

**Hakuhodo commences Determinant Research program to  
uncover consumer thought transitions and actions  
at the moment they decide to purchase**

Tokyo—July 04, 2007—Hakuhodo announced that its Research & Development Division has developed Determinant Research, a method of uncovering brand decision triggers operating at the moment when a purchase decision is made. The system will become operational in July.

The information consumption habits of *sei-katsu-sha*\* have grown progressively more diverse with the spread of the Internet and development of mobile phone functionality. This in turn has made the process of purchasing goods, from information gathering to eventual purchase, radically more complicated than ever before. For marketers, this makes it crucially important to understand the timing and manner in which purchase decisions are made.

Hakuhodo has developed Determinant Research, a method of uncovering what Hakuhodo has dubbed “determinants,” or purchase decision triggers. The development of additional tools such as Determinant Map, a tool for analyzing Determinant Research survey results, means it is now possible to get a full picture of the subconscious perceptions affecting purchasing behavior, perceptions that have been tricky to capture with traditional quantitative surveys.

Determinant Map maps brand decision triggers against the timing of the brand decision, enabling an at-a-glance look at what the purchase decision trigger (determinant) was and when it operated; that is identifying the piece of information that was most important to the *sei-katsu-sha*'s selection of a particular brand.

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

## Example Determinant Map: Purchase of consumer electronics

Got idea	Considered choices	Made the purchase
7.2	35.1	57.7
Products owned by friends/acquaintances	Impression of products in stores 6.2	Impression of products in stores 20.1
	Price comparison web sites 5.7	
	Shop assistants' recommendations 3.1	Shop assistants' recommendations 16.0
	Conversations with friends/acquaintances 3.1	
	Previously used manufacturer 3.1	
	Products owned by friends/acquaintances 2.6	In-store POP, product labels 5.7
	Catalogs 2.6	Price, discounts 5.7
		Previously used manufacturer 3.1
		n = 194

The horizontal axis indicates the point in the three stages—Got idea, Considered choices and Made the purchase—that the decision was made, while the vertical axis shows what the purchase decision trigger (determinant) was.

In this durable consumer goods example, we see that products owned by friends/acquaintances was a significant factor at the Got idea phase, whereas impressions of products in stores was a key factor during the Considered choices and Made the purchase phases.

With purchases of durable consumer goods and on-going service purchases, which have always involved complex decision-making, identifying which of the many information contact points actually led to the purchase decision has generally been believed to be near impossible. However, with Determinant Research and Determinant Map it is now possible to identify the touchpoints most effective with prospective purchasers and the best timing for sales talk, among other things.

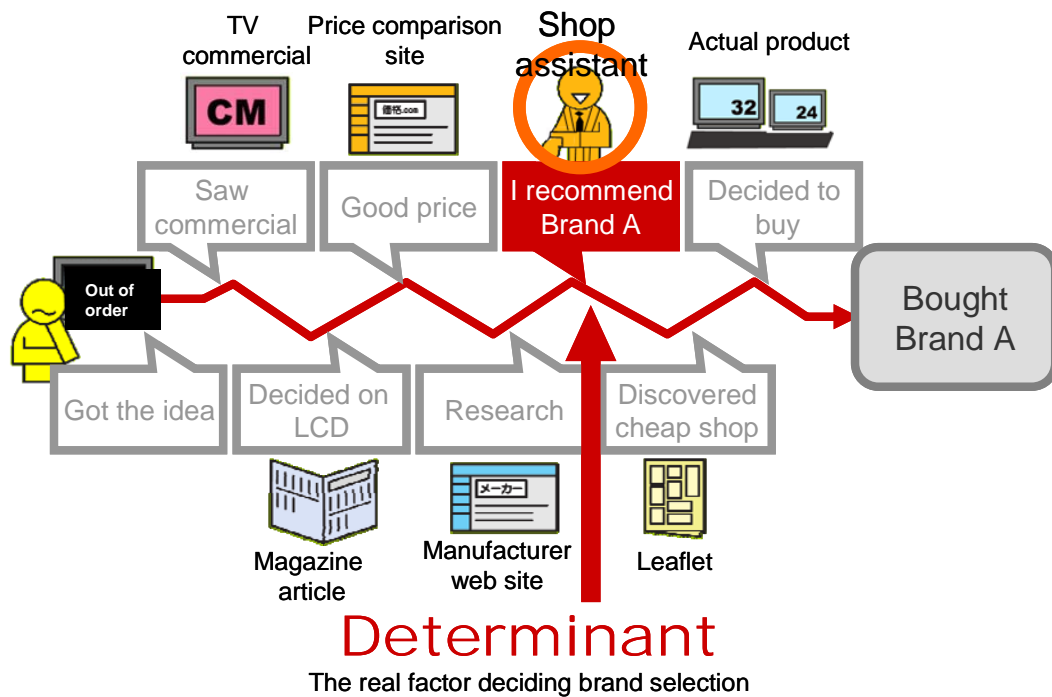
For Hakuhodo, Determinant Research represents another means of contributing to the revitalization of its clients' branding activities.

### **Additional reference material**

#### (1) "Determinant" defined

Determinant is a concept developed by Hakuhodo to indicate the piece of information that *sei-katsu-sha* came into contact with during the purchase process that had the most impact on the ultimate brand selection. By definition, there is one determinant for each purchase, and where several triggers have come into play, only the one that had the

biggest impact is called the determinant. Determinants can be found in a wide range of information sources and planes, from information gleaned from TV, newspaper and other mass media advertising, to product information and sales assistant recommendations obtained in stores, to mental images held prior to getting the idea of actually making a purchase. The Determinant method approaches this scrambled picture with the intention of identifying the single most significant brand purchase trigger, regardless of the type of information that it may represent.



## (2) Survey method and features of Determinant Research

The most significant feature of Determinant Research is its special focus on identifying the determinant, or piece of information encountered in the purchase process that had the most impact on the ultimate brand selection.

Determinant Research enables this by:

- Asking people who have bought or used target products and services to go back over their own experience of purchasing the product/service and write down everything about their actions and feelings from the moment they got the idea to buy it, through to the actual purchase, and
- Identifying the determinant using HakuHodo's unique diary-style questionnaire form and analytical know-how.

- The method pinpoints determinants based on experiences that remain in the memories of *sei-katsu-sha*, making it ideal for durable consumer goods, contract-based services and other similar product and service categories, the selection of which involves a number of processes leading up to the eventual purchase.
- In practical terms, Hakuhodo recommends Internet-based surveys, enabling quick, low-cost surveying and analysis.

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#### ■ About Hakuhodo Inc.

Founded in 1895, Hakuhodo Inc. ([www.hakuhodo.jp](http://www.hakuhodo.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 2007. Today, innovation and creativity are still at the heart of its operations. Hakuhodo 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 Hakuhodo pioneered in advertising. Through its global network, Hakuhodo provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuhodo has 64 offices in 16 countries/regions, and approximately 5,000 employees.

*Sei-katsu-sha* insight is the foundation for Hakuhodo'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. Hakuhodo introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

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