Let me pose a question to you. Do you know how much the memory of smell is worth to your brand? If you are a marketer of perfume this may be a relatively easy question to answer – but what if your brand is a humble bar of soap, a car, or a mobile phone? How many millions of dollars in revenue are dependent on its sensory experience? In the next 30 minutes I aim to show how you can place a value on all the senses, not just smell.
Back in 2002 Martin Lindstrom came to us and asked whether Millward Brown could help him prove that the senses had an influence on brand loyalty. We agreed. While the requirements of the research – that it be international, quantitative, and cover multiple categories– meant we had to adopt a different approach from that which we might otherwise propose to a specific client, we spent a lot of time developing and pilot testing an approach that seemed to work reasonably well.

In the presentation today I will be reviewing some of the material which made its way into Martin's book *BRAND sense* as well as some new material on how people view the senses and the impact of the senses on brand value, the "dollars and scents" of brand building.

One of the things that we did to make sure the data was as discriminating as possible was to get people to think about their senses before answering questions specific to brands. So let's have a quick look at how people think about the senses.
We asked people to rank the senses by how much they are aware of them.

Here we see the proportion of people who placed each sense in the top two positions. Most people ranked vision first as the sense that they are most aware of.

Martin has highlighted how vision dominates our other senses in the minds of marketers. True enough, and there is evidence in our research that people are even taught to be more aware of vision.
Recall of sensory experiences suggests less bias to vision

The sensogram which you see here maps out the five senses on separate dimensions depending on the proportion of people who mentioned each one.

When we asked people to recall sensory impressions for specific brands there was far less bias to vision than we would expect based on their own assessment of sensitivity.

Here we see people’s reported sensitivity again. You can see the clear bias to sight and smell that we saw in the previous chart.

Now let’s overlay the degree to which each of the senses came to mind for the 17 brands included in our research. There is far less bias to sight or smell.

Interestingly, however, there was evidence that post grads tended to remember sight and sound more than people who only completed high school, suggesting that there is a real difference based by education.
Women were more likely to rank sensitivity to smell higher than men.

There is little doubt that women are typically associated with product categories that smell more than men, e.g. soaps, fragrances, flowers, but are they really more sensitive to smell?
But recall data suggests that men are equally aware

When applied to brands, however…..

Across a wide range of product categories men and women were equally likely to recall all the senses.
According to Proctor & Gamble, shoppers make up their minds about a product in three to seven seconds, just the time it takes to note a product on a store shelf. This time lapse is called (by P&G) the "first moment of truth" and it's considered the most important marketing opportunity for a brand.

For perfumes and colognes, air fresheners and detergents, a product's scent is an obvious determinant of purchase. One only has to observe people in the store surreptitiously removing the top of the container to smell the contents to realize that this is the case. However, the sense of smell can have another influence as well, one which is less direct but no less powerful.

The BRAND sense survey told us that only one person out of a hundred thinks that smell is the most important sense when choosing athletic footwear.
Alan R Hirsch, MD, FACP – Neurologist and Psychiatrist who specializes in the treatment of smell and taste loss, is the Neurological Director of the Smell & Taste Research and Treatment Foundation in Chicago.

For the *BRAND sense* project, a test was conducted where people were exposed to two pairs of Nike shoes.

The shoes were in separate rooms and were identical, but a floral scent was piped in to one of the rooms.

Test subjects inspected each pair of shoes and answered a questionnaire.
84 percent preferred the shoes which were in the room with the added scent.
And the value of the smell can also be calculated. People estimated the value of the "scented" shoes to be, on average, $10.23 more than the "unscented" pair.
A few years ago, Millward Brown was involved in a test that differed from the norm in that the two variants of cleansing wipes being tested were identical except for the presence of a fragrance. The product test was monadic (each product tested on its own), blind (unbranded) and conducted in-home to allow an extended period of trial.

