

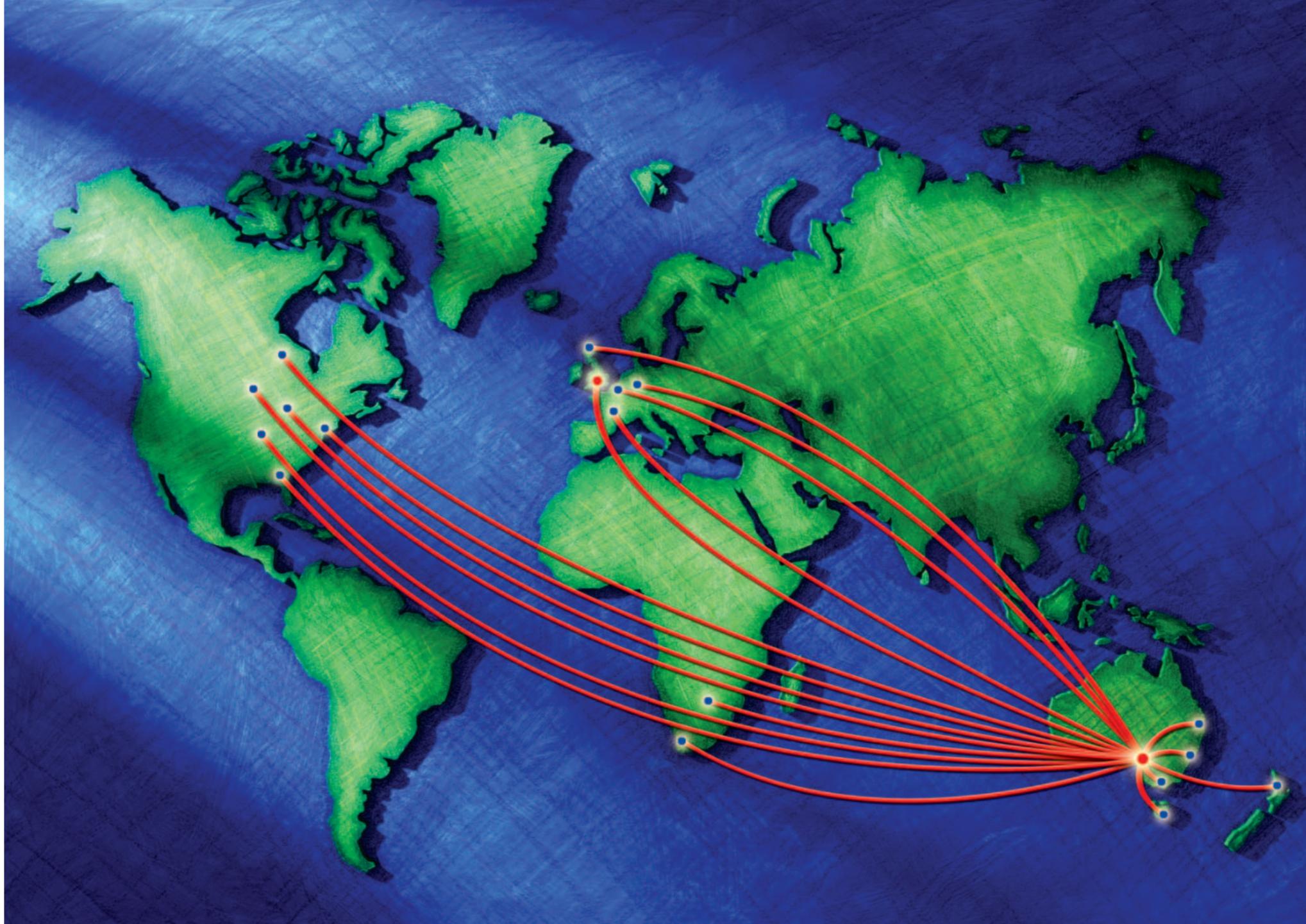
ANNUAL REPORT



Ehrenberg-Bass
Institute for Marketing Science

OUR REACH

A world renowned marketing research Institute based in Adelaide providing insights to marketing departments around the world



*New knowledge
for the world*



Ehrenberg-Bass
Institute for Marketing Science



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CHAIRMAN'S REPORT

The Ehrenberg-Bass Institute has continued to develop a strong international presence and now has corporate members throughout Australia, USA, Canada, UK, Europe, New Zealand and South Africa.

Senior representatives from many of these corporations now sit on the Institute's Advisory Boards. This, in itself, is a sign of the Institute's worth to the international marketing community. It also bodes well for the future success of the Institute.

As one of the Research Institutes of the University of South Australia, the Ehrenberg-Bass Institute has an official Advisory Board, which sits in Australia and includes a number of representatives from the University management. This Board proved so successful that the Institute resolved to have a North American (and in 2008 a European) board to represent the global sponsors of the Institute.

The first meeting of our North American Advisory Board which was held in New York on October 18th, provided great insight regarding our presence in the region.

In 2007 the theme of the Australian and North American board discussions was how to increase the impact of the Institute's research. Many of the Institute's discoveries challenge traditional thinking regarding how consumers buy and how marketing works. It is important that this knowledge reaches marketers, and informs their decision-making. Yet really new knowledge is often confronting, and managers and the large corporations they work within, can find it difficult to assimilate such knowledge. Board members drew on their own experiences to develop a range of strategies for Institute staff to implement to help corporate members of the Institute apply the new knowledge. This Annual Report provides a summary of these recommendations.

In the coming year the Institute will report back on how it has implemented these very sound strategies. I'm sure that if it is successful in implementing only half of the recommendations it will have very substantially increased the impact of the research.

Professor Gerald Goodhardt

DIRECTOR'S REPORT

Over the past few years the Institute has successfully reorganized its key activities. While directly commissioned market research is an important activity, our fundamental R&D program has grown rapidly to become our dominant activity. This 'blue sky' research is financially underpinned by sponsorship from corporate members and government research grants.

Our discoveries are relevant to global marketing organisations, which is reflected in our international base of corporate members, and the establishment of our North American, and soon European, Advisory Boards.

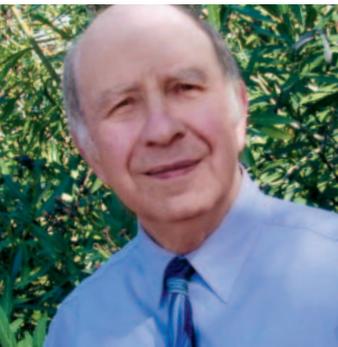
Our discoveries reveal that much marketing 'theory' is poorly grounded on empirical facts and hence often wrong. This means much of our work is surprising, even confronting and controversial, and also exciting. We receive this feedback at every in-house briefing we give to corporate members around the world.

