

MEDIA RELEASE

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DISCONNECT BETWEEN BRANDS AND CONSUMERS' EXPERIENCES, SAYS LANDMARK CONSUMER EMOTIONS SURVEY

- Landmark study is the first to map in-depth the 'emotional mine-field' of customer relationships and to define and measure the emotions experienced with brands and service
- The study exposes gaps in the expectations of consumers based on advertising and brand image with the service or contact experience delivered

Sydney, July 16, 2003 - A world-first Australian study released today has found that the marketing promises of leading Australian brands largely fail to match consumers' actual experiences in dealing with the brand's company, creating negative emotions and destroying loyalty.

The study, the first to map the emotional mine-field of customer relationships and consumer expectations, also proves that satisfaction is insufficient as a measure of a relationship and that emotions are a greater prediction of loyalty, indifference or even defection.

Conducted by leading research company, Evaluate, and corporate and consumer psychologists, Psychologica, on behalf of industry body, the Society of Consumer Affairs Professionals (SOCAP), the landmark Consumer Emotions Study 2003 surveyed 4,000 customers from nine leading Australian companies.

Belinda Davoren, president of SOCAP, said: "The study proves that emotions are central to buying behaviour and profitability. This study is unique in that it is the first body of evidence to confirm that emotional experiences have a bottom line impact on profits. When the brand promise fails to match the product or service experience, negative emotions destroy loyalty and customer value."

Michael Edwardson, consumer psychologist from Psychologica, said: "Few customers feel emotions which bind them to a brand, like being 'delighted,' 'excited' or 'fulfilled.' Yet advertising images suggest that consumers will feel more self-fulfilled about their lives after buying a certain product or service. That's a disconnection and it contributes to a lack of trust in brands and their organisations. The study proves there is clearly a huge opportunity for marketing departments to create their own unique branded emotional space as a competitive edge."

The study found that one in four consumers felt positive emotions, such as 'impressed', 'valued' and 'reassured,' through experiences with brands and interactions with the brand. These consumers were more likely to be loyal customers, repurchase the brand and recommend it to their friends.

The study also identified that customers disappointed with their service experience were not inclined to contact the company to seek a remedy for their concerns and that poor handling in contact with the business actually increased the level of negative emotion.

These customers became the 'silent enemies' of brands, avoiding recommending the brand's products or services.

Almost forty per cent of customers whose expectations were not met did not bother to contact the organisation concerned for a resolution.

Of those who did contact the company, 86% of customers had highly adverse feelings about the way the contact was handled, while only 14% were 'satisfied' with the resolution and loyalty restored. Thirty seven per cent continued to feel 'dissatisfied' and, in some cases, their feelings were heightened to become 'angry.'

In further evidence that brands have failed to engage consumers emotionally, the study also found that only 1 in 20 consumers trust the organisations they deal with and only 1 in 40 feel that the organisation trusts them.

Wayne Croker, managing director of Evaluate, said: "The biggest challenge for marketers today is to manage the negative emotions of a poor service experience as disappointed customers are hard to detect, hard to engage and hard to turnaround. Call centres, for instance, train their staff in managing anger, but more difficult to assess and manage are disappointment and feelings of being cheated and insulted. Frontline staff need to be coached and supported in how to recognise these cues."

Croker also said the study suggests that marketers need to think beyond mere satisfaction as a measure of effectiveness and an intention to repurchase to defining and measuring emotions. "Only complete satisfaction can produce loyalty. Satisfied customers continue to take their business elsewhere due to emotional reactions which are masked by satisfaction measures," said Mr Croker.

"Satisfied customers can still feel 'disappointed' and 'frustrated' and defect. Only when brand experiences respect, impress and fulfil consumers will loyalty be assured," he said.

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To obtain a copy of the Consumer Emotions Study 2003 report contact **Keith Peel on 0405 195 762**

About SOCAP

SOCAP, the Society of Consumer Affairs Professionals, is a professional association for people working in the area of consumer affairs and customer relations. SOCAP, originally established in the USA in 1973, now has sister organisations in the United Kingdom, Canada, Italy, Japan, Korea and Australia. The establishment of the Society in Australia aimed to lift the profile of the consumer affairs function within business.

About Evaluate

Evaluate is a leading research firm that delivers customer insights into satisfaction, loyalty and value. Evaluate offers an integrated suite of proprietary research and measurement solutions and customised approaches to measuring and managing customer value. Evaluate leads the way in delivering customer insights into satisfaction, loyalty and value. Its methods and tools are directed to assisting organisations to identify specific initiatives they can act on, with measurable bottom line consequences. (Please approve)

About Psychologica

Psychologica is a corporate and consumer psychology consultancy. Psychologica's managing director, Michael Edwardson is a consumer psychologist and Australia's foremost expert on Emotions In Business and Customer Experience Management. He is a registered psychologist, lecturer in Services Marketing and Consumer Behaviour in the School of Marketing at the University of NSW.