Emerging Ethical Issues Facing Marketing Researchers

The authors' article in the March 1992 issue outlined several traditional ethical issues facing marketing researchers, which include duties to both respondents and clients. In this second article, the authors examine two emerging ethical issues—what researchers owe the public and corporate intelligence gathering. They conclude with several ideas for ethical action that can guide marketing researchers in instilling a heightened ethical sensitivity into their organization and profession.

By Patrick E. Murphy and Gene R. Lacziak

The 1990s promise to be a challenging decade for marketing researchers. The profession is under greater scrutiny from governmental and consumer organizations for a variety of practices stemming from new technology and increasingly sophisticated research techniques. In this article, we examine the researcher's special relationship with the general public and the emerging area of corporate intelligence gathering. We also provide specific guidance on how researchers may be able to enhance the ethical posture of their profession.

What Researchers Owe the Public

The general public is a relevant stakeholder in the practice of marketing research. Much so-called research is disseminated to the public through advertising (e.g., “Three out of four doctors recommend...”), political polling results, and other “pseudo polls” (e.g., 900 number telephone voting). The inaccurate use of marketing research can lead to false impressions among the public.

Marketing research practices that deceive the public undermine the whole enterprise. The consequences of unethical research endeavors on the general public and policy makers are captured in the following three points. That is, inaccurate or untrue market research findings disseminated to the public:

- Impair legitimate research activities by diminishing the public's willingness to participate in survey research. Response rates, statistical reliability, and ultimately response quality are adversely affected.
- Distort policy makers' perceptions of public opinion and business-related issues. Dangerous feedback can result if policy makers misread consumer sentiment because of invalid research procedures.
- Confound the public's ability to distinguish valid from invalid research findings. Both valid and phony polls and the inconsistent and contradictory results they provide may render the public indifferent, confused, or distrustful of what they read, see, or hear from survey research. At best, the result is widespread miseducation (Dillon, Madden, and Firtle 1990).

Specific manifestations of such practices involve incomplete reporting, misleading reporting, and nonobjective research (Tull and Hawkins 1990).

Incomplete Reporting

A problem can occur when the researcher leaves relevant information out of a report that is circulated to the general public. For example, some companies conduct test markets and publicize the results in the trade press. What is commonly omitted is the fact that some firms choose to conduct test markets in areas where their distribution or reputation is particularly strong. Therefore, the results of the test market are probably skewed in the favorable direction.

Positive developments are tempering these practices and may lead to less incomplete reporting in the future. For instance, we applaud the relatively recent practice of major publications such as The Wall Street Journal of publishing their poll information in a boxed insert giving details of how the sample was drawn and the method of contacting respondents. Though many readers may consider this information superfluous, it gives those interested a basis for judging the limitations and scientific validity of the poll. Furthermore, the Public Affairs Council of the Advertising Research Foundation (ARF) has published Guidelines for the Public Use of Market and Opinion Research, which covers the origin, design, execution, and candor of the research conducted.

Misleading Reporting

The practice of misleading reporting involves presenting research results in such a way that the intended audience will draw a conclusion that is not justified. Misleading reporting sometimes happens when research findings are used in advertising campaigns. It can be a particular problem in comparative advertising. For instance, a comparative cigarette ad claimed that "an
amazing 60%" of a sample of consumers said Triumph cigarettes tasted "as good as or better than" Merit. This statement of the results was accurate, but many of the respondents said the brands tasted "as good as." Therefore, the results also indicated that 64% said Merit tasted as good as or better than Triumph. This presentation of results likely misled a substantial portion of the public. The guidelines developed by the ARF can guard against this type of misleading reporting.

Corporate Intelligence Gathering

Corporate intelligence entails gathering information about competitors rather than consumers. It ranges from the illegal activity of industrial espionage to the acceptable, and universal, practice of using salespeople to monitor competitors' public actions in the field. Much greater attention and emphasis was placed on intelligence gathering as competition heated up in virtually all industries during the 1980s. Furthermore, just as massive amounts of information about consumers are stored on computerized databases, so too are detailed computerized records of company sales, number of employees, plant dollar volume, and so forth. Companies that have instituted formal intelligence programs include many well-known firms such as Digital Equipment, Eastman Kodak, General Electric, Gillette, and Wang Laboratories.

The whole area of intelligence gathering has earned a bad name because of certain dubious and even illegal tactics employed by some firms. For instance, a few companies have been known to buy their competitors' garbage from the trash hauler in order to sift through it for morsels of pungent information. Some marketers stage phony job interviews to pump information from competitors' unsuspecting employees. Others have instructed executives (using disguised names or positions) to take competitors' plant tours to get details of manufacturing processes and outputs. In fact, when Kellogg ceased offering its popular public tours at the Battle Creek, Mich., plant in the late 1980s, one of the reasons the company gave for abandoning the practice was that competitors were snooping on their manufacturing technology. One observer remarked: "In the rush for competitive intelligence, business ethics are taking a beating" (Maher 1984).

