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**THE RELATIONSHIP BETWEEN
MARKET RESEARCH AND BUSINESS PERFORMANCE**

**A Thesis presented in partial fulfilment
of the requirements**

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ABSTRACT

Over recent years, academics and practitioners alike have been taking a growing interest in the evaluation of market research activities. Discussions of the relationship between market research and business performance emphasise a logical link between useful information and good decisions. While many marketers agree with this logic, and think that market research and business performance are positively related, the sole empirical study conducted so far did not confirm this. A possible reason for the lack of confirmation is that different types of market research have different effects on business performance.

This study tested two hypotheses: that the type of research makes no difference to the usefulness of research projects as evaluated by the managers; and that business performance is unaffected by the type of research companies predominantly employ. These hypotheses were empirically tested by assessing the usefulness of the different types of market research projects, and by assessing whether the company performance is affected by the type of research employed by the company. Two substantive issues arise from these assessments: the classification of projects, and of companies, into types, and the evaluation, by type, of usefulness and business performance.

Market research projects conducted by the surveyed companies, were classified as “decision research” or “background research”, based on the purpose for which each project was undertaken and how it was used. The companies were then classified on the basis of the type of research they predominantly commissioned.

The assessment of usefulness indicated that background research is carried out much more often than decision research, yet is regarded as less useful by managers. The assessment of company performance suggested that companies carrying out more decision research perform better than those that place more emphasis on background research. This evidence, if replicated, would justify a re-orientation from background research to decision research.

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