

Experimental methods in market research

From information to insight

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Experimental methods have a relatively low penetration into market research practice, despite their many inherent strengths. We review the strengths and weaknesses of four major experimental and quasi-experimental designs for market research applications. We then describe three case studies of the use of experimental logic in field-based research studies. Two examine the impact of customer profitability measurement on customer management strategies; the third studies the effect on customer satisfaction and other variables of introducing desk-based account managers into a field sales organisation. We argue for increased take-up of such experimental and quasi-experimental methods if the market research community is to tackle the twin challenges of multiple sources of data and the need to evaluate what happens within the firm as well as within its resellers and retailers and customers.

Introduction

In their award-winning paper at the 2004 MRS Conference, Steve Wills and Pauline Williams (2004) argued that ‘customer insight is built from multiple sources – of which market research is only a part’, citing analysis of internal customer data, for example, as one key information source that needs to be managed holistically along with traditional market research approaches. They concluded that if the market research industry ‘does not respond imaginatively and constructively, market research risks being relegated to a bit-part role in the “big picture” that is now represented by customer insight’.

The authors’ vision of customer insight does not just differ from classic market research in the multiple sources of data from which the insight is gained. Based on a major best practice project, Wills and Williams argue that the communication of customer data from the page to the heads of

those managers who have the capability to turn it into insight is an equally important and under-studied task.

We will provide some case study evidence to inform this vital debate on widening the ambitions of the market researcher, through a description of three projects incorporating analysis of internal customer data as part or all of the data source. We also wish to extend Wills and Williams' argument. In our view, the skills of market researchers in sensing and providing feedback do not cease to be necessary once insight has been gained by a manager. The relationship between a company and its customers forms a dynamic system in which managerial response to customer insight needs to be tracked and evaluated just as much as does the customer response to the company's actions. Who will track whether, say, a CRM system and an accompanying customer service initiative, designed to increase poor satisfaction scores and retention rates, actually does so? And if retention rates go up (or if they don't), who will check on the impact of extraneous variables such as simultaneous changes in the product, or CRM programme launches by competitors, or promotional activity? There are analytical skills involved here to which the market research industry is ideally placed to contribute, but equally there are multiple sources of data and an active engagement with marketing managers in their project design and evaluation that imply something closer to Wills and Williams' vision of a customer insight industry than is typically practised.

We would further argue that for researchers to fulfil this expanded brief of evaluating the efficacy of customer management initiatives – as opposed to simply promotional activities, important though this subset is – it is not sufficient to slip into the easy habit of the survey, focus group and interview methods that dominate market research practice, as a glance at past issues of this journal demonstrates. Frequently, the only rigorous option for finding out what aspects of managerial practice actually work is experimental and quasi-experimental methods. Market researchers are not universally uninformed about these approaches, but their use tends to be limited to certain marketing silos, such as the use of control cells in direct marketing and advertising effectiveness research (an example being Pelsmacker *et al.*'s (2004) article in a recent issue of this journal). We recently reviewed a new and otherwise excellent book on market research in which terms such as 'experiment' and 'control group' did not even appear in the index. This paper therefore explores the power of experimental approaches at the customer interface, through three case studies. Before presenting our case studies, we begin by reviewing the

experimental designs that are available to the open-minded market researcher.

Experimental designs as a source of market insight

In an experiment, you try something and observe the effects. In other words, the essence of experimentation is ‘the manipulation of one or more variables by the experimenter in such a way that its effect on one or more other variables can be measured’ (Tull & Hawkins 1984). The variable(s) being manipulated are referred to as the independent variables, and the variable that is affected is termed the dependent variable. For simplicity we divide the experiments and quasi-experiment designs that tend to occur in management research into four groups, as shown in Table 1.

