

***Solution Manual for Marketing Research 10th Edition
McDaniel Gates 9781118808849***

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CHAPTER 2

The Marketing Research Industry and Research Ethics

LEARNING OBJECTIVES

1. Appreciate the structure of the marketing research industry.
2. Comprehend the nature of corporate marketing research departments.
3. Understand the types of marketing research suppliers.
4. Examine how corporations use marketing research.
5. Review the current state of the marketing research industry.
6. Appraise ethical trends and unethical practices among marketing research suppliers, clients, and marketing research field services.

KEY TERMS

Custom research firms

Syndicated service research firms

Field service firms

Strategic partnership

Ethics

Low-ball pricing

Profession

Professionalism

CHAPTER SCAN

The marketing research industry has undergone tremendous change in recent years. Where is the industry going and who are the key players? What is the role of each player? Ethics is one of the most important topics taught in the field of business. What are the ethical issues in marketing research? What are several key approaches to ethical decision making? Chapter Two is an examination of the supplier and users of marketing research. The marketing research industry consists of (1) information users (consumer and industrial goods and services producers; federal, state, and local governments; media companies; retailers and wholesalers), (2) marketing research suppliers (custom research firms' syndicated research firms, online tracking firms, and limited function research firms), and (3) marketing research supplier service firms. The marketing research industry was hurt by the recent recession. Sales and employment dropped for the first time in many years. Client organizations began in sourcing to save money. At the same time, clients were also seeking strategic partnerships with research suppliers. This has led many client firms to reduce the number of suppliers they use. Respondents have certain rights, including the right to choose whether to participate in a marketing research project, the right to safety from physical and psychological harm, and the right to be informed of all aspects of the research task. They should know what is involved, how long it will take, and what will be done with the data. Respondents also have the right to privacy.

CHAPTER OUTLINE

1. Evolving Structure of the Marketing Research Industry

I. Primary Information Users (Client Organizations)

- A. Consumer and Industrial Goods and Services Producers
- B. Federal, State, and Local Governments
- C. Media Companies
- D. Retailers and Wholesalers
- E. Manufacturers
- F. Marketing Research Suppliers
- G. Marketing Research Supplier Service Firms

2. Consumer and Industrial Corporate Marketing Research Departments I.

Corporations

3. Research Suppliers

I. The Marketing Research Industry

A. Consumer Watch

B. Consumer Buy

C. Custom Research Firms

D. Online and Mobile Tracking Firms

E. Big Data Analytic Firms

F. Syndicated Service Firms

I. Collect, Package, and Sell Marketing Research Data

II. Deal Primarily with Media Audience and Product Movement Data

G. Limited Function Research Firms I. Specialization of Activity/Industry

II. Specialization in Research Techniques

III. Specialization in Internet Research

IV. Research Panel

F. Marketing Research Supplier Service Firms

I. Field Service Firms

II. Sampling firms

III. Software Firms

IV. Other Service Companies

4. Using Marketing Research—A Corporate Perspective

I. External Clients A. Vendors

B. Franchisees

C. Franchisors

II. Internal Clients

A. Marketing Managers

B. New Product Development Managers

- C. Distribution and Logistics
- D. Top Management
- E. Other Internal Users

5. The State of the Marketing Research Industry

I. Characteristics

- A. \$9.5 billion in revenues in the U.S. in 2012, not including in-house research done by large and small corporations and universities.
- B. Top 50 U.S. firms account for 91% of the total revenues
- C. Major Trends:
 - 1. online data collection continues to grow
 - 2. acquisitions of smaller research firms by larger research firms continues to grow

II. Practicing Marketing Research

- A. Marketing Research in a period of great change

6. Marketing Research Ethics

- I. Ethical Theories
 - A. Deontology
 - B. Utilitarianism
 - C. Casuist
- II. Research Supplier Ethics
 - A. Low-Ball Pricing
 - B. Allowing Subjectivity into the Research
 - C. Abusing Respondents
 - D. Selling Unnecessary Research
 - E. Violating Client Confidentiality
- III. Black Box Branding
- IV. Client Ethics
 - A. Requesting Bids When a Supplier Has Been Predetermined
 - B. Request Bids to Obtain Free Advice and Methodology
 - C. Making False Promises

- D. Requesting Proposals without Authorization
- E. Retailer Ethics
- V. Field Service Ethics
 - A. Marketing Research Field Services
 - B. Using Professional Respondents
- VI. Respondents' Right
 - A. Right to Choose
 - B. Right to Safety
 - C. Right to Be Informed
 - D. Right to Privacy
- VII. Ethics and Professionalism
 - A. High Standard of Ethics and Professionalism
 - B. Fostering Professionalism
 - C. Researcher Certification

7. Summary

CHAPTER SUMMARY

1. THE EVOLVING STRUCTURE OF MARKETING RESEARCH INDUSTRY

There is over \$32 billion a year spent on marketing/advertising/public opinion research services around the world. Revenue of the top 25 global marketing research firms in the world account for 58% of the total. There are many different types of organizations in the marketing research industry.

