



## FORRESTER LEADERSHIP BOARDS Market Research Council

Dear Market Research Council member,

We are pleased to send you the latest exclusive research from the Market Research Council. For this quarter's research project, we have prepared a report on the elusive topic of proving the value of market research.

The search for a simple return on investment (ROI) for market research — whether syndicated or custom — has been the Holy Grail quest of market research. The search has gone on for years, but results have always been disappointing. The attempts have either been academic pie-in-the-sky exercises that are not compelling in the real world, or they have rested on faulty assumptions about how much the research affects final marketing or strategic decisions. The consensus among the 11 senior research executives we interviewed in depth, and the additional 17 we surveyed, is that the pursuit of a single metric that looks to definitely prove the return on investment (ROI) is a waste of resources. There are, however, many widely used methods to effectively prove the value of market research to an organization — even if not in a heavily quantitative way that many would want.

The timing of this is not a moment too soon — stark economic times have increased the need for proving market research organizational value to a fever pitch. While these approaches need to be calibrated to the type of organization you are in, they have the advantage of being relatively easy to implement and compelling once you have done the work to ensure that you have organizational buy-in. This report will help you assess what your organizational needs are to prove the value of market research and give guidance as to the approaches to make compelling value cases on an ongoing basis.

If you would like additional copies of this or other research, just let us know; we'll be happy to send them to you. Thank you for your continued support of the Market Research Council. We look forward to hearing from you!

Kind regards,

Brad Bortner, Principal Analyst

With Ellen Daley, Vice President, Research Director; Chétina Muteba, Research Associate; and Amy Chernov, Global Council Manager, Market Research Council

## Proving Value Requires A Multitiered Effort, Won't Result In One ROI Metric

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**Proving the value of market research is critical in stark economic times**

**You won't be able to distill value down into one quantitative metric that your organization will understand**

**Use a multitiered approach to prove value and relevance that fits into your firm's culture**

The need for organizations to have an agreed-upon way to value market research is more critical than ever in these stark economic times. "What cannot be proven to have value gets cut," as one senior market researcher in a multinational business-to-business and business-to-consumer (B2B/B2C) technology company said.

Many have tried to provide this value proof through various ROI calculations and have failed for years because:

- **Research is generally just one input into a complex decision.** It may have only a limited effect on the actual implementation, making it hard to carve out a specific ROI for it.
- **Determining the value of research for a decision would often require making the same decision with no research as a comparator.** This is unlikely to occur because companies tend to either value research for decisions and use it or devalue research and avoid it.

Different types of organizations require varying levels of proof for research value. Some research-driven cultures require very little. Those that treat research as a service bureau may be satisfied with research utilization metrics like the number of downloads of syndicated purchases. Research satisfaction studies are useful for all types of organizations as they provide a metric of how useful your inputs are to your client's decisions. Many organizations that focus primarily on product success to prove value find business cases about the product and offering being supported compelling. Others rely on socialization with key decision-makers. Forrester finds that a tiered set of metrics and approaches calibrated to your organization is most useful. We have highlighted details of this approach in this report.

## Overview Of Proving Value

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Focus area	Explanation
Know your organization.	Different organizations have different proof of value needs. If you strictly buy syndicated, the emphasis will be on research utilization. If you support one product area, it is best to focus on total business case, not just research; if you are a central group that supports many clients, an array of metrics are warranted.
Use utilization metrics.	As a baseline, it is always a good idea to track the intensity of client usage.
Ask how research will be valued upfront.	One of the best ways to prove value is to ask how the research will be valued/evaluated upfront, then ask how it measured up.
Tie to business results when possible.	This can take two forms. For most cases, you can assess ties to business results intuitively by asking your clients. In rarer cases, you may actually be able to assess direct value by business results — for example, if you raise prices after a pricing study.
Build business cases for the entire initiative, not just for the research portion.	In many cases, the value of the research is not the key driver of value for an organization; it's the success or failure of the entire product or offering. The research is generally a very small percentage of that pie.
Create a dashboard of metrics after getting buy-in that they are accepted value indicators for your organization.	Value is in the eye of the beholder. By creating a dashboard of metrics that are agreed on in such areas as utilization, satisfaction with research, and cost reductions, you remove the question and can just focus on optimizing your function around those metrics.