Laboratory experiments

In the classical laboratory experiment, the subjects perform some task or activity within a carefully controlled physical environment. This can help to reduce the number of extraneous variables – factors other than the independent variables being studied – that could be affecting the dependent variable. The most common design is a ‘before-and-after, with control group’ design, in which a control group of subjects and an experimental group differ only in that a ‘treatment’ is given to the experimental group only: that is, the experimental group has a different value of the independent variable. The dependent variable is measured both before and after the experimental treatment. Subjects are allocated between the

Table 1 Experimental designs in marketing research

Type	Setting	Group assignment	Dependent variable measurement	Examples
1. Laboratory experiment	Laboratory	a) Random, or: b) Systematic	Quantitative	Lee & Tan (2003) Niedrich & Swain (2003)
2. Field experiment	Field	a) Random, or: b) Systematic	Quantitative	Frayne & Geringer (2000) Katz <i>et al.</i> (2001)
3. Ex post facto study	Field	Naturally occurring	Quantitative	Verhoef (2003) Shankar <i>et al.</i> (2003)
4. Quasi-experimental qualitative design	Field	Naturally occurring	Qualitative	Kennedy <i>et al.</i> (2003) Wilson (2004)

groups either randomly or systematically – that is, by selecting control group members to match the experimental group members on specific potential extraneous variables (for example, age, profession, and so on) and thereby to control for these variables.

Although relatively uncommon in market research, an exception is the use of laboratory experiments to test whether a computer system that is designed to improve performance in some task in fact does so. Examples include Sainfort *et al.* (1990) and Sharda *et al.* (1988). Another recent stream of experiments evaluates consumers' channel preferences, particularly comparing online and offline options (Lee & Tan 2003). Taste tests and the like have also long been conducted in laboratory conditions.

The laboratory experiment is powerful if you can isolate the very specific variables you wish to test. That is, it is high in internal validity – the extent to which what is identified as the 'cause' actually produces what have been interpreted as the 'effects'. The trade-off is that it can suffer severely from weaknesses in ecological validity – the extent to which results in the research setting can be generalised to other settings (e.g. the retail store or the workplace). One wonders, for example, quite how much insight can be gained into the minds of popcorn-eating teenagers at the multiplex from experiments on MBA students about two fictional brands of popcorn described only on paper, however impressive the methodology or learned the journal (Niedrich & Swain 2003).

We leave others, therefore, to explore the limits of this approach, and focus in our case studies on the field-based designs to which we now turn.

Field experiments

The field experiment takes the logic of the experiment out of the laboratory and into the context of purchase or consumption, again most commonly using a 'before-and-after, with control group' design. An example is Katz *et al.* (2001), who compared well-being in an experimental group of consumers that had moved location, with well-being in a control group. Similarly, Schupbach (1997) identified customers who met certain criteria that would make them valuable. This research sample was then divided into two. One half received the marketing treatment, the other half did not. Reactions were monitored. As a further example, Alonzo (1997) reports on a research sample that was divided into three. One third received a discount voucher, another third received a promotional item of equal value, while the control group received nothing.

Alonzo cites three cases in which promotional goods were more effective in increasing revenue from customers than price-based promotions.

Hart (2000) and Sullivan (2000) discuss the use of randomly selected control groups in direct marketing research to measure customer loyalty and incremental revenue. Sullivan comments that control groups of this type should be (a) random, (b) representative of the overall population, and (c) of an appropriate size. Where the comparison is effectively the overall population, this may be called a validation sample. Issues with respect to replication of the overall population are discussed below (in Case 2).

As with the laboratory experiment, though, a 'systematic' alternative to random allocation is available for those occasions when random allocation is not feasible. Frayne and Geringer (2000), for example, report on research using a matching research sample and control group. In their research, 30 insurance sales people were given certain training and another 30 – matched on previous performance with the experimental group – were not. The performance of the experimental group increased immediately and continued to increase over time. This approach is often necessary in business-to-business research where sample sizes can be small. Wilson and Higgins (2001), for example, compared executive compensation in two small groups of companies, matched on industry type but differing in compensation style.

