





NOT BIG DATA,
BUT DATA SCIENCE
WILL BE AN IMPORTANT
TOPIC IN THE FUTURE

«

Prof. Hubert Weiler

<u>DEAR LADIES</u> AND GENTLEMEN,

As a non-profit organization for the promotion of market research, the GfK Verein considers the development of future-oriented research methods and the training of market researchers domestically and abroad to be among its most important tasks. In addition, it is also an anchor shareholder of GfK SE. In this annual report, we provide you with insight into our activities and projects of the last twelve months.

The market research industry has really boomed over the last decades, and much has changed. Digitalization and new technologies have had a huge impact on our industry. There is an abundance of data, and this has also affected market research. On the one hand, market research is looking at a future in which new technologies will open up new possibilities. On the other hand, increasingly complex customer questions will require more intelligent correlation and interpretation of the existing data volumes. Data science, and not big data, will be an important topic for the industry in the future.

Consequently, the GfK Verein is working intensively on the development of new methods and analysis tools. The Internet and social networks are an important research topic for us: For example, what insights for marketing and market research can be gained from photos posted on Facebook? Is a person smiling when they show off a new product, or do they seem to be disappointed instead? Research on consumer emotions is also keeping our fundamental research specialists busy. For example, a new project with the working title "Voice Analytics" is exploring the extent to which we can reliably detect emotions in the human voice using automatic emotion detection. We have been busy with this and a whole range of tasks for the past twelve months; on the following pages you can get an overview of our research projects and the measures undertaken by us to promote market research.

In times of change, success depends heavily on the expertise of our employees and everyone involved in the work of the GfK Verein. Therefore, I would like to thank everyone who has contributed to our work's success. This particularly includes all members of the GfK Verein, its Advisory Board, Members' Council and Executive Board, along with the GfK team and our cooperation partners in the fields of science and business.

The 2014/2015 Annual Report creates transparency in our work and should also be interesting reading for everyone who would like to learn more about upcoming developments and new results in our market research activities.

We hope you enjoy reading our report.

Juber Kick

Prof. Hubert Weiler President of the GfK Verein

<u>DEAR LADIES</u> AND GENTLEMEN,

In your hands you have the impressive Annual Report of GfK Verein. This association is unique. It has performed successful fundamental market research as a think tank and is committed to providing market researchers with a solid education on an international level. It is also a stable anchor shareholder in the GfK SE, another unique quality, which makes it possible for us to keep sustainably developing the company. The market is undergoing extensive changes, and in the past three years we have put a great deal of energy into moving the GfK forward into the age of digitalization and globalization.

"The market" – above all, this represents our customers. Their needs are changing rapidly: they face a growing number of data sources, which are creating massive streams of data through more and more contact points to consumers. When dealing with this flood of data, our customers have a clear goal: finding the information that's really relevant and making it useful so that they can develop successful strategies. At the same time, they want to be able to accurately measure the success of their marketing or innovative activities so that they can achieve the best return on investment. Therefore, we integrate, calibrate and interpret comprehensive data – quickly and to the highest standards of quality, as our customers expect meaningful results faster and faster.

This has changed the market research industry altogether. Digitalization and globalization have had huge impacts on market research, from strategy to the nuts and bolts of everyday business. The GfK SE and GfK Verein need to continually adapt to these changes. We can even take it a step further by driving and shaping the development ourselves. For this we need to be prepared to put the traditional and familiar under the microscope at any point. For GfK SE, this means digitalizing the portfolio of market research services, rethinking access to data, and continuously developing the company's science-based expertise and technology. We are therefore turning to social media, for example, to comprehensively research the perception of brands, products and campaigns. We are measuring video offers far beyond classic research on TV viewers so that the moving image market can base its business on a stable "currency" in this age of technological change. We are also designing innovative market research products on the basis of scalable digital platforms. In this way, globally oriented customers receive their insights from everywhere, at all times and at the necessary level of detail.

It is therefore crucial for GfK SE as well as for the industry as a whole that fundamental research, the methods and the training of market researchers also keep up with the changing demands. In doing so, we can shape the future of market research, both in Germany and across the increasingly digital world. Exactly in this arena is where the GfK Verein performs such valuable work. You can find a lot of information on this in the following report

I hope you enjoy reading!

Matthias Hartmann, CEO GfK SE



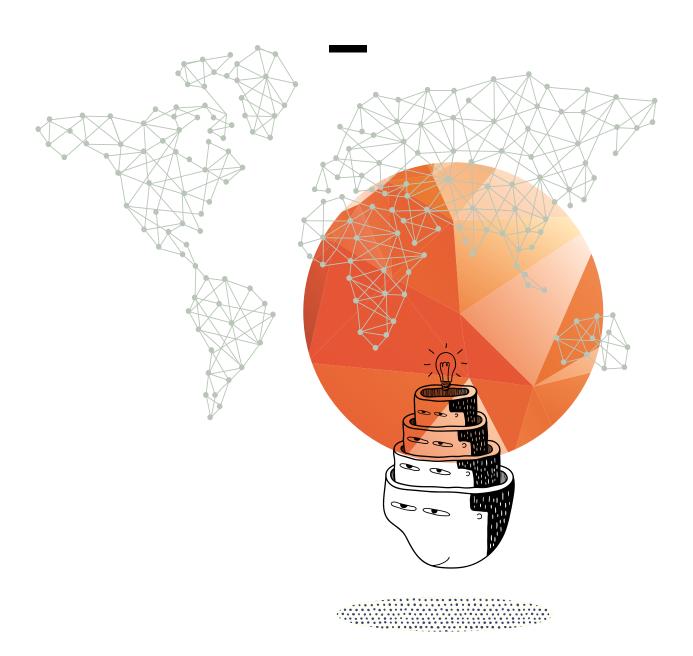
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THE MICROSCOPE AT ANY POINT.

«

Matthias Hartmann

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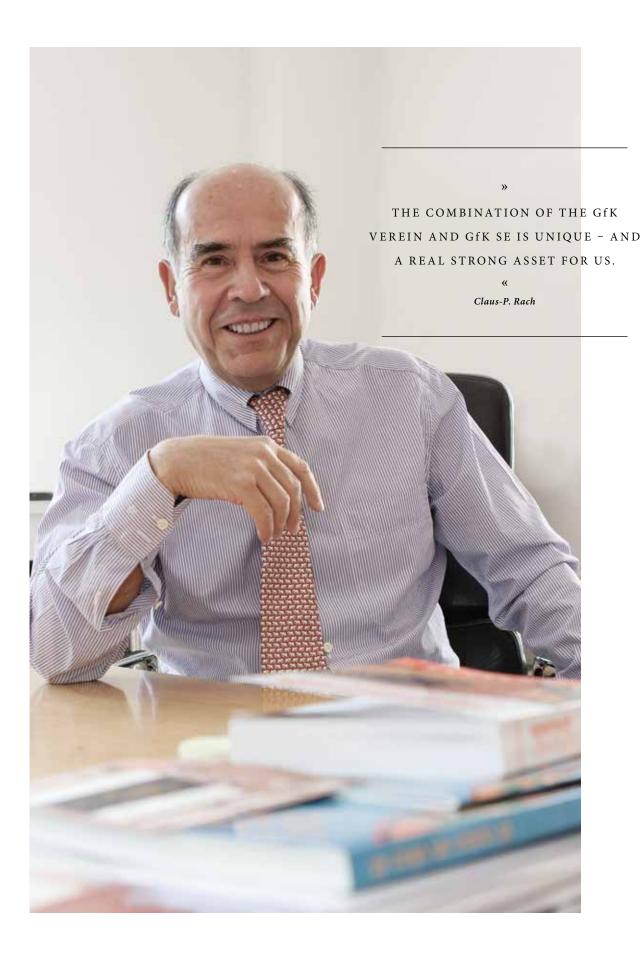
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<u>80</u>

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THE GFK VEREIN IS VERY WELL POSITIONED.

Since its foundation in 2009, the Members' Council has established itself as an important committee in the GfK Verein. In the interview below, *Claus-P. Rach*, Chairman of the Members' Council, comments on the unique challenges and strengths of the GfK Verein, and what the Members' Council has been able to achieve in the past six years.

How long have you been a member of the GfK Verein? How has the GfK Verein changed since then?

CLAUS-P. RACH: I came to the GfK Verein in 2003. In my professional career, I've frequently dealt with market research, but as a customer. So it was exciting for me to get insight into the research side of things. The GfK Verein has changed since then of course, and the changes have been very positive. The fields of research are becoming broader and deeper; the GfK Verein is now more international and is better networked with other partners in the field of science.

Can you describe your involvement in the GfK Verein?

CLAUS-P. RACH: After joining I was elected to the Advisory Board. You can contribute to building something here – that's my main motivation for getting involved. I was elected to be a member of the Members' Council after the Articles of Association were reformed in 2009. In 2009 the Members' Council then elected me from within its ranks to be their Chairman, and that is what I have been doing since – and still really enjoying it.

Why was the Members' Council established in 2009, and what are its most important tasks?

CLAUS-P. RACH: After the GfK Verein and GfK SE separated in 2009 in terms of organization and staff, the association was set up more like a stock corporation, with committees that ensure reciprocal checks. Therefore, there's an Executive Board, a Members' Council and an Advisory Board. The latter mainly advises the Executive Board regarding issues of market research. The Members' Council has many tasks that in a stock corporation are usually handled by the Supervisory Board. It deals with financial issues, the politics between the GfK Verein and GfK SE, and the strategic alignment of the association. This also includes tapping into new business and research fields. In the end, our decision-making process is always based on business considerations: Is that what we want, and do we have the money and people to realize it? At the same time, it is a great help that all those serving on the Members' Council are business people who, however, come from different areas.





In looking back, what has been the greatest success up to now?

CLAUS-P. RACH: We have achieved a functioning organizational structure for the GfK Verein and not by decree but because we are convinced it works. Above all, it is an important achievement that the new Members' Council committee works so well. Despite the fact that we need to maintain a critical stance as the Members' Council, our collaboration with the Executive Board is very close and constructive. In addition, we have succeeded in creating an independent GfK Verein, not just by law but also in practice, because of its good financial position as well as the favorable situation in terms of personnel and substance.

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So, the GfK Verein is well prepared for the future?

CLAUS-P. RACH: It most certainly is. Therefore, my biggest wish for the future is that we continue to be able to find so many enthusiastic and committed employees for the association. We also hope to find competent individuals who make themselves available to the committees because it is people who make the GfK Verein what it is. They make sure that we are who we are and that the quality standards are met. It nevertheless goes without saying that we have to continue evolving. Market research is going through radical changes, i.e., the GfK Verein and GfK SE have to face and help shape these developments. In this regard, standing still means going backwards. We have to win over the digital generation and become even more international. New developments no longer take place in just one location – they come from China, Silicon Valley and other regions. We are therefore looking for ways to arrive at these ideas on a global level. In order to be able to provide companies with the right methods and tools for market research, we do not just have to have our finger on the pulse but also must always be one step ahead.

How is the relationship between GfK Verein and GfK SE today?

CLAUS-P. RACH: GfK SE can rely on us — that is the most important thing. The Executive Board and Members' Council of the GfK Verein have a clear, mutual understanding of the role of the organization — we serve as a responsible majority shareholder. That means that there will not be any hostile takeovers from us. GfK SE can also count on our support with regard to investments in innovation and sustainable

VITA

Claus-P. Rach has been a member of the GfK Verein since 2003 – first on the Advisory Board through 2008 and then as member and chairman of the Members' Council since 2009. Born in 1946, Mr. Rach holds a degree in business administration and began his professional career at Unilever. He spent 20 years at the company in various positions in sales, marketing and operations. Following this, he worked as managing director of tesa Germany at Beiersdorf AG. He then moved on to Royal Numico N.V., where he was managing director of Milupa GmbH. After leaving Numico in 2007, Mr. Rach was member of various supervisory boards, and in 2008 he founded Rach-Consult in Wiesbaden.

business areas. We want to and have to continue cooperating closely with GfK SE. Everything that is in line with our goals and values has to be considered. In the same vein, however, we will make sure that the value of our shareholding increases over the long term because we naturally also have an economic interest.

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«

What benefits with regard to the theory and practice of market research ensue from this close relationship?

CLAUS-P. RACH: The combination of GfK Verein and GfK SE is unique and a real strong suit for us. We as an association can carry out fundamental research independently and without economic pressure. Furthermore, we have access to direct practical application because we can give our research findings to GfK SE for testing. From this we get feedback of what worked with the customers, which, in turn, is incorporated back into our research. Needless to say, this is ideal.

You worked for many years as a manager at various companies – have your work and involvement with GfK Verein been mutually beneficial?

CLAUS-P. RACH: My work at GfK Verein has especially helped me to understand how market research works. I was able to talk with the market researchers at a new level because I had a much deeper understanding than before. That was a big help.

What area of market research do you find most interesting?

CLAUS-P. RACH: Changes in media usage and diverse communication possibilities are resulting in completely different consumer behavior. This has two main consequences for market research: Data is constantly being generated, and in the process this data often produces yet more data. One has to develop the ability to connect all this in a way that makes sense. This must be done in a way that leads to answers that enable companies to answer consumer-relevant questions. To develop the fitting products for this quickly and in a targeted manner — that is an exciting challenge, which we will address in the years to come.

For more information on the Members' Council and committees of the GfK Verein, see pages 106–111.



A PIONEER IN MARKET RESEARCH

The GfK Verein is based on three major pillars: As a market research think tank and non-profit organization, it initiates research projects and develops new survey methods. In addition, its most important core activities include training market researchers. At the same time, the GfK Verein is majority shareholder of GfK SE. This stake in Germany's largest market research institute results in a productive interplay between research and practical application.

The GfK Verein was founded in 1934 in order to "make the consumer's voice heard" as described in the preamble. Promoting market research – this is the goal of the GfK Verein, and today the association is a respected visionary in science and practice. Creating, developing and, not least, passing on relevant knowledge – those are the main tasks of the non-profit organization.

Responsible Majority Shareholder

In addition, the GfK Verein holds a majority stake of 56.4 % in GfK SE. As the largest individual shareholder, the GfK Verein wants to achieve the positive long-term performance of the listed market research institute as an independent entity. The different areas of responsibility complement each other: As a non-profit organization, the GfK Verein concentrates on fostering market research, while GfK SE focuses on collecting and analyzing market, brand and product-specific insights. At the same time, synergies are created: The GfK Verein gains valuable knowledge from practical experience. In turn, GfK SE uses the research findings of the GfK Verein to advise customers and develop new tools.

Creating Knowledge: Markets and Methods

The GfK Verein delivers insights into markets and consumer trends. In its Articles of Association, it has defined its objective as performing its own investigations both in Germany and abroad. For example, the study "Challenges of Nations" investigates which problems people view as urgent in their country. In 2014 not only were various European countries represented in the survey but so were South Africa, Nigeria, the U.S. and Brazil for the first time (see p. 54). This way, the association produces fundamental knowledge surround-

ing market trends and developments. At the same time, the studies deliver insights as to how markets can be even better understood in the future. The GfK Verein also develops new market research methods – frequently in cooperation with academic institutions and industry. Research is carried out on methods that are expected to bring about significant improvement to existing practices – and some succeed in making the leap from theory to practical application. One example is the GfK EMO Scan, which is currently being refined to provide an even more comprehensive analysis of human emotions during advertisements (see p. 34).

Sharing Knowledge: Global Cooperation Programs

An integral part of GfK Verein's work is its university partnerships. According to the Articles of Association, the GfK Verein may collaborate with universities worldwide. As set out in the Articles of Association, the main focus is the close relationship with the Friedrich Alexander University (FAU) in Erlangen-Nuremberg. GfK Verein finances the chair for marketing intelligence at the university and carries out joint research projects with this faculty (see p. 78). For five years now, the GfK Verein has also supported the training of market researchers in three African countries. By doing this, it is making an important contribution to the establishment of market research on a local level. In China, similar programs are under development – the start was a two-week Summer School in Peking in 2014 as well as a market research course in Shanghai. The GfK Academy celebrates its tenth anniversary this year and has achieved much in its successful first decade. Internationally renowned experts impart market research know-how at seminars held there (see p. 74).



Over the past few decades, global market and social research has been a success story. For decades, the industry was able to achieve growth rates that were significantly higher than those of the global economy. These times are over, at least for now. From 2005 to 2010 market research was no longer able to keep pace with global economic growth – this increased markedly from 2010 to 2013.

First of all, this is because many growth drivers of the last decades no longer hold. The liberalization of markets from telecommunications to energy and long-distance travel, the introduction of market economies in Eastern Europe and, specifically, German reunification, and the rapid increase of marketing costs – all this had led to growth in the past, but today it is history. Only the fast growth of the middle class in many developing and emerging countries still promotes market research; however, it cannot make up for the other growth drivers that are lacking.

Added to this is that fact that market research – like other industries before it – is undergoing radical market changes due to disruptive innovations. New technologies – especially the possibility of conducting online and mobile surveys – result in pricing pressure because of DIY providers. On the other hand, these offer completely new possibilities in terms of speed and reach.

Opportunities are also being opened up by new research fields in marketing. The impact of the Internet in all its varieties – from banner advertising to social media, search engines and moving-image ads – on purchase behavior and the interplay with traditional advertising formats – all results in highly complex customer journeys that have to be understood and researched if they are to be successfully managed.

WHEN THE WINDS
OF CHANGE BLOW,
SOME BUILD
WALLS...
AND OTHERS WINDMILLS

«
CHINESE PROVERB

Another area of opportunity are large, unstructured data sets. However, big data is often only usable when enriched with other data. For example, mobile data can show how many people are at a particular location at a specific point in time. However, only when it is linked with survey data via data fusion can one find out what needs they have. This is the kind of data that market research gathers.

This shows that apart from the emerging low-cost segment, there exists a growing area of highly complex issues and studies that require deep methodical expertise on how empirical data is gathered, analyzed and interpreted so that research results not just in figures but also in information and knowledge relevant to decision-making. Over the past decades, the industry has continuously expanded, improved and professionalized this expertise. In the future, data science will become an even greater key qualification in our industry.

However, the industry will only be successful if it focuses more on issues relating to the customer and less on its instruments. How can certain questions be answered with adequate quality and in an as fast and inexpensive way? In this regard, new combinations of previous tools are also necessary, or completely new ones are even required. Many of these solutions will be complex and time-consuming. For other questions, however, solutions are needed that are quick, applicable and economical.

A key question will continue to be how respondents' will-ingness to cooperate can be ensured. First, there is a need for intelligent methods that reduce the burden on respondents. Instead of asking respondents how they feel, this can be observed from their facial features or voice. However, it is also essential that the respondents know that data gathered during market research is secure.

Ultimately, the aim will be to analyze existing and new data even more intelligently than before. The linking of big data with survey data, modeling, improved and new random sampling processes — all these are keywords that point to future possibilities for addressing the increasingly complex questions of marketing.

The GfK Verein is working intensively on all these futureoriented issues. As the Chinese proverb goes, "When the winds of change blow, some build walls ... and others windmills."



THE FACES OF THE GfK VEREIN

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

MANAGEMENT

Prof. Dr. Raimund Wildner is Managing Director and Vice President of the GfK Verein. "The most important thing at GfK are the people who work here." New growth can only be achieved if their expertise and team spirit stay alive and are harnessed.

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

Helen Streilein is a professional multilingual secretary and has been with the GfK since 1981. After many years of working for the Management Board at GfK SE, she joined the GfK Verein in 2004. She is the assistant to Prof. Raimund Wildner and as of this year to Sandra Lades in the PR & Communication team. She especially appreciates the collegial and friendly atmosphere and that the work always provides a fresh impetus for something new.







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. After more than 20 years of experience in marketing consumer goods and big brands for international companies, she especially likes the fact that the GfK Academy operates like a "company within a company."



KNOWLEDGE MANAGEMENT GfK COMPACT

Claudia Gaspar has been a passionate market researcher for decades and Head of the Knowledge Management department for several years. She investigates, gathers and disseminates knowledge on consumer preferences, motives and attitudes

Claudia Castaldi supports knowledge management at the GfK Verein. In her work, she values the opportunity to learn something new every day and broaden her horizons. In addition, she pursues her two main hobbies, photography and beekeeping.

Claudia Stürmer became interested in market research during her business administration studies. As a specialist in the area of knowledge management, she finds it exciting to "research how consumers feel and think."

FUNDAMENTAL RESEARCH

Dr. Anja Dieckmann heads up the Fundamental Research department of the GfK Verein together with Holger Dietrich. The possibility to work on applied issues in a science-baes way is the allure of her job for Dr. Dieckmann, who holds a doctorate in psychology.

Holger Dietrich heads up the Fundamental Research department together with Anja Dieckmann. Markets and marketing are undergoing dramatic changes; however, by combining scholarly and practical applications, fundamental research can help shape the foundation of market research in the future. That is very exciting and challenging.

Dr. Carolin Kaiser holds a doctoral degree in business computing. In fundamental research, she currently investigates which methods can be used for acquiring relevant marketing knowledge from social media images.

Dr. Vladimir Manewitsch earned his doctoral degree in the field of statistics in 2013. His work focuses on researching and applying new statistical approaches in relation to new and existing issues in market research.



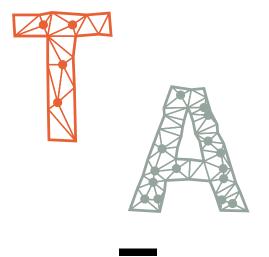


Birgit Stoltenberg is a fundamental researcher with an advanced degree in business mathematics. She works on different models for analyzing and predicting consumer purchase behavior.

As a microeconomist, *Dr. Matthias Unfried* began dealing with issues of behavioral economics during his studies. This is also one of his focus areas within fundamental research at the GfK Verein. In addition, he and Dr. Anja Dieckmann are working together on emotion measurement.

GfK MARKETING INTELLIGENCE REVIEW

"The more in depth one goes on an issue, the more exciting it becomes" says *Dr. Christine Kittinger-Rosanelli*. As Managing Editor of the marketing magazine of the GfK Verein, she is responsible for the editorial processing of new findings in marketing research.



COMMUNICATION & PR

Public relations, event planning, homepage, brochures and a host of other projects that contribute to the external visibility of the GfK Verein fall under the area of public relations and communication, which is managed by *Sandra Lades*. "Only those who truly love their work can do a truly good job" — this has been her motto since the beginning of her professional career and one that she strongly believes.

STUDIES

Ronald Frank is in charge of the Studies department. He previously worked for many years in media research. In his leisure time, the Munich native plays jazz and enjoys good wine and mountain bike tours. His motto is to "always be improving things."