Exhibit 2.1 General Categories of Organizations Involved in Marketing Research

I. Primary information Users (Client Organizations)

- A. **Consumer and Industrial Goods and Services Producers**—use marketing research data on an ongoing basis in a variety of ways to support the marketing decision-making process:

1. To determine how various target groups will react to alternative marketing mixes

2. To evaluate the ongoing success of operational marketing strategies
3. To understand what customers and noncustomers are saying about their brands and competing brands.
4. To assess changes in the external, or uncontrollable, environment and the implications of those changes for their product or service strategy
5. To identify new target markets
6. To measure the quality of customer service and level of satisfaction
7. To more effectively target their promotion.

B. Retailers and Wholesalers

1. Highly competitive retail market, understanding the customer is paramount

E. Manufacturers

1. Industrial goods manufacturers use marketing research to measure both dealer and customer satisfaction.

B. Governments and Universities

1. Federal marketing research expenditures– over \$5 billion annually
 - a. This money goes to work conducted through academic nonprofits such as the National Opinion Research Center at the University of Chicago.
2. National Opinion Research Center (University of Chicago), Institute for Social Research (University of Michigan), Research Triangle.

C. Media Companies

1. Advertising agencies, sales promotion companies, public relations agencies, and direct marketing firms
2. Data–obtained from custom or syndicated research firms–some may do the research themselves

D. Custom Research Firms

1. Companies that carry out customized marketing research to address specific projects for corporate clients.

E. Syndicated Service Firms

1. Companies that collect, package, and sell market research data to many firms.

F. Limited Function Research Firms

1. Firms that specialize in one or a few marketing research activities.

G. Online and Mobile Tracking Firms

1. Online tracking is computer-based tracking of Internet activities. Mobile-based is tracking of mobile Internet and on-device activities. Many people carry their lives on their mobile devices. They use them to keep in touch with friends and business acquaintances, take and store pictures, read news and sports, play games, and use apps that make their lives easier. The mobile experience is much more intimate than the desk top experience. One survey found that 44 percent of the respondents had slept with their phone next to the bed because they wanted to make sure that they didn't miss any calls, text messages, or updates during the night.

H. Big Data Analytic Firms

1. Some of the key players in analyzing big data were mentioned in Exhibit 2.1. A second component of understanding big data is data visualization. Most people have trouble recalling strings of numbers that are longer than their phone numbers. Then how does one comprehend billions of bits of data? The answer is pictures. Visualization acts as an engine for bringing patterns to light in even the largest data sets. Think of all of the wind currents now blowing across the United States and at various speeds. Now go to <http://hint.fm/wind> and you will see data visualization. Firms offering data visualization software include Gooddata, AYASDI, Gfk, Tidemark, and Platfora.

I. Specialized Service Suppliers

1. Custom, syndicated, and limited function marketing research firms—sell research services, design research studies, analyze the results, and make recommendations to their clients

G. Marketing Research Supplier Service Firms

1. Service the research industry—software providers, samples, online panels

H. Field Service Firms

1. Field service firms do nothing but collect data on a subcontract basis.

I. Sampling Firms

1. Provide samples to marketing research suppliers.

J. Software Firms

1. Specialize in providing software for statistical analysis and/or Internet interviewing.

K. Other Service Companies

1. Companies that provide a wide variety of service to market research firms.

2. CONSUMER AND INDUSTRIAL CORPORATE MARKETING RESEARCH DEPARTMENTS

I. Corporations

- A. **Initiators and Final Consumer**—the logical starting point since corporations are the consumers and initiators of most marketing research

