Some of the neat things that are in the modern tool-box
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Marketing Research can deliver business results - is it rewarded as such?
Silas Matlala

SAMRA Convention 2006

Outside Looking In
Chris Moerdyk
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Notes for contributors

Submission requirements
Author(s) should confirm that their article is original work and not under consideration elsewhere. Manuscripts should relate to the field of marketing research. A statement giving the author’s present position and address (postal and e-mail) should be provided on a separate page.

Presentation
Author(s) should submit three copies of their article on A4 paper together with an electronic file. The article should be typed in double spacing (including notes and references) on one side of the paper only in Times New Roman in 12-point font, and between 3000 and 4000 words in length. Because of limited space, only summarised tables, graphs and figures should be used. An abstract of 200 words in length should be included on a separate page.

The format of the article should conform to the accepted scientific requirements of articles, and guidelines of universities, or the Publication Manual of the American Psychological Association could be consulted. Chapter 21 of the recently published book: Marketing Research in Practice by the Bureau of Market Research at Unisa is also recommended. The format to be used applies specifically to style, method of referencing and use of tables, graphs and figures.

Where to send articles
All correspondence concerning articles should be directed to:
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Southern African Journal of Marketing Research
Southern African Marketing Research Association
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Randburg
2125
email:nishta@samra.co.za

Deadline for submissions for the next edition: 15 Sept 2006

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The SAJMR is the professional publication of the southern African marketing research industry and aims to stimulate debate and airing of relevant topics.

The SAJMR is distributed to all SAMRA Members as well as to libraries, various institutions and tertiary education centres connected with marketing research.

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Ed’s Note

Dr Daan van Vuuren

Elaine Alder

In midwinter, some of us have a chance to slip away to a holiday destination such as a game reserve to savour the beauty of our environment, and recharge our batteries. In the pressure of professional research business commitments, time to think about the broader industry is preciously absent, and to realize the privilege and wonder of being involved in research sometimes escape us. Market research is however becoming more and more important not only for industry, but also for government, to maximize opportunities and effectively address development challenges in the country.

In this, our second issue, we present an award winning paper by a young research psychologist, a paper by one of the best of our senior researchers, and an important follow up paper on modeling. In addition, we have interesting material on things happening in our industry.

The conference came and went, and we want to congratulate everybody involved with the high standard of the papers delivered, the quality of the informal sessions, and the winners of the awards. Some of the issues that came up during the discussions are where we are at the moment as market researchers with regard to professionalism, but also in terms of standards of conduct. Are we on par with the best in the world?

You as member are invited to write to us on these and other issues. The Journal is your mouthpiece to discuss and debate areas that should be attended to, and successes that should be celebrated.

The first issue of the Southern African Journal of Marketing Research was very well received, with many industry commentators remarking that they’d been waiting for such a publication for a long time, and that the publication can only benefit marketers and researchers in Southern Africa. All in all, a great first impression.

However, we don’t want this journal to be a shot in the dark that fizzles out after an issue or two, and so the SAJMR team is now focussed on building the SAJMR Brand.

A brand is built through the total experience that it offers, so what does the Journal stand for, what experience does it offer to its readers, and what opportunities does it offer to advertisers?

The Southern African Journal of Marketing Research aims to create a forum for discussion in the marketing and marketing research industries by providing its readers with interesting articles that are relevant to these industries in contemporary Southern Africa. This forum thus creates a unique platform for advertisers to reach both marketers and researchers.

This brand can only grow by increasing its circulation and readership numbers, and for this, we need you. The greater the number of people that read the journal, the greater the number of advertisers that will see the value of advertising in it, and the more advertisers the journal has, the better the content that we’ll be able to provide you, our reader, with.

So, when you’re done with your copy, pass it on to a friend or colleague who you think might find it interesting, and encourage them to do the same.

From the Council

Dion van Zyl, Journal Portfolio Chairman
Dear Editor,

The first publication of the Southern African Journal of Market Research was received with jubilation by the QRS family. We thus most sincerely eagerly await the second publication which we believe will be definite edge above the bush clearing publication. A BIG thank you for inviting us to make a contribution. We remain open to support, in our small way, when called upon, on matters of interest to our booming industry.

We at QRS, as a relatively new broom, view this publication as a platform for engaging interested industry players on pertinent debates that ensure growth, objectivity as well as substantive fairness among all parties. No doubt, there are countless research users and buyers alike who suffer intellectual loneliness unnecessarily. Your publication will indeed be that gap filler.

MLULEKI NCUBE
CEO Quest Research Services

Dear Editors

My most hearty congratulations on your first issue of The Southern African Journal of Marketing Research. You both know that I have wished for such a publication for a very long time.

I am so happy to see that my wishes have come true! Such a publication can only be of great benefit to marketers and researchers in Southern Africa.

May you go from strength to strength.

Warm regards
Jean Green

Greetings Dr Van Vuuren,

Congratulations on the launch of the SA Journal Marketing Research [Jan 2006].

One hopes that all future articles be written in a user-friendly, simple and engaging manner, particularly those from all the intellectual minds lined up to contribute in the future.

Sibonga kakhulu! Halala!

Nhlanhla S. Msibi
The Agency for Advertising and Marketing

WE DIDN’T HAVE TOYS AS CHILDREN.
WE HAD QUESTIONNAIRES.

A hunger for knowledge comes naturally to us. This, together with a solutions driven approach to research, and a wide range of tailor-made products and services has made us the foremost research solutions agency.
The 2006 SAMRA Convention, recently at the Dikhololo Game Lodge in the North West, was a gathering rich in interesting research that saw a packed programme of speeches and social events being delivered to the more than 150 delegates who attended.

Those who attended, and particularly the invited speakers from Europe and the USA, loved getting away from the city and out into the African bush.

The vision of the 2006 SAMRA Convention, driven by Erik du Plessis at the request of the SAMRA Council, was to establish in Southern Africa a benchmark marketing research conference that would attract marketers, advertisers and the media as well. Although the event did not attract as many marketers and advertisers as planned, it certainly attained its goal of establishing the SAMRA Convention as THE marketing research conference in Southern Africa, and has laid a solid foundation to build on for future Conventions.

The papers presented by both the researchers and research users were of an extraordinarily high quality, and the awards given out at the event’s gala dinner on the 17th of March were well deserved:

- Sanchen Henning was awarded “Best First Time Speaker” for her paper “A Hitchhikers Guide to the Customer Service Galaxy”: Moving beyond boundaries in call centres, which used a qualitative approach to examine the risk factors associated with the well-being of call centre agents.

- Silas Matlala was awarded the new, Telkom-sponsored, “Best Research User” for his paper “Market Research can deliver business results, is it rewarded as such? – The case of the “Original and Best breakfast Cereal”, which set out to dispel the perception of marketing research as a grudge purchase by looking at brands and the application of marketing research’s recommendations.

- Mari Harris and Carel van Aardt were awarded “Best Overall Paper” for their “Creating a revolutionary tool for SA Employers by fusing HIV/Aids risk segmentation and demographic modelling.” This paper involved the development of a reliable estimation model to examine HIV
prevalence rates among specific sub-groups in South Africa. Harris and van Aardt demonstrated that HIV prevalence rates amongst the skilled, employed and affluent are higher than generally expected and are also increasing more rapidly than expected.

The Convention’s social and networking events, which took place in the evenings, were immensely entertaining. The Boma Braai on the 15th saw the delegates being entertained by Dikhololo’s enthusiastic staff choir, and then by magician Rashid and his awe-inspiring pantsula dancers, before partying the night away to the sounds of a jukebox. The Pub Night on the 16th was enjoyed by all – with the entertainment provided by jesters. The Gala Dinner on the final night of the Convention, themed “A Night of the Stars”, was a fantastic event held in a huge thatch boma, decorated in black and fuchsia pink. The awards ceremony and delicious meal were followed by the music of Four Past Midnight as everyone danced into the wee hours of the morning.

The 2006 SAMRA Convention has definitely set a precedent, and SAMRA’s Conventions can only get bigger and better from here on.
Abstract

The aim of this paper is to provide an understanding of Ubuntu and the extent of its support among different South African population groups. The results of the Sociomonitor personal interview survey among a representative sample of 6,375 adults aged 16 years and over covering both urban and rural areas in which Ubuntu was measured are provided. Based on both qualitative and quantitative prior research Ubuntu was initially defined as “a way of life incorporating community involvement, respect and empathy for others, adherence to traditions, and accordance of dignity to others.” Seven statements were developed which covered different aspects of this definition. These statements were then incorporated into various question frameworks. The results showed that the Ubuntu philosophy was far stronger among blacks than coloureds, Indians and whites. However, in urban areas and among those with higher household incomes Ubuntu had less support. This suggests that with increasing urbanisation and prosperity in South Africa it will have limited success as a business policy. Furthermore, the traditional role of a person in African society as manifested by Ubuntu is shown to be in conflict with both individualism and capitalism.

