

## “Shake, Rattle or Roll? – Measuring the Impact of Market Research Projects”

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## SYNOPSIS

A literature search on the topic of the impact of MR on organisations which buy such research identified thirteen pertinent recent articles. The following five themes were represented: measuring financial returns on MR; making MR projects more actionable; modelling the determinants of MR-generated knowledge utilisation; and modelling the determinants of MR impact at project level. No firmly agreed definition or construct for “impact of MR” was found in the literature. The last mentioned theme was closest to the intent of the current paper, but to date, only weak relationships have been found in the literature between drivers and impacts of market research. Few if any, rigorous studies have looked at the impact of individual MR projects in this context.

This paper reports on the results of the literature review, together with the findings from purpose-designed qualitative and quantitative research conducted in 2005.

The quantitative element sought judgmental data on 107 outsourced MR projects from buyers and users of MR in 20 large Australian marketing organisations.

It was concluded that key elements of MR impact include the notion of action being taken as a result of the MR findings, generation of a more customer focussed organisation, optimisation of business/marketing strategy, increased confidence in existing business/marketing strategy, favourable financial return from the underlying marketing or business project and/or important political needs being met.

The data (using structural equation modelling) revealed that in the kind of organisations and MR projects studied, the main drivers of MR impact included utility of MR outputs, predicted impact, the buyer’s MR expertise, level of client involvement in the MR process, supplier quality and level of pro-MR culture in the buyer organisation.

## **INTRODUCTION**

Buyers and users of market research are increasingly being asked by management to justify research costs. Both suppliers and buyers will be better able to do this if they more fully understand the impact of their research.

While some researchers have tried to measure some aspects of impact (eg profit returns assignable to research, organisational learning or knowledge acquisition), a preliminary examination of the literature indicated that there is no universal model which predicts the level of impact of a market research project.

Impact implies “change” in the organisation as a result of conducting market research – whether economic, behavioural or attitudinal change. Thus, measuring impact can only meaningfully be conducted after a reasonable period of time has elapsed following market research project completion, sufficient to enable impacts to occur. Many prior researchers of this topic appear to have ignored the time dimension.

This paper presents a brief literature review on this topic, and the results of empirical research with 20 large Australian organisations who buy market research from external suppliers. Opinions and data relating to the impact of 107 MR projects completed at least 6 months ago were collected in mid 2005 from both professional research buyers and marketing managers who used the research. In analysing the qualitative and quantitative data generated, this paper seeks to:

1. Define the term impact, and identify the main components of impact;
2. Measure both the impact of market research (rather than its quality or research buyer satisfaction) and possible drivers of impact;
3. Develop a model which describes how the main driver elements combine to influence overall impact for a given MR project.

## LITERATURE REVIEW

Prior to conducting the field research for this project, recent literature from mainstream refereed marketing, marketing research and management journals was scrutinised, yielding thirteen relevant and useful articles. There were four main themes dealt with in these articles.

### Measuring financial returns on marketing research

Several articles focussed on the need to measure the productivity of marketing, including the financial productivity of marketing activities.

For example, a reputable tool for measuring the impact of marketing strategy since the early 1970s has been PIMS (Profit Impact of Marketing Strategy), a project which involved collecting empirical data from hundreds of enterprises in many countries beginning in 1972 *Farris & Moore (2005)*. The PIMS project showed that profitability was driven by a number of environmental and strategic firm related variables. PIMS has been a very important antecedent to modern attempts to sheet home ROI to various marketing and other input variables. However, market research usage was not measured in this model.

*Rust et al (2004)* urge that marketers be held more accountable for showing how marketing expenditures add to shareholder value. However, the authors also observed that achieving this is extremely difficult. Further, maximising ROI, which is often a focus of marketing articles and academic research, is not recommended unless management's goal is efficiency rather than effectiveness, because it is inconsistent with profit maximisation. Instead a framework is proposed, which separates marketing actions, including strategies and tactics, from the overall condition of the firm as reflected in assets (including brand equity, customer equity, market position, financial position and firm value). Two existing systems address the important issue of linking short and long term outcomes:

- ] The first is based on forecasting long term outcomes and discounting cash flow (eg measuring customer equity).
- ] The second represents the future in the state of the marketing asset today.

A useful comparison of the various modern models of measuring the return on marketing appears in *Rust (2004)*. However, overall, this and most other articles discuss these issues on an enterprise-wide scale, and omit MR *per se* as a driver of marketing returns to the firm.

Some authors, eg *Lesh & Schmalensee (2004)*, conclude that the organisations most likely to ask for measures of payoff of marketing research are those who are

unconvinced of its payoff. Most MR departments, it is argued, fail to measure any aspect of their performance, feeling that spending time and money measuring ROI of market research leaves less funding and time available for the research itself. It was concluded there is no gold standard that is widely used for demonstrating the payoff of MR.

## **Making marketing research projects more actionable**

Several recent articles reported either anecdotal evidence or on the results of qualitative opinion gathering among marketers as to how to make market research projects more actionable.

One of these is by *Baker and Mouncey (2003)*, which provides some useful “rules” in this domain, including that market researchers need to:

- ] Get very close to their customers;
- ] Use an optimal mix of research techniques;
- ] Cascade their insights down through the client company, to create a learning organisation;
- ] Think and act strategically in addressing their clients’ market research projects;
- ] Forge bridges between other disciplines and influences on the thinking of marketing managers in firms which use their research findings.

While arguably lacking the authenticity which comes from data-generated proof, some of these “rules” were deemed worthy of at least testing in our research project for this paper.

A more credible set of conclusions about making market research more actionable came from a qualitative study reported by *Schmalensee & Lesh (1998)*. These researchers asked 53 market researchers and managers from 22 North American companies to talk about the following:

- ] Their most successful experiences in moving from research to action;
- ] Their least successful experiences in moving from research to action;
- ] What prompted the research in the first place;
- ] How the research was designed, conducted, analysed and reported;

How the organisation developed its plans after the research, how plans were subsequently developed and implemented, and how change was monitored. The goal was to identify the main barriers to action (ie barriers to acting on research findings) and ways of overcoming those barriers.