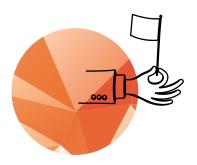
UNIVERSITY COOPERATION PROGRAMS

Dr. Andreas Neus is Deputy Managing Director and in charge of the international university cooperations and the set-up of learning labs. Previously he was employed at IBM and the Karlsruhe Institute of Technology. "Mental models make it hard to access innovation – in this respect, we can learn new perspectives from emerging markets."

Dr. Fabian Buder is a project head in the department of university partnerships and responsible for the "Global Perspectives Barometer – Voices of the Leaders of Tomorrow," carried out in cooperation with the St. Gallen Symposium. What he finds exciting at the GfK Verein is to really delve into interesting issues. "Enough words have been said; now let's finally see data."







OUR MEMBERS <u>A CROSS SECTION</u> OF THE ECONOMY

The GfK Verein has 550 members, most of which are companies. They represent significant parts of the economy and public life – from manufacturers of consumer goods to commercial enterprises, insurance companies, advertising agencies and associations. Their membership makes an important contribution to promoting market research. In return, they receive access to exclusive information about trends and developments in society, the economy and markets. The companies regard this input as a valuable asset for their day-to-day business.

ADDITIONAL INFORMATION ON OUR HOMEPAGE:

For more information on services for members of the GfK Verein and how you can become a member, see page 112. » We want to support green products and markets. But where can they be found? What do consumers think about them? Which global consumption trends do we need to watch? It's a good thing that the GfK Verein and its studies can help us out by answering a question or two on this matter. \ll

Dr. Heidrun Moser, Federal Environmental Protection Agency (UBA)

» The GfK Verein frequently provides us with interesting studies and reports, which is helpful with respect to the day-to-day work and allows us to have a fascinating look at the bigger picture. For example, the focus topics provide informative insights in a compact form, which often lead to new ideas. «

Katja Popanda, Nestlé Deutschland AG

» Never before has brand management faced such complex, rapidly changing markets and effects on our brands. Only when we know the developmental current drivers, are we in a position to draw the right conclusions. One key for this are the domestic and international trend studies of the GfK Verein. «

Dr. Peter Haller, Serviceplan Group for innovative Communication GmbH & Co. KG

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SUBSTANTIATED, COMPACT
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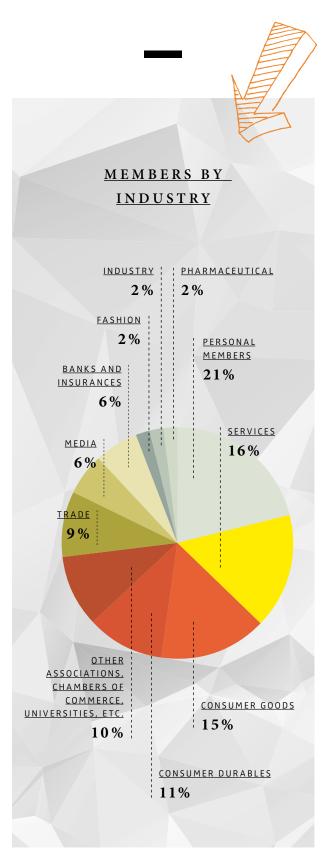
Olaf Gens, REWE GROUP

» Fundamental research and long-term studies, compact press releases and detailed publications, domestic and international research, events and newsletters — the GfK Verein offers every member exactly what they need in order to work reliably and develop new ideas. «

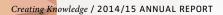
Prof. Dr. Ulrich Reinhardt, Foundation for Future Studies

» Carrying out research and fundamental studies on one's own unfortunately often falls short of what's needed in the everyday business of market research. The unsolicited contributions and studies of the GfK Verein are therefore an important source of inspiration and enrichment for our company. We are always coming back to their studies. «

Thomas Gruber, dm-drogerie markt GmbH + Co. KG







CREATING KNOWLEDGE

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34 /// METHODS

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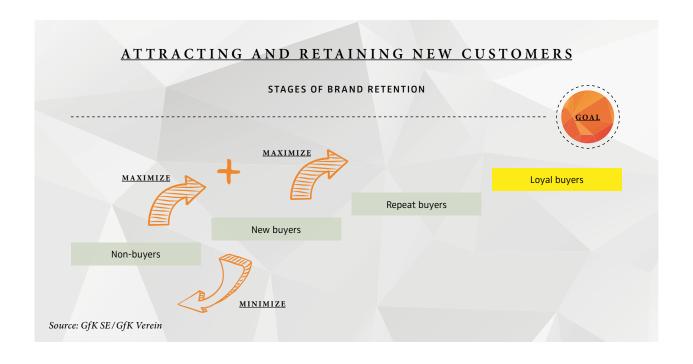
<u>FROM NEW TO LOYAL</u> **BRAND SUCCESS**THROUGH CUSTOMER RETENTION

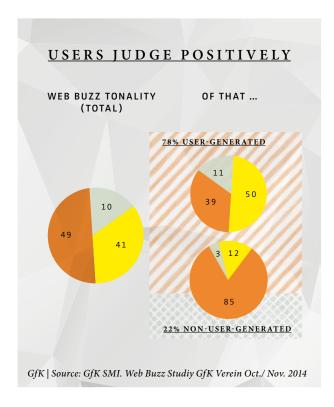
On January 29, 2015, top managers of branded companies came together for the 34th time for the Kronberg Management Talks. At Schlosshotel Kronberg, 55 participants discussed how to win new purchasers and turn them into loyal customers. In addition, several studies of the GfK Verein were added to the data sets of the GfK consumer panels.

The first difficulty lies in attracting the target group to try the brand. Only 5.3 % of product group buyers on average will try a brand. At the same time, however, there is a wide span of 1 to 12 %, which comprises 80 % of the brands. If new customer were gained, the task is to motivate them to make another purchase. This can be achieved on average with only about every third trial buyer, whereby the range here is also great, with 80 % of the brands falling between 17 and 51 %. The question is how a brand can make it to the upper end of the range.

Overcoming Skepticism

With this in mind, Stephan Knäble, Head of Consumer Panels Germany at GfK SE, dealt with the question of how penetration gains can be achieved for the brand and secured for the long term. For a study on new and repeat buyers, close to 2,200 brands from around 290 product groups were analyzed in the GfK ConsumerScan household panel. The result: Coverage is the key to the success of a brand. It has to be always trying to find and retain new buyers. However, they are often skeptical at first. Therefore, the brand must convey that the purchase does involve any risk.





One of the ways this can be done is with small packages, which are ideal for trial purchases. In addition, the brand should only promise what it can deliver, which is the only way to build trust. Communication supports new customer acquisition, such as with eye-catching advertising and interesting content on the company website and in social networks.

Finding Out about New Brands Online

That social networks are becoming increasingly important for communicating with consumers was shown in the presentation given by Prof. Dr. Raimund Wildner, Managing Director and Vice President of the GfK Verein. The GfK Verein has carried out a number of investigations on this. For example, 1,500 households were asked in an online survey what a brand has to offer in order for them to buy it for the first time. The result: Besides personal advice and recommendations from friends and acquaintances, web buzz is becoming more important for the initiation of a new brand relationship. This also includes opinions exchanged on social networks, blogs and Internet forums. While web buzz is still comparably low for everyday goods, its importance is growing. That was the result of an Internet analysis that the GfK Verein conducted for around 40 brands. Individual brands had more than 50,000 hits on one target date. Other, also well-known brands, came to only a few hundred. Most of the communication (95 %) took place on Facebook. In general, brands do not suffer any damages through online discussions; on the contrary, in 90 % of the cases, the web buzz is either positive or neutral. The users are brand ambassadors who may arouse the interest of potential new buyers.

Buying with Caution

The economic conditions were also a topic at the Kronberger Management Talks. This included private consumption as well as the development of the FMCG brands and sales channels of the food retail industry. Matthias Hartmann, CEO of GfK SE, and Thomas Bachl, who is responsible for the GfK consumer panels at the international level, reported on these topics in their talks. Their conclusion: While the European economies continue to recover and private consumption in Germany is on its way to becoming the most important pillar of the economy, this positive consumption climate is having little effect on the German food retail industry. The volume demand continues to decline because consumers are shopping more consciously.

Gain Brandsetters

Where does one find brand ambassadors or what are known as brandsetters and how should they be approached? Dr. Robert Kecskes, Senior Insight Director in the area of consumer panels at GfK SE discussed this in his presentation. Brandsetters are always wherever something is going on and/or trending. They are the first to try new brands, are quality-conscious consumers and prefer branded products. In keeping with their role as forerunners, they are very active on social networks and are trusted by many. Only 5 % of German households qualify as brandsetters. However, they are a very agile target group, who above all are able to generate movement for the brand in those areas where its scope of influence is minimal, namely on the Internet and social networks. Whoever wins a brandsetter over to their side has contact to the consumers of tomorrow – that is what Kecskes recommends to marketing managers.

The great success of the Kronberger Management Talks has prompted GfK SE and the GfK Verein to internationalize the format. In 2015, the Kronberg events haven taken place and will continue to do so in Russia, Poland, the Czech Republic, Hungary and Turkey. In addition to these events, which are based on the consumer panel data there, an event will also take place in Singapore based on the GfK trade panel data on technical consumer durables.

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 branded companies

FIRST EVENT

1981

BEHAVIORAL ECONOMICS – <u>ASSESSING</u> **BEHAVIOR CORRECTLY**

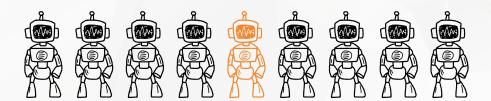
Whether someone is honest or fibs occasionally, is hardworking or likes to take it easy — is there a connection between these expectations and nationality? The role that background plays in assessing other people is investigated by the GfK Verein in cooperation with behavioral economists. The study not only provided insights into how people measure trustworthiness in relation to different countries, the GfK Verein was also able to gain valuable knowledge on the use of behavioral economic methods.

Without trust, nothing is possible in business – whether it is buying a product, choosing a commercial partner or purchasing services. However, in order to measure the trustworthiness of the other party, one has to know something about them. If the information situation is poor, personal traits or even nationality is often used as an indicator, as the literature on "country-of-origin effect" shows. According to this principle, origin can serve as a cue for very high quality. One example is the label, "Made in Germany," even if the intention was different when originally introduced in the 19th century: At the time, Britain wanted to establish a protectionist policy against the import of cheap goods from Germany.

In cooperation with behavioral economists from the FAU Erlangen-Nuremberg and the University of Konstanz, the GfK Verein is examining the question of what role origin plays in assessing trustworthiness. Study participants from five major European countries (France, the Netherlands, Spain, Italy and Germany) filled out an online questionnaire. This also included a decision-based behavioral economic part in order to gain experience with the use of these methods. Customary surveys are often criticized for generating skewed data. In the case of specific questions, the respondents give answers they assume are socially acceptable. Behavioral economics tries to circumvent this effect with incentive-compatible designs and indirect questions.

EXPOSING STEREOTYPES

Within the scope of the survey, the participants had to judge other participants from their own country as well as the other countries with respect to characteristics relevant to trust, such as honesty, diligence and friendliness. In the behavioral economic part, two tasks were presented. The "real effort task" tests whether the participants are willing to use work time. They had to count specific symbols in four tables. For each correct number, 50 cents was donated to a charity organization of their choice. In addition, the participants were asked to secretly toss a coin and report the result. If they said tails, they received one euro for themselves; if it was heads, they went away empty-handed. Since the tosses were secret, a statement cannot be made regarding individual behavior but rather about the average honesty of a group: If each participant reported the correct result, at least half of the participants would have had to toss heads and the other tails. If the number of tosses with heads is significantly lower than 50 %, it can be assumed that the tendency is towards dishonest behavior.





Following the respective task, the participants had to assess how the others had made out by country. A reward was given for this: The more accurate the assessments, the higher the rewarding.

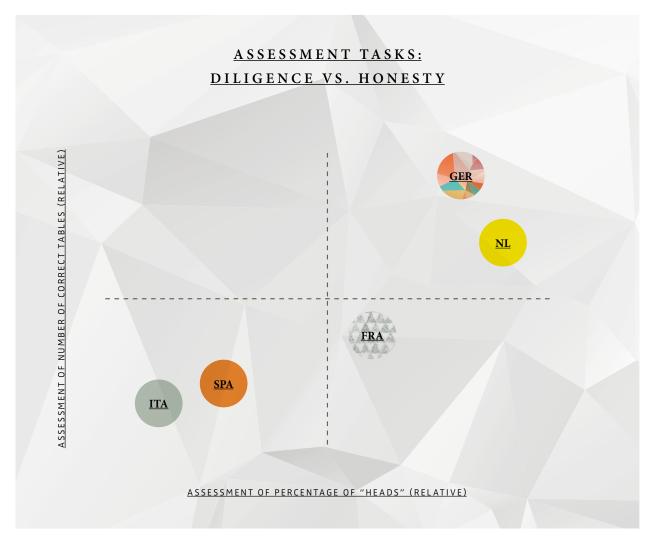


Figure 1: Assessment of the percentage of mentions of "heads" by country and the average number of correctly counted tables by the participants of a country

Biases Exist, But They Are Wrong

The results of both study parts show stereotypes in relation to origin. The survey revealed a strong north-south pattern in the perception of other countries with regard to characteristics relevant to trust. Germans and the Dutch are seen as more hardworking and honest than Italians and the Spanish (see Fig. 1). An obvious assumption is that people of the same country are judged more positively than participants from other countries. In the counting task, however, no indication of this could be found: While the participants from northern countries judge their fellow countrymen as more hardworking than the others, the participants from southern countries actually perceive their compatriots as less hardworking. Therefore, the judgments of the fellow countrymen towards each other also follow the north-south pattern.

In the coin game, the expected favoritism of the fellow citizens towards each other is even reversed: They were consistently judged as more dishonest. However, the stereotypes indicated in the north-south pattern are not reflected by actual behavior (see Fig. 2).

Conclusions for Market Research

The findings show that nationality is used as a cue for trustworthiness. The north-south pattern in particular seems to be a powerful factor. This judgment error can have economic implications. For example, when such stereotypes affect investments in or trade with particular countries. In addition, when this results in consumers avoiding or favoring goods from certain countries, this can have consequences for entire economies.

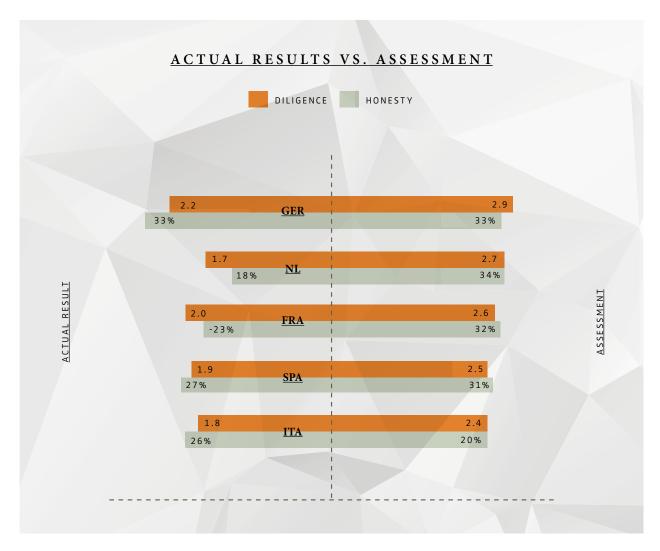


Figure 2: On the right, there is a clear north-south pattern in the assessments of diligence and honesty. The left side shows the actual results of the tasks, i.e., the share of participants who reported "heads" and the actual number of correctly counted tables. The north-south pattern is not confirmed in practice

The study was also informative from a methodical perspective because the results from a traditional survey could be directly compared with an incentive-compatible task. In the survey results, actual evidence of socially desirable answers can be found. For example, the participants judged the countries similarly, especially with regard to rather delicate questions having to do with honesty, trustworthiness and reliability. The findings of the incentive-compatible judgments show much greater difference. The incentives for honesty therefore seem to have a positive effect.

Behavioral economic methods still offer a great deal of potential. That is why the GfK Verein and its cooperation partners continue to investigate their applicability in market research.

PROFILE

BEHAVIORAL ECONOMICS

Trust and beliefs among Europeans: An experimental analysis

DESCRIPTION OF STUDY

Investigation of trust/perception between Europeans as well as the use of behavioral economic methods in market research

START OF PROJECT

2012

COOPERATION PARTNERS

FAU Erlangen-Nuremberg; University of Konstanz

BETWEEN MISTRUST, KNOWLEDGE & RESPONSIBILITY:

CONSUMERS & SUSTAINABILITY

There has been increased public awareness of sustainability in the last few years. Therefore, the issue has also become more important for industry and trade. What is important to consumers, what sustainable consumption styles they foster and what their understanding of sustainability is — three studies of the GfK Verein provide information.

Message and Impact

Manufacturers of many industries advertise environmental compatibility on their products. But do consumers understand the usually drastically shortened messages? And what role do they play with regard to purchasing? These questions are addressed in an online survey that the HLL Leipzig Graduate School of Management and GfK Verein put together in January 2014 for the GS1 Germany. A total of 999 respondents in all of Germany evaluated 22 not yet legally regulated messages on the topics of climate, energy, water, raw materials and waste disposal. The spectrum ranged from universally known statements such as "reusable" to broad terms such as "ecologically sustainable" and ones that are open to interpretation such as "climate neutral."

The qualities that fared best were "groundwater friendly" and "biodegradable." They are catchy, are considered ecologically sensible and are purchase motivators. In contrast, information such as "50 % less greenhouse emissions" or "causes 320 g CO₂" has little effect because the basis of comparison is missing.

According to the study, comprehensibility is important, but it is not the only criterion for a purchasing decision: Consumers turn to sustainable products, especially when they promise something that is in their own interests, as well. For example, this applies to the claim "water-efficient product." In the eyes of many, it bodes well both for the environment and the wallet. In contrast, if the respondents do not care much about the message, clear comprehensibility will not help the provider much. Consumers know what "100 percent green power" means. However, they consider the issue of renewable energies a much less significant purchasing criterion than, for example, the recycling of packaging.

Confusion at the Supermarket Shelf

These days, organic food seems to be everywhere. However, the maze of quality seals and sustainability claims overwhelms consumers. An analysis of purchases in the ConsumerScan fresh food household panel showed that consumers incorrectly assumed that conventionally produced food such as cheese, bread, vegetables or eggs were organic products in 30 % of the cases (Buder et al. 2010).

SOME CLAIMS CREATE MISUNDERSTANDINGS

Message

> Frequent misunderstanding

Made from 100 % recycled materials

> The product itself is recyclable.

Made from organically grown ingredients

> The product comes from an organic farm

Biodegradable

> The packaging should be sorted into compostable waste.

PVC-free

> The product does not contain any synthetic materials.

For the study "Sustainability Claims Put to the Test," the respondents first indicated how well they understand selected messages (quantitative survey). This was followed by an explanation of three messages that they think they understood (qualitative survey). The result: Some claims create misunderstandings.

From 2012 to 2013, employees at the HHL Leipzig Graduate School of Management, the University of Potsdam, the University of Hanover and the Braunschweig University of Technology in collaboration with the GfK Verein developed a multidimensional measurement model for sustainable consumption. Subsequently, the GfK Verein conducted a representative online survey to validate this instrument. The results, which were presented at the beginning of 2014, were convincing: The general value systems, the measurement instrument for sustainable consumption and the data on purchase behavior were an excellent match.

The practicality of the instrument is currently still being tested even more thoroughly. The GfK Verein carried out a short questionnaire on the three pillars of sustainability in a random sample of the GfK household panel. This allows the experts to compare consumers' actual purchases with their attitude towards sustainability. For real purchase behavior, purchase data exists for ten product groups in which sustainability plays a role, including roasted coffee and chocolate. The participating colleges are expected to present the first analyses by mid-2015.

The GfK Verein will inform its members on the progress of the investigations via circular letters.

The reasons for this so-called consumer confusion are being investigated in a dissertation at the HHL Leipzig Graduate School of Management: Anja Buerke analyzes an online survey financed by the GfK Verein, in which 1,171 consumers answered questions regarding the purchase of sustainable products and their main retail outlets. The objective of the dissertation is to come up with recommendations for the food retail industry in terms of strategies with regard to orientation, profiling and simplification. In addition, Anja Buerke wants to investigate how sustainability awareness influences consumer confusion.

Measuring Awareness of Sustainable Consumption Completely

Most studies on sustainable consumption focus on ecological issues. The social and especially the economic perspectives are often lacking. A research cooperation between several colleges and universities and the GfK Verein is changing that through a multiyear project. The goal is to be able to measure all aspects of sustainability with regard to consumption.

PROFILE

INVESTIGATIONS ON SUSTAINABLE CONSUMPTION

DESCRIPTION OF STUDY

Three studies (sustainability glossary, research cooperation, "Sustainability Scale" and "CSC Scale [Consciousness for Sustainable Consumption]" and consumer confusion), in which the GfK Verein and its partners are investigating "sustainable consumption"

STUDY CONDUCTED

2012 to 2015

COOPERATION PARTNERS

GS1 Germany; HHL Leipzig Graduate School of Management; University of Potsdam; University of Hanover; Braunschweig University of Technology

METHODS/SAMPLES please see text

<u>GfK</u> BASE **DATA**

Once a year, the members of the GfK Verein receive a comprehensive set of figures for calculating regional sales figures. These important key metrics at city and county level, which are calculated by GfK GeoMarketing, are available in print and on CD-ROM. The GfK base data figures are an important component for managing sales and marketing.

residents of Starnberg County in 2015. This is the highest figure. According to GfK, the average purchasing power for Germany is €21,449. The lowest purchasing power prediction was for Görlitz County with €16,645.

€31,479

GfK forecast of the purchasing power of the

In which region do people have the most money available? In which region were the most houses built last year? Which region has the fewest car-free households? Knowing the economic differences and features of individual regions allows sales and marketing to tailor their activities to the characteristics of each area. For example, companies can recognize sales potential, evaluate locations or plan advertising activities. The GfK base data figures offer a broad spectrum of regional data for all federal states, administrative regions, cities and counties.

The figures are broken down into four topic areas:

1. Area, population, GfK purchasing power, GfK retail sales: This information allows locations' attractiveness to be evaluated. One of the most important key indicators is GfK purchasing power. It shows how much money the consumers of a region have available for consumption spending. It is calculated as the total of all net income, based on official wage and income tax statistics as well as other types of income such as government subsidies.

