Editorial: Linking targeting, measurement and analysis — The changing face of market research

Here's something to think about. This Journal is called *Journal of Targeting, Measurement and Analysis for Marketing*. Consider that for a moment. Now answer this simple question — how many people do you know who are genuinely proficient in all three?

Finding experts in targeting is easy. Just go to any agency — a direct marketing agency for below the line or an advertising agency for above the line. Or, if you want assistance in buying targeting solutions, then go to any geodemographic or lifestyle data provider.

Equally, finding experts in measurement and analysis is not that tricky. Any market research company worth their salt should have plenty of expertise in these areas. But that was not what I asked. How many businesses can, really, claim expertise in all three areas? I believe that the answer today is none. Let me explain.

Market research, and market researchers, collect huge amounts of information from limited numbers of respondents. They are, therefore, in an unparalleled position to measure and analyse. However, the very codes of conduct that define the market research industry prevent researchers from being involved, at least directly, in the targeting process. Sure, research data can help with targeting — and often it is used in this way — but only ever indirectly. There always needs to be some form of assumed link or data fusion. This could be as simple as a geodemographic profile

or as complex as a predictive model. But some form of 'leap of faith' is always required. This is effectively a requirement of the research code, which expressly forbids the release of information from a research respondent in any form that allows the respondent to be identified. Any researcher, who releases direct, targetable information from respondents is in breach of the code of conduct and could find themselves having to justify their behaviour in front of a professional standards committee. Indeed one interpretation of the 'clarity of purpose' provision in the data protection legislation is that a researcher breaking the code of conduct could also be deemed to have broken the Data Protection Act (DPA)!

Many individuals working for a geodemographic or lifestyle company would claim extensive skills in the areas of measurement and analysis. Don't get me wrong. I'm not here to malign anybody's abilities. But I would seriously question the depth of information currently available outside market research. For many years I have worked closely with companies such as Claritas. I actually have a great deal of respect for the quality of their data. But, in a previous job, I was responsible for launching Superpanel into the fast moving consumer goods market place. We used to claim that we knew more about our respondents than they knew about themselves, and if you don't believe me, how many tins of baked

beans did you buy last year? How much did you pay for them? What else did you buy at the same time? Superpanel knows all this and much, much, more about all its respondents. A lifestyle company may collect several hundred pieces of information about each person. Many continuous research companies collect this much every week — or even every day!

So, although lifestyle companies may have the abilities, they are not allowed direct access to the richest seams of information. On the other hand, the researchers, who also have extensive abilities, are constrained by a rule, which effectively says 'you can look but you can't touch'. I should at this point, for the record, state that I fully agree with the research codes. However, agreeing with them does not mean that I cannot also see their limitations.

I believe that the advantages of making targeting, measurement and analysis work closely together should be obvious. Marketing is normally regarded as a two-way process between the company, on the one hand, and the consumer on the other. Advertising, direct marketing, etc are clearly about communication from the company to the consumer; targeting has to be about maximising the effectiveness of this communication. Research, and with it measurement and analysis, are the opposite side of a virtuous circle. In other words, they are about communication from the consumer to the company. In the opening chapter of his famous textbook 'Marketing Management', Philip Kotler describes the earliest market research departments. These were, he says '... viewed as adjuncts to the sales department. Their task was to develop information that would make it easier for sales departments to sell'.¹ As marketing has become more complex, not least because

of the explosion in the number of channels to the consumer, so the need to umbilically link targeting to measurement has become ever more essential. Surely only the most arrogant would assume, without any form of testing, that their initial attempt at targeting was perfect. Today most reasonable marketers fully accept that targeting, measuring and refining are a required part of maximising their return on investment.

Particularly in times of financial difficulties we owe it to our clients to provide them with the very best tools, knowledge and results that we can provide. Having to buy targeting from one source and measurement or analysis from another just does not count. It is not good enough. The two sides of the circle must be made to work together. We have to do better.

In theory, of course, the two areas of research and direct marketing could work together. I first started speaking at conferences on this topic over seven years ago. We have certainly made some good progress, albeit from a poor start. Back then the very idea of researchers working with direct marketers tended to be viewed by both sets of people as little short of blasphemy! I vividly recall an ex-chairman of the Market Research Society (MRS) telling me that he had nothing against database companies, and that they would be free to join the society just as soon as they gave up the nasty practice of selling names and addresses! Fortunately there is today far greater mutual understanding of the two industries. We have even seen the emergence of some dedicated new products from the likes of Taylor Nelson Sofres and Berry Consulting. But real progress seems to have stalled in the last three or four years. I believe that the time has come for a concerted new effort.

Let me be more specific. Why not

create a syndicated marketing test laboratory that allowed clients and agencies:

- to really understand their relationship with existing, or potential, customers and then
- attempt to directly change (hopefully for the better!) those relationships?

In other words, targeting and measurement and analysis, but all in one place. Just like the title of this Journal. I am convinced that you could do this by collecting the same depth of information as the research industry but by doing so, explicitly, outside of the code. Of course, the intended usage of the data would also have to be made very clear to the respondents in order to keep within the DPA.

I would like to believe that this could be a new model, a new way, a middle

way; that the worlds of market research and direct, or database, marketing need not be separate and could work closely together. I may be biased. However, just remember this, the fact that I am biased does not necessarily mean that I am wrong! So, next time you commission (or are commissioned to carry out) some targeting or analysis, maybe you should think about the best possible return on investment — in other words, making the two sides of the marketing circle really work together.

Reference

- 1 Kotler, P. (1980) 'Marketing Management — Analysis, Planning and Control', 4th edn, Prentice Hall International, New Jersey, pp. 7-8.

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August 2002