

## **CHAPTER 2**

### **The Marketing Research Industry**

#### **LEARNING OBJECTIVES**

- To learn about the history and characteristics of the marketing research industry, including the professional organizations in the industry
- To learn the leading marketing research firms and their place in the industry structure
- To know how to classify marketing research firms
- To be aware of the challenges facing the industry and what has been suggested to improve the industry, including the Professional Researcher Certification (PRC)
- To understand how a researcher's philosophy might dictate behavior in ethically sensitive situations
- To learn the ethical codes and standards developed by professional associations serving the marketing research industry
- To learn important ethical issues facing the marketing research industry today

#### **CHAPTER OUTLINE**

##### The Marketing Research Industry

###### Evolution of the Industry

###### The Early Days

###### Growth of the Need

###### A Maturing Industry

###### Honomichl Global Top 25

###### Worldwide Spending on Marketing Research

###### Honomichl Top 50

###### Revenues of U.S. Firms

###### Stronger Competition Through M&A and Strategic Alliances

###### Classifying Firms in the Marketing Research Industry

###### Internal Suppliers

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How Do Internal Suppliers Organize the Research Function?

Organizing the Formal Department of Internal Suppliers

Organizing When There Is No Formal Department

External Suppliers

How Do External Suppliers Organize?

Classifying External Supplier Firms

Full-Service Supplier Firms

Syndicated Data Service Firms

Standardized Service Firms

Customized Service Firms

Online Research Services Firms

Limited-Service Supplier Firms

Challenges Facing the Marketing Research Industry

Issues with the Economy

The Lifeblood of the Industry—Consumer Cooperation

Marketing Research No Longer Represents “Voice of the Consumer”

Marketing Research is Parochial

Marketing Research Operates in a “Silo”

Marketing Research Is Tool Oriented

Using IT to Speed Up Marketing Research

Other Criticisms of Marketing Research

Certification and Education: Means to Improving the Industry

Certification

Education

Ethics and Marketing Research

Ethical Views Are Shaped by Philosophy: Deontology or Teleology

Ethical Behavior in Marketing Research is a Worldwide Issue

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Codes of Ethics  
Sugging and Frugging  
Research Integrity  
Treating Others Fairly  
Buyers  
Suppliers  
Failure to Honor Time and Money Agreements  
The Public  
Respondents  
Deception of Respondents  
Confidentiality and Anonymity  
Invasions of Privacy

## **KEY TERMS**

Anonymity	Online research
Certification	Online research services firms
Code of ethical behavior	Online survey research
Confidentiality	Panel equity
Customized service firms	Charles Coolidge Parlin
Data analysis services	Phone banks
Deception	Professional Certified Marketer (PCM)
Deontology	Requests for proposals (RFP's)
Ethics	Research integrity
External suppliers	Research suppliers
Field service firms	Sample design and distribution
Frugging	Spam
Full-service supplier firms	Specialized research technique firms

Honomichl Global Top 25	Standardized service firms
Honomichl Top 50	Strategic alliances
Internal supplier	Sugging
Limited-service supplier firms	Syndicated data service firms
Market segment specialists	Teleology
Mystery shopping	Web-based research

## TEACHING SUGGESTIONS

1. Ask students if they can detect the three main causes for the changes in marketing research over its history. One is evolution of markets, which moved from local markets where buyers and sellers were neighbors to global ones where buyers and sellers are from completely different cultures. This drives the need for information about the marketing environment. Another cause is changes in technology ranging from questionnaire design to computerization, which has been adopted by marketing research. The third cause is the combination of computer technology (namely the Internet) and globalization effected by online research. Class discussion and examples of one or all three of these forces can be fruitful. Select a company that has global marketing aspirations and have students identify what research questions are relevant as it moves into different countries and cultures. It may be enlightening to illustrate how marketing research companies are now on the Internet by using companies identified in Chapter 2.
2. Some topics that you might want to point out to students to illustrate the impact of technology on marketing research are the following: (1) single source data where purchases of a family's (such as grocery products) are captured across several weeks, (2) focus groups that take place over the Internet using video cameras and chat software, or (3) handheld computers that administer customer satisfaction questionnaires to existing customers at (for example) automobile dealership service centers.
3. To delve into the "Honomichl Top 50" look at the *Marketing News* Marketing Research Report. Unless there is a change in policy, the Marketing Research Report appears annually in a June issue, and it can be used to update the figures. The Report also profiles each of the 50 top companies, and has an introduction to the industry. Have students select companies and summarize the profiles in class presentations or discussion.
4. The Honomichl Top 50 and references to some marketing research companies in Chapter 2 include the website addresses of the top marketing research companies. If you have multimedia capability with Internet capability in your classroom, use one or a number of them to show students the number and variety of products and services that these companies offer. Alternatively, have student volunteer to visit top company websites and "show and tell" some interesting products and/or services that they find.
5. Students may not understand the distinctions between the three internal research

