and Likeable Brands

Two questionnaires based on the GfK Roper Consumer Styles were used to survey 30,000 members of the GfK household panel and roughly 7,600 people belonging to the online panel who make the majority of their household's purchases. Participants from the household panel initially selected values they considered important to them personally from a list, which included such values as status, home, and environment. Respondents from the online panel started by rating 160 manufacturers' and retailers' brands according to likeability.

A likeable brand, an unappealing brand, and a third brand were then defined for each participant. They were then asked to say to what extent they associated each of these three brands with 20 specific values. "In order to give the evaluations some structure, the individual values on both the brand side and the personal side were pooled into five categories," explaines Wildner. On the brand side, these were:

// Lifestyle
// Aesthetics
// Sustainability
// Reliability
// Thriftiness

The individual values for the consumers taking part in the household panel survey were condensed into similar categories:

// Joie de vivre // Performance // Responsibility // Security // Frugality

The survey showed that the importance of values does indeed influence the purchasing behavior of consumers. For example, consumers placing a high value on "joie de vivre" tend to favor the brands Lätta and Bertolli when purchasing margarine, while those for whom security is important tend to buy Rama and Lätta. The group that places an emphasis on "performance" – i.e. those for whom appearance and status are important – prefer Bertolli margarine.

Values as a Stable Brand Anchor

Do the scope and strength of a brand's perceived values influence its success and, if so, how strong is this effect? The study examined this second and – according to Wildner – more important question based on five propositions:

1. Successful brands have a stronger connection to their values than those that are less successful.

For this the 160 brands involved in the study were split up into three groups, depending on whether they were perceived as strongly, moderately, or weakly connected to their values. Half of the brands in the top 25 percent – those considered to have the strongest average connection to their values – were "champions", i.e. brands that gained loyal buyers and/or market share in the last two years. Another 27 percent were "constants," which are brands that maintain a steady level of market share and buyer loyalty. In contrast, half of the 40 brands with the weakest value perception are burnout brands that are losing once loyal buyers. This supports the conclusion that values are an important and independent driver of brand success.

2. Depending on the strength of a brand's value orientation, different values are important to the success of a brand.

In the group with the highest value orientation, the champions stand out from the burnout brands in the lifestyle, aesthetics, and sustainability categories. Brands with moderate value orientation, which corresponds to half of the brands assessed, primarily need be seen by consumers as performing well in the fields of lifestyle and aesthetics to avoid falling into the burnout category. Among the brands with a weak value orientation, the most successful had a significant advantage in the thriftiness dimension. In other words, they have to be sold at low prices. This shows that different clusters of values are important in the various phases of establishing brand values.

3. Brand values and the importance of the values to consumers correspond to one another.

When values which are important to buyers are not associated with a brand, the brand has a deficit. 35 percent of the burnout brands are deficit brands, compared to only 21 percent of the champions and 14 percent of the constants. On the other hand, there was a strong correlation between buyers' values and brand values for champions and constants, at 33 percent and 40 percent respectively. The figure for burnouts was just 20 percent.

4. Brands that are strongly connected to values communicate more often and in diverse ways.

Among the brands assessed, there was a notable difference between the way in which brands with a strong value perception and those with a weak value perception communicate. It is unsurprising that 25 percent of the brands with the highest value perception also have the largest advertising budgets. From 2011 through 2013, these brands invested an average of \leqslant 21.4 million per year in advertising. For the brands with the lowest value perception, the average figure was only \leqslant 13 million. But the level of spending was not the only difference: The advertising channels used also varied. The amount spent on online advertising by brands with a strong connection to values was approximately three times higher than those with a moderate or weak value perception. This enables these brands to increase their contact with younger target groups that tend to be constantly online via mobile devices.

5. Manufacturers can use their brands for value communication better than retailers their private labels.

The company name helps in communication as it enhances the value perception of the company's brand. Compared to retailers' own brands, manufacturer brands tend to have an edge when it comes to specific values. Manufacturer brands are considered more reliable by consumers and are associated with a greater joie de vivre. They are also deemed more suitable for expressing the consumer's individual personality. In the area of sustainability/responsibility, manufacturers and retailers are nearly identical. Generic retailer brands only show a notable advantage over manufacturer brands when it comes to thriftiness. "That is, after all, their domain," says Wildner.

PROFILE

KRONBERG MANAGEMENT TALKS

DESCRIPTION

An annual event organized by the GfK Verein and GfK SE where GfK experts discuss a specific marketing topic with a group of top managers from major brand-name companies

FIRST EVENT

1981

BRANDS <u>RELATIONSHIP</u> **MANAGERS**

Best friend, secret affair, or former friend – the feelings that consumers have towards brands often resemble those of relationships between people. The GfK Verein, GfK SE, and Boston University developed a tool based on this fact that analyzes these relationship patterns. Marketing executives can use these insights to strengthen the link between their brand and consumers

Why should brand managers spend time thinking about relationships?

ALEXANDRA STEIN: Strong brands are an important part of life. Some are like close friends that accompany us through life and never disappoint. Other brand relationships are more habitual in nature, like relationships between colleagues: There is regular contact, but mostly for rational reasons. And still other brand relationships are emotional, impulsive, and passionate – comparable to a one-night stand or some secret affair. This includes, for instance, the purchase of expensive impulse articles, like handcrafted chocolates. And then there are brands that one has known for a long time and the relationship eventually drifts apart. Particularly in cases where a person has been tied to a brand over a long period of time, like with a car, the relationship can occasionally hit a crisis.

Relationships between consumers and brands develop similarly to interpersonal relationships. In most cases, they aren't rational and linear — instead, they are multifaceted, emotional, and complex. And the strength of the relationship is just as crucial to the success of a brand as it is to a personal relationship. We were able to demonstrate that a close relationship has a very significant influence on market share and the price consumers are willing to pay. Our Consumer Brand Relationship approach (CBR) considers all of these aspects and comprehensively assesses how the consumer-brand relationship is structured and how it expresses itself.

What sets CBR apart from the conventional approaches to market research?

ALEXANDRA STEIN: Other approaches have not yet succeeded in comprehensively assessing consumer-brand relationships in terms of depth and emotional quality. We assess the customer's attitude towards the brands indirectly by using interpersonal relationships as metaphors for his or her relationship to brands. Metaphors have long been considered a valid means of accessing emotional and subconscious perceptions in psychological research. For instance, the inner eye can visualize the concept of a one-night stand before this can be clearly verbalized. A traditional survey of the same content would not be practical, if for no other reason than the sheer number of questions it would require.

 $\frac{\mbox{What do brand managers do with the acquired information?}}{\mbox{tion?}}$

ALEXANDRA STEIN: Our approach expands the traditional, linear, and one-dimensional approach to the consumer's decision-making process and explains why he or she is at a given point. Brand manufacturers can use this information to manage their brands effectively and efficiently with respect to long-term relationships. For example, let's look at a brand that fits in the one-night stand category. This brand is not positioned for long-term relationships. That is why brand managers need to develop the relationship with



VITA

consumers by means of marketing measures – shifting it to a long-term relationship, e.g. a close friend. Brand managers therefore become relationship managers.

Which industries is this tool particularly useful for?

ALEXANDRA STEIN: We have tested CBR in many product categories and received valuable insights into how consumers interact with their brands. Our database has more than 2,000 brands from various industries. For instance, we assess brands which consumers spend a lot of time mulling over before making a purchase, such as cars. Due to the technical complexity of these products, the brand relationship is an important anchor for making a purchasing decision. Some brand relationships begin in childhood. For example, one of the first words my youngest son learned to say was "car" and he knew the main car brands long before he started school. Furthermore, we tested the approach with products where consumers build up a relationship later in life, like beer. Its ingredients are pretty standard across the board: water, malt, and hops. Because of this, strong brand relationships are crucial for differentiation. Typical one-night stand brands are the beers sold at astronomical prices in bars and clubs. At home, a person will typically drink a beer that has developed into more of a close friend over the years. Brands can set themselves apart using various types of relationships. Which ones wind up being the most successful will always depend on the industry, the market situation, and the brand's own identity.

Alexandra Stein has been working at GfK in various senior positions since 1992. She studied business administration and is currently responsible for one of the company's largest and most successful divisions as the Head of Brand and Customer Experience GfK. She oversees all aspects of brand, communication, and customer satisfaction – regardless of industry – plus mystery shopping. Her responsibilities also include acquisitions, management, and consulting – primarily for global key accounts.

PROFILEBRAND RELATIONSHIPS

DESCRIPTION OF STUDY

Determining the structure of relationships between consumers and brands for brand management

START OF PROJECT

2010

COOPERATION PARTNERS

Prof. Susan Fournier, Boston University; GfK SE

OBSERVING **BEHAVIOR** *REALISTICALLY*

There is often a surprising discrepancy between self-evaluation, theoretical predictions, and actual behavior. Experimental studies in behavioral economics underscore this reality. This method also allows aspects to be studied that are of particular interest for market research. In two international projects, the GfK Verein is researching relevant issues together with cooperation partners.

Imagine you are participating in a study and an interviewer asks you directly: Do you generally treat other people fairly? Is justice important to you? Are you generous? You, like most of humanity, would probably answer these questions with "yes." We tend to have a very positive self-image and try to present ourselves in a favorable light – at least when it is easy to do so.

Now imagine that you are participating in another study where the administrator does not ask any questions, but instead hands you ten euros. You are supposed to give a second participant in the study some of the money – how much is up to you. And you get to remain anonymous. The person conducting the study will not know how much you decided to give, nor will the second participant know who the money is from. How much of the ten euros would you give away?

This so-called dictator game, where the player is given dictator-like powers to decide how the money is distributed, was used in hundreds of studies around the world. These showed that participants gave away an average of two to three euros, with many simply keeping all ten euros for themselves. This behavior contrasts starkly with the way in which people like to describe themselves when answering explicit interview questions.

Not Always Strictly Rational

Behavioral economics attempts to gain a more realistic picture of human behavior by using indirect surveys and real monetary incentives. At the same time, the findings often contradict traditional economic theories. These assume strictly rational and benefit-maximizing behavior. They would expect that no one would give anything away in the dictator game, since a person who would forgo advantages or income for someone else does not fit in their theoretical framework. In contrast, behavioral economics tries to determine what circumstances cause people to act in ways that contradict these theoretical models using experimental studies. Controlled variation of a single aspect of the economic games – while keeping all others the same – can be used to establish the reasons behind certain behaviors. In the dictator game, for instance, the removal of anonymity causes the amount of money given away to rise significantly.

Behavioral Economics and Market Research

Behavioral economic methods can also be used for issues relevant to market research, for instance to establish which factors determine trust between market players, how reputation develops, or the causes of reciprocity. In order to gain experience of the usefulness of behavioral economic methods in market research, the GfK Verein is currently assessing two subject areas together with cooperation partners:



1. Exposing Prejudices

Behavioral economic methods can show how people perceive others, for example in view of their productivity, their honesty, or their openness to risk. A study conducted together with the Universität Erlangen-Nürnberg and the University of Konstanz focused on this hypothesis. 200 participants from five countries were directly asked how they perceived the other test participants from various countries in view of certain characteristics. Additionally, the test subjects were asked to complete two tasks where they could earn a small sum of money. They initially had to perform these behavioral economic tasks themselves and then were asked to estimate how the participants from the other countries would perform. The test subjects could also earn a small amount for their predictions. The more accurate their predictions, the more they could earn.

Although the analyses are not yet complete, initial results show that some of the test subjects' predictions are very different from the real behavior and that they tend to follow typical stereotypes, for instance. There are also indications that test subjects tend to be more differentiated in their predictions when they are questioned indirectly with a monetary incentive than when they respond to conventional surveys. This is an indication that the tendency to give politically correct answers (in the form of very similar predictions for the various countries) can be diminished through behavioral economic methods.

2. More Caring Than Expected

Another phenomenon is behavior in the so-called public good game. This relates to the theoretical prediction of free-riding, i.e. the fact that it is generally more rational for an individual to keep his or her money instead of contributing to the pro-

vision of a public good. If the public good is nonetheless provided, it can be used for free. Numerous experiments show, however, that many test subjects behave differently than expected and contribute to the public good, even though this means initially having to forgo some income.

This topic is currently being investigated in cooperation with the Leibniz Center for Tropical Marine Ecology, ZEW Mannheim, and RWI Essen. An interdisciplinary team of researchers is using an international study to assess under what circumstances people are more prepared to contribute to a global public good, namely the preservation of marine biodiversity and in particular the coral reefs

PROFILE

BEHAVIORAL ECONOMICS

DESCRIPTION OF STUDY

Investigating the use of behavioral economic methods in market research

START OF PROJECT

2012

COOPERATION PARTNERS

Universität Erlangen-Nürnberg; University of Konstanz; Leibniz Center for Tropical Marine Ecology; ZEW Mannheim; RWI Essen

UNDERSTANDING CONSUMERS

To make a purchase is to make a decision. Sometimes these decisions can be quite complex. After all, the shelves in stores are packed with a growing number of goods and products are becoming increasingly complex. Before consumers decide on a certain product, they generally like to gather some information. This often includes information from the Internet, such as customer reviews and automatic recommendation engines. In cooperation with the University of Duisburg-Essen, the GfK Verein is assessing how much influence these various sources have on the final decision.

The team is using semi-realistic online shops for the study. These simulate various information sources, such as user ratings from shopping portals, recommendations from specialist publications like Stiftung Warentest, automatic recommendation engines, and even information from friends and acquaintances. The test subjects' clickstreams are grouped into clusters based on individual characteristics in order to identify various search and decision-making behaviors. Behavior with respect to various types of products is also analyzed. These are broken down into categories such as "search products" like digital cameras or "experience products" like wine.

The GfK Verein and the University of Duisburg-Essen started by developing the test environment and conducting preliminary studies. Data has now been collected from 552 test subjects. Now, the data must be evaluated to provide insights into how recommendations influence the purchasing behavior of consumers. The results should be available in 2015.

PROFILE

PURCHASING DECISIONS

DESCRIPTION OF STUDY

Analyzing the influence of various recommendations on consumer decisions

START OF PROJECT

2011

COOPERATION PARTNER

University of Duisburg-Essen



€31,438

Purchasing power per person in 2014 as forecast by GfK for residents of Starnberg county. This is the highest figure.

According to GfK, the average for Germany is €21,179. The lowest purchasing power prediction was for Görlitz county with €16,030.

6,020

apartments were completed in Munich in 2012. That makes the Bavarian capital the top city for residential construction, followed by Berlin.

€17.5 BILLION

estimated 2014 revenues for the retail sector in Berlin. Hamburg takes second place in the forecast. Based on the number of people living in Berlin, this corresponds to a GfK retail revenue index of 102.3. Hamburg's index rating is 122.3 (average for Germany = 100).

The lowest retail revenue is expected in Lüchow-Dannenberg county.

17.6%

of residents in Cloppenburg county are children. This is roughly one-third higher than the average for Germany.

Dessau-Roßlau has the highest percentage of senior citizens with a share of 28 percent.

1,071

cars per 1,000 residents. With this figure, Wolfsburg once again had the highest car density in Germany in 2013 (as of January 1, 2013; previous year: 990 cars) Wolfsburg also has the highest share of people employed in the industrial sector per 1,000 residents.

GfK BASE DATA

Once a year, the members of the GfK Verein receive a comprehensive set of figures so that they can calculate regional sales. Known as the GfK Base Data, these key metrics for both city and county level are collected by GfK GeoMarketing and are available in print form as well as on CD-ROM. The GfK Base Data figures enable companies to come up with a rough estimate of regional potential and help them when planning and evaluating various sites. They are therefore an important tool for the management of sales and marketing.