- B. **Small Research Departments**

1. The average size of research departments in a corporation is small. Recent study showed only 15% of service companies and only 23% of manufacturing companies have a market research staff larger than 10 people. Having smaller departments implies more outsourcing of research activities.
2. Current trend
 - a. the recent trend of more outsourcing to market research suppliers has reversed. Today, insourcing is the watchword.
 - b. Combining marketing research and strategic planning
 - c. Combining marketing research and customer satisfaction
 - d. Corporate marketing research departments act as intermediaries between internal research users and outside suppliers

- C. **Attention**—focus on larger corporations
 1. Research managers will work with
 - a. Product or brand managers
 - b. New product development managers
 - c. Other front-line managers

3. RESEARCH SUPPLIERS

I. The Marketing Research Industry

Giants in the Industry

Exhibit 2.4 The 25 Largest Marketing Research Firms

1. Two largest firms in the industry—ACNielsen Company and Kantar 2.

ACNielsen Company a global company offering services in more 100 countries.

3. ACNielsen has two main business groups: Watch, which does media research, and Buy, which focuses on consumer research.

A. Consumer Watch

1. Nielsen's Watch segment includes measurement and analytical services related to TV, online, and mobile devices, and provides viewership data and analytics primarily to the media and advertising industries.

2. Media clients use the data to price their advertising inventory and maximize the value of their content, and its advertising clients use the data to plan and optimize their advertising spending and to better ensure that their advertisements reach the intended audiences.

3. Nielsen provides two principal TV rating services in the U.S.

4. Nielsen is a provider of Internet media and market research, audience analytics and social media measurement, including over 100 million blogs, social networks, user groups and chat boards.

5. Nielsen also offers consumer research and independent measurement for telecom and media companies in the telecommunications industry.

B. Customer Buy

1. Nielsen's Buy segment provides:

a. retail transactional measurement data;

b. consumer behavior information and analytics to the consumer package goods industry;

C. Custom Research Firms

1. Primarily in the business of executing custom, one-of-a-kind marketing research projects for corporate clients

2. Majority of custom marketing research firms are small, with billings of less than \$1 million and fewer than 10 employees.

4. USING MARKETING RESEARCH—A CORPORATE PERSPECTIVE

Exhibit 2.5 Using Marketing Research—A Corporate Perspective

I. **External Clients:** Data gathered by a firm's research department is rarely circulated outside of the firm.

A. **Vendors**

1. **Strategic partnerships**—alliance formed by two or more firms with unique skills and resources to offer a new service for clients, provide strategic support for each firm, or in some other manner creates mutual benefits

B. **Franchisees**—franchisors of consumer goods and services provide marketing research data to their franchisees

1. **Mystery Shoppers**—most common way a franchisee gathers data; the shopper poses as a customer, observes how long it takes to be waited on and/or make purchase, the courtesy of the clerks, the cleanliness of the operation and whether his or her purchase or order was properly prepared.

C. **Franchisors:** share their marketing research information with franchisees, for example

McDonald's.

II. Internal Clients

A. **Marketing Managers**—use research data more than any other group of managers

1. **Marketing mix decisions**—regarding products or services, promotion, distribution and pricing

2. **Product managers**—to define their target market, heavy users with the target market

3. **New product development managers**—heaviest users of marketing research

a. Qualitative research techniques that generate product ideas to concept testing, product prototype testing, and then test marketing

4. **Distribution function**—research is used to choose locations for new stores and to test consumer reactions to internal store design fixtures and features 5.

Top Management—research can help in rising market share, profits, and shareholder value

B. Other Internal Users

1. **Finance department**—test market data used to forecast revenue streams for 1 to

3 years

2. **Human resource managers**—survey employees concerning various issues

5. THE STATE OF THE MARKETING RESEARCH INDUSTRY

I. Characteristics

A. More than \$15.4 billion was spent within the United States on marketing research in 2013. Revenues were essentially flat from the previous year. The top 50 U.S. firms account for 91 percent of the total revenue.⁹

B. The biggest spender on research, by far, are agencies of the federal government which spent an estimated \$6.3 billion in 2013.¹⁰ The total figure mentioned above does not include universities, such as the University of Michigan Survey Research Center.

C. not included in the U.S. marketing research revenues are many large U.S. corporations, such as Procter & Gamble Motors, which do a considerable amount of research in-house. Most marketing research by large consulting firms and advertising agencies is also done internally.

D. Trends

1. First, the use of online data collection for survey projects continues to grow. Data can be gathered quicker, cheaper, and from a more diverse population via online interviewing versus in-person or telephone interviewing.

