

Marketing Research & Business Performance: A Critical Review

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The purpose of this paper is to critically review the literature on marketing research as a field and profession, as it relates to business performance, competitive advantage and organizational structure, in light of the claim “Marketing Research, as both a profession and a field of research, has little to offer businesses that are seeking to increase performance levels”. This paper will review and assess current research techniques, theories and frameworks including fundamental challenges that are highlighted with the consideration that marketing and marketing research is amidst a profound paradigm shift (Achrol and Kotler, 2011; Reibstein, Day, Wind, 2009; Malhotra and Peterson, 2001; Hamill, 1997) as a result of digitization, technological advancement and globalization. Eisend's (2015) research corroborates such a paradigm shift, suggesting the field has reached a stage of maturity.

Marketing research has been heavily criticized over the last decade for becoming increasingly irrelevant (Achrol et al.; 2011; Reibstein et al., 2009); having an increasing divergence between academic marketing research and the management decision-making process (Malhotra et al., 2001); being underutilised (Malhotra, Peterson, Uslay, 2006); and suffering from a lack of scientific method diversity (Davis, Golicic, Boerstler, Choi, Oh, 2013). Marketers and marketing researchers have been increasingly forced to validate their activities, budgets and existence amidst growing world uncertainties affecting business around the world. Achrol et al., (2011) state "But even as the field struggles to grasp its new fields of explanation, there is a Kuhnian shift happening at its boundaries. The shift significantly bends the marketing worldview as well as the theoretical tools and methodologies we use to study it". Marketing research has been focused on the asking of questions through surveys and questionnaires, statistical data collection

and analysis, and is changing more in the direction of listening to the customers, the measurement of their emotions, hidden motivations and the acquisition of knowledge (Zák, 2015; Achrol et al., 2011). As a result, increased cross-disciplinary method diversity is needed - whereby qualitative and quantitative methods come together in better collaboration to improve the quality of our research. In addition, deeper engagement with customer experience through qualitative methods and analysis will offer more valid and reliable data facilitating better decision making. (Branthwaite and Patterson, 2011; Arnould and Epp, 2006).

As we have firmly dipped into the third millennium, factors such as technological advances, ubiquitous use of technologies, big data, increased globalization, increased consumer complexities and identities, have led to marketing research becoming more important and critical for companies seeking competitive advantage - business performance (Malhotra et al., 2001). Not surprisingly, the world's global revenue for marketing, advertising and public opinion research services has consistently grown since 2005 (Honomichl, 2005) and as of 2016 exceeds \$44.51 billion in annual revenues (Statistica, 2016). Suggesting that marketing research is relied upon and valued. This is consistent with empirical evidence demonstrating that marketing research has developed a considerable body of marketing knowledge that can explain with medium correlation, real-world phenomena (Eisend, 2015).

Marketing research services, and in particular, qualitative studies are expected to grow as the risks and costs for "misreading signals from the marketplace become increasingly steeper" (Malhotra et al., 2001). The increasing speed at which critical information is needed by

businesses to make decisions and the expansion of competitively driven economies are reasons scholars, and practitioners alike, believe marketing research will substantially grow in the next 10 to 20 years (Honomichl, 2000; Barnard, 1999; Malhotra et al., 2001). It is unclear, however, amongst scholars, academics and practitioners what that growth should look like. Eisend (2015) demonstrated that growth in marketing knowledge has been discontinuous and decelerating. He concluded that “knowledge can increase or decrease in this era depending on how a subject area deals with specialization” (Eisend, 2015). Despite much criticism, marketing research has contributed to a substantial body of knowledge over the last 100 years. Of considerable interest has been understanding the role marketing plays in enabling firms to create and sustain competitive advantage.

Marketing capability (MC) is a company's ability to discern and predict customer needs and wants better than its competitors, through the use of resources to efficiently create value (Eisend, Evanschitzky, Calantone, 2016). Research articles published on MC and firm performance grew substantially between 2008 - 2012 (Kamboj and Rahman, 2015), with a demand for better consumer and market understanding post-financial crisis. Many western-focused research studies suggest that the marketing capability of a firm is a driver of business success and competitive advantage (Kamboj and Rahman, 2015; Agan, 2011; Nath, Nachiappan, Ramanathan., 2010; Krasnikov and Jayachandran, 2008), compared to other firm capabilities including technology (Eisend et al., 2016), research and development (Krasnikov et al., 2008), or operations (Krasnikov et al., 2008). Further, this can be explained, as the more difficult it is to obtain capabilities on the market (mobility), the greater the capabilities' impact on performance

(Krasnikov et al., 2008). It is thus argued that marketing capabilities are less prone to imitation because of the tacit knowledge involved and are less likely to be observed and are therefore more immobile than all other capabilities. The harder it is to copy capabilities (imitability), the greater the capabilities' impact on performance (Krasnikov et al., 2008).

