

## **The New Frontier of Polling – What It Means for Global Marketing**

**American Australian Association  
The International Advertising Association, New York Chapter**

**Presented by  
Gary Morgan, Executive Chairman  
and Michele Levine, Chief Executive  
Roy Morgan Research Pty Ltd**

**The Harvard Club of New York City  
Monday, October 29, 2001**

In 1940, at the instigation of Sir Keith Murdoch (Rupert's father), my father, Roy Morgan, left Australia by ship for the USA to work with Dr George Gallup in Princeton and Young and Rubicam in New York. Attached is an article "An Armament for Democracy" published in The Melbourne Herald on Saturday, October 11, 1941 – sixty years ago. My father returned to Australia and introduced public opinion polling in Australia. His first poll was published in September 1941 in The Melbourne Herald. It covered the issue of "Equal Pay For Women" – then favoured by 60% of Australians.

Since then we have polled many issues.

For sixty years, with over 4 million interviews, more than 10 thousand focussed discussion groups and in-depth interviews, Roy Morgan Research has been studying Australia.

In 1951 when asked whether "women should be able to wear shorts in the street when not at holiday resorts" 49% of Australians approved, 47% were opposed. The question tells as much as the answer about society in 1951.

In September 1956 Australia's favourite Saturday evening leisure pursuits were: radio (26%), movies (19%); reading (17%); visiting (14%); cards (8%) and dancing (5%). The issues were about appropriate wear, appropriate behaviour, radio listening and movies, and early women's issues.

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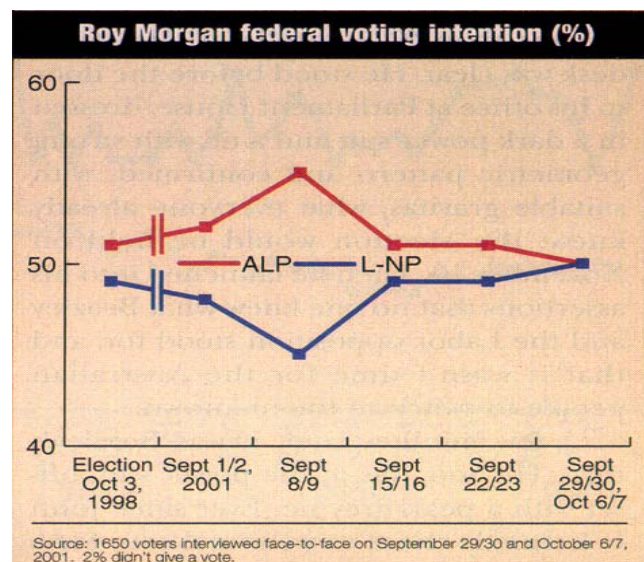
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On May 22, 2001, the night the current Howard L-NP Government brought down its budget, Michele Levine and I each made separate speeches in different parts of Australia saying, “Only a real leadership, or a crisis, can save the Howard Government”. We said, “We’re talking about a real crisis like a WAR!”

Since then Australia has had:

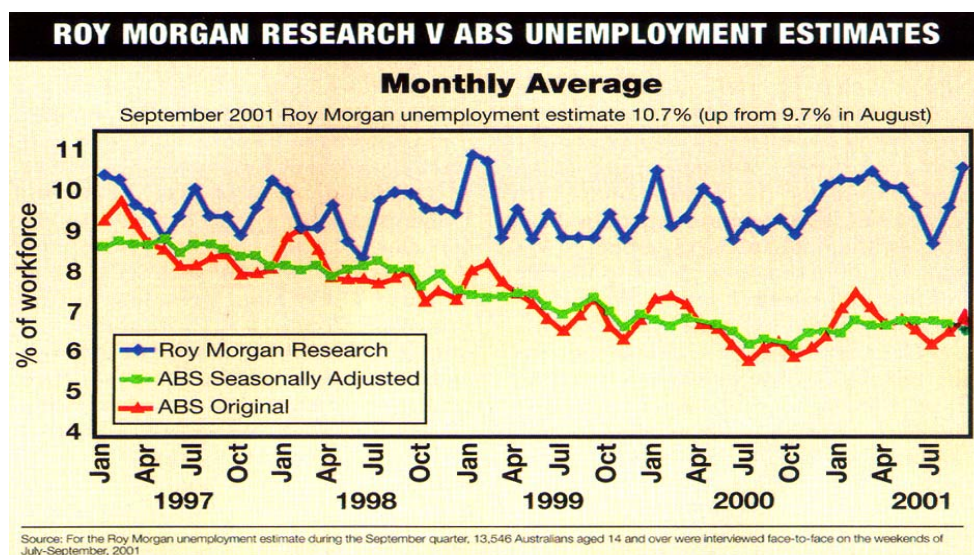
- Tampa boat people crisis
- Collapse of our second airline, Ansett, and the associated fallout in tourism and related industries
- Terrorist attacks on US, and the retaliation on Afghanistan – a WAR on terrorism

The election battle now looks close, and the Howard L-NP Government has a chance of being returned.



The sleepers in this election are “hidden unemployment” and the fall in consumer confidence.

We say “hidden unemployment” because in Australia the Government unemployment figures do not accurately represent real unemployment.



For September Roy Morgan Research estimates 10.7% of the workforce is seeking employment.

For the same month, the inaccurate Government statistical estimate (Australian Bureau of Statistics) puts unemployment at 6.7%, some 4.0 points lower than real unemployment. This is significantly UNDERESTIMATING the true number of Australians unemployed. For example, people who have had one hour's paid employment in a given week but who would accept full-time employment if offered it are classified by the official ABS figures as employed, even though they are, in reality, looking for work.

The impact of real unemployment is "felt" by people. Note it is not a dry statistic. When Ansett Airlines collapsed – one Australian in five knew someone who had worked for Ansett and lost their job.

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The Australian Roy Morgan Consumer Confidence Rating surveyed on September 15/16 showed consumer confidence was down 13.0 points (11.3%) from July to 102.3, rising marginally to 104 in October.

As an aside, on September 18/19 our US Roy Morgan Consumer Confidence Rating was down 18.5 points (13.7%) from July 2001 to 116.1. Our US and Australian falls in consumer confidence were published two weeks before other similar consumer confidence surveys – they showed similar percentage falls.

A Consumer Confidence Rating of less than 100 is generally considered fatal for the ruling party. (The November figure will be eagerly awaited.)

However, in troubled and uncertain times such as this, many of the traditional rules don't apply any more.

Why do we do it? Why do we survey people's views, opinions, intentions, etc?

A Ninemsn Internet poll taken on September 30, showed Labor support at only 26%, L-NP support at 49%, 11% support for Pauline Hanson's One Nation Party, 10% for Australian Democrats and 4% others.

Clearly the Ninemsn Internet poll was far from the truth.

The following Table 1 shows the relevant comparisons.

**Table 1: Voting Intention comparisons between four polls**

	<b>Roy Morgan (Face-to-face) n = 1,650 Sept 29/30 &amp; Oct 6/7 %</b>	<b>Ninemsn (Internet) Sunday Sept 30 %</b>	<b>Newspoll (Telephone) n = 1,722 Oct 5-7 %</b>	<b>AC Nielsen (Telephone) n = 2,509 Oct 9/10 %</b>
L-NP	43	49	50	49
ALP	39.5	26	35	34
One Nation	4	11	3	3
Australian Democrats	5.5	10	6	6
Green	4	4	3	3
Others	4		3	4
	100	100	100	100
Two party preferred				
L-NP	50	-	56.5	55
ALP	50	-	43.5	45

Accurate political information is critical to democracy and to the creative process.

