

Marketing Research

Chapter 4

The Human Side of Marketing Research: Organizational and Ethical Issues

Lecturer: Dr. Michaella DeLeon Castillo
Philippines

LEARNING OUTCOMES

After studying this chapter, you should

1. Know when research should be conducted externally and when it should be done internally
2. Be familiar with the types of jobs, job responsibilities and career paths available within the marketing research industry
3. Understand the often conflicting relationship between marketing management and researchers
4. Be able to define ethics and understand how it applies to marketing research

LEARNING OUTCOMES (cont'd)

After studying this chapter, you should

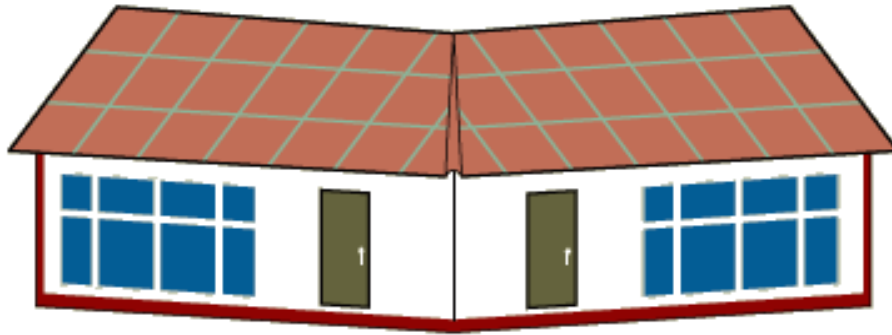
5. Know and appreciate the rights and obligations of a) research respondents—particularly children, b) marketing researchers and c) research clients or sponsors
6. Know how to avoid a conflict of interest in performing marketing research

Who Does the Research?

- Outside Agency
 - An independent research firm contracted by the company that actually will benefit from the research.
- In-house Research
 - Research performed by employees of the company that will benefit from the research.

EXHIBIT 4.1 Should Research be Done In-House or “Out-House”?

Advantages of In-House:



- Quick turn-around
- Better collaboration w/employees
- Cheaper costs
- Secret process

Advantages of Out-House:



- Fresh perspective
- More objectivity
- Special expertise

Organizational Structure of Marketing Research

- Director of Marketing Research
 - Provides leadership in research efforts and integrates all staff-level research activities into one effort.
 - Plans, executes, and controls the firm's marketing research function.
- Research Analyst
 - Is responsible for client contact, project design, preparation of proposals, selection of research suppliers, and supervision of data collection, analysis, and reporting activities.

