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## A Stranger We Come

A recent article about Sidney Weinberg, long-time Chairman of (the old) Goldman Sachs got us to thinking. One generation removed from a Polish shtetl, Weinberg could not have been more different from the ultra-WASP, Ivy League world of the banking and corporate elite of the 1930s. He never went to college. Yet he proved himself a prodigious dealmaker –not by assimilating into the Wall Street culture, but by standing outside of it. Weinberg could (and did) say things that others were reluctant to. He was trusted by everyone because he couldn't be suspected of looking out for a Yale roommate or fellow club member first.

Weinberg epitomized "the stranger"—a sociological type first profiled by a marginalized German scholar by the name of Georg Simmel. This is the stranger or outsider who lives among others, but it not really of them. Chinese merchants throughout the rest of Asia and Jewish traders are the classical examples. The stranger can be "objective" in a way that insiders cannot. Italian city-states often required that judges come from elsewhere so as to remain above clan politics.

Where this note is headed is the observation that a truly effective research supplier needs to remain something of an outsider. There is always tension. One needs to know the company, its products, processes and internal politics. But we think that becoming a full "team player" is a mistake. Weinberg never hesitated to tell potential clients when a deal didn't smell right. A good research supplier needs to be just as fearless in questioning assumptions.

He/she needs to know which hypotheses belong to the Big Boss, but should scrutinize them as critically as any other (if with more tact!).

This is not to say that being contrary, difficult or weird makes you a good researcher. But clients are better served when the researcher remains something of an outsider. This is not a role for someone obsessed with being loved, or looking for a job inside the client firm.

Our pledge is (and always has been) to speak truth where we see it. Doing so may run counter to the instinct to fit in, but serves everyone's interests in the long run.

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## Eating Your Own Cooking

Those who live and die by online research—which is to say just about all quantitative researchers these days—owe it to themselves to participate in online research.

Your scribe joined a major panel, and answers most questions truthfully when asked. The experience is edifying. We won't say all of those surveys are bad, but ours are usually better. Long, cobbled-together lists of attributes or attitude statements do not improve by being asked online rather than over the phone. Do we exit after 15 minutes of boring questions? Yes, just like real people. We took a survey sponsored by a research organization where clicking "None of these" automatically clicked a "Something else" box that demanded a typed response.

If we are to represent the voice of consumers, we have to have empathy with them. Knowing how they experience the research process is part of that equation.

## Price Wars

The October *Journal of Marketing Research* features an article about a major supermarket price war in the Netherlands in 2003-2004. The authors were able to track consumer spending behavior via a panel. Their point is more methodology (hence university tenure) than story-telling, but it is a good story.

In this case, a large but floundering retailer kicked off the price war. Over time they stabilized their share, while a couple of higher-end chains lost out. Consumers became more price sensitive, according to the data.

While every case is different, one wonders if this foreshadows the long-term consequences of the current recession. Wal\*Mart and McDonalds are doing fine, while brands higher up the ladder are suffering. More commentators than not opine that this may be the deepest and longest recession in decades (thus the lifetimes of most of us).

Unemployment of 8% would only be a third of what was seen in the 1930s, but measures of consumer confidence have never been so low. Brand building will not get any easier. In fact, the entire enterprise of marketing seems likely to change dramatically. How the field of research may change, we really don't know. But it will.

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## Pricing Power

We had started an investigation of survey metrics that could serve as reasonable surrogates for conjoint-derived "utility" with respect to pricing. If you must know pricing power, then you have to use conjoint. Other times it would be helpful to do so.

Since our last newsletter, economic times have changed radically (see above). We have collected some good candidate items, but the pricing power of many brands has deteriorated. How permanent this situation will be is uncertain. Until there are signs that better brands have regained their pricing advantage, we see no point in conducting this

methodological test. We do have the following brand measures in mind:

- Purchase interest
- Favorability (our "valence" scale)
- Worth paying more for
- Familiarity
- Perceived quality
- Willingness to recommend, with the Net Promoter extension
- Momentum (is the brand on its way up, down, or holding its own?)

Suggest your own, and you may win a prize!

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## A Plug

It may look unseemly to plug a particular client, but we do want to put in a good word to our Twin Cities readers about The Rose Ensemble—an outstanding early music group. We have long been fans and supporters, and are now undertaking some audience research on their behalf. Ask us for more opinions, or just visit <http://www.roseensemble.org/>.

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## Giving Thanks

For all the difficulties we see around us as business people, the fact remains that we and our professional associates enjoy an abundance unknown and unimaginable for most of the history of this planet.

The material abundance may prove to be not-so-good for us in the long run. The abundant personal connections and friendships we have enjoyed are another matter. Our company celebrated (quietly) its 15<sup>th</sup> anniversary this past summer. We are truly grateful to the many clients who have placed their trust in us over the years. The Thanksgiving holiday is as good a time as any to reflect on all we do have.

