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THE ROLE OF MARKETING RESEARCH IN MANAGEMENT DECISION MAKING

LEARNING OBJECTIVES

1. To review the marketing concept and the marketing mix.
2. To comprehend the marketing environment within which managers must make decisions.
3. To define marketing research.
4. To understand the importance of marketing research in shaping marketing decisions.
5. To learn when marketing research should and should not be conducted.
6. To learn how the Internet is changing marketing research.
7. To examine marketing research ethics.

The Monterey Bay Aquarium, considered a great family entertainment and educational experience, was not achieving the growth in visitors it had targeted. Aquarium management performed customer satisfaction market research to find out if there were service problems that, if corrected, would increase attendance.

But that's not what they found. People who visited actually rated their experiences as excellent. Instead, the survey revealed an untapped potential group of future visitors: It showed that the best future visitors were past visitors who lived within driving distance. The survey also showed that the more these people had visited in the past, the more likely they were to visit in the future. In addition, ongoing surveys show that Monterey Bay area residents are the most likely to return in a year, followed in order by San Francisco Bay area residents, California residents, and visitors from other states.

The aquarium then created marketing programs targeted at the potentially "best" visitors. Efforts included building mailing lists, focusing on converting this segment into aquarium members, and advertising with "come back" messages, rather than "here's what we are and where we are." Since families typically rate their experience higher than adult-only groups, advertising focused specifically on families in the Bay area.

The aquarium achieved its targets by offering incremental benefits to "average" local visitors to convert them into "excellent" repeat advocates.¹ This was made possible through marketing research. So what exactly is marketing research? And how important is it in shaping marketing decisions? When should marketing research be conducted? These are some of the questions we will address in Chapter 1.

Nature of Marketing

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.² Good customer relationships often result in exchanges; that is, a good or service is exchanged for money. The potential for exchange exists when there are at least two parties and each has something of potential value to the other. When the two parties can communicate and deliver the desired goods or services, exchange can take place. How do marketing managers attempt to stimulate exchange? They follow the "right" principle. They attempt to get the right goods or services to the right people at the right place at the right time at the right price, using the right promotion techniques. The "right" principle describes how marketing managers control the many factors that ultimately determine marketing success. To make the "right" decisions, management must have timely decision-making information. Marketing research is a primary channel for providing that information.

The Marketing Concept

To efficiently accomplish their goals, firms today have adopted the **marketing concept**, which requires (1) a consumer orientation, (2) a goal orientation, and (3) a systems orientation. A **consumer orientation** means that firms strive to identify the people (or firms) most likely to buy their product (the target market) and to produce a good or offer a service that will meet the needs of target customers most effectively in the face of

➤ marketing

The process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

➤ marketing concept

A business philosophy based on consumer orientation, goal orientation, and systems orientation.

➤ consumer orientation

The identification of and focus on the people or firms most likely to buy a product and the production of a good or service that will meet their needs most effectively.

➤ **goal orientation**

A focus on the accomplishment of corporate goals; a limit set on consumer orientation.

➤ **systems orientation**

The creation of systems to monitor the external environment and deliver the desired marketing mix to the target market.

competition. The second tenet of the marketing concept is **goal orientation**; that is, a firm must be consumer-oriented only to the extent that it also accomplishes corporate goals. The goals of profit-making firms usually center on financial criteria, such as a 15 percent return on investment.

The third component of the marketing concept is a **systems orientation**. A system is an organized whole—or a group of diverse units that form an integrated whole—functioning or operating in unison. It is one thing for a firm to say it is consumer oriented and another actually to *be* consumer oriented. First, systems must be established to find out what consumers want and to identify market opportunities. As you will see later, identifying target market needs and finding market opportunities are the tasks of marketing research. Next, this information must be fed back to the firm. Without feedback from the marketplace, a firm is not truly consumer oriented.

Opportunistic Nature of Marketing Research

Marketing research is an excellent tool for discovering opportunities in the market place. For example, DVD recorders have enabled consumers to zap commercials as they watch their favorite programs. Moreover, as people get more of their news from the Internet, newspaper readership has gone into a free fall. The plethora of cable channels has splintered and reduced viewership at the traditional television networks. Blogs and podcasts have further confused the advertising picture. Marketers are asking, “How can we efficiently and effectively reach our target audience?”

Marketing research recently found that frequent moviegoers say commercials before the flick starts are more acceptable than commercials on television. According to an Arbitron study, over half (53 percent) of frequent moviegoers (people who attended more than five movies in the past three months) find advertising before the movie to be acceptable versus 46 percent who find television advertising to be acceptable.

The study also revealed that 59 percent of moviegoers recall having watched on-screen commercials before the movie began on their most recent trip to the theater. This is a particularly impressive number considering that not all movie theaters run on-screen ads.

One of the central themes that arose from the national survey of Americans age 12 or older is that a significant number of moviegoers accept on-screen commercials as part of the total entertainment experience.

Cinema advertising connects with the youth market. Advertising in movie theaters reaches over 124 million or 45 percent of Americans 12 or older in a month. Eighty-one percent of teens and 67 percent of young adults age 18–24 have been to the movies in the past 30 days. Not only do movie theaters reach a high concentration of young people, but these consumers are also more likely to embrace cinema commercials than ads targeting them on the Internet, before programming on DVDs, and embedded in video games.

Movie theater advertising can provide an antidote for commercial avoidance. Moviegoers are more likely to use technology that allows them to avoid advertising such as digital video recorders (DVR) for television or pop-up blockers on the Internet. Moviegoers are more than twice as likely to use a DVR, such as TiVo, compared to nonmoviegoers (26 percent vs. 11 percent).

The modern cinema environment provides advertisers with multiple opportunities to connect with consumers. Eighty percent of moviegoers looked at posters while in the lobby or concession area on their most recent trip to the theater, and 54 percent noticed advertising on concession stand food and drink containers regardless of whether or not they consumed any of the items. Forty percent of moviegoers heard music playing overhead, and 28 percent saw video programming in the lobby or concession area. These multiple touchpoints open the door for advertisers and marketers to create complete brand experiences

within the theater setting.³ Thus, marketing research has uncovered an opportunity for marketers to get their messages across in the radically changing promotional environment.

External Marketing Environment

Over time, the **marketing mix** must be altered because of changes in the environment in which consumers and businesses exist, work, compete, and make purchasing decisions. Some new consumers and businesses will become part of the target market, while others will drop out of the market; those who remain may have different tastes, needs, incomes, lifestyles, and purchase habits than the original target consumers.

Although managers can control the marketing mix, they cannot control elements in the external environment that continually mold and reshape the target market. Unless management understands the external environment, the firm cannot intelligently plan its future, and organizations are often unaware of the forces that influence their future.

Marketing research is a key means for understanding the environment. Knowledge of the environment helps a firm not only to alter its present marketing mix, but also to identify new opportunities. For example, when Ann Arbor, Michigan-based Domino's Pizza introduced its pizza delivery in Japan, a major change in Japanese consumers' behavior was needed as well. Yet Domino's managed to rise to the challenge successfully. If Domino's had merely tested the acceptability of the service it delivered in other parts of the world, it never would have entered Japan. Japanese consumers typically don't eat tomato-based food, and Asians tend to have allergies to milk products. Home delivery was not widely accepted, housewives were reluctant to give up cooking, houses were small, and finding customers in the labyrinthine streets of Tokyo seemed impossible. A market for pizza didn't exist, nor did any sign of hope in creating one.

Instead of trying to sell its existing product and service to the market, Domino's used its marketing research about customers to design a new product and service offering for Japan. It introduced toppings such as fish and sushi. To sustain its 30-minute delivery, Domino's developed a complex address database and small scooters to navigate the narrow streets in Tokyo. Through this research process this pizza-delivery service that no one asked for became a big hit in Japan.⁴

➤ **marketing mix**
The unique blend of product/service, pricing, promotion, and distribution strategies designed to meet the needs of a specific target market.

Marketing Research and Decision Making

Marketing research plays two key roles in the marketing system. First, as part of the marketing intelligence feedback process, marketing research provides decision makers with data on the effectiveness of the current marketing mix and offers insights into necessary changes. Second, marketing research is the primary tool for exploring new opportunities in the marketplace. Segmentation research and new product research help identify the most lucrative opportunities for a firm.

Marketing Research Defined

Now that you have an understanding of how marketing research fits into the overall marketing system, we can proceed with a formal definition of the term, as stated by the American Marketing Association:

Marketing research is the function that links the consumer, customer, and public to the marketer through information—information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing

performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.

➤ marketing research

The planning, collection, and analysis of data relevant to marketing decision making and the communication of the results of this analysis to management.

➤ descriptive function

The gathering and presentation of statements of fact.

➤ diagnostic function

The explanation of data or actions.

➤ predictive function

Specification of how to use descriptive and diagnostic research to predict the results of a planned marketing decision.

We prefer another definition: **Marketing research** is the planning, collection, and analysis of data relevant to marketing decision making and the communication of the results of this analysis to management.

Importance of Marketing Research to Management

Marketing research can be viewed as playing three functional roles: descriptive, diagnostic, and predictive. Its **descriptive function** includes gathering and presenting statements of fact. What is the historic sales trend in the industry? What are consumers' attitudes and beliefs toward a product? Opening a pack of bacon is a messy job. Bacon lovers have to reach into the package, and if they only pull out a few slices, there's no easy way to store the remainder. Oscar Mayer marketing researchers hear plenty from consumers about what they disliked about its former bacon packaging. So marketers figured the best solution would be a packaging innovation that eliminated the chore of placing the opened pack in a resealable plastic bag or wrapping it in plastic or foil. This unwanted task was done so that the last piece of bacon would be as fresh as the first.

Recently, Oscar Mayer Center Cut Bacon was introduced in a new "Stay-Fresh Reclosable Tray." The flip top lid allows easy access to the bacon inside. The top snaps closed, making it readily resealable. The flat tray makes for simplified storage in the refrigerator.⁵

The second role of research is the **diagnostic function**, wherein data and/or actions are explained. For example, what was the impact on sales when the Oscar Mayer package design was changed? How can product/service offerings be altered to better serve customers and potential customers? Since kids eat over 5 billion ounces of ketchup each year, Heinz decided that the heavy users (kids) should have a lot to say (via marketing research) about how to make ketchup fun. Heinz listened and watched children using ketchup, which resulted in a new bottle design, name selection, and color. The true ketchup connoisseurs helped create Heinz EZ Squirt green ketchup! More than 10 million bottles were sold in the first seven months! This was followed up a year later with "Funky purple" ketchup.

