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Marketing Research Review

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July/August 2000



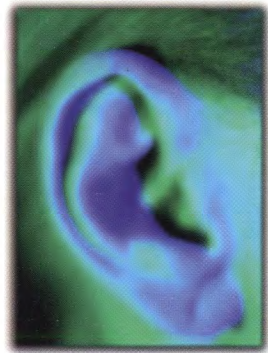
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- Adding a human touch to Web research
- Ad tracking on-line
- A look at Web survey dropout rates

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Marketing Research Review

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On-line grocery shopping a tough sell

More than one in five Internet users indicate that nothing would make them more likely to use an on-line grocery service in the future. A recent survey conducted by PricewaterhouseCoopers, the Columbus, Ohio, professional services organization, indicates that while shopping for groceries is something that consumers do frequently, only 1 percent grocery shop on-line on a monthly basis.



“The category is not ideally suited for the Internet as it is near impossible to translate the grocery shopping experience on-line,” says Mary Brett Whitfield, principal consultant and director of PricewaterhouseCoopers’ E-Retail Intelligence System. “It’s also a highly personal process. Consumers are not yet ready to transfer this caregiving function to a detached process such as on-line shopping.”

Shopping for groceries is something that consumers do frequently, so any on-line retailers that develop a winning strategy will tap into a large shopper base. According to the 1999 PricewaterhouseCoopers Retail Intelligence System annual consumer survey, primary household shoppers make nearly 10 shopping trips for groceries every month. More often than not, these grocery shopping trips are to supermarkets.

“Although consumers have more choices than ever of where to buy their groceries, supermarkets remain the clear winners, garnering a 59 percent share of monthly grocery shopping trips among on-line purchasers,” Whitfield says. “Internet shopping

sites, on the other hand, capture just slightly more than 1 percent of monthly grocery shopping trips.” Furthermore, only 7 percent of respondents who have ever purchased gro-

ceries on-line indicate that they do more than half of their grocery shopping on-line while almost half admit to

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Survey shows Internet’s impact on workplace

According to a survey commissioned by pogo.com, an on-line games site, and conducted by Greenfield Online, Wilton, Conn., Internet users say the Web is having a definite impact on how they work, and how well they work.

- Nine percent of workers think their work performance has declined as a result of time they spend on the Internet. Twice as many workers living in the West (13 percent) think their work performance has declined compared to Eastern workers (6 percent).

- Ten percent of workers stay after business hours just to use the Internet at work. High-income workers prefer to use the Internet after business hours: 20 percent of workers earning \$75-\$100K stay after hours, compared to just 8 percent of workers earning under \$35K.



- Women are twice as likely (2 percent) as men (1 percent) to make more mistakes at work due to increased time spent surfing the Internet.

- Thirteen percent of workers say access to the Internet makes it harder for them to stay focused at work. Workers in the West (17 percent) find it harder to stay focused compared with Eastern (10 percent) workers.

- Seventy-four percent of workers surveyed check their e-mail one to five times a day; 11 percent check six to 10 times a day; 3 percent check 11-15 times a day; 8 percent check more than 15 times a day. Men are twice as likely (10 percent) to check their e-mail more than 15 times a day when compared to women (5 percent).

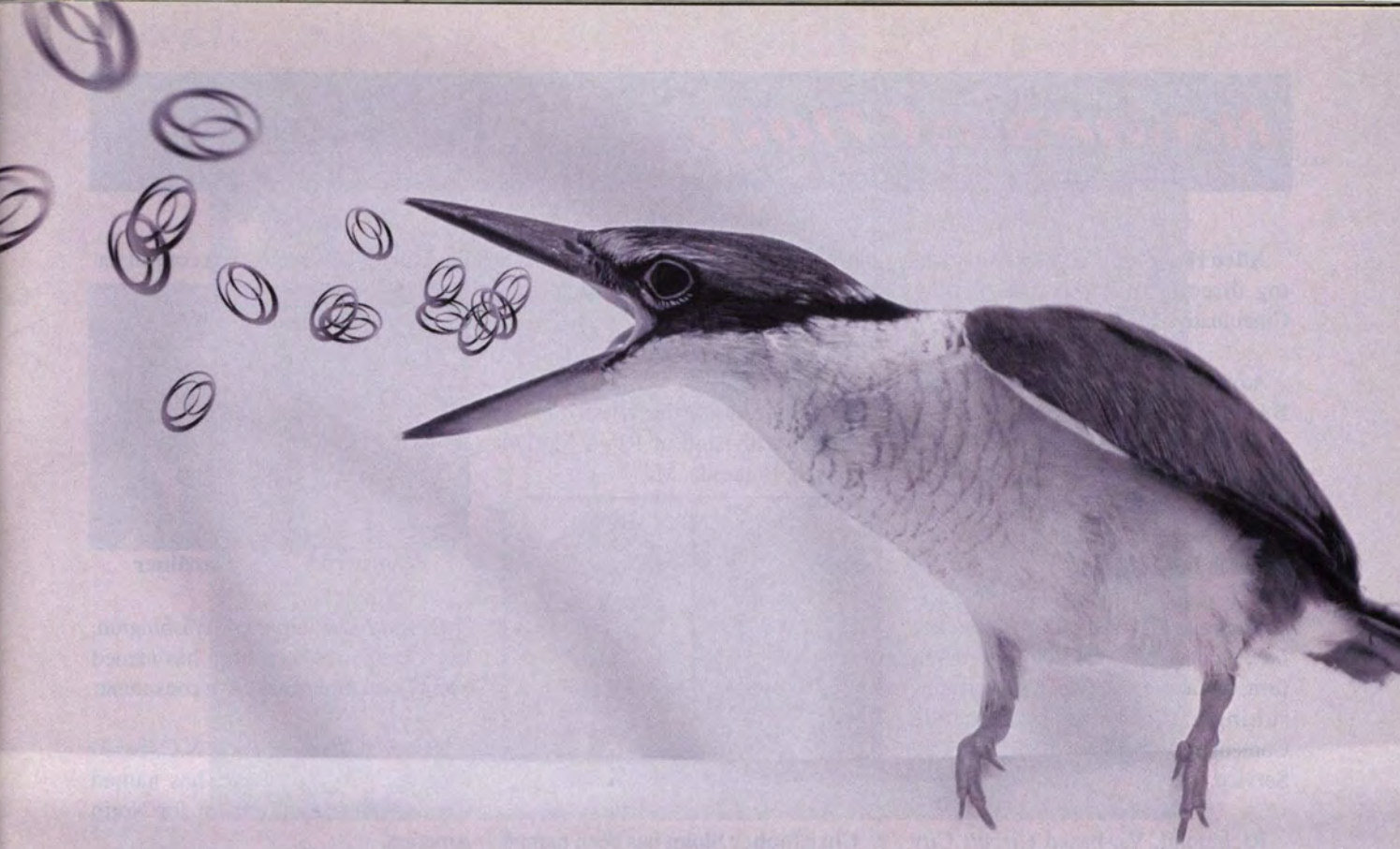
The younger you are the more you check e-mail: 21 percent of workers under 25 check their e-mail more than 15 times a day, compared to only 1 percent of workers 55+.

- Thirty-four percent prefer talking about business with people via e-mail rather than face-to-face.

- Four percent of workers say their boss or other work supervisor has commented or complained about the amount of time they spend on-line at work. Eastern workers have the fewest complaints about on-line time from their employers (2 percent) compared to 5 percent of workers from the Central U.S. Four percent of workers in the West say their employers have complained about their time on-line while at work.

- What do workers prefer to do during their lunch breaks? Fourteen percent stay at the office, eat lunch at their desk and use the Internet; 24 percent leave the office and have lunch at a restaurant; 19 percent socialize and hang out with their co-workers; 13 percent leave the office and take a walk; 3 percent leave the office and do some shopping.

Results are based on 1,000 responses from Greenfield Online’s Internet-based marketing research panel. The data is weighted by age, gender and region to be representative of the Internet population.



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Names of Note

Allen Hogg has been named marketing director of *Burke Interactive*, Cincinnati.

Advertain On-Line Inc., a Vancouver, B.C.-based research firm focused on on-line advertising, has named **Majid Khoury** to the company's advisory board. Khoury is president of *Market Explorers*, an advertising and market research firm.

Norwell, Mass.-based *CAP Ventures, Inc.*, a consulting and market research firm, has appointed **Gail Claspell** consulting associate for its Dynamic Content Software Strategies Consulting Service.

Richmond, Va.-based *Circuit City Stores, Inc.* has promoted **Ann-Marie Stephens** to senior vice president-administration. In her new assignment,

she will have responsibility for store design, construction, real estate and market research.

H. Grace Fuller has been named executive director at the *RIVA Training Institute*, a division of RIVA Market Research, Bethesda, Md.



Fuller

Sloan

Christopher Sloan has been named account executive at the Atlanta office of *Burke Strategic Consulting Group*. At the Newton, Mass., office, **Gabriela**

Pashturro has been named consultant.



Pashturro

Gardiner

Carma International, a Washington, D.C., media research firm, has named **Sandy Gardiner** executive consultant.

Research Triangle Park, N.C.-based *ClinTrials Research Inc.* has named **Graham S. May** president for North America.

New York-based *Arbitron Company* has named **David Forr** manager of encoding operations for the Arbitron Portable People Meter (PPM).

Rita Reicher has been named vice president of *Knowledge Systems & Research Inc.*, Syracuse, N.Y.



Reicher

Jewell

BAIGlobal Inc., a Tarrytown, N.Y., research firm, has expanded its worldwide services division by adding several new staff members. **Michael Jewell** and **John Presutti** have been named vice president of the division. **Michael Simms** has been named global coordination director, and **Shaan Rotolo** and **Darren Moore** have been named assistant vice president.

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movies, automobiles and beverages, matched against the PRIZM Clusters. For more information visit www.advertain.com.

ClinTrials offers Web delivery of clinical trials

Research Triangle Park, N.C.-based ClinTrials Research Inc. has launched CTRansmit Web for information delivery in clinical trials. CTRansmit Web is a Web-based data delivery system to collect and distribute, in a secure manner, clinical trial information to authorized users (sponsors, investigative sites, etc.). CTRansmit Web provides information about trial progress in real time through on-line project tracking with reports focused on enrollment, site visits and query status. The system also provides key project information with access to the

study protocol, data management guidelines, monitoring plans and project team contacts. Custom reports and other custom features can be developed to a sponsor's specifications. For more information visit www.clintrial-sresearch.com.

Three new products from SPSS

SPSS Inc., Chicago, has introduced Quancept CATI 7.7, the latest version of its computer-assisted telephone interviewing software. When coupled with the Quancept Telephony System (QTS), an automated predictive dialer, Quancept CATI enables market researchers to share telephone interview projects across two automated dialers. This increases from 96 to 192

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CLARITAS CONFERENCE: The annual Claritas Precision Marketing Conference will be held on July 16-19 at the Loews Coronado Bay Resort in San Diego, Calif. With the recent transfer of National Decision Systems (NDS) to an operating division of Claritas, each company's annual users' conference will be combined. Breakout sessions will feature success stories, case studies and industry-specific marketing solutions for automotive, financial services, media, retail, real estate, restaurant, telecommunications, utilities and more. For more information contact Melissa Barry at 800-866-6510, ext. 575, or at mbarry@claritas.com or visit www.claritas.com.

CONSUMER INSIGHT SERIES: The Institute for International Research will hold Consumer Science: Measuring Consumer Motivation & Shopping Behavior, the third event in its Consumer Insight Series, on July 24-26 at the Omni Parker House in Boston. For more information visit www.consumerinsightseries.com.

SALFORD SYSTEMS SEMINARS: San Diego-based Salford Systems will hold two seminars, "Building Accurate Predictive Models with MARS" (August 24) and "An Introduction to Tree-Structured Modeling with CART" (August 17-18) in Boston. For more information call 619-543-8880 or visit www.salford-systems.com.

MEASURING ON-LINE BEHAVIOR: The Institute for International Research will hold a conference titled "Measuring & Analyzing Online Customer Behavior" on August 21-22 at the Hyatt Regency Embarcadero Center, San Francisco. For more information

visit www.consumerinsightseries.com.

AMA ANNUAL CONFERENCE: The American Marketing Association will hold its annual Marketing Research Conference from September 10-13 at the Chicago Hilton & Towers. For more information visit www.ama.org.

SAWTOOTH TECHNOLOGIES SEMINARS: Sawtooth Technologies will hold the following seminars near the company's offices in Evanston, Ill.: conjoint analysis: theory and practice, September 11-12; introduction to the ACA System, September 13; introduction to choice-based conjoint, September 14. The seminars are designed for researchers who have had little or no practical exposure to the techniques. For more information call Sue Tavitas 847-866-0870 or visit the company's Web site at www.sawtooth.com.

ANNUAL ESOMAR CONFERENCE: The European Society for Opinion and Marketing Research (ESOMAR) will hold its 53rd annual congress and trade exhibition on September 17-20 in Vienna, Austria. For more information visit www.esomar.nl.

DATA ANALYSIS WORKSHOPS: Arden Hills, Minn.-based research firm Anderson, Niebuhr & Associates, Inc. will hold workshops on analyzing and reporting questionnaire data on September 21-22 in Orlando, Fla., at the Rosen Plaza Hotel and on October 12-13 in Bloomington, Minn., at the DoubleTree Hotel - Minneapolis Airport at the Mall. For more information visit www.ana-inc.com.

BRAND TECH FORUM: Millward Brown IntelliQuest will hold its annual Brand Tech Forum on September

London-based E-Tabs is working with the OpenSurvey organization to develop a universal standard, based on XML data structure, for distributing survey results and tabulations across the Web and corporate Intranets. "XML is an ideal medium for facilitating the interrogation and extraction of data across Web and Intranet platforms," says Ed Ross, co-founder of OpenSurvey, a non-profit organization dedicated to the development of open source software and open standards for survey research.

E-Tabs is currently working with OpenSurvey to propose a DTD (document type definition) that encapsulates the many facets of typical market research tabulation formats, and through which third-party tabulation packages will be able to standardize their output.

For more information contact Benjamin Rietti at 888-82-ETABS or visit www.e-tabs.com. Information on OpenSurvey can be found at www.opensurvey.org.

DigiScents, Inc., Oakland, Calif., has formed a strategic research alliance with Procter & Gamble under which DigiScents will have access to a range of proprietary P&G research techniques and methodologies. This will enable DigiScents to better understand consumer perception and response, and further evaluate market potential for its digital scent technology applications.

Plaza Research has signed its 11 locations to the ActiveGroup Internet broadcasting service of **ActiveGroup**, an Atlanta-based provider of focus groups over the Internet. ActiveGroup has also signed **Assistance in Marketing**, Morristown, N.J., as a facility offering its broadcasting service.

Separately, ActiveGroup has partnered with **DiscoverWhy.com**, a Bedford, Mass., Internet market

14-15 at the Fairmont Hotel in San Jose, California. The forum will explore the future of technology brands and their ability to extend into new markets. For more information call 800-543-6124 or visit www.intelliquest.com.

AMA RESEARCH METHODS CONFERENCE: The American Marketing Association will hold its Applied Research Methods Conference on September 25-28 at the Adam's Mark Hotel in San Antonio, Texas. The conference is a series of classes focusing on basic methods, applications, and advanced applications in marketing research. For more information call Alison Tibbetts at 800-262-1150 or

visit www.ama.org.

ARF WEEK OF WORKSHOPS: The Advertising Research Foundation will hold the 2000 Week of Workshops on October 16-19 at the Roosevelt Hotel in New York. The program will feature eight separate one-day workshops that will run over consecutive days (two parallel tracks) covering topics such as brand equity, loyalty marketing, and interactive media research. For more information call Ajay Durani at 212-751-5656 or visit www.arfsite.org.

INTERNET MARKETING CONFERENCE: Greenfield Online will hold its second annual Internet marketing conference, Information Edge 2000:

"Smart Marketers, Online Success," in San Diego on October 16-18. For more information call Janice Caston at 203-846-5741 or visit www.greenfield.com.

QRCA CONFERENCE: The Qualitative Research Consultants Association (QRCA) will present its 15th Annual Conference in San Diego on October 18-21, 2000. It will include workshops in tools and techniques, new qualitative research opportunities, and business issues and ethics. Attendance is limited to independent qualitative research practitioners and those working for market research or social research firms. For more information call 888-674-7722 or visit www.qrca.org.

research firm to provide ActiveGroup with a research tool to quantify the opinions of focus group participants via the Internet.

The Answer Group, a Cincinnati research firm, has become a member of **Wirthlin Worldwide**, a McLean, Va.,

research firm.

Digital Marketing Services (DMS), a Dallas-based division of **America Online** providing on-line research, has inked new partnering agreements with several research firms, including **Directions Research**, **MORPACE**

International, **Performance Research**, and **Recipio**. In addition, **Custom Research Inc.**, **M/A/R/C Research**, **Roper Starch Worldwide Inc.**, **FCB Worldwide**, **The Guideline Research Group**, and **Elrick &**

continued on p. 99

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War Stories

True-life tales in marketing research

By Art Shulman

Editor's note: "War Stories" is a semi-regular feature in which Art Shulman, president of Shulman Research, Van Nuys, Calif., presents humorous stories of life in the research trenches. If you have a funny tale to tell, contact Art at 818-782-4252 or at artshulman@aol.com.

Gail Fleenor reports that during a recent focus group about the different supermarket chains in an area, one woman boldly asserted, "I shop store XYZ when I'm having company to dinner." This comment came on the heels of other group comment about the store's off-brand merchandise and its perceived lack of quality.

The moderator pursued this woman's interesting comment. Did she really think the off-brand products were better? "No," the woman said. "They're cheaper. But I wouldn't shop there for my family. I just shop there when I have company because they'll never know the difference."

Fleenor also tells about a woman in a recent focus group about supermarket chains who claimed her husband want-

ed to shop at a particular supermarket which she detested. When asked why hubby insisted on shopping there, she said, "He buys cat litter there. He's very particular about his cat litter!"

Fleenor related another story about a discussion on meat departments at various supermarket chains which led to an amazing discovery. When group participants were discussing how they choose meat, it turned out that color was a popular decision factor. One woman pooh-pooed this factor. "You know that all stores put some kind of red dye liquid on the meat to make it that color, don't you?" she said, in all sincerity.

Ron Sellers reports receiving a call at work from an interviewer doing a study for a hotel industry trade group. At Sellers' company, phones are clearly answered with "Ellison Research." The interviewer's first question was, "Does anyone in your household work for a marketing research company or a hotel?"

"This is a marketing research company," Sellers told her.

Silence.

"And I'm president of the company,"

he added.

More silence. Catching on to the fact that she was waiting for the required "yes" or "no" answer, Sellers said, "So...I guess I'd have to say yes, someone in my household DOES work for a marketing research company."

She thanked Sellers and terminated the interview.

"Oy," remarks Sellers.

Jerry, a computer engineer and a friend of mine who lives in Wappinger Falls, N.Y., reports getting a phone call from a company doing a survey about local issues. The interviewer was reading her questionnaire verbatim, saying things like, "As you know we've had a number of controversial political issues here in Wappinger Falls recently..."

My friend, detecting something amiss since the interviewer had a deep Southern drawl, asked, "Where are you calling from?"

"Georgia," was the reply.

"I thought so!" said Jerry.

"How could you tell?" she asked.

"You talk slow," Jerry informed her.

Hal Meier is with TAI Companies, a firm that operates focus group facilities. A client wished to conduct focus groups with people who had undergone a certain form of heart bypass surgery. The client provided a list of such patients, with phone numbers. Meier's company diligently began calling these people, but wasn't successful in putting together the group. Turns out that almost everyone on the list was no longer living.

I suppose if the purpose of the group was to get a handle on customer satisfaction, they had the answer right there. ☞

**Like War Stories?
Help keep it going!**

Send War Stories compiler Art Shulman your anecdotes and observations on the strange, the funny, and the unbelievable things that can happen when researchers and respondents get together. He can be reached at 818-782-4252, artshulman@aol.com or via fax at 818-782-3014.



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Editor's note: George Dubinsky is strategic planning manager, customer satisfaction, at Subaru of America, Inc. He can be reached at 856-488-3097 or at gdubinsky@subaru.com.

Customer loyalty is the Holy Grail of today's marketplace, and at Subaru we have long been part of the pursuit. We recently expanded our quest to include Web-based customer survey reporting.

Bringing our dealers to the Internet for their customer survey information was a pioneering move. We saw Internet-based survey reporting as an opportunity to share the wealth of data with our dealers and our field organization on a real-time basis.

Today, seven field regional offices, 135 field staffers, and 600 dealers use the Web-based program. Data Recognition Corporation (DRC), Minneapolis, provides program design, implementation, and ongoing service.

To gauge levels of customer loyalty and to rank dealerships, Subaru has long relied on traditional, paper-based customer response surveys. Short, follow-up Purchase Experience Surveys and Service Experience Surveys are mailed to customers within seven to 14 days of their transaction. Surveys include both multiple choice questions and open-ended questions. The response rate for the mailing ranges from 30 to 45 percent.

Dealerships receive their Subaru Owner Loyalty Indicator (SOLI) rating quarterly, which is tabulated from survey responses. Dealers take the ratings seriously; they understand how these scores can translate to their bottom line.

While Subaru's traditional surveys provided valuable information, reports reached management and dealers only on a quarterly basis, which slowed



On the satisfaction superhighway

response times and stifled the motivational effect on the sales staff. Dealers would only see comments from the past three months and in many cases it was too late to resolve the issues identified in the surveys.

The Internet reports allow us to pro-

vide faster, more flexible service and information to dealers, field staff, and the management team at Subaru.

Firing up the Web

The process begins by scanning responses from customer survey forms

Subaru uses Web-based reporting to track customer loyalty, dealer quality rankings

By George Dubinsky

When we first moved on-line, we made sure that the new Web reports looked the same as the hard copy reports dealers were accustomed to receiving. But now that the system has been in place for two years, we feel free to customize and enhance the reports, adding color and formatting techniques that will, for example, emphasize dealers' strengths and weaknesses at-a-glance. Reports are designed to quickly and clearly provide the relevant information. Options include tables, charts, and narratives, along with summary reports for an overall view.

Initially, dealers had to access customer reports through the supplier's Web site. Recently, Subaru built a secure bridge linking our supplier's Web site to our own site, called the Subaru Dealer Communication System. Once we connected directly to the dealer network, we achieved one-stop shopping. The secured system provides a confidential, timely exchange of information between Subaru headquarters, its field organization and its dealerships. And today, dealers can log onto Subaru's Dealer Communication System for all their relevant Subaru business in addition to customer survey information.

Learning curve ahead

When Subaru launched its reporting Web site two years ago, it faced an obvious learning curve. Many dealers were inexperienced with the Internet. And before we could begin to train the dealers, Subaru needed to train the trainers, i.e., field managers assigned to individual dealerships.

We spent a lot of time on the road, demonstrating the Internet program and educating field staff on how to teach dealers to use the program and make the most of the survey reports. Providing dealer passwords allayed security concerns. And all system users were given DRC's 800-number for technical assistance.

continued on p. 103

using optical character recognition. Customer comments are also captured and categorized, and all survey information is electronically added to the appropriate dealer's database using a customized program developed by DRC. The entire process — from scan-

ning, programming, administration, and updating — is managed by DRC, freeing Subaru to do what we do best.

Subaru initially offered the Web reporting service to our high sales-volume dealers, a group we knew was most likely to utilize such an option.

Read all

Electronic

research

tool helps

the Arizona

Republic

reconnect with

its community

By Douglas S. Griffen and Robert Duley

THE ARIZONA REPUBLIC

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MONDAY
JUNE 26, 2000



Partly cloudy

50¢

high 105
low 81
Page B8



Death of pinball

In this high-tech world, the arcade game may be down to its last ball.

BUSINESS & MONEY

Morning briefing

The Diamondbacks beat the Colorado Rockies, 8-3, Sunday night at Bank One Ballpark, but lost starting pitcher Todd Stottlemyre to an injury and put third baseman Matt Williams on the 15-day disabled list. **C1.**

Philip Morris Companies Inc. on Sunday announced it has made a deal to buy Nabisco Holdings Corp. for \$14.9 billion plus the assumption of \$4 billion in debt. **A3.**

Ralph Nader on Sunday became the Green Party's presidential candidate. His running mate is Native American activist and author Winona LaDuke. **A3.**

Frank Franco of Phoenix dashed into a burning home on Sunday and dragged out Richard Reyes, 30, who is in critical condition. **B1.**

Phoenix fire officials are warning that the aggressive marketing methods of some contractors, restoration companies and independent insurance adjusters take advantage of traumatized house-fire victims. **B1.**

South African political apartheid

Could Phoenix build own hotels

By Pat Kossan and Peter Corbett
The Arizona Republic

Phoenix, its plans blocked by one stubborn businessman, is considering several ways to maintain the momentum of downtown renewal, including building its own hotel.

A Maricopa County judge last week killed the city's celebrated deals to subsidize

construction of two downtown hotels with millions of dollars in taxable bonds.

Ruling in a lawsuit brought by Crowne Plaza Hotel owner Steve Cohn, the judge called the city's deals to finance a Marriott and an Embassy Suites unconstitutional because they would make the city a joint owner in a private business.

The decision was but the latest chapter in a long-running struggle between private and public interests.



Debra Cruz/The Arizona Republic

about it

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part soap opera —
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sionist of public and
city leaders. battle
relentless about
the hotels is about
ing his business.
ever wanted to be in an
arial position," he said.
I didn't have an op-

ee DOWNTOWN | Page A7

Grinding poverty
in Mexico village
sends a mother
and her baby on

A deadly journey

Republic

Gilbert schools go after harassers

Policy responds to racial conflict

By Edythe Jensen
and Heather Romero
The Arizona Republic

A White supremacist gang festered in one of Gilbert's high schools during most of the '90s and Black students at another recently complained about racial slurs and unfair discipline.

Now the school district is fighting back with plans to implement a policy against racial harassment by this fall.

The policy, which faces a school board vote next month, will detail reporting requirements and punishments for racial and ethnic name-calling, jokes, intimidation and discrimination.

It also mandates that the district hire a compliance officer to enforce the policy and handle complaints.

Currently, Gilbert has only a generic anti-discrimination policy that does not specifically address racial harassment. But some members of the committee charged with writing the new policy are

See POLICY | Page A6

Editor's note: Douglas Griffen is managing partner of D.S. Griffen & Associates, a Phoenix, Ariz., consulting firm. He can be reached at 408-585-8039 or at DSGriffen@aol.com. Robert Duley is vice president of professional services and alliances at GroupSystems.com, a Tucson, Ariz., collaborative knowledge firm. He can be reached at 800-368-3668.

The question seemed simple enough when it appeared on the laptop computer screens of the Phoenix, Ariz., focus group participants: "If you were describing Phoenix to a friend who lived in another state, how would you describe the city and what differentiates our community from any other community?"

In other words, what makes Phoenix Phoenix? For the *Arizona Republic*, the largest daily newspaper in the state, it was a question that began a fundamental effort to redesign itself, to better connect with the issues and people that comprise the fastest growing metropolitan area in the country.

In early 1999, the paper's editors began sensing that the community had changed, that it was looking for something different from its newspaper. A redesign was in order. But how could the paper identify what that "something different" was and incorporate it into a redesign that would be unveiled just nine months later on January 1, 2000?

The answer was to employ a research method that allowed selected readers of the paper to electronically brainstorm, to categorize and prioritize simultaneously and anonymously how the paper's coverage stacked up against their impressions of what differentiated this community, and what critical topics influenced their lives. It was a given that the paper would cover the news; the challenge was to go beyond the news and convey a sense of place for

continued on p. 104

Track the effect of advertising better, faster, and cheaper on-line

By Don Bruzzone and Paul Shellenberg

Editor's note: This article is a transcript of a presentation by Don Bruzzone and Paul Shellenberg of Alameda, Calif.-based Bruzzone Research Company to the Advertising Research Foundation's annual conference in New York in March. Information on contacting the authors can be found at the end of the article.

Good morning, I'm Paul Shellenberg, director of sales at Bruzzone Research, and we are here to describe how you can track the effect of advertising, better, faster, and cheaper on-line. My function here today is to introduce and pose key questions to our Founder and President Don Bruzzone. I'm hopefully going to keep him on-topic and on-time, without getting fired. Don, can you give us

a quick overview of what we are going to be covering?

Don: We are going to be talking about a real breakthrough — something that doesn't happen all that often. We are going to talk about how you can track the effect of advertising:

- better through recognition-based research;
- faster — at the speed of e-mail; and
- cheaper because you're eliminating most of the fieldwork costs by doing it on-line.

We are going to show that it works by using evidence from parallel studies of Super Bowl commercials. We're going to be talking about the limitations of on-line testing, primarily how you allow for the segment of the population that is not on-line. And, we're

going to be talking about the importance of this breakthrough, being able to do more on-line research to track the effectiveness of advertising and how important the tracking of advertising is in increasing the profits of your company.

Why it's better

Paul: Let's take the first of those topics Don mentioned. Why does the ability to show advertising and see if people recognize it make this type of tracking better?

Don: Because up to now, most ad tracking surveys are conducted by telephone and in telephone surveys you cannot show things to people. When you can point to a specific commercial, or an ad, or a picture of a Web site and say, "Do you remember having seen



Excuse #1124

I can't make it to the focus group,
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and I have to paint her nails.

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this before?" you end up getting information that is more accurate, more sensitive, and more discriminating.

You end up identifying two to three times as many ad noticers as you do through the old-fashioned, more expensive phone surveys. In that kind of tracking study the results are less accurate, because when they say they recall your new advertising they may actually be remembering your old advertising or even your competitor's advertising. When you try to describe the advertising, that adds a little to the accuracy but it adds a lot to the length and cost of the survey.

Recognition-based tracking identifies the people who have been exposed to the advertising — and who didn't ignore it but actually noticed it — with fewer errors. It capitalizes on one of the great strengths of the human mind: its ability to recognize things it has seen before. It is critical to make the most accurate possible split of the sample into those who actually noticed your advertising and those who either ignored your advertising or were never exposed to it. It gives you the opportunity to see if that first group shows effects that you don't see in the second group. That is one of the most critical splits you can make in advertising research, and recognition-based tracking is the best way to do it.

