





# The Pool Is Drying Up

Consumers represent a finite resource—for researchers and telemarketers alike.

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The pool of consumer participants in survey research and telemarketing efforts is a resource to be shared among both the research and telemarketing communities. This resource is in danger of being depleted due to apparent widespread abuse of consumers as participants in survey research and as targets of direct marketing. Unfortunately, the authors say it's too late for a simple solution to the problem; only a change in values and practices by both groups can turn the tide.

Consumer participants in survey research are perhaps the most precious resources available to both practitioner and academic researchers. In fact, the confidence of the public and its willingness to cooperate when asked for “a few minutes of their time” are the *sine qua non* of the research industry. Likewise, the availability of a willing and interested public is an equally important resource for telemarketers.

There is evidence, however, that this resource is becoming increasingly scarce, as consumer willingness to participate in surveys and/or consider telemarketing appeals declines. Problems facing marketing researchers and telemarketers are inherently interconnected, as many consumers and legislators fail to distinguish between telephone surveys and sales solicitations.

The base of respondents in total can be viewed as a “commons” to which all parties have relatively easy and equal access. But the fact that there is

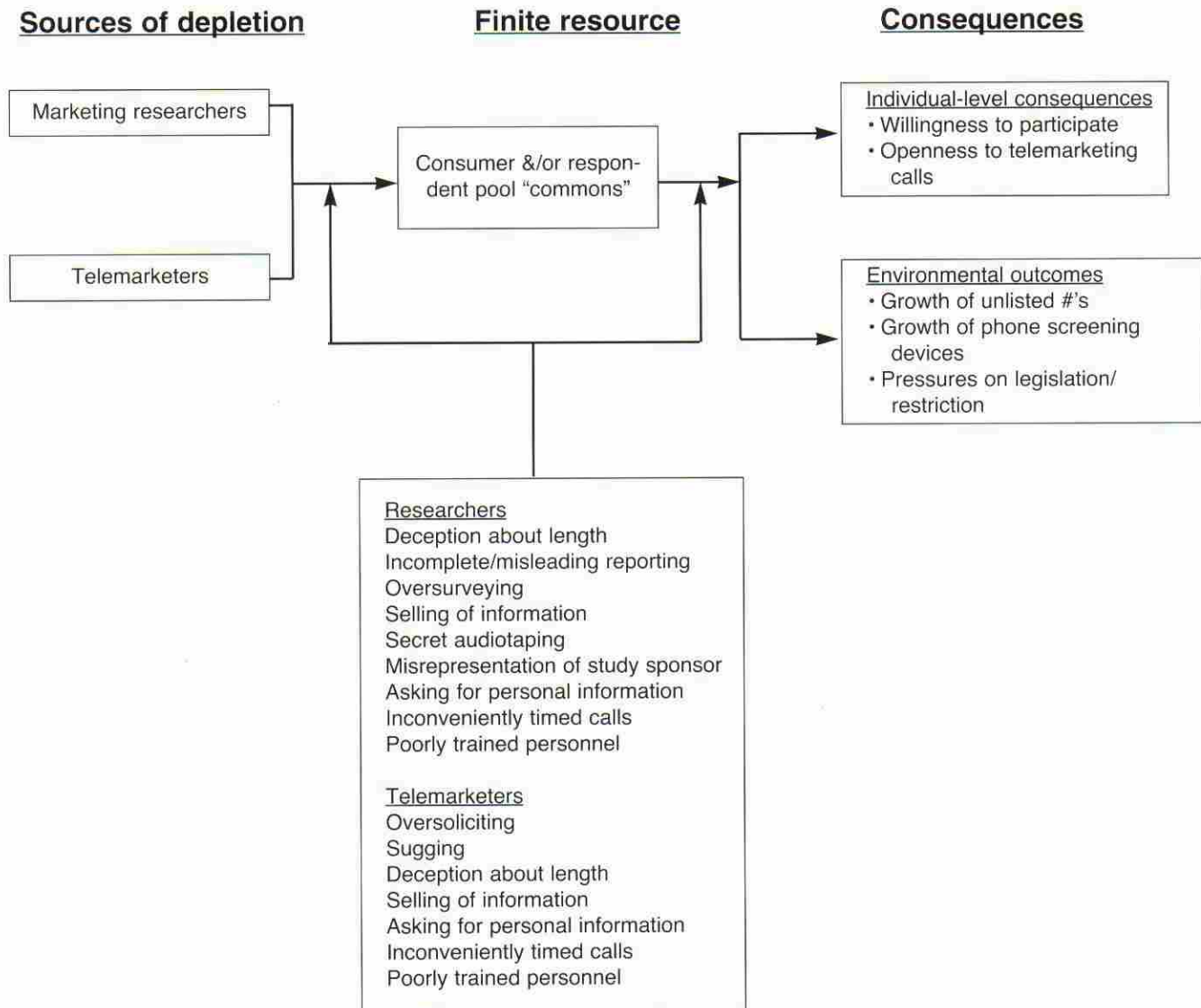
uneven regulation access to this pool has placed the marketing community in a vulnerable position. In particular, if telemarketers and researchers continue “using up” the resource, it might eventually become incapable of supporting research and/or unwilling to permit telemarketing efforts.

