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NPTEL ONLINE CERTIFICATION COURSE

Marketing Research

Lec – 36

Ethics in Marketing Research

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Welcome everyone to the session of marketing research and analysis. Now we are coming towards the end of the session where we are going to discuss on certain important topics. One thing, one of the main, the role of ethics in marketing research. Till date we have discussed about marketing research as a whole, what is marketing research, what is the application of marketing research, how marketing research is useful for companies, for researchers, and everybody, but today we will discuss on certain, there have been a lot of controversial issues relating to the field of marketing.

Certain companies for example have been accused of unethical practices; several researches have been accused of unethical practices so marketing because of the intense competition, because of the cutthroat you know competition around marketers also have fallen prey to you know sometimes utilizing or adopting unethical practices. So what is this ethics all about and why are marketers so vulnerable and how should one researcher stay away from it?

So today ethics has become a very, very important discussion, in many management schools today the people are being taught about ethics through several you know, important religious books also been taken help of supported by like Bhagwad Geeta being used to explain ethics you know in day to day life and all. So marketing research for example, you know let me cite an example which you must of heard of.

For example in case of Xerox, Enron were very popular at one point of time because these companies were involved in some kind of you know mis-governance and unethical practices so because of, as a result of it what has happened is lot of stakeholders were unhappy and the

money of the stakeholders were also at loss. So even in cases like double scheme the research is to find certain data to get certain information and companies to get certain information about their competitors and others, they try to adopt certain practices which cannot be considered good and they are considered analytical.


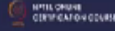
So what is ethics, let us see, ethics in marketing research. So the ethical dilemma in marketing research, for example let us give an example we have started with. Company A gets poor response rate in its mail services so it uses fictitious letter head labeled public opinion research industries.

Now suppose you do not get, that is the common you know discussion, researchers say that we are not getting information or we don't get enough responses from people, that does not mean that you are going to use something, some practice which is not called for, you don't expect it from a researcher, a researcher is expected to be honest all the time so this is the case of misidentification one should avoid.

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Marketing Research & Ethics

- Examples of Ethical Dilemmas in Marketing Research
 - Company A gets poor response rates in its mail surveys so uses fictitious letterhead labeled “Public Opinion Research Inc.” (Misidentification)
 - 80% of physicians recommend that consumers use no margarine. Of the remaining 20%, a majority recommend brand A. Brand A’s ads say -- “Recommended by Physicians” (Misinterpretation)




Another case, 80% of physicians recommend that consumers use no margarine, of the remaining 20%, that is our 80% gone 20 % remains, the majority that come under brand A. Brand A now adds say recommended by physicians, now this is a case of misinterpretation, why? Because 80% were of a different category, only 20% recommend brand A, now this 20% because of this 20% if you say that recommended by physicians which many companies today I say you must have seen advertisement where it is being said 99.93, 67.46. Now how did they come to such a conclusion?

It is very strange; it is very difficult so there is somewhere a case of negligence or a deliberate attempt to hamper ethics. Similarly unethical practices have also been seen in advertising, many advertising, companies compete against each other and then they try to put some other competitors in a very bad light by misrepresenting the cases.

The very popular case of Bisleri in India, Parle Bisleri versus the Eureka Forbes, it come to where the company had went to the court and finally they have to settle down, right. So there are several cases of this, you come to listen because in my management and marketing at least because of the serious, severe competition, right, somewhat ethical dilemmas. (Refer Slide Time: 05:39)

Marketing Research & Ethics

- Examples of Ethical Dilemmas in Marketing Research
 - ABC Marketing calls customers on the phone to “assess their satisfaction with their current house.” After getting customer opinions, ABC tries to “sell” customers the new siding. (Sales disguised as research)
 - Company X is required by its state’s Public Service Commission (PSC) to assess the impact of a rate increase on low income customers. Company X’s research shows that low-income consumers would be adversely affected by the rate change. When asked by the PSC how the rate change would affect such customers, Company X says they did no research to answer this question. (Misrepresentation)

ABC marketing calls customers on the phone to assess their satisfaction with their current house, their current house, right. After getting the opinions ABC tries to sell the customers the new siding, now this is a case which has generally been done by most of the marketers, so as a result what they have done in the guides of doing some research.