<u>GfK EMO Scan</u> **VERSION 2.0 FOR** EMOTION RECOGNITION

Information on consumers' preferences, emotions, and opinions is generally collected by market researchers via rating scales or verbal statements from study participants. Thanks to the GfK EMO Scan, which the GfK Verein helped to develop, the facial expressions of test subjects can be recorded and decoded automatically using software – even from home using a webcam and a laptop. Demand for this award-winning tool for advertising pretests is high. The aim is to apply the technology to other fields of application also. With this in mind, the GfK Verein is evaluating new components for an expanded version of the EMO Scan.

Interest in the GfK EMO Scan, which automatically analyzes facial expressions to determine emotions, is high. The system is being implemented in client projects around the world to analyze the emotional impact of commercials. Car makers, the health industry, and DIY chain stores all benefit from the innovative instrument, as does the FMCG segment. At the same time, new fields of application are being looked into: An analysis of facial expressions can also show whether TV programs and movie trailers have the intended effect on viewers. In the area of usability, facial expressions can help show whether software or a new mobile device is easy to use, or if it leads to confusion and frustration.

Recognizing More Emotions

The high demand and exploration of new applications create ideal conditions for expanding into new emotional dimensions. In the current version, the system can reliably determine whether the test subject is experiencing positive or negative emotions. Together with cooperation partners from Fraunhofer IIS and the University of Geneva, the GfK Verein is now developing a version 2.0 that will also distinguish between interested and bored and assess product usability (understandable/clear vs. confusing/challenging). This requires individual muscle movements in the face to be analyzed rather than just the face as a whole. Here, the movements of so-called action units (AUs) are assessed, which include furrowing the eyebrows (AU4) or wrinkling one's nose (AU9).

Detecting these elementary components of facial expression enables the facial expression to be interpreted precisely yet flexibly, allowing fundamental emotional evaluations to be made which go beyond valence (positive vs. negative).

In the future, the GfK Verein hopes to extend the emotional analysis beyond facial expressions. New studies are examining how useful voice analysis (see the box on the right) and text analysis can be in determining basic emotions. •

PROFILE

GfK EMO Scan

PROJECT DESCRIPTION

Automatic recognition of facial expressions for emotional analysis

START OF PROJECT

2008

COOPERATION PARTNERS

Fraunhofer Institute for Integrated Circuits (FIIS); University of Geneva, Professor Klaus R. Scherer; GfK SE



A PICTURE <u>IS WORTH</u> A THOUSAND WORDS

Photos are just as important as text, if not more so, in the world of social media. Every single day, Facebook users upload an average of 350 million images. Most of this pictorial content has been inaccessible to market research to date, but many of these images convey important information about consumers and brands. The GfK Verein is developing a tool that automatically collects marketing-relevant knowledge from user-generated photos.

An amazing party with friends, a vacation on the beach, or that new smartphone you just purchased – it's all captured on camera and posted on social networks. The flood of images is overwhelming: The photo-sharing platform Flickr currently hosts roughly 8 billion photos on its site. Some 3.5 million new photos are added every day. Facebook has 1.15 billion users who upload an average of 350 million photos every day. Facebook already stores approximately 250 billion photos on its servers.

These snapshots not only offer an insight into the lives of the users – they also reflect their attitudes and experiences with regard to brands and products. And they influence a potentially large group of observers. Images often have a more powerful impact than text, as they are perceived more subtly and influence observers' emotions more intensively. User-generated photos are also characterized by a high level of credibility compared to professional images. Social media photos therefore represent a rich source of data for market research that has so far been barely accessible due to the fact that existing tools for social media analysis focus exclusively on written posts.

Tapping into Valuable Knowledge Bases

Due to the sheer mass of images uploaded to social networks, it is clear that manual evaluations are only possible to a very limited extent. That is why automated approaches to image analysis are needed. The goal of the GfK Verein is to develop a tool that gains marketing-relevant knowledge from usergenerated photos. To accomplish this, the pictorial content must initially be recognized using methods from the computer vision sector. Further analyses can determine awareness, popularity, and use of brands and products. These key figures can then be compared to competitors and assessed over time. This allows trends to be identified along with opportunities and risks for image management and sales.

As well as analyzing pictorial content, it is important to consider who uploaded the images. This enables profiles of individuals' interests to be created, which could be used for direct marketing, personalized advertisements, or to acquire brand ambassadors for word-of-mouth marketing, for example. The project is also examining how brand and product-related images on the social web influence people's preferences. This information provides valuable insights for designing advertisements and websites as well as for managing word-of-mouth advertising.









PROFILE

ANALYSIS OF SOCIAL MEDIA IMAGES

PROJECT DESCRIPTION

Development of a tool for evaluating pictorial material on social media channels

START OF PROJECT

2012

COOPERATION PARTNERS

University of Augsburg, Prof. Dr. Rainer Lienhart; University of Michigan-Dearborn, Prof. Dr. Aaron Ahuvia

<u>UNDERSTANDING</u> THE DYNAMICS OF ONLINE COMMUNICATION

The Internet and social networks like Twitter and Facebook are essential to communication today. How people interact via these media is also important for marketing and market research. The GfK Verein is developing an analysis method for Internet-based communications together with the GfK Social Media Intelligence Center and the University of Vienna. Initial applications show how topics are discussed and shared in networks.

Discussions among consumers, dialogue between manufacturers and consumers, and marketing activities themselves – nearly all of them take place online. This means that more people are taking part in discussions and more channels of communication are also available. The way such discussions develop and unfold has so far been primarily evaluated through text analysis. The relationship between the dialogue partners, however, has rarely been considered, if at all. In other words, these methods record content, but not the way in which content is connected. However, it is precisely this element that is interesting given the network-like structure of the Internet. After all, these connections open up new opportunities for communicating and sharing content.

New Analysis Methods

Together, the GfK Verein, the GfK Social Media Intelligence Center, and the University of Vienna have now developed a software tool that considers references in individual blog texts or Tweets to other posts and analyzes the influence of individual comments on the overall discussion. All of this is done across various services and platforms. This means, for example, that analysts can track how an intense discussion about comments made by a dissatisfied consumer on Twitter begins with a small group of people and expands via blogs or Facebook until it possibly reaches traditional media. The results are evaluated with the help of network analysis and modern visualization methods.

With this approach, the dynamic of online discussions can be researched for the first time. Marketing departments are given the possibility of specifying relevant blogs and developing suitable strategies which define the best way to communicate with consumers. The research work began in the fall of 2012 and the cooperation is slated to last through 2014. Initial results from the evaluation of certain topics are already available (see chart on the right).

PROFILE

TANEP - TOWARDS AN ANALYTICS
OF NETWORKED PUBLICS

DESCRIPTION OF STUDY

Analysis tool for online communication channels

START OF PROJECT

2012

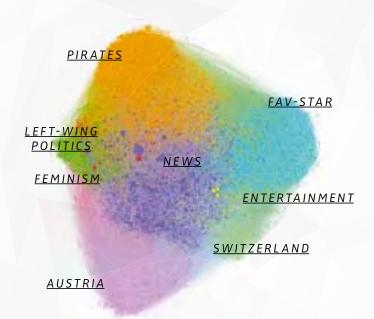
COOPERATION PARTNER

GfK Social Media Intelligence Center (formerly Sensemetric); University of Vienna



MAPPING A PUBLIC DISCUSSION

As part of the TANEP project, Axel Maireder and Stephan Schlögl from the University of Vienna analyzed the so-called outcry debate. This discussion on everyday sexism in Germany initially started on Twitter with the hashtag #outcry in January 2013 and quickly developed into a nationwide debate. In their paper "24 Hours of an #outcry: The Networked Publics of a Socio-Political Debate" (Maireder, A. & Schlögl, S. [in press]. 24 hours of an #outcry: The networked publics of a socio-political debate. European Journal of Communication), the two communication researchers investigate how an informal late-night conversation on Twitter could develop into a nationwide debate with panel discussions on TV and calls for legislative changes. The two authors show how the networked structure of Twitter contributed to turning a collection of personal experiences into a discussion on gender relationships. At the same time, they quantify and visualize the progress of the resulting public discourse.



The development of the discussion is easier to understand and assess with this analysis method. This chart shows the eight largest clusters of discussion participants and their followers as well as their connections to one another. The clusters can be based on content or geographical factors, for example.

AGENTS AT WORK

The purchasing and decision-making behavior of consumers can be simulated using agent-based models. This allows the complexity of markets to be recorded and understood, enabling the knowledge to be used to enhance marketing. The GfK Verein is currently developing a software prototype specifically for use in market research.

Why does a consumer choose product A rather than product B? Where did he or she gather information before making the purchase? What influence did advertising, friends, or websites have on his or her decision? Marketing executives must know and understand buyers' behavior so that they can plan their measures reliably and successfully. But the complexity of the markets, and in particular communications, has increased enormously over the past few years. So far, marketing has focused on the communication flow from the company to the customer – usually viewing it as a linear process. However, the growing exchange of information between consumers is also important. And this functions more like a circulatory system with non-linear interrelations and a network-like structure.

Agents Simulate Purchasing Behavior

Previous marketing models have only been able to roughly replicate these network-like structures, as regression models are better suited to linear structures. Agent-based models, on the other hand, assume a network structure. This is promising. An agent represents individual buyers or households within a certain environment which act and make decisions, interact with their environment, and change over time. Agents are assigned various roles, for instance. Some are opinion leaders, others are trendsetters, and yet others prefer to follow the masses

However, agent-based models have mainly been used for small-scale academic research projects to date. And the few applications in companies have focused more on explaining fractures within a structure. The exciting question which cannot yet answer but want to investigate is: Can such models also simulate entire markets, much like the way the GfK Verein and GfK SE already do for daily consumer goods with the BrandSimulator? Can it perhaps deliver even better results?

In order to answer these questions, we first need a software solution that can run these simulation models. Unfortunately, existing software is not flexible enough and/or unsuitable for large datasets, such as GfK's 30,000-household panel. That is why we are starting by developing a prototype software solution that can subsequently help us to look into these questions.

The software will analyze the behavioral patterns of the agents. The focus here will be on so-called research online, purchase offline (ROPO) and touchpoint analyses, evaluating the customer journey, assessing the impact of new product launches, and modeling FMCG markets. Our understanding of complex markets is growing, which can be used to derive specific recommendations for marketing. It will also be possible to clearly show which developments and circumstances are behind these recommendations.

PROFILE

AGENT-BASED MODELS (ABM)

PROJECT DESCRIPTION

Assessing the possibility of using agent-based models to simulate FMCG markets

START OF PROJECT

2012



NEW SIMULATION TOOL LIKE A WIND TUNNEL

Whether in the drugstore, supermarket, or the car dealership — a large number of factors play a key role in any purchasing decision. But how much does each one influence the selection process? What boxes do products and services have to tick to be successful on the market? Market researchers try to determine this with so-called conjoint analyses. The GfK Verein has developed an analytical application for this research approach with which numerous marketing questions can be answered.

120 HP or 150? Fiery red or no-nonsense gray? Eye-catching design or reliable safety features? The preferences and requirements when buying a car vary from person to person. To cater for consumers' tastes as well as possible, manufacturers attempt to identify individual preferences regarding product characteristics. Conjoint analysis is an established tool in market research for this purpose: In the data collection phase, various product alternatives are put together using a modular design principle. The survey respondents then have to select from among multiple alternatives in an experimental situation. Over the course of the experiment, which is repeated multiple times, it becomes clear how important each individual characteristic – such as horsepower or color - is to the final decision. Market researchers can use these findings to assess various permutations of a product and evaluate them in view of customer benefit. This approach also allows individual consumer decisions to be forecast in a certain market environment.

User-Friendly Analytical Tool

Some powerful software is needed to get the most out of the conjoint data's considerable information potential. These kinds of market simulators allow users to create as many product variations as they like from the available modular characteristics, launch them on the virtual market, and let them compete with one another. This creates a kind

of "wind tunnel" for systematically optimizing the characteristics and price of a product. Existing simulators mainly focus on the needs of method experts without considering the usability of the tools for users.

Against this backdrop, the goal of the GfK Verein is to find out which components turn a market simulator into a user-friendly analytical tool. With knowledge culled from interviews with experts and non-experts, a new user interface concept for the analytical software was developed in cooperation with the Marketing & Data Sciences division of GfK SE and the usability experts at USEEDS. This substantially simplifies usability. For example, the new application allows users to have direct access to concepts, scenarios, and groups of respondents in each analysis. Key analysis settings can be modified using a side bar that can be hidden when not in use. Visually, the focus is always on the simulation result, which is shown in the form of tables and charts. The user can navigate between the various analyses using a horizontal menu bar like those used by websites. In order to minimize complexity for the user, the number of available analysis options can be adjusted to individual clients' requirements. This means that users receive a tool that is customized to their individual needs and which can provide optimal support for their marketing decisions.

CONJOINT ANALYSIS IS A PROVEN MARKET RESEARCH TOOL



NO-NONSENSE GRAY?

PROFILE

CONJOINT SIMULATOR

DESCRIPTION OF STUDY

User-focused development of a simulation tool based on data from conjoint analyses

START OF PROJECT

2013

COOPERATION PARTNERS

GfK Marketing & Data Sciences; USEEDS

<u>USER EXPERIENCE-</u> FINALLY **MEASURABLE**

The interaction between man and machine is becoming increasingly complex. User experience has become an accepted means of describing this relationship. But how can it be measured? The GfK Verein has combined existing models, supplemented them, and developed a measurement tool – the UX Score.

Is a particular electronic device easy and intuitive to use? Is a certain software solution particularly efficient? That is all well and good, but it isn't enough. Usability is not the only thing that matters to consumers. There are many emotional factors involved in whether they like a product or identify with a brand over the long term.

Among researchers, user experience (UX) is an established means of describing the interaction between man and machine as a whole. Many companies also focus heavily on UX and are attempting to make it usable for marketing and sales. A comprehensive theory has so far been lacking, not to mention valid metrics.

From Model to Measurement Tool

The GfK Verein has filled this gap with a measurement tool – the UX Score. To develop this, experts started out by researching theories and concepts on the interactions between man and machine in journals and relevant scientific databases, such as Psychlnfo. A theoretical model of user experience was developed on this basis that combined all of the major similarities of previous models and supplemented these with new components.

The GfK model of user experience is comprised of use-related, user-related, and aesthetic aspects. The term use-related refers to how well a product can be operated and how easily its functions can be learned (usability). User-related factors refer to the emotions of belonging as well as the involvement that a product evokes in users. Aesthetic aspects are characteristics like look, feel, and acoustics. Using this model, teams of experts developed a set of items. That is the UX Score. Its task is to map interactions between people and products in as much detail as possible and to provide information that can be used to make specific recommendations for product design.

Studies Prove Effectiveness

The UX Score was initially used to test eight products in order to determine whether it could distinguish between them. In a further study, the UX Score had to assess four similar products that had recently appeared on the market. The tool passed both tests. In a third study, the UX Score was internationally validated, including in China and the US. Once again, it was tasked with testing new products and the UX Score successfully differentiated between them. Further, a final factor analysis confirmed the theoretical structure of the UX Score. The UX Score was also successfully compared to traditional metrics for usability and organizational metrics, including the System Usability Scale and the Net Promoter Score.

Overall, the UX Score proved to be a valid metric for quantifying user experience. It will therefore contribute to further highlighting the importance of this concept in business.

PROFILE

UX SCORE

DESCRIPTION OF STUDY

New measurement tool for assessing interactions between man and machine

START OF PROJECT

2011

COOPERATION PARTNER

GfK SE



LONG-TERM SUCCESS

Until now, it has only been possible to determine the short-term effect of advertising. The effects of advertising over the long term could not be reliably confirmed. In a cooperation project, the GfK Verein, GfK SE, and the TV marketing company SevenOne Media GmbH have now developed a method for verifying the long-term return on investment (ROI). Guido Modenbach, Managing Director of SevenOne Media, explains what makes the ROI analyzer so innovative and what results initial tests have delivered.