We believe accurate information matters. We are particularly concerned that Internet polls are becoming like the “Literary Digest” of the 21<sup>st</sup> Century. There is a scale of validity, truth, or accuracy. At one end, we have talkback radio, then Internet polls and phone-in polls (the now-defunct ‘Literary Digest’ equivalent), then well-constructed polls or surveys of cross-sections of real people.

Research is often used to stop things – just ask any “creative” person in an advertising agency – but it should be used to free up and support the innovation process.

For instance: in the field of stem cell research in Australia, critical to Professor Alan Trounson’s leading edge stem cell research is a legislative environment which allows the research to continue.

The Herald Sun, Wednesday, August 15, 2001 reported a “Phone in poll” on the question “*Should scientists be able to use spare embryos for medical research?*” showing 70.2% “no”, and 29.8% “yes”. A real show stopper!

Fortunately for Australia, the real facts are at hand. In fact most people in Australia approve of the controversial use of stem cells from human embryos in medical treatments, according to a special four country study by Roy Morgan International<sup>1</sup>. The study revealed most people in Australia (72%), New Zealand (66%), the US (63%), and UK (62%), approve of scientists using stem cells extracted from embryos to treat diseases such as Alzheimer's and cancer, plus spinal injuries.

This is in line with findings from Roy Morgan Research which have tracked Australians' views on IVF and related issues since the early 1980s.

No amount of analysis, interpretation, and new ways of thinking would help Australia, if as a result of phoney information the Government legislated against innovation.

As another example, Bill Gates would have been more confident, had he known how Americans really felt about Microsoft. A Roy Morgan International article, published in *The Bulletin*, cover date July 10, 2001, revealed "*Americans say no to Microsoft split*"<sup>2</sup>.

Our study on the Microsoft break-up, conducted prior to the US Court of Appeals on June 27 overturning the decision to split the company in two, found 45% of Americans surveyed said the software company should not be broken up, 33% said it should and 22% were undecided.

When asked whether they believed consumers had been disadvantaged by Microsoft's monopoly of the operating systems market, 50% said "no", 33% said "yes" and 17% couldn't say.

Another major part of our business is measurement of readership, television viewing, and radio listening. The people involved here in the USA were surprised when we told them this about their own country. (We didn't leave Australia to find the facts! We telephoned into the USA from Melbourne.)

Accurate media measurement is important as it is the currency which is used by advertisers, their agencies, and the publishers and broadcasters – and although this is an old game – there are still some real new tricks.

Let me take a recent example from an international paper we have prepared "*Single Source – For Increased Advertising Productivity In A Multimedia World*" to be presented at ARF Week of Workshops, October 29 - November 1, 2001, Chicago, USA<sup>3</sup>.

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<sup>1</sup> Roy Morgan International Press Releases, Article No. 17, "*Most Approve Use of Human Stem Cells*" <http://www.roymorgan.com/polls/2001/3421>

<sup>2</sup> Roy Morgan International Press Releases, Article No. 13, "*Americans say no to Microsoft split*" <http://www.roymorgan.com/international/pressreleases/2001/article13.html>

<sup>3</sup> Roy Morgan International Paper No. INT-2001 OC1 "*Single Source – For Increased Advertising Productivity In A Multimedia World*", to be presented at ARF Week of Workshops, Chicago, USA, Oct 29 – Nov 1, 2001. <http://www.roymorgan.com/international/pressreleases/2001/int-2001oc1>

This paper begins with the premise that the aim for any advertiser is to achieve increased advertising productivity by achieving more powerful impact at a lower cost.

It demonstrates theoretically and by real examples that the means to achieve increased advertising productivity is **single source** information and **multimedia scheduling** – until recently only available in Australia, now available in the USA, New Zealand and soon the UK. Single source requires that information is collected from each individual respondent on magazine and newspaper readership, television viewing, radio listening, Internet usage, demographics, attitudes, product and service usage, and preferences etc.

Current thinking would have us believe what we are doing is impossible. For instance:

*“New systems for advertising accountability need single source media and product purchase data”*

Erwin Ephron & Stuart Gray, “*Why We Cannot Afford To Measure Viewers*” presented at the ARF/ESOMAR Worldwide Electronic and Broadcast Audience Research Conference in Florida in May 2000.