GfK retail sales forecasts the sales volume in individual regions. In contrast to GfK purchasing power, retail spending is measured at the point of purchase not place of residence. This is based on the results of the official statistics,

especially the sales tax statistics adjusted by GfK GeoMarketing. These figures are useful for branch network planning, site assessment, sales controlling, advertising planning and direct marketing.

2. Industry and transportation: The GfK base data figures include detailed data on how many vehicles are registered in individual counties. In addition, GfK GeoMarketing calculates car density: It shows the number of cars per 1,000 residents and region. The data source is the German Federal Motor Transport Authority (KBA) in Flensburg. The industry distribution provides insights on the regional sales potential of all those companies operating

€17.5 BILLION

estimated 2015 revenues for the retail sector in Berlin.

This is followed by Hamburg in second place. Based on the number of people living in Berlin, this corresponds to a GfK retail sales index of 102.2; Hamburg's index rating is 122.2 (average for Germany = 100). The lowest retail sales is expected in Lüchow-Dannenberg County.

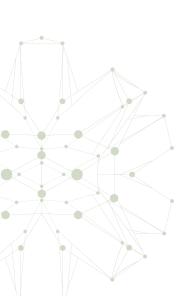


7,697

apartments were completed in Munich in 2013. That makes the Bavarian capital the top city for construction activity, followed by Berlin.

235,527

apartments were approved in 2013 for residential buildings. That represents 43 % more than in 2010.



17.3%

of the residents in the county
Cloppenburg are children, which is more
than 30% above the average for Germany.
The city of Dessau-Roßlau has the
highest percentage of senior citizens
with a share of 29%

1,132

cars per 1,000 residents – Wolfsburg once again had the highest car density in Germany in 2014 (as of January 1, 2014; previous year: 1,071 cars) In the number of industrial employees per 1,000 residents, Wolfsburg is also leading the ranking.

in the capital goods area. The characteristics shown include industrial enterprises, employees and sales, as well as gross fixed capital formation of the industrial enterprises. All industrial and craft enterprises with a minimum of 20 – or is some cases 50 – employees are included.

3. Population by age, gender and size of municipality: Six age groups categorized by gender, as well as four municipality size classes are given. This allows a clear distribution of the population in a region according to different town sizes. Only 8 % of Germans live in the cities Berlin, Hamburg and Munich; in contrast, a total of 85 % live in municipalities of 5,000 people or more.

4. Construction activity: This part of the GfK base data figures includes data on building permits in residential and non-residential buildings, building completions, and apartment and residential building inventory. For example, building permits are an indicator for expected demand in a construction sector and all the related requirements such as furnishings, lighting, landscaping, etc. The apartment inventory and purchasing power together show whether there could be a higher demand for apartment furnishings in the region. In combination with other base data figures, such as population, household and annual population growth, conclusions can be drawn about a region's housing needs and future construction projects.

<u>GfK EMO SCAN</u> EXPAND **THE POSSIBILITIES**

Observe facial expressions instead of analyzing verbal communication — with the GfK EMO Scan, consumers' emotions are readable on their faces. The award-winning analysis instrument has already been successfully used in market research, and the GfK Verein is continuously fine-tuning it. Together with its cooperation partners Fraunhofer IIS and the University of Geneva, the GfK Verein is working on detecting individual muscle movements, called action units (AUs), in order to derive more emotional assessment dimensions than before. In addition to valence (positive vs. negative), which it already measures, the capability of the GfK EMO Scan to register emotions is continuously being refined - by including the additional dimensions of novelty value and controllability.

The Software Learns

The AUs are determined via a flexible grid model of the recorded faces. However, some AUs cannot be identified with sufficient accuracy because, for example, the change in the distances between the grid's nodal points is not precise enough or too minimal. Therefore, additional characteristics should make recognition easier. Some AUs are characterized by specific changes on the skin's surface, i.e., by small "expression lines." With a genuine, heartfelt smile, small laugh lines appear between the cheeks and corners of the eyes as a result of lifting the cheeks (AU 6). The software is currently being trained to recognize such surface changes in addition to the distance changes. This allows more accurate capturing of the AUs most important to assessment dimensions.

Training Material for the EMO Scan

The GfK Verein has already proven that the three assessment dimensions can always be predicted from the AUs if they are detected well enough. People who are trained to manually code AUs — so-called FACS coders — analyzed a great number of respondent recordings. Videos they annotated serve as training material for software development.

Based on these manually coded AUs, novelty value and controllability could be determined in addition to valence. In essence, facial expressions not only make it possible to predict which advertising content the respondent found pleasant or unpleasant but also which content elicited surprise or confusion.

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



THE VOICE REVEALS MUCH

Researchers have been investigating the automatic recognition of emotions for generations. Considerable progress has been made in the areas of biometric methods and automatic analysis of facial expressions in the last few years, such as with the GfK EMO Scan, the software for the automatic recognition of facial expressions. However, the voice also offers many insights into emotions. That is why GfK Verein is working with partners to develop an instrument for automatic voice analysis.

In humans, the ability to recognize whether another is relaxed, upset, happy or sad is instinctive. However, it's much harder to teach this to a machine. Emotional dimensions such as valence (positive vs. negative) or novelty value can easily be discerned in facial expressions. Until now, however, emotional excitement usually has to be measured with instrument-based methods such as electroencephalography (EEG) or by measuring the changes in skin conductance. These methods are time-consuming and anything but pleasant for the subject. Interestingly, the voice is particularly suitable for measuring the emotional degree of excitement as well as valence, interest or mental effort, i.e., the degree of thought involved while speaking.

Voice analysis can also be useful in other ways, such as in telephone interviews when the visual channels for gauging reactions are absent. In addition, a voice analysis takes the pressure off subjects because all they would have to do is speak rather than fill out a long questionnaire. Furthermore, a completely new quality of data could be collected. After all, who is not familiar with going on excitedly when telling a story or talking oneself into a rage.

Applications for Market Research

For the automatic detection of vocal emotional dimensions, the GfK Verein has started a project with Professor Dr. Björn Schuller from the University of Passau. The project focuses on using voice analytics for market research, where emotions tend to be subtly expressed. The GfK conducted a study in order to test this application. First, advertising spots were

tested in a traditional way by having subjects fill out a questionnaire after they had seen various ads. Afterwards, subjects were asked to provide verbal answers to specific questions. These answers were recorded.

Initial Results and Outlook

To develop an automated system, all recordings were first manually coded according to their emotional content. This coding gives clear indications of the broad range of emotional states and was used to train the automatic recognition model. In addition, the analyses show that the opportunity to give a candid verbal answer motivates subjects to give more detailed information than in the corresponding written questions. And they can also express greater emotional range: While talking, some subjects start getting excited, while others also describe negative experiences with a great deal of emotion.

The prototype of a detection algorithm has already been completed. Now it's time for the evaluation. Initial results already show a very good performance compared to preexisting classifiers. With regard to recognizing emotional excitement and interest particularly good results could be achieved.

In the course of the project, many exciting questions arose, which will provide impetus for further research. The next logical step would be the automatic transcription and content analysis of the verbal answers. Interesting insights are also expected in terms of how different cultures and languages influence the measurement of emotions.





Professor Dr. Björn Schuller, Chair for Complex and Intelligent Systems at the University of Passau, is developing voice analysis software in collaboration with the GfK Verein. In this interview, he talks about the special challenges of this form of emotion measurement.



How did you become interested in voice research?

PROFESSOR DR. BJÖRN SCHULLER: The initial inspiration for this was the show Knight Rider — as early as the 1980s, Hollywood had a vision of a computer system that could automatically recognize when a driver was tired or annoyed. The driver communicated primarily through his voice. The visions of today, such as the recent Oscar-winning film Her, take this theme up and develop it further. My first real contact with this was through investigating verbal input of mathematical formulas while working on my diploma thesis at the TU Munich. This was followed by a dissertation on automatic emotion recognition and a post-doctoral thesis on the further recognition of speaker states and characteristics, also completed at the TU Munich.

What is particularly challenging about developing an instrument for voice analysis?

PROFESSOR DR. BJÖRN SCHULLER: For the voice, the main challenge arises as a result of its independence from spoken language. In addition, robustness is an issue, also in relation to ambient noise and especially other speakers or music. In that case, those characteristic features that identify the emotion largely independently from other influences have to be worked out — a task that has not yet been entirely solved.

What does the software have to learn in order recognize emotions in the voice?

PROFESSOR DR. BJÖRN SCHULLER: Most of all, a suitable software has to "listen" to many examples, where it is known which emotions are behind them. The software uses this to learn nonlinear mapping with respect to characteristic features such as pitch level, volume and rate of speech, features that all give an indication of the speaker's emotion. In the process it must especially be able to generalize, i.e., to draw conclusions about a new case, such as a previously unknown speaker, from what are usually relatively few examples. However, as mentioned previously, the software must also be able to eliminate language interference in order to remain robust. This has become more feasible thanks to the progress in the area of machine intelligence – especially with regard to "deep learning" and partially supervised and unsupervised learning. The processes allow the machine to learn features on its own even if the emotion is not known. This is especially important in order to learn more about the influence of different cultures and languages.

Which emotions can be identified pretty well through the voice and which ones not so well?

PROFESSOR DR. BJÖRN SCHULLER: The voice — in the sense of "how" something is spoken — mainly conveys information about emotional excitement and the dominance of the speaker; from "what" is spoken, information about the valence can be derived, i.e., how positive or negative an emotion is. In combination, most emotions are easily recognizable, whereby "social emotions" represent the greatest challenges.

What else does a voice reveal which, for instance, the analysis of facial expressions cannot show?

PROFESSOR DR. BJÖRN SCHULLER: The degree of excitement is difficult to recognize from facial expressions. However, the voice reveals even more, such as whether a speaker can see the other person or not. And even in more general categories, what the person is eating or whether they are mentally distracted.

For which market research issues is a tool like voice analysis especially suitable?

PROFESSOR DR. BJÖRN SCHULLER: Basically, for everything that is spoken — such as for automatic analysis of interviews or even discussions between users or potential buyers. Nevertheless, voice analysis can also be interesting when users or observers of products, ads or the like are alone — even then "non-verbal" acoustic sounds such as sighing or (audible) breathing can be automatically evaluated. And sometimes we also just talk to ourselves.

»

THE VOICE - IN THE SENSE OF

'HOW' SOMETHING IS SPOKEN
MAINLY CONVEYS INFORMATION

ABOUT EMOTIONAL EXCITEMENT

AND THE DOMINANCE

OF THE SPEAKER.

«

PROFESSOR DR. BJÖRN SCHULLER

WE LOVE THE BRANDS THAT WE POST

Photos on social media are just as important as text posts. Each day, Facebook users share several hundred million photos. Many of them show products and brands. What do these photos say about the attitudes towards a brand? A study of the GfK Verein and the University of Michigan-Dearborn shows that posted photos of brands are often expressions of brand love, loyalty and a definite recommendation.

The flood of images is tremendous: More than 250 billion photos have already been shared by around 1.4 billion Facebook users worldwide via the social network. Each day, around 350 million more are added. A weekend trip to London, the most recent concert, new sneakers — everything is captured and shared with friends and acquaintances on social networks. The posted photos are not just snapshots of everyday life, often products can be seen that reveal a great deal about the attitude of the consumers towards the brands shown.

Researchers at the University of Michigan-Dearborn and the GfK Verein have found out that the willingness of users to post photos is closely related to their appreciation for the photographed brands. A key finding of the study was that brands that are photographed often and in a positive context enjoy strong brand love and consumer loyalty. At the same time, they can count on being recommended often and with great conviction.

Sharing Means Affection

The scholars interviewed more than 500 German and American Facebook users, who said they had posted a brand photo on Facebook. Among 71 % of the respondents who showed a strong willingness to post images of products, there is a "strong" to "very strong" level of brand love. Furthermore, the power posters also indicate significantly above-average brand loyalty (69 %). A significant majority of this group (60 %) would also recommend the photographed brand to others with strong conviction.

By looking at the two comparison groups, the findings are confirmed: Only 24 % of Facebook users with a mostly average inclination to share product photos register feeling strong brand love. This is almost negligible in people

with a lower affinity to photo sharing, with only 4 % of the respondents expressing a strongly developed brand love. 96 % stated that they have a medium to low attachment to the brand. The answers of these Facebook users to the researchers' questions about brand loyalty and willingness to convincingly recommend a product to others were virtually identical.

As a whole, the study showed for the first time that photos on social networks clearly reflect brand appreciation. Market research can take advantage of this: Social media photos enjoy greater credibility when compared to professional advertising photos. Consequently, they represent a new data source for market research and provide valuable design information for advertising and communication.

PROFILE

FACEBOOK BRAND PHOTOS

PROJECT DESCRIPTION

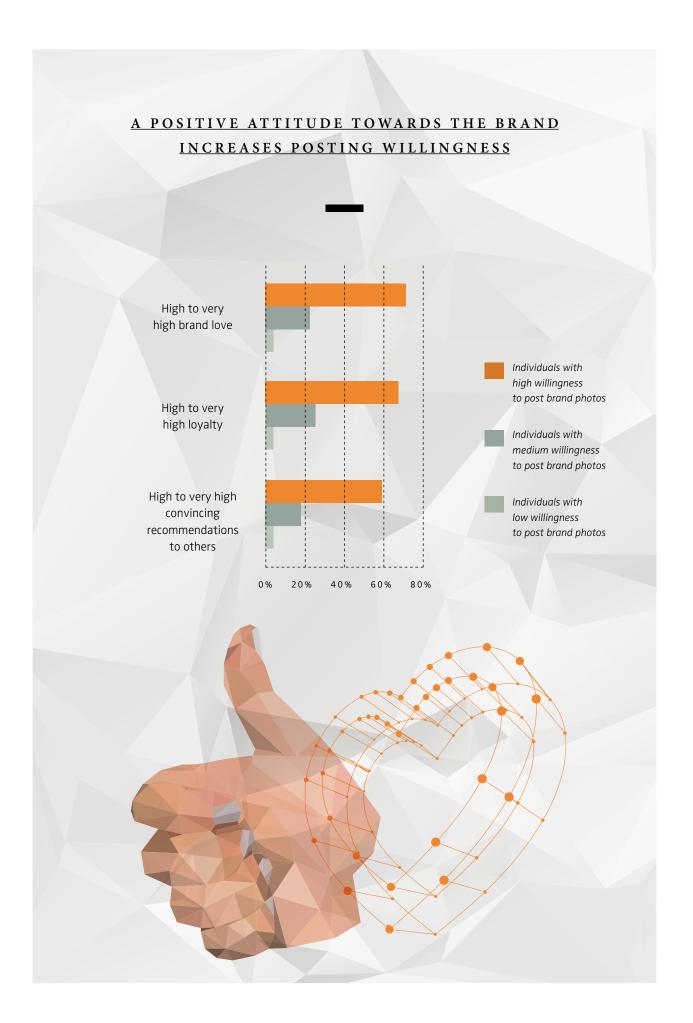
Survey of 503 German and American Facebook users on posting willingness and brand attitudes

START OF PROJECT

May 2014

COOPERATION PARTNERS

University of Michigan-Dearborn, U.S.



TAKING A CLOSE LOOK AT ONLINE DISCUSSIONS

"Markets are conversations" – this thesis of the influential "Cluetrain Manifesto" was the starting point for a research project on network communication. The GfK Verein, the company Sensemetric and the University of Vienna have developed methods and programs that allow them to analyze the relationships between scattered content on the Internet.

On social networks users engage in animated communication, and discussions often develop. The GfK Verein wanted to find out how posts, tweets, articles and videos dealing with specific topics are connected as a dialogue. This was mainly investigated by means of network analysis. At the same time, the GfK Verein carefully examined the structure of user networks on social media in order to understand how opinions and interests on Twitter, Facebook and Instagram are disseminated and circulated.

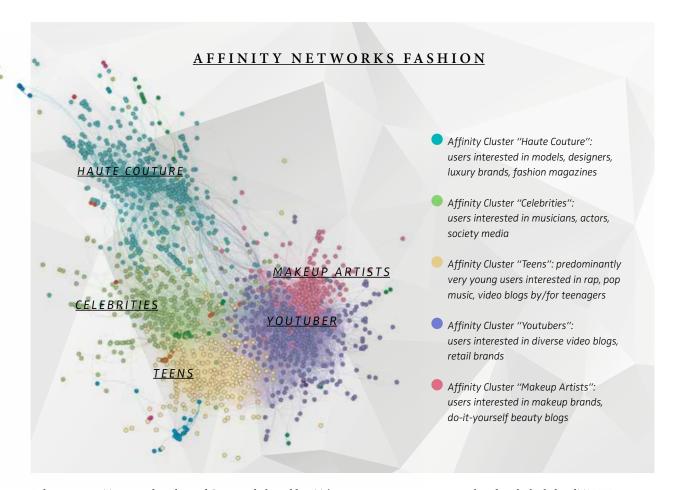
Progress with the Analysis

TANEP: Towards an Analytics of Networked Publics – that is the name of the interdisciplinary research and development project. The team overcame several challenges with regard to the acquisition, processing and analysis of web data. Among other things, the dismantling of websites into information units caused initial technical and methodological problems. Also, categorizing and assessing links and network structures were not uncomplicated tasks. In addition to analysis, the research team created a theoretical basis

for interpreting and applying findings for issues relevant to market research. The basis for this were case studies on very different industries and topics, such as marketing events by Red Bull, the Transatlantic Trade and Investment Partnership (TTIP), American fans of German automobile brands, the elections for European Parliament in 2014 and fashion blogs.

Among other things, the techniques and methods developed can now perform the following tasks:

- // identify and describe the most relevant links in a specific topic area
- // differentiate and analyze various thematic threads and points of argumentation in public dialogues
- // identify communities of social media users with similar opinions and preferences and draw connections between them
- // reveal the interest patterns of users, e.g.: What are people who are interested in brand X also interested in?



What interests Twitter subscribers of German fashion blogs? These interest patterns were analyzed with the help of TANEP. The mapping nodes represent users; the edges illustrate mutual interests. The closer two nodes are to each other in the network, the greater the similarity in their interests.

Second Phase with New Research Questions

The project is currently being continued in a second phase and with a new constellation: GfK SE took over Sensemetric and then renamed it the Social Media Intelligence Center (SMIC); the project manager Dr. Axel Maireder also left the University of Vienna to head up GfK SMIC. The focus is now on three methodical problems that proved to be especially tricky in the initial project, but which are also highly relevant for the continuing development of market research methods: First, work is being done on network sampling strategies, which should also allow structural analysis of particularly large networks. Second, research is being done on the reduction of networks to their essential structural features in order to solve analytical problems related to very dense networks. Third, network changes over time are being investigated in order to better measure communication dynamics. The research projects began at the start of 2015, and the cooperation is planned to last one year.

PROFILE

TANEP - TOWARDS AN ANALYTICS OF NETWORKED PUBLICS

DESCRIPTION OF STUDY

Analysis tool for online communication channels

START OF PROJECT

2012

COOPERATION PARTNERS

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

MEASURING HOW MUCH OF A SHOT A PRODUCT HAS WITH THE CONSUMER

For companies, it is important to know which products will be well received by consumers, as well as which may not. With conjoint studies, consumer preferences can be determined. In order to make the findings as accessible as possible for decision-makers, the GfK Verein and its partners developed a user-friendly market stimulator. This has been in use at GfK SE since March 2015.

Consumers usually have very specific ideas about how products should be. Only then they decide to make a purchase. The goal of the market simulator is to integrate the customer preferences investigated in a conjoint study. It is an important tool for predicting the success of new product concepts in a realistic market environment. Using a special software, companies can arrange the concepts to be tested modularly, which will allow extensive or smaller product modifications to be evaluated quickly and easily with respect to their potential success and effect on competitor products.

Many Options, Easy Application

In order for users to want to use these market simulators, they not only have to offer a variety of analysis options but also outstanding user-friendliness. That is why the GfK Verein initiated a research project in 2013 focusing on optimizing the user interface of market simulation tools. In cooperation with user interface designers from USEEDS and conjoint experts from the area of marketing and data sciences at GfK SE, a user interface concept was developed with the needs of the user in mind. The tool that came out of the research collaboration was developed to market readiness within GfK SE and has been in use as the "Market Opportunity Simulator" since March 2015. After the first six months, a detailed user survey will be conducted to find out how the operating elements and menu structure are perceived and where the users still see deficiencies and the need for further development. These findings will be incorporated into the development of future versions of the tool.

A Simulation to Watch

A two-minute YouTube video was developed together with the ABSHAGEN agency for potential users of the "Market Opportunity Simulator." It explains the tool and shows the advantages of the simulator. The video is available on the official YouTube channel of GfK SE and can be accessed directly via the link http://tinyurl.com/GfKmosim.

Users familiarize themselves with the tool in step-by-step video tutorials with a running time of more than 70 minutes, which guide them through the different dialogs and analysis options and thus facilitate intuitive access to the simulator. The video clips can be accessed at mosim. GfK.com (optimized for Firefox and Chrome). They give a good idea of the operating concept behind the "Market Opportunity Simulator."

PROFILE

MARKET OPPORTUNITY SIMULATOR

PROJECT DESCRIPTION

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

START OF PROJECT

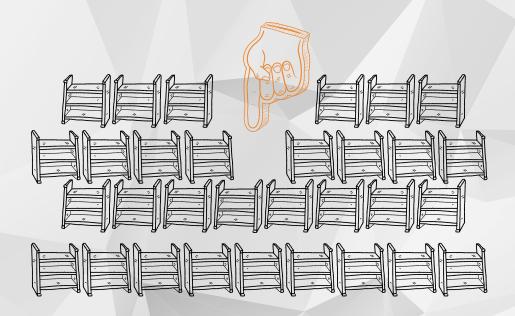
2013

COOPERATION PARTNERS

GfK Marketing & Data Sciences; USEEDS

AGENT-BASED MODELS

Why do consumers show a preference for one particular product, while leaving another on the shelf? In addition to the regression models, agent-based models are also being tested in science. The main advantage of these models is that interaction between consumers can also easily be taken into consideration. Investigations are currently underway to find out if they provide the possibility of carrying out better simulations of the purchase and decision-making behavior of consumers than traditional models. The GfK Verein has created several prototypes for this purpose and evaluated existing software solutions. Based on these findings, the GfK Verein is currently developing and implementing its own framework for an agent-based model designed especially for market research.