Introduction

Ubuntu, defined by Khosa (1994, p.13) as ‘I am because you are and you are because we are’, exemplifies the overriding principle of the distinctly African philosophy of personal, within the confines of the well-being of the community. Ubuntu is expressed by the Xhosa postulate ‘umuntu ngumuntu ngabantu’- a person is a person through other persons (Shutte, 1996, p28), in Pedi as ‘motho ke motho ka bangwe’ - man is a man through others and in Zulu by ‘umuntu ngamuntu ngabanye’ - a person depends on others to be a person (Teffo, 1996, p103). The concept of Ubuntu is more extensive than Sartre’s theory of the “other” (Sartre, 1943, 1956) and existentialism. Dasein, ‘the manner of Being’ (Heidegger, 1927/1962, p32) ‘exists factically [sic] in the way of Being with Others’ (Ibid, p463), rather than through others.

Ubuntu is in conflict with individualism, which is more selfish and self-centred, yet differs from collectivism, where the rights of the individual are subjugated to the common good. Ubuntu is synonymous with African Humanism. It is an integral part of the African existence (Nöthling and Ramotsei, 1998). It has religious implications in that there is cognisance of one’s ancestors, who will be joined in the after-life. Elderly people are respected because they will soon be with the ancestors and, as such, are intermediaries between this world and the next. Fromm (1949/1956) observed that man’s happiness depended on the totality with previous and forthcoming generations, as he did not want to be alone. The influence of ancestors, whose knowledge, based on tried and proven methods, was greater than that of the living, has also been remarked on by Tönnies (1961).

The individual has been conceptualised as part of ‘a chain of vital forces... being joined from above to the ascending line of his ancestry and sustaining below him the line of his descendants’ (Teffo, 1996, p103). Behaviour that harms group structures, such as family, community and organisations, weakens the ties with the past and threatens the future. However, Ubuntu is less restrictive than collectivism, as there is great respect for individuals and their rights within the social unit (Khosa, 1994). There is, however, a likeness with Riesman’s (1978, p11) ‘tradition-directed’ society where the individual belonged and had ‘a well-defined functional relationship to other members of the group.’

The traditional African concept of society is foreign to individualism and capitalism. In order to survive, the community must work together and share its wealth and the rewards of its labour. Otherwise, it will not endure and people will die. A person who becomes well off, or a member of the elite, has taken something that belongs to others and endangers the whole community. Ubuntu has even been singled out as ‘the very antithesis of the concept of individualism and sheer greed inherent in capitalism’ (Ranunga, 1996 p142). The introduction of the principles of Ubuntu into the workplace would reduce the adversity between managers and trade unions (Mbigi, 1993).

Etzioni (1991 p.35) considered that there was always a ‘creative tension between individual rights and the needs of the community’ and that society is at its optimum when the needs of these two forces are balanced. The conflict between human rights and cultural tradition was singled out by Bennett (1996); the former was in favour of the individual, the latter the family. Customary law, which is patriarchal, favoured ‘senior men’ to the disadvantage of minors and women (Ibid, p86). It would also be contrary to the spirit of Ubuntu where there was respect for older people, regardless of gender.

It was hypothesised that Ubuntu was essentially an African phenomenon, despite its similarity in some respects with existentialism. It was also expected that it would be weakened by urbanisation because of the loss of the strong relationships that exist in small rural communities, where interdependence is often essential for survival. There was no reason to assume that there
would be any differences between men and women, but it was hypothesised that Ubuntu would be stronger with older people.

This study measured the level of support for Ubuntu among various adult demographic groups throughout South Africa.

2. METHOD

2.1 Universe
The universe for the 1997/8 Sociomonitor comprised adults, aged 16 years and over, living in private households, hostels and residential hotels in the Republic of South Africa. Excluded from the universe were residents and staff of such institutions as prisons and hospitals, military personnel on active service, and, within each racial group, minority sub-populations in certain geographical areas. The estimated size of the total adult population at that time based on projections from the 1992 Census was 26,030,000, of which 309,000 were excluded, representing 1.2% of the total (see South African Advertising Research Foundation, 1998).

2.2 Subjects
A sub-sample of 6,375 was taken from the South African Advertising Research Foundation AMPS 1997 diary panel. This was supplemented with a further 196 respondents in Metropolitan areas to give a final total sample of 6,571. Dwellings were selected in each province and within province by Magisterial districts prorata to population, on the basis of 1996 population estimates. A male or female adult was chosen within each sampled dwelling using a random grid.

2.3 Instrument
The technique used by Sociomonitor to measure values was originally developed by Vulpian (1980) of the French research observatory, Cofremca, and is similar in concept to the procedure devised by Yankelovich, Skelly and White, Inc., in the United States (Yankelovich, 1981).

The initial development work for the South African measuring instrument was done during 1974 and 1975. The starting point was to identify values that were relevant to social change, and to define them. Information on values that were being measured in France, Great Britain and the United States was obtained. The applicability of these values to South Africa was reviewed in the light of previous research experience and local knowledge. In addition, qualitative work was done among urban South African Blacks and Whites in the form of focus groups. This was followed by a number of small-scale pilot studies of 100 Black and 100 White adults using batteries of statements related to preliminary value definitions. Based on the review of overseas experience and the exploratory research findings, a number of values considered of particular relevance to marketing and media in South Africa were selected. Over time, the definitions of these values were modified in the light of survey findings and changing circumstances. A few additional social values were also identified and defined. The importance of carefully defining constructs prior to generating items, especially when working in cultures other than one’s own, has been emphasized by Brislin (1986).

Sets of statements, each focusing on an aspect of the definition of each value, were formulated. These statements were placed in 6 different 4-point scale frameworks, which were in the form of acceptance of the truth of various assertions, alternative choices, degree of identification, importance ratings, levels of agreement and similarities of viewpoint. For example, in the case of the alternative choices, respondents were asked to choose between two alternatives, and then to decide whether this had been an easy or difficult choice. For the identifications informants were required to say whether they considered different kinds of people expressed in various statements were “Very similar”, “Fairly similar”, “Rather different”, or “Very different” to themselves.

Ubuntu was conceptualised as “a way of life incorporating community involvement, respect and empathy for others, adherence to traditions, and accordance of dignity to others”. A series of seven statements related to this definition were devised:

1. The values of my cultural group are important to me
2. Young people should respect older people, community leaders and teachers
3. You trust others, because others trust you
4. People who can identify with other people's feelings
5. In your community, people look out for you because you look out for them
6. A person is a person through others
7. People should be judged on the goodness of their deeds

These statements were then allocated to different question frameworks. Statements 1 and 6 were asked in the context of whether respondents considered them to be “Very true”, “Fairly true”, “Fairly untrue” or “Very untrue”; statements 2, 5 and 7 as to whether they “Completely agree”, “Partly agree”, Partly disagree” or “Completely disagree”; statement 3 as to whether it was “Very important”, “Fairly important”, “Not so important” or “Not at all important” and statement 4 as to whether it “Completely”, “Quite well”, “A little” or “Not at all” fitted in with their own ideas and feelings.

The questionnaire was developed in English and then translated into Afrikaans and the main vernacular: North and South Sotho, Tswana, Xhosa and Zulu. Other researchers familiar with both English and the relevant vernacular then translated the questionnaire back into English. This back-translation was done to ensure equivalence. The English version was modified,

continued on page 8
if necessary, until there was concordance. The back-translation procedure has been proposed by Brislin (1970, 1986) and strongly recommended by Segall (1986).

2.4 Procedure

Personal interviews were done in the home. Fieldwork took place during October, November 1997 and January to March 1998. Trained, experienced investigators who were working under the control of field supervisors did the interviewing. A minimum 20% validation back check was done by mail, in person, or by telephone.

3. Statistical Analysis and Results

Each respondent was given a score from 1 - 4 according to their response to each of the seven statements that defined Ubuntu. A frequency distribution was made and respondents were divided into quartiles as closely as possible. Twenty six percent of the total sample was classified in the highest quartile. Comparisons of the incidence of those in the top Ubuntu quartile formed the basis of the analysis.

There was a significant difference between race groups in the extent to which they were committed to Ubuntu. One third of all Blacks, compared to only 14% of Indians, 8% of Coloureds and 6% of Whites fell in the top quartile (see Table 1).

