

ELEVENTH EDITION

EXPLORING
Marketing Research



Barry Babin | William Zikmund

Chapter 4

The Role of Marketing Research

LEARNING OUTCOMES

After studying this chapter, you should

1. Know when research should be conducted externally and when it should be done internally
2. Understand the career opportunities and career paths available within the marketing research industry
3. Become sensitive to the often conflicting relationship between marketing management and researchers
4. Understand marketing ethics and ways that researchers can face ethical dilemmas

LEARNING OUTCOMES (cont'd.)

After studying this chapter, you should

5. Appreciate the rights and obligations of (a) research respondents—particularly children, (b) research clients or sponsors, (c) marketing researchers, and (d) society
6. Avoid situations involving a conflict of interest in performing marketing research

Who Should Do 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

Do It Yourself or Let Your Fingers Do the Walking?

- When to use an outside agency
 - To get a fresh perspective
 - To have objectivity
 - When special expertise is needed
 - When local expertise is needed
- When to use in-house research
 - When the project needs to be done quickly
 - When the project needs employee collaboration
 - To save money
 - If secrecy is a major concern

EXHIBIT 4.1 Advantages and Disadvantages of Outhouse Research

- Advantages of In-House Research:
 - Quick Turn-Around
 - Better Collaboration among Employees
 - Cheaper
 - Greater Secrecy



- Advantages of Out-House Research:
 - Fresh Perspective
 - Greater Objectivity
 - Special Expertise
 - Special Market Knowledge



© 2016 Cengage Learning®

Working in the Marketing Research Field

- Marketing research jobs are among the top career fields for recent college graduates
- About three-fourths of all U.S. organizations have a department or individual responsible for marketing research
- Often the term “client” is used by the research department to refer to line management—the entity for whom services are being performed

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 services
 - Companies that develop a unique methodology for investigating a specific 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 limited-service research suppliers companies for ad hoc marketing research projects
- Custom research
 - Projects that are tailored specifically to a client's unique needs

EXHIBIT 4.2 The World's Largest Research Firms

Rank	Organization	Headquarters	Home Country	Web Site	Research Employees (Full-Time)	Number of Countries	Approximate Revenue (\$ millions)
1	Nielsen Holdings NV	New York	USA	Nielsen.com	34,000	100	5,429
2	Kantar	London	UK	kantar.com	22,000	80	3,339
3	Ipsos SA	Paris	France	ipsos.com	15,927	85	2,301
4	GfK	Nuremberg	Germany	gfk.com	12,678	68	1,948
5	IMS Health Inc.	Parsippany, NJ	USA	imshealth.com	2,580	74	775
6	Information Resources Inc.	Chicago, IL	USA	IRIworldwide.com	4,035	8	764
7	INTAGE, Inc.	Tokyo	Japan	intage.co.jp	2,465	7	500
8	Westat Inc.	Rockville, MD	USA	wesstat.com	2,019	8	496
9	Arbitron Inc. ^a	Columbia, VA	USA	arbitron.com	1,292	3	450
10	NPD Group Inc.	Port Washington, NY	USA	npd.com	1,230	13	272
11	comScore Inc.	Reston, VA	USA	comScore.com	1,139	22	255
12	Video Research Ltd.	Tokyo	Japan	videor.co.jp	389	2	250
13	IBOPE Group	Sao Paulo	Brazil	IBOPE.com.br	3,024	14	247
14	ICF International Inc	Fairfax, VA	USA	ICFI.com	1,250	6	240
15	JD Power	Westlake Village, CA	USA	jdpower.com	738	8	234
^a Acquired by Nielsen at end of 2013					104,766		17,500

© 20 Source: Data taken from Honomichl, J. (2013), "Global Top 25: 2010 Honomichl Report," Marketing News, (August 30), 20–55.

use as permitted in a license distributed with a certain product or service or otherwise on a password-protected website for classroom use.