One more point: Recognition-based advertising research does not penalize emotional ads. Hugh Zielske's classic research at FCB showed that recall-based tests penalize emotional advertising. If you do your research based on recall you run the danger of over-emphasizing the effectiveness of message commercials and not making enough use of emotionally-oriented commercials. That is why recognition makes this kind of testing better.¹

Why it's faster

Paul: Okay. The next thing you said was that on-line makes it faster. Can you tell us more about speed?

Don: The first thing to consider is that everybody is going to be notified and contacted instantly. Within a minute or so, everyone in the sample is sent an invitation. The invitation says, "Click on this URL and you will

immediately be connected to the survey site and you can start filling out the questionnaire."

Secondly, they can all reply simultaneously. Respondents don't get interviewed one after the other. You will see the benefits immediately because half of all the replies come back the first day or so. But you don't want to stop as soon as those initial results are in. They are interesting and they are perfectly valid as an indicator of how those who reply rapidly to e-mail invitations answer the questions. But, they end up being largely the "geeks" of the on-line population. They are the ones who are on-line more, they see your invitation sooner, and they are more apt to reply faster. To get replies from a more complete cross-section that includes those of us who take a little more time to reply to our e-mail, you need to wait awhile. But not too long. Almost all the replies you're ever going to get will show up within five days, and that's what makes on-line interviewing faster.

Why it's cheaper

Paul: The title of our presentation indicated that on-line also makes it cheaper. How does on-line do that?

Don: The whole process is simpler and more direct. Think about it: You have no fieldwork infrastructure to pay for. You have no interviewers, or people to supervise the interviewers. You have no one to hire the interviewers or supervisors. You don't have the facilities; you don't need a phone room; you don't need the mall interviewing facilities. And, you have the respondents doing all the data entry work. Those are the factors that make on-line research cheaper.

Limitations

Paul: But aren't there some limitations to this approach?

Don: Yes. We referred to the big one before: When people are replying on-line you are not getting replies from the segment of the population that isn't on-line. We tested two different methods of meeting that need in the Super Bowl results we'll be showing in a moment. We are also going to present some evidence showing what happens

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if you just ignore the off-line segment of the population. We have some very interesting evidence on that point.

Another limitation: there is no clean way to draw a pure probability sample of on-line households. The all-inclusive sampling frame that you need to do that just doesn't exist. For telephone surveys you can generate numbers at random from the blocks of phone numbers that are known to be in use. For door-to-door interviewing you can select blocks, and dwelling units on that block, at random. But there is nothing like that for the on-line universe. It is a real problem. We have been testing and experimenting to find the best ways to meet those problems. Watch how we did it in our parallel testing of this year's Super Bowl commercials.

The evidence that it works

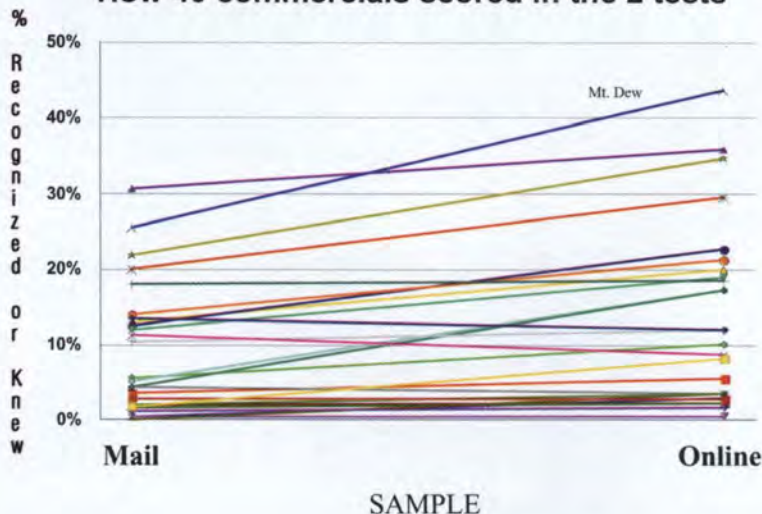
Paul: Sounds great so far, but does it work? What evidence do we have that

we test and track the effectiveness of every Super Bowl commercial. We do it on the basis of recognition and our standard battery of questions by mail showing photo boards.

The phone-recruited on-line study

The first comparison is with a method we have used quite successfully in the past. Respondents were recruited by telephone by Bennett Research. Bennett called a cross-section of households obtained originally by random-digit dialing, asking if they would participate in a survey of Super Bowl advertising. If the respondent said yes, they were asked if they were on-line and if we could have their e-mail address. If they said no, we obtained their mailing address, and mailed them exactly the same questionnaire with exactly the same photo board on it. That is the first way we covered the on-line and the off-line segments of the population. We did

How 40 commercials scored in the 2 tests



all this is true?

Don: We have lots of evidence from the Super Bowl. We feel this is a very unique standard for comparisons. And, we certainly agree with the folks at Harris Black when they made the point in a presentation yesterday that there is a continuing need for parallel studies. The best evidence we have on the validity of on-line research is to have on-line studies that can be anchored to studies of known validity. We are anchoring to the tracking studies we've been doing for nine years now in which

this by sending various groups of commercials to various portions of the sample. In this part of our parallel testing we covered a total of 40 different commercials from this year's Super Bowl.

The measure we have on the chart above is one of 50 different measures we take of commercials. We think it is most important for this type of work because it provides a good comparable measure of the number of people that were reached and affected by all kinds of commercials. It shows the

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Colorado Fieldwork <i>Denver</i> MC-3 <i>Denver</i> * Plaza Research <i>Denver</i>	Maryland AIM <i>Baltimore</i> * QuickTest/Heakin <i>Baltimore</i> *	Oregon MarketTrends <i>Portland</i>
Connecticut The Focus Room <i>Stamford</i>	Massachusetts Fieldwork <i>Waltham</i> Focus Pointe <i>Boston</i> <i>Natick</i> Field & Focus *	Pennsylvania Focus Pointe <i>Philadelphia</i> Focus Pointe <i>Bala Cynwyd</i> Plaza Research <i>Metro Philadelphia</i> QCS <i>Philadelphia</i> * <i>Philadelphia</i> Focus & Field * QuickTest/Heakin <i>Philadelphia</i> * Consumer Pulse of <i>Philadelphia</i> *
Florida Schwartz Research <i>Tampa</i> About <i>Orlando</i> Research* QuickTest/Heakin <i>Melbourne</i> * <i>Miami</i> Market Research Plaza Research <i>Ft Lauderdale</i> Field & Focus <i>W. Palm Beach</i>	Michigan Crimmins & Forman <i>Detroit</i> Stander Research <i>Detroit</i> QCS <i>Detroit</i> *	Tennessee 20/20 Research <i>Nashville</i>
Georgia Compass Marketing Research <i>Atlanta</i> Murray Hill Center <i>Atlanta</i> QCS <i>Atlanta</i> * Fieldwork <i>Atlanta</i> Plaza Research <i>Atlanta</i> Focus on <i>Atlanta</i> * QuickTest/Heakin <i>Atlanta</i> <i>Atlanta</i> Focus & Field *	Minnesota Fieldwork <i>Minneapolis</i> Market Resource Associates <i>Minneapolis</i> QCS <i>Minneapolis</i> * <i>Minneapolis</i> Field & Focus * QuickTest/Heakin <i>Minneapolis</i> *	Texas Fenton Swanger <i>Dallas</i> Fieldwork <i>Dallas</i> Plaza Research <i>Dallas</i> QuickTest/Heakin <i>Dallas</i> * QCS <i>Dallas</i> * <i>Dallas</i> Focus & Field * QuickTest/Heakin <i>Austin</i> * Plaza Research <i>Houston</i> QCS <i>Houston</i> *
	Missouri QCS <i>St. Louis</i> *	Virginia <i>Norfolk</i> Focus & Telephone *
	New Jersey Plaza Research <i>Paramus</i> * Fieldwork <i>Fort Lee</i> AIM <i>Hackensack</i> * AIM <i>Florham Park</i> *	Washington MarketTrends <i>Seattle</i> Fieldwork <i>Seattle</i> QCS <i>Seattle</i> *
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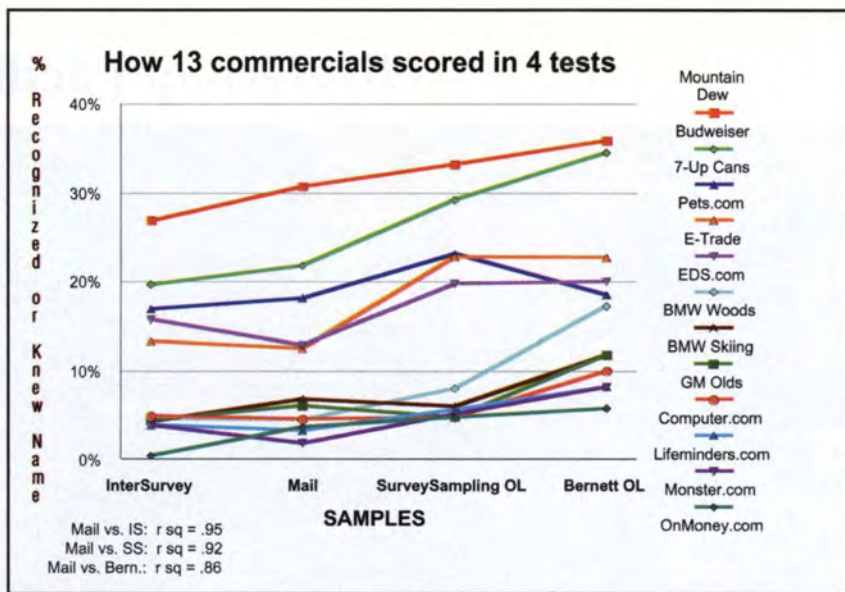
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number that not only recognized the commercial, showing that they noticed it, it shows if they knew who that commercial was for. A commercial isn't worth anything if people didn't notice who it was for. The third element in this three-way measure is likability. The respondent had a favorable reaction to the commercial.

You will recall from the Copy Testing Validity Study completed 10 years ago by the organization hosting this conference, the Advertising Research Foundation, that likability is the best of all the many measures they tested for showing the true effectiveness of advertising. On the left-hand side of the chart are the scores of 40 Super Bowl commercials in our standard recognition-based survey using mail questionnaires. The scores we obtained on the telephone-recruited on-line survey are on the right-hand side.

As you can see, there is a wide range of scores. These are all commercials that appeared during the Super Bowl so everyone had the same



chance to see them; and, the number of people reached and affected varied quite widely. But, the thing to notice in these two types of surveys is their similarity. The commercials at the top of one survey ended up being the commercials at the top of the other survey, the middle ones stayed in the middle and the bottom ones stayed in the bottom...largely the same results

from both surveys. We say "largely." How close was it? We'll look at the correlation scores to be a little more precise about how close it was. For those 40 commercials in those two tests, the correlation coefficient was a very high .93. That's an R-squared of .86, which means the on-line scores reflected 86 percent of the differences found in those base scores: a good,

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tight correlation.

Do all on-line methods work?

To find out, we tried two additional methods. One was from the InterSurvey panel. InterSurvey recruits folks from both the on-line and off-line segments of the population by providing WebTV to all of their panelists. That enables all of them to reply to surveys on-line immediately. We had them send invitations to 1,000 panelists and showed them 13 of the commercials that appeared during the Super Bowl. Those 13 are the base for all of the comparisons we will be making for all four methodologies. InterSurvey received 720 replies, a 72 percent response rate from their panel.

The second additional method used an "opt-in" sample. We were notified about two weeks after the Super Bowl that Survey Sampling finally had the rights to seven million e-mail addresses that could be used for research. They came from a variety of sources, primarily Web sites where respon-

dents left their e-mail addresses along with some information about their interests and permission to contact them about those interests. We sent out invitations to participate in the survey to 4,000 of the folks from that source.

Some would also say this is the cheap-and-dirty type of sample. It was inexpensive. At the time we were setting this up with Survey Sampling they were selling the use of these names for 40 to 60 cents per name. Survey Sampling's Terry Coen, who is here today, said, "Watch out, our response rates are low. Be sure you send out a lot because preliminary testing showed a response rate of about 8 percent." I thought, gee we've been playing around with a lot of on-line samples in recent years and have never gotten a response rate that low. Terry was right: we got a response rate of about 6 percent. We see how that panned out on the next chart (see facing page).

The chart shows the same scores we used on the first chart. We're not

showing indexes or anything other than the actual score these commercials achieved — the percent that recognized it, knew who it was for and liked it. First from the Internet survey, then from the mail survey, then from the Survey Sampling on-line sample, finally the Burnett on-line sample that we already looked at with the original set of 40 commercials. We again see a wide spread of scores from the over 30 percent range down to virtually 0 percent. The top ones stay at top, the middle ones in the middle and the bottom ones stay at the bottom.

We know something about these samples and what makes them different. For the Survey Sampling E-Mail Lite lists, you have to pick the type of respondent you want. We thought people with an interest in football were a natural for a Super Bowl survey. So, what we have in the third column is an on-line sample of football fans. The Burnett Research phone-recruited sample ended up being the best-educated and the most affluent. That was a normal result of the screening

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process. When they agreed to participate we asked if they had access to the Internet and if so, would they prefer answering the survey on-line or would they rather we mail them a questionnaire. Those who took the on-line option tended to be the computer-literate people who are very comfortable on-line. All that is reflected in some scores on that chart that might otherwise be thought to be an aberration.

The dark blue line is for the 7Up "Cans" commercial. If you remember it, it involved the phrase "show us your cans" and it showed photographs of people's hindquarters. Some might say it was a commercial that was not in terribly good taste. Well, the football fans of our population seemed to think it was just fine and tended to like it and pay a lot more attention to it than the better-educated, more

mail survey approach to the InterSurvey panel results there is an R-squared result of .95. The InterSurvey results account for, or explain or match, 95 percent of the variation in our base measure. For the Survey Sampling sample, even though we got a very light response rate, they ended up producing the same results everybody else did. Specifically, they accounted for 92 percent of the variation in our base sampling. The Bennett Research sample was also quite high. R-squared was .86, slightly lower than the others, but still very high. You don't get correlations with R-squares that high from data that is not closely related. Our conclusion: all three of those approaches for on-line interviewing work.

Is there a difference in the cost of doing them three different ways? Yes, that's shown on the comparative cost

Comparative Costs

Telephone Tracking Survey, 400 interviews	\$30,000
Similar Surveys, 400 replies, conducted by:	
• Mail:	\$25,000
• InterSurvey Panel:	\$21,000
• Survey Sampling E-Mail Lite:	\$20,500
• Bennett phone recruiting:	\$19,500

upscale folks.

So, we can even explain some of the variations we found between these samples, at least tentatively. Another example where the opposite may have happened is the EDS.com commercial, shown by the light blue line. It's an electronic data company that would naturally be of greater interest and more likely to capture the attention of the most computer-literate of the bunch, which it did. So, even though these scores are already closely related, there is reason to believe the correlations would be even closer if we could have had exactly the same type of people in each sample.

Again, we made a more quantitative appraisal of just how close they were. For those 13 commercials, when we compare our basic scores from the

chart. We start out with a standard hypothetical telephone tracking survey of 400 interviews; it costs \$30,000. It's the type of survey where half of the cost is fieldwork: for telephone interviewing. The other half is tabulating the results, drawing the charts, analyzing it all and writing the report. That half stays constant throughout all of the examples, only the fieldwork half varies.

When you move to a mail survey of the same length with the same amount of information, the results are delivered to you for \$5,000 less: \$25,000. We've been selling this approach for a long time. We can give you better data based on recognition in a mail survey. We can also make a better argument as the years roll by that our mail surveys are more representative

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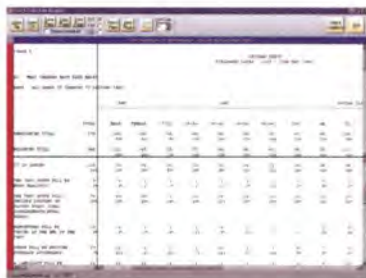
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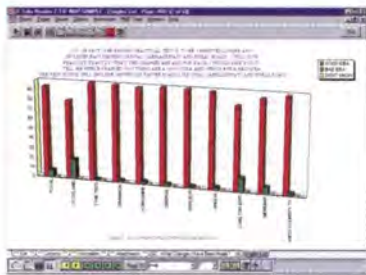
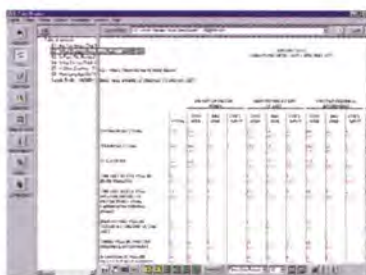
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Write



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- ▶ automatically generating tables of contents and cross-referenced index for fast location of any sections or keywords
- ▶ adding pictures, documents and hyperlinks to other files or websites, to create a complete report package
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E-Tabs Web Writer is an extension to the E-Tabs Writer which additionally converts reports and tabulations into web/HTML format without the need for any special programming:

- ▶ users can configure the output to harmonise with any existing corporate intranet standards
- ▶ facility to include logos, formatting and hyperlinks
- ▶ includes full index and Table of Contents
- ▶ end-users can simply read through the output in their standard web browser (eg Internet Explorer, Netscape)
- ▶ files can be held on a secure web server, intranet, extranet or even distributed via e-mail, disk or CD-ROM



E-Tabs - the solution to all your data management headaches

of the total population than telephone surveys. People are busier and using more devices to record and screen calls. Others are using their phone line to connect to the Internet. All of which effectively blocks you from reaching a lot of households.

But we can still reach virtually every household in the country by mail. No matter how busy a person is they are going to come home eventually, and when they do their mail is always there waiting for them. In this type of study we routinely get about a third of the recipients to open our questionnaire, fill it out and send it back — without any pre-recruiting or follow-up. When was the last time you had a completion rate that high in a phone survey? That's why we feel our recognition-based tracking surveys conducted by mail on Super Bowl commercials provide an excellent standard for making these comparisons.

We mention this because the people at Harris Black made a good point when they said that the validity of on-line surveys needs to be checked by anchoring the results to survey results of known validity. They check their on-line results against the results from their Harris Poll. But that is a phone survey. We would make the point that we are anchoring our tracking results to something even better — our recognition-based tracking of all Super Bowl commercials by mail that has been the standard in Super Bowl tracking for nine years.

The advantages of mail tracking over phone tracking were impressive enough. But now we can do even better. If you did that tracking survey on-line using the costs we incurred with the InterSurvey Panel the cost would come down to \$21,000. If you used the Survey Sampling opt-in E-mail Lite sample, you could get it done for \$20,500, almost the same cost. And, the lowest cost, by a margin that's not too great, was from the Bennett Phone recruited sample, which comes in at \$19,500. Those are substantial savings.

These price comparisons are based on our experience with this set of surveys. I would certainly urge you to

talk to the various companies we did business with.

What did we learn from all this?

Insofar as our tests were typical of the broader categories, I think you can say:

- "Opt-in" samples are OK for this kind of work.
- Using phone-recruited samples doesn't increase costs, it reduces them.
- We only paid a small premium for using a panel, and it does make life a lot simpler to have someone else do all that kind of work.

These conclusions may only apply to recognition-based tracking studies of Super Bowl commercials. Recognition is a very sturdy measure and we've proved through the years that it has extremely high test, re-test reliability. And, it also gives you the same results even when you switch methods. We've shown that before comparing mail intercept results with mail, with in-office interviewing, with disks-by-mail. And, we are now showing we can get virtually the same results on-line.

Recognition is not only a sturdy measure, but also reactions to Super Bowl commercials are by design fairly homogeneous. It's the last of the mass-marketing efforts. Super Bowl commercials are designed to appeal to and capture the attention of everyone: young folks, old folks, rich folks, poor folks. So, we don't want to over-generalize, but those are the things that we've learned from this testing.

What does an advertiser get out of a tracking study?

Paul: Okay, you've shown that it produces virtually the same results, better, faster, cheaper. How about a few thoughts on the importance of getting those results? The advertising is over, the money has already been spent. Why does an advertiser want a tracking study like this?

Don: That is the classic question we run into in tracking surveys. Let's see if we can't make the point that that is short-sighted.

There are those who say, "I pre-tested those commercials, I've done my

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research. I don't need anything more." In pre-testing a commercial, you are attempting to predict how that commercial is going to perform under real-world conditions. When it finally gets on the air, it may or may not perform as your pre-testing has indicated it would. You need tracking research in order to find out. Further, there are three things you have a hard time covering in any kind of forced exposure pre-testing:

- Did it capture attention? Under

real-world conditions do they notice it or ignore it?

- How did it do in getting the name of the advertiser across?
- What's your ROI? What's the cost per thousand actually reached and affected?

Those are very hard things to simulate in any kind of a pre-testing environment. So, when you've done your post-testing, you finally have both creative and managerial feedback on how your advertising performed so you can do more of what works and less of what doesn't work.

You say you already have a feel for what works and what doesn't work. You don't need research to tell you. I think we have some examples from the Super Bowl on what the experts say about that, which may cause you to stop for a minute and wonder if you really do know as much as you think you do. Because if experts are really experts, and expert opinion is all that it's cracked up to be, everybody should agree. Well, let's compare the experts' opinions with our results. It drives home the dangers of relying on expert opinion and the value of a good tracking study.

Rating this year's Super Bowl commercials

First, we're going to compare the commercials from this year's Super Bowl that everyone's talking about,

15 dot-com commercials the three that he gave the highest ratings to and the three that he gave the lowest ratings to are shown in the first column in the chart below. Let's compare those with the scores *USA Today* gave when they did the fabulous job they do every year for the advertising industry. The morning after the Super Bowl they print the scores that they get from having a number of people in different cities watch the game and use little dials to indicate how much they like each commercial while it runs. Their measures produced the set shown in the second column as the best and worst. They are not the same commercials. Already we have some differences.

Next we have a set of scores from Media Metrix. They measured the increase in the number of people using each of these sites after the Super Bowl. How much of a lift did they get in the use of their Web site? Kforce.com was at the top of their list. Schwab was at the bottom. Again, we don't agree. What is the real picture? Here are our results: FedEx, Pets.com and E*Trade reached and affected the most. Kforce.com, Media Metrix's best, is our worst. So who's right?

We differed the most from the Media Metrix rankings, and the reason is understandable. The differences Media Metrix was measuring were increases in hundreds of thousands of hits on



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The Experts on the Super Bowl Dot-Com Commercials

Vs. Web Site Activity

Garfield, Ad Age	USA Today	Media Metrix	BRC
Highest Scores			
E*Trade	Pets.com	Kforce.com	FedEx
Computer.com	FedEx	OurBeginning.com	Pets.com
Pets.com	Oxygen Media	Pets.com	E*Trade
Lowest Scores			
OurBeginning.com	LifeMinders.com	Oxygen Media	MicroStrategy
MicroStrategy	Kforce.com	WWF.com	OurBeginning.com
Epidemic.com	WSJ.com	Schwab.com	Kforce.com

those dot-com commercials. We do that as a separate group because there is some additional information available about that group. Bob Garfield at *Ad Age* rates all the commercials. When we looked at the scores for the

Web sites. The differences we were measuring were differences of tens of millions in the number that recognized commercials, knew who they were for, and liked them. We were measuring massive differences in awareness and

favorable reactions. They were measuring the tiny fraction that took immediate action. We see no reason to doubt both are valid measures of what they purport to measure.

Next, let's broaden our view and look at all of the Super Bowl commercials. The next chart (right) shows what Garfield said were the best of all the commercials: E*Trade, FedEx, NFL Properties and the rest. They are compared first with what *USA Today* said were the best. They are not the same. They have Bud with the crying dog at the top. So what are the best commercials? The last column shows what we found. You'll see up at the top M&M — the commercial we say is the best of all commercials on this year's Super Bowl. None of the others had picked it. The reason reveals something important about our methods. We think we are measuring something the others tend to overlook — branding — the commercial's ability to get across the name of the product. We tend to assume if someone sees a commercial

The Experts on the Super Bowl Commercials		
Comparing All the Commercials		
Garfield, Ad Age	USA Today	BRC
Highest Scores		
E*Trade: Chimp	Bud: Dog Cries	M&M: Walking
FedEx: Oz	Mt. Dew: Cheetah	Mt. Dew: Cheetah
NFL Properties	Tropicana: Granny	FedEx: Oz
GM Olds	Bud: Dog Owner	Tropicana: Granny
Computer.com	Pets.com	Bud: Birth of Colt
Lowest Scores		
MicroStrategy	MicroStrategy	MicroStrategy
Epidemic.com	HotJobs.com	Kforce.com
Nuveen: Reeves Walks	Lifeminders.com	Netpliance.com

they know who it is for. From decades of testing I can assure you that is not the case. These M&M commercials do a fabulous job of keeping attention focused on the product. You see those little candies in almost every frame and you know what the product is that is being advertised.

A lot of other Super Bowl commer-

cials got down-rated by us because of the number of people who said "Yes I remember that commercial, but darn, I just don't remember who it was for." Hardly anybody said that for the M&M spot. That was the edge that put them on the top of these otherwise very excellent commercials. It is something Garfield has to allow for judgmental-



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ly. We offer this as hard evidence that he underestimated the importance of good branding. When *USA Today* has people turning dials to show how much they like commercials, they ignore differences in a commercial's ability to get the name across. An uproariously funny commercial that never even showed or mentioned the product could get a high rating with their system.

Picking favorite Super Bowl commercials has become almost as much

of a national pastime as the game itself. We could go on for hours talking about their real strengths and weaknesses, as revealed by our recognition-based tracking. But, back to our focus of the day: those people who feel they don't need ad tracking. As soon as they get the commercial produced and on the air their interest drops, they feel their responsibility ends, and their job is over.

If pretesting, your own expert opinions, and the expert opinions of your

colleagues were all that was needed to turn out great advertising, you would not find the enormous differences in the performance of Super Bowl commercials that we have seen. And you wouldn't find the differences we have seen in the after-the-fact judgments on what worked best.

So, we have used these Super Bowl results to drive home a very simple, fundamental point: You need good ad tracking research so you can do more of what is working and less of what isn't.

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Paul: You have shown why we need ad tracking. But, how do you actually put that information to work? What are the ultimate applications?

Don: There are two, and they are closely related. First, good, recognition-based ad tracking enables you to measure the cost-effectiveness of your advertising in ROI terms: the cost per thousand actually reached and affected. You can use the same approach that we've just been describing for commercials to also get those measures for Web sites, print ads, store displays, and most other elements in your marketing mix. In each case, you show pictures and ask, "Did you see this?" If they did, you ask, "Do you remember who it's for?" You ask them diagnostic questions to see if they had a favorable reaction to it. At that point we know if each of those efforts is paying its way — whether they are worth doing.

Then you put those results into marketing-mix models to find the most effective combinations, so you can optimize the marketing mix. I had the pleasure of giving a talk last October on marketing-mix models. The main point was that in order to get marketing-mix models to give an adequate reflection of the effectiveness of advertising, we need to build-in the quality of the advertising. Far too many models just throw in the dollars that were spent for advertising, and don't pay any attention to whether it was good advertising or bad advertis-

ing, better than last year, worse than last year. Just dollars, and dollars and dollars. When you spend a million dollars to air Commercial A and it reaches and affects twice as many people as when the same amount is spent to air Commercial B, the "quality" of the first commercial is twice that of the second commercial. You need to factor that quality difference into your marketing-mix models before you can expect them to work, before you can expect them to account for and predict the changes in your market share. In order to know what the quality of the advertising was you need a good tracking study. And finally, I hope we have shown you a good tracking survey is more feasible than ever, because you can get a tracking study that is better, faster and cheaper with this on-line research breakthrough that we've been talking about today.

Paul: Thank you very much. That's our presentation for today. Now we would love to hear your questions and comments.

[That also applies to those of you who are reading this in *Quirk's!* You can reach us at: donbruzzone@bruzzone-research.com, paulshellenberg@bruzzone-research.com, or at 510-523-5505.] ¹

¹ For documentation of the points made on recall vs. recognition see:

(Studies that show recall is not the best)
 Russell I. Haley and Allan L. Baldinger, "The ARF Copy Research Validity Project," *Journal of Advertising Research* 31 (March/April 1991).
 Leonard M. Lodish, et al, "How TV Advertising Works, A Meta-Analysis of 389 Real World Split Cable TV Advertising Experiments," *Journal of Marketing Research* 32, May 1995.

(Studies that show recognition is the best way)
 Surendra N. Singh, Michel L. Rothschild, Gilbert A. Churchill, "Recognition vs. Recall as Measures of Television Commercial Forgetting," *Journal of Marketing Research* 25, February 1988.
 Herbert E. Krugman, "Low Recall, High Recognition of Ads," *Journal of Advertising Research*, March 1986.
 Wolfgang Schaefer, "Recognition Reconsidered," *Marketing & Research Today* (ESOMAR), May 1995.
 Hubert A. Zielske, "Does Day-After-Recall Penalize 'Feeling' Ads?" *Journal of Advertising Research* 22, February/March 1982.

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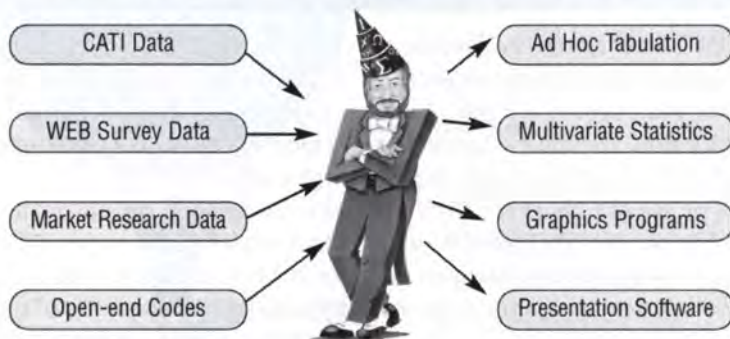
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E-interviewers add human touch to Web-based research

By Karl G. Feld and Steven Wygant

Editor's note: Karl G. Feld manages quantitative research for clients of Western Wats Center, a Provo, Utah, research firm. He can be reached at karl@office.westernwats.com. Steven Wygant works in the office of assessment at Brigham Young University in Provo. He can be reached at steve_wygant@byu.edu.

Despite the recent swings in the tech-heavy NASDAQ, e-commerce remains a hot topic. Depending on who you talk to, the horizon beckons with seemingly limitless opportunity. Is it any surprise then that Web-based research intrigues the research industry with its possibilities? Eyeing the rapid growth of the Internet, some research insiders predict phenomenal growth and business opportunities in Web-based research — the gold rush of 1849 all over again. Some research companies have openly embraced the

Web methodology; others race to catch up, while still others warily consider it. All of which leads to some very important questions. Is a high-tech Web-based survey really any better than an old-fashioned, plain vanilla mail survey? Can we move beyond current Web technology to increase the quality of the data by reintroducing people into the process? Can the e-commerce concept also work for e-interviewing?

