



Customer
Reaction to
Millennium
\$10 Note



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Customer Reaction to Millennium \$10 Note

Reserve Bank of New Zealand

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Opinion Statement

ACNielsen certifies that the information contained in this report has been compiled in accordance with sound market research methods and principles, as well as proprietary methodologies developed by, or for, ACNielsen. ACNielsen believes that this report represents a fair, accurate and comprehensive analysis of the information collected, with all sampled information subject to normal statistical variance.

Executive Insights

Design of the Millennium Note

- It is likely that adoption of the general design concept of the Millennium note for all notes would be well received by the general public.
 - There is strong support for and recognition of the inclusion of uniquely New Zealand imagery on the Millennium note.
 - There is no clear guidance on the inclusion of a portrait of a well known New Zealander.
 - On the other hand, only a minority would object to the removal of the portrait of the queen.
-

Security Features

There is a high level of confidence that appropriate security features are incorporated in bank notes. However, the security features incorporated in both the Millennium note and normal bank notes are not generally well known on an individual basis nor commonly used by the general public to self check the authenticity of notes.

Quality

There is little or not interest in returning to paper notes. Plastic is the substrate the public prefers.

Needs Assessment

Introduction This report documents the findings of ACNielsen's research among the general public and retailers to gauge customer reaction to the new millennium \$10 note.

Background The Reserve Bank of New Zealand has sole authority to issue bank notes and coinage in New Zealand.

Over the years, the bank has made a number of changes to New Zealand currency, including changes to the range of notes and coins available and design changes.

In implementing these changes, the Reserve Bank has adopted a consultative approach with its customers to ensure that their needs and preferences are being met. ACNielsen carried out research on behalf of the Bank in 1994 and 1997, in the lead up to changes in notes.

The Reserve Bank has issued a new design for a \$10 millennium bank note that depicts New Zealand's development into the digital age and some recreational pursuits that make New Zealand special. The new note has been printed on polymer plastic, as are the \$20 and \$100 notes that are currently in circulation.

A key objective of releasing these new notes is to gauge public reaction to new security features, which are being tested for future use with other plastic notes. Two million notes have been released; five hundred thousand have been earmarked for sale in commemorative packs and 1.5 million have been released into general circulation.

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Needs Assessment Continued

Marketing Research Objectives

The primary research objective was to measure reaction to the new notes among two of the Bank's key customer groups, namely the general public and retailers.

Specifically, the research gauged public reactions to the following:

- The design of the Millennium note (e.g. colour, look and feel)
 - Awareness of and use of the security features of the Millennium note
 - Feedback on plastic notes in general (specifically, satisfaction with quality and ease of use compared with paper notes)
 - Awareness of and use of the security features of polymer notes other than the Millennium note
-

Research Design

Design Considerations The sample reflects the general population and includes a small sample of retailers to gauge reactions of money handlers.

Interviewing was carried out among Wellington residents. There is no reason to believe attitudes to the Millennium note will differ significantly between Wellington residents and those resident in other parts of the country.

Interviewing Methodology For the general public, a quantitative approach known as central location interviewing was used. Respondents were randomly recruited from passing pedestrian traffic around the Manners Mall area in central Wellington and 15 minute interviews were conducted in ACNielsen's offices in Victoria Street.

For retailers, a shop to shop approach was taken in the Willis Street, Manners Mall, Cuba Street and Courtney Place vicinity. Interviewers visited a variety of shops in the area and interviewed those mainly responsible for accepting cash from the public. Interviews were undertaken at the retailers place of work at a time convenient to them.

Interviewing people in a face to face situation enabled us to present examples of the polymer and paper notes we are testing. The presentation of examples of the notes allowed participants to see and feel the normal bank notes and the Millennium note while making comparisons. This approach allowed us to observe how people carry out security checks, and to record what they actually do, rather than what they say they do.

Fieldwork was carried out between 24 October and 3 November 2000.

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Research Design Continued

Sample Design

A total of 220 interviews was carried out. Quotas were imposed on the sample to ensure it reflects the demographics of the general population.

	Quota		Achieved	
	Number	%	Number	%
Gender:				
Male	100	50	100	50
Female	100	50	100	50
Age:				
16-29 years	54	27	54	27
30-59 years	106	53	108	54
60 years and over	40	20	38	19
Employment:				
Employed	130	65	130	65
Not in paid employment	70	35	70	35

	Quota	Achieved
Retailers	20	20

Incentive

A small incentive of \$5 in cash was offered to aid recruitment.

High Awareness of Millennium \$10 Note

High Awareness of the Millennium Note More than two thirds of the general public say they have seen the Millennium note before (67%). All the retailers interviewed say they have seen the Millennium note before.

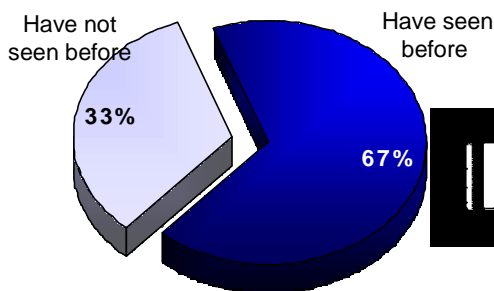
This research indicates that approx. 350,000 Millennium Notes Taken Out of Circulation as Collectors' Items 18% of those interviewed among the general public who say they have seen the Millennium note before, say they have kept a Millennium note as a collectors' item. Hence 12% of the general public interviewed, say they have kept one or more Millennium notes as a collectors item.

The population 16 years of more of age is 2.9 million.

Extrapolating this 12% onto a population of 2.9 million implies that approximately 350,000 Millennium notes have been taken out of circulation as collectors' items. This is just less than one quarter of the notes released into general circulation (there being 1.5 million notes in general circulation).

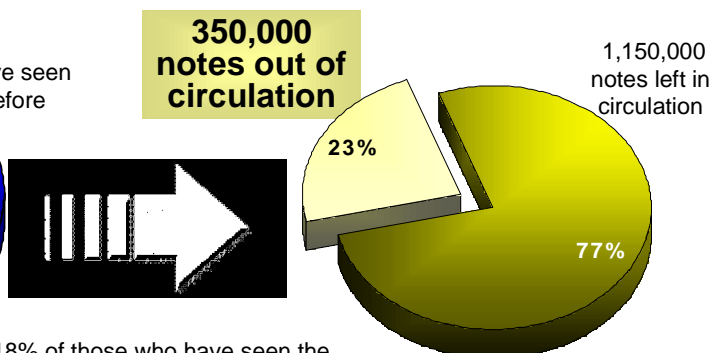
Awareness

Base : All Respondents (General Public)
(n=200)



Notes In Circulation

Assumptions:
a) Population 16+ years of age 2.9 million
b) 1.5 million Millennium notes issued



18% of those who have seen the Millennium note before have kept one or more as a collectors item
(18% of 67% = 12% of sample
12% of 2.9 million = 350,000)

Reactions to the Millennium \$10 Note Are Generally Positive

Initial Reactions Generally Positive

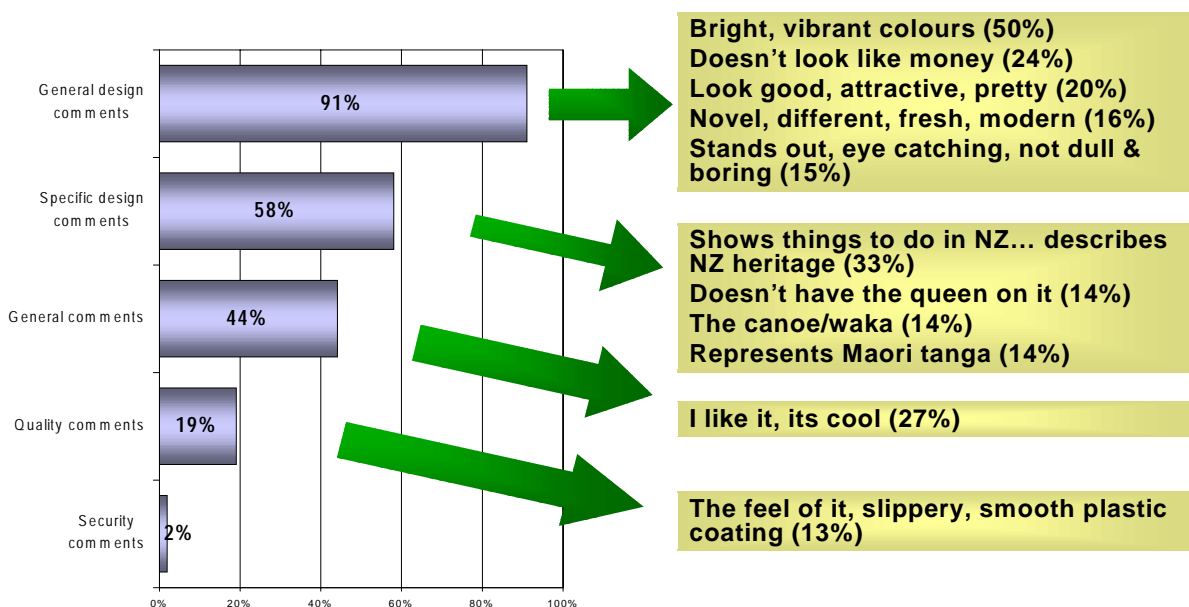
Participants were asked to describe initial thoughts, feelings and impressions of the new Millennium \$10 note.

