

Attitudes of Marketing Executives Toward Ethics in Marketing Research

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Social criticisms of marketing usually spare marketing research . . . the implication being that researchers pose neither important ethical nor social problems. Is this true? Are there no marketing research practices which might be subjected to ethical criticism? This article reports reactions of research directors and top marketing line executives to fourteen "situations" which occasionally occur in the field of research.

AMERICAN society today is in a period of deep and serious soul searching, with activity on many fronts designed to spotlight unethical or dishonest practices. Marketing is a popular focal point, and marketing executives watch such activities closely. They are working as perhaps never before to anticipate both legislative and public outcries.

But, with rare exceptions, criticisms of marketing have targeted on the basic tools of demand stimulation, while ignoring marketing research. Marketing researchers, from their vantage point of relative *safety*, have often joined the critics, especially as various issues are debated within the firm.

Are some marketing research practices unethical? Do marketing researchers have an obligation within the firm to "guard the facts"? Are there, in other words, some practices which society might not approve, were they fully disclosed?

Such were the questions that prompted a study in November, 1968, the results of which can now be reported. This study, conducted through cooperation of the Bureau of Business Research in The University of Michigan Graduate School of Business, consisted of posing a series of "action" situations to a national sample of marketing research directors and vice-presidents or directors of marketing.

Each respondent was presented with 20 instances where the marketing research director of Company X had taken some specific action; the essential question was "Do you approve or disapprove of the action taken?" The situations were not organized as in this report, and they had no descriptive titles. Six situations concerned actions by the director which are of general business applicability, and thus are not reported here. Space was provided for explanatory comments.

The response was somewhat surprising. Of the total sample of 700 individuals, responses came from 401, or 57.3%. The 412 research directors responded at a 62.9% rate, and the 288 marketing line executives at a 49.3% rate. This response on a six-page mail questionnaire, coupled with the extensive array of comments, would seem to indicate more than just a passing interest in ethics.

One note of caution, however. There is no way of being certain that what respondents *said* is what they truly *believe*. Ethics questions tend to produce conditioned responses or "acceptable" behavior patterns, and the results of this study must be interpreted accordingly.

Findings

The situations covered in this report span several categories of action. Six situations covered potentially disputable research tech-

niques, ranging from ultraviolet ink to a price exchange program. Three situations concentrated on the role of the marketing research director as a keeper of the facts, and possibly as a marketing conscience. Five situations concerned social matters of some importance today.

Selected Research Techniques

1. Ultraviolet Ink

"A project director recently came in to request permission to use ultraviolet ink in pre-coding questionnaires on a mail survey. He pointed out that the letter referred to an anonymous survey, but he said he needed respondent identification to permit adequate cross tabulations of the data. The M. R. Director gave his approval."

	Approve	Disapprove
Research Directors	29%	70%
Line Marketers	22	77

The feeling generally was that the appraisal turns on two issues. (1) How does one define "anonymous" as used in the letter? Some held that the ink technique violates nothing; others said it means what it says, and the ink constitutes obvious deception. (2) At a more generalized level, the issue seemed to be whether this was intended deception or not, and respondents generally assumed it was: For example, "Obviously this is deception, and I want none of it."

Note that research directors were more lenient than were line executives; although the difference was small, it is meaningful on this and the following situation.

2. Hidden Tape Recorders

"In a study intended to probe rather deeply into the buying motivations of a group of wholesale customers by use of a semi-structured personal interview form, the M. R. Director authorized the use of the department's special attache cases equipped with hidden tape recorders."

	Approve	Disapprove
Research Directors	33%	67%
Line Marketers	26	71

Reaction here was slightly more favorable than with the use of ultraviolet ink. Still the survey forms were liberally sprinkled with phrases like "Similar to wire tapping," "Isn't this a federal offense?" "This is patently dishonest." In general, respondents felt this constituted a deliberate attempt to deceive, which they could not condone even if the tapes were used solely within the research department as intended.

Many respondents waved the ethical question aside saying that such deception isn't necessary—recorders need not be hidden. Others approved on

the premise that research is better this way, and no one gets hurt. As with the ultraviolet ink, however, cautions were frequent that absolutely no sales use of the information should be allowed.

This is pertinent advice. The legality of this action is open to question, partly because no cases exist covering this particular type of situation, and partly because of the chaotic state of affairs right now in the entire area of personal privacy, at both federal and state levels. It is most likely that the recording would not be actionable, but extra-research use of the tapes would probably reverse this.¹

3. One-Way Mirrors

"One product of the X Company is brassieres, and the firm has recently been having difficulty making some decisions on a new line. Information was critically needed concerning the manner in which women put on their brassieres. So the M. R. Director designed a study in which two local stores cooperated in putting one-way mirrors in their foundations dressing rooms. Observers behind these mirrors successfully gathered the necessary information."