This feedback is very motivating, it encourages our researchers to put in long hours in data analysis, writing and servicing our global member base. It also reminds us that this new knowledge challenges a well-established marketing mindset. The Institute is one small voice, against an army of consultants, gurus and textbook writers. So this year we sought the advice of our Advisory Board members. They provided sound strategies to help marketing managers understand and use our discoveries.

Feedback from our Advisory Boards has given us great confidence for the future, and faith in the value of our work. In 2007 we invested substantially in building our base of Research Associates; young researchers who will make tomorrow's discoveries.

I'm delighted to say that we have an outstanding team of more than fifty researchers working on Institute research programs, including a new Research Professor, Dr Malcolm Wright. We have a big, exciting agenda, which you can read about in this Annual Report (see 'Our Agenda' on page 14).

Professor Byron Sharp



OVERVIEW

The Ehrenberg-Bass Institute is an independent, not for profit, research institute of the University of South Australia. It works in partnership with the Ehrenberg Centre at the London South Bank University. The Institute was created in 2005 when international experts elevated the Marketing Science Centre, in recognition of a decade of achievements, to Institute status following an extensive review. We are the first University Institute devoted to marketing science. To commemorate this, and to signal our research philosophy, our name honours two of the founding fathers of Marketing Science, Professors Andrew Ehrenberg and the late Frank Bass.

The mission of the Ehrenberg-Bass Institute is to benefit industry and society by developing and disseminating scientific marketing knowledge. Our research aims to uncover law-like patterns and relationships, and then build empirically grounded theory to explain and predict. This emphasis on scientific laws, that hold over time, distinguished our work from much research done in marketing.

The Institute is staffed by fifty specialist researchers with most located in Australia and the UK. We are also supported by an in-house CATI field team, data analysis and marketing departments.

Given the academic base of the Ehrenberg-Bass Institute, there is a strong emphasis on data integrity and quality. This is reflected in the systems of the Institute's survey operations. All are undertaken in-house using the latest information technology.

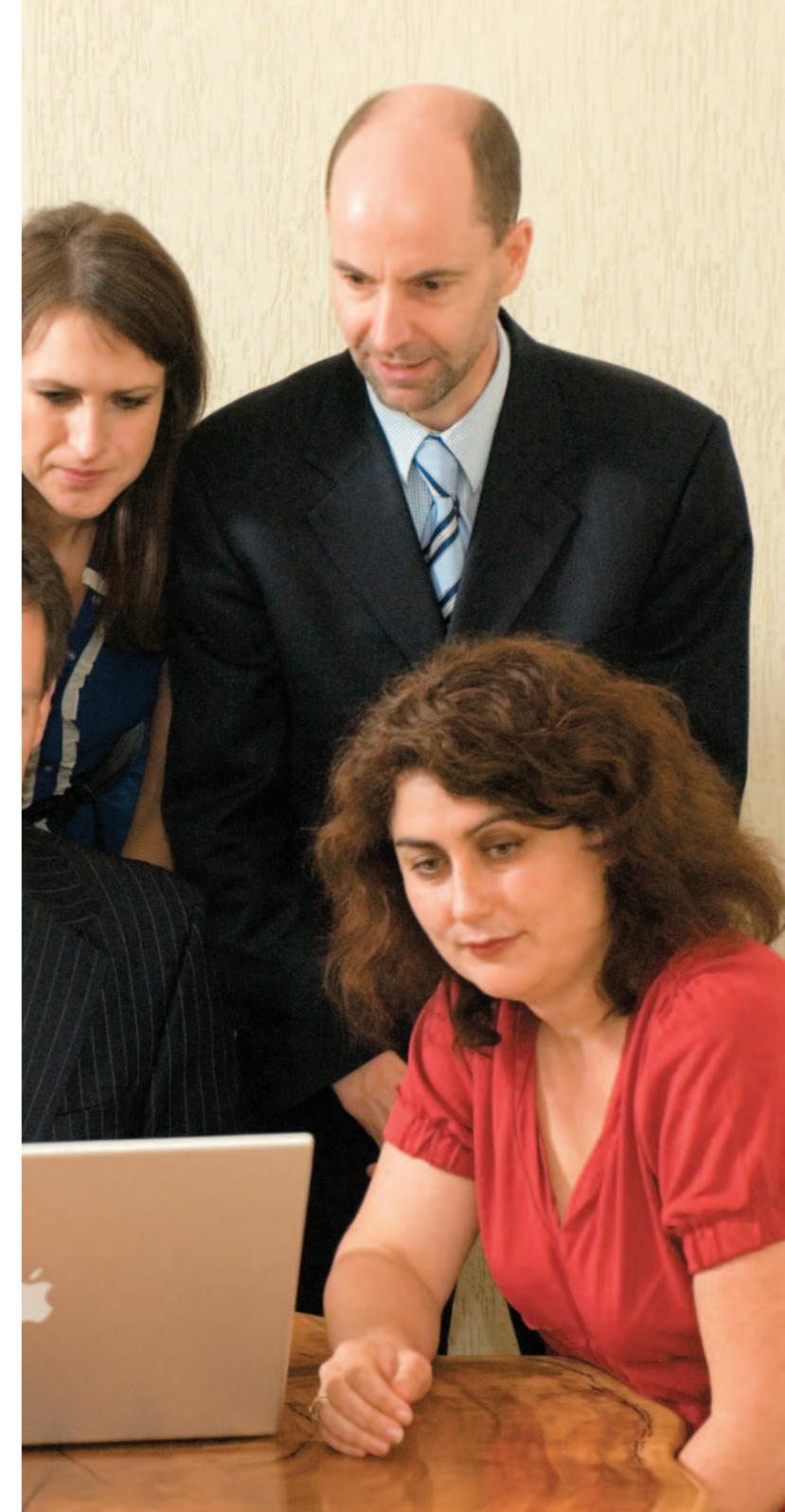
The expertise and capability of the Ehrenberg-Bass Institute has been recognised by many of Australia's leading marketing organisations that have become clients. The Institute's fundamental research into how marketing works is supported by many overseas organisations, particularly through membership in our R&D Program. This program involves corporate members from across Europe, Australia, Africa, North America and New Zealand including Colgate-Palmolive, Coca-Cola, Mars, Kraft, Procter & Gamble, Unilever, Network Ten, General Motors and many others.

The strong relationship we have with our corporate members keeps us in touch with the realities of business and government and allows us to better meet their research needs.

During 2007, the Institute achieved positive growth in both our R&D program and contract research. The Institute won 2 new Australian Research Council grants, which will be a key focus of 2008. Our inaugural North American Board meeting was held at the Australian Consulate in New York on October 2007.