The final role of research is the **predictive function**. How can the firm best take advantage of opportunities as they arise in the ever-changing marketplace? Kraft Foods noticed that consumers were flocking to "low-carb" diets. The company used marketing research to determine if this was a fad or long-term trend. Determining that "low carb" was more than a fad, it entered into an alliance with Arthur Agatston, the creator of *The South Beach Diet*. The result was certain Kraft products being labeled "South Beach Diet Recommended." Further marketing research led to a broad line of products entitled "The South Beach Diet" brand. Products include cereal, meal replacement and cereal bars, refrigerated sandwich wraps, frozen entrees, and frozen pizzas.

The Unrelenting Drive for Quality and Customer Satisfaction Quality and customer satisfaction have become the key competitive weapons of the decade. Few organizations can prosper in today's environment without a focus on quality, continual improvement, and customer satisfaction. Corporations across the globe have implemented quality improvement and satisfaction programs in an effort to reduce costs, retain customers, increase market share, and, last but not least, improve the bottom line.

Ritz-Carlton is the only service company to have won the prestigious Malcolm Baldrige National Quality Award twice. The chain placed first in guest satisfaction among

luxury hotels in the most recent J.D. Power and Associates hotel survey. Ritz-Carlton spends about \$5,000 to train each new hire. First is a two-day introduction to company values (it's all about the service) and the 20 Ritz-Carlton "basics." (Basic 13 is "Never lose a guest.") Next comes a 21-day course focused on job responsibilities, such as a bellman's 28 steps to greeting a guest. Each employee carries a plastic card imprinted with the credo and the basics, as well as the "employee promise" and the three steps of service. Step 1: "A warm and sincere greeting. Use the guest's name, if and when possible."

Porters and doormen wear headsets, so when they spot your name on luggage tags, they can radio the information to the front desk. In addition, an in-house database called the Customer Loyalty Anticipation Satisfaction System stores guest preferences, such as whether an individual likes Seagram's ginger ale or Canada Dry. The software also alerts front-desk clerks when a guest who's stayed at other Ritz-Carltons has a habit of inquiring about the best sushi in town.⁶

Where does marketing research come into play at Ritz-Carlton? The company continually measures customer satisfaction to make certain that it is meeting the high standards that the firm has set. And delighted customers typically means repeat customers in high-end hotel chains.

Quality that means little to customers usually doesn't produce a payoff in improved sales, profits, or market share; it represents wasted effort and expense. Today, the new mantra is **return on quality**, which means that (1) the quality being delivered is the quality desired by the target market and (2) the added quality must have a positive impact on profitability. For example, banking giant NationsBank Corporation measures every improvement in service quality, from adding more tellers to offering new mortgage products, in terms of added profitability.

The passion to drive down costs can destroy the delicate balance between efficiency and service. For example, the University of Michigan annual marketing research survey entitled the American Customer Satisfaction index revealed that Home Depot slipped to dead last among major U.S. retailers.⁷ Cost cutting, including replacing many full-time workers with part-timers and reducing the profit-sharing pool for all workers, created a customer service disaster. As a result, same-store sales at Home Depot now lag far behind the much better liked Lowe's.

Paramount Importance of Keeping Existing Customers An inextricable link exists between customer satisfaction and customer loyalty. Long-term relationships don't just happen; they are grounded in the delivery of service and value. Customer retention pays big dividends for firms. Powered by repeat sales and referrals, revenues and market share grow. Costs fall because firms spend less funds and energy attempting to replace defectors. Steady customers are easy to serve because they understand the modus operandi and make fewer demands on employees' time. A firm's ability to retain customers also drives job satisfaction and pride, which leads to higher employee retention. In turn, long-term employees acquire additional knowledge that increases productivity. A Bain & Company study estimates that a 5 percent decrease in the customer defection rate can boost profits by 25 to 95 percent.⁸ Another study found that the customer retention rate has a major impact on the value of the firm.⁹

The ability to retain customers is based on an intimate understanding of their needs. This knowledge comes primarily from marketing research. For example, British Airways recast its first-class transatlantic service based on detailed marketing research. Most airlines stress top-of-the-line service in their transatlantic first-class cabins. However, British Air research found that most first-class passengers simply want to sleep. British Air now gives premium flyers the option of dinner on the ground, before takeoff, in the first-class lounge. Then, once on board, they can slip into British Air pajamas, put their heads on real pillows, slip under blankets, and enjoy an interruption-free flight. On arrival at their

return on quality

Management objective based on the principles that (1) the quality being delivered is at a level desired by the target market and (2) that level of quality must have a positive impact on profitability.



Asking the right questions in marketing research can be as important as getting good answers. UPS found that customers wanted more interaction with their UPS driver. Go to <http://www.ups.com> to find out how UPS uses marketing research to better serve its customers.

➤ **marketing strategy**
A plan to guide the long-term use of a firm's resources based on its existing and projected internal capabilities and on projected changes in the external environment.

destination, first-class passengers can have breakfast, use comfortable dressing rooms and showers, and even have their clothes pressed before they set off. These changes in British Air's first-class service were driven strictly by marketing research.

Understanding the Ever-Changing Marketplace

Marketing research also helps managers to understand trends in the marketplace and to take advantage of opportunities. Marketing research has been practiced for as long as marketing has existed. The early Phoenicians carried out market demand studies as they traded in the various ports on the Mediterranean Sea. Marco Polo's diary indicates he was performing a marketing research function as he traveled to China. There is evidence that the Spanish systematically conducted marketing surveys as they explored the New World, and examples exist of marketing research conducted during the Renaissance.

All during the 1990s, the market share for Campbell soups slipped. Soup wasn't "cool," and consumers turned to other foods. Campbell's turned to marketing research to better understand consumers' fast-paced lifestyles. The first new product was Soup at Hand, a "shippable" product that was easily portable. Soon after, changes began inside the test kitchen. The flavor profiles of nearly every soup in the portfolio got an upgrade. Building on last year's launch of Campbell's Select Gold Label, the company began touting a top-tier line of restaurant-style soups to introduce the notion that soup will actually make a sophisticated meal. Its new choices included Golden Butternut Squash and Creamy Portobello Mushroom. "We want to start to create a premium tier for people who want to trade up," said Denise Morrison, president of U.S. soup, sauce and beverages. "We're bringing luxury to the soup aisle."¹⁰ Thanks to marketing research and Campbell's creativity, sales are now growing briskly!

Proactive Role of Marketing Research

Understanding the nature of the marketing system is a necessity for a successful marketing orientation. By having a thorough knowledge of factors that have an impact on the target market and the marketing mix, management can be proactive rather than reactive. Proactive management alters the marketing mix to fit newly emerging patterns in economic, social, and competitive environments, whereas reactive management waits for change to have a major impact on the firm before deciding to take action. It is the difference between viewing the turbulent marketing environment as a threat (a reactive stance) and as an opportunity (a proactive stance). Companies like UPS, Apple, and FedEx were largely proactive in Internet marketing and customer service. A proactive position would have been to become cutting-edge Internet marketers. Marketing research plays a key role in proactive management by allowing managers to anticipate changes in the market and customer desires and then design goods and services to meet those changes and needs.

A proactive manager not only examines emerging markets but also seeks, through strategic planning, to develop a long-run **marketing strategy** for the firm. A marketing strategy guides the long-term use of the firm's resources based on the firm's existing and projected internal capabilities and on projected changes in the external environment.

A good strategic plan is based on good marketing research. It helps the firm meet long-term profit and market share goals.

Applied Research versus Basic Research

Virtually all marketing research is conducted to better understand the market, to find out why a strategy failed, or to reduce uncertainty in management decision making. All research conducted for these purposes is called **applied research**. For example, should the price of DiGiorno frozen pizza be raised 40 cents? What name should Toyota select for a new sedan? Which commercial has a higher level of recall: A or B? On the other hand, **basic**, or **pure, research** attempts to expand the frontiers of knowledge; it is not aimed at a specific pragmatic problem. Basic research is conducted to validate an existing theory or learn more about a concept or phenomenon. For example, basic marketing research might test a hypothesis about high-involvement decision making or consumer information processing. In the long run, basic research helps us understand more about the world in which we live. The findings of basic research usually cannot be implemented by managers in the short run. Most basic marketing research is now conducted in universities; the findings are reported in such publications as *The Journal of Marketing Research* and *The Journal of Marketing*. In contrast, most research undertaken by businesses is applied research because it must be cost-effective and of demonstrable value to the decision maker.

Nature of Applied Research

Marketing research studies can be classified into three broad categories: programmatic, selective, and evaluative. **Programmatic research** is conducted to develop marketing options through market segmentation, market opportunity analysis, or consumer attitude and product usage studies. **Selective research** is used to test decision alternatives. Some examples are testing concepts for new products, advertising copy testing, and test marketing. **Evaluative research** is done to assess program performance; it includes tracking advertising recall, doing organizational image studies, and examining customer attitudes on a firm's quality of service.

Programmatic research arises from management's need to obtain a market overview periodically. For example, product management may be concerned that the existing market information base is inadequate or outdated for present decision making, or marketing plans may call for the introduction of new products, ad campaigns, or packaging. Whatever the specific situation, current information is needed to develop viable marketing options. Typical programmatic research questions include the following:

- Has its target market changed? How?
- Does the market exhibit any new segmentation opportunities?
- Do some segments appear to be more likely candidates than others for the firm's marketing efforts?
- What new product or service opportunities lie in the various segments?

Equidistant between Los Angeles and San Francisco in the Eastern Sierra Nevada Mountains, Mammoth Mountain has been serving the skiers and snowboarders of central California for 50 years. With the summit reaching above 11,000 feet and average annual snowfall hitting 400 inches, thousands of customers flock to the slopes and the lodges annually.

Yet, the resort's longstanding direct-mail program just wasn't driving the traffic. While the resort wasn't losing visitors (most resort traffic industrywide comes from existing skiers and

➤ **applied research**
Research aimed at solving a specific, pragmatic problem—better understanding of the marketplace, determination of why a strategy or tactic failed, or reduction of uncertainty in management decision making.

➤ **basic, or pure, research**
Research aimed at expanding the frontiers of knowledge rather than solving a specific, pragmatic problem.

➤ **programmatic research**
Research conducted to develop marketing options through market segmentation, market opportunity analyses, or consumer attitude and product usage studies.

➤ **selective research**
Research used to test decision alternatives.