Table 1
Ubuntu by race

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Black</th>
<th>Coloured</th>
<th>Indian</th>
<th>White</th>
<th>Chi-square</th>
<th>Sig. level</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>6,571</td>
<td>2,926</td>
<td>849</td>
<td>508</td>
<td>2,288</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>44.7</td>
<td>37.2</td>
<td>8.6</td>
<td>34.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ubuntu</td>
<td>26</td>
<td>33</td>
<td>7.6</td>
<td>14.3</td>
<td>5.5</td>
<td>33.0</td>
<td>.000</td>
</tr>
</tbody>
</table>

The findings by racial group were mirrored in the home language. There was a significantly higher support for Ubuntu among those who spoke the vernacular compared to those speaking other languages (See Table 2).

Table 2
Ubuntu by home language

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Eng/ Other</th>
<th>Afr/ Both</th>
<th>Nguni/</th>
<th>Sotho/ Both</th>
<th>Chi-square</th>
<th>Sig. level</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>6,571</td>
<td>1,278</td>
<td>2,367</td>
<td>1,449</td>
<td>1,477</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>19.4</td>
<td>36.4</td>
<td>35.8</td>
<td>35.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ubuntu</td>
<td>26</td>
<td>7.1</td>
<td>7.0</td>
<td>32.9</td>
<td>33.1</td>
<td>33.0</td>
<td>.000</td>
</tr>
</tbody>
</table>

As anticipated there was no significant difference between males and females (see Table 3).

Table 3
Ubuntu by gender

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
<th>Chi-square</th>
<th>Sig. level</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>6,571</td>
<td>3,232</td>
<td>3,339</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>49.2</td>
<td>50.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ubuntu</td>
<td>26</td>
<td>26.3</td>
<td>25.8</td>
<td>33.0</td>
<td>.000</td>
</tr>
</tbody>
</table>

The expectation that older people would be more likely to hold the values of Ubuntu was not supported by the results. In fact the opposite occurred (see Table 4).

Table 4
Ubuntu by age

<table>
<thead>
<tr>
<th></th>
<th>16-24</th>
<th>25-34</th>
<th>35-49</th>
<th>50+</th>
<th>Chi-square</th>
<th>Sig. level</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>6,571</td>
<td>1,578</td>
<td>1,464</td>
<td>1,688</td>
<td>1,941</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>25.6</td>
<td>27.6</td>
<td>27.5</td>
<td>22.9</td>
<td></td>
</tr>
<tr>
<td>Ubuntu</td>
<td>26</td>
<td>25.6</td>
<td>27.6</td>
<td>27.5</td>
<td>22.9</td>
<td>.33.0</td>
</tr>
</tbody>
</table>

There was a direct relationship between household income and Ubuntu. The higher the income the lower the incidence of those who held this value.

Table 5
Ubuntu by household income

<table>
<thead>
<tr>
<th></th>
<th>Up to R500</th>
<th>R500-R1,999</th>
<th>R2,000-R5,999</th>
<th>R6,000 plus</th>
<th>Chi-square</th>
<th>Sig. level</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>6,571</td>
<td>791</td>
<td>2,172</td>
<td>2,174</td>
<td>1,434</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>12.2</td>
<td>33.3</td>
<td>33.3</td>
<td>33.3</td>
<td></td>
</tr>
<tr>
<td>Ubuntu</td>
<td>26</td>
<td>34.1</td>
<td>28.9</td>
<td>19.9</td>
<td>11.1</td>
<td>.33.0</td>
</tr>
</tbody>
</table>

It was to be expected that Ubuntu would be stronger in rural areas and this hypothesis was confirmed. Those in urban areas were significantly less likely to subscribe to the Ubuntu ethos.

Table 6
Ubuntu by community

<table>
<thead>
<tr>
<th></th>
<th>Metro</th>
<th>Other</th>
<th>Rural</th>
<th>Chi-square</th>
<th>Sig. level</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>6,571</td>
<td>2,777</td>
<td>2,629</td>
<td>1,165</td>
<td>.33.0</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ubuntu</td>
<td>26</td>
<td>16.4</td>
<td>24.2</td>
<td>34.5</td>
<td>.33.0</td>
</tr>
</tbody>
</table>
There was a significant difference in the incidence of Ubuntu by education. The higher the education the lower the proportion (see Table 7).

Table 7
Ubuntu by education

<table>
<thead>
<tr>
<th></th>
<th>None</th>
<th>Primary</th>
<th>Some Matric</th>
<th>Post Matric</th>
<th>Obi- Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>6,571</td>
<td>373</td>
<td>1,122</td>
<td>2,603</td>
<td>1,554</td>
</tr>
<tr>
<td>%</td>
<td>26</td>
<td>51.4%</td>
<td>34.2%</td>
<td>30.9%</td>
<td>25.6%</td>
</tr>
<tr>
<td>Ubuntu</td>
<td>26</td>
<td>34.2%</td>
<td>30.9%</td>
<td>25.6%</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

4. Discussion

The results of this investigation support the contention that Ubuntu is essentially a black phenomenon. Whilst support, as hypothesised, was similar among both men and women, it was not expected that it would be at a lower level with older people. It is likely that with increasing urbanisation and improving standards of living that Ubuntu will be replaced with more individualistic and selfish behaviour, especially among those in higher income groups were interest is comparatively low. Attempts to introduce this concept into the private sector will meet with limited success.

References


He is, as always, so right. Numbers do daunt many. But it does help to have the numbers in a single source data base linked with software that allows one to easily interrogate the numbers.

That is what TGI (Target Group Index) is all about. TGI measures the usage brands (over 7,000) and links this usage to a host of factors that could provide insight to the data miner. These factors include an array of detailed demographics, attitudes, activities (sport, shopping, leisure, media consumption) and motivational triggers. The software (Choices) that comes with the data has been specially designed with the data and the data miner, in mind.

Data mining with TGI and Choices is a seamless process, and the journey can start anywhere. We have taken such a journey into the TGI data and these are some of the results.

We mused about what complaints people claimed they suffered from and whether these ‘complaints’ differed by LSM. Of the 40 complaints listed, the top ten suffered in the last 4 weeks, were:

<table>
<thead>
<tr>
<th>Complaint</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headaches</td>
<td>27%</td>
</tr>
<tr>
<td>Flu</td>
<td>23%</td>
</tr>
<tr>
<td>Colds</td>
<td>17%</td>
</tr>
<tr>
<td>Coughs</td>
<td>17%</td>
</tr>
<tr>
<td>Backache</td>
<td>13%</td>
</tr>
<tr>
<td>Sinus</td>
<td>8%</td>
</tr>
<tr>
<td>Heartburn</td>
<td>8%</td>
</tr>
<tr>
<td>Menstrual Pain</td>
<td>7%</td>
</tr>
<tr>
<td>Sore Throats</td>
<td>7%</td>
</tr>
<tr>
<td>Stuffy Nose</td>
<td>6%</td>
</tr>
</tbody>
</table>

By LSM Group, the incidence of these complaints differs a great deal. On a scale of hypochondria, the LSM 10’s are way out front. Perhaps the lower LSM’s cannot afford to get sick, or are they just more stoic? Or does wealth and possession make people sicker? Certainly the data shows that both the incidence as well as the number of complaints rises as LSM rises.

Pain related complaints also show an interesting pattern, by LSM:

Toothache is almost universal, excepting for the lowest Group and backache, together with hangovers are very much an upper LSM issue. The landscape of these complaints by LSM on a weighted basis does show where the potential markets lie:

Of particular interest is the relatively high numbers of menstrual pain sufferers of the total market. This segment becomes more interesting amongst females:

There are some interesting differences. The lowest LSM Group (1.2 or 3) are more prone to “flu” whereas amongst LSM 10’s this drops, dramatically. Having a stuffy nose takes on more importance amongst the 10’s.

**Mining Data for Insights**

By Tim Bester and Barbara Cooke

“The origins of an insight are usually found in numbers. That’s how we know an insight to be more than airy whim; that’s how we know it has substance; that it can be tested and replicated. But, except to the supernaturally numerate, numbers seldom sing spontaneously.”
Jeremy Bullmore, Member of the WPP Advisory Board. WPP Annual Report, 2004.
A comparison of the top brands by complaint suffered shows some interesting differences;

Of the brands analysed, all have a stronger bias towards those who suffered from menstrual pain with Grand Pa powders the exception amongst the bigger brands. The comparison below shows that (on average) the analgesic users who suffer from headaches are heavier users than those who suffer from menstrual pain. More importantly those that suffer menstrual pain and not headaches only use 7.5 tablets or doses per month.

The question then arises: is there a viable market for a menstrual pain specific brand positioning or not? Qualitative research would be needed to establish whether there is a need or not. The “numbers” would indicate that it would be a long shot to achieve significant volumes, however.

This short journey into the TGI data base is illustrative of the types of analyses that can be done.

Salient Features of TGI

Target Group Index is marketed and sold in SA by The Brand Survey Company SA [Pty] Ltd under license from BMRB in London. TGI is currently available in 57 countries round the world, and these range from highly sophisticated first world to less developed countries.