The results demonstrated a significant difference between the two variants in terms of fragrance appeal and strength. Almost twice as many respondents agreed that the regular product was "very pleasant" compared to the unscented version, while 33 percent more thought the strength of fragrance was "just right." As a result, definite purchase intent was 75 percent higher for the scented product.

What was unexpected was the degree to which the positive reaction to the presence of fragrance haloed onto other measures of product performance. People who received the regular, scented product were much more likely to agree that the product they tested cleansed effectively but gently (28 percent more) and left the skin feeling smooth (26 percent more).
As the 2002 P&G Chairman's Address stated, "The second moment of truth occurs two billion times a day when consumers use P&G brands. Every usage experience is our chance to delight consumers." So while the first moment of truth is an opportunity to encourage trial, it is the second moment of truth which will determine continued brand loyalty.
Martin’s challenge to us was to prove the power of memories.

Does the memory of brewing coffee really cause someone to write Folger's on their shopping list rather than Maxwell House?

Does the memory of the door closing or the feel of the steering wheel come to mind when people are comparing specs of new cars sitting on the couch at home?

Does the memory of the smell of cooking fries lead one person to choose McDonalds and the memory of grilling burgers lead another to choose Burger King?

So how can we guarantee that our brand is front and center in people's memories?

It's a tough challenge because our memories don't work in a nice, logical fashion that is easy to understand.
However, it is not enough that people have positive expectations of your brand and that the brand fulfills them. Unless your brand creates a positive experience that is *better* or *different* from that of other brands it will not gain competitive advantage from it.

Analysis of the data from the 5!Senses research consistently demonstrated that consideration – intent to purchase – was highest if the sensory impression of the brand came readily to mind, was positive and distinctive.

Here we see the data for Coca-Cola.

The reaction to the taste of Coca-Cola divides into three basic impressions: positive, neutral and negative. If we then divide these impressions into whether they are distinctive or not, we can then see how likely each group is to consider the brand for purchase.

If people think the taste of Coca-Cola is distinctive they are more likely to consider it for purchase – provided the initial impression is positive or neutral. Obviously, people with a negative and distinctive impression of Coca-Cola's taste are going to be the least likely to consider it!

The same finding holds true of all the brands in our study.

Before we examine more of the 5! Senses data, however, let's just remind ourselves that a positive and distinctive experience is just one driver of brand success. People still need to know what the brand stands for, be able to find it, and be able to afford it.
This is confirmed by an analysis of hundreds of brands conducted my colleague Graham Page. He identified four main drivers of brand success.

First, the brand had to be founded on a sound business model. For instance, Wal*Mart has been successful because it has aggressively driven out cost from its own enterprise and that of its suppliers.

Second, the brand must offer a great brand experience. Starbucks is a classic example. It is not just a place to get coffee, it is a place to relax and enjoy a moments reprieve from the stress of modern day life. It is also a very sensory experience. Just the name is enough to conjure memories of the smell of coffee, the warmth and comfort of the chairs, the sight of the action behind the counter and the sound of soothing music.

Third, clarity – the ability to stand out from the crowd – to be distinctive in some way – was inherent to most of the brands in the analysis. As we have just seen, creating positive and distinctive associations is key to creating brand loyalty. We may never have driven or been in a Mercedes but its communications and look create an expectation of luxury that is then confirmed by experience.

Finally we turn to leadership – the ability to project a sense of being ahead of the competition or simply more popular. For instance, the color red is strongly associated with Coca Cola – in the soft drink market – and the color serves to reinforce perceptions of the brands ubiquity and popularity.

So the senses have the potential to affect loyalty – both through a direct effect on experience and by bolstering brand perceptions – but they have an even more important property – they also stimulate an emotional response.
A minute ago I suggested that the senses had to create a positive and differentiating impression to have their full impact.

