Andrew Ehrenberg, who died in 2010, was described by advertising guru David Ogilvy as “one of the best brains in marketing”. A research institute at the University of South Australia, the Ehrenberg-Bass Institute, with 50 researchers and several dozen global corporate sponsors, is largely based on Ehrenberg’s work. Rory Sutherland, Vice Chairman of Ogilvy & Mather UK, has said that his work is “more important than ever”.

A German-born statistician, Ehrenberg set out to find scientific laws in marketing and buyer behaviour. Not everyone was happy with his approach. When he started in the mid-1950s, advertisers and marketers simply assumed that there were no regular patterns. Other widespread beliefs were that consumers were largely loyal to a single brand, that the role of advertising was to persuade them to switch brands, and that marketers had a choice between a ‘penetration’ strategy (with lots of buyers) and a ‘niche’ strategy (with a few very loyal buyers).

The science of shopping
Ehrenberg and his associates showed that these and other assumptions were incorrect. Using consumer panels, they found a number of patterns that, over time, have changed the way many practitioners think about consumer behaviour, marketing and advertising.

“Ehrenberg found clear patterns that were different to what marketers believed,” says Patrick Barwise, Emeritus Professor of Marketing, who joined London Business School in 1976 and worked closely with him. “He looked at data to find these so-called ‘empirical generalisations’ and then developed mathematical models that fitted them.”

The most famous of these was the Dirichlet model, which Ehrenberg used to make predictions about multi-brand buying behaviour. So if a company aimed to increase its market share from say 10 per cent to 12 per cent, the model accurately predicted how that would change the percentage of people who bought the brand over, say, three months; how many of these would buy it again in the next three months; what percentage of their total purchases of the product category this would represent; the average number of times they would buy the brand in a set time period (their ‘average purchase frequency’); and how many of them would also buy brand Y as well as brand X.

Overturning marketing ideas
Ehrenberg’s work challenged many beliefs. One was the idea – which still persists – of focusing marketing efforts on a small number of loyal customers to create a ‘niche’ brand within a broader product category. If successful, this would lead to the brand having a relatively low penetration (the percentage of consumers buying it at least once in a given time period) combined with relatively high average purchase frequency over the same period. In reality, Ehrenberg showed that this never happens. Instead, brands with low penetration suffer from the ‘law of double jeopardy’, with slightly lower average purchase frequency than the main brands.

“It’s quite difficult work,” says Barwise, “but many companies are finding it helpful in framing their decisions.” Ehrenberg himself put his ideas to work through his consultancy, Aske Research, with clients such as Unilever and J Walter Thompson.

Putting theory into action
Another company that’s put Ehrenberg’s ideas into practice is Caxton, a publisher of weekly local newspapers in South Africa led by Noel Coburn and his business partner Terry Moolman. Caxton’s main revenue comes from advertising, but it faced a market dominated by large regional dailies and advertisers who were used to highly targeted media like magazines and radio stations. Caxton commissioned studies of how shoppers used retailers in each local area, to try to boost advertising. Sales of advertising space grew steadily but didn’t challenge the big regional daily papers.

In 2000, Caxton started using Ehrenberg’s findings in its sales presentations. It told retailers that their customers weren’t as loyal as they thought and that to concentrate on just the few high-spending ones was a recipe for brand death. It said they should aim to reach everyone who used their type of product.

“Using Ehrenberg’s data, we showed that you had to get broad reach for your marketing and that our papers were the way to do it,” says Coburn. Caxton backed up this message by hosting seminars featuring leading researchers from the Ehrenberg-Bass Institute. These seminars attracted audiences of up to 300 advertisers and prospects. Meanwhile Caxton’s advertising sales grew. The company now has 5,500 employees and is one of South Africa’s largest commercial printers and publishers.

A great thinker
Highly argumentative and author of half a dozen books and over 300 papers, Ehrenberg worked on many topics in addition to consumer behaviour. His influential model of advertising (Awareness-
Trial-Reinforcement) was perhaps the first to challenge the traditional view that adverts work by strong persuasion, long before the advent of ‘nudge’. He was also known for extensive work on television audience behaviour, data analysis and research methods, and simple ways of presenting data.

Ehrenberg was always suspicious of fake claims, which he called the Scientification Of Non-Knowledge, or SONK-ing. In a paper reflecting on his life’s work, he referred to his mother’s early influence on his thinking:

“As a young boy, my mother told me various funnies – all very brief but quite deep, as I recognized more fully only later. (She had always just let me think about them.) One introduced me to the typical correlation-is-causation conclusion of popular science (50 years later it was also told about Winston Churchill). She said she had had two great-uncles. One smoked two cigars every day and died at 83. The other never smoked in his life and died when he was two.”

Professor Andrew Ehrenberg was at London Business School from 1970 to 1993 where he was the Director of the Centre for Marketing and Communication.