

MARKETING ACCOUNTABILITY FOR MARKETING AND NON-MARKETING OUTCOMES

Editor-in-Chief Naresh K. Malhotra

Edited by V. Kumar
and David W. Stewart

REVIEW OF MARKETING
RESEARCH

VOLUME 18

**MARKETING ACCOUNTABILITY
FOR MARKETING AND
NON-MARKETING OUTCOMES**

REVIEW OF MARKETING RESEARCH

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REVIEW OF MARKETING RESEARCH VOLUME 18

**MARKETING
ACCOUNTABILITY FOR
MARKETING AND
NON-MARKETING
OUTCOMES**

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EDITOR-IN-CHIEF INTRODUCTION

Naresh K. Malhotra, Editor-in-Chief

OVERVIEW

Review of Marketing Research, now in its 18th volume, is a publication covering the important areas of marketing research with a more comprehensive state-of-the-art orientation. The chapters in this publication review the literature in a particular area, offer a critical commentary, develop an innovative framework, and discuss future developments, as well as present specific empirical studies. The first 17 volumes have featured some of the top researchers and scholars in our discipline who have reviewed an array of important topics. The response to the first 17 volumes has been truly gratifying, and we look forward to the impact of the 18th volume with great anticipation.

PUBLICATION MISSION

The purpose of this series is to provide current, comprehensive, state-of-the-art articles in review of marketing research. Wide-ranging paradigmatic or theoretical, or substantive agendas are appropriate for this publication. This includes a wide range of theoretical perspectives, paradigms, data (qualitative, survey, experimental, ethnographic, secondary, etc.), and topics related to the study and explanation of marketing-related phenomenon. We reflect an eclectic mixture of theory, data, and research methods that is indicative of a publication driven by important theoretical and substantive problems. We seek studies that make important theoretical, substantive, empirical, methodological, measurement, and modeling contributions. Any topic that fits under the broad area of “marketing research” is relevant. In short, our mission is to publish the best reviews in the discipline.

Thus, this publication bridges the gap left by current marketing research publications. Current marketing research publications such as the *Journal of Marketing Research* (USA), *International Journal of Market Research* (UK), and *International Journal of Research in Marketing* (Europe) publish academic articles with a major constraint on the length. In contrast, *Review of Marketing Research* can publish much longer articles that are not only theoretically rigorous but also more expository, with a focus on implementing new marketing research concepts and procedures.

Articles in *Review of Marketing Research* should address the following issues:

- Critically review the existing literature;
- Summarize what we know about the subject – key findings;
- Present the main theories and frameworks;
- Review and give an exposition of key methodologies;
- Identify the gaps in literature;
- Present empirical studies (for empirical papers only);
- Discuss emerging trends and issues;
- Focus on international developments;
- Suggest directions for future theory development and testing;
- Recommend guidelines for implementing new procedures and concepts.

A FOCUS ON SPECIAL ISSUES

Since Volume 8 published in 2011, *Review of Marketing Research* has a focus on special issues realizing that this is one of the best ways to impact marketing scholarship in a specific area. The volume editors of all of the special issues have been top scholars. These special issues have focused on the following topics.

Volume, Year	Topic	Volume Editors
8, 2011	Marketing Legends	Naresh K. Malhotra
9, 2012	Toward a Better Understanding of the Role of Value in Markets and Marketing	Stephen L. Vargo and Robert F. Lusch
10, 2013	Regular Volume	Naresh K. Malhotra
11, 2014	Shopper Marketing and the Role of In-Store Marketing	Dhruv Grewal, Anne L. Roggeveen, and Jens Nordfält
12, 2015	Brand Meaning Management	Deborah J. Macinnis and C. Whan Park
13, 2016	Marketing in and for a Sustainable Society	Naresh K. Malhotra
14, 2017	Qualitative Consumer Research	Russell W. Belk
15, 2018	Innovation and Strategy	Rajan Varadarajan and Satish Jayachandran
16, 2019	Marketing in a Digital World	Aric Rindfleisch and Alan J. Malter
17, 2020	Continuing to Broaden the Marketing Concept: Making the World a Better Place	Dawn Iacobucci
18, 2021	Marketing Accountability for Marketing and Non-marketing Outcomes	V. Kumar and David W. Stewart

THIS VOLUME

I normally provide an overview of the chapters in the current issue of *Review of Marketing Research*. However, since V. Kumar and David W. Stewart have done an excellent job of doing that, I will refer the reader to their introduction. As a discipline matures, it should not only deepen its roots but expand its outreach. It was this thinking that led to the issue you are holding in your hand. It contains a diverse set of thought-provoking articles related to marketing measures contributed by some of our leading scholars. The range of measures considered include not only those that focus on immediate marketing outcomes, such as attitude, preference, sales, and market share, but also those that focus on broader societal outcomes such as raising the standard of living.