Field experiments address the laboratory experiment's weakness of ecological validity, allowing genuine insight to be gained into customer reactions and commercial implications that continues beyond the experiment. The most common practical challenge, though, is the holdout problem: persuading the relevant managers that the advantages of having a control group outweigh the drawback that this group will not benefit from the intervention. If managers are convinced beforehand that the intervention will be a success – as is frequently the case – this can be a real problem. If a marketing programme seems to be increasing sales in the experimental group, the temptation to end the experiment and make the same offer to the control group may be overwhelming. The problem has an ethical angle too, if the intervention is in the customer's interests as well as the company's. Medical researchers similarly face this dilemma, that the control group is excluded from the possible beneficial effects of treatment. In the UK recently, a clinical trial was discontinued because it was felt to be so effective that it would be unethical to continue to supply the control group with merely a placebo. We will return to this issue in the discussion of our cases.

Ex post facto studies

The field experiment requires the measurement issue to be considered before the intervention begins. If Wills and Williams (2004), and similarly imaginative practitioners such as Smith and Fletcher (2004), succeed in raising the power and influence of the customer insight function, then this will be the case more often than it is now. We will probably always be faced, though, with situations where we wish to examine the effectiveness of actions that have already occurred.

The ex post facto study applies the logic of the experiment to this situation. The group to whom the intervention occurred is compared retrospectively to a similar, naturally occurring group where the intervention did not take place. As with systematic group allocation, the control group is chosen so as to match the experimental group as far as possible on any hypothesised extraneous variables. The case for the negative effect of smoking on health was made primarily on the basis of such ex post facto studies, mortality rates of smokers and matched groups of non-smokers being compared along with a check that the groups did not differ on other relevant criteria such as diet and exercise. Verhoef (2003) provides a contemporary marketing example, using an ex post facto design to test the impact of CRM efforts on customer retention.

As with the field experiment, a challenge is defining genuinely comparable groups. A further drawback is that pre-tests – such as surveys of the attitudes of the two groups before the intervention – are clearly not possible. Nevertheless, this logic is considerably stronger than the common approach of simply surveying customer attitudes among those exposed to the intervention, as insight can be gained into what shifts were due to the intervention and what shifts would have occurred anyway.

The quasi-experimental qualitative design

We have so far focused on quantitative approaches. There are many circumstances, though, where we wish to gain insight into the impact of a customer management strategy *without making a prior assumption of what that impact might be*. The quasi-experimental qualitative approach long championed by Yin (1984) applies the logic of the experiment to this situation. An experimental and control group are allocated as in the previous approaches, but the post-test measurement is carried out qualitatively, typically through interviews or focus group discussion, and not quantitatively. Wilson (2004), for example, reports on the evaluation of a decision support system through interviews with both those who had

used the system and those who had not, to provide a check for such problems as the ‘history’ error – ‘any variables or events, other than the one(s) manipulated by the experimenter, that occur between the pre- and postmeasures and affect the value of the dependent variable’ (O’Herlihy 1980). Another example is Kennedy *et al.*’s (2003) ethnographic evaluation of an initiative to introduce greater customer orientation into schools.

Experimental designs, then, can bring a market researcher’s rigour to bear on some of the complex problems of project evaluation that are most crucial to today’s marketing practitioners. We will now turn to three cases that both illustrate this strength and shed some light on how the weaknesses of experimental design we have discussed can be worked around in practice.

Introduction to cases

Our three cases are summarised in Table 2.