suppliers: (a) formal department, (b) single individual, and (c) no one responsible. If possible, have a representative from each organizational type come to the class and discuss how marketing research takes place in his/her company. Alternatively, describe the situations based on your knowledge of representative companies.

6. Most students will think that all marketing research companies are full service. One way to help them understand about the limited service companies is to say that they are practicing niche marketing. They have found niches in the research industry, and they specialize in performing their functions very well.
7. Save copies of *Marketing News* or *Quirk's Marketing Research Review* and bring them to class. After reviewing full-service and limited-service marketing research firms, hand out the newspapers and have students look at the marketing research company ads. Let selected students summarize the services of companies they have singled out. Alternatively, select the ads yourself, make overhead transparencies, or PowerPoint slides, and use them when you cover this topic in your class presentation. Another approach, if you have multimedia classroom capability, is to find the Internet sites for various types of marketing research firms and illustrate the products and services of these different firms during class.
8. The chapter indicates that formal marketing research departments are typically only found in large companies, and often they are very small. Ask students what this implies about a career in marketing research. You might tie this discussion in with the careers in the marketing research appendix. Points to be made are: (1) it will probably take a master's degree to break into the management level; (2) you will probably have to locate in a major metropolitan area; but (3) there will be opportunities for sharp managers who know something about marketing research in medium- and small-sized companies because they don't have marketing research personnel.
9. It is important that students come to realize the ethical issues in marketing research early on, and this is why this topic is introduced in Chapter 2. Additionally, they need to be made aware that philosophical differences exist. Going over the various ethical issue areas is worthwhile, but suggesting and frugging invariably generate the most class interest and story-telling.
10. The right to privacy issue is a major worry in the research industry. Ask students what they believe are their personal privacy rights and how they enforce them when they are violated. Then turn the tables by telling them that they have taken on a job as a telephone interviewer where they will be compensated \$5 for each completed interview. What would they do to make money? Sometimes students do an about face on privacy when they are worried about making enough money to pay their rent.
11. It is always fun to ask students if they have been "sugged" or "frugged" recently. Those who have not read the chapter will be immediately obvious, as suggesting and frugging invariably stick in students' minds. Those who have no clue obviously did not read the chapter before class.
12. There is considerable information about the Professional Researcher Certification program operated by the Marketing Research Association on its website ([www.mra-net.org/prc/](http://www.mra-net.org/prc/)). Either use it in class or assign it to a student or student team for presentation to the class.

## ANSWERS TO REVIEW QUESTIONS

1. *Describe the PRC as discussed in the opening vignette by the COO of the Marketing Research Association.*

The Professional Researcher Certification (PRC) came about in 2005 when the Marketing Research Association (MRA) began certifying U.S. individuals involved in research. Over 1000 individuals have become certified. The program is based on competencies in experience, education, and ethics. Certification lasts two years whereupon the individual must be re-vetted for renewal.

2. *Who is credited for conducting the first continuous and organized marketing research? (He is also known as the “father of marketing research.”)*

This person is **Charles Coolidge Parlin**, who pioneered marketing research for the Curtis Publishing Company and *Saturday Evening Post*.

3. *Explain why marketing research was not widespread prior to the Industrial Revolution.*

Prior to the Industrial Revolution, businesses and their customers were in close proximity, meaning that businesses had much more direct contact with their customers and did not need to research them.