Specifically, this volume is divided in three parts: (1) measures of firm performance, (2) measures of social interaction, and (3) measures related to broader societal outcomes such as sustainability and quality of life. Measures of firm performance covered include the marketing implications of financial accounting, customer feedback metrics, drivers of brand equity, brand failure, market orientation capabilities, and multichannel attributions. Measures of social interaction encompass environmental and social performance, social networks, and attitudinal word-of-mouth drivers. The final chapter is devoted to measures related to societal outcomes and focuses on attractiveness of inner city for society.

Together these chapters lead to new insights, approaches, domains, and directions for research on marketing. It is hoped that collectively the chapters in this volume will substantially aid our efforts to deepen our roots as well as expand our domain by providing innovative and creative perspectives. I thank V. Kumar and David W. Stewart for such an outstanding volume. The *Review of Marketing Research* continues its mission of systematically analyzing and presenting accumulated knowledge in the field of marketing as well as influencing future research by identifying areas that merit the attention of researchers.

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PART I

MEASURES OF FIRM
PERFORMANCE

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AN INTEGRATIVE FRAMEWORK FOR MARKETING ACCOUNTABILITY OF MARKETING AND NONMARKETING OUTCOMES

V. Kumar and David W. Stewart

MARKETING ACCOUNTABILITY FOR MARKETING AND NONMARKETING OUTCOMES

Marketing has a long tradition of measurement and a rich portfolio of measures of marketing outcomes. The discipline can be justifiably proud of its attention to the development of measures that exhibit strong psychometric properties, such as reliability and validity. However, most of the measures employed in marketing research, in both academic and applied settings, tend to focus on immediate marketing outcomes, such as recall, attitude, preference, and sales. Such measures are important but represent an incomplete picture of the effects of marketing activities and expenditures. The influence of marketing extends well beyond individual consumer response or even the aggregation of such responses.

Marketing as a discipline emerged in response to important societal needs that arise from the complexity associated with moving goods from production centers to concentrations of consumers with diverse needs (Wilkie & Moore, 1999, 2003, 2012; Winsor & Stewart, 2018). Addressing these needs places marketing at the center of the human experience. Marketing creates value and wealth for consumers and the firm (Kumar & Reinartz, 2016; Stewart, 2019a). However, it also creates jobs (Goodson, 2012), facilitates innovation (Simmonds, 1986), enables market development (Drucker, 1958), organizes market exchanges (Houston & Gassenheimer, 1987), and contributes to the overall quality of life (Arndt, 1981). Marketing has also found itself at the center of discussions of property rights (Haase & Kleinaltenkamp, 2011), privacy (Stewart, 2019b), and environmental sustainability (Prothero et al., 2011).

More recently, marketing academia has increased its focus on better understanding how marketing can improve overall societal well-being and community living. Recent efforts in this regard include research investigations on: (1) cause-related marketing and how it can be used to achieve nonmarketing outcomes (e.g., [Christofi, Vrontis, Leonidou, & Thrassou, 2019](#); [Kumar, 2019](#)), (2) COVID-19-related investigations and the role of marketing in helping understand and manage the pandemic (e.g., [He & Harris, 2020](#); [Kumar, Sood, Gupta, & Sood, 2021](#); [Stewart, 2020](#)), (3) the use of big data and marketing analytics for public policy and healthcare initiatives (e.g., [Kopalle & Lehmann, 2021](#)), (4) understanding marketing's role on environmental and ecological concerns (e.g., [Kropfeld, Nepomuceno, & Dantas, 2018](#)), and (5) activism related to brands and corporates (e.g., [Eilert & Nappier Cherup, 2020](#); [Vrendenburg et al., 2020](#)) in addition to special issues in scholarly journals such as “Better Marketing for a Better World” (*Journal of Marketing*), “COVID-19 Impact on Business and Research” (*Journal of Business Research*), and “Cause-Related Marketing in International Business: What Works and What Doesn't?” (*International Marketing Review*), among others that also focus on nonmarketing activities. Such academic investigations continue to bring marketing and nonmarketing issues to the forefront that can benefit a wide range of stakeholders such as firms, customers, channel partners, governments, and society.