**Focus on what matters most for your organization to prove research value.**

Source: Forrester Research, Inc.

## CASE STUDY: ROB MADONNA, MARKETING RESEARCH DIRECTOR, PLYMOUTH ROCK

### Best Practice: Build A Business Case To Prove Value

More Than Just Insurance.

**Plymouth Rock**  
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#### CASE STUDY OVERVIEW

Rob shifted the market research function of his company to a more strategic role by taking several actions, including: a) conducting research to respond to a J.D. Power and Associates survey that did not meet company needs; b) bringing substantive research functionality in-house by using Vovici's quantitative research platform to field some studies, as well as Vovici's community platform to create and manage a market research online community (MROC) to enhance customer insights; c) becoming an efficient center of market intelligence, delivering results with a budget surplus; and d) providing value around key business decisions. Rob has also worked to concretely prove value by systematically gathering data before and after projects that help drive business cases that tie market research to the overall success of the projects.

#### EXECUTIVE PROFILE: ROB MADONNA, MARKETING RESEARCH DIRECTOR

**Education:** Rob holds a B.S. degree in broadcast communications from the State University of New York (SUNY) Brockport and an M.B.A. in marketing from Regis University.

**Career history:** Rob started his market research career as a focus group moderator for Psychological Motivations (a company founded by Ernest Dichter, credited by many in the industry to be the "father of motivational marketing research") after suffering a career-changing injury as a sound engineer. He later joined Moskowitz Jacobs, where he focused on quantitative research. After spending eight years as a consultant, Rob held research management positions with Zenith Electronics, LG Electronics, and Avaya. He has been at Plymouth Rock since 2004.



#### COMPANY OVERVIEW: PLYMOUTH ROCK

**Company description:** Plymouth Rock owns and manages a number of property and casualty (P&C) insurance companies in several states, with a combination of captive and independent agents selling its product and more than 1,000 employees in the enterprise division that Rob resides within.

**Company revenues:** private and undisclosed information

**Headquarters:** Boston

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**Build a business case  
to document the results of every  
substantive study**

**“I build a business case off of every project. I want to know how, when, if research is used and what it meant to key stakeholders.”** Rob believes that one of the best ways to prove the value of market research is to create business cases that assess the success of the projects they supported — as opposed to trying to create an overall ROI for research. In a sense, he is looking to craft a return on information by systematically gathering data about how research is applied and how it is used, as well as if it helped the internal client succeed. His request template — which is included in the Key Takeaways section of this report — supports this analysis by receiving clients’ views on these issues at the product initiation phase.

**Train your internal clients to  
understand that market research  
insight is about improving  
the odds of success, not  
guaranteeing it**

**“When you are trying to get across a precipice, market research is a hang glider — it does not mean you won’t hit the cliff face, but your chances are a lot better.”** When Rob first came to Plymouth Rock, the research department was not considered a key player within the organization. This was in part because expectations were not set about the role of appropriate market research and how it could improve the individual’s and team’s chances for success by enhancing the odds in their favor. Rob’s hang glider comment about business underscores his approach for his internal clients: Whether it is product development or advertising, he is focused on helping them increase the odds of their success, not guaranteeing results or an ROI.

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**Focus on showing value for a small number of urgent challenges initially**

**“This organization initially did not embrace market research, but, over time, it increasingly leveraged market research’s benefits as an important tactical and strategic tool.”** One way Rob enhanced the perceived value of his group when he first arrived was to focus on a limited number of high-visibility projects. One project involved helping a sister company accurately understand its customers’ satisfaction and loyalty after determining that a recent J.D. Power and Associates study fell short of this initiative. By focusing on Plymouth Rock’s unique needs and fielding a more compelling study with greater depth, he helped key stakeholders identify strengths and areas of improvement. Consequently, Rob earned a reputation as a useful strategic player in the organization.

