

The Decision Maker's Guide To Online Research



Foreword

Marketers need insights into consumer thinking and behaviors. They embrace research methodologies that promise better insights, delivered faster, at lower cost.

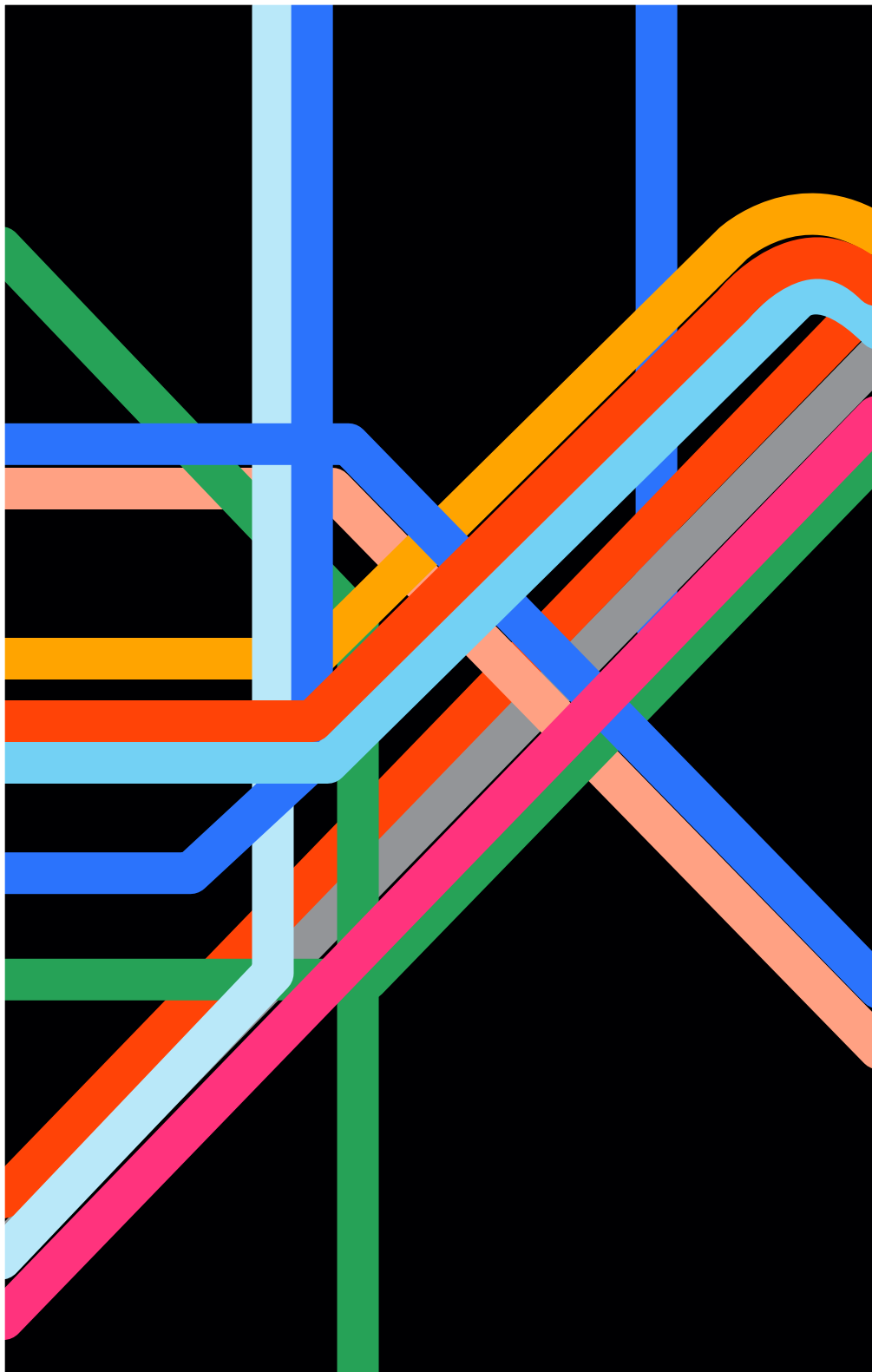
Online research is the latest methodology being applied to the never-ending quest for more, better and cheaper insight. But as the industry embraces online research as the answer to many a marketer's prayers, it's important to understand a few key facts critical to making the right research decision.

Online research is subject to the same basic rules of research as any other methodology. Research design, survey design, analytic approach—all must be thought through.