4. *Roughly, how much is the worldwide marketing research industry worth? How much is the U.S. marketing research industry worth?*

Worldwide, it was a \$32.5 billion industry in 2008. Due to the worldwide recession, it is a \$30 billion industry in 2010. The chapter states that the top 50 United States research firms accounted for about \$7.8 billion in 2009. When CASRO firms are added, that total is \$8.6 billion.

5. *What is the difference between the Honomichl Global Top 25 and the Honomichl Top 50 reports?*

The **Honomichl Global Top 25** is a report of the top 25 marketing/advertising/public opinion research services firms ranked in terms of worldwide revenues received. The **Honomichl Top 50** is a report ranking the top 50 U.S.-based firms in terms of the revenues these firms earn from U.S. operations only.

6. *What is meant by a “strategic alliance”? Give an example of one.*

A **strategic alliance** allows firms with strong expertise in one area to form partnerships with firms offering expertise in other areas. Examples given in the text are: GfK and Arbor Strategy Group; Kantar Group and TNSplc, which expanded capabilities of GfK and Kantar Group.

7. *We categorized firms as internal and external suppliers of marketing research information. Explain what is meant by each, and give an example of each type of firm.*

An **internal supplier** is an entity inside a firm that supplies marketing research. An example would be a marketing research department such as those noted—Kraft Foods, IBM, Kodak, General Mills, and Ford. An **external supplier** is an outside or

independent firm hired by another firm to fulfill its marketing research needs. All of the marketing research companies on the Honomichl list are external suppliers.

8. *Distinguish among full-service, limited-service firms, syndicated data services, standardized services, customized service, and online research services firms.*

**Full-service supplier firms** have the ability to conduct the entire marketing research project for the buyer firms.

**Limited-service supplier firms** specialize in one, or at most, a few marketing research activities.

**Syndicated data service firms** collect information that is made available to multiple subscribers.

**Standardized service firms** provide syndicated marketing research services, as opposed to syndicated data, to clients.

**Customized service firms** offer a variety of research services that are tailored to meet the client's specific needs.

**Online research services firms** specialize in providing services online.

9. *How would you categorize the following firms?*

- a. *One specializing in marketing to kids (ages six to twelve years)*

Limited-service firm.

- b. *One that specializes in a computerized scent generator for testing reactions to smells*

Standardized service firm

- c. *One that offers a method for conducting "mock trials"*

Standardized service firm

- d. *One that offers clients samples drawn according to the client's sample plan*

Standardized service firm

- e. *One that collects data over the Internet*

Online research services firm

10. *What makes an online marketing research firm different from other marketing research firms?*

Online research firms specialize in providing services online. We define **online research** as the use of computer networks, including the Internet, to assist in any phase of the marketing research process, including development of the problem, research design, data gathering, analysis, and report distribution. Thus, other marketing research firms do not use computer networks, including the Internet, for these phases.



11. *What is the advantage in a firm having its own formal marketing research department? Explain three different ways such a department may be internally organized.*

The advantage is that the marketing research department staff is fully aware of the company's operations and the industry, so they will have greater insight into opportunities and problems.

The three internal organization alternatives are: (1) area of application such as industrial consumers and ultimate consumers, (2) marketing function such as pricing, advertising, etc., or (3) the marketing research process such as data analysis, data collection, and so forth.

12. *What are four challenges to the marketing research industry?*

The challenges are:

- Issues with the economy meaning fallouts, alliances, and the need to demonstrate value-added services.
- Declining consumer cooperation to take part in surveys due to telemarketing and desire for privacy.
- Loss of prominence of marketing with top executives as they focus on supply-chain economies to keep prices low.
- Parochial or narrow focus of marketing research, meaning it is not involved in the planning process sufficiently.
- Operating in a silo or being isolated from other departments in the company.
- Too tool oriented (see question 13).
- Need to speed up marketing research by using information technology.

13. *Explain how being "too tool oriented" may hurt the marketing research industry.*

Researchers too readily apply a tool instead of focusing on the more complex strategic issues facing the firm. The end result is that marketing researchers are used to supplying "ingredients" instead of being involved in making strategic decisions.

