

Robert Shaw and Carolyn White **Improving Marketing Accountability through Better Management of the Market Research Process**

Cranfield School of Management

Market research should have a great deal of potential for assisting managers who want to set goals and evaluate performance of marketing and customer-related activities. However, because of the low status, and apparent complexity surrounding both the research processes and the external MR industry as a whole, this potential is often overlooked or disregarded in practice. We develop a process model to explain the issues introduced during the lengthy journey from research survey data to management decision taking, and show how, in the broader context of management decision taking, improving the management of the market research process can result in better marketing accountability. The paper concludes with two interesting scenarios for the future direction of the MR industry, and some practical recommendations for client firms.

Introduction

It is becoming increasingly important for both managers and external analysts to understand how expenditure on marketing and customer related activities drives improvements in company performance. These budgets are significant areas of cost for most organisations, but it is often unclear whether the money is being spent wisely.

The pressure for marketing processes to become more accountable is growing. Firstly, financial analysts and investors are asking for more information to be disclosed on marketing performance, (Haigh, 1998). Secondly, managers outside the traditional marketing arena are requiring information to support, (Sheth and Sisodia, 1995), for example, service improvement programmes, sales channel developments, call centres, and information technology. Thirdly, human resource managers are being required to establish incentives schemes, employee performance reviews, and culture changes programmes, which reflect customer-related roles and goals, (Armstrong and Baron, 1998). Finally, increasing attention is being given by finance to non-financial measures of performance, (Kaplan and Norton, 1996), and the use of tools such as the balanced scorecard are becoming widespread in organisations.

The emergence of these new non-financial measurements will have a wide influence on businesses. It is therefore important that the information supplied by the measurement process is useful, and is seen by decision makers to be credible, (Shaw and Mazur, 1997; Shaw, 1999a). If the measurement process does not work well in practice, it is likely to fall into disuse, or be dismissed as

just another management fashion or academic fad.

The issue of marketing credibility as an issue for concern has already been noted by John Stubbs, Chief Executive of the Marketing Council, and one of the Marketing Metric's project sponsors. In reviewing the results of a 1997 Marketing Council study he comments, (Shaw, 1999a) "I was taken aback by just how little reputation marketing actually has among other functions... marketing and marketers are not respected by the people in their organisations for their contributions to business strategy, results, or internal communication. We often do not know what or who is good or bad at marketing; our measurements are not seen as credible; our highest qualifications are not seen to have compatible status with other professions."

This present paper reveals that market research (MR) processes in firms have a great deal of hidden potential for assisting managers who want to set goals and evaluate marketing performance. However, because of the low status, and apparent complexity surrounding both the research processes and the external MR industry as a whole, these opportunities are often overlooked or disregarded in practice.

The paper is structured around a process model (Figure 1), which emerged as a result of our research study. Through this model, our findings are reviewed in the broader context of management decision-taking, and we demonstrate how improving the management of MR processes could support the creation of better marketing metrics. The paper concludes with two interesting scenarios for the future direction of the MR industry, and some practical recommendations for client firms.

Challenges in Supplying Performance Measures

Supplying decision makers with useful and credible market information is challenging. At the outset, it has to be said that the outcome of many marketing and customer-related investments is, unfortunately, very difficult to predict even in theory, and even harder to evaluate in practice.

The challenges in the theoretical framework were noted by Bonoma & Clark (1998) as follows: "outputs are lagged, multivocal, and subject to so many influences that establishing cause-and-effects linkages is difficult." More recently a number of papers have reviewed the academic research in this area, (Ambler and Kokkinaki, 1997a; Srivastava, Shervani and Fahey, 1998; Ambler and Barwise, 1998) - revealing in the process, that the topic is not yet a major focus for academic investigation. Ambler and Kokkinaki reviewed the frequency of occurrence of marketing output measures in over one thousand articles in six academic journals. They found that only 11.5% out of the articles dealt with marketing performance, and the top three measures noted were sales and sales growth (47% of articles), market share (36% of articles) and profit contribution (23% of articles).

Ambler also noted the lack of precision in the terminology used to describe marketing performance, and he proposes the adoption of the word 'metric' to

mean a top-level 'measure of marketing performance', and 'diagnostic' as a term for explaining variances in metrics. A 'metric', according to Ambler, should be '*precise, consistent from time to time, and place to place; sufficient (ie comprehensive), synchronised with the firm's objectives, and necessary*', (Ambler, 1998). In our conclusions, (in Table 1), we have included these attributes in our audit of the marketing industry's current ability to produce reliable marketing metrics.

Practical issues about how to use goal setting tools, and evaluation techniques to improve performance have received even less attention. In particular the following questions have not been addressed to any significant degree:

- What processes are used to supply such performance measures? Does the nature of the process contribute significantly to a measures' usefulness and credibility?
- How many organisations use performance measures which are precise, consistent from time to time and place to place, sufficient, i.e. comprehensive, synchronised with the firm's objectives, or necessary?
- Who uses such measures: senior management, middle management, all levels in the organisation? How do the measures used at different levels relate to each other?
- What formal decision-making processes do organisations adopt to maximise the efficiency of performance measurement? How does the process of utilising marketing measurements align with other performance management processes (for example, financial and personnel performance management)? What can be done to avoid such processes declining into bureaucratic routines?

Three studies by one of the present authors, (Shaw, 1997, Shaw, 1999a, Shaw, 1999) have started to explore these issues. The papers are based on over 30 case studies of actual organisations' use of marketing performance measurements, and a quantitative survey of the use of measurement tools in 131 organisations. The present study represents a further exploration of these issues.

Key Findings

The research described here involved interviewing a cross section of MR suppliers to understand their role in supplying metrics. The research method is described in Appendix 1. We concluded from our interviews that a number of outstanding questions remain about the practical realities of transforming MR data into usable metrics. Table 1 draws together some important findings from the study so far.