*“.. the only way we can logically arrive at a total multi-media coverage and frequency that shows the all-important unique contribution of each media component is to use single source data...for political and methodological reasons this is an impossibility”*

Jim Kite, Director of Global Research for Universal McCann, in his June 2001 Admap paper “*Mixed-media campaigns: Can we fix it? Yes we can!*”

*“A single-source survey covering all relevant media from all relevant media categories together with psychographics and consumer behaviour for target group definition? No serious market researcher would even dare think about it.”*

Gerhard Franz, “*The future of multimedia research*” International Journal of Market Research Vol 42 Issue 4 Winter 2000, p 460

Roy Morgan Research has been conducting single source multimedia research for over a decade in Australia, some five years in New Zealand, and now in the USA and soon the UK.

The following Table 2 shows the cost savings achieved using the power of multimedia scheduling to create combined schedules<sup>4</sup>. It shows savings of up US\$8 million on a US\$27 million advertising campaign, while at the same time increasing the number of people reached in the right target audience by 41%.

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<sup>4</sup> Roy Morgan International Paper No. INT-2001 OC1 “*Single Source – For Increased Advertising Productivity In A Multimedia World*”, to be presented at ARF Week of Workshops, Chicago, USA, Oct 29 – Nov 1, 2001. <http://www.roymorgan.com/international/pressreleases/2001/int-2001oc1>

**Table 2: Costs, reach, and reach with 3+ frequency for several target audiences**

	<b>Target Audience people with life insurance</b>		
	<b>TV only</b>	<b>TV + Print</b>	<b>+/- Variance</b>
Total cost (\$)	\$2 mil	\$1.5 mil	-25%
Cost / '000 reached	\$3839	\$2079	-46%
% total reached	71%	95%	+34%
3+ reach	60%	86%	+43%
	<b>Target Audience heavy drinkers of imported beer</b>		
	<b>TV only</b>	<b>TV + Print</b>	<b>+/- Variance</b>
Total cost (\$)	\$31 mil	\$23 mil	-26%
Cost / '000 reached	\$2989	\$1579	-46%
% total reached	68%	95%	+40%
3+ reach	59%	87%	+47%
	<b>Target Audience people who intend to buy a DVD player</b>		
	<b>TV only</b>	<b>TV + Print</b>	<b>+/- Variance</b>
Total cost (\$)	\$28 mil	\$20.5 mil	-27%
Cost / '000 reached	\$2584	\$1384	-46%
% total reached	71%	96%	+35%
3+ reach	61%	89%	+46%
	<b>Target Audience women intending to purchase a small car</b>		
	<b>TV only</b>	<b>TV + Print</b>	<b>+/- Variance</b>
Total cost (\$)	\$27 mil	\$19 mil	-30%
Cost / '000 reached	\$4269	\$2143	-50%
% total reached	68%	96%	+41%
3+ reach	58%	88%	+52%

**Source:** Roy Morgan Single Source USA 2000

Examples like this abound in many industries in Australia. Yet we, in Australia, run the risk of keeping them secret and missing out on the global opportunities.

We, at Roy Morgan Research, have come to the conclusion that three things are crucial for any successful creative process:

- Information – the real facts!
- The ability to make sense of those facts (analysis, synthesis and interpretation); and
- New ways of thinking.

This belief drives our business – and has given us the courage to enter the lucrative but over-serviced US market.

The global market is a very parochial place. Let us look at information across countries to see some of the pitfalls for the unwary, and opportunities for those in the know.

Most of us know that we can not equate a US dollar to an Australian dollar – any Australian travelling in the USA does so at their peril.

Most also know that the US gallon is not the same as an Imperial gallon; a US ton is not the same as a tonne.

But how many organisations operating across different countries are unaware of the less obvious or less easily defined differences that can distort their perspective?