There are very legitimate reasons for corporate intelligence gathering. First, executives who fail to take advantage of information that is publicly available may be neglecting their fiduciary duty to shareholders and other stakeholders. For example, Cordis Corporation, a Miami-based pacemaker manufacturer, introduced a new line of products that was superior to others available on the market. When sales did not improve and even worsened in some territories, sales reps were asked to investigate competitors' tactics. They found that physicians were being offered cars, boats, and lavish junkets to stay with the other pacemakers. Cordis responded by increasing educational support for doctors, adding more sales reps, and in a few instances even matching the giveaways with equipment related to pacemakers. The result was a dramatic increase in sales (Flax 1984).

A second reason for gathering competitive intelligence is as a basis for strategic planning. Companies find, sometimes the hard way, that strategic planning cannot be conducted in a competitive vacuum by staff people. Michael Porter, the Harvard Business School expert in strategy, popularized this notion with his acclaimed books, Competitive Strategy (1980) and Competitive Advantage (1985). Gathering accurate information about competitors then became a must for devising good strategy. This heightened interest spawned an industry of corporate intelligence consultants and seminars. (The dirty tricks even invaded the snoopers themselves when one intelligence seminar director found a competitor who conducted similar seminars enrolled in his course under an assumed name. On another occasion his lecture notes and source book were stolen.)

Third, corporate intelligence is necessary to be successful against global competitors. Japanese companies have long been acknowledged as expert intelligence gatherers. They have deployed "armies of engineers and marketing specialists to gather mountains of information on American manufacturing techniques, product design and technology" (Arizona Republic 1985). Many U.S.-based firms, imitating their Japanese counterparts, are disassembling or "benchmarking" Japanese products (e.g., Xerox does it with Canon copiers), enter into joint ventures to get infor-
mation on Japanese manufacturing techniques (e.g., GM and Toyota), and set up offices in Japan for the purpose of finding out what companies are doing there.

Fourth, intelligence gathering can be very useful in new product introduction. Marriott sent employees to carefully check out rival chains rooms and services. Marriott also interviewed competitors’ executives in preparation for the launch of its Fairfield Inn economy motel unit. Coors did extensive chemical analysis on Gallo’s wine coolers to determine what wine and flavorings they contain, then went to suppliers and got the price of the ingredients. The upshot was that Coors could not compete on price and did not introduce a competitive product (Dumaine 1988).

How To Discourage It
Companies cannot prevent their competitors from getting a certain amount of information about them. However, they can guard against “loose lips” and inadvertent slips that may divulge confidential data. Corporate training programs should emphasize the importance of confidentiality and specify the type of information that is considered classified. All employees, including secretaries and even summer interns, should receive such training. Furthermore, corporate codes should spell out company policies in this area. The IBM and Xerox codes explicitly address the unintentional disclosure of proprietary information.

Stories are legion about recruiters from competitors finding out valuable information from short-term or permanent workers because the current or former employees did not know they should not be talking about certain things. Furthermore, buyers, purchasing agents, scientists, and engineers should be instructed that certain subjects are off limits when they attend trade shows, seminars, and professional meetings. On the other side, employees should be advised about what not to do in obtaining competitor information. The watchword for companies concerned about these matters is education of all employees.

How To Do It—Ethically
Table 1 is a list of 18 sources of competitive information. They are ranked by one expert in terms of their ethical and legal ramifications. We think this is a good list for companies to follow, because it gives explicit guidance on what activities are acceptable. One source of public information not listed is help-wanted advertising. Such ads can offer a wealth of information on competitors’ intentions, strategies, and sometimes even planned products. For example, one major hotel chain gave advance notice of a nationwide telemarketing effort by advertising for telephone salespeople. Also, sales reps should be trained to seek out competitive information as part of their daily activities. One source advised companies to “be patient” in setting up a competitive intelligence system and not to expect payoffs for several years (Mellow 1989).

Other technical staffers such as engineers and scientists need to be alert to publicly available competitive information at professional meetings or in scientific journals. The bottom line here is that the strategically competent organization must gather such information, but by an ethical approach. Deception should not be part of the corporate intelligence-gathering process. The practices listed in the lower two thirds of Table 1 are definitely inappropriate.

What ethical strictures are being violated by these corporate intelligence-gathering practices? We believe the principles of honesty and fairness are two important ethical precepts that companies engaging in such practices tend to ignore. Furthermore, playing the intelligence game fairly is one of the absolute obligations of ethical marketing executives. We also advocate that marketers evaluate their practices by using a virtue ethics perspective. That is, managers should decide what their organization “should be” and whether engaging in corporate intelligence gathering is consistent with the underlying values of the firm.

