QUIRK'S

Marketing Research Review

JULY/AUGUST 2007

Online research issue

> More best practices for online qualitative

> Conducting research in Second Life

> Testing panels for problem respondents

Quirk's Marketing Research Review
Volume XXI Number 7

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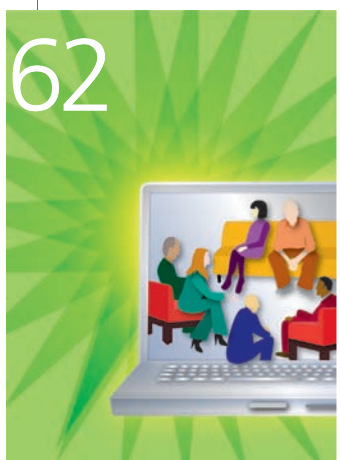

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in case you missed it...

news and notes on marketing and research

Compact fluorescents flunking the 'wife test'

As reported by Blaine Harden in *The Washington Post*, America's wives may be the biggest barrier standing in the way of wide acceptance of compact fluorescents (CFLs).

Harden chronicled the experience of Oregon couple Alex and Sara Sifford and Alex's ongoing efforts to get his wife to warm up to the energy-saving bulbs by sneaking them into fixtures around the house. "What really got me was when my husband put a fluorescent in the lamp next to my bed," said Sara Sifford, who claimed that she yelled at her husband for "violating the last vestige of my personal space."

Experts on energy consumption call it the "wife test." And fluorescent bulbs still seem to be flunking out in most American homes. "There is still a big hurdle in convincing Americans that lighting-purchase decisions make a big difference in individual electricity bills and collectively for the environment," said Wendy Reed, director of the federal government's Energy Star campaign.

"I have heard time and again that a husband goes out and puts the bulb into the house, thinking he is doing a good thing," Reed said. "Then, the CFL bulb is changed back out by the women. It seems that women are much more concerned with how things look. We are the nesters."

The current generation of CFLs suffer from the transgressions of their predecessors. Earlier fluorescents were bulky and expensive, they flickered and hummed and they cast an unflattering light.

A new breed of bulbs solves most, if not all, of the old gripes. They are smaller and cheaper. Most bulbs pay for themselves in reduced power consumption within six months. They last seven to 10 years longer than incandescent bulbs. The hum and flicker are gone, and many bulbs are designed to mimic the soothing, yellowish warmth of incandescent bulbs.

Still, many consumers - especially women - are left cold. A Washington Post-ABC News poll showed that while women are more likely than men to say they are "very willing" to change behavior to help the environment, they are less likely to have CFL bulbs at home. Wal-Mart company research shows a similar disconnect between the pro-environmental attitudes of women shoppers and their in-store purchases of CFL bulbs.

Utility company surveys show the same gender-based bulb-buying pattern in the Pacific Northwest, which has the highest CFL market share in the nation, about 11 percent. Men have been aware of CFLs longer than women, have bought them earlier and have installed more of them in the house than women, according to surveys that the Northwest Energy Efficiency Alliance has been conducting since 2004.

In groceries and drugstores, where 70 percent to 90 percent of light bulbs historically have been sold and where women usually have been the ones doing the buying, CFLs have not taken off nearly as fast as they have in home-improvement stores such as Home Depot and Lowe's, where men do much of the shopping. "My gut feeling is that the last remaining factor that we have not cracked in selling these bulbs is the 'wife test,'" said My Ton, a senior manager at Ecos Consulting, a Portland, Ore., firm that does market research on energy efficiency.

A major part of the CFL problem in penetrating the American home "is a lack of communication between the sexes," Ton said. "The guy typically brings a CFL home and just screws it into a lamp in the bedroom, without discussing it with his wife. She walks in, turns on the light and boom - there is trouble. That is where the negative impressions begin, especially when the guy puts it into the bedroom or the bathroom, the two most sacred areas of the home."

Ton advises husbands and wives "to talk about it before the light bulb is screwed in."

"Fluorescent Bulbs Are Known to Zap Domestic Tranquillity - Energy-Savers a Turnoff for Wives," *The Washington Post*, April 30, 2007

Now playing: grills gone wild

According to the NPD Group, Port Washington, N.Y., grilling in America has nearly doubled in 20 years, reaching an all-time high. And while summer is still the most popular time of year to barbecue, grilling throughout the year is on the rise.

In 1985, 17 percent of households used a grill at dinner at least once during an average two-week period throughout the year; in 2006, it was 32 percent.

Summer remains the most popular season for grilling, with about 50 percent of households using their grills. Although summer grilling has remained steady over the last 10 years, grilling throughout the year has grown. Fall in particular has grown by 6 percent over the past decade in terms of household grill usage. Spring has grown by 5 percent; winter has grown by 4 percent.

Undoubtedly, the reason for off-season increases in usage is due to the increase in grill ownership. According to NPD's Kitchen Audit data, the majority of consumers now own an outdoor gas grill over a charcoal grill.

According to NPD's 21st annual Eating Patterns in America, 35 percent of women say they "never" prepare meals on the grill, while 40 percent of men say they "always" prepare meals on the grill.

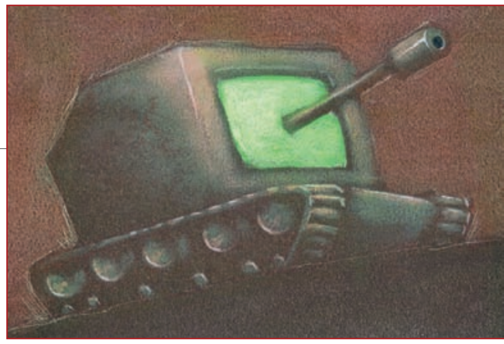
American Idol leaves research firm idle

Omaha, Neb., research firm the MSR Group reported in May that *American Idol* was hurting its interviewers' production. According to statistics gathered by the company over a two-week period, Americans were less likely to answer their phones on nights the popular television singing competition airs, particularly during the "*Idol* Gives Back" episode.

"Over the two weeks, we saw our interviewers' production levels go down significantly on *American Idol* nights. The rates went from 3.2 completed surveys per hour to about 2.5, a 22 percent decrease. The biggest drop occurred during the '*Idol* Gives Back' episode, where we saw a 41 percent decrease," said Dick Worick, president and CEO of The MSR Group. "Production rates remained normal on all other days of the week and even for other times of the day."

The reduction in response levels led the company to change its staffing patterns on *Idol* nights.

war stories



true-life tales in marketing research

Editor's note: War Stories is an occasional column in which Art Shulman, president of Shulman Research, Van Nuys, Calif., presents humorous anecdotes of life in the research trenches. Without your stories, there can be no War Stories! If you want to ensure future installments, send your own (or a colleague's) tales of research-related wackiness to Shulman at artshulman@aol.com. Contributors may remain anonymous.

Ed Sugar of On-Line Communications tells about an experience early in his career. He worked in the tabulation department of a market research company doing a home usage study on a female contraceptive cream. One of the questions asked of respondents was to rate the product on a number of attributes, including ease of use. Those who rated the product low on ease of use were asked why they gave that rating.

One respondent replied, "It was hard to use with nails." Upon reading this response, Sugar and his fellow workers in the tab department, all males, thought this was hysterical. The image of a woman dipping a metal nail, the kind you buy at the hardware store, into the cream, and then applying it, was extremely comical to them.

For some reason, the unmanicured bunch of male coders couldn't figure out that it was fingernails that the respondent was referring to.

Alan Fine of KaleidOScope Marketing tells about doing a focus group where at the start of the group an 8-year-old boy asked Fine if he could borrow some cash! That was a first for him. He told the kid there was a Bank of America around the corner with an ATM machine!

Merle Holman of Group Dynamics in Focus reports that AT&T was testing a new phone for people who were blind. The groups were recruited and, on a cold winter's day the first group came to the facility by drivers, taxis and public transportation. Two even had Seeing Eye dogs. They were greeted and their coats were hung up.

When the session was over they approached the hostesses for their outer garments. As Holman and the hostesses pulled the coats from the closet they realized that the respondents could not identify the coats by size or color!

For the next group their names were pinned to the coats.

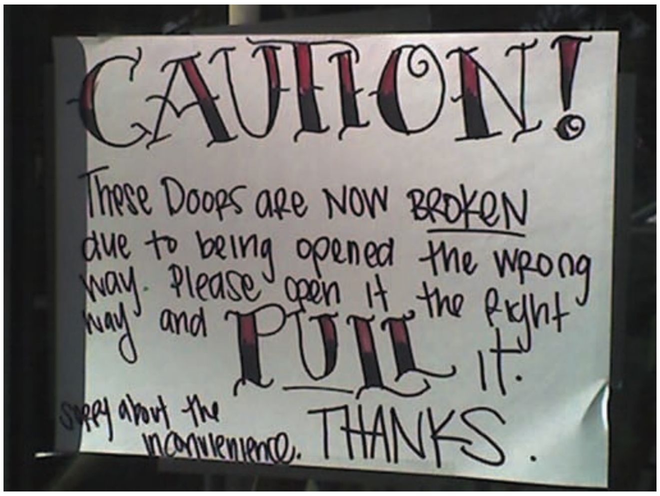
Stefan Doomanis' firm Dynamic Advantage does mystery shopping. One of the most important pieces of information collected for a particular client was the name of the employee at the counter, complete with a picture of that employee. In most cases the shopper is able to get an employee's name. However there are times where any employee is not wearing a name badge, or the badge could be covered by other clothing, a sweater, jacket or maybe an apron.

Only once in Doomanis' years of experience has he ever come across a certain problem: The employee at the counter of one store was crashed out, completely asleep! If she was wearing a name badge, the shopper would never know. In this instance, a few taps on the window did not wake her up. The shopper was able to complete the rest of the shop and snap a picture of the napping employee.

Doomanis also reports that after a recent meeting he and his co-worker decided to stop at a local coffeehouse before heading back to the office. They found parking and walked up to the coffeehouse and were greeted by a sign on the door which said, "CAUTION! These doors are now broken due to being opened the wrong way. Please open it the right way and PULL it. Sorry about the inconvenience. Thanks."

To Doomanis the sign in effect said, "Our dumb customers broke our door by opening it the wrong way."

After thinking about it for a minute while standing in line inside (without having been greeted upon entrance), they decided the sign was indeed indicative of the establishment's overall attitude. So they took themselves down the street an extra block to the next coffeehouse.



In future issues, we hope to report on more quirky, loopy and strange happenings in the world of market research. But we can't do it without you! If you'd like your story to be told - anything related to research is usable, from spilling soup on your client's new suit to cute answers respondents provide on questionnaires - please e-mail me at artshulman@aol.com. You may remain anonymous in print, if you wish.

Waiter, my portion's too big

Most Americans believe some restaurants serve portions that are too large, according to a nationwide study by Decision Analyst, an Arlington, Texas research firm.

In its ongoing Health and Nutrition Strategist syndicated study, Decision Analyst asked 4,156 survey respondents about the amount of food they are served by restaurants. Among

all surveyed, 57 percent agreed completely or agreed somewhat that some restaurants often serve portions that are too large. About 23 percent of respondents neither agreed nor disagreed, and 20 percent disagreed completely or disagreed somewhat that restaurant portions are too large.

By gender, 67 percent of female respondents said restaurant portions are too large, while 47 percent of male respondents felt the same way. Older respondents (over 65) also tended to think portions are too large (68 percent), while only 55 percent of younger folks (18-24) think portions are too large.

The survey shows that the higher one's income, the more likely she or he is to believe that portions are too large. For example, 45 percent of respondents earning under $25,000 annually said food portions are sometimes too large, while 70 percent of respondents earning at least $150,000 said portions are sometimes too large.

Those respondents who "don't worry about nutrition when they eat out" are much less likely to agree that portions are too large (53 percent) than those who "try to make healthy choices when they eat out" (70 percent).

Decision Analyst's Health and Nutrition Strategist was conducted online via its American Consumer Opinion panel from January 2006 through December 2006 using a nationally representative, statistically balanced sample of 4,156 American adults. The margin of error is plus or minus 2 percent, at a 99 percent confidence level. For more information visit www.decisionanalyst.com.

Visiting social networking sites favorite activity for many

More than 70 percent of Americans aged 15-34 are actively using social networks online, according to a new study. The research further showed that social networking sites are taking a strong foothold in the prime-time hours; enriching existing relationships with family and friends; and initiating meaningful brand connections.

The Never Ending Friending study was conducted by research firms TRU, TNS and Marketing Evolution for Fox Interactive Media, Isobar and Carat USA. It incorporated both quantitative and qualitative feedback from approximately 3,000 U.S. Internet users, as well as MySpace clients for in-depth case studies.

As part of the study, Marketing Evolution delved into the impact of social interaction on campaigns within MySpace. The research found that brands such as adidas and Electronic Arts attributed more than 70 percent of their marketing return on investment to the Momentum Effect, a term coined by Marketing Evolution to quantify the impact of a brand's word-of-mouth within a social network.

According to the study, more than 40 percent of all social networkers said they use social networking sites to learn more about brands or products that they like, and 28 percent said at some point a friend has recommended a brand or product to them.

The findings showed that Internet users aren't just trying social networks, they're using them more than other forms of communication and entertainment. Of U.S. social networkers asked which free-time activity they would choose, users chose interacting on sites such as MySpace.com as their favorite activity online or offline, ahead of television viewing and on par with cell phone usage.

And, more consistent with the offline world than might be expected, the vast majority of time was spent connecting with family and friends as opposed to meeting new people. Of those polled, 69 percent said they utilize social networks to connect with existing friends and 41 percent said they use the sites connect with family members.

In addition, the study revealed that current social networkers spend on average more than seven hours per week on social networking sites, and that those hours are driving the growth of overall time spent online. More than 31 percent of online social networkers claim they spend more time on the Web in general after starting to use a social network. They were also more inclined to engage in other entertainment media

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names of note

Stephen B. Morris, New York-based *Arbitron's* president and chief executive officer, was appointed by Arbitron's board of directors to serve as chairman. **William T. Kerr** was elected by the company's stockholders to serve on Arbitron's board of directors for a one-year term until the 2008 meeting of stockholders.

Separately, the firm promoted **Claudine Knisley** to director of syndicated standards and analysis and promoted **Dave Chipman** to radio station services (RSS) Western regional manager to oversee the Los Angeles and Dallas RSS sales offices. In addition, **Joel Zaremby** was named senior account manager for Project Apollo and **Rich Tunkel** was promoted to vice president, national group services. **George Brady** has been named senior manager for cable and broadcast television sales. He will be based in Los Angeles.

The Walt Disney Co. has named **Richard Loomis** senior vice president of marketing and creative for the Disney Channel U.S. Marketing research will be among his new responsibilities.

World Wrestling Entertainment, Inc., Stamford, Conn., has named **Geof Rochester** executive vice president, marketing. Marketing research will be among his new responsibilities.

Vancouver-based research software firm *Vision Critical* has named **Shawn Tagseth** director of IT.

Colleen Moore-Mezler, president of *Moore Research Services Inc.*, Erie, Pa., has been named president of the Marketing Research Association.

Dan Coates has been tapped to head the expansion of Germany-based research firm *Globalpark* into the U.S. He will be based in the firm's new New York office.

Cincinnati research firm *MarketVision* has named **Robin Conway** and **Jean Nickels** senior qualitative research professional.

Nicola Cowland and **Jane**

Cowland **Shirley**

Shirley have been appointed joint managing directors of London-based *Insight Research Group.*

Jennifer Holland has joined *Interviewing Service of America*, Van Nuys, Calif., as an account executive. In addition, **Jennifer Burlington** has joined the firm's Qualitative Insights and Field By Design divisions as an account executive.

Matthew O'Grady has been named president of San Diego information firm *Claritas*.

TNS Media Intelligence has named **Dwight Green** vice president, strategy and business development and **Matthew Sullivan** sales director, Eastern region for AdScope. In addition, **Wendy Newell** has been promoted to vice president, Western region sales and service, and **Todd Isaacson** has been promoted to vice president, national interactive business development.

Lightspeed Research, Basking Ridge, N.J., has named **Michael Gazala** CEO of the North American company.

New York-based researcher *TNS* has named **Robert I. Tomei** global head of access panels.

Indianapolis-based *G & S Research* has named **Debbie Proudfoot** senior director of client services and added **JoAnne Ratermann** as director of client services.

Ratermann **Lane**

Farmington Hills, Mich.-based research firm *MORPACE International Inc.* has named **Graham Lane** vice president.

As part of the acquisition by *TNS* of the financial services research practice of Cambridge, Mass.-based *Abt Associates* in the United States, TNS has named **Scott Rosa** senior vice president and **Sarita Bhagwat** vice president. They will manage the merger of the two organizations as they integrate their Abt Associates practice into TNS Finance.

The *Yellow Pages Association* has presented **Burt Michaels,** senior vice president for Yellow Pages research at *Knowledge Networks/SRI*, Menlo Park, Calif., with the Stuart Stanze Individual Contribution Award.

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product and service update

PreTesting service measures emotional connectedness

Tenafly, N.J., research firm PreTesting is now offering e-Motion, a patent-pending technology that allows clients to measure the intensity of a respondent's emotional connectedness to television commercials or Web sites. E-Motion can record both visual fixations and saccadic response to these media, measuring respondents' emotional interest as they watch commercials.

With a target audience's e-Motions superimposed over a commercial, a second-by-second analysis of a brand's ability to bond with consumers is produced. "When interested, human eyes are in constant vibration, and those vibrations are known scientifically as saccades," said Lee Weinblatt, founder and CEO of PreTesting. "However, the speed at which your eyes vibrate depends completely upon your emotional interest in whatever you're viewing. The vibrations are controlled by the brain's desire to obtain more visual information. If someone is engaged in a visual, the brain will seek more details and specifics, creating more focus points, and thus, faster vibrations." For more information visit www.pretesting.com.