14. *Explain how certification and education may improve the marketing research industry.*

**Certification** such as the PRC is a system that guarantees minimum standards will be maintained by those marketing researchers who are certified. Education occurs in a variety of ways and it serves to develop the research skills of marketing researchers.

15. *How would you define ethics?*

**Ethics** may be defined as a field of inquiry into determining what behaviors are deemed appropriate under certain circumstances as prescribed by codes of behavior that are set by society.

16. *What are the two fundamental philosophies that can be used as a basis for making ethical decisions?*

**Deontology** is concerned with the rights of the individual. If an individual's rights are violated, then the behavior is not ethical.

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**Teleology** analyzes a given behavior in terms of its benefits and costs to society. If there are individual costs but group benefits, then there are net gains and the behavior is judged to be ethical.

*17. List where you can find some codes of ethics applicable to the marketing research industry.*

Various associations and organizations such as American Marketing Association, Council of American Survey Organizations, Qualitative Research Consultants Association, Marketing Research Association, Professional Market Research Society, and the European Society for Opinion and Marketing Research have codes of ethics.

*18. Name some of the ethical issues facing the marketing research industry.*

Some of the ethical issues noted are: worldwide issues, codes of ethics, sugging and frugging, research integrity, treating others fairly (buyers, suppliers and the public), respondents, and respondent fairness (deception, confidentiality and anonymity, privacy, unsolicited telephone calls, and spam).

*19. Explain why sugging and frugging are bad for marketing researchers.*

**Sugging** refers to “selling under the guise of a survey.” **Frugging** refers to “fund-raising under the guise of a survey.” Both practices cause consumers to think that all marketing research is deceptive so they do not cooperate with any marketing research requests.

## **ANSWERS TO APPLICATION QUESTIONS**

*20. Go to the websites of either CASRO, MRA, or IMRO and look up their codes of ethics/professional standards. What do they have to say about doing online surveys?*

CASRO refers to “active agent technology” such as spyware, which is strictly prohibited.

MRA has a complete set of ethical standards for online research—“Use of the Internet for Conducting Opinion and Marketing Research.”

IMRO also has a complete set—“Use of the Internet for Conducting Opinion and Marketing Research Ethical Guidelines.”

21. *Look up “marketing research” in your Yellow Pages directory. Given the information provided there, can you classify the research firms in your area according to the classification system of research firms we used in this chapter?*

There is no set answer to this exercise. Instructors who are located in small cities or places where there is little industry or commerce should refrain from assigning this exercise as students will find few or no marketing research companies in their directories. An alternative is to have students use an online business directory services such as SmartPages.com or MSN Yellow Pages ([yellowpages.msn.com](http://yellowpages.msn.com)) and specify a major city such as Chicago, Atlanta, Los Angeles, or New York.

22. *Comment on each practice in the following list. Is it ethical? Indicate your reasoning in each case.*

- a. *A research company conducts a telephone survey and gathers information that it uses later to send a salesperson to the home of potential buyers for the purpose of selling a product. It makes no attempt to sell the product over the telephone.*

This is ethical as long as the respondents were informed that information was being gathered to qualify them for the sales call; it is unethical if there were promises of confidentiality or anonymity, or if the respondent was otherwise lead to believe that this was purely a research effort in which case the approach would be suggesting.

- b. *Would your answer to (a) change if you found out that the information gathered during the telephone survey was used as part of a “legitimate” marketing research report?*

If the company is doing research, and it is confidential and/or anonymous, the use of the information to send a salesperson is unethical. However, if the survey did not assure those conditions, and respondents agreed to a sales call, it would be an ethical practice.

- c. *A door-to-door salesperson finds that by telling people that he is conducting a survey they are more likely to listen to his sales pitch.*

This is suggesting—an unethical practice.

- d. *Greenpeace sends out a direct-mail piece described as a survey and asks for donations as the last question.*

If it is not a bona fide survey, this is frugging, an unethical practice.

- e. *In the appendix of the final report, the researcher lists the names of all*

*respondents who took part in the survey and places an asterisk beside the names of those who indicated a willingness to be contacted by the client's sales personnel.*

This is ethical as those identified agreed to the contact.

