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MARKETING RESEARCH 1980

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Presented by

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to

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Marketing Executives are poor users of Market Research and waste thousands of dollars. Because they delegate too much control, they get poor quality work. Because they are not clear about their own marketing objectives, they get research pointed in the wrong direction. Because they are inexperienced in handling survey data, they draw the wrong conclusions from survey reports, or fail to see when researchers mis-interpret their own findings.

Some of the blame for this inefficient state of affairs must be taken by the Market Research Industry, operated by too many with too little marketing knowledge, and regrettably, with many not as competent as they should be in their own skills.

The Market Research Industry should put its own house in order, but the remedy is partly in the hands of Marketing Executives. They must become better controllers and better users of Market Research; understand more and delegate less.

Today most Marketing Executives would say they have an adequate understanding of Market Research. They delegate the commissioning of surveys, either to someone else in their organisation, or ^{to} their advertising agency, or ^{to} a Consultant, or ^{to} an outside Market Research Company.

On a per capita basis, there would probably be more Market Research Practitioners, Agencies and Experts in Australia than any other country in the world. This does not mean Australia gets better research than elsewhere.

There are, however, only a handful of Marketing Executives, and that includes Market Research Managers, who really understand Market Research, the type of data that can be obtained, and how to use that data. Because of this, I suggest it is most important you take more interest in your surveys, the methods used and the results obtained.

Buying and using Market Research is, in many ways, like buying and using a computer. It is too hard to understand, impossible to know what you are going to get, and the end product is often unusable. This leaves you with your problem or task unsolved.

Many Marketing Executives:-

- * Waste thousands of dollars on useless Market Research.
- * Make decisions on Market Research data which may or may not be correct.
- * Most likely fail in their overall marketing objectives.

Why then is there such a problem with buying and using Market Research data?

First, it should be explained that most people in the Market Research Industry have had little formal training in marketing and little practical business experience. Market Research practitioners usually gain their experience at a client's expense. Few practitioners have ever interviewed, can write extensive questionnaires, understand sampling and statistics, have ever been near a computer, or understand how to interpret and write about figures.

Market Research is a complicated science. It requires strict controls covering many different technical areas such as:-

- * Defining the problem,
- * Designing the survey to solve the problem,
- * Statistical sampling,
- * Questionnaire design,
- * Asking the right questions to obtain accurate answers,
- * Interviewer control,
- * Computer analysis, and
- * Interpretation of results.

All these are specific specialist areas. Some practitioners have degrees in Psychology or Commerce, but few have an understanding of Statistics and Computers. Others have degrees in Statistics, but don't know how to define a marketing problem or how to design a questionnaire. Here are some examples of problems.

Taste Testing

Were you aware that the environment of a testing situation changes a person's taste preferences?

Roper in 1969 presented evidence suggesting that people have an inability to discriminate in artificial situations. Today, however, you can still see taste tests being conducted in the open in unreal situations, at shopping centres. Standing respondents will be asked preferences on taste, while other shoppers rush noisily around them. The smells of fried chicken mingle with the odour of the product the consumer is tasting. The shouts of salesmen and blaring music distract the consumer's attention. Because of this, in 1961, TARA Market Research established Test-Mobiles for conducting taste tests and pack tests. These specially equipped caravans allow taste testing and pack testing to be conducted in privacy, closer to normal buying or consuming situations.

Attached is a recently published paper by Richard Batseil and Yoram Wind which outlines the problems in more detail.

Brand Loyalty and Brand Switching

Manufacturers continually ask us to conduct surveys by asking housewives to name the brand they last bought and the brand they bought before that. Manufacturers requesting this information believe that, in this way, they will obtain brand switching information.

In many cases the housewife can't accurately remember her purchases. Even if the housewife could remember, the results wouldn't tell you if the housewife is a regular buyer of one brand, a regular buyer of two or more brands, a permanent brand switcher or only a brand switcher at the time of interview because she obtained a special deal.

Ehrenberg, in England, has repeatedly pointed out the brand loyalty fallacy. In most consumer markets, people buy several brands - just check your kitchen pantry and see if all the cans of dog food are the same!