Table 2 Summary of cases

Case	Question	Design	Intervention	Measurement (dependent variables)
1: an insurance company	What impact does a KAM approach, including analysis of account profitability, have on customer management strategies?	Quasi-experimental qualitative (systematic group assignment)	Provision of account profitability data to experimental group of account managers	Entry and exit interviews (KAM team and control group): exploration of impact on customer management
2: a bank	a) What impact does segmentation have on profitability and application success? b) What impact does the application process have on the portfolio’s credit score?	Ex post facto study	a) Naturally occurring variation in segment membership b) Modifications to application process	Customer profitability (analysis of customer database); credit scoring of experimental group vs validation sample
3: an ICT vendor	What impact does introduction of desk-based account managers have on employee satisfaction, customer satisfaction and sales cost?	Field experiment (systematic group assignment)	Introduction of DBAMs to serve experimental group	Employee satisfaction (survey); customer satisfaction (survey); expense to revenue ratio (internal data)

The first two cases share a common theme: the introduction of customer profitability analysis into a business, and the impact of this intervention on customer management practice. In the insurance company of the first case, a quasi-experimental qualitative design was used to investigate what change in key account management (KAM) practice occurred when an experimental group of key account managers was given access to customer profitability data. Interviews were held with both the experimental group and a control group to increase confidence that the changes observed in the experimental group came about as a result of the project and were not down to other company factors or to chance.

The bank studied in Case 2, by contrast, was used to thinking in terms of mass marketing. A project to introduce customer profitability and segmentation analyses aimed to improve the profitability of the overall customer portfolio. The primary research question was whether segment membership impacts on customer profitability and, second, on the likelihood of success in the application process for the company's personal loans, the product range studied. This can be regarded as an *ex post facto* design in which natural variation in segment membership represents the independent variable – just as natural variation in smoking habits is used in the smoking studies we referred to earlier. In this case the sample size was extremely large (the research was conducted on a sample of more than 95,000 customers).

The 'control group' in this case was in fact a validation sample, consisting of 100% of applicants for a personal loan during a specified period. Thus, the validation sample *included* all of the experimental group. The analysis of the experimental group was compared and contrasted with an analysis of this entire validation sample. The importance of this validation sample for the bank was that it was a proxy for the market as a whole, since the validation sample included loan applicants who were turned down by the bank and loan applicants who were offered a loan but decided not to take one out, as well as all successful applications during the period.

Case 3 is an example of a field experiment. An ICT (information and communication technology) vendor wished to test the hypothesis that the introduction of desk-based account managers (DBAMs) to work alongside the existing field sales force would save cost without decreasing revenue or customer satisfaction. A pilot study was defined to test this hypothesis, introducing 12 DBAMs into a set of accounts for a trial period, with measurement in both this experimental group and a control group of employee satisfaction, customer satisfaction, sales cost and revenue.

One of the authors had an action research involvement with Cases 1 and 2, assisting the company with the customer profitability analysis and then collecting research data on its impact. Our involvement in Case 3 was purely to conduct case study interviews subsequent to the field experiment, which was designed and executed by the company working with a specialist consultancy; we have supplemented these interviews with documentation from internal and industry sources.

We will now describe the three cases, focusing not on the data of the experimental and quasi-experimental studies themselves, but on the research design decisions and the wider context of the research in the company's decision-making.

Case 1: an insurance company

The research for this case took place at the London office of one of Europe's leading insurance companies. This company had a relatively small number of key accounts and had recently established a Key Account Management (KAM) team to handle relationships with its largest customers. There was little history of performance measurement in this office. In particular, the profitability of the key accounts being handed over to the KAM team was not known for certain. This was a pressing issue with the creation of the KAM team, since intensive investment in customer relationships would increase the cost of serving the key customers. Hence a project was instituted to provide the KAM team with account profitability data, with assistance in action research mode from one of the authors.

Purpose of the quasi-experiment

The purpose of the quasi-experiment was to provide a check on changes in customer strategy that might be occurring during the project but for reasons not connected with the project. The control group would indicate what changes would have happened anyway without the project. There were three particular reasons to be on the lookout for such extraneous variables. First, because relationship management and the development of customer-specific strategies were actively being discussed within the company, the establishment of the KAM team was the most visible effect of an ongoing cultural change. Second, moving the very largest accounts into the Key Account Management team might have had an impact on the resources available to service other major accounts. Third, other external

factors, such as changes in the marketplace or customer demands, might have led to changes in customer management strategies that would have come about irrespective of the initiative on customer profitability.

