action line

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

May 2002

Internet Research

Some thought it would be a fad, but the Internet-based survey has become a basic tool for many of us. Such surveys take many forms and serve a wide range of objectives, so any generalizations must be hedged. Nevertheless, we offer two advisories.

First, while Internet-based studies may often be completed in less time than those using other modes, this does not mean that good studies can be done instantly. The time-savings occur mostly in the fielding process. Whether using a panel or other samples, the time needed for actual data collection is relatively fast. However, the process of developing, programming and testing questionnaires takes no less time than for (say) a telephone survey. Generating data files on the back end (not to mention the analysis) takes no less time. It may even take more time, since the raw data from an Internet survey are quite complex (ever worked with HTML Forms?).

Second, while Internet-based studies may often be more economical, it is a mistake to think that they are "almost free." You aren't paying interviewers to talk with people, but there is plenty of work to do in getting enough of the right people to complete your survey. Sophisticated surveys (such as our clients do), require sophisticated software and programmers.

There are exceptions to these rules, but only in special circumstances. One old rule remains true: you can't have research that is fast, cheap, and good.

"Double Jeopardy"

We were recently reminded of a statistical phenomenon in marketing called "double jeopardy." With few exceptions, measures of brand loyalty (behavioral or attitudinal) are lower among buyers of small-share brands than among buyers of large-share brands.

Ehrenberg and Goodhardt explain this nicely in the Spring issue of *Marketing Research* magazine. The phenomenon has mathematical reasons. A clear implication is that small-brand managers should not be punished for lower loyalty ratings, or expected to build loyalty without the resources to build share as well.

Tracking Gets Harder

In the same issue of *Marketing Research*, Gordon Wyner writes about the growing challenges of tracking research. He notes that ". . . we're seeing more marketing stimuli, represented in products, services, and brands. Many more variables must be taken into account to capture the customer's total experience, lifetime relationship, and economic value. There are also more ways to reach customers because sales and distribution channels have proliferated. . ."

All this means that the causes and effects that tracking research purportedly assesses are ever more diffuse. Conventional AAU surveys can rarely stand alone. They must be blended with a variety of sales, direct response, or other data before a full picture may be had. It means taking even more care in asking the right questions in those surveys, and in thinking about how the market actually works.

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Scientific Segmentation

Wouldn't it be nice just to give the computer all the data and have it give you the correct market segments? While we can rely on computers to do the number crunching, professional judgment will always play a large role in the outcome of segmentation study.

The computer can only operate on information you have collected. If your questions assess mostly price sensitivity, then the segmentation can hardly be expected to reflect fashion consciousness. Someone decides what questions are asked, and those decisions drive the results. A book we studied over 25 years ago noted that ". . . the researcher must make a subjective decision about which variables to analyze."

We also must recognize that survey data are not exactly pure. Say an important factor in our minds was the number of pairs of denim jeans the consumer purchased in the past year. We can ask the question, but do we believe that the quantity specified is 100% accurate? No. And how do you treat "don't know" responses? Most clustering software wants real numbers for each variable, and cannot distinguish a wild guess from precise recall.

Segmentation research and cluster analysis more generally can be very helpful in making better business decisions. But we should not fool ourselves (or allow slick suppliers to fool us) into thinking that it is a strictly objective procedure from which human judgment has been exorcized.

Willingness to Pay

The May issue of the *Journal of Marketing Research* includes a note on an intriguing method of measuring the price consumers would be willing to pay for a product. In face-to-face interviews, consumers are given the opportunity to name a price they would pay for a product; if certain conditions are met, they must then buy it.

We feel the method has a great deal of validity, though its application is severely limited. The authors' research dealt with relatively inexpensive packaged goods. With retailer cooperation, the method might be applied to higher-ticket items. Even with its limitations, we admire the creative approach and would be glad to tell you more.

Preference Simulators

A standard deliverable from any conjoint/choice study we do is a Windows-based preference simulation program. Some of you know them well.

One purpose of conjoint studies is to evaluate a wide range of product configurations by means of a model. Since it is usually unrealistic to test more than a handful of specific configurations, you estimate "utilities" for all of the product features, and may then calculate the overall utility of product configurations as the sum of the utilities of their features. The absolute utility values are not meaningful outside of a competitive context, so you need to be able to define and then compare product configurations (sometimes called profiles).

The commercial simulation programs we have seen are not very user-friendly. Thus we began writing our own several years ago. We are heartened by the feedback we get, and by the interest that even senior managers have in using our simulators.

The user interface is simple, with no need for separate codebooks or instructions. Products are defined through a series of drop-down menus. One click generates the predicted distribution of preferences given these specific choices and any sub-sample selections that have been made. Note that these are never portrayed as "market share predictions" as many, many other factors condition in-market performance. But our simulators make it that much easier to apply the results of a conjoint study.