TGI is a single source database and, in South Africa, it covers the usage of over 7,000 brands in 550 different product categories. The media consumption habits, lifestyle and attitudes of each respondent are also collected and these, together with the brand usage data, enable marketers, their media agencies and media owners to describe the target markets of individual brands in a totally holistic way, and in more depth than has previously been possible.

TGI is the only comprehensive data base of brand usage in South Africa, and access to this database is by subscription only. In addition to the database, subscribing clients also get a software package – Choices3 – that enables them to interrogate the database from their own computers. This software has been specially developed by Kantar Media Research [KMR] in the UK for use with TGI and it includes very sophisticated tools to maximise the benefits that clients can expect from the database. Apart from cross tabulations, these tools include Correspondence & Cluster analyses, volumetrics, count commands, ranking, a genetic press optimiser, a media viewer, graphing and exporting to Excel, PowerPoint, Word or email.

TGI in South Africa is done continuously during 10 months of the year – February to November. It is based on a stratified, random probability sample of 15,000 adults 16+ in communities 8000+. The data are collected in two waves of 7500 interviews, the first from February to June and the second from July to November. Fieldwork is balanced in 7-weekly cycles of 2500 interviews each, and two reports are issued annually, each one based on a rolling sample of 15,000 interviews.

The sample universe is all adults 16+ in communities 8000+ in South Africa. This totals 16,666,295 people, which represents 56% of the total adult population of South Africa.

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Having had the benefit of working in both the research supplier and user sides, in my limited experience, Market Research is perceived by many as:

The grudge purchase we make using the money allocated to market research in the marketing budget, because if we don’t use it in this financial year, we lose it, and because we might as well find out what customers think of us and our great new ad campaign, which was based on gut feel only (we know our market), and which we’ll file in the cupboard where all our other market research is filed (What cupboard?) so that one day someone will dust it off and use it to elevate the pc projector to the right height.

Inherent in this above description is that Market Research is a “nice-to-have” – a non-core function in the organisation – with a forever diminishing annual budget. Where insisted upon, Market Research becomes an ancillary (as opposed to milestone) step in either strategy, communication, promotion or innovation development.

Not only is this perception incorrect, it is detrimental to the Market Research industry. Market Research – well planned, executed, distilled and correctly interpreted insights; and the recommendations thereof implemented, can play a significant role in delivering positive business results.

The Malice of Marketing Companies

Most multinationals pride themselves with building brands; local companies e.g. Tiger Brands and National Brands Limited are also climbing on the bandwagon. The annual report is not complete without reference and emphasis on the line – Advertising and Promotion (A&P) investment as a percentage of Net Sales Value (NSV). Incidentally, this A&P investment is also called “brand-building”.

Marketing is defined by Kotler, 1997, as the process of planning and executing the pricing, promotion, and distribution of goods, ideas, and services to create exchanges that satisfy individual and organizational goals. Simply, if it doesn’t facilitate a “sale” then it’s not marketing.

The common thread in marketing is commercialization, through identifying consumer needs, developing products and services that benefit and address these consumer needs – to the ultimate benefit of the company – profit.

A quick reference in the Delloitte and Touche salary survey (2004) indicate that by and large, the Marketing personnel are remunerated disproportional to the rest of the commercial team – hence the forever high attrition rate of the marketing personnel.

The author might sound jealous of his marketing peers? Maybe, but the point being made here is that business performance is not the sole domain of Marketing. Granted, Marketing plays a pivotal role, but it is essentially the end results, the execution of meticulous and insightful information analyses, i.e. Marketing Research.

The Malice of Market Research

Call it Market Research, Marketing Research, Consumer Insight, Consumer Intelligence – the discipline is the same, it is defined as the systematic gathering, processing, and analyzing of marketing data, which, when interpreted, will help the marketing executive to uncover opportunities and to reduce the risk of decision making (Dillon et al 1990).

Put differently, it is the discipline of studying human behavior and/or market data, to distill insight (consumer truth), interpret this and recommend a course of action to the business. Most importantly the market research department should be a repository of consumer and market knowledge, that is easy to access and translatable into business results (Dillon et al 1990).

Regardless of the objective of a business, satisfactory profits must be obtained if the business is to remain financially viable in the long run. Market research plays a vital role in ensuring that profits are achieved because it is through marketing research that a business comes to understand which goods and services will satisfy consumer’s needs and wants.

Leading consumer goods companies invest millions of dollars to have sophisticated market research departments. Over the years these companies have been, to a certain degree successful in identifying needs and relevant end-benefits (i.e. those product features, both tangible and intangible, that satisfy consumers’ needs and wants) and manufacturing appropriate products to meet these needs.

Furthermore, these companies continue to keep in touch with consumers ensuring that they remain loyal to the brands through insightful communication and/or activities.

Dillon et al (1990) states that although the practice of market research was conducted prior to 1900, the period before 1910 – 1920 is usually recognised as its formal beginning. Coupled with this, market research has not always held a prominent place in business organisations, although in the 1970’s, this started to change.

Is it then largely to this legacy that the Market research profession finds itself in its current state, that of being underrated and to a large extent, not being given recognition it deserves for business results.
Management Consultants

Enter the Management Consultant. The profession’s favored approach is Intervention - making it sound like the organisation is in dire straits. It is however, sometimes necessary for a company to invite an outside, objective perspective, as this can add a lot of value.

The following may sound like sour grapes – but take it for where it comes from. What characterises management consultancy practice is:

• They have standard, recycled templates
• They use lots of Matrixes to make the point – matrixes are the most basic illustration of segmentation options – and whoever said a 4 factor solution is applicable to every problem.
• Most, if not all, management consultants, were fired (so they claim) from their jobs either because they were mavericks or misunderstood. They work hard – so they claim.

The following is true though – management consultants make, or rather, rake in the money. Relative to Research Suppliers, Management Consultancy fees are high, and astonishingly, the higher the fees they command, the more likely they are to get more business.

What do they actually do? The partner normally get the lead, make a follow up contact. He is then invited to submit a proposal, which the juniors prepare through cutting and pasting, and then the client’s logos are updated on the proposal.

What follows is a demonstration of the know-it-all attitude. The consultants come prepared, with the latest multi-media gadgets, dressed to the nines, and they excel in speaking the business language which only themselves seem to understand. Revenue is called Topline, Stock - Inventories, Ex-factory sales - Velocity, Operating Profit - Return on Investments/Equity, Corporate Social Responsibility - Corporate Social Investment, just to mention but a few.

Upon getting the job, they set up appointments with the internal staff, and conduct interviews, they request all the monthly reports, or any other internal material, that can help them investigate the problems – what they are doing in essence is Desk Research. Information is collected, translated into templates and matrixes, and then fused with the latest in-house models that have been built over time, and then presented to the client.

If in essence what they do is research, why are they then recognised, and held in a higher esteem than the market researchers, and for that matter, above the marketers as well?

Some Points to Ponder

Why is it then that the Market Research industry is not recognised and remunerated similarly to the likes of management and/or marketing consultancy?

In the author’s experience, usually, justification for New Product Development, line extension, packaging change, in-store promotion, shooting of a new TV commercial should start with the justification “research has shown that……….”.

Why is it that if research is quoted to justify such profound decision, practitioners of research are not recognised and accorded the same respect as Consultancy - Is the descriptor “Consultancy” a differentiator?

Management Consultants engage Directors in their prospective client companies, not the Financial Manager, Factory Manager, Marketing Manager, or Human Resource Manager. Instead they engage the Directors of the different functions.

On the other hand, the first port of call for Research Suppliers is in most instances the Research Manager – well you may ask, how many Research Directors (sitting in leadership/executive teams) are there? It begs the question: Is this because Market Researchers do not add enough value to be co-opted to the leadership/executive team, or is it because Market Researchers cannot demonstrate that they can add more value and therefore deserve to be on the leadership team?

The ripple effect is that a) some companies allocate the research budget in the Overhead line, as opposed to the Advertising and Promotion (or Brand Building) line, b) in companies with internal market research personnel, the incumbent(s) is seen as a research coordinator that delay the brand building process, and c) the incumbent cannot command the same salary as his marketing peers – hence they finally cross over to the brand marketing department.

The issue is then two fold, internal research managers need to raise their profile, the research department need not necessarily be the sub-segment of the marketing team. Researchers need to be aspiring and working towards the director level. In that way, when research suppliers approach organisations, they should be engaging the directors at the executive level.

In Defence of Market Research

This paper will demonstrate that Market Research is an integral part of the business, the foundation of commercial plans that ultimately translate into Brand and Sales plans. By using the case of Kellogg Corn Flakes, a 100 years old brand – the author aims to demonstrate how by correctly articulating the problem, setting clear objectives, commissioning proper research, integrating internal information, and interpreting this for insights – the revitalisation of the brand was successful.