Ehrenberg-Bass
Institute for Marketing Science



LEADERSHIP GROUP

Director

Professor Byron Sharp

Senior Research Associates

Professor Malcolm Wright

Head of Marketing Metrics
& Buyer Behaviour

Dr Jenni Romaniuk

Head of Brand Equity

Associate Professor Rachel Kennedy

Head of Advertising

Dr Erica Riebe

Head of Media

Associate Professor John Dawes

Head of Pricing

Professor Larry Lockshin

Head of Wine Marketing

Dr Anne Sharp

Head of Sustainable Marketing

Virginia Beal

Svetlana Bogomolova

Professor David Corkindale

Nick Danenberg

Dr Carl Driesener

Dr Cam Rungie

Associate Professor Tony Spawton

Key Staff Additions 2007

Professor Malcolm Wright

Professor Malcolm Wright has been an Overseas Research Associate for many years, and from January 2008 becomes a full time Senior Research Associate heading the Marketing Metrics and Buyer Behaviour Group and the School of Marketing's Head of School.

Malcolm has over 100 academic publications, presentations and technical working papers, including work in many leading European and American journals. He has extensive consulting and management experience, and was recently a successful CEO for a large private investment company.

Virginia Beal

Virginia Beal has recently rejoined the Institute as a Senior Research Associate. Virginia has extensive cross-media experience and has held senior research positions at the BBC, Network Ten, Time-Life and News International.

Her industry research has focused on advertising effectiveness, pilot program testing & assessing the uptake of new media services. Her academic research focuses on patterns of media usage and what they mean for media scheduling.

STAFF



Research Associates

Katherine Anderson

Melissa Banelis

Alice Bednarz

Melanie Ceber

Justin Cohen

Dr Margaret Faulkner

Dr Cullen Habel

Peter Hammer

Nicole Hartnett

Dr Liz Hemphill

John Hendrickson

Susan Huang

Stine Hoj

John Kweh

Dr Richard Lee

Fang Li

Craig Lock

Dr Simone Mueller

Kerry Mundt

Karen Nelson-Field

Magda Nenycz-Thiel

Kate Newstead

Monica Orlovic

Vipul Pare

Dr Herve Remaud

Scott Reynolds

Irene Rix

Jennifer Taylor

Giang Trinh

Sam Wight

Dr John Wilkinson

Kirsty Willis

Michael Vogelpoel

Marketing, Field, Library and Admin

Jenny Barnes

Jana Fielke

Liz Gunner

Alissa Nightingale

Maureen McEvedy

Elke Seretis

Kirsty Willis

Klaus Kilov

Research Assistants

Bryony Jardine

Kellie Loveless

Kate Toone

The Institute also has a strong collaboration with the Ehrenberg Centre at London South Bank University.

Marketing Metrics & Buyer Behaviour

Head Marketing Metrics & Buyer Behaviour:
Professor Malcolm Wright

This is the core research group of the Institute, involving most researchers. The work on uncovering law-like patterns in buyer behaviour (and the marketing metrics that reflect this behaviour) is probably what the Institute is most known for. At the behest of our Advisory Boards we began work in 2007 on a book ("How Brands Grow") covering this work, and its implications for marketing practice. We expect publication in late 2008.

This was also a significant year for the group as we released, to our corporate members, a comprehensive analysis of marketing's famous 'Pareto Law'.

While we confirmed the existence of the Pareto principle, we have overturned the folklore that it involves a ratio of 80:20.

We produced important findings in the area of purchase intentions and 11-point probability scales, demonstrating that these are, in fact, unbiased measures when used correctly. Our preliminary academic results were published in the Journal of the Academy of Marketing Science, and we plan to combine these with other new research in reports for our members in 2008.

Other significant activities in 2007 include:

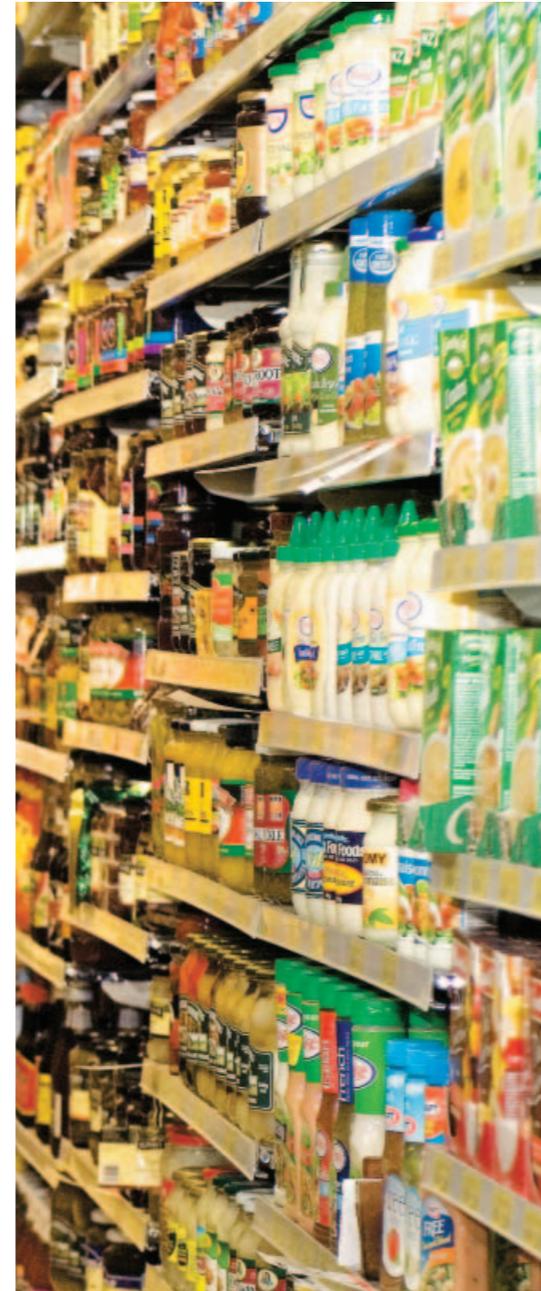
- the ongoing development and use of our new metric for latent-loyalty, derived from the beta-binomial distribution;
- involvement in the corporate reports on measuring brand equity and analysing price promotions, (as discussed elsewhere);
- the extension of our NBD-estimation software to provide benchmarks for period-to-period repeat purchase by Heavy, Medium and Light buyers.

Finally, we were pleased in 2007 to recruit Professor Malcolm Wright to a full-time position in Adelaide, and he has taken on the leadership of this group.

Brand Equity

Head of Brand Equity: Dr Jenni Romaniuk

In 2007 the Brand Equity group was responsible for 2 corporate member reports: The Uniqueness of Brands and 10 Facts about Measuring Brand Perceptions. Also in final draft (ready for 2008) is the Pareto Share of Brand Knowledge. The Brand Equity group was also responsible for two new seminars:



'Demystifying the Pareto share' and "Branding Quality" (to be released as a report in 2008). On the academic front we had 2 research degree completions and 4 journal articles accepted. In addition nine refereed conference papers were presented.