A Panel of housewives is the only way to obtain accurate information on brand switching. The Panel members record in a diary their day-to-day purchases ^{for} each month of the year. To illustrate this, please examine the attached samples of households' purchases of pet food over a few months. This information was obtained from our Consumer Panel which consists of 3,000 member households throughout Australia. Could that information have been obtained from a single interview?

Market Volume and Brand Share

Marketing people also continually try to measure market size and brand share by asking people the brand bought last, or all the brands they bought in, say, the last 4 weeks.

When consumers are asked about their purchases in the last 4 weeks they are likely to exaggerate them by 200% to 300%! I'm sure many marketing failures can be attributed to this type of elementary Market Research mistake.

In some cases you can, in fact, obtain brand share by asking about brand last purchased. These products are either large and/or expensive items such as cars, washing machines, TV receivers; or products consumed frequently such as razor blades, soft drinks, cigarettes and confectionery. With large expensive items, respondents may be asked about purchases in the last 12 months, but with frequently consumed products it is important to ask respondents about the brand they last bought, or the brand they bought yesterday, or all the brands they bought in the last 7 days.

Questions on the frequency of consumption should also be asked so the data can be quantified.

Apart from the above examples, the best way of obtaining brand share data is either by a Consumer Panel, Warehouse Withdrawal data or a Store Audit.

Warehouse Withdrawal data is supplied by the major grocery chains. Specialist groups such as our S.A.M.I. division compute Warehouse data into a useful single source document - one that a Marketing Executive can really use.

S.A.M.I. is now making available to clients computer terminals so they can readily assess the mass of data available. To help interpret that data, S.A.M.I. has sophisticated computer programs which present the information in an easy to understand format.

Readership Surveys

Over the last few years, there has been considerable debate on the most accurate methods of measuring the readership of newspapers and magazines. In England, JICNAR has reported several problems on the conduct of the UK National Readership Survey. The U.S. Advertising Research Foundation recently published a paper which compared the two more commonly used methods of estimating readership of magazines.

It showed the two methods give rise to considerable differences for both weekly and monthly publications. Our company, and Simmons in the U.S.A. use similar methods, while McNair Anderson and the UK National Readership Survey (NRS) use the other method. The results obtained by ourselves and McNair Anderson are considerably different. With Readers Digest, for instance, we estimate their readership to be about 16%, while McNair Anderson say it is 26%!

Our question for monthly publications asks respondents whether they read a specific issue of the publication. The issue is usually 10-12 weeks old. McNair Anderson and the NRS ask people being surveyed, whether they have read any issue of the monthly publication in the last month, not a specific issue.

McNair Anderson and the NRS obtain inflated readership figures because of the following reasons:-

- 1) People can't accurately remember if they read a monthly publication in the last month, and -

2) There is the problem of replicated readership. Assume a person takes two months to read one particular issue of monthly Magazine "A". Also assume that person during those two months reads only that one issue of Magazine "A". If that person is interviewed at any time from the period when he started reading that issue of Magazine "A" until one month after he finished reading Magazine "A", then that person would say he had read Magazine "A" in the last month. If the whole population is like that person and all read only every third issue of the monthly Magazine "A", and take two months to read it, then all when interviewed would say they are readers of Magazine "A"! The result would show, in this extreme example, that 100% of the population read Magazine "A" although the true average issue readership figure is 33%

Travel Movements

For the Australian Standing Committee on Tourism (ASCOT), which represents all State Government Tourist Authorities, we conduct each week a survey to measure trips of one or more nights away from home in Australia in the last two months. The results show we significantly underestimate short duration travel movements of one to three nights. With longer trips there is no problem because respondents are more likely to recall a major trip than one of only a few days. To overcome this problem we only tabulate one, two or three night trips reported in the last two weeks, while we take all trips of longer duration reported in the last two months.

The following table shows the number of trips people recalled within two weeks of being interviewed and between two weeks and two months. The survey was conducted each week between April 1978 and March 1979.