How did this cooperation between you and GfK come about?

GUIDO MODENBACH: In the fall of 2010, GfK presented an analysis that showed, among other things, that brands with long-term buyer relationships have greater market share. One point really caught our interest: The brands that increased their share of loyal buyers had spent more on advertising. This showed that advertising influences the development of loyal buyer relationships. And we also thought at the time that this could also be interpreted as the long-term effect of advertising. This led to the idea of a study investigating just that.

Was there no tool available to answer that question?

GUIDO MODENBACH: No, the measurement of long-term effects is very complex. But we have managed to do this with the ROI Analyzer. One advantage is that we have a very good pool of data. GfK collects data on purchasing behavior from 30,000 households with the Consumer Scan every day. Add to this the data on TV usage from the AGF panel and advertising statistics from Nielsen. Having access to this kind of comprehensive data, especially on this scale, is something special. But the most important thing is to have a basic concept for such an approach, and the GfK Verein had a great idea for the necessary regression analysis. Then we worked together closely to develop the method. We also had our methodology examined by external researchers. Prof. Klarmann from the Karlsruhe Institute of Technology certified the ROI Analyzer.

Can you explain how the ROI Analyzer works?

GUIDO MODENBACH: The basic idea behind the model is to observe the purchasing decisions made by individual households. We test a variety of variables. For instance: Was there any contact with advertising? If so, how long ago did it occur? Were any promotions currently in effect? Has the household previously purchased something from the brand? Based on the interplay of these variables, the model can estimate future brand purchases and forecast future sales. In order to accurately calculate the effect of advertising, we set the TV advertising variable to zero and determine the sales that the brand would have generated without any advertising. The difference between these two figures is the short-term ROI, which was not previously available at this level of precision. We were able to determine the long-term effect of advertising by projecting future sales while taking brand loyalty into consideration.

What are the initial results?

GUIDO MODENBACH: We have tested just over 200 brands so far. In general, we can say that advertising effects are at their strongest in the first three years and then experience a steep drop-off. It is interesting, for example, that eight of the ten smallest budgets achieved a return on investment (ROI) greater than one. This shows that it isn't always necessary to make major investments in order to achieve success. It was also surprising to see that high ROIs are achieved in price and promotion-driven markets. TV advertising shows a strong positive effect on a promotion's success.

What is next for the ROI Analyzer?

GUIDO MODENBACH: The Analyzer could be expanded and improved in lots of ways. For instance, we want to assess the effects of advertising in consumer magazines or on the Internet. One hurdle here is the low number of cases provided by the available panels. One of the next steps will be to move beyond household panels to individual panels so that we can assess additional product categories. One thing is already certain: The reliability and quality of the data provided by the ROI Analyzer beats anything that other tools in this area can offer. We will continue to gain many fascinating insights from its findings.



PROFILE

ROI ANALYZER

DESCRIPTION OF STUDY

Regression method for measuring the long-term effects of advertising

START OF PROJECT

2011

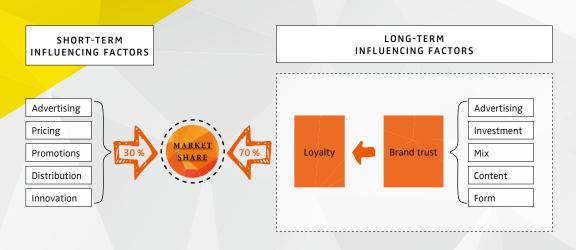
COOPERATION PARTNER

SevenOne Media GmbH

VITA

Guido Modenbach has been Managing Director of ProSiebenSat.1's marketing company SevenOne Media GmbH since November 2010. In this position, he is responsible for pricing, strategy, and research. He was previously employed at Gruner + Jahr Media Sales, IP Deutschland, and Mindshare.

LONG-TERM DRIVERS OF MARKETING SUCCESS



Qualification of the connection between advertising, loyalty, and purchases: Crucial, next evolutionary step following on from the STAS approach developed by J.P. Jones.

Source: GfKSE / the GfK Verein

DATA AND PROTECTION 2013: ONLINE SECURITY

Many Germans worry about the misuse of data on the Internet. That was the outcome of the representative study "Data and Security 2013" conducted by the GfK Verein. Because few trust online services, nearly all Internet users utilize at least one form of protection. A lot of people avoid using the Internet altogether for data privacy reasons.

Nearly 70 percent of Germans worry about the security of their personal details and privacy. It is not surprising then that Internet users take securing their data very seriously: Nearly all of them use at least one means of protection when surfing online. This was the result of the representative study "Data and Security 2013," for which the GfK Verein conducted roughly 2,000 consumer interviews in September 2013. Surfers tend to prefer standard security measures: 72 percent use antivirus software, 59 percent use a firewall, 49 percent use a spam filter, and 59 percent follow basic rules like deleting or ignoring e-mails from unknown senders. However, there was a clear contrast between attitudes to these fairly easy-to-use applications and steps that require users' active input, which are far less popular. For instance, only 29 percent regularly delete cookies from their computer, 25 percent use complex passwords, and just 23 percent regularly change their passwords.

Voluntarily Forgoing Online Activities

Three-quarters of Germans forgo the use of at least one of the online activities named in the study in order to protect their data. Roughly half of them see the greatest danger in online contests: 55 percent avoid these types of offers. The picture is different when it comes to social networks: About 40 percent of those surveyed see them as a major danger, but only 22 percent choose not to use them as a result. A notable 37 percent of respondents do not use online banking for data protection reasons, while 29 percent avoid making payments online for the same reason. Users' greatest fears were financial losses resulting from data misuse (68 percent), violations of their privacy (52 percent), and identity theft (51 percent).

Despite the worries that surfers have about their data, apparently very few have personally had negative experiences: Only 7 percent had been the victim of data misuse. A quarter of all those surveyed, however, could not be sure whether they had been personally affected.

Anonymity a Must

When it comes to recording private data, users are in clear agreement: They would only consent to monitoring if anonymity was guaranteed. 70 percent are generally in favor of an increase in public security measures, such as CCTV cameras. In other words, they accept a certain level of surveillance and limitations on data protection in return for a greater sense of security. However, the recording of private phone conversations and the unsolicited use of data for advertising purposes was overwhelmingly rejected. Even seemingly convenient services, such as tailored search results and personalized advertisements, are not desired by the majority of users.

PROFILE

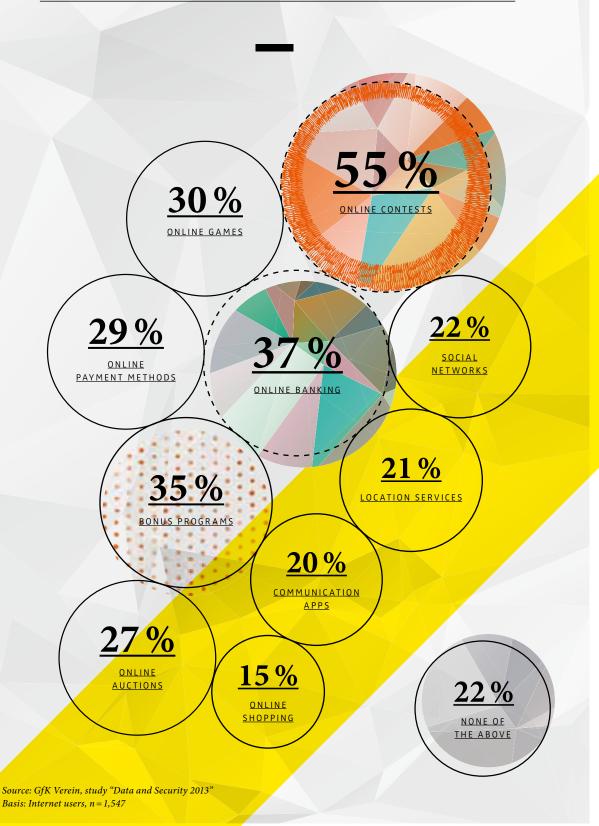
DATA AND SECURITY 2013

DESCRIPTION OF STUDY

Representative survey on the use of online services and measures taken by Germans to protect themselves against data misuse

STUDY CONDUCTED

WHAT SERVICES DO GERMANS AVOID USING DUE TO DATA PRIVACY AND PROTECTION WORRIES?



GLOBAL TRUST IN PROFESSIONS 2014 MAYORS ARE THE MOST TRUSTED POLITICIANS

The GfK Verein's latest trust study was the first to look at the level of trust placed in occupational groups. Which professions are most trusted, which the least? Firefighters were at the top of the list in 15 countries. Politicians received the lowest score in Germany and 22 other countries.

Firefighters are considered the most trustworthy professionals in 15 countries. They are followed by paramedics, caregivers, and doctors. In Germany, pilots and pharmacists also are among the occupations most trusted. These are the results of the "GfK Trust in Professions 2014" study, for which roughly 28,000 consumer interviews were conducted in 25 countries on behalf of the GfK Verein. Politicians were among the lowest-scoring occupational groups in 23 of the countries surveyed. In Germany, they even managed to rank four percentage points lower than insurance representatives, notching up a mere 15 percent. This makes it all the more surprising to see how well mayors are regarded: Almost 55 percent of Germans trust these local politicians.

Respect for Bankers Varies Greatly

Several occupational groups scored very differently in the countries surveyed. The largest divergence was seen with bankers: In India, they received the highest trust rating at 88 percent, while they received only 14 percent in Spain. In Germany, their figure was 39 percent. Also seeing wide variations was the profession of police officer: 81 percent of Germans trust their law enforcement officials, while only half of Russians and just 25 percent of Kenyans trust theirs.

One in four professions covered by the survey did not even reach the 50 percent mark among Germans. These included TV presenters and actors. Even professional athletes and soccer players scored a pretty poor trust rating of 39 percent. Journalists are regarded with similar distrust at 37 percent.

PROFILE

GfK GLOBAL TRUST IN PROFESSIONS 2014

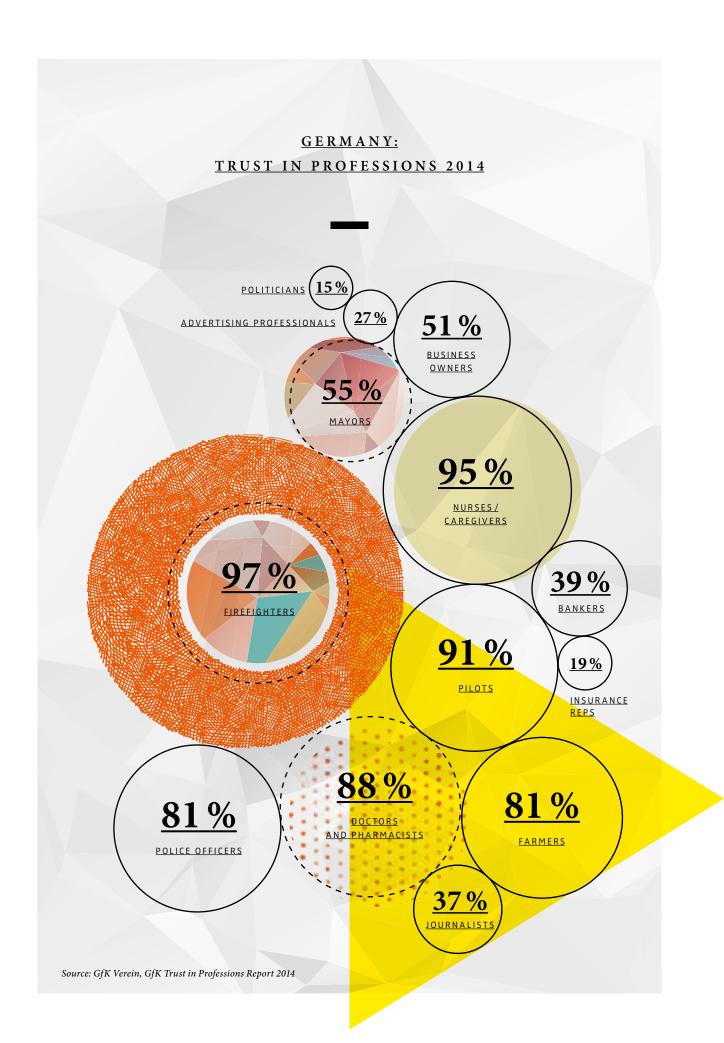
DESCRIPTION OF STUDY

International study in 25 countries on trust towards various professions

STUDY CONDUCTED

Trust in institutions and industries: every two years (since 2011)

Trust in professions: every two years (started in 2014)



<u>CHALLENGES</u> OF THE NATIONS – **SPOTLIGHT ON GERMANY**

For the first time, Switzerland, Turkey, South Africa, Nigeria, Brazil, and the US were included in the current study on the most pressing issues that a country is facing. The study previously known as "Challenges of Europe" was therefore modified to "Challenges of the Nations."

Unemployment remains the top issue: One-third of Germans see the fight against unemployment as the most important task facing Germany. That was the outcome of the study "Challenges of the Nations 2014." On behalf of the GfK Verein, about 2,000 German citizens were surveyed on the largest challenges facing the country in February 2014. People have become much less worried about losing their jobs in recent years, however: The level of concern has largely stagnated since 2012. This reflects the positive development of the job market: In February 2014, the rate of unemployment was 5.1 % – its lowest level for 20 years. However, there is are still differences between eastern and western Germany. Although unemployment is the top worry in both regions, this concern is more pronounced in the eastern states at 40 percent, with their western counterparts scoring 32 percent. The reason for this could be the fact that unemployment is some four percentage points higher in the east.

Along with the loss of work, people also worry about retaining their standard of living. Uncertainties surrounding price and purchasing power developments ranked second in the list of concerns with 26 percent. Although prices have risen only moderately in the past few years, wage increases below the rate of inflation meant that employees once again saw a drop in real wages in 2013. We can therefore conclude that Germans are more worried about securing their standard of living than high inflation rates. Rising energy prices are almost certainly preying on many consumers' minds also.

Pensions Becoming a Hot Topic

The grand coalition's pension reform plans have been one of the top political subjects in Germany since the start of 2014. The debate surrounding better pensions for parents and retirement at 63 have generated considerable controversy. Retirement savings are therefore on many people's minds: 24 percent see the topic as Germany's most pressing task – a significant rise of ten percentage points compared to the previous year. Worry about financial security after retirement has therefore risen from fifth place to third place in the ranking. In western Germany, it actually took second place, beating out

perennial concerns about price developments. The fear of poverty is also a related worry. 14 percent of those surveyed said that the fight against poverty was the most pressing issue today. The subject of poverty has been receiving ever-increasing attention from Germans over recent years, now ranking fourth on the overall list of German worries. It is notable that people in underdeveloped areas of eastern Germany (where poverty ranked eighth) are much less worried about the issue than those in the western states (fourth).

Along with the debate surrounding pension reform plans, another political issue has been on the public's mind. With full freedom of movement for workers coming into effect for the most recent additions to the EU on January 1, 2014, there was a broad discussion on economic migration coming from Romania and Bulgaria. At 13 percent, which represents a gain of five percentage points, the topic of immigration/integration also ranked among the five most important challenges that Germany is facing. In western Germany, unease about immigrants and their integration took fourth place with 14 percent, while it ranked only fourteenth among the eastern states.

