

New Marketing Research Initiative – Questions and Answers

Question: After the take-over of the media channel research by the media owners, and the demise of AMPS, does SAARF still have the resources to handle a big industry wide project such as this?

Answer: When the 'Go' or 'No Go' decision on this proposed research is taken, SAARF will effectively cease to exist. If this proposed research does not go ahead, SAARF will be wound down and closed. But, if we go ahead, as we obviously hope to and plan to, SAARF will be replaced by a new *Marketing Research Foundation* which will be resourced to handle the scope and final implementation plan for this project. We are in a good state of readiness for that. A MOI for the new entity has already been agreed to by the stakeholders, and is ready to be implemented. The entity will be in the position to immediately commence the business of the new initiative and start the RFP process, resourcing, and contractual commitments of all stakeholders. A small skeleton staff has been retained by SAARF to see us to this point. Skills key to the future needs of the new Foundation will be retained, and new fit for purpose skills and talent will be recruited to ensure the professional management of the supplier process and all stakeholder delivery. So, YES, we are ready and able to work in a lean but fit for purpose manner without any delays.

Question: What is the minimum number of subscribers needed to make this new research happen?

Answer: Because subscriptions are based on the only proven equitable and sustainable model in worldwide practice – namely fees calibrated in ratio to a subscriber's ad spend – the minimum number of subscribers needed to make this initiative viable will depend on the size and the mix of those that show interest. To get to a breakeven point on the projected or estimated costs of the initiative may require a minimum of somewhere between 60 and 90 subscribers, dependent on the mix of ad spend in that group. On the one hand that's quite a big number, and means that we really NEED all serious marketers to participate. But on the other hand, it's only around 30% of the top 250 marketers in the country, and we firmly believe that any marketer in the top 250 who doesn't subscribe probably needs some serious career counselling. 😊 So, to answer the question: we want at least 75 initial subscribers to indicate their commitment in principle within the next 4 weeks. When we reach that sort of number we will be able to make the GO decision the industry needs.

Question: "What happens if not enough marketers subscribe to this proposed new research currency?"

Answer: The simple and sad answer is that nothing will happen. Marketers will have to find their own solutions to their research needs. We won't benefit from a common industry currency that will enable us to benchmark our products and brands. We won't benefit from the economies of scale that this industry initiative gives us, and we'll thus each pay a premium for what research we can afford to commission for ourselves. We won't have access to any broad industry wide independent research. Our media agency's planning will

thus be less rigorous, less predictable, and less accountable than it could be. Our own product development and category understanding will be more expensive, and dependent on siloed and unbenchmarked data. We'll have gone many steps backwards, and we'll only have ourselves to blame! And, after a year or two, we'll all wake up to the painful reality that we turned away from, and let a game changing opportunity, pass us by! For the sake of a meagre 0,5% or less of our ad spend, we will have forsaken value way in excess of a cost that can easily be recovered in media efficiencies, tougher rate card negotiation with media owners, and marketing plan based on deeper consumer knowledge. If the minimum number of required subscribers cannot be reached, we'd say that marketers were asleep at the wheel!

Question: How will the pricing of the research work if the number of subscribers significantly exceeds the minimum number needed to make it happen?

Answer: This is an initiative *for marketers*, which will be *funded by marketers*, and thus must be governed by, and accountable to, those marketers. It is of course essential that our supply-side partners in the form of our media and advertising agencies are with us in ensuring that this initiative is robust, fit for purpose, and indeed based on both best practice and evolving and transforming consumer and research trends. Which is why this is a joint initiative between these industry bodies. It is a non-profit initiative solely for the benefit of its members and subscribers. The new Marketing Research Foundation will thus put in place governance principles and processes, and indeed contractual commitments, that make it directly accountable to its subscribers, and which allow those subscribers to be consulted on, and involved in, all strategic matters relating to their participation. This will obviously include the application of and accountability for the funding of the initiative. So, to answer the question: the more subscribers, the cheaper the cost to all. This could happen as follows: a pro rata rebate or a cost reduction to each subscriber based on subscription revenue in relation to fixed cost. Or, the option of adding to the scope and robustness of the study. Or a combination of both. And those decisions will be the product of a contractually agreed process that all subscribers will be able to participate in. The obvious bottom line however is: the more marketers participate and subscribe, the lower the cost will be for everyone.

Question: Why has it taken so long to reach the point where there is finally a proposal to the industry?

Answer: The realisation of just what a hole the loss of AMPS has created has taken a while to hit home. It's been a full year now since the last AMPS report, and we are now finally staring the reality of that loss in the face: the cliché that you don't know what you had until you've lost it! Increasingly, our media agencies are operating from a disadvantaged space. AMPS gave us a segmentation tool. It gave us a wealth of brand, product and category information. It gave us imperfect, but way better than nothing, info about consumer's intermedia usage. And it also gave us insight into consumer attitudes. Smart planners could distinguish trends and use these in their planning. Getting to the point of presenting a proposal to the industry had to be a fully consultative process. If there was no appetite in the market for this initiative, it would be a waste of everyone's time to pursue a solution. But that appetite was slow to reveal itself. The SAARF Board could easily have caved in and

resolved to shut shop many times in the last two years. But it stuck to its purpose and mission, and has gotten us to this watershed where marketers can now fully understand what they have lost, what is being proposed to replace that, and what the consequences will be for them and their agencies if they choose to participate or not.