Group allocation and management

The experimental group included eight account managers managing 18 accounts. The control group comprised accounts that were major but not key accounts, managed by three account managers not involved in the customer profitability work. Both groups of managers were interviewed individually, with some modifications to the project entry questionnaire and project exit questionnaire for the control group. Other than that, contact with account managers in the control group was avoided. The control group account managers were not made aware of the results of the customer profitability project until after it had been completed.

The control group was matched with the experimental group on three criteria: industry sector; the product portfolio owned by the accounts; and the degree of internationalisation of the accounts. They differed, however, on account size, as the company wished all the largest accounts to have access to the new profitability data. This is an example of the impurity in systematic group assignment that can occur due to practical management criteria – an issue we discussed in our literature review.

Findings

As the KAM team learned more about the profitability of their customers, they made several modifications to their customer management strategy, of which three of the most significant were as follows.

1. *Differential service:* The key account managers became more aware of service levels to customers who were marginally profitable or unprofitable, and sometimes refused additional free services to these customers, beginning to negotiate instead.
2. *Selective sales effort:* The depth of sales coverage was increased in those accounts that were either more profitable or were believed to have the potential to become so, in order to increase ‘share of wallet’ of this profitable business through new product and service sales.

3. *Selective customer divestment:* In some cases, accounts were removed from the 'key account' list as not deserving the resource-intensive KAM approach. While maintained as customers of the company, it was accepted that this reduced focus might result in a reducing share of wallet or indeed a total loss of business from these companies.

All of the experimental group account managers reported one or more of these changes in their accounts. By contrast, the only change reported in the control group was with one account where the client had had a change in management team. This led to the need for more input from the account manager, who held a series of workshops as part of a process of getting to know the new team. However, the account manager did not consider there had been any changes to profitability or risk in the relationship as a result. The company regarded this exogenously driven short-term change to the way the account was managed as very different from the long-term proactive changes to customer strategy seen in the experimental group.

This simple qualitative use of a control group gave the insurance company confidence that the changes in customer management strategies that had been observed during the project were as a result of better knowledge on the part of the Key Account Management team about the profitability of their customers. The KAM team and other senior managers at the insurance company expressed considerable satisfaction with the project.

Limitations

There were two main limitations in this quasi-experimental design. The first, which we have mentioned, was the danger of selection error – differences in the two groups that are relevant to the dependent variable. Specifically, the control group differed somewhat in account size. The interviews attempted to counteract this by checking whether account size was significant as a driver of either profitability or customer management. More equal groups in account size would clearly have formed a more ideal design, but might well have fallen foul of the holdout problem we described earlier.

The second limitation is the danger of contamination or 'spillover' of the control group due to its proximity to the experimental group. In this case, the control group account managers were located in the same open-plan

office as the experimental group team. The control group interviews explicitly checked for this point, finding that two of the three control group account managers were not even aware that the profitability work was taking place. The third was the account manager whose one reported change in strategy we have already discussed, and who believed this change to be instigated by the client rather than by internal factors. We concluded that this danger had not in fact contaminated the research findings significantly.

Case 2: a bank

Case 2 concerned a business-to-consumer project that took place within the personal loans division of a major bank. The division had a customer base of several hundred thousand people. Again, the wider project concerned the introduction of customer profitability analysis, but instead of analysing the profitability of individual customers as in Case 1, Case 2 took a top-down approach and aimed to break down a research sample of the current customer base into differing profitability tranches.

Purpose

The project aimed to identify tranches of personal loan customers with similar profitability, with the objective not just of developing customer management strategies appropriate to the profitability of the customer, but also of identifying the most profitable customer types in order to target and acquire new, more profitable customers. In the evaluation of this project, the main research questions were, first, what impact segment membership has on profitability and success in the loan application process and, second, what impact this process has on the credit score rating of the customer portfolio.