PROFILE

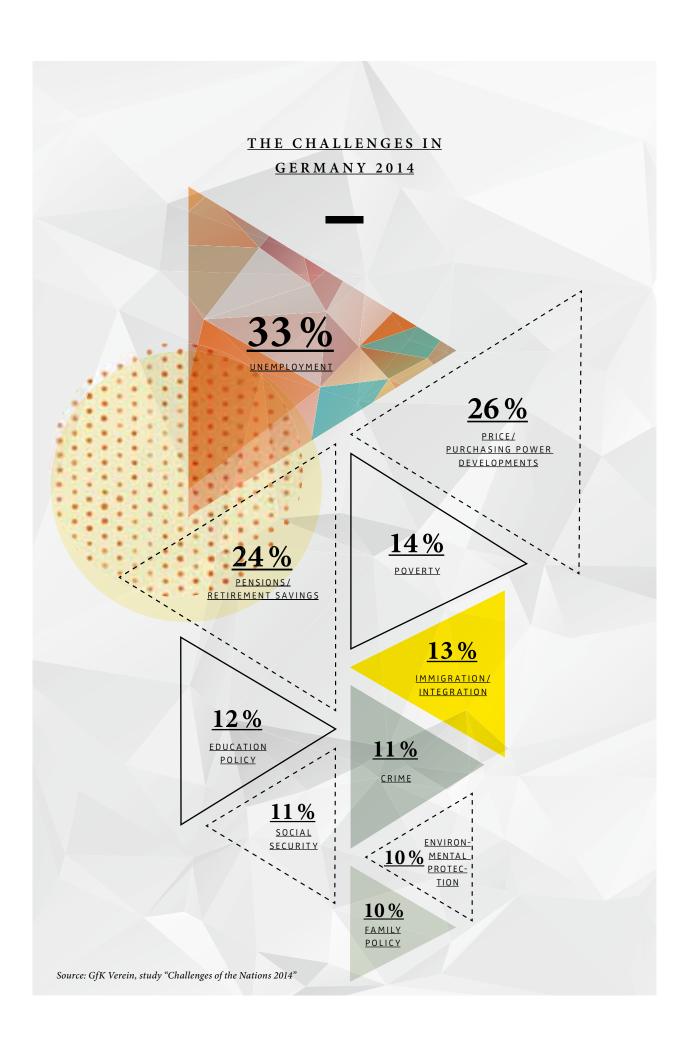
CHALLENGES OF THE NATIONS

DESCRIPTION OF STUDY

International study in 17 countries to determine the most important issues that need to be resolved in the respective countries.

This year, the survey was also conducted in Switzerland, Turkey, South Africa, Nigeria, Brazil, and the US for the first time.

START OF STUDY



GLOBAL PERSPECTIVES **BAROMETER 2014:** *THE CLASH OF GENERATIONS*

Every year in May, the leaders of tomorrow meet with the movers and shakers of today at the St. Gallen Symposium held at the town's university campus. In the run-up to this year's event, the St. Gallen Symposium and the GfK Verein asked students and graduates within the St. Gallen Symposium network about the mindset and ambitions of the next generation of leaders. The St. Gallen Symposium is one of the largest student-run events in the world. It is also one of the most exclusive. Each year at the event, hundreds of international decision-makers from the worlds of business, politics, and science meet with 200 up-and-coming talents from around the globe.

Stimulating Dialogue

In order to gain insight into the values and mindset of the leaders of tomorrow, the St. Gallen Symposium conducted the study "Global Perspectives Barometer 2014 – Voices of the Leaders of Tomorrow" in cooperation with GfK Verein. In the online survey, ambitious young academics shared their thoughts on the current decision-makers in business and politics (the leaders of today). Topics like the higher education systems which they are currently part of and their expectations of attractive employers were also covered. 876 participants under the age of 35 contributed to the Global Perspectives Barometer 2014. As a result, the survey delivered interesting stimuli for the dialogue at this year's symposium, which was entitled "The Clash of Generations."

Decisions and Values under Fire

The talented youngsters also had the opportunity to give the current leaders some advice in an open-ended question. The recommendations offered to the leaders of today by the leaders of tomorrow read less like a settling of scores with the older generation and more like a well-thought-out pep talk for the current leadership elite: There were many references to perceived leadership failings on the part of current leaders. Using examples and metaphors, they criticized ill-advised strategic priorities, poor personnel development, blunders, and a lack of sustainable actions, while also providing specific recommendations.

"Without claiming to be representative, our survey provides some extremely valuable insights into the goals and values of ambitious, talented young people," said Dr. Andreas Neus, who is responsible for cooperation programs with universities and colleges. "It should give decision-makers in business and politics some pause when they consider how critically their potential successors will evaluate their leadership qualities."

Generations from the Perspective of Talented Youngsters

The leaders of tomorrow also provided their thoughts on certain characteristics of their own generation – known as the Millennials – along with those of the current leadership, and finally what they think of themselves. The results showed that the talented youngsters see themselves as being completely different from the current leaders. It is interesting to note that the leaders of tomorrow believe there is less of a difference between the two generations – i.e. that of the leaders of today and their own Generation Y – than between themselves and everyone else. They consider their own generation to be about as trustworthy and egocentric as the leaders of today. When it comes to how they view themselves, they consider themselves much more trustworthy and altruistic than both their own generation and that of the current leaders. They also believe they are considerably less materialistic and less interested in status than the rest, and much more hard-working. This general

trend came as no surprise due to "social desirability," but the extent of the difference in their ratings suggests that the leaders of tomorrow attach particular importance to these topics.

Variety, Responsibility, and Social Impact more Important than Salary

Of particular interest to companies are the expectations that the future professionals and managers have regarding their occupations and employers. Participants in the survey listed attractive career opportunities, interesting roles, and autonomy as being particularly important. Work-life balance, international orientation, and a job with a positive social impact were also high on the list. How secure and well paid the job is seems to be less meaningful to most leaders of tomorrow. Another item that these future executives have little regard for: fringe benefits like a company car. This up-and-coming generation of leaders is apparently less interested in making a clear distinction between work and leisure, but more so in the content of the work itself, which they want to be diverse, challenging, and responsible.

PROFILE

GLOBAL PERSPECTIVES

BAROMETER 2014 - VOICES OF
THE LEADERS OF TOMORROW

DESCRIPTION OF STUDY

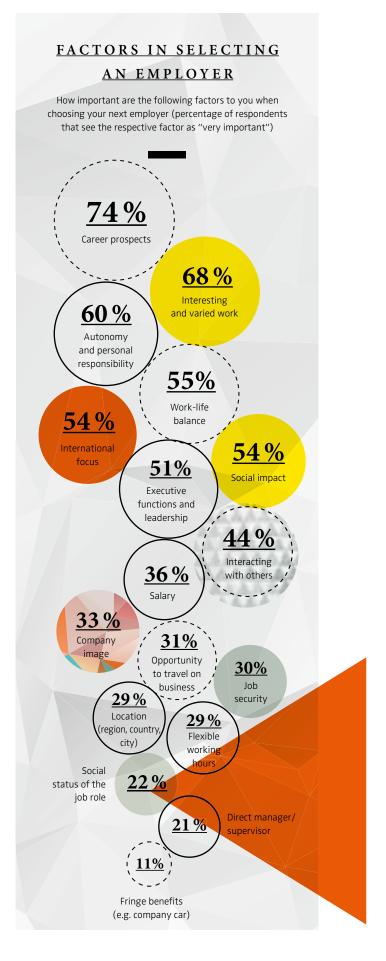
Survey of talented young people under 35 from the St. Gallen Symposium network

STUDY CONDUCTED

2014

ADDITIONAL INFORMATION

You can download the report at www.gfk-verein.org or www.symposium.org



OTHER STUDIES: SHORT SUMMARIES

GfK Global Green Index

GfK and the GfK Verein assess environmental awareness in Germany and 13 other countries with the GfK Global Green Index. The latest results show that German consumers travel with a greater environmental awareness: 22 percent of those surveyed said that environmental aspects play an important role when they plan their vacations according to the GfK Global Green Index 2013. That was four percentage points higher than in the previous year. A significant rise was seen among people who avoid traveling by airplane, taking the figure to nearly 30 percent. The older generation pays particularly close attention to environmental issues when traveling.

A further insight from the study: The acceptance of renewable energies is dropping. Though the majority of respondents continue to expressly reject nuclear power plants due to the issues surrounding the disposal of nuclear waste, support for new electricity networks and wind turbines has fallen significantly. Only 61 percent would support the construction of wind turbines in the direct vicinity of their homes in order to advance the generation of green energy – a decline of 10 percent compared to 2011.

Under One Roof - How People Live Together

Households are a basic component of societies. Their size and composition are of great importance for economic analyses: They influence how much money people have available and what consumer goods they purchase. For instance, families spend more money on food, clothing, and household devices than singles, who spend more on their living spaces, heating, and telecommunications. In the study "Under One Roof," the Berlin Institute for Population and Development took a close look at global household development in cooperation with the GfK Verein. In general, it sees larger families in less developed nations while industrialized nations are seeing an increasing number of two-person households. The size of households depends on four main factors: Economic prosperity, number of children, religious values, and the population's level of education. The study predicts that most countries will see a notable increase in the number of households by 2030, with only a few countries posting falling figures – one of which being Germany.

PROFILE

GfK GLOBAL GREEN INDEX

DESCRIPTION OF STUDY

Analysis of environmental awareness in Germany and in Australia, Brazil, France, India, Italy, Austria, Poland, Russia, Sweden, Spain, Turkey, the UK, and the US

STUDY CONDUCTED

2013

COOPERATION PARTNER

GfK SE

PROFILE

UNDER ONE ROOF

DESCRIPTION OF STUDY

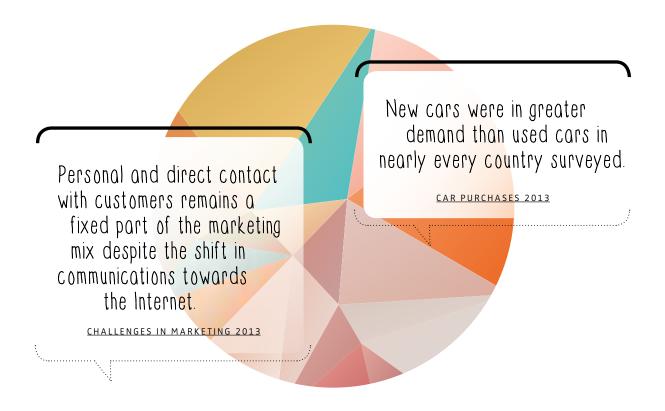
Assessment of the factors that affect the size and composition of households and how these will develop globally until 2030

STUDY CONDUCTED

2013

COOPERATION PARTNER

Berlin Institute for Population and Development



Challenges in Marketing 2013

The marketing experts at German companies see their greatest challenge in defending existing markets and tapping into new sales opportunities. This was one of the findings of the study "Challenges in Marketing 2013" by the GfK Verein, which surveyed approximately 600 marketing managers from nine industries. The second most pressing challenge was seen as improving communication strategies and channels, followed by addressing customers and target groups appropriately. The greatest diversity of challenges was recorded in the financial industry, the hospitality business, and the production and services sector. The Internet is quite clearly the most important instrument for tapping into new markets according to the marketing experts surveyed. Particularly banks, retailers, and insurance companies see opportunities there. However, personal and direct contact with customers remains a fixed part of the marketing mix despite the shift in communications towards the Internet. •

PROFILE

CHALLENGES IN MARKETING 2013

DESCRIPTION OF STUDY

Survey of approximately 600 marketing managers on current challenges, the instruments they use, and future tasks

STUDY CONDUCTED

2013

Car Purchases 2013

The number of Germans that plan to purchase a car in the coming two years has remained nearly constant over the last three years. At 14 percent, Germany ranks slightly behind the average, as the GfK study "Car Purchases 2013" shows. Used cars, on the other hand, are currently less in demand in Germany than they were in 2010. Overall, new cars were in greater demand than used cars in nearly all of the 14 countries surveyed. Although electric and hybrid cars are becoming somewhat more popular, gas and diesel engines remain firmly entrenched in spots one and two as the preferred drive systems.

PROFILE

CAR PURCHASES 2013

DESCRIPTION OF STUDY

Assessment of planned car purchases in 14 countries

STUDY CONDUCTED

SUSTAINABLE CONSUMPTIONASSESSING AWARENESS AND UNDERSTANDING

The term "sustainability" dates back over 300 years. Over the past few years, it has been playing an increasing role in the public discussion. But how well do consumers even understand the subject? And what relevance does an awareness of sustainable consumption have for purchasing behavior? In two studies, the GfK Verein is looking into these aspects of sustainability together with its partners.

Every Aspect of Sustainable Consumption

Measuring awareness of sustainable consumption has generally been limited to the environmental aspect until now. Social and particularly economic factors were rarely, if ever, considered. As part of a research cooperation, the GfK Verein – together with the University of Potsdam, the HHL Leipzig Graduate School of Management, Braunschweig University of Technology, and the Leibniz University of Hanover – developed a multi-dimensional concept for measuring awareness of sustainable consumption in workshops and preliminary studies starting in 2012. This made it possible to assess every aspect of sustainable consumption for the first time. The measuring concept was subsequently used in a nationwide representative online study and reviewed. An assessment of the survey's findings will be published later in 2014.

Understanding Sustainability

"Biodegradable," "CO₂ offset" – products highlight their sustainability using these and similar terms. But do consumers understand what is meant by these statements? What do they associate with these terms? How credible and convincing are they? The GfK Verein, GS1 Germany, and the HHL Leipzig Graduate School of Management are investigating these and other questions as part of a cooperation study. They used an online survey to test the meaningfulness, comprehensibility, and acceptance of selected product statements. One of the project's planned outcomes is a sustainability glossary with suggestions for improvements and communication recommendations derived from the results. The project was launched in September 2013 and will likely continue until mid-2014.

PROFILE

INVESTIGATIONS INTO SUSTAINABLE CONSUMPTION

DESCRIPTION OF STUDY

Two studies in which the GfK Verein is investigating the topic of sustainable consumption together with cooperation partners

STUDY CONDUCTED

2013

COOPERATION PARTNER

GS1 Germany; HHL Leipzig Graduate School of Management; Leibniz University of Hanover; Braunschweig University of Technology; University of Potsdam PREVIEW OF <u>STUDIES</u> **2014/15**

GfK Consumption Trend Sensor 2014

The "GfK Consumption Trend Sensor" study published by the GfK Verein has been conducted internationally since 2001. Every two years, it delivers information on fundamental trends in private consumption behavior in eight EU countries and Russia. It concentrates on the consumption-relevant dimensions of social change. The next study will be published in Q IV 2014.

Economic and Demographic Potential in Asian Countries

4.3 billion people live in Asia. That corresponds to 60 percent of the world's population. Living conditions for people across the continent from Turkey in the far west to Indonesia in the southeast could hardly be more different. Economically, the countries cover the entire spectrum, with developing countries like Cambodia, emerging tigers like China, and mature economies with minimal growth like Japan. The goal of the study is to show in which Asian countries the conditions for economic and demographic development towards growing consumption potential are particularly favorable and where they are less optimistic. The study is a cooperation with the Berlin Institute for Population and Development and will be published in the fall of 2014.

GfK Global Trust Report 2015

The GfK Global Trust Report has appeared annually since 2011 and alternately assesses trust in various professions and trust in institutions and industries. In 2015, trust in approximately 25 selected industries and institutions will be measured in 26 countries. The results of the study will be published at the beginning of 2015.



SHARING KNOWLEDGE

TOPICS IN THIS SECTION:

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68 /// Publications

74 /// Events

FROM NAIROBI TO BEIJING: COOPERATION PROGRAMS WITH UNIVERSITIES

"The GfK Verein promotes the training of consumption, market, and sales researchers." That is what is written in the Articles of Association and it is also good practice. Our cooperation programs with universities in developing and emerging countries are one example of how we do this.