➤ **evaluative research**
Research done to assess program performance.



"I don't *know* what I'm doing — this is pure research!"

snowboarders rather than those new to the sports), executives hoped to gain some ground in an overall stable market by injecting some life into what had become an out-of-date marketing campaign—and to increase the frequency of visits by the 900,000 customers in its database.

Resort executives used programmatic research collected from an annual survey, the National Skier and Snowboarder Opinion Survey conducted on behalf of resorts across the country, and found that 94 percent of Mammoth's users in particular acknowledge using the Internet to find information about everything from weather advisories to checking room rates at one of Mammoth's lodges.

This information led to the creation of an e-mail marketing system that reaches 18,000 subscribers. The format is chatty and informing. For example, "The weather has been beautiful here lately, and with a 12- to 14-foot base you can't go wrong anywhere on the mountain. At 1:15 p.m. the temperature is 34 degrees at Main Lodge with clear skies and moderate to gusty winds. It's extremely windy and cold on top at 17 degrees, so be sure to bundle up." Skier visit numbers have been increasing 5 percent or more annually as a result of the programmatic research!¹¹

Selective research typically is conducted after several viable options have been identified by programmatic research. If no one alternative is clearly superior, product management usually will wish to test several alternatives. However, selective research may be required at any stage of the marketing process, such as when advertising copy is being developed, various product formulations are being evaluated, or an entire marketing program is being assessed, as in test marketing.

The need for evaluative research arises when the effectiveness and efficiency of marketing programs must be evaluated. Evaluative research may be integrated into programmatic research when program changes or entirely new options are demanded because of present performance such as at Mammoth Mountain.

Decision to Conduct Marketing Research

A manager who is faced with several alternative solutions to a particular problem should not instinctively call for applied marketing research. In fact, the first decision to be made is whether to conduct marketing research at all. In a number of situations, it is best not to conduct research.

- *Resources are lacking.* There are two situations in which a lack of resources should preclude marketing research. First, an organization may lack the funds to do the research properly. If a project calls for a sample of 800 respondents but the budget allows for only 50 interviews, the quality of the information would be highly suspect. Second, funds may be available to do the research properly but insufficient to implement any decisions resulting from the research. Small organizations in particular sometimes lack the resources to create an effective marketing mix. In one case, for example, the director of a performing arts guild was in complete agreement with the recommendations that resulted from a marketing research project. However, two years after the project was completed, nothing had been done because the money was not available.
- *Research results would not be useful.* Some types of marketing research studies measure lifestyle and personality factors of steady and potential customers. Assume that a study finds that introverted men with a poor self-concept, yet a high need for achievement,

are most likely to patronize a discount brokerage service. The management of Charles Schwab discount brokerage service might be hard-pressed to use this information.

- ❑ *The opportunity has passed.* Marketing research should not be undertaken if the opportunity for successful entry into a market has already passed. If the product is in the late maturity or decline stage of the product life cycle (such as cassette recorders or black-and-white television sets), it would be foolish to do research on new product entry. The same may be true for markets rapidly approaching saturation, such as super-premium ice cream (Háagen-Dazs, Ben and Jerry's). For products already in the market, however, research is needed to modify the products as consumer tastes, competition, and other factors change.
- ❑ *The decision already has been made.* In the real world of management decision making and company politics, marketing research has sometimes been used improperly. Several years ago, a large marketing research study was conducted for a bank with over \$800 million in deposits. The purpose of the research project was to guide top management in mapping a strategic direction for the bank during the next five years. After reading the research report, the president said, "I fully agree with your recommendations because that was what I was going to do anyway! I'm going to use your study tomorrow when I present my strategic plan to the board of directors." The researcher then asked, "What if my recommendations had been counter to your decision?" The bank president laughed and said, "They would have never known that I had conducted a marketing research study!" Not only was the project a waste of money, but it also raised a number of ethical questions in the researcher's mind.
- ❑ *Managers cannot agree on what they need to know to make a decision.* Although it may seem obvious that research should not be undertaken until objectives are specified, it sometimes happens. Preliminary or exploratory studies are commonly done to better understand the nature of the problem, but a large, major research project should not be. It is faulty logic to say "Well, let's just go ahead and do the study and then we will better understand the problem and know what steps to take." The wrong phenomena might be studied or key elements needed for management decision making may not be included.
- ❑ *Decision-making information already exists.* Some companies have been conducting research in certain markets for many years. They understand the characteristics of their target customers and what they like and dislike about existing products. Under these circumstances, further research would be redundant and a waste of money. Procter & Gamble, for example, has extensive knowledge of the coffee market. After it conducted initial taste tests, P&G went into national distribution with Folger's Instant Coffee without further research. The Sara Lee Corporation did the same thing with its frozen croissants, as did Quaker Oats with Chewy Granola Bars. This tactic, however, does not always work. P&G thought it understood the pain reliever market thoroughly, so it bypassed marketing research for Encaprin, encapsulated aspirin. The product failed because it lacked a distinct competitive advantage over existing products and was withdrawn from the market.
- ❑ *The costs of conducting research outweigh the benefits.* There are rarely situations in which a manager has such

The super-premium ice cream market is reaching saturation. At this point, it might not be wise to enter this market. However, marketing research is necessary to keep products already in the market ahead of the competition.



EXHIBIT 1.1 Deciding Whether to Conduct Marketing Research

Market Size	Small Profit Margin	Large Profit Margin
Small	Costs likely to be greater than benefits (e.g., eyeglass replacement screw, tire valve extension). DON'T CONDUCT MARKETING RESEARCH.	Benefits possibly greater than cost (e.g., ultra-expensive Lamborghini-type sportswear, larger specialized industrial equipment like computer-aided metal stamping machines). PERHAPS CONDUCT MARKETING RESEARCH. LEARN ALL YOU CAN FROM EXISTING INFORMATION PRIOR TO MAKING DECISION TO CONDUCT RESEARCH.
Large	Benefits likely to be greater than costs (e.g., Stouffers frozen entrees, Crest's teeth whitener strips). PERHAPS CONDUCT MARKETING RESEARCH. LEARN ALL YOU CAN FROM EXISTING INFORMATION PRIOR TO MAKING DECISION TO CONDUCT RESEARCH.	Benefits most likely to be greater than costs (e.g., medical equipment like CAT scanners, Toshiba's high-definition television). CONDUCT MARKETING RESEARCH.

tremendous confidence in her or his judgment that additional information relative to a pending decision would not be accepted if it were available and free. However, the manager might have sufficient confidence to be unwilling to pay very much for it or wait long to receive it. Willingness to acquire additional decision-making information depends on a manager's perception of its quality, price, and timing. The manager would be willing to pay more for perfect information (that is, data that leave no doubt as to which alternative to follow) than for information that leaves uncertainty as to what to do. Therefore, research should be undertaken only when the expected value of the information is greater than the cost of obtaining it.

Two important determinants of potential benefits are profit margins and market size. Generally speaking, new products with large profit margins are going to have greater potential benefit than products with smaller profit margins, assuming that both items have the same sales potential. Also, new product opportunities in large markets are going to offer greater potential benefits than those in smaller markets if competitive intensity is the same in both markets (see Exhibit 1.1).

Comp: Pls fix. This margin is off.

Profound Impact of the Internet on Marketing Research

The Internet has turned the world of marketing research upside down. Current methods of conducting some types of research soon may seem as quaint as a steam-engine train. New techniques and strategies for conducting traditional marketing research are appearing online in increasing numbers every day. Today, Internet marketing research accounts for about 50 percent of all marketing research revenue in the United States. Following are some growth drivers of such research:

- The Internet provides more rapid access to business intelligence and thus allows for better and faster decision making.

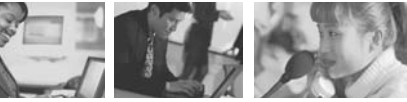
- ❑ The Internet improves a firm's ability to respond quickly to customer needs and market shifts.
- ❑ The Internet facilitates conducting follow-up studies and longitudinal research.
- ❑ The Internet slashes labor- and time-intensive research activities (and associated costs), including mailing, telephone solicitation, data entry, data tabulation, and reporting.

With the mushrooming number (currently over 75 percent) of Americans with Internet access, researchers are finding that online research and offline research yield the same results. Moreover, 82 percent of active Internet users have broadband.¹² America Online's (AOL) Digital Marketing Services (DMS), an online research organization, has done a number of surveys with both online and offline samples for clients such as IBM, Eastman Kodak, and Procter & Gamble. Side-by-side comparison of over 100 online and offline studies showed that both techniques led clients to the same business decisions.¹³ That is, the guidance provided by both sets of data was the same.

Conducting surveys is not the sum total of the Internet revolution in marketing research. Management of the research process and dissemination of information also have been greatly enhanced by the Internet. Several key areas have been greatly affected by the Internet:

- ❑ *Libraries and various printed materials, which may be virtually replaced as sources of information.* On its website, the Bureau of Census (www.census.gov) indicates that it plans to gradually make the Internet the major means of distributing census data. The same is true for a number of other government agencies. Information from countless databases (both governmental and nongovernmental) can be called up almost instantaneously on the user's desktop, notebook, Blackberry, or even some cell phones!
- ❑ *The distribution of requests for proposals (RFPs) and the proposals themselves.* Companies can now quickly and efficiently send RFPs to a select e-mail list of research suppliers. In turn, the suppliers can develop proposals and e-mail them back to clients. A process that used to take days now occurs in a matter of hours.
- ❑ *Collaboration between the client and the research supplier in the management of a research project.* Both the researcher and the client might look at a proposal, RFP, report, or some type of statistical analysis at the same time on their computer screens while discussing it over the telephone. This is very effective and efficient, as changes in sample size, quotas, and other aspects of the research plan can be discussed and changes made immediately.
- ❑ *Data management and online analysis.* Clients can access their survey via the research supplier's secure website and monitor the data gathering in real time. The client can use sophisticated tools to actually carry out data analysis as the survey develops. This real-time analysis may result in changes in the questionnaire, sample size, or types of respondents interviewed. The research supplier and the client become partners in "just-in-time" marketing research.
- ❑ *Publishing and distribution of reports.* Reports can be published directly to the Web from such programs as PowerPoint and all the latest versions of leading word processing, spreadsheet, and presentation software packages. This means that results are available to appropriate managers worldwide on an almost instantaneous basis. Reports can be searched for content of specific interest, with the same Web browser used to view the report.
- ❑ *Oral presentations of marketing research surveys,* which now can be viewed by widely scattered audiences. Managers throughout the world can see and hear the actual client presentation on password-protected websites. This saves firms both time and money, as managers no longer need to travel to a central meeting site.

