



Ten Years and Counting

In our February issue we commented on a number of things that had changed in business practice and research in particular since 1993 (when we opened our doors). Other things do not change.

- The most difficult part of a research project is rarely the methodology or statistics. We know how to do that.
- What is most challenging is staying focused on the reasons the research is being done in the first place. As research needs get passed down the food chain, their business purpose becomes less and less clear.
- Clients don't want to be dazzled by how unintelligibly brilliant their suppliers are. They prefer elegant simplicity they can understand.
- Research technology continues to evolve. If you don't adapt, you may attract attention as a museum piece but not as a profitable enterprise.
- Each client-side researcher and supplier is unique, and no one is an ideal match for everyone. Long-term happiness results from finding and nurturing relationships that work well (would Dear Abby disagree?).
- A picture may be worth a thousand words, but an over-cluttered graph isn't worth any.
- Accelerate collecting your receivables but delay payables.
- 95% of "proprietary" research systems are just standard methods gussied up with some fancy labels. It's the other 5% that competitors are dying to copy.
- There's always one more question we should have asked in a survey.

A Limit to Regression Analysis

Few statistical techniques are as widely applied as (multiple) linear regression. Even non-techies understand that it is a method for quantifying the degree to which several variables cause or "drive" some other variable of interest (such as satisfaction or sales).

Many, many caveats apply to regression, but we will highlight just one in this issue. It is common for the predictor variables themselves to be highly correlated with each other. The technical name for this is multicollinearity.

The reason multicollinearity is a problem is that it prevents us from isolating the effects of the various predictors. Imagine analyzing a number of markets where high ad spending was accompanied by high promotional spending, and low ad spending with low promotional spending. Sales (change) ought to be higher in the former group—but can you quantify the unique contributions of advertising and promotions? Not very well.

Similarly, brand attribute ratings are usually highly correlated with each other. It is thus a dubious exercise to estimate how each one "drives" brand preferences using regression.

Statisticians have tricks for getting around multicollinearity, but all have their limitations. A good statistician will advise you when regression results are not to be trusted at face value.

$$\beta_{xy} = \frac{\partial y}{\partial x}$$

A Resource

Tax-supported markets can be tough to sell in during ordinary times, which these are not. Yet state and local governments expend well over a trillion dollars a year, and thus remain important customers for many firms.

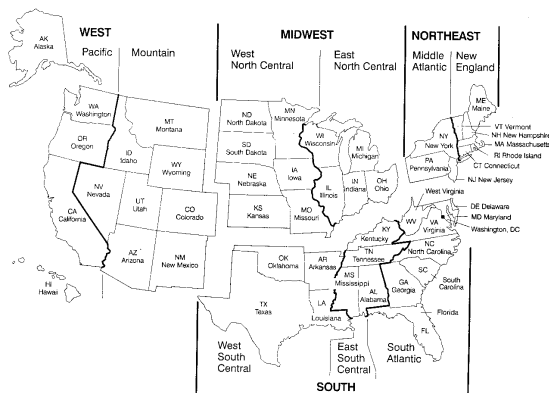
If you have tried to do so, you may know that units of government are not the easiest to do research with. A fundamental challenge is getting a good list of municipalities (or counties, or school districts). Government phone numbers, yes. Government officials, yes. But accurate, non-duplicate, complete lists of units of government—not so easy.

We are happy to report that Action Marketing Research has compiled very good databases of cities, counties and school districts which are available to our clients for research purposes. We can select by population/enrollment as well as geography.

Because we believe our lists are virtually complete, we can make statistical projections from samples with a high level of confidence.

Census Regions

Speaking of government, are you familiar with the standard division of U.S. states into four major regions and nine smaller regions? This is a U.S. Census convention that we regularly follow. No one system fits everyone's needs, but the regions have enough population, socio-economic, cultural, and climatic coherence to make them useful to many marketers.



BMW Films

Once again, "The Hire" short films from BMW North America have won several awards for their cutting-edge role in integrated marketing (see www.bmwfilms.com if you have missed them).

And once again, we are proud to have conducted online research in support of this project. We had processed well over 20,000 surveys by the time the dust had settled, both in North America and around the world.

Hats off to BMW North America and to their agency (and our client), Fallon Worldwide.

Census User Files

Individual census data are highly confidential, but the Bureau does make some "microdata" available to the public. These files have Census 2000 data containing individual records of the characteristics for a 1 percent sample of people and housing units.

A separate file is released for each state, and they have only released 15 or so as of this writing. However, we are in the process of acquiring these files as they become available.

The idea is that we can be a source for certain population data for our clients. Tabulations are available in a variety of printed formats and in a growing number of online forms, but there is nothing like having the "raw" data at your fingertips. Because of our extensive statistical capabilities, we can do a wide variety of analyses and reports.

Among the fields are family relationships, ethnicity, and education for individuals; population density, house/apartment size, length lived at that location, number of vehicles available, and utility costs are among the fields recorded for the household. Just don't expect data on the number of bratwursts consumed in a year or recall of advertising for headache medications!