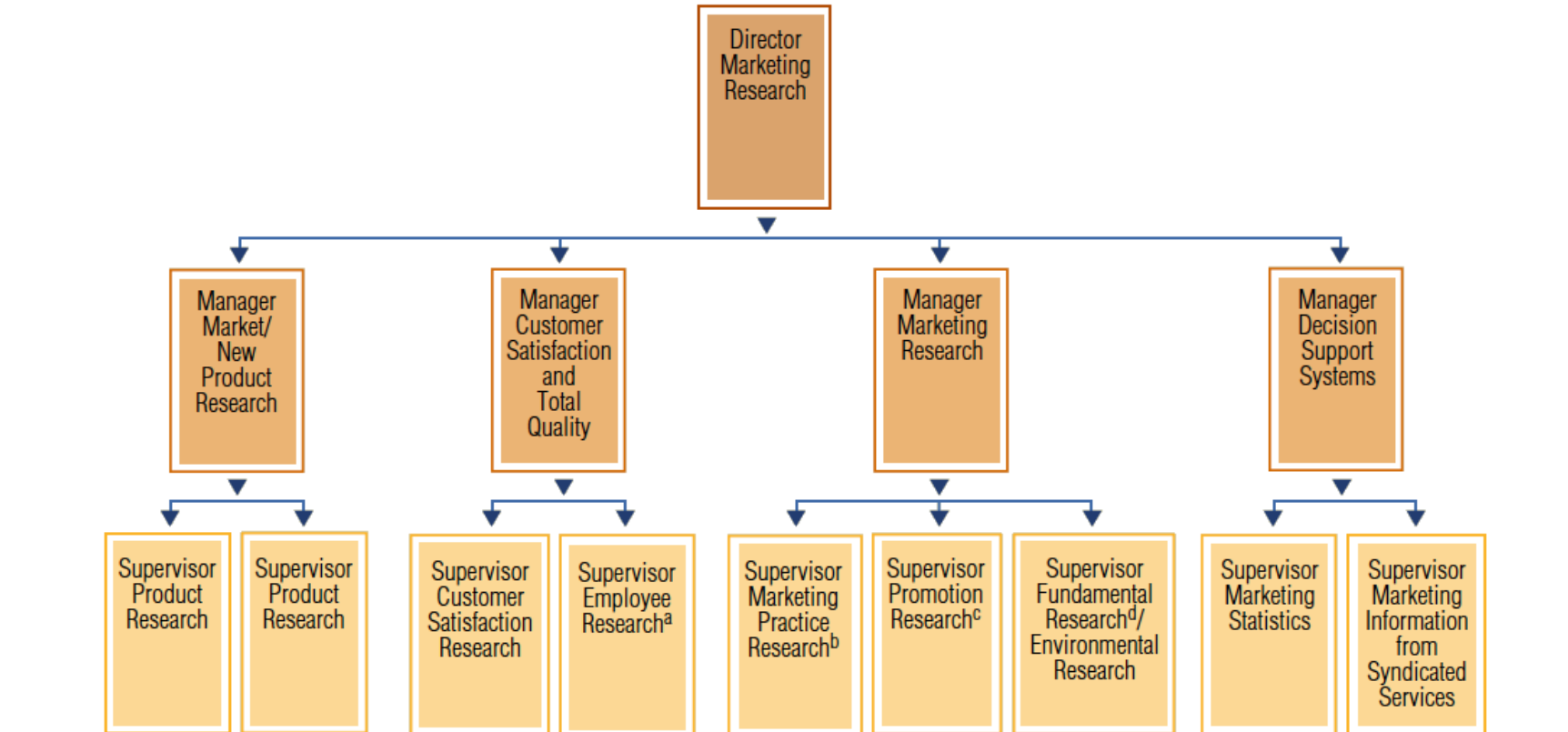
Organizational Structure of Marketing Research (cont'd)

- Research Assistants
 - Provide technical assistance with questionnaire design, data analyses, and similar activities.
- Manager of Decision Support Systems
 - Supervises the collection and analysis of sales, inventory, and other periodic customer relationship management (CRM) data.
- Forecast Analyst
 - Provides technical assistance in manipulating data to generate a sales forecast.

EXHIBIT 4.2 Structure of a Medium-Sized Research Department



EXHIBIT 4.3 Organization of the Marketing Research Department in a Large Firm



^aConducts research to improve total quality management in production.

^bConducts research that cuts across product lines or involves competitive marketing practices or characteristics of customer groups.

^cConducts research that cuts across product lines to measure the effectiveness of promotional activities.

^dConducts research aimed at gaining a basic understanding of various elements of the marketing process.

The Director of Marketing Research as a Manager

- Problems in Directing Research:
 - Skilled research professionals like conducting research better than managing people.
 - The research management role often is not formally recognized.
 - Outstanding research professionals often have trouble delegating responsibility.
 - Research is often seen as a hodgepodge of techniques available to answer individual, unrelated questions.