PROFILE

AGENT-BASED MODELS (ABM)

PROJECT DESCRIPTION

Investigating the application options of agent-based models for market simulation of FMCG markets

START OF PROJECT

A MODEL FOR THE RIGHT <u>MARKETING MIX</u>

With the GfK BrandSimulator, the GfK Verein has developed a model that analyzes the effects of marketing activities on the sale of everyday consumer goods. This allows the relationship between the marketing mix and market share to be shown and predicted. The GfK BrandSimulator has been successfully applied in practice for many years and is continuously being refined by the GfK Verein.

How do the sales figures change when prices drop? Do the increased sales have to do with supermarket promotion? Will consumers continue to remain loyal to my product? Finding the answers to these questions is essential for marketing managers because they have to come up with the right marketing mix of price, promotion, distribution and (optional) TV advertising in order to ensure a brand's profitability. Of key importance here therefore is assessing the consequences of things such as price and promotion changes. Market models establish this connection between marketing mix and sales.

Recommendations for Marketing Decisions

The GfK BrandSimulator can predict the effects that different marketing mix concepts have on the sale of products in the area of FMCG. In identifying the effects on sales, numerous factors play a role; the relationships are complex, and the data volumes enormous. The high expense for the development of a very complex statistical model was only possible within the scope of a baseline study. The BrandSimulator is based on all the purchase acts in a product group gathered in the consumer panel. Each purchase act is entered as a data point in the modeling. It calculates the effects for each product within a product group and for each relevant retail location. This makes it possible to

determine, for example, whether the price increase of a product will benefit other products by the same manufacturer or if it will benefit the competition. The database makes it possible to segment different household groups. Projections of up to one year are possible with the GfK BrandSimulator. The goal is to give marketing decision-makers recommendations for action by selecting the optimal marketing mix.

Further Refining the Model

The GfK BrandSimulator has been in use since 2004. In the past year alone, customer projects were carried out focusing on the following aspects:

- // Price increases and decreases, also as a promotional measure
- // Change of promotion plans (amount and frequency) of diverse products in different retail locations
- // Discontinuation or reduction of the promotion of different brands in (hard) discounters (general and specific target groups)
- // Listing a brand only as a special offer in (hard) discounters
- // Listing of diverse products in (hard) discounters/ in all retail locations

UNIQUE FEATURES OF THE GFK BRANDSIMULATOR





SIMULTANEOUS CONSIDERATION OF ALL PRODUCTS/RETAIL LOCATIONS

Market model (not a brand model)
Switches between products and retail locations are modeled

MODEL BASIS: INDIVIDUAL HOUSEHOLDS AND THEIR PURCHASE ACTS

Unrestricted segmentation of households possible



MORE COMPLETE MARKETING MIX

Pricing Promotion Distribution TV advertising





TRANSPARENT MODEL, I.E., NOT A BLACK BOX.



The GfK Verein is continuously developing the GfK Brand-Simulator. Findings from the customer projects are also being incorporated. Each change is first tested on different product groups before becoming part of the tool. For example, as of 2013 the interface for data integration was continuously enhanced: Along with an initialization period, the households' stock and the marketing mix of the previous week are now taken into account. Detailed criteria are available to the user for assessment of the model. A revision for maintainability, computation time and storage space is planned for 2015. In a methodological sense, the GfK BrandSimulator is expected to emphasize the strengths of a household panel model in the future even more by predicting the reach of the purchaser, which cannot be done by a retail panel model.

PROFILE

GFK BRANDSIMULATOR

PROJECT DESCRIPTION

Modeling and forecasting of sales figures according to marketing mix (on household panel data)

START OF PROJECT

2013

COOPERATION PARTNERS

AiMark (Advanced International Marketing Knowledge), GfK Panel Services ABS (Advances Business Solutions)

<u>BUILDING</u> **GOOD** RELATIONSHIPS

Market researchers receive valuable data and information from consumers. But what do the consumers get in return? Traditional incentive schemes are often not motivation enough to take part in a study. A decreasing willingness to participate is a clear indication of this. It is therefore necessary to rethink this. With its partners, the GfK Verein is developing and testing new compensation models and in the process promoting the establishment of long-term relationships with potential study participants.

Consumer opinion is of great benefit for market researchers and companies. For a long time, money or other incentives were enough to attract study participants. However, consumer interaction with their data has changed, mainly due to digitalization and an increased awareness about the value of information. All this has an influence on attitudes and behavior with respect to market research and therefore also on the recruitment of study participants.

Creating New Motivations

The Value Exchange Project is developing a study that shows how restructured consumer relationship management may look in the future. This is being carried out by the GfK Verein in cooperation with the Global Innovation and Digital Market Intelligence teams of GfK SE.

First, the theoretical groundwork and evaluation of the status quo were carried out at GfK. In the next step, the research team together with GfK stakeholders and an external consulting firm generated initial concepts for potential "value propositions" for consumers. This was discussed and developed in two workshops in Nuremberg and London. Subsequently, important stakeholders were called upon to evaluate the models that had turned out to be attractive during the course of the process.

However, in order to not develop new incentive systems from the ivory tower, in the following project phase the concepts were tested with consumers. To do this, a total of 2,250 online and face-to-face interviews were conducted. Participants came from Germany, the UK, Brazil, the U.S. and China. During the selection of participants, it was important to consider not just "experienced" respondents (e.g., regular

panel participants) but also people who would not normally or only rarely take part in surveys. They had to evaluate the attractiveness of different models. For example, the study participants could donate the monetary compensation for their involvement to a charity organization or crowdfunding campaign. Another concept involves facilitating access to online continuing education platforms in return for the interview. The analysis of the test will be available in early summer 2015.

The process of concept development has already delivered important insights. Just the interviews carried out with experts from different areas of GfK, as well as the workshopping of the evaluation of results, have already increased the awareness of the problems and laid the foundation for further ideas.

PROFILE

VALUE EXCHANGE PROJECT

PROJECT DESCRIPTION

Development and evaluation of new compensation models for study participants

START OF PROJECT

Fall 2013

COOPERATION PARTNERS

Global Innovation Team and Digital Market Intelligence Team (DMI) of GfK SE



INVESTMENT BAROMETER 2015 THE HOME AS PIGGY BANK

With regard to the topic of investment, the Germans are still conservative: In the Investment Barometer 2015 of the GfK Verein, private savers mention homeownership, company pension schemes and building loan contracts as the preferred forms of investment. Even though German savers are risk-averse, investments in shares and funds are becoming more attractive.

Homeownership is still the most appealing option for Germans to invest money – three out of four respondents consider owning a home to be an attractive or very attractive investment option. The survey of around 6,000 private savers in Germany, Britain, France, Spain and the U.S. carried out by the GfK Verein in the fall of 2014 also shows that owning a home or apartment is viewed as the most attractive form of investment in all countries. However, Spain was the only of those countries with 68 % of private financial decision-makers convinced that owning a home is the best way to save, which is a similar percentage to Germany.

Despite Low Interest Rates, Security is Key

With investments, it is better not to take any chances this conviction of German savers is also reflected in the second to fourth places of the "Investment Hit List" ranking: 41 % of the respondents consider company pension schemes, 36 % building savings agreements and 32 % gold to be attractive forms of investment. In contrast, call and savings accounts are losing their attractiveness in the eyes of German savers. While the Investment Barometer 2011 showed that every third person still considered call accounts an attractive investment form, this is now true for only 19 % of the respondents. Savings accounts have also lost 14 percentage points on the popularity scale since 2011 and have dropped to 10 %. However, despite continuing low interest rates, there is a wide gap between perception and reality: In the ranking of investment types currently used, savings accounts still hold second place with 43 %, following investing in your own four walls at 45 %. The continuity of Germans regarding investment decisions is also evident in the fact that the value of those who remain loyal to the savings account has not changed compared to three years ago.

Carefully Rethinking Shares

Since risk-free earnings are pretty much a thing of the past due to the policy of the European Central Bank, a change in thinking has set in. The current study shows that shares and investment funds have become more attractive to Germans savers than they were in 2011. Shares and investment funds increase by 9 and 3 percentage points respectively, corresponding to 17 % in each case. While French, British and Spanish savers tend to think conservatively when it comes to finances, like the Germans do, private investors in the U.S. are significantly more willing to take risks: Almost every third person (31 %) finds shares appealing, and every fourth person likes the idea of investment funds.

PROFILE

INVESTMENT BAROMETER 2015

DESCRIPTION OF STUDY

Survey about the behavior of private financial decision-makers in Germany, the UK, France, Spain and the U.S.

METHOD

Face-to-face/ Telephone Bus (depending on country)

SAMPLE SIZE

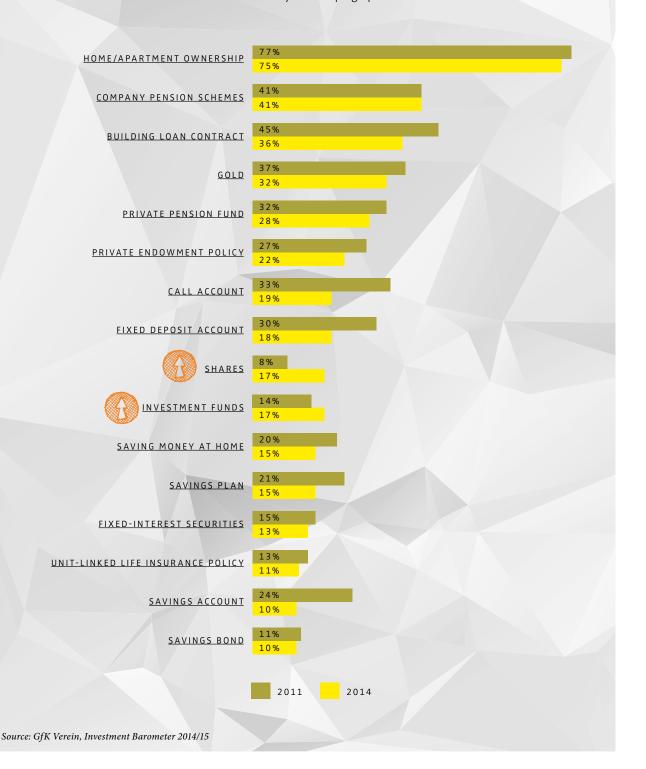
6,000 men and women

STUDY CONDUCTED

October/November 2014

SHARES AND FUNDS ARE BECOMING MORE ATTRACTIVE

QUESTION: Regardless of your current saving habits, how attractive do you find the products, investment forms and money safekeeping options listed below?



GfK GLOBAL TRUST REPORT 2015 THE INTERNATIONAL QUESTION OF TRUST

Which industries and institutions are the most trustworthy worldwide? In the annual survey of the GfK Verein, there are two winners in Germany: Merkel's government and the euro. Both have increased their trust ratings again compared to 2013. Internationally, the military is the leader, while in Germany the Federal Armed Forces (the Bundeswehr) is falling out of favor among the respondents.

The GfK Verein has been measuring trust since 2011. While the Global Trust Report of last year asked about trust in professions, the focus of the current survey of around 29,000 consumers in 26 countries was trust in institutions and industries. The findings of the Global Trust Report 2015 show that the trust of Germans in the euro is growing: 57 % of German citizens trust the European common currency. The euro has also increased by 19 percentage points compared to the survey of 2013, thereby advancing to fifth place in the trust ranking. Most of the 12 institutions surveyed have remained stable in the esteem of the Germans: The police is still the frontrunner with 80 %, and second place is occupied the courts with 64 %. Compared internationally, the German police performed brilliantly: In Nigeria and Argentina, civil servants are a long way off from such values with 13 % and 21 %, respectively.

Bundeswehr in Crisis of Confidence

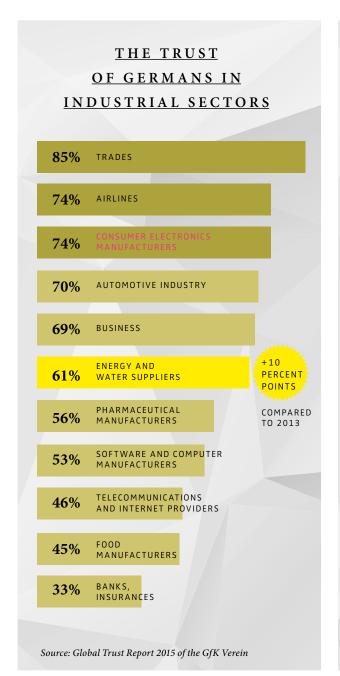
One institution, however, has lost significant acceptance among Germans: Only 55 % of the respondents have trust in the Bundeswehr – the continuous negative headlines about deployability have had an impact, moving the Bundeswehr into sixth place behind the euro. Internationally, however, the military maintains its leading position with 79 %. In addition to the U.S., Turkey, the UK and Japan, consumers in six additional countries put the military in first place in their confidence ranking.

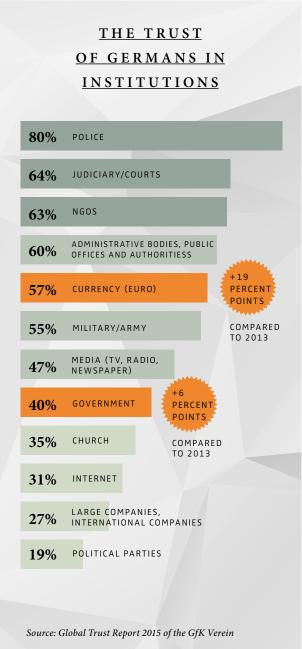
The government of Chancellor Angela Merkel can show a gain compared to the last survey: 40 out of 100 respondents trust Merkel's team of ministers. That is six percentage points more than two years ago; however, 13 percentage points less than the international average. However, it gets even worse: In Spain, the government of Mariano Rajoy achieved a trust value of only 8 %.

Energy Providers Catch Up

As they say, a trade in hand finds gold in every land. In terms of trust, tradesmen in Germany once again went home with gold: with 85 %, they hold the top position among the 11 industries surveyed. The most significant increase can be seen with the energy and water suppliers. Compared to 2013, this industry increased ten percentage points among respondents for a score of 61 %. In last place with less than 50 % approval are the telecommunications industry, the finance sector and food manufacturers.

Within the scope of the Global Trust Report, the GfK Verein also asks about trust in fellow citizens. While acceptance of industries and institutions fluctuates among the respondents worldwide, trust in fellow citizens remains stable at 69 %. This once again confirms that the better the social climate is and the less corruption there is, the greater the trust in one's fellow citizens. Germany is the leader in this category with 80 %, while Nigeria and Kenya are at the lower end of the scale.





PROFILE

GLOBAL TRUST REPORT 2015

DESCRIPTION OF STUDY

International study carried out in 26 countries to investigate trust in either institutions and industries or professions on an annually rotating basis

METHOD

GfK GLOBO BUS (Face-to-Face, CATI)

SAMPLE SIZE

29,000 consumers in 26 countries

STUDY CONDUCTED

since 2011

<u>CHALLENGES OF NATIONS:</u> IMMIGRATION MOST IMPORTANT ISSUE IN GERMANY

What are the most pressing issues that need to be solved in a country? This question is asked by the GfK Verein within the study "Challenges of Nations" to people in what is now 22 countries. In Germany, there was a change this year at the top of the list of concerns.

For the second time since 1990, unemployment has been pushed out of first place as the most pressing challenge in Germany. Instead, most respondents are worrying about immigration and integration. With an increase of 13 % to 35 %, concern over this issue has almost tripled within a year. The reason for this may have to do with the increasing number of asylum seekers in Germany: in 2012 there were still around 78,000 recorded, in 2014 it was 203,000. However, the percentage of those who want to fight against hostility to foreigners and demand better integration has seen a significant increase since last year and now makes up 10 %. In contrast, the number of answers, in which the rejection or deportation of asylum seekers is explicitly requested, has decreased slightly and comes to 9 %.

Concern about Unemployment Diminishes Further

According to the OECD, the unemployment rate of 5 % in 2014 was at an all-time low in the past 25 years. Accordingly, the issue is losing urgency among citizens: With a score of 22 %, unemployment reached only second place. With a decrease of 11 percentage points compared to the previous year, this is the lowest value recorded since the beginning of the survey. Even if unemployment in both the old and new German states is at second place, at 27 %, concern in the east is still higher than in the west at 21 %. Whether the situation will remain as positive on the job market remains to be seen: On the one hand, the number of unemployed could increase due to the minimum wage introduced at the beginning of 2015. On the other hand, economists expect a robust economy due to the low oil price and weak euro. This in turn leads to increased labor demand.

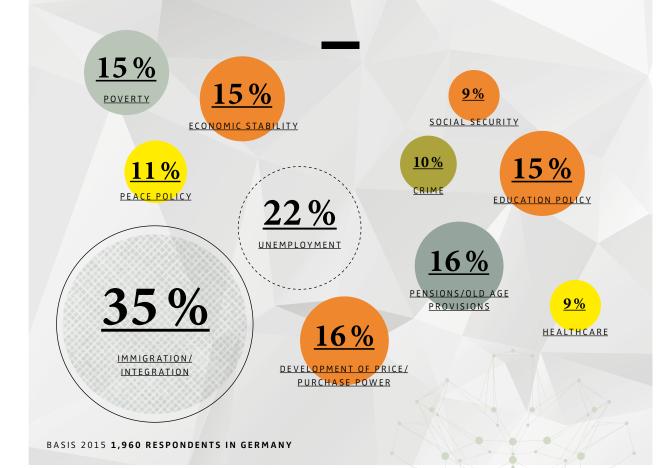
Less Concern Regarding Pension and Purchase Power

The issues of "Mütterrente" (recognizing a year of parental leave for a pension) and full pension as of the age of 63 after 45 contribution years have triggered a controversial discussion in the past year. Nevertheless, financial security in old age is losing relevance for the Germans: With a mention of 16 %, pension and old age provision come in at third place. In comparison to the previous year, this represents eight percentage points less. Another 16 % are worried about the development of prices and purchasing power. With a decrease of ten percentage points over a period of one year, this is the lowest level of concern measured since 2009. This is probably due to the fact that there was only a moderate increase in prices of 0.9 % in 2014. In January 2015, there was even a negative inflation rate of -0.4 % recorded.

In contrast, economic stability has been more of a concern among Germans this year: In 2014, the issue was still in 12th place at 10 %; now at 15 % it has moved to fifth place. The growing anxiety is closely related to the situation in Greece, which 7 % of respondents explicitly mention. However, the general economic outlook for Germany is decidedly positive: In 2014, the GDP growth rate was 1.6 %. Even economists expect the upswing to continue. Nevertheless, 15 % of respondents are concerned about poverty. The slow but steady increase in the degree of worry over this issue is continuing and occupies sixth place this year. Concern about maintaining peace has doubled (11 %) and has again reached the top 10 list for the first time in 15 years. In view of the crisis in the Ukraine and Russia's policy, the higher level of concern among citizens is understandable.

THESE ARE THE MOST IMPORTANT CHALLENGES IN GERMANY IN 2015

... % of respondents mentioned that the most challenging issues that need to be resolved in Germany (free answers; in %; rounded; multiple answers possible) are



PROFILE

CHALLENGES OF NATIONS

DESCRIPTION OF STUDY

International study to determine the most pressing issues to be solved in the respective countries. In the first years, the study was carried out in European countries; it now encompasses 22 countries in America, Africa and Asia as well

METHOD

GfK GLOBO BUS (CAPI)

SAMPLE SIZE

Germany: 1,960 respondents Total (all countries): 25,454 respondents

START OF STUDY

ADDITIONAL STUDIES SUMMARY

Self-Optimization

"Self optimization — what is that?" This and similar reactions tend to be expressed by 61 % of Germans when they hear this term. A survey conducted by GfK SE on behalf of the GfK Verein shows that the relatively new trend has not yet found its way into the minds of Germans: For 31 % of the men and women interviewed in September 2014 the word seems familiar, however, only 8 % of the nearly 1,000 respondents are quite certain that they have either already heard or read about self-optimization. The term is most prevalent in the 35 to 49 age group: Almost half of the respondents in this category belong to the "expert group."

The concept is most often used in connection with the working world. More than three-quarters of the "experts" mention professional life when they have to assign it to a specific area of life. This is followed by health and well-being, as well as sports and fitness. When those who know the term are asked what comes to mind in connection with "self-optimization," almost half say performance improvement and for every fifth it is finding oneself.

Perceived Power

While complaining about superiors is a popular office activity, in reality most employees are satisfied with their bosses as a study of the GfK Verein in cooperation with the Bertelsmann Foundation shows: The majority of employees interviewed attest to the fairness and sense of responsibility of their superiors in how they handle power. The share of respondents who give their bosses a good review is 78 %, and for those under the age of 29 it is even higher at 83 %. In comparison, only around one-fifth of the close to 1,300 respondents give a different account with respect to exclusion, dismissals that are perceived as unjust or other negative experiences with direct superiors.

Half the study participants feel very positively about the fact that their superior gives them enough freedom and allows them to work independently. One-third of the respondents even claim that they are included in important decisions. The study carried out in July 2014 also shows that punishments, threats and passed on pressure are seen as the biggest trust killers in the boss-employee relationship.

PROFILE

SELF-OPTIMIZATION

DESCRIPTION OF STUDY

Representative survey on "self-optimization"

METHOD

GfK Classic BUS, Face-to-Face Survey

SAMPLE SIZE

1,018 men and women ages 14 and up in Germany

STUDY CONDUCTED

September 2014

COOPERATION PARTNERS

GfK SE

PROFILE

PERCEIVED POWER

DESCRIPTION OF STUDY

Survey on assessment of leadership qualities of superiors

METHOD online survey

SAMPLE SIZE

1,200 full-time and part-time employed persons
(14 years or more) in Germany in
companies with 50 or more employees (all industries)
– some with managerial responsibility

STUDY CONDUCTED Juli 2014

COOPERATION PARTNERS

Bertelsmann Foundation



GM Foods

German consumers have become more critical – that is the result of a survey on genetically modified foods conducted by the GfK Verein for the third time since 2004 and 2010. While buying genetically modified foods was still unthinkable for 44 % of respondents ten years ago, in 2014 more than half (53 %) reported that GM foods do not make it to the grocery bag. Only 11 % could imagine buying genetically modified foods – in 2004 the share was still 17 %.

German citizens are also familiar with the term by now: Almost half of the nearly 2,000 respondents have "definitely" heard of genetically modified food, and at least 41 % are familiar with it. At the same time, the respondents would also like to have more information on the topic of GM foods: In answer to the question "Would you buy genetically modified food?" more than every fourth person claims to not know enough about it to have a well-informed opinion. It seems that there has been a lack of information in this area for many years: The share of this group has remained constant at 26 % since 2004.