Online concept testing from MRSI

Cincinnati-based Marketing Research Services Inc. has introduced Concept Highlighter, an online concept testing solution designed to make it easier for respondents to react to product concepts and for researchers and marketers to understand those attributes that are most important to consumers. Concept Highlighter allows consumers to read a concept online and click on the elements (words, phrases, pictures) that influence their decision on whether to purchase a product. Analysis on concept strengths and weaknesses is then used to determine if the concepts have the characteristics necessary for lasting product success. For more information visit www.prism.mrsi.com/concept_highlighter.html.

New suite from Nielsen Company

New York-based Nielsen Company has debuted a suite of services from its cross-discipline initiative NielsenConnect. NielsenConnect's initial services include: NielsenCombine, NielsenConnections, NielsenHealth, NielsenTrend, NielsenLinx and Nielsen In-Store.

NielsenCombine is a consumer insight service that connects information from multiple sources - including Nielsen data as well as external research - to capture the dynamics underlying people's consumption patterns and attitudes.

The primary goal of NielsenConnections is to evaluate the consumer's activity across media by product usage. The service starts with a core of the National People Meter sample, which will be used to inform data integration across multiple databases.

By utilizing multiple data sources and analytic applications within the Nielsen portfolio, NielsenHealth is designed to help a variety of clients - including OTC and Rx pharmaceutical companies, medical device and food manufacturers, retailers and health care providers - gain insight into the health care value chain while driving efficiency in their marketing related activities.

NielsenTrend is a thought leadership consultancy designed to help clients understand and interpret consumer insights affecting their future and their financial performance. NielsenTrend will deliver a cross-functional approach to data integration through an intelligence network on global trends, consumer attitudes and behavior backed by Nielsen's information assets. It will interpret data from across Nielsen services to provide analysis of the dynamics between demographics, ethnographic trends and attitudinal shifts. Currently under development, NielsenTrend will be launched in 2008.

NielsenLinx is designed to help marketers, retailers, media and advertising agencies organize and manage their data on brands, locations and media more effectively. It is a master data management solution that will provide a source reference for transaction and reporting systems that drive the business. NielsenLinx will expand its coverage to media, brand and global applications based on TDLinx, the location-information management service. As a metadata infrastructure solution, NielsenLinx will provide a syndicated framework for database maintenance, aggregated reporting, data integration and electronic communication.

Nielsen In-Store is designed to help marketing professionals better understand how to reach and influence consumers in retail environments. In-Store measures consumer exposure to an array of in-store marketing vehicles, including television and radio, at-shelf ads, digital signage and other point-of-purchase displays. The new service builds on a development effort called P.R.I.S.M. (Pioneering Research for an In-Store Metric) conducted in early 2006 by a consortium of retailers, manufacturers and the In-Store Marketing Institute. The P.R.I.S.M. Project created a new approach to in-store research that provides the retail industry with a common language to measure in-store consumer reach. For more information visit www.nielsen.com.

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When high-impact, complex marketing decisions are at stake, Knowledge Networks shines.

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- What is the optimal combination of price, service, and features for my product offering?
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News notes

Brandweek reported in May that **Wal-Mart** and **Procter & Gamble** have launched **Prism**, an effort to gauge the effectiveness of in-store marketing using infrared sensors around a store to measure traffic and consumer exposure to product displays and other marketing materials like banners and store TV networks. It is organized by Nielsen In-Store.

In addition to Wal-Mart, the devices will be put into 150 different retail outlets - including convenience and grocery stores - by the time of the project's full launch in early 2008. Although the study is currently only being rolled out in the U.S., it will be in place internationally within a couple of years. The consortium funding Prism also includes Albertsons, Kroger, Walgreens, 3M, Walt Disney, Coca-Cola, Kellogg and Miller Brewing.

Wal-Mart has contributed sales information from 1,000 of its stores to the study - a tenfold increase over the amount of data the company had ever previously released. Another key part of the study is measuring the difference between what companies plan to have displayed in stores and what actually winds up being displayed.

New York-based **NetRatings Inc.** announced in mid-May that it would move forward in the Media Rating Council (MRC) accreditation process of its Internet audience measurement methods. Having completed a pre-audit, NetRatings commenced the full accreditation process, specifically for its patented metering and page-tagging technologies, while continuing to execute on the already-existing MRC research plan for its panel procedures.

Calendar of Events September-October

ESOMAR will hold its annual congress on September 16-19 in Berlin. For more information visit www.esomar.org.

RFL Communications will hold its Client Summit on Research Data Quality on September 19-20 at the Gleacher Center in Chicago. For more information visit www.rflonline.com/clientsummit/index.asp.

The American Marketing Association will hold its annual marketing research conference on September 23-26 at the Wynn Las Vegas Hotel. For more information visit www.marketingpower.com/research.

IIR will hold its PROOF conference on market research and strategy development for package design on October 1-3 at the Wyndham Chicago. For more information visit www.iirusa.com.

The Council of American Survey Research Organizations will hold its annual conference on October 10-12 at the Four Seasons Resort Scottsdale at Troon North, Scottsdale, Ariz. For more information visit www.casro.org.

IIR will hold its annual market research event on October 14-18 at the Hyatt Regency Century Plaza Hotel in Los Angeles. For more information visit www.iirusa.com.

Envirosell will hold its 2007 Science of Shopping Conference on October 15-17 at the Downtown Sheraton in Atlanta. For more information visit www.envirosell.com.

Sawtooth Software will hold its annual research conference on October 17-19 at the Hyatt Vineyard Creek Hotel in Santa Rosa, Calif. For more information visit www.sawtoothsoftware.com.

The Council for Marketing and Opinion Research will hold its annual respondent cooperation workshop on October 22-24 at the Hyatt Regency in Atlanta. For more information visit www.cmor.org.

The Qualitative Research Consultants Association will hold its annual conference on October 24-27 at the Westin Bayshore in Vancouver. For more information visit www.qrca.org.

To submit information on your upcoming conference or event for possible inclusion in our print and online calendar, e-mail us at editorial@quirks.com.

Acquisitions/transactions

Research software firms **Confirmit** (based in Norway) and **Pulse Train** (based in the U.K.) will combine their two companies.

San Rafael, Calif., consulting firm **MCorp**. has acquired research firm **Touchpoint Metrics**.

Paris-based **Ipsos** has entered into an agreement to acquire Turkish firm **KMG Research**. Ipsos will acquire 51 percent of the share capital of the company with an option to acquire the remaining shares in the future.

Rockville, Md.-based research information firm **MarketResearch.com** has acquired the **Thomson Business Intelligence Profound** market research service.

The Nielsen Company and **BuzzMetrics** announced that Nielsen and the other stockholders of BuzzMetrics have agreed in principle to a transaction under which Nielsen, which already owns approximately 58 percent of BuzzMetrics, would acquire the remaining BuzzMetrics shares it does not currently own. Financial terms were not disclosed. Earlier this year, Nielsen announced it had entered into a merger agreement with NetRatings Inc. under which Nielsen, which already owns approximately 60 percent of NetRatings, would acquire the NetRatings shares it does not currently own. That transaction, subject to NetRatings stockholder approval, is expected to be completed in the second or third quarter of this year. Upon completion of the BuzzMetrics and NetRatings transactions, Nielsen's Internet information

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By Albert Fitzgerald

Which do your customers value more: service or trust?

One of the troubling issues with developing products and positioning brands is that determining optimal attributes is difficult. Part of the problem is due to the scale bias of classic research methodologies. People tend to rate everything as important because researchers do not force them to make choices between various attributes. When respondents are forced to make choices, relative importance between attributes becomes apparent and decision-making for optimal attribute mixes becomes easier. A simple methodology forces respondents to make trade-offs so that product design and brand development can be approached with the knowledge gained from a scientific methodology instead of the guesswork - albeit educated guesswork - of a manager.

Classic example

Following is a classic example of how we, as researchers, might go about trying to identify the importance of various elements that could affect our brand. We would traditionally use a Likert scale and ask someone to rate the importance of the attributes shown in Figure 1 to the extent that they would affect one's decision on which brand to purchase. What we would typically get is answers like what we see in Figure 1, where many, many items are rated very high.

We get a lot of 4 and 5 ratings on a 5-point scale. Essentially what we see a lot of times is that virtually

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Figure 1

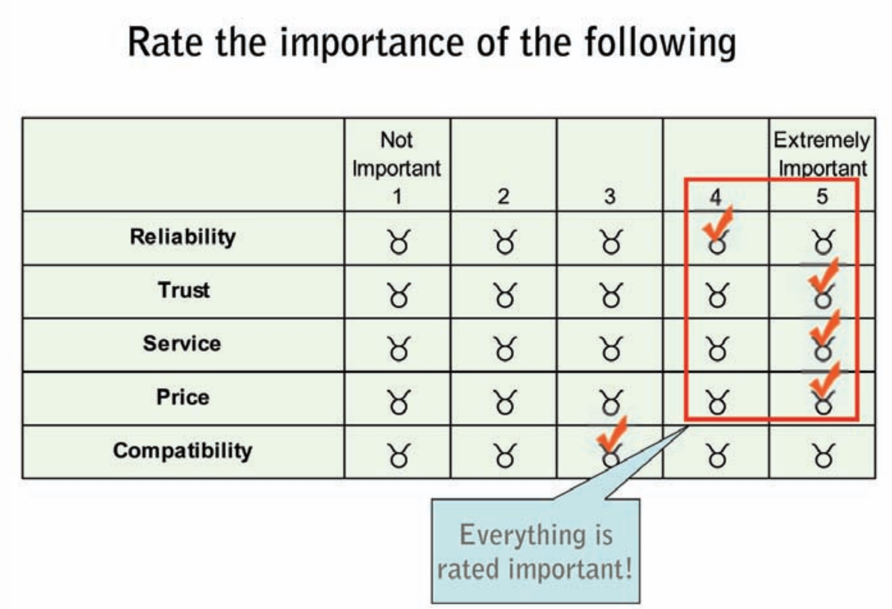


Figure 2

Please indicate which is the most important and which is the least important when selecting a brand. Select only one item for most important and one item for least important.

Most Important?		Least Important?
	Service	
✓	Trust	
	Reliability	✓
	Price	

everything is rated as important. One reason this happens is because we do not force anyone to make trade-offs. We end up with relatively little difference in ratings for the elements that predict brand choice.

This becomes a serious problem when analyzing our results. We as researchers cannot determine which of our image attributes is most important in determining which brand to buy.

Besides the common problem where "everything is important" we also commonly find that some respondents never choose either end of the scale. These respondents never think anything deserves a rating of a 5 nor do they ever use the lowest point on the scale. We call this end-point avoidance. This clearly poses a problem: Do these respondents really believe that nothing is very important or do they simply use the scale differently than their peers?

We have seen cultural differences as well. In Japan, for example, nearly all ratings are lower - irrespective of the issue - than in the U.S. Do the Japanese care less? Is nothing very important to the Japanese? That is hardly the case. It is simply that Japanese culture rarely rates anything a "top box." This underscores the need for a solution to the myriad forms of scale bias that make identification of brand preference so challenging!

Not equally important

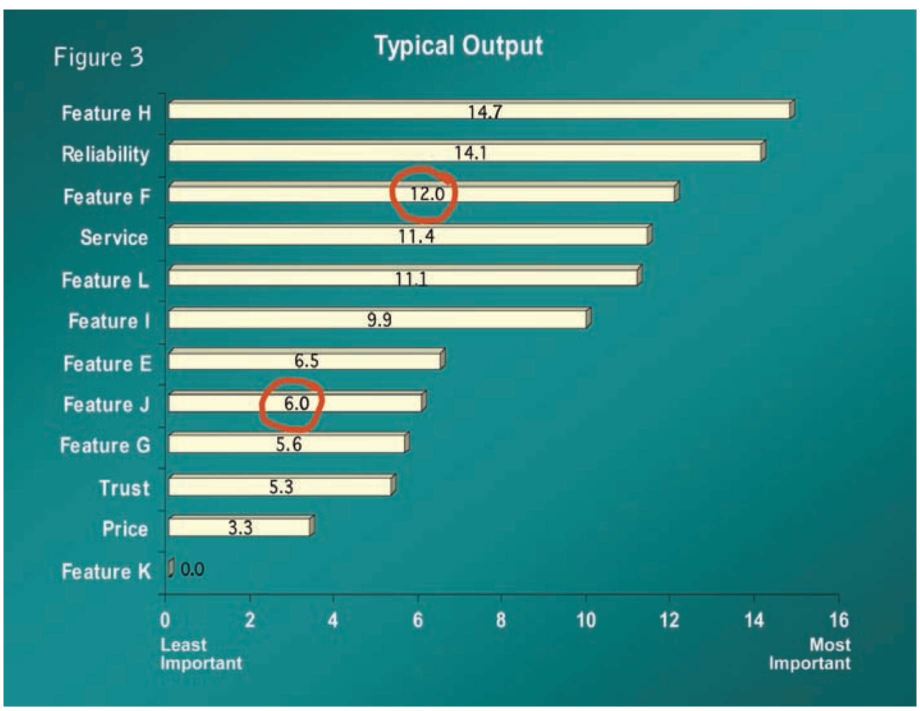
There is a methodology which forces respondents to make trade-offs, so that everything is not equally important, regardless of whether the respondent uses the ends or the middle of the scale. This approach eliminates all scale bias. Let's look at an alternative way of asking the same question. We will call this a choice task (Figure 2).

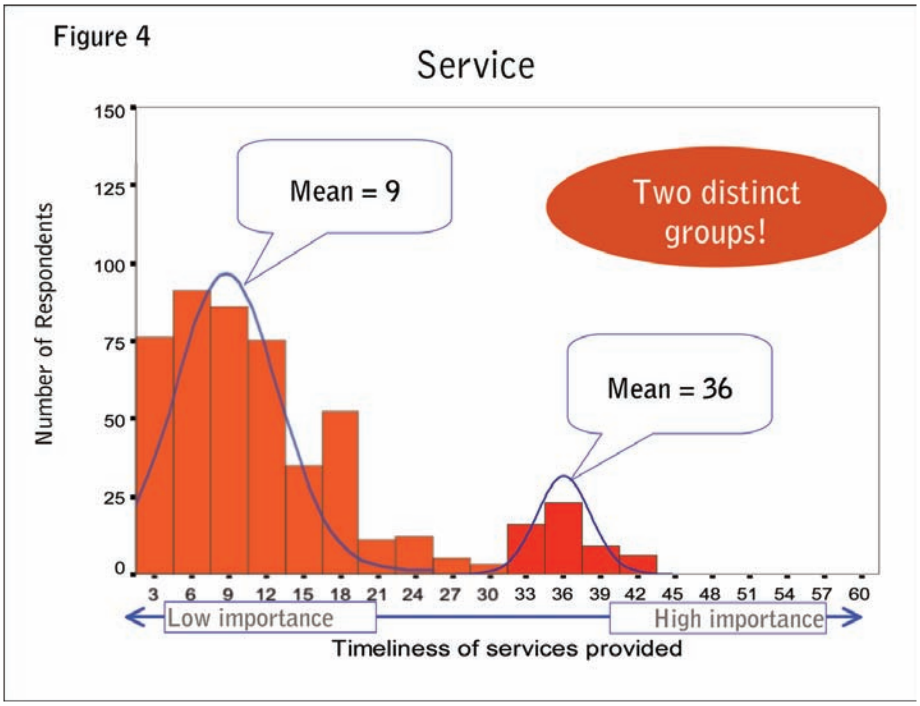
I might say that trust is the most important and reliability is the least important. This is a simple choice task: easy and quick to implement. Respondents generally complete three-quarters as many choice tasks as there are items to rate. In our output example in Figure 3, we list 12 attributes. We would require approximately nine choice tasks in order to be able to derive ratings for all 12 attributes. Our experience has shown that this methodology takes about the same time to implement as if we had respondents rate all 12 attributes on a 1-to-10 Likert scale. Attributes can be grouped pair-wise, in groups of three, four or five. Four is typically the most efficient. A computer-generated design ensures that each of the attributes shows up in several of the choice tasks and is matched against different attributes each time - this eliminates order bias.

It is often said that there is no such thing as a free lunch. Well this methodology is as close as one can get. While back-end analytics are required after the data is collected, using a choice task rating methodology takes no longer for a respondent to answer on a survey than if the respondent had rated our image attributes, one at a time, on a five-point Likert scale.

Better information

Figure 3 shows the kind of output we would expect to get and it is very easy to interpret - much better information than what we get from





your classic Likert scale. On this type of scale the sum of all the rating scores equals 100. If we look at the bar chart we see that one of these attributes (Feature J) is rated as a 6. Feature F is rated as a 12. One thing we can say here is that anything rated a 12 is twice as important as anything rated a 6. You cannot say this with Likert scales: it is not valid and true. The reason this is valid and true using choice task ratings is because we generate ratio data with an absolute zero point. We can compare attribute scores against other attribute scores on the scale. If one number is twice as large as another, it is twice as important.

To summarize the benefits of choice task ratings:

• Choice task ratings are free from scale bias.

• Choice task ratings provide better discrimination among items.

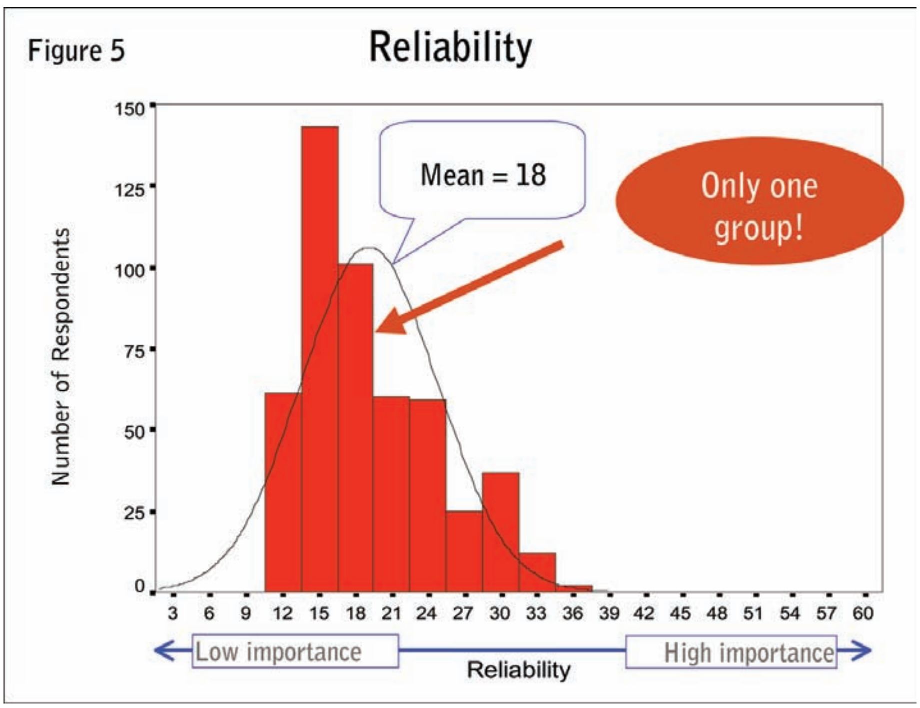
• Choice task rating items are measured on a common ratio scale.

