

THE HANDBOOK OF
ONLINE
MARKETING
RESEARCH

KNOWING YOUR CUSTOMER
USING THE NET



JOSHUA GROSSNICKLE
OLIVER RASKIN

Handbook of Online Marketing Research

**Joshua Grossnickle
Oliver Raskin**

McGraw-Hill, Inc.

New York San Francisco Washington, D.C. Auckland Bogotá
Caracas Lisbon London Madrid Mexico City Milan
Montreal New Delhi San Juan Singapore

McGraw-Hill

A Division of The McGraw-Hill Companies



Copyright © 2001 by The McGraw-Hill Companies, Inc. All rights reserved. Printed in the United States of America. Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher.

1 2 3 4 5 6 7 8 9 0 AGM / AGM 0 9 8 7 6 5 4 3 2 1 0

ISBN 0-07-136114-6

Printed and bound by Quebecor Martinsburg.

McGraw-Hill books are available at special quantity discounts to use as premiums and sales promotions, or for use in corporate training programs. For more information, please write to the Director of Special Sales, Professional Publishing, McGraw-Hill, Two Penn Plaza, New York, NY 10121-2298. Or contact your local bookstore.



This book is printed on recycled, acid-free paper containing a minimum of 50% recycled, de-inked fiber.

Contents

<i>Preface</i>	<i>xiii</i>
<i>Acknowledgments</i>	<i>xv</i>
<i>Introduction</i>	<i>xvii</i>

PART I—FUNDAMENTALS

1	The Research Process	3
	<i>What Is the Budget for Conducting the Research?</i>	<i>4</i>
	<i>Can Research Have an Impact?</i>	<i>7</i>
	<i>What Is the Objective of the Research?</i>	<i>8</i>
	<i>Which Metrics Are Required to Meet the Research Objective?</i>	<i>10</i>
	<i>How Will the Data Be Collected?</i>	<i>12</i>
	<i>How Will the Data Be Analyzed?</i>	<i>13</i>
	<i>How Will the Findings Be Reported?</i>	<i>14</i>
	<i>How Long Will It Take to Complete the Research?</i>	<i>15</i>
	<i>How Much Will the Research Cost?</i>	<i>17</i>

2	Secondary Research	18
	<i>Free (or Low-Cost) Sources of Secondary Research</i>	<i>19</i>
	<i>Paid Sources of Secondary Research</i>	<i>27</i>
	<i>Trends in Future Development of Syndicated Products</i>	<i>34</i>
	<i>Reference Sources</i>	<i>35</i>
3	Qualitative Research	49
	<i>Qualitative versus Quantitative: What's the Difference?</i>	<i>49</i>
	<i>Strengths of Qualitative Research</i>	<i>51</i>
	<i>Limitations of Qualitative Research</i>	<i>53</i>
	<i>Applications of Qualitative Research</i>	<i>55</i>
	<i>Qualitative Research Formats</i>	<i>56</i>
	<i>Focus Groups</i>	<i>57</i>
	<i>Usability Testing</i>	<i>71</i>
	<i>Email Feedback</i>	<i>77</i>
	<i>Online Chat Sessions</i>	<i>80</i>
	<i>Can I Do It Myself?</i>	<i>83</i>
	<i>Is There Ever a Reason to Outsource?</i>	<i>84</i>
4	Quantitative Research	86
	<i>Strengths of Quantitative Research</i>	<i>86</i>
	<i>Limitations of Quantitative Research</i>	<i>88</i>
	<i>Applications of Quantitative Research</i>	<i>90</i>
	<i>Types of Quantitative Research</i>	<i>95</i>

5	Sampling	104
	<i>The Central Limit Theorem</i>	105
	<i>Sampling Error</i>	106
	<i>Nonresponse Bias</i>	108
	<i>Sampling Frame</i>	109
	<i>Random Samples (Probability Samples)</i>	110
	<i>Convenience Samples (Nonprobability Samples)</i>	119
	<i>The Consumer Panel</i>	127
6	Data Collection	133
	<i>Traditional Methods of Data Collection</i>	134
	<i>Online Methods of Data Collection</i>	140
	<i>Online Surveying Tools</i>	147
7	Questionnaire Design	164
	<i>Survey Limitations</i>	164
	<i>Types of Information Collected in a Questionnaire</i>	166
	<i>Question Types</i>	170
	<i>Data Types</i>	173
	<i>Rating Scales</i>	181
	<i>Elements Used in Constructing an Online Survey</i>	188
	<i>Questionnaire Writing Tips</i>	194
	<i>Guidelines for Constructing Questionnaires</i>	199
	<i>Designing an Online Questionnaire</i>	203

PART II Applications	213
<i>Roadmap to Part II</i>	213
<i>Measurement Spheres</i>	215
8 Market Research: Understanding the Market	224
<i>Defining Your Market</i>	224
<i>What Should You Learn about the Marketplace?</i>	225
9 Segmentation: Developing Target Markets	249
<i>What Is Segmentation?</i>	249
<i>Obtaining Segmentation Data</i>	255
<i>Using Segmentation Data</i>	256
<i>Segmentation Process Example</i>	258
10 Competition: Assessment and Positioning	263
<i>Assessing the Competitive Environment</i>	263
<i>Specific Competitive Analysis</i>	266
11 Existing Online Products: Audience Composition and Performance Testing	286
<i>Projectability of Sitecentric Research</i>	289
<i>Envaluating Your Current Site and Customer Relationship</i>	293
<i>Expanding Your User Profile</i>	294
<i>User–Site Relationships</i>	297
<i>Performance Ratings</i>	301
<i>Other Methodologies</i>	304

