

Hakuhodo's Sensory Branding Study: The Importance of the Senses to *Sei-katsu-sha*

**When selecting products, more than 60% focus on visual
while close to 40% focus on non-visual aspects
Men pay closer attention to the visual than women**

**Categories where the senses play a significant role are
women's cosmetics, beer and chocolate**

**Sound is important when choosing beer;
and feel to the touch a key issue when selecting audio visual equipment**

Tokyo – April 24, 2006 – Hakuhodo recently conducted its Sensory Branding Study into the emphasis *sei-katsu-sha* * give to the senses, as well as the importance of the senses to key product and service categories. Below we present some key findings of this research.

Sensory Branding is a new branding perspective that is beginning to attract attention in Europe and the US. The approach targets all five senses: appeals are made to touch, taste and smell, in addition to those for sight and sound, which have generally been the main focus until now. Hakuhodo has been providing its clients with sensory branding-based services since signing a Japan exclusive advisory agreement in October 2005 with Martin Lindstrom, the father of Sensory Branding.

From our research, we know that many *sei-katsu-sha* pay close attention to sensory aspects when using products and services, and that sometimes they are particular about senses other than those obviously related to the particular product category. Hakuhodo will use these findings as a basis for further research and implementation of Sensory Branding.

**Sei-katsu-sha* are more than simply consumers, people whose lives and lifestyles include more than shopping. Hakuhodo introduced this term in 1980s, to emphasize our commitment to a comprehensive, 360-degree perspective on consumer's lives.

Key findings

- **Some 67.7% of people feel that sensory aspects are important considerations when using a product or service.**
- **When choosing products & services, more than 60% focus on the visual, while close to 40% focus on senses other than sight. Men are more “visual” than women.**
- **Women’s cosmetics was the top category for importance of the senses, with chocolate snacks and shampoo also ranking highly. These are all of more interest to women, hinting at the heightened interest women have in the senses.**
- **Compared with men, women place particular emphasis on the senses when it comes to the shops and other spaces segment of the service industry. They are especially fussy about airlines.**
- **In the beverage category, sound is an important element for beer.**
- **Touch is important to the audio-visual category. Perhaps AV(Audio Visual) gear should more rightly be called AVT(Audio Visual Touch)?**
- **In some instances, people are particular about a sense other than the obvious one for a category, like the sound of a fast food restaurant or car, and the smell of a convenience store or aircraft cabin.**

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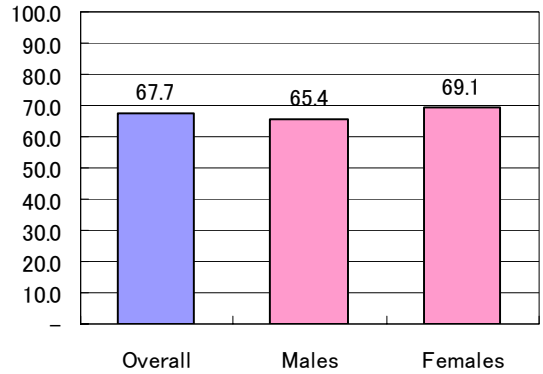
Results of analysis

- **Some 67.7% of people feel that sensory aspects are important considerations when using a product or service**

When we asked respondents the degree the senses were important to them in using a product or service, some 67.7% said they were important. By gender, women (69.1%) are more sensory than men (65.4%).

(very important + important, %)