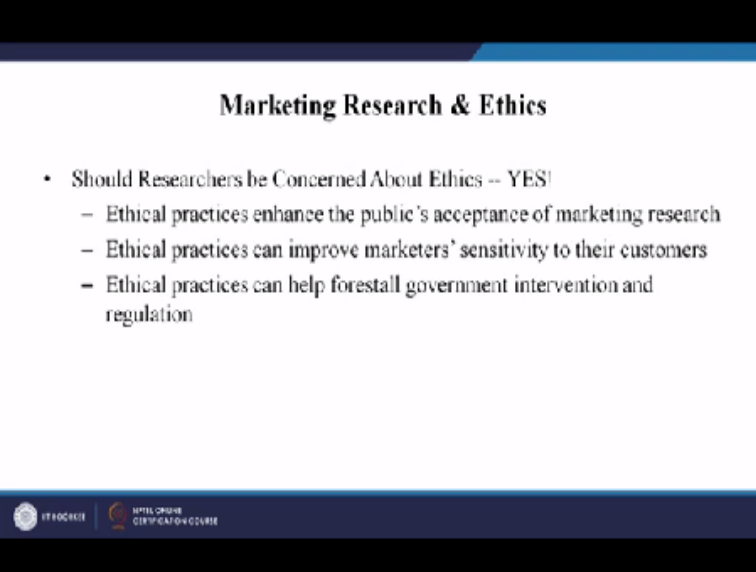
They have actually tried to push their sales forward. Similarly company X is required by its state public service commission to assess the impact of a rate increase on low income customers. Company X research shows that low income consumers would be adversely affected by the rate change, when asked how the rate change would affect the customers company X says they did not research to answer this question.

So now this is something a misrepresentation again, so in such kind of cases when a company takes into account or tries to use these techniques it is the case of an ethics or unethical behavior. Should researchers concerned about ethics, the question is this, why should researchers be concerned about ethics, what is the role of ethics, how does the ethics help? See I will give an example, the very famous case of Johnson and Johnson. Johnson and Johnson once had by mistake had in one of you know batch of products had a, one of a wrong product got into the packaging. You have heard any possible you know accident. Johnson and Johnson pulled back all the products from the market from the shelf.

Now as a result in a short term Johnson and Johnson lost money in the market, it lost its precious money but what did it gain? Johnson and Johnson gained an immense and very high brand value,

a good, nice public image. As a result of it Johnson and Johnson immediately became a very, very large positive company, its opinion about Johnson and Johnson from public was very, very positive which indirectly or directly affected its sales again. So should researchers be concerned about ethics?

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Marketing Research & Ethics

- Should Researchers be Concerned About Ethics -- YES!
 - Ethical practices enhance the public's acceptance of marketing research
 - Ethical practices can improve marketers' sensitivity to their customers
 - Ethical practices can help forestall government intervention and regulation