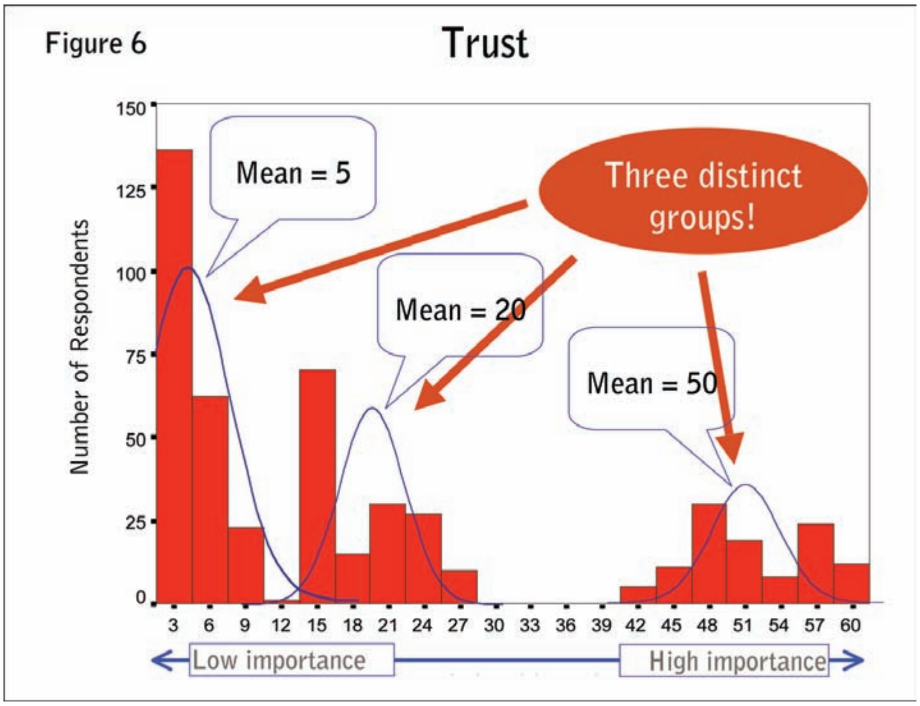
What were the results we found when we actually implemented this methodology? Figure 4 shows real data we obtained from a study of 500 respondents. In the histogram, the height of the bars is represented by the number of respondents for each importance scale rating. The first bar on the far left extends up to 75. That is because 75 respondents fall into the first bar. On the X axis we have the relative importance of service when selecting a given brand. One of the valuable insights we can glean from this information is that we find two distinct groups of respondents. This is great for us because we can see that we have one group with a mean around 9 and another group which found service much more important with a mean around 36. These two groups would be very difficult to identify and discover if we were using a Likert scale which had a 1-10 rating because in many cases, people only use the top half of the scale, if that much. Also we would never see this level of discrimination, or this level of difference between the various scores.

What we see on another item, reliability, is that there is only one group. The mean is 18 and all of the responses cluster around the mean (Figure 5).

When we take a look at trust, and this is the actual data from a study that we implemented, we found three distinct groups of respondents: one group with a mean around 5, another group with a mean around 20 and the last group with a mean around 50 (Figure 6). This was extremely valuable to our client. We were able to analyze this data by running simple crosstabs to identify who these people are. We were able to compare the three groups and identify demographic differences.

From Figure 3 (showing "Typical Output"), we might assume that trust is relatively unimportant in the brand choice decision. This does not mean that trust should never be emphasized. There is a group of individuals who value trust highly:





the group has a mean rating of 50 for the trust attribute – 10 times higher than the mean of all respondents. Since these individuals are unique demographically, trust should be emphasized when targeting individuals whose demographics indicate they value trust. If this segment of the market is large enough, separate marketing efforts or new services geared towards them may be worth implementing.

By understanding the relative importance of product and brand features, managers can focus their efforts on attributes that are relevant and important to their customers. Since they can be confident they have identified what is important, less time is spent worrying about whether or not they are focused on the right attributes. | Q

Technical note:
The choice task rating methodology is sometimes referred to as best-worst ratings or maximum-difference ratings (max-diff). The methodology is a sophisticated multivariate way of deriving ratings based on respondents trading off features in choice tasks. Recent advances utilize hierarchical Bayes estimation (HB) to derive the beta coefficients or actual rating scores. Hierarchical Bayes estimation employs an iterative Markov chain Monte Carlo to arrive at highly accurate rating scores. Early, more "basic" max-diff methods did not use HB to estimate resulting rating scores. We strongly recommend using HB estimation methods for deriving model parameters due to the higher accuracy and lower error factors that typically result.

By Timothy Taylor

Using ANCOVA to gauge the impact of demographic differences on satisfaction

In market research, we often run into situations where we are trying to understand what may be driving significant differences in satisfaction levels between two separate groups of respondents. This article aims to help researchers discover (or rediscover) a useful analytical tool to better understand the true differences in satisfaction between respondent groups.

Let's take the example where there are two independent samples - one consists of users of Product A and the other of users of Product B. Let's say that Product A receives significantly higher satisfaction ratings than Product B. Are these differences due to the fact that Product A is actually better than Product B? Or could there be variation in the demographic composition of the two user groups that could be accounting for the observed difference in overall satisfaction?

For instance, certain demographic groups are known to give consistently higher satisfaction ratings. So if more of these individuals make up the population evaluating Product A than Product B, does that account for the observed difference in overall satisfaction between the two products?

It's a critical question, and one that might be addressed through traditional weighting - by adjusting the populations so that the demographic profiles of the two respondent groups are nearly the same. However, weighting may not always be the best solution given that the model used for weighting the data may be somewhat arbitrary. For example, should the Product A group be weighted to match the demographic profile of Product B, or vice versa? Or, should both groups be weighted to some separate standard? Also, if the weighting factors become too large, undesirable error could be introduced into the analysis.

To address this problem, a technique called analysis of covariance or ANCOVA can be successfully applied. This technique has been around for many years and is well known among statisticians. However, non-statisticians may not be as familiar with the technique and therefore be more likely to turn to basic weighting to answer the type of question posed here.

The ANCOVA technique looks at the correlation between a dependent variable (overall satisfaction in this case) and the covariate independent variables (the demographic variables) and removes the variability from the dependent variable that can be accounted for by the covariates. Differences in the residual dependent variable as a function of the original independent variables are then tested

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for significance. The focus of this analysis is whether the observed differences in satisfaction are still true after the differential demographic composition of the groups has been taken into account.

Table 1	Significant difference between Rewards and basic cardholders	
	With demographic differences (prior to ANCOVA analysis)	Controlling for demographic differences (after ANCOVA analysis)
Satisfaction with bank	✓	✓
Satisfaction with card	✓	✓
Satisfaction with appreciation shown by the bank	✓	✓
Likelihood to recommend card	✓	✓
Likelihood to use card instead of competitor card	✓	✓

Case study example

To illustrate how this technique might be applied, and what the output might look like, the following is an example from an actual research effort (the client and product names have been kept confidential).

In this example, a major bank was looking at the satisfaction levels of one of its cobranded credit cards and comparing it with satisfaction levels with its basic, non-rewards card. What it found was troubling: The rewards card showed a 15 percent lower top two box satisfaction rating than the basic card. However, a quick demographic analysis revealed the rewards customers to be younger, higher-income Caucasians - known for often having lower satisfaction ratings than their counterparts.

So the question became, is the large gap in satisfaction due to these demographic differences, or was there something about the rewards card itself that was contributing to the lower satisfaction levels?

To answer this question, we conducted an ANCOVA analysis which looked at whether there were significant differences between the rewards card and the basic card on five key measures - both before the ANCOVA analysis and after.

As can be seen in Table 1, prior to conducting the ANCOVA analysis, significant differences existed between the rewards card and the basic card on all five key measures. After the effects of age, ethnicity and income had been controlled by running the ANCOVA model, significant differences in the key satisfaction measures between the rewards card and the basic card still existed.

It was concluded from this analysis that the variation in the demographic composition of the two respondent groups was not driving the differences in the satisfaction ratings between the two cards. Rather, something else about the card itself, or the customer experience, must account for the differences.

In this particular case, once the influence of demographics was ruled out, and a thorough analysis of verbatim comments was completed, it was concluded that customer concerns over the financial stability of the bank's particular cobrand partner were adversely impacting satisfaction ratings with the rewards credit card.

Significant advantages

While ANCOVA has been in the researcher toolbox for many years, it may not be the solution that immediately comes to mind when trying to sort out the issues presented in this article. In fact, many researchers might first think of using weighting to try to level the playing field between the two samples. However ANCOVA offers significant advantages over the use of weighting, including: the absence of arbitrary decisions on which sample is weighted, the ability to handle multiple differences in the samples at the same time (eliminating the need for complex, tiered weighting schemes), and, as a result, the model can be expanded to multiple degrees of complexity.

In short, the ANCOVA technique provides a telling way of describing true differences between respondent groups - controlling for compositional variation in the samples in a reliable manner.

Importantly, the ANCOVA technique can also be quite helpful in monadic research designs where the sample is split into various groups - with each group evaluating only one particular item (product concept, company positioning, etc.). This is done to reduce respondent fatigue. However, differences in the sample composition among the groups can obviously adversely impact the ability to make reliable conclusions. In this case, ANCOVA can be used to successfully sort out whether the differences in evaluations seen across the cells in a monadic design are real or a based on difference in the composition of the samples. | Q

By Aron Levin and Michael G. Holmes

Speed traps

A test of seven panels measured the impact of three problem respondent types

Cincinnati-based EMI Surveys recently examined seven U.S. online research panels by conducting a parallel study to determine the prevalence and severity of three main issues facing the online research industry: professional respondents, speeders and hyperactives. The overall goal of EMI's study was to compare and contrast these online panels' ability to deliver quality data. Secondarily, the firm wanted to analyze to what extent, if any, undesirable respondents impact the data. The basic specifications given to each panel were as follows:

- n = 200;
- target: adults 18 years and older residing in the Cincinnati metropolitan area;
- 50/50 gender split;
- incidence rate = 75 percent among the target;
- survey length = 15 minutes;
- survey topic: entertainment, politics, and social issues in Cincinnati.

Note: EMI did not leverage cookies, track by IP address, include any other duplication blockers or implement timing mechanisms in order to find the natural occurrence of duplication and speeders.

The study used both self reporting and survey traps to find the frequency of professional and hyperactive respondents. When queried directly, it appeared that most respondents answered quite candidly when asked how many panels they were members of and how many surveys they had taken within the past month. Self reporting results found that 25 percent of survey respondents indicated that they take more than 10 surveys per month and 25 percent noted that they belong to four or more online research panels.

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Registered multiple times

EMI tracked both intra- and inter-panel duplication. Intra-panel duplication occurs when a single person has registered multiple times within one panel under different names and/or e-mail addresses. Inter-panel duplication occurs when a single person has registered multiple times across several different panels. This can be seen when multiple panels are utilized to fill a geographically-specific study, and the same person is invited from all the panels to which they belong. To track both, EMI matched respondents' birthdays with their street addresses. If there was an exact match, that subject was considered to be hyperactive, meaning that they were either members of multiple panels or a duplicate within one panel and thus taking the same survey multiple times. Of the 1,161 total completes, 139 duplicate submissions were discovered. In a few rare instances, duplication occurred intra-panel, but more commonly duplication occurred because a single respondent belonged to four or more of the panels and was able to take the survey multiple times under each panel's memberships.

The pervasiveness of professional respondents and hyperactives significantly differed across panels. Three out of the seven online panels had 40 percent or more of their respondents indicating they had taken more than seven surveys within the past 30 days versus only 18 percent from another panel.

Duplicate answers were analyzed to see if those respondents would change their actual "identity" from survey to survey. Interestingly, answers did not vary much across the same panels for repeaters. If someone indicated he was a 32-year-old Xavier University graduate who lived on Hillcrest Lane, and was born on September 4, his answers were consistent each time he took the survey. This finding was the first indication that speeders and hyperactives may not be as negative as many industry professionals think. This study showed that they answer questions with thought and consistency versus straight-lining their responses. It is noteworthy that the survey topic was focused on local news and interests, perhaps causing the respondent to give more thoughtful, detailed and consistent answers.

The survey included a question that asked respondents to indicate their favorite local ice cream shop; 31.4 percent listed Graeters Ice

Cream shop while 33.4 percent chose United Dairy Farmers (UDF). In order to find the potential impact of duplication on the statistical significance for this answer, the information was reanalyzed and duplicate answers were eliminated. After removing the 139 duplicate submissions, EMI found that the results varied only slightly, with 31.8 percent selecting Graeters and 32.6 percent selecting UDF. However, a larger incidence of duplication in other studies could significantly impact data and negatively affect a company's decisions surrounding their products or services.

Answers from an attitudinal and frequency question were also analyzed to determine the effect of duplication on the study. Results from the entire sample show 19.5 percent chose responses from "agree" to "strongly agree" with an attitude statement about a highly publicized local land development project; 19.1 percent after repeaters were thrown out. Of the entire sample, 9.9 percent of respondents had visited a local casino one to two times during the last six months; 10.2 percent after repeaters were thrown out. In all three instances, the results did not change significantly for attitudinal, forced-choice or frequency-determination questions.

The firm further scrutinized results to compare the answers of professional respondents versus less active survey takers and found that the difference between their answers were not statistically significant. For example, 32 percent of those who had taken fewer than 10 surveys in the past 30 days preferred Graeters vs. 29 percent of those who had taken 10 or more. Result differences for UDF were also not significant. Of respondents who had taken fewer than 10 surveys, 18.8 percent agreed to strongly agreed with the attitudinal question about the land development project versus 21 percent of those who had taken more than 10 surveys. Finally, 9.6 percent of those who have taken fewer than 10 surveys have been to a local casino one or two times versus 11 percent for those who had taken more than 10. In addition, the study did not uncover any noteworthy differences in the answers of those who belong to one to three panels and those who belong to four or more panels.

Labeled as speeders

EMI analyzed the quality of the data that it obtained from speeders. The firm expected the average respondent to take approximately 15 minutes to complete the study, which included only one skip logic question. All respondents who answered the survey in less than seven minutes were labeled as speeders.

The study included several traps to see if these speeders were in fact mental cheaters or people who did not pay close attention to the questions asked. These traps included questions such as "Please type the number 49 into the box below." Interestingly, these validating questions were answered accurately 98 percent of the time. EMI also found that the speeders' responses did not differ significantly from non-speeders on attitudinal, forced-choice or frequency-determination questions: 30 percent of speeders preferred UDF, 34 percent of non-speeders; 29 percent of speeders preferred Graeters, 32 percent of non-speeders. When asked attitude questions about the land development project, 18 percent of speeders agreed or strongly agreed versus 19.8 percent of non-speeders. Of speeders, 6.6 percent had been to a local casino versus 10.8 percent of non-speeders. Speeders' attention to trap questions and the quality of their open-ended answers for this study indicates that speeders are not necessarily mental cheaters.

Duplication significant

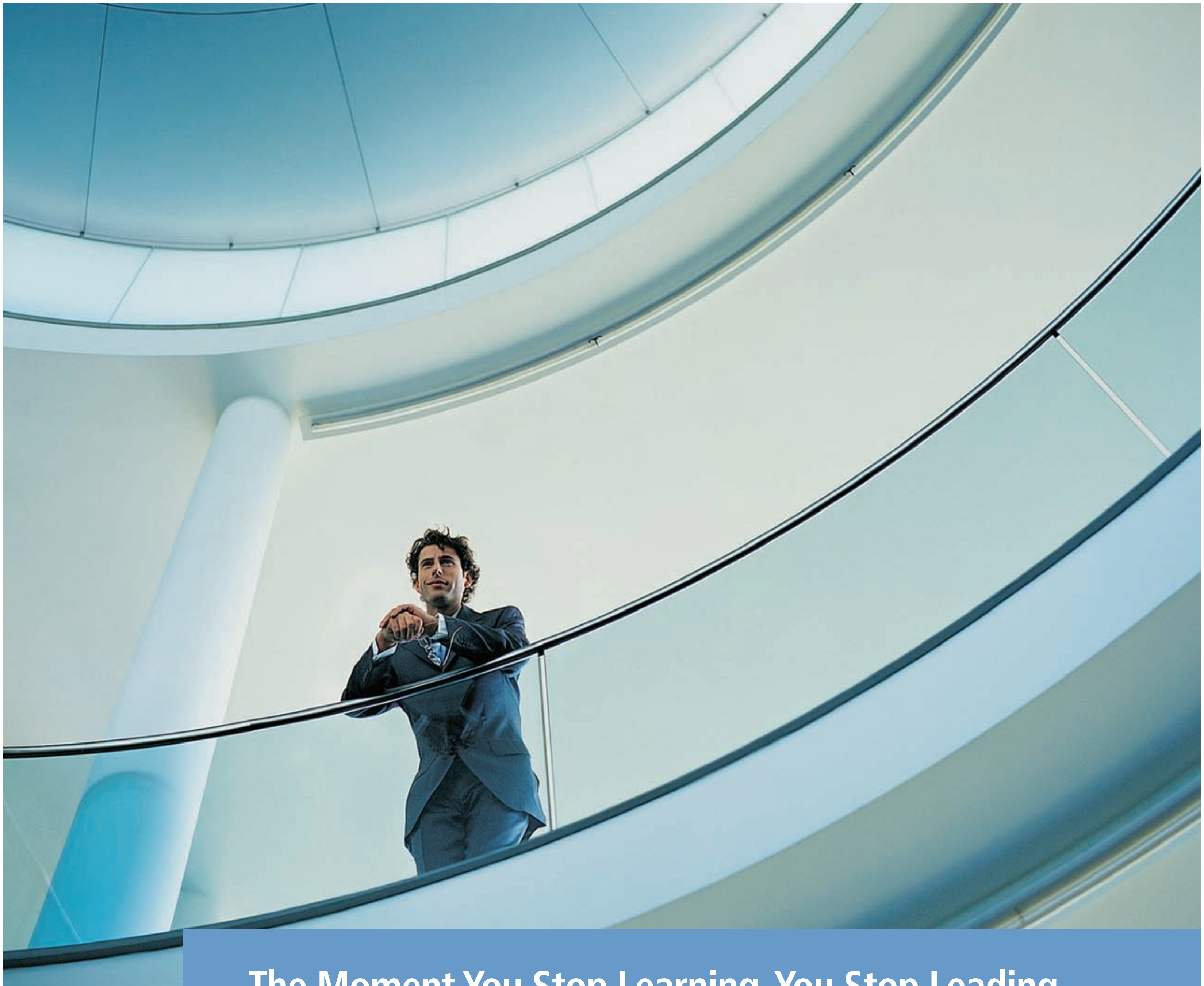
The study found that duplication is more significant in some panels than others. This duplication challenge must be addressed directly when leveraging multiple panels for a study in order to avoid duplication of respondents.

