



action line

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

February 2004

No Place Like Home

In mid-January, we transferred our offices to 2100 Stevens Avenue in Minneapolis. This photo was not taken in February!



We are about two blocks from the Minneapolis Institute of the Arts, and a half block from the Washburn Fair Oaks park. Among other things, our new space offers much nicer meeting facilities for clients and friends, with convenient parking.

The house was completed about 1907 for the family of Luther Humphrey Farrington, a prosperous wholesale grocer. Their immediate neighbors included Pillsburys, Crosbys, and other first families of Minneapolis. William Channing Whitney was the architect.

In 1926, the property was sold to the Folwell Coans. Mrs. Coan was a Carpenter by birth. The Carpenters were lumber barons in their day. Coincidentally, we officed for a short period in her birth house at 300 Clifton, and then for many years in her uncle Elbert Carpenter's home at 314 Clifton.

We hope you will have an opportunity to visit us some day.

Mind Fodder

Summer seems to be a long way off, but we suggest that you consider saving time for the AMA's annual Advanced Research Techniques (ART) Forum. It will be held this year in Whistler, British Columbia, from June 13-16.

Not coincidentally, Paul Riedesel is a member of this year's program committee. A larger than average number of good papers were submitted, of which 19 were selected for the final program. The ART Forum is intended as a meeting place of quantitative research practitioners and academics. You will hear neither supplier sales pitches nor dissertations.

The actual program is not online yet, but general information is available at:
<http://ecommerce.ama.org/evsystem/art.htm>

Primum non nocere

We have long been dismayed by the use of consumer surveys to evaluate, reward, and punish people. In the case of franchises, sample sizes per store (for instance) can be frighteningly small. Then there is the problem of manipulation, where salespeople beg you for "5s" on the follow-up survey.

The recent managerial fad of the "Balanced Scorecard" often uses such data. Unlike financial data that is more-or-less accurately counted, opinion research offers very fallible measurements. Executives cannot be expected to understand the sampling error that can be manifested in random changes from one wave to another. What we do is potentially very powerful and useful, but we have an obligation to do no harm. Such ill-conceived uses of survey research only work against our profession in the long run.

When Group Data Mislead

A recent article in the *Journal of Advertising Research* by Kevin Clancy and friends reviews several common but misleading types of data analysis. The flaw is in drawing correlations between group-level statistics rather than data about individual people (the technical name for this is the "ecological fallacy").

One example is to take a group (e.g. college graduates) that indexes high on the ownership of a given brand, and then search for other products or behaviors that the group is high on (e.g. playing tennis). You don't really know if the brand owners play more tennis than anyone else.

The same fallacy lurks when doing "grid" or "gap" analysis—plotting the "importance" of attributes against ratings of performance or brand delivery. An attribute may have a high importance rating and a low performance rating ("An opportunity!!!"). But again you are making a statistical leap of faith to conclude that the people to whom the attribute is important are the ones who are most disappointed.

We won't cast the first stone here, but Clancy's critique is accurate.

Comparative Advertising

Advertising that makes comparisons to competitive products is common enough. Newly published research, however, shows that it can backfire. Writing in the *Journal of Marketing Research*, Jain and Posavac compare consumer response to advertisements that make essentially negative comparisons to those that make positive ones.

A positive ad suggests that the other brand may be OK but ours is better. A negative ad says that our product is good but theirs is bad or dangerous.

Several tests show that ads with positive "valence" are more credible and do more for the image of the brand. The authors warn that "Attacks on a competitor that use a negative

comparison may lead to a perception among consumers that the advertiser is reporting its case in a biased manner, thus undermining the effectiveness of the advertisements . . ."

Even a brand with an established, good reputation can suffer if its communications are perceived to be negative.

Now if only politicians read the *Journal of Marketing Research!*

Consumer Decision Making

While we are as fond of analytic techniques such as conjoint as anyone, there comes a point when our depictions of decision-making processes need to be brought down to earth.

Much of marketing theory presumes a rational model of choice in which consumers weigh the value of product offerings, and make a reasoned choice from the alternatives. There is ample data to show that this model is predictive, but even so it is not enough to tell the marketer all that he/she needs to know.

We thus support what are basically descriptive studies of purchases processes. Our account planner friends have been known to follow consumers around while they work their way through purchase decisions. Linear decision modeling techniques are hard pressed to represent the sequence of actions and choices. Qualitative research reveals what actually goes on, and when.

Quantitative research can also be useful in debriefing consumers on what they actually did in the course of some recent purchase. What was the actual window of time during which the consumer was actively shopping and paying attention to marketing communications? What products actually went into the consideration set? What was the difference between the product bought and those that were rejected?

There is no one way to do such studies, but we practice them and endorse them strongly.