Sources of Conflict between Marketing Management and Marketing Research

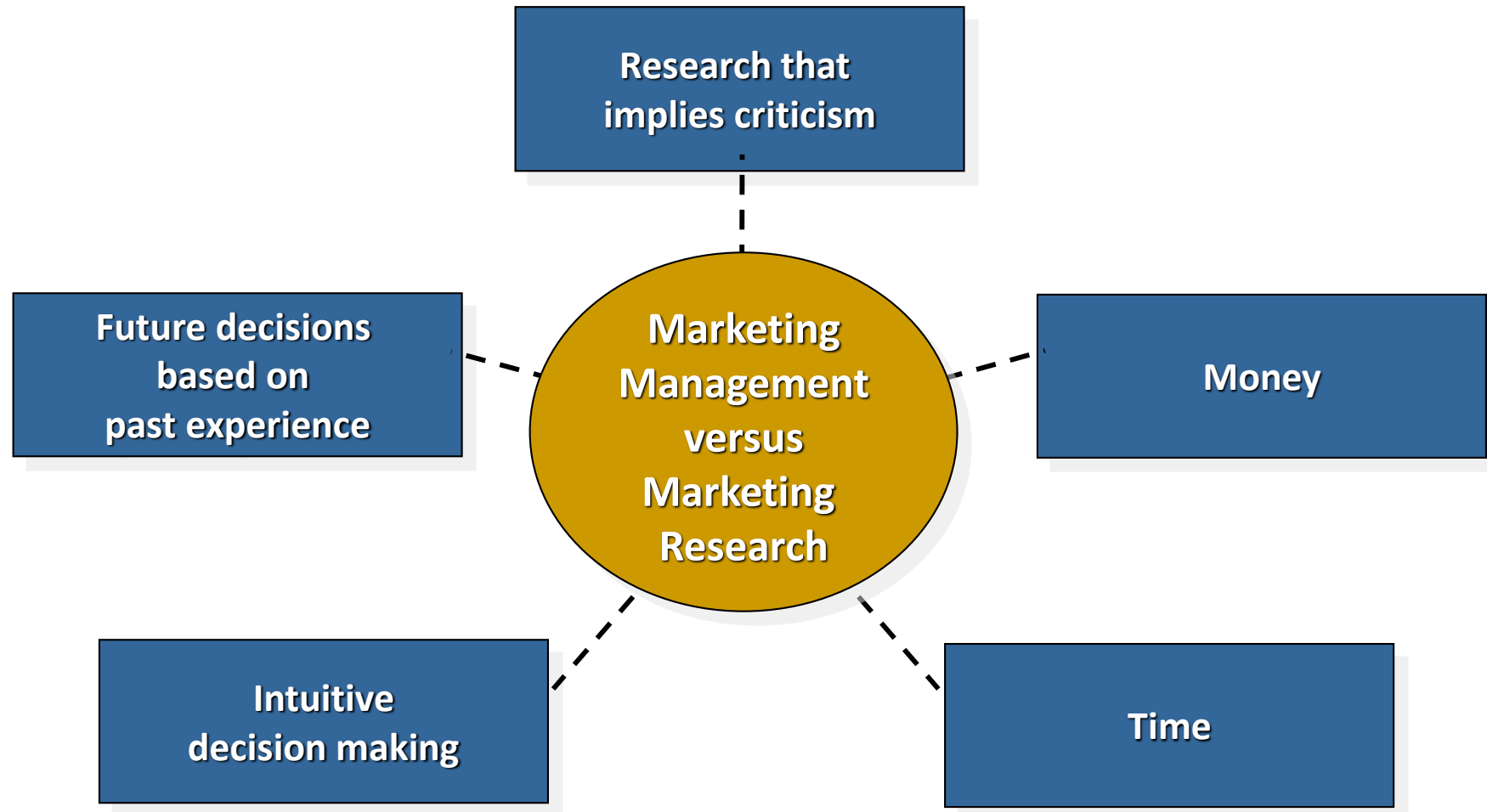


EXHIBIT 4.4 Areas of Conflict Between Top Management and Marketing Researchers

Area of Potential Conflict	Top Management's Position	Marketing Researcher's Position
Research responsibility	Marketing researchers lack a sense of accountability. The sole function of the marketing researcher is to provide information.	The responsibility for research should be explicitly defined, and this responsibility should be consistently followed. The researcher should be involved with top management in decision making.
Research personnel	Marketing researchers are generally poor communicators who lack enthusiasm, skills, and imagination.	Top managers are anti-intellectual. Researchers should be hired, judged, and compensated on the basis of their research capabilities.
Budget	Research costs too much. Since the marketing research department's contribution is difficult to measure, budget cuts in the department are defensible.	"You get what you pay for." Research must have a continuing, long-term commitment from top management.
Assignments	Projects tend to be overengineered and not executed with a sense of urgency. Researchers have a ritualized, staid approach.	Top managers make too many nonresearchable or emergency requests and do not allocate sufficient time or money.

Based on John G. Keane, "Some Observations on Marketing Research in Top Management Decision Making," *Journal of Marketing*, October 1969, p. 13.