	Approve	Disapprove
Research Directors	20%	78%
Line Marketers	18	82

Three ideas ran through the comments section on this question. First, many persons, especially research directors, said the technique was entirely unnecessary—that female observers in the dressing rooms could have gathered the same information.

But, far more overwhelmingly, respondents pointed out "Invasion of Privacy." In fact, one respondent put it quite bluntly: "What if your wife was one of the customers in the store that day?" Some even suggested that the responses would be far more negative if the company were one making men's underwear, and a similar technique were used. The legality of such an approach was also questioned, since there is ample case law to indicate that courts would not condone this type of research. A comparable case does not seem to exist, but other

¹ See Alan F. Weston, *Privacy and Freedom* (New York: Atheneum, Publishers, 1967), for a complete discussion of this matter.

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use of one-way mirrors in retail dressing rooms has been judged a tort and has resulted in fines and damages.

On the other hand, some respondents assumed that the observers were female, in which case they felt that the moral question was insignificant relative to the need for the information. Another said, "The women don't know they've been observed, and thus can suffer no mental anguish."

4. Fake Long Distance Calls

"Some of X Company's customers are busy executives, hard to reach by normal interviewing methods. Accordingly, the market research department recently conducted a study in which interviewers called 'long distance' from near-by cities. They were successful in getting through to busy executives in almost every instance."

	Approve	Disapprove
Research Directors	88%	10%
Line Marketers	84	16

Note the complete reversal from the three earlier situations. Why? Partly because the situation was not completely deceptive—the calls were actually long distance. But more commonly, if executives want to interrupt their busy day to receive long distance calls, that is their decision.

The small number of disapprovers felt that this technique is deceptive, and should not be used. They would counsel that actions should be judged by their character in the absolute sense, not on a scale of "badness" against a scale of gain.

5. Fake Research Firm

"In another study, this one concerning magazine reading habits, the M. R. Director decided to contact a sample of consumers under the name of Media Research Institute. This fictitious company name successfully camouflaged the identity of the sponsor of the study."

	Approve	Disapprove
Research Directors	84%	13%
Line Marketers	83	16

The basis for approval on this time-honored practice can perhaps best be summed by the following typical response:

"Most marketing research studies hide the identity of the sponsor. Why should a corporation have to purchase outside services for this privilege? Respondents generally know that research has a commercial purpose and is intended for a sponsor."

Most of the disapprovals involved complaints about the nature of the deception, rather than the deception itself: "Use your agency name instead"; "Better be sure to notify the BBB or Chambers of Commerce"; "Dangerous unless you check carefully to see that some local research firm somewhere

doesn't already have this name in use"; and so on. Hiding the name of the sponsor was virtually never criticized.

6. Exchange of Price Data

"X Company belongs to a trade association which includes an active marketing research sub-group. At the meetings of this sub-group, the M. R. Director regularly exchanges confidential price information. In turn, he gives the competitive information to the X Company sales department, but is careful not to let the marketing vice-president know about it. Profits are substantially enhanced, and top management is protected from charges of collusion."

	Approve	Disapprove
Research Directors	8%	89%
Line Marketers	14	82

Why did respondents so quickly and completely disapprove of this technique? Simple, it is against the law. Most price collusion is illegal, most price exchanges are suspect, the trade association is no place to *informally* exchange information on price, and keeping top management in the dark is no longer an excuse.

Interestingly, very few respondents said they saw this as an ethical question: "This is a legal matter, and should not have been put on a questionnaire purportedly studying ethics in marketing research." This thinking suggests that illegality removes an act from ethical consideration, and that law and ethics are as unrelated as some critics of marketing claim. Critics say that marketers will readily charge through the gray area of ethics right up to the black wall of illegality. The results here would tend to support this criticism, since (1) respondents apparently made their decisions on legal, not ethical, grounds, and (2) the act was rather commonly condemned as unintelligent.

The Role of the Marketing Research Director

A research director is responsible for seeing that his management gets hard facts where possible, knowing when they are not, preventing mistaken interpretations of research data, and in general seeing that the research function is conducted in a competent and professional manner. The next three situations presented instances where such responsibility was at issue.