Some classes of problems have no “technical solution”; that is, they cannot be solved without a change in human values or ideas of morality. We think the consumer survey/solicitation issue belongs in this class of problems because there is no simple technical solution to the apparent widespread use and abuse of consumers as participants in survey research and as targets of telemarketing.

Several factors are contributing to the problem. Although each consumer can potentially respond to a very large number of surveys or telemarketer communications, he or she will have limits imposed by factors such as available time, resources, patience, and knowledge and experience about a particular product or consumer-related issue. And, not unlike individuals who repeat-

## Exhibit 1

### *Depleting the respondent pool: sources and consequences*



edly serve as respondents in focus groups, consumers who participate in multiple surveys can become biased because of their "proficiency" or knowledge of the research practice.

There are many potential sources of error in survey research, but the most disturbing are those that threaten the representativeness of the sample. Lack of representativeness resulting from noncoverage, refusals to participate, and other forms of nonresponse jeopardize the accuracy of survey results. Evidence suggests that the decline in participation rates is already occurring and may accelerate.

According to a 1994 Walker Industry Image Survey, one out of three respondents refuses to participate in a survey or poll. Additionally, the results of a soon to be published study on survey responses by the Council for Marketing and Opinion Research (CMOR) reveal that, even for respondents who *do* participate on occasion, 38% have refused in the past year.<sup>1</sup> And, this amount is above and beyond an unknown core of consistent refusers.

Telemarketers are facing a similar situation. The number of telemarketing firms has risen from 30,000 in 1985 to more than 600,000 in 1995.



According to industry sources, more than 25 million solicitation calls are made per day, generating total sales of almost \$400 billion per year, including business-to-business transactions.

This growth has been driven by the recognition that telemarketing efforts are as efficient economically as direct mail. However, the growth in the number and frequency of solicitations by telemarketers, as well as many well-publicized telephone fraud schemes and growing concerns about privacy—including the collection and use of information about consumers—have led to a declining willingness to consider direct marketing appeals and to increasing concerns about the safety of information given over the phone.

## THE 'COMMONS' GOOD

Thirty years ago, scientist Garrett Hardin used population growth as an example of a problem with no technical solution. Specifically, he said that the human race wants to avoid overpopulation without relinquishing the right to reproduce. However, the only way in which the human race can preserve all of its freedoms, such as the right to share in the “commons” (the environmental resources that we all share), is to relinquish to some extent the freedom to reproduce. Thus, the solution to the overpopulation problem requires a shift in human values, a much more difficult process.

The problem of a dwindling respondent pool can be seen as generally analogous to the population example described by Hardin. Specifically, the research and telemarketing community must relinquish somewhat its freedom to share in the commons of consumer respondents to be able to preserve its freedom to continue surveying.