The findings suggested that research results were acted upon more completely where:

- ] Research objectives were agreed with all key decision makers and where there was a commitment to action on the results, before the project commenced;
- ] The research asked more specific questions, combined qualitative and quantitative techniques, used comparative benchmarks and/or linked research to the financial bottom line;
- ] Research reports were simple and clear, told painful news so it could be heard, and were tailored to the (various) stakeholder audience(s).

The same research concluded that to help organisations create effective plans, researchers need to produce specific and action oriented recommendations, help their clients align employee incentives with company goals, and assist their clients to track the impact of changes.

### **Modelling the determinants of market research generated knowledge utilisation**

There have been a series of articles on research based models which attempt to identify and explain the factors which contribute to some firms making more use of marketplace information. Again, these have been focussed at a general organisational level rather than studying the impact of particular marketing research projects. Thus, the findings have lacked practical impact at project level.

For example, one of the more useful landmarks - *Deshpande (1982)* – showed that marketing managers were more likely to commission and use market research if they perceived themselves to be in a decentralised organisation, where they were free to make decisions in their own operations, based on such research.

Further, *Moorman, Zaltman & Deshpande (1992)* examined relationships between marketing research suppliers and users. Hypotheses were tested regarding the role of trust as a determinant of the use of MR using data from a sample of 779 users deploying a number of trust related scales. Trust was shown to be a key factor contributing to the level of research utilisation. This was the only piece of work which appeared to focus on particular research projects rather than an overall company's use of MR, but sadly, the organisational impacts of the research were not measured.

*Berry et al (2004)* used structural equation modelling in an effort to find relationships between organisational demographics, organisational structure, environmental factors and market research processes, on knowledge utilisation, marketing decisions, and performance outcomes. Very broad conclusions were drawn about financial performance being related to market research usage. The sample in this study included organisations with little or no involvement in marketing research and hence the above conclusion is unsurprising. Prior use of market research and prior satisfaction with market research were shown to be important in determining the

degree to which future research may be commissioned and/or used by the organisation.

A very useful and comprehensive doctoral dissertation – *Yaman (2000)* – examined the process of knowledge acquisition and utilisation through market research in a number of the largest Australian tourism organisations. A large number of outcome variables and of potential driver variables were measured and a model of the effects of these drivers was tested, using structural equation modelling. However, the dependant variable was market research activity in tourism, rather than the impact of that research. It was found that having a market research department and having positive prior experiences and attitudes towards marketing research were significant predictors of market research activity.

Research in the UK - *Dibb & Wensley (2004)* - recently attempted to measure marketing executives' knowledge of marketing and of markets, and the extent to which these variables are related to organisational performance. A model was hypothesised including a number of possible drivers of market understanding, marketing practice and performance. The data showed that marketing understanding (extent of MR used) had an indirect positive impact on performance.

*Vohries and Morgan (2005)* also showed that firms seeking more rather than less market research or firms which are strong in market information management are strongly related to out performance.

MARKETING STRATEGY AND RESEARCH

### **Modelling the determinants of market research impact at project level**

*Menon & Wilcox (1994)*, focused more clearly than others on **impact** of both the research process and research findings on organisations, and was thus closer to our topic than most of the literature we found. This source conceptualised three broad categories of research use or impact: action-oriented use; knowledge enhancing use; affective use. An example of affective or incongruous use was taking the research findings or recommendations out of context to make a decision. A wide array of measurement scales – some of which are relevant to assessing the impact of marketing research, was used in this (US Marketing Science Institute associated) research.

Overall, the literature review showed that past researchers and authors have found only weak relationships between drivers and usage or impact of market research.

This may be due to the large number of moderating variables at play, and the lack of focus on specific projects. In addition, few (if any) rigorous studies have focussed on the impact of individual market research projects in a manner which provides useful guidance to research buyers and users on maximising the positive impact of their marketing research.

## EXPLORATORY QUALITATIVE RESEARCH PROCESS AND FINDINGS

During May 2005, six senior buyers of marketing research in large organisations conducting regular tracking and *ad hoc* market research projects, were interviewed by senior marketing researchers, concerning the impact on their organisations of various research projects completed more than six months prior to the interview. The interview discussion guide and stimulus materials were developed using concepts from the above literature review, and were also informed by a workshop among senior market researchers at Chant Link & Associates, in Melbourne, Australia. The main findings were as follows.

### Reputation, role and impact of market research

Most respondents felt that marketing research overall enjoyed a good reputation in their organisations, although in some cases the level of research activity was declining rather than increasing, due to organisation and environment factors. For several, the role of marketing research seemed to be central to the organisation.

*“Now, everything is evidence based. The MD or other senior managers will always ask for evidence to back decisions.”*

In some organisations, there was greater attention paid to using market research to track the impact of marketing decisions and programs.

*“We didn’t track the impact of advertisements before, but now we do.”*

*“Now we rely on market research results for many aspects of the business – testing product concepts, ad testing, even business statements and promotion materials – all will be tested and all market research results will be acted upon.”*

Research buyers indicated that the impact levels of market research projects varied widely from one project to the next and over time within their organisations, due to a variety of factors, explored later in this paper.

### The nature of positive impacts

Positive impacts were described, where they had been observed, in a variety of categories:

- ] Aided decision making (eg resource allocation, pricing, advertising concept decisions).

- ] Provided increased confidence by confirming the merits of existing marketing or business program or strategy. This was seen as a frequent outcome or impact. For example, much tracking research was seen as falling into this category, with some organisations now seeking to establish or refute linkages between tracking measures (such as satisfaction or likelihood of switching) and financial business outcomes such as sales, margins or ROI measures.
- ] Improved profitability, corporate or brand equity or some other financial measure. These impacts underscored the point that often, research only has a significant impact if two conditions are met – not only does the research have to be effective but also, subsequent marketing or business execution has to be performed, and performed well. In a sense, measuring the impact of MR projects is a nonsense – a marketing project is a more meaningful subject for impact measurement, and research is only one component of a marketing project – albeit, we would argue, an important part.
- ] Improved understanding of the marketplace. Participants repeatedly stressed that a key impact was enhanced understanding of the marketplace. Several research managers lamented the growing user-led trend to narrower decision parameters used to define research objectives, and the gradual loss of detailed qualitative research reports for example, in favour of top-line findings that often remain unexpanded. Thus, according to some buyers, marketing research is losing considerable value and impact when used in such a narrow fashion.  
*“Middle management needs the full qualitative report to execute marketing initiatives well.”*
- ] Brought a common customer orientation and understanding to a wide group of staff/executives in the organisation. There is no doubt that a key impact of MR, when results are properly communicated through an organisation, can be to bring wide ranging stakeholders to a common view of the world and their place in it. For some projects, this was seen as the most important impact for the organisation.