1. Advertising and Product Misuse

"Some recent research showed that many customers of X Company are misusing Product B. There's no danger; they are simply wasting their money by using too much of it at a time. But yesterday, the M. R. Director saw final comps on Product B's new ad campaign, and the ads not only ignore the problem of misuse, but actually seem to encourage it. He

quietly referred the advertising manager to the research results, well known to all people on B's advertising, and let it go at that."

	Approve	Disapprove
Research Directors	41%	58%
Line Marketers	33	66

Those respondents approving the action generally claimed that whether the misuse should be attacked, supported, or ignored in the advertising, is irrelevant here. . . The research man discharged his responsibilities, and that is the end of it.

The majority would not let it stop at that, for two different reasons. First, many said the researcher was negligent and that he should have brought the matter to the attention of the head of marketing. Others said such advertising is simply not profitable; that product misuse opens the door to competition; the researcher should have protested along this line.

When those who approved the action are added to those who objected on grounds of strategy, one finds only a minority who actually claimed to condemn the action on ethical grounds. For example, here are several typical disapprovals:

"He should pursue the matter. Ultimately, a competitive product will undercut Product B on cost of usage."

"The decision is the advertising manager's to make. One would hope, however, that the M. R. Director would point out that the decision to encourage misuse is not an ethical decision but a pragmatic profit-and-loss decision."

"Maybe customer prefers to use it that way. Maybe the company has an inaccurate view of value perceived by customer. Would advocate accurate instructions for use—not unusually strong measures to change customer and reduce revenue."

There were, of course, a number of respondents who echoed one man's comment: "Disapprove—and I would be loud."

Line marketing executives were more concerned than were researchers. Some accused the marketing research director of being a "gutless wonder." But, in general, if a marketing head disapproved the action and explained his thinking, he said something like this: "He should have passed the word up the line, just to be sure the advertising man's boss knew the facts. But that's the end of it for him."

2. Distortions by Marketing Vice President

"In the trial run of a major presentation to the Board of Directors, the marketing vice-president deliberately distorted some recent research findings. After some thought, the M. R. Director decided to ignore the matter, since the marketing head obviously knew what he was doing."

	Approve	Disapprove
Research Directors	12%	87%
Line Marketers	12	86

Those who approved the action said either: (1) "What else could he do?" Or (2) "The boss might have had some good reason or information which the M. R. Director didn't know about."

Disapprovals, however, took a much more complex form. The first, and probably the largest, group felt that some action was called for . . . a private talk, a memo, and in a few cases, an end run. The action should not be dramatic, and if it produced no results, the matter should be dropped.

A smaller, though much more vocal, group demanded strong action. They stood on principle, and stated that if an appeal were lost, the director should either resign on the spot, or move quickly to find a company with a different class of executives.

Perhaps a few quotes will indicate the spread in opinion on this issue:

"It's not the M. R. Director's moral obligation to force his superior to be honest."

"Decision depends on the reasons for the distortion."

"I would drop a written memo to the VP, pointing to distortions. Suggest presentation be changed."

"I would resign my position."

Most situations in this study, however, did not strike this deeply into the confrontation between economic security and moral values.

3. Possible Conflict of Interest

"A market testing firm, to which X Company gives most of its business, recently went public. The M. R. Director had been looking for a good investment and proceeded to buy some \$20,000 of their stock. The firm continues as X Company's leading supplier for testing."

	Approve	Disapprove
Research Directors	40%	57%
Line Marketers	58	38

This situation is difficult to interpret. As one respondent put it, "There's some danger here that he might try to protect his investment!" Yet, almost half of the total respondents approved. It should not be inferred that they were unaware of the potential conflict of interest. Even those approving the action often added that the director must obtain the approval of his supervisor, or that he must be careful to remain objective.

The answer seems to lie in the amount of the investment. If the testing firm in question were A. C. Nielsen, a \$20,000 investment would not be the determining factor. In smaller firms, however, a director would realize the direct relationship between his purchase of testing service and the profits of the firm performing the work.

Beyond those who passed the matter on to higher management, it would seem that respondents' answers were a function of their evaluation of the importance of \$20,000.

Line marketers as a group actually approved the action. Unfortunately, there was nothing in the comments to explain this difference. It could be the result of confidence that management has acquired for the integrity of researchers, or it is possible that \$20,000 has much less significance in their customary dollar frame of reference.