Positive impressions are important because they make us feel good but they can do this in many different ways. Our 5! Senses research highlighted the ability of the senses to tap into our feelings.
We have already seen that if sensory impressions come to mind and they are positive and distinctive, then people are more likely to be loyal to the brand.

It is also true that the more senses that come to mind, the more loyal people will be to the brand— even though all the people used the brand they were asked about on a regular basis.

If people mentioned four or five senses as coming to mind about a brand, nearly six out of ten of them made it their first choice.

If only one sense came to mind, then users were far less likely to make the brand their first choice.

However, this could still be a question of the chicken or the egg. Are people more loyal because the senses come to mind? Or do the senses come to mind because people are more loyal?
To try to see which came first, we turned to an analysis called Sequential Equation Modeling or SEM. While complex in application it is simple in concept. Unlike traditional regression models, SEM allows us to test for linkages or paths in the data. Does A lead to B, lead to C, or does another route fit the data better?

While early modeling suggested that ideally different brands and categories required different model structures, we had neither the time to create them nor the space to report them in the book. For this reason we decided to use the common model template as you see here. The sensory associations for the brand affect attitudes toward it which in turn determines brand loyalty.

This template was used across many of the brands included in the 5! Senses research, and in each case produced good fits of the data. Reversing the flows in the models and introducing reverse loops to test whether consideration drove sensory impressions either resulted in the model blowing up or in poor fits of the data. While not conclusive it is reasonable evidence that the senses do indeed drive brand loyalty.

Let's look at the model applied to all 17 brands at once to see how it works.
The overall model was statistically robust and demonstrated that across the brands all the senses had an impact on brand loyalty.

However, the impact is not a direct one. The model suggests that the senses have their impact through three intervening variables: perceptions of great experience, leadership and clarity. Clarity is the perception that the brand is different or distinctive. Leadership is the perception that it is popular or setting the trends. In the modeling process we confirmed that in order for the sensory associations to have a strong effect they needed to be both positive and distinctive.

As we shall see, for some brands the senses affect perceptions of great experience directly, but in others they work through creating distinctive properties that support perceptions of a great experience. This confirms that it is the interaction of expectations and experience that create true brand success. (build)

In all cases, however, perceptions of experience directly link to brand choice or loyalty.
One of the things that MB does to help our clients is assess the financial value of contributing variables.

Now let us examine a couple of brands in more detail, to see how the sensory experience actually drives loyalty and creates financial value for the brand.
The first pair of brands are Dove and Irish Spring soap bars.
Here we see the sensory profiles for Dove (in blue) and Irish Spring (in green). The profile indicates how many people thought each sense came to mind, and considered them distinctive and positive.

Dove is a moisturizing bar. Therefore its users value its rich creamy texture and we can see here that they are more likely to agree that touch comes to mind when thinking about using Dove than Irish Spring's users are when thinking about their brand. In answer to a separate question, 91 percent of Dove users agreed their brand felt smooth and creamy. Only 56 percent of Irish Spring users agreed that this was true of their brand. Relevant too is the fact that 86 percent of Dove users thought the shape of their brand was distinctive (vs 58 percent of Irish Spring users), which likely impacts both sight and touch.

Irish Spring is a deodorant bar. While less likely to associate touch with their brand, its users were more likely to mention smell. Users spontaneously referred to the smell as "fresh" or as having a "clean meadow smell." Dove's smell by contrast was referred to as "subtle," with one user saying "I smell its cleanliness and purity when using it". 86% of Irish Spring users agreed that the smell of their brand was unique.
The results for Dove suggested that the smell of the brand made users feel relaxed, valued and calm. As we saw earlier, it leaves people feeling satisfied.

The emotions created by the smell of Irish Spring are rather different.
When asked what emotions people felt when they thought about the smell of Irish Spring, users typically chose energized, pleased and stimulated.