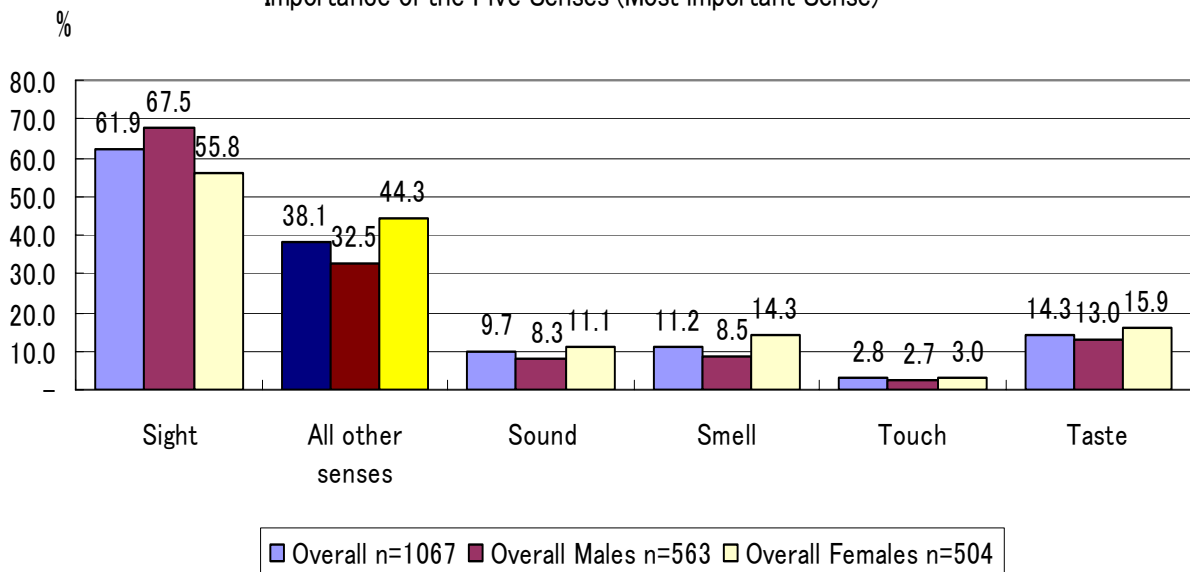
% Feel that the Five Senses are Important



- **When choosing products & services, more than 60% focus on the visual, while close to 40% focus on senses other than sight. Men are more “visual” than women**

When we asked which sense was most important, 61.9% of respondents chose sight, while some 38.1% chose a sense other than sight. Thus, close to 40% of people choose a product or service based another of the five senses. Moreover, men show a marked preference for the visual (67.5%), while a high proportion of women focus on senses other than sight (44.3%).

Importance of the Five Senses (Most important Sense)



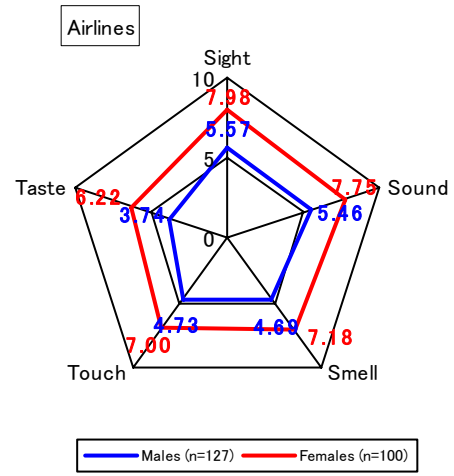
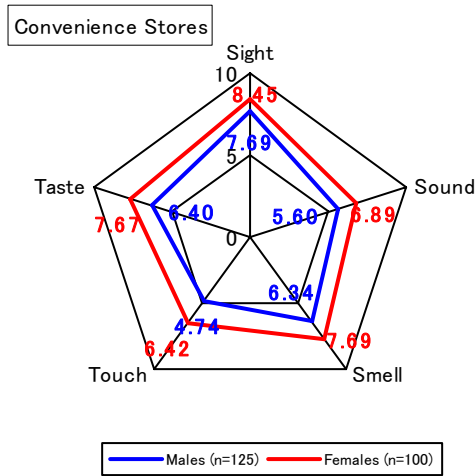
- **Women’s cosmetics was the top category for importance of the senses, with chocolate snacks and shampoo also ranking highly. These are all of more interest to women, hinting at the heightened interest women have in the senses**
Products of high interest to women make up most of the top service and product categories, showing how the five senses are used in products that target women. Moreover, though the results were different for men and women, we discovered that beer is a category where both pay considerable attention to the senses when they choose their purchase.