Shifting Values

The global crisis and conflicts have left their mark on the Germans: Nearly 70 % believe that security will be an even more important value in the future. In second place in the study - in which around 1,000 respondents had to rate 13 value dimensions according to their future relevance – performance followed with 55 %. The 14 to 24 year olds in particular want to roll up their sleeves in the future: Two-thirds are convinced that performance will be more important in the future. Does all this ambition result in social values falling by the wayside? The study gives an all-clear: The following slots on the scale are "solid" future-oriented values such as trust, the home and responsibility. In contrast to the first survey in 2010, selfcentered values such as power, luxury and adventure end up farther down in the lower rankings; however, they are becoming more important. Following the economic turbulence of the past, it seems that Germans want to enjoy their future more. This is consistent with the decrease of 12 percentage points to 23 % for "abstinence" compared to 2010, which represents the greatest loss of importance and puts it in next to last place on the German value scale.

PROFILE

GEN-FOOD

DESCRIPTION OF STUDY

Survey among 2,010 persons on the topic of genetically modified food

METHOD

GfK Classic BUS, Face-to-Face Survey

SAMPLE SIZE

2,010 men and women ages 14 and up in Germany

STUDY CONDUCTED

June 2014

PROFILE

SHIFTING VALUES

DESCRIPTION OF STUDY

Survey on future importance of values

METHOD

GfK Classic BUS, Face-to-Face Survey

SAMPLE SIZE

1,049 men and women ages 14 and up in Germany

STUDY CONDUCTED

December 2014/January 2015



Asia's Second Leap Forward

With the study, "Asia's Second Leap Forward," the GfK Verein is continuing its series of analyses on economic and demographic developments and prospects. The study carried out with the Berlin Institute in 2014 focuses on the most heavily populated continent in the world and analyzes the ascendancy of millions of people to the global middle class. This study of all Asian countries according to socioeconomic and demographic criteria as well as an assessment of their potential provides a "classification of diversity": The cluster analysis shows the similarities between the different countries and puts them into six groups.

After special cluster six of the population giants China and India, cluster two follows with the second largest population of around 720 million people. The living conditions in these relatively poor countries may very well improve soon: Cluster two gathers the Asian hopefuls, which include Turkey, Thailand and the Philippines as well as other countries. However, the study also makes clear that the people in these countries are in a critical state and will gradually lose patience – they have already been waiting too long for a noticeable improvement of living conditions. Cluster one, which is the third largest, includes the poorest countries in Asia. Even though many of the countries are in a serious crisis, the analysis shows that countries such as Nepal or Pakistan also have realistic development opportunities.

Share Economy

Germans do not like to share – that is the result of a survey by the GfK Verein for Spiegel Online. Consequently, Germans do not really know what to do with terms like "Sharing Economy" and "Collaborative Consumption (KoKonsum)." At first, nothing came to mind for more than 84 % of the respondents. Among the younger of the 2,000 respondents, the cluelessness is even greater: With the 14 to 29 year olds, more than 85 % are not familiar with the term. Borrow rather than buy, use rather than own: After the essence of a sharing economy was explained to the respondents, along with examples, at least 72 % had a clear idea of what is meant by the term. In this context, car-sharing fared best: Over half of the respondents know respective providers. The survey also shows there is a big difference between knowing and using. In the group of those who knew of at least one provider, 78.5 % have never used one. Only 21.5 % claim to have already tried a sharing economy offering. With the younger respondents, these are mainly mobility services, while the older ones prefer overnight stay platforms. However, respondents are skeptical as to whether the principle of "sharing and swapping" will gain acceptance: Less than half see a successful model for the future.

PROFILE

ASIA'S SECOND LEAP FORWARD

PROJECT DESCRIPTION

Study on the socioeconomic and demographic development of all Asian countries

METHOD

Analysis of secondary data

STUDY CONDUCTED

2014

COOPERATION PARTNERS

Berlin Institute for Population and Development

PROFILE

SHARE ECONOMY

PROJECT DESCRIPTION

Survey on awareness and usage of sharing economy offerings

METHOD

GfK TELEFON BUS

SAMPLE SIZE

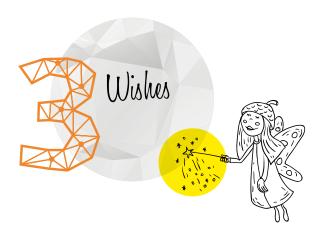
2,000 men and women ages 14 and up in Germany

STUDY CONDUCTED

September 2014

COOPERATION PARTNERS

Spiegel Online



Gas Supply 2014

In the aftermath of the Ukraine crisis, the gas dispute between Russia and the Ukraine escalated in fall 2014. At the height of the gas supply conflict - from October 27 to October 30, 2014 - the GfK Verein and Spiegel Online asked around 1,000 people in Germany whether they feared shortages in gas supply. Even though the potential effects on reliable energy supply in Europe dominated the headlines, Germans remained calm. More than two-thirds of the respondents (68.9 %) were minimally or not at all concerned, and only 6 % indicated that they are very worried about the security of gas supply in the coming winter months. The Germans were also not afraid of a potential increase in energy prices as a result of a Russian gas boycott: Across all professional groups, a good half of the respondents felt that higher gas and oil prices would have little to no effect on them personally.

Fairy Godmother 2015

If a fairy godmother were to grant you three wishes, what would they be? Limitless wealth, fame or magical powers?? Those are not the greatest unfulfilled personal wishes of Germans: In a study of the GfK Verein for Spiegel Online, over half of the 2,000 respondents instead mention health as the most important wish from a fairy godmother. Second place on the wish list is also not that extravagant: 40 % would like to be free of financial worries in the future. The third most expressed wish of 30.8 % of the respondents has to do with family. In this category, 12.9 % responded that domestic happiness is their greatest dream – unusual wishes such as bringing back the deceased were expressed by only 0.7 %. However, Germans also dream of owning possessions: This is accordingly expressed by 30.4 %. In this regard, a new car (12.7 %) is the biggest wish; however, a luxury vehicle like a Ferrari is only desired by a few (0.5 %).

PROFILE

GAS SUPPLY 2014

DESCRIPTION OF STUDY

Survey on impact of Ukraine crisis on gas supply in Germany

METHOD

GfK TELEFON BUS

SAMPLE SIZE

1,000 men and women ages 14 and up in Germany

STUDY CONDUCTED

October 2014

COOPERATION PARTNERS

Spiegel Online

PROFILE

FAIRY GODMOTHER 2015

PROJECT DESCRIPTION

Survey on which three wishes for the future Germans would ask a "fairy godmother"

METHOD

GfK TELEFON BUS

SAMPLE SIZE

1,000 men and women ages 14 and up in Germany

STUDY CONDUCTED

January/February 2015

COOPERATION PARTNERS

Spiegel Online

PREVIEW: <u>STUDIES</u> **2015/16**

25 Years of Reunification: "That is Unity"

All in all, the reunification is a success story: Admittedly, the initial hopes for a quick harmonization of material living conditions and economic performance have not been fulfilled. Compared to 1990, however, there has been a massive improvement in the standard of living and consumption level, economic power and the infrastructure quality in the new German states. In July 2015, a study by the Berlin Institute will be published, which examines which differences still exist between east and west on a material level as well as with regard to the behavior and attitudes of people in everyday areas of life and how these have developed since the reunification. In addition, the reasons for these differences and developments are also considered. The GfK Verein supports the study of the Berlin Institute for Population and Development and enriches it with current survey and data.





Economic and Demographic Potential in Countries on the American Continent

The American double continent has a population of just under one billion and extends across the entire globe from the Arctic in the north to Antarctica in the south. In between, there is a huge economic gap from the economic heavyweights U.S. and Canada to the developing and emerging countries of Latin America and the Caribbean. The economic network between the countries is still weak despite individual free trade agreements and heavy migration especially to the U.S. Even politically the continent is split: Socialism according to the Cuban or Venezuelan model is in stark contrast to the liberal capitalism of U.S. Americans and Canadians. The goal of the study is to show in which countries of the continent the chances of economic and demographic developmental conditions leading to growing consumption potential are especially favorable and where they are not. The study is a cooperation with the Berlin Institute for Population and Development and will be published in the fall of 2015.

///

Trust in Professions 2016

The GfK Global Trust Report has appeared annually since 2011 and alternately examines trust in professions or in institutions and industries. The 2016 issue will examine trust in 32 professions in 26 countries and be published at the beginning of 2016.

Mobile Communication in Europa and the U.S.

The study "Mobile Communication," which has been published by the GfK Verein since 2012, is carried out every two years in nine European countries and examines the usage behavior of consumers in relation to the Internet and devices such as cell phones/smartphones as well as telephoning via landlines and mobile phones. The next issue will also integrate the U.S. It comes out in spring 2016.

///

Challenges of Nations 2016

This international study investigating the most pressing issues that have to be resolved in each country has been published since 2001 as the Challenges of Europe and since 2014 as the Challenges of Nations. It now encompasses 22 countries. It will no longer be carried out only in Europe but also in America, Africa and Asia. The current study will be published in spring 2016.

///

Consumption Trend Sensor 2016

The Consumption Trend Sensor of the GfK Verein has been conducted internationally since 2001. Every two years, it delivers information on fundamental trends in private consumer behavior in eight EU countries and Russia and will also include the U.S. starting in 2016. The study focuses on dimensions of social changes that are relevant to consumption. The new survey will come out in summer 2016.



SHARING KNOWLEDGE

TOPICS IN THIS SECTION:

64 /// EDUCATION

80 /// PUBLICATIONS

92 /// EVENTS

GIVING **FUTURE LEADERS** <u>A VOICE</u>

The "Global Perspectives Barometer 2015: Voices of the Leaders of Tomorrow" offers insight into the world of the managers of tomorrow. In their study, the St. Gallen Symposium and GfK Verein look at top talents up to the age of 35. To some extent, the managers of tomorrow have different priorities than their predecessors; however, they do not question everything. In particular, the study shows that the top talents of the Millennial or Digital Native Generation can by no means be lumped together.

A look at the public discourse on "Millennials" or "Digital Natives" can give the impression that this generation is completely different from the previous one. Reporting on them tends to stylize them as a generation that is sometimes disconnected from the world, narcissistic, conflict avoidant; they are depicted as constantly "liking," "tweeting," and selfie-collecting – a generation without the will to lead. Young people no longer know what to do with traditional concepts such as hierarchy, structures, loyalty and status symbols. But is that really true? This question is investigated by the GfK Verein and St. Gallen Symposium in their joint study "Global Perspectives Barometer 2015," which looks at an especially exciting subgroup: The "Leaders of Tomorrow," whose representatives are invited by the St. Gallen Symposium to take part in a dialogue with the current elite each year at the University of St. Gallen.

Dialogue with the Leaders of Tomorrow

In line with the GfK Verein principle of making "the voice of the consumer heard," a unique aspect of the study is the great number of open questions. And the close to 1,000 academics and young professionals from around 100 countries had a lot to say. They had an average interview time of 30 minutes in which to consider a topic in depth. "It is important to listen to the Digital Natives instead of talking about them," says Dr. Fabian Buder, project manager of the study at the GfK Verein. The nearly 21,000 open answers evaluated provide deep insight into the world of the "Leaders of Tomorrow." "However, we do not want to pigeonhole the young generation or force them into predetermined categories, which are probably no longer applicable to them, but rather give them a chance to speak," says Buder.

Not true!

MYTH #1: NOTHING HAPPENS WITHOUT SOCIAL MEDIA

46%

Would forego social media during work hours.

30%

Are not willing to forego social media during work hours.

MYTH #2: HIERARCHY IS AN OUTDATED CONCEPT

64%

Say a project needs a clearly assigned manager with decision-making power.

NOT TRUE!

Say a team of qualified employees can organize itself without a manager.

MYTH #3: ETHICS IS MORE IMPORTANT THAN A COMPANY

14%

Aspire towards a higher income.

46%

Aspire towards a job that has a positive impact on society.

True!

MYTH #4: THE TRADITIONAL TOP EXECUTIVE CAREER IS OUT

25%

Want to become top executives with leadership power.

44%

Want to become known experts on a topic.

rnel

MYTH #5: PASSION FOR A TOPIC IS MORE IMPORTANT THAN EXPERIENCE

34%

Select team members according to experience in an industry.

89%

trve!

Select capacity for teamwork according to passion for the project vision.

Myths with a Spark of Truth

For example, the results of the study contradict the myth that the young generation has to always be active on social media, even during work. Around half of the respondents state that they refrain from social media in the workplace upon the request of the employer. At the same time, however, around 30 % are actually not willing to do this and therefore think companies should reconsider their limitations on social media and provide clear guidelines.

Contrary to common opinion, the "Leaders of Tomorrow" do not question everything that today's managers deem to be correct. Instead of constantly networking and eliminating traditional organizational structures, the majority of the respondents recognize that clear leadership and responsibility structures are important even in projects with highly qualified team members. A good manager then guides the team not through force but rather leads by example and is able to inspire the team and give it a mutual vision.

Shaping instead of Forcing

However, there are also topics where the "Leaders of Tomorrow" think differently, such as with regard to their career ambitions: Along with wanting to have a positive influence on society, the kind of work they're doing and the desire to have a meaningful life/work integration also matter. The prospect of a leadership position according to the traditional notion with a high salary, responsibility for a large team and the possibility to have an influence through a position of power is only appealing to a minority. The "Leaders of Tomorrow" interviewed want to have an impact. However, formal leadership power no longer seems to be the right way for many; they would rather have an influence through topic-related expertise.

In addition, the "Leaders of Tomorrow" sometimes have a very clear idea of what isn't working these days: Too much "business as usual" and too little openness to new ideas and innovation. From the perspective of the young generation, current managers seem to be egotistical and too reliant on their own experience. Seniority on its own does not have any worth for the "Leaders of Tomorrow" – the new generation sees information as fluid not an incontrovertible fact. They have a never before seen abundance of tools at their disposal, which makes knowledge available at any time. In contrast, hitherto unquestioned truths have only limited value for them.

Dialogue on Equal Footing

The study shows that the future managers are not a homogeneous group. Instead they possess an entire spectrum of attitudes. Employers should talk with the young generation rather than develop ideas about them based on common beliefs. For example, companies have to find a way to create enough exciting prospects, also beyond the traditional leadership career. The "Leaders of Tomorrow" have a sophisticated idea of what it means to lead and formulate concrete critique and recommendations. "Perhaps today's managers can learn something if they view the critique formulated by the 'Digital Natives' an opportunity to receive coaching," summarizes study manager Dr. Fabian Buder.

PROFILE

GLOBAL PERSPECTIVES
BAROMETER - VOICES OF THE
LEADERS OF TOMORROW

DESCRIPTION OF STUDY

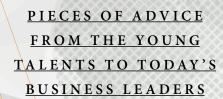
Survey of 1,095 young talents under the age of 35 from the network of the St. Gallen Symposium

STUDY CONDUCTED

2015

The complete study
can be found on the website
of the GfK Verein
www.gfk-verein.org
under
Research/Studies.





BHR

» Trust and empower but guide the upcoming generation without harming their spirit and idealism. «

Student of Finance

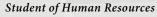
» Listen to the youth: Even though you think most of what we say is "bullshit" - some of it could still be useful. Always be open-minded, listen and then evaluate if anything is useful, because even the most stupid person can have a special view on something that can be beneficial for even the biggest CEO. «

Student of Transport Services

» Times have changed. What made leaders of you are not the same values/criteria that will create the next generation (,Y generation') of leaders. «

Student of Law

» Veteran status is no longer a prerequisite to become a business leader. So learn to unlearn conventional ideologies.«



» Bring in younger people. It's their world you're living in. « Student of Mechanical Engeneering

> » Be radical, humble and forget the old motto "business as usual". «

Student of Finance

» Try to think of ways to make the world better, instead of ways to fill your pockets with cash. Use your power to make real changes. « Student of History

SEEING PAST THE MYTHS

As part of the St. Gallen Symposium, one of the largest student-organized international events, the managers of tomorrow meet with the decision-makers of today. Prior to the event, the St. Gallen Symposium and GfK Verein interviewed the "Leaders of Tomorrow." *Dr. Johannes Berchtold* is the chief operating officer of the St. Gallen Foundation for International Studies. He explains his assessment of the study findings and the young generation in the following interview.

Since when has the "Global Perspectives Barometer" study been carried out and what has been its goal?

DR. JOHANNES BERCHTOLD: The first survey took place in 2010. We want to take a global inventory of how our "Leaders of Tomorrow" think, feel and act. We are giving this generation a voice — no longer just within the scope of our symposium but also beyond that. At the same time, the survey results help to initiate debates. Since last year, we have been working with the GfK Verein as a partner. The symposium has developed strongly over the course of the years, we have become more international, the network is larger and we have become a benchmark event. That is why we also wanted to put the Barometer on a new professional footing. The GfK Verein understood immediately what we want to achieve with the survey, and it has contributed with its extensive expertise. The study has consequently developed considerably in terms of content and quality.

How do you use the study findings?

DR. JOHANNES BERCHTOLD: First, the Barometer is integrated into our mission: to encourage the debate between the generations. The study shows what makes them tick, the 20- to 30-year-olds who will assume managerial responsibility in the future. The Barometer allows us to put the public image of the "Millenials" in perspective. Although the "Leaders of Tomorrow" who were interviewed come from similar academic and professional backgrounds, they do not constitute a homogeneous group. Through the study, one is able to see through the generalizations and myths. In addition, we use the study findings in the symposium: On the day before, we are holding a first-time workshop with around 40 "Leaders of Tomorrow" who are our ambassadors. We and the GfK Verein will discuss the results with them. In addition, the second day will be our big Barometer Day, which we organize in close collaboration with the WirtschaftsWoche. One of the ways that we use the survey results is in individual sessions to kick off debates.

THE GFK VEREIN UNDERSTOOD

IMMEDIATELY WHAT WE WANT

TO ACHIEVE WITH THE SURVEY,

AND IT HAS CONTRIBUTED WITH ITS

EXTENSIVE EXPERTISE. THE STUDY

HAS CONSEQUENTLY DEVELOPED

CONSIDERABLY IN TERMS OF CONTENT

AND QUALITY.

Dr. Johannes Berchtold



What have you learned about the "Leaders of Tomorrow" through the study?

DR. JOHANNES BERCHTOLD: The Barometer clearly shows that it is about individuals – with their own preferences, wishes, experiences – and they are not a homogeneous group. However, employers have to adapt to how "Generation Y" uses social media: Nearly half of the respondents would accept a ban in the workplace, while one-third categorically rejects this idea. Do companies want to do without this third as potential employees? Another matter: Contrary to preconceptions, this generation wants physical meetings, not just virtual contact. In addition, they still value clear managerial responsibility; there should not just be flat hierarchies. With regard to the issue of work-life balance, however, the picture is mixed. For the young generation, it is not about balancing life and work but rather bringing everything under one roof. And we can clearly show that in terms of important societal issues, this generation deals with them differently but responsibly. In other words, we can put our trust in the managers of the future.

What constitutes outstanding leadership for you?

DR. JOHANNES BERCHTOLD: We deal with this question very often, also within the context of the business school. There are certainly many schools of thought on this topic; however, for me it is important that a leader be able to inspire. Only then can they mobilize employees and colleagues. In addition, they must convey that they want to win in the sense of not being average, using potential and never settling. A third point is "sense-making." That is, making clear in the day-to-day work why it is we do what we do. In essence, these three points have nothing to do with age. However, they are somewhat shaped by the "Millennials," who want to have many things explained to them. By the way, this is also a point where the young generation criticizes the current one: They learned to be obedient and can therefore maneuver well within a large organization. The young generation no longer necessarily wants that. This is something that employers need to be prepared for.

MARKET RESEARCHERS OF THE FUTURE: INTERNATIONAL UNIVERSITY COOPERATIONS

Furthering the training and education of the next generation of market researchers in emerging countries — this is the goal that the GfK Verein is pursuing with its international university collaborations. Along with China, another area of focus are the growing markets of Africa. The involvement of the GfK Verein there started in 2010 — the project supported by the German Investment and Development Corporation (DEG) was successfully completed in 2014. The activities are now being continued and developed further.

An important task of the GfK Verein is to further the training and education of market researchers and to cooperate with universities – at the international level as well. As a result, a program for university cooperations was initiated in 2010.

It pursues four objectives:

- // Train and educate qualified market researchers for rapidly growing markets
- // Transfer knowledge through the development of international academic collaborations
- // Investigate and understand the methodological requirements and special challenges of emerging countries
- // Drive the growth of market research in emerging countries, especially through professionalization and quality standards

Africa: The Foundation Stone Has Been Laid

The international involvement of the GfK Verein in Africa started in 2010. The collaboration was started with universities in South Africa, Kenya, Nigeria and Ghana within the scope of one of the PPP projects funded by the German Investment and Development Corporation (DEG). "In 2014, this project was successfully completed," says Dr. Andreas Neus, head of university cooperations at the GfK Verein. "With the PPP program, we have been able to lay the foundation for the professionalization of market research as well

as for the training and education of future market researchers in all four countries." The goal was to support local training and education and give the students the opportunity to deal with theory, methods and practical projects. Market research courses and degree programs were set up with the cooperation partners. For example, in Nigeria 54 students completed the six-month post-graduate certificate course. In Kenya, 75 students enrolled in the two-year masters program, and the first ones graduated at the end of 2014. "The results are very positive - we have been able to reach our goals, such as setting up accredited post-graduate courses in each country," sums up Neus. In hindsight, however, it became evident that the training and education of the next generation of market researchers in rapidly growing economies brings its own set of hurdles along with it. Every country had its particular circumstances and challenges not only in terms of different educational systems but also regarding course content, which needed to be adapted to local requirements. These had to be flexibly integrated into the program goals. In order to establish the educational offerings for the long term, the GfK Verein will also continue its involvement and support of the university projects in Kenya, Nigeria and South Africa after DEG co-financing has ended. The collaboration with the Central University College in Ghana, however, was discontinued with the end of the DEG funding.

WE HAVE BEEN ABLE TO REACH
OUR GOALS, SUCH AS ESTABLISHING
ACCREDITED POST-GRADUATE
COURSES IN EACH COUNTRY.".