There was a wide range of reactions to the new note and a wide range of features that immediately catch the public’s attention.

The most common reactions are:

- The colours are bright
- It shows the things New Zealanders do
- It doesn’t look like money
- It describes our heritage (including Maori Tanga)
- I like it

These initial reactions virtually all relate to the visual impact of the note, being comments about either the general design or about specific design features. Only a small proportion of participants mention quality features such as the material the notes are made of, or ease of handling, and there is virtually no spontaneous mention of security features.



Base : All General Public (n=200)

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Reactions to the Millennium \$10 Note Are Generally Positive Continued

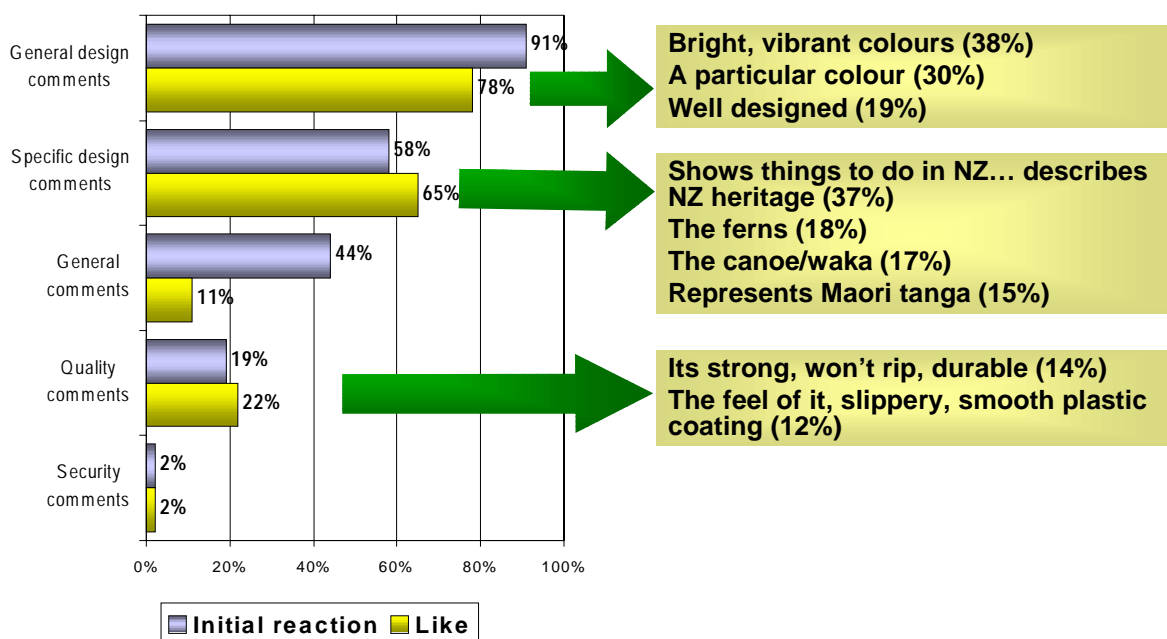
Most Commonly Liked Features Relate to Design (Colours and Imagery)

Participants were then asked what they liked and what they disliked about the Millennium note.

A wide range of features was mentioned in both cases.

The general design and the colours in particular stand out as the features both the general public and retailers say they like.

Only 8% of participants say there is nothing they like. The corollary being, that 92% of participants say there is one or more things they like.



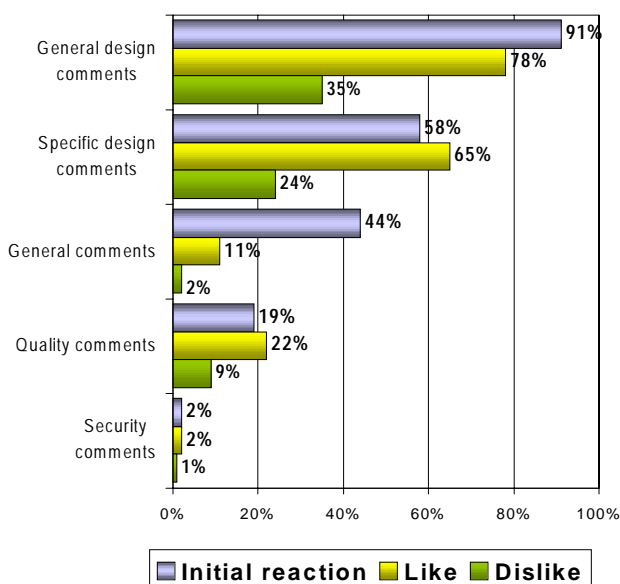
Base : All General Public (n=200)

Reactions to the Millennium \$10 Note Are Generally Positive Continued

Nothing Stands Out as Commonly Being Disliked

Although 54% of participants say there is something they dislike about the Millennium note. (46% of participants say there is nothing they dislike), no specific feature is disliked by any more than a small proportion of participants.

The most commonly mentioned dislike is that there is “too much on it” (13%), followed by general criticism that the new note doesn’t correspond with the current set of notes. All other disliked features are mentioned by less than 10% of participants.



Too much on it (13%)

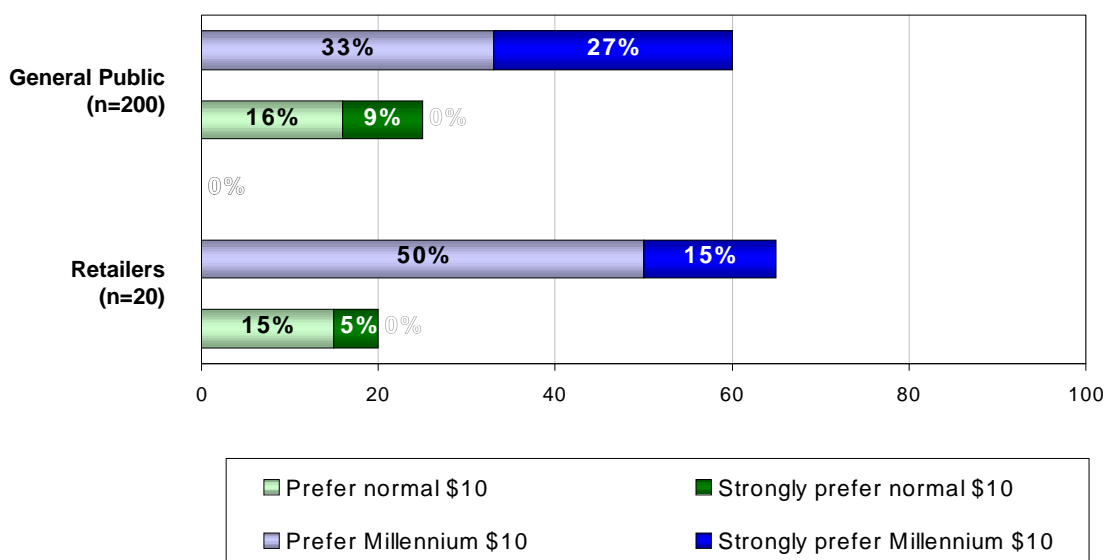
Base : All General Public (n=200)

Design Concept of Millennium Note Preferred to That of Normal \$10 Note

More Prefer the Millennium Note, Compared to the Normal \$10 Note

Participants were shown both the new Millennium note and the \$10 note currently in circulation. They were asked to compare the two notes and to say which of the two they preferred.