Size of the Marketing Research Firm

- Small firms
 - Less than 100 employees
 - VP of marketing may be in charge of all significant marketing research
- Mid-sized firms
 - 100 to 500 employees
- Large firms
 - More than 500 employees

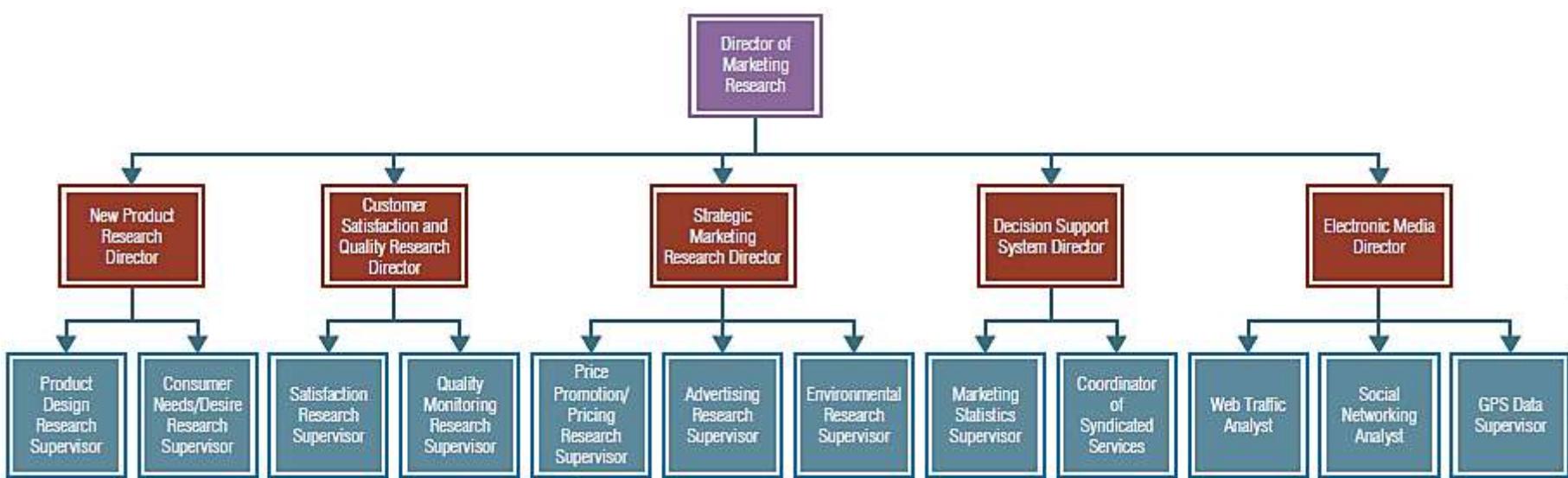
Mid-Sized Firms

- Typically includes a director of marketing research
- A research analyst
 - Responsible for client contact, project design, preparation of proposals, selection of research suppliers, and supervision of data collection, analysis, and reporting activities
- Research assistants (or associates)
 - Provide technical assistance

Mid-Sized Firms (cont'd.)

- Manager of decision support systems
 - Supervises the collection and analysis of customer relationship management (CRM) data
- A forecast analyst
 - Provides technical assistance, e.g., generating a sales forecast

EXHIBIT 4.3 Example of a Large Market Research Firm's Organizational Chart



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

Cross-Functional Teams

- Composed of individuals from various functional areas such as engineering, production, finance, and marketing who share a common purpose
- Benefits of cross-functional teams
 - Help organizations focus on a core business process, e.g., 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

Conflict Between Marketing Management and Marketing Research

- Sources of conflict
 - Research that implies criticism
 - Money
 - Time
- Sources of error when studies are rushed
 - Conducting a study that is not needed
 - Addressing the wrong issue
 - Sampling difficulties
 - Inadequate data analysis

Conflict Between Marketing Management and Marketing Research (cont'd.)