The three core research areas remain:

- (1) How brand equity influences buyer behaviour,
- (2) How marketing activity influences brand equity and
- (3) Brand equity metrics. 2007 saw us also exploring new areas such as Brand Placement.

Currently we have 5 core researchers, after losing two researchers in 2007 to employment at Johnson & Johnson and Mitsubishi. Two more are being sought to fill key research gaps.

Advertising

Head of Advertising:
Associate Professor Rachel Kennedy

2007 has been an exciting and challenging time for the Advertising Research Stream. The key outcome has been to finally secure and start analysis on three sets of Pure Individual Level Single Source data. This allows us to directly measure the impact of advertising on sales, rather than the intermediate measures that are typically used in this field. It required a substantial investment in skills and systems and we spent considerable effort promoting this data to industry to support the viability of Project Apollo in the USA.

Work in this stream continued in the key priority areas:

1. Descriptive - What ads look like;
2. Predictive - How we should test/research advertising
3. ROI - How much we should spend
4. Theory - How advertising works

Sample projects include: Exploring the Advertising-Loyalty relationship, Quantifying the sales effect of increasing frequency/diminishing returns, Better Budgeting (SoV/SoM, Positive vs Negative WOM, Impact of Advertising vs WOM, Metrics for WOM, Intermediate Diagnostics.)



Recent outputs include:

Kennedy, McDonald & Sharp, 'The Changing face of Advertising Research', Australian Market and Societal Research Association.

Faulkner & Kennedy, 'A new tool for pre-testing Direct Marketing', forthcoming in International Journal of Marketing Research.

Romaniuk, Sharp, East & McDonald, 'How viewers learn about new TV programs: the influence of TV promotion and WOM Grant.'

Romaniuk, 'WOM and the viewing of TV programs', Journal of Advertising Research.

Kennedy, McDonald & Sharp, 'Pure Single Source data and take-off time for Project Apollo', Admap.

Media

Head of Media: Dr Erica Riebe

Having conducted initial exploratory research in 2006 to identify the key areas of interest to corporate members, 2007 was a year of preparatory activity. Our main focus was on accessing relevant media data, and recruiting the research staff to investigate the big questions. We have been successful in gathering an extensive range of data, to support our research agenda. We are currently working towards a number of key outputs for 2008 in the following areas:

- (1) The Media Mix (how to allocate dollars across media in terms of meeting sales and reach/frequency objectives);
- (2) New Media (how is it different);
- (3) Budgeting (how much to spend on media);

(4) Scheduling and Timing (when to advertise); and

(5) Media Metrics (how do we measure media effectiveness).

We produced 3 corporate member seminars and a Masters' thesis in 2007.

Pricing

Head of Pricing:

Associate Professor John Dawes

A key outcome for the Pricing Group in 2007 was the Corporate Member Report by John Dawes and Rui Susan Huang. The report on Price Promotions investigated how much volume is discounted would have been sold anyway at the normal price.

Associate Professor John Dawes presented a study on the association between the tenure and price sensitivity at the 2007 ANZMAC conference. The presentation was titled "Are Long Tenure Customers Less Price Sensitive - an Empirical Investigation in a Services Context". The study found that long tenure customers were less sensitive to price increases. The study won best paper award for the pricing track at the conference.

Wine Marketing

Director Wine Marketing Group:
Professor Larry Lockshin

The Wine Marketing Group was involved in two major research grants from the Grape and Wine Research Development Corporation. The smaller one on 'Comparing the Choice Cues for Wine in Key Wine Importing Countries' resulted in 12 data sets for retail stores and 6 data sets for restaurants. Each data set was collected by collaborating academics in the country. A major presentation was made to the Australian Wine Outlook Conference to 300 members of the Australian wine industry. The project also resulted in 3 articles in wine trade magazines and 2 papers are being finalised for submission to academic journals.

The other project, 'Predicting Consumer Choice Using Sensory and Non-Sensory Cues' resulted in two conference presentations, including one at the prestigious Pangborn Sensory Science Conference in the US.

Overall, members of the group had 4 journal publications, 3 conference presentations (refereed), 14 trade magazine articles, and the lead editorial in the newly launched International Journal of Wine Business Research. Professor Lockshin's paper in the International Journal of Wine Business Research was chosen as the best paper in the journal for the year. Professor Lockshin also won the Research Excellence award for the Division of Business at UniSA.

Sustainable Marketing

Head of Sustainable Marketing:
Dr Anne Sharp

In 2007 we began the process to establish a Sustainable Marketing research group. The group's focus will be on issues concerned with marketing for the long term. It explicitly acknowledges the conflict between short-term and long-term profits and that consumer sovereignty can conflict with both short and long-term profits.

To what extent marketers should satisfy customer demand if that means either consumers health will suffer or resources will not last? How we can we alter and shape consumer demand for improved sustainability?

The establishment of this research stream brings together work the Institute has been involved in since 1995. One of the flagship projects came with the Institute's joining of the Seafood CRC. We are researching a range of issues to do with seafood purchase and consumption, with a focus on the shaping of demand to assist in the sustainability of seafood stock. Climate change and biodiversity have also featured strongly in our research. In 2007 we secured industry funding for work in this area and the Department for Environment & Heritage became a corporate member of the Institute. We have an ambitious agenda for 2008 involving significant media coverage for our work, and the building of research students and publications from within this stream.

R&D PROGRAM

Far too little is known about how marketing works. Research has traditionally focused on short-term decisions, rather than serious knowledge development. So for the past 10 years global marketers from Coca-Cola, Network Ten, Mars, Procter & Gamble, Unilever, Kraft and General Motors have been funding the Institute's R&D Program into marketing.

The innovative program undertakes research into how buyers buy and how brands compete providing re-useable knowledge, benchmarks and marketing insights. Our discoveries give context and meaning to marketing research. No one company alone could have a research budget to cover pricing issues, media issues, customer loyalty, image, product feature, how ads work etc. Our R&D program provides re-useable knowledge, benchmarks and marketing insights.

The program currently has 58 global members with AOL UK, Channel 4 UK, Mars Europe, SARDI, Media Trust, Department of Environment & Heritage, Reckitt Benckiser, and dunnHumby joining during 2007.



In 2007 in collaboration with MountainView Learning, the Institute presented research to hundreds of senior managers in Mars/Masterfoods in events held in France, USA and South Africa. Soon to be followed by further events in Europe, Australasia, and the USA. This is a prime example of how close collaborations can ensure the Institute's discoveries impact marketing practice. The Institute hopes to initiate similar collaborations with other Corporate Member companies in the future.