Online research depends hugely on the quality of the panels employed, not just the technology and the Internet. Getting and keeping the right panel membership is critical; not all panels are created equal. And not properly managed, they can yield very different answers—differences that marketers need to be aware of.

Getting the most—and the best—from online research stems from knowing the right questions to ask, and understanding what constitutes the right results. This guide outlines some of the considerations any marketer should keep in mind when looking at the appropriate role for online research.





The Decision Maker's Guide To Online Research

The impressive growth of online research as a data collection mode is a testament to the advantages it offers marketers in today's hyper-competitive business environment. This growth is encouraging because it demonstrates the willingness of marketers to avail themselves of innovations in research methods that offer the promise of consumer insights in an efficient (and often more timely) manner. Yet, it is incumbent on marketers and researchers to guide this growth appropriately and provide a road-map to the dizzying array of research offerings from an ever-expanding number of research suppliers.

Important questions must be considered in order to define the scope and applicability of the new approach. In the case of online research, one must ask where and when it offers a suitable alternative to older research methods such as mail surveys, mall intercepts and telephone research. It is important to ask how online research differs from traditional methods and what impact, if any, that will have on research conclusions. Finally, one must not make the mistake of assuming that all online research is the same. In this guide, we will lay out some of the important differences between online research and traditional methods—as well as some of the differences underlying approaches to online research—in order to provide a solid context for determining the appropriate mode of research dictated by your business issues.

It is important to understand both the benefits and the limits of online research for at least two reasons. First, the growth of this research medium has been rapid and will continue for the foreseeable future. Fueled by cost savings, speed, visual content and a degree of “instant gratification,” online research is replacing traditional telephone and in-person methods with abandon. Second,

“WHEN IT COMES TO ONLINE RESEARCH, THE OLD RULES STILL APPLY.”

today’s marketing environment is so volatile that making accurate measurements is getting more and more difficult, and the premiums on delivering those measurements in “real-time” are ever-increasing. Given the advantages of online research and the current marketing environment, there is little question that online MR is here to stay—the question is how best to use it while avoiding common pitfalls.

Perhaps the most important thing that can be impressed on today’s researchers is that, when it comes to online MR, “the old rules still apply.” That is, at the end of the day, the quality of a piece of research is determined by all steps in the research process. Research design, questionnaire design, and analytic approaches are at least as important for arriving at valid conclusions as choosing the correct form of data collection. A badly designed study fielded online will be of no more use than a badly designed study fielded on the telephone. Similarly, common sense is still your best guide, and a healthy skepticism should greet methodologies that are “hard to explain,” “proprietary,” or rely on complex weighting schemes to “correct for bias.”

TRADITIONAL VS. ONLINE: THE REAL DISTINCTIONS

From a “research consumer” perspective, the most dramatic distinctions of online research are those cited above—cost-

effectiveness, speed, incorporation of multi-media and self-administration by the respondent. While these are certainly important advantages, they only touch on some of the fundamental differences of the new medium. To understand why this is so, consider what drives some of the advantages of online research. For instance, what is it that allows greater cost-effectiveness and speed? Certainly, the “Internet” and “technology” have revolutionized the delivery of survey questionnaires and collection of data. But, the existence of the Internet and online data collection technologies are merely preconditions; the true speed and cost-effectiveness of online research is only unleashed when these technologies are combined with panels. Panels enable researchers to amortize the most time-consuming and costly aspects of data collection—finding willing and “qualified” respondents. This point is underscored by the fact that attempts to conduct online research in the absence of panels have met with considerable challenges and typically require field periods equal to those on the telephone. Thus, in comparing traditional modes of data collection to online methods, one must acknowledge that panel-based research is one of the

“THE MAJORITY OF ONLINE PANELS RECRUIT BY CASTING A WIDE NET AND ALLOWING ANYONE TO JOIN.”

fundamental differences. For the decision maker—seeking to align his or her research questions with the appropriate methodology—the choice within the world of online research must, therefore, focus on panel methodology and variations of the same.