Table 1. Lessons from the MR study

Metrics: Does the MR industry actively provide metrics for companies and their marketing departments ?	No. The MR industry provides survey summaries, from which metrics are sometimes processed. It is rare for the MR company to become involved in metrics production.
Precise: Does the MR industry have good quality controls which ensure the precision of its information?	No. Basic interviewing standards exist to control the quality of data gathering. However, controls for other steps in the process are ad-hoc or absent (despite a number of industry initiatives).
Consistent: Does the MR industry have the standards needed to create consistency across data sources required for "metrics" ?	No. Fragmentation of the industry makes it difficult to ensure consistency.
Sufficient: Can one MR firm supply all the needs of a client ?	Rare. Most metrics have to be assembled from multiple MR firms, due to the MR industry fragmentation.
Necessary: Does MR focus just on the data necessary for performance management ?	Rare. Most MR surveys provide far more data than is absolutely necessary.
Methods: Are MR firms who provide "continuous research" the most relevant for clients who want to produce "metrics" ?	Not always. Often ad hoc research that produces results on a periodic basis is just as useful.
Process: Can process issues be ignored when considering metrics ?	No. Process has an important impact on very many aspects of metrics, not least their credibility.
Knowledge: Do MR firms know what factors are important to measure to evaluate marketing performance ?	Rarely. Most MR managers do not have strong opinions (or any) on what constitutes good performance.
Self-knowledge: Does the MR industry know what it provides ?	Yes. But its focus is almost entirely on survey methods.

The Market Research Process

These key findings could be interpreted in terms of shortcomings or incompetence of those involved with market research. Ambler has commented that, (Ambler, 1996) "Professional marketers accumulate research like badges on a boy scout...If you have internal market research professionals, sack them." Likewise, McDonald comments of the marketing research process that, (McDonald, 1992) "without some purpose in mind, some marketing problem to solve, information is not much use either. Indeed research has shown that one of the biggest problems facing management today is a surplus of data and information, rather than too little."

Yet we believe that the undoubted shortcomings highlighted in our key findings are more a reflection of the process by which market research is typically turned into usable metrics, than the individual competence of the individuals concerned. Mismatches between the goals of managers in companies seeking to maximise marketing performance, the aims of the market research industry seeking to maximise revenue and the aims of client market research managers seeking to minimise cost, all contribute to the problems.

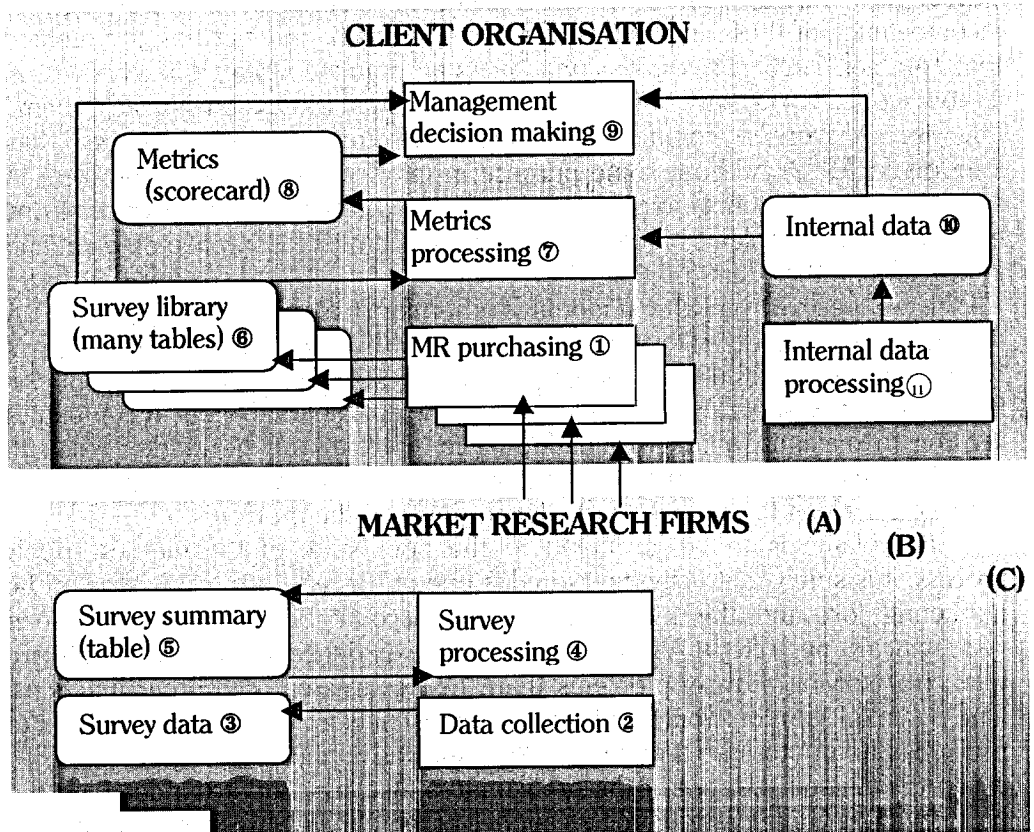
If any blame is to be attributed to the poor state of the metrics supply process, it is surely that being measured is one of the least attractive parts of the marketing job, and the measurement and accountability process has been systematically neglected. Also, in the authors' experience, marketing people are weaker at solving process problems than their counterparts in other functions. One potential solution would be to take responsibility for MR out of the hands of marketing and put it into another function, such as finance.

To understand the root of the problem it is first necessary to understand the process. Figure 1 shows a process model of how market research is typically turned into usable metrics. The lengthy journey from purchasing of data (step 1), surveying (steps 2-5), through creation of the metrics (steps 7 and 8) to management decisions (step 9), and the number of intervening processes, and individuals involved, who collate, manipulate, summarise and disseminate data is responsible for numerous problems, many of which are at the root of marketing accountability and credibility issues.

Fragmented Purchasing of Data

The first step on the client side is the purchasing of MR data from the MR firms themselves - Step 1. Historically the responsibility for obtaining market information has shifted uneasily between consumer marketing, trade marketing, sales and service functions. Often each function has developed its own market research programmes, independently of those of other functions.

Consistency of data often suffers as a consequence of this fragmented sourcing of MR data, and occasionally the situation is worsened by inter-departmental rivalry. The separation of purchasing functions can add significantly to inconsistencies between survey results. However, our research did pick up some evidence that more sophisticated companies were addressing this issue:

Figure 1 : Process by which MR Data is Incorporated into Metrics

'Clients are asking for more structured methodologies and a more global approach. A systematic approach to market research reduces the number of suppliers they have to deal with, the number of methodologies they have to understand, and the cost.'

