



Advertising ROI

Nothing vexes our agency clients more than the expectation of measuring the actual return-on-investment from advertising (the "holy grail" as one industry leader calls it). At an abstract level this sounds like good business practice, but at the practical level it is a can of worms.

Like others, we have kept an eye on proposed methods. The most impressive are highfalutin econometric models, but they require tons of historical data on the marketplace and competitive media activity. Firms rarely have this much data.

Thus we leapt to buy a book called Measuring Brand Communication ROI by Don Schultz and Jeffrey Walters. We said "amen" to their argument that trying to measure the exact impact of an individual ad or campaign is often futile. Marketing communications do work together and in synergistic ways.

Then you get to the key chapter on actually calculating the ROI. This is it! What is the secret for actually measuring (researching) the impact of brand communication? Answer: make an assumption about that effect, and then you can calculate the dollar ROI using a neat spreadsheet. Argh!!!

The book has its merits as a conceptual overview for management, but is next to useless for those of us in the research trenches.



10 Years Hence

We have reminisced in this space about how the world of research has changed since we opened our doors in 1993. But how will it look in another 10 years? We don't pretend to know what the Next Big Thing will be, though some trends seem likely to continue.

We have no doubt that data collection will depend ever more heavily on the Internet. Pre-recruited panels will be at least as important as mail/ phone panels were in "the old days." Studies with specialized business and professional people may not be able to use such tools as readily, but there will be options. All-Internet research will not be all-good. However, researchers and their clients will inevitably migrate to where answers come most readily, and that will be on-line.

Even fewer large marketing services companies will command an even larger global share of research revenue. The structure of our field will look a whole lot more like the advertising business. Local offices may have some personality, but the trend toward consolidation seems inevitable.

For that reason and others, the de-professionalization of marketing research will also continue. Professionals are "knowledge workers" by definition, and historically, our field has attracted a menagerie of people with advanced degrees in a range of scientific fields. They (we!) have their eccentricities, but managed to keep research grounded in the fundamentals of scientific methods and statistics. That breed is disappearing, alas. Not that we were ever the majority, but there were enough of us in major companies and supplier firms to provide that critical, independent voice of a true professional.

(10 Years Hence, continued)

Yet in spite of (or because of) consolidation and de-professionalization, opportunities should remain for creative "niche" players to support the marketing function as we attempt to do today. It will not be easy, and one has to adapt as the business environment changes, but if we can continue to provide distinctive value, then there will be a place for researchers such as we are.

In Print

Paul Riedesel's article "Self Explicated Utility Measurement Versus Decompositional Conjoint: A Test" was published in volume 21.1 of the *Canadian Journal of Marketing Research*. Let us know if you would like a reprint.

The advertising discipline of account planning remains a mystery to some marketers—even to people within agencies. We recommend a very readable article by Christopher Hackley called "Account Planning: Current Agency Perspectives on an Advertising Enigma" in the June 2003 volume of the *Journal of Advertising Research*.

The Action Grid

For as long as we can remember, we have employed a device we call our "action grid" to help focus in on what a client really needs from a research project. It seems simple, yet we often surprise ourselves at how hard we have to think about it.

The starting point is an articulation of the business decisions for which the client needs the research. This sound text-booky, but an awful lot of research gets done in which no one ever talks about these ultimate decisions. Bad.

Step two is to figure out what information, what findings, what data would persuade the decision-makers in one direction or the other. This is not easy. We can guess what we would do as product managers, but our research clients are often not briefed on how their managers will decide.

If we can work through these first two steps, the third can almost write itself—and that is the tangible research design.

The problem is that so much dialog between research suppliers and their clients skips the first two stages altogether. "Hi Leonard. We need to do a segmentation study." So Leonard pulls up his segmentation questionnaire template, changes a few brand names, and gets the \$100,000 invoice ready to go. Maybe, just maybe, a routine segmentation is not what the product manager needs at all. She just heard that segmentation research was neat.

We do not claim to apply our own action grid perfectly in every situation, but it still guides how we think about our work. As our name implies, we believe that the ultimate value of marketing research is to enable organizations to take better-informed action.

Don't Do That!

Most researchers know something about tests of significance, but too many either slept through that portion of their statistics courses or managed to duck such classes altogether. Here are some common—but improper—requests that statisticians hear about.

No, you can't test a subgroup against the entire sample—the balance of a sample yes, but not the full group to which the subgroup also belongs.



If your brand performance ratings have improved "significantly" does everyone deserve a bonus and champagne? Only maybe. To say that a change is significant only means that it is probably real. Whether it was a major improvement or a teeny-tiny one is a totally separate question. Your statistician can advise as to whether Dom Perignon is in order, or a 6-pack of Grain Belt.