Research design

Several ideas for research design were considered by the researcher and client. The first was to run the project in three stages (pre-measurement group, results evaluation and strategy testing, and post-measurement group), where the middle stage would involve modifications to customer management as a result of the customer profitability analysis – a simulated before-and-after design (Winer 1980). The second idea was the use of closely matching customer profitability tranches. Customer profitability

tranches thought to be of great interest were:

- the tranche containing the highest proportion of profitable customers
- the tranche delivering the greatest amount of profit
- the tranche containing the highest proportion of unprofitable customers
- the tranche delivering the least amount of profit, and
- an average tranche.

Under this option, the research team intended to identify a similar tranche to each tranche selected for detailed study. This second tranche would act as the control group. For example, the tranche containing the second highest proportion of profitable customers might act as the validation sample for the tranche containing the highest proportion of profitable customers. Both tranches would be profiled in detail and differences between them noted.

A third approach the researcher suggested was to set aside a control group of customers for whom profitability data would not be calculated. Differences in customer management of the control and experimental groups would then be assessed as in Case 1. The company decided, though, that it did not wish to forego the potential benefits of the profitability analysis for any customers (the holdout issue again), so this was ruled out.

In the event, the project team decided on a fourth approach – to use the total sample of applications for a loan as a validation sample – for the following reasons.

- Using the first two approaches, the number of customers in some tranches would be too low for statistical significance.
- The approach of monitoring any subsample against a set of all customers was the bank's normal approach for statistical analysis of customer data.
- Using 100% of total loan applications would provide a proxy for the entire market.

The benefit of testing the customer profitability tranches against the entire market would be in the identification of relatively profitable segments in which the bank might be under-represented in the customer portfolio, as well as relatively unprofitable segments that might be over-represented.

Findings

The project analysed the profitability of customer tranches, the risk of the customers in those tranches, and the relationship the customers in each studied tranche had with the bank as a whole. Sociodemographic data such as ACORN were also overlaid on this analysis. For each key variable, results were presented as a ‘compare and contrast’ with the validation sample (see Table 3).

One of the key conclusions from this analysis was that the bank’s customers were of higher quality than the validation sample. They were slightly older and more likely to own their own home, to work in a professional occupation and to have higher earnings. This resulted in a better credit rating for the research sample as compared with the validation sample, confirming the bank’s decision to focus on these customers (see Figure 1).

Similarly, the division’s marketing department had recently completed a market segmentation exercise for which it had only indicative data for the percentage market share of eight segments it regarded as potential targets. These eight segments were mapped onto the validation sample and research sample to see what proportion of customers fell into each segment, providing some confirmation as to market share.

The validation sample indicated that the bank was relatively heavily represented in one segment comprising younger unmarried customers. However, this segment was discovered by the research to be relatively unprofitable. Prior to the research, it had been assumed that the lifetime value of this particular segment was high. The profitability research, coupled with the use of the validation sample, convinced the bank to alter its policy towards this segment. Recent aggressive targeting of this segment was discontinued.

The validation sample also indicated an opportunity. Another segment, comprising certain older customers without children, turned out to be

Table 3 Experimental and validation groups by ACORN segment (Case 2)

ACORN	ACORN description	Project sample (%)	Validation sample (%)
A	Thriving	11.4	10.2
B	Expanding	14.3	12.1
C	Rising	6.8	8.4
D	Settling	26.1	23.3
E	Aspiring	14.9	15.1
F	Striving	22.8	26.1
Data missing		3.7	4.8