The Institute has issued 43 reports that are available to Corporate Members, with 4 released in the past year:

- Report 43: Price Promotions
- Report 42: There is a Pareto Law - but not as you know it
- Report 41: Ten Simple facts about measuring brand perceptions
- Report 40: The Uniqueness of Brands

CORPORATE MEMBERS 2007

USA and Canada

ABC
AC Nielsen BASES
Advertising Research Foundation
CBS
The Coca-Cola Company
Colgate-Palmolive
ConAgra Foods
Disney
ESPN, Inc.
General Mills
General Motors Corporation
Kraft Foods Inc
Media Trust
Molson
PepsiCo (USA)
Pepsi-QTG (Canada)
Procter & Gamble
Turner Broadcasting
Unilever Canada

Australia

Australian Central Credit Union
Dept for Environment and Heritage
Dulux Australia
Elders Ltd
Goodman Fielder
Hills Industries Ltd
Joy Advertising & Marketing
Kraft Foods Ltd
Mars Australia
Meat & Livestock Australia
National Pharmacies
Network Ten Pty Ltd
The Nielsen Company
Procter & Gamble
QEH Research Foundation
Roy Morgan Research Australia
Selleys
Simplot
SARDI
Tourism Australia
University of South Australia

Europe

AC Nielsen BASES
AOL
British Airways Plc
Channel 4 TV
Coca-Cola Great Britain
DunnHumby
Highland Distillers
Kraft Foods Europe
Leo Burnett
Mars Europe
Mountainview
Procter & Gamble
Reckitt Benckiser
TNS
Unilever HPC
Unilever Bestfoods Deutschland GmbH

New Zealand

TVNZ

South Africa

Caxton Publishers & Printers
Distell
FirstRand Ltd

Questions we hope to solve soon

Our R&D program has a large exciting agenda. Marketing is largely unknown territory, so little is known. We have 5 key areas of investigation:

1. Marketing Metrics & Buyer Behaviour

How can we improve our measurement of attitudes and beliefs using Best Worst Scaling?

Do product variants really tap into different market segments (different sorts of buyers), or do they simply provide variety?

Are there brands that persistently deviate from Double Jeopardy (eg. do niche brands exist)? If so, what do they have in common?

Do loyalty programs enhance behavioural loyalty?

Are buyers who have defected from our brand lost forever? Are they harder/easier to recruit than buyers who have never used us?

Does loyalty last for long periods, eg. generations? Are younger buyers easier to recruit? Are new brands locked out of older demographics?

How is brand knowledge distributed across the consumer franchise? Does this vary between retailer & manufacturer brands?

Do private label brands appeal to different buyers to national brands?

Are service quality/satisfaction scores predictable?

2. Media

Do different media really attract much different types of buyers?

Who are light TV viewers? How can you reach them?

Are TV channels of similar ratings equally good at delivering reach? How much worse are lower rating channels?

How cluttered is the brand placement environment within TV programs?

Where is it more or less common?

Is the relationship between advertising recall and usage predictable? To what extent is this influenced by the type of recall measure, volume of advertising or brand share?

Does sponsorship differ from other media in its ability to reach non-users of the brand?

3. Brand Equity

What is good branding?

To what degree is good branding at the expense of excellent creative?

Do different advertising strategies differ in their impact on brand salience?

What elements influence the brand's ability to stand out from its environment and be noticed?

How do brands compete to be considered?

Are different brand awareness measures really just same ways of measuring the same thing? Do they move together? Are the same metrics important for small versus large brands?

When awareness measures change, how much is due to past behaviour, current/recent advertising weight and/or indicative of future behaviour?

What happens when you add or remove brands from brand health tracking lists?

What is the relationship between brand image positions and how consumers buy brands?

How do consumer brand memories for premium brands differ from "non-premium" brands?

4. Pricing

Do price tiers really exist? If so how do they share customers?

Does advertising affect price sensitivity?

5. Wine Marketing

With thousands of brands, and wide variation in price points, how partitioned is the wine market?

How do wine variants (eg. red, white, varieties, regions) compete?

How much stable repertoire buying occurs vs variety seeking behaviour?

What are the key attributes consumers use to choose wines? Do they differ among groups of consumers, by usage occasion, or by place of purchase?



NORTH AMERICAN BOARD

The first meeting of the North American Advisory Board was to acquaint board members with the broad range of the Institute's activities & people. There were presentations on each of the Institute's major research groups:

- Marketing Metrics & Buyer Behaviour
- Brand Equity
- Advertising
- Media
- Pricing
- Wine Marketing

The presentations described each research program's focus, key discoveries, and 'a peek into the lab' - research questions about to be solved.

Board discussions centered on the impact of the Institute's discoveries. In some areas the knowledge is being used everyday e.g. it is integrated into BASES models. Jim Nyce from Kraft said the scientific laws underpin a new understanding of how marketing really works, this can be used to ensure that marketing plans are 'attempting to swim downstream not upstream'.

The following valuable strategies were suggested by the Board to help members assimilate and apply the discoveries within their companies:

- Deliver shorter reports, including short lists of key learning's, implications, or directions (what to do, what not to do).
- Develop a '10 commandments of marketing', concise and in sound-bite format. In a format that can be disseminated easily to junior staff, which is key to getting 'it out to the regions.'
- Develop short video summaries of the in-house briefings.
- Develop teaching material that can be used in American MBA programs.
- Use more US data in examples.
- Investigate the feasibility of a full week program, a 'bootcamp' where companies can send their employees.
- Publish short pieces in the popular press. Several board members offered to provide introductions to US journalists.

- Develop case studies of application of the knowledge. Show how it has been used.
- Develop a program where Corporate Members can visit the Institute (executives in residence) and where Institute doctoral candidates can undertake internships inside Corporate Member companies, during or after their research degree.

The Board endorsed the recommendation of the Australian Board to publish a book on the Institute's early discoveries and the implications for marketing.

Board Members in Attendance:

Mitch Barns – President - AC Nielsen BASES

Philip Conliffe – Senior Manager, Insight & Innovation - Molson

Jack Wakshlag – Chief Research Officer - Turner Broadcasting System, Inc

Jim Figura – Vice President Global Consumer Insights - Colgate-Palmolive

Eric Taylor - Senior Manager Consumer Insights (on behalf of Jeff Hunter) - General Mills

Phil Lardner – Senior Director Marketing Analytics - ConAgra Foods

Jim Nyce- Senior V.P Global CIS - Kraft Foods Inc

Professor Pete Fader - Wharton School, UPenn

Board Members unable to attend:

Timothy Bennett – Director Strategic Marketing - General Motors Corporation

Stan Sthanunathan – Vice President Knowledge & Insights - The Coca-Cola Company

Greg Rogers - Procter & Gamble

David Poltrack – Exec VP Planning & Marketing Research - CBS Viacom

Jeff Hunter - Consumer Insights Director - Innovation Measurement & Experimentation

Associate Professor Richard Colombo - Fordham University





The 2007 Australian Advisory Board Meeting was held on Friday 13th of March in the Ehrenberg Room at the University of South Australia.