Today's Social Concerns

In the area of social concerns, action situations were to probe the matter of possible conflicts between a firm's self-interest and the natural desire of its marketing people to help their fellow men. Question areas were approached carefully since the strong differences of opinion were known. After some pretesting, it became apparent that most respondents were willing to accept all of the proposed areas of interest as having at least some ethical overtones. Not all did, however, and a few comments came back to the effect, "Don't know why you put this situation in a study of ethics—it has nothing to do with ethics."

1. General Trade Data to Ghetto Group

"The marketing research department of X Company frequently makes extensive studies of their retail customers. A federally supported Negro group, working to get a shopping center in their ghetto area, wanted to know if they could have access to this trade information. But since the M. R. Director had always refused to share this information with trade organizations, he declined the request."

	Approve	Disapprove
Research Directors	64%	34%
Line Marketers	74	25

Votes of two-to-one and three-to-one are rather overwhelming, and many respondents voiced strong opinions. "What's good for one is good for all." "Everyone must play by the same rules." "Federal or ghetto has nothing to do with it." The consensus was that out of respect to retailers cooperating in past studies or in terms of company profits, the decision was correct; consistency demands that the data not be shared.

Dissenters were divided into two groups. The first group cited the opinion that this is really a top management decision; the research director should not have attempted to make a judgment on his own. But the second group was more direct: "Assuming that the shopping center could improve the situation in the ghetto area, the director has an obligation to the group that transcends the normally ethical business position." "No—this is silly secrecy." "I strongly disapprove—we need to do every-

thing in our power to assist Negroes in their attempt at economic self-improvement." Whether correct or not, those favoring the release of such information constituted a minority.

2. NMAC Request for Recent Price Study

"The National Marketing Advisory Council (formed of top marketing executives and marketing educators to advise the Commerce Department) has a task force studying ghetto prices. The head of this study recently called to ask if they could have a copy of a recent X Company study which he understood showed that ghetto appliance prices are significantly higher than in suburban areas. Since X Company sells appliances to these ghetto merchants, the M. R. Director felt compelled to refuse the request."

	Approve	Disapprove
Research Directors	56%	39%
Line Marketers	46	51

Compared to the previous question, the approval rate declined, and line marketing executives actually moved to a point of disapproval. Respondents who felt that ghetto prices should not be higher, or at least not that much higher, were quick to say that social good overrides a loyalty to customers. As one respondent put it: "What's best for the public should have much greater weight than protecting their customers, especially when such customers are engaged in wrong practices." Another respondent went a bit further: "Protecting good and fair customers is one thing—protecting carpetbaggers is another."

These are ethical reasons for disapproval, but many were simply pragmatic: The study could be replicated—NMAC could obtain their own data—so what would be gained by refusing to cooperate?

Those approving the action did so usually on the basis that the company's first obligation is to its customers and to its profits. On the assumption that NMAC would stimulate some action contrary to the best interest of the ghetto merchants, the company would be neither economically wise nor ethically fair to its customers by revealing the data.

3. Assigning Man to a Ghetto Planning Group

"A local Office of Economic Opportunity group recently called to ask that the M. R. Director assign one of his men to the planning group working on the ghetto shopping center mentioned earlier. Since one result of such a center would be to force a good number of ghetto retailers out of business, and since some of these retailers were presently customers of X Company, the M. R. Director refused the request."

	Approve	Disapprove
Research Directors	41%	51%
Line Marketers	39	57

Similar reasoning supported approval here. Why should the research director be expected to act contrary to short-term profits and to the interests of present customers? These respondents saw no overriding ethical consideration and felt simply that the director should be a businessman, not a social worker.

Some dissenters stressed the social angle: "Assuming that the shopping center has been thoroughly considered and felt to be good for the community as a whole, Company X should help it." Others were pragmatic, saying that Company X would be of greatest service to these ghetto customers if it had a man involved in the planning—a man who could bring back progress reports and perhaps try to protect the ghetto merchants' interests in the shopping center planning.

4. Negro Account Executive

"The President of an interviewing firm which had been doing most of the field work for X Company wrote to say that a new account executive had been assigned to X. The new man was capable, personable, and black. The M. R. Director wrote back to say that there were no Negroes in the department at the moment, and that he felt it would be better all around if a different account man were assigned to X Company."

	Approve	Disapprove
Research Directors	5%	94%
Line Marketers	7	92

Little explanation is needed here. Comments ranged from, "This has got to stop—God help us if it doesn't," to "This is total bigotry." Respondents were adamant, underlining words, adding exclamation points, and in many cases berating the author for including this situation as an issue.

In fairness to reportorial accuracy, however, there were some approvals, the thought being that the research director knows his location and his people. If he is in a part of the country where feelings tend to run against this action, perhaps department morale demands a refusal on his part.