'Some clients have 'market research managers' who are nothing more than buyers in of external research for different parts of their companies. This type of new market research manager sees the internal company unit as their 'client', and buy in external services for them on demand. They tend to know what they are buying.'

'There is an increased desire from companies to get value for money from their market research budgets. Also, because of trends towards integration within companies - eg between marketing departments and quality departments, who often did not liase in the past - they are now being forced to.'

Lack of Methodological Understanding by Clients

Precision and quality of data can be significantly affected by the client's skills and experience in defining the research brief. Among our study participants, there were some extremely divergent opinions about how knowledgeable clients were, ranging from MR agencies who thought that clients did not know what they were doing at all, to MR agencies who thought that clients were experienced and knew precisely what they were doing.

'Many companies have marketing departments without market researchers.'

'As demand has increased for market research, there has been the inevitable difficulty in getting good people to do it - on the client side as well as in the agencies. The downsizing and outsourcing of recent years has wiped out many market research departments in the client companies - and as a result the managers that are left often don't have the necessary experience.'

'Client research managers are often poor quality people, not bright enough to work out what the real business problem is. They are inevitably nervous and cautious, and afraid of getting their fingers burnt when things go wrong.'

'operational managers are generally sophisticated and know what they want.'

'Some clients are a lot more sophisticated than others. HQs are better than regional companies. There are a lot of PhDs in [the medical] business - clever and good at numbers, so sometimes get interested in their methodologies.'

'Some more experienced buyers are interested in their technological expertise. Most clients are not that interested.'

'Clients are more advanced in terms of their brief, but not interested in methodologies. We work in tandem with ad agencies who have more of an insight into methods used. Ad agencies tend to be more innovative than clients, and suggest things which filter back to the market research industry in terms of client requests.'

'By and large clients don't care about the methodologies, they just want results at as low a cost as possible.'

Multiple Research Firms Required for most Studies

Not only is the data commissioned by different people within firms, but multiple market research firms are normally required to provide all the data anyway (steps 2 and 3 in Figure 1). Generally speaking no one MR firm can provide a comprehensive range of services. For example, one MR firm may provide consumer behaviour panel data, another consumer awareness and

attitude surveys, yet another consumer satisfaction data. When trade marketing is involved, still more MR firms are likely to be needed to provide the full picture. Trade distribution is likely to be surveyed by one MR firm, trade satisfaction and attitudes from further sources. The economics of data collection can drive further fragmentation. For example, fieldwork is often outsourced to help reduce costs, but sometimes at the risk of compromising quality.

'Fieldwork is expensive and hard to justify. Clients are keen to make sure that you are not doing unnecessary work.'

'Fieldwork is so very expensive and maddening to organise. Unfortunately it is difficult to outsource, because of the problems of controlling quality.'

If the situation was not complicated enough already, there is also an increasing need to find research methodologies which work right across different global markets. Most MR firms can offer global technology for analysis and data exchange, but collection of data is another matter.

'Practically speaking, the logistics are awesome - not only technology issues, but cultures and legislative problems. Few agencies are truly global in this respect - often the key is finding partners in other countries to help do the work.'

Generally speaking, the MR industry is obsessed with data collection methods, and this is where much of the knowledge and expertise of MR firms resides. As a result, few firms had a comprehensive understanding of methods in use across the industry, or knew how their data might be integrated together with data from other firms. This was made very clear to us in trying to get respondents to complete our metrics questionnaire (see Appendix 3). The majority of respondents had only a limited perspective on the usefulness (or not) of the majority of measures listed, and most people who did complete it, did so only very partially, and with many caveats. Respondents also struggled with our question about the accountability pressures clients were facing, which might lead to new marketing metrics - it was not an area where they had ready answers, although we did sometimes receive more thoughtful responses by post sometime later.

They were, however, always able to classify and rank themselves within their data collection niche. Industry associations reinforce this perspective - most of the published data on the output of the MR industry is classified by survey capability (see Table 2).

Emergence of a Two-Tier MR Industry; Impact of Technology

In our interviews we found that the fragmentation and data consistency problems were primarily being addressed by a rush of mergers and acquisitions. This was leading to a two-tier industry, comprised of on the one hand, huge

data-gathering operations offering a range of branded and pre-packaged data and services, and on the other hand, by small, specialist companies who tended to offer more consultancy-style services.

Table 2 : Summary Data on UK MR Expenditure for 1996

Customer satisfaction research	10%
Other continuous research	
• Panels 14%	
• Omnibus 3%	
• Other 23%	
	40%
Ad hoc research	
• Quantitative 43%	
• Qualitative 7%	
	50%

Source: ESOMAR (1997)

One disenchanted respondent remarked that "the mainstream companies were 'running around like headless chickens', not sure of their own identity, what they are there for, or what their image should be, buying up each other right, left and centre in panic". Another said the industry was "turning into a sausage machine". But technology is often the key to better value for clients:

'Trade marketing measurement has been revolutionised by the use of technology - we used to do expensive and time-consuming in-store measurement, but now we can use virtual shopping and central location environments instead, and get better answers.'

Only the large companies or small specialist companies were surviving. The costs of technology for doing big studies are now perceived as too great for any except the large agencies. The main mid-sized casualties were the mainly operational agencies. However, many small firms were thriving just because they were specialised.

There are also an increasing number of customer database publishers (such as CACI and EXPERIAN), lifestyle data publishers, and telephone agencies and bureaux (none of which are listed or classified as MR firms), who are often perceived by clients as alternative sources of data about the market. Several of the study participants commented that these areas were significant and were growing rapidly. However, the amount of expenditure in these areas is not known.

Finally, there is competition arising from the a steady growth of firms catering for clients' desire to analyse both internally- and externally-sourced data themselves. Computerisation has had a major impact on data storage and retrieval capabilities, particularly in large organisations, and client expectations

are rising about the flexibility and cost effectiveness of owning their own data sources.

'The retailers are using EPOS to cut out the research agencies. They can do the data collection themselves now.'