It also found that from a demographic standpoint (other than age), speeders do not differ significantly when compared to non-speeders. Specifically, younger respondents were significantly more likely than older respondents to be speeders ($p<.001$). One may conclude that younger respondents are more technologically savvy and are able to take surveys faster than their older and less technically adept counterparts, allowing them to provide the same quality of answers in less time.

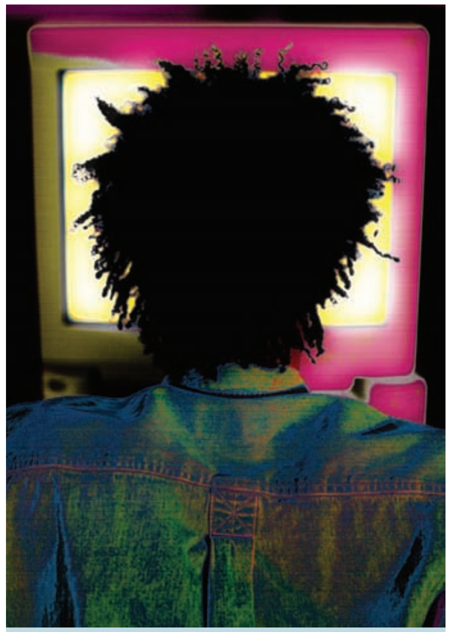
Analyze more variables

More important than any demographic similarities or differences, the study revealed that the answers and opinions of speeders and hyperactives do not vary significantly from those of their counterparts. With that being said, organizations should analyze more variables than the duration it took for a respondent to finish the interview when scouring the data for cheaters or similar respondent types.

While all of these potential issues do exist, they did not appear to greatly impact the results of this particular research. To ensure that these issues to do not impact future studies, researchers must carefully scrutinize their sample partners because not all panels are created equal. Those panels that take leadership roles in addressing quality issues are the partners that you can rely on for high-quality data. |Q



Best practices for online qualitative research



By Berni Stevens

Part II: 10 ways to improve recruiting, incentives and group composition

In the first article of this series we presented 16 best practices for online qualitative moderating. Here we consider ways to best recruit and provide incentives for your online qualitative and how to construct the most effective groups for participation.

Best practices for recruiting

Recruiting for online is different than for in-person interviewing because there are no restricting geographical boundaries and those recruiting aren't working off their local databases. Here are four tips for how to effectively manage your online qual recruiting:

1. Evaluate your source of recruits carefully.

For those instances in which you aren't using a list of your own customers, you should choose your recruiting source carefully as there is quite a bit of variance in quality of sample sources. For in-person qualitative, focus group facilities have typically handled the recruiting, relying on their database of potential participants (fraught with problems, but that's another story).

With online, where there are no geographical boundaries, recruiting organizations rely on purchased lists from firms like Survey Sampling International or online consumer or business panels like those from Greenfield Online or eRewards. Lists are fine, so long as they have been randomly generated from a sample frame that is representative of the population. These, though, aren't often used because they are more expensive than sourcing the now-ubiquitous panels available to us for recruiting for both quantitative and qualitative. Besides being less expensive, panels also allow us to recruit more quickly and provide us with respondents who are comfortable with online research.

Panel recruiting and retention practices vary quite a bit and their practices have a major impact on respondent quality. Factors to evaluate include:

• How new panelists are recruited

-- Are panelists recruited through open recruiting on Web sites or by invitation only? By invitation-only allows for verification against available databases to ensure the panelist is who he says he

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is and also prevents the professional respondents from joining at will.

-- Do they use a combination of online and offline methods for a more representative panel?

• How panel members are managed and rewarded.

-- Is profile information updated regularly?

-- What incentives are they given to participate? Sweepstakes are inexpensive but typically result in professional gaming and low retention rates. Appropriate rewards for a respondent's time will lead to high retention rates and cooperation rates.

-- On average, how many panels are its members involved with?

• How often do panelists participate in surveys? Look for low participation rates, under once per month.

• How are panelists screened for each survey? Using a double-blind screening process will protect against respondents providing false screener answers in order to qualify for the study.

2. Confirm and re-confirm using both telephone and online methods.

Ensuring a high show-rate for your interviews requires gaining commitment from your recruits. After the initial contact and screen, whether by e-mail or phone, you need to confirm your respondents via telephone, listening for cues that would suggest they are hostile or iffy. Also tell them on the phone who subsequent e-mail will be from so they can keep an eye out for your e-mails that may get stuck in spam filters. Then, the day before the interview begins, send another e-mail confirmation with instructions on participation. If it's a multi-day interview, an e-mail should be sent at the end of each day.

3. Over-recruit.

Even though your participants won't have to travel and have the comfort and convenience of participating from wherever they want, it's unlikely that everyone is going to show up, despite your best efforts. People forget or have something come up that's a higher priority. Our general rule of thumb is over-recruit by 10-20 percent (higher if for a synchronous interview).

We all have a responsibility to maintain research industry goodwill. So, should the unlikely happen that more participants show than what you really need, pay the dismissed participants at least a third of the total incentive if for a multi-day interview and half if a single-day, short-duration interview.

4. Ensure participants are going to be active.

Just as with in-person qualitative, you want respondents who are going to have something to say. Other than using moderating techniques that will draw respondents out (see below), your screening techniques can also heighten the likelihood that you are going to have active participation. One criterion is the individual's interest in the topic and in participating in the interview. Another is their ability to be

express themselves clearly in writing. Both can be assessed with a few open-ended questions in a preliminary online recruit or in an e-mail before inviting them to participate.

Best practices for incentives

Many of the guidelines for online qualitative incentives are the same as for in-person. However, best practices for incentive payments for online qualitative are somewhat different because the burden is less for participants relative to the hassles and time involved with central-location interviews and there is added work and commitment when participating in multi-day asynchronous interviews.

5. Offer an incentive high enough to ensure a high participation rate.

If you want a good show rate and a sample that is not skewed to those who are less busy or of lower incomes, you are going to have to fairly compensate participants for their time. What is fair and enticing is going to vary by: how valuable someone's time is; the amount of effort that will be required; the convenience of participation; and how relevant the topic is to them.

The higher-paid executive, for example, needs to be compensated at a higher rate than the stay-at-home mom or retiree. If you don't offer an incentive that reflects participants' opportunity cost, you risk getting a non-representative sample if income has anything to do with what you're investigating.

One of the advantages of online is that individuals can participate from their office or home, thereby eliminating the hassle and time involved with travel to a central location. Even better is when you use an asynchronous method, because there's the added flexibility of participating from not just a convenient location but a convenient time as well. So, overall, incentives offered for online qualitative can be lower than those for in-person interviews.

Finally, you should consider how personally or professionally relevant the topic is and whether the participant will potentially benefit from the findings. Product users are willing to participate for a lower incentive if they think the research will result in improvements that will benefit them. Under other circumstances, you may be able to offer participants a summary of the findings in lieu of a monetary incentive if they would find that to be of value to them.

6. Don't pay more than is required to recruit quality respondents.

Offering more isn't going to necessarily increase your participation rate or give you a better sample. In fact, if you offer a very high incentive, you'll have a lot of peo-

ple saying "yes" who aren't interested in the topic and are just in it for the money (the "professional respondent").

Also, you can offer different incentives to different individuals. For example, you can try recruiting a professional who meets a threshold level interest or involvement with the topic at $100 for a 90-minute interview and if they say no, ask them if it would be worth their while for $150, etc. Be careful, though, to avoid a situation where respondents become aware of varying payments. If they do become aware, be prepared with solid justification for the discrepancies.

7. Require full participation for incentive payment.

Those who agree to participate in multi-session/-day discussions must be clearly instructed that they will only be paid for participation in all sessions. A participant's input won't be of much value if they drop out after day two of a three-day interview. If you expect a high dropout rate you should over-recruit to compensate for this, or better yet, redesign the discussion guide so that it's more engaging and enjoyable.

8. Reward promptly.

We need to preserve our respondent pool. To do so, we need to make the research process enjoyable and rewarding. Paying/delivering incentives immediately following completion of an interview strengthens the positive association. With in-person interviews, participants typically receive a check as they leave the facility. Panels often provide points for online quantitative survey participation. With online qualitative, though, we are sometimes tempted to move on to other more pressing items than processing incentives. Paying respondents promptly, however, will go a long way to reinforcing a positive experience.

Incentives are an important component of gaining respondent cooperation. Developing and implementing a balanced and fair system will get you the respondents you need for a successful outcome.

Best practices for group composition

Online group interviewing presents some unique possibilities relative to the in-person approach.

9. Take advantage of the ability to efficiently interview large numbers of respondents but don't overdo it.

One of the key benefits of online interviewing is the ability to conduct either large-group interviews or very large numbers of in-depth interviews simultaneously. If you want group interaction in a synchronous session, stick to the max of eight to 10 that is conventional

for in-person groups.

For asynchronous groups where respondents have the time to digest more information, you can safely increase this to 20-25. And for asynchronous groups in which respondents cannot see others' responses and are not interacting at all with one another, you can have as many as your software will allow.

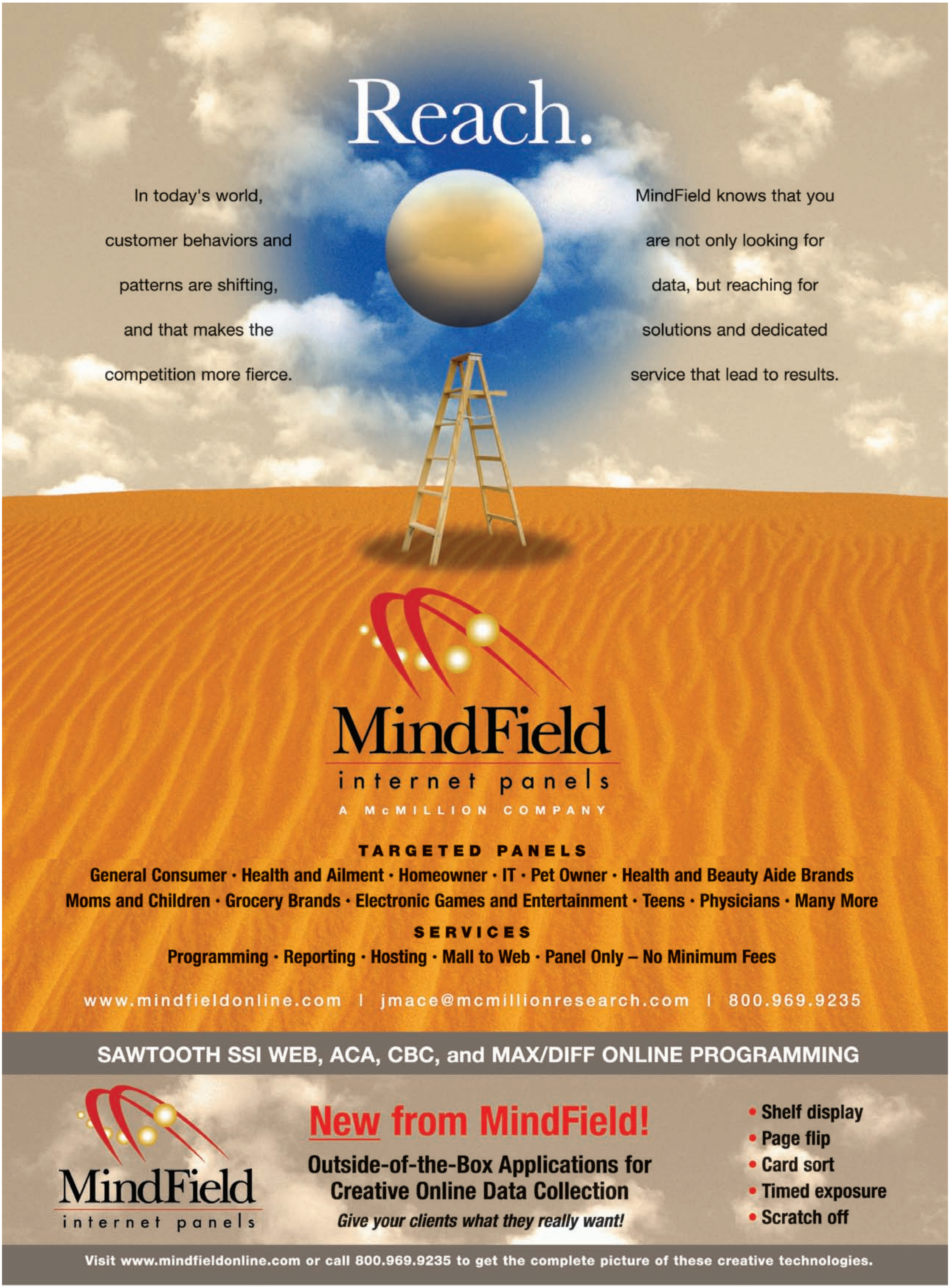
Our ability, though, to digest such large volumes of data is limited and you have to ask why you are doing a qualitative exploration among so many in the first place. The exception is when we are collecting information from a number of segments or conducting a hybrid quantitative/qualitative session.

10. Feel free to mix up non-interactive groups.

If you are allowing participants to interact, then it's no different than for in-person groups: Keep them homogenous on key variables that influence needs, attitudes, behaviors, etc. However, there's no need to do so if you are interviewing a number of individuals who don't see each others' responses. On the other hand, make sure the moderator and participants can keep track of key characteristics that influence questioning and interpretation.

The right group

Seasoned researchers know how vitally important it is to have the right group of participants for the research to produce valuable results. No matter how nice the environment (your online platform, in this case) and how brilliant the discussion guide, you'll walk away with little of use if you don't interview the right individuals and groups. Solid recruiting practices, including the incentives offered and paid, and assembling the right group of people together, will contribute to a successful online qualitative experience. | Q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online research

Virtually endless possibilities?

By Mario Menti

Conducting research in Second Life

The media is calling Second Life the future of the Internet. With more than 6.5 million residents worldwide, the online virtual world has the momentum of a freight train but little direction. It's still a bit of a novelty, just like the early days of the Internet, but this time, businesses don't want to be left behind. Many Fortune 500 companies are scrambling to figure out how to advertise, market products and make money in the new medium but they have yet to find the silver bullet.

While marketers may not be gaining much traction, market researchers could soon find endless possibilities in Second Life. The key for researchers is the open source code that powers Second Life. It allows people to create their own persona, design buildings and even create interactive objects such as billboards that ask pre-programmed market research questions whenever someone walks by.

The open-source nature of Second Life makes it a little like the Wild West, in that market researchers can create almost anything they want as long as they have the requisite programming knowledge. Second Life's tagline "Your World. Your Imagination." holds true for market researchers as much as anyone else.

Product and concept testing take on an exciting new direction in the virtual world. Consumers are always in interactive mode, sitting on furniture, trying on clothes or even wandering the aisles of a virtual store. It doesn't take a huge leap of the imagination to move on to co-creation: picture a scenario where avatars (the virtual representation of the people who explore Second Life) help design and build product prototypes as part of the market research process.

Many virtual research techniques translate easily into Second Life. Virtual shopping malls and stores could provide a shopping experience that combines elements of virtual shopping and shelf layout testing with real in-world purchasing and product usage observation. Products being sold and tested in virtual stores could contain real-life products (Amazon-powered shops in Second Life already exist) or products for use inside the virtual world, such as clothes for people's avatars. And unlike the real world, Second Life can provide market researchers with the means to measure not only what people say they will do but also what they actually end up doing.

The last few months have also brought the first metrics solutions to Second Life. One product deploys sensors on a company's virtual land that record and analyze the number of visitors as well as their movement on the land. Adding a survey component to a metrics solution

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can enrich that data, adding attitudinal and opinion data to traffic and behavioral data, similar to the way feedback gathered through surveys enriches usage metrics and clickstream data on the Web.

Experimental programs

In an effort to see what is possible, experimental programs are now being developed that enable Web survey software platforms to reach directly into the virtual world. These programs make use of the capability to add interactivity and animation to objects created inside Second Life, which also provides the means to connect to the Internet via HTTP requests. This means that a scripted object that exists inside Second Life can interact both with objects and people/avatars in the virtual world and with the Internet at large.