Market research contributes towards a better understanding of market potential and consumers' wishes. It thereby supports the sustainable success of economies. In many emerging regions around the world, there are too few experts who can supply companies and institutions with valid data and analyses enabling them to make informed decisions. This is where the GfK Verein comes in: To support the development of market research, students should be able to train as market researchers in their home countries.

To accomplish this, the GfK Verein has been cooperating with selected universities in Ghana, Kenya, Nigeria, and South Africa as part of a PPP project supported by DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH) since 2010. Initial guest lectures have now also been held in China.

One of the focuses of the cooperation is on establishing certification and master's programs. "This is a real challenge for universities because the requirements for market research are changing radically," says Dr. Andreas Neus, who manages university cooperation programs at the GfK Verein, pointing to the development of information and communication technology. The GfK Verein attaches particular importance to combining research, training, and practice. This is the only approach which can equip graduates for a career in market research.

International Curriculum, Regional Focus

A further goal of the cooperation programs is creating forward-thinking curricula that combine international standards and expertise with the specifics of the home market. "Market research investigates individuals' consumption-

relevant decisions – and these can vary greatly even at the local and regional level," explains Dr. Andreas Neus. This is due in part to cultural influences and mentalities. In Kenya's capital Nairobi, for example, the GfK Verein observed how a seemingly trivial fact was quite literally slowing down development: Many people spend several hours a day stuck in traffic or have to walk long distances to work or university. Riding a bike could help alleviate this problem and save time. But riding a bike is considered a sign of poverty in Nairobi – in other words, it has something of an image problem. As part of a practical project, students on the market research course supported by the GfK Verein at the University of Nairobi therefore studied how one could enhance the image of cycling.

Critiquing European Thinking and Assumptions

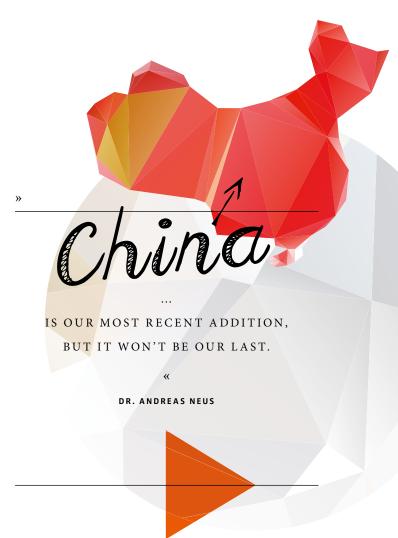
The GfK Verein is now taking the programs that began in Nigeria, Ghana, Kenya, and South Africa to China. All of the cooperation programs share a common goal: To train market researchers for a booming market. The difference between the starting points in these regions is enormous, however: At the African partner universities, structures were rarely set in stone (see interview with Phyllis MacFarlane). Improvisation was often called for here as well. "When the power goes out and then the diesel generator stops working, it is difficult to continue with your PowerPoint presentation," recalls Dr. Andreas Neus. In China, on the other hand, the future curriculum has to be aligned with the established university structures. "This country can look back on five millennia of institutionalized learning and training," explains Dr. Andreas Neus. "If we had tried to simply export our European mindset and approach, we wouldn't have gotten very far." For

instance, one could not assume that English would be the lingua franca among the country's academics, he added. Some Chinese economics professors speak better Japanese. Even the search for cooperation partners was more difficult than in Africa, as there are more than 2,600 colleges and universities in China. In the end, one partner was selected in Beijing and another in Shanghai – with one city representing China's administrative center and the other its business hub. Key factors in selecting these partners included the international orientation of their teaching, the focuses of the professors' research, and how good their students are. Excellence initiatives also played a role.

Understanding the Market Researchers of the Future

A workshop took place in Beijing in November 2013 which was attended by local professionals and managers from GfK SE along with representatives of the GfK Verein. The top point on the agenda: What knowledge and skills do prospective market researchers in China need? The GfK Verein was supported by internationally renowned education experts. Among the results was a skill profile which forms the basis for the curriculum adapted for China. The participants also concluded that personnel development is especially important in such a fast-growing market. "Companies are now competing for the most talented individuals around the globe. Anyone who wants to find them and keep them long term has to know what they want and understand how the preferences of today's graduates differ from those of earlier generations," explained Dr. Andreas Neus (see cooperation with the St. Gallen Symposium, p. 48).

The GfK Verein is not only pushing forward with its cooperation programs in China, though. Dr. Andreas Neus and his team are also assessing regions where the project could be expanded. Nothing has been decided yet, according to Neus. One thing, though, is sure: "China is our most recent addition, but it won't be our last."



PROFIL

TRAINING MARKET RESEARCHERS FOR THE CHINESE MARKET

PROJECT DESCRIPTION

Cooperation program with universities in China to train market researchers using a forward-thinking curriculum

START OF PROJECT

IMPROVING THE QUALITY OF <u>MARKET RESEARCH</u>

Phyllis MacFarlane has been heading up the GfK Verein's activities in Africa since the project began in 2010. She is the Chairwoman and former Managing Director of GfK NOP UK and cooperation partner of the project for GfK SE. In this interview, she shares her experiences of establishing the professional training programs for market researchers in Africa – a project sponsored by DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH).

How do you view this project after four years of work?

PHYLLIS MACFARLANE: Looking back, I have to say that everything took longer than I had anticipated. But by mid-2014, when the project funding from DEG expires, we will have met every goal that we originally set out to achieve.

How many universities are involved in cooperation programs with you? How many people have completed the courses?

PHYLLIS MACFARLANE: We are working with one university in each of the four countries: Nigeria, Ghana, Kenya and South Africa. By mid-2014, approximately 200 students will have participated in postgraduate training in the area of market research and 100 will have graduated. We have also established training academies for interviewers in each country in collaboration with the local market research associations. So far, nearly 1,000 interviewers and supervisors have been trained.

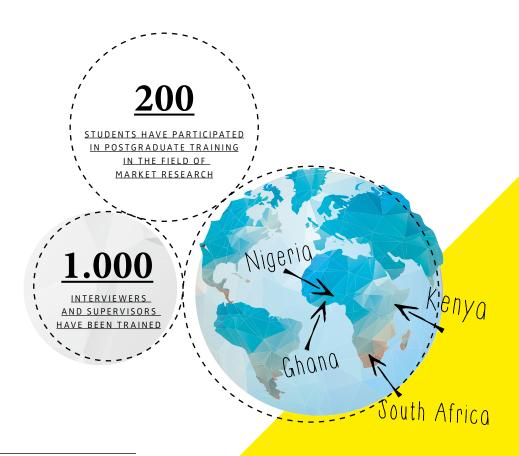
What unexpected results arose during this process and did you experience some pleasant surprises?

PHYLLIS MACFARLANE: First off, as Europeans we had to learn a lot of things from scratch: For instance, what students need to know, how they learn, how universities work here, and what career opportunities young people have. We had to adapt to the local circumstances. For example: The edu-

cation opportunities in Africa have developed rapidly over the past few years, with the result that some students have not had the chance to establish basic knowledge or deepen their understanding in various areas. This meant that we sometimes needed to offer refresher courses to ensure that students were all at the same level. A very positive experience was how well our support was received and how motivated the students are there.

What has changed in Africa during the last four years, particularly as regards market research?

PHYLLIS MACFARLANE: The basics are the same wherever you go. Market researchers always need to know sample theory, what confidence intervals are, and how to design and conduct surveys. But actually performing sampling in Africa poses some challenges that are foreign to European markets. The biggest change though has certainly been the technical advances. When we offered the first course for lecturers and professors in January 2012, hardly anyone had reliable Internet access and we had all of our materials on USB sticks. Today, the Internet is often just as fast as in Europe. It is amazing to observe how innovations spread across Africa. The people there adapt technology according to their needs. For example, they use conventional cell phones for data collection – something that is hardly imaginable for us, but it works.



>>

BY MID-2014, WE WILL HAVE
MET EVERY GOAL THAT
WE SET OUT TO ACHIEVE

«

What was GfK able to contribute?

PHYLLIS MACFARLANE: The most important thing has to be enhancing trust in the quality of market research performed in Africa. I know a few companies, for instance, that have avoided doing research here until now because they had major reservations about the quality. I very much hope that we have managed to change this perception. Everyone agrees that there are major business opportunities for companies in Africa.

What is next in line for the projects?

PHYLLIS MACFARLANE: The academies for interviewers were established in such a way that they can continue to operate on their own. However, the GfK Verein plans to continue supporting the universities in Africa. It will probably take some time until the programs there can support themselves.

PROFILE

PROMOTING MARKET RESEARCH TRAINING IN AFRICA

PROJECT DESCRIPTION

Training professors, employees, and students at universities in Ghana, Kenya, Nigeria, and South Africa in the area of market research

START OF PROJECT

2010

PROJECT DURATION

Ongoing (funded by DEG until 2014)

COOPERATION PARTNERS

Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) GfK SE

<u>GfK ACADEMY:</u> **HIGH-QUALITY &** INTERNATIONAL

From marketing strategy to setting prices, from innovation management to social media – the GfK Academy offers a diverse seminar program. Internationally renowned lecturers provide theoretical basics and useful practical tools. For instance, marketing professor Nader Tavassoli explains how companies can successfully develop and implement an integrated marketing strategy.

What is my initial impression when I enter a store? Can I find everything I need? Do I receive friendly, knowledgeable advice? Under the motto "Discover Visit," participants in the "Marketing Strategy" seminar from May 14 through 16, 2014, were sent out to Frankfurt's pedestrian zone for an afternoon. They were asked to collect their impressions in four stores, such as Lush vs. Body Shop and Apple Store vs. Telekom Shop, from the customer's perspective. They then discussed their experiences in depth the next day and transferred this knowledge to their own situations and marketing strategy considerations. With this exercise, Nader Tavassoli – who led the seminar – wanted to underscore that it is increasingly important to think about the new rules of differentiation. The marketing professor from London Business School lectured at the GfK Academy for the first time this year. Marketing managers from six countries, including Azerbaijan, Serbia, and Turkey, came to Mainz for the course. Even though they work in various industries, their daily challenges are amazingly similar, as they came to realize over the course of the three-day seminar. How do I integrate colleagues from other departments? How do I reach consumers and keep them loyal to the brand in the long term? What role does marketing play in the company and how can marketing further expand its role within the company? Everyone could relate to these questions.

Balanced Mix

"The seminar was insightful for me and my daily work," said one participant. "It really helped me to open my mind for new approaches as well." Tavassoli's practical approach was particularly well received: "After the first day, I already had new ideas for my work," said one pleased participant. Tavassoli's holistic approach was an important aspect for everyone: Marketing cannot be separated from other departments and divisions (see interview on page 62). Instead, every part of a company, from product development to HR, plays an important role. In many cases, it

seems that marketing is viewed somewhat in isolation. But it should be an integrated part of the company, according to the marketing professor.

Impressive Diversity

Six seminars per year are offered by the GfK Academy, which was founded in 2005. Its subjects range from marketing strategy to pricing and innovation management. The seminars quickly become fully booked. Between October 2005 and April 2014, a total of 720 participants from 318 companies passed through the doors of the GfK Academy. Most of these are managers and 60 percent come to the Academy from non-German-speaking European countries. Many also return for a subsequent seminar: 63 participants had completed at least two seminars as of April 2014, with 14 having attended at least three.

There was a change among our lecturers this year: Nader Tavassoli, Professor of Marketing at London Business School, took over the subject of "Marketing Strategy" from Sunil Gupta, Head of the Marketing unit at Harvard Business School, who had led the seminar since 2006. Nader Tavassoli is the GfK Academy's second lecturer from London Business School, as Marco Bertini has been in charge of the "Strategic Price Management" seminar since 2013.

PROFILE

GfK ACADEMY

DESCRIPTION

Seminars with renowned lecturers on all relevant marketing topics for market researchers and marketing experts

FOUNDED

GfK ACADEMY SEMINARS

CUSTOMER IN FOCUS

CREATING VALUE AND BUILDING GENUINE RELATIONSHIPS

COURSE DIRECTOR

Werner J. Reinartz, Ph.D.

IGNITING INNOVATION

CREATING SUCCESSFUL INNOVATIONS
IN RAPIDLY CHANGING MARKETS

COURSE DIRECTOR

Srinivas K. Reddy, Ph.D. Barry L. Bayus, Ph.D.

MARKETING PERFORMANCE

MEASURING AND IMPROVING RETURN
ON MARKETING INVESTMENT

COURSE DIRECTOR

Koen H. Pauwels, Ph.D.

STRATEGIC BRAND MANAGEMENT

CREATING POWERFUL BRANDS IN A NEW MARKETING WORLD

COURSE DIRECTOR

Kevin Lane Keller, Ph.D.

MARKETING COMMUNICATION IN A DIGITAL WORLD

NEW STRATEGIES
BEYOND SOCIAL MEDIA

COURSE DIRECTOR

Donna L. Hoffman, Ph.D. Thomas P. Novak, Ph.D.

MARKETING STRATEGY

BUILDING A
WINNING BUSINESS BASED ON
DEEP MARKET INSIGHT

COURSE DIRECTOR

Nader Tavassoli, Ph.D.

STRATEGIC PRICING MANAGEMENT

FROM MYSTERY TO ART AND SCIENCE

COURSE DIRECTOR

Marco Bertini, Ph.D.



MARKETING HOLDS THE CAKE TOGETHER

Nader Tavassoli is Professor of Marketing at London Business School and non-executive chairman of The Brand Inside. In addition to research and training, he also advises and trains executives from start-ups as well as Fortune 500 companies. In May 2014, he taught the three-day course "Marketing Strategy" at GfK Academy for the first time. In the interview he explains his holistic approach to marketing, which recommends that marketing be aligned with all other parts of the company.

<u>This is your first seminar at the GfK Academy – what was your reason for joining the academy?</u>

NADER TAVASSOLI: The name GfK was of course familiar to me. GfK SE is a well-respected company and one of the biggest players in the field. That obviously piqued my interest. I also know most of the other faculty on other GfK Academy courses. These are thought leaders in our field, such as Sunil Gupta who previously taught Marketing Strategy, Kevin Keller who is a leading authority on branding, and Marco Bertini who is a rising star in the area of pricing. I was honored to be part of this group and their positive experiences made me jump at the opportunity.

What is special about the GfK Academy?

NADER TAVASSOLI: It offers a broad suite of marketing programs at a highly professional level, which is quite special even among the top business schools. For me as a facilitator it is also rewarding to engage with marketing professionals bring so much experience. Participants immediately see the application of what I bring, but they learn from each other, and I learn from them. Most importantly, due to their senior positions, they can apply the learning. Even after the first morning, several of them said: I am going to do this and that when I am back to work on Monday.

Could you please talk about the contents of the seminar?

NADER TAVASSOLI: First of all, I want to give the participants knowledge and tools that they can take home with them. I also aim to provide them with a different perspective. Marketers tend to stand with their back to the organization facing the marketplace. They are market sensing and try to feed the voice of the customer into the organization, and they communicate back out. But a successful marketing strategy is not only about formulating strategy, but also about executing it consistently. That literally means marketers have to turn around and go inside the company. It is, after all, the entire organization that needs to deliver on the brand promise. As such, marketing is not the icing on the cake, marketing is what holds the cake together.

PEOPLE WHO ATTEND THESE

SEMINARS AREN'T JUST INTERESTED

IN HEARING NICE STORIES - THEY

WANT SPECIFIC TOOLS AND AIDS.

«

What does that mean for marketing executives?

