

The Importance of Measurement - the New Paradigm

by
Michele Levine, CEO, Roy Morgan Research June 1997
presented
at the 50th Conference of Gallup International at Windsor:
June 21, 1997

In June 1997, Gallup International held its 50th anniversary conference in the UK.

Roy Morgan Research in Australia was asked to talk about the importance of measurement of media today and into the future.

Specifically, we were asked to address the following topics:

- Different measures for different media, but a single source of information for all - media, agencies and advertisers;
- The need for accuracy in measurement and its benefits to the advertiser;
- New developments in fusion;
- Other measurement developments in the pipeline.

There are moments in any business when massive change occurs, when all the rules of business shift fast, furiously and forever.

Andrew Grove, president and CEO of Intel, in his recently published book "Only the Paranoid Survive" calls such moment's strategic inflection points.

A strategic inflection point can be set off by almost anything:

- mega competition;
- a change in regulations;
- even a seemingly modest change in technology.

In the research business, we have all these and more.

I believe today our industry - market research - is at a strategic inflection point (as are many of our clients' industries). Grove points out that, managed wrongly, a strategic inflection point can mean the end of the game. Managed right, it can turn into a powerful force.

Clearly, we all want to manage it right - so I have tried to address the topic of measurement within this new paradigm.

1. Different Measures for Different Media

First, then, let us look at the issue of media measurement. There are, of course, today different measures for the different media:

- TV
- Radio
- Magazines
- Newspapers
- Cinema
- Catalogues
- Direct Mail
- Internet

Broadly speaking, TV is measured by diary or meter; radio is measured by diary; magazines and newspapers by readership surveys either face to face, telephone or self-completion; cinema by survey, etc, etc; Internet by survey, site-specific measures of hits or visits, or some combination.

The obvious questions are:

- Why do we need measures?
- Why are the methodologies different?
- Why are the measures different?

Why do we need measures?

The need for measures, it seems to me, is all about currency:

- currency for buying 'space';
- currency for planning;
- currency for evaluating performance; and
- currency for advertisers to know that the \$'s spent in advertising have some financial logic.

Why are the methodologies and measures different?

The reason for the different methodologies has to do with:

- technology;
- the way the media is distributed;
- costs;
- end-user needs and willingness to pay, and
- history!

So we now have a sense of today and yesterday - the real question is "How do we move forward?"

At Roy Morgan Research, in order to move forward we listen to our clients and look at what's changed and what's still the same.

What's changed?

So much has changed:

- Technology changed what we measure and how we can measure it; we have the new media; the new and the old media are converging; and media is converging with communications.
- Users/clients have become more demanding, more sophisticated and increasingly more practical.
- Social changes have also come into play.
- The economics of information are changing (collecting, analysing and reporting).

The market itself has changed with moves to larger media buying houses, and globalisation of markets and marketing.

And what is the same?

At Roy Morgan Research we have come to the conclusion three things are still the same:

- First, the end consumer - is still a person - watching, reading, listening and making choices.

- Second, there is still a need for some kind of currency between key negotiators - although the arena for these negotiations is changing.
- Third, the overall aim of the advertiser is still the same: **to achieve increased advertising productivity by enabling more powerful impact at lower cost.**

We believe the means to achieve this for the advertiser, to recognise the consumer in the equation and the changing shape of media buying is **a single focus from strategic planning through marketing, media planning into media buying.**

In Australia, Roy Morgan Single Source - 60,000 interviews annually - has billing of £6 million (or \$12 million) and is growing at £2.5 million (\$5 million) per annum.

A single source of **authoritative information** for all media, agencies, and advertisers.

2. The Need for Accuracy in Measurement and its Benefits to the Advertiser

What about accuracy in measurement - particularly benefits to the advertiser?

- We'd all agree accuracy is important;
- We'd also all agree that **it is more important for a sinking ship to identify where the leak is - and fix it - than to measure with infinite precision the rate at which it is sinking.**

So, of course, accuracy is important, but:

- at what price?
- to what extent? and
- where are the priorities?