<u>Length of trip</u>	<u>Total</u>	<u>Recall Period</u>	
		<u>Within 2 weeks</u>	<u>Over 2 weeks to 2 months</u>
1 to 3 night trips	14,814	6,407	8,407
	63.3%	67.6%	60.4%
	100.0%	43.2%	56.8%
4 or more night trips	8,574	3,071	5,503
	36.7%	32.4%	39.6%
	100.0%	35.8%	64.2%
Total trips	23,388	9,478	13,910
	100.0%	40.5%	59.5%

The previous table illustrates a second recall problem. Respondents are more likely to say their trip was taken more recently than was actually the case. For example, a respondent may say his trip was taken two weeks ago when, in fact, it was taken three or four weeks ago. This occurs for both short and long trips and results in proportionally more trips being recalled when completed in the first two weeks before being interviewed. The bottom line show 40.5% of all trips recalled were taken within 2 weeks of being interviewed while only 59.5% were taken within two weeks to two months of being interviewed. The proportions should however, be 25% to 75%!

TV Ratings

In the last two years, there has been considerable debate on how TV Ratings should be measured. We believe that it is impossible for TV ratings to be accurately measured by people filling out diaries. The existing ratings are considerably biased toward better educated and "white collar" families who find it easier to complete diaries.

At present, Channel 10 is the "blue collar" station in Melbourne. Because of diary bias, existing TV surveys will tend to underestimate Channel 10's audiences.

The following are some results we obtained last year by surveying a cross-section of people on their viewing habits of specific TV programs. The results showed that for some programs "blue collar" and "white collar" workers have significantly different preferences.

	<u>All people</u>	<u>Blue collar</u>	<u>White collar</u>
	%	%	%
Channel 10 News	11	15	7
Channel 9 News	24	24	24
Channel 7 News	18	18	18
Channel 2 News	10	9	11
Prisoner (10)	22	29	16
Restless Years (10)	14	21	7
Young Doctors (9)	12	14	9
60 Minutes (9)	21	20	22
Mork & Mindy (9)	21	21	21
Willesee (7)	19	19	19
Cop Shop (7)	24	27	22
Football (7)	16	16	17

Telephone Surveys

Telephone surveys are economical and quick to conduct. They are, however, biased towards "white collar" families - telephone ownership is about 75% but varies from over 90% among professionals and managers to less than 50% among unskilled "blue collar" workers.

Both the National Times and The Australian have recently published results of public opinion polls conducted by telephone surveys.

In addition, these public opinion polls were conducted in only the Capital Cities, or Sydney and Melbourne. This population restriction further biased the results.

The following table shows voting preference based on 16,578 interviews conducted by the Morgan Gallup Poll between January and April this year. Note that, 'phone owners, particularly those living in Country Areas, are more likely to vote L-NCP.

	<u>Australia</u>		<u>Capital Cities</u>		<u>Country Areas</u>		
	<u>Aust.</u> (16,578)	<u>'Phone owners</u> (12,433)	<u>Non-'phone</u> (4,145)	<u>'Phone owners</u> (7,927)	<u>Non-'phone</u> (1,990)	<u>'Phone owners</u> (4,506)	<u>Non-'phone</u> (2,155)
	%	%	%	%	%	%	%
Liberal	40	44	29	46	30	40	27
National	6	6	6	2	2	14	9
Total L-NCP	46	50	35	48	32	54	36
ALP	46	42	58	43	59	39	56
Aust. Democrat	5	5	4	6	5	4	4
Other Parties	3	3	3	3	4	3	4
	100	100	100	100	100	100	100

Furthermore, telephone surveys should not be used to measure consumer markets which differ between 'phone owners and non-'phone owners. For example, in Melbourne and Sydney, there are proportionally more older timber houses in "blue collar" suburbs where 'phone ownership is low. Clearly people living in those households would have different habits on purchasing of paint, furnishing, etc. Yet some companies have used telephone surveys to collect information concerning these markets!

Buying Research

If you asked ten Market Research Companies to help you solve a marketing problem, I'm sure you'd receive ten proposals which would give you:-

- 1) Different ways of conducting the research,
- 2) Different prices,

If you used all of them, you'd get:

- 3) Different results, and
- 4) Different recommendations.