These programs work using a text-only interface between Web survey software and Second Life which enables an object inside Second Life to sense an avatar passing by, which it prompts to take part in a survey by talking to it. The avatar agrees to take part in the survey by touching the object. The survey object, which physically could be anything at all - a kiosk or a billboard - starts delivering the survey through Second Life's chat channel.

In short, the object asks questions and the avatar answers by talking to it. While this method of survey delivery limits the complexity of questions that can be asked (for example, a grid/matrix-type question would not translate well to text), it does offer the advantage of not breaking the immersion of the virtual world environment and makes use of the natural communication channels used by Second Life residents. The process is entirely interactive and always directly connected to survey collection software, so every answer is stored. The follow-up question is delivered based on what the survey logic determines should be asked next. For specific surveys, it would also be possible to build objects that respond to users' touch and/or actions. For example, rating scales could be physically moved to provide rating feedback or entire objects could be built to represent a question to be asked, with the respondent being able to manipulate the object in order to give their response.

On completion of a survey, Second Life respondents can be rewarded for their participation with a monetary incentive, just like in the real world, using Second Life's in-world currency, the Linden dollar. That same object that senses passers-by and conducts the survey can also pay the respondent on the spot, making automatic transactions really easy. The moment the survey is complete, the survey object can transfer a certain amount of Linden dollars to the respondent's avatar. This makes for an extremely cost-efficient process, taking advantage of existing Second Life infrastructure rather than having to involve manual processes or payment fulfillment by a third party. Residents can then use these well-earned Linden dollars inside Second Life to purchase items and services or exchange them for U.S. dollars at special Linden dollar exchange outlets.

Virtual interviewer

It is also possible to create a half-human/half-robot virtual face-to-face interviewer. An experimental modified version of the Second Life client was created that is in effect a market research interviewer terminal, turning the person who connects through it into a semi-human, clipboard-carrying market research interviewer who can walk around Second Life, chat with other residents, and - if they are willing to take part in a survey - switch to an automatic data collection mode. Once this data collection mode is activated, the automated software kicks in, asks questions and records the responses. The respondent's answers are fed back to the survey collection software through the modified Second Life interviewer. Once a survey is completed, the interviewer can switch back to normal mode and continue walking around to conduct further interviews. It's a virtual intercept survey, so to speak, but more efficient than its real-life counterpart because all data is collected in real time, eliminating the need to enter data at a later stage. And again, incentives can be built into the process automatically, adding to the overall efficiency of a virtual interviewer solution.

While data can be collected in Second Life by integrating with existing survey software platforms, the 3-D nature of Second Life also lends itself to effective and interesting data visualization opportunities. Linking 3-D objects to survey data, bar or pie charts could turn into objects that dynamically

grow and shrink in response to results being collected. Avatars could literally stand next to or sit on top of a survey chart and watch it change shape as the survey responses are updated. And of course, this is not limited to shape: Objects could change color or move around, all in response to data being fed from survey data analysis.

More is possible

While some of these examples may be of debatable practical use right now, they illustrate that in virtual worlds, and Second Life in particular, a lot more is possible than just conducting simple Web surveys. Thinking back about 10 years, the vast majority of Web surveys simply replicated telephone surveys in a Web browser, not making full use of the multimedia capabilities available to them through the use of the new medium. In the same way today, most of the early market research activities in Second Life have been limited to using simple Web surveys for data collection, not really taking advantage of the opportunities and technologies this particular medium offers. As virtual worlds are themselves getting increasingly sophisticated, this is guaranteed to change. With a combination of technical prowess and imaginative thinking, who knows what kinds of survey experiences market researchers will be able to provide in the virtual world!

In any environment, whether real or virtual, the survey experience is key. As companies and marketers are starting to experiment in Second Life, there is a growing feeling that many are simply doing it for PR's sake, without any real relevance to Second Life residents. The more engaging and rewarding the survey experience is, the more likely it will be seen as an integral and useful part of the virtual world, rather than a disjointed bolt-on from the outside. Second Life users aren't hostile to brands and marketing involvement per se: Earlier this year, my firm surveyed more than 9,000 consumers in the U.S. The poll revealed that Second Life is a burgeoning market for real-life brands and product promotion. Fifty-six percent of users questioned believe Second Life is a good promotional vehicle. Only 16 percent say they would not be more likely to buy or use a brand that is represented in the virtual world.

At the forefront

Second Life is increasingly seen as the first incarnation of a coming 3-D Internet or metaverse, and it's not that far-fetched anymore to imagine a time in the near future when our avatars will wander a web of connected, virtual spaces instead of today's flat, relatively impersonal 2-D Web environment. Linden Lab founder Philip Rosedale said in a recent interview that technology-wise, this vision is only 18 months away, while in a survey, Gartner suggests that 80 percent of Internet users will be active participants of virtual worlds by the end of 2011.

No matter what timelines and predictions are made, market researchers can be at the forefront of this new frontier by taking advantage of available technology right now. | Q

Reinventing innovation

By Mike Waite
and Emily Morris

A famous quote, "Everything that can be invented has already been invented." - attributed to Charles Duell, commissioner of the U.S. patent office in 1899 - has proven to be just a bit off the mark. Yet recent research does suggest that truly innovative ideas are harder to come by than ever.

Some would say it's because the new era of the connected consumer lends itself more to group thinking than breakthrough ideas. We say it's because companies aren't yet tapping into the creative force of connected consumers. And that could be a huge missed opportunity. The new breed of borderless consumer communities holds enormous potential for new ideas and insights that will translate directly to profitable products and services. This article takes a closer look at innovation in the new era and examines how to harness the creative potential of the online community.

Essential to survival

Innovation is the biggest challenge most companies face. There is no question that innovation is essential to survival; the question is where the next big idea will come from. Increasingly, the answer to that question is…past innovations. Incremental improvement to existing concepts is becoming the focus of a larger percentage of innovation, as opposed to cutting-edge, swing-for-the-fences, genuinely big ideas. From the predominance of sequels and prequels at the movie theater to the swelling ranks of me-too products on shelves, the evidence of this trend is all around us. Figure 1, based on a recent McKinsey study of packaged goods companies, shows a 40 percent decline in truly innovative ideas relative to modest or incremental innovations over the past several years.

> Where will your company's next great idea come from? From your customers.

Predictably, as the rate of breakthrough innovation slows, the reward for truly innovative ideas grows. Figure 2, based on the same McKinsey study, shows that breakthrough innovations account for a far higher percentage of sales within a category than simple line extensions or incremental innovations.

Eliminating bad ideas

One of the key reasons our business culture tends to favor incremen-

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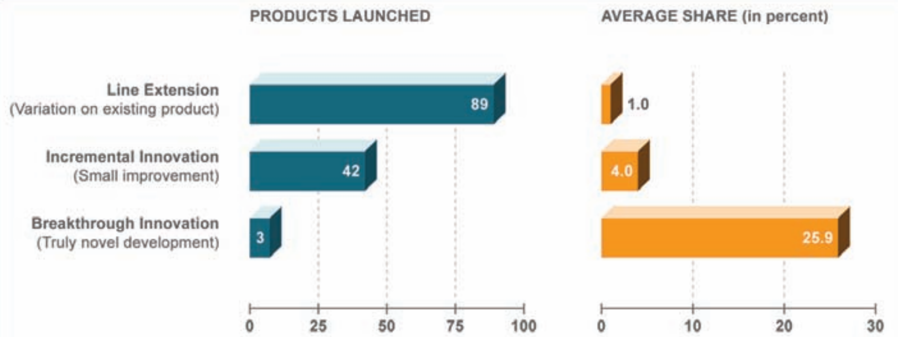

Figure 1: Breakthrough innovation is rewarded with market share an average of six times greater than incremental innovation.
Source: *The McKinsey Quarterly,* 2006.

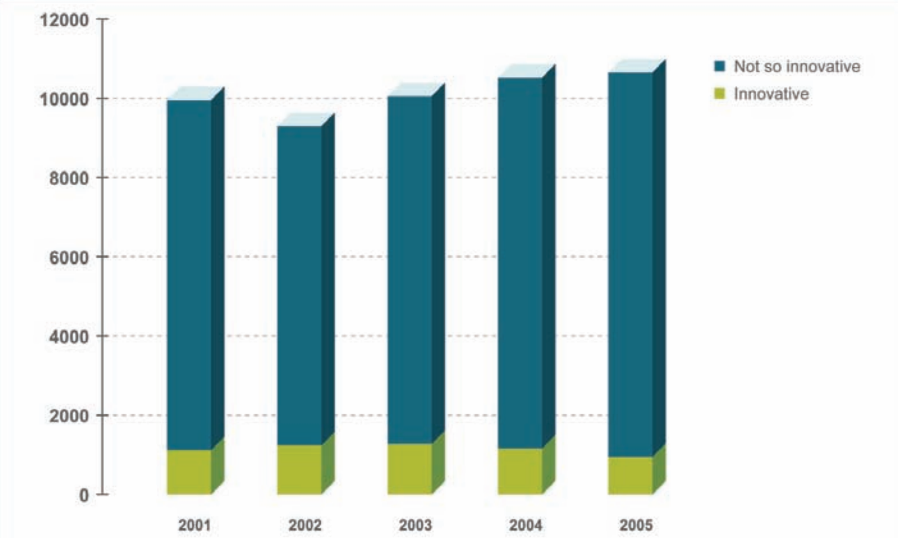

Figure 2: While more and more products are launched, fewer and fewer are truly innovative.
Source: *The McKinsey Quarterly,* 2006.

tal improvement is that its processes focus more on eliminating bad ideas than generating good ones. The traditional flow goes something like this: brainstorming session, subjective vetting of ideas to get rid of obviously poor ideas, optimization of the best of the rest, and selection of final candidates for formal concept testing or development. The result, all too often, is the promotion of the "strongest weakling." Far worse, many ideas with true potential are instantly dismissed because they appear too cutting-edge or risky. Others are simply not recognized as having potential when in fact they do.

Another key problem is that traditional methods are driven almost entirely by internal contributors. Companies limit themselves to ideas and concepts that spring from the minds of their own researchers, scientists or product development specialists. These companies are missing a rich source of innovation: customers, end users and the growing legions of connected consumers that comprise online communities. This new generation of consumers represents an opportunity to broadly expand the volume, quality and breakthrough potential of new ideas.

And let's be clear: the occasional customer satisfaction survey or ethnographic study is not likely to produce breakthrough ideas; simply asking people what they want and need isn't always the best approach either. What's needed is high-quality interaction with the new generation of connected consumers – tapping into their natural conversations as they discuss their opinions and problems and collaborating with them about new solutions.

Collaborative capabilities

Connected consumers and online communities are not new phenomena, but recent advances in computing and communications have redefined the nature of their connectedness and their collaborative capabilities. The blogosphere, the wireless Web and the ubiquity of handheld network devices all create new opportunities for sharing information and ideas. Equally important, they give consumers something that has always been in the corporate purview until now: control.

Connected consumers insist on control over their experiences and the things they spend money on. They've bypassed brokers, bank tellers and broadcasts. And they will not be marketed to in traditional ways. They zap commercials, auto-delete unwanted e-mail and use caller ID and no-call lists to screen out telemarketers. They have declared to the world that they want things on their own terms, when they want it, wherever they are.

The unprecedented power of the connected consumer is not necessarily a threat to marketers. In fact it represents a tremendous opportunity because the new communications capabilities also unleash new sources of great ideas and creativity, and they can help marketers gain a deeper understanding of key consumer groups.

For example, leading-edge consumer products companies are now experimenting with managed online communities. They are creating special-interest Web sites where people with common interests, hobbies or passions can come together and exchange opinions, views, thoughts and ideas about a specific topic – such as pets or toddlers or kayaking – and they are monitoring the natural conversations and getting closer to the truth about what's on the minds of key

target consumer groups.

These companies are discovering that consumers are not only willing but anxious to join, to participate and to contribute. And they're not just contributing an answer to a survey question or an exchange with an interviewer in a focus group. They're part of a continuous, ongoing dialog that morphs - like the community itself - as newcomers join the conversation and contribute their own opinions and ideas.

Rants and rambles?

It's a fair question: are these connected communities really a source for breakthrough ideas, or are they simply repositories for rants and rambles? A Fortune 500 maker of toys and games recently asked a privately-managed community of moms for specific ideas on new products and received a landslide of concepts - many of them worthy of formal testing and development. The online community went beyond the concepting stage; moms helped pick which ideas were best and provided specifics about when, where and why they'd buy them, helping in the development of a marketing plan and creative marketing ideas. "It wasn't our ideas and their feedback; it wasn't their ideas and our feedback; it was true co-creation," said a marketing executive at the company.

Del Monte Foods Co. wanted to know what pet owners want for their pets in order to enhance product development for certain popular pet food and snack brands including Kibbles 'n' Bits and Milk-Bone. So the company's pet products division created a private, managed online community where dog owners can share ideas about anything relating to dogs - from training tips to the best way to load a big dog into a small car. "The online community is a flexible research environment," says Gala Amoroso, a research executive at Del Monte Foods. "Online communities give us continuous interaction rather than one-off, point-in-time studies. That is critical in getting us closer to our customers and what they really think."

For example, Del Monte's community research allowed it to see a need among pet owners for products that allowed them to travel better with their pets. Amoroso acknowledges the other benefit of working with a community of voices is that Del Monte can mirror the language that consumers use when talking about products in future product marketing campaigns.

Another marketing executive, from a Fortune 100 snack food company that uses online communities for innovation, said in a recent panel discussion, "The online community is the key to getting past the era where the corporation is the executioner of ideas. We're moving into an era where the company can be a catalyst for creative thinking and a facilitator, drawing on great ideas wherever they come from and making them better - turning them into products that match consumer tastes and preferences precisely."

Actively engaged

If you decide to explore using online communities for market research, here are three approaches to consider. Keep in mind that whichever approach you take, it is important to keep participants actively engaged and focused on providing relevant, useful input.

• Build your own focused online consumer community. As mentioned earlier, Del Monte Foods' Pet Products Division created an online community for dog owners to share ideas about dogs. The company monitors the site and stirs discussion but does not attempt to control participation, promote products or pay participants for their input. Through a site moderator, the company participates in the continuous dialog the site provides with consumers, listening in on the natural conversations that may lead to product ideas, gathering opinions about ideas that might appeal to a mass market, and co-creating with participants. For example, Del Monte Foods might offer a suggestion about a new product and invite people to make suggestions for improvements or refinements or alternative ideas. These focused consumer communities can be branded or unbranded, open or closed to the public – depending on your needs.

• Build an enterprise-wide corporate online community. One Fortune 100 snack food company has begun experimenting with an online community of thousands of employees. The employees can anonymously contribute ideas and provide feedback on others' ideas. Everyone from senior executives to new hires on the loading docks has equal access to this network of ideas and is on equal footing to share thoughts and opinions. The employees own the community; it lives and breathes on its own. But it is actively monitored to help the company stay in tune with new trends and identify new ideas with commercial potential.

• Participate in an existing online consumer community. Some companies may not need their own online community, but still want to tap into consumers' online conversations. Partnering with an existing online community lets companies learn from and collaborate with these connected consumers. By interacting with an online community during the idea creation process, companies don't have to come up with ideas and then test them with consumers; they get the consumers to generate the ideas and flesh out the best ones.

Richer venue

By using online communities to tap into the wisdom of connected consumers, companies can have a richer venue in which to discover truly innovative ideas or freshen up old ideas with new perspectives. The key is in enlisting consumers to help with this process of co-creation in an open forum where they can easily participate how they want and when they want. | Q

Forging new paths in old lands

By Ahmed Nassef
and Tamara Deprez

A look at online research in the Middle East

These days, it is practically impossible to pick up a major American newspaper without reading about Dubai. Whether it is the construction of the world's tallest building (which will also include the world's first Armani super-luxury hotel), the world's biggest shopping mall or the world's biggest amusement park (housing the biggest Universal Studios), Dubai's incredible growth has made it a center of commercial attention and has brought the larger Middle East market into focus for many of the world's businesses.

However, reaching Arab consumers is not always easy, and trying to reach them online presents its own special set of challenges. While Dubai's high Internet penetration rates (over 60 percent) should present fertile ground for online research, you'll be hard pressed to find much of it being conducted, even by local branches of some of the international research firms. And beyond Dubai, the rest of the Middle East offers additional obstacles for online researchers as well.

For one, although the region's population of over 250 million people shares a common language and culture, they are spread out over 22 countries from Morocco to the Arabian Gulf, with often widely varying dialects, degrees of social and political openness, cultural mores and government regulations.

Even in a high-tech hub like Dubai, consumer databases are hard to come by. Unlike the United States and Europe, where a long tradition of catalog and database marketing made it easier to shift to online approaches, the astonishingly fast economic growth in the region has meant that many businesses have had to formulate their marketing strategies without having the proper database infrastructure to support their marketing and market research needs. Although customer relationship management continues to be a hot topic in this part of the world, it is still a long way from implementation in most businesses here.

This is why, until today in both Dubai and the rest of the Middle East and North Africa, most marketing research activities take place through the traditional means of mall intercepts, face-to-face and telephone interviews (and even the latter is not all that common).

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Since the practicalities and costs of harvesting a large enough proprietary online consumer database to allows for refined targeting of consumer segments are prohibitive for most research firms, even for those that already have the software and infrastructure to conduct online research, it winds up being a lot easier (and cheaper) to rely on the tried-and-true status quo.

The unavailability, until recently, of online consumer samples has also been the main obstacle for many of the large global online agencies to offer their services in the Middle East, which has meant that many U.S. and Europe-based clients have had to skip the region altogether in their fieldwork plans.

Haven't felt pressure

To this point, many of the local research firms haven't felt much pressure to go online since many of their local clients are still working with the impression that the Internet cannot offer a representative sample of all consumer segments in the region.

While this may have been true four or five years ago, when Internet penetration was barely measurable in the Arab world, the situation is far different today. A variety of factors - from government sponsored financing of personal computers in the homes and the availability in some countries of "free" Internet through dial-up connections, to the proliferation of Internet cafes even in provincial towns and the increase in broadband access in large cities - have contributed to skyrocketing numbers of people from all walks of life going online.