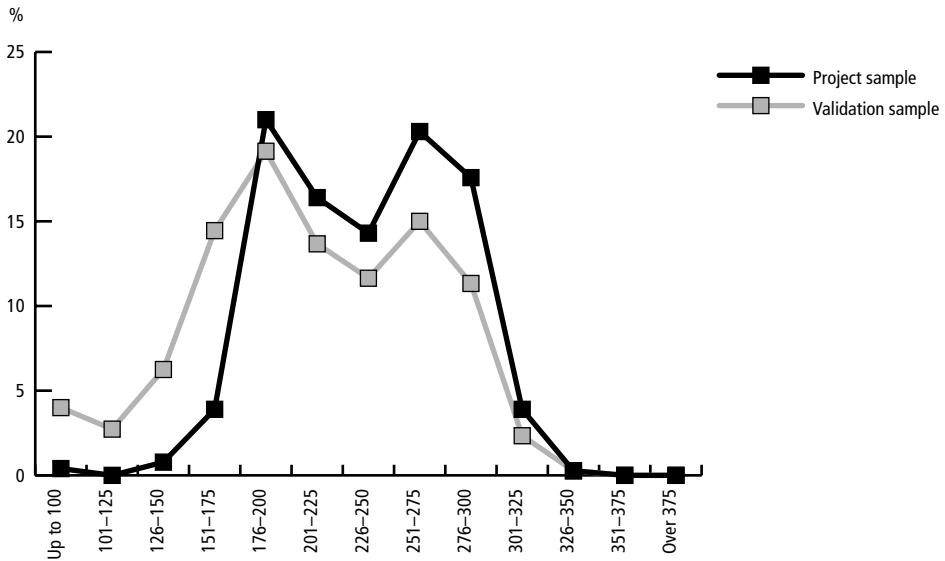


Figure 1 Credit score by experimental and validation groups (Case 2)

considerably more profitable than the bank had realised. The bank did have a substantial proportion of customers in this segment but the validation sample suggested that people meeting this profile were more heavily represented in the population as a whole. Further analysis suggested that the bank was able to attract prospects of this type but was not able to convert them from prospects to customers. To do so entailed developing a new proposition to appeal to this profitable segment.

Limitations

The validation sample was, as explained above, 100% of the applicants for a loan during a period of several months. It was taken as a proxy for the market as a whole. For this reason, the sample was drawn from a period during which there were no special marketing promotions or pricing deals that might have skewed the sample. However, it was not clear how closely the validation sample did in fact approximate to the market as a whole. This would be amenable to statistical analysis that may form part of an ongoing marketing research activity.

Case 3: an ICT provider

This company sold IT and telecommunications products and services to large corporate clients. As with Cases 1 and 2, the change it wished to evaluate was not the market researcher's typical problem of a new product or promotional method, or a change in customer behaviour, but rather a change in customer management: the introduction of desk-based account managers (DBAMs) to complement the existing field sales force. It was hoped that the introduction of fully professional account managers who worked purely from the office, making extensive use of remote media such as the telephone, would lower the cost of sale due to their lower salary and expense costs and greater contact time, and it was hoped they might actually be preferred in some circumstances by customers for simpler matters. The company had the good sense, though, to recognise that some form of pilot testing using an experimental approach would be wise before investing too heavily in its intuitive strategy.

Purpose

A trial was set up to provide a set of field account managers with the assistance of a small number of DBAMs for the trial period. The purpose of the trial was to establish whether DBAMs could indeed sell some of the product range, whether the cost/revenue equation was indeed improved, and whether the people involved – employees and customers – were happy with the approach.

Research design

The company selected a matched set of accounts to act as a control group, as it was entirely possible that such metrics as profitability and customer satisfaction might change in the customer base as a whole due to extraneous factors such as competitor activity or new product introduction. Both groups were assessed before and after the trial by employee and customer surveys to measure employee and customer satisfaction respectively. An analysis of internal data measured the cost of each approach as well as the revenue gained, to enable a comparison on the measure of cost-to-revenue ratio, the proportion of revenue that was needed to cover marketing and sales costs.

Findings

The experimental group achieved a very significant improvement in the key metric of cost-to-revenue ratio, reducing it by around 6% of revenue. The company's interpretation of this result was that DBAMs proved able to sell products to a much higher value than had been anticipated; furthermore, in many other sales that were completed by the field sales force, the DBAMs played an important role at earlier stages of the decision-making process. As a result, replacement of a proportion of the field sales people by DBAMs on a one-for-one basis decreased cost at the same time as increasing revenue, as the field sales force had more time available to chase the greatest opportunities where they were most needed.

