

ESOMAR WORLD RESEARCH CODES & GUIDELINES

# CUSTOMER SATISFACTION STUDIES



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# CUSTOMER SATISFACTION STUDIES

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# CUSTOMER SATISFACTION STUDIES

## INTRODUCTION

Customer Satisfaction Studies (CSS) have been carried out for very many years. More recently their importance and role have however altered considerably. First, they have become one of the fastest growing sectors of the research industry. Second, their role has changed in response to increasing competition in world markets and the growth of newer forms of marketing. In the past CSS were primarily a method of monitoring company performance and of understanding market dynamics. Now they assist also in the extremely rapid development of customer relationship marketing and database management. Current customer satisfaction studies can thus range from projects on how and why customers respond as they do to a client's products or services, to others which are designed to enrich marketing databases and to help strengthen direct one-to-one relationships between the client organisation and its individual customers.

Two different types of project may therefore be carried out under the general description of CSS. In the first type the respondent's anonymity will be safeguarded, and all personal data collected will be treated as fully confidential and used only for market research. In the second type such

anonymity is not provided because the data, including personal data, will later be used to approach the respondents individually for purposes other than market research.<sup>1)</sup>

As the ESOMAR Guideline on Maintaining the Distinctions between Marketing Research and Direct Marketing emphasises, projects of both types are legitimate and valuable forms of activity with which researchers can be involved. The second type does however raise certain questions about the most appropriate positioning of some types of CSS vis-à-vis other forms of marketing activity. When can CSS be conducted as a form of market research in accordance with the ICC/ESOMAR International Code of Marketing and Social Research Practice and with the Guideline just referred to and when must CSS be conducted as a form of direct marketing or other 'non-market research' activity?

Please note that this Guideline is subject to review as industry policies and practices evolve.

## BASIC CONSIDERATIONS

Market research is a form of scientific and statistical research. As such, it can benefit from certain advantages under Data Protection legislation. Potentially the most important advantage is that it may not be subject to at least some of the legal and other constraints which are being placed on the carrying out of direct marketing activities of different kinds. Such constraints, if applied to market research, could make it much more difficult to conduct research than in the past. In particular, they could make it far harder for researchers to have access to significant sections of the population, greatly increasing the problems of achieving the full and willing cooperation of representative samples of respondents.

This makes it vital to organise and carry out CSS in ways which do not jeopardise the relative freedom to carry out market research surveys but which at the same time do not unnecessarily restrict the ability of researchers also to handle projects which do not fall completely under this heading.

The Guideline on Maintaining the Distinctions spells out a number of ways in which market research activities differ from those of direct marketing.

However, the most critical distinction between scientific market research and other forms of activity is the way in which any personal data collected from respondents may be used. In the case of scientific research all such data must always be treated as confidential, and never be used for any purpose other than market research. They must not, for example, be released in a way which might make it possible for such personal data to be used for any follow-up individual marketing approaches (e.g. those involving sales or promotional activities) to the respondents who have provided the data.

Because of the wide variety of different CSS studies it is therefore vital to identify where the appropriate boundaries lie - the boundaries between work which can validly be described as "market research" (i.e. as "scientific") and work which does not qualify under this heading and which therefore needs to be handled somewhat differently in the way the data are collected from respondents and how the study is described to them.

## THE DIFFERENT CATEGORIES OF CSS

The main varieties of CSS work fall into one of the following categories:

### (A) CATEGORIES WHICH QUALIFY AS MARKET RESEARCH

(1) Research projects where the researcher draws the sample of respondents from the relevant general population, not from any outside list; and where no personal data of any kind are released to anyone not working on the project as a market researcher, or incorporated into any non-research database. The results of such research are presented only in fully-anonymised form.

(2) Research projects where the sample of respondents is drawn from a client's (or other) customer/ mailing list. Drawing a sample in this way is perfectly legitimate provided that the individuals on the list have previously been told that they may be approached for research purposes and they have consented to this, and the list has been appropriately registered. In addition to this the data controller has a responsibility to keep the list up-to-date and to conform to this requirement, any case where an address supplied from the

list proves to be obsolete because the named person has died or moved away should be notified to the owner of the list. However, passing on any further information (such as that person's new address) will jeopardise the status of the project as "scientific research" since it is likely to count as a form of marketing database enrichment. It is also legitimate, in the respondent's interests, to arrange for a marker on the relevant database to indicate that a particular respondent should not be re-interviewed or contacted for further market research purposes. If any additional information is to be passed on, the project then falls into category (4) below.