- f. *A list of randomly generated telephone numbers is drawn in order to conduct a telephone survey.*

These will result in unsolicited telephone calls, but it is not an unethical practice.

- g. *A list of randomly generated e-mail addresses is generated using a "Spambot" (an electronic "robot" that searches the Internet looking for and retaining e-mail addresses) in order to conduct a random online research project.*

According to the CASRO code of ethics, this is an unethical practice.

- h. *Students conducting a marketing research project randomly select e-mail addresses of other students from the student directory in order to conduct their term project.*

Not only would this be unethical, it would be illegal as it would be considered SPAM. The rule is that a respondent to an e-mail survey must have some sort of established relationship with the person sending the e-mail request to complete the survey. In the example cited above, "randomly" selecting e-mail addresses would mean there is no relationship between the sender and receiver.

Consider the following examples of established relationships:

- You buy a Die-Hard battery at Sears. In the paperwork you provide your e-mail address. A month later, it would be perfectly legitimate for Sears to send you a survey regarding your satisfaction with their service.
- The Dean of your college decides to send an e-mail to all students attending the school asking them to complete a survey about preferences for future courses. This would be ethical because students have a "relationship" with the college (represented by the Dean) and could reasonably expect communications from the Dean.

## **CASE SOLUTIONS**

### **Case 2.1 ABR Marketing Research**

**Case Objective:** This case study deals with ethical issues in marketing research.

#### **Answers to Case Questions**

The following case solution is provided by Professor Harriet Bettis-Outland, who wrote the case.

Case Questions:

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1. *After you have thoroughly read the case, write down what you believe are the issues in the case.*
2. *For each issue in your list, rate its importance, from 7 (very important) to 1 (unimportant).*

This original case scenario was developed by John R. Sparks and Shelby D. Hunt to assist in a project designed to measure ethical sensitivity. Their work was reported in an excellent journal article, John R. Sparks and Shelby D. Hunt (1998), "Marketing Researcher Ethical Sensitivity: Conceptualization, Measurement, and Exploratory Investigation," *Journal of Marketing*, v62(April), 92–109. Though some details of the case that originally appeared in the Sparks and Hunt article have been updated in this version, the case still offers the ability to measure students' ethical sensitivity against those groups represented in the journal article. The case discussion was written by Dean Allmon, Professor of Marketing, and Harriet Bettis-Outland, Assistant Professor of Marketing, both at the University of West Florida. We thank them for their contribution and highly recommend this case for your use.

Ethical sensitivity has been described as certain personal characteristics that enable one to recognize the presence of an ethical issue. This is perhaps the most important part of ethical decision-making—if no problem or ethical situation is perceived, then no ethical evaluation process is activated. The purpose of this case is to help students become aware of their own ethical sensitivity. The Sparks and Hunt study was among the first to measure the ethical sensitivity of marketers. After designing and pretesting the case, Sparks and Hunt presented it to three different sample populations—Introductory Marketing Students, Senior Marketing Students, and Research Practitioners.

An ethical issue exists when there is a decision situation that involves alternate courses of action in which the situation and/or courses of action are inconsistent with guides such as rules, codes, or norms. These guides can come from many sources; some are formal, such as those reported in the text by organizations such as CASRO, MRA, ESOMAR, and AMA. Others are less formal but are nevertheless powerful, such as your own value set. Should you lie, cheat, and steal to make a living? Society's morals, the glue that holds society together, says that this type of behavior is not right, therefore unethical. But, as noted previously, unless we perceive an issue to be of an ethical nature, we never even embark on the road to ethical evaluation.

This case attempts to measure students' ethical sensitivity. They are asked to list issues they see in the case. Some issues will not deal with ethics. The subtle purpose of this case is two-fold. First, how many ethical issues will the students identify? Secondly, how important are the issues rated? Even if an individual recognizes an ethical issue, there may be wide divergence in the evaluation of the importance of the issue. In the eyes of most everyone, we find agreement that all ethical issues are not of equal value; there are misdemeanors and felonies. Given the audience and the players, there may be wide divergence in both the recognition and the evaluation of an ethical issue. Students are asked to rate the importance of each issue they identify. How will their importance ratings differ from those of the three groups tested by Sparks and Hunt?