A confluence of need and curiosity created an opportunity to provide preliminary answers to some of these questions. Brigham Young University (BYU) and Western Wats Center (WWC) joined forces to explore some of these issues. BYU's Office of Assessment hired WWC to interview university alumni about BYU publications. WWC proposed testing a new concept: live interviewers interacting with Web-based respondents (e-interviewers). WWC proposed a

data gathering approach that would facilitate comparisons between three data collection methods: traditional CATI, self-administered Web surveys, and interviewer-assisted Web surveys. WWC used its data collection staff and facilities to conduct the study for BYU.

Our approach

To meet the customized needs of this client's study, WWC's Internet technicians wrote the software to program the Web survey. The software incorporated capabilities long available in standard CATI programs. It facilitated list rotation, error traps, forced responses, and complicated skip patterns. It also prevented the respondents from reading or answering questions out of order. To facilitate legitimate and defensible comparisons, the WWC programmers incorporated these features into the CATI program, the self-administered

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program, and the e-interviewer-assisted Web program.

Like most Web-based research today, the standard Web questionnaire filled the entire screen. The respondents clicked to answer the questions. The e-interviewer version of the Web survey contained additional features designed to introduce a live interviewer into the process. The actual questionnaire filled the right two-thirds of the respondent's screen. An e-interviewer chat box occupied the remaining one-third of their screen.

The chat box contained separate fields and "submit" buttons. This allowed the e-interviewer and respondent to carry on real-time chat independent of the questionnaire fields. The intent was to approximate the positive benefits of a real respondent interacting with a live interviewer over the phone.

Sampling procedures

WWC used the entire universe of BYU alumni with an e-mail address (11,892 individuals) to create the Web

sample frame. The study design excluded these individuals from the CATI sample frame. The remaining known universe of BYU alumni (141,337 names) comprised the sample frame for the CATI portion of the research. The goal was 300 completed interviews in each of the three groups (900 total interviews). Projecting one completed interview per four sample points, WWC selected 1,200 sample points for each of the three interviewing methods (3,600 total sample points). WWC selected every *n*th name from the two files. Using the gender, census region, and age information contained in the BYU alumni database, WWC selected the three samples proportional to gender, census region and age of the U.S. on-line population as defined by Iconoclast in its Winter 2000 edition of "Internet At A Glance."

The study design assumed a response rate of 25 percent. The Internet versions of the study achieved lower than anticipated response rates. Consequently, we adjusted the final sample sizes to 100 for the two Internet methods. The sample demographics match the U.S. Internet population. Consequently, the actual final sample sizes exceed 100.

Data collection procedures

CATI

From March 28 to April 19 WWC's professional interviewers initially dialed the telephone sample between 5 p.m. and 8 p.m. Monday through Saturday. WWC controlled for the effects of gender bias by assigning equal numbers of hours to male and female interviewers. To limit interviewer bias no interviewer worked two consecutive days. The study design included a maximum daily quota of 35 completed interviews to minimize any potential day of the week effects. The interviewers dialed each number in the sample frame a maximum of three times over the course of the study. No more than two attempts occurred per day. The interviewers subsequently attempted to contact individuals between 9 a.m. and 8 p.m. to reach the full-time

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housewives, students and retirees who made up part of the sample. In an attempt to achieve a balanced sample, supervisors called any individuals who initially refused to participate.

Internet

WWC used e-mail to invite individuals in the two Internet samples to participate in the survey. The body of the e-mail contained a URL directing them to the questionnaire and a unique PIN number that allowed them access to the questionnaire. Each day over a two-week period, 100 individuals from the self-administered sample and 75 individuals from the e-interviewer-assisted sample received an e-mail seeking their participation in the study. Each sample point subsequently received a reminder e-mail message two days later. The difference in the number of invitations resulted from a purposeful over-sample of the self-administered respondents. Respondents could exit the survey and return to it at any time. The software automatically resumed the survey at the correct question.

The individuals in the self-administered sample completed the interviewer unassisted and at their convenience. In today's jargon, WWC provided 24/7 staffing for the e-interviewer-assisted version of the questionnaire. As individuals in the assisted sample entered their PIN number and birth date, the system notified the interviewers of impending respondents. The interviewers communicated with each respondent using the live chat function. Initially they confirmed that the appropriate respondent completed the questionnaire. Then they monitored and assisted the progress of the respondent.

Questionnaire length

WWC and BYU used identical questionnaires for the three methods. The CATI surveys lasted an average of 17 minutes. The self-administered Internet questionnaire lasted an average of 22 minutes. The interviewer-assisted Internet questionnaire lasted an average of 37 minutes. Technical issues and the interaction of the inter-

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viewer accounted for the difference in the average length of the interviewer-assisted and self-administered Internet questionnaires. A fundamental premise underlying the e-interviewer concept is that the interaction and oversight of a human will improve the quality and completeness of responses — in essence, a human touch in an otherwise high-tech wilderness. By design, the Internet questionnaire was divided into 10 "pages." After the respondents completed and submitted a page, the e-interviewers reviewed every response for completeness before sending the next page. If they discovered incomplete or inconsistent answers, they clarified or probed the respondent using the chat feature.

Findings

Cooperation and refusal rates¹

Despite the fact that it took more time, on average, than the self-administered questionnaire to complete, the e-interviewer version also achieved a higher cooperation rate than the self-administered Internet questionnaire. The use of live interviewers helped retain reluctant respondents. By using the chat function, the interviewers encouraged reluctant respondents to complete the survey, much as live interviewers keep respondents on the telephone during CATI-based studies. The CATI method also attained the highest cooperation rates.

CATI	= 59.5%
Interviewer-assisted Internet	= 29.3%
Self-administered Internet	= 26.4%

Finally, the e-interviewer-assisted method had a lower refusal rate than the self-administered Internet study. Evidently a human is still more effective in convincing a respondent to participate in a survey than e-mail and the Internet. The unintended length of the e-interviewer version directly contributed to a refusal rate higher than it otherwise might have been. Using the chat feature, we learned that a sizeable number of respondents terminated the interview because of the length. The CATI method had a

notably lower refusal rate than the two Internet methods.

CATI	= 26.8%
Interviewer-assisted Internet	= 63.3%
Self-administered Internet	= 67.7%

Data quality: open-end question responses

Obtaining rich and meaningful responses to open-end questions remains problematic for any research method, but particularly for self-administered studies. In our study, each version of the questionnaire included the same three open-end questions. All three versions of the questionnaire prompted the interviewer and/or the respondent for more complete answers to the open-end questions. The CATI program initially prompted the interviewer to ask the question. It then prompted the interviewer to probe for a more complete or in-depth response. Similarly, the Internet version of the questionnaire presented the question on the screen. After the respondent submitted an answer, the program displayed the answer and requested additional information. All three versions used identical language for the questions and the subsequent probes. The CATI and e-interviewer versions enjoyed the advantage of live interviewer interaction. The CATI interviewers (using the telephone) and the e-interviewers (using the chat function) probed answers from reluctant respondents who either initially refused to answer the question or who provided short or incomplete responses.

On average, the e-interviewer-assisted version gathered more words per response than either the CATI or self-administered Internet versions on all three open-ended questions and their written follow up probes. Admittedly, live interviewers interacting with a respondent and the CATI program don't typically record every idle word uttered by the respondents. Nevertheless, the e-interviewer-assisted version collected from one to four words more than the self-administered Internet version. It collected from less than one to as many as 11 words more than the CATI ver-

sion (see Table 1).

While verbosity does not automatically translate into quality, a non-response is a non-response. An analy-

observed this phenomenon in our study. Two individuals who did not meet the eligibility requirements attempted to participate in the e-inter-

respondents who avoid screeners suggests that some of the respondents to the self-administered survey were certainly not eligible.

Table 1

Average Number of Words Per Open-end Question Response

	Q13	Q13A	Q21	Q21A	Q30
CATI	10.19	5.40	7.05	4.4	12.26
E-interviewer-Assisted Internet	21.20	8.36	16.53	4.73	16.40
Self-Administered Internet	18.21	4.94	12.03	3.53	12.05


sis of the open-end responses revealed that the typed responses on the Internet version generally yielded richer data than the verbal responses given on the CATI version. This coincides with findings from previous analysis of responses to mail surveys.

Eligibility control

Curiously, a few respondents who don't meet the eligibility requirements of a given study often attempt to participate in the study, occasionally circumventing fairly detailed security measures in the process.² We

viewer-assisted version of the questionnaire. Using the chat function, the e-interviewers discovered both attempts and terminated the interviews. The CATI interviewers terminated five interviews when they discovered that an individual not named in the sample was attempting to complete the questionnaire. By definition, self-administered surveys cannot screen for the correct respondent. They depend totally on the honor of the respondent. The nature of increasing non-response rates and the documented problems with professional

Conclusion

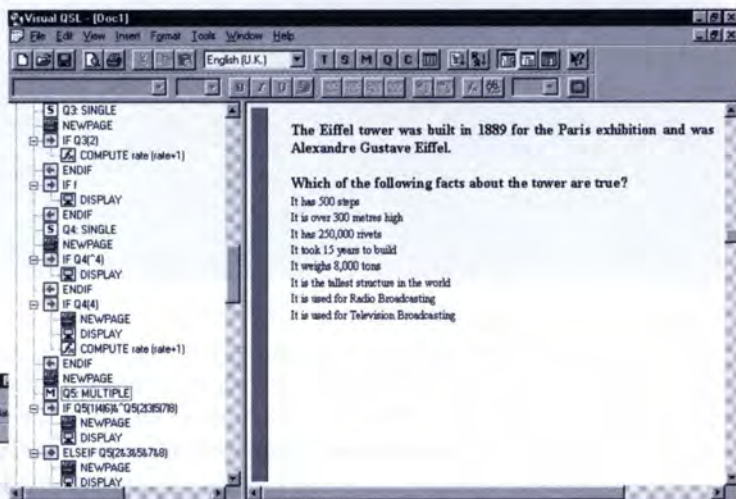
It is clear that interviewer-assisted Internet surveys produce data with greater reliability, lower refusal rates and richer open-ends than unassisted Web surveys. Accounting for the constraints of the pilot technology used, it is quite probable that an improved survey engine will achieve even greater reductions in response rates while preserving the gains in data quality outlined above. It is clear that the use of e-interviewers in survey research warrants further examination. 

¹ These rates have been calculated using AAPOR's 1998 Standard Definitions for Final Dispositions of Case Codes and Outcome Rates for RDD Telephone Surveys. These definitions are built on CASRO's 1982 standards.

² See "A statistical approach to security/past participation problems" in the March 2000 issue of *Quirk's Marketing Research Review* for a discussion of this phenomenon.

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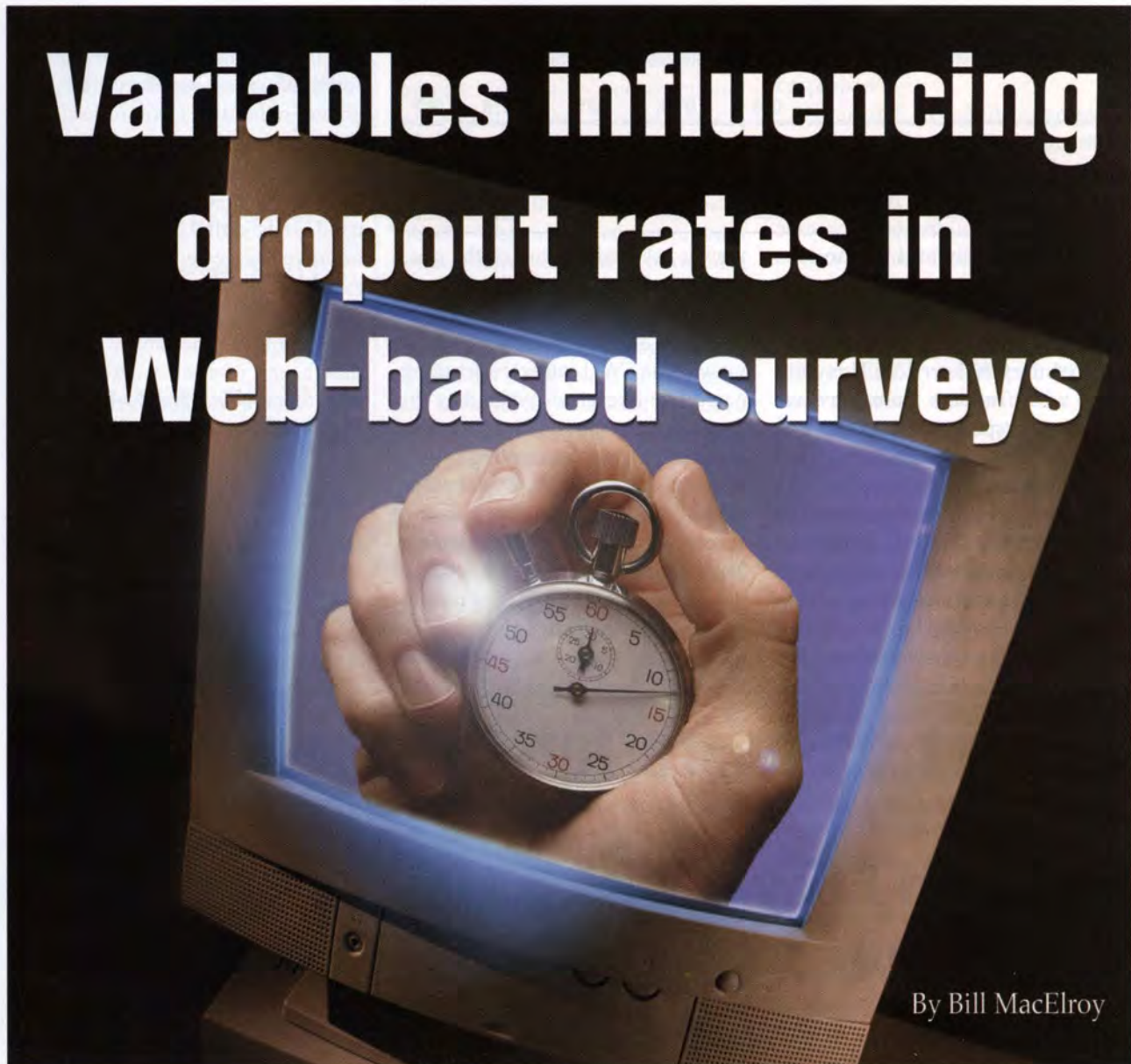
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Variables influencing dropout rates in Web-based surveys



By Bill MacElroy

Editor's note: Bill MacElroy is president of Modalis Research Technologies, Inc., San Francisco. He can be reached at 415-430-2200 or at bill.macelroy@us.modalis.com.

The popularity of conducting research on-line has prompted many questions regarding the impact of various conditions under which surveys are conducted. In particular, the interaction between length of survey (both in terms of time and number of questions) and incentive (either total incentive

offered as a prize package or the approximate value of the incentive on an individual basis) has been thought to influence the number and proportion of mid-survey abandoners. This article will discuss the findings from 19 Web-based studies conducted from January 1 to April 25.

In order to remove the bias that might be caused by different populations and survey topics, all of the studies used for this analysis were conducted with the same general target audience and all involved business-to-business technology-related

decisions. The total number of respondents included in these surveys was 21,867, with the median sample size consisting of 473.

The primary focus of this discussion will revolve around trying to determine the degree to which various factors influence the rate at which people dropout of a survey once they have begun the process. Also referred to as "mid-terminates," this statistic tends to be an indication of the point at which respondent fatigue, boredom, or lack-of-perceived-value becomes critical. As a

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Variable	Description
Number of Screens	Within a dynamically created on-line survey a number of questions can appear on any given page. This variable is a measure of how many times the respondent must submit answers in order for a new set of questions to appear. For the purposes of this study, most screens contained a single, although sometimes complex, question. Matrix questions (such as rating a series of attributes) appear on one screen. No screen required more than one "scroll down" to complete all answers on a page.
Average Time to Complete	Each survey is tracked by the average time from beginning to end. Data sets were cleaned of extreme outliers, which tend to be caused by people beginning a survey and then encountering a disruption that causes a lengthy elapsed time on a single question.
Total Value of the Incentive	Some of the surveys tested feature a cash- or product-based pot that can be won by anyone attempting to take the survey. This total value is usually announced as a cash or cash-equivalent amount. In none of the cases tested was the total number of participants sharing the pot revealed.
Known Value of the Incentive	In other surveys, a clear offer of a specific dollar amount for a completed survey was indicated in both the invitation and within the opening screens of the survey. This variable includes the results from studies with an announced payment for respondents.

rule of thumb, when surveys have a mid-terminate rate of more than 25 percent a post hoc evaluation of factors leading to the problem is probably a good idea.

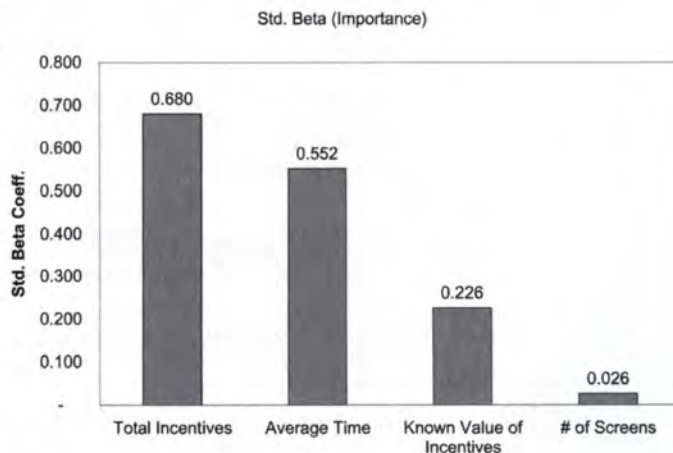
In specific, we have chosen four variables (shown above) that have been considered suspect in creating radical dropout rates.

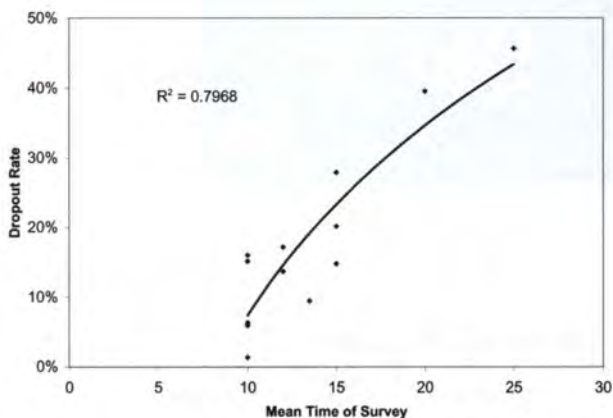
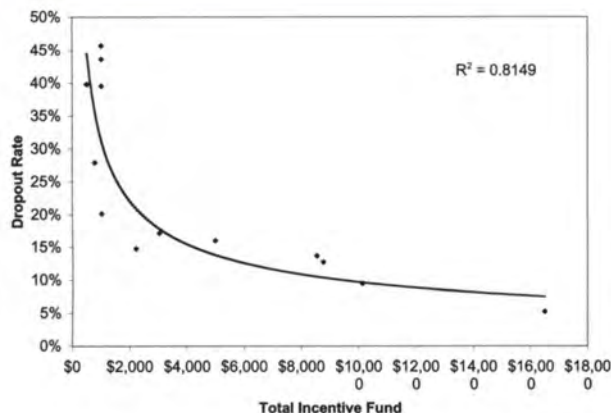
As a first step, a simple linear regression was conducted to determine the drivers of mid-terminate behavior. The results had a fair predictive capability with a multiple R-square of .524. The degree to which each of the four variables is important in explaining drop-outs (as

measured by standardized beta coefficient) is shown in the chart.

Only two of the variables, "Total Incentives" and "Average Time," were significant at the 90-percent confidence level. This finding was a bit of a surprise, in that I had expected (and have previously observed instances in which) all of these variables to be quite significantly influential in predicting dropout rates.

The explanation as to why the lin-





ear regression was not a very good model was quite simple: the variables are not well modeled by linear functions. In fact, each of the variables is better modeled using curve-fitting software.

Total incentives

The curve that best fits the relationship between the total amount of incentives to be paid as a drawing-type incentive and the level of dropout shows that a certain threshold of total prize money must be present to

avoid critical mid-terminations (see graph above left). This model indicates that for the B2B

surveys studied a prize package of just over \$1,000 was needed for more than 70 percent of this audience to complete.

Table 1 shows the predicted mid-

Total Value	Predicted Dropout Rate
\$20,000	.7%
\$15,000	.8%
\$10,000	10%
\$5,000	14%
\$3,000	18%
\$2,000	22%
\$1,000	31%
\$500	44%
\$250	63%

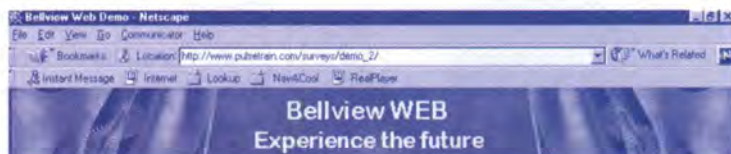
Minutes	Predicted Dropout Rate
10	.9%
15	.24%
20	.35%
25	.44%
30	.50%

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		Total 6.00	1.00	7.00
	Motivating your Staff	Sample 7	1	8
		Total 7.00	1.00	8.00
Counseling at Work	Sample 2	0	2	
	Total 2.00	0.00	2.00	
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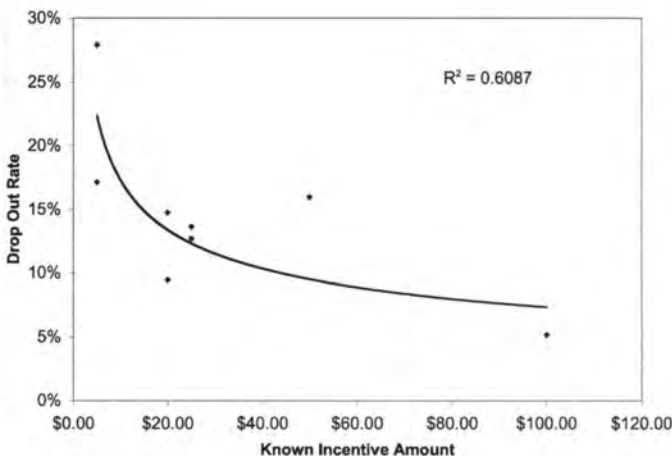
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terms based on total level of prize incentive offered.

Total average time of survey

The next variable, total average time of the survey, was also highly

Known Value of Incentive	Predicted Dropout Rate
\$100	.7%
\$75	.8%
\$50	10%
\$35	11%
\$25	12%
\$15	15%
\$10	17%
\$5	22%

predictive of the mid-terminate rates. Surveys that took more than 17.5

minutes led to predicted completion rates of less than 70 percent (see graph on previous page, upper right).

Table 2 shows the predicted dropout rates for surveys of varying lengths.

Known value of the incentive

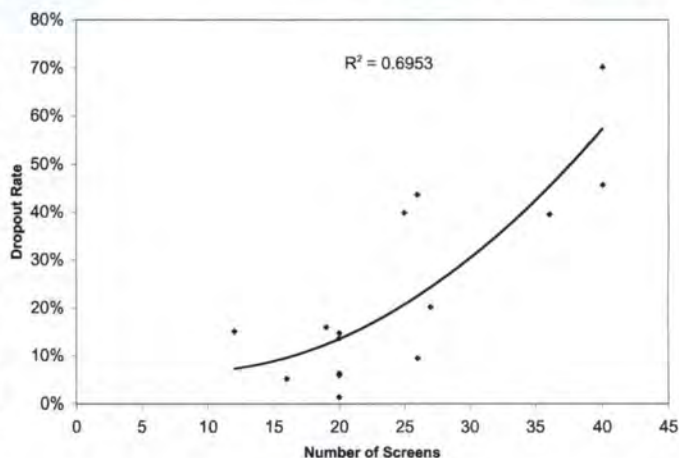
The cash-equivalent amount that each respondent would receive had

ably, indicating that radically increasing the individual incentive rate above a certain level does little to influence the proportion of those who abandon the survey (see above).

Table 3 shows this relationship between known rewards and predicted dropout rates.

Number of screens

The final variable, number of screens (and in these cases very close to total number of questions) showed a logical relationship to dropout rates: the more screens/questions the higher the mid-terminates. In the projects included in this analysis, surveys that exceed 30 screens/questions are predicted to exceed the



maximum level of dropouts, which we set at 30 percent.

We have also done usability studies on on-line survey design that show that the content of questions

an interesting relationship to the proportion of predicted dropouts. A value of only \$5 would still leave a predicted 78 percent completion rate. Once the value hit \$22, the curve flattened notice-

also has an impact on perceived ease-of-use. Trying to cut the number of


Number of Screens	Predicted Dropout Rate
45	.73%
40	.56%
35	.42%
30	.30%
25	.20%
20	.13%
15	.9%
10	.7%

questions by creating long explanations and/or complex structures is often more annoying to respondents than splitting the issues into several, smaller question sets (see graph bottom left).

Table 4 shows that surveys that exceed 30 questions rapidly have much higher dropout rates. Note: Although increasing incentives for longer surveys can control some dropout rates, our studies show that even when large incentives are offered to potential respondents in this difficult-to-reach population, these do little to stay the abandonment rates associated with long surveys.

Conclusions

The anecdotal suppositions that length of survey and amount of incentive interact to prevent dropouts from an on-line survey appear to be confirmed by these few studies we've examined. While more work would no doubt produce more sophisticated models, we might begin with the assumption that B2B surveys which consist of fewer than 30 questions/screens, that last no longer than 17 to 18 minutes, that have a total drawing package worth at least \$1,000, or that have an known incentive of approximately \$20 will probably yield the best results.

Based on my discussions with companies who focus on consumer-related studies, it is my opinion that similar results would apply in the B2C market as well. 

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Money metrics

Study seeks link between site satisfaction and revenues



By John Burshek

Editor's note: John Burshek is chief research officer at NetRaker Corporation, a Sunnyvale, Calif., research firm. He can be reached at 877-483-2114 or at jburshek@netraker.com.

These days, whether you're a business-to-consumer marketer or a business-to-business firm, you need to have a presence on-line. Indeed, already over 90 percent of large businesses and 41 percent of small businesses have an on-line presence. Of course, presence alone does not mean these companies are achieving critical company goals, but more on that later.

Much has been said about Web site usability, navigational issues, empowerment of the customer, two-way com-

munication, e-CRM, site satisfaction, retention factors, etc. However, we were unable to find empirical data demonstrating how measurable metrics truly relate to what most companies with an on-line presence crave: increased revenue (if an e-commerce site) or increased usage (if an information or e-community site).

We began pondering these issues while working with companies on their on-line presences. We wanted to provide a systematic method of identifying and verifying important and meaningful key metrics, metrics that could be applied quickly and easily to any company's Web site. But of all the interactions with a site that could take place, which were really meaningful?

To answer these and other questions,

we decided to undertake a self-funded study. Our goal was to find a research method or methods that would provide statistically-sound information against which advanced statistical procedures could be applied.

E-mail studies, whether conducted against a panel or another type of pre-recruited source, were subject to the biases inherent in the list or panel. They were also subject to low response rates. There was also the issue of handling complex questions and skip patterns.

Panel studies have biases of their own. While yielding extremely large sample sizes, the inherent response rate, as in an e-mail study, was typically in the 5 to 12 percent range. This left far too large a non-response bias to be able to apply statistical procedures

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to the datafile, regardless of how large that datafile might be.

Qualitative research methodologies, whether conducted on-line or off-line, would not yield projectable results given the very nature of the procedures and the opportunity for respondent group-think to impact the findings. Strictly off-line quantitative procedures such as telephone sampling did not provide a true read of the participant's response since an interaction with the medium and the company's site had to

be manufactured as opposed to actually taking place.

Probability theory in real life

We conducted side-by-side studies using the aforementioned techniques and comparing the findings against probability sampling procedures, typically applied through off-line telephone random-digit-dial techniques. In all cases, despite the generation of large on-line sample sizes, significant bias was determined in the findings of

a strictly on-line sample using available techniques. In some cases, the findings were so dramatically different (in excess of 400 percent) as to render use of some of these procedures questionable except for the most exploratory of purposes.

For the most part, many of these processes couldn't meet the basic elements of probability theory. A tenet of probability theory is that the sample represents as closely as possible the population from which it is drawn. We determined that the inherent biases of drawing a sample from panel or pre-recruited populations resulted in sampling frames that do not allow for equal representation of the on-line populations under consideration, despite containing large amounts of individual respondents. Hence our datafiles from these methodologies did not qualify as probability samples.

Another key statistic directly related to the quality of the data was the response rate. We discovered a response rate of around 5 percent was very typical. This leaves an enormous non-response bias, prohibiting the use of statistical interpretation of much more than just the sample statistics themselves. There was simply no way to draw any conclusions about the population under study from such a sample. As the response rate increased, there was a direct correlation to the repeatability of study findings, a key determinant of quality of findings.

We settled on developing a multiple methodological attack of the problem, based on the premises of experimental design techniques. In basic terms, we screened and recruited research participants using off-line probability telephone sampling. In using this process, we were able to achieve a significant response rate among the qualified participants.

We then conducted the actual company site testing on-line, with the research participants coming to a specific test site. Response rates were calculated on the fly and steps taken to insure response rates necessary for meaningful data. We achieved a final study response rate of 46.6 percent. Given the preceding sampling frame and response rate, the study can be said



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to involve a representative sample of the on-line population at large.

The study

Three mega-sites, each striving to redefine the new category of "power site" and each offering shopping as either all or part of their on-line presence were selected: Amazon.com, America Online, and Yahoo!. Research participants were sent to each site independently and an in-depth interaction and questioning process was conducted.

A combination of usability techniques (task tests) and market research evaluation questions were asked for each site. In total, over 45 variables were presented for each site. The variables included in this study were those deemed important through initial market research and usability testing efforts, including brand variables such as company reliability and leadership; navigational and general usability variables; past interaction with the site; visual design variables; ease of use and perceived helpfulness; and dependent variables which included likability, meeting expectations, referral likelihood, site satisfaction, re-visitation and purchase likelihood. Testing took between 20 and 35 minutes for each site.