How can the Marketing Executive cope with this situation? I feel it means the Marketing Executive has to become better educated in all facets of Market Research so he or she can commission more meaningful Market Research. This will result in more accurate findings which contain better quality recommendations.

Audits and Panels of Australia

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1. Loyal buyer - buys mainly Tuckerbox, shops only at Coles.

STATE	MONTH	DATE	BRAND	FED TO	TYPE	SIZE	NUMBER	PRICE	DEAL	STORE
SYD	JAN	27	TUCK	BOTH	CAN	400	6	27	-	COLE
SYD	JAN	27	LUCK	DOG	DRY	3000	1	139	-	COLE
SYD	JAN	13	LUCK	DOG	DRY	3000	1	137	-	COLE
SYD	JAN	13	TUCK	BOTH	CAN	400	6	22	-	COLE
SYD	JAN	20	TUCK	BOTH	CAN	400	7	22	-	COLE
SYD	FEB	24	TUCK	BOTH	CAN	400	7	22	-	COLE
SYD	FEB	16	K-9	DOG	BISC	1500	1	106	-	COLE
SYD	FEB	17	LUCK	DOG	DRY	3000	1	139	-	COLE
SYD	FEB	17	TUCK	BOTH	CAN	400	7	22	-	COLE
SYD	FEB	3	TUCK	BOTH	CAN	400	6	22	-	COLE
SYD	FEB	16	TUCK	BOTH	CAN	400	7	22	-	COLE
SYD	FEB	16	LUCK	DOG	DRY	3000	1	139	-	COLE
SYD	MAR	3	TUCK	BOTH	CAN	400	7	22	-	COLE
SYD	MAR	10	TUCK	BOTH	CAN	400	7	22	-	COLE
SYD	MAR	10	LUCK	DOG	DRY	3000	1	147	-	COLE
SYD	MAR	31	LUCK	DOG	DRY	3000	1	147	-	COLE
SYD	MAR	17	TUCK	BOTH	CAN	400	7	22	-	COLE
SYD	MAR	24	TUCK	BOTH	CAN	400	6	22	-	COLE
SYD	MAR	31	TUCK	BOTH	CAN	400	36	16	SPEC	COLE
SYD	APR	21	LUCK	DOG	DRY	3000	1	147	-	COLE
SYD	APR	28	K-9	DOG	BISC	1500	1	106	-	COLE
SYD	MAY	19	TUCK	BOTH	CAN	410	7	22	-	COLE
SYD	MAY	26	TUCK	BOTH	CAN	410	7	22	-	COLE
SYD	MAY	5	TUCK	BOTH	CAN	410	4	22	-	COLE
SYD	MAY	12	TUCK	BOTH	CAN	410	7	22	-	COLE
SYD	MAY	12	LUCK	DOG	DRY	3000	1	147	-	COLE