Consistent with recognition of marketing's broader role in the firm and society at large, this volume includes chapters that identify, develop, and examine measures of marketing's broader impact on the firm and society. Such measures may include financial outcomes for the firm, effects on the organization, supplier and distributor engagement, social interaction, and larger societal impact (quality of life, sustainability, etc.). [Fig. 1](#) provides a classification of the articles contained in this volume based on one of the following focus – measures of firm performance, measures of social interaction, and measures related to broader societal outcomes (e.g., sustainability, quality of life).

As illustrated in [Fig. 1](#), this volume can be better viewed along with the three focus areas as identified. The studies in these three focus areas investigate marketing accountability for marketing and nonmarketing outcomes. The insights presented by the studies in each of these focus areas are not only important but are also expected to shape future research. The following sections provide a brief synopsis of each of the studies and their key contributions.

MEASURES OF FIRM PERFORMANCE

[Leiberman and Montgomery \(2012, p. 342\)](#) refer to firm performance as

...the consequence of a firm's actions and inactions, potential and actual competitor actions and inactions and the environment (including governments, markets and the economy, customers, technology evolution and even luck, which may be embedded in all the foregoing factors).

Research on the importance of linking marketing actions to firm performance (e.g., [Hogan et al. 2002](#), [Srivastava et al., 1998](#)) has generated valuable

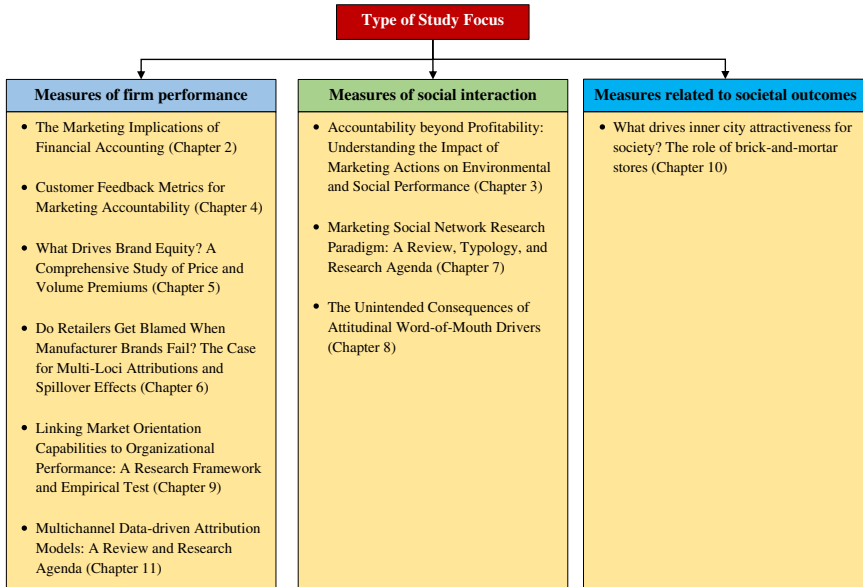


Fig. 1. Classification of Studies in This Volume Based on Focus.

insights into this topic on various themes (e.g., [Krasnikov & Jayachandran, 2008](#); [Morgan, Vorhies, & Mason, 2009](#)).

A key aspect of linking marketing actions to firm performance is the development of related metrics. Consider, for instance, the branch of customer-focused metrics that consists of several categories of metrics for measuring and managing customer value, customer satisfaction, acquisition, retention, churn, win-back, referrals, and so on ([Kumar & Umashankar, 2012](#)). Such metrics have been developed from the standpoint of focus (i.e., backward-looking or forward-looking) and granularity (i.e., aggregate, or individual), and have been linked to the growth-oriented nature of firm performance. The various customer-focused metrics and analytics emerging out of this branch are aimed at aiding and improving managerial decision-making and thereby improving overall firm performance. In this regard, various types of data (e.g., transaction, social media, big data, etc.), use of technology (e.g., artificial intelligence, virtual reality, etc.), and advancements in model development have emerged as vital tools for managing and maximizing firm performance. Adding to this rich body of knowledge, the studies covered in this volume on firm performance focus on marketing accountability and presents important insights.