The presentation of the site was done through an on-line technique our firm offers that allows for split-window presentation of both the site and the questioning process. This allowed site interaction, testing, impressions and evaluations to happen at the same time. The questioning proceeded from an initial evaluation of the visual design of the site through two task-tests and ended with a battery of site and company branding evaluations.

Analysis protocol

The goal was to determine which independent variables had the most meaning and, if acted upon, would impact key dependent variables for a company. The variables themselves were designed to allow the highest dispersion possible by using an 11-point scale, 0 to 10. Through many tests, this scalar pattern has proven very successful in such endeavors for a couple



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of reasons: 1) it's the most dispersed scale that respondents can quickly grasp and 2) it has been meaningfully correlated to actual results in the marketplace.

Several statistical techniques were used, including multiple regression and discriminant analyses. We were look-

yielded very beneficial differences between the three companies and had a major impact on the range of evaluations between the three companies.

5) None of the scores from any of the three companies exceeded an 8.02 (on a 0-to-10 scale). For both Yahoo! and Amazon, the vast majority of

Ability to Complete Task			
	AOL	Amazon	Yahoo
Completed Task	55%	78%	76%
Not Able to Complete	26%	13%	10%
Unsure of Completion	19%	9%	14%

Satisfaction with Experience Offered by Site			
	AOL	Amazon	Yahoo
Not At All Satisfied	31%	8%	5%
Very Satisfied	19%	63%	61%

Re-Visit This Site in the Next Month			
	AOL	Amazon	Yahoo
Not At All Likely	49%	13%	11%
Very Likely	21%	56%	55%

Purchase Directly From This Site			
	AOL	Amazon	Yahoo
Not At All Likely	55%	21%	24%
Very Likely	11%	44%	28%

ing for relationships between and among the variables as well as explaining the variation surrounding key dependent variables.

Outcomes

The charts above highlight some of the consistent overall differences determined on key variables between the three companies.

The following are the top seven findings from the study:

1) If we had to name a winner in terms of doing the best job of driving visitor expectations, it would be Yahoo!. Yahoo! edged out Amazon decisively on several key variables.

2) AOL, on the other hand, was not in the running on any of the variables by which the sites were tested.

3) All the responses toward the three companies held true regardless of the past interaction or awareness of the site.

4) The usability portion of the study

scores were in the 7.0 to 7.8 range, basically, only "average" scores in the interpretation of such scales. By comparison, true industry leaders in brick-and-mortar (Nordstrom, Eddie Bauer) and even professional services (Arthur Andersen) achieve scores ranging from the high 8's into the 9's when similarly evaluated.

6) Site satisfaction and its components comprised the greatest drivers of revisit and purchase likelihood. Specifically, site satisfaction was found to be directly linked to the following individual variables: "guiding you through content and function," "making it easy to search for what you're looking for," "portraying a very reliable company," "providing easy to understand instructions," and "the visual design makes you want to explore further." If a company were to look at which variables need to be benchmarked and tracked to insure its on-line presence was moving in the

right direction, these are where it needs to start.

7) Last but not least, one of the most important and significant findings was that there is practically a one-to-one relationship in the interaction between the important independent variables (see previous list) and the dependent variables of site satisfaction, re-visitation and purchase likelihood.

This last finding is most significant. The practical application being that nearly any changes that affect the previous independent variables of a company's site will have an immediate and direct impact to those variables that drive the issues of most importance to a company: re-visitation and purchase probability.

Real-life application

A common criticism of marketing research is that it doesn't relate findings to the real world. Business owners, senior management, boards of directors, and stockholders all eventually require that the numbers we

derive be related to the numbers they see, typically revenue and profit figures. We knew the same challenge faced us regarding the results of this study.

Since Amazon.com was the mega-site with revenue numbers most easily related to its customer activity, we looked at the impact of "moving the needle" on the site variables our research found to be important and

variables on Amazon's site was applied to the dependent variables of re-visitation and re-purchase likelihood. The results were then entered into a proprietary algorithm incorporating Amazon's own company information to determine what real-world impact should be seen through improving the company's site.

Amazon is forecast to grow 40 percent this year in revenue just doing

	1999 Rev.	1999 # of Cust.	Average Annual Cust. Rev.	Rev. Contribution (Repeat Customers)	2000 Rev. Forecast
Amazon.com	\$1.639B	16.9M	\$96.98	+170%	\$2.29B

applied it to company data derived from Amazon's annual report.

Not surprisingly, Amazon's own information allowed us to see the great importance of customer retention. Armed with the preceding company information, several what-if scenarios were worked through and the information regarding the impact of positive changes to the independent

business as usual. First-quarter results for this year bear out this estimate. If Amazon were to address and improve upon the important issues relative to its site, it should expect to be able to move the needle of average (mean) re-purchase likelihood among past customers from a 7.3 to a 7.9 or slightly higher. This correlates to slightly more than a 5 percent

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movement given the use of an 11-point, 0-to-10 scale as the means of measurement.

The impact of this move is a 15 percent increase in top-box likelihood of re-purchase percentage. Now, we all know that what people say and what they actually do are almost always two different things. However we also know from years of study on product and industry categories that correlations between expected and actual results can be quite accurately drawn.

In this case, for the sake of being conservative, an actual increase of only 5 percent was applied for the rest of the calculations.

When this number was then applied to the current anticipated re-purchase patterns determined without any change to Amazon's Web site, the result was a delta between the anticipated revenue without change and the anticipated revenue with changes. Conservative estimations are that Amazon would see an additional \$158

million in revenue from this slight increase in meaningful functionality of its Web site. From a practical perspective, given how large Amazon is forecast to become, is this really a significant number over the course of the year?

It would mean an annualized growth rate of 49.5 percent as compared to the anticipated 40 percent. This equates to an increase in annual growth rate of 24 percent, a significant percentage even for a fast-growing company like Amazon.com!

Lessons learned

The lessons learned from this study have application to e-commerce sites of any size.

First, a company can and should know where it stands on Web site metrics that are meaningful to its site customers, visitors, or even employees and partners on an extranet. This doesn't need to be a mystery anymore. This is knowledge that, upon application, is guaranteed to have a significant impact on a company's market success.

Second, the world is not static in its expectation of a company's on-line presence. Change in expectations caused by companies and elements that seem out of a specific company's realm of control will have significant impact on how a company is viewed and branded by its marketplace. We've seen this in work conducted over the past several years that included Amazon.com. The evaluations and impressions of all three companies under consideration here are changing over time and Amazon and Yahoo!, it appears, have not only worked very hard to keep up with the change in expectations but have at least managed to stay within an acceptable range of the expectations of the on-line population.

Finally, it's clear that companies, with the help of marketing research, that perform better on specific variables will reap real-world rewards and their efforts will more than repay the investment needed. It could easily mean the difference between continued existence and real-world success and dying a slow-but-sure death. **TM**



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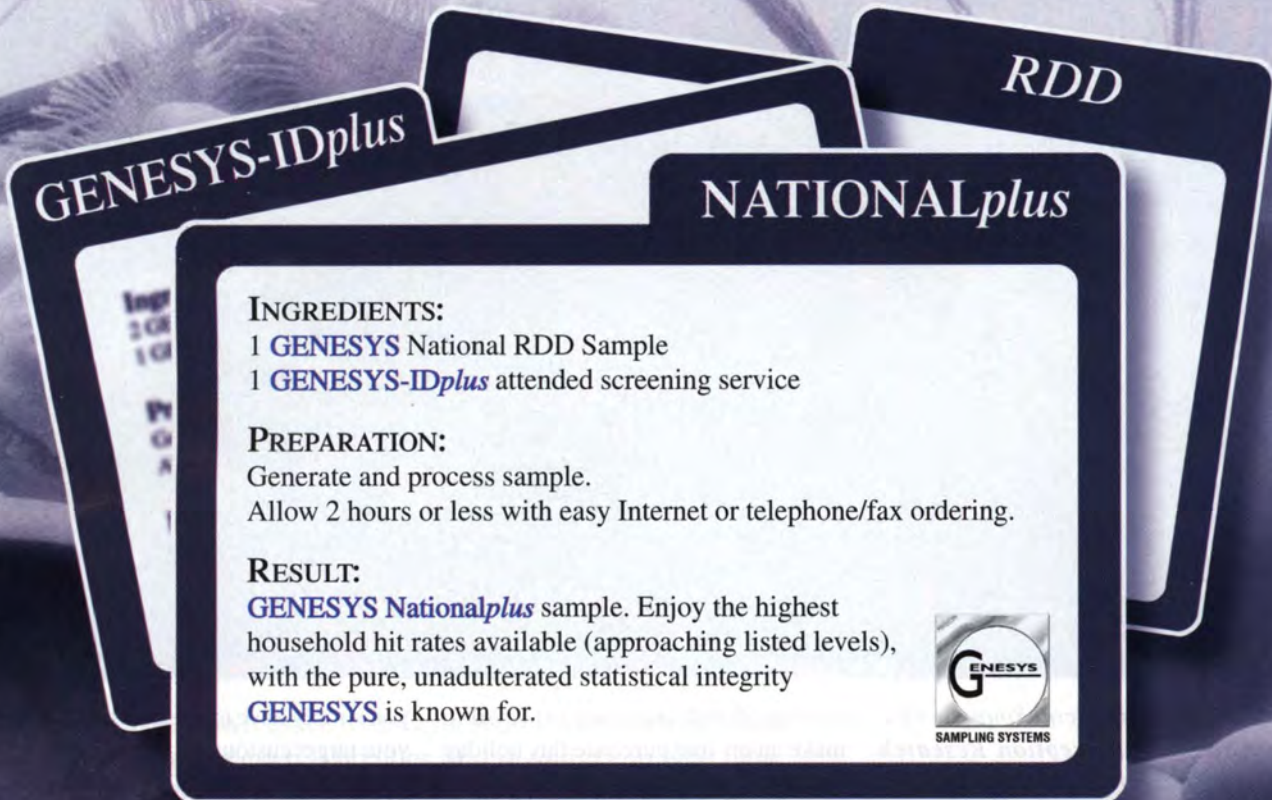
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By Scott Young

Editor's note: Scott Young is vice president of Perception Research Services, a Fort Lee, N.J., research company. He can be reached at 201-346-1600 or at syoung@prsresearch.com.

Marketers are spending millions to develop and promote their Web sites and marketing programs, as they face their greatest opportunity (and challenge) in recent memory. In the midst of rapidly changing technologies and competitive threats, however, there is one constant: The Web puts the customer firmly in control. With this point in mind, I would like to offer several guidelines for speaking with your customers. I'll also share insights gathered from recent Web marketing studies.

• *Don't rely on secondary or syndicated research.*

Research regarding Web trends ("45

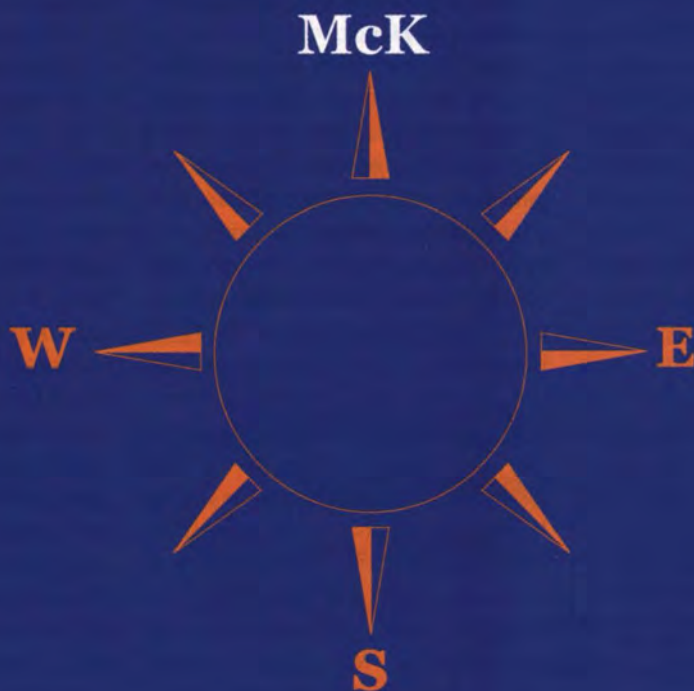
percent of Web users are expected to make an on-line purchase this holiday season...") can be valuable in generating ideas and guiding your company's Web strategy. However, to successfully execute against any strategy,

you simply have to speak directly with your target customers. Specifically, we recommend involving customers at three stages of the site development process (upfront, pre-launch and post-launch), as shown below.



Involving Customers in Web Marketing

- ◆ **Step #1: Up-front Research**
 - Focus groups to refine new concepts and guide site development
- ◆ **Step #2: Pre-Launch**
 - Usability testing to confirm functionality and site navigation
- ◆ **Step #3: Post-Launch**
 - Web-based surveys to gather feedback and measure impact



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• *Involve customers early in the development process.*

Many marketers wait until a Web site is nearly finalized (in beta form) to speak with target visitors. This often results in wasted resources, because site features have been developed that are not valued by customers ("Bad ideas, well-executed."). Research conducted up-front nearly always pays for itself by focusing Web development efforts. For example, a recent study with Jeep owners uncovered that they were very interested in on-line vehicle maintenance and servicing information — and had limited interest in several other proposed site features. These insights helped focus resources on the Web

site's primary source of value, and away from features that were unlikely to be used.

• *Start with focus groups and the off-line experience.*

Early in the Web development process, focus group discussions are often the best forum for identifying opportunities, generating ideas, and gathering initial reactions to new concepts. To guide development, it is best to start with a discussion of the off-line process that will be replicated via the Web — and to focus on identifying problems/limitations (i.e., waiting for customer service, dealing with aggressive salespeople, etc.) that can be addressed via Web technology. Share your ideas a bit later in the discussion, because once you do, customers will focus on that idea — and they will be less likely to help you identify larger issues and opportunities. While focus groups can certainly be conducted on-line, we have typically found that the face-to-face conversations provide more learning. Inevitably, some insight is

sacrificed when you can't see facial expressions and body language — and all communication must occur via keyboard.

• *Present new concepts via Web screens, advertisements and mailings.*

When gathering reactions to new ideas, it is important to introduce them as they would actually appear to customers, rather than through elaborate concept statements. This realism helps keep focus group participants in a "customer's mindset" and provides the most accurate insights as to how they will interpret and react to a new idea. For example, in a recent study for a Web start-up, we showed target customers a prototype home page, and found that they widely misinterpreted the company's sales proposition. This finding led to changes in both the Web site and the off-line marketing campaign to promote this new company. Presenting concepts this way also provides a good opportunity to assess and refine marketing materials. For example, in a recent study for The Prudential, we found that proposed direct mail pieces failed to describe a new Web site in necessary detail. As a result, people tended to form unrealistic expectations, which would have resulted in disappointment.

• *In usability testing, gather insights (not numbers).*

Nearly all companies do some form of usability research to test the navigation and functionality of their Web sites prior to introduction. However, beta testing can easily turn into a mechanical exercise, in which large numbers of people complete narrowly defined tasks, and technicians tally up the mistakes. We have found that a more in-depth, qualitative approach (in which people discuss their expectations and reactions as they navigate) provides a better understanding of a site's ability to meet visitors' expectations. We have also found that observing and speaking with 30-40 target visitors is generally sufficient to uncover navigation patterns, diagnose major limitations and problems and identify potential solutions. For example, 30 in-depth interviews with

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doctors and patients suggested that most people came to Medical Economics' PDR.Net site with questions regarding medications and medical conditions. These insights led to an overhaul of the site's search engine — and the development of the "Getting Well Network" feature organized by health condition.

• *Understand how your site is viewed.*

When testing usability, it is important to understand which features people choose to investigate and which they regularly bypass or ignore. Our firm uses PRS Eye-Tracking to document exactly how people view Web screens, to measure the attention given to specific links, and to assess alternative screen layouts. We have found that Web screens are rarely viewed thoroughly — and that the more cluttered the screen, the less likely that any individual link will be considered. We have also seen that page layout, particularly the placement of the main visual, has an enormous impact on which links and messages are considered. Our eye-tracking insights led IBM to dramatically re-design its site's home page to ensure that it featured important products and led visitors directly to the site's most frequently utilized features.

• *Speak with experienced Web users.*

When considering usability testing, it may seem intuitive to focus on inexperienced Web users, on the assumption that if these "newbies" can navigate the site, it must be easy/acceptable to sophisticated visitors. However, we have repeatedly found that people new to the Web lack the context to provide meaningful feedback — and tend to blame themselves for navigational difficulties. Experienced Web users generally provide more blunt and valuable feedback, as they are less tolerant of poor Web design. They can also often provide examples and suggestions for fixing problems. In fact, several companies have recognized this fact and recruited experienced Web users to serve on customer advisory panels.

• *Focus on links, search engines and the registration process.*

Across numerous usability studies, we have found that many navigational problems are rooted in visitors' misinterpretation of link descriptions, which are often somewhat cryptic and/or misleading. In other words, people click expecting one thing and they find themselves somewhere else. Longer, more descriptive link descriptions nearly always have an immediate positive impact. Many

companies also tend to over-engineer their search engines, and confuse or frustrate visitors with too many options. Finally, and perhaps most importantly, many sites do not give visitors a compelling reason (or the reassurances necessary) to provide their e-mail addresses and/or personal information. The chart on the next page offers several guidelines for ensuring Web usability, based on findings from recent studies.

• *Regularly survey your site's visi-*

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tors...

Once a Web site is up and running, visitor surveys can be a valuable way of measuring return and guiding enhancements. Typically, these surveys involve the intercept of every 20th or 50th site visitor, with the request for their feedback in exchange for an incentive and/or entry in a sweepstakes for a larger reward. Because they generate structured feedback from a representative sample of hundreds or thousands of site visitors, these surveys are very different from "leave us your comments" site links, which typically generate comments from a very small sample of enthusiastic (or angry) visitors. Listed below are several guidelines for conducting Web-based surveys effectively.

Site-based surveys are most commonly used to gather feedback regarding the site and to develop more detailed profiles of site visitors (i.e., Are they the same people who get our catalog?). Recently, however, direct marketers have also begun to use these surveys to quantify the value of their Web sites, in terms of contributing to sales that ultimately take place offline and/or at other sites. Through site-based surveys, Random House found that nearly 60 percent of visitors to its Books@Random Web site had discovered new books there that they eventually purchased. This meant that the site was facilitating millions of dollars in sales. Further questioning also guided investment and promotional decisions, by identifying the specific site features (such



Conducting Effective On-line Surveys

- ◆ **Offer an Incentive for Participating**
 - Sweepstakes are Often Effective
- ◆ **Include Open-Ended Questions**
 - To Let People Speak Their Mind!
- ◆ **Ask Them About the Site First, Before Asking for Personal Information**
- ◆ **Keep It Short! (10 Minutes or Less)**



Respecting Your Customers

- ◆ Tell Them the Purpose of Research
- ◆ Tell Them How Data Will Be Used
- ◆ Make It Clear How to Opt-Out of the Survey
- ◆ Don't Mislead Them About the Length of The Survey
- ◆ Let Them Skip Certain Personal Questions
- ◆ Ask Parental Permission Before Speaking with Children!

to remember that Web-based surveys represent an extension of your relationship with your customers. To maintain their trust, surveys should be conducted and used properly. The chart at left lists several guidelines for doing so, all of which involve treating site visitors with the respect and consideration they deserve. Following these principles is a matter of common courtesy and common sense.

Planning ahead is critical

While all Web marketers acknowledge the value of speaking with their customers, few companies have made a full commitment to conducting an ongoing dialogue with their site visitors. In our experience, we have found that the major barrier to conducting research properly is frequently timing, rather than budget constraints. The exceptional companies build research into their project planning, while others always scramble to find time and resources at the last minute — and inevitably compromise the value of the research. [4]

as chapter excerpts and author interviews) that were helping drive sales.

• ...but recognize the limitations of intercept surveys, and respect your customers.

While Web-based surveys are valuable tools, they also have their limitations. Most importantly, they reflect only the attitudes and opinions of peo-

ple visiting your site. They can't tell you why other people are not choosing to visit your site — or why some other people may have visited and never returned. To understand the wider universe of potential visitors, and how they differ from current site visitors, focus groups and e-mail surveys are recommended. Finally, it is important

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1. Do you feel at ease when you interpret statistical data? Yes No
2. Are your research reports as effective as they could be? Yes No
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Untangling the Web

*At the Gallup Research
Center's 2000 symposium,
pollsters addressed the
promise – and pitfalls –
of on-line surveys*

By Steve Crabtree

Editor's note: Steve Crabtree is corporate editor at The Gallup Organization, a Lincoln, Neb., research firm. He can be reached at steve_crabtree@gallup.com.

As writer Alphonse Karr once said, "The more things change, the more they are the same." If Karr had lived in modern America, his oft-quoted insight might easily have been inspired by the World Wide Web. In just five years, the Web has gone from being a relative novelty to changing the way most Americans, and millions of others around the world, live. Practically every human interaction previously conducted in the physical world has been retooled for the on-line environment: banking, shopping, dating, even sex.

Now that the novelty of the Web's initial explosion into everyday life is beginning to wane, its fundamental social implications are being explored more thoroughly. Some observers (see, for example, Andrew Shapiro's new book *The Control Revolution*) have noted that the new medium has resulted a social revolution oriented around the individual. They contend that the balance of power has shifted toward ordinary people, because they are no longer as reliant on government, media and big business for the sending and receiving of information.

Empowerment of the individual would seem to make public opinion all the more significant, right? Maybe so, but the rise of the Internet also means that all the problems survey researchers addressed in the 20th century, in addition to a variety of new ones, must be reexamined in that new context. That process was a key focus in April of the Gallup Research Center's 2000 Nebraska Symposium on Survey Research.

The potential for conducting surveys online is enticing — it's cheap and fast, and practically anyone with a modem and some Web development software can administer them. But the temptation to jump in without fully exploring the methodological challenges presented by the new medium has resulted in countless bad surveys — conducted not just by teenagers working out of their parents' basement, but by otherwise reputable research organizations. "We should be concerned about

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this because badly done Internet surveys hurt us all," said Andy Anderson of the University of Massachusetts. "They make market managers leery of commissioning the research and make the public cynical and uncooperative."

If the symposium was any indication, survey scientists are now beginning to hammer out some of the fundamental problems associated with on-line polling. Titled "Survey Research: Past, Present and Internet," the event brought together more than

80 researchers from the academic and business worlds who have been working to understand the theoretical and practical issues involved.

There's a lot riding on this research. Phone surveys are becoming increasingly problematic, thanks to the growing volume of telemarketing calls and the corresponding increase in call screening by potential respondents. As Don Dillman of Washington State University contended, survey researchers may well come to rely pri-

marily on mail and Internet questionnaires in the 21st century.

But there may also be implications for the way we view democracy itself. As Gallup Poll Editor-in-Chief Frank Newport noted, a growing cadre of people see the Internet as the holy grail of a more direct form of democracy — a means by which decisions about policy can be made by all citizens, not just their elected representatives (see, for example, www.realdemocracy.com.) To some observers, the use of on-line polling is a test of the degree to which the Internet can be used to gauge consensus among a larger and more far-flung population than ever before.

Pull of the past

The barriers, however, are considerable. It is virtually impossible at this time to construct a viable sampling frame of e-mail addresses. And even if that could be done, Americans in lower socioeconomic strata are less likely to have regular Internet access than are their more well-heeled counterparts, so the degree to which results can be generalized to the larger population is a thorny question. Privacy issues are also important — assurances of confidentiality ring somewhat hollow to many respondents in the largely unregulated on-line environment. Then there is a whole set of questions regarding the ways in which the context and design of on-line surveys influence responses.

When facing these challenges, pollsters are bound to experience a strong sense of déjà vu. Many of these problems have been dealt with before, albeit in different form. It's almost as if the history of survey research has been rewound and must be fast-forwarded through again in cyberspace.

Probability sampling

Questions of statistical representativeness, for example, preoccupied survey practitioners in the first half of the 20th century, highlighted by the lessons of the 1936 and 1948 elections, when sampling flaws contributed to spectacularly embarrassing failures among major pollsters. Such concerns subsided in the 1960s

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and '70s as telephone penetration rose to over 96 percent of the U.S. population, so that random phone surveys could be considered representative. But even if a way to randomly sample e-mail addresses becomes available, it will be some time before regular Internet access regular Internet access reaches an acceptable level of coverage. In the meantime, citizens in lower socioeconomic strata are less likely to be able to participate in on-line surveys. Furthermore, there is a strong self-selection bias to contend with; only those with Internet access who actively choose to participate will do so — there is no trained interviewer tactfully cajoling reluctant respondents to stay on the line.

It's valid to ask, as James Benniger of the University of Southern California did, if general representativeness is always necessary. Benniger compared Internet polls to the straw polls of the 1800s, which allowed anyone who showed up to participate. He characterized on-line studies as a return to "mind-speaking": those who are available and feel strongly enough to express their opinion do so, and there is little regard for formal representativeness. Only in the last few decades, Benniger noted, has the preoccupation with "mind-reading" come about. Starting with commercial applications, polls became increasingly concerned with gauging not just the opinions of respondents, but what was actually in the aggregate mind of the public. Though most Internet polls are reminiscent of mind-speaking, Benniger argued, there's no reason to think they are less vital as a form of public expression.

In many cases, especially in the business world, general representativeness may not be a concern. For example, most of The Gallup Organization's on-line surveys are conducted either among limited populations for which the membership is completely identifiable (e.g., employee surveys for large corporations), or for clients who are interested in generalizing only to that segment of the population which uses the Internet regularly. As Bill Sukstorf, Gallup's product engineer for Internet surveys,

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noted, "On-line companies want answers to questions like, 'Who's visiting my site?' 'What do they think of my site versus my competition's site?' 'How many times do they come here before they make a purchase?' One of the next big areas for Gallup is doing good e-commerce research."

Technology

Nevertheless, in light of the mounting problems with telephone polls, the ability to conduct generally projectable public opinion surveys over the Web is highly coveted. Compounding the problem of incomplete coverage is that of inconsistent technology. Browser and bandwidth differences mean that, at least for now, survey practitioners can't be confident that all their respondents will see the same thing the same way, and be able to complete the survey with comparable speed. Netscape's browsers might produce a slightly different visual interpretation of the underlying code than Microsoft's, introducing a possible source of unwanted variation

among respondents. Researchers learned to minimize interview-specific variation in phone surveys by carefully designing questionnaires (putting emphasized words in all caps, for example) and by training interviewers to read all questions verbatim. A different approach is required for on-line surveys, however, as the source of variation rests in the respondent's computer, and is out of the researcher's control.

Privacy

Concerns about security, both real and perceived, represent another set of obstacles. Just as telephone pollsters learned the best ways to ensure their respondents' confidentiality, on-line researchers must ease respondents' fears that their information will be intercepted somewhere in the digital ether and somehow used against them. More advanced on-line security techniques are helping to alleviate such fears, but the issue must still be considered.

Sampling, technology and privacy

issues will become less forbidding over time as more and more households go on-line and new technologies like WebTV and Palm Pilots make it possible to connect to the Web without even owning a computer. What's more, as the differences between Internet users and non-users become better understood, weighting techniques will grow more sophisticated and capable of compensating for the remaining undercoverage. Indeed, George Tarhanian of Harris Interactive described a parallel-methods technique called "propensity score adjustment" which his company uses to "efficiently balance the characteristics beyond demographics that differentiate our on-line and phone respondents."

Assuming all these technical concerns will be smoothed out eventually, researchers are still left with issues created by the difference between self-administered and interviewer-administered surveys. Self-administered surveys have been around in the form of mail questionnaires for decades, but cognitive psychologists such as Jon Krosnick of Ohio State University have only recently begun to consider how the interface between respondent and computer affects the survey situation differently than that between respondent and interviewer. Krosnick noted that response effects can occur at several different stages of cognitive processing. "Beyond all of these mechanical considerations is the psychology of the respondent," he said. "To have the questions coming from a computer screen or a television set, as opposed to a human being might compromise the psychological processes people bring to the task. If so, we may want to rethink what we can accomplish in this mode."

Dillman, on the other hand, is a leading proponent of self-administered surveys. A Gallup senior scientist and author of the new book *Mail and Internet Surveys: The Tailored Design Method*, Dillman noted that the Internet is capable of combining all the benefits of computerization currently enjoyed by phone surveys with the cost and convenience advantages of paper questionnaires. But he



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noted that, unless pollsters learn to craft on-line questionnaires very carefully to account for browser effects and other vagaries of the on-line environment, those advantages will be moot.

Dillman also believes that mixed-mode surveys will become dominant in the coming decades, and that successful survey organizations will learn how to integrate the most viable techniques of the past into the shifting social and technological climate of the present. "Survey organizations," Dillman said, "whether they are in universities like mine, in private-sector organizations or in government organizations, are going to have to change dramatically in some ways in order to do effective surveys as we bring these new technologies on-line and still use our other technologies where they work."

Push of the present

Despite these complex issues, the push to develop reliable, broadly generalizable on-line surveys remains

strong. Internet surveys can be done at least as quickly as phone surveys, and much more cheaply. They place less burden on the respondent because they can be completed at any convenient time, day or night. They can employ increasingly sophisticated interfaces and data capture techniques, while introducing none of the human error generated by live interviewers.

But the bottom line is this: Clients of polling organizations want to conduct on-line surveys. Thanks to ubiquitous tales of booming dot-com startups and the new class of computer-geek millionaire, everyone is hungry for a piece of the virtual pie. Thus, there is a currently a huge interest among business leaders in all things Web-based. Doug Rivers of InterSurvey contends that the richness of the design option offered by the Web means that, "It's not just a matter of doing surveys faster and less expensively — you can do them better." Whether or not that's the case, it's hard to deny that the versatile, user-

friendly visual medium appeals to executives who know more about marketing appeal than statistical validity. The result is considerable pressure on survey scientists to find ways to make on-line methodologies viable.

The use of panels is currently the most common method used by organizations attempting to conduct representative Web-based surveys. At the symposium, Harris' Terhanian and InterSurvey's Rivers discussed their companies' respective panel approaches. Harris maintains data on a massive, randomly selected panel of more than five million Americans, and from that pool selects a quota sample of known Internet users to participate in on-line surveys. This approach is efficient but potentially non-representative, because only previous Internet users are capable of participating. As noted, these people tend to differ from non-users in meaningful ways. Terhanian discussed Harris' strategy of "triangulation," whereby several different methods are

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used to approach the problem, in hopes that the different biases of each method will cancel each other out.