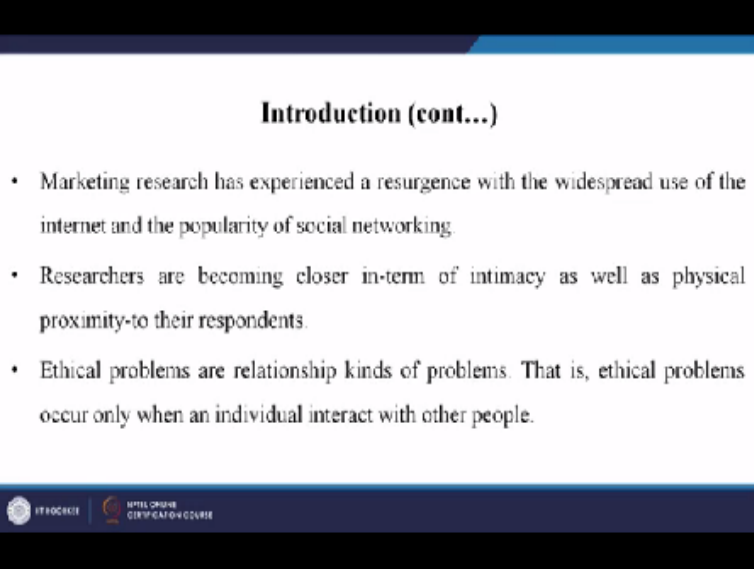
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We are not only talking about marketers but also researchers, yes, now what does that mean? Ethical practices enhance the public's acceptance of marketing research, so let us say if you are using ethical practices, for example if you have conducted some study, let us say in our institution we have used some study and this study is, people know that it is only used for academic purpose and not for any other purpose and the faith is there, then automatically the people's acceptance or participation increases, okay, Ethical practices can improve marketers' sensitivity to their customers, in the case of Johnson and Johnson, Third, ethical practices can help forestall government intervention and regulation, if you are following ethical standards or ethical practices even if government intervention unnecessarily would not be required which is highly maybe a positive for any marketer. So consideration of ethics in research and general business for that matter is of growing importance as I said, with so many companies you know falling prey to.

Some other unethical behavior, as I said Enron, Anderson, Xerox, many, many, many companies so as a result of it today ethics has become a very important part in partial of marketing research.

It is therefore critical that you understand the basics of ethical research and how this might affect your research.

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Introduction (cont...)

- Marketing research has experienced a resurgence with the widespread use of the internet and the popularity of social networking.
- Researchers are becoming closer in-term of intimacy as well as physical proximity-to their respondents.
- Ethical problems are relationship kinds of problems. That is, ethical problems occur only when an individual interact with other people.

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So marketing research has experienced a resurgence with a widespread use of the internet and the popularity of social marketing today, if you see earlier to do a research it used to be very difficult because it had to be, people had to go physically and do it, but today with internet and social networking it has become very easy to reach somebody, but the question is with the easiness or with the simplicity it has also created some other relationship additional complexities. Researchers are becoming closer in terms of intimacy as well as physical proximity to the respondents, true.

Ethical problems or relationship kinds of problems thus that is ethical problems occur only when an individual will interact with other people. So suppose you are a researcher and you are conducting a research, the question is how ethical are you in terms of the data, in terms of the data collection, in terms of getting the sample, in terms of the filling up the data, so all these things are part of the approaches.

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Historical context of ethical issues in marketing

In 1963, proposed a code of ethics by Dr. Dick Warren Twedt a Professor of Marketing and Quantitative Management Science at the University of Missouri in St. Louis. He was a marketing researcher and a member of the American Marketing Association.

In 1963 Dr Dick Warren, a professor of marketing and quantitative management science at the University of Missouri in St. Louis first time proposed a code of ethics, if you go to the internet also and you type it out, MRA code of conduct you will find a healthy document which tells you about what are the code of conducts that a researcher needs to follow when he is doing some kind of a research, and he was also a member of the American marketing association. Now historical context of ethical issues and marketing.

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Historical context of ethical issues in marketing (cont...)

The code was prompted by three main issues:

- 1) Desire to maintain public confidence in marketing research procedures
- 2) The need to self-regulate the discipline before outsiders decided marketing research needed regulation
- 3) The concern to maintain a positive public image of marketing in general.