Source: *Exploring Marketing Research 9th Edition* pp 81

EXHIBIT 4.4 Areas of Conflict Between Top Management and Marketing Researchers (cont'd)

Area of Potential Conflict	Top Management's Position	Marketing Researcher's Position
Problem definition	The marketing researcher is best equipped to define the problem; it is sufficient for the top manager to give general direction. Top managers cannot help it if circumstances change. The marketing researcher must appreciate this and be willing to respond to changes.	Researchers are often not given all the relevant facts about situations, which often change after research is under way. Top managers are generally unsympathetic to this widespread problem.
Research reporting	Most reports are dull, use too much jargon and too many qualifiers, and are not decision-oriented. Reports too often are presented after a decision has been made.	Top managers treat research reports superficially. Good research demands thorough reporting and documentation. Top managers give insufficient time to prepare good reports.
Use of research	Top managers should be free to use research as they see fit. Changes in the need for and timing of research are sometimes unavoidable.	Top managers' use of research to support a predetermined position or to confirm or excuse past decisions represents misuse. Also, it is wasteful to request research and then not use it after it has been conducted.

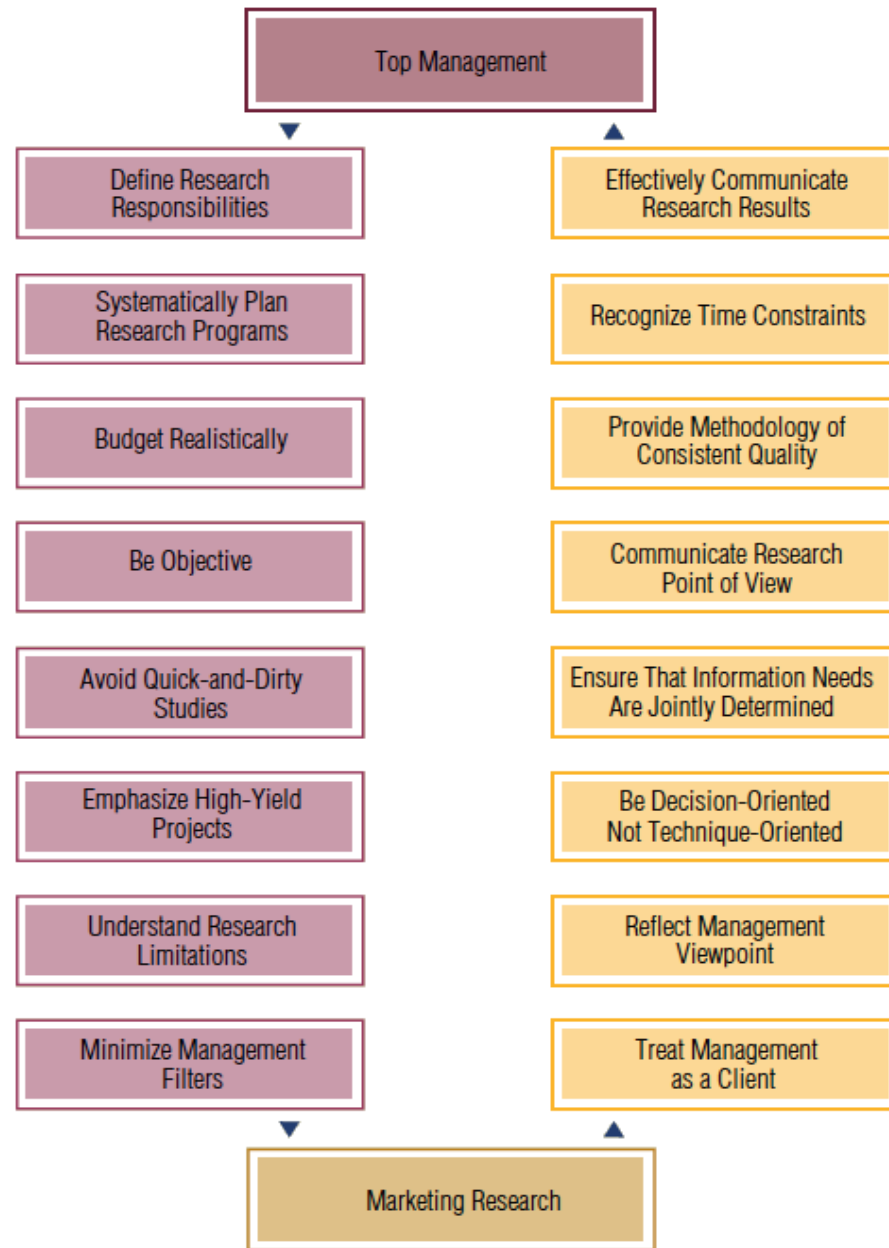
Based on John G. Keane, "Some Observations on Marketing Research in Top Management Decision Making," *Journal of Marketing*, October 1969, p. 13.