As we pointed out earlier, the Internet represents the present and the future of a significant portion of the world of marketing research. Its impact is limited only by the researcher's imagination. In this edition of *Marketing Research*, we have pulled all aspects of Internet marketing research into a new chapter (6) to illustrate how the Internet impacts the world of marketing research.



PRACTICING MARKETING RESEARCH

What Is Good about Marketing Research Today

William D. Neal is founder and senior executive officer of SDR Consulting in Atlanta. Bill talks about what he believes is good about marketing research today.

Looking back over the last 40 years, marketing research on the whole has contributed significantly to business success. Investments in marketing research have continued to increase far above the rate of inflation, and operational marketing managers depend more on marketing research to reduce the risks in undertaking new marketing initiatives.

Voice of the customer. More than ever, businesses and other institutions are measuring and monitoring customer satisfaction and loyalty on a continuous basis, using that information to improve processes and stem defections. Fifteen years ago, very little customer satisfaction and loyalty tracking research was supported or funded at all. Now, most major firms and many smaller firms track their customers' levels of satisfaction. And a smaller number are tracking customers' attitudinal and/or behavioral loyalty. Clearly, both the organization and the customer benefit from this revived focus on customer care.

Management metrics. Slowly, but surely, marketing research is beginning to provide some of the key metrics to senior management. Long the exclusive territory of the purveyors of financial numbers, management metrics are beginning to include marketing components—brand health measures, changes in brand equity,

advertising and promotional effectiveness measures, indices of customer satisfaction, and several other measures of marketing impact.

New products. Research has often been blamed for the historically abysmal rate of new product failures. However, some of the more recent investigations into new product failures tend to exonerate at least some of the research. More often, the failures occur because (1) there were inadequate investments in research, (2) the research was ignored, (3) what was researched was not what was launched, (4) there was inadequate marketing and promotional support, or (5) there was inadequate sales or fulfillment support. We have several new tools for testing new products, from concept to prelaunch. When used properly, these newer tools greatly reduce the risks inherent in a new product launch and accurately predict trial and repurchase rates under different levels of marketing support.

Branding. After the branding debacles of the early 1990s, many firms began to recognize that their greatest asset is their brands. Unlike any other aspect of the marketing mix, brands represent a component of value that can't be replicated by a competitor. Thus it represents a unique, defensible asset for the owner and a launch pad for new product development and deployment. Unfortunately, branding has long been resistant to the imposition of scientific investigation, relying too much on the creative arts of advertising and promotion. But that is changing. There are now several research-based models for measuring brand value and brand equity and uncovering their key drivers. Quantifiable changes in brand equity represent the ultimate measure of return on marketing investment.¹⁴

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stockholders. Marketing managers attempt to get the right goods or services to the right people at the right place at the right time at the right price, using the right promotion technique. This may be accomplished by following the marketing concept, which is based on consumer orientation, goal orientation, and systems orientation.

The marketing manager must work within an internal environment of the organization and understand the external environment over which he or she has little, if any, control. The primary variables over which the marketing manager has control are distribution, price, promotion, and product/service decisions. The unique combination of these four variables is called the *marketing mix*.

Marketing research plays a key part in providing the information for managers to shape the marketing mix. Marketing research has grown in importance because of management's focus on customer satisfaction and retention. It also is a key tool in proactive management. Marketing research should be undertaken only when the perceived benefits are greater than the costs.

A marketing research study can be described as programmatic, selective, or evaluative. Programmatic research is done to develop marketing options through market segmentation, market opportunity analysis, or consumer attitude and product usage studies. Selective research is used to test decisional alternatives. Evaluative research is done to assess program performance.

The Internet has had a major impact on the marketing research industry. The use of Internet surveys has increased dramatically because they can be quickly deployed, cost significantly less, are readily personalized, have high response rates, and provide the ability to contact the hard-to-reach respondent. Most importantly, as Internet participation by households has increased, identical online and offline surveys have been shown to produce the same business decisions.

Marketing research has also found other uses for the Internet. It serves as a major information source, aids in the distribution of RFPs and proposals, facilitates collaboration between the client and the research supplier in the management of a research project, provides data management and online analysis, and allows for the publication and distribution of reports and the viewing of oral presentations by a widely scattered audience. The Internet represents the present and the future of marketing research.

SUMMARY

marketing An organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its shareholders.

marketing concept A business philosophy based on consumer orientation, goal orientation, and systems orientation.

consumer orientation The identification of and focus on the people or firms most likely to buy a product and the production of a good or service that will meet their needs most effectively.

goal orientation A focus on the accomplishment of corporate goals; a limit set on consumer orientation.

KEY TERMS & DEFINITIONS

systems orientation The creation of systems to monitor the external environment and deliver the desired marketing mix to the target market.

marketing mix The unique blend of product/service, pricing, promotion, and distribution strategies designed to meet the needs of a specific target market.

marketing research The planning, collection, and analysis of data relevant to marketing decision making and the communication of the results of this analysis to management.

descriptive function The gathering and presentation of statements of fact.

diagnostic function The explanation of data or actions.

predictive function Specification of how to use descriptive and diagnostic research to predict the results of a planned marketing decision.

return on quality Management objective based on the principles that (1) the quality being delivered is at a level desired by the tar-

get market and (2) that level of quality must have a positive impact on profitability.

marketing strategy A plan to guide the long-term use of a firm's resources based on its existing and projected internal capabilities and on projected changes in the external environment.

applied research Research aimed at solving a specific, pragmatic problem—better understanding of the marketplace, determination of why a strategy or tactic failed, or reduction of uncertainty in management decision making.

basic, or pure, research Research aimed at expanding the frontiers of knowledge rather than solving a specific, pragmatic problem.

programmatic research Research conducted to develop marketing options through market segmentation, market opportunity analyses, or consumer attitude and product usage studies.

selective research Research used to test decision alternatives.

evaluative research Research done to assess program performance.

QUESTIONS FOR REVIEW & CRITICAL THINKING

1. The role of marketing is to create exchanges. What role might marketing research play in facilitating the exchange process?
2. Marketing research traditionally has been associated with manufacturers of consumer goods. Today, an increasing number of organizations, both profit and non-profit, are using marketing research. Why do you think this trend exists? Give some examples.
3. Explain the relationship between marketing research and the marketing concept.
4. Comment on the following statement by the owner of a restaurant in a downtown area: "I see customers every day whom I know on a first-name basis. I understand their likes and dislikes. If I put something on the menu and it doesn't sell, I know that they didn't like it. I also read the magazine *Modern Restaurants* to keep up with industry trends. This is all the marketing research I need to do."
5. Why is marketing research important to marketing executives? Give several reasons.
6. What differences might you note among marketing research conducted for (a) a retailer, (b) a consumer goods manufacturer, (c) an industrial goods manufacturer, and (d) a charitable organization?

7. Comment on the following: Ralph Moran is planning to invest \$1.5 million in a new restaurant in Saint Louis. When he applied for a construction financing loan, the bank officer asked whether he had conducted any research. Ralph replied, “I checked on research, and a marketing research company wanted \$20,000 to do the work. I decided that with all the other expenses of opening a new business, research was a luxury that I could do without.”
8. What is meant by “return on quality”? Why do you think that the concept evolved? Give an example.
9. Describe three situations in which marketing research should not be undertaken. Explain why this is true.
10. Give an example of (a) the descriptive role of marketing research, (b) the diagnostic role of marketing research, and (c) the predictive function of marketing research.
11. Using the Internet and a Web browser, visit a search engine such as Google or Yahoo! and type, “marketing research.” From the thousands of options you are offered, pick a Web site that you find interesting and report on its content to the class.
12. Divide the class into groups of four. Each team should visit a large organization (profit or nonprofit) and conduct an interview with a top marketing executive to discover how this firm is using marketing research. Each team then should report its findings in class. *(Team Exercise)*
13. How is the Internet changing the field of marketing research?

Young Consumers Searching for a Bank Still Want the Personal Touch

Raised in an age of evolving technology, many young consumers are still banking the way their parents historically have done, according to a report by Chicago research firm Mintel. The firm found that only 33 percent of consumers 18–34 are using online banking services. In addition, 37 percent of those ages 18–34 say that “better customer service” would cause them to switch banking providers.

With numerous financial service options available, Mintel’s research also shows that younger consumers still have concerns about the security of online banking. Some 40 percent of those who do not use online banking state it is because they “don’t trust transactions on the Internet.”

“Financial services companies continue to elevate their level of safety and security messaging to their consumers, but it is interesting that the Echo Boom and Gen X groups have not necessarily had their fears laid to rest,” says Susan Menkie, senior financial services analyst for Mintel. “The fact that many of them still rely upon human interaction for their banking is actually surprising, given the fact that these generations have grown up with the Internet already being a staple in American culture.”

In addition, with 80 percent of respondents in the 18–24 range and 83 percent of those ages 25–34 owning debit cards, credit card ownership has been dropping in recent years for these age groups. However, contactless credit cards provide a new outlet for attracting new consumers, with over 60 percent of consumers in this age range showing interest in the newer option.

REAL-LIFE RESEARCH • 1.1

“Young consumers understand that many of their parents have dealt with credit card debt, specifically during the boom of these types of products and services,” says Menke. “Because they have been able to see older consumers dealing with potential debt challenges, it has made some younger consumers more cautious when it comes to using credit cards. Over 70 percent of respondents in the 22–24 age range stated that they do not like the idea of being in debt, and that can significantly impact their relationship with credit card companies.”¹⁵

Questions

1. How might a bank use this information?
2. Could this research have been conducted over the Internet? What other means might have been used to gather the data?
3. Is this basic or applied research? Why?
4. What other type of marketing research information might a bank need to effectively market to young consumers?

APPENDIX 1 - A
CAREERS IN
MARKETING
RESEARCH

Marketing research offers a variety of career paths depending upon one's education level, interests, and personality. Most jobs are to be found with either research suppliers (firms that conduct research for clients) or research users (corporations that depend on marketing research for decision-making guidance). A limited number of marketing research positions are also available with advertising agencies, nonprofit organizations, associations, and various branches of government.