The Case

A bit of history: the product was accidentally discovered by a Sanitarian doctor, William K Kellogg (affectionately known as W.K Kellogg – or WKK) and his brother, in the remote U.S town of Battle Creek, Michigan, in the state of Chicago. A number of corn kernels were mistakenly left over night in an oven. In the morning, the product had turned into a toasted flaky corn, that was golden crisp, and delicious on the palate.

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W.K Kellogg started producing and selling the product, for profit. Later, when other imitators started producing and selling Cornflakes, the need for differentiation became obvious. To this effect: W.K.K used his now famous, Kellogg’s signature as a seal of approval and quality to the Cornflake.

This simple act, created a now multinational and successful Brand – Kellogg’s, and Kellogg’s Corn Flakes (henceforth referred to as KCF).

With Global expansion, Kellogg’s entered the South African shores in 1948.

With the breakfast market relatively simple and uncluttered, and ready to eat cereal (RTEC) a novelty, and KCF enjoyed significant success with minimal advertising investment. Volume was growing, more households were being reached and the market share was high.

The Components of a Brand

Figure 1 shows that brands are composed of multifunctional teams.

Research and Development looks at the feasibility of producing the product and develops prototypes. In the case of KCF, the Nutrition experts recommend and approve the product’s nutritional profile. Supply Chain / Manufacturing produce the product, while the Quality Assurance team ensures that the whole process takes place in safe, hygienic, and approved conditions, whilst maintaining product quality. The Marketing team conceptualise the product, and create consumer and shopper demand through advertising and promotion, whilst the Sales team ensure that Customers/Retailers stock the brand for Shoppers to purchase in the stores. Logistics manage and transport finished goods from factory, warehouse, to the Customers/Retailers’ back-door. Throughout, the Finance team evaluates the efficiencies of the process, and the profitability of the brand.

By the way, in this figure, Market Research is assumed to be a function within marketing, although this is debated later.

All is well, until the ball drops. Sales slow down, the brand becomes unprofitable, and market share decreases. In the author’s limited experience, these are the likely comments:

**Supply Chain:** “The cost of goods, labour and burden have increased, how can we become more efficient?”

**Sales:** “Let’s do an in store promotion”

**Finance:** “Cut the support of the brand, and boost its operating profit”.

**Marketing:** “Let’s up the media spend, put a commercial on TV”, “let’s do sampling”

The informed ones would say “let’s conduct consumer research” – good thought, the only caveat is that at this stage, research will serve more as a delaying tactic. What for?

As a researcher, the author will limit comments and scope to the last business function – Marketing.

In 2002, Kellogg Corn Flakes was experiencing, “Active Inertia”, which is the act of running at full speed - only on a treadmill.

Figure 2 shows that after sustained share increases in 2000, the brand’s share started declining from June/July 2001. Although there are peaks in February/March 2003 and 2004, these are not sustainable because they were a) inflated by trade upload prior to a price increase, and b) short term consumer promotions/competitions.

Figure 2: Kellogg’s Cornflakes’ volume and value share progression – to April/May 2004

The share decline was coupled with losses in both penetration and consumption.

The brands’ financials were suffering. From 2000, the Volume growth rate was in decline, off an increased Net Sales Value (NSV) growth rate, indicating that volumes had slowed down as a result of the price increase. Operating profit was being eroded by over investment into the A&P that was not returning the results.

Having clarified the Brand’s role, a multifunctional team was set-up to revive and grow the brand’s fortunes.

Withstanding the financial performance, and upon further analyses, through what is normally called desk research, the following factors were found to be contributing to the brand’s poor performance and Market Share decline:
• The brand was growing behind the Ready to Eat Cereal market
• The upper LSMs (7-10) were either dropping off the brand or consuming less of it
• The middle LSM (5-6) were not adopting the brand quickly enough
• The brand (and the category) was unaffordable to the lower LSMs (1-4)
• Poor brand health – with the brand not standing for anything particular in the consumer’s mind – a reflection of poor communication strategy and/or execution

The brand was still not performing to expectations – research was therefore necessary to try and uncover the reasons behind the obvious, and hopefully assist in recommending the way forward to revive the brand’s fortune.

Market Research at Work
There is, in the author’s opinion, four kinds of research that should be employed – interchangeably, to address commercial goal.

1. Exploratory Research

Whether you employ traditional focus groups, mini groups, one-on-one depth interviews, consumer immersion, or ethnography – the purpose of exploratory research is that – to explore the issues, in depth, surrounding and contributing to the brand’s performance.

The findings of exploratory research are not conclusive, but indicative. These results are used to develop either a piece of communication, a new product, or in fact inform further conclusive research.

2. Planning research

Usually conducted using quantitative research, this form of research includes, inter alia, Segmentation research, Usage and Attitude studies, In-store Shopper research, and Consumption studies.

3. Development Research

After consumers have been explored - concepts, food, TV commercials, new packaging are developed and tested, either qualitatively but usually quantitatively.

4. Validation Research

Not only should validation research be used to prove that as marketing we have produced good advertising, or launched a successful product. The purpose should also be to inform necessary improvements to what we have put into the market.

In the case of KCF – a combination of all the above-mentioned forms of research were employed.

Turning Research Findings into Marketing Strategy – Implications thereof:

Based on the research findings and insights, the following were decided upon:

• Emphasise the brand’s benefit of ensuring a “Great start to your day”.
• Rather than trying to change consumer’s perceptions that Cornflakes are not filling, communicate that the product is as good as their staple set, only better.
• Highlight the immediate benefits of the product eg. Convenience.
• Leverage on the positives that the brand already owned e.g. Nutritious, and possible end benefits e.g. performance.
• Deliver constant, easy to understand advertising news that has a strong call-to-action message. This meant that the advertising should score high on the persuasion index in pre-test.
• All TV commercial needed brand news, as opposed to just equity advertising.
• Manage the brand’s price – in terms of index to the competitive set as well as absolute price points.
• Increase distribution to the bottom of the market – using relevant pack sizes that are affordable from an out-of-pocket point of view.

No complex research techniques were employed, it was the matter of using the right research approach to uncover the insights behind the obvious – i.e. volume and share decline, and lack of adoption. And then turning these insights into brand strategy, which would be delivered via integrated marketing and sales initiatives, in order to reverse the brand’s poor fortunes and deliver business results.

Planning

Using insights from research, communication concepts were developed, explored further, and then tested quantitatively – in order to get instant response, comprehension, liking (and dislike) relevance and brand fit; as well as prioritising.

TV commercials developed were tested using the Millward Brown’s Link Testing, before being aired.

In addition to TV, other media touch points such as Taxi branding, Stokvel and Burial Society groups, African Language Stations were employed.

Beginning in the 4th quarter of 2003, the new commercial plan was rolled out.

Results

Penetration and Consumption.

The brand’s new programme yielded results immediately. Penetration recovered and increased from 34.7% in 2003, to 35.9% and to its highest 42.6% in 2005. Average consumption increased by 600g to the year ending 2005.

Encouragingly, Penetration and Consumption gain was through both attracting category non-users, as well as increasing loyalty with retained buyers, as shown in Figure 2.

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Market Share

Not only did the KCF’s market share recover this trend has remained consistent from April/May 2004, and is now back at the levels of June/July 2001.

Figure 4: Kellogg’s Cornflakes’ volume and value share progression – to December/January 2006

Brand Image

Results from the brand tracking study, shows that not only is the brand differentiated, but relative to other brands in the market, the attributes mostly associated with KCF are in line with the brands’ positioning.

Financials

Most importantly, there was an immediate improvement in the brand’s financials. Volume growth rate improved in 2004, reaching double digit growth in 2005. This led to improved NSV – and most importantly, without a price increase. The profitability of the brand recovered, with sustained advertising and promotion spend.

Conclusion

Although the case illustrated seems too simple, the paper highlights:

The efficacy of Research as an intervention tool. Most importantly however is that Research should be a common thread throughout the brand’s life, from brand development, communication development, new product or line extension development, brand evaluation etc.

Researchers, suppliers and users, should refrain from using complicated techniques for the sake of it – whilst these have their merits and uses, more often than not they perpetuate the perception that research is a waste of time and does not add value (the hidden message being “we don’t understand a thing”). Instead, researchers should strive to understand the business, the role they play and how they can positively affect the business fundamentals, being Cash generation, Growth, and Profit.

This requires understanding of research objectives and how they would help address the business/marketing objectives. Commissioning relevant research and employing proper techniques and methodologies; analysing and interpreting the research findings; and making recommendations – which might not necessarily be what the brand team want to hear – a course of action.