Other positive impacts covered a variety of more cynical or less tangible impacts, such as:

- ] Helped to rationalise a decision that had already been taken. This is seen as a similar, though more cynical example of the second category of positive impacts. Some, however, saw this as an example of a negative impact, since research expenditure in these cases had effectively been wasted.
- ] Served a political role inside the organisation. This can be a positive impact, but according to respondents in the current project, a perennial problem in research-user organisations stems from making the research findings widely available, and then observing that many executives selectively quote results to support their perspective, sometimes quite inappropriately.

## Negative impacts

The exploratory qualitative work indicated that few projects displaying negative impacts could be identified, since most research was either neutral or positive in impact. The few examples of negative impact were restricted to issues emanating from poorly planned or executed research:

- ] Negative financial impacts due to acting on incorrect or incorrectly interpreted research findings.
- ] Damage to the reputation of marketing research, resulting in the client organisation, or some research originators/users in it, becoming less inclined to conduct further research, thus reducing profit or efficiency prospects for the organisation.

## Towards a definition of “impact of marketing research”

Notwithstanding the possibility that it may be more meaningful to think in terms of impact of *marketing projects* (in which marketing research is but a component), some respondents tended to define MR impacts in terms of three categories of outcomes, all of which included the notion of **change**:

- ] The financial difference to the business as a result of the MR (albeit there was thought to be no practical means of measuring this).
- ] The change in confidence levels for making business decisions (whether short or long term decisions).
- ] Change in level of company knowledge about its customers, competitors or channels.

One respondent neatly included several impact concepts within the single notion of equity:

*“Positive impact comes from research that builds equity which can occur in any or a mix of three ways: 1) research that is used as a business tool for financial return; 2) research that creates a knowledge base about customer or market, which has a value; 3) estimating brand value. .. In this context, a negative impact is where the cost of the research is greater than the equity created and a positive impact is the reverse.”*

## Drivers of positive impact

Few research buyers had thought about the main drivers of positive impact or outcomes of the research projects they had managed.

However, extensive discussion revealed the following were likely to be the main drivers of positive impact, listed in the order in which they arise in a typical marketing project:

- ] Origins of the research – whether initiated and/or championed by senior management or by those who would implement decisions based on the findings.
- ] Level of strategic importance of the project (thought by some to be associated with larger MR budget for the project).
- ] Clarity of objectives and of business decisions to be made as a result of the MR.
- ] User involvement in MR project design.
- ] Past MR experience, and MR knowledge of the MR user.
- ] Technical quality of the MR.
- ] Trust between the buyer/user and MR supplier.
- ] Communication ability of the MR supplier.
- ] Practicality/translatability of research recommendations. This also encompassed simplicity of findings.

*“Borderline actionable recommendations can be lost unless the researcher can interpret them when it comes to action time. It takes a lot of dialogue at this time for the research to be fully utilised.”*

- ] Availability of MR supplier or manager to the user group/decision makers when planning and executing business decisions based on the MR findings (to re-work recommendations, and/or to continually represent the voice of the customer during these planning/execution stages).

It was considered significant that several of the drivers of impact concerned management communications, decision making and marketing/business program execution occurring well beyond the marketing research project *per se*.

The issue of *trust* between the research supplier and the buyers and users of the research was consistently raised as an important driver of research impact. The greater the trust, the more the findings were taken seriously and factored into the business decisions at hand, as opposed to basing business decisions mainly on other information, opinions and considerations. Greater trust also meant less pressure on a supplier, and this was recognised as potentially having either a positive or a negative effect during the MR process, depending on how well the project was initially specified, and how experienced and knowledgeable the supplier was in the industry and target market segment of the client.

## Buyer measurement of research impact

Most buyers of market research in this project were frequent buyers, and well versed in market research techniques and the usage of research findings to commercial advantage.

And yet surprisingly, none of the companies involved in the exploratory depth interviews were currently measuring the impact of MR projects.

Several, however, were members of the Marketing Research Executive Board (MREB) – an association of 300 corporations in several countries. In Australia, prominent members include banks, large retailers, large utilities and some large manufacturers. This association ascertains and publicises best practice in MR among its members. Among other MR management aspects, MREB has developed tools for prioritising MR investment and engaged in some discussion about evaluating the ROI of MR, however, none of those interviewed in this project were actually measuring ROI or any other financial impacts of MR projects.

Some of the interviewees expressed interest however, in the development and deployment of such a measure.

*“We would like something in this area, as it would help in justifying an appropriate level of MR budget. It may turn out we conduct too much research, or too little, but it may help.”*

## QUANTITATIVE RESEARCH

### Methodology

The quantitative research entailed analysis of information about 107 marketing research projects undertaken by external suppliers at least six months prior to June 2005. This information was provided by MR Managers (25% of records), MR Buyers (32%), Business and MR Analysts (8%), Marketing/Brand Managers (30%) and other personnel (5%) from 20 large government and private sector organisations.

### Participating organisations

The following organisations kindly agreed to participate in this research, and their contributions of ideas and judgemental data is gratefully acknowledged. The convenience sample was not intended to be representative of all MR buying organisations, due to budget constraints.

**Exhibit 1. Research Participants**

Amgen Australia	Cadbury Schweppes	Merck Sharp & Dohme
AMP	The Cancer Council Australia	QANTAS
ANZ Banking Group	Child Support Agency	RACV
Australian Taxation Office	Coles Myer Ltd	Sensis
Australia Post	ESANDA	Telstra
AXA Australia	GlaxoSmithKline	Tourism Australia
Bristol-Myers Squibb	Mayne Pharmacy	

**Questionnaire**

Data was collected via a short self-completion questionnaire which included the following items.