Applying Hardin’s utility analogy to survey research, the “tragedy of the commons” becomes clear: Any one marketing researcher receives all the benefits or utility from the conduct of a marketing research survey for a client; however, the negative effects contributed to oversurveying from another study is shared by all researchers, diminishing the negative utility for any individual researcher or research firm to only a fraction of the total loss. Adding together the positive and negative utilities leads the rational researcher to conduct another survey, and similar comparisons are applied to conducting additional direct marketing campaigns.

It should be kept in mind, though, that the interests of marketing researchers and telemarketers are not the same. Marketing researchers operate in an environment in which the notion of a nonrenewable resource is more consistent with the value structure of the industry. That is, the

very dependence of researchers on information from the available respondents dictates that they develop a concerned, long-term relationship that encourages high percentages of sample members to participate. Consequently, researchers should be motivated to act in the interests of respondents.

In contrast, telemarketers are less likely to recognize this because they are in such a competitive arena that they have no long-term commitment to a particular form of communication. More specifically, telemarketers will continually seek out opportunities in different forms of communication as they arise, such as cybermarketing or other forms of contact with consumers. More specifically, the success of many telemarketing companies is contingent upon the numbers of consumers contacted in situations where the probability of any one successful interaction is low. Yet, whatever the vehicle, the same pool of consumers will ultimately be the target of both telemarketers and researchers. Solutions to oversurveying and/or oversoliciting, as well as abusive practices, will require industry self-regulation stemming from changed values among researchers, telemarketers, and consumers/respondents themselves.

## DEPLETION MODEL

Exhibit 1 depicts the sources and consequences of depleting the respondent pool. Also shown are the most important factors that will lead to both individual-level and environmental consequences.

### Contributing Factors

The mitigating factors are depicted in the exhibit as affecting the relationship between marketing researchers and telemarketers in addition to the consumer respondent pool. Factors such as the frequency with which each source of depletion utilizes the consumer respondent pool and the increased use of questionable practices in approaching and interacting with consumer respondents, are shown as increasing the speed with which the pool is depleted. As these factors increase in intensity, the depletion will become more rapid.

Likewise, these factors are shown as influencing the relationship between the depletion of the respondent pool and the subsequent individual and environmental consequences. As each of the factors increases in intensity, the various consequences of depletion of the respondent pool will

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become more pronounced.

Selling under the guise of marketing research (sugging) and fund-raising under the guise of marketing research (frugging) are now widely recognized unethical direct marketing practices. But other ethical conflicts arise when researchers perceive that their responsibilities toward the client are inconsistent with the responsibilities toward study participants and/or survey respondents. For example, deceiving respondents about the true purpose of a study can help ensure more reliable data for clients, but it is nonetheless an abuse.

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Although not as egregious as using research as sugging, any deception can damage long-term perceptions of marketing and opinion research.

The extent of unethical practices by marketing researchers is acknowledged by consumers and researchers alike. A recent study by N. Craig Smith and Jill Klein demonstrated

some general agreement between consumer respondents and research practitioners regarding the nature and extent of unethical research practices. In addition, 20% of the consumer respondents felt they had been treated unethically in prior survey participation. Frustration over perceived abuse would certainly seem to influence willingness to participate in survey research.

Changing this perception of abuse, through changes in marketing research practice, or through better communication with respondents, represents one opportunity to remedy the current decline in response rates. Most unethical practices are prohibited under various codes of ethics that guide the marketing research industry, yet unethical and questionable practices continue. Perhaps a lack of concerted effort at enforcing such codes is responsible for these continued behaviors. Moreover, researchers agree that for some practices, such as the use of simulated test market models that involve selling efforts and subsequent purchase decisions by study participants, sponsor and study-purpose deception are unavoidable if unbiased information is to be collected.

Sugging is now illegal under the Telemarketing and Consumer Fraud and Abuse Prevention Act. This legislation will undoubtedly help the research community. However, aside from legislation prohibiting specific behaviors,

there appears to be little incentive for telemarketers to reduce their sales attempts. Consumers' negative responses to telemarketing efforts in which some deception is used, and the subsequent reduction in telemarketing effectiveness, can perhaps reduce the attractiveness of these practices.