As shown on the chart below, there is a definite preference for the Millennium note.



Base : All Respondents

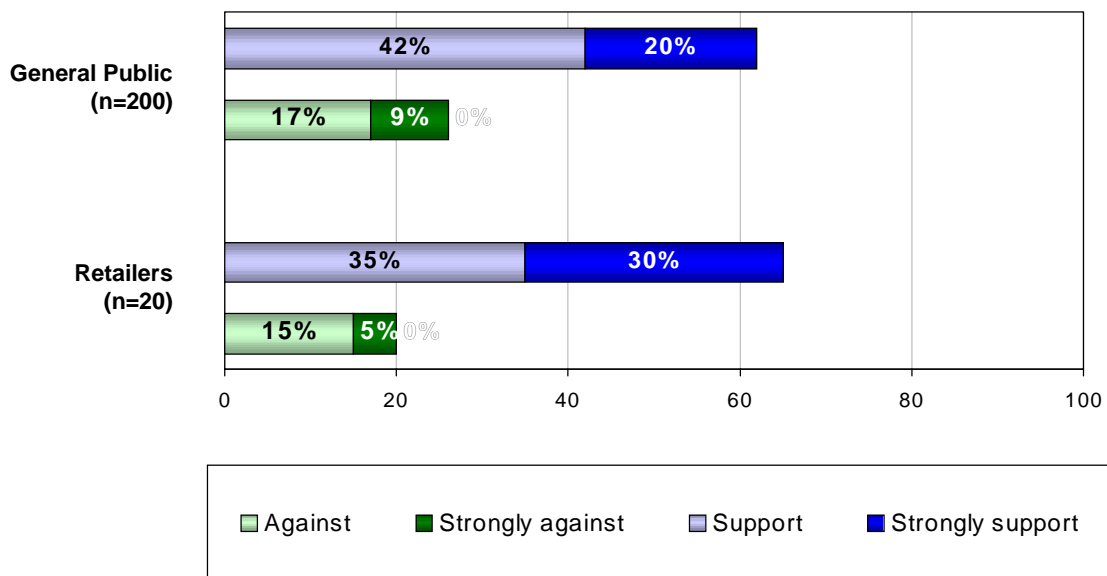
More Support Than Oppose Changing All Notes to Millennium Design Concept

Participants were asked if they support or oppose changing all notes to the general design concept of the Millennium note.

As shown on the chart below, more say they support than are against changing all notes to the Millennium note design concept.

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Design Concept of Millennium Note Preferred to That of Normal \$10 Note Continued



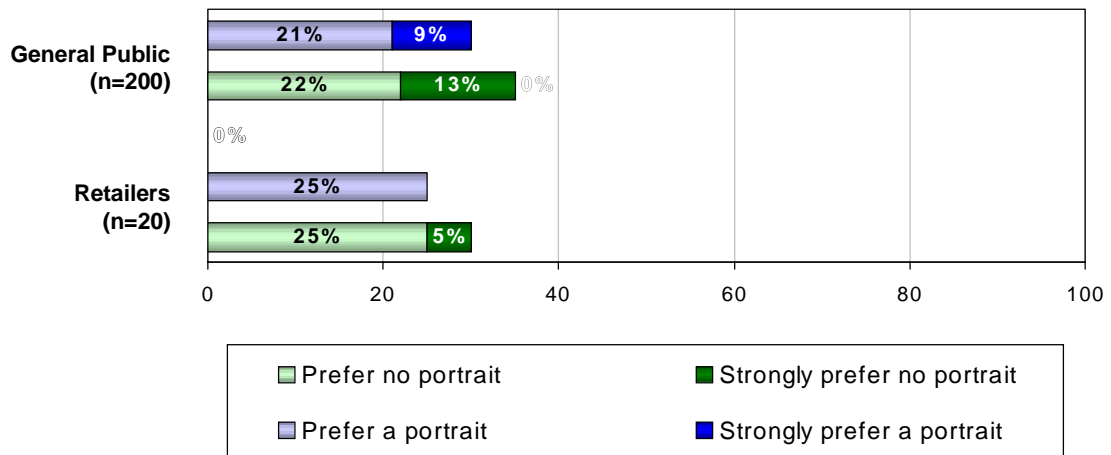
Base : All Respondents

Design Concept of Millennium Note Preferred to That of Normal \$10 Note Continued

Opinion Divided on Whether or not to Include a Portrait of a Well Known New Zealander

It was pointed out to participants that there was no portrait of a well known New Zealander on the new note and they were asked to compare this with the normal \$10 note. They were then asked if they preferred there be a portrait or not to be a portrait of a well known New Zealander.

As shown on the chart below, opinion is evenly divided between the two options, with approximately one third saying they have no preference one way or the other.



**36% of general public say they have no preference
45% of retailers say they have no preference**

Base : All Respondents

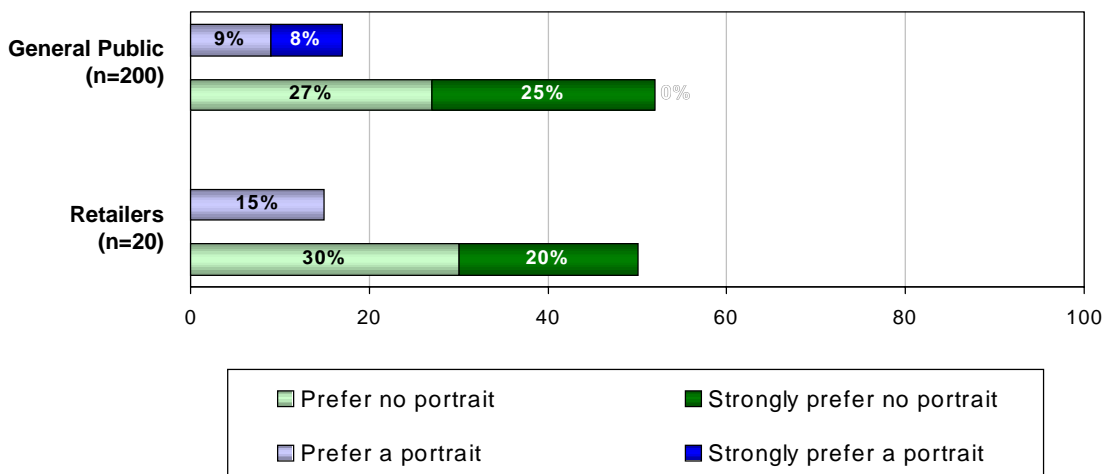
Design Concept of Millennium Note Preferred to That of Normal \$10 Note Continued

Preference For Not Including a Portrait of the Queen

It was pointed out to participants that there was no portrait of the Queen on the new note and they were asked to compare this with the normal \$10 note. They were then asked if they preferred there to be a portrait or not to be a portrait of the Queen.

As shown on the chart below, more than half prefer that there not be a portrait of the Queen, with slightly less than one third saying they have no preference one way or the other. Only 17% would prefer that there is a portrait of the Queen.

