



Key scientific developments should be driving research in marketing to make fact-based recommendations. But that's not happening, says Larry Lockshin.

The first column I wrote for the then *Wine Industry Journal* back in 1999 was titled, 'Marketing: Science or Science Fiction?' I talked about the perceptions of marketing as non-scientific and the lack of evidence-based consultants and advisors. Well, here I am 15 years later taking up the same argument to make similar points, because I have seen little change in practice in all this time.

(Warning: there will be some nerdy discussions of statistics and research in the following paragraphs). Marketing is basically the study of human behaviour and related systems focused on commercial activity. It is (or should be) a practical sub-discipline mainly of economics and psychology. We have all seen various news reports over the past few years about advances in neuroscience – our ability to literally measure brain activity while engaged in various tasks.

WORDS LARRY LOCKSHIN

BEWARE!

MARKETING SCIENCE FICTION AHEAD

Discoveries in psychology have led to the development of behavioural economics, where the assumption that humans are rational actors is no longer accepted. We now know that rational thought, called 'System 2' by Nobel prize winner Daniel Kahneman, is a weak contender for driving human behaviour; it is far behind 'System 1', our emotional and quick-acting consciousness that often makes illogical conclusions from minimal evidence.

These scientific developments should be driving research in marketing to make fact-based recommendations to practitioners, which lead marketing practice to deliver the expected outcomes. Unfortunately, this is not the case. First, I will take on marketing researchers – academics who should know better, but don't. And then I will have a few words about marketing consultants.

Social science research, of which marketing is a part, is in a crisis. Recent news has uncovered several top academics faking data to get published in top journals. The crisis is based on the fact that journal academics are expected to publish their work in prestigious journals, which have become more and more crowded. The results have to be really clean and 'proven' by statistical testing. Unfortunately, if you use real humans in real situations for your data collection, the variability makes meeting these expectations nearly impossible. So, marketing academics resort to small experiments, where the conditions are stable (read – unreal) and only one or two things can be manipulated at a time. Or marketers use surveys of relatively small samples, almost always convenience samples, and test the statistical significance of ratings (like satisfaction, or even worse –

intention to purchase) using scales of 1-7 and find differences between ratings of 5.2 and 5.7. These differences are then used to make statements about what consumers prefer or how effective one strategy was compared to another. This is garbage.

Small non-representative samples are not useful for making predictions. The same holds for making decisions based on small samples of your customers. Simone Mueller-Loose and I conducted some tasting research at the Waite Campus several years ago. We used a panel provider to get a random sample of wine drinkers to attend a tasting of different doctored wines. We could only get about half the number we needed, so we recruited a convenience sample from people working at Waite, but not involved in the wine or grape area. After conducting our tastings, we tested the differences between the two samples and found them to be quite large. I am not suggesting which was the 'correct' sample, but making the point that two different recruitment processes resulted in two different conclusions on wine preferences. The true population preferences cannot be known from this study.

Yet our wine journals, the academic press and even the industry-funded research projects are full of conclusions based on small convenience samples. Even worse, very, very few of these studies are replicated to test if the effects are repeatable. Would you take advice or buy a product such as yeast or fertiliser without expecting they were tested under different conditions and the main effects known? Imagine a new yeast tested on a few batches of wine from a single winery in a single region. Would you believe the claims? Marketing researchers do this every day.

In one sense we are pushed in this direction, because funding for marketing research is tiny and at the same time journals are not interested in publishing multiple replications. But this does not condone the use of these findings as some indication of real world behaviour. When you go out into the market and test activities to see which work in the real world, the results are messy; there is a huge amount of randomness to everyday behaviour and the variability makes finding 'statistical proof' difficult. As an example, we tested different shelf signage in 40 wine stores, eight different combinations in sets of five stores each. We did find effects, but they were small compared to the variation in bottles sold over the period of a month. Putting small signs for promoting a region

does have an effect, but it is not a major one compared to simple random numbers and preferences of shoppers over time. This finding is not publishable in a good journal.

Moving to marketing consultants, advisors and gurus, we find even less reliance on actual observations of behaviour and a focus on quick results from making a few small changes. I am not tarring and feathering all marketing practitioners with the same brush, but there are so many preaching quick fixes and 'just do this and things will improve', and we invite them to our conferences and offices to tell us this. Yes, winning a gold medal or trophy or a label design award brings attention for a short period and often a spike in sales. These are hard to repeat over time, and even with a trophy and award, selling top Riesling or Semillon is a hard slog because these are not fashionable grape varieties. Going against habit is very hard. Beware of strong claims and always ask for evidence before hiring a consultant.

In many ways marketing activities are boring, because they need to be repetitive. Our Institute focuses on 'mental and physical availability' as the keys to marketing success. Beneath these two concepts must be a long term plan to improve both mental and physical availability using a variety of communication and distribution strategies; it is not quick and simple. One of the largest corporate sponsors of our Ehrenberg Bass Institute for Marketing Science decided to move forward with improving mental and physical availability, simplifying many marketing decisions, moving away from segmentation and some other unfounded marketing concepts. This company literally trained thousands of its marketing personnel around the world to evaluate marketing activities in an empirically grounded factual approach and to stop spending money on unproven concepts, like segmentation, pure digital strategies or packaging changes. The company has sales of more than \$30 billion and claims it has benefited in the \$100 million-plus category for adopting this approach. It does work, so stop buying false promises. Good marketing takes just as long as growing good grapes or making good wine. It does have an element of art and emotion, just like good wine, but its success is based on understanding and working with human behaviour. ■

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