InterSurvey more directly addresses the representativeness problem by actually hooking respondents up to the Net so they can participate. Randomly selected participants are provided with a WebTV box, ensuring not only that they will all be able to participate, but that they will all do so using identical technology. That allows InterSurvey to explore the potential of the Web as a visual medium; respondents can be shown different versions of television ads using streaming video, for example — a technique which would otherwise be crippled by inadequate bandwidth for many respondents.

Gallup has taken a different approach, forgoing generally representative on-line polls until approaches to the sampling frame problem are further developed, and the sampling error of such surveys can be reliably assessed and minimized. But that doesn't mean Gallup isn't currently in the

business of administering surveys via the Internet. Bob Tortora, Gallup's chief methodologist, is focusing on ways to maximize response rates through the use of incentives, for example, and by using multiple modes, such as e-mail reminders and follow-up postcards to perfect the flow of communication to and from respondents.


Dillman is another key player in the development of Gallup's on-line questionnaires, applying his ideas about tailored design to reduce opportunities for measurement error. Other Gallup associates are investigating related questions. Karen Swift and Julie Kohrell, for example, will soon release a study examining the mode effects of paper vs. phone vs. on-line surveys, assessing such factors as completion rates and non-response bias.

Prospects for the future

Speculation about what this current work will mean to future survey practitioners was also a part of the April symposium. Anderson, for example,

envisioned data-driven neighborhood centers that serve a sweeping variety of entertainment and reference functions for community members, as well as microcomputers unobtrusively distributed throughout households, gathering a broad spectrum of information on different family members in order to conform to their preferences and make their lives easier. Newport spoke of a more finely tuned democracy, which could result from an increased effort to assess people's opinions.

Though the possibilities offered by on-line technologies stretch the imagination, some participants also cautioned against losing sight of other considerations for the future. Ohio State's Krosnick, for example, noted that it would be easy to let a preoccupation with technical issues distract researchers from such basics as the psychological needs of respondents. "Maybe we need to think less about what we do in surveys to design our procedures and think more about how we talk about survey research in the larger social dialogue," he said. "If Americans were more excited about and convinced of the value of survey data, that every time they answered a survey they were going to have a real effect on something that matters, would response rates and motivation and effort go up?"

Such caveats notwithstanding, events like the April 2000 symposium are charged with the anticipation of future possibilities. There is the general feeling that new capabilities are developing so rapidly that it's difficult to imagine any problem being insurmountable in the long run. Andy Anderson of the University of Massachusetts may have captured the overall mood of the event best when he concluded that, "Optimistic as it sounds, I think that Internet surveys or their functional equivalent are going to allow us to do much better market research and much better social science, while protecting, rewarding, entertaining and informing our respondents. In the long run, although we may be listening in a different way, we're truly going to be better able to hear the world speaking." 



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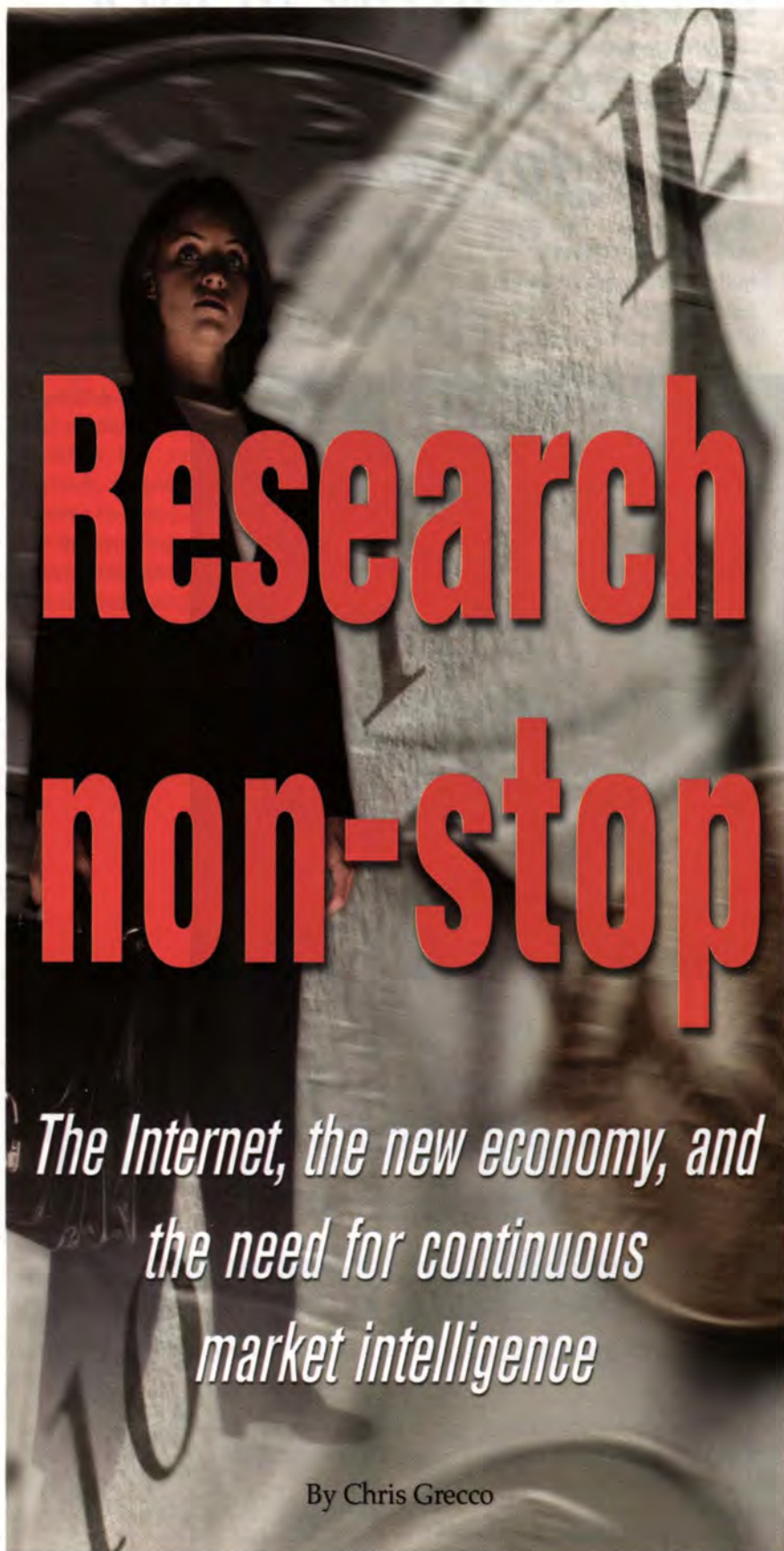
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*The Internet, the new economy, and
the need for continuous
market intelligence*

By Chris Grecco

Editor's note: Chris Grecco is partner at King Brown & Partners, a Sausalito, Calif., research firm. He works in the firm's Lexington, Ky., office and can be contacted at 859-971-7301 or at chris@kingbrown.com.

On-line research has become a viable method for gathering market information. Over the past few years modern market research has included on-line focus groups, Web surveys, and Web site usability tests to harness the speed, accuracy, and cost-effectiveness of the Internet to understand customer needs, buying preferences, and attitudes.

But despite its benefits, we believe the Internet has not reached its full potential as a tool for understanding the marketplace. The marketplace created by the new economy has forever changed the rules of market research. Demands for access to better data at even quicker speeds are now the norm.

The true promise of on-line research lies not merely in gathering data and reporting on it in the traditional way, but in capturing real-time market realities that provide continuous market intelligence. Although a world where CEOs click a browser to get the day's customer satisfaction report has not yet arrived, the need for real-time windows into the marketplace has never been greater.

The world at "Web speed"

In this quick-paced environment, executives need continuous data streams, on a minute-by-minute basis, brought right to their desktops. The world is moving faster than ever. The Internet, and the new information economy it has created, underscores a need for instantaneous access to market information. This is not an

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option but a precondition for being in business.

The recent fall of e-commerce companies in the stock market is a case in point. Out of nowhere today breaking news can impact your company, your brand or your position in the marketplace. Companies need to check the pulse of their marketplace to outside variables and gather market intelligence they can use immediately.

In a recent study we conducted for a large brand management firm, the speed factor came through as perhaps the most profound variable affecting brands in the new economy. In this study we measured the awareness, distinctiveness and future expectations for more than 250 brands among thousands of Internet users.

The results were striking. Here we found companies that were fairly recent start-ups in the Internet and technology sectors had already generated the same level of awareness in the marketplace as better-established competitive brands. The study chal-

lenged the traditional assumption that brands are slow to build and decline, revealing a new world of brand marketing that is beginning to emerge in the Internet arena.

The Internet isn't just changing how companies do business, it's changing how brands are developed and sustained in the market. We now live in a time when brands can establish themselves in a few years by leveraging the Internet.

One-on-one marketing: here to stay

Successful companies increasingly leverage the power of the desktop to improve their position in customers' minds. In the not so distant future, companies will provide personalized interfaces between their products, services and marketplace as a way to build and sustain lasting relationships with their marketplace. This customer-based reality is already defining consumer loyalty and used as a way to better market a company's products.

Amazon stands out as a company

that builds upon understanding of its customers to increase sales and strengthen customer relationships. Amazon helps people discover products on-line through sophisticated techniques that suggest buying recommendations based on other Amazon.com customers who share tastes and interests. They have also created customized user home pages based on past activity and stated preferences.

By continually gathering information about customers, Amazon has moved from a "one size fits all" store for the mythical average customer, to making the perfect store for everybody.

New competitive challenges

In today's marketplace, you can be out-positioned in a few months if you are not checking and responding to your marketplace. Because information is now quickly disseminated, there are more variables that must be responded to quickly. Companies can't wait months to learn what people think about their products, brands and Web sites when competitive pressures are at an all-time high.

The explosion of new products and services, many of them Web-driven, has created a world where brands can now achieve a market presence, and sometimes dominance, in as little as a few months. Today, with the help of the Internet, a couple of MBAs can launch a frontal assault on major, established brands from their living rooms.

Long-established brands are now vulnerable and must be continually aware of their position in the marketplace. This is especially true when companies sell look-a-like, commodity products, driven largely by brand identity. A pet product retailer, for example, must be continually aware of their market when they sell products just like the competition.

Companies with a Web presence are realizing the need to take their on-line brand identity as seriously as their off-line identity. It used to be that most of a company's focus was on the technology side of their Web sites. Now, companies focus on

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extending the power of brands through their Web sites—which is, ultimately, an expression of the company's brand.

A continuous model of market intelligence

The desktop is emerging as powerful an information delivery channel as television, newspapers and other vehicles. Data gathered on a moment-by-moment basis provides a way to "check the temperature" of the marketplace.

One of our clients, a banking and financial institution, provides an example of how new on-line approaches are being used to enhance traditional methodologies to perform regular tracking studies on their Web sites. Their purpose is to explore customer satisfaction and site usability to better facilitate on-line banking and brokerage services.

The company places a link on its public and its secure sites that resembles a banner ad, and customers who want to take part in the survey click on it. Customers and non-customers rate site functionality, product features and site usability. Surveys only take a few minutes and offer an incentive through a sweepstakes. When somebody agrees to the study, the client site links participants to our server where they take the survey. Afterward, survey respondents are linked back to our client's site.

The studies are always driven by immediate information needs. Prior to creating the surveys, we get input from all departments. Managers of on-line banking, for instance, might be working on an enhancement to the site's bill-pay function, or marketing might want customer feedback about direct mail or advertising. The goal is to update the survey to gather the most pressing information needs on a company-wide basis.

Another client, an on-line grocery shopping and delivery service, is a good example that used a combination of on-line approaches and traditional market research methods. The company is embracing both on-line and traditional research to pave its expansion into 15 new markets.

Given the diversity of its marketplace, it uses on-line research to better understand consumer attitudes and buying preferences.

Instead of conducting one major satisfaction study a year, it performs customer satisfaction and Web site usage studies on an ongoing basis. Regular on-line surveys put participants in front of its site, have them do a set of tasks, and uncover any road blocks. The firm also performs usability tests to make the on-line shopping experience easier for customers.


But the ease of information access through the Internet is not without limitations. Cost savings and other factors that make on-line research so appealing must still be backed up with solid analysis.

While instant access to the numbers as a goal will provide constant access to necessary market information that companies can use, detailed analysis at various junctures must be included to interpret information. We must avoid data dump and answer the most important question of all: What

do all the data mean?

As my company develops its proprietary model of continuous market intelligence, the central idea is that instead of periodic market research studies, data will be collected continuously from Web-based surveys and displayed onto the client's desktop.

We expect that, in time, we won't be doing episodic research at all, but will do on-line studies that track consumer demographics, attitudes, and buying behaviors. Data collection will be a non-stop process. Then, every so often, we will analyze, interpret, and summarize the data.

We look forward to the day when CEOs can click their mouse and get a real-time graph or pie chart that summarizes customer attitudes. This is the true promise and potential of on-line-assisted market research: not only as another tool in the marketer's toolbox, but a process that helps companies be aware of their brands, customer satisfaction, and the impact of marketing programs on a real-time basis. 

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Report from Portland

AAPOR conference focuses on Web research

By Jeff W. Totten

Editor's note: Jeff W. Totten is assistant professor of business administration at Bemidji State University, Bemidji, Minn. He can be reached at jwttotten@vax1.bemidji.msus.edu.

In May, on the 20th anniversary of its eruption, I was treated to a bird's-eye view of Oregon's Mt. St. Helens as we approached Portland International Airport. I was going to my first American Association for Public Opinion Research (AAPOR) conference, held at the Doubletree Jantzen Beach in Jantzen Beach, Ore. In addition to presenting some research I had done, I was also to serve as a roving correspondent for *Quirk's*.

All in all, there were nine sessions devoted to Internet research activities over three days (May 19-21), in addition to sessions on research methodology and other research issues. I attended six of the sessions in their entirety. I'll briefly summarize the

papers presented at these sessions in the space below.

Diana Pollich and Jo Holz of Roper Starch Worldwide reported on Roper's second cyberstudy of on-line and Internet usage in the first Friday session. The study was based on a telephone sample of 1,009 people who had accessed the Internet in July 1999. The on-line population grew from 45 million in 1998 to 63 million in 1999. The researchers found that Internet users are becoming more representative of the U.S. population as more people with less education and/or lower incomes are going on-line. Also, greater numbers of women and older people are going on-line. There is also a tenure effect being observed, in that the longer people are on-line, the more likely they are to engage in activities on-line (e.g., buying on-line, gathering information on-line).

K. Viswanath from Ohio State University discussed research on the

adoption and diffusion of new technologies using data collected from monthly Buckeye State Polls (telephone surveys) over the last three years. Social class and geographic factors were found to have an effect on the adoption and diffusion of computers and the Internet.

Lars Willnat from George Washington University reported on a study of mass media and Internet usage among young Americans (ages 16 to 24). Television and newspapers still ranked high as sources of news for young Americans. Males spent an average of 86.84 minutes on-line versus 71.8 minutes for females. Asian-Americans and Caucasians spent more time on-line than did African-Americans and Hispanics.

I presented findings from my survey of U.S. marketing research firms about their use of e-mail and the Internet as data collection methods. Approximately 40 firms indicated that

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the use of Web-based Internet surveys had a bright future, once the industry solved the problems of sampling and security. The future for e-mail surveys was mixed. Problems encountered with both methods were also identified, along with advantages and disadvantages of each.

Tara McLaughlin of Cyber Dialogue started the second Friday morning session by discussing guidelines for ethically collecting data from Web site visitors. These included making sure the client provided privacy policies for visitors to access or link to, collecting only data absolutely necessary to the research, and reporting only aggregate findings to the client.

Julie Schmidt of Greenfield Online addressed measures to take in order to protect a firm's on-line research panel. In light of refusal rates climbing to 60 percent, the Internet offers a new opportunity to reach the public. Schmidt talked about establishing clear communications with panel members and urged the adoption of a Digital Consumer Bill of Rights, which offers guarantees about data accuracy, security and privacy.

Doug Rivers of InterSurvey, Inc., first discussed six barriers to on-line research: 1) the digital divide (only 55 percent of U.S. households have Internet access), 2) the last mile (slow connections), 3) the installed base (lowest common hardware and software), 4) the daily dose (people must be on-line on a daily basis), 5) the sampling problem (no random-digit dialing equivalent, self-selection bias, coverage bias), and 6) the research industry (lying about survey time length, problems with telemarketing).

Two Friday afternoon panel sessions focused on the Internet's impact on society. The early afternoon panel addressed such topics as the digital divide, access and inequality, and the political use of the Internet. The late afternoon panel looked at how the Internet was changing social and cultural aspects of American society. A separate session looked at Internet studies done on physicians, business managers, and recent science and engineering school graduates.

The first Saturday morning session

was devoted to Internet probability surveys conducted by InterSurvey, Inc. The six presentations built upon the Friday presentation by Rivers. The company recruits panel members through a random-digit dialing phone sample. Letters are sent to recruits, who formally sign up by responding back by mail. InterSurvey then provides and pays for Internet access and WebTV boxes. E-mail messages are sent to the households via the WebTV boxes, which then download the survey. An indicator light on the box lights up. The panel member then responds within a week by turning on the television set, clicking on Web and mail icons, and then clicking the start button. The questionnaire appears on the TV screen question by question. Karol Krotki and Mike Dennis discussed questionnaire design, sampling and weighting issues. William McCready and Robert Tortora discussed a comparison of CATI with InterSurvey's interactive TV. Anna Greenburg and Michael Bocian addressed the problem of "don't knows" with this new Web-based method. Vincent Price discussed initial findings with a series of on-line electronic dialogue groups who are discussing a variety of topics monthly. Finally, Kathleen Frankovic of CBS News discussed their use of InterSurvey's method to conduct an instantaneous poll of peoples' responses to President Clinton's State of the Union address earlier this year. A 53 percent response rate was achieved by the poll.

The late Saturday morning session focused on the format and design of Internet surveys. Dennis Bowker of Washington State University reported on an experimental study on survey alignment on the Web page. A snowball sample of 684 students was used in the study, with 350 assigned to the right alignment and 334 to the left. The right alignment allows less mouse movement since the mouse and the scroll bar are on the right side of the computer. The left alignment resulted in a higher rate of item nonresponse (speculation: due to navigation of mouse and scroll bar that's required). There were no significant differences

between alignment formats with regard to respondent satisfaction or confusion.

Katja Manfreda of the University of Ljubljana (Slovenia) reported on the findings of two Slovenia research studies in 1996 and 1998 regarding various design features. The scroll-based design (where you must scroll down to see all the questions) required less time for respondents to complete the survey; however, it produced higher item nonresponse. They also looked at the length of survey, the use of logotypes, the assignment of topics to be answered and the use of instructions.

Neli Esipova of the University of Wisconsin discussed the strengths and weaknesses of on-line focus groups versus face-to-face and phone groups. There was a higher participation rate for face-to-face groups (86 percent of those who agreed to participate actually did) than for on-line (78 percent) and phone (74 percent). On-line focus groups required more discussion time (98 minutes versus 77 for phone and 87 for face-to-face). Phone group participants were more likely to switch to either of the other methods in the future.

Scott Crawford of Market Strategies reported on research that looked at perceptions of burden and the impact on nonresponse. Progress indicators on the Web-based Internet survey help reduce break-off nonresponse (where a respondent starts a survey, then stops and doesn't finish). Using an automatic password also reduced nonresponse.

Presenters in the Saturday afternoon session discussed suggestions for improving response rates to Internet surveys. Curt Dommeyer of California State University-Northridge studied how response rates to e-mail surveys could be improved. A random sample of 300 students on binge drinking was divided into half, with one half receiving the survey as an attachment to the e-mail message, while the other half got the survey embedded in the message. Better results in general were achieved with the embedded e-mail survey (37 percent response rate versus 8 percent). Obstacles to attached surveys include software limitations,



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knowledge limitations, time limitations and fear of viruses.

Richard Clark of the University of Connecticut Center for Survey Research identified several advantages of Internet surveys: relatively cheap, very convenient for respondents, faster data collection, and visuals can be added. Identified disadvantages included: sample frame difficult to draw, coverage area weak, page design, technical difficulties, and low response rates. One recommendation from their study was that leaving e-mail reminder messages are more effective than leaving telephone messages.

Michael Bosnjak of ZUMA's Center for Survey Research reported on participation in a non-restricted Web survey in Germany, where participants can proceed without having to answer any given question. Ajzen's theory of planned behavior was then used in a model to explain and predict the different types of nonresponse.

Sandra Bauman and Jennifer Airey

of Wirthlin Worldwide finished the session by discussing how to gain respondents' participation in Web surveys. There are three stages to cooperation: invites (hit rates), introduction (call to action), and incentive (cooperate). Various methods to use for each of these stages were then discussed by the presenters.

The final Internet-related session was held on Sunday morning. The topic was comparing Internet results to other interview modes. Nojin Kwak of the University of Wisconsin tested mail and Web/e-mail for response rate, speed and data quality. A random sample of 1,000 produced an overall response rate of 33 percent. The response rate was higher for mail surveys (41.9 percent vs. 27.4 percent); however, the speed for mail was slower (9 days vs. 2.2 days for Web). Women were more likely to respond to the mail survey. There was a higher item nonresponse on the mail survey. Multi-mode surveys (e.g., URL on mail survey) are recommended.


Thomas Guterbock and others from the University of Virginia surveyed computer users on campus about computer usage. Twenty-five percent of the sample were asked to answer the Web version of the 20-page booklet. E-mail and mail reminders were used for both groups. Response rates were 36.8 percent for Web and 47.8 percent for mail.

Carl Ramirez from the U.S. Government Accounting Office conducted a survey of 3,200 GAO employees in the fall of 1999. Employees could select which mode to use (Web or paper). The overall response rate was 89 percent; 87 percent of those responding did so using the Web. He looked at open-ended item response rates, the volume of open-ended narrative, fixed choice question item nonresponse, and average ratings on scale questions.

Timothy Elig of the Defense Department's Manpower Data Center sampled military members, spouses, and civilian employees. Three modes were used: mail survey only, mail survey with Web option, and Web survey with mail option. Due to delays in completing the study, only preliminary results were reported. Results are available at pubs@osd.pentagon.mil.

John Kennedy of Indiana University reported on a fall pilot study of over 29,000 undergraduate students at several schools on what they get out of college. The response rate for the Web-only option was 38.5 percent, versus 43 percent for the paper with Web option survey. A major study of over 200,000 students at over 250 schools will be conducted this year. Results are available at <http://www.indiana.edu/~csr>.

Rachel Askew and Peyton Craighill of Rutgers University compared a newspaper telephone poll in January 1999 (n = 587) with four short on-line polls using the same questions during January and February 1999 (n = 130 to 197 each). On-line respondents had more opinions and were more skeptical and critical.

More information about these presentations is available from the author or the AAPOR Web site (www.aapor.org). 

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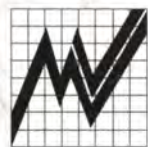
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Segmentation and **on-line** research: *a logical partnering*

By Pat Funes

Editor's note: Pat Funes is vice president of operations at Answers Research, Inc., Solana Beach, Calif. She can be reached at 858-792-4660 or at pfunes@answersresearch.com.

Emerging from its humble, low-tech beginnings in the 1950s, the segmentation study has evolved significantly. A tactically valid and valuable tool, segmentation research continues to help marketers find solutions to the most daunting high-tech product challenges

Combining the speed of today's sophisticated computers and the technological breakthroughs of the Internet revolution, on-line segmentation research has emerged as a sleek, complex, and powerful mar-

keting weapon for the new millennium. The speed, efficiency and cost-effectiveness of market research have all been drastically improved with Web deployment.

While impressive, on-line segmentation research does have its weaknesses. Because Internet penetration is limited (less than 50 percent in the U.S., 20 percent in Europe), straight on-line deployment tends to create flawed samples. Consequentially, the resulting data is not projectable to all but the most narrowly focused, tech-based markets. Clever market researchers are learning to overcome these sampling challenges and bridge the gap between the high-tech haves and have-nots by utilizing a blend of CATI and Web-based programming.

In the hyper-competitive 21st century game of business, segmentation research can be accurately characterized as a divide-and-conquer tactic. An innovative and complex mixture of art and science, segmentation divides a given market or population into smaller groups, or segments, based on common characteristics. Once divided, the marketer can then target these segments with enticing products, pricing or promotions designed to obtain greater market share.

On-line segmentation research is powerful in part because it can efficiently and cost-effectively provide almost limitless ways to specifically categorize market data. The market can be segmented by product parameters, which include brand loyalty,



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attitudes, awareness, level of use and satisfaction. The market can also be grouped by demographic patterns, including gender, race, religion, geography and marital status.

Market segmentation allows the marketer to reach potential buyers in a given market using the most targeted, customized product or service possible. Segmentation can also increase a marketing campaign's efficiency. Marketers who use segmentation research tend to make more efficient use of their resources by focusing on the best segments for their product or service. Segmentation should be used anytime you suspect there are significant, measurable differences in your particular market.

On-line deployment benefits

On-line deployment of segmentation research is a formidable weapon because it combines the benefits of speed, efficiency, and cost-effectiveness. Traditional segmentation research methods, such as paper-based surveys and disk-by-mail, move at a snail's pace compared to the high-speed on-line deployment. Sophisticated computer programming facilitates the speediness of an on-line segmentation study. The study, programmed with a core list of survey questions, performs lightning-fast computations, with the data simultaneously computed, compiled, updated and displayed in easy-to-read graphs and charts right on the survey host's computer screen. This real-time graphical representation allows marketers to analyze the data more

quickly and efficiently than ever before. The good news is this speed and efficiency does not come at a price, it comes at a price reduction. Internet surveys are generally 20 percent cheaper than traditional methods, and the cost savings can be even greater for segmentation studies.

Additionally, we have found that offering a Web survey option significantly increases respondent cooperation and thus increases the efficiency of the sample and reduces non-response bias.

On-line survey deployment of interviews during a segmentation study also eliminates the problem of interview bias. During a conventional telephone-deployed segmentation study, responses are affected by the subtle psychological influences exerted by the interviewer's tone, inflection and speech patterns. Personal feelings and impressions of the interviewer, positive or negative, tend to reduce candor and produce tainted, less-honest responses. During an on-line deployment, voice-based personal interviews are replaced by written questions and responses on a computer screen. This tactic ensures that the respondents' answers aren't swayed, shaded, diluted or otherwise biased by an interviewer's delivery or personality.

Marketers looking for extremely rich, candid responses would prefer to ask open-ended questions. Once again, on-line deployment comes to the marketer's rescue. Typed responses allow the respondents to offer lengthier, detailed narratives at their convenience.

The ability to deploy one segmentation study simultaneously in several countries makes on-line deployment especially attractive. Let's take a closer look at how an on-line deployment handles an ambitious, aggressive worldwide study with ease, compared to the logistical nightmares caused by a traditional, phone-based deployment.

To prepare for an on-line deployment in the United States, France, Mexico, Germany and Japan, the survey must be translated into each language. During translation, cultural differences are noted.

Once the survey is programmed, respondents complete the survey, and the results are compiled and translated simultaneously in real-time. The results are then converted into easily digestible graphical data, allowing the marketer to evaluate the findings instantaneously. During a conventional survey, the data formatting and compilation process is slow, complicated and costly. Multiple fielding agents from time zones all over the globe have to submit their files. Once submitted, these files have to be compiled and formatted, a process that is further complicated by differences in software. By comparison, an on-line implementation allows the marketer to complete the process in just a day or two. This accelerated process reduces the project's schedule by half and dramatically lowers costs.

Drawbacks to on-line administration

On-line deployment does have a few notable weaknesses. A signifi-

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cant disadvantage is the fact that on-line deployment may not be projectable to any target other than on-line buyers. The key to actionable, projectable research is sample control. Using Internet data and projecting it to the population at large may not work. Phone-based consumer sampling in the United States works because there is a known population of phone numbers, and market penetration is extremely deep (98 percent). No such list exists for general consumer Internet users, and market penetration is currently at only 46 percent. These numbers are considerably lower internationally. Therefore, you cannot pull a random sample of consumer Internet users. This lack of sample control is the reason Internet-based research is currently not projectable to the general consumer population.

Overcoming drawbacks

Acknowledging the disconnect between segmentation research and its projectability to all but the wired universe, clever marketers have found ways to bridge the gap. Researchers concerned with delivering a projectable sample can improve the projectability of their sample by exclusively using or supplementing with telephone recruiting, limiting the ratio of surveys sent to completes, quotas, and sample balancing. Additionally, until the penetration of Internet users is higher, researchers will use a combination of telephone and Web-based surveying.

Our firm recently conducted a blended administration of a segmentation survey of just over 600 completes among employees of Fortune 1000 companies. We contacted and screened employees at home or work by obtaining area codes and exchanges of these companies and, for home contact, mapped a seven-mile radius to obtain additional exchanges for a RDD sample.

Recognizing that some may not have access to the Internet at work or home, or simply prefer to complete a survey immediately over the phone, we gave respondents the choice to complete the 30-minute survey on the

Web, over the phone when initially contacted, or over the phone later by calling a toll-free number that would connect them to a live interviewer. Of qualified respondents, only 16 percent refused to participate. Of the remaining, nearly 65 percent chose the Web option, while 25 percent elected the immediate phone survey and 10 percent said they would call back later to complete the interview.


Of course, not everyone who said they would complete the survey on the Web or call back for a telephone interview did, but both options yielded roughly an 80 percent completion rate. Compared to a traditional telephone administration, the overall response rate was significantly higher, yielding a more representative sample at a reduced cost.

When we compared results from the Web and telephone survey data, we found only a handful of significant differences. Of those statistically significant, most were related to an inflated importance of price and brand attributes of responses captured via

the Web vs. telephone. This makes intuitive sense, as respondents are more candid via the anonymous Web than with a live telephone interviewer. Additionally, open-end responses were more plentiful both in number and content for the Web surveys.

Powerful weapon

By blending CATI and Web-based programming, we have discovered it is indeed possible to launch an on-line segmentation study that's actionable and projectable across a much wider audience.

The evolution of segmentation research is not coincidental. The dawn of the computer era has improved the speed, quality and effectiveness of segmentation research. The Internet revolution has made on-line segmentation research one of the most powerful weapons in the arsenal of the 21st century marketer. And as Internet usage becomes more ubiquitous, on-line segmentation studies will become more valuable still. 