2. Second, the acquisition binge continues in the research industry around the globe.

II. Practicing Marketing Research

A. **The Upside:** Some of the biggest potential growth areas include:

1. More data: measurement of more consumer behaviors
 2. More control: predictability of consumer's response to marketing initiatives
 3. More depth: understanding how consumer' minds work
- B. **Gap:** these new capabilities don't address all important marketing issues.
- C. **Innovation:** how the new capabilities of marketing research assist and improve the innovation process?
- D. **Brand:** while the new techniques enable careful listening to what consumers say, they don't direct answer important questions like:
1. what does the brand stand for?
 2. How should the brand be positioned?
 3. What types of communications will best improve brand equality.

6. MARKETING RESEARCH ETHICS

I. Ethical Theories

A. **Deontology**—people should adhere to their obligations and duties when analyzing an ethical dilemma

1. A person will follow his or her obligations to another individual or society because upholding one's duty is what is considered ethically correct

B. **Utilitarianism**—the ability to predict the consequences of an action

1. The choice that yields the greatest benefits to the most people is the choice that is ethically correct.

- a. **Benefit**—the utilitarian can compare similar predicted solutions and use a point system to determine which choice is more beneficial for most people
- b. **Point system** provides a logical and rational argument for each decision and allows a person to use it on a case-by-case context

2. **Two Types of Utilitarianism**

- a. **Act Utilitarian**—adheres exactly to the definition of utilitarianism as described—performs the acts that benefit the most people—regardless of personal feelings or the societal constraints such as laws

- b. **Rule Utilitarian**—takes into account the law and is concerned with

fairness—seeks to benefit the most people but through the fairest and most just means available

- C. **Casulist**—compares a current ethical dilemma with examples of similar ethical dilemmas and their outcomes—determines the severity of the situation and to create the best possible solution according to others' experiences

II. Research Supplier Ethics

Exhibit 2.6 Unethical Practices in Marketing Research

- A. **Low-Ball Pricing**—quoting an unrealistically low price to secure a firm's business and then using some means to substantially raise the price
- B. **Allowing Subjectivity into the Research**—should avoid using biased samples, misusing statistic, ignoring relevant data, and creating a research design with the goal of supporting a predetermined objective
1. **Advocacy studies**—commissioned by companies or industries for public relations purposes or to advocate or prove a position
- C. **Abusing Respondents**
1. Lengthy interviews
 2. Predictive dialers—dial phone numbers ahead of available interviews
 3. Selling of names and addresses of potential customers to firms seeking sales leads
- D. **Selling Unnecessary Research**—dealing with a client who has little or no familiarity with marketing research often has the opportunity to “trade the client up”
- E. **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 III.

Black Box Branding:

- A. 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.

- B. **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.

IV. **Client Ethics**

A. **Requesting Bids When a Supplier Has Been Predetermined**—to predetermine which supplier will receive a contract and yet ask for proposals from other suppliers to satisfy corporate requirements

B. **Requesting Bids to Obtain Free Advice and Methodology**—solicit detailed proposals, including complete methodology and a sample questionnaire from a number of suppliers—“picking the brains” of the suppliers, the client assembles a questionnaire and then contracts directly with field services to gather the data

C. **Making False Promises**—to lower their research costs clients may hold out a nonexistent carrot

D. **Requesting Proposals without Authorization**—client representative seeking proposals without first receiving the authority to allocate the funds to implement the research

E. **Retailer Ethics**--Intense competition at the retail level has resulted in a mushrooming of customer satisfaction surveys. Solve the problem by sending the questionnaire to the respondent's home; establishing and enforcing a strong policy against survey manipulation allows the respondents to remain anonymous.

V. **Field Service Ethics**

A. **Marketing Research Field Services**—the production arm of the research industry requiring telephone or face-to-face interviews—critical link between the respondent and the research supplier.

