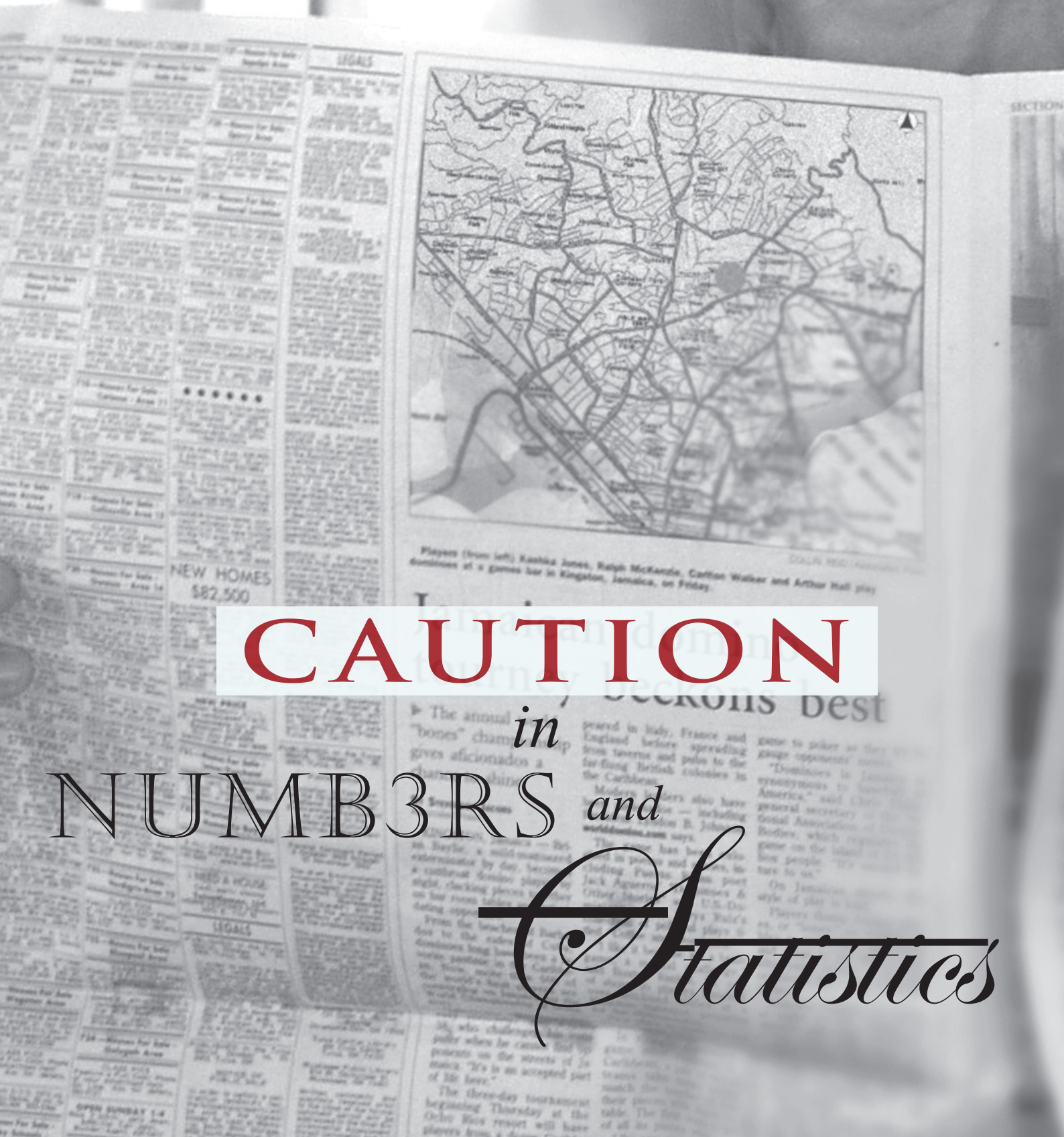




INTELLIGENT
INSIGHTS
INTERNATIONAL

Psst! Listen here. Numbers don't always tell the truth!



CAUTION

NUMB3RS *in* and

Statistics

Market or consultancy reports are always flooded with numbers and statistics. These statistics intimidate the numerically challenged readers, often due to their fear developed from high school math classes. However, to avoid such numbers in any survey-based research and consultancy reports is impossible, let alone in newspapers. Statistics and numbers are a part of how we decide on the decisions that we take and make. We analyze tradeoffs and alternatives and consequences of our decisions with it.

Numbers, What do they mean?