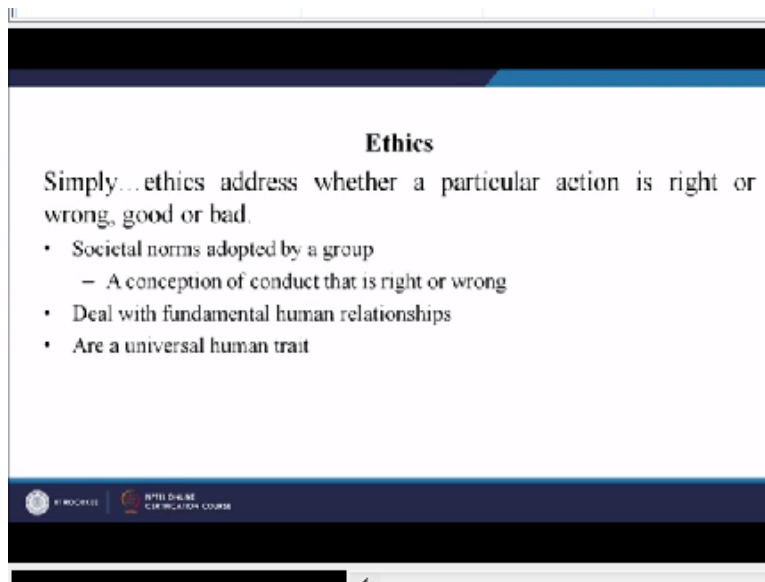
The code was prompted by three main issues, so when the ethical code of conduct was made mainly it depend on three things, the desire to maintain public confidence in marketing research procedures, otherwise what would happen was in the guise of improving skills people just try to pretend that they were doing research but actually they were pushing the sales, so to avoid this the first pillar was designed to maintain public confidence in marketing research procedures.

The second was the need to self regulate the discipline before outsiders decide marketing research needed regulation, that means before the government or any public organization or body thought that, for example the very famous case of Microsoft where the US federal interfered in the process of working of Microsoft, Now when the government interferes obviously there is a smooth flow of functioning of the companies would get affected.

So before that happens marketers need to self regulate themselves. The third pillar is the concern to maintain a public positive image of the market in general. Generally if you see, generally when you talk about marketing or sales for example people first of all they feel that there is something mischief in it, there is something negative in it. So companies have to change their image, the public they have to create a positive image as Johnson and Johnson created, as companies like Procter and Gamble have done, in the years of their history they have tried to maintain a positive image so that.

There is a saying, the service of it is so good that if you added some other side of the earth also they would provide you service. Now such a word of mouth only gives you use a very positive feedback about the company. So what are ethics, okay?

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Simply ethics addresses whether a particular action is right or wrong, good or bad, now simply that means what, you asked your conscience and say, together whatever we have done is right or wrong, whether it is bad or good for the public at large. Societal norms adopted by a group is some other definition says if societal norms adopted by a group, so a consumption of conduct that is right or wrong. Now what do you feel, whether it is correct, it is good for the society or not, that is what is ethics. Deal with fundamental human relationships; it is a universal human trait.

So what are the ethical principles? Guides to moral behavior, good, honesty, keeping promises, helping others, respect to right of others. Bad; lying, stealing, deceiving, harming others. Now these are some of the ethical principles which marketers today have understood that if they do not use this ethical principles then it will be very, very, very difficult for them to sustain and grow in the market because today's customer is very, very educated and sensitive and he has, you know access to information is very high so he can easily compare.

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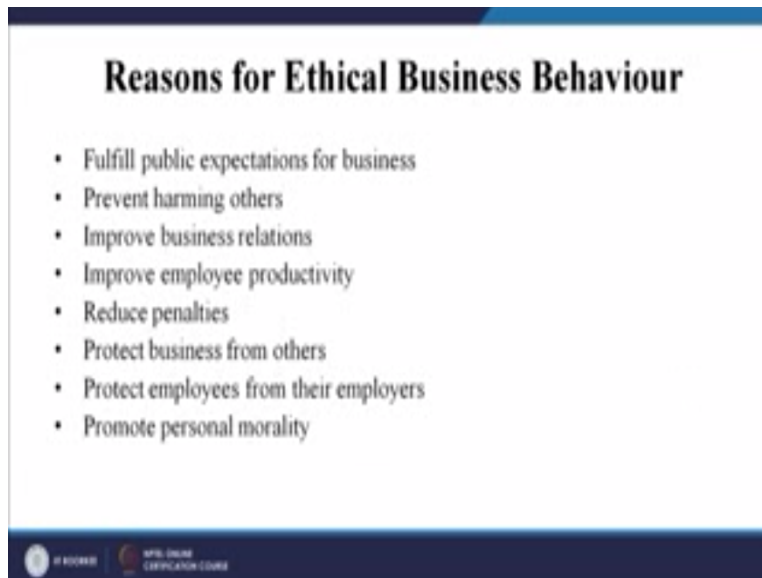
Ethical Principles – What are they?