Some experiences, however, are less positive. Certainly there has been much press publicity lately about the high failure rate of customer data warehouse projects.

Processing and Summarising Data

Survey processing (step 4 in Figure 1) is an area of specialist expertise in the industry. As with data collection, some survey processing is outsourced by MR firms to specialist statistical analysis firms. Modelling in particular has remained the realm of specialists, although it is also offered by a number of the larger firms. It is worth noting that, in contrast, many management consultancies treat it as a premium service line.

Survey summaries (step 5 in Figure 1) are the output of survey processing, and usually consist of books of tabulated data. Sometimes graphs and interpretative text are also provided. At times the survey summaries are also provided in computer readable data. MR firms see their role as providing complete data - often in the form of massive volumes of numeric tables - whereas best practice in metrics production tends to be to produce the minimum necessary.

This problem is compounded by the types of people who are typically attracted into this area of market research - on the whole, they have tended not to be the types who are interested in management careers. Traditionally their role has been to produce statistics and charts. Shared understanding between them and client management is often poor, and consequently their outputs, the survey summaries, are sometimes not effectively aligned with clients' strategic needs.

An MR Society Gold Medal-winning paper from the early 1970s (Home *et al.*, 1973) summed up the problem: "they sit on the fence too often, presenting the results unimaginatively, making meagre attempts to interpret them and rarely recommending a particular course of action. Too many researchers regard themselves as simply conveyers of facts, and leave it to others to take the responsibility of decision-taking."

Despite the best efforts of the MR industry associations, this issue has remained a topic of real concern in the decades since. The March 1999 MRS conference, for example, had a paper entitled 'Are we meeting client's needs?', and listed its goal as 'to review what agencies must do to meet increasing demands for actionable data and top quality client service'.

Management consultancies have become active in this area as a result. Their ability to relate data analysis to management issues, and present it in a

compelling format, has made them formidable competitors for MR firms. In some cases alliances have been developing. For example, McKinsey & Co are reported to have collaborated with Research International on a number of occasions, with RI providing the data collection capabilities and McKinsey doing the survey analysis and interpretation. Monitor has a specific affiliate company 'Strategic Market Research', which specialises in bridging the gap between marketing strategy and market research.

Most MR study participants indicated that the provision of consultancy services was not a top priority for them, despite an obvious desire from clients for more interpretation and analysis.

'Clients are asking research firms to provide much more added-value interpretation and analysis, including commentary from industry experts. Clients are looking for something better from their market research agencies - new techniques, new ideas, and above all, support. They are looking for solutions and specific strategic recommendations. They are also expecting agencies to work in teams with advertising agencies and sometimes management consultants.'

'Clients are pinpointing problems more accurately, and want the market research industry to contribute more effectively to decision-making. They want better quality information, faster.'

Although this added-value perspective provides opportunities for research firms to offer new products and services, it also puts pressure on their budgets - they have to do more for the same money. Many firms have chosen not to go down this route, but to continue to provide their traditional services.

This attitude, together with the ready availability of powerful analytical software, and low cost processing, has resulted in a significant expansion in the number of clients who decide to do the analysis themselves, or who choose to use independent agents to analyse MR data on behalf of clients. Press coverage of these techniques is being fuelled by the IT industry, especially in areas such as datamining and datafusion, and their use by clients seems set to grow.

It may be a good route to take. The marketing mix is now so much more complex, and advertising and sales promotion so much more expensive, that it may be difficult for any outside firm to totally understand and deliver what is required. Clients now want much more specific information on how, why and where products are succeeding - actionable, provable data, with more specific reasons for variations in data results. They want this kind of detail on smaller and smaller brands, through ever more minority channels.

Overall, they are looking for a greater understanding of their total relationship with the consumer. However, such huge amounts of microdata can now be generated, that there is also a real need to prune it down to what matters and what does not.

Internal Processing of Purchased Data

After purchase, the finished MR surveys are usually accumulated in some form of internal library (step 6 in Figure 1), or reside in the departments which purchased them. The surveys are commonly photocopied and circulated to managers within the firm, who sometimes receive them on a regular basis, other times more ad hoc. As a result it is common for senior decision makers to receive much more data than is necessary to their needs, with no attempt being made to ensure consistency across data sources, or relevance for the recipient's own objectives. Because of this, senior management often become very irritated and dismissive of such information.

We did not encounter one instance where a research firm was responsible for selecting relevant information and distributing it to individual managers inside client firms. That job is most likely designated as a secretarial role within the client firm. This is unfortunate, as the participants in our study commented on clients' fast-changing attitude to research data, how it was collected and its relevance to their business:

'People are cutting back on continuous or regular survey work - or they are looking for cheaper ways of achieving the same results.'

'Old formulaic research is out the window - the routine survey of 100 housewives a week stuff - large generalist surveys have had to get a lot smarter, and this is a good thing. Increasingly, clients don't want the same approach, and are interested in new ways of taking a 'dip stick' approach to save money and time.'

'Clients are interested in tracking more fundamental things than previously - increasingly clients want to know what is in the black box. They are asking much cleverer questions, and are more innovative in what they want to do with the data. Market research companies need to be as good as the clients, or better, to get business beyond data collection.'

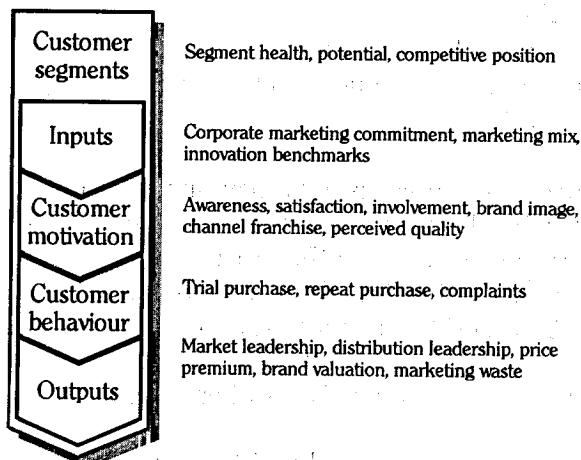
'Companies are interested in looking at best practice across a spread of industry sectors, not just their own. e.g. a utility might be interested to be compared with financial services.'