B. **Using Professional Respondents**

1. Most likely to occur in the recruitment of focus group participants

VI. **Respondent's Rights**

A. **Right to Choose**—to determine whether or not to participate in a marketing research project

B. **Right to Safety**—to safety from physical or psychological harm

C. **Right to Be Informed**—to be informed of all aspects of a research task

D. **Right to Privacy**—all major research organizations have privacy codes

1. Consumer privacy can be defined in terms of **two dimensions of control**
 - a. Control of unwanted telephone, mail, e-mail, or personal intrusion in the consumer's environment
 - b. Control of information about the consumer
2. Laws have been passed in recent years dealing with the various aspects of privacy. The privacy battle is most heated in the area of what online and mobile tracking companies are gathering. Tracking companies know what you do online and with mobile devices but either can't or won't keep your name in their databases.
 3. When it comes to social media listening and online privacy, consumers want it both ways. According to a survey conducted by NetBase, a Mountain View, CA research company, 51 percent of consumers want to talk about companies without being listened to but another 58 percent want companies to respond to complaints shared on social media. Forty-three percent of consumers think companies monitoring their comments intrude on privacy yet 32 percent of consumers of all ages have no idea companies are listening to what they say in social media.

VII. Ethics and Professionalism

A. High Standards of Ethics and Professionalism

Exhibit 2.7 A Partial Listing of the Marketing Research Association Code of Marketing Research Standards

1. Good ethics provide a solid foundation for professionalism
- ### B. Fostering Professionalism
1. **Profession**—membership in a profession—may require an exam to belong—
but membership is objectively determined
 2. **Professionalism**—evaluated on more personal and subjective levels—
measure of the level of professionalism of marketing researchers
 - a. have autonomy in their jobs, were permitted to exercise judgment, and were recognized for their level of expertise and ability to work independently

C. Researcher Certification—MRA has launched a Professional Researcher Certification program—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

1. **Certification**—not a licensing—a voluntary program administered by a nongovernmental body that provides a credential for differentiation in the marketplace

7. SUMMARY

QUESTIONS FOR REVIEW AND CRITICAL THINKING

1. Do you think that data collection by mobile devices will become increasingly popular?

Consumers are increasingly using their mobile devices to search for and make purchases. As technology increases, the ability to use mobile devices for almost as many functions as a laptop computer, using them for the collection of data will become commonplace.

2. What is the role of field service firms in marketing research?

Field services collect the data that are so important to marketing research. They do not design or plan the research project, neither do they analyze the data that is collected. These firms simply conduct the interviews or perform the surveys used to gather the relevant information.

3. What is “big data” and why is there so much excitement?

Big Data firms have the ability to analyze huge quantities of data, without the structure of traditional statistical packages. The excitement, in part, can be attributed to its ability to analyze data in a relatively unstructured format, categorize it, and produce analytical results.

4. List several key characteristics of corporate marketing research departments.

The size of research departments has been decreasing, while their budgets have been increasing. Research departments are staff departments. They report to the top marketing executive, but work primarily with product or brand managers who perceive a problem or opportunity. They may have the capability to conduct research projects in-house. More often, though, they will contract with outside suppliers to either conduct a specialized research project or they will deal with syndicated research suppliers to obtain data or reports that are available to other firms.

5. Discuss the various project offerings of syndicated service firms.

These firms collect, package, and sell the same marketing research data to many firms. While the presentation of the data may be customized somewhat to for the individual customer, it is in reality the same information as sold to other customers. Most of these firms deal with media audience and product movement data.

6. Divide the class into groups of five. Each group should select one section of the city in which the course is being taught (or the closest large city) and determine the zip codes for this section of the city. Next, go to <http://www.claritas.com/MyBestSegments/Default.jsp> and follow the instructions for getting Prizm profiles by zip code. Each group should then discuss the marketing profile for its section of the city.

Students' answers will vary.

7. What do you see as the role of a code of ethics within an organization? What can be done to ensure that employees follow this code of ethics?

A code of ethics is a guideline for what is acceptable and unacceptable behavior for employees within the organization. Its role is to be a reference guide for ethical decisions. To ensure that employees follow the code, they should know first that it exists, what it is, and that it is important to the firm. Second, this should be reinforced by evaluating and giving promotions and pay increases based in part on abiding by the code of ethics. Senior managers have the responsibility to publicly support the code and to follow it in all their dealings.

8. Who would you say had the greatest responsibility within the marketing research industry to raise the standards of ethics – market research suppliers, market research clients, or field services?

The greatest responsibility to raise ethical standards in the marketing research industry should be felt by market research suppliers. Supplier firms are staffed by marketing research professionals; it is their responsibility to ensure that the industry be as ethical as possible. This does not relieve clients and field service firms from the responsibility to act ethically. Actually, it is a shared responsibility.

9. What role should the federal government play in establishing ethical standards for the marketing research industry? How might such standards be enforced?