Table 1

<table>
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<th>The Wade System for Judging Sources of Information*</th>
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<tr>
<td><strong>Ethical</strong></td>
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<tr>
<td>1. Published material and public documents such as court records.</td>
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<tr>
<td>2. Disclosures made by competitors’ employees, and obtained without subterfuge.</td>
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<tr>
<td>3. Market surveys and consultants’ reports.</td>
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<td>4. Financial reports and brokers’ research reports.</td>
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<td>5. Trade fairs, exhibits, and competitors’ brochures.</td>
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<td>6. Analysis of competitor’s products.</td>
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<td>7. Legitimate employment interviews with people who worked for competitor.</td>
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<th>Arguably Unethical</th>
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<tr>
<td>8. Camouflaged questioning and “drawing out” of competitor’s employees at technical meeting.</td>
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<tr>
<td>9. Direct observation under secret conditions.</td>
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<td>10. False job interviews with a competitor’s employee (i.e., without real intent to hire).</td>
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<tr>
<td>11. Hiring a professional investigator to obtain a specific piece of information.</td>
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<tr>
<td>12. Hiring an employee away from the competitor to get specific know-how.</td>
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<tr>
<th><strong>Illegal</strong></th>
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<td>13. Trespassing on a competitor’s property.</td>
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<tr>
<td>14. Bribing a competitor’s supplier or employee.</td>
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<tr>
<td>15. “Planting” your agent on a competitor’s payroll.</td>
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<tr>
<td>16. Eavesdropping on competitors (e.g., via wire-tapping).</td>
</tr>
<tr>
<td>17. Theft of drawings, samples, documents, and similar property.</td>
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<tr>
<td>18. Blackmail and extortion.</td>
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*The numbers in the list are ranked in descending degree of ethicality or legality.
Source: Adapted from Wade (1965).
Ideas for Ethical Action

We offer several ideas (italicized below) for marketing researchers who want to raise the ethical posture of their profession. They are intended to stimulate thinking and action on how best to implement ethical policies within firms and the industry in general.

Establish ground rules and let these ethical research standards be known to the people and firms with which researchers deal.

To counteract many of the potential problems between the researcher and client, it is essential that both sides understand one another. One researcher offered the following advice to maintain and increase integrity in the research profession (Ossip 1985):

- Put things in writing.
- Don't be afraid to face up to clients with issues and cost problems.
- Try to maintain open communication and promote regular feedback to the people with whom you interact.
- Don't be an ostrich. We are members of a profession, and we owe it to that profession to support ethical behavior by its practitioners.

These sage words emphasize the necessity for researchers and clients to use formal contracts to spell out details of the research. However, the contract should not be viewed as a straitjacket; mechanisms should be put in place to alter or amend it with the agreement of both parties.

In terms of the client's responsibility to the researcher, most of the same principles hold. If clients abuse their relationship with research suppliers, it will damage their reputation in the research community and may even preclude their finding reputable research firms to work with them in the future. To guard against such abuses, the Council of American Survey Research Organizations has developed a set of guidelines that should be used to evaluate research proposals (see Table 2). We suggest that clients inform prospective research suppliers that they will follow these guidelines before submission of research proposals.

Researchers' treatment of respondents, clients, competitors and the public should be based on ethical, not just legal or competitive, criteria.

Most marketing researchers understand that it is in their best interest to treat stakeholders fairly. What sometimes happens in the pressures of day-to-day activities is that researchers use the "everyone else does it" excuse to condone questionable behavior (e.g., creating a fictitious research name when calling customers). Or they trot out the age-old argument that "if it is legal, it is OK." We believe researchers should be held to high professional standards. Therefore, ethical criteria should be used in evaluating researchers. For instance, in focus group research a mutual trust should be present between the moderator and both the client and research facility. Furthermore, the moderator and participants should treat each other in an honest and straightforward manner (Greenbaum 1988).

A recent study examined the frequency of stated moral values in the codes of five large marketing research professional organizations (Castleberry and French 1991; see Table 3). What is surprising is that some values, such as not harming others, justice, and nondiscrimination, are not mentioned in several of these codes. There does seem to be some consensus, however, that not deceiving others and keeping promises are universally important.

Not all researchers may be interested in or familiar with the moral values listed in Table 3. They may say that they don't have time to understand the nuances of moral philosophy or determine the sometimes subtle differences in these values. What we would say to them is that researchers can easily use thumbnail rules to evaluate the ethical dimension of any decision. One we would recommend is the "TV test." That is, would researchers be comfortable being interviewed on television about the decisions they had made at work on any given day? For instance, would company research managers believe their decisions would pass this test? Or, is the public being treated fairly by researchers conducting "polls"?