NADER TAVASSOLI: Working with the whole company requires some skills; talking with finance is different than with HR, for example. The latter is increasingly becoming one of the most important partners for marketers. People on the inside have to understand the brand, believe in it and, most importantly, they need to live it. It is through their actions that customers understand and experience the brand. Another reality is that the four "P"s of marketing are typically very silod. In the seminar, for example, I highlight how "price getting" (versus price setting) requires different parts of the organization to work together. So if you understand that pricing is just an outcome of all the four "P"s then you realize that silo-thinking needs to change. Ultimately, this seminar highlights the importance of understanding that deep customer insight is highly strategic for every organization. It is not something warm and fuzzy that these crazy marketers do. It actually determines an organization's strategy and differentiation.

<u>How much theory and how much practical knowledge do</u> you give in the seminar?

NADER TAVASSOLI: Twenty years ago, I started thinking I was a teacher. This put a lot of emphasis on theory and knowledge. As my approach matured, became more "customer centric" and focused more on learning, especially on learning by doing. Today, I am most motivated by having an impact on participants and their organization. It is thus also about learning to do. Therefore, theory and practice are not separate but they are inter-twined and mutually reinforcing.



PROFILE

GFK CHAIR IN
MARKETING INTELLIGENCE

DESCRIPTION

Chair at the Friedrich-Alexander-Universität
Erlangen-Nürnberg with a focus on
market research, price management,
product and innovation management,
customer behavior and
customer relationship management

FOUNDED

CLOSE LINKS <u>BETWEEN THEORY</u> AND PRACTICE

The GfK Chair in Marketing Intelligence was established at Friedrich-Alexander-Universität Erlangen-Nürnberg in 2007. It is held by Professor Dr. Nicole Koschate-Fischer. In this interview, she talks about what makes the department unique, the focuses of her research, and the connection to the GfK Verein.

You have held the GfK Chair in Marketing Intelligence since its inception. What was your motivation for taking on this position?

PROFESSOR DR. NICOLE KOSCHATE-FISCHER: I saw an exceptional opportunity to put my ideas into practice in research and teaching. When I first got here, there was basically nothing more than empty rooms — they needed to be filled, and not just with furniture. A particular motivation was also the opportunity to cooperate with the GfK Verein. Looking back, I can say that my expectations were greatly exceeded in this respect in particular.

What does the department look like today?

PROFESSOR DR. NICOLE KOSCHATE-FISCHER: We have three pillars: On the one hand, there is the teaching with a focus on market research and marketing. Secondly, we conduct research, where we cooperate with the GfK Verein on numerous projects. The third pillar is self-administration. We have achieved substantial international visibility, for example by cooperating with renowned international colleagues such as Prof. Hoyer from the University of Texas at Austin and Prof. Diamantopoulos from the University of Vienna. I am also involved in the AiMark network and regularly active as an advisor, for instance for the DFG (German Research Foundation) and leading international journals.

Would this kind of chair have been possible at a different university?

PROFESSOR DR. NICOLE KOSCHATE-FISCHER: Nuremberg is the cradle of market research. The GfK developed from this department. In that sense, we are a great fit for the Universität Erlangen-Nürnberg. We have three Chairs in Marketing here with various focuses spanning the entire spectrum. We are a young, highly motivated team. For many students and lecturers, this diversity is a major motivation for coming here.

What characterizes the research within your department?

PROFESSOR DR. NICOLE KOSCHATE-FISCHER: We deal with issues that are very practice-oriented. We have a strong quantitative empirical focus and always assess our research questions on the basis of empirical data. The connection with GfK and their wealth of data generates excellent synergies. We often work with data from GfK in our various research projects.

Can you name an example of your current research?

PROFESSOR DR. NICOLE KOSCHATE-FISCHER: We have just published an article on generic brands in the Journal of Marketing, one of the world's leading academic journals on marketing. For the study, we used panel data from GfK and



combined this with the results from a survey of 16,000 participants. We were assessing to what extent generic brands increase customer loyalty. This is not only interesting for academics – such knowledge interests GfK and its clients as well. It showed that companies can enhance customer loyalty considerably with own brands. In certain situations, this connection is especially strong. Another research project is analyzing the subject of co-branding – when two brands jointly launch a product on the market. Our findings show that positive and negative associations with the parent brands affect the co-brands, but that there is no transfer of this effect between the respective parent brands. That is an important piece of knowledge for brand management.

What study programs are offered by the department?

PROFESSOR DR. NICOLE KOSCHATE-FISCHER: First, we are involved in the bachelor's courses in business administration. Marketing is one of the most popular specialist subjects. One specialty is the GfK Excellence program: Participants study as they normally would with us, but also gain practical experience at GfK. Our premium product is the master's degree in marketing. It is a unique master's program that cannot be found anywhere else in the German-speaking countries. This can be seen its popularity: We receive about 700 applications for around 60 places. As part of the master's program, students can choose to major in either marketing research or marketing management. Once again, there is a close connection with GfK and the GfK Verein in the form of associate lecturers, guest lectures, and practice-oriented seminars, for example. For instance, the CEO, Mr. Hartmann, came and gave a guest lecture on the latest developments and challenges in market research. Prof. Wildner and Dr. Buder hold events for the master's students on data collection and data analysis. Dr. Neus offers a practical seminar on market research in emerging markets.

What do you have planned for the department in the coming years?

PROFESSOR DR. NICOLE KOSCHATE-FISCHER: One important project is setting up an experimental laboratory where we can develop and assess computer-based experimental stud-

ies. That offers some intriguing possibilities for investigating current questions linked to issues such as price management or consumer behavior in close cooperation with companies. Making the teaching and research – particularly where they interface with practice – more international is also very high on my list.

You are the Vice President of the GfK Verein. What goals have you set yourself in that role?

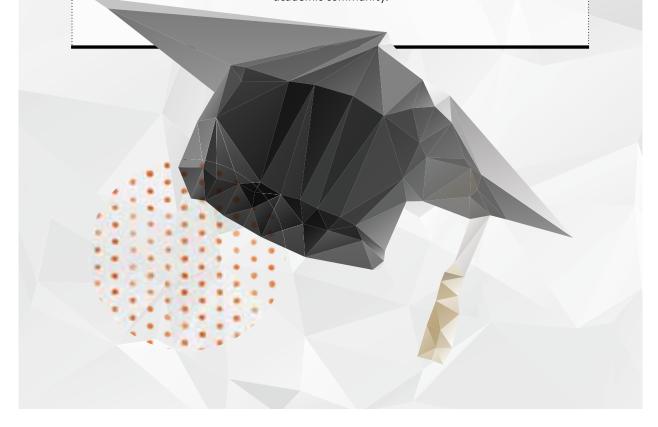
PROFESSOR DR. NICOLE KOSCHATE-FISCHER: As Vice President of the GfK Verein, I think the further internationalization of market and marketing research is very important. We also want to contribute to new market research methods and liaise with renowned companies and international specialists to gain new stimuli for our teaching and research.

VITA

Professor Dr. Nicole Koschate-Fischer has held the GfK Chair in Marketing Intelligence at Friedrich-Alexander-Universität Erlangen-Nürnberg since 2007. After completing university degrees in business and psychology, she completed both her PhD in 2002 and her postdoctoral lecturing qualification in 2006 at the University of Mannheim. She also has completed several research trips to the US. She is member of various bodies, including the Board of Academic Trustees at AiMark and the Editorial Board for the Journal of International Marketing. Prof. Koschate-Fischer has been a member of the GfK Verein's Executive Board since 2009.

THE GFK CHAIR IN MARKETING INTELLIGENCE

Applications for the "Master's in Marketing" program were submitted by students from 20 countries and six different continents last year. 71 of them were accepted into the program. Since its inception in 2009, the program has seen the number of applicants rise from year to year. This shows the international standing of the GfK Chair in Marketing Intelligence at Friedrich-Alexander-Universität Erlangen-Nürnberg. Alongside teaching, research plays a key role: Practically oriented topics are examined in a quantitative empirical manner. The four areas of expertise are price management, product and innovation management, market research, and customer behavior and customer relationship management. The department's interdisciplinary and international orientation is a further highlight. Research cooperations with respected academics and publications in leading journals have made its work known to the global academic community.



GfK MARKETING RESEARCH EDITION

The GfK Verein has been publishing a series of books entitled the "GfK Marketing Research Edition" since the fall of 2011. These contain new academic findings from marketing and market research, particularly dissertations by the GfK-endowed Chair in Marketing Intelligence at Friedrich-Alexander-Universität Erlangen-Nürnberg. Professor Dr. Nicole Koschate-Fischer is the holder of this chair and editor of the GfK Marketing Research Edition, which now consists of eight volumes.

Eight volumes have been published so far.

Three of the authors were honored with the Doctoral Award from the Hermann Gutmann Foundation, and one also received the Junior Researcher Award from the BVM.

Orders can be made via Amazon or directly from the GfK Verein by e-mailing info@gfk-verein.org.

PROFILE

GFK MARKETING RESEARCH EDITION

PROJECT DESCRIPTION

Series of books containing new academic findings from marketing and market research, particularly dissertations by the GfK-endowed Chair in Marketing Intelligence

START OF PROJECT

TWO NEW VOLUMES APPEARED IN SPRING 2014



DR. CHRISTIAN NEUERBURG

Modellierung von Wahlverhalten in modularen.

Auswahlsituationen – Ein simulationsbasierter Vergleich verschiedener Modellvarianten unter Berücksichtigung der Zahlungsbereitschaft

(Modeling Selection Behavior in Modular Selection Situations – A Simulation-based Comparison of Various Models in Consideration of the Willingness to Pay)

(ISBN 978-3-943332-06-3)



DR. SUSANNE GÄRTNER

Markenvertrauen –
Eine Skalenentwicklung und theoretische
sowie empirische Analysen

(Brand Trust – A Scale Development with Theoretical and Empirical Analyses) (ISBN 978-3-943332-07-0)

When customers can configure their own car or laptop, this is called a modular selection situation. A comprehensive simulation study looks at four typical variations of these situations and was published in the seventh volume of the GfK Marketing Research Edition. The volume was published in March 2014. The study works with changing data constellations. The results allow generalizable suitability profiles to be derived for the different variations. Dr. Christian Neuerburg is Deputy Head of the Marketing Sciences department at GfK SE. He was previously a research assistant and subsequently an external doctoral candidate at the GfK Chair in Marketing Intelligence at Friedrich-Alexander-Universität Erlangen-Nürnberg.

In the eighth volume of the series published in March 2014, Dr. Susanne Gärtner develops a scale for measuring brand trust and then applies it to two empirical studies. Brand trust is the core of every consumer-brand relationship: It is becoming increasingly important for customers because it is an additional benefit. That is why companies invest heavily in the trust which is placed in a brand. Making this construct measurable is of considerable practical significance. When the influences and effects of brand trust are understood, this also contributes to successful strategic brand management. Dr. Susanne Gärtner completed her PhD at the GfK Chair in Marketing Intelligence at Friedrich-Alexander-Universität Erlangen-Nürnberg and works as a marketing sciences specialist at GfK SE in the Lifestyle Research division.

GfK COMPACT: EXCLUSIVELY INFORMED

Up to date and to the point: GfK Compact, the GfK Verein's online information service, takes a closer look at a specific topic each month and presents findings from studies by GfK and the GfK Verein. The articles and charts are available for free on the Internet and can be reproduced elsewhere provided the source is acknowledged. Anyone who would like to be regularly informed about the latest issues can register at www.gfk-compact.com to receive an e-mail as soon as a new article is published online. But that is not all that GfK Compact offers: In concise interviews, experts add depth to the latest focal topic or answer questions on current subjects in market and marketing research. The "Headlines" section also provides an overview of new market research findings from the various departments at GfK. A collection of links from key websites with figures and data on population development, the job market, income, consumer spending, and prices can be found on the GfK Compact website under "OutlineData."

Read the latest edition and subscribe at: www.gfk-compact.com

PROFILE

GfK COMPACT

PROJECT DESCRIPTION

An information service provided by the GfK Verein featuring GfK's latest market research findings

START OF PROJECT

ENVIRONMENTAL AWARENESS

APPRECIATION

PERSONAL DATA

DATA PROTECTION TRENDS

DATA SECURITY

SOCIAL NETWORKS

PURCHASING DECISIONS

FASHION SENSE

ECO-LABEL

FASHION

SUSTAINABILITY

ORGANIC FOOD

Syle

OVER 50S

AGE PYRAMID

BUYING RECOMMENDATIONS

<u>OUTFIT</u>

READ THE LATEST
EDITION AND
SUBSCRIBE AT:
WWW.GfK-COMPACT.COM

GfK MIR FOCUS ON EMOTIONS

One of the next big steps in the relaunch of the "GfK Marketing Intelligence Review" (GfK MIR) has been completed: The first themed issue of GfK Verein's marketing journal was published in May 2014. Emotions were the focus of this latest issue, which contained academic publications that were edited to be more practice-oriented. For the first time, there is also a complete German version of the GfK MIR. The first special issue was edited by Professor Dr. Andrea Gröppel-Klein from the University of Saarland. In the following interview, she explains what was important to her when she produced the GfK MIR and what topical highlights readers can expect.

<u>The GfK MIR has appeared for the first time with a</u> revamped content concept – what are the biggest changes?

ANDREA GRÖPPEL-KLEIN: Since 2009, the GfK MIR has been published twice annually with the goal of summarizing excellent academic publications with findings that are relevant for practical application and making them accessible to non-academic readers. This made it very informative, but thematically it was all over the map and we noticed that some articles were still hard work for readers. The aim of the relaunch is to become more focused on the one hand and select a single subject for each issue, while also making the articles even more accessible, shorter, and easier to read. Excellent academic research content oriented towards practical application will continue to remain our guiding theme.

The first issue is dedicated to emotions. Why are emotions a central topic in marketing and in market research?

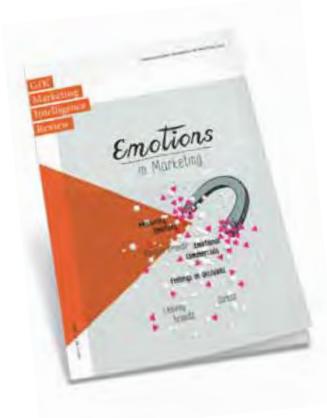
ANDREA GRÖPPEL-KLEIN: Emotions affect us all and they prompt various modes of behavior. They can also be examined from various scientific perspectives. Advertising and products attempt to stimulate certain emotions so that consumers remember the product in a specific way. Today, products face the challenge of not only standing out with their high functional quality – they also have to offer emotional experiences.

How did you choose the articles for the GfK MIR?

ANDREA GRÖPPEL-KLEIN: Our two main criteria were involving internationally recognized researchers and covering topics that interest a broad audience. It was important to us that the readers receive a practical benefit from the information. The editorial team used these points to select relevant articles and then worked them into summary form. One other new feature is that we no longer always just summarize one article by a particular author; instead, multiple publications are sometimes condensed into one article. This results in the creation of independent texts that are practically state of the art on the respective topic. It is important to us, though, that the revised versions are closely coordinated with the original authors.

THIS RESULTS IN THE CREATION
OF INDEPENDENT TEXTS THAT
ARE PRACTICALLY STATE OF THE
ART ON THE RESPECTIVE TOPIC."

PROFESS<mark>OR DR. ANDREA GRÖPPEL-KLEIN</mark>



How did you structure the issue? Can you name a few of the highlights?

ANDREA GRÖPPEL-KLEIN: We look at many different aspects of emotions in order to cover the broadest possible spectrum. This ranges from theoretical explanations of what emotions are to an interview with a marketing expert from BMW. For instance, we have a text on brand passion by Andrea Hemetsberger. In it, she explains how brands can become passions. Susan Fournier wrote about the feelings that arise when consumers "break up" with a brand and what this means for marketing. Michel Tuan Pham looks into the question of whether consumers who are forced to follow their gut instincts wind up making better predictions about future events. These are just a few examples of the first-rate authors who agreed to be involved in the new issue of the MIR. I think we succeeded in exploring a wide range of perspectives on the exciting subject of emotions and portraying them in this issue.