There is clearly an opportunity here for MIS managers to improve the distribution of data, perhaps as part of a company internal knowledge database or over the company intranet.

A significant part of the problem is that there is little shared understanding of how data from marketing measures 'fits together' to form a coherent picture of marketing activity (defined very broadly) across the client organisation. A new model, devised by one of the authors, (Shaw, 1999a), which showed how different metrics could be used to track different marketing inputs and outputs (see Figure 2), provoked a very interesting reaction from interviewees.

Whilst it was a new concept which had to be explained in detail on first presentation, most respondents reacted very positively once they understood its intent. It does appear that there is a great need to find a generally-accepted framework of some kind, to help non-specialists understand what really happens during the marketing process.

Figure 2 : An Input-Output Model of the Marketing Process



Turning Survey Results into Metrics

In organisations which do turn research data into usable metrics, considerable time and effort are likely to be required to convert the survey tables into metrics (step 7 in Figure 1). We have reviewed the literature on metrics and scorecards, and have been unable to ascertain how commonly organisations set up the infrastructure necessary to produce metrics. Although the authors are aware of a few examples of organisations who have established the necessary processes (for example, we understand that IDV established such an infrastructure), from the authors' own experience we do not believe that such processing is widespread.

David Norton, co-author of *The Balanced Scorecard*, (Kaplan and Norton, 1996) reports that in organisations which are using balanced scorecards, it is common for the scorecard data to be processed by strategic planners or the finance department. Norton commented that in over 100 cases of scorecard development he could not recall marketing as being involved. (Shaw, 1992)

A well-thought-through process is needed to turn survey results into metrics. Ambler notes, (Ambler, 1997b) that survey data is not often directly usable, and calculations are needed, because metrics "are usually, but not always ratios...examples include market share, relative price, share of voice, brand loyalty and penetration." He goes on to comment on the need for precision in metrics which is not always present in raw survey results: "The process of turning

measures into metrics requires them to be more precisely as well as more consistently defined."

One particularly important part of the process is summarisation - selecting a few key indicators from a mass of survey results. Surveys tend to track many indicators - 20 to 40 factors are not unusual - and the factors are highly specific. Respondents to our survey confirmed that the top four measures which clients were increasingly interested in were:

- brand equity
- customer satisfaction
- innovation and new product development
- service quality

Often, large masses of survey results may only turn out to support one or two indicators, probably because the survey was not initially designed for this purpose. This is the clients' fault: the process of turning MR surveys into metrics nearly always begins within the client organisations. MR firms could potentially help their clients to design surveys to support such metrics, but in practice most MR firms are not asked to contribute to this aspect of the brief. (To be fair, often because the metrics application is an afterthought, or secondary usage of the survey data).

However, our research identified a distinct dual interest of both MR firms and their clients in 'mega-metrics' - which pulled together all the elements of the marketing mix. What they were looking for were ways of describing 'in-depth' brand equity - the full range of value, not summary brand measures - one respondent described the measure they were interested in as "consumer equity", another as 'total co-ordination of communications'.

'Advertising and branding surveys are now often linked together, when they used to be separate - there is much more of a trend to look at things holistically and in probing customers total emotional relationship with brands.'

'All these new high-level measures are focused on tracking how all the elements of the marketing mix interact with each other, including touchy-feely activities such as PR, sponsorship etc.'

Where MR firms perhaps have most potential in providing advice is in the area of cause and effect - for example, under what circumstances does customer satisfaction influence loyalty? The extensive experience of the MR firms puts them in a good position to make suggestions.

'Most clients have found that simply measuring customer satisfaction is no longer enough. Customer satisfaction is really becoming customer loyalty and customer retention.'

There has been lots of well-intentioned customer satisfaction surveying going on, often running over 3-4 years, but the marketing people are now looking for a return from these surveys - need to quantify a financial benefit from doing it. The connecting link that they are looking for is improving customer relationship management. They are looking for measures that make sense in this context.'

'Absolute scores are only relatively useful - you need to know context, and find out what perceived quality really means to each customer.'

'Many research methods do not give good characterisation of consumer perceptions.'

'Brand equity work needs to be very flexible e.g. using awareness measures do not help if awareness is already high. What is important is meaningful variables. Brand image and brand share tracking are important and not the same thing as brand equity.'

Presentation of Marketing Metrics

The result of metrics-processing is the metrics themselves (step 8 in Figure 1). Surprisingly little is published about the physical form that metrics take in practice: are they single sheets of paper circulated to key managers? Or perhaps a brief information pack is circulated to the main Board? Or what exactly are they? Practices seem to differ from firm to firm, from the authors' own experience. The approach that we have encountered on a few occasions is for organisations to produce a slim document (one or two pages of data and trend graphs) for each major brand; minor brands rarely get reported in this way.

As noted above, the selection of measures that organisations use to measure their marketing performance was a subject with which MR managers expressed unfamiliarity. While some expressed an opinion on the theory of what should be measured, most clearly did not regularly look at their work from this perspective.

Management Decision Making Processes

Finally, the metrics information gets delivered to support management decision making (step 9 in Figure 1). Again, little is known about how frequently such metrics are delivered to decision makers, or how they use it to support their decision making. Most of the academic marketing theory assumes that information is a good thing, as long as there is not information overload.

It should be noted that there are also additional metrics supplied from internal sources (step 10 and 11 in Figure 1). For example, financial figures, sales revenues and volumes are all sourced internally. Also information from customer databases and customer relationship management systems are available to decision makers if they want them.

Financial information supplied to the Board in their routine financial reports (usually monthly and quarterly), usually bypasses any metrics processing, as indicated in Figure 1. The usage of other internally derived customer data (for example, win-loss data), is also not normally integrated with financial results.

What is unclear to the authors is whether or not any of this information ever gets integrated on a regular basis, or whether multiple information streams to decision-makers are the norm. Researching this issue lies at the heart of improving marketing accountability.