The following example is from the media market (most companies operating internationally make media decisions in countries outside their own)<sup>6</sup>.

If we look at the readers-per-copy of two well-known magazines in three markets – using the local readership currency – we would believe that magazines are “passed-on” to a lot more people in the USA and NZ than Australia. For instance, that an average copy of People is read by 9.8 people aged 18+ in the USA, and the same magazine (called Who in Australia and New Zealand) is read by 8.5 people aged 20+ in New Zealand, but only 4.3 people aged 18+ in Australia.

Similarly, an average copy of Reader’s Digest is read by 3.9 people aged 20+ in NZ, 3.4 people aged 18+ in the USA and only 2.4 people aged 18+ in Australia.

Similar differences are shown for Cosmopolitan, TIME and Newsweek (See Table 2 below).

**Table 3: Readership currency reader-per-copy estimates across countries**

<b>Magazine</b>	<b>Australia Roy Morgan (18+)</b>	<b>New Zealand Nielsen (20+)</b>	<b>USA MRI (18+)</b>
People / Who*	4.3	8.5	9.8
Reader’s Digest	2.4	3.9	3.4
Cosmopolitan	3.0	n/a	6.1
TIME	3.4	5.7	5.1
Newsweek/Bulletin <sup>+</sup>	4.0	n/a	6.1

\* In Australia and New Zealand, People is Who

<sup>+</sup> In Australia, Newsweek is included in The Bulletin

However, the next Table 4 shows that when Roy Morgan Research applies the same measurement methodology across the different countries, the differences all but disappear.

People (or Who) has readers-per-copy aged 18 and over of 4.3 in Australia, 4.7 in New Zealand, and 4.4 in the USA; and Reader’s Digest has readers-per-copy of 2.4, 2.5 and 2.9 respectively. TIME has readers-per-copy aged 18 and over at 3.4 in Australia, 3.7 in New Zealand and 4.3 in the USA. A similar pattern of results is shown for Newsweek with slightly higher readers-per-copy in the USA (5.1) than Australia (4.0).

In other words, when we apply consistent proven methodology to different markets comparing the same magazines, we discover that they attract very similar readers-per-copy despite the marketplace differences. Common sense would say this is correct.

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<sup>6</sup> Roy Morgan International Paper by Gary Morgan and Michele Levine, “*Pitfalls of International Market Measurement*”, updated April 2001 <http://www.roymorgan.com/papers/2000/2000DE2.html>



**Table 4: Roy Morgan Research readers-per-copy (18+) estimates across countries**

Magazine	Australia (18+)	New Zealand (18+)	USA <sup>#</sup> (18+)
People / Who*	4.3	4.7	4.4
Reader's Digest	2.4	2.5	2.9
Cosmopolitan	3.0	3.5	3.4
TIME	3.4	3.7	4.3
Newsweek/Bulletin <sup>+</sup>	4.0	Not published	5.1

\* In Australia and New Zealand, People is Who

<sup>+</sup> In Australia, Newsweek is included in The Bulletin

Readers-per-copy estimates calculated as: 
$$\frac{\text{Average issue readership}}{\text{Published audited circulation figures}}$$

**Source:**

Australia: Roy Morgan Research Jan-Dec 2000, 49,589 (18+)  
Circulation: Jul-Dec 2000  
New Zealand: Roy Morgan Research Jan-Dec 2000, 14,454 (18+)  
Nielsen Jul 99-Jun 00, 11,097 (15+), 10,299 (20+)  
Circulation: Jul-Dec 2000  
United States: Roy Morgan Research Jul-Nov 2000, 5,238 (18+)  
MRI Fall 2000 Circulation: Jul-Dec 2000

The reasons for the differences between Roy Morgan Research estimates and those of Nielsen and MRI are the subject of other papers, but are primarily due to replicated reading using the recency method and questionnaire confusion.