Importance of the Senses by Product Category
(Very important + important; %)

Overall (%)	Males (%)	Females (%)
1. Women’s cosmetics	1. Beer	1. Women’s cosmetics
2. Beer	2. Cars	2. Chocolate snacks
3. Chocolate snacks	3. Fast food	3. Beer
4. Fast food	4. Tea beverages	4. Shampoo & conditioner
5. Cars	5. Imported luxury brands	5. Fast food
6. Tea beverages	6. Chocolate snacks	6. Tea beverages
7. Shampoo & conditioner	7. LCD/Plasma screen TVs	7. Chuhi <i>shochu</i> -based drinks
8. Imported luxury brands	8. Men’s cosmetics	8. Cars
9. Chuhi <i>shochu</i> -based drinks	9. Sportswear	9. Imported luxury brands
10. LCD/Plasma TVs	10. Chuhi <i>shochu</i> -based drinks	10. Convenience stores

- **Compared with men, women place particular emphasis on the senses when it comes to the shops and other spaces segment of the service industry. They are especially fussy about airlines**

Comparing how men and women ranked the importance of each of the senses (with a possible score of 10 for each), we found significant differences in responses to convenience stores and airlines. In categories where shops and other spaces are directly related to the service provided, women place more emphasis on sensory elements than men, a trend that is most pronounced with regard to airlines.



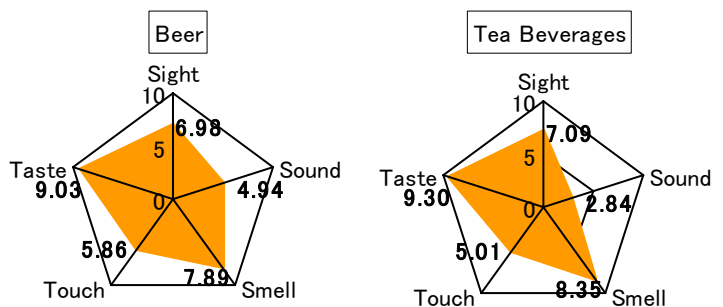
	Males (n=125)	Females (n=100)
Sight	7.69	8.45
Sound	5.60	6.89
Smell	6.34	7.69
Touch	4.74	6.42
Taste	6.40	7.67

	Males (n=127)	Females (n=100)
Sight	6.57	7.98
Sound	5.46	7.75
Smell	4.69	7.18
Touch	4.73	7.00
Taste	3.74	6.22

- **In the beverage category, sound is an important element for beer**

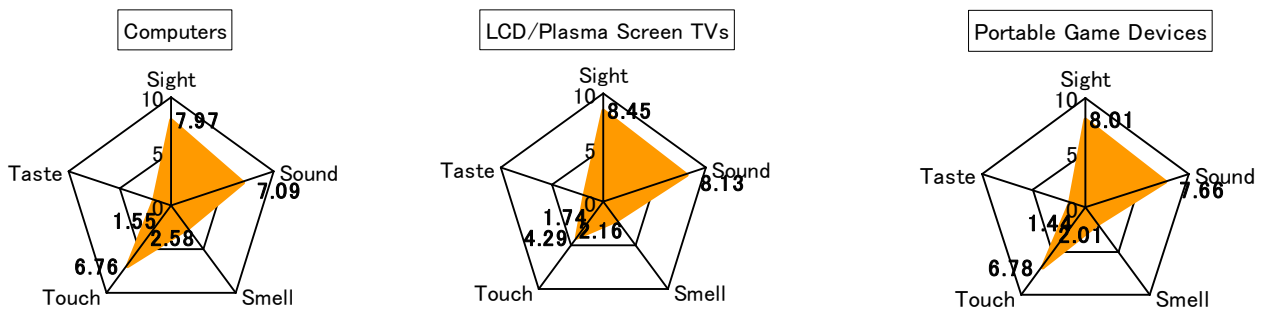
The graph for tea beverages demonstrates a classic beverages formation, with strong results for taste, smell and sight. However, for beer,

sound is also prominent. The sound the can or bottle makes when opened, the sound of pouring, and other aural elements have likely brought about this heightened awareness.



- **Touch is important to the audio-visual category. Perhaps AV (Audio Visual) gear should more rightly be called AVT(Audio Visual Touch)?**

Sight, sound, and touch are all high for TVs, computers, game consoles and other AV equipment. Given that these are audio-visual products, sight and sound are obvious, but touch is another key element, as indicated in these Sensagrams. It appears that we can think of these as AVT products.