Future Scenarios for MR Firms

As this paper demonstrates, managers of MR firms have traditionally been most involved in the methods and economics of data collection, and had little involvement in the applications that clients make of their data. The situation is analogous with what happened in the IT industry in the, 1980s, when the large IT firms such as IBM and DEC lost touch with the way that clients were using their technology. The consequence of this was that the high margin applications market was taken over by software firms such as SAP and consulting firms such as Andersen Consulting.

For MR firms too, there is a threat that consultancy firms and IT firms will take over the metrics area. Already specialists such as Interbrand have made a significant showing, as well as established consultants like McKinsey. The intervention of agents who can integrate and interpret multiple information sources is of great significance to clients, especially for general managers who are not marketing specialists.

Two scenarios are possible: one where the consulting firm intervenes between MR firm and a client (see Figure 3); the other where an IT infrastructure intervenes (see Figure 4).

The Consultancy Approach

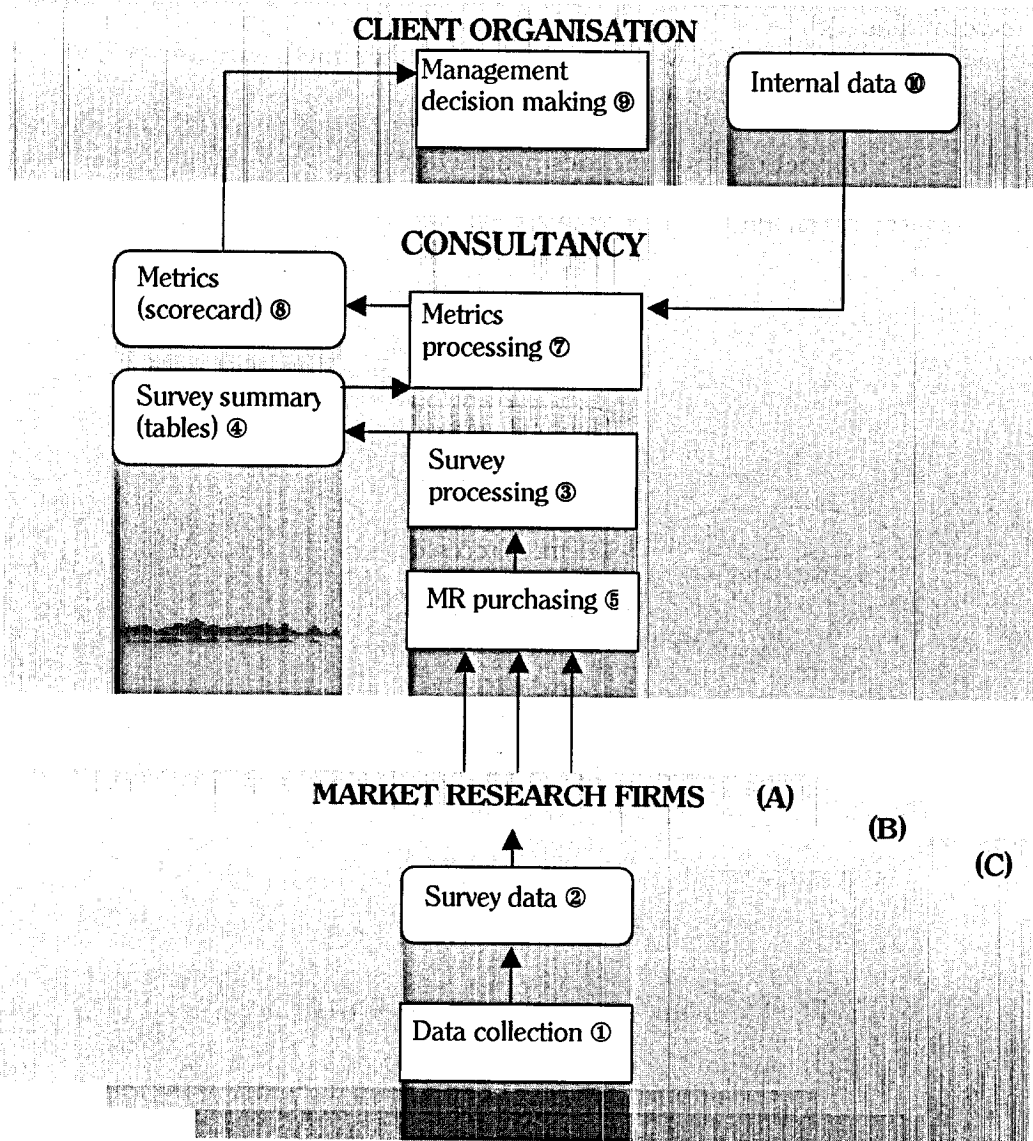
When consultancies become involved in metrics production, several changes may occur:

- First, the consultancy becomes responsible for the precision, consistency, sufficiency and necessity of the information, and also synchronises it with strategic initiatives. They achieve this by taking responsibility for the middle area of the process, where traditionally the problems have occurred.
- Second, consultants may process the survey data themselves. This potentially has the advantage of eliminating the inconsistencies that are often introduced when different research firms process different information items.
- Thirdly, the survey briefs are put on a consistent basis, ensuring that data is gathered in a consistent fashion.

Finally, adequate resources and skills will be allocated to processing the metrics

and communicating them to senior management.