Prior to that, one needs to know how to interpret the numbers. It is inherently the meaning of those numbers to the decision maker rather than the number itself that is important. Knowing that an average height of a person is 1.76m tall does not mean anything if one does not know his or her own height. Comparison can be made by knowing one's height and when translated will indicate that a person is considered tall or short in that community. The same goes for other indicators such as survival rate of a patient, income, intelligent quotient (IQ), etc. The second issue about making comparison is that one needs to be certain about the context of the research. Claiming one's height of 1.76m as tall in Vietnam is different from making that statement in Holland. Also, those who earn in pound sterling can not be compared in terms of "richness" directly with one in rupees, regardless when the amounts are equal after monetary conversion. In this instance, the purchasing power is vastly different between the two countries, despite the amount being equal.

Representativeness of Sample

When interpreting the results of the data, one should also ensure that the data covers a reasonable sample. There are some articles which are out to make a huge case or claim without having a representative sample. A note of caution here is that size of the sample does not mean achieving a representative sample. Some data portrayed in advertisements and promotional materials deliberately use statistics in this fashion. If you read materials that say, "majority of the people prefer our products and find it healthier", the reader should question who the majority is. The sample might be made up of only 10 people. If it is a large number, the reader should question whether the samples were taken from their yet to be clients or those who are currently consuming their products. Recently in Malaysia, a local Chinese daily sought compensation from an international consulting firm due to the misrepresentation of the former's readership rate. According to the daily, they were negatively affected by the report, which caused their actual demand to dwindle due to the wrongly projected estimated figure. Apparently, the global consulting firm had estimated the figures from Chinese who do not read in their native language and are mostly English daily readers, which are widespread in Malaysia.

Deliberate spin doctoring by using numbers

The third and most important issue for any readers to question is, "who is funding the research?". No client would be making the results of the "independent survey" known if it does not favor the company. As an illustration, a car manufacturer has been plagued with issues of quality and supplier unreliability. They had been making a series of investment mishaps and were picked out by an international magazine to be one of the worst car producers. Yet, an international consulting company had provided their "thumbs-up" to this car company and their statistics were projected in an advertorial space in the local dailies. However, such use of numbers by the car company to spin-doctor the nation into perceiving that its cars are of high quality is an ineffective strategy. Ultimately, it was proven that a desperate advertisement effort of this sort

did not prevent market share to dwindle for its car market. It resulted in political figures squabbling and pointing fingers at each other over the cause of the non-competitiveness of the national car without investigating the assignable causes of their problems. Perhaps, they realized their mistakes while sweeping them under the carpet for far too long. A sudden reactive need to search for a solution end in numbers masqueraded to project confidence towards the public.

Numbers and Statistics in Commercials

Another equally intentional attempt to mislead the public indicates making statements such as "it has been tested in our labs and many have proven that our products is the leading brand." While the soothing voice of the presenter reads over the copy, the video showcases elegant ladies donning fashionable librarian glasses and lab coats fiddling away with pipettes and beakers. Numbers would then accompany the advertisement, indicating the rate of improved skin condition over interim period. Advertisements of this kind appeal to the masses and hope to cash in on view- cheap use of numbers. Portion is expected to appear of the masses— so it seems. similar features include cola their drinks to be superior lenge for example. Two cups without labels denoting their to drink from both cups and they desire best. Later, the brand of their cola and as brand of the advertisement. that accompany the whole cent of the people prefer our pled, it remains unknown. viewer would be immedi- and know that a minimum get that percentage is 13, this brand. Immediately, he is no actual market research involved but the ad merely intends to sway the viewers. A sample of 13 for such a challenge would probably require a maximum of an hour and located in the same area. It does not represent cola drinkers throughout the country and definitely remains as purely a marketing gimmick.



In short, numbers and statistics should be interpreted with cautioned after: 1) verifying whether the samples taken were representative of the larger population. This includes the size of the sample. 2) ensuring the validity and reliability of the measures. This includes observing whether the measures, statistics and numbers can be directly comparable when in different context. Therefore, when reading any articles or viewing any commercials, one should be aware of how the author links his/her interpretation of the numbers and what implications that were derived from them. This should be achieved in tandem with the awareness of the source that is funding the survey. □



© Intelligent Insights International 2006.
All rights reserved.

Intelligent Insights International (III) is a global consulting practice specializing in business management. We believe that managing is truly an art encompassing a wide range of disciplines unrestricted across all industries. However more often than not, managing becomes an arduous task with numerous problems arising. Here at III, we want to help you to remove those obstacles and present to you a clearer road ahead. Using our expertise in research and analysis, we generate a wealth of innovative ideas that will serve to solve your business needs but above all, impact your firm's performance. For more information on how our expertise can serve your firm, visit our website at www.i-insights.com.