**Invest your team in tracking the success of products and initiatives the research supported rather than creating an ROI**

**“The idea of how well a product does with and without research is not an answerable question — those models from academic firms are totally smoke — anyone who claims they have an ROI model is wrong.”** By focusing on what he can change, as opposed to an illusory sense of certainty that an academic model could provide, Rob casts a very wide and effective net to prove value. This ranges from creating business cases for successful projects to using qualitative research to test rate change notices to conducting diagnostic studies to see why new initiatives did not succeed. While some research can be tied directly to the bottom line, many cannot — yet they are still considered quite valuable. The key is to make sure key findings and organizational impact are constantly made visible.

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**Provide cost savings; it can be as compelling as enhancing revenue**

**“We were prepared to work with one agency, but I slowed down the process and acquired five bids and saved us about \$25,000.”** Another way Rob proves value is to work on reducing costs. This ranges from showing savings in contracts with full-service research vendors by enforcing competitive bidding to bringing some aspects of formerly outsourced research in-house on the Vovici platform. By demonstrating real savings for information needs that are considered credible, he also enhances the perceived value of his research function.

**Bring some research in-house to become a profit center**

**“We are using Vovici internally for some studies, buying sample from e-Rewards, and [offering] our client companies a good price to do satisfaction studies.”**

Reducing costs by in-sourcing quantitative and qualitative community research is only part of the story. Rob has his eyes on potentially providing research capabilities to appropriate client companies on a fee-for-service basis. Given that he can, for example, design and field a satisfaction survey for them for a fraction of what a full-service firm would charge, the value proposition is significant.

**Track research that helps avoid failure**

**“We succeed if the initiatives we support succeed, but if we do a study that is diagnostic and corrective and shows why something did not succeed, that also demonstrates value.”** The failure in ROI approaches to measuring the value of market research is more than trying to measure the value of research in projects that research is only one input for; it is also in missing such things as failure analyses that prove value by allowing the company to succeed in the future or avoid other failures. Rob is a big fan of doing such a diagnosis so that Plymouth Rock can continue to raise the level of its game. Companies that avoid this type of assessment because it cannot be tied directly to current revenue are missing the chance for ongoing improvement.

## KEY TAKEAWAYS

# Asking The Right Questions At Project Request Can Help Assign Value At Completion

**By collecting the appropriate data at the project request stage, it is easier to try to estimate the value of success at completion.**

*All organizations that are asked to conduct custom research can help prove value, as Rob Madonna at Plymouth Rock does, at completion by collecting the clients' ideas on how they will judge its success or failure upfront. After the project is completed, it is then possible to have them rate it on those metrics.*

## PROJECT CHARTER FORM

Requestor/project manager name: \_\_\_\_\_  
Company: \_\_\_\_\_  
Phone number: \_\_\_\_\_  
Date submitted: \_\_\_\_\_

Please return completed forms to: \_\_\_\_\_

**Note:** Projects will not be considered without requestor and/or project manager's company president signature.

### PROJECT WORKING TITLE:

#### I. PROJECT DEVELOPMENT

Background: \_\_\_\_\_

Objectives: \_\_\_\_\_

Timing: \_\_\_\_\_

Existing sources for capturing this information: \_\_\_\_\_

**Project sponsor** (Who is the principal sponsor/project manager of this research? Can other companies benefit from this project?): \_\_\_\_\_

**Business risks (if this research was not done):** \_\_\_\_\_

#### II. COST AND BENEFIT SUMMARY

Sources of funds, cost, and time estimates: \_\_\_\_\_

Practical application of research project results: \_\_\_\_\_

Summary measures/decision role/action standard: \_\_\_\_\_

Customer/agent/company impact: \_\_\_\_\_

\_\_\_\_\_  
Requestor/project manager signature

\_\_\_\_\_  
Requestor's company president signature

\_\_\_\_\_  
Marketing research director

Source: Plymouth Rock and Forrester Research, Inc.