(3) In either of the above categories there will from time to time be cases where the respondent spontaneously asks that additional personal information be relayed back to the client. An example would be where the individual concerned has an unresolved problem or complaint which they wish the client to deal with. At present the status of a project where such a request is granted by the researcher is sometimes unclear as data protection rules are concerned, but in some countries it appears that if the researcher were to relay any such personally-identified data back to the client this would mean the

project as a whole could be regarded as moving over the boundary into a form of direct marketing activity (i.e. it would be a way of directly enhancing the client-customer relationship, not being simply a form of scientific research). In such countries there should be no problem in providing the respondent with the name/address/telephone number of the appropriate person to contact in the client organisation (the arrangements can be agreed with the client in advance) so that the respondent can him/herself discuss the issue with the client. For researchers in such countries themselves to act as the channel of contact by passing over names and addresses or any other personal data moves the project into the next category, (4). In case of doubt, the most conservative interpretation should be followed.

**(B) CATEGORIES WHICH DO NOT QUALIFY AS MARKET RESEARCH**

(4) Projects where the client specifically asks the researcher to pass over examples of cases which the client would like himself to follow up directly will almost certainly fall under the heading of “customer relationship” (i.e. “direct”) marketing, since it may form part of an overall service to the customer it would necessarily involve

the handing over by the researcher of personal data for a purpose other than market research. Such projects will therefore not qualify as “market research”.

(5) Any project which combines the collection of personal data both for market research purposes and for direct marketing purposes (e.g. follow-up promotional activities with those individuals, etc.) cannot qualify as market research but must be treated as a form of direct marketing.

**GUIDELINE REQUIREMENTS**

All these types of study are fully legitimate provided that they meet the key principles of data protection legislation, in particular that:

- they are carried out in a transparent manner: respondents are adequately informed about the nature of the project (who is conducting it, how the information will be used, etc.), they understand that their cooperation is entirely voluntary, and agree to participate on this basis
- all personal data collected are securely safeguarded: no unauthorised access to them is possible, and they are used only for the purpose(s) to which the respondent has agreed.

Researchers are free to become involved with all such activities. However, it is very important that they do so on the appropriate basis. By following the principles and procedures set out below researchers will help to ensure that the special status of market research is protected, without unduly restricting their freedom to become involved in other types of data collection projects.

#### **(A) BUSINESS-TO-CONSUMER STUDIES**

(1) The only types of CSS project which may be described or presented as being “market research” are those which fall clearly into categories (1) to (3).

(2) All other types of project should not be so described or represented but must be described in some other way (e.g. “customer satisfaction study” or some more general description such as “carrying out a check to find out how far customers are satisfied with...”) with a clear statement of the project’s purposes and the ways in which the data will be used.

(3) As set out in the ESOMAR Guideline on Maintaining the Distinctions between Marketing Research and Direct Marketing, it is essential (in order to avoid possible

confusion between the different activities) that different operational names are used for carrying out market research and direct marketing/mixed activities. Respondents must not (even inadvertently) be in any way misled or confused about the nature of the project as a result of the operational name which is used by the organisation collecting the data.

(4) Where an organisation (whether agency or client) is involved in both research and non-research activities, secure internal systems must be in place to ensure that all personal data collected for market research purposes cannot be accessed or used for any other purpose and that full compliance with data protection requirements can be demonstrated.

(5) When involved with projects other than those falling into categories (1) to (3) researchers must follow the legal requirements governing the processing of personally-identifiable data for purposes other than scientific research (e.g. the public’s rights of access to any personal data held on them in the organisation’s files and time and use restrictions on such data).

(6) In certain countries additional restrictions apply to the conduct of direct marketing activities, particularly in connection with the freedom to

contact members of the general public (e.g. bans on “cold calling”), for category (4) and (5) projects it will clearly be necessary to follow any such requirements.

### **(B) BUSINESS-TO-BUSINESS STUDIES**

Most data protection legislation relates to private persons, not to legal entities (with certain possible exceptions such as sole traders or partnerships). This means that most B2B studies operate under different rules so that the above requirements which apply to B2C studies often become less relevant. However it will be simpler, and less likely to cause confusion, if such studies also use an alternative description to that of “market research”.

The following requirements apply to B2B studies:

- (1) In a few countries data protection legislation also applies to data collected from legal entities, and in these countries researchers will anyway need to follow similar procedures to those above.
- (2) In countries where the legislation does not apply to legal entities there are normally no data protection requirements controlling the collection of “factual”

business data (such as the size of the organisation, the types of office equipment used, etc.).

(3) Where however the data collected are opinions, profiling information etc. which could be linked to an identifiable individual they count as personal data and are therefore in all cases covered by normal personal data protection requirements.

## NOTES

1) **Page 2** Two very limited qualifications to this division between the two types, and the issue of 'mixed' or combined projects, are dealt with in the later section defining the different categories of CSS.

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To facilitate this ongoing dialogue, ESOMAR creates and manages a comprehensive programme of industry-specific and thematic conferences, publications and communications as well as actively advocating self-regulation and the worldwide code of practice.



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