Positions with research suppliers (or research firms) tend to be concentrated in a few large cities; for example, New York, Chicago, Los Angeles, San Francisco, and Dallas. Although research suppliers are found throughout the country, a majority of the larger firms (and entry-level jobs) are found in these cities. Research users (corporations, organizations, etc.), on the other hand, tend to be more widely scattered and found in communities of various size; for example, General Mills in Minneapolis; Tyson in Springdale, Arkansas.

Women have long been accepted as equals in the marketing research industry, and some of the larger research firms were founded by women. At the college entry-level position of junior analyst, women are twice as prevalent as men! Obviously, young women increasingly are recognizing the opportunities that await them in the exciting field of marketing research.

There was a time when a decision to go into marketing research represented a lifetime career commitment. Once you were a marketing researcher, there was a good chance you would always be a marketing researcher. Today this inflexibility is not so prevalent. Now it is more common to see people transfer into and out of the marketing research department as part of a career in marketing.

Exhibit 1-A.1 presents a comparative summary of career positions within the research industry. Not all companies have all positions, but you will find people with these titles across the industry. The table also lists the minimum experience and education typical for each position.

EXHIBIT 1-A.1**Career Opportunities in Marketing Research: General Duties and Qualifications**

Positions	Level of Responsibility	Minimum Experience	Minimum Education
Director or vice president	Department administration	10+ years	Graduate degree
Assistant director	Projects administration	5+ years	Graduate degree
Senior analyst	Project supervision	3–5 years	College degree (may require graduate degree)
Analyst	Project analysis and expediting	2–4 years	College degree (may require graduate degree)
Statistician	Statistical analysis	0 years	College degree (may require graduate degree)
Clerical	Office management	3–5 years	Vocational
Junior analyst	Project assistance	0 years	College degree
Field director	Data collection supervisor	3–5 + years	High school diploma
Librarian	Library management	0 years	College degree
Interviewer	Questionnaire administration	0 years	Some high school
Tabulator	Simple tabulation, filing, and organizing	0 years	Some high school

Positions within Supplier Organizations

Research suppliers offer a majority of the entry-level career positions in the marketing research field. Many of the newer firms are entrepreneurial in nature and headed by a founder or partners. In smaller companies the founder-owner not only manages the company but typically is involved in selling and conducting research projects. Owners of larger supplier organizations perform basically the same functions as top managers in other large corporations, such as creating strategic plans and developing broad corporate policies. It is also common in large supplier organizations to have managers that specialize in either a specific industry or type of research; for example, manager of healthcare research, manager of financial research, or political polling. Firms also may have a director of qualitative research or a director of multivariate studies. A list of jobs found in supplier firms follows.

Statistician: A person holding this position is viewed as an internal expert on statistical techniques, sampling methods, and statistical software programs such as SPSS, SAS, or R-Language. Normally, a master's degree or even a PhD is required.

Tabulation programmer: A person holding this position uses tabulation software such as Quantum or UNCLE to create cross-tabulations of survey data. Tabulation programmers are often involved in data cleaning and data management functions, and they may need knowledge of database systems. Normally a bachelor's degree is required.

Senior analyst: A senior analyst is usually found in larger firms. The individual typically works with an account executive to plan a research project and then supervises several analysts who execute the projects. Senior analysts work with a minimal level of supervision themselves. They often work with analysts in developing questionnaires and may help in analyzing difficult data sets. The final report is usually written by an analyst but reviewed, with comments, by the senior analyst and/or account executive. This position is usually given budgetary control over projects and responsibility for meeting time schedules.

Analyst: The analyst usually handles the bulk of the work required for executing research projects. An analyst normally reports to a senior analyst. He or she assists in questionnaire preparation, pretests, then does data analysis, and, finally, writes the preliminary report. Much of the secondary data work is performed by the analyst.

Junior analyst: This is typically an entry-level position for a person with a degree. A junior analyst works under close supervision on rather mundane tasks; for example, editing and coding questionnaires, performing basic statistical analysis, conducting secondary data searches, and writing rough draft reports on simple projects.

Project director: The project director actively manages the flow of research projects, works out schedules, performs quality assurance checks, and provides information and directions to subcontractors and operations. Sometimes the project director is also involved in questionnaire design development of a tabulation plan, and report preparation.

Account executive: An account executive is responsible for making sales to client firms and keeping client organizations satisfied enough to continue funneling work to the research supplier. An account executive works on a day-to-day basis with clients and serves as liaison between the client and the research organization. Account managers must understand each client's problems and know what research techniques should be employed to provide the right data. He or she must be able to explain to the client what research techniques are needed in a nontechnical manner. Moreover, the account executive must be able to sell the firm's services and

abilities over competing suppliers. Account executives work hand in hand with research analysts to develop the research methodology to solve the client's problems. This position often requires an MBA or master's degree.

Senior executive (vice president, senior vice president, executive vice president): Typically, this executive oversees several departments or teams of account executives and also has business development responsibilities in addition to managerial responsibilities. These executives are responsible for the hiring, training, and development of account executives, analysts, and project directors; in addition, they spend much of their time in high-level meetings with major clients.

Field work director: Most market research firms do not have their own interviewers. Instead, they rely on market research field services throughout the United States to conduct the actual interviews. Field services are the production line of the market research industry. They hire, train, and supervise interviewers within a specific geographic area. A field work director is responsible for obtaining completed interviews in the proper geographic area, using the specified sampling instructions, within a specified budget and on time. Field work directors keep in close touch with field services throughout the United States. They know which field services have the best interviewers and can maintain time schedules. After a study has been fielded, the field service director obtains daily reports from the field service. Typical data reported include the number of completed interviews; the number of refusals; interviewing hours, travel time, and mileage; and problems, if any.

Director of operations: Larger research firms will have a large operations function with a number of departments (data preparation, sampling, data entry, tabulation, questionnaire programming, control center, and so on). The director oversees these departments, schedules projects, ensures quality assurance, hires and trains staff, and makes sure that research projects are properly executed.

Positions within Research Departments and Advertising Agencies

Many manufactures, retailers, and other organizations have marketing research departments, although the fashion these days is to call these “consumer insights” departments. These companies, like Kraft, Wal-Mart, Frito-Lay, Sears, and Procter & Gamble, have research groups of varying sizes and responsibilities. Some research departments act like internal research companies, while other research departments function as internal consultants but subcontract all the work to research suppliers. Corporate research departments will often have internal teams headed by directors or managers. Some research departments are organized by brand, while others are organized by research technique specialization. In some companies, competitive intelligence is a separate function, and in others it is a part of the research department. Also, in some companies, strategic planning is a subgroup within the research function, while in others it is a separate department. Organizational structure varies from company to company. Descriptions of some positions follow.

Research director: The research director (sometimes vice president of research or even senior vice president) is responsible for the entire research program of the company. The director may conduct strategic research for top management or accept work from new product managers, brand managers, or other internal clients. In some cases, the director may initiate proposals for studies but typically just responds to requests. He or she has full responsibility for the market research budget

and, since resources are limited, may have to set priorities regarding projects undertaken. The director hires the professional staff and exercises general supervision of the research department. He or she normally presents the findings of strategic research projects to top management. This position often requires a master's degree and, in some companies, a PhD. The director is often viewed as the top technical expert in the department as well.

Assistant research director: This position is normally found only in large, full-scale research departments. The person is second in command and reports to the research director. Senior analysts, statisticians, database analysts, syndicated data analysts, secondary data analysts and data processing specialists usually report to the assistant director, who performs many of the same functions as the director.

Research Directors and Others in Limited-Function Research Departments

Most research departments in corporations or advertising agencies are limited in their functions. Therefore, they do not conduct the research or analyze the data. Instead, they formulate requests for research proposals, analyze the proposals, award contracts to research suppliers, and evaluate the supplier's work. Internally, they work with brand managers and new product specialists in formulating research problems and interpreting and implementing the recommendations of the research reports provided by the suppliers.

The research director and assistant director (if any) function in a manner as described earlier. Analysts formulate and evaluate proposals and the work of research suppliers. They also help implement the recommendations. With the exception of a secretary, there is usually no other personnel in a limited-function research department.

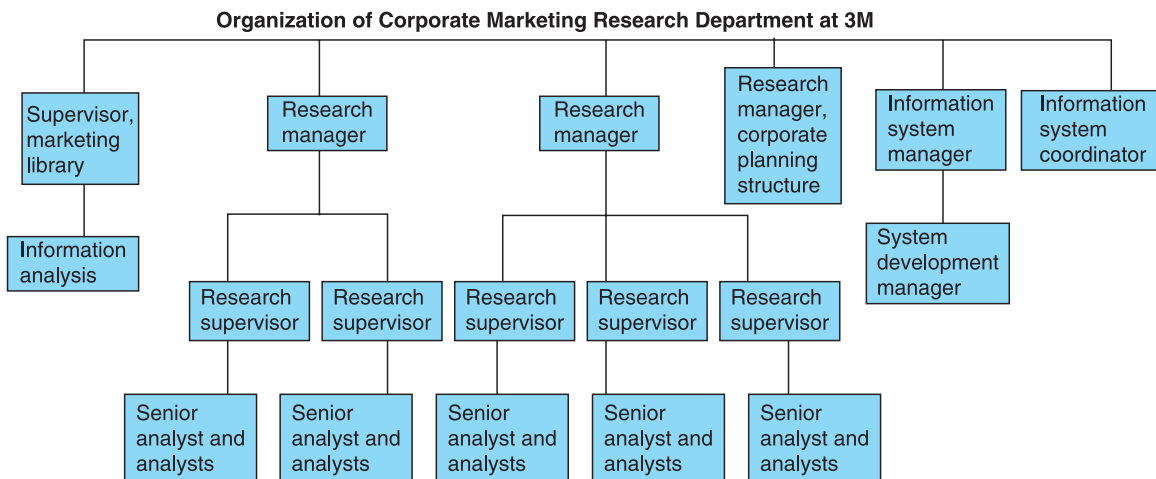
Some of the most effective departments in corporate setting and advertising agencies are organized by brand or business unit, rather than by function or method. Researchers who are assigned to specific brands are expected to have a working knowledge of many different research processes and approaches. This broad knowledge, as well as daily involvement with a given brand or business unit, creates greater value for the organization as a whole. This person essentially becomes an integral part of a brand or account team, affording him or her a greater understanding of the business issues. In turn, research-based recommendations are often more relevant and actionable.

A Career in Marketing Research at 3M

In order to gain an appreciation for a career in marketing research, we'll examine the career path in one company.