Source: Exploring Marketing Research 9th Edition pp 81

Reducing the Conflict between Management and Researchers

- Ways to Reduce Conflict
 - Getting involved early in projects
 - Working closely together foster understanding
 - Better planning and an annual statement of the research program
 - Communication of research findings and designs.
- Research Generalist
 - Serves as a link between management and research specialists in acting as a problem definer, an educator, a liaison, a communicator, and a friendly ear.

EXHIBIT 4.5
Two-Way
Improvement



Cross-Functional Teams

- Cross-Functional Teams
 - Employee teams composed of individuals from various functional areas such as engineering, production, finance, and marketing who share a common purpose.
- Benefits of Teams
 - Help organizations focus on a core business process or new-product development.
 - Reduce the tendency for employees to focus single-mindedly on an isolated functional activity.
 - Help to better communicate customers' desires and opinions across the firm.

Research Suppliers and Contractors

- Research Suppliers
 - Commercial providers of marketing research services.
- Syndicated Service
 - A marketing research supplier that provides standardized information for many clients in return for a fee.
- Standardized Research Service
 - Companies that develop a unique methodology for investigating a business specialty area.

Limited Research Service Companies and Custom Research

- Limited-Service Research Suppliers
 - Specialize in particular research activities, such as syndicated service, field interviewing, data warehousing, or data processing.
 - Full-service research suppliers sometimes contract these companies for ad hoc (custom) marketing research projects.

Considerations for Hiring Outside Suppliers

- Expertise
- Urgency of the decision
- Personnel resources
- Economic factors
- Objectivity
- Confidentiality
- Quality control

EXHIBIT 4.6 Top 20 Global Research Organizations

Organization	Headquarters	Website	Employees	Revenue (millions)
VNU NV	Haarlem, Netherlands	www.vnu.com	35,611	\$3,429
Taylor Nelson Sofres, PLC	London, U.K.	www.tns-global.com	12,731	\$1,721
IMS Health Inc.	Fairfield, Conn., U.S.	www.imshealth.com	6,400	\$1,569.0
The Kantar Group	Fairfield, Conn., U.K.	www.kantargroup.com	7,200	\$1,136.3
GfK Group	Nuremberg, Germany	www.gfk.com	5,539	\$835.5
Ipsos Group SA	Paris, France	www.ipsos.com	4,660	\$753.2
Information Resources Inc.	Chicago, U.S.	www.infores.com	2,765	\$572.8
Synovate	London, U.K.	www.synovate.com	4,252	\$499.3
NOPWorld	London, U.K.	www.nopworld.com	1,672	\$407.1
Westat Inc.	Rockville, Md., U.S.	www.westat.com	1,800	\$397.8
Arbitron Inc.	New York, U.S.	www.arbitron.com	929	\$296.6
INTAGE Inc.	Tokyo, Japan	www.intage.co.jp	1,350	\$246.2
Harris Interactive Inc.	Rochester, N.Y., U.S.	www.harrisinteractive.com	856	\$208.9
Maritz Research	Fenton, Mo., U.S.	www.maritzresearch.com	526	\$185.3
Video Research Ltd.	Tokyo, Japan	www.videor.co.jp	373	\$177.2
J.D. Power and Associates	Westlake Village, Calif., U.S.	www.jdpa.com	787	\$167.6
Opinion Research Corp.	Princeton, N.J., U.S.	www.opinionresearch.com	1,538	\$147.5
The NPD Group Inc.	Port Washington, N.Y., U.S.	www.npd.com	750	\$139.2
Market & Opinion Research Int'l	London, U.K.	www.mori.com	441	\$81.0
Lieberman Research Worldwide	Los Angeles, U.S.	www.lrwonline.com	300	\$77.7

Ethical Issues in Marketing Research

- *Ethical Questions Are Philosophical Questions.*
- Marketing Ethics
 - The application of morals to behavior related to the exchange environment.
- Moral Standards
 - Principles that reflect beliefs about what is ethical and what is unethical.
- Ethical Dilemma
 - Refers to a situation in which one chooses from alternative courses of actions, each with different ethical implications.