In Chapter 2, authors Neal Bendle, Moeen Butt, and Jonathan Knowles introduce financial reporting, in contrast to marketing measures, that describes how the “score is kept” in business and the economy at large. This chapter is a broad introduction to measurement beyond traditional marketing metrics. Financial reporting rarely recognizes assets created by marketing investments, yet

financial reports are what is required by law and are what investors use for assessing the performance of firms. Marketers must understand the rules governing how financial reports are created, and these reports may be used to assess the business impact of marketing. The authors do not propose radical changes in financial reporting because financial accounting rules are designed with the interests of the suppliers of capital in mind. Such reports have different aims than would reporting rules developed with marketers in mind. To influence financial accounting reporting that is helpful to marketers and investors seeking to evaluate the contribution of marketing to the financial performance of the firm, the authors argue for greater disclosure of marketing activity in notes to the published financial reports. However, to do so, the authors suggest that marketers must be able to communicate in the language understood by accountants and the current users of financial accounts. The chapter guides marketers regarding the purpose and practices of accounting and discusses how academic marketing researchers might wish to adjust or qualify financial accounting data where marketing is a primary driver of business performance.

Chapter 4, authored by Evert de Haan, Peter C. Verhoef, and Thorsten Wiesel, suggests that a focus on one overarching market asset, customer equity (CE), is critical for marketing to align itself with the financial objectives and performance of the firm. The authors argue that the customer base of the firm is its most valuable asset since without customers there is no business. The authors define CE as the sum of all individual customer lifetime values (CLVs). CLV is determined by obtaining the discounted value of future cash flows the firm expects to receive during a customer's relationship with the firm. The value of CLV is influenced by customer retention rates, gross margins, and the acquisition costs of a customer. The authors suggest and predict that these components of CLV can be forecasted by other metrics that they call customer feedback metrics. Customer Feedback Metrics (CFMs) are measures of consumers' perceptions, attitudes, and intentions, and other indicators that are collected obtained through regular surveys. The chapter provides examples of such measures and how they may be used as diagnostic and forecasting tools.

While CE is often used to conceptualize the value of a firm, it is difficult to apply in businesses that cannot track individually identifiable transactions over time. A common alternative is the measurement of brand equity, that is, the value of a branded product as determined by estimates of its future discounted cash flows. Chapter 5, authored by Jianjun (John) Zhu, Thomas S. Gruca, and Lopo L. Rego, reports a large scale, longitudinal study that examines the empirical relationship between four broad antecedents of brand equity (branding strategy, brand structure, brand positioning, and target market) and two different dimensions of revenue premium: price premium and volume premium. The objective of the study is to explain how different antecedents of brand equity influence the realized velocity and margin of branded product sales, which are, in turn, key drivers of operating cash flow. They find that only 20% of brands command revenue premiums, for which volume premiums are the critical determinant. This and other results presented here question important assumptions of brand management related to revenue, price, and volume premiums. Most significantly, this study presents that the realized impacts of a firm's brand management decisions are highly context-dependent and not formulaic.

In Chapter 6, authors Frank Germann, Ronald L. Hess, Jr, and Margaret G. Meloy ask the question of who is blamed when a market failure occurs. They report an empirical study that seeks to determine whether retailers are also held accountable by consumers when products that they sold, but did not manufacture, fail. They show that consumers not only blame multiple parties when product failures occur – including the retailer – but also that manufacturer brand equity and retailer store image serve as important contextual cues in the blame assignment process. Specifically, retailers are especially susceptible to being held responsible for failure if the equity of the failed product and the retailer store image are incongruent. Their findings also indicate that value-oriented retailers are particularly vulnerable to being blamed when high-equity products fail.