**Exhibit 2. Summary of Contents of Survey Instrument**

<b>Demographics</b>		
Cost	Originating party	MR user expertise
MR technique	Respondent role	MR buyer expertise (Q9)
Type of research		
<b>Key Impact Measures</b>		
Overall (positive) impact (Q10)	Negative impact	
Predicted (positive) impact (Q11)	Nature of any negative impact(s)	
<b>Types of Impact</b>		
Results were acted on		
Increased confidence; confirmed a marketing/ business strategy		
Enhanced/validated understanding of the marketplace		
Helped create a customer focus in the organisation		
Rationalised a decision that had already been taken		
Served a political role in the organisation		
Generated favourable financial outcomes		
<b>Potential Drivers of Impact</b>		
Organisation has a high regard for MR		
Organisation is skilled in managing MR suppliers		
End users had had prior favourable experiences with MR		
Supplier was high quality		
Project was well designed & used appropriate techniques		
End users involved from the early stages of research specification		
Research objectives clearly defined and agreed by stakeholders at the commencement of the research		
Clear from the outset what business decisions the research should assist with		

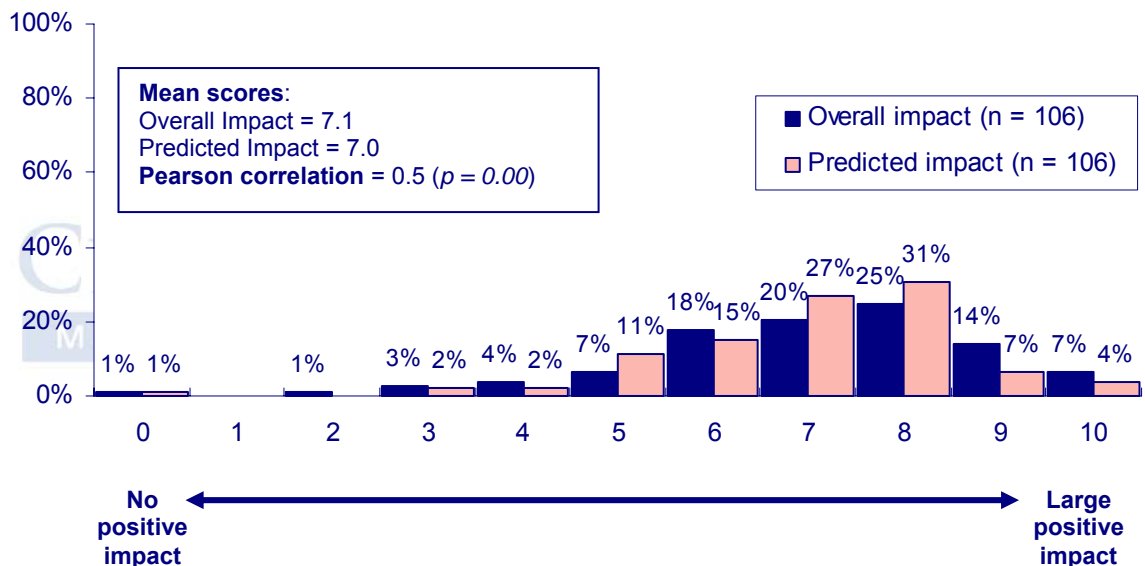
Project cooperatively & well managed in the organisation  
High level of trust in supplier  
Supplier communicated the results effectively  
Findings put the organisation/proposed initiative in a positive light  
Supplier made actionable recommendations  
Supplier ensured that the outputs were clearly understood with the organisation  
Findings were widely disseminated in the organisation  
Outputs were later shown to be an accurate reading for the marketplace  
Delivered novel or difficult to access information

## QUANTITATIVE RESULTS

### Overall and predicted impact

For the majority of MR projects included in this study, both the **Overall Impact** and the **Predicted Impact** were positive. Further, in the majority of cases, expectations were either met (37%) or surpassed (38%). In 25% of cases, the **Overall Impact** was less than the **Predicted Impact**, but was nonetheless positive.

### Exhibit 3. Overall and Predicted Impact Scores



**Overall Impact** scores varied significantly ( $p < 0.05$ ) between some segments as follows:

- ] Overall Impact was significantly higher with projects that employed a mix of MR techniques (mean = 7.7) than with projects that used only a quantitative technique (mean = 6.9);
- ] Projects that were originated by senior management personnel had higher Overall Impact scores (mean = 7.6) than did projects that were originated by 'end users' (mean = 6.8);

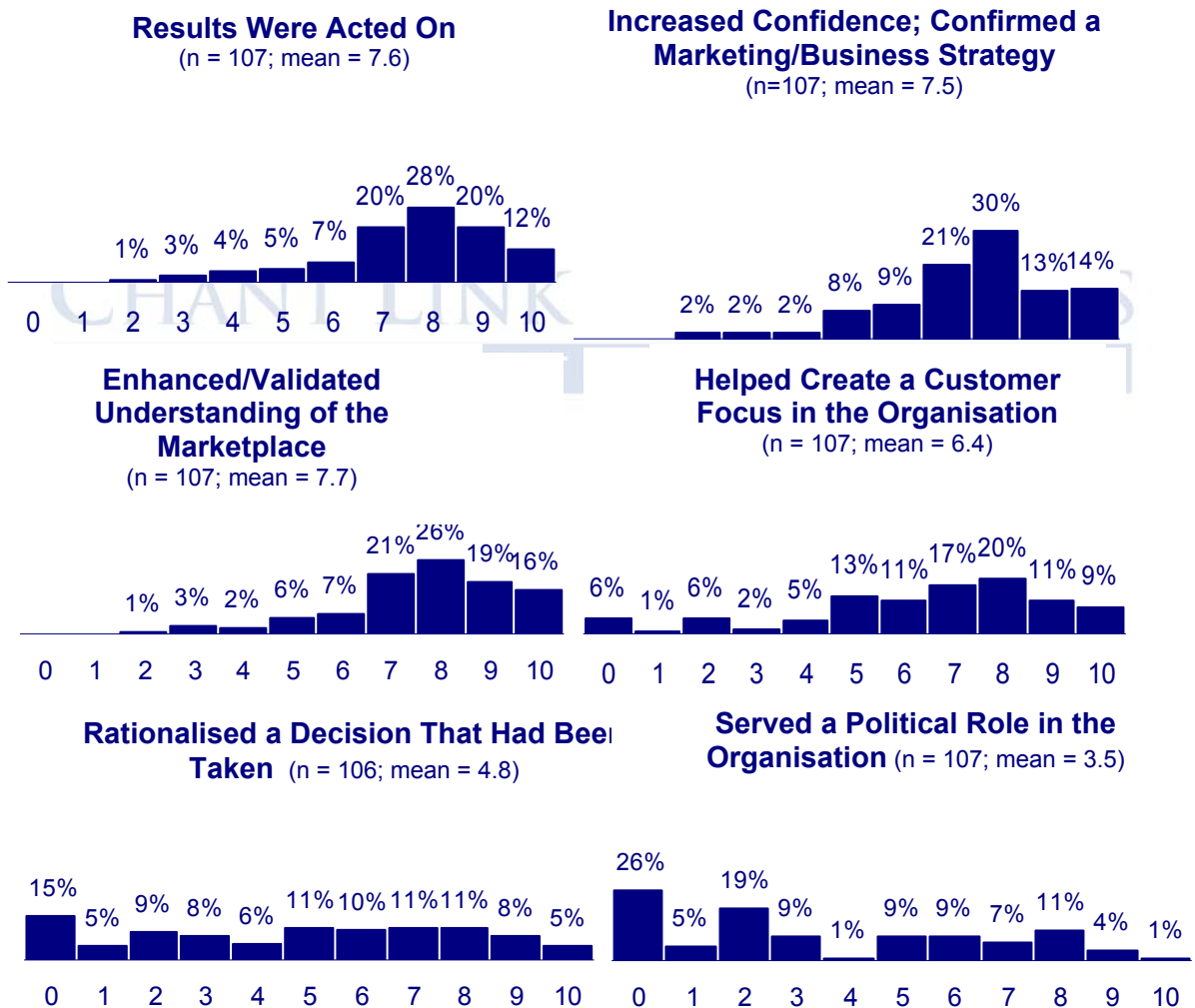
] Projects managed by MR buyers with a high level of MR expertise had higher Overall Impact scores (mean = 7.3) than did projects managed by those with low experience (mean = 6.0).