12	New Product Concepts	314
	<i>Reasons for Testing Product Concepts</i>	314
	<i>Methods of Testing Product Concepts</i>	318
	<i>Sitecentric Concept Testing</i>	320
	<i>Developing a Representation of Your Product Concept</i>	320
	<i>Conducting Concept Tests</i>	324
	<i>Randomly Rotating Concepts</i>	327
13	Development	330
	<i>Importance Ratings of Product Features</i>	332
	<i>Conjoint Analysis</i>	337
	<i>Testing Different Interfaces and Prototypes</i>	340
	<i>Enter Interface Testing</i>	341
14	Testing	348
	<i>Methods of Product Testing</i>	350
	<i>Beta Test</i>	351
	<i>After the Beta Test</i>	363
15	Marketing	365
	<i>Developing Effective Marketing Strategies</i>	367
	<i>Media Consumption Studies</i>	371
	<i>Developing the Creative Message</i>	375
	<i>Testing the Creative</i>	377
	<i>Evaluation the Return on Investment (ROI) of Advertising</i>	384
	<i>ROI from a Sitecentric Perspective</i>	388

16	Tracking	392
	<i>Types of Tracking Data</i>	394
	<i>Recommended Tracking Metrics</i>	397
	<i>Analysis</i>	402
	<i>Reporting</i>	404
	<i>Products</i>	410
	Glossary	411
	Index	420

the resulting data are plotted over time. Overlaying other variables of interest (e.g., ad spending in a particular geographic region) allows the analyst to measure the impact of one on the other.

Online Brand Tracking

Understanding the relationship between advertising and brand attitudes continues to be a primary application of continuous tracking in traditional markets, and more recently, online as well. Millward Brown Interactive's Voyager program for online advertisers utilizes a large panel of online consumers coupled with innovative tracking software to register the impact of advertisements viewed by panelists. Clients can pull a sample of panelists who have viewed their ad campaigns and survey them on their brand attitudes and preferences much as they would with traditional (phone-based) tracking studies.

Purchase Behavior Tracking

Beyond simply measuring consumers' stated opinions, attitudes, and preferences for brands, some companies have instituted tracking programs that measure actual purchase behavior. By using huge databases of point-of-purchase data (usually obtained via scanning of product bar codes) coupled with shopper affinity cards (e.g., the Safeway Club Card or Shopper's Hotline card), subscribers to services like Information Resources' InfoScan can link their marketing efforts directly to their bottom-line sales figures. Purchase tracking systems are obviously very appealing to marketers, but there are limitations. Foremost among them is the fact that the purchase decision process and purchase cycle for many products is longer than can be effectively measured using this approach. Someone who is considering a new automobile may spend several years gathering information, saving money, and being deluged with advertising before actually making the purchase. The impact of an advertising campaign in 1996 may indeed have influenced the purchase of a car in 2000, but the correlation would be difficult to measure, if not

impossible. Because of this limitation, purchase behavior tracking is typically only employed for packaged goods products such as toothpaste, food items, and beverages. Until recently, purchase behavior could only be linked to offline media activities like radio, print, and television. Information Resources recently announced a partnership with MediaMetrix, a media measurement firm, to provide a linkage between online media consumption and offline purchase behavior. The service is new and the sample is small, but we expect to see further development of this type of research in the coming years.

Media Measurement

If you are familiar with the Nielsen Ratings, you are familiar with media measurement. This type of research is the primary tool of media planners, who use the information to decide on the placement of their advertising campaigns. Media measurement provides the subscriber with estimates of the number of people who consume various types of media (radio, TV, print, online, outdoor, etc.) and the characteristics of those people. Using this data, planners can learn which types of people will be reached by placing advertising in these locations.

The data obtained from these services can be very detailed. For example, you might learn that the 2.3 million viewers who watch the typical *Baywatch* episode average 23 years of age, are 90% likely to be male, own 6.5 video game titles, and are 60% likely to drive an American sedan. If a media planner's advertising strategy called for reaching 2 million male consumers in their early twenties, it might choose *Baywatch* as its media location.

Media measurement is typically done via a panel of consumers, selected to be nationally representative, who agree to let the research firm monitor their media consumption habits. This monitoring may be done passively or actively. In passive monitoring, a special device tracks the programs (for television). For online tracking of Web site usage, a software application installed on the panelist's computer does the job. In active monitoring, the research firm

depends upon the panelist to keep a diary of media consumption. The diary system (sometimes supplemented with telephone interviews) is typically used for radio, since radio media consumption happens in many locations throughout the typical day (car, home, office). Print-based tracking is typically done via a readership survey of each publication and an audited measurement of the publication's circulation.

Media measurement has been around for a long time. It is the bread-and-butter line of business for a number of major research companies. As the online advertising market heats up, dozens of firms are scrambling to cement a leadership position in the measurement of online media consumption. MediaMetrix (formerly PC Meter) and Nielsen's NetRatings are the leading contenders.

TRENDS IN FUTURE DEVELOPMENT OF SYNDICATED PRODUCTS

It used to be that secondary research, whether paid or free was available in "one-size-fits-all" form. Information was typically delivered in a fixed format, often in the form of mountainous piles of printed data tables. Primary research would get you exactly what you needed, but would eat up your entire research budget in the process. Secondary research was a compromise you'd make in order to cut costs.

With the sweeping changes brought about by the Internet and computerization, the line between primary and secondary research is blurring. Syndicated research is now available in far more customized form. Companies like USADATA (www.usadata.com) take the data from massive syndicated studies and place it online in innovative systems that allow you to slice and dice the information to get exactly what you need. Instead of being locked into purchasing a large, expensive study, you pay only for the data you can use (learning the market penetration of tennis enthusiasts in Austin, Texas, for example).

Media planners note similar trends in the measurement tools they use. NetRatings and Media Metrix both allow subscribers to