**How Many Ethical Issues Did Your Students Identify? What Level of Importance Did Your Students Assign the Issue(s)?**

The original Sparks and Hunt case as well as this updated version, were both developed

with a great deal of effort aimed at meeting seven criteria. First, rather than being an “ethics case,” both ethical and nonethical issues are raised. Second, the ethical issues are those commonly faced by marketing researchers. Third, the case is realistic. Fourth, the case is brief. Fifth, no ethical issues beyond those intended are in the case. Sixth, the ethical issues vary in terms of importance from moderate to severe. Finally, because ethical sensitivity is an antecedent of ethical behavior, the case only implies or subtly suggests that some potential behavior is consistent or inconsistent with a rule, code, or norm.

There are five ethical issues identified in this version of the case—research integrity, fair treatment of vendors, research confidentiality, incomplete reporting, and misleading reporting. Each will be discussed. Additionally, for the first three ethical issues listed previously, the scores of the three populations tested by Sparks and Hunt (Introductory Marketing Students, Senior Marketing Students, and Research Practitioners) are shown. In the “percentage identified” row are the percentages of each population that correctly identified the ethical issue. In the “average importance” row are the means derived from the 7-point importance scale.

**Issue 1 (Research Integrity)**—Barbara believes her boss wants her to produce a statistical analysis consistent with those recommendations already made to Precision Grooming Products.

Research Integrity	Introductory Students n = 142	Senior Students n = 178	Research Practitioners n = 188
Percentage Identified	30	38	63
Average Importance	4.8	4.8	5.8

What is truth? According to one old sage, “There are lies, damned lies, and statistics.” The implication is that each researcher could tell his or her own story, depending upon the slant they wanted to take. So where is the problem? First of all, why was ABR Marketing retained in the first place? Precision Grooming most likely retained ABR to research the market, and, based on these results, Precision would derive a media plan. That is what they were expecting and that is what they should get. How do they know if the presentation of the data was manipulated to match the plan? They don’t. This is where professionalism enters the picture. ABR must be true to the process and the profession. If they are not, then, in the long run, everyone suffers.

Declaring the results before a study is performed or completed happens at times. By introducing biased or leading questions, one can steer the results of research. In this situation, Precision wanted to know the attitude, media habits, and demographic characteristics of its market. Consequently, the design and implementation of the study should reflect that.

**Issue 2 (Vendor Fairness)**—Barbara’s assistant left out media habit questions from the questionnaire when she gave it to the vendor. Michelle (Barbara’s boss) and Phillip (of Precision Grooming) both thought it was the vendor’s fault. After they got angry with the vendor, they decided to finish out the project. Barbara said nothing about responsibility

or cause of the problem.

Vendor Fairness	Introductory Students n = 142	Senior Students n = 178	Research Practitioners n = 188
Percentage Identified	4	2	35
Average Importance	4.8	5.6	5.9

Some would say that Barbara didn't do anything wrong. In fact, she didn't do anything—Sins of Commission vs. Sins of Omission—Barbara didn't actually lie, but she let a lie that she helped to create and could have corrected, stand. Letting others take the punishment as a result of your errors generally reflects lack of character values such as integrity and moral strength.

Barbara wanted this job. She was working furiously to meet the deadlines. We do not know her personal situation. We do not know if she was behind in her house payments, had high credit card bills or other debts—nothing, other than what was in the case. Myriad of things could impact her behavior. What was she thinking when Michelle and Phillip were fuming about the mistake? If it got bad enough, would she have stepped forward? We don't know, do we? Barbara probably didn't either. Some would say that she stole, lied, and cheated the vendor by her silence. Note the small percentage of student respondents who identified this as an ethical issue in the Sparks and Hunt study.

**Issue 3 (Confidentiality)**—David Miller, who worked for the advertising agency, previously handled the Village Toiletries' account, which was Precision's main competitor. Now he is using knowledge attained while working with Village Toiletries, to work against them.