Indeed, with nearly 70% of respondents saying they thought touch was important when we asked them about the importance of senses other than the obvious ones for the product or service, we confirmed the importance of touch to audio-visual equipment. (Agree + Somewhat agree; %)

<i>Touch</i>	
The feel of the keyboard when typing is about as important as the computer's design	70.3
The feel of a portable game device when you hold it is about as important as the quality of the screen	65.1
When choosing a mobile phone company, the feel of the handset in the hand is as about important as the sound quality of the calls	68.8

- **In some instances, people are particular about a sense other than the obvious one for a category, like the sound of a fast food restaurant or car, and the smell of a convenience store or aircraft cabin**

We also learned that senses other than those normally associated with a particular category, can be a significant consideration, for instance the background music played in a fast food restaurant, the sound of a car door closing, and the smell of a convenience store or airplane cabin. (Agree + Somewhat agree; %)

<i>Sound</i>	
The background music at a fast food restaurant is about as important as the taste of the food	50.5
In a car, the sound the door makes when closed is about as important as how comfortable the seats are	63.1
<i>Smell</i>	
The smell of a convenience store is about as important as how the store looks	62.1
When flying, the smell of the aircraft cabin is about as important as how comfortable the seats are	88.4

Overview of Hakuhodo's Sensory Branding Study

Method: Internet panel survey
Respondents: N = 1,067
Male/female Internet users aged 16–59
Current users of the surveyed product/service categories (separate parameters were set for each category)
Survey area: Japan
Period: Early January 2006

Reference

About **Martin Lindstrom**

Born in Denmark in 1970, Lindstrom is currently CEO of the Sydney-based Lindstrom Company. Previously he served as Global COO for British Telecom/LookSmart, and was founder and CEO of BBDO Interactive Asia and co-founder of BBDO Interactive Europe. Lindstrom is a popular speaker on new marketing paradigms at conferences around the world. In 2004 he gave speeches in 40 countries and his plans for 2005 included Brand Sense Symposiums in 51 cities in 31 countries.

Published in the US and elsewhere at the beginning of 2005, Lindstrom's *BRAND sense: Build Powerful Brands Through Touch, Taste, Smell, Sight, and Sound* became a worldwide bestseller. The Japanese edition, entitled "*Gokan shigeki no burando senryaku*," was published by Diamond, Inc. in October 2005. The book is based on the results of 18 months' of qualitative and quantitative research conducted in 13 countries, involving thousands of subjects and 600 researchers from Millward Brown, an international research organization, on the impact of the five senses on brands. The book includes case studies demonstrating how world-famous companies have successfully incorporated the use of the five senses in their branding and marketing communications, and describes methods for building marketing approaches that take advantage of all the senses. In the foreword, marketing guru Philip Kotler strongly applauds Lindstrom's approach, calling, "This book [a] treasure chest of fresh branding ideas.

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About Hakuhold Inc.

Founded in 1895, Hakuhold Inc. (www.hakuhold.jp) is the second largest advertising company in Japan, and the ninth largest core agency in the world according to *Advertising Age's* agency report 2005. Today, innovation and creativity are still at the heart of its operations. Hakuhold shares with its clients an unmatched depth of knowledge about the relationship between people and brands – knowledge that has grown from the concept of *sei-katsu-sha* (“consumers with a heartbeat”) which Hakuhold pioneered in advertising. Through its global network, Hakuhold provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuhold has 67 offices in 16 countries/regions, and approximately 5,000 employees.

Sei-katsu-sha insight is the foundation for Hakuhold's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhold introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

Hakuhold is one of three advertising agencies under the umbrella of Hakuhold DY Holdings Inc. (TSE: 2433) (<http://www.hakuholdody-holdings.co.jp/english/index.html>) a holding company which was established in 2003 through the management integration of Hakuhold Inc., Daiko Advertising Inc. and Yomiko Advertising Inc. Hakuhold DY Holdings Inc. was listed on the first section of Tokyo Stock Exchange in 2005.