- Guides to moral behaviour
 - Good: honesty, keeping promises, helping others, respective rights of others
 - Bad: lying, stealing, deceiving, harming others
- Universality of ethical principles: should apply in the same manner in all countries, cultures, communities
- Relativity of ethical principles: vary from country to country, community to community

Universality of ethical principles should apply in same manner in all countries, cultures and communities, it should be ethically, universality should be there. At least whatever ethical principles are there they should be applicable to everybody, every place. On the other hand there is the relativity of principles also; sometimes this might vary from country to country, community to community. Now this is more connected with the habits and tradition of the cultures, of the people.

In some culture for example hugging somebody might be taken as very positive and in some it might not be so, so that is where the relativity comes in so, but one has to be very clear in what they are doing or what they mean by ethics.

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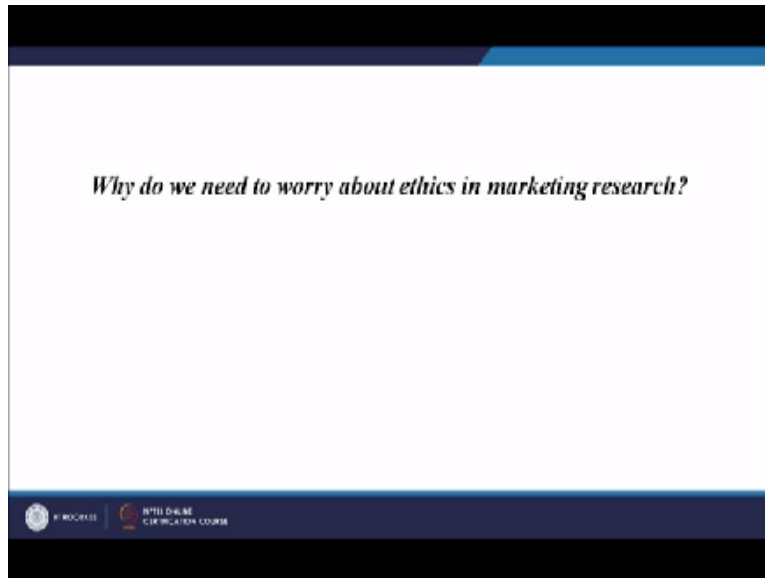


If you look at the reasons for the ethical business review why should anybody be ethical in nature, how being ethical is useful to a business enterprise or a research enterprise, so there should be public expectations for business, so the public expectations, if you do not fulfill or do not stand by it then the public might, the loyalty factor, you might lose on loyalty. Prevent harming others; improve business relations, so ethical business helps in improving business relationship.

If you look at the B2B side the B2B industry most of the relationships, the business between the B2B you know the one organization with the other, most of the business is done on basis of business relationship. What is the personal relationship between the clients, so that improves when you stand with some ethical reasoning?

It helps in improving employ productivity, it has been seen organizations which are highly ethical there the people are more happier and thus the productivity of the people is much, much higher than in comparison to organizations where unethical practices are a part of the process. Reduce penalties, protect business from others, protect employees from employers, promote personal morality, so these are some of the reasons for having an ethical business behavior, so if you follow an ethical business behavior these are the benefits that a marketer finds.

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Why do we need to worry about ethics and marketing research, again this question is coming back, why we need to? I have given several examples, if you do not then what is happening your goodwill is lost in the market, your hard earned brand value which were going in the market for such a long time you might lose on that. So three things, integrity, truth, and commitment.

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A researcher has the responsibility to treat respondents fairly in a research study and has a responsibility to the client to gather accurate, reliable information.