Market orientation and its various components have been the focus of marketing research for more than two decades. This stream of research has developed and implemented numerous measures of organizational orientation, attitude, and capabilities at both holistic and atomistic levels. Chapter 9, by Kåre Sandvik and Karoline U. D. Dahr, examines the role of market orientation on marketing performance. The authors identify three organizational capabilities: market exploration, market orientation exploration, market orientation tacitness as antecedents of market orientation capability. A hypothesized model is tested using key-informant data and accounting-based data for five years within a single industry of 297 companies. The proposed model explains 74% of the variance in market orientation across these companies.

Considering the marketing spend of companies, managers and managements would want to know, with a high level of accuracy, the level of attribution to their revenues. However, evidence from the practitioner world indicates several challenges in obtaining this information, especially when multiple channels are involved. This is the topic addressed by Ben Beck, Andrew Petersen, and Rajkumar Venkatesan in Chapter 11. Alongside presenting the historical development of attribution modeling and attribution-related research, they discuss the importance of marketing attribution to academics and practitioners, and review 15 of the scholarly studies that have contributed immensely to this area of study. Further, they provide a rich discussion on the various data handling methods and the channels (offline, online, and omnichannel) that impact attribution. They also provide comprehensive coverage of the popular attribution models that feature prominently in this area of study. Additionally, they discuss organizational considerations regarding the usage of the attribution models and present future research directions. By providing an overview and comprehensive discussion of attribution-related research, this chapter serves as an informative resource for academics and practitioners on this important topic.

MEASURES OF SOCIAL INTERACTION

The contribution of marketing has often been linked to the financial performance of the firm. However, there are intangible ways through which marketing accountability can transpire (Stewart & Morgan, 2020). An example of

an intangible metric used in the social interaction space is social capital. Conceptualized as “the structure of relations between actors and among actors” (Coleman, 1988, p. 16), and more simply as “...the goodwill available to individuals or groups...” (Adler & Kwon, 2002), social capital has been used in many areas where collective action benefiting the overall community is the goal. Examples of the use of social capital include labor union operations, maintaining professional networks for people in communities, peer-to-peer problem-solving communities, facilitating entrepreneurial development, organizational learning activities, and maintaining stakeholder relationships, among others (Adler & Kwon, 2002). Additionally, people and relationships have also been identified as intangible assets (Haskel & Westlake, 2018). When viewed in a community setting, Vock, Van Dolen, and De Ruyter (2013) presented insights into the formation of community value propositions, with the potential inclusion of value-added elements that impact services and service delivery (de Ruyter & van Laer, 2014). Further, brands, intellectual properties, and customer relationships being considered as intangible assets of a firm, the influence of social interactions on marketing and nonmarketing outcomes has gained significant traction among marketers.

Chapter 3, authored by Amalesh Sharma, Sourav Bikash Borah, Anirban Adhikary, and Tanjum Haque, continues the theme of marketing accountability but extends measurement and reporting of the outcomes of marketing beyond the financial performance of the firm. The authors argue that there is currently limited understanding of the relationships between marketing actions and firms’ social performance (SP) and environmental performance (EP). They suggest that extant literature on the measurement of marketing outcomes provides a limited understanding of the measures by which SP and EP may be operationalized, or the data necessary to reach conclusions about marketing’s impact of SP and EP. The chapter is designed to fill these gaps by extensively reviewing the extant literature to identify a set of measures and data sources to operationalize SP and EP and empirically demonstrate their relationships with marketing actions. The authors find that greenhouse gas (GHG) emission, environmental disclosure score, waste reduction, energy consumption, and recycling are strong measures of EP, and that social disclosure score, philanthropy or community spending, and diversity of gender and race are strong measures of SP. They also demonstrate that marketing actions can positively affect EP and SP.

The description and measurement of social networks and their effects on consumers have become an important focus of market research over the past two decades. The rise of such networks has brought with it many new measures of consumer response. Chapter 7, coauthored by Aditya Gupta and Alok Saboo, provides a review of recent publications focused on social network research (SNR). They identify four major domains in marketing that use SNR viz., social networks and word of mouth (WOM), social networks and salesperson performance, intrafirm networks, and firm performance, and inter-organizational networks. Further, they organize the discussion around critical dimensions of SNR, including the actors in the network, mode of the network, boundaries of the network, level of analysis, network impact, and network mechanisms. Using the