Interestingly, **research budget** (which ranged from \$14,000 to \$900,000) was not related to **Overall Impact**.

### Types of positive impact

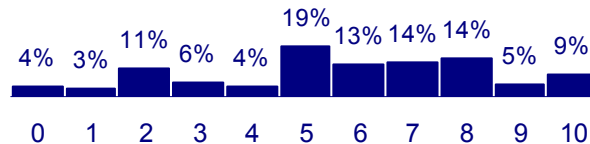
The following frequencies of impact scores were found by impact type.

#### Exhibit 4. Positive Impact Scores for Various Impact Types



**Generated Favourable Financial Outcomes**  
(n = 107; mean = 5.7)

**Legend**  
0 = Strongly disagree  
10 = Strongly agree



**Negative impacts**

Negative impacts were reported for only 18% of the 107 projects. In decreasing order of mentions, these were of the following nature:

- ] Poor technical quality (eg bias, misinterpretation of findings, low quality moderator);
- ] Lack of impact (nothing new or compelling generated from the research);
- ] Internal reaction (eg divisiveness, resistance);
- ] Unclear outputs (eg inconsistent findings).

At face value these overall findings paint a rosy picture of the Australian marketing research industry. However, it is important to note that the sample for this research comprised large organisations that commission appreciable amounts of marketing research and have experienced Marketing Research personnel (81% of MR buyers were classified as having a high level of experience with respect to MR). Had smaller organisations with less experienced MR personnel, or a wider array of supplier quality been included in the study, the findings may well have been quite different.

**Relationships between overall impact and types of impact:** As indicated in the following exhibit, five of the seven **Type of Impact** variables were positively and reasonably strongly correlated with **Overall Impact**. The exceptions were ‘Served a Political Role’ and ‘Rationalised a Decision that Had Already been Taken’; the two impact measures that were not applicable to a sizable number of the MR projects assessed in this study. The negative relationship between ‘Rationalised a Decision that Had Already been Taken’ and overall impact supported the qualitative finding that from the buyers and users’ perspective, such research was a waste of the organisation’s resources, reflecting poorly on the management of the commissioning organisation.

**Exhibit 5. Impact Types Predicting Overall MR Impact**

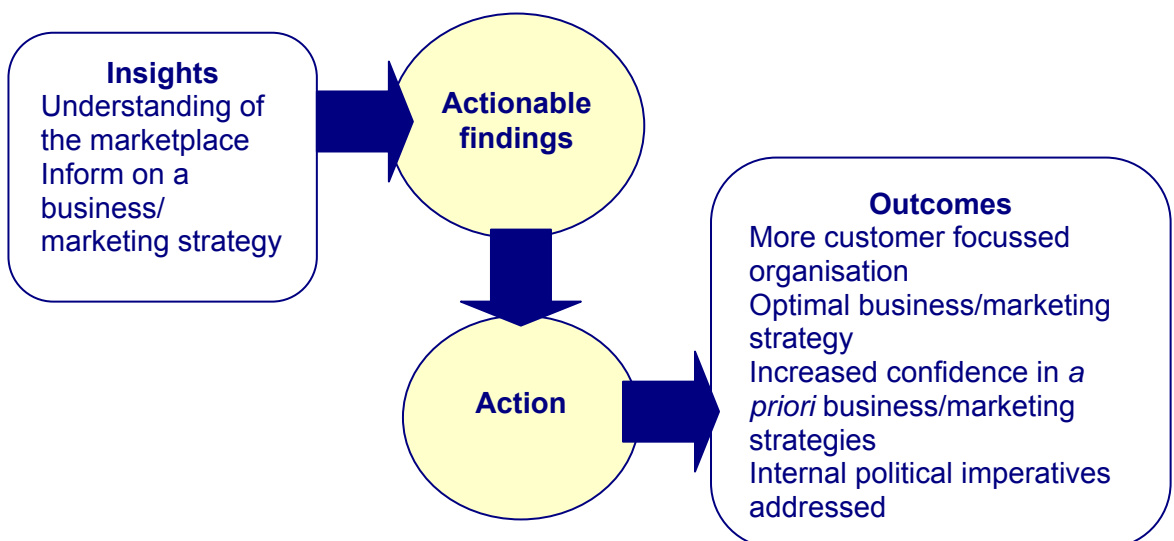
Type of Impact	Correlation with Overall Impact	Beta Coefficient
Helped create a customer focus in the organisation	0.64	0.31
Results were acted on	0.62	0.42
Enhanced/validated understanding of the marketplace	0.62	0.24
Generated favourable financial outcomes	0.51	**
Increased confidence; confirmed a marketing business strategy	0.50	**
Served a political role in the organisation	0.09	0.22
Rationalised a decision that had already been taken	0.06	-0.15

\*\* Excluded from regression model (Probability-of-F-to-enter ≤ 0.05, Probability-of-F-to-remove ≥ 0.10)

Multiple regression analysis showed that five of the seven **Type of Impact** variables were effective in predicting **Overall Impact** (explaining 63% of variance in **Overall Impact** scores). See Exhibit 5 above.