New Members:

Kate Inglis-Clark - CEO, OzTam

Retired Members:

Jo Cutbush - Insights Director, Foster's Wine Estates

Presentations:

Jo Cutbush - Insights Director, Foster's Wine Estates

Topic: How to get fundamental research into a large organization - challenges, tips and tricks.

David Mallinson - National Marketing Manager, Elders Ltd
Topic: The impact of Institute Research on Elders.

Meeting Theme: How to increase the impact of Institute Research.

Outcomes:

The board discussed and agreed that the Institute is not in the management consultancy business (nor should it be), but should explore the idea of training and accrediting consultants.

Board members identified that individuals in companies need support from the Institute in selling the new marketing knowledge into their organisations. Sometimes it is difficult to translate the benefits of the Institute to the wider organisation.

The concept of a formal executive development program was raised, with suggestions about an 'Advanced Boot Camp' in Marketing Science to help employees understand the research findings from the Institute and how to implement them into their work.

Furthermore, the importance of a managerial book written by the Institute was raised.

Attendees:

Prof Gerald Goodhardt (Board Chairman) London South Bank University

Prof Byron Sharp - Director, Ehrenberg-Bass Institute

Jo Cutbush - Insights Director, Foster's Wine Estates

Prof Phyllis Tharenou- Dean of Research, Division of Business, UniSA

Dr Phil Parker - Vice President R&D, ACNielsen BASES

Doug Peiffer- General Manager Network Research, Network Ten

Neil Retallick - General Manager Marketing, National Pharmacies

Ian Macfarlane - Director of Marketing, Tourism Australia

Kate Inglis-Clark - CEO, OzTam

Prof Peter Danaher - Auckland University

David Mallinson - National Marketing Manager -Elders Ltd

Assoc. Prof Tony Spawton - Acting Head, School of Marketing, UniSA

Apologies:

Martin Wise - General Manager Brand & Marketing, St. George Bank

Prof Rob Lawson - University of Otago, President Australia & New Zealand Marketing Academy

Prof Mark Uncles - University of New South Wales

Prof Gerry Griffin - Pro Vice Chancellor Division of Business, UniSA

Prof Caroline McMillen - Pro Vice Chancellor & Vice President, UniSA

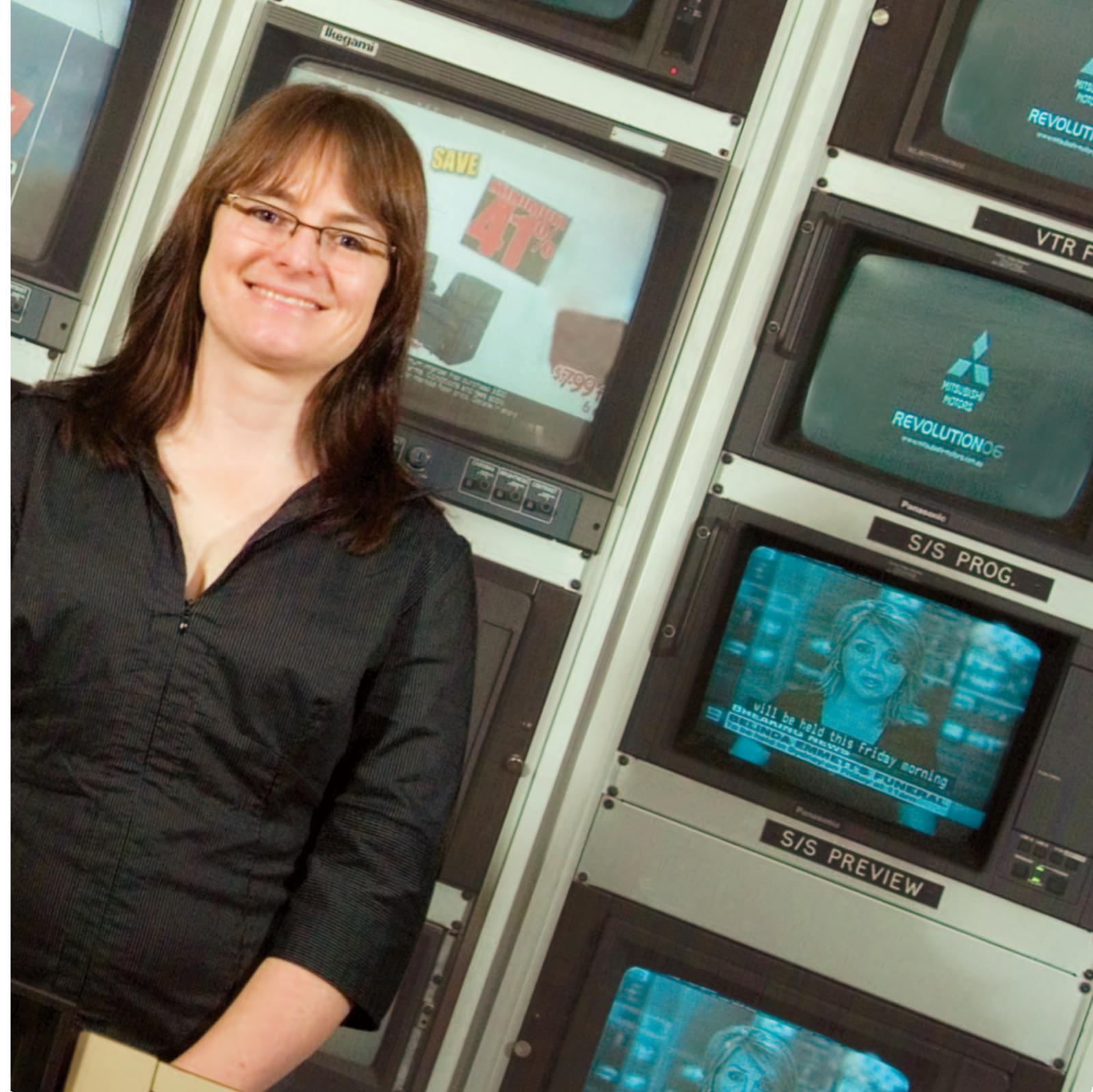
CONTRACT RESEARCH

The Ehrenberg-Bass Institute offers Market Research that allows our clients access to the Institute's customer insights and thinking tailored to their specific needs. Our clients benefit from the fact that our market research is under-pinned by the fundamental discovers from the Institute's R&D program.

In 2007 we increased our capacity for on-line surveys with 13 large-scale projects in the field for 2007.