Ethical Issues in Marketing Research (cont'd)

- Relativism
 - A term that reflects the degree to which one rejects moral standards in favor of the acceptability of some action.
 - This way of thinking rejects absolute principles in favor of situation-based evaluations.
- Idealism
 - A term that reflects the degree to which one bases one's morality on moral standards.

General Rights and Obligations of Concerned Parties

- Everyone involved in marketing research can face an ethical dilemma:
 - The people actually performing the research, who can also be thought of as the “doers”
 - The research client, sponsor, or the management team requesting the research, who can be thought of as “users” of marketing research
 - The research participants, meaning the actual research respondents or subjects.
- *Each party has certain rights and obligations toward the other parties.*

EXHIBIT 4.7 Interaction of Rights and Obligations



Source: *Exploring Marketing Research 9th Edition* pp 87

Rights and Obligations: Research Participant

- Rights:
 - To be informed
 - To privacy
- Obligations:
 - To be truthful
- Informed Consent
 - When the participant understands what the researcher wants the participant to do and the participant consents to the research study.
- Confidentiality
 - The information involved in a research will not be shared with others.

Deception in Research Designs And the Right To Be Informed

- Experimental Designs
 - Placebo
 - A false experimental effect used to create the perception that some effect has been administered.
 - Debriefing
 - Research subjects are fully informed and provided with a chance to ask any questions they may have about the experiment.
 - Mystery shoppers
 - Employees of a research firm that are paid to pretend to be actual shoppers.

Protection from Harm

- Questions to ask to help avoid harming a research participant:
 - Has the research subject provided consent to participate in an experiment?
 - Is the research subject to substantial physical or psychological trauma?
 - Can the research subject be easily returned to his or her initial state?
- Human Subjects Review Committee
 - Reviews proposed research designs to ensure that no harm can come to any research participant.

Rights and Obligations of the Researcher

- The researcher should:
 - Understand that the purpose of research is research (no sales pitch to research participants)
 - Maintain objectivity
 - To not misrepresent research
 - Protect the confidentiality of both subjects and clients
 - Avoid dissemination of faulty conclusions

Research That Isn't Research

- Pseudo-Research
 - Conducted not to gather information for marketing decisions but to bolster a point of view and satisfy other needs.
- Push Poll
 - Telemarketing under guise of research.
- Service Monitoring
 - Contacting customers about their experience with a product, there is no selling attempt.

EXHIBIT 4.8 Code of Ethics of the American Marketing Association (Preamble)

The American Marketing Association, in furtherance of its central objective of the advancement of science in marketing and in recognition of its obligations to the public, has established these principles of ethical practice of marketing research for the guidance of its members.

In an increasingly complex society, marketing research is more and more dependent upon marketing information intelligently and systematically obtained. The consumer is the source of much of this information. Seeking the cooperation of the consumer in the development of information, marketing management must acknowledge its obligation to protect the public from misrepresentation and exploitation under the guise of research.

Similarly, the research practitioner has an obligation to the discipline he practices and to those who provide support for his practice—an obligation to adhere to basic and commonly accepted standards of scientific investigation as they apply to the domain of marketing research.