2. Not a loyal buyer - buys everything, shops at Jewels, Frankling, New World, Grace Bros.

STATE	MONTH	DATE	BRAND	FED TO	TYPE	SIZE	NUMBER	PRICE	DEAL	STORE
SYD	FEB	3	BUSH	CAT	CAN	400	2	25	-	FRAN
SYD	FEB	3	STOM	CAT	CAN	184	2	22	-	FRAN
SYD	FEB	3	STOM	CAT	CAN	185	1	22	-	FRAN
SYD	FEB	24	WISK	CAT	CAN	200	1	19	-	JEWL
SYD	FEB	24	KKAT	CAT	CAN	215	1	18	-	JEWL
SYD	FEB	17	BUSH	CAT	CAN	400	1	25	-	FRAN
SYD	FEB	17	PURR	CAT	CAN	195	1	17	-	FRAN
SYD	FEB	17	STOM	CAT	CAN	184	4	22	-	FRAN
SYD	FEB	3	STOM	CAT	CAN	195	1	21	-	FRAN
SYD	FEB	10	KKAT	CAT	CAN	210	1	18	-	JEWL
SYD	FEB	10	STOM	CAT	CAN	184	3	21	SPEC	JEWL
SYD	MAR	2	BUSH	CAT	CAN	400	1	26	-	JEWL
SYD	MAR	2	STOM	CAT	CAN	195	1	23	-	JEWL
SYD	MAR	2	HARP	CAT	CAN	170	1	21	-	JEWL
SYD	MAR	26	PURR	CAT	CAN	185	2	17	-	FRAN
SYD	MAR	26	HARP	CAT	CAN	170	3	19	SPEC	FRAN
SYD	MAR	26	BUSH	CAT	CAN	400	1	25	-	FRAN
SYD	MAR	10	STOM	CAT	CAN	195	3	21	-	FLEM
SYD	MAR	10	WISK	CAT	CAN	200	1	19	-	JEWL
SYD	MAR	19	HARP	CAT	CAN	170	2	22	-	NWLD
SYD	MAR	4	STOM	CAT	CAN	184	2	22	-	FRAN
SYD	MAR	4	WISK	CAT	CAN	200	2	19	-	FRAN
SYD	MAR	4	PUPR	CAT	CAN	185	1	17	-	FRAN
SYD	APR	1	HARP	CAT	CAN	170	2	21	-	JEWL
SYD	APR	6	BUSH	CAT	CAN	400	1	26	-	JEWL
SYD	APR	16	WISK	CAT	CAN	200	2	19	-	JEWL
SYD	APR	28	WISK	CAT	CAN	200	1	19	-	JEWL
SYD	APR	28	BUSH	CAT	CAN	400	1	26	-	JEWL
SYD	MAY	26	WISK	CAT	CAN	200	1	19	-	JEWL
SYD	MAY	19	BUSH	CAT	CAN	400	1	26	-	JEWL
SYD	MAY	19	WISK	CAT	CAN	200	1	19	-	JEWL
SYD	MAY	26	BUSH	CAT	CAN	400	1	26	-	JEWL
SYD	MAY	12	HARP	CAT	CAN	170	3	21	-	JEWL
SYD	MAY	12	WISK	CAT	CAN	200	1	19	-	JEWL
SYD	MAY	19	STOM	CAT	CAN	185	4	19	SPEC	GRAC
SYD	MAY	2	WISK	CAT	CAN	425	1	27	SPEC	JEWL
SYD	MAY	5	WISK	CAT	CAN	200	1	19	-	JEWL
SYD	MAY	5	WISK	CAT	CAN	425	1	27	SPEC	JEWL

3. Switched from Whiskas to Kit Kat (a cheaper brand)

STATE	MONTH	DATE	BRAND	FED TO	TYPE	SIZE	NUMBER	PRICE	DEAL	STORE
SYD	JAN	5	WISK	CAT	CAN	425	4	29	-	FRAN
SYD	JAN	11	WISK	CAT	CAN	425	6	29	-	FRAN
SYD	FEB	22	WISK	CAT	CAN	425	2	30	-	FRAN
SYD	FEB	1	WISK	CAT	CAN	450	4	30	-	FRAN
SYD	FEB	8	WISK	CAT	CAN	425	4	30	-	FRAN
SYD	FEB	15	WISK	CAT	CAN	425	3	30	-	FRAN
SYD	MAR	22	WISK	CAT	CAN	405	1	30	-	FRAN
SYD	MAR	22	KKAT	CAT	CAN	425	1	27	-	FRAN
SYD	MAR	29	KKAT	CAT	CAN	425	2	27	-	FRAN
SYD	MAR	1	WISK	CAT	CAN	405	2	30	-	FRAN
SYD	MAR	8	WISK	CAT	CAN	405	2	30	-	FRAN
SYD	MAR	15	WISK	CAT	CAN	405	2	30	-	FRAN
SYD	APR	6	KKAT	CAT	CAN	425	2	27	-	FRAN
SYD	APR	15	KKAT	CAT	CAN	425	2	27	-	FRAN
SYD	APR	23	KKAT	CAT	CAN	425	2	27	-	FRAN
SYD	APR	23	KKAT	CAT	CAN	425	2	24	-	FRAN
SYD	APR	23	KKAT	CAT	CAN	425	2	27	-	FRAN
SYD	MAY	2	KKAT	CAT	CAN	425	2	27	-	FRAN
SYD	MAY	9	KKAT	CAT	CAN	425	2	27	-	FRAN
SYD	MAY	17	KKAT	CAT	CAN	425	2	27	-	FRAN
SYD	MAY	24	KKAT	CAT	CAN	425	2	27	-	FRAN
SYD	MAY	24	K-9	CAT	DRY	375	1	39	-	FRAN
SYD	MAY	31	KKAT	CAT	CAN	425	2	25	SPEC	FRAN