Those who strongly prefer there not be a portrait are more likely to be in the 30-54 age group (34%)



**31% of general public say they have no preference
35% of retailers say they have no preference**

Base : All Respondents

Design Concept of Millennium Note Preferred to That of Normal \$10 Note Continued

High Ratings For Millennium Note Reinforce First Impressions

Participants were asked to rate three design features on a scale of 1 to 10, where 10 means excellent and 1 means very poor. The features were:

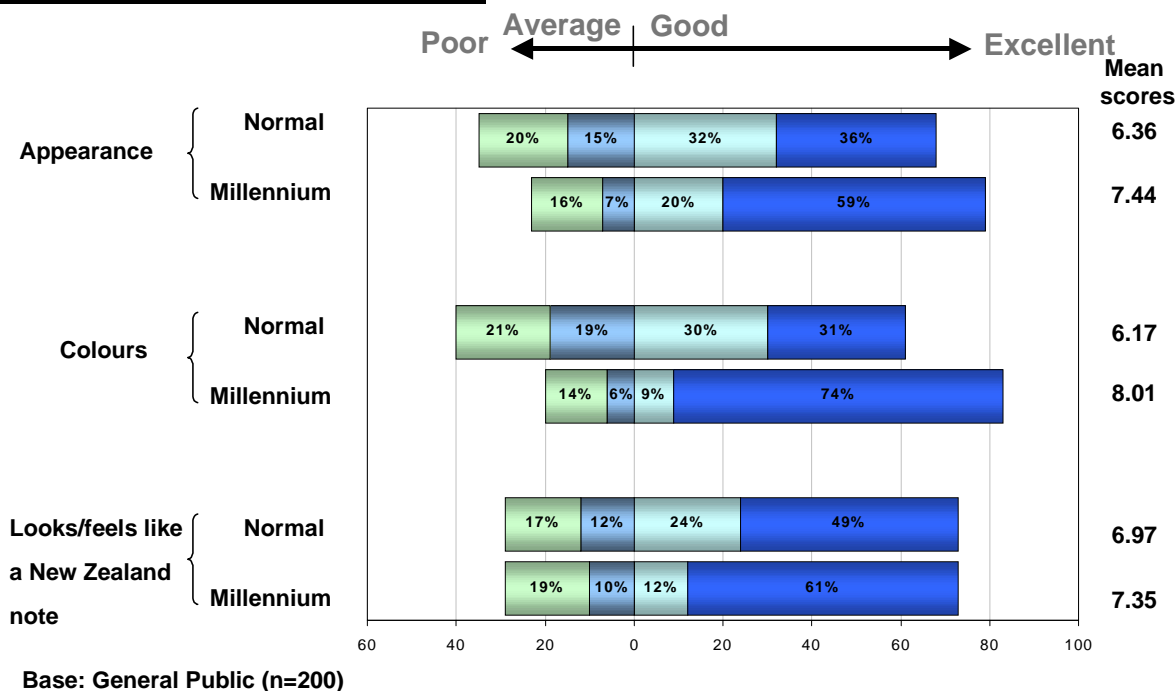
- Appearance
- Colours
- Looks and feels like a New Zealand note

Scores of 8 to 10 are considered excellent scores, 6 or 7 good, 5 average and 4 and below is considered poor.

As shown on the two charts below, the Millennium note consistently rates above the normal \$10 note, although the majority of participants rate both notes at 6 or better.

Among the general public, all three features achieve positive mean scores (all greater than 6). The greatest differential between normal notes and the Millennium note is for the design feature colours. Colours also achieves the highest rating for the Millennium note.

General Public Design Ratings

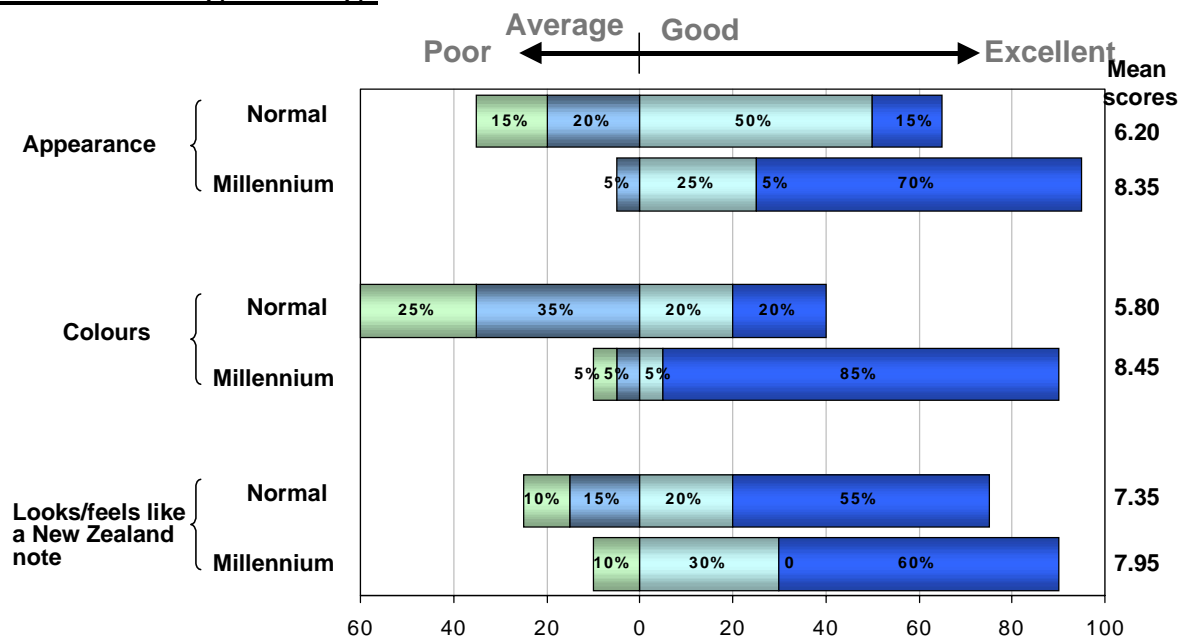


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Design Concept of Millennium Note Preferred to That of Normal \$10 Note Continued

Among retailers, scores are more strongly positive for the Millennium note than among the general public, with colours rating particularly strongly.

Retailer Design Ratings



Base: Retailers (n=20)
Caution: Small base

Support For the Millennium Note is Even Stronger Among Younger Age Groups

Participants 16 to 29 years of age are more likely than other age groups to:

- Spontaneously say they like the Millennium note
- To like one or more specific design features
- To rate appearance and colours as excellent

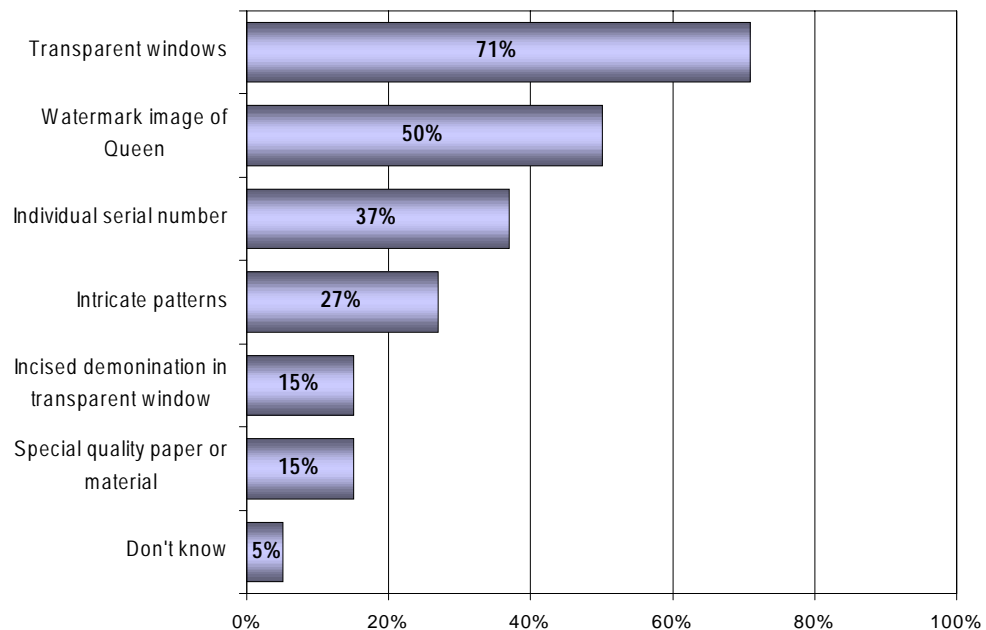
Knowledge and Self Checking of Individual Security Features Low Among General Public

**Normal \$10
Note: 95%
Identify One
or More
Features as
Security
Features**

Participants were asked to identify the features of ordinary bank notes which are deliberately incorporated into the design to make them difficult to forge.

As shown on the chart below, three of the many security features incorporated in the design of the notes, are commonly perceived to be security features. A wide range of features are mentioned by relatively small numbers of participants, indicating that the details of how security is achieved, is not an area of particular saliency to the general public.

Very few people (5%) say they don't know any security features.