The government should not have a significant role in establishing ethical standards for the marketing research industry. Legislation and enforcement would be a costly and ineffective way of dealing with the unethical few. Far more effective would be the creation of a certification program for marketing research which is governed and monitored by the industry itself.

10. If respondents consent to interviews after being told they will be paid \$50 for their opinions, do they forfeit all respondent rights? If so, what rights have been forfeited?

No, they have not forfeited all respondent rights. The respondent still has the right to safety and the right to be informed. If they have accepted \$50 to give their opinions, however, they have exercised their right to choose to participate and should not change their minds at some later time - so long as the conditions of the study have not been changed.

11. What is the relationship between ethics and professionalism? What do you think can be done to raise the level of professionalism within the marketing research industry?

A lack of ethics in any field indicates a lack of professionalism. Professionals are assumed to be those who carry out their profession to their best ability, including making ethical decisions. The level of professionalism within the marketing research industry can be raised; first, through a certification program; second, through programs that raise the awareness of ethical issues; and third, through individual firms recruiting ethical individuals and providing a system that supports ethical decisions.

12. Are online and mobile tracking firms gathering too much data about people? Why or why not?

To the extent that tracking firms are using the data for predictive analytical purposes in the context of a broad population, the data gathering can be justified. When tracking is used to specifically target individuals, the question of marketing research ethics comes into play.

WORKING THE NET

1. Compare the offerings of two marketing research firms, DSS Research and Burke Incorporated, by visiting their Web sites at <http://dssresearch.com> and www.burke.com. Students' answers will vary.

2. The Kantar group, is a major international marketing research firm, with offices in 54 countries. Go to its Web site at <http://www.research-int.com> and report on its global research capabilities.

Students' answers will vary.

3. Interviewers must take special care when interviewing children or young people. The informed consent of the parent or responsible adult first must be obtained for interviews with children. Parents or responsible adults must be told some specifics about the interview process and special tasks, such as audio or video recording, taste testing and respondent fees before permission is obtained. All researchers must adhere to all federal and state regulations regarding the interviewing of children 13 years of age or younger. All interviews conducted online must adhere to the Children's Online Privacy Protection Act (COPPA). Use the Internet to gather more information about interviewing children and report the results to the class.

Student answers will vary.

4. Go to <http://www.marketingresearch.org/agenda> for a discussion of the latest issue regarding government affairs.

Student answers will vary.

REAL LIFE RESEARCH**Case 2.1 – Respondent Recruiters—Clean up Your Act**

Mark Goodin is president of Aaron-Abrams Field Services, Las Vegas. The firm specializes in delivering respondents to qualitative marketing researchers.

Below he discusses problems he sees in the respondent recruitment business. When he discusses “suppliers,” he is referring to firms that recruit respondents. Thus, respondent suppliers may be recruiting for a research supplier, as discussed in the chapter, or a research client, such as a manufacturer like Frito-Lay, which is doing their own qualitative research.

Over the past few years, I have witnessed a couple of disturbing trends in qualitative research. And I have to believe that if this is happening to me on such a large and consistent basis, then it's happening to other research buyers in the industry as well—they're just not talking about it. These trends are not good for the future of qualitative research:

- The trend of respondent recruiters accepting projects and then forcing changes in vital aspects of the project's original design once recruiting is underway.
- The trend among recruiters to recruit unqualified respondents and then charge for the recruiting and incentive.

My belief is that many suppliers simply shut up, take the project, and let the problems unfold. I believe they have adopted the attitude that clients can ask for the moon but in the end they're going to get what they get. More often than not, that's what happens once a project goes into the field.

I've never seen so many projects that are accepted by respondent recruiters as-is—without sharing their concerns or issuing any warnings—only to say later, “We're not finding what you're looking for, you'll need to make relaxations in the qualifications of the type of person that you are looking for.” Or, “We've reached our budget, and we'll need more money if you want us to continue.”

What's more, it's even less palatable to accept respondent suppliers' need for relaxations or additional money when, along the way, they've delivered substandard service. For example:

- recruiting progress reports aren't delivered when requested; ▪ recruiting progress reports contain errors and misspellings;
- respondents don't qualify when rescreened or revalidated;
- screeners have been incorrectly administered;
- discrepancies in the screener have been overlooked or ignored;
- instructions have not been followed; and
- recruiting hours have been put into the job, but not enough contacts—or calls—have been made.

