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ESOMAR hits selling disguised as research

BY LYNN COLEMAN
Assistant Managing Editor

SELF-REGULATION of telemarketing activities is being called for by ESOMAR (the European Society for Opinion and Marketing Research) to stem potential backlash against marketing researchers.

At issue is the practice known as "sugging," an acronym for "selling under the guise of market research," which has become a major problem in Europe, according to Fernanda Monti, secretary-general of ESOMAR in Amsterdam.

A discussion document was drafted last year by John Downham, outgoing chairman of ESOMAR's Committee on Professional Ethics and Standards, and submitted to key marketing associations and research companies worldwide for comment. The comments received so far favor adoption of the proposal, Monti said, and many re-

The public may become increasingly irritated with unsolicited calls, especially if they're for sales purposes.

—Fernanda Monti
Secretary-General, ESOMAR

spondents suggested that the tone of the draft document is not strict enough.

Downham, a research consultant and retired head of marketing research at Unilever in London, is studying the comments and will submit a final version of the document to the ESOMAR council for approval at its February meeting.

FEAR OF LEGISLATION is the driving force behind the proposal. Monti said Germany has passed a law

prohibiting companies from calling people in their homes for any reason.

"We don't want that to happen everywhere," she said.

Because of the interdependence of European countries, legislation in one country has a negative effect on all European marketing research firms, Monti said. ESOMAR also is concerned that the growing use of telemarketing will have increasing effects on response levels to telephone research.

The general public often is unable to differentiate between marketing research and telemarketing, she said, and may become increasingly irritated with unsolicited calls, especially when they are for sales purposes.

AS IT STANDS, the draft document outlines the dangers of sugging for the marketing research industry and offers recommendations for self-regulation that may help marketing researchers avoid the difficulties of restrictions imposed from outside the profession.

The recommendations include the following:

- When marketing research and telemarketing are carried out within the same organization or group of companies, the two activities should be clearly differentiated in the minds of consumers. Different company names and business addresses should be used in conducting the different activities, even

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Without good research, quality is shot in dark

BY JOHN R. HAUSER
and ROBERT L. KLEIN

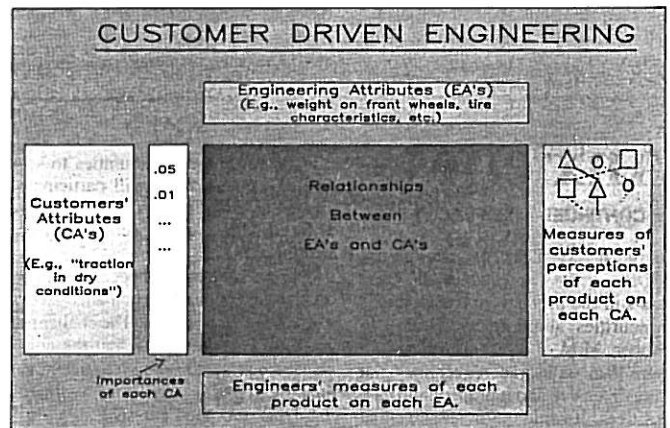
EXPERTS in every branch of engineering, design, and manufacturing preach the gospel of quality, and more companies are making quality part of their advertising and corporate goals.

Unfortunately, too many marketing researchers think quality is a problem for the engineers alone to solve. Or they think that their only role is to point out how bad the problem really is.

In reality, the role of marketing re-

searchers is much, much larger. Without good market research, the company aiming for better quality may be taking a shot in the dark, because defining exactly what quality means is a job that can be done best by market research.

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This diagram represents the information provided by marketing research and by engineering in Customer Driven Engineering.

Ease anxieties of elderly or disabled participants during focus groups

BY FRANK CAMPBELL

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Quality

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Some innovative engineering groups do have a big part of the solution. A procedure called Quality Function Deployment (QFD) has been imported from Japan in the last few years and applied in a growing number of companies in the U.S.

Toyota and Nissan claim QFD leads to higher quality and manufacturing-cost advantages. Ford claims to have adapted this technique to American manufacturing with great success. General Motors is committed to it for one of its new car lines. Leading high-tech companies including Digital Equipment, Hewlett-Packard, and Polaroid underline their commitment to quality (and assure their continued competitiveness) with this focus.