- Intuitive decision making
 - Managers sometimes resist research because results may prove counter to managerial intuition or desires
 - Intuition is not a replacement for informed market intelligence
- Future decisions based on past evidence
 - Managers wish to predict the future, but researchers measure only current or past events
 - Researchers use the past to predict the future

Reducing Conflict between Management and Researchers

- Ways to reduce conflict
 - Involve researchers and decision-makers working closely together
 - State clear job descriptions
 - Implement better planning and an annual statement of the research program
 - Communicate research findings and research designs

EXHIBIT 4.4 Improving Two-Way Communication to Reduce Conflict

Conflict Area	Top Management	Marketing Research
➤ Role Expectations	➤ Define Research Responsibilities Clearly	➤ DO NOT OVERSTATE RESEARCH OBJECTIVES
➤ Professional Consideration	➤ Allow for Research in Planning	➤ Sympathize with Management View
➤ Resources	➤ Budget Responsibly	➤ Be Decision-Oriented Not Technique-Oriented
➤ Idea Generation	➤ Be Objective (Open-Minded)	➤ Recognize Time Constraints
➤ Timeliness	➤ Avoid Quick and Dirty Studies	➤ Apply Rigor Appropriately
➤ Problem Definition	➤ Emphasize High-Yield Projects	
➤ Research Reporting	➤ Acknowledge Research Limitations	➤ Communicate Results Thoroughly but as Simply as Possible
➤ Consideration of Work	➤ Minimize Management Filters	➤ Presume Client (Management) Will Act on Research

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: a situation in which one chooses from alternative courses of actions, each with different ethical implications

Ethical Issues in Marketing Research (cont'd.)

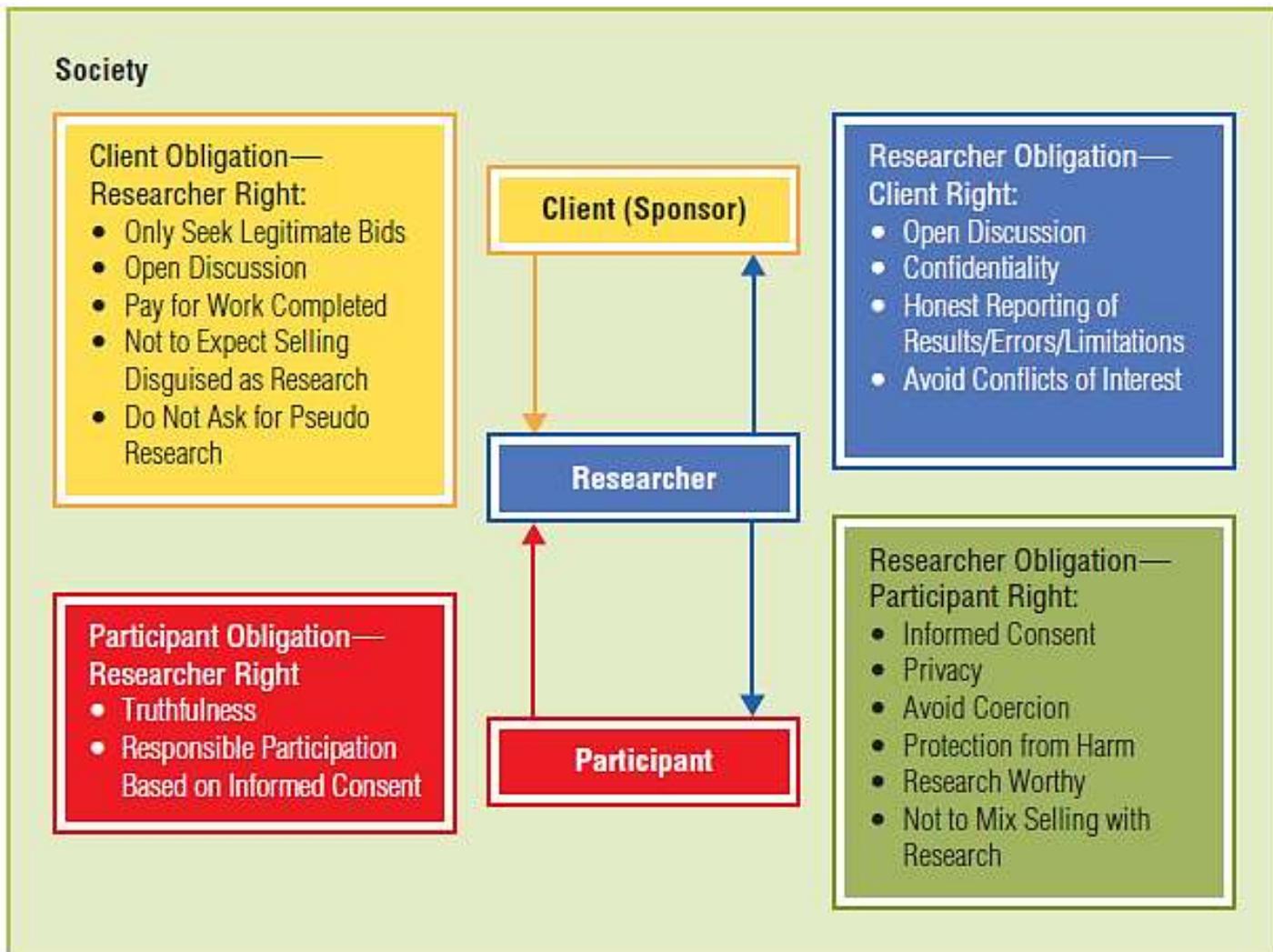
- Relativism
 - Reflects the degree to which one rejects moral standards in favor of the acceptability of some action
 - Rejects absolute principles in favor of situation-based evaluations
- Idealism
 - Reflects the degree to which one bases one's morality on moral standards
 - Example: the Golden Rule