That the situation is not entirely unrealistic was underscored by one comment: "Give it a chance—it worked for us."

5. Hiring Jewish Marketing Analyst

"When interviewing applicants for a newly created analyst position, the M. R. Director was impressed with one man in particular. But he didn't offer him the job, since the applicant referred to himself as Jewish, and it was well known that X Company wanted no Jewish marketing people."

	Approve	Disapprove
Research Directors	26%	71%
Line Marketers	20	77

This situation was included in the study partly

to test the times, and partly to compare with the preceding one on the Negro. Respondents were sometimes quite indignant and disapproval was still quite overwhelming, but a significant minority approved, for two reasons. The first reason was the matter of company policy, and the second was the question of practicality. Is it wise to encourage a man of the Jewish faith to enter an environment where he would face personal abuse, and would find it difficult to work to his capacity?

Those disapproving the action cited the obvious reasons, and with frequent vehemence.

Other Ethical Problems in Marketing Research

A final section of the questionnaire invited respondents to list any other situations found in the field of marketing research which might be questioned from an ethical point of view. Of the many situations given, here are the ones thought to be of greatest interest, though none had more than a scattering of mentions:

1. Performing "research" work, either internally or as a consultant, which is specifically geared to gain conclusions sought by higher management.
2. The solicitation of research proposals from several firms, and then combining the best features of each into the one actually performed by the low bidder.
3. Long technical appendices in a study, or use of technical jargon in written or oral presentations, the intent being to delude the reader or listener regarding the thoroughness of the job or the competence of the researcher.
4. The pretense of survey research by firms selling products door to door or over the telephone.
5. Obtaining information by falsely implying that a respondent's superior has given his approval for disclosure.
6. Continuing a study to completion, after finding out late in the game that major errors have been made, the intention being to hide from management or client that costly backtracking should be undertaken.
7. Raising the payment to a research vendor for an upcoming job to make up for loss on last job, when costs were actually higher than expected.
8. A firm that is in the business of compiling cross-classified mailing lists using a fake survey form to obtain the necessary information.
9. The promising of a report of completed results, in order to gain respondent cooperation, but with intention not to follow through.
10. The failure to use techniques purported to

be used—particularly in the case of probability sampling.

11. The use of purported new techniques as a selling technique by marketing research firms and workers.

Conclusions

This study was not designed to yield definitive statements covering the ethics of marketers, or even marketing researchers, and any such conclusions at this point are entirely unwarranted. The study was designed to answer the question: Are there ethical matters within the field of marketing research which might be further investigated and discussed? The answer must be affirmative, since there are substantial areas of disagreement and disapproval.

Specifically, respondents disapproved of the use of ultraviolet ink, hidden tape recorders, and one-way mirrors (in a given situation), a particular price exchange program, an action relating to product misuse, the ignoring of executive distortions, conflicts of interest, the refusal of assigning a man to a ghetto business project, and personnel situations involving racial and religious discrimination. Yet very few veteran marketing researchers would claim they have not encountered such or similar situations.

Except in areas involving at best questionable law, nothing but one's conscience operates to inhibit these practices. There is no broadly applicable code, no board of investigation, no licensing authority, and no federal statement of research practice guidelines.

Thus, a situation seems to prevail where objectionable practices occur at least occasionally, if not frequently, without formal resistance. Under

stimulation from the vehemence of attack displayed by respondents in this survey and to forestall investigative action by a marketing researcher like Ralph Nader, the following future actions would seem to be in order (current activities in areas of credit investigations, data banks, and census questionnaires suggest there might not be much time):

1. Organize formal discussions of debatable practices, at the national level, via AMA task force.
2. Seriously investigate again the American Marketing Association Code of Ethics and appropriate enforcement procedures.
3. Develop, from these investigations, whatever program of activities appears necessary to markedly reduce the incidence of unethical research practices within the field of marketing. At a minimum, honest researchers deserve a public statement of their beliefs and convictions.

The survey also brought out clearly the evidence that top marketing managers have a set of ethical standards very close to that of researchers. The responses were amazingly similar, with management being only slightly less critical and differing significantly only on the matters of possible conflict of interest and the supplying of data to the National Marketing Advisory Council. It would appear that management would support efforts to reduce the incidence of questionable practices.

One might ask whether persons at the other end of the responsibility spectrum (business students) feel the same. Preliminary research here at The University of Michigan would indicate that they do, but this will not be known for certain until further research, currently under way and using the same forms, is concluded.