In addition, especially in more traditional societies, the Internet has become one of the avenues for open, unfettered communication and access to information. For many Saudi women, for example, the Internet provides a chance to virtually go places and socialize in a way that would otherwise be practically impossible in the brick-and-mortar world.

For all these reasons, there are upwards of 30 million Arabs online today, and that number is slated to double in the coming two years.

The fact that we have reached good representative levels, even for lower-income groups that are less represented among Internet users, has been corroborated by our clients who have conducted parallel offline and online studies to test this very issue.

Mirror the skepticism

However, despite the large numbers, the objections we hear from marketers and researchers in the region - even ones who acknowledge the fact that there are sufficiently large numbers of the population online - mirror the skepticism that was often heard early on in the U.S. and Europe about the truthfulness of respondents online. Sure you may have a huge consumer sample, a typical skeptic would counter, but how can I be sure that someone who claims to be a young Moroccan woman really is one, or how can I really be certain that the Kuwaiti respondent ticking off a high income bracket to answer my property ownership study isn't really a struggling Egyptian college student with time to kill?

For those of us who are true believers in online research in the Middle East, the best way to assuage these concerns is to implement strong data controls. In our case, we have built a highly segmented database over the past seven years of Arab consumers that includes information about gender, age, country of residence, profession and other demographic information. But of course, we can't stop there to satisfy the truthfulness concerns. The data supplied by the consumer upon registration must always be confirmed by the data they supply on a live questionnaire. If there are discrepancies, their responses are thrown out.

But beyond the basic checks and filter controls that must be implemented, there are also issues unique to our region that make online research actually much more reliable in many cases than traditional methods. Many Arabs are often much less willing to share deeply personal information with interviewers. Questions about social attitudes, smoking habits or political views are often considered deeply private and not easily shared, and traditional fieldwork here often has to involve some prodding by the interviewer that can pose the danger of sway-

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www.ithinkinc.com 2811 McKinney Ave., Suite 350 Dallas, TX 75204 [214] 855-3777 ing responses. Further, reaching women in some areas, especially in the Arabian Gulf countries, presents a special challenge on its own for the traditional interview approach, which makes it exceedingly slow and expensive to conduct - an especially frustrating challenge for FMCG researchers for whom females represent the main target consumer market.

However, we have found that by going online, these obstacles largely disappear. We regularly receive high responses on the very same sensitive issues we mentioned above, and Arab women are more accessible online than via telephone or face-to-face interviews, since as we mentioned previously, the Internet presents them with an open space free of the usual social restrictions that are often placed on them in some contexts.

Improving the outlook

Besides the issue of accuracy, there are some other factors that are improving the outlook for online researchers in the Middle East.

As more and more multinational companies adopt online research as a core part of their overall research mix, more and more pressure builds on their local and regional branches here in the region to begin the process of incorporating online methods. We've already seen this process taking place in the online advertising sector, where local marketers have had to quickly educate themselves in online marketing techniques in order to integrate global online campaigns, and the same process is happening for online research as well.

Another development that is encouraging more researchers to go online is the fast adoption of social networking and Web 2.0 tools in the Arab world. Not only are international sites like Blogger, YouTube, and Facebook commonly used, but localized versions of these sites are popular, offering Arab users a way to connect with virtual affinity groups and friends networks using an Arabic-language interface and within a culturally acceptable environment (some countries in the region have banned some of the international sites due to inappropriate content).

The popularity of these services makes it possible to conduct the same advanced type of online qualitative studies that are occurring worldwide. Researchers can find consumers who are already engaged in a relevant discussion to join online qualitative panels on related topics, and again we have found a much higher level of openness and willingness to discuss sensitive issues within this environment.

All of these developments, combined with the universal advantages of online research - flexibility, speed and lower costs - are quickly making the online option much more palatable to regional decision-makers. | Q

online research

Beyond brand-building

By Gregory S. Heist

Web communities are one of the hottest trends in the field of marketing today. You only have to look at the growing number of conference sessions discussing community-driven platforms to realize that the era of the Web community is clearly upon us.

Many companies who were early advocates of communities used them for marketing purposes, centering their use on creating strong brand advocates and exploring brand-related communications. Many - if not most - communities still exist today with this same purpose in mind. However, like any rapidly evolving product, Web communities are growing in number and diversifying in their range of applications.

In particular, it is becoming clear that a new generation of Web communities is emerging. These "next-gen" communities have evolved from brand-building tools into innovative market research environments. However, this evolution in application has brought with it many new challenges and expectations.

Of course, to meet these higher expectations, this kind of next-generation Web community needs to be more than an inviting and engaging space on the Internet to build brand equity among a group of consumers who have interest in a particular product. In addition, this new breed of Web community requires:

- a platform infrastructure that permits unlimited flexibility to employ qualitative and quantitative research techniques within the community; and
- an analytical approach that mines the massive amount of information in the community and translates it into usable insights.

How Web communities can change the way we do research

In short, clients have begun to demand that - similar to any other research tool - Web communities deliver a solid ROI and demonstrate the capability to provide insights that drive real organizational change.

The creation of a research environment that has the potential to deliver these types of results has been an exciting challenge, and I'd like to share some insights we've gained along the way.

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Ongoing dialogue

For those of you who aren't aware, a Web community is a carefully selected group of consumers who agree to participate in an ongoing dia-

logue with a particular corporation. All community interaction takes place on a custom-designed Web site. During the life of the community - which may last anywhere from six months to a year or more - community members respond to questions posed by the corporation on a weekly basis. These discussions, which may take the form of qualitative "dialogues" or even quantitative surveys, are augmented by the ability of community members to talk to one another about topics that are of interest to them as well.

The popularity and power of Web communities initially came from several key benefits. They:

• engage customers in a space where they are most comfortable, allowing clients to interact with them on a deeper level;

• uncover "exciters" and "eureka moments," resulting in customer-derived innovations;

• establish brand advocates who are emotionally invested in a company's success;

• offer real-time results, enabling clients to explore ideas that normal time constraints prohibit;

• create a forum where natural dialogue allows customers to initiate topics important to them.

Limitations

While it is true that traditional market research provides tremendous insights into the attitudes and opinions of customers, it also comes with its own attendant limitations.

First, traditional market research is a time-consuming undertaking. Even relatively simple studies can take three months to complete. More complex research might take upwards of six months or more from initiation to delivery of results. Of course, while there are situations where there is sufficient lead time to warrant waiting that long, in today's competitive environment, having this kind of lead time is an increasingly rare luxury.

Additionally, doing good research is a fairly expensive undertaking. With budgets continually under scrutiny, only the most important projects can justify the cost of research. Of course, this means that a multitude of smaller - but in many cases just as important - decisions simply can't be researched. As a result, a company might get some big decisions right yet continue to fail because a larger number of poor decisions are made without fundamentally understanding what customers really want.

Add to this the limitation that, historically, a traditional market research study is a point-in-time event. You might conduct a large quantitative study or conduct six focus groups and then never talk with these customers again. Under such a paradigm, the appealing and valuable idea

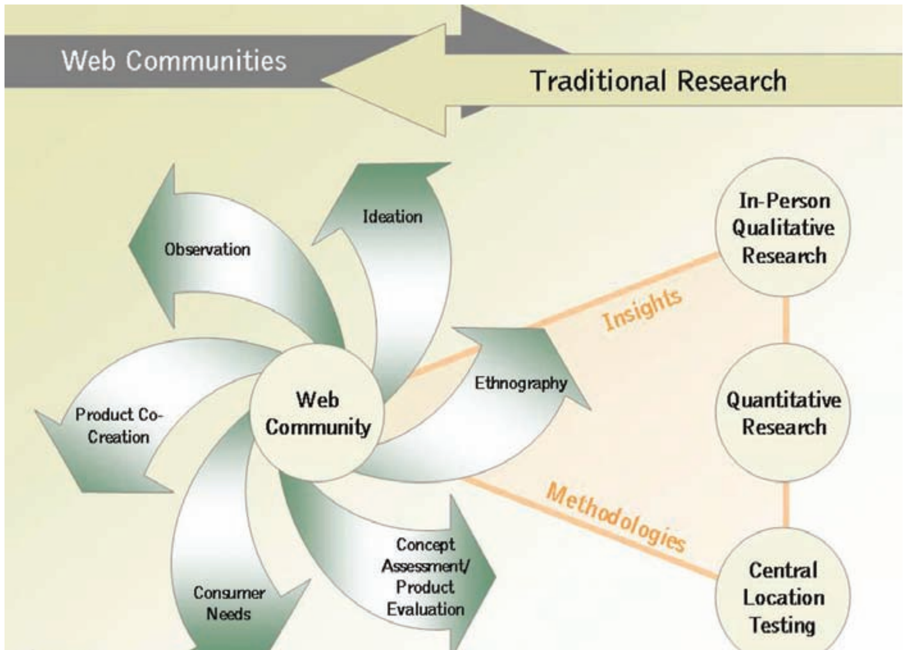

Figure 1

of longitudinal learning from customers is effectively impossible.

Additionally, Web communities help companies create a customer-centric organization by putting employees into direct contact with consumers from the comfort of their own desks.

Since communities provide advantages in speed, flexibility and 24/7 access to consumers, they let the organization be agile in its decision-making and prudent in its spending.

Holistic view

The next-generation Web community model can give companies a truly holistic view of the customer. Communities allow companies to see consumers as they truly are: complex, demanding, contradictory, living, breathing human beings. Rather than seeing them through the lens of focus group reports and bar charts, communities allow companies to observe consumers speaking to one another in a very natural way about their wants and needs, and about what's on their collective radar. This begins to break down the barriers between the company and its consumers, since both the company and the consumer become more real to one another through the process of ongoing discussion and the sharing of ideas and insights.

By adding a research focus to the Web community environment, this holistic perspective deepens as the community becomes a way to:

- map the psyche of consumer segments;
- conduct virtual ethnography;
- brainstorm new ideas;
- co-create and test new products;
- observe natural consumer behavior; and
- rally the company around a customer-centric perspective.

Beyond that, communities provide even greater value when the insights gained can be quickly shifted from the community space to the traditional market research space. This tight integration with more mainstream research approaches ensures that the community is both feeding new research initiatives and is being fueled by insights gained from traditional research projects (Figure 1).

Additionally, beyond the sharing of insights between the two spaces, we also see the emergence of the sharing of methods between the two spaces. While a community shouldn't be considered a silver bullet, there's no question that there are compelling ways of using communities for concept development, virtual ethnography, consumer psyche profiling and the like.

This type of cross-pollination takes another step toward a new research paradigm, one that integrates Web communities and traditional research. This new paradigm offers the potential to:

• increase the efficiency of research by quickly finding the most appropriate forum for exploration of new insights;

• reduce costs by using the community to follow up on questions left unanswered from ad hoc research studies;

• improve the way consumer insights and implications are shared across organizational silos.

Massive amount of feedback

Sometimes, when a prospective client looks at the massive amount of dialogue and consumer feedback gleaned from a community, it's not uncommon for them to say, "How will I ever make sense of all of this information?" The question is a valid one, since, without a way of accurately distilling and synthesizing this wealth of information, a community will never be able to legitimately drive decisions and organizational change. Instead, the community will remain a marketing novelty, interesting in and of itself but ultimately detached from the teams and decision-makers that could use its rich insights to drive real change within the organization.

We have developed an approach we call Thematic Synthesis as a way to address this need. It is designed to provide a concise way of communicating and sharing the insights being generated within the community to a wider internal audience.

Since Thematic Synthesis is longitudinal in nature, it can create a knowledge base that:

• derives and communicates insights from the community;

• links these insights to the organization's broader marketing strategy;

• identifies areas for further exploration and investigation inside or outside the community;

• enables the organization to more easily use community-derived insights to fuel organizational change.

Endless possibilities

It's clear from our experience that this emerging model of next-gen Web communities is one with seemingly endless possibilities. It builds upon the inherent strength of traditional communities and transforms them into a fully functioning marketing research environment. In doing so, it offers the opportunity for employees deep within an organization - whose exposure to consumers might previously have been limited to reading a marketing research report - the opportunity to encounter consumers face-to-face and to learn from them in a very rich and meaningful way.

Beyond that, by creating an infrastructure for synthesizing insights, building a knowledge base and sharing learnings, Web communities give companies a new way of using consumer insights to drive customer-centered decision-making. | Q

online research

Ratings rate highly

By Marshall Harrison

Last year, my firm, RelevantView, joined with eVOC Insights, a San Francisco customer experience consulting firm, to measure and assess consumer responses as they interacted with the Web sites of four competitive retailers: Amazon, Best Buy, Circuit City and Wal-Mart. The research utilized RelevantView's Web-based technology to evaluate target customers as they interacted with the sites and gather feedback on their attitudes, experiences and site preferences relative to the competition.

Specifically, we wanted to determine how big a role customer ratings and reviews play in the customer decision process. We also wanted to identify which retailers were using these key Internet marketing tools most effectively and which were not - and thus were chipping away the gold that encases their brands by ignoring the impact of powerful e-marketing tools.

Most importantly, we wanted to be sure we were measuring behavior as opposed to stated preferences. We have found that consumers' actual behavior often varies widely from stated preferences. In order to make accurate brand marketing decisions, retailers need to know what consumers will actually do in given situations, not simply what they say they will do.

Serious mistakes

Wal-Mart is the biggest of big, the grandest of grand, the godfather of all retailers, with almost 2 million employees and close to $2 trillion in sales. If Wal-Mart were a state, it would rank 39th in population, right behind Nebraska. But even Wal-Mart - legendary brand that it is - can make serious mistakes in its approach to Internet marketing, mistakes that exact a high price in brand perception, customer loyalty and, inevitably, revenue. It's critical for mere mortals (read: smaller companies of every size) to learn from the mistakes of the godfather. Why? Think of it as the Energizer Bunny Rule: A company almost the size of Nebraska can afford to make mistakes in its Internet marketing and still keep on going and going and going. Unfortunately, most other companies can't.

We realized that, if we could use a combination of user behavior

Product ratings and consumer reviews make e-tail sites stand out from competitors

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tracking technology and Web-based analytics to isolate and assign values to key site components, we'd be providing retailers with valuable information. To conduct the study, we utilized ActiveSandbox, our Web user tracking technology. We were able to track opinions as expressed through behavior on the four retail sites. As we all know, opinions are not always reliable, as users may have their own hidden agenda. Behavioral tracking allowed us to know each user's intent and how it correlates with their behavior.

We applied a within-subject methodology to evaluate a sample of 200 consumers as they interacted with the four sites. The study targeted a critical industry topic: ratings, reviews and the customer decision process. The online survey engaged participants to complete a series of tasks while searching for a digital camera on each site. By assigning a task - which let us know visitor intent - and tracking subsequent behavior, we were able to understand how users navigate the site.

The first task was an open task where users were asked to find any camera of their liking and its cost on each site. After the users had performed the task on each site, they were asked follow-up questions on site preference. The second task was more targeted; users were asked to look for a very specific model of camera and its cost on each site.

Similarly the users were asked follow-up questions on which site they preferred for a specific model. We were able to learn how well the sites delivered a positive customer experience based on usability metrics and overall satisfaction when searching for a specific product. The combination of these two tasks helped isolate conceptual feedback such as ratings and reviews from factual comparisons such as price. We then assessed the results of this data to provide statistically reliable benchmarks and best practices for online retailers.

First, we confirmed that the Web plays a significant role in the consumer decision process - not a big surprise. But it was enlightening to discover just how much of a role. Through preliminary questions posed as a lead-in to the tasks our sample group performed, we determined that more than 85 percent of the consumers in our sample access the Web to research and/or purchase big-ticket items, including electronics.

Figure 1: Most Important Features For Selecting a Site

How important are each of the following when determining from which site to purchase electronics?

Source: RelevantView / eVOC Insights Base = 200

And, while the primary focus of this study was on behavior when purchasing electronics, our sample group told us that the Web is a critical part of the buying decision when purchasing a range of other big-ticket items, including travel and automobiles. For example, more than 80 percent of consumers in the sample purchase flights and hotels online. While few in our sample purchase automobiles online, 81 percent conduct research online before making a decision to test drive or purchase a vehicle offline. Clearly, for the vast majority of consumers, Web-based product research is now central to their decision-making processes.

Top issues

The goal of this research was to understand the complete view of the customer decision process relative to the competition and to provide a

window into the minds of customers as they weighed the strengths and weaknesses of competitors while making a purchase decision.

Our study showed that the top issues on e-shoppers' lists of product considerations were competitive prices, detailed product descriptions, ease of use, customer service, brand perception and broad product selections (Figure 1). But when all of the above are equal, product ratings and consumer reviews are among the key differentiators driving purchase preferences. In fact, 63 percent of the consumers in our sample indicated they are more likely to purchase from a site if it has product ratings and reviews.

So who in our pantheon of retail deities is using ratings and reviews most effectively? If you think it's Wal-Mart, you'd be mistaken. It's actually Amazon, which has online retailing in its DNA. It has always been an innovator, effectively employing such features as one-click checkout and consumer ratings and reviews. Circuit City also makes effective use of ratings and reviews, while Wal-Mart and Best Buy have chosen not to include them on their sites.

The result? Users are significantly more likely to remain loyal to Amazon and Circuit City after searching for the same digital cameras across the four competitive sites. Only 45 percent remain loyal to Wal-Mart and a mere 29 percent continue to see themselves as Best Buy loyalists. Clearly, this is a significant difference in brand loyalty, which, over time, will dramatically impact the retailers' online revenue. And because consumers now buy so many big-ticket items online, failure to effectively use online tools like ratings and reviews will erode even the biggest of brands.

What they really do

Our research confirmed that Web-based product research has now become central to consumers' decision-making processes and that ratings and reviews play a significant role in the purchase of a product. We also demonstrated that it's possible to determine what consumers really do - how they behave - as compared with simply gauging what they claim they will do.