«
Dr. Andreas Neus

China: A Successful Start

Since 2014, the GfK Verein has also been active in China in order to improve the training and education of market researchers there. The Business School of the Central University of Finance and Economics (CUFE) in Peking could be brought on as a strategic cooperation partner. In the summer of 2014, the first two-week, accredited course "International Market Research and Innovation" took place at the CUFE with international instructors, including Professor Dr. Raimund Wildner, Managing Director of the GfK Verein and Professor Dr. Nicole Koschate-Fischer, GfK Endowed Chair for Marketing Intelligence at the FAU Erlangen-Nuremberg. The topics included the fundamentals of market research, research design as well as tools for data analysis and visualization. In 2015, the education cooperation program will be expanded and additional joint projects are underway. This includes a study on innovations in smartphones and the launch of joint learning labs in Peking.

Furthermore, a three-day guest lecture in Shanghai took place in 2014 at the invitation of Professor Qianqian Li from the School of Management, Shanghai University (SHU). A five-day lecture on market research also in Shanghai is planned for summer 2015.

Learning Labs: Making Technology Available

Market research today is inconceivable without modern tools and sophisticated software. They serve to gather, analyze, interpret and visualize data. Market researchers have to master these instruments in order to be able to produce relevant research results. Accordingly, learning labs are currently being set up at selected universities in Nairobi, Peking and Pretoria as part of the program for university cooperations. This will make it possible for the students and academic faculty of the partner institutions to practice using modern market research tools – from qualitative methods and surveys to social media analyses and quasi-experimental approaches – based on issues related to actual markets. "The labs serve the even greater practical focus of the training programs of the GfK Verein," says Neus. "They provide a project room for carrying out student market research projects and also serve as an experimental lab for behavioral economics studies as well as an 'innovation lab' for applied research."



Evaluation: Curriculum for the Future

Market research is also undergoing a fundamental change due to the digitalization of information and communication technology. Which abilities and skills will the "market researchers of the future" need? What new issues are companies up against? How does the profile of a market researcher in rapidly growing emerging countries differ from that of a market researcher in established markets? Several workshops were carried out in order to make sure that the right skills and abilities are passed on as part of the university cooperation program. In the course of this, the ideal profile of future market researchers was explored. Traditional skills, such as being able to develop hypotheses and research plans as well as focus on quality and relevance, are still important. However, this is only one side of the coin. There is also a demand for new skills, particularly with regard to better understanding marketing and management issues, handling large volumes of data, visualizing results in a meaningful way and translating them into strategic recommendations for action. It is therefore necessary to continuously review and modify the curriculum. "One finding from the past year was also that the Western European understanding of market research cannot be easily transferred to other countries and cultural groups," says Neus. This makes it all the more necessary to adapt the curricula to the local conditions and market requirements.

From Data Quality to Quality Decision-Making

Another pillar within the context of the DEG-funded program was the training of more than 1,000 interviewers in the four African countries. The training of interviewers should improve the quality of primary data collection. Local market research associations were important partners in this process and will continue the training. It is already apparent that the quality of the questionnaires and collections can be improved as a result of the training. The next step is to understand how the quality of decisions can also be improved with premium data. Especially in rapidly growing developing and emerging market countries, the kinds of decisions as well as the pace required are different than in developed countries with largely saturated markets. The question this year – of what market decisions companies face in rapidly growing markets and how decision-making quality based on data can be improved – will be the focus of a research project, which will be implemented in the new learning labs.

PROFILE

UNIVERSITY COOPERATION PROGRAM

DESCRIPTION

Future-oriented training and knowledge transfer on market research in emerging countries

START OF PROJECT

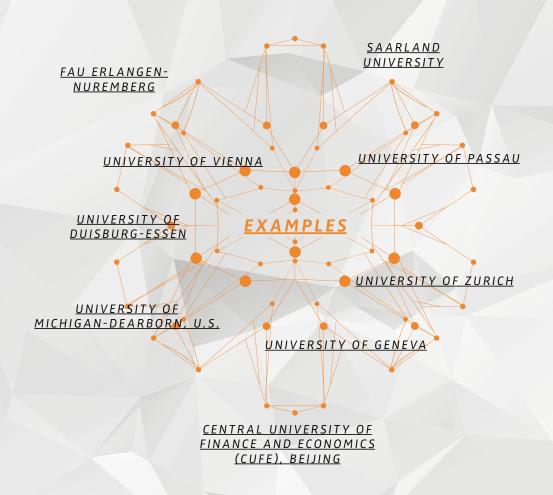
2010

COOPERATION PARTNERS

GfK SE; Central University of Finance and Economics (CUFE), Peking; Pan-Atlantic University, Lagos, Nigeria; University of Nairobi, Kenya; University of Pretoria (UoP), South Africa; German Institute for International Educational Research, Frankfurt

<u>COOPERATION</u> WITH UNIVERSITIES

Close cooperation with scholarly institutions makes it possible to quickly act upon new insights and trends. The GfK Verein therefore also works together with universities and institutes, which strengthens its own research expertise. A close connection to market research is always a requirement for a new cooperation partner.



10 YEARS OF GfK ACADEMY



Training and continuing education at the highest level: The GfK Academy offers a diverse seminar program for marketing experts. High-quality, international instructors impart knowledge in all marketing areas ranging from pricing to marketing strategy and digital marketing communication to marketing ROI. This year, the GfK Academy celebrates its tenth anniversary.

Price is actually just the tip of the iceberg - hidden below the surface is what is truly interesting: the actual value of the product. Marco Bertini illustrates this analogy by means of the "Priceberg," which clearly depicts the relationship between value and price. Afterwards, the ten seminar participants engage in a lively discussion of "strategic pricing management." The marketing experts also talk about their own experiences. This is an important aspect of the seminar at the GfK Academy. Marco Bertini, professor for marketing management at ESADE Business School, does not just teach theoretical principles. He also provides them with tools of the trade for everyday working life based on numerous practical examples and case studies. The participants come from six countries and work in different industries ranging from telecommunications and medical technology to the retail sector. In addition being grateful for the extensive knowledge they receive, all of them also appreciate the dynamic exchange of ideas.

Established by Means of a Clear Focus

The GfK Academy has been organizing a high-quality continuing education program for ten years. "In 2005, we started out very small," reminisces Friedgard Spingler, Managing Director of GfK Academy. "In the first seminar on the topic of 'segmentation,' we had no more than six participants, but we had two high-level instructors." Back then, the GfK Academy was also still just a newcomer in the area of continuing education. "However, our clear focus on marketing topics and the internationally known speakers quickly increased our profile," says Spingler. She explains that as result, the GfK Academy has been able to adopt a clear position in the European market. The establishment of the continuing education institution has its roots in the Articles of Association of the GfK Verein. It stipulates that the Verein furthers the training of consumer, market and

sales researchers as well as the professional development of managers. "It was and is very important for us to be neutral and independent – we do not offer any 'enhanced' customer or training seminars for GfK products and methods," says Spingler, who brings more than 20 years of professional experience in marketing for consumer goods and big brands of international companies. Assuming responsibility for establishing and managing the GfK Academy was a "logical consequence of my professional career and an exciting challenge," continues Spingler. This is still the case today because the Academy has to keep pace with the marketing world: "We are constantly looking for new, interesting and relevant topics, which can be useful for managers in companies."

Impressive Diversity and Constant Change

The seminar offerings of the GfK Academy have changed accordingly – some topics no longer exist, others have been added and some of the seminar content has been modified. For example, this year the seminar on CRM was replaced with the modern approach of "customer experience management." The GfK Academy was able to get Phil Klaus as a speaker – he is a professor of marketing strategy and customer experience at ESCE International Business School in Paris and founder of Dr. Phil Klaus & Associates Consulting. Altogether, the GfK Academy organizes six seminars every year. The topic spectrum covers all the important areas of marketing from pricing to brand development.

The demand is very high: Between October 2005 and April 2015, the GfK Academy had a total of 772 participants from 347 companies. They usually come with at least eight years of professional experience, and 60 % originate from non-German-speaking European countries. Many also return for a subsequent seminar: 71 participants had com-



GfK ACADEMY SEMINARS

STRATEGIC BRAND MANAGEMENT

CREATING POWERFUL BRANDS
IN A NEW MARKETING WORLD

COURSE DIRECTOR

Kevin Lane Keller, Ph.D.

STRATEGIC PRICING MANAGEMENT

SETTING A PATH FOR PROFITABLE GROWTH

COURSE DIRECTOR

Marco Bertini, DBA

MARKETING STRATEGY

BUILDING A WINNING BUSINESS
BASED ON MARKET INSIGHT

COURSE DIRECTOR

Nader Tavassoli, Ph.D.

DIGITAL MARKETING COMMUNICATION

NEW APPROACHES FOR SOCIAL AND POST-SOCIAL MEDIA

COURSE DIRECTOR

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

MARKETING PERFORMANCE

<u>DRIVING MARKETING</u>
<u>PERFORMANCE -</u>
<u>MAXIMIZE EFFECTIVENESS</u>
AND OPTIMIZE ROMI

COURSE DIRECTOR

Koen H. Pauwels, Ph.D.

CUSTOMER EXPERIENCE MANAGEMENT

SUCCESSFULLY MANAGING
THE NEXT COMPETITIVE
BATTLEGROUND

COURSE DIRECTOR

Philipp Klaus, Ph.D.

pleted at least two seminars as of April 2015, with 12 having attended at least three and a few as many as seven seminars. "We have many participants from the same companies – that shows that the seminars are being recommended among colleagues," says Spingler. The overall feedback is very positive and the evaluations excellent. "Another great fact is that we have never had a problem getting high-level speakers."

PROFILE

GfK ACADEMY

PROJECT DESCRIPTION

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

FOUNDED

2005



PRICES AREMORE THAN JUST NUMBERS

Marco Bertini is an associate professor and department chair of the marketing management area at ESADE Business School in Barcelona and considered one of the leading experts in the area of pricing strategy. The focus of his research work is the psychology of pricing decisions. In March 2015, he taught a three-day course entitled "Strategic Pricing Management" at the GfK Academy. In this interview, Marco Bertini explains why pricing is more than just sticking a price tag on a product. Instead it has to do with integrating pricing into management and marketing decisions.



You teach "Strategic Pricing Management." What is the focus of this seminar?

MARCO BERTINI: The actual goal is to teach the participants the skill of making better pricing decisions. That is why I approach this subject – in contrast to most of the courses on pricing – from a broader perspective. Most courses mainly involve traditional aspects of pricing, such as whether a promotion should be carried out. How do we determine the right price? In my seminar, however, we concentrate on the role that cost, customer value and competition play in determining price. In addition, we also deal with strategic issues in depth, such as analyzing the general sales model of the company. However, we also discuss how price should actually be determined, i.e., on what criteria and figures a specific pricing decision is based.

Could you describe the broader approach to pricing in somewhat more detail?

MARCO BERTINI: Pricing is often seen as just a marketing issue, whereas in fact that is not the case. In general, it involves the activities of other areas, such as management decisions, other marketing activities of the company, accounting and the competitive situation — to name just a few examples. All these aspects and areas are interconnected.

In general, I also do not use the term pricing very often. I talk a lot more about monetization or revenue-generating strategies. As a rule, however, determining a price is only possible if you have something that also has value for the customer. When the customer knows the value of your product, price is rarely an issue. In addition, I am convinced that price can do much more than just convert the value produced by a company into money. For example, if I produce luxury articles, it may be pointless to carry out sales promotions. I would probably increase sales by doing this; at the same time, however, the lower price could harm my brand. Moreover, price changes can have certain emotional elements: They can annoy customers and thereby cause the company/brand to lose their loyalty or trust. In order to better understand all these effects, we use insights from psychology and sociology.

This is the third time that you are holding this seminar. What do you like about the GfK Academy?

MARCO BERTINI: Pricing is a complex issue. The GfK Academy is very well suited for this type of seminar because the groups are small, which creates an optimal learning environment. In addition, everything is well thought out, prepared and organized – that makes it fun to hold seminars!

Furthermore, the seminar participants are really smart and competent. They usually come to the course with a specific problem or interest in a subject because it is relevant for them or their job. Education in such an environment is therefore also exciting for me personally because the impact is more immediate. That is to say, the participants can immediately apply what they have learned in the office on Monday.

What are the participants supposed to take home from the seminar?

MARCO BERTINI: Basically, I want them to take away a more comprehensive and a deeper understanding of what price and its structuring can achieve. Of course, I would also like them to remember the tools that I showed them and explained. And it is also important for me that they take away three or four things that they want to implement in their job when they return.

Can you tell us more about your work: Why did you specialize in pricing?

MARCO BERTINI: What really sparked my interest was the fact that something that one thinks is very objective and rational such as a number can have a powerful psychological aspect. Many companies have still not realized this. I am a trained behavioral economist and conduct a great deal of experimental research. And one thing that I have observed in my research work is the fact that changes in pricing or price structure can change people's perceptions. In addition, I am fascinated by the combination of theory and practice in my work: I frequently collaborate with companies and conduct studies directly in the local stores with them. That means that my research activities are first structured in a scholarly manner and then put into practice. This is a combination that I enjoy and often strive for.

GfK-CHAIR: HANDS-ON AND INTERNATIONAL

The GfK Chair for Marketing Intelligence at the FAU Erlangen-Nuremberg, headed by GfK Endowed Chair Professor *Dr. Nicole Koschate-Fischer*, has become very well established and continued growth is expected: There have been high numbers of applicants for the master's in marketing program. The department is also involved in the master's program designed for working professionals. Through its in-depth, high-level research work, the department is making its presence felt in the international scholarly community.



The GfK Chair for Marketing Intelligence is characterized by a close connection between theory and practice. Synergies develop predominantly from the cooperation with the GfK Verein and GfK SE: "Through our exchange, we receive valuable ideas for our research and can offer the students handson instruction," says Professor Dr. Nicole Koschate-Fischer. She has held the GfK chair since 2007 and been a member of the Executive Board of the GfK Verein since 2009.

Internationally Present with Research

The international and interdisciplinary orientation is another distinctive feature of the department. This includes research cooperations with renowned scholars and regular publications in leading academic journals such as the Journal of Marketing and the Journal of Marketing Research. The chair focuses on empirically investigated, practice-related issues. Its faculty's research concentrates on four areas of expertise: price management, product and innovation management, market research, and customer behavior and customer relationship management.

Current research projects deal with distortions in consumers' assessment of prices, the creation of product experiences and the impact of emotions in advertising. Several projects are being carried out in close cooperation with the GfK Verein and GfK SE. Among others, these include the measurement of emotions with the EMO Scan (see page 34).

Master's Programs for Training and Continuing Education

A key course of study offered is the master's in marketing. Its combination of theory and practice makes it unique in the German-speaking world. There have been very high numbers of applicants for this master's program since its inception in 2009. Alone in 2014, 577 students applied for the annual 50 to 60 spots available. Currently, 209 students are enrolled, and 172 have successfully graduated from the program. The international renown of the courses offered also shows in the growing number of applicants from other countries. In 2014, accreditation was received from ACQUIN. "This is a good sign that the quality of our course offerings is visible to the outside. As a result, the popularity of the study program will increase further," says Professor Dr. Koschate-Fischer.

The "Marketing Management" master's program for working professionals is a new aspect of the department; it targets individuals with bachelor degrees who have at least one year of professional experience. Within the four-semester study program, they can become qualified in the areas of marketing, sales or market research. As of the start of the study program in winter semester 2014/15, 24 students had enrolled. They work in different industries and companies, ranging from construction materials to advertising. "Due to the participants' varied professional experiences,

exciting interactions take place in the classrooms," says Koschate-Fischer, who teaches the course on price management.

Renowned Guest Instructors from Germany and Abroad

The study programs also provide hands-on experience through the involvement of guest instructors, including some from the GfK Verein: For example, the students learn data analysis and data collection with Prof. Dr. Raimund Wildner and Dr. Fabian Buder. In a practice-oriented seminar, Dr. Andreas Neus imparts knowledge on market research in emerging countries. From GfK SE, Dr. Oliver Hupp lectures on the topic of "brand relationships" and Dr. Christian Neuerburg on "conjoint analysis." Instructors from leading international universities also teach in Nuremberg on a regular basis. Among these is the renowned U.S. marketing professor Wayne Hoyer, PhD, from the University of Texas at Austin. He regularly offers a course in the master's program on consumer behavior. He also gives a course within the doctoral program on publishing in international scholarly journals. "The global focus is very important for the students and their career prospects," says Koschate-Fischer. She also teaches internationally: In 2014, for example, she taught the course "Designing Experimental Studies in Market Research" at the summer school initiated by the GfK Verein at the CUFE in Peking. In addition, she also teaches in the doctoral program at the University of Vienna.

All Signs Point to Growth

Along with the development of her department, Koschate-Fischer is also a driving force at the Institute of Marketing as its spokesperson. Starting in mid-2015, a junior professorship will be created with a focus on digital marketing. In addition, the setup of an experimental lab with 30 computer-supported work stations is planned, which will be partially funded by the GfK Verein. This will allow future scholars and students to carry out and evaluate computer-based experimental studies.

PROFILE

GfK CHAIR FOR MARKETING INTELLIGENCE

PROJECT DESCRIPTION

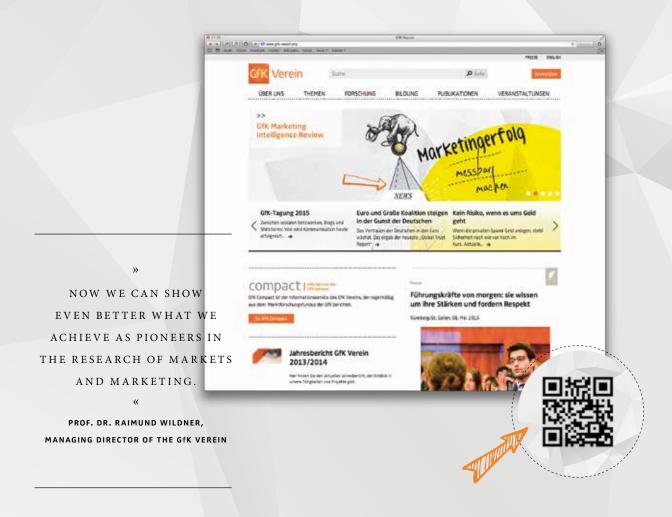
The focal areas of the GfK endowed Chair at the FAU Erlangen-Nuremberg are market research, price management, product and innovation management, customer behavior and customer relationship management

FOUNDED

2007

MODERN AND MOBILE -NEW ONLINE PRESENCE OF THE <u>GfK VEREIN</u>

In March 2015, the GfK Verein relaunched its homepage. With a modern layout and revised content structure, the online presence provides a useful information source on everything about the GfK Verein and its research work. The newly designed member area also has exclusive information at hand.



WWW.GfK-VEREIN.ORG



"The new site meets the modern standards for websites – with just a few clicks you have access to the relevant information, whether from a PC or mobile device."

RALF-KLEIN BÖLTING,
VICE PRESIDENT OF THE GFK VEREIN AND MANAGING
DIRFCTOR OF THE BRAND CONSULTING FIRM NEXTRAND.

Appealing design, clear structure and current topics – after the new launch, the homepage of the GfK Verein appears more attractive and informative. All the functions on the site can now be used on mobile devices as well – such as tablets and smartphones. "Our goal was to give interested Internet users and members easy access to information about the GfK Verein through the website," says Prof. Dr. Raimund Wildner, Managing Director of the GfK Verein.

A Wealth of Information with Just a Few Clicks

Finding content was made easier through a new structure – users are able to get to the pages they want more quickly. For example, the research activities of the GfK Verein are bundled together – this includes information on research areas, cooperations and studies. If you want to acquaint yourself with the activities of the GfK Verein in the area of training and continuing education, you will find reports on the international university cooperation programs, the GfK Academy and the GfK department and its endowed chair. A search function also allows targeted inquiries according to subject and keyword.

"The site runs flawlessly and, by the way, is pleasantly fast as well. That's fantastic!"

PROF. HOLGER JUNG,

FOUNDER/SUPERVISORY BOARD MEMBER

AT JUNG VON MATT AG

The publications of the GfK Verein are now also more easily accessible. Since the relaunch of the website, the current issues of the GfK Marketing Intelligence Review (MIR) can be read as browsable PDF documents. The publication, which presents scholarly articles that have practical applications, is published twice a year (see also page 88). Also revised and integrated into the homepage is the GfK Compact website, an online information service of the GfK Verein featuring focus topics, headlines and flash interviews (see also page 86).

Added Value for Members

Members can log in to a special membership area. This allows them to download complete studies of the GfK Verein such as the Global Trust Report, Investment Barometer or the Challenges of Nations. Interesting website content can be bookmarked in order to access it again at any time.

<u>GfK MARKETING</u> RESEARCH EDITION

With three new volumes, the GfK Market Research Edition is still growing. The publication series of the GfK Verein, which started in the fall of 2011, now consists of 11 books. The objective of the Edition, whose editor is Prof. Dr. Nicole Koschate-Fischer, is to gather together new scholarly insights from marketing and market research. Two of the new titles are dissertations from the GfK Chair for Marketing Intelligence at the FAU Erlangen-Nuremberg (Chair, Prof. Dr. Nicole Koschate-Fischer). The author of the third recent publication is a long-time GfK manager: Dr. Alexander Demidov has been Head of the Institute for Market Research of the GfK in Russia since 1991.

Eleven volumes have been published so far.
Orders can be placed through Amazon or the GfK Verein directly at hello@GfK-verein.org.

PROFILE

Gfk Market research edition

PROJECT DESCRIPTION

Series of books containing new scholarly findings from marketing and market research, particularly dissertations from the GfK Chair for Marketing Intelligence

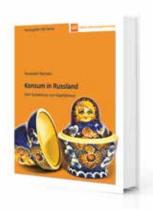
START OF PROJECT



DR. CHRISTIANE WOLFRAMM

Cobranding – Eine theoretische und empirische Untersuchung der Effekte von positiven und negativen Ereignissen auf den Markenwert der beteiligten Partner

(ISBN 978-3-943332-08-7)



DR. ALEXANDER DEMIDOV

Konsum in Russland – Vom Sozialismus zum Kapitalismus (ISBN 978-3-943332-09-4)



DR. KATHARINA WÜLLNER

Kognitive und affektive Verarbeitung
von Preisinformationen –
Theoretische und empirische
Analysen der Bedeutung von
preisbezogenen Emotionen für das
Konsumentenverhalten
(ISBN 978-3-943332-10-0)

Häagen-Dazs ice cream with Baileys liqueur - this is one of the many examples where two or more brands have come together to launch a jointly developed branded product (co-brand) on the market. The question of what effects positive and negative events can have on the brand value of the co-branding partners is dealt with in a study published at the beginning of 2015 as the ninth volume of the GfK Marketing Research Edition. The experimental investigation by Dr. Christiane Wolframm also shows factors that influence how strongly events affect the brand value of the co-branding partners. The study also breaks down which cognitive coping processes these effects produce in consumers. Dr. Christiane Wolframm, who earned her doctorate at the GfK Chair for Marketing Intelligence at the FAU Erlangen-Nuremberg, received the Hermann-Gutmann-Stiftung award for her outstanding dissertation.

