



Doing business research can be a daunting experience, especially when it involves data (and it almost always does). Where does one begin? What is the next step? What sources of information are there? As a guide CGC has published a series of newsletters over the years that focuses on factors that are important in determining which type of market research will serve your needs best and offering advice and information that will help you decide if, and what type of, market research will help maximize the success of your product or service.

This week Kate Maddox published an article titled "The ROI of Research" that summarizes the benefits of conducting market research and the increased usage of "online research", that we feel will benefit your research evaluation process. Kate's message is clear...**there is a return on your market research investment.**

THE ROI OF RESEARCH

Marketers have begun re-investing in research, but they are returning to a different game in which outsourcing reigns and measurable results are key

Excerpts from an article in the April 5, 2004 issue of BtoB magazine by Kate Maddox

...Companies are beginning to spend again on market research after a few years of slow growth, according to Larry Gold, editor and publisher of "Inside Research," a newsletter that tracks market research spending.

In 2003, spending on market research in the U.S. is expected to be up between 3% to 4% over 2002, to roughly \$6.5 billion, Gold said. The publication was still compiling 2003 data at presstime. "Last year was not supposed to be a good year in terms of market research spending," Gold said. "I'm surprised it's up so much."

Virtually all companies are outsourcing their market research rather than doing it in-house, Gold added.

"Researchers want to spend most of their time understanding management issues and translating those into research designs they can give to outside research companies," Gold said.

One of the biggest growth areas is online research, which was up 20% in 2003 and is expected to be up 19% in 2004, Gold added. ***Online research will make up about 25% of all survey-based research in 2004, he said.***

Marketers targeting enterprise customers say that with an increased focus on ROI, market research must be used to fully understand the target customer and its buying behaviors.

"Successful vendors must know the business issues of their target audiences," said James Tucker, senior marketing manager of PeopleSoft Enterprise Performance Management (EPM) marketing.

"Market research can provide the necessary information such as planned implementation costs,

expected rate of return and time to value. These often have the greatest impact on our prospect's buying decisions," he added.

...Julie Cox, director of b-to-b research at TNS NFO, said business-to-business clients are doing much more custom research to look at relationships with all their key partners.

"This goes way beyond customer satisfaction research," Cox said, noting that these companies are interested in stakeholder satisfaction, particularly their relationships with channel partners. "Managing channel relationships is becoming very, very complex, and clients are doing research to look at satisfaction levels among their distributors and value-added resellers," Cox said.

...VFA, which provides capital planning and asset management for facility providers, uses market research to quantify the benefits its customers receive from its services in order to provide information to its sales force.

"Our budgets are tight, so we're looking for very quantifiable projects," said Joan Lockhart, VP-marketing at VFA.

"We don't do large, broad-based research," she added.

Lockhart said the company's research is typically funded out of the marketing budget, but the customer benefits assessment was funded out of the sales department since this effort would result in a tool to help the sales force.

..."ROI is the hottest area of market research today," said Dawna Paton, managing partner of the Gantry Group.

"We have seen an increase in interest in market research to support ROI," she added. Gantry uses primary research, including offline and online focus groups with customers, to develop ROI assessment, competitive analysis and industry white papers.

"Companies are investing in market research to develop a credible ROI program," Paton said. "That

is where we're finding more people are willing to spend money."

...Increasingly, boards and CEOs are calling for hard empirical evidence that proposed marketing expenditures will yield greater profitability. An Advertising Research Foundation survey of CEOs in 2000 revealed that "enhanced return on marketing investment" was one of the top priorities they set for their marketing and research functions. A survey this year by the Association of National Advertisers of its members established that brands and measuring effectiveness are the No.1 and No. 2 issues on their minds.

Clearly, the message has gotten through. Marketers are investing time, money and talent in improving the measurement of their return on marketing investment (ROMI). While b-to-c firms took the lead in the 1990s, b-to-b companies now are making large strides and closing the gap.

Where would you rate your company on the three key principles that have emerged from the ARF's ROMI benchmark studies-discipline, metrics and advanced analytics.

Discipline: Establishing a ROMI discipline is a critical first step to reaping improved returns. Consistent, rigorous follow-through is requisite to developing a ROMI process that speeds decision-making and enhances marketing judgment. Citicorp, one of ARF's 2003 best practice firms, has a team that mentors and oversees how definitions are applied, data reported and metrics calculated across the dozens of Citicorp business units around the globe.

ROMI-managed companies almost without exception have a person with sufficient credibility, conviction and clout to instill a ROMI focus across the organization. That leadership is vital because successful ROMI programs require broad commitment and cooperation across functional departments and business units. The leader in several of the best practice companies has been the CEO, but senior marketing executives have also filled the ROMI champion role.

...In an ARF-Association of National Advertisers survey of senior marketers in 2000, marketers reported a wide range of metrics that were in use in their companies. Some of the measures were quite far removed from sales but had been related

to sales in previous analyses, tracking measures such as awareness of the brand or of the advertising, for example. Others were profitability and payout measures that were familiar to finance managers as well as marketers. As ROMI initiatives become more established, the metrics can be expected to become more financially related.

spending large sums to measure the ROI of their online marketing programs. They want to know the impact on ROI of shifting to online advertising money they've been investing in television, print and radio.

Before this recent interest in testing online ROI, spending experiments had declined among b-to-c marketers over the last two decades. Instead, they set their analytic teeth into mountains of retail data-combing for gains from "naturally occurring media-spending variation." The return to in-market experiments reveals the difficulty marketers face in placing a value on their online budgets at low spending levels and their need to "get online spending right."

Valuing ROMI

Evaluation of your marketing spending is an offensive investment, not a defensive one. It's not about justifying to someone in finance or up in the C-Suite that you're spending your budget wisely, it's about finding ways to get even larger returns. Measuring to grow ROMI is a wise investment.

Marketing ROI benchmarking studies led by the ARF over the last three years have shown that managers applying ROI metrics-based decision processes make faster decisions and have fewer criticisms from "Monday morning quarterbacks" afterwards. One key contributor to their improved decision-making is the trust in the system shared by marketers and other managers. Don't suppose that these b-to-b execs are putting blind trust in a complex scheme; rather, they are building confidence in a judgment process that is constantly fed new learning through methodical ROI measurement of their marketing activities.

Companies that implement marketing ROI programs, with integrated measurement of marketing expenses and performance, typically show meaningful ROI gains within two years.

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