The challenges are tough, but the opportunities available to marketing researchers at 3M are almost limitless. The biggest challenge is that each researcher has an annual goal of a set percentage of time that must be spent on approved projects. The opportunities presented by a large number of businesses, with thousands of products that need research information, are obvious.

The corporate marketing research department consists of about 29 people, organized as in Exhibit 1-A.2. The marketing research project work is carried out by the analysts, senior analysts, supervisors, and the two research managers. (The research manager for corporate planning services works solely for the corporate planning and strategy committee.)

**Exhibit 1-A.2****Using Marketing Research—A Corporate Perspective**

Comp: Caption should be rag-R per prev. ed.

Projects are obtained through requests from marketing personnel in the operating units or from sales calls made by analysts and senior analysts. A sales call may be the result of follow-up from a previous project, introduction of a new research service, information on new or expanded activity in the operating unit, or the introduction of a new analyst. All project requests take the form of a proposal that outlines the marketing situation, the information needed, how the information will be obtained, timing, and costs. The signed proposal, with an operating unit designated to be charged for the costs, is the authorization to proceed with the project.

The analysts are recruited from university MBA programs and from among 3M employees in other disciplines (e.g., engineering, laboratory) who have obtained an MBA while working at 3M and want to make a career change. Analysts' career goals are in marketing management, but they are interested in, and have an aptitude for, spending three years in marketing research. Just about all of the analysts have post-baccalaureate business experience with 3M or other companies.

In the first year about 60 percent of an analyst's time is spent on research projects for operating units. The remainder of the time is spent in development seminars and classes covering sampling, study design, questionnaire design, focus groups, and other relevant subjects. The classes taken depend on prior experience and aptitude. All analysts take sales training from one of 3M's divisional sales trainers. (They are expected to sell their time to cover their costs, so they are given sales training. Also, managers believe that sales training is very beneficial in developing the personal interviewing techniques required in many projects.)

One year as an analyst, with good performance, qualifies a person for a position as a senior analyst. This is a promotion, and the senior positions require selling close to 100 percent of one's time. The senior analyst is the workhouse of the project system, devoting time entirely to getting projects sold, completed, and reported.

Researchers' projects, for the most part, are divided along sector and group lines. Therefore, an individual's work will have an emphasis in a particular area such as industrial, healthcare, or imaging. However, if a project in one sector calls for an area of expertise that someone assigned to another sector has, that person can cross over for the project. Flexibility is an important element in the personal development of the analysts.

The senior analyst becomes a supervisor in about one year, or sometimes two, and is given a beginning analyst to develop into a competent researcher and future 3M marketer. The supervisor still does operating unit work, handling some of the more complex projects, selling time in the 60 to 80 percent range.

Supervisors will have developed a special rapport with several operating units over the years and will invariably be offered a marketing position in one of the line units at about the time three years have been completed. Alternatively, the managers of corporate marketing research will be asked for a recommendation to fill an operating unit marketing position, and the available supervisors will be recommended for interviews.

As you consider a career in marketing research, there are advantages to gaining experience on both sides of the industry. Here is a brief summary of some key considerations:

Advantages of supplier-side experience:

- ❑ Exposure to a variety of research needs and projects across a wide array of industries
- ❑ Expertise in questionnaire design and project execution gained at every stage
- ❑ Understanding of the detailed technical aspects of the production side of research, including theories behind the approaches
- ❑ Long-term career opportunities; room for advancement within research field

Advantages of corporate and advertising agency experience:

- ❑ Exposure to the broader marketing function
- ❑ Visibility of research results and how they are utilized within client organizations
- ❑ Less need for involvement in “production” issues related to research projects
- ❑ Opportunities to advance either into research or marketing or brand management

To learn about salaries of marketing researchers, go to www.marketingpower.com. Click on “marketing jobs” and then “salary survey.” Scroll down to “marketing research,” and then select the area of the country or/area of interest to you.

A P P E N D I X 1 - B
M A R K E T I N G
R E S E A R C H
E T H I C S

The two most important factors for research clients in their relationships with research departments/suppliers are client confidentiality and honesty. Each is a question of ethics. **Ethics** are moral principles or values generally governing the conduct of an individual or group. Ethical behavior is not, however, a one-way relationship. Clients, suppliers, as well as field services, must also act in an ethical manner.

Ethical questions range from practical, narrowly defined issues, such as a researcher's obligation to be honest with its customers, to broader social and philosophical questions, such as a company's responsibility to preserve the environment and protect employee rights. Many ethical conflicts develop from conflicts between the differing interests of company owners and their workers, customers, and surrounding community. Managers must balance the ideal against the practical—the need to produce a reasonable profit for the company's shareholders with honesty in business practices, and larger environmental and social issues.

➤ ethics

Moral principles or values, generally governing the conduct of an individual or group.

Ethical Theories

People usually base their individual choice of ethical theory on their life experiences. The following are some of the ethical theories that apply to business and marketing research.¹

Deontology

The deontological theory states that people should adhere to their obligations and duties when analyzing an ethical dilemma. This means that a person will follow his or her obligations to another individual or society because upholding one's duty is what is considered ethically correct. For instance, a deontologist will always keep his promises to a friend and will follow the law. A person who follows this theory will produce very consistent decisions since they will be based on the individual's set duties. Note that this theory is not necessarily concerned with the welfare of others. Say, for example, a research supplier has decided that it's his ethical duty (and very practical!) to always be on time to meetings with clients. Today he is running late. How is he supposed to drive? Is the deontologist supposed to speed, breaking his duty to society to uphold the law, or is the deontologist supposed to arrive at his meeting late, breaking his duty to be on time? This scenario of conflicting obligations does not lead us to a clear ethically correct resolution, nor does it protect the welfare of others from the deontologist's decision.

Utilitarianism

The utilitarian ethical theory is founded on the ability to predict the consequences of an action. To a utilitarian, the choice that yields the greatest benefit to the most people is the choice that is ethically correct. One benefit of this ethical theory is that the utilitarian can compare similar predicted solutions and use a point system to determine which choice is more beneficial for more people. This point system provides a logical and rational argument for each decision and allows a person to use it on a case-by-case context.

There are two types of utilitarianism: act utilitarianism and rule utilitarianism. *Act utilitarianism* adheres exactly to the definition of utilitarianism as described in the above section. In act utilitarianism, a person performs the acts that benefit the most people, regardless of personal feelings or the societal constraints such as laws. *Rule utilitarianism*, however, takes into account the law and is concerned with fairness. A rule utilitarian seeks to benefit the most people but through the fairest and most just means available. Therefore, added benefits of rule utilitarianism are that it values justice and doing good at the same time.

As is true of all ethical theories, however, both act and rule utilitarianism contain numerous flaws. Inherent in both are the flaws associated with predicting the future. Although people can use their life experiences to attempt to predict outcomes, no human being can be certain that his predictions will be true. This uncertainty can lead to unexpected results, making the utilitarian look unethical as time passes because his choice did not benefit the most people as he predicted.

Another assumption that a utilitarian must make is that he has the ability to compare the various types of consequences against each other on a similar scale. However, comparing material gains such as money against intangible gains such as happiness is impossible since their qualities differ so greatly.

Casuist

The casuist ethical theory compares a current ethical dilemma with examples of similar ethical dilemmas and their outcomes. This allows one to determine the severity of the situation and to create the best possible solution according to others' experiences. Usually, one will find examples that represent the extremes of the situation so that a compromise can be reached that will hopefully include the wisdom gained from the previous situations.

One drawback to this ethical theory is that there may not be a set of similar examples for a given ethical dilemma. Perhaps that which is controversial and ethically questionable is new and unexpected. Along the same line of thinking, this theory assumes that the results of the current ethical dilemma will be similar to results in the examples. This may not be necessarily true and would greatly hinder the effectiveness of applying this ethical theory.

Understanding ethical theories will help us better decide how certain unethical practices in marketing research should be resolved. Exhibit 1-B.1 details some of the unethical practices most common among the various groups involved in marketing research.

Research Supplier Ethics

Unethical research supplier practices range from low-ball pricing to violating client confidentiality.

Low-Ball Pricing

A research supplier should quote a firm price based on a specific incidence rate (percentage of the respondents in the sample that will qualify to complete the survey) and

EXHIBIT 1-B.1 Unethical Practices in Marketing Research

Research Suppliers	Research Clients	Field Services
Low-ball pricing	Issuing bid requests when a supplier has been predetermined	
Allowing subjectivity into the research	Soliciting free advice and methodology via bid requests	Using professional respondents
Abusing respondents		Not validating data
Selling unnecessary research	Making false promises	
Violating client confidentiality	Issuing unauthorized requests for proposal	
Black box branding		

questionnaire length (time to complete). If either of the latter two items changes, then the client should expect a change in the contract price. Low-ball pricing in any form is unethical. In essence, **low-ball pricing** is quoting an unrealistically low price to secure a firm's business and then using some means to substantially raise the price. For example, quoting a price based on an unrealistically high incidence rate is a form of low-ball pricing. Offering to conduct a focus group at \$6,000 a group and, after the client commits, saying, "The respondents' fees for participating in the group discussion are, of course, extra" is a form of low-balling.

➤ low-ball pricing

Quoting an unrealistically low price to secure a firm's business and then using some means to substantially raise the price.

Allowing Subjectivity into the Research

Research suppliers must avoid using biased samples, misusing statistics, ignoring relevant data, and creating a research design with the goal of supporting a predetermined objective. One area of research today is so-called *advocacy studies*. These studies are commissioned by companies or industries for public relations purposes or to advocate or prove a position. For example, Burger King once used positive responses to the following question in an advocacy study in an attempt to justify the claim that its method of cooking hamburgers was preferred over that of McDonald's: "Do you prefer your hamburgers flame-broiled or fried?" When another researcher rephrased the question—"Do you prefer a hamburger that is grilled on a hot stainless-steel grill or cooked by passing the meat through an open gas flame?"—the results were reversed: McDonald's was preferred to Burger King.

Kiwi Brands, a shoe polish company, commissioned a study on the correlation between ambition and shiny shoes. The study found that 97 percent of self-described ambitious young men believe polished shoes are important. In many cases, advocacy studies simply use samples that are not representative of the population. For example, a news release for a diet products company trumpeted: "There's good news for the 65 million Americans currently on a diet." A company study had shown that people who lose weight can keep it off—the sample consisted of 20 graduates of the company's program, who also endorsed its products in commercials.