Many successful partnerships were formed during 2007 that we are looking to maintain into the future both with industry and government. Key corporate contract research clients for 2007 included; Adelaide Bank, Elders Ltd., Australian Central Credit Union, St George Bank, Network Ten, National Pharmacies, Department for Environment and Heritage, PIRSA Aquaculture, SARDI, Mounties and many others. In September, Dr Jenni Romaniuk, Head of the Brand Equity Research Group, won 2 contract research projects with AOL (UK).

In 2007 the Institute entered into partnership with four city councils in South Australia to pilot a new form of community engagement and research. This involved the establishment of a continuous online panel. The pilot phase is now nearing completion with very positive results and significant interest from other councils. The continuous panel methodology is superior to traditional research techniques, delivering instant results more cost effectively. We are now doing R&D into issues of conditioning and response bias.





ACADEMIC OUTCOMES

DEGREE COMPLETIONS

PhD Completions

John Wilkinson

Topic: Effects of sales management leadership support on business-to-business salesperson performance

Cullen Habel

Topic: Formalising double jeopardy and deconstructing dynamics in repeat purchase markets

Damien Wilson

Topic: Generating retrospective panel data on the patterns of repeat behaviour

Masters by Research Completions

Peter Hammer

Topic: Exploring the impact of clutter on advertising effectiveness in broadcast media

Travis Murphy

Topic: Buying Across Price Tiers

Elise Gaillard

Topic: How brand distinctiveness is communicated, from a consumer's perspective

Honours Completions

Kate Newstead

Craig Lock

Michael Vogelpoel

2007 Visiting Academics:

Professor Scott Armstrong -

The Wharton School, University of Pennsylvania

Professor Suzanne Beckmann -

Copenhagen Business School

Polymeros Chrysochou - Aarhus School

of Business, University of Aarhus

Professor Robert East -

Kingston Business School

Professor Gerald Goodhardt - Overseas

Research Associate & Chair of Board

Kathy Hammond -

Duke Corporate Education

Colin McDonald -

Overseas Research Associate

Professor Mark Uncles -

University of New South Wales

Dr. Lars Meyer-Waarden -

University Toulouse Paul Sabatier

Professor Malcolm Wright -

Victoria University

Associate Professor Pietro Zidda -

University of Namur (Belgium)

Notable Publications

Dr Carl Driesener & Dr Jenni Romaniuk were finalists for the 2007 Market Research Society (MRS) Silver Medal for Best Paper for their article published in the International Journal of Market Research – 'Comparing methods of brand image measurement' International Journal of Market Research, Vol 48, p 6.

Dr Jenni Romaniuk, (2007), 'Word of Mouth and the Viewing of Television Programs', Journal of Advertising Research Vol 4.

Dr Jenni Romaniuk & Elise Gaillard (2007), 'The relationship between Unique Brand Associations, Brand Usage and Brand Performance: Analysis across eight categories', Journal of Marketing Management Vol 23 No. 3-4 p 267-284.



Svetlana Bogomolova, Dr Jenni Romaniuk & Dr Anne Sharp, (2007), 'Quantifying the Extent of Temporal Decay in Service Quality Ratings', *International Journal of Market Research*.

Professor Larry Lockshin and David Knott won the biennial NSW Wine Press Club Fellowship. This fellowship is a competitive grant for the best project that advances knowledge and communication in the Australian national wine industry. The project was titled, 'Boozing or Branding? Measuring the Effect of Free Samples at Wine Shops.'

Professor Larry Lockshin co-authored a paper with Orth, U.R., & F. d'Hauteville, (2007), 'The Global Wine Business as a Research Field', lead editorial in inaugural edition of *International Journal of Wine Business Research*, Vol 19, No. 1, p 5-13.

Dr Wade Jarvis, Dr Cam Rungie & Prof Larry Lockshin, (2007), 'The polarisation method for merging data files and analysing loyalty to product attributes, prices, and brands in revealed preference', *International Journal of Market Research*, Vol. 49, Issue 4.

Professor Malcolm Wright & Murray MacRae, (2007), 'Bias and variability in purchase intention scales,' *Journal of the Academy of Marketing Science*, Vol 35, No 4, p 617-624.

Professor Malcolm Wright co-authored a paper with Lees, G. & Garland, R, (2007), 'Switching banks: Old bank gone but not forgotten', *Journal of Financial Services Marketing*, Vol 12, No. 2, p 146-156.

Dr Liz Hemphill, (2007), 'Factors affecting real estate broker selection: what really counts?', *International Real Estate Review*, Vol 10, No 1, Winter, p 1-25.

Dr Liz Hemphill co-authored a paper with Dollman, J. Ridley, K. Magarey, A. & Martin, M. (2007) 'Dietary intake, physical activity and TV viewing as mediators of the association of socioeconomic status with body composition: a cross-sectional analysis of Australian youth', *International Journal for Obesity*, Vol 31, No 1, p 45-52.

Notable Industry Publications

Dr Byron Sharp's article, 'Don't evaluate your ad by sales figures' was published in *B&T Magazine*.

Dr Jenni Romaniuk's article 'Compare and Beware' was published in *Marketing Magazine Australia*.

Dr Jenni Romaniuk's article 'Everybody's talking about... Nipples' was published in *B&T Magazine*.

Dr Jenni Romaniuk's article 'Hitting them Head On' was published in *B&T Magazine*.

Professor Larry Lockshin had 12 articles published in the *Australian Wine Business Monthly*, 2 articles in *The Australia New Zealand Wine Industry Journal* and 2 articles published in the *Australian & New Zealand Grape Grower & Wine Maker Journal*.

Presentations

A number of Institute staff presented at the ANZMAC Conference held at the University of Otago in New Zealand. At this conference Professor Malcolm Wright was awarded 'Winner of the Reviewer of the Year Award', *Australasian Marketing Journal*.

Assoc Prof John Dawes won 'best paper' in the pricing track, at the 2007 ANZMAC conference held at the University of Otago.

Dr Jenni Romaniuk presented at the 2007 Marketing Week in Adelaide. The key theme of the event was 'Managing Brands: Is it art of science?'



Dr Simone Mueller presented at the 40th Australian Institute of Food Science and Technology Council in Melbourne on 'Competition from the consumer point of view' in the concurrent session 'The agony and ecstasy of the wine industry'.

Dr Simone Mueller and Professor Larry Lockshin presented at the Australian Wine Technical Conference 2007 on 'Wine style alters the sensory impact of 'Brett' flavour compounds in red wines'.

Professor Larry Lockshin and Associate Professor Tony Spawton conducted a seventh annual week-long Wine Marketing Executive Program for the University of Stellenbosch (South Africa) Business School.

Assoc Prof Rachel Kennedy presented at the National AMRSA conference in Sydney on Single Source Data.

Professor Byron Sharp attended an invitation-only conference at The Wharton School, University of Pennsylvania, on the 'Practice & Impact of Marketing Science'.