Figure 3 – Impact of Consultancies on Metrics Production



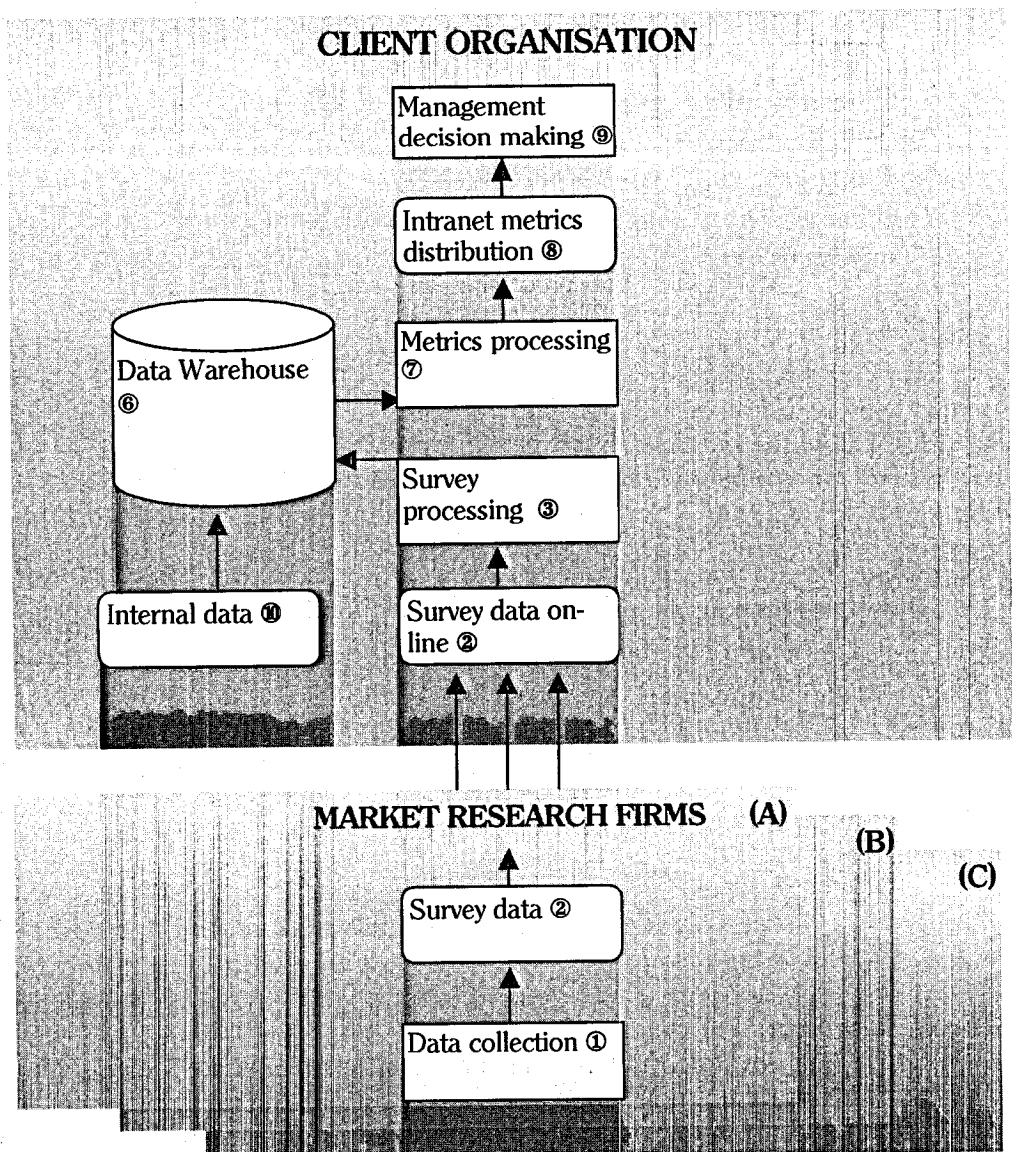
The IT Approach

When IT gets involved, as has happened in a few pioneering organisations, the impact can be even more dramatic. IT can cut out several steps out of the process, and speed up and automate many of the laborious clerical procedures. Also, the metrics can be delivered over an intranet, further speeding up response to managers needs. Several software packages are now available to do this,

including Gentia, Sapling and SAS. Also there are packages which can improve the processing of data, such as SPSS, SNAP and SAS.

Both scenarios offer significant opportunities for the innovative MR firm. Consultancy can be a high margin activity compared with most research, as it is perceived as high-value by clients. IT too is highly valued by clients. Yet the vast majority of MR firms that we interviewed stated their preference and priority for focusing on the traditional activities.

Figure 4 - Impact of IT on metrics production



Conclusions

Guidelines for Decision Makers

Decision makers in firms who want to improve marketing performance are generally remote from the processes by which information about the market is obtained, and as a consequence they are unable to judge its quality, or go back to the researchers with detailed queries and supplementary research requests. Some comments which may help such managers were made by MR survey participants, and additional recommendations are from the authors.

- DON'T delegate MR purchasing to an inexperienced manager, who is unable to ensure the precision of data collection and analysis.
- DO ensure that the MR manager is of sufficient seniority to participate in discussions of strategic issues.
- DON'T distance metrics processing from MR purchasing. Ideally the two should be part of an integrated team.
- DO provide sufficient resources to support the processing of metrics to ensure that only the necessary details are produced.
- DO champion the reduction of bureaucracy and unnecessary paper.
- DON'T ignore the knowledge that MR firms may have of the rules of cause-and effect. They may not always volunteer such knowledge, so it's important to ask.

Footnote: How the MR Industry is Addressing these Issues

During our research we came across some evidence that a small core of committed and interested individuals within the MR industry were concerned about the issues raised in this paper, and the implications for their business.

For example, members of the Research Development Foundation (RDF), and the Business Interest Group (BIG), have produced a number of relevant papers (*Business Cooperation in Market Research*, 1998). There is an active BMRA/MRS initiative, the 'Marketing of Marketing Research' campaign, designed to raise awareness of the value of MR. We also received a series of interesting thinkpieces from MORI, (Peter Hutton and Susan Walker, 1999, Peter Hutton, 1997 and MORI Peter Hutton, 1997). Because of the size of advertising budgets, it is also a subject area which has attracted much attention from the advertising industry, and MR agencies who specialise in ad tracking (Naples1998).

The Marketing Metrics project brings together many of these interest groups, and there seems to be a good basis for further practical research, which may eventually result in a coherent approach to measuring marketing performance.

Appendix 1

Background to the MR Research Study

The research described here was commissioned as part of the Marketing Metrics (MM) project, and funded by Cranfield School of Management. The overall purpose of the MM project is to help find more ways to make marketing more accountable, which are both theoretically and practically sound.

A particular aim of our study was to take a broad, pan-company perspective, in line with the general aims of the MM project, (Ambler, 1997b) - "Marketing' is broadly defined to include the whole process of achieving the firm's goals through first meeting customer needs, not just the departmental function." This breadth of scope turned out to be important when considering the potential role and use of market research in managing marketing performance, since market research is traditionally seen as a sub-function of the marketing department.