Employee satisfaction did not improve significantly during the trial, but at least it did not actually drop – an achievement in a situation of radical change, which some employees were bound to find threatening. The company was particularly pleased that customer satisfaction actually went up, as customers found they could contact a member of the account team more readily, as DBAMs tended to have shorter continuous contact times and of course no travel time, and so were easier to contact.

Limitations

This field experiment with systematic group assignment had many strengths in research design. Notably, the control group was more directly comparable to the experimental group than in the first two cases. The benefits in the credibility of the results were considerable, with the DBAM approach being rolled out throughout the division over the following three years.

It is worth noting one weakness, though, due to the famous 'Hawthorne effect': the way in which any novel circumstances are likely to influence the behaviour of experimental group members (Roethlisberger & Dickson 1939). In the Hawthorne studies, the lights were turned up in a factory and performance went up. The lights were turned down and performance still went up. The researchers soon realised that virtually any change would result in at least a short-term improvement. In Case 3, the equivalent danger was that such metrics as customer satisfaction were increased due to the specific attention those in the experimental group knew themselves to be the subject of. In this regard, it is interesting to note that the company's subsequent experience has confirmed the financial benefits of DBAM introduction but has had a rather less significant positive impact on customer satisfaction than the pilot suggested; it is not

clear whether this is purely a function of the Hawthorne effect or whether it is due to differences in the rollout programme as compared with the pilot.

Are experimental designs valuable in gaining marketing insight?

Insight forms a bridge between market research data and managerial action. Without insight – in the heads of marketing and general managers, not in the minds of internal or external researchers, as Wills and Williams (2004) point out – the data will sit on the shelf, proverbially and literally. One test of whether research delivers insight (though not of the validity of that insight) is therefore whether managerial action results from the research (which incidentally would therefore form an interesting metric by which market researchers could measure their performance). On this measure, at least, the experimental approach seemed successful in the three case studies we have described.

- The insurance company study focused the project team around the value that they gained from their customer relationships. This led to changes in customer strategy as confirmed by the project team exit interviews (and by comparison with the control group exit interviews).
- Astonished by some of the profitability data, the bank made significant changes to its loan application process to attract more of the customers it wanted and fewer of the less profitable customers. It also reoriented its marketing communications to target the most attractive segments. Differential pricing was refined to ensure that low-risk, attractive segments were indeed attracted to the bank's offering.
- The ICT vendor has reduced its cost-to-revenue ratio significantly by replacing around 20% of its field sales staff by desk-based account managers. It also estimates an eight-figure increase in annual revenue as a result of the change of strategy.

We agree, then, with Wills and Williams' (2004) emphasis on insight as the crucial output of research. We need to move beyond the provision of 'information' as the aim of market research as it is defined, for example, by the American Marketing Association (Kinnear & Taylor 1991). We

have further argued for an extension of Wills and Williams' vision of 'customer insight' to incorporate the company's own customer management strategies as a research subject and not just the customer's responses. The 'field' for the market researcher, if he or she is to make a difference, should include the company's premises as well as those of the distributors, the retailer and the customer.

In fulfilling this expanded brief, we have argued that researchers need to broaden their methodological armoury to include experimental and quasi-experimental approaches that should be at least considered when faced with a research brief. To a man with only a hammer, everything looks like a nail; to a market researcher who does surveys and focus groups, every research problem is perfect for a survey or focus group. Some jobs need many tools, and some 'customer management insight' projects need many data inputs, and a holistic analysis of those inputs (Smith & Fletcher 2004) in which the logic of the experiment can play a part, we believe, more often than current usage would suggest. To those who are inspired to rethink their research design choices, we hope we have also given some useful material from a varied set of three studies that have, to a greater or lesser extent, used the experimental method to shed light on some of the common pitfalls and how they can be avoided.

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