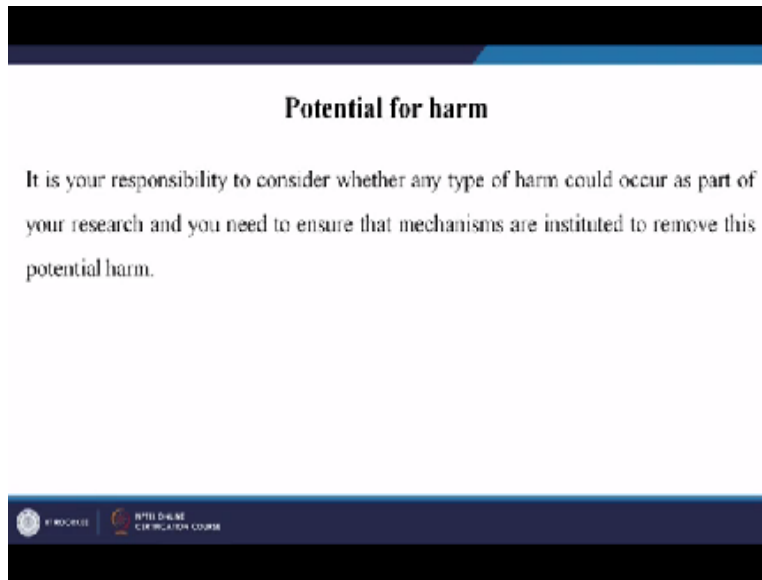


A researcher has the responsibility to treat respondents fairly in a research study and has a responsibility to the client to gather accurate, reliable information. Suppose there could be a researcher on a personal level, for example a student conducting a research or there are marketing research organizations, for example MRB, Nelson, so which conduct research studies for other companies like syndicate research, and then they sell all this data to other companies.

The primary job of a researcher is to treat the respondents, the people from where they are getting the data in a fair manner and has a responsibility to look the client to gather accurate, reliable information. Now many a times accuracy of the information, reliability of the information is always questionable, what if the researcher has not taken enough pain and was not honest to extract the right information, and in just to finish his work he has given a information which might not be accurate or correct.

So in such a condition if this happens then there would be a problem that in the future the outcome of the research output which would be used by the marketers that would have a very negative value in itself, and this information would be highly untrustworthy and highly unreliable.

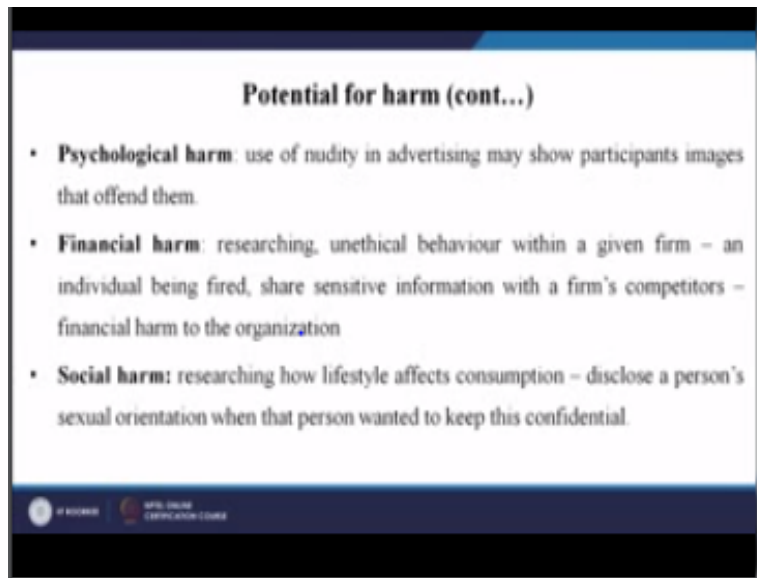
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Potential for harm. It is your responsibility to consider whether any type of harm could occur as part of your research and you need to ensure that mechanisms are instituted to remove this potential harm. Now what does it mean? It is the researcher's responsibility to consider that if he or she conducts a particular research and by this if any part of the research work could impact or harm the respondent or the client then such should be avoided, such cases should be avoided.