General Rights and Obligations of Concerned Parties

- Everyone involved in marketing research can face an ethical dilemma
 - The people actually performing the research—the “doers”
 - The research client, sponsor, or the management team requesting the research—the “users”
 - The research participants—the actual research respondents or subjects
 - Society at large
- Each party has certain rights and obligations toward the other parties

EXHIBIT 4.5

The Rights and Obligations of Marketing Research



Rights and Obligations of the Research Participant

- Participant's right to privacy
 - Informed consent means that the individual understands what the researcher wants him or her to do and agrees to be a participant in the research study
 - The ethical responsibilities vary depending on whether participation is active or passive

Active Research

- “Is a telephone call that interrupts family dinner an invasion of privacy?”
- “Is an e-mail requesting response to a 30-minute survey an invasion of privacy?”
- “Is capturing market information one posts on social network sites an invasion of privacy?”
- “Is a follow up contact to a previous response an invasion of privacy?”
- Note: do-not-call legislation restricts the calling of consumers who register with a no-call list

Passive Research

- Generally, researchers do not view unobtrusive observation of public behavior in places such as stores, airports, sidewalks and museums as an invasion of a person's privacy
- Implicit consent – behaviors that are openly performed in public implies that one is willing to have others observe them
- A guarantee of anonymity assures respondents that they cannot be identified or linked to their response in any way

The Obligation to Be Truthful

- When someone willingly consents to participate actively, the researcher assumes he or she will provide truthful answers
- Honest cooperation is the primary obligation of the research participant
- The subject has the right to expect confidentiality
 - Confidentiality means that researchers will not share any individual's information others

Kid's Stuff is Complicated

- COPPA, the Children's Online Privacy Protection Act, defines a child as anyone under the age of 13
- Anyone engaging in contact with a child through the Internet is obligated to obtain parental consent before a child can provide any personal information or identification

Deception and the Right To Be Informed

- Experimental designs

- Placebo: a false experimental effect used to create the perception of a true effect
- Debriefing: a session during which research subjects are fully informed and provided with a chance to ask any questions they may have about the experiment

Protection from Harm

- Questions to ask to avoid harming a participant
 - Has the research subject provided consent to participate in an experiment?
 - Is the research subject subjected to substantial physical or psychological trauma?
 - Can the research subject be easily returned to his or her initial state?
- Human subjects review committee: sometimes called the Institutional Review Board (IRB)
 - Reviews proposed research designs to ensure that no harm can come to any research participant

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
- An open relationship with interested parties
 - ❖ Advocacy research—research undertaken to support a specific claim in a legal action or represent some advocacy group
- Privacy rights of research participants

Rights and Obligations of the Researcher

- Marketing research firms and marketing research departments should practice good business ethics
- Professional organizations with codes of ethics for marketing researchers
 - American Marketing Association
 - The European Society for Opinion and Market Research
 - The Marketing Research Society

Rights and Obligations of the Researcher (cont'd.)