The concept is simple. To assure that customers perceive products to be of high quality, manufacturers must deploy the voice of the customer throughout design, engineering, manufacturing, and distribution.

They do this by first identifying their customer's needs and wants, deriving customer-based specifications that define quality in customer terms, and then focusing manufacturing resources on achieving that definition of quality.

What makes this a real revolution and a tremendous opportunity for market research is that for the first time, in many cases, engineers and designers are being pushed to think explicitly about who their customers are and what they need the product to do for them.

In the past, most engineers and those in the quality control business defined quality as "zero defects" or "conformance to specifications." This definition often missed the mark because it left open the important issues of exactly whose specifications were being met.

Anxieties

— CONTINUED FROM FRONT PAGE

sharing her feelings in the focus group. Once trust was established, there was still the problem of the women's insecurities about their abilities to mother. Most of these women had no more than sixth-grade educations and were defensive about proper child care practices. It came out in sessions that they didn't attend the program for fear they would be found to be unfit mothers.

The radial tire that wears out at 30,000 miles might meet all its manufacturing specifications (because it was designed to be a 30,000 mile tire), but it will be perceived as "poor quality" by the customer who believes that radials last 40,000 miles.

Customer Driven Engineering (CDE) is a market research model and measurement system that defines quality as "conformance to customer specifications" and begins with the identification and specification of customer wants and needs that then can be used to drive the design, engineering, manufacturing, and distribution processes.

Consider an illustration from the automobile industry. Because automobiles are complex, we look at just part of the design. Let's consider the customer—Fred—who commutes daily, an hour each way, through traffic and hot weather on toll roads to a middle-management job.

Like any other product, automobiles benefit when different designs are targeted to particular segments. An important role of market research is to identify segments of the population that demand different specifications and that are large enough to be profitable targets.

Fred leaves early each morning and has coffee and a doughnut as he drives. He must get to maps quickly to check alternative routes suggested by traffic reports. Exact-change lanes are faster so he wants change on hand that he can reach with his left hand.

A coin box on the left corner of the dashboard, one or more map pockets, and a place to put coffee and a doughnut without spills or mess are all obvious features for Fred. But less obvious and just as important are good visibility for changing lanes, good acceleration for merging, smooth shifts that don't spill coffee, comfortable seats, an effective heating and air conditioning system for two hours of commuting, seats that don't wrinkle his suit, and a convenient place for his

and spouses, and they fear what lies ahead. Eager for opportunities to socialize, some seniors will participate in a focus group only to become angry if faced with issues of dependency or declining health.

During one group, it became necessary to first address participants' anxieties about growing old. The challenge in this group was to present the convenience products being researched as making life easier for the user without implying the need for such items as one grows older.

Items ranging from the practical to the luxurious were presented. Given



John Hauser Robert Klein

briefcase.

Fred also uses many of these amenities 10 hours a week. Cheap plastic coin boxes, map consoles or pockets that don't close right, or a transmission that occasionally clunks can leave Fred with the perception that the car is not high quality because it does not conform to his specifications.

On the other hand, Fred may not want, and will not judge quality by, a roof rack or increased rear seat room, especially if it means giving up something important like a roomy front seat.

Because he relies on his car every business day, Fred hates to have his car in the shop, even if it is a repair that is free under the warranty. Convenient, quick dealer service means no lost wages.

CDE assures Fred that he gets what he wants in a way that is profitable for the manufacturer. The first step is traditional market research (focus groups, surveys of customer perceptions, and perceptual maps) to identify the customer attributes (CAs) important to each target segment. Preference analysis then can provide priorities for product design.

It is important to note that CAs will rarely be expressed in units that are directly usable by engineering or quality control. CAs are defined in the customer's language of quiet ride, roomy front seat, and quick acceleration, rather than the engineers' decibels, millimeters, and seconds.

Next, engineering attributes (EAs) must be linked to CAs. For example,

acceleration, gradability, hauling capacity, and engine noise all have causal impacts on customers' perceptions of power. These EAs become important if power is one of the important customer attributes.

These EA-CA linkages specify the amount by which changes in one or more EAs cause changes in CAs. They are the heart of CDE.

Of course the engineering challenge remains to link EAs such as acceleration, gradability, etc., to more fundamental characteristics such as horsepower, weight, gear-ratios, and wind drag. Once these linkages are made, it is important to link the engineering design to the manufacturing process.