VITA

Professor Dr. Andrea Gröppel-Klein has held the Chair in Business Studies, specializing in marketing, since 2006 and is Director of the Institute for Consumption and Behavior Research at Saarland University (IKV). Her previous positions included ten years as Chair in International Marketing, Consumption, and Trade Research at the European University Viadrina, Frankfurt (Oder). Prof. Gröppel-Klein is a member of various editorial boards and editor of the magazine "Marketing ZFP." She has also published more than 170 articles in renowned international and national journals and is continuing the standard reference work on consumer behavior research (Kroeber-Riel, W. [† 1995] and Gröppel-Klein, A.: Konsumentenverhalten [Consumer Behavior], 10th edition, 2013).

PROFILE

GfK MARKETING INTELLIGENCE REVIEW

PROJECT DESCRIPTION

Marketing magazine that summarizes articles from academic publications for marketing executives in practically oriented, themed periodicals

START OF PROJECT

2009

FREQUENCY OF PUBLICATION

Twice annually

GfK CONFERENCE 2013 THE UNTAPPED CONSUMER POTENTIAL OF ETHNIC

Many companies only have a vague idea of how people with a migrant background live and consume. The GfK Conference 2013 helped to fill this void and answered the question of how Turkish and Russian-born consumers differ from German consumers and each another and what products they prefer.

About 15 million people with a migrant background live in Germany, which is nearly one-fifth of the population. The two largest groups − each with approximately three million people − are immigrants with Russian or Turkish roots. Together, their consumer potential is about €84 million per year. But their purchasing behavior has, for the most part, been uncharted terrain to date. At the GfK Verein's 2013 conference at NurembergConvention Center, experts presented the approximately 450 marketing specialists in attendance with current data and suggestions on how these consumers can be better reached.

Integration Slowly Improving

The changes among immigrants are outlined by Dr. Reiner Klingholz, Director of the Berlin Institute for Population and Development, in a new study. Years ago, foreign workers were mostly unskilled laborers, he explains. Their children still tend to lack qualifications, which makes integration more difficult. However, the trend among immigrants is improving "slowly but surely," according to Reiner Klingholz. This is due in part to immigrants from other EU countries, who generally have better educational backgrounds. Another positive is that immigrants are playing a more visible role in public life and surveys show a growing mutual acceptance.

Differing Brand Awareness

How and what the various groups consume was explained by Ulrike Mühlbacher, Technology Research Manager, Consumer Experiences, GfK SE. According to a study on this topic conducted by GfK, Germans tend to pay more attention to price, while Turkish immigrants are open to new things, enjoy shopping more, and have a more pronounced awareness for brands when it comes to food. Russian immigrants, on the other hand, tend to be more traditional and prefer brands that they know from home. Ulrike Mühlbacher used the example of buying a car to highlight these differences. A car is often seen as a status symbol by those with Turkish roots. It should offer plenty of space for the family and preferably be from a German manufacturer. Native Russian consumers tend to value a well-maintained, new car. There is great potential when it comes to financial products and insurance policies: Here, both groups would like advice in their native language and personal interaction. Ulrike Mühlbacher encouraged the professionals at the event to "engage in ethnic marketing." Respect and cultural understanding are needed for target group-specific marketing concepts, she added. She also said that further research is needed not only on cultural elements, but on sociodemographic and economic backgrounds as well.

>>

IT IS ABSOLUTELY

CLEAR THAT WE STILL NEED

A GROWING NUMBER OF IMMIGRANTS

TO KEEP THIS COUNTRY'S

ECONOMY RUNNING SMOOTHLY

DR. REINER KLINGHOLZ



Generic Brands Gaining Trust

Dr. Robert Kecskes, Manager of Strategic Customer Development, Consumer Panels, Consumer Experiences, GfK SE, showed how the different households consume using the GfK Consumer Panels. This data showed that immigrant households spend a lot of money at discounters and drugstores, while Russian immigrants also shop at superstores. Both groups buy notably more fresh produce than Germans do, particularly fruit and vegetables. While immigrants value manufacturer brands in the near-food segment, they tend to save on food and buy generic brands. In order to gain ground in this market segment, brand manufacturers need to offer more innovations, according to Robert Kecskes. Both immigrant groups are particularly open to innovation. Ethical aspects of consumption are also becoming more important, he said. Robert Kecskes underscored how important it is to respect cultural backgrounds. In general, however, he believes the opportunity lies in considering the heterogeneity of markets as a whole rather than simply catering for ethnic consumers.

PROFILE GfK CONFERENCE

PROJECT DESCRIPTION

Annual event organized by the GfK Verein with lectures on a current topic from marketing or market research with roughly 500 attendants

START OF PROJECT

1950

GfK CONFERENCE 2014

PAYING ATTENTION TO YOUR BODY: THE PATH TO HEALTH AND WELL-BEING?

Health is a precious asset. What can a person do to stay healthy, return to health, or live successfully with a chronic illness? The GfK Conference is focusing on this topic, which is important for all consumers. Activities and products that target well-being, prevention, and recovery will be assessed at the event. It will also take a look at how the desire for health influences consumer behavior. Experts have been invited who will analyze this topic from different perspectives and present research findings.

The opening lecture on "Health: Today and Tomorrow" was given by Günter Haaf. The medical journalist has been the long-time editorial director at Wort & Bild Verlag, which publishes titles including "Apotheken Umschau." Stephanie Ludwig, Head of Health at GfK Switzerland, presented the results of a multinational study on the topic of "self-care" and its impact on health and wellbeing. The importance of health-related motives for purchasing organic products was the topic of the lecture held by Helmut Hübsch, Key Account Manager for Food, GfK Consumer Panels. Next Herbert Lechner, Travel and Logistics Division Manager, GfK Consumer Panels, presented the motives and market significance of health and wellness tourism. Florian Bernsdorf, Managing Director of Serviceplan Health & Life, Munich, explained the challenges faced by brand communication in this segment and how

it must adjust to the changing health market.

THE GfK VEREIN RAISING THE ORGANIZATION'S PROFILE

The GfK Verein highlights its work and presents itself as a think tank for market research at various congresses, conferences, and conventions. It also contributes its market research expertise as a member of professional associations.

The promotion of market research is one of the main tasks of the GfK Verein, as stated in its Articles of Association. It is therefore involved in numerous professional associations and organizations. For example, the GfK Verein is a member of the Berufsverband Deutscher Markt- und Sozialforscher e. V.(BVM) and a sponsor of the Initiative Markt- und Sozialforschung (IMSF). The GfK Verein is also internationally active as a member of bodies including ESOMAR, the Marketing Science Institute (MSI), and the American Marketing Association (AMA). The latter two US organizations support the global sharing of marketing and market research knowledge. The Managing Director of the GfK Verein, Prof. Dr. Raimund Wildner, also sits on the Board of Directors at both the BVM and the Initiative Markt- und Sozialforschung, and is a member of the German Market Research Council and the Professional Standards Committee at ESOMAR.

Further, the GfK Verein supports market research via selected sponsorship activities and attends a number of professional events and conventions. For instance, it was once again a gold sponsor of the German Market Research Congress in Berlin on May 19 and 20, 2014. This event is attended by 500 experts in marketing and market/media research each year. At the accompanying trade fair, the GfK Verein was again present with the BrainFood Bar – its exhibition booth. There, convention attendees could recharge their batteries with a healthy

snack or energy drink and receive information on current research. As part of the convention, Prof. Dr. Raimund Wildner, Managing Director of the GfK Verein, also gave a talk on why anonymized customer satisfaction surveys must remain part of market research and how to achieve this.

At the Bayreuth Congress of Economics from May 15 through 16, 2014, the GfK Verein was also involved as a gold sponsor. Professor Dr. Raimund Wildner discussed "Success via Value-Based Brand Management" in his lecture. The GfK Verein also was present there with its booth at the accompanying exhibitor and sponsor trade fair. With up to 1,400 delegates, the Bayreuth Congress of Economics is one of the largest economics conferences in Europe.

Since 2011, the organization Initiative Markt- und Sozial-forschung e.V. has been organizing the Day of Market Research where citizens can learn about market and social research. This year, the event was held as a nationwide market research roadshow for the first time. On June 7, 2014, the roadshow came to Nuremberg, stopping in the square in front of St. Lorenz Church. There, people interested in market research could experience it live, for instance by participating in an ice cream taste test. The GfK Verein supports the Day of Market Research and presented the GfK EMO Scan to visitors (see p. 28).







STOCK

TOPICS IN THIS SECTION:

- 80 /// 2013 Annual Financial Statements
- 84 /// Structure
- 86 /// Executive Board
- 88 /// Articles of Association

THE FIGURES FOR 2013 EXAMINED AND EXPLAINED

The balance sheet and the income statement for the GfK Verein have been audited by KPMG. Its auditors issued an unqualified audit certification. The following pages provide more detailed insight into some of the most important items.

THE BALANCE SHEET: ASSETS

- // Financial assets comprise the approximately 20.5 million shares in GfK SE held by the GfK Verein. These represent a 56.1 % stake in GfK SE. The total value of € 35.6 million recognized on the balance sheet is derived from a share price of € 1.73. The year-on-year increase stems from the purchase of 20,000 shares in GfK SE. With a share price of € 40.31 as of December 31, 2013, the actual value of the shares amounted to € 862 million on the reporting date. This item therefore contains considerable hidden reserves.
- // Other assets mainly pertain to the building on Schnieg-linger Str. 57 in Nuremberg, which is recognized at € 137 thousand on the balance sheet. The building is currently rented out to Sparkasse Nuremberg and GfK SE. Office equipment also accounts for € 168 thousand on the balance sheet.
- // Other assets mainly include a loan that was provided to GfK SE.

THE BALANCE SHEET: EQUITY AND LIABILITIES

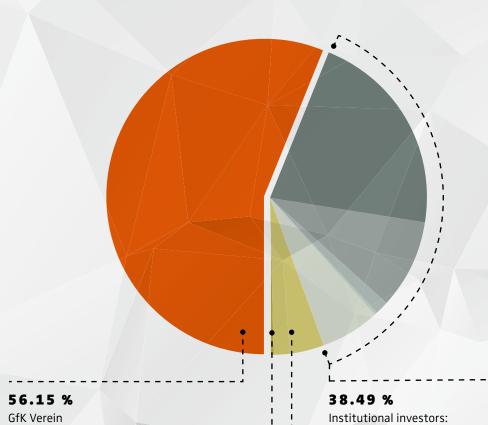
// Equity increased by € 5.3 million. This corresponds to the net income for the year.

INCOME STATEMENT

- // Net income amounted to € 5.3 million, compared to € 6.7 million in the previous year.
- // Revenue was mainly generated via seminar bookings at the GfK Academy. Membership dues remained nearly constant at € 222 thousand. Other operating income includes rental income from the building on Schnieglinger Str., which is currently rented out to GfK SE and Sparkasse Nuremberg, as well as funding from DEG for our Africa project.
- // Personnel costs also rose because two new members of staff were hired to improve our cooperation programs with universities.
- // Dividends from the shares held in GfK SE were by far the most important source of income. The payout of € 0.65 per share resulted in a cash inflow of € 13.3 million for the GfK Verein. An additional € 241 thousand in interest was received in conjunction with the loan to GfK SE.

CORPORATE OWNERSHIP/ SHAREHOLDER STRUCTURE OF GfK SE

%



5.34 % Private investors

0.02 %

Management Board and Supervisory Board

9.19 %

21.42 % The UK and Ireland

North America

1.41 % Germany

0.17 % Other countries

6.30 % Rest of Europe

2013 BALANCE SHEET

in € thousand	31.12.2012	31.12.2013
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Industrial copyrights acquired and similar rights		3
Property, plant, and equipment		
Land and buildings	156	137
Other equipment, furniture, and fixtures	169	168
	325	305
Financial assets		
Investments	34,824	35,556
investments	35,149	35,864
CURRENT ASSETS		,
Receivables and other assets		
Trade receivables	36	14
Other assets	14,786	17,773
	14,822	17,787
Cash on hand, bank balances	3	1,270
	14,825	19,057
PREPAID EXPENSES	276	247
	50,250	55,168
EQUITY AND LIABILITIES		
EQUITY		
Other retained earnings	47,695	53,029
PROVISIONS		
Provisions for pensions and similar obligations	696	678
Tax provisions		60
Other provisions	234	173
	930	911
LIABILITIES		
Bank borrowings	1	36
Advance payments received	18	_
Trade payables	1,439	1,030
Other liabilities	167	162
of which for taxes	95	46
of which for social security	1	0
	1,625	1,228
	50,250	55,168

2013 INCOME STATEMENT

in € thousand	2012	2013
Sales	364	256
Membership dues	225	221
	589	477
Other operating income	465	592
of which from currency translation	5	3
	1,054	1,069
Expenses for services procured	- 3,560	- 4,158
Personnel expenses		
Wages and salaries	-1,103	- 1,286
Social security contributions and expenditure for pensions and related employee benefits	– 245	- 282
of which for pensions	- 90	-108
Amortization and depreciation on intangible assets and property, plant, and equipment	-43	-43
Other operating expenses	- 2,054	- 2,665
of which from currency translation	-16	- 6
Income from investments	13,309	13,309
Other interest and similar income	110	241
Interest and similar expenses	-44	- 36
of which from interest accrued	- 38	- 35
Result from ordinary activities	7,424	6,149
Income taxes	- 59	- 56
Other taxes		- 759
Net income	6,711	5,334
Allocation to other retained earnings	- 6,711	- 5,334
Accumulated profit	_	_

STRUCTURE OF THE GfK VEREIN

Four committees steer the activities and orientation of the GfK Verein. The *General Assembly* is the highest committee and meets once per year. It elects the members of the Executive Board, the *Members' Council*, and the *Advisory Board*. The actions of those sitting on the Members' Council and the Executive Board are ratified on an annual basis.

The *Executive Board* consists of four members, who are elected by the General Assembly for a term of five years. Together they constitute the management board as defined in German association law. Helga Haub and Peter Zühlsdorff are Honorary Presidents of the GfK Verein – both are also members of this committee. The members of the Executive Board are responsible for the day-to-day activities of the GfK Verein and representing it to the public. Each of them is assigned an area of particular responsibility:

// PROF. HUBERT WEILER

is, as President, responsible for overall strategy, finances, and the GfK Verein's stake in GfK SE

// RALF KLEIN-BÖLTING

is in charge of PR

// PROF. DR. NICOLE KOSCHATE-FISCHER

is responsible for cooperation programs with academic institutions

// PROF. DR. RAIMUND WILDNER

oversees overall management and fundamental research as Managing Director

The members of the *Executive Board* make joint decisions on the acceptance of new members, proposed candidates for the Members' Council or Advisory Council, and the annual financial planning. They usually meet three times per year. Furthermore, they are in regular communication with one another via teleconferences or e-mail.