Drawing from these results the following tentative model was developed of the different types of positive impacts that can be delivered via marketing research in large Australian organisations.

**Exhibit 6. Main Impacts of Marketing Research**



These findings support the broad definition of MR impact which emerged from the qualitative findings, but adds a crucial marketing project/process dimension – that of action being taken on the MR results.

## Drivers of impact

Factor analysis was used to reduce the set of 17 **Potential Drivers of Impact** to five underlying dimensions (explaining 73% of the variance in the **Potential Drivers of Impact** data set).

Factor loadings  $\geq 0.50$  are presented in Exhibit 7. Four of the 17 **Potential Drivers of Impact** variables loaded on two factors (see entries in parentheses).

The "Supplier Quality", "Client Involvement", "Pro-MR Culture" and "Useful Outputs" dimensions are self explanatory. The fifth dimension was more difficult to interpret. The "Good News" label was assigned to communicate the following common themes among the three contributing variables:

- ] Findings put the organisation/proposed initiative in a positive light: With this variable the outputs were the "Good News";
- ] Supplier made actionable recommendations: Here the "Good News" is that the research delivered a plan of action;
- ] End users had had prior favourable experiences with MR: With this variable, the "Good News" was prior satisfaction with MR (and hence, a positive predisposition to MR).

**Exhibit 7. Factor Analysis Outputs; Potential Drivers of Impact**

Potential Drivers of Impact	Underlying Dimensions (factors)				
	"Supplier quality"	"Client involvement"	"Pro-MR Culture"	"Useful outputs"	"Good News"
Supplier was high quality	<b>0.84</b>				
Project was well designed & used appropriate techniques	<b>0.79</b>				
Supplier communicated the results effectively	<b>0.73</b>				
High level of trust in supplier	<b>0.61</b>		(0.57)		
Supplier ensured that the outputs were clearly understood with the organisation	<b>0.59</b>	(0.51)			
Clear from the outset what business decisions the research should assist with		<b>0.80</b>			
Research objectives clearly defined and agreed by stakeholders at the commencement of the research		<b>0.79</b>			
End users involved from the early stages of research specification		<b>0.78</b>			
Project cooperatively & well managed in the organisation		<b>0.63</b>			
Organisation has a high regard for MR			<b>0.84</b>		
Organisation is skilled in managing MR suppliers			<b>0.72</b>		
Findings were widely disseminated in the organisation				<b>0.78</b>	
Delivered novel or difficult to access information				<b>0.77</b>	
Outputs were later shown to be an accurate reading for the marketplace				<b>0.73</b>	
Findings put the organisation/proposed initiative in a positive light					<b>0.82</b>
Supplier made actionable recommendations	(0.50)				<b>0.56</b>
End users had had prior favourable experiences with MR			(0.52)		<b>0.54</b>

## Structural equation modelling

Structural equation modelling (SEM) enables multiple inter-variable relationships to be simultaneously examined. With this technique, diagrams (models) are used to test implied causal relationships among variables.

Regression-based path analysis enables the prediction of a measured variable by other measured variables and factor analysis enables clustering of measured variables into unmeasured constructs. As such, SEM can be viewed as a combination of regression and factor analysis in that it enables the predictive ordering of factors.

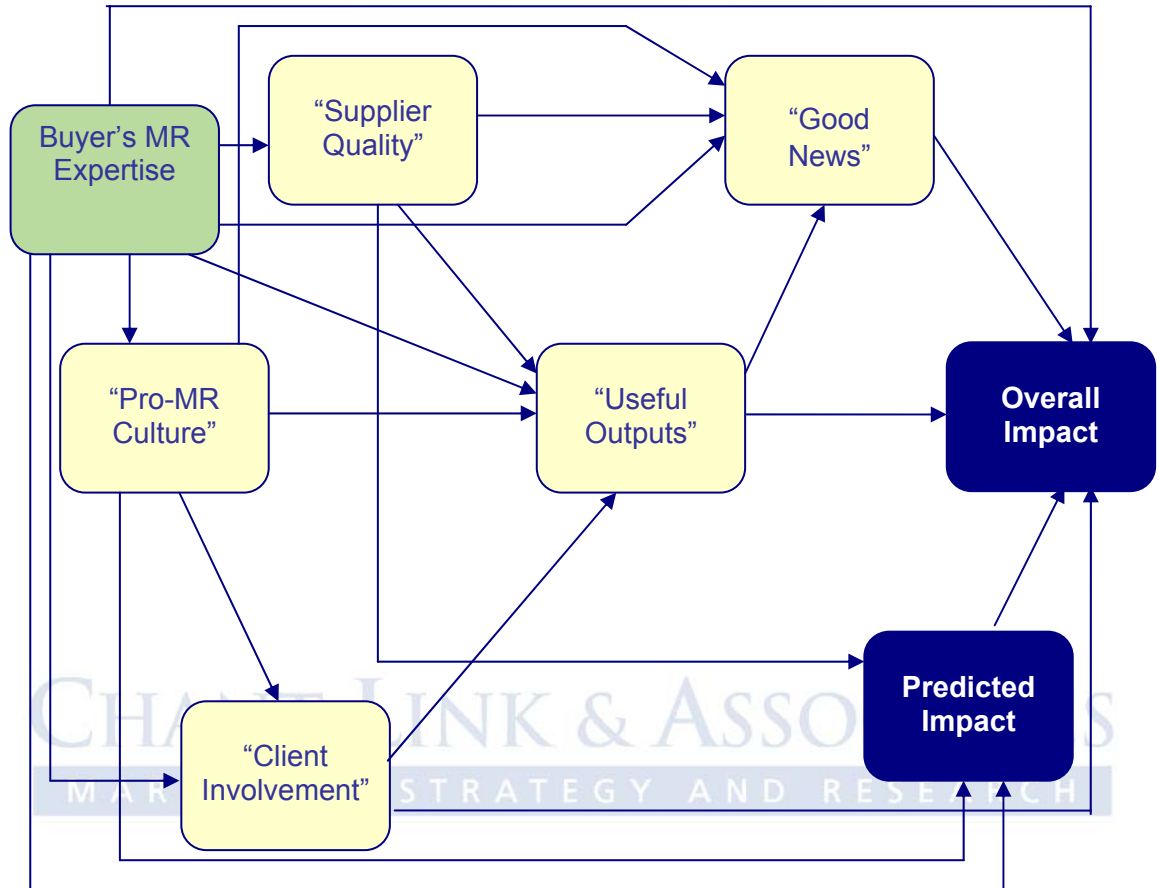
The following SEM inputs and outputs are presented in this paper:

- ] A Hypothesised Model of the key drivers of (positive) impact of MR projects. This model was derived from the findings of the literature review, exploratory qualitative research and preliminary quantitative analyses (correlations, factor analysis, multiple regression analysis). As this model was not sufficient to explain the pattern of relationships between variables, only the goodness of fit statistics are reported.
- ] A Derived Model of the key drivers of (positive) impact of MR projects. Using the following criteria, a number of pathways incorporated in the Hypothesised Model were excluded from the modified Derived Model:
  - Path weights with negative coefficients (contrary to common sense) or with very small values (ie pathways where the magnitude of one variable influencing another was in the order of 0.09 or below);
  - Critical ratios less than  $\pm 1.0$  (ie pathways with 'large standard errors and hence decreased statistical significance). While a cut off of less than  $\pm 1.96$  is often used, with small sample sizes, a less rigid criterion can be applied.

Two additional pathways that were found to be effective in predicting impact were incorporated in the Derived Model.

Goodness of fit and path weights (direct effects and total effects) are presented for this model which was successful in defining predictors of MR impact.

**Exhibit 8. Hypothesised Model; Drivers of Positive MR Impact**



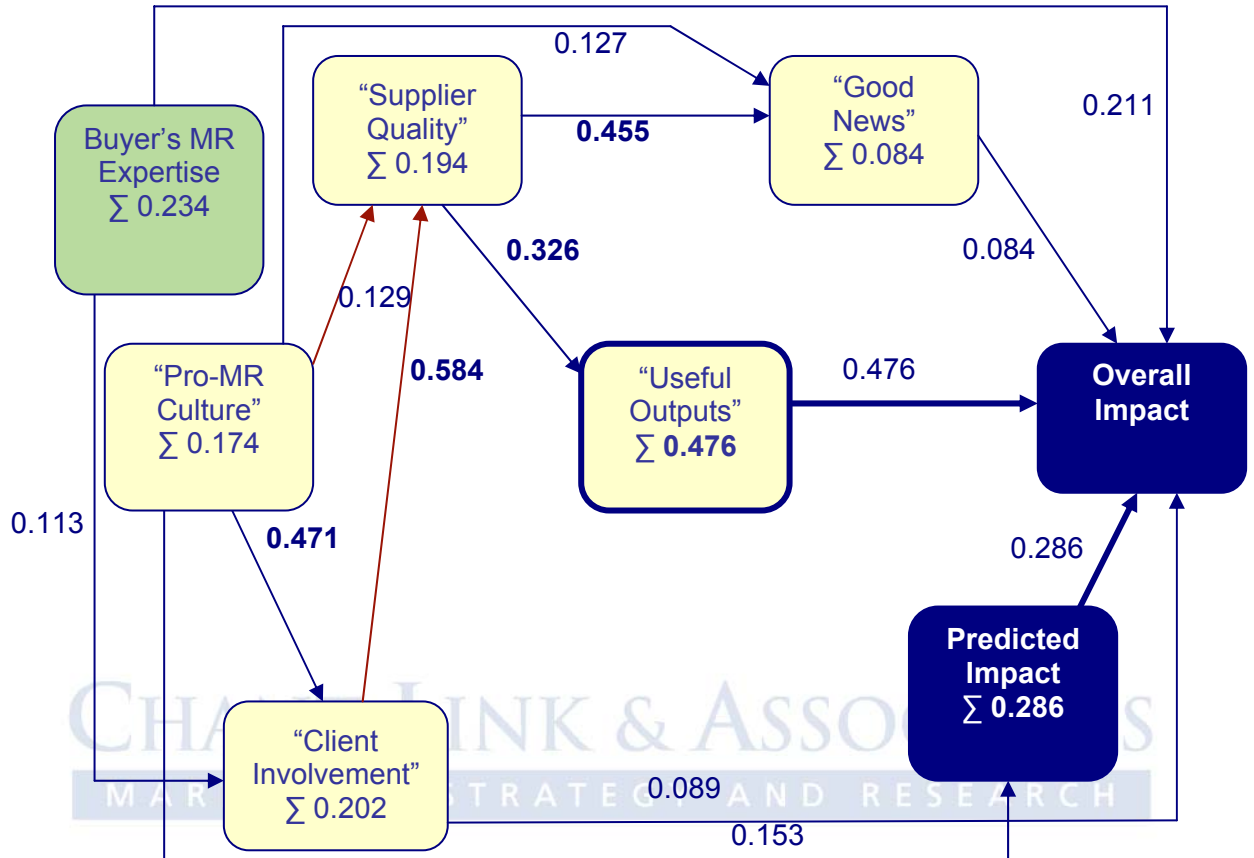
**Goodness of Fit Statistics for Hypothesised Model**

	Chi-sq	df	Chi-sq/df	RMSEA	AGFI	CFI
Hypothesised model	72.0**	8	9.0	0.28	0.48	0.66

Notes: N = 107. \*\*p < 0.01

In summary, on all five goodness of fit measures, the Hypothesised Model was deficient in describing the data.

**Exhibit 9. Derived Model; Drivers of Positive MR Impact**



Notes: Standardised pathway estimates are reported as these are free of measurement scale bias. Direct effects are reported on pathways. Total effects (of each variable on Overall Impact) = direct effects plus any indirect effects (not shown above) and are reported inside boxes using  $\Sigma$  notation. Red pathways are additional pathways not included in the Hypothesised Model.

