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VIEWS

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VISUAL SUMMARY



A close-up photograph of a hand drawing a long, slightly wavy line in the sand. The sand is a light tan color, and the line is a darker, more textured shade of brown. The hand is visible on the left side, with the index finger pointing towards the line.

DRAWING ETHICAL LINES IN COMPETITIVE-INTELLIGENCE RESEARCH

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The transition from traditional market research about a company's products and services, toward competitive intelligence raises significant ethical and legal considerations for both the market research buyer and the qualitative research consultant (QRC).

Conducting qualitative research requires significant elicitation skill so that people will open up and give you honest answers that lead to meaningful insights. But, when qualitative research efforts move from investigating a company's own products and services to focusing on a competitor's, other issues crop up. Competitive intelligence focuses on the moves made by a competitor in the past and those anticipated to be made in the future. In this domain, qualitative research skills elicit information from nontraditional research sources, and ethical and even legal issues abound.

In traditional market research, the practices of focus groups and in-depth interviews fall well within obvious ethical and legal boundaries. But what about interviewing customers and partners of a competitor? What about interviewing a competitor's sales staff? The transition from traditional market research about a company's products and services toward competitive intelligence raises significant ethical and legal considerations for both the market research buyer and the qualitative research consultant (QRC).

Legally, the Uniform Trade Secrets Act of 1985 and the Economic Espionage Act of 1996 apply. While it is important to understand the implications of these laws, a full legal discourse is beyond the scope of this article.

From an ethical perspective, though, it is the QRC's responsibility to determine where to draw the lines. The client is not doing anything wrong when yearning for answers to tough questions. Therefore, the QRC must have internal boundaries defined before discovering a project quickly sold, but uncomfortable to execute.

The buyers should be aware of the methods that QRCs will use to meet the research objectives. Do the contracts contain a code of conduct

specific to competitive-intelligence activities? Buyers should beware because not all vendors' ethical standards align with businesses' interests in avoiding unnecessary risk.

Even so, there is no reason to shy away from competitive intelligence. It isn't spy vs. spy or corporate espionage. QRCs can obtain extremely valuable information through completely legal and ethical means. To ignore competitive intelligence puts a client company at a competitive disadvantage.

ACME Asks for Answers

Consider the following hypothetical case study as a representative example of a qualitative competitive-intelligence request.

A client explains, "Our company, ACME, uses partners to sell our products. Many of our partners also sell Competitor X's products. I would love to know how our partners position our offering versus our competitor's. I have a feeling our own partners are talking us down."

This is an answerable question using perfectly legal methods. But, is the following approach ethical?

Researcher Calls Partner

Partner: Hello. How can I help you?

QRC: Hi. I am calling on behalf of a client, and I am interested in a couple of products. I understand that you guys sell ACME and Competitor X. Could I have a few minutes of your time to answer a few questions?

Partner: Sure. Who is your client?

QRC: Well, I work for [my company], and our client has asked us to look into this on their behalf, but I cannot disclose who our client is.

Partner: Sure, sure. But, let me look them up in our system because I could probably work a better deal for them if I know how much they are buying from us.

QRC: Yeah, I can't tell you anything about my client, but if you could answer a few quick questions, that would be great.

No information is so valuable that a buyer should proceed without a clear understanding of how a QRC will obtain that information. In competitive intelligence, it is not the information being sought but the methods used to obtain it that can land you in hot water.

[long silence]

Partner: Sure. What are your questions?

To those outside of the competitive-intelligence profession, a QRC's first reaction might be, "You call this research? People really do this?" In fact, this is exactly the approach some vendors use to elicit information.

But, is this approach ethical? The Society of Competitive Intelligence Professionals (SCIP) has published a code of ethics (www.scip.org/About/content.cfm?ItemNumber=578) that addresses many of these issues. The most relevant clause is "to accurately disclose all relevant information, including one's identity and organization, prior to all interviews." In the competitive-intelligence industry, what constitutes "all relevant information" is hotly debated.

Opinions generally fall into one of three camps. At one extreme is the viewpoint that the interviewer must disclose everything. This includes the goals of the research, what it will be used for, the identity of the client and anything else the interviewee may find relevant. Adherents of this philosophy argue that even secret shopping/mystery shopping is unethical. Any researcher, however, realizes that disclosing this level of detail could easily bias the results of even the most mundane focus group or IDI and reduce the validity of the research.

At the other extreme is the view that if it is legal, it is fair game. This includes posing as customers to solicit detailed proposals. This is clearly forbidden by the SCIP code of conduct, and most competitive-intelligence

professionals would have no part of blatant misrepresentation or dumpster-diving for information.

In the center is the viewpoint that the interviewer cannot lie or misrepresent but also is not obligated to volunteer information. From this viewpoint, the case-study conversation above is considered ethical, as the QRC made no false statements, even though the interviewee may be operating under the false assumption that the QRC is working for a potential customer rather than a competitor.

Next, let's look at an example from the buying side.

Buyer Discusses Project with QRC

Buyer: We think our competitor is winning deals by offering deep discounts. We would love to know how much they are discounting to get sales.

QRC: Sure. We can figure that out.

Buyer: That's great. How would you go about that?

QRC: It's better if we don't tell you our methods.

At this point, the buyer may think, "This researcher was highly recommended by a colleague who used his services. I have seen an example of his work, and it is very good." Still, an interaction like this should raise a huge red flag for the buyer. While the buyer may feel that the information would be extremely valuable for informing tactics and strategy, no information is so valuable

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that a buyer should proceed without a clear understanding of how a QRC will obtain that information.

In competitive intelligence, it is not the information being sought but the methods used to obtain it that can land you in hot water. An ethical researcher will always be willing to discuss, and even collaborate on, his or her methods.

Where You Draw the Line

Many in the competitive-intelligence field point out that transparency is essential for a well-functioning marketplace and that customers benefit when companies are able to clearly differentiate their offerings from those of their competitors. Further, since gathering competitive intelligence is common practice, were a company to eschew the methods likely utilized by competing organizations, it would place itself at a disadvantage.

Even so, some QRCs have made the decision that the “ick” factor of such work is too significant and that they can run a thriving practice and deliver significant value without ever taking on projects that bump up against these ethical issues.

Many QRCs admit that they have never faced these issues directly and, as a result, have no defined policies on the matter. But the time to consider the ethics of competitive elicitation is now, before a defined opportunity presents itself. When the opportunity to land a lucrative competitive-intelligence project appears, it will both force the creation of ethical guidelines and impede the ability to do so rationally.

From the buying side, it is also important to consider the ethical implications of competitive intelligence sooner rather than later. Avoiding these conversations will likely result in the legal department crafting policy in your absence. Corporate legal teams are often motivated to exorcise anything that bears a resemblance to risk. Without guidance, their knee-jerk reaction may be to simply slam the door on competitive intelligence altogether.

In the end, each organization draws its own conclusions regarding which practices it will employ and which it will not. Thinking through these issues beforehand will ensure decisions based on clear reasoning about how ethical elicitation fits within the culture and ethos of your business. 