Dr Simone Mueller and Professor Larry Lockshin presented at the 7th Pangborn Sensory Science Symposium 12-16 August 2007 in Minneapolis, USA on 'A Comparison of Best-Worst and Hedonic Scaling for the Measurement of Consumers' Wine Preferences'.

Dr John Wilkinson presented at the Academy of Marketing Conference hosted by Kingston Business School.

Prof Larry Lockshin presented a paper by Herve Remaud, Steve Goodman, Eli Cohen, and Larry Lockshin called 'Understanding Store Choice Using Best-Worst Analysis', at the European Institute of Retailing and Services Conference.

Dr Jenni Romaniuk presented at the Time Warner's Annual Research Conference in New York on Data Reduction for Maximum Impact.

Peter Hammer, Dr Erica Riebe and Associate Professor Rachel Kennedy's paper Exploring the impact of advertising clutter in television, was presented at the European Marketing Academy Conference at Reykjavik University, Iceland.

Cam Rungie was the Track organiser for the Third German French Austrian Conference on Quantitative Marketing, ESSEC Business School, Paris, 2007.

Professor Larry Lockshin presented 2 research seminars to the Department of Agriculture Economics, University of Florence

Professor Larry Lockshin presented at the Central Coast Grape Growers Conference, California

Professor Larry Lockshin presented 2 Workshop presentations at the Australian Wine Technical Conference

Dr Byron Sharp presented at the:

- Australian Broadcasting Summit in Sydney
- FMCG Impact Summit
- Consumer Insights 2007
- Generational Marketing Conference
- 6th Australian Advertising and Marketing Summit 2007

Associate Professor John Dawes presented at the Pharmacy 2007 conference in Tasmania on Retail Pricing Strategy.

Associate Professor John Dawes presented at the Instore Excellence Conference in Sydney.

New Grants in 2007

Professor Byron Sharp and Dr Jenni Romaniuk won an ARC Linkage Grant of \$205,254 for their project 'How viewers learn about new TV programs: the influence of TV promotions and word-of-mouth'. The industry partner is Network 10.

Dr Cam Rungie is part of an ARC Discovery Grant at UTS. The project is 'Latent variable modelling of discrete choice experiments' and has received \$250,780.

Scholarships

The 2007 Ehrenberg Scholarship was awarded to Jana Fielke and Kellie Loveless.

The first Nielsen Media Research Scholar was awarded to Fang Li.

The scholarship will assist Fang Li complete a PhD at the Ehrenberg-Bass Institute, University of South Australia, where she will analyse audience behaviour in China and Australia. Through an analysis of various models for audience measurement she will subsequently assist in the development of broadcast media standards.

REVENUE

Corporate Sponsorship of the R&D Program of fundamental research

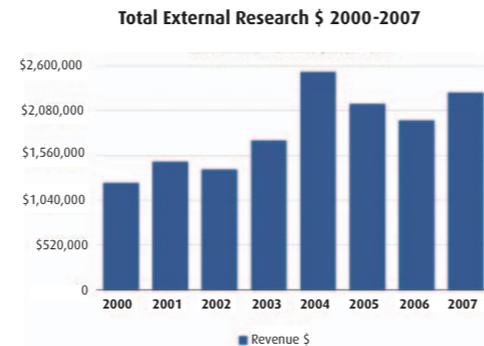
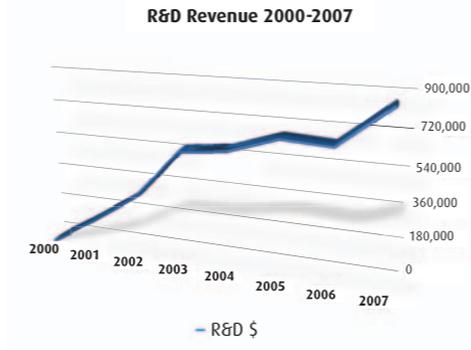
Sponsorship of the Institute has steadily increased since 2000, now comprising 38% of total research income.

Our objective is to solidify this part of our business, while continuing our growth. We will achieve this by raising our global profile, by deepening our working relationship with our current members, while concurrently increasing our membership base.

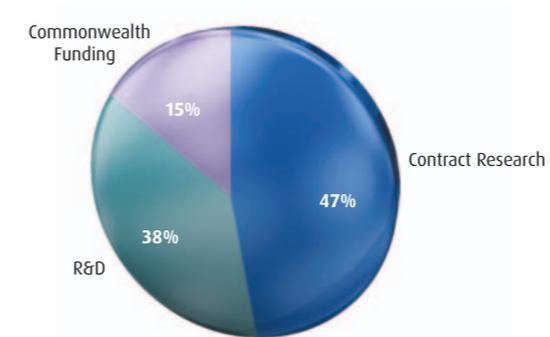
Research Income

In 2007 our largest source of revenue came from industry contract research, totaling 47% of our total income.

Commonwealth funding, combines both commercial market research for Federal Agencies as well as a substantial grant from the Grape and Wine R&D Corporation won by the Institute's Wine Marketing Group.

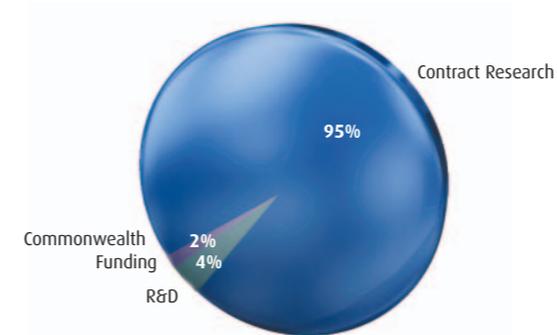


Revenue Composition 2007



Over the past six years the Institute's revenue has grown but the composition has drastically changed. R&D Income now accounts for 38% of income, whereas in 2001 it only accounted for 4%.

Revenue Composition 2001



THE FUTURE

The Institute is seeking sustained growth in both our Contract Research and R&D in 2008. In particular we are looking to further the international reach of our sponsored R&D Program. Over the next few years we plan to publish books, to raise the Institute's global profile.

In addition we are working hard to build closer partnerships with our Corporate Member Companies. We aim to increase the impact of our research on marketing practices within these organisations.

We will continue to act on the strategic advice of our North American and Australian Advisory Boards. From 2008 we look forward to the inaugural meeting of our European Advisory Board to be held in London.

In 2008 the Institute welcomes our new Head of School, Professor Malcolm Wright. Malcolm has been an Overseas Research Associate with the Institute for many years, and we are delighted to have someone so energetic and capable joining our team.

Our immediate priority in 2008 is to expand our team of research degree students and we are investing heavily in their development. These Research Associates play an important role within the Institute today, and they will be our future research leaders.





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