When studies are released to the news media, the methodology should be readily available to news reporters. Typically, this information is withheld, often on the ground that the material is proprietary. A survey done for Carolina Manufacturer's Service, a coupon redemption company, found that "a broad cross-section of Americans find coupons to be true incentives for purchasing products." The description of the methodology was available only at a price: \$2,000.

Abusing Respondents

Respondent abuse can take several forms. Perhaps the most common is lengthy interviews. This problem stems in part from the "as long as you're asking questions" mentality of many product managers. It is not uncommon for clients to request additional "nice to know" questions, or even exploratory questions on an entirely separate project. This leads to lengthy questionnaires, 30-minute telephone or Internet interviews, and 40-minute mall-intercept interviews. As a result of long interviews and telephone sales pitches, more and more Americans are refusing to participate in survey research. The refusal rate for telephone surveys now averages 60-plus percent, an increase of 10 percent over 10 years. Forty-nine percent of the people who do participate say the surveys are "too personal."

Predictive dialers are tremendous productivity tools for survey research telephone call centers. They remove much of the idle time an interviewer would otherwise spend manually dialing numbers and recording call dispositions, such as no-answer and busy signals.

When studies are released to the news media, the methodology should be readily available to news reporters. A survey done for a coupon redemption company found that “a broad cross-section of Americans find coupons to be true incentives for purchasing products.” The description of the methodology, however, was available only for a price of \$2,000.



By definition, predictive dialers dial phone numbers ahead of available interviewers, predicting when an interviewer will become available. Adjusting the pacing manually sets the aggressiveness of this dial-ahead capability. Obviously, there is strong motivation for call-center managers to increase the pacing and minimize the time an interviewer spends between calls. However, this action has undesirable consequences because some respondents are contacted before an interviewer is available. In most cases, the dialer then places the respondent on hold or disconnects the call. Both actions decrease respondent goodwill.²

Interest in a product or service is often discerned during the interviewing process, and the researcher knows the interviewees' potential purchasing power from their answers to income and other pertinent financial questions. Although the introduction phase of the questionnaire usually promises confidentiality, some researchers have sold names and addresses of potential customers to firms seeking sales leads. Individuals willing to participate in the survey research process have a right to have their privacy protected.

The state of New York sued Student Marketing Group for selling information on a broad scale to direct marketers. The survey filled out by students included age, gender, religious affiliation, career interests, and grade point average. The company said that it was gathering the data to provide to universities to help the students gain admission and financial aid. Direct marketers used the information to sell credit cards, magazines, videos, cosmetics, and other products.³

Selling Unnecessary Research

A research supplier dealing with a client who has little or no familiarity with marketing research often has the opportunity to “trade the client up.” For example, if a project called for four focus groups and an online survey of approximately 350 consumers, the research supplier might sell eight groups and 1,000 Internet interviews, with a 400-interview telephone follow-up in six months.

It is perfectly acceptable to offer a prospective client several research designs with several alternative prices when and if the situation warrants alternative designs. The supplier should point out the pros and cons of each method, along with sample confidence intervals. The client, in consultation with the supplier, then can decide objectively which design best suits the company's needs.

Violating Client Confidentiality

Information about a client's general business activities or the results of a client's project should not be disclosed to a third party. The supplier should not even disclose the name of a client unless permission is received in advance.

The thorniest issue in confidentiality is determining where “background knowledge” stops and conflict arises as a result of work with a previous client. One researcher put it this way:

I get involved in a number of proprietary studies. The problem that often arises is that some studies end up covering similar subject matter as previous studies. Our code of ethics states that you cannot use data from one project in a related project for a competitor. However, since I often know some information about an area, I end up compromising my original client. Even though upper management formally states that it should not be done, they also expect it to be done to cut down on expenses. This conflict of interest situation is difficult to deal with. At least in my firm, I don't see a resolution to the issue. It is not a onetime situation, but rather a process that perpetuates itself. To make individuals redo portions of studies which have recently been done is ludicrous, and to forgo potential new business is almost impossible from a financial perspective.⁴

Black Box Branding

Marketing research suppliers have discovered branding. Synovate has over 25 branded product offerings, including Brand Vision and M2M. Maritz Research offers Loyalty Maximizer, and Harris Interactive has TRBC, a scale bias correction algorithm. Go to virtually any large marketing research firm's website, and you'll see a vast array of branded research products for everything from market segmentation to customer value analysis—all topped off with a diminutive SM, TM, or [®].

A common denominator across some of these products is that they are proprietary, which means the firms won't disclose exactly how they work. That's why they're also known pejoratively as black boxes. A black box method is proprietary—a company is able to protect its product development investment. And if customers perceive added value in the approach, suppliers can charge a premium price to boot. (Black boxes and brand names are not synonymous. Almost all proprietary methods have a clever brand name, but there are also brand names attached to research methods that are not proprietary.)

At least two factors have given rise to this branding frenzy. First, competitive pressures force organizations to seek new ways to differentiate their product offerings from those of their competitors. Second, many large research companies are publicly held, and publicly held companies are under constant pressure to increase sales and profits each quarter. One way to do this is to charge a premium price for services. If a company has a proprietary method for doing a marketing segmentation study, presumably it can charge more for this approach than another firm using publicly available software such as SPSS or SAS.

Clients have no objective way of determining whether the results of a proprietary method would vary significantly from those of more standard approaches, and neither have we. Go to five different companies that have five different black boxes for choice modeling, for example. Each company claims its method is superior, yet it's impossible to assess, from a psychometric perspective, which possesses the highest level of validity.

Of course, no one is forcing clients to purchase a black box method, and they can always contact other organizations that have used a supplier's proprietary method to assess its effectiveness. Often clients will obtain multiple bids on a project so that they can select from a variety of approaches to help them answer their research questions.⁵

Client Ethics

Like research suppliers, clients (or users) also have a number of ethical do's and don'ts. Some of the more common client problems are requesting bids when a supplier has been predetermined, requesting bids to obtain free advice and methodology, making false promises, and issuing unauthorized RFPs.

Requesting Bids When a Supplier Has Been Predetermined

It is not uncommon for a client to prefer one research supplier over another. Such a preference may be due to a good working relationship, cost considerations, ability to make deadlines, friendship, or quality of the research staff. Having a preference per se is not unethical. It is unethical, however, to predetermine which supplier will receive a contract and yet ask for proposals from other suppliers to satisfy corporate requirements. Requiring time, effort, and money from firms that have no opportunity to win the contract is very unfair. Why more than a single RFP? Some corporations require more than one bid.

Requesting Bids to Obtain Free Advice and Methodology

Client companies seeking bargain-basement prices have been known to solicit detailed proposals, including complete methodology and a sample questionnaire, from a number of suppliers. After “picking the brains” of the suppliers, the client assembles a questionnaire and then contracts directly with field services to gather the data. A variation of this tactic is to go to the cheapest supplier with the client's own proposal, derived by taking the best ideas from the other proposals. The client then attempts to get the supplier to conduct the more elaborate study at the lower price.

Making False Promises

Another technique used by unethical clients to lower their research costs is to hold out a nonexistent carrot. For example, a client might say, “I don't want to promise anything, but we are planning a major stream of research in this area, and if you will give us a good price on this first study, we will make it up to you on the next one.” Unfortunately, the next one never comes—or if it does, the same line is used on another unsuspecting supplier.

Requesting Proposals without Authorization

In each of the following situations, a client representative sought proposals without first receiving the authority to allocate the funds to implement them:

1. A client representative decided to ask for proposals and *then* go to management to find out whether she could get the funds to carry them out.
2. A highly regarded employee made a proposal to management on the need for marketing research in a given area. Although managers were not too enthused about the idea, they told the researcher to seek bids so as not to dampen his interest or miss a potentially (but, in their view, highly unlikely) good idea.
3. A client representative and her management had different ideas on what the problem was and how it should be solved. The research supplier was not informed of the

management view, and even though the proposal met the representative's requirements, management rejected it out of hand.

4. Without consulting with the sales department, a client representative asked for a proposal on analyzing present sales performance. Through fear of negative feedback, corporate politics, or lack of understanding of marketing research, the sales department blocked implementation of the proposal.

Field Service Ethics

Marketing research field services are the production arm of the research industry requiring telephone or face-to-face interviews. They are the critical link between the respondent and the research supplier. It is imperative that they properly record information and carefully follow sampling plans. Otherwise, even the best research design will produce invalid information (garbage in; garbage out). Maintaining high ethical standards will aid a field service in procuring good raw data for the research firm.

Using Professional Respondents

The problem of professional respondents arises most often in the recruitment of focus group participants. Virtually all field services maintain a database of people willing to participate in qualitative discussion groups, along with a list of their demographic characteristics. Maintaining such a list is good business and quite ethical. When qualifications for group participants are easy (for example, pet owners, persons who drive SUVs), there is little temptation to use professional respondents. However, when a supplier wants, for example, persons who are heavy users of Oxydol detergent or who own a Russian Blue cat, it is not unheard of for a group recruiter to call a professional respondent and say, "I can get you into a group tomorrow with a \$75 respondent fee and all you need to say is that you own a Russian Blue cat."

In an attempt to weed out professional respondents, a research supplier may specify that the participant must not have been a member of a qualitative discussion group within the past six months. However, dishonest field services will simply tell the professional respondent to deny having participated in a group within the past six months.

Data Collection Code of Ethics

The Marketing Research Association (MRA) is an association to which many field services belong. The organization is dedicated to promoting excellence in data collection. To this end, it recently enacted the following code of ethics:

Companies Engaged in Data Collection . . .

1. will treat the respondent with respect and not influence a respondent's opinion or attitude on any issue through direct or indirect attempts, including the framing of questions.
2. will conduct themselves in a professional manner and ensure privacy and confidentiality.
3. will ensure that all formulas used during bidding and reporting during the data collection process conform with the MRA/Council of American Survey Research Organizations (CASRO) Incidence Guidelines.
4. will make factually correct statements to secure cooperation and will honor promises made during the interview to respondents, whether verbal or written.