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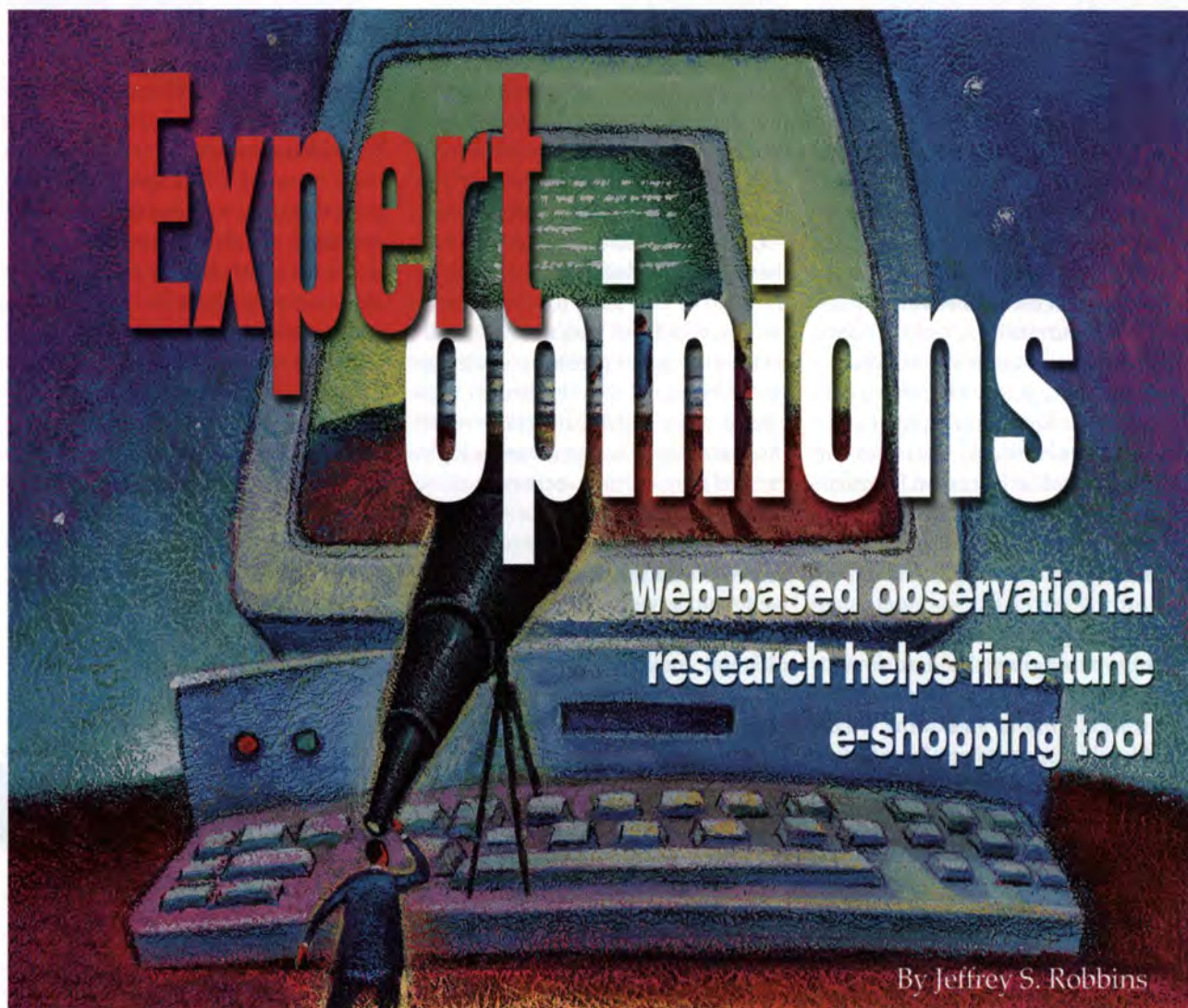
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**Web-based observational
research helps fine-tune
e-shopping tool**

By Jeffrey S. Robbins

Editor's note: Jeffrey S. Robbins is CEO of Database Sciences, a Paramus, N.J., research firm. He can be reached at 800-742-6035 or at jrobbins@dbsciences.com.

Recently, our firm was hired by Soliloquy, Inc., an Internet infrastructure company centered on natural language understanding, to help fine-tune an innovative product that serves as a front-end interface for on-line vendors. The product is a natural language Expert which allows shoppers to find what they want through a two-way interactive on-line "conversation." Additional value is brought to the vendor in that the software maintains logs of the dialogue and Soliloquy can then mine them for insights into shopper psychology.

The Expert replaces the typical database/shopping cart e-tailing application where shoppers type in search criteria, look through the results and make buying decisions. Instead, shoppers engage in a conversation with the Expert and the software processes the typed dialogue to extract relevant words and phrases so it can search a product database accurately.

We were asked to help evaluate an Expert on laptop PCs. Essentially, when users access a Soliloquy-enabled PC store via their Web browser, they are greeted by the Expert. The Expert asks what the shopper is looking for in a PC and makes it clear that any question can be typed in. As a guide to the shopper, there are sample questions available to look at, parameters by which one can compare models (screen size, RAM

installed, hard-disk size, etc.), as well as prompts from the system to help narrow down choices (i.e. How much do you want to spend?). Additionally, the system is capable of explaining technical terms to the user (i.e. What is RAM?). As a user defines his/her needs by expressing choices in differentiating criteria during the conversation, the Expert updates the shopper on how many items in the database are possible matches. At any time, shoppers can change criteria, look at details about matching products, or further chat with the Expert to narrow possibilities and/or learn more.

Our job was to put the Expert through its paces and provide insight into whether it could be a preferable alternative to existing on-line shopping cart interfaces and/or live salespeople in

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stores. Clearly, a key to the Expert winning out over salespeople was in its ability to accurately process the natural language dialogue. As such, the client wanted to compare opinion data (collected via survey) with Web observational data (collected in Soliloquy's natural language logs). By doing so, we could possibly trace dialogue paths and bring much more meaning to comments such as "I love the Expert" or "I was frustrated."

Fielding the study

We recruited respondents with varying amounts and types of on-line shopping experience to participate in the study. Additionally, we were mindful of several demographic variables so that we could evaluate their possible influence on a respondent's experience with the system. Once qualified through an on-line screener, respondents were sent to an on-line demo of the system and given a shopping task to perform. Afterwards, respondents were sent to a post-demo survey so that we could get their feedback on the experience.

From our perspective, the most interesting aspect of the study was the combining of Web observational and opinion research. From a technical standpoint, the study presented a challenge. We typically host surveys on our own Internet servers driven by our propri-

etary Web survey engine, but the demo had to be run on our client's server (so that they could capture and evaluate all of the natural language interaction between the system and the respondent). Thus, our system had to pass off a unique identifier to the client system—which then had to pass back the identifier to us for the post-demo survey.

From a research standpoint, we see great value in the methodology of sending respondents through an on-line exercise, immediately capturing their opinions, in addition to their Web behaviors, and then analyzing the different data types together.

Often, we see Internet companies only looking at what is occurring on their sites, and not exploring why. Certainly, it's important to know how many hits a site gets, and what the ratio of purchasers to hits is. But what's behind the numbers? Would the purchase ratio be higher if the Web shopping interface were more intuitive? Or, conversely, is the interface less of an issue and the purchase ratio more dependent on price and/or competitors' actions?


On the other hand, of course, market researchers spend their days helping clients learn about the opinions and motivations of their customers and potential customers. In many instances, opinions about an event (whether it is a

shopping experience or making a decision on a brand purchase) are being solicited well after the fact. Time can be our enemy in learning precisely what factors influenced a consumer's choice. In the brick-and-mortar world, to be able to do what we did for Soliloquy would require sending camera crews and interviewers around with respondents to capture the shopping process. On-line, it's a much simpler proposition, as virtually every move we make on the Web is already tracked, for better or worse. Aside from the technical requirements, the only other hurdle we had to overcome was in designing the exercise to fit within the environmental constraints of conducting research over the Internet (time, attention span, etc.).

Clearly validated

In the end, we were able to help Soliloquy learn a great deal about consumer perception of their product. First, and foremost, the concept of the Expert natural language shopping interface was clearly validated. We did, however, discover some usability issues that needed to be addressed, as well as natural language understanding trade-off assumptions that required some further evaluation. Because of our methodology, the client was able to examine each respondent's behavior, compare it with his or her stated perceptions, and categorize the overall experience. Leveraging this information, the Expert product can be tweaked further, based on the target market and product line of a particular vendor.

Conducive to learning

Experienced researchers understand that Internet/Web based research cannot always replace traditional market research techniques. In fact, for most businesses, on-line research should carefully be evaluated for its applicability in the overall research methodology mix. For on-line business managers, however, the environment of the on-line marketplace is conducive to learning a great deal about customers and visitors. By comparing survey research results with site data they already collect, e-managers can effectively explore consumer behavior, perception, and their dynamic relationship. 

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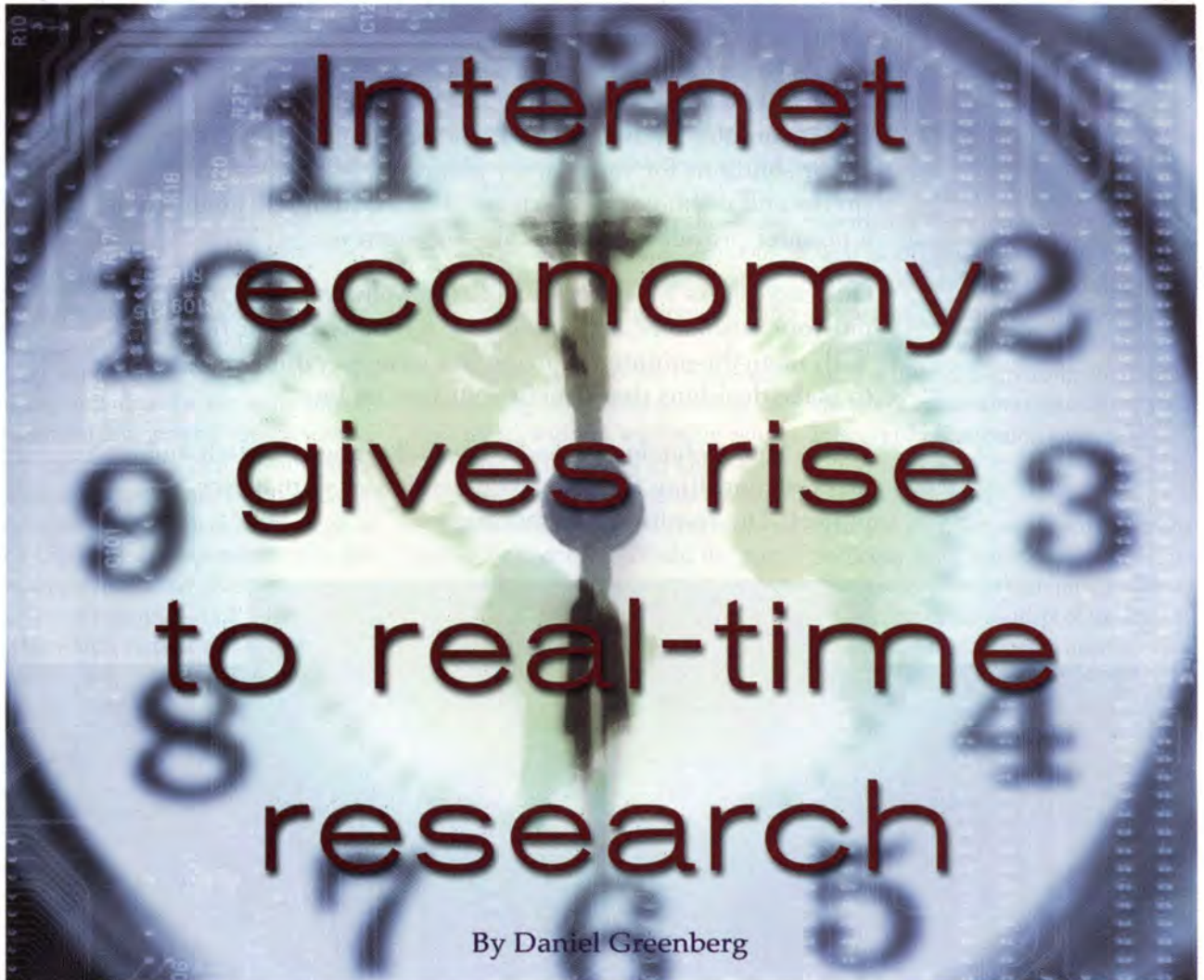


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Editor's note: Daniel Greenberg is vice president of marketing and co-founder of Active Research, Inc., Burlingame, Calif. He can be reached at 415-762-2530 or at daniel@activeresearch.com.

Traditional market research methods are rapidly becoming inadequate to meet research requirements for the Internet age. As marketers struggle to keep up with today's fast-paced business climate, the need for insights into consumer shopping behavior is outpacing the value of traditional research methods. Marketers thus face great pressure to meet industry demand, while product lifecycles are rapidly shrinking in nearly every type of category. The lifespan of a dig-

ital camera, for instance, can be as short as six months, with 80 percent of its lifetime revenue achieved within the first two months.

The proliferation of e-commerce has led to intensified competition – particularly for manufacturers and retailers who require more timely research for gaining advantage over their rivals. For example, in 1999 there were three types of MP3 players. Just one year later, there are now more than 60. The Web has also created much more transparency for consumers, who can instantly access product and pricing information on-line. A more empowered buyer means less control for manufacturers and retailers. This increases competitive pressures unilaterally, placing pressure on profit margins.

Several other factors point to why traditional research methodologies are losing their effectiveness. Response rates are declining, as fewer people agree to participate in research. Those who do participate often do so for the financial incentive – potentially biasing the sample toward more price sensitive buyers. These people also tend to place a lower value on their time – potentially biasing the sample toward lower-income individuals. Unfortunately, the potential for sample bias is substantial. So in an attempt to get quick answers, researchers are increasingly relying on focus groups as a replacement for quantitative research. However, there is a problem when feedback from a few people is used as a proxy for an entire market.



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In spite of the times, research cannot compromise methodological and sampling integrity. Since time (or lack of) plays an ever-influential role both in research practices and response rates, there is a profound need for real-time research that provides clarity about the rapidly changing marketplace as it evolves. Great value lies in the ability to spot market trends, especially regarding consumer purchase behavior.

The Internet is dramatically enhancing the ability to collect real-time data, although research is one of the last marketing disciplines to undergo automation. In fact a new research category – Market Research Automation (MRA) – is evolving. MRA methodology leverages the Web at all research stages and can reduce traditional research cycles from months to minutes. Thus there are greater efficiencies and cost savings to conduct studies, while offering the benefit of a continuous on-line window into market trends or the consumer mindset.


MRA tools or services also close the loop between on-line buyers and sellers by acting as intelligent middlemen in the interactive world. In the


process, they give marketing professionals decision support capabilities that are continuously delivered directly to the desktop. Research clients are therefore better equipped to understand what drives buyer purchase, including trade-offs individuals make when determining preferences for products based on brand, feature set and price. Other benefits of real-time research include enabling marketers to differentiate products and develop more precise messaging to multiple audiences, continuously tracking emerging and maturing trends, as well as forecasting product demand.

Since MRA uses the Internet for data collection, there is a concern that the Web population does not represent consumers in the real world. With more than half of U.S. households now owning PCs, the age, gender and educational profile of the Internet population is approaching that of the general public. For certain segments of the population, such as those who purchase DVD players, the on-line shopper profile is very similar to that of the off-line consumer. Finally, with the generic Web user becoming more diverse and representative, an e-commerce study by Harris Interactive found that fully 90 percent of Web users are researching products and services on-line (June 1999).

These statistics point to an unprecedented opportunity for manufacturers, retailers and marketers to interact with real buyers directly at the point of shopping when they are most engaged. MRA services automate data collection by participating in the conversation between buyers and sellers. Data is collected passively with zero intrusion. Web-based self-service applications also provide a useful one-to-one service to respondents while using Internet profiling methods to capture needed information. MRA then employs data mining techniques to unlock the value from these digital interactions. Since information is gathered from respondents who are actively engaged in a Web site, observational data is clean and free of aspiration-based biases. Response rates to such Web-based data collection methods are also significantly higher than email-driven surveys or opt-in promotions. This process leads to larger sample sizes.

Currently, we're seeing real-time research or MRA take on an expanding role to include product concept testing and forecasting such aspects as future sales and market share simulations. Because the Internet has spawned unique new market models such as business-to-business e-commerce and dynamic pricing, there are more vertical markets to serve than ever. In addition, MRA is being incorporated into everyday tactical decision making at many levels within a company – from marketing and manufacturing to logistics and procurement managers.

Manufacturers, retailers and marketers are now better equipped to use real-time research to forecast such areas as raw materials needed, the number of units to order and product sales. The growing Internet commerce market is not making market research obsolete, but rather, increasing opportunities for both quantitative and qualitative researchers. The key to providing continuous value to clients is to adopt solid and timely methodologies – the minimum requirement to meet today's market demands in the new economy. 



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Product & Service Update

continued from p. 12

the number of interviewers who can work on a single project.

In addition to the new sharing features, Quancept CATI serves as a telephone interviewing tool, taking a phone survey project from designing questions to tracking call status to integrating with data analysis software.

Quancept CATI and QTS combine to offer market researchers a fully inte-

grated predictive telephone dialing and interviewing system. The predictive dialer calculates the appropriate number of calls to make, thereby reducing interviewer downtime. And since QTS automatically dials the numbers, detects the call result and assigns connected calls to interviewers, it greatly increases survey productivity. QTS and Quancept CATI allow interviewers and supervisors to concentrate on successfully administering the survey instead of making phone calls.

SPSS is also now shipping Data

Entry 2.0. SPSS Data Entry includes everything needed to build custom on-line or paper survey forms, enter data and check for accuracy through the use of rules. It uses a drag-and-drop graphical interface for survey-building and is designed to make defining variables and questions easier. Additionally, its ability to create rules — such as validation, skip & fill or checking — helps ensure that data are clean and useful. Once created, questionnaires can be completed on-screen, on-line in a browser (in conjunction with SPSS Data Entry Enterprise Server) or printed out and filled in by hand. Data entered into the forms, labels and dictionary are immediately ready for analysis using SPSS Base, SPSS' data analysis software.

Additionally, SPSS Data Entry provides documentation, a tutorial and a Question Library to help customers new to data collection get up to speed on survey research fundamentals.

SPSS has also introduced DecisionTime Server time-series forecasting software. DecisionTime Server is designed to help users increase their productivity by working with large datasets more efficiently. DecisionTime Server uses the SPSS Distributed Analysis Architecture (DAA), which minimizes the use of computing and network resources and maximizes performance by eliminating the need to copy and convert the data used in analysis. Instead, data stay on the server, which saves time, allows administrators to maintain a high level of data security and reduces network traffic. DecisionTime Server also eliminates file size limitations, permits simultaneous multi-user access and facilitates data access from many sources. The end result is that enterprises, especially those with huge amounts of centralized data, can create better time-series forecasts quickly and securely. For more information visit www.spss.com.

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Team Navigation builds on focus group findings

Doyle Research Associates, Inc. (DRA), a Chicago qualitative research

firm, has introduced a new research tool called Team Navigation, a half-day, post-research convergence process designed to help companies create workable business strategies and move towards next steps. Team Navigation is a formal, three-step process that includes everyone on the client team who has attended the research groups. The first step puts the observers to work during the groups, identifying key themes and common denominators. The next step involves the actual Team Navigation session where a DRA facilitator leads the client team in grouping and prioritizing the insights and generating ways to tackle any problems that have surfaced. For more information contact Lynn Manilow at 312-944-9299 or at lmanilow@doylerresearch.com.

Usability lab now more usable

San Francisco-based Modalis Research Technologies has expanded international compatibilities for its proprietary interface test equipment, the Socratic Usability Lab. The lab is portable and designed to be used in a variety of facility and on-site test environments. Any focus group facility room or spare office can be turned into a usability test site within a few hours. The lab can now be shipped anywhere in the world for on-site testing. The new lab configuration allows it to be used with VHS, NTSC or PAL video formats and is built to be compatible with both U.S. and European power standards. For more information call Bill MacElroy at 800-576-2728.

New Vegas research facility

MRCFocus and MRCPhone, Las Vegas, have combined into a 20,000-sq.-ft. facility called the MRCGroup Research Institute. The facility includes three large focus group rooms, chat monitors, a 48-seat movie theater, dial technology, videoconferencing and more. For more informa-

tion call Jim Medick at 800-820-0166.

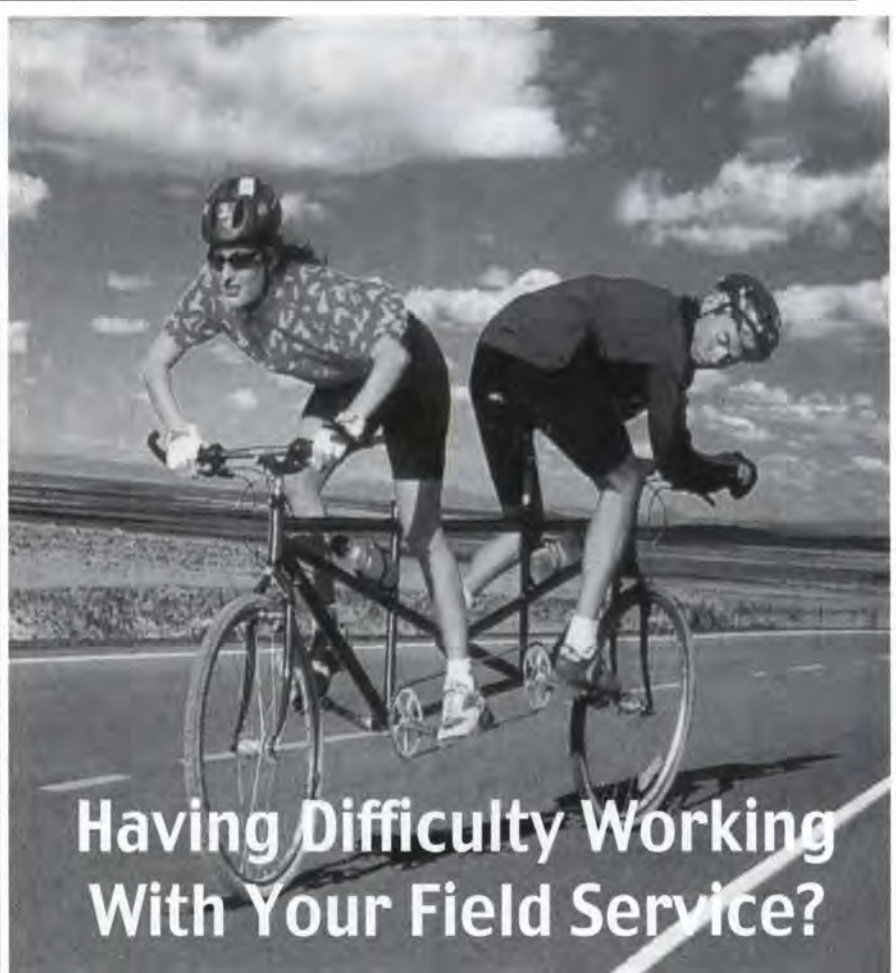
Service tracks e-tail transactions

Transactional Data Solutions (TDS), Purchase, N.Y., has launched ReTAIL TICKER, a new transactional market research service on the Web. TDS, a MasterCard company, is making its product available on its Web site at www.tds-mastercard.com. ReTAIL TICKER provides an aggregate view, looking at a random sample of the retail and e-tail transactions of up to 550,000 cardholders. TDS offers free on-line tracking of clicks-versus-bricks shopping patterns — as measured by total sales volume and volume of transactions. TDS research looks at 34 shopping clusters (demographic groups, such as Cool-shop-a-Lots, based on buying profiles) across 40 retail categories (apparel, books, office supplies, etc.). TDS provides this data while maintaining strict privacy guidelines. The

firm's research methods have been audited and approved by PricewaterhouseCoopers, the independent accounting firm.

Cardiff updates forms-processing products

Cardiff Software, Vista, Calif., has released upgrades of its eForms products, HTML+Forms and PDF+Forms. PDF+Forms and HTML+Forms are standards-based eForm products that are used to implement Web-based data collection and processing, and to eliminate corporate paper forms. PDF+Forms v2.0 was co-developed with Adobe Systems and allows users to convert forms to a digital format, while maintaining the same look and feel as paper-based forms. This release adds a number of features including: point & click form design; simplified form creation; support for digital signatures; form routing; support for Dynamic HTML. For more information visit www.cardiff.com.



Briefly...

• ActiveGroup, an Atlanta-based provider of focus groups over the Internet, has partnered with QuickTest/Heakin, a mall-based interviewing network, to create **Internet broadcasts of mall intercept surveys**. The service, ActiveAnswers, will be launched in select locations in late July. The service is expected to be rolled out in all of QuickTest/Heakin's locations within a year. For more information contact David Nelems at 770-449-6767.

• C&R Research, Chicago, has introduced KidzEyes.com, its **on-line kids research panel**. By the end of the year, KidzEyes is aiming to have 6,000 6-to-14-year-old kids signed up. Clients will use the methodology for testing brand awareness, evaluating Web sites, tracking trends and fads, testing ads, and more. For more information call Megan Burdick at 312-828-9200.

• The Virtual Customers division of Maritz Marketing Research Inc., St.

Louis, has introduced Virtuoso, new **process management software for use on its mystery shopping programs**. It is designed to orchestrate quality visits, timely feedback, and graphical reports for national and multinational projects. For more information visit www.virtualcustomers.com.

• PDI, a Cincinnati research firm, has created a **way to assess and quantify the relationship between advertising's long-term effects and sales**. PDI has accomplished this by blending technologies used by retailers with mathematical modeling in developing its new Lifetime Value of Marketing model. For more information visit www.AdvertisingDecisions.com, the company's Web site devoted to advertising issues.

• Boston-based Aberdeen Group, an IT consulting and market strategy firm, has announced the **availability of its entire collection of 1999 and 2000 research on-line**. Enabled by digital rights management technology,

Aberdeen Publications Online contains more than 400 publications and is located at www.aberdeen.com.

• Minneapolis-based ADAPT Inc., a data processing company serving the market research industry, has **expanded its comment coding operation to include on-line coding of open-ends from CATI and Internet surveys**. The new service, ADAPT-CODE, uses proprietary software to manage, code, quality-check, and output descriptive codes for open-ends provided in an ASCII format. For more information contact Dave Koch at 888-52ADAPT or at dkoch@adaptdata.com or visit www.adaptdata.com.

• Modalis Research Technologies, San Francisco, has introduced its **new worldwide panel**, Forum Modalis at www.forummodalis.com. The panel is targeted to contain approximately 100,000 B2B decision makers, IT professionals and high-tech consumers. In the coming months the panel will also include British, French, German and Swedish panelists.

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Survey Monitor

continued from p. 8

doing "very little."

Consumers clearly value their time. In fact, 42 percent of Internet users agree that they are always looking for ways to spend less time grocery shopping. However, only 11 percent would be willing to pay more for products or services that save them time. Therefore, on-line grocery offers have to be competitive with supermarket prices.

For many consumers, a continuation of a relationship with their regular supermarket is a way to reduce risk and uncertainty surrounding the on-line grocery shopping and purchasing process. Four out of 10 Internet users (43 percent) state they are more likely to shop for groceries on-line if the service is operated by their regular supermarket vs. an Internet-only grocery service. However, overall, only 18 percent state that they are interested in grocery home delivery of any kind.

Here is a sampling of grocery shopping attitudes (among primary household shoppers):

- I am more likely to shop for groceries on-line if the service is operated by my regular supermarket than an Internet-only grocery company: 43 percent strongly agree/agree; 35 percent slightly agree/slightly disagree; 23 percent disagree/strongly disagree.

- I am always looking for ways to spend less time grocery shopping: 42 percent strongly agree/agree; 43 percent slightly agree/slightly disagree; 15 percent disagree/strongly disagree.

- I am interested in grocery home delivery: 18 percent strongly agree/agree; 35 percent slightly agree/slightly disagree; 48 percent disagree/strongly disagree.

- I am willing to pay more for products or services that save me time: 11 percent strongly agree/agree; 53 percent slightly agree/slightly disagree; 36 percent disagree/strongly disagree.

Price remains a key driver of on-line shopping behavior in the grocery category.

- Internet users rank price as the most important factor when shopping on-line for groceries, ahead of product

brand, site shopability, delivery time, and customer service.

- Twenty-two percent of on-line grocery purchasers identified low prices as their primary reason for purchasing the category on-line.

- Forty-six percent of Internet users cited free delivery for large orders as the factor most likely to entice them to use an on-line grocery service in the future.

"In addition to low prices, consumers shop on-line for groceries

What will it take to get shoppers to grocery shop on-line in the future? While free delivery tops the list, 40 percent of respondents indicated that the acceptance of manufacturers' coupons would make them more likely to use an on-line grocery shopping service. Other factors that would motivate on-land shoppers to shop for groceries on-line include convenience factors such as the ability to set a specific delivery time window, create a list of frequently purchased products, or pick

What Will Entice Consumers to Use a Grocery Service in the Future?

(respondents could select up to three factors)

(among total respondents)

Free delivery for "large" orders	46%
Accepts manufacturers coupons	40%
Ability to set a specific delivery time window	36%
Ability to create a list of frequently purchased items	31%
Ability to pick up your order at a local store	26%
Nothing would make me more likely to use an on-line grocery store in future	21%
Unattended home delivery	14%

because they want easier access to brands and products and because they either do not have time or dislike shopping at stores," Whitfield says.

up their order at a local store. However, one in five stated that nothing would make them more likely to purchase groceries on-line.



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While there are several different variations of on-line grocery services currently in operation today, the vast majority of Internet users are not aware of most types of on-line grocery service. However, low awareness levels are not surprising since many of the on-line grocery services are currently confined to only a handful of market areas. Even so, among Internet users who are aware of the on-line grocery shopping options, the trial rates are very low.

The on-line grocery service model that resonates most favorably with the shoppers most interested in grocery home delivery is one in which groceries are delivered in a tight time frame — 30 minutes — with only a very modest delivery charge.

“The fact that very few Internet users are even aware of the on-line grocery service options and even fewer have actually tested the options is an indicator of the infancy of this distribution channel for groceries and household essentials,” says Whitfield. “But the ability to deliver groceries to consumers’ homes within a short time frame will be key to determining which on-line grocery service providers survive and prosper and which fall by the wayside,” she says.