Capabilities alone do not guarantee competitive advantage; they offer a relative advantage only if they are applied in a way that delivers superior value to customers over competitors (Eisenhardt and Martin, 2000). Furthermore, marketing as a "success-producing" capability should be considered and relied upon at the start and throughout any business innovation process (Kamboj et al., 2015; Arnould et al., 2006).

More recent studies, however, on capabilities, which consider and include both international and institutional contexts in the research, have indicated that the institutional context of a country moderates the MC advantage as a success driver (Eisland et al., 2016). To reinforce the idea that MC advantage changes depending on the country, Yuan, Shin, He, Kim (2014) discovered that marketing capability more heavily impacted performance in Korea, whereas the innovation capability was more important in China. They concluded that institutional backgrounds and market environments influenced capabilities' role and impact. China's on-going institutional transformation explains the higher impact of the innovation capability compared to the marketing capability. That is to say in more stable economies like Korea the marketing capability played a relatively larger role in firm performance (Yuan et al., 2014).

As businesses continue to seek competitive advantage in an increasingly complex global marketplace, international specific marketing research studies are needed (Young and Javalgi, 2007) as opposed to generalizing the results from domestic research (Eisend et al., 2016; Yuan et al., 2014; Westjohn, Singh, Magnusson; 2011; Steenkamp, 2005) to better understand consumer internationalization and complex collective identities. While international marketing research has gained greater interest in the past decade, there still exists large research gaps in the field of marketing outside of the US and Europe. Filling these gaps would improve our understanding of social, cultural, institutional, legal, economic and political factors that influence markets and consumers (Eisend et al., 2016; Young et al., 2007; Burgess and Steenkamp, 2006).

Marketing research is not able to make decisions, and it does not guarantee success, but it certainly plays a considerable role in predicting a higher chance for success and mitigating the risk of failure, which is becoming increasingly costlier (Malhotra et al., 2001). Even when companies invest millions of dollars in marketing research, the results can go very unexpectedly.

Consider how marketing research indicated that consumers would not buy Sony's Walkman cassette player because it could not record - yet it went on to sell 330 million units (Johansson and Nonaka, 1987). Alternatively, consider Toyota's new brand, Scion, introduced to the market in 2003. Designed to appeal to the millennial segment with millions of dollars spent on both qualitative and quantitative research only to become a flop – resulting in the dissolution of the brand worldwide in 2016 (Halvorson, 2016). How about Herman Miller's famous "Aeron" chair that went on to be the number one selling office chair in the history of chairs despite the fact

that focus group and survey results on numerous consumer segments reported a dislike for the aesthetic of the chair (Gladwell, 2013), suggesting it would be a failure. What do these examples tell us about current marketing research methods or more importantly, the consumer?

There exists a flawed underlying assumption in direct questioning research methods, called method bias (Viswanathan and Kayande, 2015; Baumgartner and Weijters, 2012). Surveys, which happen to be the most popular form of quantitative research (Petrescu et al., 2017), where people are directly asked questions and are assumed to be conscious, rational, self-directing agents with relatively fixed preferences. It is assumed that people can reliably express a preference or state an opinion when directly asked. However, research has repeatedly demonstrated that human preferences are unstable and unreliable and that we have less access than once thought to the emotional and motivational components that drive our behaviour (Baumgartner et al., 2012). It is found that we "tell stories" to rationalize our preferences or decisions that align with our model or view of the world. Method bias obviously presents a variety of problems for a variety of popular marketing research methods including surveys and questionnaires (Petrescu et al., 2017).

There has been criticism amongst both researchers and practitioners that marketing research has been heavily dominated by quantitative research methods with the role of qualitative and mixed research being quite limited and subordinate in comparison (Hanson and Grimmer, 2007; Petrescu et al., 2017). Historically, a mix of both qualitative and quantitative research methods are used in marketing research with the deployment of each being contingent on the objectives

of the research purpose (Kidd, 2002; Carson, Gilmore, Perry, Gronhaug, 2001; Healy and Perry, 2000; Guba and Lincoln, 2000). However, even when mixed methods are employed, qualitative methods are typically only used as an exploratory mechanism. There exists a seemingly entrenched sentiment that quantitative methods are more valid, more reliable and thus the best type of research (Hanson et al., 2007), despite its demonstrated flaws.

Qualitative methods, on the other hand, continue to be of greater interest in marketing research because of the benefits of incorporating big data and data mining, as well as, their advantages in analyzing contextual data from online communications (Petrescu et al., 2017; Hanson et al., 2007). For example, social media, blogs, and reviews can be studied much better using qualitative tools offering insights to academics and practitioners.