5. will give respondents the opportunity to refuse to participate in the research when there is a possibility they may be identifiable even without the use of their name or address (e.g., because of the size of the population being sampled).
6. will not use information to identify respondents without the permission of the respondent except to those who check the data or are involved in processing the data. If such permission is given, the interviewer must record it, or a respondent must do so, during all Internet studies, at the time the permission is secured.
7. will adhere to and follow these principles when conducting online research:
 - Respondents' rights to anonymity *must* be safeguarded.
 - Unsolicited e-mail *must not* be sent to those requesting not to receive any further e-mail.
 - Researchers interviewing minors *must* adhere to the Children's Online Privacy Protection Act (COPPA).
 - Before collecting, using, or disclosing personal information from a child, the researcher must obtain verifiable parental consent from the child's parent.
Refer to MRA Internet Ethics Guidelines "Use of the Internet for Conducting Opinion and Marketing Research" for more educational information. www.mra-net.org/codes/internet_ethics_guidelines.PDF.
8. for Internet research, will not use any data in any way contrary to the provider's published privacy statement without permission from the respondent.
9. will respect the respondent's right to withdraw or refuse to cooperate at any stage of the study and will not use any procedure or technique to coerce or imply that cooperation is obligatory.
10. will obtain and document respondent consent when it is known that the personally identifiable information of the respondent may be passed by audio, video, or Interactive Voice Response to a third party for legal or other purposes.
11. will obtain permission and document consent of a parent, legal guardian, or responsible guardian before interviewing children 13 years of age or younger. Prior to obtaining permission, the interviewer should divulge the subject matter, length of interview, and other special tasks that may be required of the respondent.
12. will ensure that all interviewers comply with any laws or regulations that may be applicable when contacting or communicating to any minor (18 years old or younger) regardless of the technology or methodology utilized.
13. will not reveal any information that could be used to identify clients without their written authorization.
14. will ensure that companies, their employees, and subcontractors involved in the data collection process adhere to reasonable precautions so that multiple surveys are not conducted at the same time with a specific respondent without explicit permission from the sponsoring company or companies.
15. will consider all research materials provided by the client or generated as a result of materials provided by the client to be the property of the client. These materials will not be disseminated or disposed of without the verbal or written permission of the client.
16. will, as time and availability permit, give their client the opportunity to monitor studies in progress to ensure research quality.
17. will not represent a nonresearch activity to be opinion and marketing research, such as:
 - the compilation of lists, registers, or data banks of names and addresses for any nonresearch purposes (e.g., canvassing or fund raising).

- ❑ industrial, commercial, or any other form of espionage.
- ❑ the acquisition of information for use by credit rating services or similar organizations.
- ❑ sales or promotional approaches to the respondent.
- ❑ the collection of debts.⁶

Respondents' Rights

Respondents in a marketing research project typically give their time and opinions and receive little or nothing in return. These individuals, however, do have certain rights that should be upheld by all marketing researchers. All potential participants in a research project have the right to choose, the right to safety, the right to be informed, and the right to privacy.

Right to Choose

Everyone has the right to determine whether or not to participate in a marketing research project. Some people, such as poorly educated individuals or children, may not fully appreciate this privilege. A person who would like to terminate an interview or experiment may give short, incomplete answers or even false data.

The fact that a person has consented to be part of an experiment or to answer a questionnaire does not give the researcher carte blanche to do whatever she or he wants. The researcher still has an obligation to the respondent. For example, if a person participating in a taste test involving a test product and several existing products prefers the test product, the researcher does not have the right to use the respondent's name and address in a promotion piece, saying that "Ms. Jones prefers new Sudsies to Brand X."

Right to Safety

Research participants have the right to safety from physical or psychological harm. While it is unusual for a respondent to be exposed to physical harm, there have been cases of persons becoming ill during food taste tests. Also, on a more subtle level, researchers rarely warn respondents that a test product contains, say, a high level of salt. An unwitting respondent with hypertension could be placed in physical danger if the test ran several weeks.

It is much more common for a respondent to be placed in a psychologically damaging situation. Individuals might experience stress when an interviewer presses them to participate in a study. Others might experience stress when they cannot answer questions or are given a time limit to complete a task (for example, "You have five minutes to browse through this magazine, and then I will ask you a series of questions").

Right to Be Informed

Research participants have the right to be informed of all aspects of a research task. Knowing what is involved, how long it will take, and what will be done with the data, a person can make an intelligent choice as to whether to participate in the project.

Often, it is necessary to disguise the name of the research sponsor to avoid biasing the respondent. For example, it is poor research practice to say, "We are conducting a survey for Pepsi; which brand of soft drink do you consume most often?" In cases in which

disguising the sponsor is required, a debriefing should take place following the completion of the interview. The debriefing should cover the study's purpose, the sponsor, what happens next with the data, and any other pertinent information. A debriefing can reduce respondent stress and build goodwill for the research industry. Unfortunately, taking the time to debrief a respondent is a cost that most companies are unwilling to incur.

In some business and academic research, the researcher may offer to provide the respondent with a copy of the research results as an incentive to obtain his or her participation in the project. When a commitment has been made to disseminate the findings to survey respondents, it should be fulfilled. On more than one occasion, we have participated in academic surveys where the carrot of research results was offered but never delivered.

Right to Privacy

All consumers have the right to privacy. All major research organizations, including the MRA (discussed above), CASRO, the Internet Marketing Research Association (IMRO), the American Marketing Association (AMA), and the Advertising Research Foundation (ARF), have privacy codes. For example, with online research, lists of potential respondents must have one of two characteristics. Potential respondents must have either a prior opt-in for contact or they must have an existing business relationship with the sender through which an e-mail contact would not be considered a random, unsolicited e-mail (spam).

Consumer privacy can be defined in terms of two dimensions of control. The first dimension includes control of unwanted telephone, mail, e-mail, or personal intrusion in the consumer's environment, and the second concerns control of information about the consumer. Consumer privacy can be viewed in the context of any interaction, profit or nonprofit, between marketer and consumer, including (but not limited to) credit and cash sales, consumer inquiries, and marketer-initiated surveys. The very nature of the marketing research business requires interviewers to invade an individual's privacy. An interviewer calls or approaches strangers, requests a portion of their limited free time, and asks them to answer personal questions—sometimes *very* personal questions. Perhaps the greatest privacy issue for consumers today is the role of marketing databases (see Chapter 3).

A number of laws have been passed in recent years dealing with various aspects of privacy as it relates to the marketing research industry. Diane Bowers, president of the CASRO, poses the following questions to marketing researchers:

Did you know. . . .

You may be violating the law if you interview customers of financial institutions who have not consented to that research? (Federal regulations require opt-out; some states require opt-in.)

You may be violating the law if patients you interview for health care research have not consented to that research? (Federal regulations require opt-in.)

You may be violating the law if telephone customers you interview for telecommunications research have not consented to that research? (Federal regulations require opt-out.)

You may be violating the law if you exchange personal data about respondents with someone in Europe without complying with the U.S. Safe Harbor and the EU Directive on Data Protection? (U.S. Safe Harbor principles must be verifiably adhered to, or contractually met, or you must be EU-certified.)

You may be violating the law if you disclose personal information about respondents to a subcontractor, including interviewers and data processors? (Privacy laws require binding confidentiality agreements before any "onward transfer" of such information.)

*You are violating the law if you fail to comply with any material aspect of your online privacy statement or offline privacy policy? (The FTC, for example, has the ability to impose fines of up to several thousands of dollars **per day** for such violations.)*

You are legally and professionally liable for the privacy and confidentiality of your research respondents and the integrity of your research?⁷

Ethics and Professionalism

Today's business ethics are actually a subset of the values held by society as a whole. The values that underlie marketing decisions have been acquired through family, educational, and religious institutions, and social movements (for example, women's rights, environmental protection). A marketing researcher with a mature set of ethical values accepts personal responsibility for decisions that affect the community. Considerations include the following:

- ❑ Employees' needs and desires and the long-range best interests of the organization
- ❑ The long-range goodwill and best interests of people who are directly affected by company activities (a bonus: good publicity for the firm)
- ❑ The societal values and conditions that provide the basis for the social structure in which the company exists

High standards of ethics and professionalism go hand in hand. Good ethics provide a solid foundation for professionalism, and striving for a lofty level of professionalism requires ethical behavior on the part of researchers.



Fostering Professionalism

Because of the specialized knowledge and expertise they possess, members of a profession have influence and power over those for whom they provide a particular service. The tools of a doctor or lawyer cannot easily be obtained and sold in the marketplace; these professions guard their knowledge and control who has access to it. Although marketing researchers and marketers wield power and influence over their customers and even society, the marketing industry does not have a credentialing process or high entry barriers. The argument can be made that the marketers who most need to think, believe, and behave with professionalism are those in marketing research.

The distinction between a profession and professionalism is important: a **profession** and membership in it are objectively determined (for example, by medical board exams), whereas **professionalism** is evaluated on more personal and subjective levels. A study designed to measure the level of professionalism in marketing research found that researchers had autonomy in their jobs, were permitted to exercise judgment, and were recognized for their level of expertise and ability to work independently. These characteristics are marks

A profession and membership in it are objectively determined; professionalism is evaluated on more personal and subjective levels.

- **profession**
Organization whose membership is determined by objective standards, such as an examination.

➤ professionalism

Quality said to be possessed by a worker with a high level of expertise, the freedom to exercise judgment, and the ability to work independently.

of professionalism. However, most researchers did not readily identify the contribution that marketing makes to society, nor did most firms tend to reward researchers' participation in professional organizations. These characteristics do not indicate a high level of professionalism.

Several steps have been taken recently to improve the level of professionalism in the marketing research industry. For example, CASRO has sponsored symposia dealing with ethical issues in survey research. CASRO also has created a code of ethics that has been widely disseminated to research professionals. The CASRO board has worked with groups such as the Marketing Research Association to provide input to legislatures considering antimarketing research legislation.

Researcher Certification

Today, it is far too easy to begin practicing marketing research. We have seen several "fast talkers" convince unwary clients that they are qualified researchers. Unfortunately, relying on poor information to make major decisions has resulted in loss of market share, reduction in profits, and, in some cases, bankruptcy.

Certification has generated a great deal of debate among members of the marketing research industry. It should be noted that certification is not licensing. *Licensing* is a mandatory procedure administered by a governmental body that allows one to practice a profession. *Certification* is a voluntary program administered by a nongovernmental body that provides a credential for differentiation in the marketplace. The issue of certification is sensitive because it directly affects marketing researchers' ability to practice their profession freely.

The MRA has launched a Professional Researcher Certification program. The objectives, according to the MRA, are "to encourage high standards within the profession in order to raise competency, establish an objective measure of an individual's knowledge and proficiency, and to encourage continued professional development."⁸ The program allows for certification as a research user, supplier, or data collector. The process requires a series of continuing education credits and then passing an exam. Researchers can be grandfathered into certification if they meet the MRA's standards for a specific research job. The grandfathering period ended on February 28, 2007.

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