Confidentiality	Introductory Students n = 142	Senior Students n = 178	Research Practitioners n = 188
Percentage Identified	13	12	35
Average Importance	5.7	5.7	5.4

Like both Issues 1 and 2, this issue was identified as a problem with a much greater percentage of practitioners as compared to students. We are back to the question of professional ethics. How long do you have to be true to a past client? David didn't lie, cheat, or steal. He didn't remain silent when he should have spoken out. Why then is this a problem? Broken promises. When a professional frequently works with a client, he is inevitably made privy to sensitive information. So when someone such as David works with and for a client, even if he doesn't make explicit promises, there is an implicit

promise not to use any information he discovers against that company. This includes the exposure of information that would change the competitive environment.

Can research findings for one client be used for a competitor? Could past findings be used in another setting if they did not harm the first client? These are privacy questions and issues that need to be addressed when examining the ethical dimensions of marketing research.

*Though not included as part of the original data collection in the Sparks and Hunt study, in addition to the three previous issues, the following ethical issues (4 and 5) are identified in the ABR case:*

**Issue 4 (Incomplete Reporting)**—Barbara’s assistant accidentally deleted all questions pertaining to media habits that should have been included in the phone interviews of almost 75 percent of all participants in the sample. Consequently, any suggestion that they found conclusive evidence regarding certain media habits typical of hair gel users would constitute incomplete reporting. Only by admitting that the majority of study participants did not even answer questions regarding media habits, could ABR truthfully share results with its clients.

Incomplete reporting enables an organization to skew results in their favor, for instance, by neglecting to mention the composition of the sample, or the types of questions asked on the survey. By choosing participants based on certain criteria that just happen to coincide with the “desired” outcome, a research firm may be engaged in the practice of incomplete reporting.

**Issue 5 (Misleading Reporting)**—closely related to incomplete reporting, the practice of misleading reporting occurs when research results are presented in such a manner that the intended audience draws conclusions that are not entirely justified. For instance, even though Precision Grooming Products considered attitude, demographics, and media habits to be critical information needed in developing a new hair gel for men, a majority of participants in the study did not even participate in the media habit questions.

Furthermore, Barbara did not disclose that conclusions were drawn based on a much smaller study than originally planned; Barbara had initially asked for 250 participants from 15 different metropolitan areas. Due to time and financial constraints this was cut to 200 participants from 11 metropolitan areas. However, as a result of the survey administration error, only three cities were included in the final study. To try to draw conclusive decisions based on such a small sample could easily be misleading.

## **Case 2.2 Integrated Case: Advanced Automobile Concepts**

**Case Objective:** Students are asked to think about: (1) using an internal versus an external supplier of marketing research and (2) the concerns marketing research clients have about the confidentiality of their projects, namely, whether or not the marketing research company will be ethical and not divulge information to the client’s competition.

### **Answers to Case Questions**



1. *Why should Nick Thomas use the internal supplier, his own parent company's marketing research department? Why should he not use them?*

Zen has its own formally organized marketing research department. The major advantages of using such an internal supplier are: (1) knowledge of the company's operations and policies, (2) knowledge of the company's industry, and (3) experience with doing research in the industry. How this department is organized is unknown.

From the description of Zen Motors, it is clear that the company has not done much innovative for many years. Nick needs marketing research for radical new automobile technology and designs. If there is this expertise in the Zen marketing research department, Nick should seriously consider using it. However, if not, then he should review potential custom research providers such as CMG to find a provider that can provide the proper expertise.

2. *Nick Thomas is concerned about using an external supplier of marketing research services, CMG Research. Go to the MRA's Code of Ethics and read what they have to say about researchers sharing confidential information. (at [www.mra-net.org](http://www.mra-net.org), go to "Resources" and then "Codes, Standards, Guidelines"; then go to "MRA Expanded Code of Market Research, Section A").*

Section A has several ethical items that MRA members must agree to by way of signature. Item 3. states: "Will protect and preserve the confidentiality of all research techniques and/or methodologies and of information considered confidential or proprietary." Item 12, states: "Will protect the confidentiality of anything learned about a client's business as a result of access to proprietary information." Item 25, states: "Will ensure that the results of the research are the sole property of the End User(s). At no time will results be shared with other clients."

If CMG Research belongs to the MRA (and yes, it does), Nick is assured that it knows about and has agreed to ensuring the confidentiality of any work done for Advanced Automobile Concepts.