



action line

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occasional news and notes from **action marketing research**

Ten Years Indeed

'Twas August 1, 1993 that we officially opened for business. Paul Riedesel actually spent that day in San Francisco on a consulting assignment. Our offices were two buildings down the block from where they now are. The first check we received—and we remember it well—came from what was then the Norwest Corporation. It is not framed and hanging in the wall; we took it to the bank.

In 1993 we already offered the emerging technique of discrete choice (conjoint) analysis in its earlier incarnations. Even large firms were still trying to get their heads around this one. We have kept up with the newest techniques, and feel we are as creative and flexible with implementing discrete choice methods as anyone. We are in the process of disseminating the findings of our own research on this technique and simpler alternatives to it. Paul gave a well-received paper on the subject at the AMA's 2003 Advanced Research Techniques Forum.

When Jan Kihm joined us as a Senior Consultant in 1996, she brought in a whole new body of expertise in the area of research for direct marketing and direct response. Not that many people know these industries and the research issues they face—nor how to solve them.

Ten years ago, the Internet was in its infancy as a public medium. Today, well, you know how it is. It has impacted the conduct of marketing research in all kinds of ways. We watched this phenomenon carefully and waded (not jumped) into it when we were satisfied that it could give us useful, credible information.

Internet-based surveys now account for a large proportion of our work, but we always ask ourselves what the most appropriate means of data collection is. Others do it too, with and without naming it, but we consider "WATI" to have been an important innovation on our part. That stands for Web Assisted Telephone Interviewing. Particularly in studies with business and professional people, it

is

often feasible to have them view a web site in the course of being interviewed by telephone. This allows the use of visual stimuli (including choice sets) with all the advantages of a human interviewer.

The Internet has also allowed us to set up special online libraries of reports and other project documents for clients. Printed copies seem to have a way of walking away, but now those materials are only a few clicks (and a password) away.

So, we asked ourselves, how should we celebrate this anniversary? Some would have thrown an open house, but that wouldn't do much for those of you who are not in the Twin Cities. Even those who are might have found it more of an obligation than a pleasure to drive in from their comfortable suburban digs to our Minneapolis location. A Twins game together? Same problem, and there are Cardinals fans among you.

How about a special 10th anniversary pen or coffee mug? We get catalogs almost every day. Nah. You probably have drawers full. We've had field services send us a candy bar or roll of LifeSavers, and these have been less than effective.

Finally we decided to do what anyone who has been in one place for more than five years ought to do—clean house! Since a cluttered house is a sign of a cluttered mind, we want your confidence that we remain as clear-headed as ever. Anyone need a nice 486 computer? A dot matrix printer? A case of outdated letterhead? We cut up the 5¼" diskettes since even we can't read them anymore.

Times change, and so do clients. We are grateful to those of you who were with us then and remain with us today. You know who you are! At the same time, our reputation has attracted a number of new clients with whom we are heavily involved today. We like you too. We think our clientele is enviable, and do not take it (you) for granted. May we carry

on together.

Another ART Forum

The American Marketing Association's Advanced Research Techniques (ART) Forum is a terrific if specialized event. We return every year with new ideas. Here are a few from this year's sessions.

A lot of us were trained to use a mixture of positively- and negatively-worded statements in attitude measurement scales. However, evidence is emerging that negatively-worded items tend to load together under factor analysis. That means they are not measuring the intended construct so well—thus not a good idea. (Craig King and Richard Fogg).

They aren't new (Pillsbury led the way in the 1970s), but a variety of statistical probability models can be developed from purchase data that improve sales forecasting. Wharton Professor Peter Fader and his colleagues shared some applications that apply to direct-marketing firms, where one has lots of history on lots of people. Don't let terms like "negative binomial" or "Poisson" scare you. These are great tools.

If you have done choice (conjoint) studies with us, you know that we almost always use three alternatives in the choice sets. Keith Chrzan presented research showing that this is a good idea. Three, or sometimes four, alternatives proves to be statistically optimal.

What brands will consumers even consider? The riskiness of the purchase makes a difference. Tülin Erdem of UC-Berkeley has worked on this issue for some time, and talks about brand credibility. We know that brands have different utilities, but their credibility (trustworthiness; expertise; investments) is a large part of that utility. This is especially true for riskier choices—typically those with higher prices.



Paul Riedesel has been invited as one of four research practitioners (along with four academics)

to serve on the program committee for the 2004 ART Forum to be held in Whistler, British Columbia. Get your passport updated and plan to attend (June 13-16).

Simpler Can Be Better

A recent assignment confirmed something we have believed all along: the most sophisticated statistical procedures are not necessarily the best.

The client had invested a high-six-figure amount in a segmentation study with another supplier. Using the latest in rocket science statistics, this firm had apparently done a cluster analysis using virtually all of the data from the hour-long interview. This used to be impossible because you couldn't readily combine data with different levels of measurement (e.g. attitude scales; purchase counts; demographic classifications). But statistical advances have made this possible. That's nice, but good judgment never goes out of style. Judgment did not get in the way of this supplier from declaring the presence of just four segments in a sample of over 2,000—and this in a category in which marketing is closely tied to age and gender differences.

The client concluded, in so many words, that this was a useless solution. Happily we were invited in to come up with a more-useful solution, which we provided. We chose as basis variables only a set of relevant attitudinal measures, and then created separate segmentations for the principal age/gender groups with which the client's brands are actually aligned. We used a reliable but hardly cutting-edge statistical clustering program. This worked. Our new segments differ in a lot of meaningful ways and can be readily visualized.

It just goes to show. Razzle dazzle statistics are no substitute for clear thinking (and this was before we cleaned out the store room!).

You Know You're A Market Researcher When...

Asked your age your answer "25 to 54."

You don't allow your in-laws over for Christmas

because they've been to two similar groups in the past 12 months.

For your Friday-night date you ask three people out for one to show.

You ask your friends, "Please clarify what you mean by 'I'm annoying'?"