It's clear that businesses need to leverage the Internet to educate consumers about their offerings and how the offerings are different from competitors. A behemoth like Wal-Mart may be able to absorb the negative effects of a lack of understanding of consumers' online behavior - for a while - but most companies can't. Unlike the Energizer Bunny, most online retail programs need the constant infusion of power that comes from successful use of customer response tools. That's the best way to keep online revenue growing and growing and growing. | Q

Survey Monitor

continued from page 12

and activities including listening to music, playing games and talking on a cell phone.

The study also reinforced that MySpace was the Web's most popular social networking site, with an overall user satisfaction rating of nearly 80 percent.

In addition to tracking overall usage of the site, the study focused on the reasons why users are continuing to flock to online social networks. The data indicated that social networkers use the sites not just to improve their online lives but also to make their offline lives richer and more exciting. More than 48 percent said they are having more fun in life in general and 45 percent said their lives are more exciting as a result of spending time networking online. In addition, 57 percent said they've found more people with similar interests and 52 percent said they feel more in tune with what's happening socially in their lives due to social networking sites.

The Never Ending Friending study was conducted in multiple phases encompassing independently-fielded qualitative, quantitative and in-depth client case study research. A series of focus groups of MySpace users in Los Angeles, Chicago and New York was conducted by TRU, Northbrook, Ill. An online survey of 3,000+ U.S. panelists aged 14-40 was conducted by TNS, Horsham, Pa., and included three segments: MySpace users, social networkers from other sites and non-social networkers. Finally, case studies including behavioral tracking and survey measurement with two MySpace clients, adidas and Electronic Arts, were conducted by El Dorado Hills, Calif.-based Marketing Evolution. For more information visit www.tns-global.com.

Low-income households turn to in-store banks

In-store branches can be an effective way to market credit services to under-banked households, according to a study by Atlanta-based Synergistics Research Corp. entitled Marketing Credit to Low Income Households. The national telephone survey was conducted in December 2006 with 1,100 consumers age 18 or older, with 1,000 having household incomes of less than $40K. Overall, one-third of low-income households have used a branch inside some type of retail establishment.

This includes close to three in 10 who have used a grocery store or supermarket branch; one in 10 who have used a branch in a department or discount store; and one in 20 who have used a branch in some other type of retail location. Close to half of the low-income respondents who use in-store branches say this is their primary branch.

Although an equal proportion of those with income of $40K+ use in-store branches, less than one-quarter of these higher-income consumers say that an in-store

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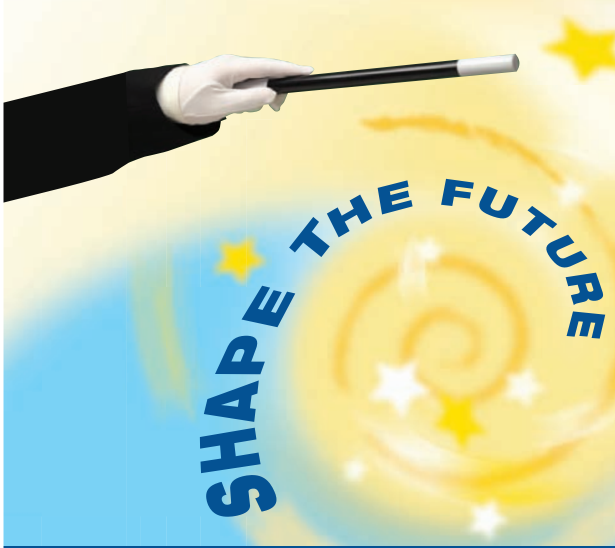

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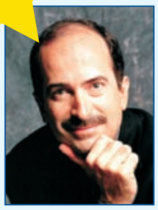

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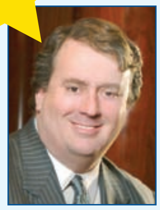

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branch is their primary branch.

Those who indicated using an in-store branch were further asked if they have ever applied for a loan or other credit service at an in-store branch. Close to one-fifth of the low-income households who use in-store branches have applied for credit at this type of facility. (One-tenth of the users with income of $40K+ have done so.)

"In-store bank branches are an established element of the branching system and have significant relevance to many under-banked households," says Synergistics CEO William McCracken. "In-store branches represent a very effective channel for financial institutions to deliver credit and other financial services to the low income market. Offering credit and loan services is an important next step in broadening relationships with this market. Currently, the possible competitive threat of a major retail chain - such as Wal-Mart or Home Depot - having the ability to operate its own bank inside its stores is being held at bay by legislators. In addition, Kroger recently introduced Kroger Personal Finance through which customers can apply for mortgages, home equity credit, identity-theft protection, pet insurance or a credit card. Financial institutions with an interest in serving the low-income market via this channel should take steps to strengthen their retailer alliances and bolster this valuable conduit." For more information visit www.synergisticsresearch.com.

The more you drive, the more tech-savvy you are

New York-based Scarborough Research released an analysis showing that people who spend the most time on the road are more tech-savvy than the average consumer.

The country's top road travelers (defined as the 20 percent of U.S. adults who traveled the most miles "in a car, van, truck, or bus either as a driver or passenger" in the past seven days) have a wide variety of personal and household technologies.

Given the amount of time spent on the road, it is clear that this consumer group values portability. They are 17 percent more likely than the average consumer to have a cell phone; 40 percent more likely to have a PDA in their household; and 21 percent more likely to have an MP3 player in their household.

This consumer group also has a wide variety of home entertainment technologies. They are 23 percent more likely to have HDTV, 15 percent more likely to have a DVD player, and 20 percent more likely to have purchased 10 or more DVDs during the past year. These road travelers are 23 percent more likely to have a video game system in their household, and 13 percent more likely to have a digital video recorder such as TiVo.

Their Internet habits are also consistent with their active and high-tech lifestyle. The country's top road travelers are 48 percent more likely

than the average consumer to have spent $1,000 or more online during the past year; 17 percent more likely to have broadband, and 28 percent more likely to have spent 20 hours or more online weekly.

Demographically, the top road travelers are a desirable group. They are more affluent (35 percent more likely to have an annual household income of $100,000+); own more expensive homes (11 percent more likely to have a home with a market value of $500,000+), and are more educated (20 percent more likely to have a college degree or advanced degree).

"This analysis demonstrates a very simple but compelling point: the more time consumers spend on the road, the more likely they are to have the latest media and information technology devices," says Carol Edwards, vice president, out-of-home media services, Scarborough Research and Arbitron Inc. "Apple made this connection when it launched the now-iconic iPod campaign, of which out-of-home media was a key component. The research suggests that other personal and entertainment technology brands could benefit from the medium." For more information visit www.scarborough.com.

Google takes top spot in brand ranking

In the second-annual BRANDZ Top 100 Most Powerful Brands ranking, published in cooperation with *The Financial Times* and research firm Millward Brown, Google has risen to the top of this year's ranking, taking the No. 1 spot with a brand value of $66,434 million. This was followed by General Electric ($61,880 million), Microsoft ($54,951 million) and Coca-Cola ($44,134 million).

Produced by Millward Brown Optimor, the firm's finance and ROI arm, the ranking identifies the most powerful brands in the world as measured by their dollar value.

The aggregate value of all brands in the BRANDZ Top 100 increased by 10.6 percent in one year, from $1.44 trillion in 2006 to $1.6 trillion in 2007.

"Success stories from this year's BRANDZ Top 100 demonstrate that winning brands leverage major market trends effectively to create business value," says Joanna Seddon, global CEO Millward Brown Optimor. "Strong brands are capable of extending into areas of opportunity to access new revenue streams and to help businesses respond to market changes."

The most notable trends emerging from this year's BRANDZ Top 100 include:

• The rise of the East – Today, consumers in emerging markets - especially the ones known as the BRIC countries (Brazil, Russia, India, China) - have more disposable income than ever before. In order to succeed in the BRICs, Western brands must offer products or services that are relevant to the local consumers. Fast-food brands such as

KFC ($4,485 million) and McDonald's ($33,138 million) appeal to BRIC consumers looking for a Western dining experience. Apparel brands including Nike ($10,290 million), Levi's ($1,041 million) and Zara ($6,469 million) fill the gap between local brands and imported luxury brands by providing affordable fashion to young consumers. Luxury brands such as Louis Vuitton ($22,686 million) and Rolex ($5,387 million) are also seeing significant growth in these markets as wealthy consumers look for brands that represent their status.

• Converging technologies – Convergence is the hot topic in technology: The ability to mix and match different services (voice, data, GPS, music, Internet, e-mail, etc.) and deliver them over different devices has the potential to improve the lives of consumers. In the face of increasing complexity, branding has been leveraged to simplify and contrast different offerings: from Apple's ($24,728 million) basics-but-smarter iPhone to Sony Ericsson's Walkman-branded music phones to Nokia's ($31,670 million) all-in-one mobile computers, manufacturers are crafting coherent offerings that are aligned with their brand identity. Like Apple and Nokia, strong brands are able to stretch so parent companies can increase revenue streams by investing in high-growth ventures.

• Corporate social responsibility – Delivering on the promise of corporate social responsibility helped boost the value of major brands including BP ($5,931 million), Shell ($4,679 million) and Toyota ($33,427 million). BP was the first major oil company to address climate change with its "beyond petroleum" brand positioning. BP executed on that brand positioning to become one of the top-three global suppliers of solar energy. Shell followed suit. Toyota's success in marketing its hybrid model Prius contributed to its positive brand image and its continued leadership in the automotive sector.

• Fast-food brands react to health-conscious consumers – Rising concerns about healthy eating disrupted the fast-food industry that had enjoyed continuous growth since the 1980s. Most fast-food chains, including McDonald's ($33,138 million), repositioned themselves with the introduction of healthier food alternatives. Burger King ($1,401 million) took the opposite stance through marketing campaigns that called attention to the chain's original offering: the high-calorie and masculine hamburger. The 63 percent increase in Burger King's brand value proves that strong brands succeed whether they follow or defy market trends.

The complete BRANDZ Top 100 report with category and regional breakdowns as well as additional analysis is available at www.millwardbrown.com/mboptimor, www.brandz.com and at www.ft.com.

Product and Service Update

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Inquisite launches Human Insight Management solution

New from Austin, Texas, research firm Inquisite is the Human Insight Management (HIM) solution. Formed from the integration of two Inquisite products - Survey System 8.0 and Employee Appraisal Management - it links customer or employee survey results to performance appraisals and other management systems.

HIM integrates customer survey results with the performance appraisal of the employee providing that experience. Managers will know what actions are required to create a great place to work, while customer-facing employees will know what actions are required for better customer service. Employees and managers will be able to check in at any time and see exactly how they are performing against objective criteria. Ultimately, the organization as a whole can be more accountable for its level of success.

HIM takes advantage of new functionality in Survey System 8.0 which includes a respondent management module that allows users to create customized panels by leveraging data from CRM, BI and HRMS databases. Employee Appraisal Management is a new product that automates appraisal cycles, incorporates 360-degree feedback and integrates with other management systems to build employee plans that align with corporate goals. For more information visit www.inquisite.com.

Three new pharma research products from TVG

TVG Marketing Research and Consulting, Dresher, Pa., a unit of Saddle River, N.J., marketing firm PDI, has launched three new decision support products. Unified Market Simulator is TVG's new approach to choice modeling that offers pharmaceutical companies the ability to make decisions based on an evaluation of potential product use. Message Max was developed to enable clients to identify the best message configuration in the creation of detail aids and journal and direct-to-consumer advertisements. The Brand Character Portrait Analysis provides a picture of the underlying motivations affecting product acceptance and delivers insights into the emotional aspects of products. The results provide input to the framing of promotional communication strategy and tactics, and provide product teams with the ability to build relationships, brand loyalty and advocacy for their brand. For more information visit www.pdi-inc.com.

SPSS updates several products

Chicago-based SPSS released new versions of its data mining, text mining, survey research and Predictive

Enterprise Services products. Predictive Enterprise Services 3.0 includes new automation options for refreshing and evaluating models for better model accuracy; integrated reporting to help measure and monitor results; more automation options for manual, labor-intensive processes; enhanced asset management with more flexibility to customize metadata; and improved notification services for keeping business end users up-to-date on latest analytic results. For more information visit www.spss.com/predictive_enterprise_services/new.htm.

Release 11.1 of data mining product Clementine builds on the recent release of Clementine 11.0, which provided automatic evaluation of simultaneous models and performance increases with more parallel processing. Enhancements in this release include the addition of self-learning response models to increase model building speed and productivity; anonymization of data to help protect privacy of individual data records; and better integration with a broader enterprise platform to ease the deployment of production models. For more information visit www.spss.com/clementine/whats_new.htm.

Version 4.5 of survey research platform Dimensions offers simplified survey design and enhanced data integration in combining feedback data with other customer relationship management sources, increasing the scope and speed with which feedback can be collected and acted upon. For more information visit www.spss.com/Dimensions/whats_new.htm.

Text Mining for Clementine 5.0 is designed to offer faster modeling of unstructured data, including new sources such as RSS feeds (blogs and news feeds) and new graphics for instant, on-the-fly data analysis. Text Mining for Clementine 5.0 now also supports native multilingual text in seven languages: English, French, Spanish, German, Dutch, Italian and Portuguese. For more information visit www.spss.com/text_mining_for_clementine/whats_new.

New wireless response products from Fleetwood

Holland, Mich., manufacturing firm Fleetwood Group Inc. is now offering Reply Model CRS960X, a handheld wireless base station that communicates with Reply Model CRS5200 wireless audience response keypads. The CRS960X is designed to poll keypads and display results without using a PC. External video displays are not necessary since this handheld base station has a large LCD to display session questions, individual responses, results graphs and other system parameters to the operator. However, a video port is included on the handheld base station to permit connection to a television, projector or other display device when one is available (and if such use is desired). Additionally, by using a standard USB memory stick, data from a polling session can be downloaded to a PC for further analysis, charting and reporting using typical spreadsheet programs or select Reply software applications.

Together the CRS960X handheld base station and CRS 5200 keypads comprise a portable two-way wireless interactive system that can serve a variety of simple group response applications. For more information visit www.replysystems.com.

Free Scarborough report on integrated newspaper audience

New York-based Scarborough Research has issued a free report highlighting newspaper ratings for 135 papers in 74 local markets across the United States. The Scarborough Newspaper Audience Ratings Report provides single-source print, Web site and integrated newspaper audience (the combined print and online weekly audiences) ratings for newspapers in local markets (DMAs) measured

by Scarborough.

The Scarborough Newspaper Audience Ratings Report is organized by market and each market is ranked in the report according to its DMA adult population. Each newspaper's weekly print audience, weekly Web site audience and integrated newspaper audience are published in the report. All data is derived from Scarborough's Local Market Studies, Release 2 2006 (fieldwork dates: August 2005 to September 2006). The report can be downloaded (free of charge) at www.scarborough.com/freestudies.php.

Briefly

The new Research>iMpact line of products from Denver-based iModerate all use the firm's proprietary technology and methodology to help clients add qualitative insight to standard online quantitative surveys. Each solution works within virtually any online survey and centers around iModerate's moderated one-on-one interview sessions. The line consists of Ad>iMpact, C-Sat>iMpact, Idea>iMpact, Tracking>iMpact, Messaging>iMpact, Placement>iMpact, Name>iMpact, Package>iMpact and Survey>iMpact. For more information visit www.imoderate.com.

Stamford, Conn., research firm Rti has rolled out its Mature Market Omnibus, which conducts monthly or custom-date shared-cost surveys online among a national sample of 1,000 respondents aged 50+. Surveys are completed over a weekend with results e-mailed within the same week. Clients purchase by the question. For more information visit www.mmo.rtiresearch.com.

India-based research and analysis firm Dexterity offers Survey Helpline, a service to meet the ad hoc needs of researchers for survey scripting, hosting and invitations. For more information visit www.mrkpo.com.

Dallas-based Common Knowledge Research Services has put together a health care consumer panel targeting health conditions and past and present prescription and over-the-counter brand usage and other details. For more information visit www.commonknowledge.com.

New York research firm TNS has created TNS Complete, an outsourcing solution designed to meet the needs of market research firms. Staffed by project management professionals, it is designed to provide a quick-turnaround service to research firms using all modalities - mail, phone, online or qualitative research. Further, TNS' 6thdimension online panel members are available to participate in surveys hosted on the servers of other market research companies. Offline panel members are available for research studies through TNS as well. For more information visit www.tnscomplete.com.

The online focus group platform from Saskatoon-based Itracks is now available in French, Spanish and German. Additional languages are coming soon. For more information visit www.itracks.com.

Research firm Artafact LLC, Fremont, Calif., has partnered with Web collaboration firm WebEx, Santa Clara, Calif., to create the Artafact Online Focus Groups product, which combines Artafact research services with an on-demand collaboration application from WebEx to create a turnkey research service. With Artafact Online Focus Groups, expensive software is no longer a barrier to conducting in-depth qualitative research online. For more information visit www.artafact.com.

Keynote Competitive Research, San Mateo, Calif., is now offering a series of competitive research studies examining the online travel industry, including studies of airline, hotel and rental car Web sites. Collectively, the studies examine the online customer experience and service levels (site responsiveness and reliability) of more than 25+ leading airline, hotel and rental car Web sites. The data are compiled using the company's commercially available Web performance and customer experience test and measurement products. For more information visit www.keynote.com.

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services - which are marketed as Nielsen//NetRatings and Nielsen BuzzMetrics - will be consolidated into a single service unit. The new service will be led by Itzhak Fisher, executive chairman of BuzzMetrics.

New York-based research firm **TNS** has acquired the financial services research practice of **Abt Associates** in the United States.

Alliances/strategic partnerships

Westlake Village, Calif.-based **J.D. Power and Associates** has formed a collaboration with **Mediamark Research Inc.**, New York, to jointly develop a pair of supplements to its media studies. The J.D. Power and Associates-MRI products are designed to offer auto marketers, their agencies and publishers psychographic data on new-vehicle buyers. These data were previously unavailable for this segment of the population.