**Goodness of Fit Statistics for Derived Model**

	Chi-sq	df	Chi-sq/df	RMSEA	AGFI	CFI
Derived model	16.02	15	1.07	0.03	0.92	0.99

Notes.  $N = 107$ . Chi-square not significant

All goodness of fit measures indicate that the Derived Model is an 'adequate' fit to the data and is more successful in explaining the pattern of relationships between these variables than the Hypothesised Model.

## DISCUSSION

The variables displaying the greatest effect on Overall Impact were (in decreasing order) as follows:

] 'Useful Outputs' (0.476): The observed variables used to define this latent variable were as follows:

- Findings were widely disseminated in the organisation;
- Delivered novel or difficult to access information;
- Outputs were later shown to be an accurate reading for the marketplace.

That is, the single most important predictor of MR projects having a positive impact was that the findings were accurate, new and actionable. This fits with the earlier finding that the key Type of Impact was that the Results were Acted On.

'Predicted Impact' (0.286): Ideally, predicted impact would have been assessed prior to the commencement of the research projects assessed in this study.

Nonetheless (experienced) commissioners of MR projects are assumed to be well placed to accurately predict the impact of an MR project, based on its strategic importance and other criteria.

'Buyer's MR Expertise' (0.234): The relatively greater importance of the MR Buyer's Expertise compared with Supplier Quality, on the impact of MR projects, may please buyers but disappoint suppliers. However, most suppliers would no doubt agree that projects commissioned by inexperienced research buyers have a much lower likelihood of achieving a high positive impact (no matter how experienced the research supplier).

] 'Client Involvement' (0.202): The observed variables used to define this latent variable were:

- Clear from the outset what business decisions the research should assist with;
- Research objectives clearly defined and agreed by stakeholders at the commencement of the research;
- End users involved from the early stages of research specification;
- Project cooperatively & well managed in the (client) organisation.

This driver highlights the importance of internal processes: intellectual rigour (clearly defining the research and related business objectives); achieving 'buy in' by stakeholders; effectively managing the MR project.

] 'Supplier Quality' (0.194): The observed variables used to define this latent variable were:

- Supplier was high quality;
- Project was well designed & used appropriate techniques;
- Supplier communicated the results effectively;
- High level of trust in supplier;
- Supplier ensured that the outputs were clearly understood with the organisation.

These variables demonstrate the importance of technical quality, communication skills, and the development of a high level of trust between MR supplier and client (buyers and users).

**Client Involvement** was a key predictor of **Supplier Quality**. That is, when MR projects are clearly defined, approved by internal stakeholders, and the project is well managed internally, this enhances appraisals of Supplier Quality.

In turn, **Supplier Quality** was a predictor of **Good News** (the latent variable that reflects the client's sense of satisfaction after the completion of the research).

**Supplier Quality** was also a predictor of **Useful Outputs**, which matched the qualitative results.

- ] 'Pro-MR Culture' (0.174): While this latent variable (based on Organisation has a high regard for MR and Organisation is skilled in managing MR suppliers) had a relatively low total effect on Overall Impact, it was associated with a number of other drivers of impact and in particular was strongly associated with Client Involvement.
- ] 'Good News' (0.084): This latent variable had the lowest total effect on Overall Impact. As discussed above, this variable is to do with the residual effect which involvement in MR projects has on commissioning clients. The three observed variables that defined this variable (Findings put the organisation/proposed initiative in a positive light, Supplier made actionable recommendations and End users had had prior favourable experiences with MR) may well be what is recalled about MR projects long after the completion of the research, despite its weak contribution to overall impact of the MR project.

## CONCLUSION

This research suggests a definition of MR impact on client organisations as follows:

*A market research project has had a positive impact on the organization if one or a combination of the following changes or outcomes has occurred within the client organisation as a result of the MR:*

- ] The results of the research were acted upon in some way;
- ] A customer focus has been established or enhanced;
- ] The organisation's understanding of the marketplace has been enhanced or validated;
- ] There has been a favourable financial outcome for the organisation (although usually considered difficult to measure);
- ] An important political need has been met.

The results also suggest that where the main outcome of research is to rationalise a decision that has already been taken, buyers and users of research tend to perceive a reduction in positive impact (or a more negative impact) on the organisation.

The findings also suggest that an array of seventeen drivers of impact were at work in this sample. The results of factor analysis and structural equation modelling suggested, at a summary level, that there were seven **important drivers of the level of positive impact** of a particular MR project and that these acted in declining order of effect on overall impact, as follows:

- ] Usefulness of the research outputs;
- ] Predicted level of impact;
- ] Buyer's MR expertise;
- ] Level of client involvement in defining objectives and efficiently managing the project;
- ] MR supplier quality (noting that generally high quality suppliers were deployed by this sample of buyer organisations);
- ] The level of pro-MR culture in the organisation;
- ] The level of "good news", which included the degree to which the findings shed a favourable light on the client organisation, while at the same time provided actionable recommendations.

Overall, it is suggested that where high quality MR suppliers are used, and where high involvement, high interest research outputs are forthcoming, a key differentiator between high and low impact MR projects is likely to be the level of MR expertise among buyers and users of the research.

The findings generated from this research should be seen as tentative, given the small sample size and that only large and experienced MR respondent organisations participated. Mainly high quality MR suppliers were used in these 107 projects, and thus a wider sample in future research is required to validate and/or further develop the models presented in this paper.

In the meantime, the authors will be satisfied if this paper serves to:

- ] Provide MR buyers and users with guidelines concerning the nature of the main impacts they should expect from MR projects.
- ] Provide MR buyers and users with guidance on crucial issues in managing MR projects, which need to be addressed if MR impact is to be maximised.
- ] Encourage and provide guidance to MR suppliers on critical issues in delivery of MR projects, particularly on the need to attend to providing actionable recommendations, MR quality issues, the role of supplier/client trust and the value of extensive, tailored and thoughtful communication of findings throughout the client organisation.

- ] Stimulate buyers, users and suppliers of MR to objectively measure or at least apply some retrospective assessment of MR impact to each project, allowing at least six months following project completion to pass before doing so. An accompanying introduction of a rigorous, though rapid and inexpensive post mortem evaluation of the causes of the achieved impact levels may be assisted by the deployment of the (concise) bank of impact drivers developed in the current research.
- ] Motivate and provide guidance to further researchers who may profit from the literature review, research instruments, models and other outputs of this exploratory research.

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