Whilst it is part of the bigger picture, Market Research should and most importantly can be used to help build, sustain, or revive a brand. Brands respond to well researched Insights – manifested in marketing campaigns and/or TV commercials. Market Research, as a discipline should be elevated to a profession, practitioners thereof should stake their claim and be acknowledged as such.

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South Africa’s market research industry is crucial to efficient marketing in the future. Because in this day and age of intense competition, strained budgets and high media inflation, marketing not only becomes an expensive exercise but also very risky for those indulging in token or superficial research. For example, far too much emphasis is being placed on awareness in marketing today. Even worse, awareness is seen by many marketers to be the one and only yardstick in determining the success or failure of advertising.

Criticise somebody’s television commercial and invariably the response will be: “How can you possibly say that’s a bad ad? It registered enormous awareness, noting and liking.” Trouble is, that used to be sufficient. In the bad old days of regulation and isolation in South Africa, where competition hardly existed, all one really needed to do was dangle an advertising message in front of the consumer like a juicy fly hanging over an overstocked trout dam and it would be gobbled up in no time flat.

But things have changed today and so have consumers. And that thing that has changed most significantly is the media environment. It has grown like topsy with more magazines, hordes more radio stations, television channels, more magazines and the ubiquitous internet. We’re back in international sport with almost wall to wall soccer, cricket, rugby, golf and myriad other international competitions.

And all of these things are fighting tooth and nail for the consumers’ time and attention. If you want to know why the year 2006 is flashing by at a frightening rate of knots, it is not because you are getting old. Rather blame the information highway on which we have to travel at breakneck speed to survive let alone keep up. And frankly, whether or not huge numbers of consumers notice ads is becoming less and less of a priority.

Mass marketing today is not about being noticed, it is about commitment. And a company cannot become committed to its customers unless it understands everything that makes that customer tick. And the only way to do that is through complete and proper research. I am not suggesting that awareness is unimportant, I am merely suggesting that it is not the be-all and end-all. That it is not good enough just being seen to be saying something but rather what we are saying.

Concentrating so exclusively on awareness is like a soccer player being aware of the fact that there is a goal but not actually getting his act together sufficiently to kick the damn ball into the net. In terms of branding, awareness continues to play a major role, although not an exclusive one, but when it comes to retail marketing it is hardly worth a row of beans if all the advertiser is saying is; Come and buy from us because we are the best… because we care…because the customer is king…”

Frankly the consumer has grown up a lot in the past ten years. The previously timid South African who was always too scared to complain about bad service and shoddy quality, has learnt to toyi-toyi. Retailers particularly, need to start making commitments to the consumer. They need to start making serious promises to a consumer who is simply not swallowing the advertisers’ word for it that quality and prices are good.

Retailers need to stop telling the modern consumer that they “care.” Everyone knows this is lip service of the worst possible kind and as a promise it no longer carries any kind of credibility whatsoever. But the retailer who puts his head on a block, who does his homework properly by researching customer needs, is the one who is going to draw customers. We’re seeing a little bit of it happening. Things like “If you can get a better price we’ll refund the difference” and so on. A small but tentative step in the right direction.

This needs to be revved up a little to retailers sticking their necks out and promising visible and serious action if phones aren’t answered promptly, complaints dealt with efficiently and so forth. The retailer who can give the consumer a firm promise of precisely what will happen if things aren’t up to expectation, will be the retailer who pulls in the crowds. Consumers are slowly but surely getting sick and tired of retailers who do them favours by selling them things. And, as the competition hots up, men and women in the street are going to be flexing their buying power muscles more and more.

And weak, fatuous, enticements in advertising just won’t be enough to motivate anymore. Marketing is now about exceeding expectation. And perhaps the most important marketing message companies need to know is that it is not what they want to say but what the customer wants to hear. And there are only two ways of finding out what the customer wants to hear and those are either second-guessing consumers or actually asking the consumer what they want to hear. That’s where research plays a critical role.
Introduction

In our first article we defined modeling as a process which builds conceptual engines that aim to mimic real world behaviour (Hofmeyr and Louw, p 22). We illustrated the process by building two simple but powerful models relating brand satisfaction and evaluative density to brand share of wallet. We validated the models and evaluated them against a number of criteria: statistical significance, conceptual sense, goodness-of-fit, parsimony, and generalisability. We showed that a non-linear model outperformed a linear one.

Our focus was on ‘showing by doing’. We therefore glossed over the practicalities of modeling. For example, we talked about data-exploration, but did not say how you might go about it. And we talked about modeling as: a) The fit between real-world phenomena and a formal scheme; and b) The creation of a conceptual engine. But we glossed over the difference.

In this article we focus more on the mechanics of modeling: how you go about it and what tools are available.

Where modeling begins (and often ends): data exploration, regression

Suppose you’re a banker and credit cards are the most profitable money-management product you market. As a result, you’d rather people use their credit cards than cash or cheques. You suspect that it depends on three key attributes: ‘convenient to use’, ‘accepted everywhere’, and ‘a fast way to pay’. But you want a model – you want to know if and to what extent changes to each of these attributes affects credit card use. Let’s see how rapidly this simple problem, with its tiny list of attributes, becomes quite complicated.

a) To start with: data exploration

We begin our modeling by getting an overview of the statistical relationships in the data. That way we get a basic idea of the structure of variable interconnections. Any appropriate statistical technique can be used, for example bivariate correlations or the chi-square test. The result will be a matrix of statistics representing the strengths of association or correlations between variables (See table one for an example).

Given the results in table one we might rank the attributes as follows: convenience, acceptance, speed of use. We might then say to our advertising agency: you need to focus on the convenience of credit cards! But is this the correct advice? Let’s have a look.

Table One: Hypothetical correlation matrix for the relationship between four attributes

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<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<td>Convenient to use (1)</td>
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<td>.86</td>
<td>.83</td>
<td>.79</td>
</tr>
<tr>
<td>Accepted everywhere (2)</td>
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<td>.56</td>
<td>.71</td>
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<tr>
<td>Fast way to pay (3)</td>
<td>.83</td>
<td>.56</td>
<td>1</td>
<td>.67</td>
</tr>
<tr>
<td>Credit card use (4)</td>
<td>.79</td>
<td>.71</td>
<td>.67</td>
<td>1</td>
</tr>
</tbody>
</table>

Figures 1a – e organise the results according to five possible models. The first takes the correlations at face value and treats each attribute as a direct cause of use. This kind of model is implicit in much of the way we approach driver analysis when we rank attributes and tell our agencies to ‘create communications which improve perceptions’ of the top five attributes. Now take a look at figure 1b: it suggests that ‘convenience’ may be the only attribute that has a direct effect on credit card use. The other two have indirect effects through their effects on ‘convenience’. Although bivariate correlations make them look as though they have direct effects, perhaps they don’t. To use the jargon of a modeler, their effects are mediated by ‘convenience’.

FIGURES 1a/e: Possible models for the relationship between attributes and credit card use

1a: Attributes are direct causes of commitment

1b: Two of the attributes are indirect causes
Now take a look at figure 1c. This shows three sets of potential causal relationships: ‘convenience’ and ‘use’; ‘acceptance – speed’ and ‘convenience’; ‘acceptance – speed’ and ‘use’. This could indicate that the correlation between ‘convenience’ and ‘use’ is spurious. It exists only because ‘acceptance’ and ‘speed’ cause both ‘convenience’ and ‘use’ to vary in the same way. In this interpretation, the true drivers of use are ‘acceptance’ and ‘speed’. Perhaps we should change our tune and tell the agency to focus on messages about acceptance and speed! ‘Convenience’ could turn out to be irrelevant – as in figure 1d – and unnecessary to the performance of both our conceptual engine and our credit cards.

1c: ‘Convenience’ may be spurious correlation

1d: ‘Convenience’ is an unnecessary attribute

Finally, there is figure 1e: this takes us back to the initial advice. We accept that ‘acceptance’ and ‘speed’ may be what drives ‘convenience’ (as in fig 1b), but we don’t care. The statistics are telling us that as long as we can get people to believe that credit cards are convenient, people will use credit cards.

Now: which of these conceptual engines best represents reality? What should we be telling our agency? There is a difference between saying ‘focus on convenience’, which is a general and quite vague attribute; and ‘focus on speed of payment’ which is very explicit. Although data exploration through tables of statistical associations is where you should start your modeling, it seldom tells you the full story. It may hint at the models you should examine, but it will seldom allow you to build a model without more analysis. So we will have to return to this question in order to answer it.

Let’s briefly summarise some of the approaches you can use in the data-exploration phase.

**Statistical associations:** any number of statistical tests will allow you to check for potential relationships between variables. These include chi-square and bivariate correlations. Which you choose will depend partly on the nature of your data. A widely used test in the United States is what’s known as ‘partial least squared’ (PLS). This method isolates the extent of unique correlation between two variables once the interaction effects between those two variables and all others have been removed. In our credit card example, if we had used PLS, then table 1a might only have shown low partial correlations between all four variables and a different ordering might have emerged.