Design engineers use these EA-CA linkages, and the costs of delivering each of the EAs, to make tradeoffs in the physical product. Quality control monitors the EAs that have big impact on important CAs, and manufacturing selects tolerances and implements monitoring systems that emphasize the identified EAs.

Suppliers of raw materials and parts are encouraged to use their own CDE systems to assure that their customer (the manufacturer) is satisfied.

Our growing experience suggests that a successful CDE application begins when a team combines marketing, engineering, and manufacturing expertise to identify a CDE matrix.

The rows of the CDE matrix are the CAs. These CAs are usefully grouped into higher level bundles for managerial action and conceptual understanding. The columns are EAs, which may also be grouped to identify subsystems for engineering design or manufacturing responsibility.

The team provides judgmental estimates of which EAs affect which CAs, and by how much. More formal techniques, which include conjoint analysis, statistical analysis, actual experiments, and expert opinion, can provide improved, actionable estimates.

The customer preference analysis

allocates measurement and experimental efforts toward those CAs, or bundles of CAs, that matter most to the customer.

The methodological challenge of CDE is to link the EAs to the CAs in a manner that is valid, reliable, and provides usable guidance to engineering, quality control, and manufacturing.

A typical new product could have 50 or more CAs and twice that many EAs. Reliance on any single model or measurement procedure can lead to real dangers. Conjoint-like techniques, where customers rank or rate product descriptions (clusters of EAs) on CAs, can provide valuable input, but the task for any realistically sized problem is overwhelming, and realism is an issue.

On the other hand, econometric techniques (statistical analysis of EAs and CAs for a sample of real vehicles) run aground of collinearity. That is, many EAs (length, wheelbase, front seat room, engine size, etc.) vary together in the data, so much that individual effects are confounded. Even in our example, acceleration, gradability, and hauling capacity are all interrelated.

Each CDE application must be customized to the industry and to the corporate culture of the manufacturer. When feasible, state-of-the-art market research and statistical techniques quantify the impacts of engineering changes on customer attributes.

When complex engineering decisions are required, judgmental techniques summarize relationships in a form that managers and engineers accept. Each application requires the diverse skills of sophisticated market research, engineering, manufacturing, and quality control.

CDE is a commitment through the life cycle of the product. The customer-driven design is examined through pre-launch customer exposure. Product launches are monitored carefully for

CONTINUED ON PAGE 43

discuss the idea of a sexual abuse program.

In those parts of the U.S. where no child abuse prevention programs existed, the curriculum met with hostility and denial that sexual abuse even existed. In some areas, people maintained this was a family matter and exempt from public intervention.

In areas where abuse prevention materials could be marketed, material would be in the context of a child safety curriculum. The use of fear tactics in educating parents and the public were eliminated. The focus was

could clearly recognize the value of these products for others in the group.

While denying the extent of his own disability, he contributed to the group by encouraging others to test the products and identify how they could make life easier.

Although Mr. S. was the most visibly disabled person in the group, he was only recently afflicted and needed to deny the permanency of his condition. Taking my cue from his, I did not personalize any questions to his needs; rather, I tailored them to the needs of other disabled people.

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Bookshelf

Focus Groups

By Jane Farley Templeton, Probus Publishing Co., 118 N. Clinton St., Chicago, IL 60606, 315 pp., \$24.95. A guide for marketing and advertising professionals that explains how to design and organize focus groups. *M*

Quality

CONTINUED FROM PAGE 2

early customer feedback, in-use analyses identify product improvements, and periodic customer input identifies solutions to problems before they undermine a product's reputation.

When CDE is implemented properly, the benefits are tremendous.

Because the product is designed and built with customer input, the customer is willing to pay for the product's benefits. This means higher margins and more sales. Because engineering, manufacturing, and quality control are involved from the beginning, because key tradeoffs are made early, because

the focus is on relevant qualities throughout the design and manufacturing process, the complete costs are decreased and the product is perceived by customers as being better built.

All of this leads to a competitive advantage that is hard to beat.

Our example was drawn from automobiles, but CDE applies to almost any product. The heavy-duty, fast-action feel of the keyboard, the crispness of the text on the monitor, the effective speed during an application program, and the quietness of the cooling fan affect the image of a desktop computer.

Even in services, CDE establishes the appropriate level of personal contact and which protocols have the right professional image. *M*

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