Question: Will the new research embrace the latest research techniques and platforms, or will it simply be a replication of the methodologies of AMPS?

Answer: Any new industry reach must be at the cutting edge of new and best practice. There is no value whatsoever in staying stuck in convention. All constructive criticism levelled at the old SAARF has been taken on board, and the new entity will reflect the transformation our industry needs. The new research currency will be a full professional assimilation of the very best and most contemporary methodologies and practices, applied in a model tailored for the specific objectives of this new study and future currency. There has been some valid criticism of the last years of AMPS – and also a lot of totally disingenuous and inaccurate criticism of a currency that served marketers and their agencies very well until the end – but that is all water down the river now. There is no point in embarking on this new initiative if it is not cutting edge, totally in tune with latest and best practice, and fully fit for its purpose and within the economics of what is fit and right. So, all subscribers should be assured that we will deliver a product that is a combination of the best of the old and the very best of the new.

Question: What guarantees will subscribers have that the research will be conducted in the most efficient and cost effective manner possible, and that the subscription fees will be used only for this purpose?

Answer: Everything that is being tabled and proposed here is being done for marketers, their companies and brands, and the marketing industry. There is no other purpose or agenda. If marketers don't want this, it won't happen. If marketers have better suggestions as to the what's or how's of this research proposal, we will listen and adapt. Nothing can or will happen without marketer buy in and subscription. We thus give all subscribers the undertaking that they will enter into a legal agreement with the Marketing Research Foundation that will not only guarantee full delivery of the service they subscribe to, but also give them participation rights in the monitoring and management of the delivery of this service. Obviously, part of this will be entrusted to the stakeholder groups that will represent their interests at this level – MA(SA), the AMF and the ACA, but the contract will give subscribers a direct voice in the management of The Marketing Research Foundation's delivery. Subscribers will have participation rights, and will be constantly engaged in the delivery of this new industry research currency.

Question: Wouldn't it still be easier and more effective to work with the structures that the BRC has set up rather than starting from scratch?

Answer: We're certainly not starting from scratch – SAARF has a long and internationally recognised track record and delivered a world-class product for over 30 years. That said, we are transforming and revitalising SAARF into a new entity with a new vision, new talent and a *consumer and market orientation*. Marketers need independent, neutral, transparent,

audited consumer focused product, brand, and media consumption research – not media focused research – and they need it to be done by an organisation driven by their needs and strategic priorities. This proposed research will give us all a common integrated view of the market with a strong intermedia orientation, and a powerful marketing orientation.

Question: Given that this is a subscription model. How will you manage or ‘police’ the confidentiality of the data and ensure that it is not given to non-subscribers?

Answer: There is no perfect practice here. When we push GO, the new SAARF – the Marketing Research Foundation – will need to do a few things. The first is to ensure that its legal contracts and commitments are all fit for purpose and protect all the subscribers and stakeholders. Then, it will be incumbent on all stakeholders to uphold not only the letter of those agreements, but much more importantly the spirit of it. This is a values and integrity thing, and we all need to show moral leadership and ethical compliance with the agreements we will enter into. We accept that the media agencies will be the point of vulnerability here. They will have access to the data on behalf of clients who have subscribed, and will also have clients who have not subscribed. So, the Media Agencies, more than any other stakeholder, are key to the integrity of the Marketing Research Foundation’s data accessibility. The AMF has pledged that its members will honour both the spirit and the legal requirements of the contracts that will be entered into. They will be not only be legally liable for breach of contract, but will also be named and shamed by both the Marketing Research Foundation and MA(SA), with consequent implications for their reputations and business prospects. It’s important that the legal part of the agreements that marketers and their agencies will enter into with the new Marketing Research Foundation are tight and solid, and we will ensure that this the case. It will also learn as it goes and ensure that processes and practice keep pace with developments and deal with situations firmly, fairly, and appropriately.

Question: How long will the sign-up window be open for, and what happens when it closes?”

Answer: The shorter this window is, the sooner we will all have a bright new marketing research currency! So, now is the time to commit. We have set a goal for making the GO / NO GO decision. Our objective is the end of March. We need the minimum number of subscribers to have confirmed by then. Now is the time for action. And all that is required now is that you subscribe in principle. Your commitment at this stage will not be binding, but simply giving the MRF a mandate to proceed. So, by throwing your hat into the ring right now, you’re simply announcing that your company wants to being part of the solution. All the T’s and C’s will follow and will be subject your inputs and agreement. Right now, it’s your IN PRICIPLE sign-up that is needed by completing and submitting the Expression of Interest form.

Question: How will the final questions for the research be arrived at, and how will subscriber’s inputs and requests be accommodated?

Answer: The big part of the consultation with industry has taken place and we are clear on what is needed. Should we receive enough commitments, we will proceed to brief the

project into the Marketing Research Suppliers and call for proposals. Once these have been received and we are in a position to move to a specific contractual arrangement we will call a forum of the initial subscribers to engage on the proposed content of the study. It will be based on the attached proposal – that is the framework, and will be the core of the brief to the suppliers – but final approval and inputs will be managed with the stakeholders and subscribers.