Must Stop Today

The practice of respondent suppliers charging for respondents who don't fit the qualifying criteria must stop today. If the respondent isn't qualified and cannot

be used in the research, we should not be charged for the respondent. Period. It's time for respondent suppliers to stop recruiting unqualified or marginally qualified respondents and hiding behind a myriad of excuses. Recruiters are entirely responsible for respondent accuracy. Period. If recruiters cannot stand behind the product they deliver, they should find another line of work. Our firm has a simple policy that third-party recruiting suppliers know about prior to the start of a project: We will not pay recruiting fees or the incentives for any respondents who do not qualify at rescreening or at the time of the actual research. We actively encourage all researchers to do the same.²²

Questions

1. Why is it important for respondents to meet the exact qualifications specified for the research project?

Depending upon the product/service in question, respondent selection to certain specifications is critical. It might be an area, respondent characteristic or behaviour that is critical to the data collection process.

2. Have you ever participated in a research project where you knew that you were marginally qualified to participate? Did you tell the researcher?

Student responses will vary.

3. Is it unethical for respondent suppliers to charge their clients for unqualified respondents?

Absolutely. The agreement between the supplier and client is contractual, and it is the responsibility of the supplier to meet the specifications of the project specifications.

4. Would it be unethical if a recruiter was seeking current cat owners and you said "no but I had a cat when I was growing up," to which the recruiter replied, "That will work, just tell them that you still have a cat".

Obviously, if the respondents don't meet the project specifications, then they should not be part of the data collection process.

Case 2.2 – Coke Juices Up a Market Test

For several days Dyquan Gibson and his friends had a strong incentive to study every afternoon at a neighborhood Richmond, Virginia, Boys & Girls Club. “If you finished your homework, you got a burger,” says Dyquan, who is now 11 years old.

Dyquan and his friends didn't know it, but the free Whoppers came from a consultant hired by Coca-Cola Company. Officials at the Atlanta beverage company had sent the man to Richmond with \$9,000. He gave cash to the clubs and other non-profit groups and told them to treat the children to hundreds of “value meals” at Burger King.

Millions of dollars in sales were at stake for Coke. The company was trying to persuade Burger King to run a national promotion for its slushy dessert drink, Frozen Coke, which Burger King sells at all of its restaurants. But Burger King wanted to run a test promotion before it invested in a big campaign. So the Miami-based restaurant chain ran a two-week test in Richmond, offering a coupon for a free Frozen Coke when customers bought a value meal – a sandwich, fries, and drink combo. If the meals sold well enough, and enough people redeemed the coupons, Burger King would take the promotion national.

The Coke officials embarked on the buying spree because the initial test results were dismal. In the end, their efforts added only 700 value meals to the nearly 100,000 sold during the promotion. But even that small number helped bolster Coke's case for national push. Burger King sank roughly \$10 million into the campaign.

Later, Coke acknowledged that some of its employees “improperly influenced” the sales results in Richmond, and that the actions were “wrong and inconsistent with the values of the Coca-Cola Co.”. It issued a public apology to Burger King – and agreed to pay the company and its franchisees up to \$21 million to make amends.²³

Questions

- 1. Were Coke's attempts to fix the market test unethical? If so, was Coke guilty of unethical behavior, or was it just the fault of some misguided employees?**

It depends upon the purpose of the market test. If the purpose is to gather sample data as an estimate of what market sales would be for the drinks, then the test is biased and the results are tainted. If the purpose is to induce behavior so that respondents can give feedback concerning a specific product, then the inducement is appropriate. Generally, market tests are conducted to gauge market potential for a product or service, hence, Coke was “juicing” the test results.

- 2. Burger King is Coke's second largest fountain drink customer after McDonald's. The Richmond test started out very poorly, and it was clear that unless results improved, the national Frozen Coke promotion was not going to happen. Coke was worried that without the promotion it would not make its fountain sales objectives for the year. At that point, it was decided to stimulate value-meal sales in Richmond. Did the desired end (meeting sales goals) justify the actions taken? Why or why not?**

The problem with such inducements is that they artificially stimulate demand, thereby biasing the results with abnormal market behavior. Hence, the artificial stimulation of demand biased the results, and cannot be justified.

- 3. Use the ethics theories described in the chapter to illustrate how Coke decision makers could have reached a different decision.**

Student responses will vary.

- 4. Should Coke fire those responsible, counsel them, or do nothing?**

Student responses will vary. However, the intent to distort data that has the kind of financial implications associated with the market test would probably call for the firing of those responsible.