**Causal trees:** there are two further techniques that are very useful for data exploration. They are Chaid (chi-square automatic interaction detection) and CART (categorical and regression techniques). Both result in what are sometimes called ‘causal’ trees. They start by identifying the independent variable which is most strongly associated with the dependent variable, then move on to the next, and so on. An example taken from real-world credit card data using Chaid, is shown in figure two. CART leads to similar looking ‘trees’ but has the virtue that it uses a combination of tests, not only the chi-square test. It can therefore deal with mixed-variable data.

**FIGURE 2: A casual tree for commitment to credit cards**

Note: Results taken from study of the credit card market in the United States. Only results which are in the public domain have been shown.

Returning to our credit card example, figure 2 shows the result of a Chaid instead of bivariate correlations. In the project from which

*continued on page 20*
these results were drawn, there were 12 attributes including, for example, ‘convenience’, ‘speed of use’, ‘protects privacy’ and so on. The Chaid showed that it takes just two attributes to drive use from a relatively low 33% to a high 84%. Without a sense of the convenience of credit cards, and use drops to 13%. Note the complete absence of ‘acceptance’ or ‘speed’. What, you may ask, happened to them? The answer is: they got knocked out because of their association with ‘convenience’. This brings us to the difficulties you need to bear in mind in the data exploration phase. Two are especially important:

- First, there is a possibility that any statistically improbable relationships you find actually did occur by chance;
- Second, there is a strong possibility that the independent variables are related to each other (what’s known in statistics as ‘multi-colinearity’).

Remember that statistical analysis is about how likely it is that a particular distribution could have occurred by chance. Low probabilities signal possible real-world relationships. The problem is: the greater the number of relationships you look at, the more likely it is that you will find at least one with a low probability. You may then conclude that the low probability signals a real-world relationship. But it could be that you looked at so many that at least one just happened by chance. That is why statisticians warn you against what’s known as ‘data dredging’ and it is a very real danger in the ‘data exploration’ phases of an analysis. It is why non-statistical tests are so important e.g. the tests of conceptual sense, parsimony, and generalisability.

The second problem i.e. that of multi-colinearity; is neatly illustrated by what happened to ‘acceptance’ and ‘speed’ in our Chaid analysis. Common sense tells us that these should be two important attributes. Why do they not appear in the causal tree? The reason is: they are associated with ‘convenience’, so when ‘convenience’ gets in ahead of them, they fall out. Yet we’ve already pointed out that ‘convenience’ could be the attribute that should be thrown out. Moreover, small changes in our survey results could have led to ‘acceptance’ or ‘speed’ pipping ‘convenience’ for strength of association. Then they would have popped up and ‘convenience’ would have fallen out. This is the problem of multi-colinearity. One of the main reasons for the popularity of PLS and partial correlations in the United States is that this takes care of multi-colinearity.

b) Building simple regression models

Data exploration is about looking for patterns of meaningful association or correlation in data. Modeling is about building conceptual engines. Frequently, we draw on formal models to do so. Probably the most widely used formal model is that of the ‘bell curve’ or normal/Gaussian distribution. The Gaussian distribution specifies how a set of values will vary around a mean irrespective of what the variable is. It has mathematical and statistical content, but no phenomenological content. That is why we call it ‘formal’. Take one hundred measures of any variable (e.g. day to day changes in share prices, or heights of 25 year old men): if it is Gaussian then the instances will be symmetrically distributed around the mean and about two thirds of them will fall within one standard deviation of the mean.

The value of a formal model is that you can do numerous manipulations and make a range of predictions if the data fit the model. In marketing research, for example, we regularly use the normal distribution to draw conclusions about the likelihood that the difference between two sample means signals real-world differences between their respective populations. For example, suppose we wanted to test whether or not getting a good education improves a person’s chances of making a good living. As long as we suppose that the means of the incomes of people in a set of samples vary normally, then we can perform this test by comparing sample means and calculating the likelihood that any difference arose by chance. All of this depends on the assumption of normality. You should be aware that a tremendous amount of modeling is done in this way without testing for normality. If we do test for normality and there is a good fit, then we say may say something like ‘a Gaussian distribution is a good model for these phenomena’.

Building a conceptual engine involves going a step further. Frequently, that step involves multiple linear regression (the word ‘multiple’ just means that there is more than one independent variable). Any number of statistical packages will allow you to do this. Here’s a basic description of how the process works, using the step-wise option: the program begins by sifting through the data to identify the independent variable which correlates most closely with the dependent variable. It measures the effect of the independent variable and tells you the size of effect by telling you how much change you will achieve in the dependent variable for each unit of change in the independent variable. Then it calculates a set of predictions for the dependent variable. It compares the predicted values with the actual values and calculates the differences. These differences are known as residuals. It sifts through the data again to find the independent variable that is most strongly associated with the residuals. It combines the results for the two independent variables to create a new set of predictions. It creates a new set of residuals. And so it goes on until it has exhausted the ability of the independent variables to make a significant difference to the predictions. At each step, a value is calculated alongside the other coefficients which the model will return when the value of all the independent variables is set to zero. This is the intercept.

The output is a linear equation with the dependent variable – say, use of a credit card – on the left hand side; and a string of independent variables on the right hand side. Each of the independent variables will have a co-efficient representing the size of the effect. There will also be a value which predicts what credit card use will be when the value of all the independent variables is zero. Here is a hypothetical example from the credit card data:

Credit card use = $a_1(\text{convenience}) + a_2(\text{best for small purchases}) + b$

This is a conceptual engine. Take a person. Ask them to rate credit cards in terms of ‘convenience’ and ‘best for small purchases’. Multiply their ratings by ‘$a_1$’ and ‘$a_2$’ respectively. Add the results of the two multiplications and then add ‘$b$’.
result is a prediction as to how much that person will use their credit card. Vary the values of ‘convenience’ and ‘best for small purchases’, redo the calculations – and the result will be a set of predictions of credit card use for every possible combination of values of ‘convenience’ and ‘best for small purchases’. The ‘a’ are the coefficients of the independent variables; and ‘b’ is the intercept. The approach described above involves the step-wise regression option. You should be aware that there are others.

Notice that ‘acceptance’ and ‘speed’ don’t get into the model. As with the Chaid analysis, they are knocked out by their association with ‘convenience’. Once again the specter of multi-collinearity raises its ugly head.

**Logistic regression:** To develop a linear regression model, you need interval variables. Many variables in marketing research are not interval. Fortunately, advances in statistics during the last decades of the 20th century led to the development of a powerful set of new tools called log-linear analysis and logistic regression. We do not have space in this article to go into them in any detail. So here is a brief description: standard logistic regression allows us to model the value of any binary variable (e.g. credit card user – credit card non-user) as a function of independent variables of all kinds. What is sets out to do is to predict the odds that a particular observation will be, let’s say, a user of a credit card. If the odds are greater than ‘1’, then it predicts ‘credit card user’. By a neat trick, it uses a combination of the odds and exponents of the natural logarithm, e, to turn the problem into one that can be solved by conventional linear regression. That is why it’s called ‘logistic regression’. **Multinomial logistic regression** is an extension which allows us to build a model for dependent variables that are not binary.

**More sophisticated modeling approaches**

Let’s go back to figure 1b: in this scheme, ‘acceptance’ and ‘speed’ create a sense of convenience. What’s seen to be convenient, gets used. Here we have a conceptual engine which predicts how the sense of a payment method’s convenience will change as a function of how widely it is accepted and how fast it is; and its use is predicted by its perceived convenience. It is a scheme which makes intuitive sense. ‘Acceptance’ and ‘speed’ are what we might call root causes of use. Convenience is the direct cause. This is not to say that it’s the best model. It’s just to say that it is a model which arranges the concepts into a causal structure which does not look too implausible. But how are we to choose between the five different models we’ve pictured? And if things can be this complicated with just three potential causes – how much more so with a typical list of twenty or thirty? In this section of the article we look at two of the more sophisticated methods for modeling: structural equation modeling (SEM) and agent based modeling (ABM).

**a). Structural equation modeling**

If models are something that dominate the marketing research literature, then SEM currently dominates that modeling. SEM is an extension of the general linear model and makes decisions possible when one is faced by multiple different choices for a model’s structure. It is, in other words, one of the methods we could use to make a choice between the five different models presented in figure one. Contemporary SEM algorithms have been written to cope with some of the problems with linear modeling, for example, non-normality.

The typical sequence when developing a structural equation model is as follows:

1. **Identify the key concepts in the model that you want to investigate.** In the credit card example, you might decide that ‘security’, ‘convenience’, ‘service quality’, ‘social status’ are all relevant to the use of credit cards.