In the tenth volume of the book series. published in April 2015, Dr. Alexander Demidov investigates consumption and consumption styles in Russia from the Soviet era to the present. The head of the Institute for Market Research of the GfK in Moscow first analyzes the emergence of market behaviors in Russia during the transition to a market economy in the 1990s. He then looks at the development of consumption in the 21st century. The book shows that while the main trend is towards a consumerist society, there are nevertheless many specific developments with respect to consumer behavior in Russia. After a career at the Institute for Sociology at the USSR Academy of Sciences, Dr. Alexander Demidov has been Head of the Institute for Market Research for GfK Russia since 1991.

Everyone knows the feeling: A low price causes feelings of joy, while a high one triggers indignation. While research findings confirm that price changes trigger a host of emotions in consumers, what that actually means for purchase behavior has remained unclear due to the strong focus on the cognitive aspect of the investigations that have been carried out so far. The dissertation by Dr. Katharina Wüllner, published in May 2015 as the eleventh volume of the book series, taps into new scholarly territory: In several experimental studies, she investigates how price-related emotions develop, which factors influence the relative intensity of the emotional reactions and under which conditions price-related emotions influence purchase behavior. Dr. Katharina Wüllner was a research assistant and doctoral candidate at the GfK Chair for Marketing Intelligence at the FAU Erlangen-Nuremberg.

ONE CHARACTERISTIC IS THE <u>EXTREMES</u>

In his book "Konsum in Russland. Vom Sozialismus zum Kapitalismus", *Dr. Alexander Demidov* examines consumption in Russia from socialism to capitalism. In the interview, he explains some findings from his more than 25 years of market research experience and takes a look at Russian consumer behavior.

What was the impetus for publishing your book?

DR. ALEXANDER DEMIDOV: First of all, I did not want the results of numerous studies that we have conducted in the past to fall by the wayside. With the book, we are leaving behind evidence of our work for posterity. Secondly, it also constitutes a major scholarly reservoir: I wanted to analyze and understand the enormous changes in consumer behavior of the past decades.

What were the most important milestones of Russian economic development?

DR. ALEXANDER DEMIDOV: I mainly look at the changes in the consumer market. This is first and foremost the reemergence of private property since the beginning of the 90s. The impetus for this was also the price liberalization reform of Gaidar in 1992 and the end of the state monopoly on foreign trade. At the same time, major international companies were entering the Russian market. This has given way to new forms of commerce. In addition, the standard of living of the population has improved since the turn of this century. One characteristic of Russian consumption is the extremes – the discrepancy between rich and poor is enormous. In Russia, there is a great deal more purchasing activity than, say, in Germany – both in the most expensive as well as in cheapest market segments. That being said,

the middle class in Russia is much smaller. In addition, consumption for Russians has a much greater symbolic rather than utilitarian function — especially compared to western countries. The Russians buy in order to show what they have achieved in life. Often, the purchase is also impulsive. On the one hand, this means that Russian consumers are daring when it comes to purchasing; on the other, however, they are also quite cautious because they fear being cheated.

What can German companies who want to enter the Russian market learn from your book?

DR. ALEXANDER DEMIDOV: The book should draw their attention to the consumers. In order to gain economic foothold in a foreign country, one has to understand the people — in other words the consumers.

What trends can be projected in Russia in the years to come?

DR. ALEXANDER DEMIDOV: The market economy will continue to develop – of that I am certain. Commerce will be increasingly more oriented to consumers and their needs. In the coming years, small and medium-sized companies will gain more importance. And hopefully, the social differences will diminish.

THE LARGE INTERNATIONAL
COMPANIES HAVE BROUGHT
OVER THE CULTURE OF MARKET
RESEARCH. THE SIGNIFICANCE
OF MARKET RESEARCH TODAY
IS SIMILAR TO THE ROLE IT
PLAYS IN THE WEST.

«
Dr. Alexander Demidov



You built the GfK in Russia and have been the head of the institute for almost 25 years: How has market research changed?

DR. ALEXANDER DEMIDOV: At the beginning of the nineties, market research was something new for the Russian economy. At the time, companies were mainly concerned with production, not sales. Back then, the new Russian business people tended to perceive market research as money laundering. At first, the western companies had many other problems in the new Russia.

However, the large international companies have brought over the culture of market research. They were our first customers. The significance of market research today is similar to the role it plays in the west. Not only foreign companies but the Russian ones as well make decisions based on research findings.

<u>Is market research in Russia characterized by</u> specific features?

DR. ALEXANDER DEMIDOV: In general, the methods are very similar. However, Russia is a very big country. There are regions that are virtually inaccessible for our interviewers. This is something we need to keep in mind when designing our samples. Compared to western countries, we conduct

more face-to-face interviews, but our interviewers have tablets for this, of course. Online surveys are still not as prevalent as in western countries, although they have increased significantly in the past few years.

What is the most exciting study that you have ever conducted?

DR. ALEXANDER DEMIDOV: One of the most recent studies that we carried out produced results that surprised me. It has to do with a crisis monitor. Most respondents complain quite intensely about the crisis. At the same time, three quarters of them support Putin's actions, and 86 % believe that Russia is going in the right direction.

GfK COMPACT: CURRENT EVENTS, NEW DESIGN

For six years, the GfK Compact website has been providing information on current market research findings of GfK and the GfK Verein — to the point, worth reading and now with a new design: After the relaunch, the www.GfK-compact.de website is now also integrated in the homepage of the GfK Verein and accessible via mobile devices. The content remains the same: Each month, a focus topic is presented on the homepage. The exclusive articles deal with separate key issues, such as the investment behavior of Germans or the biggest concerns in marketing. If you want to be informed when a new focus topic comes out, you can subscribe to receive email notifications. Interested users can also stay up to date in market and marketing research after clicking on the headlines section for an ataglance view of the market research results from the different areas of GfK. Additional information on topics such as population development in Germany can be found under the outline data column. Flash interviews with experts expand upon a current topic in market and opinion research. And the following has still applied since the relaunch: All GfK Compact articles are available free of charge.

PROFILE

GfK COMPACT

PROJECT DESCRIPTION

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

START OF PROJECT

2009



PURCHASING BEHAVIOR

WEEKEND SHOPPING DAY SUPERMARKET

MUST-BUY DAILY NEEDS



SAVINGS BEHAVIOR

INVESTMENT PRODUCTS FINANCIAL SERVICES SAVINGS INTEREST



HEALTH PHYSICAL FITNESS HEALTHY BALANCE TAKING CARE OF ONESELF

SELF-OPTIMIZATION

WELL-BEING

"FEEL-GOOD" FACTORS
REFLECTION TRANQUILITY

SELF-TRACKING
SELF-AWARENESS
INCREASED PERFORMANCE
THROUGH NUMBERS

ORGANIC FOODS

ECOLOGICAL PRODUCTS // ORGANIC SHOPPERS // WHOLE FODS

SUSTAINABLE ACTION

SUSTAINABLE ACTION

Security, Performance, Control Sustainable Action

EATING WELL SUSTAINABLE ACTION

KEEPING YOUR FINGER ON THE PULSE OF MARKETING RESEARCH

Twice a year, the GfK Marketing Intelligence Review (GfK MIR) provides information on international research findings in marketing. Each issue deals with a special theme, and the editors-in-chief are renowned scholars in this area. A particular strength of the journal is the practical orientation of the topics. Starting in 2015, the GfK MIR has been available electronically, as well as in the traditional printed format.

Theory is exciting but often not suitably applicable in practice. The GfK Marketing Intelligence Review has been closing this gap since 2009. The journal published by the GfK Verein is targeted to marketing decision-makers:

Important research findings on marketing and market research are presented in a practice-oriented and intelligible manner. Relevant issues in the area of marketing are addressed, ranging from theory and strategy to empirical analysis and innovative methods. This way the readers, who are usually marketing decision-makers, can find out about current scholarly investigations. In addition, it provides ideas about how these insights can be applied in marketing management. Since 2014, each issue of the GfK MIR addresses a key topic, which is examined from different perspectives by academic researchers. The GfK Verein is supported in the selection of topics and editors-in-chief by its top-level members of the Advisory Board.

Professional Expertise

That was the focus of the 02/2014 issue on social brand engagement – the editor-in-chief was Robert V. Kozinets, a marketing professor at York University in Toronto, Canada. The themed issue deals with different aspects of this, including how marketing communication on social media works, the success secret of community brands, and markets as networked conversations.

"Marketing works" is the topic of GfK MIR 01/2015. Prof. Dr. Koen Pauwels from the Ozyegin University in Istanbul was in charge of the content selection.

The articles revolve around good marketing decisions with help of the right data, the long-term effects of advertising and better cooperation between marketing and finance managers.

The GfK MIR was also able to get renowned editors-in-chief for the coming issues: The second issue in 2015 on the topic of design in marketing will be put together by Prof. Dr. Jan Landwehr, Goethe University Frankfurt am Main and Prof. Dr. Andreas Herrmann, University of St. Gallen. The first issue of the following year on corporate social responsibility will be published under the direction of Prof. Dr. DB Bhattacharya, European School of Management and Technology in Berlin.

PROFILE

GfK MARKETING INTELLIGENCE REVIEW

PROJECT DESCRIPTION

Special-themes marketing magazine that presents articles from schloarly publications for marketing decision-makers

START OF PROJECT

2009

FREQUENCY OF PUBLICATION

Twice annually



GFK MARKETING INTELLIGENCE REVIEW

The GfK MIR is available in print and is available online free of charge at www.gfk-verein.org and www.degruyter.com/view/j/gfkmir

Individual articles can also be downloaded or shared from the website of the De Gruyter publishing house.

The site also offers additional services such as keyword searches.



<u>BRANDS</u> NEED A NEW PERSPECTIVE WHEN IT COMES TO **ENGAGEMENT**

Robert V. Kozinets, guest editor of the GfK MIR, is compiling a selection of highly topical articles on social brand engagement. In this interview – Mr. Kozinets, who is a professor of marketing and the chair of the marketing department at the Schulich School of Business at York University in Toronto – explains the term "social brand engagement" and what was important for him in putting together the GfK MIR issue.

What role does social brand engagement play in marketing?

ROBERT V. KOZINETS: In the past, marketing experts concentrated mainly on the direct relationship between individual customers and the brands. And of course, they exist. Customers who purchase a deodorant, for example, have individual experiences with the brand. As a result of new technologies such as social media, however, people are also discussing brands among themselves more than ever before. It is precisely for this reason that we need a new perspective that embraces the way people interact with each other, while including the brands at the same time. We need to understand how people partake in the brand experience together. I created the term "social brand engagement" in order to promote a better understanding of this new reality.

How do brands achieve customer engagement?

ROBERT V. KOZINETS: Social brand engagement regards the connection between people and their brands as a two-way relationship. That is why we look at theories on successful relationships. They strike a balance between awareness, familiarity and comfort on the one hand and excitement, secrets and stimulation on the other. Both partners can take active roles in maintaining the relationship. If we pursue

this idea further, we find four basic strategies for promoting social brand engagement successfully. First, it has to do with communicating exciting brand news to the consumers. Also it is important to listen to consumer conversations in order to gain a better understanding of their issues and needs. Furthermore, that means encouraging and harnessing the creativity and activity of the consumers. Last but not least, it is also important to respond to consumer comments and complaints promptly and sympathetically. In my article in the GfK MIR, I refer to these four strategies as communicating, understanding, creating and supporting. They do not just represent one conceptual framework but can also serve as a checklist for targeted brand-building activities on social media.

What role do social media play in brand engagement?

ROBERT V. KOZINETS: People have various types of relationships with more people than ever before. And brands are becoming an increasingly important element in relationships within social networks. People communicate directly with brands; however, they also communicate through them, by sharing advertising messages, participating in brand-related activities with others, talking about brands or even complaining about them. Sometimes, complaints develop into



COMPANIES TEND TO

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PERSONAL. THAT IS WRONG

Robert V. Kozinets

a true social movement, such as the Harry Potter Alliance, which the respected media scholar Henry Jenkins described in the GfK MIR. Even though Facebook, YouTube and Twitter are still important channels, blogs, websites, forums and countless other platforms play significant roles, too.

What is important when using social media?

ROBERT V. KOZINETS: Companies should encourage a wide variety of forms of engagement and communicate with as well as listen to consumers. Each brand has a different voice. Each company has different media competencies, preferences and its own social media history. Each stakeholder, however, should strike a certain balance between communication, understanding, creativity and support. At present, many companies operate in a rather unbalanced way. They tend to assume that social media have more to do with telling rather than listening and that their actions should be more exciting rather than personal. That is wrong.

How did you choose the articles for the GfK MIR?

ROBERT V. KOZINETS: It was a pleasure for me to talk to colleagues from all over the world and invite them to publish cutting-edge papers on social brand engagement. The group

included Johann Füller from the University of Innsbruck, John Deighton and Leora Kornfeld from Harvard Business School, Ed McQuarrie from Santa Clara University, Barbara Phillips from the University of Saskatchewan, Henry Jenkins from the University of Southern California and of course my coauthors from HEC Paris and Wilfrid Laurier University. I selected articles that describe the new social realities in which brands engage with consumers and vice versa. Reading these stimulating, new papers also greatly enriched my approach to the subject and contributed to how I conceptualized the topic. I am proud of this issue of the GfK MIR and believe that it is a new, worthwhile contribution to knowledge about brand engagement in the age of social media.

GfK CONFERENCE 2014 PAYING ATTENTION TO YOURSELF: THE PATH TO HEALTH AND WELL-BEING?

For many people, their health is their most precious commodity. The trends that shape the behavior of German consumers and what that means for brands and marketing were the topic of the GfK Conference 2014. In addition to current data, experts shared their views on the topics of self-care and organic foods.

Health is the absence of disease – this simple definition has expanded in Germany over time: To be and stay healthy also means having an awareness of the balance of individual life energies. Health in the broader sense was the focus of the GfK Conference 2014, which took place in the new NCC Mitte in Nuremberg for the first time and was attended by around 350 marketing professionals. The talks dealt with what individuals can do for their health and well-being. Experts presented current data and research findings from the areas of wellness, prevention and rehabilitation.

Health Information Today and Tomorrow

If you have a scratchy throat, just one click on the Internet suffices to bring forth a host of possible explanations. However, digital media, especially, can cause fear due to the limited knowledge they offer. Günter Haaf, medical journalist and editor-in-chief of Wort & Bild Verlag for many years, researches the question of whether medical topics in mass media and the Internet contribute to better understanding. He realized that there was a growing gap between older newspaper readers and younger Internet users and warned that this could jeopardize the quality of reports on health and medical topics in the long run. His suggestion for preserving the high quality of medical and health journalism in Germany: a mix of quick and individually customized information available on the Internet combined with carefully researched editorial articles on the more complex topics.

Managing Your Own Health

Limited knowledge and uncertainty also prevail with the question of "what is healthy," said Stephanie Ludwig, Head of Health GfK Switzerland. She presented the results of a multinational study on self-care at the GfK Conference. Looking after oneself is one way for people to have bet-

ter control over their own health and well-being. The study shows, however, that a kind of basic lethargy exists: Often, a radical experience is necessary in order to spark a positive lifestyle change, explained Stephanie Ludwig. How this is put into action differs from person to person. Often, there is inconsistent behavior, so no conclusions can be drawn about the result.

Organic Foods for Well-Being?

Doing something for your own health: Does that also motivate consumers to choose organic products when they shop? This question is dealt with in a GfK SE study presented by Helmut Hübsch, Key Account Manager for Food, GfK Consumer Panel. He reported that of the 2,000 consumers surveyed, only one-fourth agreed with the statement that "organic products are healthier." However, the representative study also shows that people who shop for organic foods are more health conscious. Compared to the conventional shopping basket, the organic one contains twice as many fruits and vegetables but only half as much meat and sausage. Nevertheless, many of the respondents associated "organic" with altruistic aims.

Preventive Health Vacationers Especially Generous

More and more people want to do something for their health while on vacation: There are around nine million people in Germany each year who travel for health reasons. Herbert Lechner, Division Manager of Travel & Logistics, GfK Consumer Panel, presented a study on the motives and market significance of health and wellness tourism. According to Lechner, health travelers can be divided into three groups: The first are people undergoing rehabilitation, who have to receive treatment for an acute illness while on vacation. The preventive health vacationers want to avoid serious illnesses. In addition, there are travelers, who want to improve their overall well-being. Particularly financially well-off and therefore interesting for tourism marketing are the preventive health vacationers: They generate €423 million in Germany, according to the GfK experts.

Contending for Health Consumers

Health consumers are becoming more interesting not only in terms of tourism but for the consumer goods area as well, explained Florian Bernsdorf, Managing Director of Service-plan Health & Life, in the conference's closing presentation. He also added that this change in the healthcare market is resulting in an ever-growing number of related products coming out on the market. In order to cope with the challenges of brand communication, it will become increasingly important to see the patient as customer. In this respect, Bernsdorf presented five trends for brand concepts in the healthcare market. Here, as well, he identified a comeback of the brand: "According to a study by GfK and Serviceplan, 70 % of brand success is determined by emotional factors."

PROFILE

GfK CONFERENCE PROJECT DESCRIPTION

Annual event of the GfK Verein with presentations on current topics from marketing and market research

START OF PROJECT

1950



DOWNLOAD OF THE PRESENTATIONS FROM 2014:



GfK CONFERENCE 2015

Between Social Networks, Blogs and Internet Blowups: What Makes Communication Successful Today?

Communication is changing. Not only does digitalization create many new contacts, possibilities and challenges - the expectations and desires of consumers have also changed: The product is no longer the focus but rather the customer experience is. Slogans like "good is, what is good for you (the customer)," "your moment" or "shaped by your actions" are representative of the challenges that the GfK Conference 2015 will address. Renowned experts will look at different aspects of communication today and its relation to marketing. In his opening presentation, Prof. Dr. Bernhard Pörksen, media scholar at the University of Tübingen, examined the "transparency dilemma." He looked at the issue of maintaining a good reputation in the digital era and what companies need to know. Alexandra Stein, Head of Brand and Customer Experience, GfK SE, explained how brand experiences are created through emotions. In addition, she presented ideas on successful communication in the experience economy. "Many roads lead to Rome," is how Stephan Knaeble, Head of Consumer Panels Germany, GfK SE, described the consumer journey in his presentation. He showed where customers encounter brands. Florian Haller, CEO of the Serviceplan Group in Munich, talked about the challenges and opportunities for the communications industry that arise from growing consumer power in his conference presentation "From Big Data to Big Consumer."

<u>ORANGE HOUR:</u> LUNCHTIME EXCHANGE

During the Orange Hour, members get exclusive insight into the market research workshop of the GfK Verein. A current research project is presented during the luncheon. The Orange Hour took place in Munich for the first time on April 16, 2015, and members of the GfK Verein from the region were invited. "Emotions meet enjoyment" – this was the motto of the event where 40 guests came together in Andy Schweiger's cooking school. The theme of the Orange Hour was "Making Emotions Measurable for Market Research." At the beginning of the event, Prof. Dr. Björn Schuller, Chair for Complex and Intelligent Systems at the University of Passau and Dr. Anja Dieckmann, Head of fundamental research at the GfK Verein, talked about which emotion measurement methods the GfK Verein is currently working on. At the luncheon that followed, the guests exchanged views on the topic with each other as well as the speakers.





EXPERIENCING MARKET RESEARCH

The GfK Verein participates in numerous conventions, conferences and sessions and presents itself as a think tank for market and marketing research. Its Germany-based Kronberger Management Talks have also been held internationally since 2013. In addition, the GfK Verein is involved in professional associations and organizations.



According to the Articles of Association, supporting market research is one of the core tasks of the GfK Verein. This includes its own events as well as its presence at selected trade events and conventions.

Kronberg Talks: International Conferences

The tradition-steeped Kronberger Management Talks (see page 24) in Germany have also had international counterparts since 2014. "Consumer, Values and Brands – world of values, future of brands" is the name of the international Kronberg conferences held in 2014 in Bucharest, Istanbul, Prague, Budapest, Moscow and Warsaw. In Prague, for example, nearly 40 company representatives attended the "Kronberg Talks," with most of them coming from middle and upper management. As with the others events, the feedback was very positive. There was praise for the interesting expert lectures as well as for the opportunity to network with representatives from GfK and other organizations. More international Kronberg conferences are also planned for 2015 in Russia, Poland, Romania, Hungary, the Czech Republic and Turkey.

Presence at Selected Events

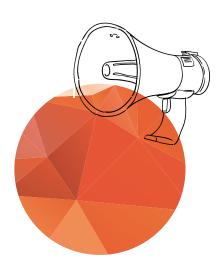
Furthermore, the GfK Verein supports market research via selected sponsorship activities and attends a number of professional events and conventions. One of these was the Bayreuth Congress of Economics on May 7 and 8, 2015, where the topic was "Learn from the Best — Modern Management in the 21st Century." On the second conference day, Dr. Andreas Neus, Head of university cooperations and Deputy Managing Director of the GfK Verein, gave a presentation entitled "Digital Management and Market Research of the Future: Corporate Blindness to Innovation and the Key Role of Decision Quality." In addition, the GfK Verein once again participated as a Gold Sponsor. With 1,400 participants, the Bayreuth Congress of Economics is one of the largest economics conferences in Europe.

In addition, the GfK Verein was once again Gold Sponsor of the **German Market Research Congress** from June 11 to 12, 2015 in Berlin. Each year, around 500 experts from the areas of marketing, market research and media research come together. The BrainFood Bar of the GfK Verein at the accompanying exhibitor trade fair was also a favorite gathering place this year. The congress participants could fortify themselves with healthy snacks while receiving information about current research projects.

The GfK Verein also supported the **Ludwig Erhard Symposium**, which took place for the first time from October 9 to 10, 2014. The theme of the event, which was organized by students of the School of Business and Economics at the FAU Erlangen-Nuremberg, was "Economic Miracle 3.0 – Successful and Sustainable Action in the World of Tomorrow." More than 1,000 visitors came to the trade fair in Nuremberg, exchanged ideas and attended the presentations of around 50 speakers. The GfK Verein was also present with its booth, which served as a contact point for the visitors, most of whom were students looking for information about market research and especially GfK. Matthias Hartman, CEO of GfK SE, presented on the topic "Sustainability: What Do Consumers Think about It and How Do They Behave?"