Every month, the PricewaterhouseCoopers E-Retail Intelligence System surveys over 500 Internet users regarding on-line shopping behavior and attitudes and Internet usage. The survey is fielded on-line to a nationally representative sample of Internet users using National Family Opinion’s Interactive Panel. Most survey respondents access the Internet at least weekly for non-busi-

ness use. The survey reported above was fielded among Internet users who were either the primary grocery shopper for their household or frequent supermarket shoppers from March 29 to April 5. For more information visit www.pwcglobal.com.

AOL names top 10 ‘senior wired’ cities

America Online has named the 10 most “senior wired” cities in America based on the amount of time adults age 55 and over spend on-line (according to more than 3,200 older Americans visiting AOL’s Opinion Place from March 20 - April 3). The results are drawn from a survey conducted by Digital Marketing Services, Inc., a provider of on-line research and a wholly-owned subsidiary of America Online, Inc.

THE TOP 10 “SENIOR WIRED” CITIES

1. Phoenix
2. Boston
3. Tampa-St. Petersburg-Sarasota
4. Los Angeles
5. Orlando-Daytona Beach-Melbourne
6. West Palm Beach-Ft. Pierce
7. Ft. Myers-Naples
8. Cleveland
9. San Francisco-Oakland-San Jose
10. New York

Additional top “senior wired” cities include Philadelphia, Chicago, Miami-Ft. Lauderdale, and Seattle-Tacoma.

The AOL “senior wired” survey demonstrates that older Americans are getting connected to the Internet regardless of their age and computer skills, and they feel that the Internet is beneficial. The average amount of time older

Americans in the top 10 cities on-line is approximately 18 hours per week; most have been on-line one to three years. Ninety-two percent of older adults polled say they feel the Internet has improved their lives overall, and 69 percent say the Internet has brought their families closer together.

According to Jupiter Communications, older adults are already the fastest-growing segment of the Web market, spending more time on-line individually than other age groups. Jupiter also projects that the number of older Americans on-line is expected to increase from 14 million to 27.3 million by 2003.

“The Internet has proven to be an exciting new world for AARP members,” says Katie Sloan, director of applied gerontology, AARP. “It serves as social glue in facilitating better communication with friends and families and opens new worlds in research and information and better shopping opportunities. It should be no surprise that older Americans and the Boomer generation have taken great interest in using computers and the Internet.”

Computers are giving older Americans high-tech ways of doing their favorite activities, especially as they age or become less mobile. According to the AOL “senior wired” survey, some of their favorite on-line activities include:

- Communicating: 93 percent of older Americans polled say they go on-line to e-mail and instant-message. They frequently send on-line greetings cards and pictures, and correspond with their children, grandchildren and other family members and friends.

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• **Researching:** Older Americans find they are gaining independence by having access to a centralized source of information day or night, seven days a week, where they don't have to worry about business hours or finding transportation. According to the AOL survey, 75 percent are frequently involved in information searches for themselves and their families, particularly checking their financial investments (53 percent), searching travel and vacation options (65 percent), and finding medical and health resources (69 percent).

• **Shopping:** An AARP survey of Americans 45 and older found that 54 percent of Internet users make purchases on-line. The most frequently purchased products by older adults include computer software and hardware, books, music and clothing. The number of Internet purchases respondents make is strongly related to income level, the AARP survey found. About one quarter of those with incomes under \$50,000 made 10 or more purchases last year, and this figure doubles (52 percent) for those with incomes above \$75,000. The survey also reports that Internet purchasers are overwhelmingly satisfied with their purchases, with 82 percent saying that the product "completely" met their expectations.

• **Playing games:** For some older Americans, especially those living alone, it's hard to initiate their own entertainment. On-line games are popular uses of computers and users can play them alone or as a group. Plus, in addition to on-line computer classes, games are a non-threatening way to learn basic computer skills like using a mouse and navigating the Internet.

Smart-card usage will grow

For years, Europe has been using smart cards to do everything from health identification to banking to buying groceries, but the United States has been slow to implement the technology due to a lack of infrastructure and the highly fragmented market. But increased growth in the digital realm, the increased use of mobile systems, the importance of network security, and the

government taking an active role in smart-card applications will drive this market to unprecedented heights, according to research on the smart-card market conducted by Frost & Sullivan, a Mountain View, Calif., research firm. The Frost & Sullivan research shows participants shipped 14.4 million units in 1999. By the end of the forecast period, 2006, the units shipped is projected to rise to 114.7 million.

The pay-TV segment, which includes digital broadcast satellites (DBS) and PC/TV set-top boxes, such as WebTV, and the mobile segment, are currently driving the market. Combined, these two segments were responsible for shipping nearly 93 percent of all units sold in the U.S.

In the future, however, the network security and government segments will garner a greater share of the marketplace. The government, specifically the defense sector, has played an important role of piloting smart-card applications and will begin mass deployment in the next few years. The network security segment is projected to make up nearly

half of all units shipped by 2006.

The greatest challenge facing the industry is a revamping of the infrastructure. Frost & Sullivan projects that it would take nearly \$3 billion to convert just the hardware and over \$12 billion to change the entire infrastructure in both direct and indirect costs. The rest of the world, including Europe, on the other hand, built their infrastructures from the ground up, based on smart-card technology.

Instead of smart cards, the U.S. based its payment systems on magnetic stripe-card technology. Until the banks have a business case that proves smart cards can be a viable competitive advantage, this industry is reluctant to change.

"U.S. banks haven't been able to nail down return-on-investment with smart cards," Frost & Sullivan Analyst Alyxia Do says. "But banks have to face the fact that new competitors in the form of telecom operators, insurance companies, and transit authorities are changing the face of the financial competitive environment. Smart cards can be the banks' response to increased competi-

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Klutch Swenson
Professional Respondent #69

tion.”

Fragmentation in the application market is also a major hurdle smart-card participants must overcome. Whereas in France or Germany the country may have one to three telecom operators, the U.S. has nearly 50 wireless service providers.

“While we have been able to create pockets of market activity and development, the total conversion of the country is not occurring yet,” Do says. “What will continue to hurt the U.S. market are issues that need to be solved in the industry more generally. We have more application frameworks and platforms than we can handle, our markets are niched by vertical market demands, and the banking industry is still trying to find its business case. All of this is slowing down the industry quite a bit.”

Despite these difficulties, Frost & Sullivan expects that the U.S. market will grow and will become one of the leading and most innovative markets in deploying smart cards. “Smart cards in the U.S. will grow with everything Internet-related,” Do says. For more

information visit www.frost.com.

Small businesses think banks should stick to banking

In contrast to the growing trend of banks offering non-banking services and expanded options on their portal-style Web sites, small-business owners participating in a virtual focus group on technology in banking overwhelmingly said banks should “stick to being a bank.” The group was moderated by John Barlow, president of Minnetonka, Minn.-based Barlow Research Associates, Inc., and hosted by Evoke during the eFinancial World conference in May in New York City. A recorded version of the focus group is accessible at <http://vsnetcall.vstream.com/netcall/tik.asp?P=4004179&S=A38A670BA927E85F>.

Participants were asked if they wanted access to a variety of adjunct products and services from their bank. Their answer was a unanimous no. A bank

trying to be all things to all people doesn't do anything well, said one focus group participant. Another stated that too many additional “supermarket” services made the bank “inefficient.”

As for what they do want, participants said that a personal relationship with their banker and close, convenient branch locations remain key factors in their choice of a business bank. In a less traditional vein, focus group respondents also considered electronic banking services a plus, contending that they improve time management and make for easier access to account balances and fund transfers at hours convenient for the often time-strapped small-business person.

Customarily, small-business owners have relied on face-to-face interaction with their bankers and personal visits to their local branch to maintain their relationship with their bank. A personal relationship is still preferred, according to the focus group participants, even at the expense of paying up to a quarter percent more for credit. Most said they were willing to pay slightly more for access to a trusted adviser.

Participants also expressed strong interest in utilizing less-personal services that facilitate the banking relationship and save time. The new scraper technology elicited largely positive reactions, with participants perceiving it as a vehicle that could save paperwork, provide better information, and eliminate hassles by putting financial information from various sources on one comprehensive sheet. All of the participants also said they would check the small-business loan auction sites on the Internet to compare rates and terms with those offered by their own bank. Several of the small-business owners said that because of the relationship they had with their banker, they felt they owed their local bank the courtesy of asking them to match a lower rate before accepting a loan over the Internet.

The “eReality Check” focus group was comprised of 12 small-business owners with annual sales of between \$1 million and \$10 million; all have access to and use the Internet frequently. For more information call 612-545-6620.

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Research Industry News

continued from p. 15

Lavidge have renewed contracts with DMS.

Focus First America has moved to a new facility at 2777 Summer St., Stamford, Conn., 06905. Phone 203-322-1173. Fax 203-968-0421.

Reyes Research, Ventura, Calif., has opened a new facility at the East Hills Mall in Bakersfield, Calif., and moved its main office to a new address at 1013 Colina Vista, Ventura, Calif., 93003. Phone 805-278-1444. Fax 805-278-1447.

Atlanta-based **Membership Marketing** has contracted with several health plans to offer discounted health and fitness products to health plan members in exchange for answering survey questions. For more information call Daniel Gatins at 404-816-3657.

Howard Lerner and Eileen Marin have opened **Decisive Research Services**, a full-service research firm. They can be reached at 214-221-7778, decisiveinc@aol.com or at P.O. Box 740788, Dallas, Texas, 75374.

Big Bang, a San Francisco on-line ad network, has entered into an agreement with Van Nuys, Calif.-based **Interviewing Service of America** for help in analyzing the data that Big Bang collects for on-line advertisers.

New York-based firms **The Arbitron Company** and **Nielsen Media Research** have formed an agreement that gives Nielsen Media Research the option to join The Arbitron Company in the deployment of the Arbitron Portable People Meter (PPM) in the U.S. The Arbitron Portable People Meter is a new radio, television and cable audience ratings technology that The Arbitron Company will be testing in Philadelphia beginning the fourth quarter of 2000. Financial terms of the agreement were not disclosed.

Millennium Research Inc. has moved to 7493 West 147th St., Suite

201, Apple Valley, Minn., 55124. Phone 952-431-6320. Fax 952-431-6322.

Pink Dot Inc., a Camarillo, Calif., on-line retailer of prepared foods and brand name products, has named Schaumburg, Ill.-based **ACNielsen** its preferred supplier of information insights. Pink Dot will work with ACNielsen to identify consumer trends, develop product mix and determine key price points. In addition, Nielsen will help Pink Dot pinpoint demographic brand opportunities as they relate to the company's multiple channels.

Indicator Pesquisa de Mercado, a Sao Paulo, Brazil, research firm, and Rochester, N.Y.-based **Harris Interactive** have signed an exclusive agreement making Indicator a member of Harris Interactive's global network of research firms. The new representative office will be referred to Indicator/Harris Interactive.

Separately, **Blauw Research**, a Netherlands-based research firm, has also joined the Harris Interactive net-

work.

Capita Research Group, Inc., Blue Bell, Pa., has completed its second series of multiple-responder marketing tests for **Turner Broadcasting**, in a project for Turner Classic Movies. The tests, which utilized Capita's patent-pending Engagement Testing System, will be used for market positioning purposes.

San Diego-based **Claritas, Inc.**, and Nielsen//NetRatings, an Internet audience measurement service from **Nielsen Media Research** and **NetRatings, Inc.**, announced a partnership that will combine Nielsen//NetRatings' Internet audience measurement information with Claritas' marketing segmentation systems, Prizm and MicroVision.

New York-based **eCountries.com**, a business-to-business publishing and e-commerce service, has signed a partnership agreement with London market and analysis company **Datamonitor** to display, offer and sell market reports to users on the eCountries.com Web site

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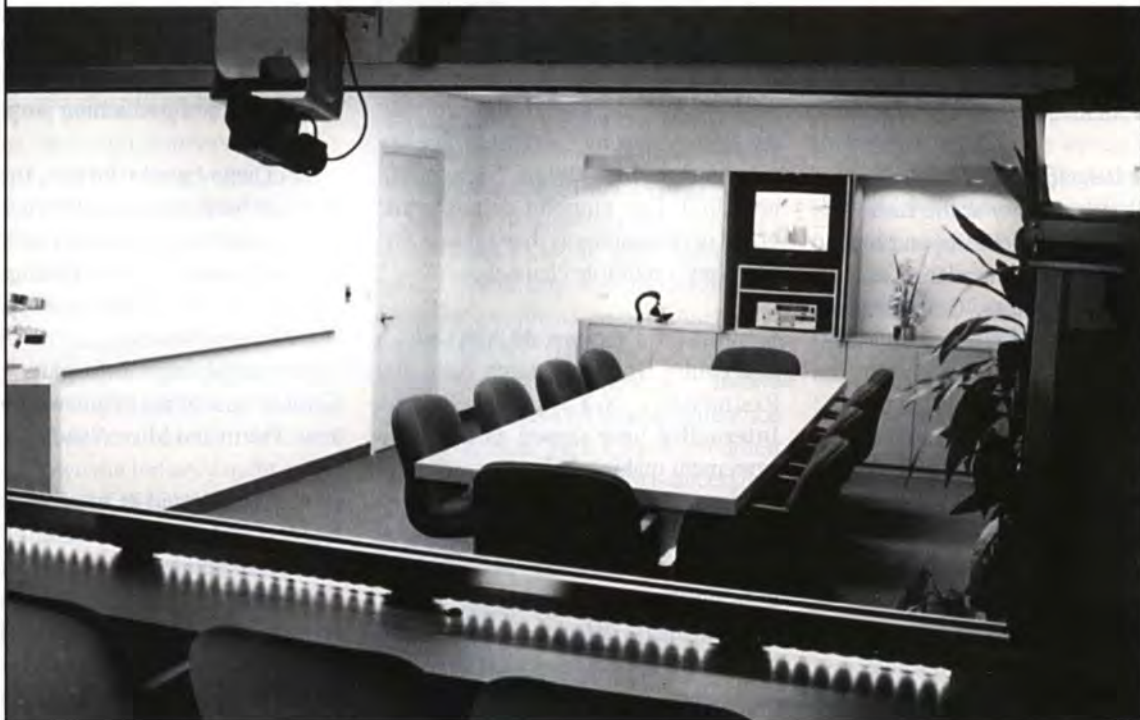


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and to facilitate requests for customized research proposals.

The Gantry Group, LLC, a Concord, Mass., e-commerce firm, has launched its e-Business Market Validation Practice, dedicated to conducting primary research to help companies develop and market their on-line products and services that match the value, preferred channel, and pricing needs of their targeted markets.

J.D. Power and Associates, an Agoura Hills, Calif., research firm, has taken a minority equity stake in **CustomerSat.com, Inc.**, a Menlo Park, Calif., provider of on-line services for customer satisfaction measurement and reporting.

San Francisco brand consultancy **Landor Associates** has acquired the strategic brand consultancy **St. James Associates**. Under the terms of the acquisition, St. James has become a fully-owned part of Landor and will operate under the Landor/St. James brand name from its Chicago offices.

Catapult Systems, an Austin, Texas, provider of e-business products and services, announced that **Maritz Marketing Research Inc.**, St. Louis, has selected Catapult's Inquisite as one of its electronic marketing research survey tools.

Bethesda, Md.-based **MarketResearch.com**, an on-line source of marketing research information, has raised \$6 million in its first round of private financing from **Axalon Internet Group, Inc.** The capital will be used to fund several areas of development including technological advances on the Web site and to expand the firm's database of market research publishers. Edward Ryeom, president and CEO of Axalon Internet Group, was appointed to the company's board of directors.

Separately, MarketResearch.com has also debuted the beta version of its updated Web site, which, at press time, was due to be viewable at www.marketresearch.com.

The NPD Group Worldwide, Port Washington, N.Y., and **GfK AG** have

formed **Sports Tracking Europe**, a new venture tracking athletic footwear sales in eight European countries. The new service will combine information from both consumer panels and retailers for a total market overview. Subscribers will receive measures across all countries tracked, supporting global sales and marketing initiatives. NPD holds the majority interest in the venture, while GfK AG has a minority interest.

Prognostics, a Palo Alto, Calif., research firm will conduct an IT professional services customer loyalty study in conjunction with the **Information Technology Services Management Association (ITSMA)**. The study will enable participating companies to compare their performance with specific competitors as well as industry leaders.

To better concentrate its efforts on its opportunities in the customer relationship management and related business intelligence markets, Chicago-based **SPSS Inc.** has announced the sale of its product line for manufacturing statistical process control to **Wonderware Corp.**

The transaction was effective on May 31. Wonderware agreed to purchase the SPSS QI Analyst software products for \$2 million in cash. Wonderware plans to offer employment to the SPSS team supporting these products and will continue their development.

Separately, SPSS has made an equity investment in privately-held **e.Intelligence, Inc.** The \$1 million investment represents the second infusion of equity capital into e.Intelligence since an initial investment made by JMI Equity. In May, SPSS and e.Intelligence announced plans to incorporate SPSS forecasting technology into e.Intelligence's business-to-business demand planning solution.

The Business Research Group, Ltd. (BRG), London, and **TownsendTarnell, Inc.**, Houston, have combined their specialty polymers and chemicals market information and consulting practices to create a new organization, **BRG Townsend, Inc.** The goal of this new company is to provide customers in the specialty arenas of polymers and chemicals with a larger, broader-based and

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Princeton, N.J.-based **Opinion Research Corporation** has begun construction of a new building in Maumee, Ohio, to accommodate the growth and expansion of the company's presence in the Toledo area.

Princeton, N.J.-based **ORC International**, the global marketing research unit of Opinion Research Corp., has launched a second wave of its national telephone omnibus survey, CARAVAN. The national telephone survey is now available twice a week.

Philadelphia-based **AgWeb.com Inc.**, an electronic information service for the agricultural marketplace, and **Greenfield Online**, Wilton, Conn., have formed a strategic business relationship to develop, market and sell syndicated and proprietary information derived from on-line market research techniques directed to farmers, ranchers and consumers.

San Francisco-based **Ziff Davis Smart Business for the New Economy**, a busi-

ness technology magazine, has announced a strategic partnership with **eyeTracking.com**, a provider of eye-tracking technology for the Web. Under the agreement, eyeTracking.com will partner with Smart Business on conducting usability tests of Internet sites. In the June issue, *Smart Business* editors employed eyeTracking.com's technology and service to evaluate the usability of top business travel Web sites in an article entitled "What Makes Customers Click."

New York-based **GroupSystems.com**, a knowledge automation firm, has partnered with **Wirthlin Worldwide**, a McLean, Va., research firm, to provide on-line focus group services. The partnership combines Wirthlin's Advanced Strategy Lab, a best practice for electronic research sessions, and GroupSystems.com's new Internet-based knowledge automation service, GroupSystems OnLine.

Cheskin Research, Redwood Shores, Calif., has recently expanded its Web site (www.cheskin.com/think/thinking.html)

to include all of its past and current publicly released research studies and articles.

The AGB Group has been awarded the television audience measurement Contracts 3 and 4 by London-based BARB (Broadcasters' Audience Research Board Limited). The AGB Group will serve BARB's subscribers and the U.K. television industry from January 1, 2002. Toni Petra, chief operating officer of the AGB Group, will oversee the project.

Interrelate, a Minneapolis business analytics application service provider, has acquired **MarketKnowledge**, a market segmentation firm. With this agreement, Interrelate adds two proprietary services: LifePhase, a household-level segmentation system that measures market penetration; and Brand Potential Measure, a model used to analyze market potential for products and services. Gary Blake, MarketKnowledge founder and principal, will join Interrelate as vice president of product development for travel and leisure.

Menlo Park, Calif., research firm **InterSurvey** has acquired Stratford Associates of Needham, Mass. Stratford Associates, a research and consulting firm, specializes in strategic analysis and decision modeling.

Lafferty Group, a London-based financial and professional services research and publishing company, has secured exclusive rights to market in U.K./Europe/Asia-Pacific the research products of Synergistics Research Corp, an Atlanta research firm specializing in the financial services industry.

DeepCanyon, an on-line provider of marketing research reports, has announced alliances with three strategic market-research organizations — **eBrain Market Research**, **INPUT** and **Information Technology Services Marketing Association (ITSMA)** — that will expand the market research data it offers at www.deepcanyon.com.

Clearwater Research, Boise, Idaho, has expanded its interviewing facilities to 125 stations.

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Subaru

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Once staff and dealers understood the advantage of easy access to real-time information, resistance quickly faded.

Home field advantage

The Web-based reports give field managers an opportunity to see what's happening at their assigned dealerships. Before going to see a dealer, for example, field managers can log in to review up-to-the-minute information. They can then discuss with the dealer how customer issues have been resolved. Field managers can also view facility-related issues, and work to ensure that those problems are efficiently resolved. Best of all, when field managers are travelling, they can access information from anywhere, whether they're in the dealer's office or in their hotel room using a laptop.

For dealers, having access to timely information means they can stay on top of owner loyalty. Dealers can see their quality scores and get detailed information about a salesperson's performance. Then they can give immediate recognition to outstanding sales and service people, or take corrective action immediately. It makes for more effective management, and more responsive customer service.

If you build it up, they will come

Promoting the Web site has been key to generating awareness and wider usage. If you give people a reason to use the system, and you promote the benefits of timely data, you capture their interest. My team is constantly spreading the word about the advantages of going on-line for the most current information on performance ratings and customer response updates.

We have also promoted the program by showing dealers what they're missing if they don't go on-line. There is a great sense of competition among sales staff within the dealerships. They like to get as much information as possible about their customers for their own peace of mind, and they also want to know where they stand in the rankings.


As dealers became comfortable with the Web format, they were excited about receiving data more quickly, and soon requested more detailed and timely reports. As a result, Subaru has begun to develop a series of reports called Just In Time Reports, which provide immediate access to current performance rankings in addition to the quarterly rankings.

The Just In Time Reports create valuable topics for discussion at weekly management meetings. They can also help correct problems with personnel before the end of the quarter, when it's too late to improve rankings. It's a great tool that delivers more information in an extremely efficient manner.

The road ahead

While Subaru still supplies quarterly paper reports, most dealers are moving toward getting all of their information from the Web site. And Subaru plans to continue developing the popular Just In Time Reports, combining data elements to create action plans.

Free-form reporting is Subaru's next goal. Now that we developed the structure for the Just In Time Reports, we will encourage our dealers to dig into their data and formulate strategic action plans using a free-form reporting capability. For example, dealers could determine how their own unique data elements interact. This free-form reporting becomes the ultimate "what if" tool. In the future, we plan to take advantage of what we are learning about customers to help dealers develop targeted lists of customers and tailor their marketing messages based on levels of loyalty.

First a refocused customer measurement and loyalty program, then timely Web-based reporting, and now a move to the kind of hands-on data mining that really brings survey findings home to the dealers. It's the kind of program Subaru always hoped for and now that we've got it, we'll keep on looking to a sound mix of research and technology to keep us on the cutting edge. 

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Gregg Lindner,
Scarborough Research

"We use SSI for the expertise that its staff of professionals offer ... not only from the 'front-end' people that handle our account, but also from the 'back-end' people that develop the methodology. It's just a wonderful team approach.

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Arizona Republic

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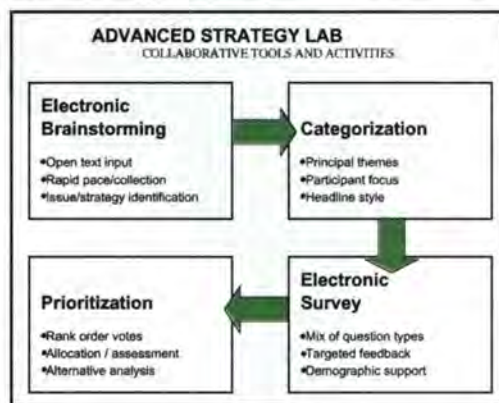
its readers and its community.

Readership summit

Back in October 1998, two of the paper's executives had participated in a National Readership Summit in Dallas, sponsored by the Newspaper Association of America (NAA), with leaders of other major American newspapers.

The summit featured a discussion of the issues that were affecting readership in the United States and the strategies newspapers could use to increase readership.

The discussion was facilitated using an approach called the Advanced Strategy Lab, which was co-developed by D.S. Griffen & Associates, a Phoenix consulting firm, and McLean, Va., research firm Wirthlin Worldwide. The lab incorporates technology from Tucson, Ariz.-based GroupSystems.com, which allows organizations to simultaneously and anonymously collect strategic information from group participants. It automates the process so that the group can brainstorm key questions, categorize important themes, gain consensus and prioritize strategies or issues, and identify appropriate action steps (see chart).



For the Dallas Readership Summit, each session participant was given a laptop computer connected via a local area network (LAN) with software that supports electronic brainstorming, prioritization and survey assessments.

A typical Advanced Strategy Lab session involves 20 participants in a U-shaped environment, each with their own laptop, connected via a LAN. The Lab uses electronic tools and facilitation techniques that are designed to stimulate cognitive thought, enable collaborative reasoning and remove the obstacles to effective group achievement.

Respondents type in their responses to questions posed by the moderator. These questions are preset into the computer program used (the Advanced Strategy Lab program). Respondents not only can see their own answers on the screen but also the answers of all respondents to the question. With the facilitator's help, the group follows a methodology to classify the responses on-screen, vote and prioritize them, and reach consensus on next steps. This allows for thorough brainstorming — respondents don't have to wait for someone to finish speaking before they enter their ideas, and because they contribute anonymously, the group doesn't favor people who speak loudest or hold the highest rank. Graphing tools are also incorporated into the program to facilitate the sharing of information.

Could readers help?

During the Readership Summit, the *Republic* executives wondered if the brainstorming technology could have the same impact in focus groups with newspaper readers. Could the readers themselves help guide the impending redesign effort?

In early 1999, Ellen Jacobs, research manager, the *Arizona Republic*, was asked to review the Advanced Strategy Lab's potential use in the redesign research. "We knew that we would be conducting a major readership survey in June of 1999, and what we needed was the ability to fine-tune that survey, to identify the reader issues and topics that really mattered. We also needed a way to really involve the newsroom, to get their buy-in to the idea that fundamental

changes were required, and that the readers would have a way to identify and communicate those changes. The use of the electronic brainstorming in a focus group setting became the backbone of our redesign."

The project took shape quickly in the beginning of 1999. "Formal reader research has been well supported at the paper for many years," says Jacobs. "What we saw in the use of the Advanced Strategy Lab was an opportunity to blend both quantitative and qualitative research in a way that would be highly effective for our reader participants, and highly energizing for our newsroom observers."

Critical themes

Douglas Griffen, managing partner of D.S. Griffen & Associates, was brought in to conduct the focus groups. He and Jacobs designed a set of six focus groups that would use the same basic flow of key questions, but would change to reflect the demographics and experience of the participants.

To allow for comparison of newsroom views with reader views, focus groups were also conducted with newspaper employees and with newsroom editors and writers, people who obviously had a keen interest in the outcome of the redesign and certainly had strong views of their own on life in Phoenix and the topics that mattered most to readers.

The employee sessions would also build credibility for the process — which is important, because it's never easy to create organizational change — and would allow members of the organization to be part of the research process and not just be affected by its outcomes.

Each of the electronic focus groups was designed to be conducted in three hours. The employee sessions were conducted on-site in a day, while the four reader focus groups were conducted in an off-site research facility in the evenings to allow newsroom executives to observe.

The live data from the sessions was displayed on monitors in the client

observation room during the sessions. "There were two important results of being able to view the sessions as they were happening," says Jacobs. "First, our newsroom members became part of the process. They were energized by the directness of the comments from the readers, and it created a great deal of buy-in about the results. Second, it allowed us to make last-minute changes based on what we were seeing."

The four reader groups of 20 participants were divided as follows:

- Loyal readers — These respondents were long-term subscribers who said they read the paper each day.

- Sunday-only subscribers — These were people who, while they may have purchased the paper at a newsstand or over the counter on other days, focused their newspaper reading on the weekend.

- At-risk readers — Two groups of 20 readers each were recruited from this segment. They bought the paper when interested, but did not subscribe. Their general readership was less consistent than other groups.

For all four groups, a base protocol and session guide was developed that gave participants freedom to respond to open questions and allowed the newspaper to compare relative themes from each readership group, and to compare the reader groups to the internal newsroom groups that were held.

The sessions addressed the following topics:

- Perceptions of Phoenix: Each group had an electronic brainstorming question asking what their current image of Phoenix was as a place to live. What characteristics distinguish the city? How would they describe it to friends from another state? These characteristics were immediately categorized/summarized for the group by the session facilitator.

- Perceptions of the *Arizona Republic*: Each group then reviewed the summary characteristics of the city (what makes Phoenix Phoenix) and was asked two open-ended questions: In what ways does the *Arizona*

Republic accurately reflect or match up to the perceptions that you have about the city? And, in what ways does the *Arizona Republic* NOT match up well to the perceptions? In what ways could the *Arizona Republic* just be "anybody's paper"?

- Identification of coverage topics: The next section for each group was a critical trigger question that asked, "In your view, what are the most important topics that you would like to see the *Arizona Republic* cover?" After a period of brainstorming, the topics were categorized and reviewed by the participants to ensure that all of the key topics had been included in the summarized listing.

- Assessment of topic coverage: The participants then electronically assessed the summary topics in two key ways. First, they voted on the topics they felt were most important to them personally. Second, they assessed, using a 1-10 scale, how well the paper covered each of the topics, where 10 was the highest level of coverage. Results of both assessments were immediately available to the participants as well as to the observers.

- Input on key topics: Because the results of the previous votes were available immediately, the readers were then asked for more detail on the top topics they had selected. They were asked what specific information would be of most value to them in each of the top three topics.

- Identification of local topics: Because one of the goals for the redesign was to better connect to the readers on local issues, respondents were asked what they felt were the most important local news stories, features or topics that the paper should cover. Again, open brainstorming was followed by a summarization of the key local topics.

- Assessment of local topics: Readers then assigned importance to each local topic and indicated how well they felt the paper covered them.

- General readership issues and recommendations: Two open questions were posed to each group regarding readership. First, readers



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were asked what they felt was causing a general decline in the readership of newspapers on a national level, and second, what would they do to increase readership if they were the publishers of the *Arizona Republic*.

— Classified ads: Finally, an electronic survey asked the readers a series of questions about their use of classified ads, and what they liked and disliked about the paper's approach to classified ads.