2. **Develop multiple indicators for each of the key variables.** In other words, measure ‘use’, ‘security’, and so on with more than one statement. This helps to eliminate measurement error.

3. **Using SEM, perform a confirmatory factor analysis on your measures to confirm that the indicators do, indeed, measure the variables they’re intended to measure; and that each variable is different from the others.**

4. **On the basis of theory (your reading and your intelligent speculation), specify a causal model which you believe may account for credit card use.** In other words, specify a conceptual engine.

5. **Using SEM, test the model for goodness of fit to the data.** A good fit does not mean that you have found the optimal model. It just means that, given the data you have, the model you’ve specified is a candidate model.

For example, take a look at figures 3a – b. Two models are suggested for credit card use. In model 3a, ‘status’ and ‘quality’ have direct effects on use while ‘security’ and ‘convenience’ have indirect effects through their influence on ‘quality’. In model 3b, ‘security’ has a direct effect on use in addition to its indirect effect through ‘quality’. SEM would help us to establish which of the two models fits the data best.

**3a: ‘Security’ only has an indirect effect**

```
  Convenient  Security
     /     /  \
Quality  Status
     \     \  
Credit Card Use
```

**continued on page 22**
An important problem with SEM is that you have to specify the model before it can be tested. SEM cannot look at data and establish an optimal model by itself. And it only takes a few variables, as we have seen, for the number of potential models to escalate beyond what is manageable. In one way this is a virtue because it forces you to think very carefully about what your conceptual engine should look like. On the other, it can be a problem because people generally get trapped into testing existing ways of thinking and a lot of SEM modeling makes for very small increments in knowledge acquisition.

b). Agent based modeling

Agent-based modeling is one of the newer approaches which turns conventional modeling on its head by looking at individuals rather than at variables as the target for modeling activities. By modeling each individual (i.e. each ‘agent’) in both space and time; and by allowing for interactions between agents in terms of pre-specified rules, ABM creates almost limitless possibilities. Let’s take a simple example: suppose we have a market consisting of one hundred people and we specify that the market share of a set of brands over time will be a function of the following functions:

1. Each person’s pre-set disposition to experience a fit between what they’re looking for in the market and each brand
2. A ‘word-of-mouth’ disposition which tells the model how likely a person is to engage in both positive and negative word of mouth, having consumed a brand
3. A ‘susceptibility’ function which tells us how responsive each person will be to positive word of mouth about each brand in relation to social distance
4. A social distance measure which tells us how close each person is to each of the other one hundred people
5. A function which modifies the pre-set brand dispositions as a function of what gets said about a brand and how susceptible a person is to what’s being said.
6. A set of ‘distribution’ strengths for each person for each brand which tells us how accessible each brand is to each person
7. A function which tells us what the impact of ‘distribution’ is on the likelihood that a person will buy a brand
8. A set of marketing variables for each brand whose values can fluctuate up or down e.g. advertising spend; promotional spend; relative price.
9. A set of functions which translate individual responsiveness into a purchase propensity in terms of the interaction of each marketing variable

We have not tested this model for completeness or robustness. But it will give you the general idea. What ABM does is take all these definitions and set them up as ‘the rules on the basis of which the world will run’. Then you click the start button, vary what can be varied over time e.g. advertising spend; and see what happens. ABM will output market share as a function of the behaviour of the one hundred interacting agents.

We have created a simple ABM for you so that you can see what we mean. You can download it from the CEC’s website at www.conversionmodel.com.

A brief summary of other techniques of which you should be aware

In this short article we’ve used our discretion to draw your attention to what we believe are some of the most important aspects of modeling. But it would be a mistake for us to conclude without mentioning some of the other quite widely used techniques

a). Neural nets

Neural networks aim to model data using methods that are thought to mimic the way the brain works. Take a look at figure 4. On the left are the inputs to the model: independent variables. On the right is the output: predicted values for the dependent variable. In between are layers (in this case just one) representing weightings that get applied to the inputs by the neural net algorithm as it seeks to get to a system of weights that will predict the outputs as closely as possible. Neural net algorithms use the power of modern computers to explore an entire network of relationships and a broad range of weights in the effort to map inputs to outputs.

What modeling is cont...
The procedure is as follows: randomly divide the data into three sets. The first is what's known as the \textit{training} set. The algorithm uses this set to develop the weights and build the model. The second set is the \textit{validation} set. This is used to monitor the performance of the model. When an optimal model has been found, the third set is used to \textit{test} the model.

The main weaknesses of neural nets is that they often cannot be used in practice because you need a lot of observations. Second, it is an obscure process and you do not always get a good picture of the inner workings of the model. In other words, it can lead to good predictive results, but it doesn’t always tell you how it has achieved those results.

\textbf{b). Bayesian Causal Networks}

Bayesian statistics predates the statistics which form the basis for the general linear model. But as we’ve made clear in this article, the general linear model actually depends on a two-step reasoning process. First, it has to do with the fitness of the formal model to the observed data. Second, it has to do with the creation of a conceptual engine based on the assumption that the data fit the formal model. It is as if we have to agree that the world cranks out values of variables in accordance with formal probabilistic distributions e.g. the Gaussian distribution.

The beauty of the Bayesian approach is that we do not have to assume that the world behaves in this way. Bayesian statistics is based on methods that allow one to adjust the probabilities as new data comes along. It is particularly suited to situations where limited data are available or where data types are mixed with many nominal variables. Instead of treating the relationships between the concepts in a model as linear, it allows the data itself to construct conditional probabilities for each outcome as a function of the inputs. As such, it is a method driven more by the relationships in the data and is particularly suited to non-linear relationships.

\textbf{Concluding remarks}

Improvements in the power of computers have made massive differences to the sophistication of the tools that our now available for modeling. Modeling is one of the most satisfying things one can do in marketing research. When you’ve built a model that works and tested it against the criteria we’ve mentioned in these two articles, you’re left with a genuine feeling that you understand the world better. You should be aware that we’ve barely scratched the surface of this important topic in these two articles. But if we’ve piqued your attention sufficiently to try some modeling yourself – and if we’ve helped to take some of the mystery out of modeling – then we’ve achieved our aim.

\textbf{Notes:}

1. The examples are adapted from a study of credit card use which can be found in the Conversion Model website.
Field Workers
Forum 2006

Since 2005 SAMRA has provided an umbrella form of identification for marketing research fieldworkers/interviewers. This initiative was established to counteract the criminal element in our country, which has made it very difficult, and even impossible, for interviewers to secure interviews, especially in people’s homes.

The initiative from the SAMRA Field Forum, chaired by Lucy Plaskitt, involves the issuing of SAMRA ID badges to fieldworkers/interviewers. The ID badges acknowledge the loyal and well-trained marketing research interviewers in the field and also make it easier for them to enter a property and secure an interview. The Forum aims to improve the quality of marketing research interviewing across the board and therefore certain standards are set in earning the badge.

Part of obtaining recognition from SAMRA, fieldworkers/interviewers have to pass a written test before being issued with an ID badge. The test covers fieldworkers’ knowledge (i.e. extract from the SAMRA Code of Conduct on interviewing children and young people), skills, attitudes and values required for fieldworkers/interviewers. After completing the test, the fieldworker/interviewer will read through the executive summary of the SAMRA Code of Conduct and sign it to agree that they will comply with the code. SAMRA ID badges are valid for one year only and fieldworkers/interviewers will have to pass a test every year in order to be re-issued with an ID badge. This will not only improve the quality of all interviewing in the field but will also remove fieldworkers/interviewers who are not up to standard from SAMRA membership list.

StanSA/TC 169
Application of Statistical Methods

The International Organisation for Standardisation (ISO) has many Technical Committees (TCs) developing international standards, including ISO/TC 69, Applications of Statistical Methods. On the recommendation of various organisations, Standards South Africa established in 2004 a local “mirror” committee for ISO/TC 69, namely StanSA/TC 169, Application of Statistical Methods. The scope of the committee is the standardisation in the application of statistical methods, including generation, collection (planning and design), analysis, presentation and interpretation of data.

The aim of the committee is to assist in developing professional standards in the field of applications of statistical methods and the presentation of a uniquely Southern African viewpoint in this field.

Details of the ISO standards and current projects we are working on can be found on the ISO Web site by following the link to List of Technical Committees at: http://www.iso.org/.

The StanSA committee is still a young committee with eight participating member organizations and one observer. You are invited to join our committee and participate in the development of national and international standards.

For more details on the workings of StanSA/TC 169 please contact the chairperson Mr. Marius Cronjé at Statistics South Africa. Tel. (012) 3108344, mariusc@statssa.gov.za.

Calendar of Upcoming Events of Relevance to the Industry

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