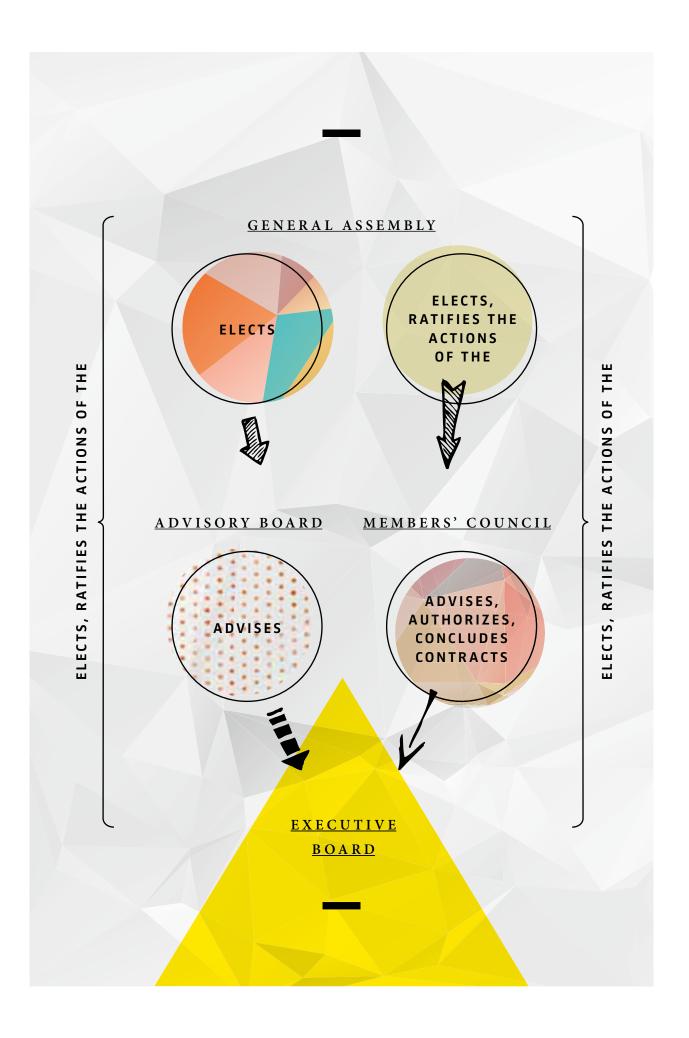
The *Members' Council*, chaired by Claus-P. Rach, advises the Executive Board on all issues relating to the GfK Verein's investment in GfK SE. Moreover, it has extensive veto rights. For instance, the Executive Board cannot sell any GfK SE shares without the prior approval of the Members' Council. The Executive Board also cannot approve any resolutions at GfK SE's Annual General Meeting – which requires a 75 percent majority – without previous approval from the Members' Council. This particularly applies to measures that could lead to a dilution of the GfK Verein's shareholding in GfK SE. Finally, it has the right to supervise the Executive Board in that it is authorized to monitor accounting. The Members' Council meets twice annually in person as well as holding telephone conferences as needed.

The *Advisory Board* advises the Executive Board on all issues not related to the GfK Verein's involvement in GfK SE. These primarily include fundamental research, the GfK Verein's research orientation, PR work, and the annual GfK conference.

The Advisory Board meets twice annually.

This structure was established by means of a change to the Articles of Association in 2009, ensuring that the GfK Verein meets its core objectives as well as fulfilling its responsibilities as the majority shareholder of GfK SE.

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MEMBERS OF THE EXECUTIVE BOARD

Since the founding of the GfK Verein, the Executive Board has been comprised of personalities from business and academia. They are elected by the GfK Verein's members. The Executive Board decides which path the GfK Verein should take. Above all, it supports the organization in its role as majority shareholder of GfK SE as well as helping it to choose the right focus for projects and research to create and share fundamental insights and knowledge concerning marketing and market research.



PROF. HUBERT WEILER
President



RALF KLEIN-BÖLTING

<u>Vice President</u>



PROF. DR. NICOLE KOSCHATE-FISCHER Vice President

As a member of the GfK Verein, Professor Hubert Weiler was appointed to the Advisory Board in 1996 and elected to the Executive Board in 2009. He is the Chairman of the Supervisory Board at the insurance company Universa Versicherungen, Nuremberg. He chaired the Executive Board from January to July 2013 and has been President of the GfK Verein since July 2013.

The marketing expert and owner of NEXT-BRAND, a consultancy for digital brand management, has 25 years of experience in the areas of branded goods, services, and retail. Ralf Klein-Bölting has been Vice President of the GfK Verein since 2009.

Holder of the GfK-endowed Chair in Marketing Intelligence at Friedrich-Alexander-Universität Erlangen-Nürnberg since 2007. Professor Dr. Koschate-Fischer has been a member of the GfK Verein's Executive Board since 2009.



PROF. DR. RAIMUND WILDNER

<u>Vice President</u>



HELGA HAUB Honorary President



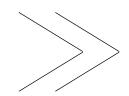
PETER ZÜHLSDORFF Honorary President

Professor Dr. Raimund Wildner has been with the GfK Group since 1984. In 1995, he became Managing Director of the GfK Verein and was elected Vice President in 2005.

The co-owner of the Tengelmann WHG Group was Vice President of the GfK Verein from 1989 to 2004 and has been an Honorary President since 2004.

Peter Zühlsdorff of DIH Deutsche Industrie-Holding GmbH has been involved with the GfK Verein for more than 20 years. He was President from 1992 to 2005, Honorary President from 2005 to 2008, and President again from 2009 to 2012. In July 2013, he was once again appointed Honorary President.

ARTICLES OF ASSOCIATION



I. GENERAL PROVISIONS

§ 1 Purpose of Association

- 1. The purpose of the association is to engage in domestic and international consumer, market and sales research of both a specific and general nature in all areas of business, and to analyze the results for academic and practical purposes.
- 2. The association may utilize funds for the purposes of research benefiting the general public.
- The association shall seek close cooperation with all relevant domestic and international research institutions, and in particular, with the Friedrich-Alexander-University Erlangen-Nürnberg.
- 4. The association shall make available to students its library and generally accessible databases.
- 5. The association shall support the education of consumer, market and sales researchers, and the training of management personnel.
- 6. In line with the purpose of the Articles, the association may acquire for profit businesses in order to gain practical knowledge for market research fundamentals.

§ 2 Legal Status

- 1. The name of the association is GfK-Nürnberg, Gesellschaft für Konsum-, Markt- und Absatzforschung e.V. (the 'GfK Verein').
- 2. The association registered address is in Nuremberg, where it is entered in the Nuremberg Commercial Register.
- 3. The association fiscal year is the calendar year.

§ 3 Membership

- Private individuals, companies, business and other associations, including any type of associations which regulate markets and governmental agencies may become regular members of the association. Applications for membership must be submitted in writing to the Executive Board of the association, which will make the final decision.
- 2. Upon the Advisory Board's and Executive Board's proposal, the General Assembly may grant an associate membership. Prerequisite for an associate membership is shared interest in the association's purpose and exceptional accomplishments on the academic level and in practice.
- 3. Upon the joint request of the Advisory Board and the Executive Board, the General Assembly may grant honorary membership to individuals for outstanding services to the association.

4. The membership shall be terminated as a result of death or written notice of resignation. The Executive Board may terminate a membership for cause. The notice period for the resignation shall be three months to the end of the calendar year. A member loses all rights with respect to the association as of the date the resignation becomes effective.

§ 4 Membership Subscriptions

Regular members shall pay the minimum subscription fee as determined by the Ordinary General Assembly. This amount shall be payable to the association within the first month of the fiscal year.

§ 5 Utilization of Funds

Any profits made shall be used solely for purposes that correspond with the Articles. Members shall not receive any profit participation, nor shall their membership entitle them to any financial benefit from the association's funds.

II. PROVISIONS PERTAINING TO THE VEREIN'S BOARDS

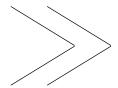
§ 6 Directors and Officers

The association shall have the following boards:

- > the Executive Board
- > the Advisory Board
- > the Members' Council
- > the General Assembly

§ 7 Executive Board

- 1. The Executive Board of the association consists of a presiding Chair and a minimum of two and maximum of four Vice-Chairpersons. The Executive Board and the Advisory Board shall jointly propose members for election to the Executive Board, with the candidates nominated to be submitted to the Executive Board at least one month prior to the General Assembly.
- 2. The Chair and other members of the Executive Board shall be elected by the General Assembly for five-year terms. Upon expiration of their term, officers of the Executive Board shall continue to hold their office until the date of the next General Assembly.
- 3. The Executive Board shall be responsible for all matters that are not explicitly assigned to another board of the association. It manages the affairs of the association in pursuit of its purpose.



- 4. The Executive Board shall establish and comply with its own internal regulations which will provide for the particular areas of responsibility of each Executive Board member, the internal information and cooperation obligations, and its decision-making procedures. Management of the association's business may be assigned to one member of the Executive Board (Managing Director of the Executive Board). The Members' Council is authorized to offer an employment agreement to the Managing Director of the Executive Board.
- 5. The Executive Board shall represent the association both in court proceedings and all other matters as the association's legal representative. In each instance, the association shall be represented by two members of the Executive Board. The Managing Director of the Executive Board shall be duly authorized by the other members of the Executive Board to manage those aspects of the association's business affairs which are set forth in the association's internal regulations.

Any transaction that does not fall within the area of responsibility of the Managing Director of the Executive Board will be decided by the Executive Board by a majority vote. In the event of a deadlock, the Chairperson shall have the deciding vote. The Chairperson or two members of the Executive Board shall also be entitled at any time to request that matters which do not normally fall within the area of responsibility of the Executive Board shall be resolved by the Executive Board in this manner.

- 6. The consent of the Members' Council is required for the following actions by the Executive Board:
- a) the sale of GfK SE shares;
- b) the approval of resolutions passed by the General Assembly of GfK SE for which, under the German Stock Corporation Act, a ¾ majority or ¾ of the vote or a greater majority is required;
- c) all other actions which require approval as specified by the bylaws of the Executive Board.

§ 8 The Advisory Board

1. The Advisory Board shall consist of a minimum of ten and a maximum of thirty members to be elected by the General Assembly for five-year terms. The General Assembly shall also determine the number of members. Members of the Advisory Board shall be individuals with experience in managing companies or in the area of consumer, market and sales research. At least two members of the Members' Council shall be elect-

- ed to the Advisory Board. The Executive Board shall propose candidates for the Advisory Board and the Advisory Board shall be heard with respect to this proposal. Upon expiration of their term, members of the Advisory Board shall continue to hold their office until the date of the next General Assembly.
- 2. The Advisory Board shall advise the Executive Board and the Members' Council with respect to the conduct of their business.
- 3. The Advisory Board may define its own internal regulations, including those pertaining to the preparation and conduct of any negotiations and decisions to be resolved.

§ 9 Members' Council

- 1. The Members' Council shall consist of a minimum of four and a maximum of ten members to be elected by the General Assembly for five-year terms. The General Assembly shall also determine the number of members. Members of the Members' Council shall be individuals with experience in managing companies. The Executive Board shall nominate candidates for the Members' Council. If a Members' Council member's term in office is due to end, it is automatically extended until the end of the next General Assembly.
- 2. The Members' Council shall advise the Executive Board on exercising its rights and the preservation of its interests that arise from its stake in GfK SE.
- 3. The Members' Council shall be responsible for issuing formal approval of business transactions and resolutions passed by the Executive Board to the extent required by the Articles or the internal regulations of the Executive Board.
- 4. The annual financial report of the Association is prepared by the Executive Board and shall be submitted to the Members' Council upon completion thereof. The Members' Council may request an audit of the annual financial report by certified public accountants and that an audit report be prepared according to the terms of applicable general accounting principles. The Members' Council shall select and engage the auditors. If no external audit is conducted, the annual financial statements shall be audited by the Members' Council and the written results of the audit submitted to the General Assembly.
- 5. The Members' Council is entitled to review and inspect all books and records of the association having the same rights of information and disclosure as an Advisory board (Aufsichtsrat) of a German corporation (Aktiengesellschaft).
- 6. The Members' Council may define its own internal organizational rules and regulations regarding the preparation and execution of negotiating and passing resolutions.

§ 10 General Assembly

- Every member of the General Assembly has one vote. Members can appoint another member in writing to participate and vote by proxy in the General Assembly. Evidence of such proxy must be provided.
- 2. The General Assembly may:
- a) determine the membership subscription fee,
- b) elect and terminate members of the Executive Board, the Advisory Board and the Members' Council,
- c) ratify the actions of the Executive Board and the Members' Council.
- d) amend the Articles and the purpose of the association,
- e) appoint honorary Chairpersons and grant honorary memberships,
- f) dissolve and merge the association.
- 3. Upon the request of the Executive Board or the Members' Council, the General Assembly may resolve matters which are within the responsibility of the Executive Board or the Members' Council.

§ 11 General Assembly: Calling of Meetings and Resolutions

- An Ordinary General Assembly shall be held once every calendar year, at which the association's annual report and financial statements prepared by the Executive Board shall be submitted, and a resolution ratifying the actions of the Executive Board and the Members' Council shall be passed.
- 2. In the interest of the association, special General Assemblies may be called at any time by the Chairperson or two Vice-Chairpersons. Special General Assemblies shall be called by the Chairperson or two Vice-Chairpersons if the Members' Council or at least 20 % of the members of the association requested this in writing, stating their purpose and reasons.
- 3. The invitation shall be issued in written form with at least two weeks' notice. The notice period shall run from the date after mailing the invitation. The invitation shall provide for the time and place, as well as the agenda. The letter of invitation shall be considered formally received if it is sent to the members' most recent address, as provided by them in writing to the association.

- 4. The Executive Board shall decide on the agenda of the General Assembly. Proposals from members shall be submitted in writing to the Executive Board at least one week prior to the date of the General Assembly, together with a brief explanation of the reason for the proposal.
- 5. The General Assembly shall be chaired by the Chairperson or other individual appointed by the Executive Board. The presiding Chair of the General Assembly shall appoint a secretary to record and keep minutes and shall determine the method of voting.
- 6. The resolutions of the General Assembly shall be passed by simple majority of the votes. 3/4 of the vote is necessary in order to pass resolutions on amendments to the Articles of Association.
- 7. Minutes of the resolutions passed by the General Assembly must be signed by the presiding Chair of the General Assembly and the secretary and shall be filed by the secretary.

§ 12 Honorary Chairpersons

The General Assembly shall be authorized to appoint honorary Chairpersons as jointly proposed by the Executive Board and the Members' Council.

III. MISCELLANEOUS

§ 13 Dissolution and Merger

- In order for the association to be dissolved or merged, a resolution must be passed by a ²/₃ majority vote of all the members of the General Assembly, failing which, a new General Assembly may be called, which shall be resolved by simple majority.
- 2. In the event of the dissolution of the association, the assets shall be transferred and assigned to the city of Nuremberg, which shall be obliged to use all of these assets to the extent possible, to achieve the prior purpose of the association.

MEMBERSHIP **OF THE** *GfK VEREIN*

Approximately 560 members support the GfK Verein. Members are generally companies or, in a few exceptional cases, individuals. The annual subscription fee is \leqslant 500 for companies and \leqslant 150 for individuals. Members receive the following benefits:

- // The annual statistical report "GfK Base Data Figures for Calculating Regional Sales Data" (hard copy or CD-ROM). This contains the purchasing power statistics for all German cities and counties and is supplemented with additional data on residential construction, population, car ownership, industry, retail sales, etc. (non-member price: €1,000 plus VAT)
- // Free ticket to the annual GfK conference (maximum of two delegates per membership; attendance fee for nonmembers: €200 plus VAT)
- // Twice-yearly copy of the journal "GfK Marketing Intelligence Review" (non-member price: €75 incl. VAT)
- // Fundamental studies and analyses in the form of member circulars on current topics in market research. These circulars are based on sound scientific findings from GfK research fields and are produced exclusively for members (non-member price: €950 plus VAT)

If you are interested in joining the GfK Verein, please contact Petra Gelsen:

petra.gelsen@gfk-verein.org Tel. +49 (0)911 395-2231

Comprehensive information on membership and the current member directory are available at www.gfk-verein.org.

<u>ACKNOW-</u> <u>LEDGMENTS</u>

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