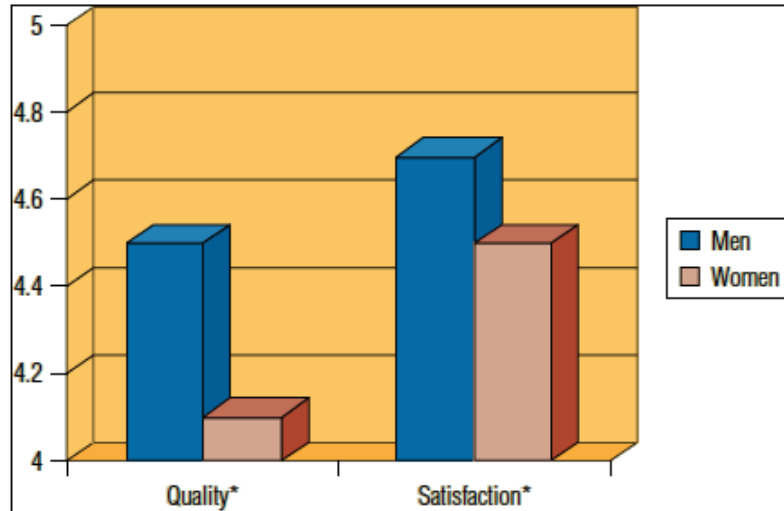
It is the intent of this code to define ethical standards required of marketing research in satisfying these obligations.

Adherence to this code will assure the user of marketing research that the research was done in accordance with acceptable ethical practices. Those engaged in research will find in this code an affirmation of sound and honest basic principles that have developed over the years as the profession has grown. The field interviewers who are the points of contact between the profession and the consumer will also find guidance in fulfilling their vitally important role. “AMA Adopts New Code of Ethics,” *Marketing News*, September 11, 1987, pp. 1, 10. Reprinted with permission of the American Marketing Association.

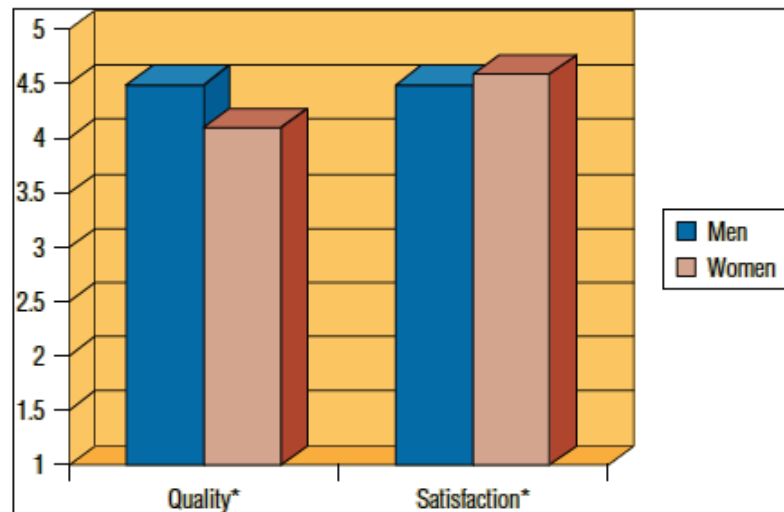
Rights and Obligations of the Researcher

- Misrepresentation of Research
 - To honestly present results
 - To honestly report errors
- Confidentiality
 - To avoid conflicts of interest that can occur when one researcher works for two competing companies.
- Dissemination of Faulty Conclusions
 - To not knowingly disseminate conclusions from a research project or service that are inconsistent with or not warranted by the data.

EXHIBIT 4.9 How Results Can Be Misrepresented in a Report or Presentation



- A) Researcher points to a “large” difference in quality ratings. Men report much higher quality service than do women. In contrast, women report only “slightly” less satisfaction than do men.



- B) The researcher points to a “trivial” difference in quality perceptions between men and women. There is no difference in the satisfaction ratings of men and women.

Rights and Obligations of the Client Sponsor (User)

- Issues in the Client-Researcher Relationship
 - Ethical behavior between buyer and seller
 - An open relationship with research suppliers
 - Advocacy research—research undertaken to support a specific claim in a legal action or represent some advocacy group.
 - Privacy rights of research participants

Key Terms and Concepts

- in-house research
- outside agency
- director of marketing research
- research analyst
- research assistants (or associate)
- manager of decision support systems
- forecast analyst
- research generalist
- Cross-functional teams
- research suppliers
- syndicated service
- standardized research service
- custom research
- marketing ethics
- moral standards
- ethical dilemma
- relativism
- idealism
- informed consent
- confidentiality
- do not call legislation
- spyware
- placebo

Key Terms and Concepts (cont'd)

- debriefing
- Mystery shoppers
- human subjects review committee
- pseudo-research
- push poll
- conflict of interest
- advocacy research

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Thank you