Additionally, even though the implications of oversolicitation and oversurveying are most directly related to the use of telephone contacts (for sales or marketing research), they can also be seen as relevant for mail appeals (including both research surveys and direct mail efforts). As consumers grow skeptical of approaches that overtax their willingness and/or signal their reduced privacy, they will react negatively no matter what the method of contact.

Oversurveying perhaps presents the research community with the most difficult dilemma. A primary cause of the problem is companies' need to acquire increasing amounts of information about customers in a competitive and complex global environment, and there appears to be little incentive for them to stop. However, consumers have become more and more concerned about the amount of information about them that is gathered and shared among marketers. Indicative of the alarm over perceived loss of privacy, a 1994 Harris-Equifax Consumer Privacy Survey reported that 84% of respondents were very or somewhat concerned about threats to their privacy.

The emphasis on collecting information from consumers is exacerbated by the growth of database marketing. Increasingly, companies are collecting information on customers and using this information to target their marketing communications, often in attempts to develop one-to-one relationships. The lists employed in targeting efforts are frequently sold without customer knowledge or consent.

Although a relatively recent phenomena, database marketing programs are forcing important choices by consumers, companies, and legislators. These choices are changing society's view of what constitutes good marketing practice in the United States and worldwide, particularly in instances where the use of new technologies to target customers, tailor messages, and maintain relationships accelerate the use, and potential abuse, of information about individuals.

The potential abuses from the new information technologies raise two fundamental privacy and/or information use questions: (1) Should companies be allowed to acquire and store information about individuals without their knowledge and consent? and, (2) Should companies be allowed to disclose information about individuals to other parties without their knowledge and consent?



## Consequences

The consequences of depleting the consumer respondent pool are individual and environmental in nature. Many consumers will simply refuse to participate in surveys in the future, and will be less open to telemarketing calls. Environmental consequences reflect changes in behavior patterns. Specifically, as consumers continue to feel abused, they might ultimately seek means to prevent such abuse, by having unlisted telephone numbers and increasing call screening. New devices such as Caller ID that can identify the parties making telephone calls are also potential safeguards available to consumers. Finally, as consumer concerns and frustrations grow, they may seek protection through proactive support of legislative restraints.

## CANDIDATE RESOLUTIONS

To date, self-regulation has been offered by the research community as the primary "solution" for protecting consumer respondents from unethical and abusive practices. For example, CMOR drafted a Respondents' Bill of Rights in 1994 to guarantee respondents' privacy and to force explanations regarding researcher expectations of respondents from participating in marketing research. Likewise, the Direct Marketing Association and the American Telemarketing Association support efforts to reduce consumer abuse as respondents to sales pitches.

But a solution that requires changes only in the techniques, either self-imposed or legislated, will not resolve the problem; researchers and telemarketers also must change their values and behaviors. Specifically, the research industry should guard against relying on a "holier-than-thou" position vis-à-vis the telemarketing industry. Efforts to exclude the research industry from forthcoming legislation will not directly address all the problems associated with the respondent pool and the willingness of consumers to participate in marketing research studies.

Much of the recent pressure toward increased legislation stems from concerns over privacy. These worries have been elevated both by the growth of telemarketing and by the abundance of telephone surveys. So, even though concerns over survey participation are endemic to the research community, privacy concerns encompass the practices of telemarketers and researchers alike. The privacy rights of children are a growing concern to the FTC, particularly as access to the Internet increases.

The marketing research and telemarketing communities will ultimately infringe upon each other to the point that consumer privacy is not

protected by the self-regulating policies of each group. In fact, many fear that legislation devised to regulate the telemarketing industry will affect the marketing research community because politicians do not always distinguish between telemarketing and telephone research surveys. Privacy legislation may well restrict the information marketing researchers can request as well as the efforts of telemarketers. Research industry leaders must take a more proactive stance and work with legislators and consumer and privacy advocates who are now in the process of drafting rules that will govern the telemarketing industry.