An examination of panel recruitment methods highlights the fact that some of the choices faced by researchers choosing among traditional modes of research are still present in the online space. For instance, the distinction, between probability and “convenience” sampling that exists between traditional modes of research such as

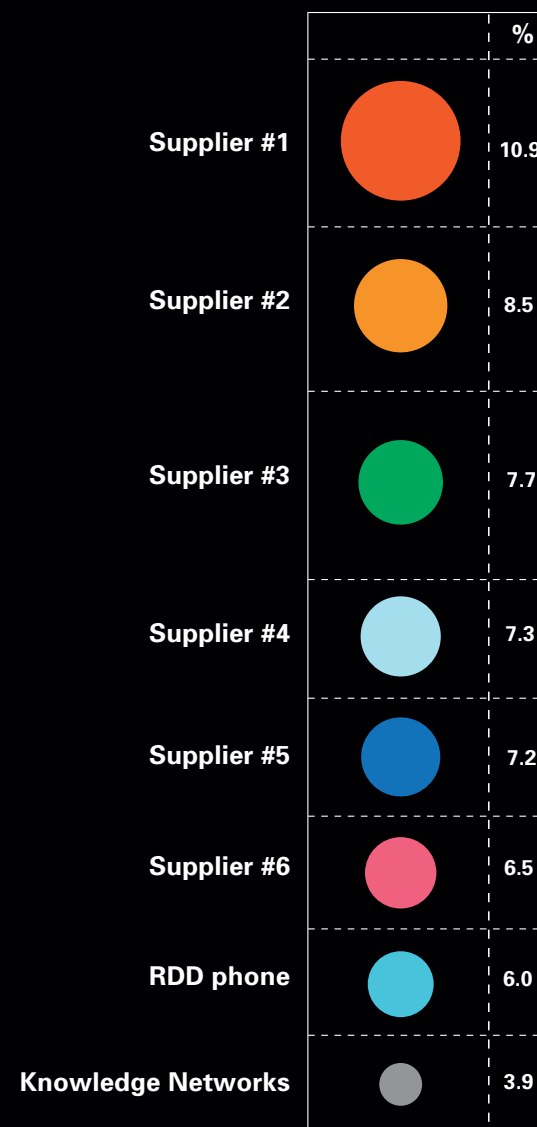
RDD telephone (probability-based) and mall intercepts (convenience-based) persist in the online space. The majority of online panels rely on volunteers; they recruit panelists by casting a wide net and allowing anyone to join.

“Refer-a-friend” programs, often employed as a recruitment technique by online panel companies, exemplify the ad hoc, catch-as-catch-can modus operandi of most panel companies.

These methods are analogous to those employed in mall intercept approaches with a few exceptions. For example, the recruitment of panelists via banner ads, pop-ups and direct marketing is not linked to a specific time and place in the way that mall-intercept recruitment is (e.g., the Woodbridge Mall on a Monday afternoon). However, unlike in the mall, the world of potential panel recruits is limited entirely to the 60 percent to 70 percent of Americans who have access to the Internet. At the end of the day, samples recruited in this way (whether online or in the mall) can offer useful insights into targeted consumer segments but are not reliable for projections or making accurate measurements—the bias inherent in self-selection and non-coverage of key groups is simply too great to ignore. (See Chart 1)

Convenience sampling recruitment tactics are contrasted by probability-based methods employed by a very few online panel companies, including Knowledge Networks. For these panels, 100 percent of panel recruitment is done via the telephone, and only individuals who live in households with sampled telephone numbers are eligible. This simple fact, that some are eligible and some are not, sets these panels apart—the researcher selects the respondent, not vice versa. As a result, so called “professional respondents” are barred from joining these panels (unless, by chance, they are selected at random). In addition to limiting self-selection bias, this process drastically reduces the chances that one’s competitors or other industry experts will end up on a panel—an important point for commercial applications where proprietary information must be guarded.

CHART 1: AVERAGE ABSOLUTE ERROR AMONG RESEARCH PROVIDERS



Source: 2005 Stanford University study of research vendors
 *Includes primary and secondary demographics as well as product usage and attitude items.

PROFESSIONAL RESPONDENTS GENERATE BIAS*

- Less than 1 percent of all Internet households account for 30 percent of all surveys taken
- These “professional respondents” each took an average of 80 surveys per quarter in 2004
- Members of the survey panels of the eight leading research firms each belong to an average of seven other research panels

While the primary distinction among online panels lies in their recruitment methodologies, panel retention and maintenance procedures also vary significantly and have important implications for data quality. Two related examples come to mind:

1. Incentive programs
2. Panel purging and replacement

Nearly all panels deploy incentive programs aimed at recruitment, retention and survey completion. To this end, sweepstakes, point programs and cash incentives are all brought to bear to varying degrees. For a decision maker, it’s important to understand the broad outlines of a given panel company’s incentive program, as some programs can provide perverse incentives that degrade data quality. Because panel members are engaged in repeated surveys, special attention must be paid to reducing any learning/biasing impact of simply being on a panel. Nowhere is this more important to keep in mind than in relation to the incentive program. For example, respondents should be incented regardless of the screening/qualification criteria for a particular survey. This prevents respondents from being “taught” to a) recognize screening questions and b) answer them in a calculated/strategic way so as to receive an

incentive. By making the incentive independent of qualification criteria, data quality is improved, and qualification rates are a better measurement of true incidence in the population.