With qualitative techniques being interpretive, they are significantly better at describing complex phenomenon, interpreting meaning and building theories compared to quantitative research methods (Skågeby, 2015; Golafshani, 2003; Gummesson, 2005; Calder and Tybout, 1987; Hirschman, 1986). They include various methods such as observation, in-depth interviews, grounded theory, historical research, ethnography and netnography (Kozinets, 2009; Alam, 2005; Gummesson, 2005; Golafshani, 2003). International marketing, in particular, highlights the significant need for more qualitative research because of the "how" and "why" of cultural, social and institutional factors that cannot be understood with quantitative analysis alone (Slater and Andriopoulos, 2013).

As marketing problems and their solutions, in particular, international ones, become increasingly complex, along with consumers becoming more and more difficult to understand, a need for diversity in research methods is being called for (Petrescu et al., 2017; Hanson et al., 2007; Tellis et al., 1999). Davis' (2013) content analysis study of 3656 articles demonstrates that research published in the top marketing journals over the past 20 years relies heavily on quantitative methods, which are reported in 90% of the empirical studies. They found that only two quantitative methods - experiments and modelling are relied upon heavily and driving a "disturbing downward trend in method diversity" (Davis et al., 2013;). Hanson (2007) found similar trends demonstrating that marketing research in the past two decades has been heavily reliant upon quantitative research suggesting objectivism continues to be the preferred framework (See Hanson et al. 2007 for explanations).

As the divide persists between qualitative and quantitative research theories and attitudes, the entire field of marketing research is being undermined and underutilized with an ever-growing problem of research relevance (Reibstein et al., 2009). This relevance gap is about research not matching the needs of business problems or constructively facilitating the management decision-making process. Many see this as growing concern and detrimental to the long-term health of the field in general (Petrescu et al., 2017; Davis et al, 2013; Achrol et al., 2011; Reibstein et al., 2009; Hanson et al., 2007; Malhotra et al., 2006). Eisend's (2015) research can explain this as a field experiencing fragmentation and specialization.

Others have expounded on this same theme suggesting researchers are reluctant to consider the managerial implications of their work and are just performing "order taking" from management (Malhotra et al., 2006), resulting in research outputs that have limited use for practical decision-making. Another reminder that the goal of marketing research should be to aid managers in making complex decisions that will ultimately result in a positive impact on the business.

Academic marketing research and management seemingly live in ever-growing silos which are partly due to a traditional organizational structure where a "back-office, order-taker mentality has beset too many marketing researchers" (Malholtra et al., 2006), resulting in the voice of the customer - the exact thing marketing researchers understand - being mostly unheard. There is general agreement that marketing academics and researchers need to be more included in the strategic decision-making process, and considered as trusted advisors or consultants within organizations, if research and problems facing management are to be closer aligned (Reibstein et al., 2009; Malhotra et al., 2006). Further to this end "just as marketing researchers need to become more involved in marketing decision making, marketing managers need to become more involved in marketing research" (Malhotra et al., 2006). Researchers that are embedded in the organization, are, therefore, closer to the pulse of business problems and therefore able to better understand the scope of the research and its application within the business.

Conclusions

Firstly, it can be concluded that the need for greater quality and more diverse methods crossing disciplinary boundaries in marketing research is imperative, due to the increasing complexity of

data collection and analysis. It can be said that the entire marketing endeavour is a company's linchpin - a thing vital to the organization's success. When marketing research is designed to investigate, uncover, understand the needs, attitudes, motivations and behaviours of consumers (Honomichl, 2000; Barnard, 1999) and is the link between company and consumer then it follows that business performance hinges on it. If the marketing capability of an organization is its ability to discern and predict customer needs and wants better than its competitors (Eisend et al., 2016), then businesses' success heavily depends on it. The era of asking consumer's questions is being replaced by the era of listening, through technological tools and innovations that support this change.

Secondly, writers, researchers, marketing professionals and thought leaders seemingly agree that advances in technology, increasingly connected global marketplaces, increased unpredictability and market volatility, and the explosion of secondary data are significant factors causing and shaping a significant paradigm shift. This fundamental shift is dynamic and requires testing assumptions, theories and improving the quality of research output through better collaboration between disciplines and increased method diversity. The benefits of qualitative research have been undermined in marketing academia, and they need to be better understood for their value in their own right, as opposed to being considered a competitor to quantitative methods. Better communication and collaboration in the industry as a whole could help steer the trajectory of marketing research toward a reset of sorts to begin dealing with the problem of specialization and fragmentation.

Finally, the marketing researcher currently plays an underperforming role within the organization. As a detector of marketplace signals and the "voice of the consumer", the marketing researcher should play a more integrated, decision-making role at all levels of the business. Increasing the significance of this is the shift in the way in which data is collected and analyzed within the organization as a result of technology (Malholtra, 1992)." For marketing researchers and marketing managers to be effective, the line of demarcation between the two should become thinner and thinner" (Malholtra, 1992). Such an approach will lead to better integration of marketing research and marketing decision making.

If marketing research should reach its full potential in the coming decades it will need to evaluate current criticisms, be open to method diversity and collaboration across domains and fields as "marketing is no longer a function but an educational process" (Costopoulos, 2008).

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