If we agree the aim is increased advertising productivity, then the issue of accuracy in measurement must be evaluated against that.

In Australia, where there are good measures of TV, radio and print, we suggest accuracy in measurement of the new media is critical - hits on the Internet vs visits vs visitors is a critical distinction.

But the value of increasing accuracy in existing measures must be weighed up against the **cost** of increasing the accuracy.

After systematically reviewing our clients' needs in Australia, the view we have taken is that:

- increasing accuracy in measuring **total reach** does not add value;
- increasing accuracy in measuring **within target audiences** adds enormous value; and
- increasing accuracy within targets **across all media** is all powerful.

Our increasing number of Roy Morgan clients in Australia agree.

3. Fusion

We were asked to talk about fusion. Fusion is not a new idea. At least the basics of fusion are not new - every time you have identified a target audience in terms of demographics, eg men aged 25-40 and bought TV programmes for that market, you have done a kind of mental fusion.

So how does it work? At the simplest level, fusion is combining one set of respondents with another set of different respondents. Information about one person is combined/fused to information about another person, based on shared demographics.

The key thing to remember about fusion is that it is only as good as the smallest sample (at best). If you fuse a 60,000 interview survey to a 500 interview survey, the fused product has the power of the 500 interview survey (or slightly less).

4. Other Measurement Developments in the Pipeline for the Future

Let us move on to consider measurement developments in the pipeline for the future.

The obvious one relates to technology. We have already seen CATI, CAPI, scanning, computer-generated voice interviewing, inbound call centres, etc. Technology will continue to open new possibilities: Internet, cable TV, reduced costs of our processing, etc.

We believe the other moves will be: no interviewers, no questionnaires, added value to respondents.

We believe also the future will be about the integration of information from various sources:

- customer databases;
- loyalty programs;
- geodemographics;
- etc, etc.

The success of self-completion surveys as exemplified by the accuracy of Roy Morgan Single Source data is leading the way. A survey completed by a respondent at their convenience is clearly less intrusive than a telephone call or visit from an interviewer. Development of other less intrusive forms of data capture, such as TV meter, Internet logtracking, and smart card activity tracking, etc, do not even require a questionnaire.

The issue is already being raised about the ownership, rights and use of information - we anticipate that it will become increasingly important to develop a relationship with respondents or a mechanism whereby each party gets value from transfer of information. This will become a new cost of business to be managed.

In Australia, at Roy Morgan Research, it is our experience that regardless of how or why research has been done in the past, well-focused organisations are now taking a very strategic and practical approach to research.

The focus is clearly on uses to which the information will be put - decisions which will be made based on the data.

What kind of decisions? Decisions that relate to profitability and our clients becoming more competitive in their market.

- How do we identify and target those clients with most profit potential?
- What are the most appropriate products and services for our target customers?
- How do we make sure our people understand the expectations of our target customers and, through effective work processes, satisfy them consistently better than our competitors?
- How do we communicate effectively with our target customer?

We must move on from worrying about methodology and get focused on accurate, relevant information.

In Australia, Roy Morgan Single Source uses a combination of omnibus survey and scanned self-completion questionnaires.

Research purists may question - omnibus surveys;

- the length of the questionnaire (respondent fatigue);
- response rates of self-completion surveys;
- etc, etc.

What matters is that the data is accurate. Financial data from Roy Morgan Single Source was used in a major government enquiry into banking in Australia - the Wallis Enquiry. Comparisons of our data with Reserve Bank estimates of various banking products were all well within 5%.

In each category, the data relates well to known marketshare information.

We at Roy Morgan Research are of the firm view that the continued relevance of readership or media measurement - or indeed market research as we know it - is at stake.

This is a strategic inflection point.

The debate must move on - from methodology (inputs) to accurate relevant information (outputs).

We must move on from our current celebrations sampling, interviewer training, design, etc (the inputs), to take our place beside our clients in the world of information - designed to help our clients become more competitive and profitable. We in Australia welcome the challenge.