For example leaking the confidential information for a short term gain might not be very wise, might not be worthy enough to do because by doing this not only the marketer loses its own personal image but it harms the respondents confidentiality and thus it affects negatively more or less.

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Some of the harm that can be done, so potentially psychological harm first. For example use of nudity in advertising may show participant images that offend them, so this is going to create a psychological harm, so psychologically the respondent might get disturbed; he might not be interested to further participate in such kind of research you know, processes.

Financial harm, researching unethical behavior within a given firm, an individual being fired can get fired, share sensitive information with the firms competitors, all these could lead to financial harm to the organization. If you fire somebody, if you pass on the sensitive information to the competitors. Third is social harm, researching how life style affects consumption, disclose a person's sexual orientation, when that person wanted to keep that confidential.

Many a times, in most of the times rather, while conducting a research we say that this data would be used only and only for academic purposes or maybe some other purpose and would not be divulged or disclosed to others without the permission of the respondent but, and there are some certain information studies, research can be done on several studies.

For example the sexuality of a person, the income of a person, behavioral traits of a person, so when you are doing this by ignoring these things you are causing social harm, so what should you do? Ensure that you behave according to the appropriate ethical standards. The best thing is please go through the marketing research associations code of conduct and go through it. Consider how your research might negatively affect participants.

So if you consider it thoroughly that while conducting a research if I am going to use this information how is it going to affect my client, or how is it going to affect my respondent? So if it is going to negatively affect my participants, my respondents that is, then researchers should have heard this case, protect yourself, your supervisor, teachers, your institution from being placed in situations in which individuals could make claims of inappropriate behavior resulting in public criticism or even you being sued.

So suppose the researcher is taken very positively, very highly, suppose you are getting into a situation where the individual is making a claim, for example in research papers many a times researchers claim something without proper you know research backing, and when they claim then what happens? Generally we say it nothing would affect because nobody is going to the research papers to see you but there have been cases where the researchers have been sued and have been questioned even if you have seen the end of the research your mail_ id's are given, your contact details are given so that any researcher can contact you and ask for clarity.

So if you have done some, given some claims which are not proper then not only you but your institution might get criticized. So we should avoid situations of these kind. Is this ethical? There are few issues we will see I will ask you few questions and we will see whether these are ethical or not according to you. The first case.

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Is this Ethical?

1. A research company decides to leave a message on prospective respondents' answering machines telling them that if they call back in the next 24 hours, they will receive a valuable prize if they take part in a survey.

Ethical as long as true

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21

A research company decides to leave a message on prospective respondents, what are they doing? A research company decides to leave a message on prospective respondents answering machine telling them that if they call back in the next 24 hours they will receive a valuable prize if they take part in a survey, so is it ethical or not ethical? Please take your time and think about it for a second, now let me show you. It is ethical as long as it is true, if that means if the firm is following its promise that means it is trying to maintain its promise what it has said then it is ethical, there is no problem with it.

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Is this Ethical?

2. Upon completion of an interview, the respondent is asked to provide the names and telephone numbers of others he or she thinks should take part in the survey.

*Ethical - snowball sampling,
referral sampling*

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Next case, upon completion of an interview the respondent is asked to provide the names and telephone numbers of others he or she thinks should take part in the survey, is this ethical or not ethical? Again take your time, think, before you jump to a conclusion, think, please it is a better issue write your answers on a sheet of paper where you are reading or listening to me, okay, it is ethical, in fact there is nothing wrong in it.

Because one type of sampling if you have not forgotten and you remember it then was called the referral or the snowball sampling where we ask the respondents to give the, some more details about more respondent numbers or details so that we could contact them through their behalf.

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Is this Ethical?

3. A door-to-door salesman finds that by telling people that he is conducting a survey, they are more likely to listen to his sales pitch.

*Unethical – suggesting
What is frugging?*



A door to door salesman finds that by telling people that he is conducting a survey they are more likely to listen to his sales speech, what is happening here? A door to door salesman finds that by telling people that he is conducting a survey they are more likely to listen to his sales speech, is this ethical or unethical? Again you please think and write down, okay, let me go to the answer. It is an ethical, it is called suggesting, now there are two types of frugging and suggesting, suggesting is a process where the researcher tries to prove that he is conducting a research but in the guise he is actually trying to improve his sales.