In conclusion: The critical point for anyone wanting to understand their industry across markets is that there are traps for the unwary in just taking local measures at face value, and drawing conclusions outside the local arena.

By the way, interestingly, Americans and Australians share some things in common. The most popular male personalities on Australian and American television are both hosts of *Who Wants to be a Millionaire?*<sup>7</sup>.

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<sup>7</sup> Roy Morgan International Press Releases, Article No. 21 "*Who Wants To Be Most Popular On TV?*"  
<http://www.roymorgan.com/international/pressreleases/2001/article21.html>

MELBOURNE, SAT., OCT. 11, 1941

## AN ARMAMENT FOR DEMOCRACY

TODAY The Herald publishes the results of the third Australian public opinion poll, indicating that when the poll was taken in late September there was an overwhelming preponderance of opinion in favor of all-party government, even among Labor voters. These polls, conducted according to the methods devised by Dr. George Gallup, of Princeton (U.S.A.), are no mere hit-and-miss straw votes, discredited by their proved futility. The classic example of the straw vote is the notorious Literary Digest poll of 1936, which indicated an impending defeat of President Roosevelt on the eve of an election in which he was returned by an overwhelming majority. Dr. Gallup's long experience of testing public opinion has enabled him to plan his method so carefully that it is demonstrably an accurate expression of a representative cross-section of public opinion. Admittedly, it is not a large cross-section; but it is basic to the Gallup method that people of all circumstances must be interviewed in the proportions in which they exist in the community. Thus they reflect pretty sensitively the tone of the community as a whole. The organisation of the poll has a statistical basis; and while a straw vote may be cast through the post, the personal interview, with its manifest advantages, is essential to the Gallup poll.

But granted the accuracy of the data elicited, what is their value? It cannot be claimed that the opinions expressed are invariably right or wise. They may often be conspicuously wrong or foolish. The value of these polls is simply that if they are carefully conducted upon the basis described, they reveal the trend of public opinion.

If taken periodically, they measure changes in that trend: and wherever and whenever taken, they show how far public opinion is astray and how far it has to be directed and instructed and guided and strengthened. That is surely a notable public service. An instructed public opinion is the surest guarantee of security and social justice: it is the one source of intelligent political activity. Wisely used, these polls should be correctives of sluggish thinking, torpid imagination and lethargic public opinion. They can, indeed, be employed to arm democracy.

Nor is this the only public service to be rendered. Thoughtful people everywhere are, with reason, concerned about the future of democracy. They realise that if it is to survive, it must be made more workable as an expression of the popular will. The people may focus the issues of a general election for themselves, but it is the politicians who make the issues and the politicians who interpret the vote according to their own preconceptions and prejudices. Most rational beings would regard the formation of a national government as an intelligent interpretation of a general election in which the parties were returned almost numerically equal. But no national government emerged from the general election of 1940 because half the politicians had other views and were in a position to give effect to them. The politicians and the party leaders make the party platforms, though the electors — especially that large section of them which belongs to no party — may know nothing of the platforms and care less. But upon the platforms largely depend the nominal issues: and in many a general election campaign for party purposes, the trivial is deliberately made to appear the important.

The survival of the democratic system depends, by common consent, upon the provision of means whereby public opinion may find expression in administration and legislation alike. These public opinion polls are a step toward the attainment of that objective, in that they can throw into higher relief the average man's view of the questions which plain men and women are discussing. When the politicians find public opinion thus clearly and cogently and consistently expressed, they may be relied upon to heed it.

The politician of good will, who is eager to know what his constituents are thinking, may find in these tests of public opinion both strength and guidance. The politician who responds too often to the machinations of what the Americans know motives are essentially selfish and sectional, will listen no less in as "pressure groups," whose tentacles to the voice of the people at large, because it is part of his nature to have his ear to the ground.

One explanation of the plight of the world today is that the democracies have been shockingly uninformed. Because they have been uninformed, they have been almost fatally complacent. To keep democracy, to develop it, to build its foundations deep in justice, we must arm it with information.