The original aim of our study was to explore the following issues:

- Understanding whether MR firms saw measuring marketing performance as a major topic for investigation with clients.
- Identifying what MR firms provide in terms of specific "metrics" to measure marketing performance (the specific list of metrics was chosen to align with those being researched by Ambler in another MM study: they are listed in Appendix 2).
- Understanding the role of MR firms in helping clients to define what should be measured, and other ways which they added value to their recommendations.
- Assessing the trends - what is changing in the way that the MR industry responds to clients' needs to measure marketing performance.

Desk and telephone research was used to establish an initial interview list of over 50 MR firms involved in continuous research, including all of the largest agencies in the UK. Relevant senior executives were identified and sent specific and background information about the research project. The individuals were then telephoned and asked to answer six qualitative questions, and then requested to complete two detailed quantitative questionnaires. In total some 30 interviews were completed, with firms whose total turnover represents over one third of the MR industry (see Appendix 2 for list of participants).

The initial analysis of both the qualitative and quantitative information supplied provided a rich agenda for further investigation. It also yielded a number of surprises which caused the research team to question some of their underlying assumptions. For example, we had believed that:

- the market research industry understood the overall purpose of their research
- both clients and MR practitioners knew which metrics were relevant to a

task

- clients understood how to interpret market research data
- market research data was actually used in decision-taking

Unfortunately, many of these beliefs turned out to be only partially correct, and this realisation lead directly to the construction of the process model, to try and explain what was really happening.

Appendix 2

Participating Firms

Thanks are due to the following MR firms for their assistance in this study.

Applied City Research	MBL/BJM
B&MR	Marketing Sciences
BPRI	MORI
Conquest Research	NOP
Continental Research	Pegram Walters
Carrick James	RSGB
EDR	Research International
ESA	Research Solutions
GfK Marketing Services	Resource (MR) Ltd
Hall & Partners	Romtech
Industrial Research Bureau	Sample Surveys
ICON	Sensory Research Lab
IPSOS-RSL	Total Research
ISIS Research	TATR
Maven Management	TRBI

Appendix 3

List of Metrics Provided for Discussion with MR Firms.

CONSUMER / END USER THOUGHTS AND FEELINGS

Awareness
 Salience
 Perceived quality/esteem
 Satisfaction
 Relevance to consumer
 Image/personality/identity
 (Perceived) differentiation
 Commitment/purchase intent
 Other attitudes, e.g. Liking Knowledge

CONSUMER / END USER BEHAVIOUR

Total number of consumers
Number of new consumers
Loyalty (retention)
Price sensitivity
Purchasing on promotion
products per consumer
leads generated/inquiries
Conversions (leads to sales) %
complaints
Warranty expenses
Target market fit

RELATIVE TO COMPETITOR

Market share by volume
Relative price
Loyalty (share)
Penetration
Relative consumer satisfaction
Relative perceived quality
Share of voice

SATISFACTION

Perceived performance (overall)
Performance attribute importance
Comparison standards
Disconfirmation
Conjoint analysis of importance
Purchase indicators

MARKETING MIX INPUTS

Advertising quantity
Advertising quality
Promotions
Product actual quality
Service actual quality
Cost per contact
Sales force coverage

TRADE CHANNEL/RETAILER

Distribution
Share of shelf
Features in store
Pipeline stockholding (days)
Out of stock%

Consumer sales units on deal
On-time delivery
Channel satisfaction
Channel Complaints
% discount

INNOVATION

of new products in period
Satisfaction from new products
Revenue of new products
Margin of new products
New products revenue share

FINANCIAL

Sales turnover
Sales volume
Gross margins
New customers gross margins
New customer acquisition cost
Marketing spend
Profit/Profitability
Shareholder value/EVA/ROI
Stock cover

References

- Ambler, T. (1996), *Marketing from Advertising to Zen*, FT Pitman.
- Ambler, T. (1997b), *Marketing Metrics*, briefing paper 2nd July.
- Ambler, T. (1998), *Marketing Metrics*, Marketing Society Masterclass.
- Ambler, T. and Barwise, P. (1998), "The trouble with brand valuation", *The Journal of Brand Management*, Vol 13.
- Ambler, T. and Kokkinaki, F. (1997a), "Measures of Marketing Success", *Journal of Marketing Management*, Vol 13.
- Armstrong, M. and Baron, A. (1998), *Performance Management*, Institute of Personnel and Development Press.
- Bonoma, T.V. and Clark, B.H. (1988), *Marketing Performance Assessment*, Harvard Business School Press, p2.
- ESOMAR: *Annual Survey of MR industry*, 1997 (data relate to 1996 expenditure).
- Haigh, D. (1998), *The Future of Brand Value Reporting*, Brand Finance Limited.
- Home (1973), et al. "Where do we go from here?", *Journal of the Market Research Society*, Vol 16, No.3.
- Hutton Peter (1997), *The MORI Excellence Model and its Implications for Brand Equity*.
- Hutton, Peter and Walker, Susan (1999), *Customer and Employee Satisfaction Research - Managing the Reality Gap*, MORI

- Hutton, Peter (1997), *Using Research to Improve Quality and Service Provision*, MORI
- Kaplan, R. and Norton, D. (1996), *The Balanced Scorecard*, Harvard Business School Press.
- McDonald, M. (1992), *Marketing Plans, how to prepare them, how to use them*, Butterworth Heinemann, p209.
- Naples, Michael J. (1998), *Managing Advertising Expenditures for Financial Performance, (MAX)*, The Advertising Research Foundation, and a series of papers received from ICON on different aspects of brand tracking.
- Shaw, R. (1999), "Measuring, Managing and Improving the Performance of Customer Relationship Management", forthcoming *Journal of Interactive Marketing*.
- Shaw, R. (1999a), *Improving Marketing Effectiveness*, The Economist Books.
- Shaw, R. and Mazur, L. (1997), *Marketing Accountability*, FT Reports.
- Sheth, J.N. and Sisodia, R.S. (1995), "Feeling the Heat", *Marketing Management*, Vol 4, No 2.
- Srivastava, R.K., Shervani, T.A. and Fahey, L. (1998), "Market based assets and shareholder value", *Journal of Marketing*, Vol 62, No1.