Base : All General Public
(n=200)

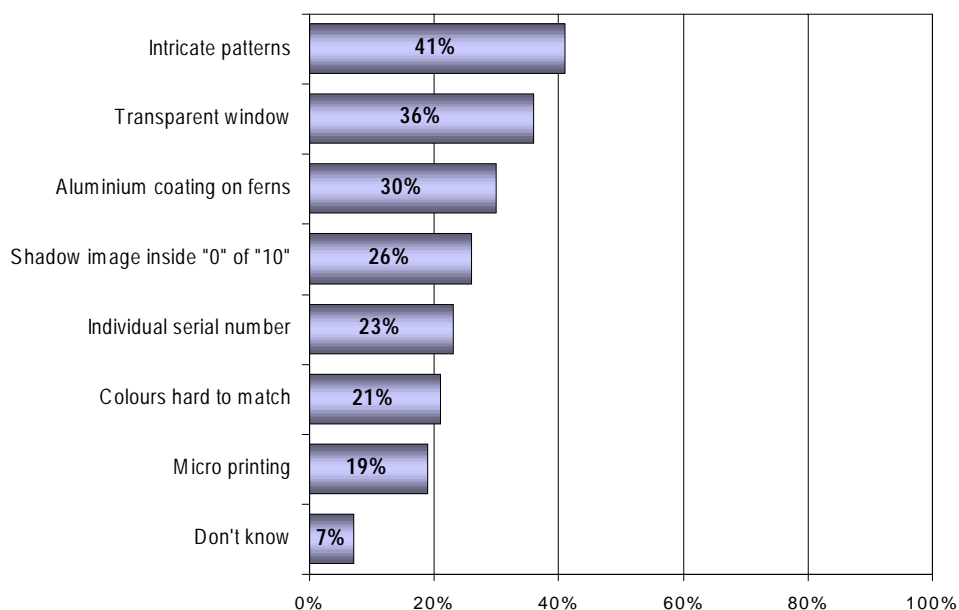
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Knowledge and Self Checking of Individual Security Features Low Among General Public Continued

No One Security Feature of Millennium Note Known by Majority

On the other hand, the security features of the Millennium note are less well known individually than those of the normal \$10 note. However, 93% of participants did name a feature they perceived to be a security feature. Once again, a wide range of features are each mentioned by a minority of participants.

This is not an unexpected result given that the note has only been in circulation for a limited period of time and the general public may not be totally familiar with the note. While 68% say they have seen the note before, there has not been a great deal of publicity about the specifics of the new security features.



Base : All General Public
(n=200)

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Knowledge and Self Checking of Individual Security Features Low Among General Public Continued

The printing materials used for the ferns on the Millennium note may need to be reviewed. The images below show how the silver ferns on the Millennium note wore off during the research. As the ferns wore off, there may have been an impact on recognition that they are a security feature.



Knowledge and Self Checking of Individual Security Features Low Among General Public Continued

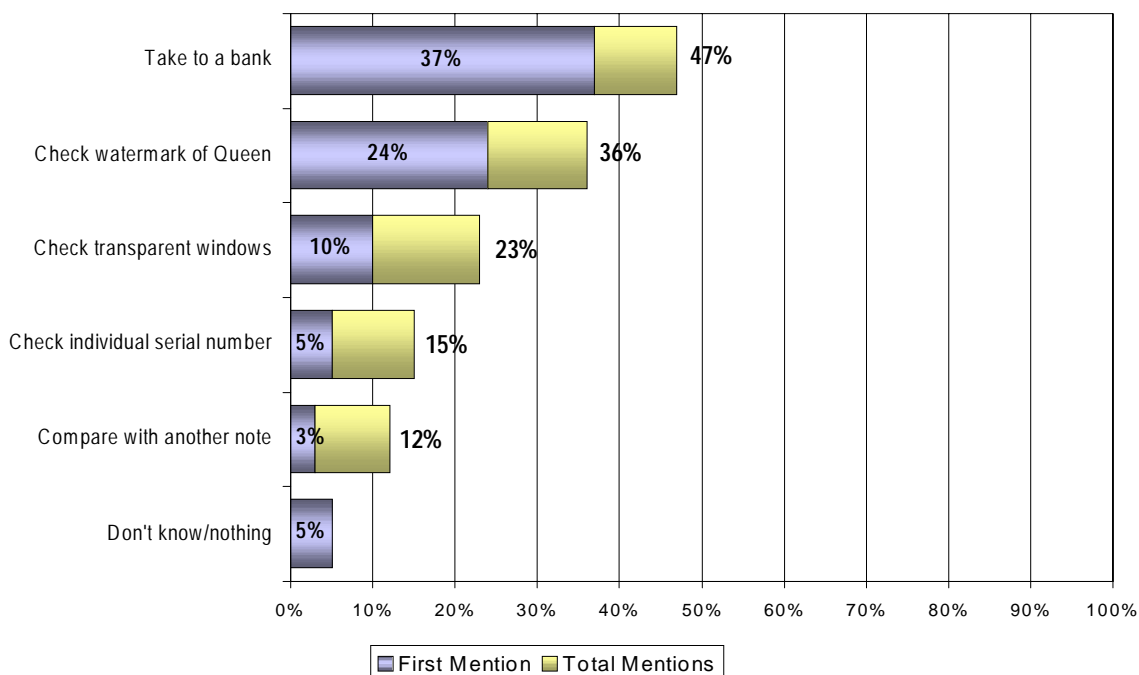
To Verify Authenticity: The General Public Predominantly Takes Notes to a Bank, Retailers More Likely to Check the Watermark

Participants were asked to imagine that they had just been given a normal \$10 note and a Millennium note and that they were suspicious that the note may not be genuine. They were then asked what they would do to verify that the note was genuine or a forgery.

As shown on the charts below, the most common response by the general public is to take the note to a bank. Checking the watermark and checking the transparent window are the most common self-checking responses.

Only 5% of the general public say they don't know how to check the authenticity of a bank note.

Normal \$10 note



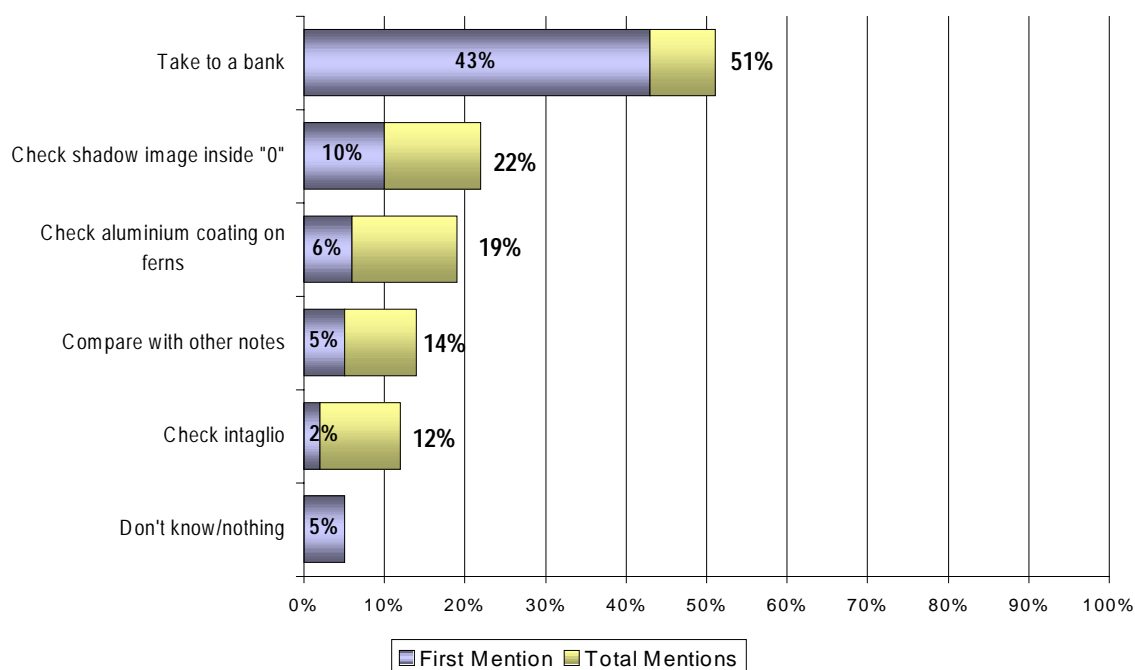
Base : All General Public (n=200)

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Knowledge and Self Checking of Individual Security Features Low Among General Public Continued

The general public are also more likely to take a Millennium note to the bank than self check the authenticity themselves.