Association/organization news

Colleen Moore-Mezler, president of **Moore Research Services Inc.**, Erie, Pa., has been named president of the **Marketing Research Association.**

Awards/rankings

Omaha, Neb.-based research firm the **MSR Group's** proprietary customer advocacy measurement tool, the APECS Performance Monitor, won a Pinnacle Award from the American Marketing Association for its application with THE MAIDS Home Services franchise system. APECS has been applied within the franchise system to gain objective input on the quality of service, customer support and overall satisfaction, directly from customers.

India-based market research and analytics firm **Cross-Tab Marketing Services** ranked among the top 100 global outsourcing companies in a ranking by *Fortune* magazine and the International Association of Outsourcing Professionals. The rankings appeared in a special advertising feature in the Fortune 500 issue of the magazine.

Dallas-based **eRewards Inc.** has been recognized as a Laureate by IDG's Computerworld Honors Program. The designation acknowledges those individuals and organizations that have used information technology to benefit society. Each year, members of the Chairmen's Committee, a group of 100 Chairman/CEOs of global technology companies, nominate individuals and organizations around the world whose applications of information technology promote positive social and economic progress.

Independent of the Laureate recognition, the Computerworld Honors Program also annually presents its Leadership Awards, which are designed to honor the achievements of selected individuals whose contributions to IT have left a mark on the world.

Research company **Smith-Dahmer Associates LLC** was recently recognized as one of the Michigan 50 Companies to Watch at an awards program sponsored by the Edward Lowe Foundation. Smith-Dahmer Associates LLC has offices in St. Joseph, Mich., and in Minneapolis. The Edward Lowe Foundation is a not-for-profit foundation based in Michigan whose mission is to "champion the entrepreneurial spirit" by encouraging entrepreneurial cultures in communities throughout the country and helping second-stage companies learn from each other.

Wilton, Conn.-based **Greenfield Online Inc.** was ranked No. 1 in customer satisfaction among a universe of 25 market research suppliers according to a survey conducted by MarketResearchCareers.com in March 2007.

New accounts/projects

San Antonio, Texas, consulting firm **Frost & Sullivan** has selected the Net-MR Web survey software of **Global Market Insite Inc.,** Seattle, to manage market research, focus groups, discussion boards, panels and create reporting portals.

U.K. travel loyalty program **Airmiles** and Norway-based research software firm **Confirmit** announced the successful implementation of Confirmit into the Airmiles online customer research survey.

Separately, Confirmit announced that **Comperio Research** has licensed the Confirmit MR platform for its multimode market research activities.

Dulles, Va., research firm **Vovici** announced that BAE Systems, a U.K.-based defense and aerospace company, has integrated Vovici tools and processes into help-desk operations, business intelligence processes and existing infrastructure. BAE Systems is upgrading its existing feedback management solution to EFM Community, Vovici's Web-based community management product.

New companies/new divisions/ relocations/expansions

Germany-based research firm **Globalpark** has opened an office in New York and tapped Dan Coates to preside over the firm's U.S. expansion.

Company earnings reports

Norway-based **Confirmit** increased revenue in the first quarter of 2007 by 35 percent to $6.5 million. EBIT margin for the first quarter of 2007 increased to 9 percent compared to 7 percent in the corresponding quarter of 2006.

Revenue in the first quarter of 2007 amounted to $6.483 million, up 35 percent from $4.806 million in the first quarter of 2006. Both geographic segments contributed to the revenue growth in the first quarter: EMEA 44 percent, North America 24 percent. Revenue from licenses and transactions in the first quarter of 2007 increased by 35 percent and represented 92 percent of the first-quarter revenue. Operating results (EBIT) for the first quarter of 2007 were $605,000 compared to $334,000 in the corresponding quarter of 2006. The first-quarter results represent an EBIT margin of 9 percent compared to an EBIT margin of 7 percent in the corresponding quarter of 2006. Profit before tax for the first quarter was $682,000 compared to $308,000 in the corresponding quarter of 2006.

Total assets were $27.1 million at the end of first quarter 2007. Fixed assets represented $7.9 million, of which intangible assets accounted for $4.8 million, and deferred income tax assets were $2.3 million. Total current assets were $19.2 million. Cash and cash equivalents were $10.9 million, due to positive cash flow from operations of $1.2 million. Total equity at the end of the first quarter was $21.5 million representing an equity ratio of 80 percent.

Germany-based **GfK Group** reported a first-quarter 2007 sales increase of 5.2 percent to EUR 261.3 million, with organic growth of 6.8 percent. Adjusted operating income increased by 17.3 percent to EUR 24.8 million. At 9.5 percent, the margin representing the ratio of adjusted operating income to sales was higher than the figure for the same period in the prior year of 8.5 percent. As of the end of April, GfK had already recorded a high proportion of its target sales for 2007, with 60.6 percent of sales already posted or included under existing orders. This represents an increase of 58.3 percent on the prior year's level.

Paris-based **Ipsos** generated revenues of EUR 204.7 million in the first quarter of 2007, up 8.9 percent compared to the same period in 2006. Organic growth was 10.3 percent, the strongest Q1 revenue organic growth since Ipsos' IPO in 1999. Currency fluctuations had a negative impact of 4.5 percent due to an average exchange rate of $1.3103 for EUR 1, compared to an average rate of $1.2017 in Q1 2006.

Harris Interactive, Rochester, N.Y., announced results for its third fiscal quarter of 2007, which ended March 31, 2007. Revenue for the third quarter was $52.6 million, up 1 percent from the $52.2 million reported for the same period a year ago. U.S. revenue was $41 million, down 3 percent from the $42.4 million of revenue reported a year ago. European revenue, including $1.2 million of favorable foreign exchange rate differences, was $11.5 million, up 17 percent from the $9.8 million of revenue reported for the third fiscal quarter of 2006.

"The $9 million of sales bookings that didn't occur in the quarter negatively affected Q3 revenue, and will affect Q4 revenue as well," said Ronald E. Salluzzo, CFO of Harris Interactive, in a press release. "Uncertainty in the pharmaceutical industry continues to affect our pharma-centric health care research team. While we are now seeing success in selling a wider range of services into our existing clients, and moving into new market areas such as medical devices and managed care, it was not enough to offset the declines in this, our historically strongest research team," said Salluzzo.

Global Internet revenue for the third fiscal quarter was $30.9 million, down slightly from the $31.2 million of Internet revenue reported for the same period a year ago. U.S. fiscal third-quarter Internet revenue was $27.5 million, down 2 percent when compared to $28 million of Internet revenue in the fiscal third quarter of 2006. European Internet revenue was $3.5 million, up 10 percent from the $3.2 million of Internet revenue reported for the same period last year. Internet revenue comprised 59 percent of total revenue, 67 percent of the U.S. revenue and 30 percent of the European revenue for the third fiscal quarter of 2007, versus 60 percent, 66 percent and 32 percent respectively for the same period last year.

Operating income for the third quarter, which included approximately $0.6 million in costs relating to an uncompleted acquisition, was $1.5 million, or 2.8 percent of revenue, down 64 percent when compared to operating income of $4.1 million, or 7.9 percent of revenue, for the same period a year ago.

Net income for the third quarter was $1.2 million, or $0.02 per diluted share, down 54 percent when compared with net income of $2.5 million, or $0.04 per diluted share, for the same period a year ago.

Sales bookings for the third quarter were $58.6 million, down approximately 12 percent from the $66.3 million of sales bookings reported a year ago.

Revenue for the first nine months of fiscal 2007, which ended on March 31, 2007, was $157.1 million, up slightly from the $156 million of revenue reported for the first nine months of fiscal 2006. U.S. revenue for the nine-month period was $120.9 million, down 2 percent from the $123.2 million of revenue reported for the same period a year ago. European revenue, including $3 million of favorable foreign exchange rate differences, was $36.3 million, up 11 percent when compared to $32.8 million of revenue reported for the same period a year ago.

Global Internet revenue for the first nine months of fiscal 2007 was $92.3 million, up 1 percent from Internet revenue of $91.5 million reported for the same period a year ago. U.S. Internet revenue was $80.3 million, down 2 percent when compared to the $82 million reported last year. European Internet revenue for the period was $12 million, up 26 percent from the $9.5 million of Internet revenue reported for the same period a year ago. For the nine-month period, Internet revenue comprised 59 percent of total revenue, 66 percent of the U.S. revenue and 33 percent of the European revenue, versus 59 percent, 67 percent and 29 percent respectively last year.

Operating income for the first nine months was $8.3 million, or 5.3 percent of revenue, down 18 percent when compared to operating income of $10.1 million, or 6.5 percent of revenue for the same period a year ago.

Net income for the first nine months was $5.7 million, or $0.10 per diluted share, down 7 percent when compared with net income of $6.1 million, or $0.10 per diluted share, reported for the first nine months of fiscal 2006.

In financial results for its fiscal second quarter ended March 31, 2007, **Keynote Systems**, San Mateo, Calif., reported revenues of $16.7 million, an increase of 6 percent compared to the preceding quarter and a 31 percent increase compared to the second quarter of fiscal year 2006. Net income for the second quarter of fiscal year 2007, which included $1 million in stock-based compensation expenses, a $193,000 income tax benefit, and a $760,000 charge for amortization of intangible assets required under GAAP, was $30,000, or $0.00 per diluted share. This compared to net income of $264,000, or $0.01 per diluted share, for the preceding quarter, and net loss of $154,000, or $0.01 per basic and diluted share, for the second quarter a year ago.

The non-GAAP net income for the quarter was $1.4 million, or $0.08 per diluted share, compared to non-GAAP net income of $551,000, or $0.03 per diluted share, for the preceding quarter, and non-GAAP net income of $1.5 million, or $0.08 per diluted share, for the second quarter a year ago. The company defines non-GAAP net income or loss as net income or loss adjusted for provision for income taxes, less cash tax expense, stock-based compensation expense, and amortization of purchased intangibles. Non-GAAP net income per share equals non-GAAP net income divided by the weighted diluted share count as of that period end.

For the first quarter ended March 31, 2007, **SPSS Inc.**, Chicago, reported total revenues of $70.2 million, a 13 percent increase from $62.2 million in the 2006 first quarter, with diluted earnings per share of $0.39, compared to $0.24 in the prior year first quarter. New license revenues were $35 million, up 17 percent from $29.9 million in the 2006 first quarter. Operating income increased to $12.1 million, or 17 percent of revenues, from $7 million, or 11 percent of revenues, in the same quarter last year. Charges for share-based compensation were $0.06 and $0.03 in the first quarters of 2007 and 2006, respectively.

At March 31, 2007, cash totaled $256.1 million, including proceeds from the company's recent convertible debt offering less cash used for a concurrent share repurchase. Cash provided by operating activities in the quarter was $21.3 million, up from $8.1 million for the same period in 2006.

In results for the first quarter ended March 31, 2007, **National Research Corporation**, Lincoln, Neb., reported that quarterly revenues increased by 29 percent, quarterly net income increased by 31 percent, quarterly earnings per share of $0.23, up 28 percent, and quarterly net new contracts reached a record $4.1 million.

Revenues for the quarter ended March 31, 2007, were $12.2 million, compared to $9.5 million for the same period in 2006, an increase of 29 percent. Net income for the quarter ended March 31, 2007, was $1.6 million, or $0.23 per basic and diluted share, compared with net income of $1.2 million, or $0.18 per basic and diluted share, in the prior year period.

Names of Note

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Michaels was co-winner of the prize with **Sue Hume**, who retired as executive director of marketing for AT&T Advertising and Publishing and is now with the *Hume Group LLC*. The Stanze Award is given each year for contributions of individuals on behalf of the Yellow Pages industry.

Separately, **Lynne Armstrong** has joined Knowledge Networks as senior vice president, talent management.

Chagrin Falls, Ohio, marketing firm *Hilty Moore and Associates LLC* has named **Mark A. Thomas** senior market analyst.

Kunal Gupta, a vice president and senior consultant at Cincinnati research firm *Burke*, has been selected to serve as a member of the 2007 Board of Examiners for the Malcolm Baldrige National Quality Award.

Fred Phillips has been named senior editor of *Elsevier's* Technological Forecasting & Social Change journal.

New York-based *Ipsos Health* has named **Elys Roberts** president and CEO of Ipsos Health in North America and tapped **Andrew Grenville** as chief research officer.

InsightExpress, Stamford, Conn., has named **Sarah Chan** and **Melanie Rago** customer service representative.

David B. Vaden has been promoted to president, North America and global operations at *Harris Interactive*, Rochester, N.Y.

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2007-2008 Researcher SourceBook™

Trade Talk

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Another discussion

Lederer moderated another discussion on this same topic last month in San Francisco at the MRA's annual conference. Panelists included the always-eloquent Bill MacElroy of Socratic Technologies, Jeff Miller of Burke, Carol Teter of P&G, Denise Offutt of Epson and Kathleen O'Reilly of International Insights.

(I didn't attend as many presentations as I wanted to at this year's MRA event - though as always I enjoyed chatting with readers as I worked our booth in the expo. Those that I did take in were uniformly excellent. Particularly good were talks by Michelle Adams of Frito-Lay, who detailed her efforts to transform the company's consumer insights function, and Tom Asher of Levi Strauss & Co., who showed how much a group of interested, enthusiastic company employees can learn by spending a day immersing themselves in their customers' lives.)

Similar to views expressed last fall in Chicago, the MRA panelists were insistent that the onus is on both the research providers and the client companies to strive for quality in data gathering.

Client-side researchers have to realize that, in most cases, you get what you pay for, that "cheap is expensive" in the long run if poor-quality data leads to poor-quality decisions. Further, "trust but verify" is a good phrase to live by. Vendors will do their best to deliver on their promises, but the purchasers of research services have to be willing to take the time and ask questions about panel respondents and how they were recruited, etc. Indeed, as MacElroy said, "The more we as researchers visit, observe, track and ask questions, the better the quality will be."

Offutt has tried to ask questions but reported hearing replies such as, "You're the first person who has ever asked about this" when she has raised data quality questions with prospective suppliers. In other cases, the phone has simply gone dead when she has asked about validation. A vendor could go a long way toward earning Offutt's business by mentioning not only that it has a panel of 2.5 million respondents but by also then detailing what it has done to confirm and profile those respondents, she said.

O'Reilly said researchers have to maintain attention and awareness of what can go wrong. She said the third-party suppliers she works with have welcomed her scrutiny.

MacElroy said he has seen a huge change on the client side and that many are now much less focused on price and more focused on quality. "As more and more clients ask more questions about quality, the research firms who provide low quality will be weeded out," Miller said.

Miller noted a change in research company advertising since the events in Chicago last fall. Ads used to tout a company's speed of data gathering and now they trumpet data quality.

Alienate respondents

Panelists also spoke of taking steps in the questionnaire development phase to avoid fielding overlong or confusing surveys that alienate respondents and cause even the most sincere survey takers to lose interest. "It's hard to label someone as a problem respondent who straight-lines during the last five minutes of a 20-minute survey. They are simply tired and we have done that to them," said MacElroy, drawing a spontaneous burst of applause from the audience.

(Similar opinions expressed at other respondent cooperation/data-quality discussions have inevitably drawn the same type of confirmatory response from onlookers, which has always made me wonder: If everyone is so committed to making surveys shorter, who are the people still doing the half-hour surveys?)

While much of the current focus is on the quality of online data-gathering and the makeup of online panels, as O'Reilly noted, quality should always be top-of-mind, no matter what the methodology. "You have to go into your research knowing that there are limitations to each method and plan for them and work with them," she said.

Courage and commitment

Lederer is to be commended for championing data quality and helping bring it to the fore. And kudos go as well to client-side people such as Dedeker for having the courage and commitment to speak out and engage their peers in discussing - and acting on - this issue. With an entire industry thinking about and working toward solutions, I'm confident real progress can be made. As P&G's Carol Teter said in San Francisco, "This isn't something that one person, organization or company can solve." | Q

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trade talk

By Joseph Rydholm
Quirk's editor

Data quality takes center stage

My November 2006 Trade Talk focused on a conference I attended in Chicago last fall on the topic of respondent cooperation. The event was organized by Bob Lederer and the staff of RFL Communications Inc. - publisher of *Research Business Report* and its associated newsletters - and the Council for Marketing and Opinion Research and conference coordinator IIR.

Among many newsworthy moments at the gathering - which included a panel discussion with 33 industry figures, including client-siders, providers and research association heads - were expressions of concern about data quality from researchers at prominent consumer companies such as Procter & Gamble's Kim Dedeker.

While much of the discussion stayed focused on respondent cooperation, the public comments of Dedeker and others drew attention to the topic of data quality and got the industry talking about this important issue.

To keep the momentum going, Lederer and RFL have organized the upcoming Client Summit on Research Data Quality, which will be held on September 19-20 at the Gleacher Center in Chicago. (For more information visit www.rflonline.com/clientsummit/index.asp.)

As the title suggests, it will be a client-only affair - clients in the audience, clients as presenters. Attendance will be limited to 70 participants. "There is real power in one client talking to another," Lederer says. "They are not trying to sell anything or pitch a project.

"The idea for [the client-only summit] came from the respondent cooperation meeting last year. We got tremendous feedback from McDonald's, GM and other people, who said they learned a lot from Kim Dedeker and the research-on-research that P&G had done. Many said they were unaware of this level of concern over data quality," he says.

Lederer has speakers lined up from firms such as General Mills, Washington Mutual, ESPN, Eastman Kodak, P&G, Capital One and CBS. Scheduled topics include issues related to moving telephone research online, dealing with professional respondents and implementing quality checks into online data-gathering. "Our aim with every presentation will be to conclude with bullet-points for the audience: What are questions you need to ask internally? What are questions to ask suppliers in order to alleviate these problems?" Lederer says.

Expecting cries of foul from research firms, Lederer has spoken to many company execs to gauge their reaction to the client-only nature of the event. Only one person expressed reservations. "Everyone else said go and do it because [suppliers] are having a hard time getting through to clients about the issues surrounding data quality. Suppliers feel that this will elevate education and awareness and make people at the client companies realize that there are problems facing the industry."

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