This means that Irish Spring creates a very different emotional experience to that created by Dove. The results also suggest, however, that there is room for improvement. With the current sensory profile Irish Spring is only really utilizing one sense to the full. Our recommendation would be to emulate Dove and find ways to strengthen the synergy of the senses to better support the feeling of invigoration created by the smell.
Earlier we looked at a comparison of the sensory profile of Dove and Irish Spring. Here the results of our modeling shows us what was not apparent from the numbers alone. While the overall impact of the senses on brand consideration is similar for the two, consideration of Irish Spring is much more dependent on one sense - that of smell.

But can we actually place a value on these sensory associations?

It is at this point that I must stop and issue a health warning: I am about to boldly go where no researcher has gone before – as a result, any numbers quoted in the rest of the presentation should be taken as an indication of the truth rather than the absolute truth.

This said, we have valued the memory of Dove's smell to be worth…
…$63 million in the U.S. personal wash bar market.

By the same method, we estimated Dove's touch to be worth $34 million and Dove's sight to be worth $14 million in the United States. Combined on this basis, the memory of the senses account for around 25 percent of Dove's annual revenues.

By contrast Irish Spring is more reliant on the senses – particularly smell. Cumulatively they project to a dollar value that accounts for 30 percent of the brand's share.

These estimates are crude. They do, however, start to give you some idea of the impact that the senses can have on the success of a brand. They remind us that while we focus much of our attention on communications and positioning, we cannot afford to dissociate those things from the experience of the product itself – because much of a brand's value rests in consumers' memories of that experience.
For Irish Spring the key questions are how best to protect their biggest sensory asset or extend the impressions which fragrance delivers to other senses and elements of the marketing mix. For Dove the question is can it extend the sensory profile of the brand, for instance using scent in-store to evoke positive memories. Failing that, how could packaging design help by adapting images, shape, feel and color.
We conducted the *BRAND sense* research for a range of very different brands but in all cases we found significant relationships between sensory memories of using the brand and positive attitudes which then drove purchase intent.

Let's briefly look at two more brands: McDonald's and Burger King.
71 percent of Burger King users recalled a positive and distinctive impression of smell compared to only 58 percent for McDonald's.

The emotional response to Burger King's smell was typically one of pleasure - 46 percent said they were "pleased" by it - and desire – 29 percent said it made them feel "desiring."

Both brands evoked strong memories of taste, with little difference in the emotional response between the two.

The stronger association with sight enjoyed by McDonald's also tended to create a stronger positive emotional response, resulting in a stronger association with feeling cheerful – possibly triggered by advertising campaign associations.
As a result of the stronger association and emotional response, smell plays a much bigger role in determining consideration of Burger King than McDonald's, and the senses have a stronger overall impact on brand loyalty. Combined the two senses account for a potential 38 percent of revenues compared to 33 percent for McDonald's.

If we try to calculate the financial impact of the senses on Burger King's sales in the United States, we come up with an interesting finding. Though revenue from each sense is estimated to be around $1.5 billion, smell actually has a slight edge over taste.

Taste is the predominant influence on sales for McDonald's and could account for as much as $6 billion. (Note: this number should not be directly compared with the $1.5 billion for Burger King, because total U.S. sales for McDonald's are far higher than those for Burger King.) On a store-to-store basis, Burger King realizes twice as much annual revenue as McDonald's does from smell ($202K versus $84K) and less than half as much from taste ($195K versus $447K).
Both brands need to consider how they might better use their sensory experience by extending it through other channels and touch points. Burger King used to feature a sign-off shot of a burger being grilled and a sizzling sound that evoked the impression of meat on the grill. Why the brand walked away from this wonderfully evocative device eludes me.
On the basis of the *BRAND sense* research results, I would propose that Martin’s belief in the power of the senses does in itself make sense.

The senses offer more than just a means to satisfy basic needs.

The senses offer one of the most compelling ways to create competitive advantage.

They offer an opportunity to create a unique brand experience, support a distinctive brand identity, create a strong emotional bond, and ultimately create a compelling reason to buy the brand.