"This was the best of both worlds from a researcher's viewpoint," Jacobs says. "We were getting qualitative data using quantitative assess-

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level of credibility with our editors," Jacobs says. "In some cases, we

took immediate actions and didn't wait for longer-term redesign. For transportation, for example, we created a section called Bumper to Bumper that we announced within weeks of the sessions. Bumper to Bumper was a concise and consistent place [it's on page B2, every day] where readers could easily see the entire city mapped out in terms of current freeway construction, road closures, and recommended routes. It was also a place for readers to vent their frustrations through letters and comments."

But it also has urban sprawl, uncontrolled growth leading to increased crime, pollution, traffic and education issues. Everyone, it seems, is from somewhere else, so there's strong diversity, but no clear community or cultural sense. It's a city in the making, and therefore it creates a tremendous opportunity for the major newspaper to weigh in on key issues, trends and topics. The top 10 topics of interest to readers are shown below. For each topic respondents also gave their view on the quality of the newspaper's coverage of it, which created

level of credibility with our editors," Jacobs says. "In some cases, we took immediate actions and didn't wait for longer-term redesign. For transportation, for example, we created a section called Bumper to Bumper that we announced within weeks of the sessions. Bumper to Bumper was a concise and consistent place [it's on page B2, every day] where readers could easily see the entire city mapped out in terms of current freeway construction, road closures, and recommended routes. It was also a place for readers to vent their frustrations through letters and comments."

Importance Rank	Topic Area
1	Local news and happenings
2	Transportation issues/info
3	Crime and its impact
4	Schools and education
5	Environment (air quality)
6	Economy, business, finance
7	Entertainment and events
8	National news and events
9	Politics, legislative issues
10	Sports

Meeting the goal

While the sessions did allow the paper to make some immediate adjustments, it was focused on meeting the goal of unveiling the redesign on January 1, 2000. In conjunction with the redesign effort, the paper conducted the aforementioned reader survey in June 1999. "We used the results of our focus groups to craft the survey and ask the readers more in-depth questions about key topic areas that we knew were critical. We could test elements of our redesign with the survey, which would reinforce our redesign strategies," Jacobs says.


On New Year's Day, readers woke up to one of the most significant redesigns in the paper's history. New sections included The Arizona Diary (to examine the question of what makes Phoenix Phoenix), Smart Living, Arts and Entertainment, and a section on The Good Life.

A caption in the Reader's Guide that accompanied the redesigned paper was very clear about why it had changed. The goal of the redesign was to make sure that the *Republic* was:

"A newspaper involved in your life.

A newspaper protecting your interests.

A newspaper connecting communities.

A newspaper organized with you in mind." 

ments. We not only got key topics, but we got underneath those topics by asking what was important about the coverage of each key topic. It really was helping our editors to see if they were in touch."

Long-term implications

The sessions had both short-term impact and long-term implications. From a short-term perspective, those in the newsroom got feedback from readers. They also got an unfiltered sense of the view of the community: Phoenix has a great climate, good economy, warm southwest style, lots to do in terms of recreation and sports, good quality of living, and is not a bad place at all to raise a fam-

an immediate gap analysis for the newsroom to review and assess their coverage plans. In some cases, the coverage was not adequate; in some topics it was right on. With sports for example, there was a sense that the level of coverage exceeded its importance.

The two most important issues had the largest delta in effective coverage: local news and happenings, and transportation issues and information. The city's explosive growth has made transportation a hot-button issue as stress and frustration have risen with the level of freeway congestion and lack of information about road closures.

"These sessions had a very high



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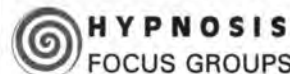
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Names of Note

continued from p. 10

New York-based *Media Metrix, Inc.* has named **Rachel Mueller-Lust** vice president and director of research of its U.S. operations.

Palo Alto, Calif.-based *NextSet Software Inc.*, has named **Ed Aclay** director of market research.

Newtonville, Mass.-based *Lyra Research, Inc.* has named **Edward Lee** its new director of the digital photography advisory service.

Menlo Park, Calif., research firm *InterSurvey* has hired **Aaron Grossman** as vice president & senior managing director. He will be based in InterSurvey's New York office. The firm has also named **Marty Walker** senior vice president and chief technology officer; **Ronnie Arnold** chief information officer; and **Edward Kim** vice president of engineering.

Janice Gaub has been named vice president of marketing for Seattle-based *drugstore.com*. She will be responsible for brand management, market research, program management, creative communications, and customer acquisition and retention.

Kathleen D. Love has joined New York-based *Mediamark Research Inc.* as president and chief operating officer.

Palo Alto, Calif., research firm *Prognostics* has added three new members to its senior management team: **Dave Murdoch** has been named chief technology officer; **Roger McConville** has been named senior vice president of account management worldwide; and **Annette Hornby** has been named vice president of account management Europe.

Meta Group Inc., a Stamford, Conn., research firm, has named **William F. Zachmann** vice president in its Open Computing & Server Strategies service.

Nash Finch Company, a Minneapolis-based food retailer and distributor, has

realigned its market research function to optimize its use throughout the organization. **Brian E. Numainville**, director of research, now reports to **Jim Dorcy**, vice president of marketing and advertising. Numainville has responsibility for all of the company's market research activities including consumer research, geographic information systems, site location analysis and customer satisfaction research.

Raymond V. Walsh has joined *Lyra Research, Inc.*, Newtonville, Mass., as director of sales for North America.

Market Strategies, Inc., a Livonia,



Austin

Hurwitz

Mich., research firm, has promoted **Mark Allen**, **Sherrie Austin**, **Cindy Dederick**, **David Edwards**, **Carol Hurwitz**, and **John Thomas** to vice president.



Thomas

Webster

Burke, Inc., has promoted **Todd Jacobson** to vice president of its Burke Marketing Research Client Service division in the metro San Francisco area. In addition, **Michael Webster** has been promoted to director of interactive operations at the firm's Cincinnati office and **Sandip Narang** has been named group manager of the consulting and analytical services department.

Mark Durrick has been named eastern regional vice president of business

development and sales at *Survey.com*, a San Jose, Calif., research firm. In addition, Nancy Stewart has joined the company as senior analyst for the business intelligence & data warehousing research program.

Jim Hood has been appointed to the newly created position of group chief executive officer of *Greenfield Companies*, a Westport, Conn., research firm.

The Interactive Marketing Research Organization (IMRO), a new organization of professionals from research agencies, corporate research departments and academia dedicated to the creation of ethical and best practices standards for research conducted on the Internet, has elected a board of directors.

Sharon Harap, marketing research manager of *Dell Online*, will head the committee on standards and ethics. **Rosemarie Miller**, corporate research, *Intel*, will serve as board secretary. **Caroline Eichman**, senior manager, market intelligence, *IBM.com*, will head the world community committee. **John Gilbert**, director, market insights and information management, *Motorola*, and **Scott McDonald**, director of research for *Time-Warner*, will serve as directors-at-large.

The officers of the new association are: president — **Bill MacElroy**, president, *Modalis Research Technologies*, San Francisco; vice president — **Howard Ziment**, managing director, *Ziment Associates, Inc.*, New York; secretary — **Rosemarie Miller**; treasurer — **Donna Wydra**, vice president/executive director, *Market Facts*, Chicago; vice president of communications — **Jon Rubin**, vice president, marketing, *Greenfield Online*, Wilton, Conn.

The committee chairpersons include: standards & ethics — **Sharon Harap**; member services — **Larry Fisher**, senior vice president, *NFO Interactive*, Chicago; technology tracking — **Michael Gray**, CTO, *Modalis Research Technologies*; world community — **Caroline Eichman**; legislative tracking: **Jacob Brown**, *King, Brown & Associates*, San Francisco.

The directors-at-large: **Rudy Nadilo**, president, *Greenfield Online*, Wilton, Conn.; **Rachel Mueller-Lust**, U.S. director of research, *Media Metrix*, New York; **John Gilbert**; **Scott McDonald**; **Steven Burch**, *Touchstone Research*; **Alan Cutler**, vice president, *Audits & Surveys Worldwide/UG*, San Francisco.

DigitalBiz Corporation, a West Jordan, Utah, on-line business solutions firm, has named **Jim Bagley** account executive, on-line market research services.

Dawn Rosso has joined *Taylor Nelson Sofres Intersearch*, Horsham, Pa., as an executive manager; **Barbara Bertner** has joined Taylor Nelson Sofres Intersearch in White Plains, N.Y. as vice president; **Kevin Joostema** has joined Taylor Nelson Sofres Intersearch in Los Angeles as vice president; and **Janice Kessler** has joined Taylor Nelson Sofres Intersearch in Ellicott City, Md., as a vice president.

Daniel Donohoo has joined the Boise, Idaho, office of *Clearwater Research* as director of human factors operations.

Modalis Research Technologies, San Francisco, has named **Gary Nicholas** vice president, accounts, and **Jeff Berg** and **Edward Erickson** have been named account executive. In addition, **Brian Fowler** has been named panel alliances and marketing manager – OPG, and **Albert Hilgart** has been named director of qualitative services.

Brin Bell has been promoted to senior vice president for business development at *Greenfield Online*, Wilton, Conn. In addition, **Susan Rosovsky** has been promoted to senior vice president, research operations.

Directions Research, Inc., Cincinnati, has named **Scott Layne** vice president of interactive solutions.

FGI, Inc., a Chapel Hill, N.C., research firm, has named **Daniel**

Mosrie senior account manager and manager of research operations for the customer research and quality consulting division. **Paul Hayes** has been named account manager. The firm also announced the following promotions: **Joe Bates** to senior account manager; **Carla Penel** and **Jennifer Lewis** to account manager; **Greg Newman** to associate account manager; and **Jackie Malik** to senior market research assistant.

Los Angeles-based *Lieberman Research Worldwide* has named **Peter M. Kay** vice president, general manager, and head of its Internet strategy research division, eLRW.

FocusVision Worldwide, a Stamford, Conn., research firm, has named **Barbara Barrett** senior account director and **Ruth Freedman** senior director, research partnerships.

Millennium Research Inc., Apple Valley, Minn., has named **Jennifer Slaughter** as a new associate.

Russell McGuire has joined *CJ Olson Market Research*, Minneapolis, as administrative assistant.

Paul Pacholski has been promoted to division manager of the *Maritz Marketing Research* telecommunications research group in Chicago. At Maritz's St. Louis office, **Stephanie Feeney** has been named project operations manager for the central project management division; **Maureen Zvanut Gardiner** has been named division manager for the North American operations-research services group; **Ken Radigan** has been promoted to group vice president of information services; **Keith Chrzan** has been named director of marketing sciences; **Bob Stergos** has been named account manager for the South Central region; and **Bob Anderson** has been promoted to the newly created position of vice president, director information technology — North American Operations.

Jean Quatresooz, president of the *INRA (Europe) Network* since 1986

and CEO of the *INRA (Europe) Group* since 1989, has decided to resign from his managerial positions in the *INRA* companies.

John Hegelmeyer has been named manager, Western advertiser/agency services for *The Arbitron Company* in Los Angeles.

Richard Wirthlin, founder and chairman of McLean, Va.-based research firm *Wirthlin Worldwide*, was one of eight recipients of the "Outstanding Contribution to Campaign Consulting" award from American University's Campaign Management Institute in May. The award was presented to "pioneers who have made substantial contributions to the electoral process in the United States and who have had a lasting positive impact on the political consulting industry."

Beth Bryan has been named account manager for *Arbitron Cable Services* in Chicago.

Marilynn Poulund-Backus has joined *Eagle Research* as facilities coordinator of the Denver focus group facility.

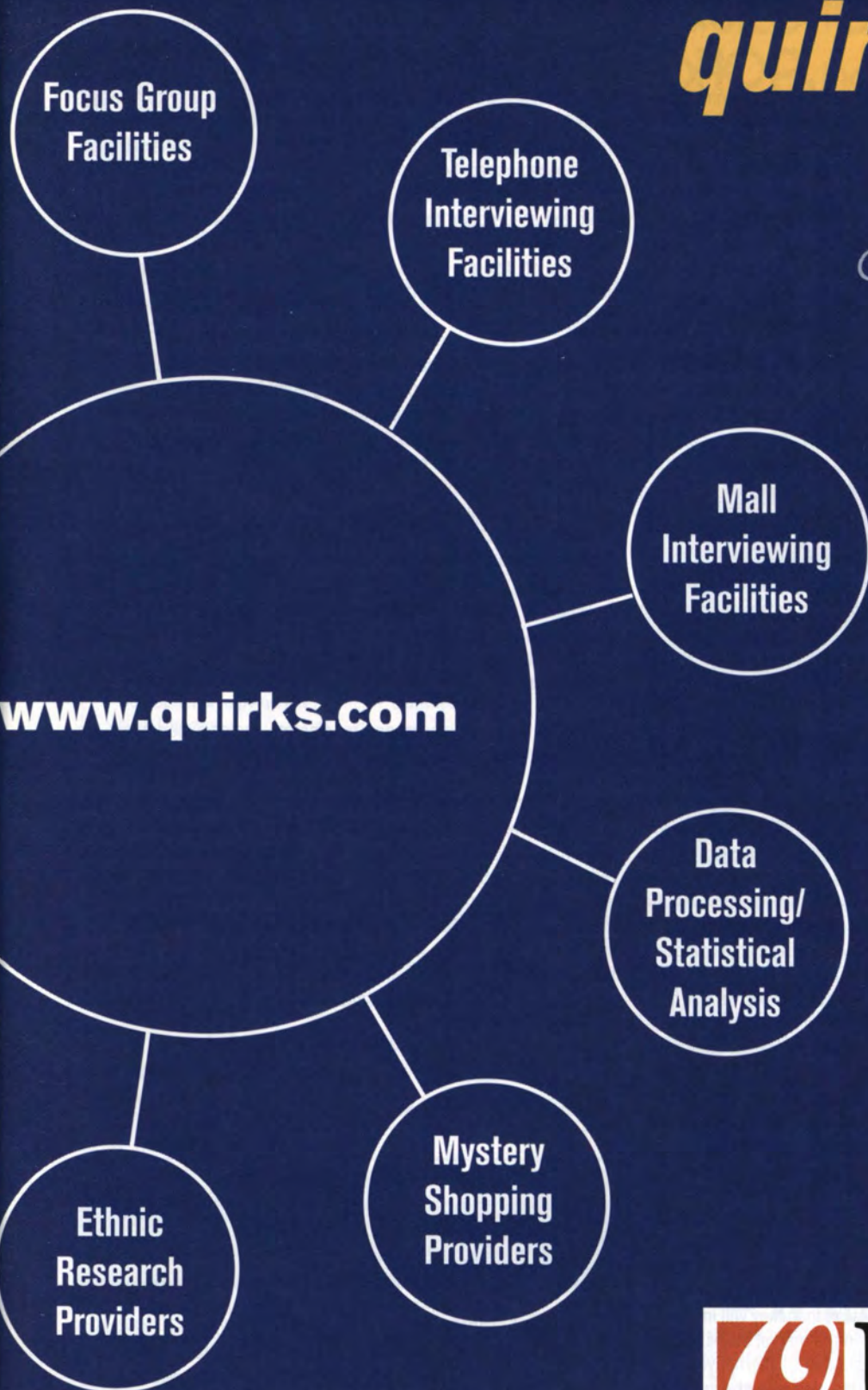
Chicago-based *Information Resources, Inc.*, has promoted **John Coyne** to executive vice president and area general manager of the company's West client service area.

Paul Lubin has been named CEO/COO at *Barry Leeds & Associates*, a New York research and consulting firm. He will succeed Barry Leeds, the company's current chairman and founder, who will retire in April 2001.

Larry Gullede has joined *The Marketing Workshop*, a Norcross, Ga., research firm, as vice president – client service.

Leyla Namiranian has been promoted to director of international research at *Decision Analyst*, an Arlington, Texas, research firm.

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Editor's note: This letter was sent to Tim Glowa and Sean Lawson in response to their article "Discrete choice experiments and traditional conjoint analysis," which appeared in the Data Use section of the May issue.

Dear Tim and Sean,

I read with interest your article on discrete choice and conjoint analysis. I also am a big fan of choice modeling (discrete choice). It has many nice qualities, as you point out. However, you make some pretty strong negative claims about conjoint analysis. It is our experience that most of the shortcomings you reference are relatively inconsequential in practice and/or can be remedied with some commonly-used workarounds.

You claim that conjoint analysis should not be used because it leads to "faulty predictions." But, your article does not document instances where the use of conjoint analysis resulted in faulty predictions. It is our experience that traditional conjoint analysis and discrete choice lead to very similar indications of preferences and relative importances. It also can lead to very similar predictions of market choices. I don't agree with you that respondents evaluate conjoint cards assuming independence, with the complete lack of competitive context. Respondents remember the cards they have seen previously (if conjoint cards are displayed one at a time). If traditional card-sort conjoint is used, then in many ways the conjoint experiment resembles one large ranked choice task, with each conjoint profile taking the role of an alternative in a choice set. I agree with you, however, that under OLS the competitive contexts aren't directly accounted for in the modeling of parameters. Even so, respondents can establish relatively consistent ratings or rankings based on the full context of all cards. And, the assumption of independence of rows in the design matrix doesn't seem to seriously undermine conjoint's ability to model market choices in competitive contexts within a market simulator.

Perhaps the easiest way to model choices from conjoint data is the deterministic "maximum utility rule" or "first choice." Your article implies that this is the only game in town. I'm not sure what percentage of the conjoint users in the world use that deterministic model (which I also agree is flawed). But, among the Sawtooth Software users, the vast majority apply a choice rule that is consistent with Random Utility Theory. Until recently, the default choice simulation method for either our traditional conjoint or ACA packages was the "Share of Preference" or "Logit Model." (Lately, we've advocated a simulation method called Randomized First Choice, which also conforms to RUT.) We have always encouraged our users to include some holdout choice scenarios (resembling discrete choice tasks) so that they can tune the scale factor applied to the part worths (to match the scaling of the holdout choices) for use in simulating market choices in competitive contexts. In this way, our users can employ traditional conjoint analysis, but then also account for the amount of noise (the scale factor) that should be used to mimic the amount of error inherent in real market choices as reflected by the holdout choice scenario. As you point out, the ability of respondents to indicate "None" is also a desirable characteristic of discrete choice modeling. It is also unfortunately one of the messiest things to deal with in analysis. It is our experience that respondents use None for different reasons (not always indicating a true lack of demand). And, using None as a way to model demand is tricky business. Respondents typically will reflect a lower propensity to use None in choice tasks than they will in the real world. And, if the number of alternatives in the market scenarios you are trying to predict is different from the number of alternatives in the choice tasks used to develop the part worths, you won't be quite sure how to scale the None parameter to be appropriate to that new and dif-

ferent scenario. Thus, even with discrete choice, problems still exist with how to use the non-choice in market simulations.

There are ways to adapt traditional conjoint analysis to project demand. If one is modeling demand for a new product or service (without competitors), one can ask conjoint profiles in the context of a purchase likelihood scale. This scale needs to be calibrated (since respondents typically exaggerate stated likelihoods), but it is one way to forecast demand. In competitive simulation contexts, some researchers have proposed determining a threshold value below which a None selection would be registered. I don't personally have a conviction that this works consistently well in practice, but it is a way for conjoint analysts to avoid the assumption that all respondents are in the market and will buy.

Even though discrete choice is a very nice technique, there are a number of key reasons that analysts continue to turn to conjoint analysis for certain projects:

1. Unless you use a method such as hierarchical Bayes estimation, discrete choice is typically analyzed using some method of aggregation (usually logit). This can result in IIA problems which can result in faulty share predictions. Some advanced analysts can model many IIA problems away using cross-effects, but this risks overfitting and can be quite complicated. Using traditional conjoint and OLS automatically results in individual-level estimates of the part-worths. With individual-level models, IIA problems are greatly reduced, and the need for modeling more complex effects beyond main effects is reduced.
2. Discrete choice questionnaires provide lower information per respondent effort. Sample sizes need to be larger with discrete choice modeling than with traditional conjoint to achieve the same degree of precision of the part worth estimates.
3. And, as you certainly recognize, discrete choice experiments are more complicated to design and analyze than traditional conjoint.

Overall, I applaud your efforts to promote choice modeling. It indeed is a nice technique. However, I believe that you are overlooking the ways that conjoint analysts today are avoiding the problems you lay out as the principal faults of traditional conjoint modeling. In our experience, both methods yield quite similar results. If you make the claim that traditional conjoint results in faulty predictions, it would be interesting to see some data on that. If your conjoint predictions are faulty due to the use of the deterministic maximum utility rule, then it would be advisable to apply a simulation model to your conjoint data that conforms to RUT.

Bryan Orme
Vice President
Sawtooth Software
Sequim, Wash.

Corrections

Incorrect phone and fax numbers were listed for CENTRIS in the Index of Advertisers in the June issue. The correct phone number is 877-723-6874; the correct fax number is 310-264-8776.

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Trade Talk

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representative could four malls be of the total population? The reality was, for certain kinds of studies, there was no other way to get that kind of information," Cook says.

For many people, change is not always welcome, and researchers are no exception, as Yoffie found when she began doing on-line research in 1994. "I saw a lot of parallels to when I started selling CATI software in 1986: the skepticism, the denial, the belief that it was a passing phase. I think there are plenty of people who keep hoping that this is going to go away."

But far from going away, on-line research has grown exponentially. "[The research industry has] moved from doing a few tenths of a percent of research on-line to about 2 percent last year and to 10 percent this year," Cook says. "And depending upon whose estimate is right, the thought is that on-line will account for between 25-50 percent of all research conducted in the next three years. That is nothing short of astounding."

Fueling that growth is the late arrival to on-line research of industries that have historically been big research users, Cook says. "The earliest adopters of on-line research were very naturally the tech industry, followed by the service industry, particularly telecommunications. The last to adopt were the consumer packaged goods companies, and this is the complete reverse of the spending levels on traditional research. So the potential is huge, because the CPG companies are adopting it now."

Respondents' rights

Protecting the on-line respondent may be the most important task facing both the users and providers of Internet research services. Industry organizations have been diligently crafting a bill of rights for respondents and setting forth guidelines for conducting research on-line to do just that.

It won't be easy. Researchers see in on-line respondents the very qualities that are in short supply in telephone interviewees: they're relatively cooperative and easy to reach. So there is a huge temptation to unleash a torrent of surveys on these now-willing audiences and end up possibly surveying them to death.

In addition, through spam and other e-annoyances, the same poisons that have seeped into the telephone research pool — unrelenting (though legitimate) direct marketing and its evil twins, *sugging* (selling under the guise of research) and *frugging* (fund-raising under the guise of research) — threaten to contaminate the on-line reservoir.

Researchers can't control the spammers but they can make sure that they don't add unsolicited recruiting letters to already-stuffed e-mailboxes. MacElroy talks about receiving an e-mail from a small city in Florida asking him to take a survey on the town's public transit system. The only problem is, he's in the San Francisco area. "These are examples of people who have access to the Internet and who do not know the rules of engagement. In many cases these are innocent mistakes but they are burning through what you might call the 'free range respondents.' If this kind of thing keeps up, pret-

ty soon it will be difficult to get anybody to do anything on the Web."

"Privacy issues are always important in any form of legitimate marketing research," John Houlihan says. "If I am going to participate in your survey I don't want to end up on a mailing list. The industry must address the issue of privacy and confidentiality and give respondents the feeling that they can respond in a candid manner and their information will be treated with respect."

"Our firm doesn't provide information to any third party other than in the aggregate," Cook says. "We are very stringent about using third-party lists. Clients will often come to us and say, 'I have a list of x-thousand e-mail addresses from my customers. Just e-mail them and ask them to participate.' But that would be spamming. If the e-mail list was captured by the client in cookie-ing visitors to their site, they have not opted in, they have not given their permission to be contacted."

Privacy concerns extend to client information as well. For example, what's to prevent a respondent from downloading a page with a new product concept on it and e-mailing it to a friend, who just happens to work for a competing firm? But technology such as Alchemedia's CleverContent can protect images on Web sites from being copied or downloaded, so companies may not need to fear that the packaging mock-up they are testing on-line will be copied and e-mailed to a competitor.

No panacea

With all the hype and interest surrounding on-line research, it's easy to get the impression that it's the only way to do research. While it is great for some kinds of research and for reaching certain Net-savvy audiences, it isn't the only game in town. Nor will it produce miracles of time and cost savings. "We as on-line research providers need to set client expectations properly," Cook says. "We should not oversell it, we should not attempt to make on-line research a panacea for everything. When appropriate we should say that this is not the proper technique and warn clients why it is different and how it is different and address the issues of security, and the representativity."

"I never tell the client [on-line research] is representative of the U.S. population, but it may be of the population they want to talk to," Yoffie adds. "As long as you know what you're going for and those people are represented on the Web, I don't see a problem."

"Respondents are often more willing to participate in on-line research but people on the Internet are conditioned to have things happen quickly," Cook says. "So just because on-line research is less expensive, you can't take a 45-minute interview and administer it on-line. You can't take a CATI interview and put it on the Web. You need to engage the respondents. The research should be fun, fast, and you need to respect their integrity and intelligence."

Crystal ball

My de-facto panel of experts expressed a lot of enthusiasm about on-line research, especially when the talk turned to its future.

Yoffie foresees the Web delivering greater data analysis capabilities and flexibilities. "We're doing all this work on-

line but we're still delivering our tables on paper. There are companies that allow you to view your crosstabs on-line but what is coming down the road is the ability to do crosstabs on-line."

To MacElroy, the future will find companies developing survey approaches that take advantage of the Web's strengths, such as its ability to handle multimedia. "Most of the research has been taking standard telephone surveys and putting them on the Web, which has been under-utilizing the power of the Web. Now we are beginning to see people experiment with new techniques and technologies."

MacElroy doesn't see Web research using virtual environments, as they would be too bandwidth-heavy. Rather, animation and other tools will help researchers develop new product concepts in real time. "You are going to be able to build ideal products on-line and see them as you do it, so you'll be building virtual products, concepts — almost creating a new way of visualizing data."

Hopkins feels the Internet will make continuous studies more commonplace. "With studies administered by phone or mail, there's a distinct economic reason to complete fielding within a discrete time-period: management overhead. The Web levels this economic barrier. It will make it possible to keep the study out there running, providing timely results available on-demand from a rolling set of data. When you consider the time-compression occurring in decision-making cycles this will be an especially important development."

"I also see syndicated studies getting new life, with researchers and decision-makers being able to easily and massively customize the information delivered to them from one shared data collection exercise. While the economies derived through the historical business model will remain, the value of syndicated studies will be enhanced incredibly by Internet technology."

A little homework

How best to take advantage of all the Internet has to offer? Do a little homework before conducting your own on-line research or choosing a provider, to find out what is considered proper "netiquette," what are good recruitment techniques, etc. "It's the responsibility of the company doing the hiring to do the background checks and it is the responsibility of the company doing the research to be above reproach,"

Yoffie says.


(Several research industry association Web sites [www.cmor.org, www.mra-net.org, www.casro.org, www.imro.org, www.esomar.nl] have information on on-line research guidelines.)

Many firms offer on-line research services, but not all of them know what they're doing. "The cost of entry into the research business is minimal," Cook says. "Anyone can hang up a shingle. In the on-line environment, the cost is even lower. There are several very good research tools available for the Internet that can be purchased inexpensively. However, good tools in the hands of the uneducated can lead us down the wrong path, as the industry has found in the off-line world, where data projecting incorrect results leads marketers to make wrong decisions. As a result, marketing research gets a black eye," Cook says.

"You don't want the analysis, the thoughtful interpretation, to become an amateur sport," Houlihan says. "Trained researchers need to have the final say on the validity and the meaning of the data and the challenge there is for the marketing researchers to be more proactive and get the information in the right form to the right people, and thereby earn a seat or maintain a seat at the table when marketing, financial, and strategic decisions are made."

"The biggest thing that we can do is try and educate people who want to do this. We have a responsibility to share what we know works and what doesn't work and keep the industry alive," MacElroy says.

In the end, you get what you pay for, Yoffie says. "I think that there are always going to be people who will see the Web as a way to do easy and cheap research. But I think responsible researchers are just as responsible on-line as they are off-line. People who are going to hire firms to do this for them need to make sure that they are really a market research firm, not just some Internet firm that knows how to put up a survey, and that the company provides the same rigorous standards on-line as off-line."

"The good news is, I think the purchasers are becoming more sophisticated. Before, they were really feeling around in the dark, looking for companies that knew how to do this black magic called Internet research. But now they are becoming more sophisticated and demanding so that they can make informed decisions, and I absolutely welcome that." 

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Trade Talk

By Joseph Rydholm, QMRR editor

On-line research: where do we go from here?

Is the Internet a boon or a bane for the marketing research industry? Depends on your point of view. Some see it as the long-sought way to conduct research better, faster, and cheaper. And they feel the Web will save the industry from declining cooperation rates by making research fun and interesting for respondents.

The anti-Internet camp holds that on-line research is fraught with biases. In addition, others fret that it's a haven for snake oil salesmen dressing up crude data gathering capabilities in glittering high-tech finery.

As with any wildly debated topic, the truth is probably somewhere in between.

No matter how you feel, it's clear that Internet research is here to stay. But what will its long-term impact be? How can we take advantage of its enormous potential? And what are the issues affecting its viability? For answers to these and other questions, I chatted with five research service providers:

- Steve Cook, senior vice president, client development, Greenfield Online, a Wilton, Conn., on-line research firm.
- Nigel Hopkins, vice president, advanced products group, MarketTools, a Sausalito, Calif., on-line research firm.
- John Houlahan, chairman and CEO of FocusVision Worldwide, a Stamford, Conn., provider of services for broad-

casting and viewing focus groups via the Internet and video-transmission.

- Bill MacElroy, president, Modalis Research Technologies Inc. (formerly Socratic Technologies), a San Francisco research firm.
- Amy Yoffie, vice president and general manager of Research Connections (a division of Talk City Inc.), a Westfield, N.J., on-line research firm.

Met with skepticism

The Internet may be unprecedented in its impact on the industry, but Cook points out that new methodologies — many technology-driven — have always been met with skepticism. "In the '60s telephone interviewing came on the scene and all the academics and the purists in the industry said that it wasn't as representative as door-to-door probability sampling. It took some time to convince people that it was an acceptable method. In the '70s came mail panel research and the same hue and cry arose. As with other techniques, there were applications it was appropriate for and some it wasn't. In the '80s we had similar issues with mall research: How rep-

continued on p. 122

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