Millennium note

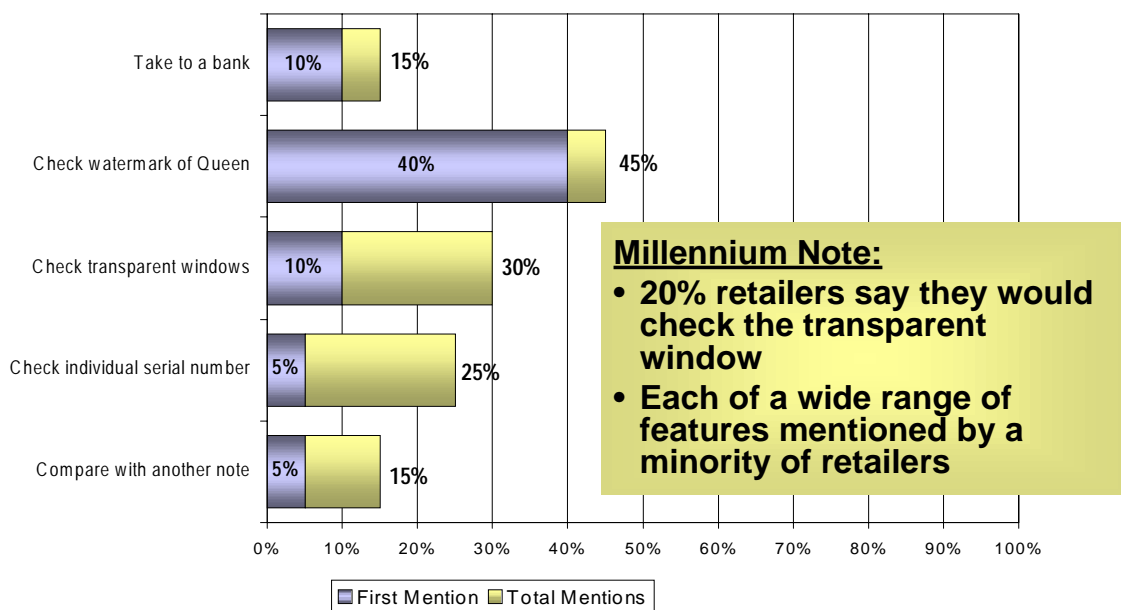


Base : All General Public
(n=200)

Knowledge and Self Checking of Individual Security Features Low Among General Public Continued

Among retailers, the most common response is to check the watermark, although some retailers also check the transparent window. Other security features are only used to a minor extent.

Normal \$10 note



Base : All Retailers (n=20)

Majority of General Public Never Check Authenticity

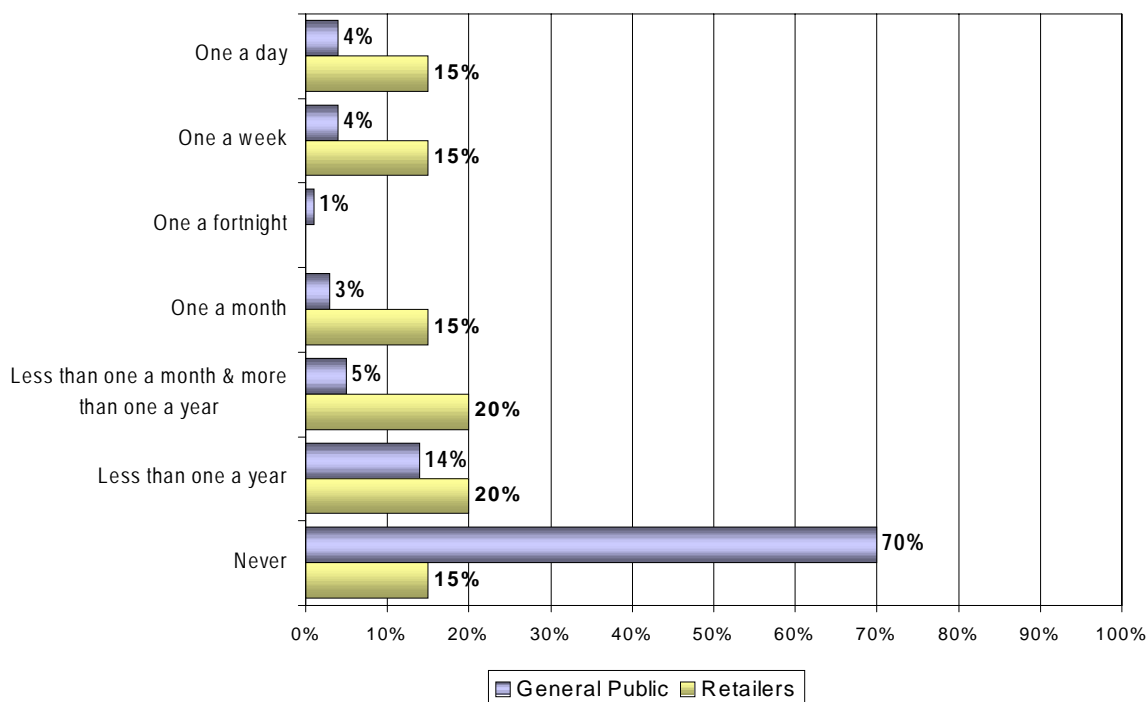
Participants were asked how often they would use one of more of the security features on a bank note to verify that a bank note was genuine.

As shown on the following chart, 70% of the general public never check the authenticity of a bank note and those who do, do so infrequently.

As one would expect, checking authenticity is a more regular occurrence among retailers, with slightly less than half checking one or more notes at least once a month.

Continued on next page

Knowledge and Self Checking of Individual Security Features Low Among General Public Continued



Base : All Respondents

Strong Positive Ratings For Security Features

Participants were asked to rate the security features of both the normal \$10 note and the Millennium note on a scale of 1 to 10, where 1 is very poor and 10 is excellent.

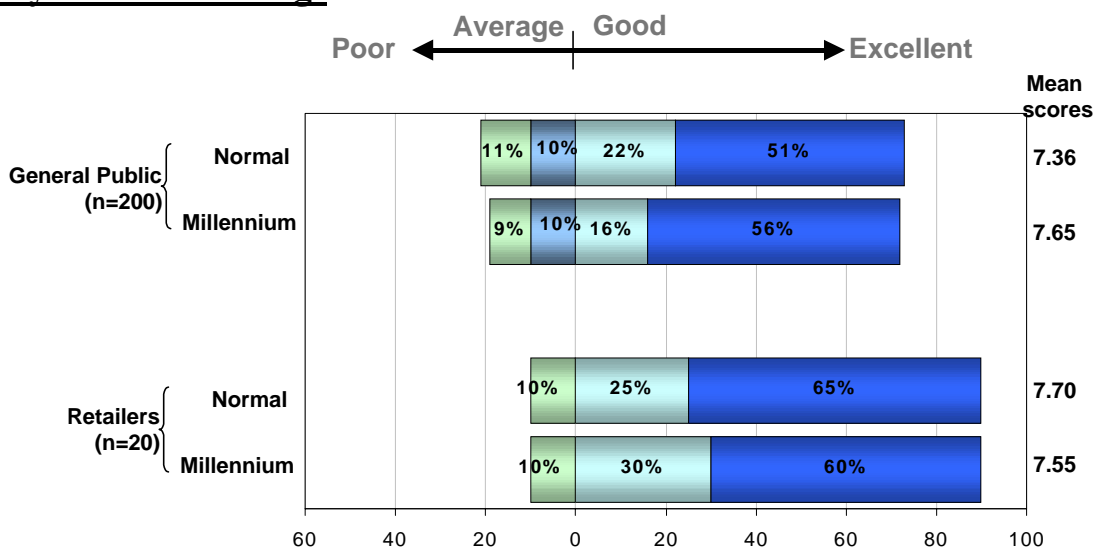
As shown on the following chart, approximately 80% of participants give positive ratings to the security features of both notes.

Most of the general public would rely on an expert to check the authenticity of notes, should they have any doubts. It may be inferred that they are satisfied that appropriate security features are in place.