- The researcher should *not*:
 - Represent a sales pitch as marketing research
 - Provide the name of anonymous respondents
 - Breach the confidentiality of the research client or research participant
 - Do research for multiple firms competing in the same market
 - Disseminate false or misleading results
 - Plagiarize the work of other researchers
 - Violate the integrity of data gathered in the field

The Purpose of Research is Research

- Mixing sales and research
 - Consumers sometimes agree to participate in an interview that is purported to be pure research, but it becomes obvious that the interview is really a sales pitch in disguise
 - The Federal Trade Commission (FTC) has indicated that it is illegal to use any plan, scheme, or ruse that misrepresents the true status of a person seeking admission to a prospect's home, office, or other establishment

Research That Isn't Research

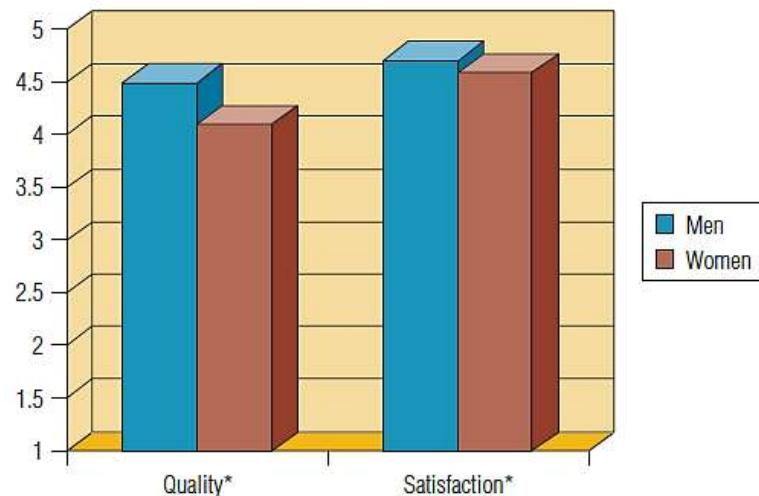
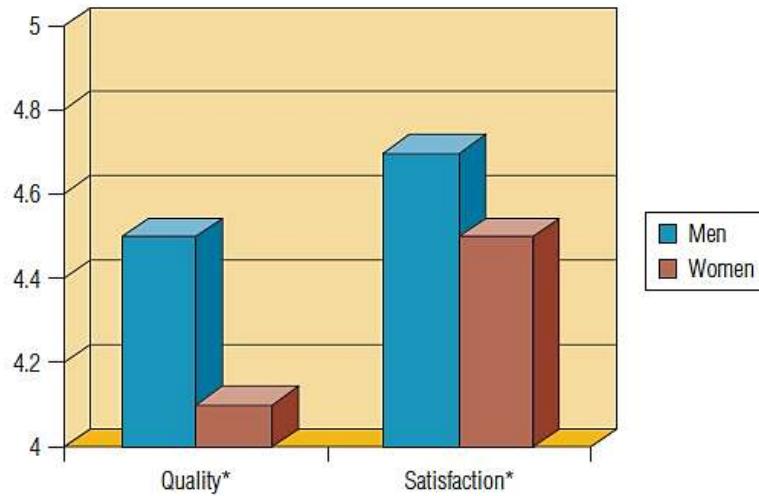
- Pseudo-research
 - Conducted not to gather information for marketing decisions but to bolster a point of view and satisfy other needs
- Push poll
 - Telemarketing under the guise of research
- Service monitoring
 - Contacting customers about their experience with a product
 - There is no selling attempt

Research That Isn't Research (cont'd.)

- Misrepresentation of research
 - Honesty in presenting results
- Honesty in reporting errors and limitations
 - Researchers should not keep any major error occurring during the course of the study a secret
 - The researcher should point out the key limitations in the research report and presentation
- Confidentiality
 - The researcher must abide by any confidentiality agreement with research participants

EXHIBIT 4.6

How Results Can Be Misrepresented in a Report or Presentation

© 2016 Cengage Learning[®]

The Role of Society at Large

- Marketing research offers benefits for individual members of and for society at large
- The potential benefits of the research should always outweigh the burdens placed on members of society
- Business, society and individuals all have ethical responsibilities
- Marketing research value is diminished when any party breeches a responsibility

The Researcher and Conflicts of Interest

- Conflict of interest
 - Occurs when one researcher works for two competing companies