Part of the solution to the problem might involve providing sufficient compensation to respondents to gain their participation in surveys. Convincing consumers that their responses to a particular survey will improve the products and services they purchase might not be seen as a sufficient trade-off anymore—respondents might start to demand more tangible reparation for their time and information.

## Specific Recommendations

Industry experts have recommended many steps that researchers, telemarketers, and consumers can take to solve this problem.

**Researchers:** Many researchers believe that treating consumers like valued customers will go a long way toward improving consumer cooperation in marketing and opinion research. The development and the strengthening of the research process itself can enhance the treatment of consumers as participants in survey research. Forewarning consumers of forthcoming surveys can increase both response rates and public opinion of industry professionalism. Debriefing should be the norm in instances when any deception is involved.

Researchers should facilitate the respondent's right to terminate interviews, as well as acknowledge the use of any audiotaping. Respondents also should not be deceived about the length of telephone surveys and be fully informed about all intended uses of the information obtained.

The design and administration of the research itself should reflect the highest possible standards

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# The Direct Marketing Telephone Preference Service and Mail Preference Service assist consumers in decreasing the amount of commercial calls and mail received at home.



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of quality. Specifically:

- Interviewers should be properly trained and supervised; they are the boundary personnel with whom respondents interact, and these interfaces are critical in eliciting respondent cooperation.
- Surveys should be pretested and revised for ease of administration and understanding.
- Respondents should be informed of the personal relevance of the research being conducted. For example, and as underscored by the forthcoming CMOR study of survey response rates, customer satisfaction studies, which can be considered higher in personal relevance than opinion polls and offer such surveys of the general public, are typically associated with lower refusal rates than other types of marketing research.

Other proactive behaviors also are possible. Some research firms have enacted 800 telephone numbers, in part, for answering respondent complaints and questions and for correcting misperceptions consumers have about research. Second, efforts on the part of industry spokespersons to educate the general public about the benefits of research should continue.

**Telemarketers:** Salespersons should make it easy for respondents to end the call if they become uneasy or concerned. The use of audio-taping and the actual anticipated conversation length should be forthrightly explained. All uses of any information obtained (including the sale of customer lists) should be acknowledged, and the sponsoring organization and the purpose of the call should always be a part of the telemarketer's introduction, as required by law. Finally, telemarketers should ensure the professionalism of all salespersons through adequate training and supervision.

The FTC's 1995 Telemarketing Sales Rule provides much direction to law enforcement agencies and consumers about the differences between fraudulent and legitimate telemarketing. The key provisions of the Rule require specific disclosures, prohibit misrepresentations, set limits on the hours

telemarketers may call consumers, prohibit calls after a consumer asks not to be called, set payment restrictions for the sale of certain goods and services, and require that certain business records be kept for two years.

**Consumers:** Retentive consumers should be encouraged to remove their names from any lists and/or should request that they not be called again. The Direct Marketing Telephone Preference Service and Mail Preference Service assist consumers in decreasing the amount of commercial calls and mail received at home. Consumers also should report all instances of illegal or deceptive calls.

Similar to the efforts to educate the public about the benefits of research, the telemarketing industry should continue its work promoting the rights of consumers. Consumers can also force the issue of disclosure by asking the purpose of the research. Finally, they should exercise care in making purchase decisions. For example, requests for offers in writing can be effective in politely postponing quick transactions as well as identifying fraudulent schemes.

## SHARING THE BLAME

Lack of consideration for and abuse of respondents, suggesting, and oversurveying have been cited as the primary reason for declining participation rates among the general public. Yet, marketing researchers are often unaware of the impact their actions have on consumers' attitudes, which contributes to the problem.

Excessive frequency of contact, even from nonabusive methods, also negatively affects the respondent pool. Actual abuse, even if only infrequently encountered, can be even more damaging. Unfortunately, efforts made by the marketing research industry to address respondent abuses might not adequately address questions of frequency. ■

## ENDNOTE

<sup>1</sup> Even though the complete results of the 1997 CMOR study are not yet available, we obtained key findings from Harry O'Neill, vice chairman of Roper Starch Worldwide, New York, and coordinator of the 1997 study whose findings are forthcoming.