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Knowledge and Self Checking of Individual Security Features Low Among General Public Continued

Security Features Ratings

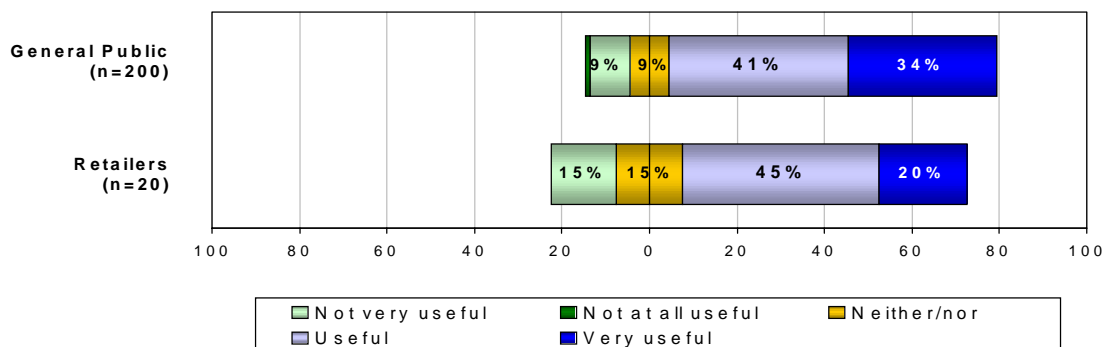


Base: All respondents

Security Features of Millennium Note Rated as Useful

Participants were asked how useful they feel the security features of the Millennium note would be for verifying the authenticity of the note.

85% of the general public rate the features as useful or very useful, compared to 65% of the retailers who participated in this research.



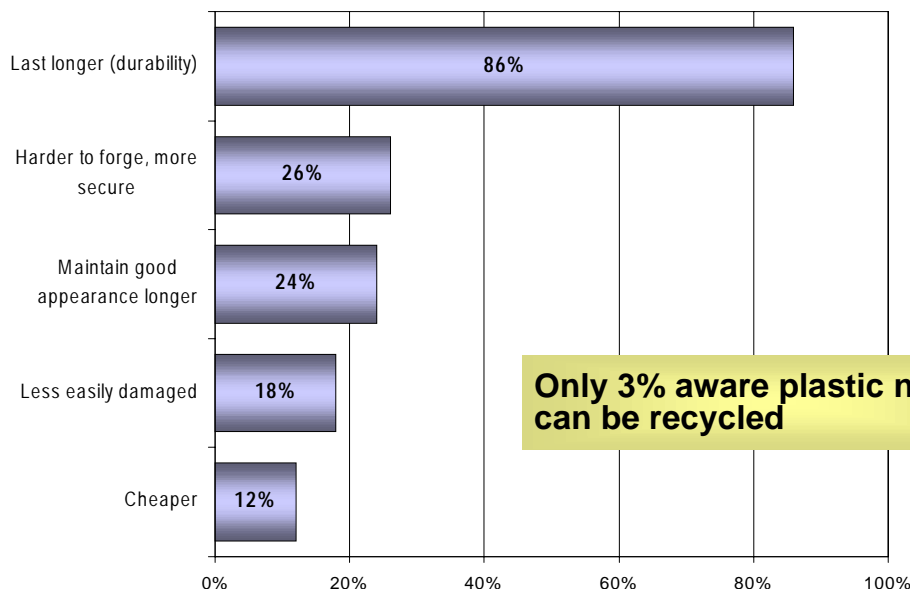
Base : All Respondents

Plastic Notes Rate Highly For Quality

Better Durability Most Commonly Perceived Reason for Changing From Paper to Plastic

Participants were asked what reasons they were aware of for changing from paper notes to plastic notes.

As shown on the chart below, the most common reason given by participants is that plastic notes are longer lasting and more durable. Secondary reasons given are that plastic notes are harder to forge (are more secure) and they maintain their appearance for longer (they are less easily damaged).



Base : All General Public (n=200)

Strong Perception That Plastic Notes are Cleaner and Retain Their Quality Longer

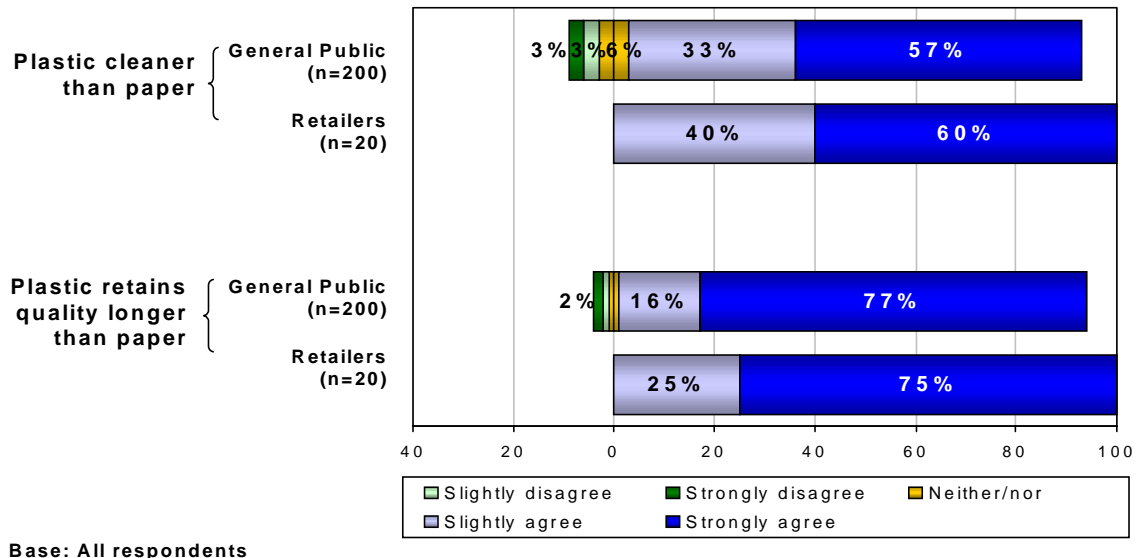
Participants were asked whether they agreed or disagreed that:

- Plastic notes are cleaner than paper notes
- Plastic notes retain their quality longer than paper notes

As shown on the following chart, there is near universal agreement with these statements, with very strong agreement that plastic retains quality longer than paper.

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Plastic Notes Rate Highly For Quality Continued

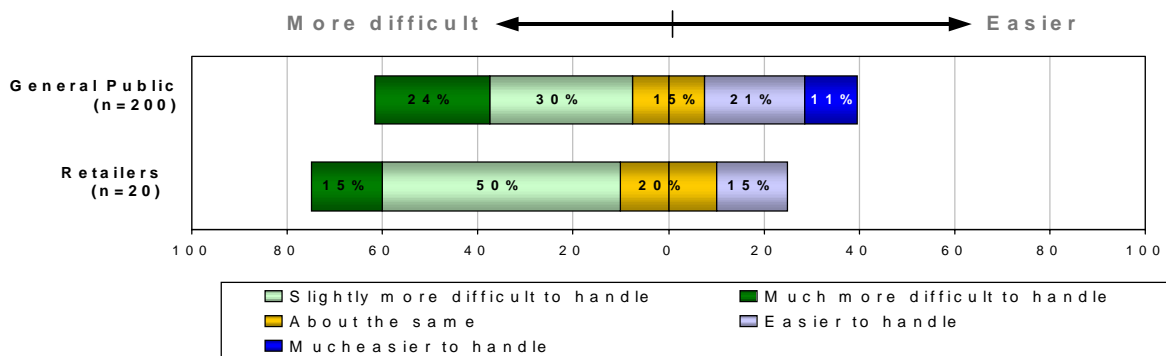


Plastic Notes Perceived to be More Difficult to Handle Than Paper Notes

Participants were asked if plastic notes were more or less difficult to handle than paper notes.

As shown on the chart below, the general public are divided on this, but more than half say plastic notes are more difficult to handle.

Among retailers, opinion is less divided and a much larger proportion perceive plastic notes to be more difficult to handle than paper notes.



