The Banalization Of Market Research In Brazil

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Thursday, 07 January 2010

Over the past several months, observing some market research companies at work and some of them quite large, one immediately noticesÂ the banalization of market research in Brazil.

The need for cutting costsÂ within the market research segment, has resulted from a desire to maintain profit margins, while maintain pricing structuresÂ at a levelÂ at which the contracting parties abroad were accustomed (willing) to pay at the time of a strong dollar.

However, particularly in the well known area of cash incentives for research participation, I see the market working at unrealistic and less-than-professional levels.

Such an example is depicted by the studies requested by the pharmaceutical industry, well known to invest a sizeable portion of its revenues in market research and clinical trials.

As the industry views the Brazilian market, the worldâ€™s eighth largest in pharmaceutical sales in 2008, it frequently wants to collect data about physicians, particularly in those specialties such as oncology, where drug therapies and treatments typically come at a high cost. Â

Considering that these professionals (physicians) enjoy the highest average salaries within the BrazilianÂ labor market -- "O Retorno da EducaÃ§Ã£o no Mercado de Trabalho" - FundaÃ§Ã£o GetÃºlio Vargas, 2009 ["The Financial Return on EducationÂ in the Job Market" - FundaÃ§Ã£o GetÃºlio Vargas, 2009] â€“ by charging anywhere from R$150 (US$88) to R$800 (US$470) perÂ visit, each of which lastsÂ about 20 minutes, it is an absurd to see interviewersÂ offer those same professionals R$30 (US$18) - R$50 (US$29,5)Â for a 30-minute interview by phone, or an 1-hour in-depth personal interview.

As one knows, this precious information will feed the development of new drugs by the labs that generate billions.

In developed countries, the manufacturerâ€™s representative pays for a visit to show their products and does not do so aggressively between one visit and another, asÂ is the case in Brazil.

The honoraria paid by the drug companies to physicians, that are considerably lower than the market average for the same professionalâ€™s fee structure, coupled with an invariable sequence of boring questions, stand toÂ create a very strong resistance of these professionals to participate in any type of research. It is akin to the antibiotic that gives rise to disease resistance, when used inappropriately.

One day a Mexican company called me at 2:30 a.m. on my cell phone.

They was desperately seeking a partner in Brazil to take part in a research project it had been awarded, which it had quoted at unrealistically low levels.

On the following day, I politely declined the invitation and ironically informed the colleague that the Brazilian time zone is near the Mexican one and not similar to those of the other partners of "BRIC", India and China, which are eight hours ahead.

By comparison, some professionals who charge about R$50 per visit include computer technicians, personal trainers, female escorts, tarot card readers, masseurs and hair stylists.

Without taking into account their value, based on the complexity and responsibility of their work, the time of a professional who takes on average 10 years to reach the job market should be more highly valued.

To analyze the market, IÂ Â registered with various market research companies some years ago to participate in projects.

Recently, as a secret interviewer, I was requested to memorize a long script, take my car and go downtown (Brasilia)Â during business hours, question the employees of a tire store about dozens of items, evaluate several variables, fill in various forms, scan the invoices, all of which was conductedÂ for the price of a free tire balancing (R$30). There is a lot of qualification involved in this activity.

This is not an undertaking for every person. Then I thought: â€œWould I spend a whole afternoon to conducting a consult for a multinational company for about R$7,5 per hour?â€•. I really wouldnâ€™t. I requested that I be removed from the list of participants.

Foreign clients typically request projects of significant depth and detail.Â Â

With Brazilian RealÂ strengthening against the U.S. Dollar, project prices have risen , compoundedÂ by highÂ taxes, benefits and labor costs, whichÂ on average are 30% more expensive thanÂ those in Mexico, for example. Â

Conducting research in Brazil will be always more expensive than in other Latin-American countries â€“ this should be very clear.

The exchange rate was US$1/R$2,35 in January 2009; in December, it was about US$1/R$1,70, a loss about 28%.

The appreciation of the Brazilian currency has been a problem widely discussed in media, due to the difficulty faced by Brazilian exporters of a variety of products and services.

Within the medical area in particular, we take the risk that predatory pricing within the industry will lead to the extinction of research activity subsequent to a resolutionÂ by the CFM (Federal Medicine Council) or CRMs (Regional Medicine Councils) whichÂ imposes limits or even ethical prohibitionsÂ on market research activity.

A case in point is the prohibition on the performance of telemarketing companies in the State of Sao Paulo.

Brazilian â€“ and foreign â€“ companies and sector associations ABEP, ASBMP, ESOMAR etc. have to deeply and immediately reflect on the subject.

The competition and insatiable search for efficiency gains are leading to the banalization of research activity and to the exploitation of some professional groups.

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December 2009