In addition to projectability and accuracy, replicability of survey results is a crucial element of data quality. While projectability and accuracy are functions of sample selection and recruitment methods, replicability is a function of rigorous and consistent panel management protocols. One must be confident that if a survey question yields different estimates at two points in time, that that difference is due to a real change in the attitude/behavior being measured and not an artifact of panel management or recruitment. Thus, measures such as “average panel tenure,” within panel response rates and demographic distributions, should remain stable over time even as new panelists are brought on and old panelists are retired/purged. In order to accomplish this, panel managers must explicitly set forth criteria for distinguishing an “active” panelist from an “inactive” one, and panel recruitment must be maintained at a constant rate. Unless a panel manager makes clear distinctions between active and inactive panelists and maintains a constant recruitment effort to

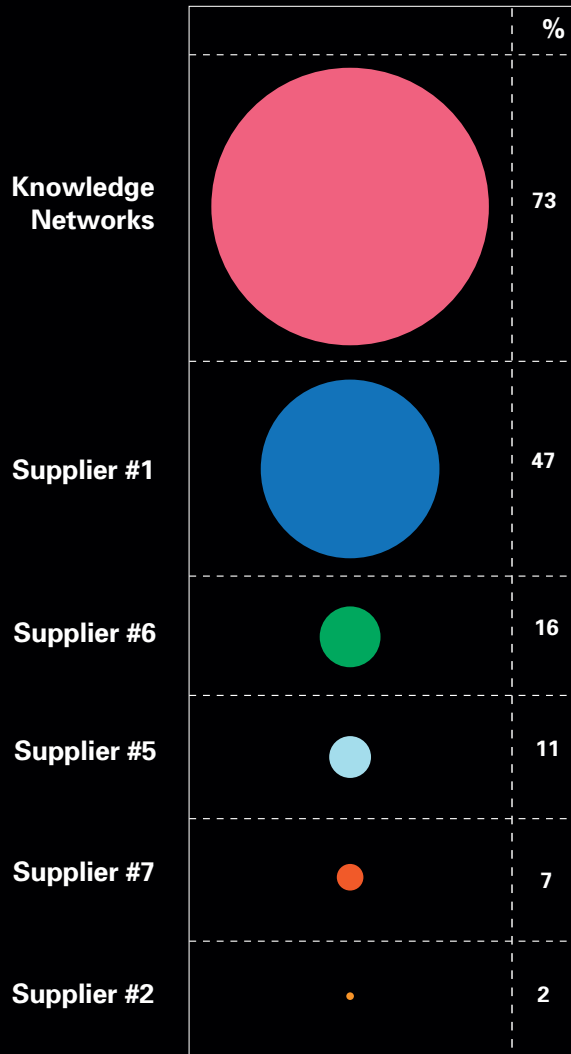
“REPLICABILITY OF RESULTS IS A FUNCTION OF RIGOROUS AND CONSISTENT PANEL MANAGEMENT.”

replace those who cease to participate, it is not possible to keep a panel at equilibrium (properly balanced) and insure stable metrics over time. A well managed panel will, therefore, have high “within panel response rates,” and those rates will be consistent over time. (See *Chart 2, pg. 10*)

Through careful consideration of existing approaches to data collection and their impact on data quality, such as those discussed above, one can derive a framework for aligning research questions/needs

*Source: comScore

CHART 2: IN-PANEL COMPLETION RATES



Source: "Comparing the Results of Probability and Non-Probability Sample Surveys," presented at 2005 AAPOR Conference

with appropriate methodologies. Such a framework recasts the cost-benefit calculus facing all decision-makers into an intuitive risk-assessment exercise where the importance of the business decision determines the tolerance for bias/inaccuracy and the discussion above lays out the issues to be aware of.