4. Buys mainly specials from many stores

STATE	MONTH	DATE	BRAND	FED TO	TYPE	SIZE	NUMBER	PRICE	DEAL	STORE
SYD	JAN	4	PAL	DOG	CAN	630	2	38	SPEC	FRAN
SYD	JAN	6	TUCK	DOG	CAN	400	6	15	SPEC	D J
SYD	JAN	11	LUV	DOG	CAN	410	5	26	-	FRAN
SYD	JAN	11	KKAT	CAT	CAN	420	5	26	-	FRAN
SYD	JAN	11	?	BOTH	FRESH	1815	1	100	SPEC	BUTC
SYD	FEB	23	LUV	DOG	CAN	410	4	19	SPEC	D J
SYD	FEB	28	PAL	DOG	CAN	500	4	33	SPEC	GRAC
SYD	FEB	7	PAL	DOG	CAN	435	24	23	SPEC	GRAC
SYD	FEB	8	WISK	CAT	CAN	435	12	23	SPEC	D J
SYD	FEB	15	PAL	DOG	CAN	600	6	33	SPEC	GRAC
SYD	MAR	15	K-9	CAT	DRY	375	2	30	SPEC	FRAN
SYD	MAR	22	PAL	DOG	CAN	405	6	19	SPEC	D J
SYD	MAR	22	WISK	DOG	CAN	425	6	19	SPEC	D J
SYD	MAR	10	TUCK	BOTH	CAN	680	4	30	SPEC	GRAC
SYD	MAR	15	WINE	CAT	CAN	170	2	20	SPEC	FRAN
SYD	MAR	15	K-9	CAT	DRY	375	2	30	SPEC	FRAN
SYD	APR	6	LUV	DOG	CAN	590	6	30	SPEC	GRAC
SYD	APR	6	LUCK	DOG	DRY	1500	1	74	-	MVLA
SYD	APR	15	PHIL	CAT	CAN	200	2	22	SPEC	FLEM
SYD	APR	15	HAPP	CAT	CAN	170	4	14	SPEC	D J
SYD	APR	26	HAPP	DOG	DRY	1500	1	79	-	FRAN
SYD	APR	26	PAL	DOG	CAN	680	1	42	-	FRAN
SYD	APR	18	PAL	DOG	CAN	490	2	34	SPEC	FRAN
SYD	APR	18	PHIL	CAT	CAN	200	5	14	SPEC	FRAN
SYD	APR	18	LASI	DOG	CAN	425	2	25	SPEC	D J
SYD	APR	26	K-9	CAT	DRY	375	1	30	-	FRAN
SYD	APR	28	PAL	DOG	CAN	405	6	19	SPEC	GRAC
SYD	APR	25	WISK	CAT	CAN	425	4	19	SPEC	GRAC
SYD	MAY	5	HAPP	CAT	CAN	170	3	13	SPEC	D J
SYD	MAY	12	WISK	CAT	CAN	425	5	25	SPEC	FRAN
SYD	MAY	12	PAL	DOG	CAN	680	3	42	-	FRAN
SYD	MAY	12	LOVE	DOG	SM	900	1	109	SPEC	FRAN
SYD	MAY	24	CHUM	DOG	CAN	720	3	32	SPEC	D J
SYD	MAY	24	WISK	CAT	CAN	425	4	30	SPEC	D J