So he is doing nothing but he is doing a sales but in the guise of a research, so this is an unethical practice so researchers should avoid such situations, so this called suggesting. What is frugging? I just said, frugging is another case where you must have seen now a day's very popularly the people, organizations are trying to raise funds by showing that they are conducting some kind of research maybe on certain diseases, certain kinds of social groups or certain neglected people in the society.

So when they are doing a such kind of practice that means they are trying to use fund raising, they are using fund raising on behalf of the name of the research it is called frugging.
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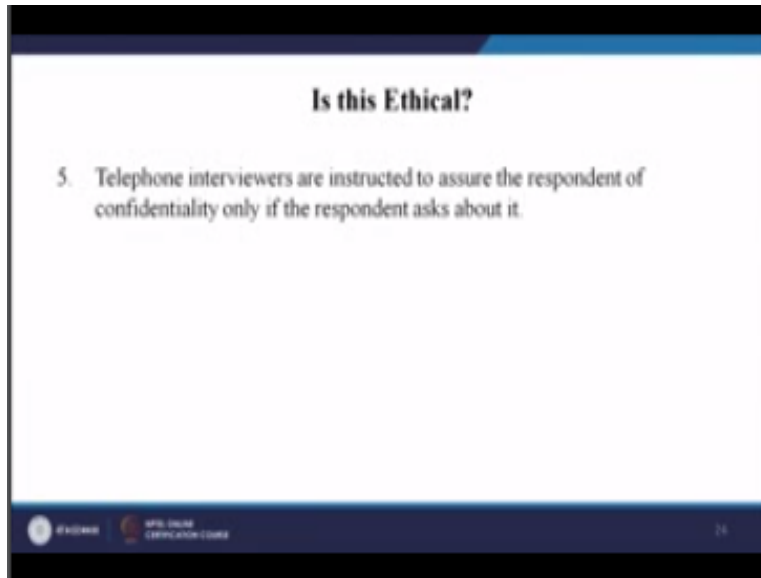
Is this Ethical?

4. The cover letter of a mail questionnaire says that it will "only take a few minutes to fill out." But pretests have shown that at least fifteen minutes are needed to fill it out.

Unethical as "few" is vague

The fourth one, the cover letter of a mail questionnaire says that it will only take few minutes to fill out, but pretests have shown that at least fifteen minutes are needed to fill it out, is this a case of ethical behavior or not? Again the question comes, so I think it is very clear, unethical, as few is vague. So when you say few you are not making it clear but if it is taking 15 minutes sometimes it could be large for somebody.

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Telephone interviewers are instructed to assure that the respondent of confidentiality only if the respondent asks about it, now what we are saying, if you listen to it carefully. Telephone interviewers are instructed to assure the respondent of confidentiality only if the respondent asks. Suppose you are following it that means you are not divulging the information to others then it is ethical.

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Is this Ethical?

6. A client insists on inspecting the completed questionnaires to assess their validity, but the researcher suspects that the client is really interested in finding out what specific respondents said about the client.

*Unethical if the survey is confidential
or anonymous*

A client insists on inspecting the completed questionnaires to assess their validity but the researcher suspects that the client is really interested in finding out what specific respondents said about the client, he is not interested in all, he is only interested to find out specific clients respondents said about the client, so is this ethical, no it is not ethical, it is unethical if the survey is confidential or anonymous, okay.

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Is this Ethical?

7. 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 agreement to be contacted by the client's sales personnel.

Ethical...They agreed to this.

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26

I will give you the last, 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 besides the name of those who indicated agreement to be contacted by the client sale personal, so is this ethical or not, let's see, ethical, why? Because the client has agreed to do this so these are things, this is how it points that the researchers needs to keep in mind when you talk about ethical issues, so what we will do is we will continue with the ethical part of marketing research in the next session, and thanks for this session.

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