On the "risk/cost" side of the equation, the primary inputs are the business issue at hand and the importance of that issue, price sensitivity, deadline pressure, target audience. These costs must be balanced against a research methodology's strengths and weaknesses. In cases where online methods are being considered, this means recognizing that a) fundamental research rules apply to online MR, b) online research is nearly universally panel-based, c) different panel methodologies exist for recruiting and maintaining panels. By making a fundamental assessment of where a study may land with respect to risk, one can get "oriented" in terms of which methodologies may be appropriate and which may not. To assist with this exercise we have outlined various types of research and have highlighted the strengths and weaknesses of each.

RDD (PROBABILITY-BASED) INTERNET AND TELEPHONE

As the inherent dollar risks for a project grow, or when you are quantifying market size and interest as well as drivers of consumer decisions—especially when the target audience is gen-pop or nearly as broad—an RDD sample becomes essential. The reliability benefits of this proven approach cannot be replicated by other means, and the rigor of RDD means that data will be projectable to other groups. The differences between RDD telephone and RDD Internet lie in price and timing—the Internet study will typically be cheaper and quicker; in addition, the online work also benefits from the interactivity and self-administration of online surveys. But telephone work provides the benefits of person-to-person contact.

VOLUNTEER (NON-RDD) INTERNET

When crucial decisions are not at stake, and the need is for directional rather than definitional findings, volunteer online panels

provide a viable option. They can be especially valuable for identifying emerging trends via “early adopters” or for obtaining detailed product information from “enthusiasts.” However, these same strengths make these sources less reliable for projectable/representative research.

MALL INTERCEPT

The mall intercept is particularly valuable when face to face interaction with respondents is crucial, and when the target population is relatively large. If the topic of a survey is something that can be handled or experienced best in person, obviously such an approach becomes more appealing; but the small sample sizes and potential bias created by an in-person interviewer need to be considered when choosing and applying mall research.

MAIL SURVEYS

Research by mail allows wide targeting, and also can be used to reach an existing mailing list of product users. Their relatively low response rates mean that they may not be appropriate for the highest-value decisions; mail surveys can be economical, but they cannot provide the turnaround available from the Internet.

QUALITATIVE

Qualitative research can offer depth and texture that goes well beyond what can be obtained within the confines of a survey questionnaire. The tradeoff is that the findings are more subjective than those obtained from quantitative approaches. Qualitative research is most useful, then, when the goal of research is to generate new ideas or to generate hypotheses that can later be tested quantitatively.

The Right Answers. Right Now.

Knowledge Networks is the consumer information company for the 21st century. We were conceived with a dual mission aligned to today’s business environment: produce ultra high-quality and relevant market insights for our clients, but perform this service in a fraction of the time that traditional research and market information development approaches would otherwise dictate.

Our growth is testament to the fact that our clients appreciate the investments we are making to help them succeed. In our first five years of operation, we have grown into one of the top 25 U.S. research firms in terms of revenue. We primarily serve Fortune 500 corporations, government/academic institutions, and not-for-profit organizations on their most challenging business and marketing strategy decisions.

If you would like more information about how Knowledge Networks can help your company, please contact

Patricia Graham

Executive Vice President, Client Service and Business Development

Phone 773.404.1089, pgraham@knowledgenetworks.com

Convenient Offices

Boston

200 Reservoir Street, Suite 309
Needham Heights, MA 02494
Phone 781.453.2727
Fax 781.453.2725

Chicago

Suite 1420
230 West Monroe Street
Chicago, IL 60606
Phone 312.416.3656

Cincinnati

2245 Gilbert Avenue, Suite 105
Cincinnati, OH 45206
Phone 513.751.8877
Fax 513.559.3929

New Jersey

Ashley Business Park, Bldg. G
570 South Avenue East
Cranford, NJ 07016
Phone 908.497.8000
Fax 908.497.8001

New York

440 Park Avenue South
New York, NY 10016
Phone 646.742.5300
Fax 212.689.3012

San Francisco

1350 Willow Road, Suite 102
Menlo Park, CA 94025
Phone 650.289.2000
Fax 650.289.2001



1350 Willow Road, Suite 102, Menlo Park, CA 94025
Phone 650.289.2000 • Fax 650.289.2001
know@knowledgenetworks.com • www.knowledgenetworks.com

© 2005 Knowledge Networks, Inc. Knowledge Networks® is a registered trademark of Knowledge Networks, Inc. All rights reserved. Other company and product names may be trademarks or registered trademarks of the respective owners with which they are associated.