Involvement in Professional Circles

The GfK Verein also makes its presence felt in professional associations and organizations. For example, it is a member of the Federal Association of German Market and Social Researchers (BVM) and a supporting member of the Market and Social Research Initiative (IMSF). The GfK Verein is also involved in international networks: It is a member of organizations such as ESOMAR, the Marketing Science Institute (MSI) and the American Marketing Association (AMA), among others. The latter two U.S. organizations support the global sharing of marketing and market research knowledge. Prof. Dr. Raimund Wildner, Managing Director of the GfK Verein, also sits on the board of directors at both the BVM and the Market and Social Research Initiative, and he is a member of the German Market Research Council and the Professional Standards Committee at ESOMAR.





TAKING STOCK

TOPICS IN THIS SECTION:

100 /// ANNUAL FINANCIAL STATEMENTS

102 /// BALANCE SHEET

103 /// INCOME STATEMENT

THE FIGURES FOR 2014: ANALYZED AND **EXPLAINED**

THE BALANCE SHEET: ASSETS

The most important item on the assets side are the financial investments of the GfK Verein, which is the GfK Verein's shareholding in GfK. In the reporting period, weak phases on the stock exchange were used for additional targeted purchases. The value of this item increased accordingly. At the end of 2014, the GfK Verein had 20,582,502 GfK shares, which correspond to a stake of 56.38 %. Since then, additional shares have been purchased, resulting in a current value of 56.40 %. Since the shares appear in the balance sheet with an average price of €1.86, there are still considerable hidden reserves.

The land and buildings item relates to the building in Nuremberg at Schnieglinger Str. 57 and is stated in the balance sheet at €135 thousand. The building is 100 % leased to the Sparkasse Nuremberg and GfK SE. In addition, the amount of €167 thousand for business and office equipment remains virtually unchanged in the balance sheet.

Other current assets mainly relate to a loan granted to GfK SE, which was charged at 1 % above the EONIA and EURIBOR interest rate.

THE BALANCE SHEET: LIABILITIES

The liability side of the balance sheet is dominated by equity. Equity increased by €4.3 million and corresponds to net income for the year.

Provisions related to pensions were reversed because the beneficiary, former member of the Management Board Werner Ott, passed away last year.

INCOME STATEMENT

The income statement is dominated by income from share-holdings, which represents the dividend payment of GfK SE. As in the previous year, €0.65/per share was paid.

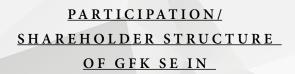
The revenue side also includes the income generated mainly from seminar sales at the GfK Academy. These have decreased due to weaker sales last year. Membership dues have mostly remained constant. Other operating income includes rental income from the building in Nuremberg at Schnieglinger Str. 57, as well as a one-off effect resulting from the reversal of pension provisions due to the death of former Management Board member Werner Ott.

Finally, the interest and similar income of €276 thousand on the revenue side, which resulted from the interest payments for the loan granted to GfK SE, are significant.

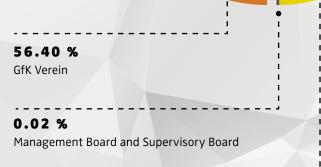
Expenses are dominated by the costs for purchased services in the amount of close to €5 million. This is a compound item, which groups together the payments to the instructors of the GfK Academy, the remuneration of the cooperation partners for the research projects, the remuneration of GfK SE for the administrative work carried out there and the costs for the data collection and data production for the studies and the key regional sales figures.

Personnel costs also increased due to longer work hours and because salary payments in the previous year were only partially incurred due to maternity/parental leave.

As a result, net income for the year came to €4.3 million, which further strengthens the already very good equity capital base of the GfK Verein.



%



9.23 % Private investors

34.35 %

Institutional investors:

20.23 %

The UK and Ireland

5.33 %

North America

1.48 %

Germany

0.12 %

Other countries

7.19 %

Rest of Europe

as of 1/31/2015 (SOURCE: NASDAq OMX)

2014 BALANCE SHEET

in € thousand	31.12.2013	31.12.2014
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Industrial copyrights acquired and similar rights	3	2
Property, plant, and equipment		
Land and buildings	137	135
Other equipment, furniture, and fixtures	168	167
	305	302
Financial assets		
Investments	35,556	38,326
	35,864	38,630
CURRENT ASSETS		
Receivables and other assets		
Trade receivables	14	19
Other assets	17,773	20,049
	17,787	20,068
Cash on hand, bank balances	1,270	898
	19,057	20,966
PREPAID EXPENSES	247	44
	55,168	59,640
EQUITY AND LIABILITIES		
EQUITY		
Other retained earnings	53,029	57,370
PROVISIONS		
Provisions for pensions and similar obligations	678	0
Tax provisions	60	223
Other provisions	173	378
	911	601
LIABILITIES		
Bank borrowings	36	1
Trade payables	1,030	1,443
Other liabilities	162	225
of which for taxes	46	66
of which for social security	0	1
	1,228	1,669
	55,168	59,640

2014 INCOME STATEMENT

	: :	
In € thousand	2013	2014
Sales	256	197
Membership dues	221	218
Other operating income	592	740
	1,069	1,155
Expenses for services procured	- 4,158	- 5,039
Personnel expenses		
Wages and salaries	-1,286	- 1,501
Social security contributions and expenditure for pensions and related employee benefits	- 282	- 242
of which for pensions	- 90	- 31
Amortization and depreciation on intangible assets and property, plant, and equipment	-43	-11
Other operating expenses	- 2,665	- 2,586
	- 8,434	- 9,379
Income from investments	13,309	13,322
Other interest and similar income	242	276
Interest and similar expenses	- 37	-1
	13,514	13,597
Result from ordinary activities	6,149	5,373
Income taxes	- 56	-162
Other taxes	– 759	- 870
Net income	5,334	4,341



MEET THE ORGANIZATION

TOPICS IN THIS SECTION:

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112 /// MEMBERSHIP

114 /// MEMBERSHIP DIRECTORY

120 /// ARTICLES OF ASSOCIATION

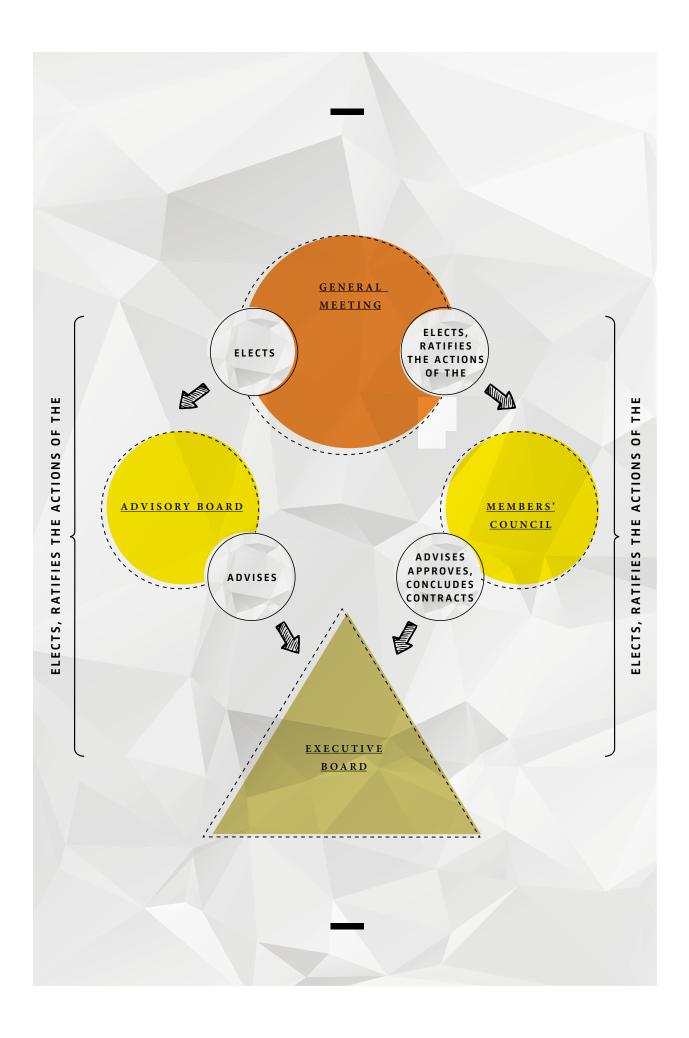
STRUCTURE OF THE GfK VEREIN

Organiszation committees steer the activities and direction 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

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:

In his capacity as president, *Prof. Hubert Weiler* is responsible for the overall strategy, finances and participation in GfK SE. *Ralf Klein-Bölting* is responsible for public relations. *Prof. Dr. Nicole Koschate-Fischer* oversees the cooperation with academic institutions. *Prof. Raimund Wildner* assumes the day-to-day management and fundamental research.

The members of the Executive Board make joint decisions on the acceptance of new members, proposed candidates for the Members' Council or Advisory Board, and the annual financial planning. They usually meet three times per year.



PROF. DR. RAIMUND WILDNER

Vice 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.

PROF. HUBERT WEILER

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 Chairman of the Supervisory Board at the insurance company uniVersa Versicherungen, Nuremberg. He was spokesman the Executive Board from January to July 2013 and has been President of the GfK Verein since July 2013.

PROF. DR. NICOLE KOSCHATE-FISCHER

Vice President

She has been the GfK Endowed Chair for Marketing/ Intelligence at the FAU Erlangen-Nuremberg since 2007. Professor Dr. Koschate-Fischer has been a member of the Executive Board of the GfK Verein since 2009.

RALF KLEIN-BÖLTING

Vice President

The marketing expert and owner of NEXTBRAND, 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.

THE MEMBERS' COUNCIL

The Members' Council, chaired by Claus-P. Rach, advises the Executive Board on all issues relating to the shareholding 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 the GfK SE's Annual General Meeting — which requires a 75 % 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 and holds telephone conferences as needed.

CLAUS-P. RACH

Chairman Rach-Consult

MANFRED SCHESKE

Deputy Chairman

CEO infirst Healthcare Ltd.

DR. STEPHANIE MAIR-HUYDTS

Publisher Mair-Dumont GmbH & Co. KG

DR. ULRICH MALY

Mayor of the City of Nuremberg

DR. MANFRED STACH

<u>Chairman of the Supervisory Committee</u> <u>of Unilever Deutschland GmbH</u>

DR. STEFFEN STREMME

Former CEO of Media Saturn Holding

DR. HUBERTINE UNDERBERG-RUDER

Advisory Board President of Underberg AG

PROF. DR. HANNS-JÜRGEN WEIGEL

Member of the Supervisory Committee of Generali Deutschland Pensor Pensionsfonds AG

THE ADVISORY BOARD

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.

PROF. DR. DR. H.C. HERMANN DILLER

Professor, FAU Erlangen-Nuremberg

ECKHARDT FENNER

Owner of KKK Kosten-, Konditions- und Kooperationsmanagement

CLEMENS R.P. GÜTERMANN

Former Member of the Management Board of Gütermann AG

WOLFGANG GUTBERLET

Chairman of the Management Board of W-E-G Stiftung & Co. KG

KLAUS HEHL

Honorary Member
Former Chair of the Management Board of GfK AG

BERNHARD JACKEL

Honorary Member

Former Member of the Management Board of GfK AG

PROF. HOLGER JUNG

Jung von Matt AG

PROF. DR. MANFRED KIRCHGEORG

Holder of SVI-Endowed Chair of Marketing, especially E-Commerce and Cross-Media Management, at the HHL Leipzig Graduate School of Management

MARTIN KÖLSCH

Management Board, FIDOR Bank AG

PROF. DR. HANS-WILLI SCHROIFF

CEO and Founder, MindChainge
Chair for Marketing at RWTH Aachen

WERNER SPINNER

Former Member of Group Executive Board, BAYER AG

PROF. DR. KLAUS L. WÜBBENHORST

WB Consult GmbH

MEMBERSHIP IN THE $\underline{GfK\ VEREIN}$

The GfK Verein has around 550 members. They represent a cross section of the economy and help to further market research in Germany and internationally. The members also receive a number of exclusive services.

Studies: Knowledge on Trends and Developments

The GfK Verein makes numerous studies available to its members. The members also receive surveys and analyses on current consumer-related topics several times a year. The GfK Verein often looks at other countries in addition to Germany.

The study findings are analyzed and graphically enhanced exclusively for members in detailed reports. Non-members pay up to €950 plus VAT, depending on the study.

Members also receive a host of other studies on a regular basis, such as:

/// Challenges of Nations: The GfK Verein has been investigating the question of which issues urgently need to be resolved in 17 countries since 2001. At first, the study was limited only to European countries; since 2014, it is also being carried out in Switzerland, Turkey, South Africa, Nigeria, Brazil and the U.S.

/// Global Trust Report: Which professions, industries and institutions do people trust? The GfK Verein has been investigating the question of trust in 26 countries since 2011.

/// Consumption Trend Sensor: Survey of fundamental value trends in private consumer behavior, conducted by the GfK Verein every two years. The study has been carried out in eight EU countries as well as Russia since 2011. It focuses on the dimensions of societal changes that are relevant to consumption.

/// European Consumer Study: This study looks at funda-

mental trends in selected markets of private consumption, such as nutrition, media usage and tourism in eight EU countries and Russia.

/// Investment Barometer: This is a survey on the behavior of private financial decision-makers in Europe and the U.S. In addition, members of the GfK Verein receive the "base data figures for calculating regional sales figures" either in print or as a CD-ROM. This comprehensive report contains important key figures at the city and county level and is therefore an important building block for managing sales and marketing. For non-members, the price is €1,000 plus VAT.

Events: Information and Exchange

Experts of the GfK Verein meeting up and exchanging ideas with other member companies – events hosted by the GfK Verein offer an ideal platform for this.

The GfK Conference is an annual event and free of charge* for members of the GfK Verein. Each year, the event covers topics that are relevant to research on marketing and markets. In addition to experts from GfK, speakers also include high-level representatives from industry, academia and society.

(*Complimentary conference admission for two people; the fee for non-members per participant is €200 plus VAT)

The Orange Hour is a new event series of the GfK Verein, which is happening in various metropolitan areas. During this business lunch, members get exclusive insight into the market research workshop of the GfK Verein and current research projects.



Publications on Market Research That Are Well Worth Reading!

The scholarly journal of the GfK Verein, the GfK Marketing Intelligence Review, comes out twice a year and is free for members (non-members: €75 plus VAT). Each issue deals with a special theme, which contains current academic findings presented in a practical context.

Members of the GfK Verein can purchase the Kronberg Book once a year. It summarizes the most important findings of the entrepreneurial talks, which have been held since 1981. The GfK Verein and GfK SE organize this exclusive event, where GfK experts work on a selected marketing issue together with a group of top managers from branded companies.

Internet: Accessing Knowledge

The website of the GfK Verein offers a protected membership area with exclusive content. After logging in, members of the GfK Verein can access all the study findings in this area as well as the electronic version of the GfK Marketing Intelligence Review for download – accessible on mobile devices as well. You can apply for membership in the GfK Verein online at www.gfk-verein.org. After reviewing the application, the GfK Verein usually makes a decision regarding acceptance within ten working days.

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The annual fee for corporate members is €500.

///

Individual membership for one year is €150; membership is only open to full-time, salaried university professors.

///

The membership may be canceled with a notice period of three months prior to the end of a calendar year.

///







AachenMunicher Versicherung AG, Aachen Achenbach, Dr. Christoph, Haan ACN-Anzeigen-Cooperation, Düsseldorf Adlwarth, Dr. Wolfgang, Lauf Agentur triebwerk GmbH, Nuremberg Akzo Nobel Deco GmbH, Cologne ALDI Einkauf GmbH & Co. oHG, Mülheim/Ruhr Alfred Ritter GmbH & Co. KG, Schokoladefabrik, Waldenbuch b. Stuttgart Allianz Versicherungs-Aktiengesellschaft,

alpha Real Estate GmbH & Co. KG. Nuremberg

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Bachl, Thomas, Schwabach Baden Württembergischer Genossenschaftsverband e. V., Karlsruhe Baden-Württembergischer Industrieund Handelskammertag, Stuttgart Barclay, Betty, Kleiderfabrik GmbH, Heidelberg

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Bayernland eG, Nuremberg BayWa AG, Munich Beck, Ursula, Kleinsendelbach Beiersdorf AG, Hamburg BEKO Deutschland GmbH, Neu-Isenburg Berenberg Bank, Hamburg Bergader Privatkäserei, Waging am See Berkemeier, Dr. Helmut, Tecklenburg Berndt, Dr. W. C., Seewalchen Bertelsmann AG, Rheda BHW Bausparkasse, Hameln BICO Zweirad Marketing GmbH, Verl BIK Aschpurwis + Behrens GmbH, Hamburg Biologische Heilmittel Heel GmbH, Baden-Baden

Bionorica SE, Neumarkt Bitburger Getränke Verwaltungsgesellschaft, Bitburg Bizerba-Werke GmbH & Co., Balingen BLM Bayerische Landeszentrale für Neue Medien, Munich Bloom Project GmbH Nuremberg, Nuremberg

BMW Group, Munich

BNP Paribas Real Estate Consult GmbH, Hamburg

Böklunder Plumrose GmbH & Co. KG, Böklund

Boesken-Diebels, Dr. Paul, Geldern Bogner, Willy, GmbH & Co. KGaA, Munich Bollon, Pascal, West Byfleet, United Kingdom

Bosch, Dr. Volker, Feucht Bose GmbH, Friedrichsdorf/Ts.

BP Europa SE, Bochum

Brand: Trust GmbH, Nuremberg Bremer Tageszeitungen AG, Bremen

Hamburg

brühl & sippold GmbH, Bad Steben

Brown-Forman Deutschland GmbH,

Brüns, Birgit, Nuremberg

Buchdruckerei Eugen Seubert GmbH, Nuremberg

Bühler Dr., Wolfgang, Rechtsanwalt, Zirndorf BU HOLDING, Nuremberg

Bulthaup GmbH & Co. Küchensysteme,

BulwienGesa AG, Munich

Aich-Vilsbiburg

BVM Berufsverband Deutscher Marktund Sozialforscher e. V., Berlin

BZV Medienhaus GmbH, Braunschweig



Carlsberg Deutschland Markengesellschaft mbH, Hamburg

Casio Europe GmbH, Norderstedt CEWE Stiftung & Co. KgaA, Oldenburg CHRIST Juweliere & Uhrmacher seit 1863 GmbH, Hagen Clarion Europe GmbH, Mörfelden-Walldorf Coca-Cola GmbH, Essen Colgate-Palmolive Services CEW GmbH, Hamburg Commerzbank AG, Munich Conditorei Coppenrath & Wiese, Osnabrück Conrad Electronic SE, Hirschau

Continental Foods Germany GmbH, Lübeck

CS Schmalmöbel GmbH & Co., Waldmohr

Cramer, Hansjörg, Munich



DAK Deutsche Angestellten Krankenkasse, Hamburg

Dalli-Werke, Wäsche- und Körperpflege GmbH & Co. KG, Stolberg

Dallmayr, Alois, Kaffee oHG, Munich

DATEV eG, Nuremberg

DBA Deutschland GmbH, Rheine d.core consulting and research, Munich defacto marketing GmbH, Erlangen

Dehn + Söhne GmbH & Co. KG, Neumarkt Dentsu Aegis Network Germany GmbH, Wiesbaden

Deutsch-Argentinische Industrieund Handelskammer, Buenos Aires

Deutsch-Brasilianische Industrieund Handelskammer, Sao Paulo

Deutsch-Französische Industrieund Handelskammer, Paris

Deutsch-Griechische Handelskammer, Athens Deutsch-Italienische Handelskammer, Milan

Deutsch-Portugiesische Industrieund Handelskammer, Lissabon

Deutsche Bahn AG, Berlin

Deutsche Bank AG, Frankfurt/M.

Deutsche BP AG, Bochum

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Deutsche SISI Werke GmbH & Co. Betriebs KG, Eppelheim/Heidelberg

Deutscher Städtetag, Cologne

Deutsches Jugendinstitut e. V., Munich

Deutsche Telekom AG, Bonn

devolo AG, Aachen

Diedrich, Christian, Tübingen

Die Zwei. Agentur für Marketing, Produktentwicklung u. Kommunikation, Nuremberg

Diller, Prof. Dr. Dr. hc. Hermann, Nuremberg dm-drogerie markt GmbH + Co. KG, Karlsruhe Domäne Einrichtungsmärkte GmbH & Co. KG, Hardegsen

Dr. Willmar Schwabe GmbH & Co. KG DS Smith Packaging Deutschland Stiftung & Co. KG, Fulda Duale Hochschule Stuttgart, Stuttgart Düttmann, Dr. Bernhard, Meerbusch



ECE Projektmanagement GmbH, Hamburg Edeka Nonfood CM GmbH, Bielefeld EDEKA Zentral AG, Hamburg EGGER Holzwerkstoffe Brilon GmbH & Co. KG, Brilon

Eichhorn, Peter, Petersaurach Einrichtungspartnerring VME GmbH & Co. KG, Bielefeld

EHI EuroHandelsinstitut e. V., Cologne

Eisenstein, Prof. Dr. Bernd, Lübeck EK/servicegroup, Bielefeld Electrolux Vertriebs GmbH, Nuremberg ElectronicPartner GmbH, Düsseldorf EnBW Energie Baden-Württemberg AG, Karlsruhe

Engelhard Arzneimittel GmbH & Co. KG, Niederdorfelden

Erdal-Rex GmbH, Mainz ERGO Versicherungsgruppe AG, Düsseldorf Erichson, Prof. Dr. Bernd, Magdeburg Eschenbach Optik GmbH, Nuremberg Esselte Leitz GmbH, Stuttgart Eterna Mode AG, Passau Euler Hermes Deutschland, Hamburg Euronics Deutschland eG, Ditzingen europa-foto/Deutschland, Fotoco GmbH & Co. KG, Eschborn/Ts. Europear Autovermietung GmbH, Hamburg

expert Warenvertrieb GmbH, Langenhagen



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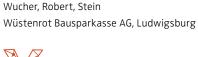
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ARTICLES OF ASSOCIATION



I. GENERAL PROVISIONS

§ 1 Purpose of Association

- 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.
- 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.
- $\ensuremath{\mathsf{3}}.$ 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 3/4 majority or 3/4 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 elected 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.
- 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 au-

- ditors. 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

- 1. 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.

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