Plastic Notes Rate Highly For Quality Continued

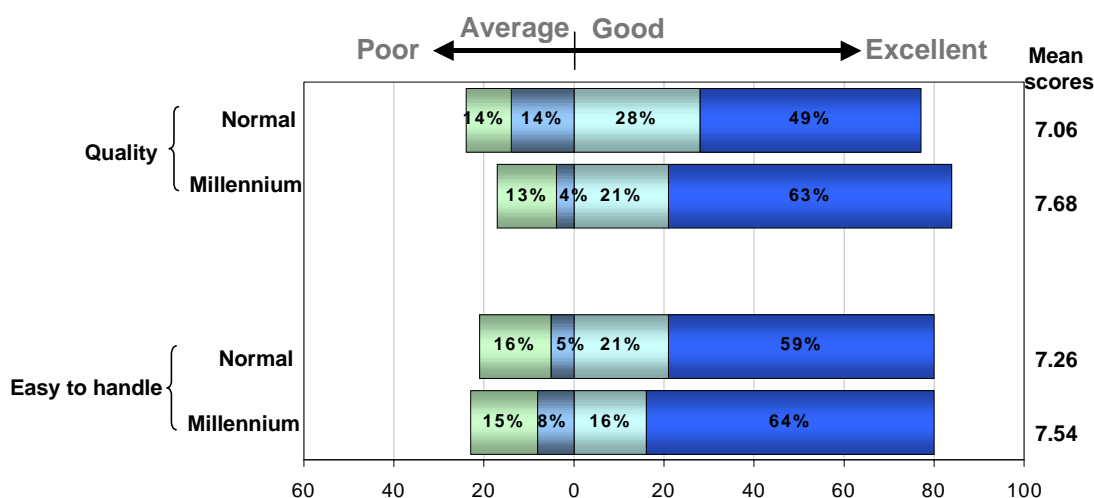
Strong Positive Ratings for Quality and Ease of Handling

Participants were asked to compare the quality and ease of handling of both the normal \$10 note and the Millennium note and to rate them on a scale of 1 to 10, where 1 is very poor and 10 is excellent.

Approximately 80% of general public participants give positive ratings for quality and ease of handling. Ratings for the Millennium note are more strongly positive than for the normal \$10 note among the general public, with ratings for ease of handling being slightly less strongly positive among retailers.

In spite of the perception that plastic notes are more difficult to handle and count than paper notes, they are still given strong positive ratings for ease of handling.

General Public Quality Ratings

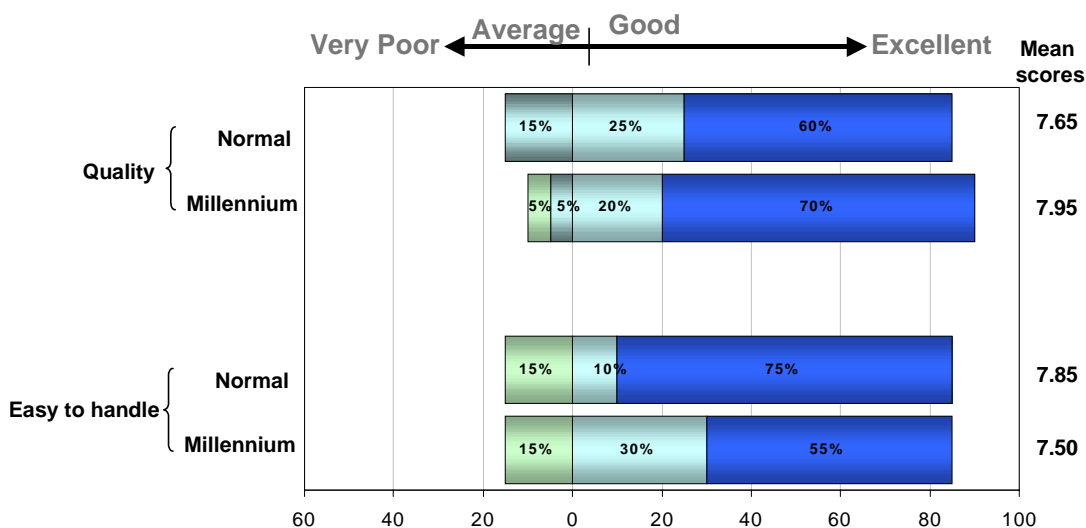


Base: General Public (n=200)

Plastic Notes Rate Highly For Quality Continued

Retailers are less positive than the general public about ease of handling, but more than 80% still rate ease of handling as good or excellent.

Retailer Quality Ratings



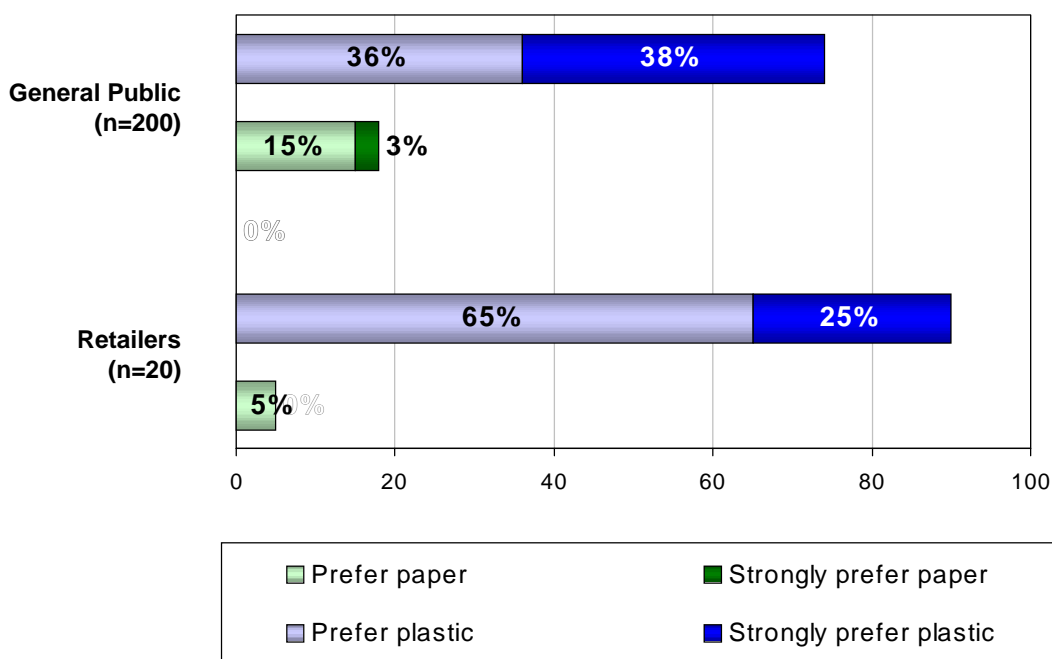
Base: Retailers (n=20)

Plastic Notes Rate Highly For Quality Continued

Strong Preference For Plastic Notes

Finally, participants were asked if they had a preference for paper notes or plastic notes.

As shown on the chart below, there is a strong preference for plastic notes.



Base : All Respondents

Appendix I - Company Information

Company Profile

ACNielsen Corporation is the world's leading provider of market research, information and analysis to the consumer products and service industries. More than 9,000 clients in over 90 countries rely on ACNielsen's dedicated professionals to measure competitive marketplace dynamics, to understand consumer attitudes and behaviour, and to develop advanced analytical insights that generate increased sales and profits.

The company provides four principal market research services:

Retail measurement

Includes continuous tracking of consumer purchases at the point of sale through scanning technology and in-store audits. ACNielsen delivers detailed information on actual purchases, market shares, distribution, pricing and merchandising and promotional activities.

Consumer panel research

Includes detailed information on purchases made by household members, as well as their retail shopping patterns and demographic profiles.

Customised research

Includes quantitative and qualitative studies that generate information and insights into consumers' attitudes and purchasing behaviour, customer satisfaction, brand awareness and advertising effectiveness.

Media measurement

Includes information on international television and radio audience ratings, advertising expenditure measurement and print readership measurement that serves as the essential currency for negotiating advertising placement and rates.

In addition, ACNielsen markets a broad range of advanced software and modeling & analytical services. These products help clients integrate large volumes of information, evaluate it, make judgements about their growth opportunities and plan future marketing and sales campaigns.

As the industry leader, we constantly work to set the highest standards in the quality and value of our services, and the passion and integrity of our people bring to helping clients succeed.

Our professionals worldwide are committed to giving each of our clients the exact blend of information and service they need to create competitive advantage: The right information, covering the right markets, with the most valuable information management tools, all supported by the expertise and professionalism of the best market research teams in the industry.

Appendix II - Questionnaire