Table 2

Guidelines for the Selection of a Research Firm's Proposal

If more than one research firm is asked to submit a proposal, the prospective client should indicate how the successful proposal will be determined. Factors that might be used to select the contractor could include:

1. Understanding of how the results of the research will be useful.
2. Recognition of the types of information that will be used.
3. Ability to provide the necessary resources, that is, personnel, facilities, equipment, and so on.
4. Relevant experience of the research firm.
5. Background/experience of individuals who will be assigned to the work.
6. Recognition of the limitations of the research.
7. Specificity, with respect to the procedures to be used, can and should be outlined in detail prior to the beginning of the work.
8. Cost of services.
9. Statement of commitment to follow ethical and professional procedures at all times.


The professionalization of marketing research is imperative.

We end this article as we began the first one (Murphy and Lacznik 1992)—discussing marketing research as a profession. There are several reasons why the practice of conducting marketing research can be considered a profession. For example, one finds a code of ethics, a recognized body of knowledge, the use of the scientific method, and the presumed objectivity of researchers—all hallmarks of a profession. However, enough issues are raised in the preceding pages to give one pause. In fact, William Neal, 1991-92 President of the American Marketing Association, himself a marketing research practitioner, insightfully assessed the status of the marketing research profession and said
strongly that "...we must do everything in our power, both individually and collectively, to purge our ranks of persons involved in unethical, unscrupulous and illegal behavior" (Neal 1989).

We advance three proposals to enhance professionalism in marketing research. First, we advocate the designation of Certified Public Researchers (CPRs), analogous to CPAs or CFAs, to audit the validity and accuracy of marketing research numbers used in public forums (such as in advertising claims, in political polls reported in the media, or in legal/regulatory proceedings). This idea was proposed by a prominent member of the research community several years ago (Achenbaum 1985). Two reasons were given for needing such verification: (1) the public is being asked increasingly to accept the accuracy of marketing research numbers and (2) a substantial number of managers (especially in the government and nonprofit sectors) know little about the validity of marketing research but are using the results for important policy and decision making. Although the issue of certification is controversial, it is worth exploration (Schlossberg 1989).

Our second proposal is that the major marketing research professional organizations work together in revising their codes to make them more useful for their members. We understand that such a joint effort has begun among the Advertising Research Foundation, American Marketing Association, Council of American Survey Research Organizations, Marketing Research Association, and Qualitative Research Consultants of America. These organizations hope to come out with baseline recommendations on a model code that are useful for all such associations.

We must voice a couple of cautionary notes about codes. Revisions to a code should follow the guidelines elaborated upon elsewhere (Murphy 1988). And the

enforcement is essential. Unless codes include some sanctions—even if they are simply publicizing questionable behavior—the efforts to enhance professionalism in marketing research will be in vain. Another factor is the diversity of the research community. It consists of many different types of researchers, from the junior corporate analyst to the high-level consultant who interacts only with CEOs. Their ethical concerns about research are varied. Therefore, professional associations should try to tailor not only the code, but also programs on ethics they might sponsor for their diverse constituencies.

Finally, education in marketing research should place a higher priority on professionalism. Both at the university level and within the vast continuing education empire, teachers of research methods must stress the importance of a strong ethical posture so that researchers view themselves as professionals and not "hired guns." If everyone educated in research had the feeling they were truly professionals and embraced the concomitant responsibilities of professionalism, many of the problems we have discussed would be eliminated.

**Conclusion**

This article and our previous one capture some of the many and varied ethical issues facing practicing marketing researchers. Researchers have several obligations to respondents, clients, and the public. Likewise, clients also owe potential researchers a sense of fairness. Obviously, we have not covered all situations. We hope, however, that our discussion will make research practitioners conscious of their ethical posture and encourage them to establish appropriate ground rules and ethical standards for the firm and the profession.

**Authors' Note**

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**Table 3**

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<thead>
<tr>
<th>Values*</th>
<th>Advertising Research Foundation</th>
<th>American Marketing Association</th>
<th>Council of American Survey Research Organizations</th>
<th>Marketing Research Association</th>
<th>Qualitative Research Council of America</th>
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<tbody>
<tr>
<td>Nondeception</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Keeping promises</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Serving others</td>
<td>2**</td>
<td>3</td>
<td>3**</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Not harming others</td>
<td>3</td>
<td>3**</td>
<td>3**</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Justice</td>
<td>2**</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Other values</td>
<td>3</td>
<td></td>
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</table>

* An adaptation of the values proposed by Warnock (1971) and Ross (1930).

** Values are tied in ranking.

Source: Castleberry and French (1991, Figure 2).
References


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