

Research Methodology: making the right choice

As Mark Twain once wrote...

"There are lies, damned lies and statistics." But, perhaps Mr. Twain's people just got the methodology wrong.

Selecting the right methodology for data collection is critical in all research studies. The wrong methodology can completely invalidate a study, or even worse, lead to false, dangerous conclusions.

Alexander Babbage is not wedded to one process or technology. The key is to first understand clearly the objectives of a study. The most appropriate method, or combination of methods, can then be selected on a case-by-case basis.

The ICSC is an example.



The Background

The International Council for Shopping Centers (ICSC), on behalf of their membership, was facing a challenge.

Though only introduced in October 2003, mall-wide gift cards have proved highly popular. Shoppers love them because they are not tied to one retailer. Retail property owners love them because of the expanded shopper choice, brand exposure, and keeping spending within the mall.

However, mall owners do not have the same infrastructure for processing payments as a retailer. Additionally, the retailer has the advantage of off-setting costs against profits from purchases made. As a result, either an up-front or monthly fee is invariably charged for the mall gift card. The monthly "inactivity" fee also gradually reduces the liability of amounts remaining on unredeemed cards.

Consequently, these charges drew the attention of politicians and consumer groups. Their concern was that people who were unaware of the charges were being exploited. Expiration dates, where they existed, were also targeted as an abuse.

Connecticut banned expiration dates and inactivity charges in 2004. Similar steps were already in discussion in New York and Florida. There were even calls for congressional action.

The criticisms were largely based on false impressions and misinformation. So, what was needed was good, quantified research data to be able to rebut the allegations.



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Methodology: The Correct Choice

Research Methodology: the wrong choice

The ICSC initially engaged a third party. This company carried out a telephone survey contacting people who had previously purchased mall gift cards.

The result: The study proved inconclusive with invalid data. There were two main problems:

Sample Skew: A telephone study can often be skewed towards an older, less active demographic simply because they are easier to reach by this method.

Time Lag: This was the biggest problem with this particular study. Consumers, being called at home weeks or months after their purchase, were unable to differentiate meaningfully between mall cards and retailer-specific cards.

Research Methodology: the right choice

So, the ICSC turned to Alexander Babbage. Having spent time to understand ICSC's objectives, Alexander Babbage recommended a customer intercept study. People would be interviewed at the point of purchase when they were still "in the moment." That way there could be no confusion and the results would give a true reflection of the consumer's understanding.

However, while a customer intercept study may be the best methodology it is often avoided by many organizations simply because of cost. It is expensive to field the traditional interviewer with clipboard. Such an approach would have been cost prohibitive for this study where some malls may sell only a few cards in a particular day.

Overcoming the cost barrier

Alexander Babbage's propriety MAXtrak® Research System effectively eliminated this problem. At the heart of this system is a simple handheld device that enables respondents to enter their answers unaided. With an appropriate questionnaire loaded on them, these units were placed in ten representative malls across the U.S.

Because of its simplicity, the MAXtrak® unit requires no training. The sales staff actually selling the gift card could ask the shopper to take a survey at the time of purchase. This meant the project could be sustained over a longer period of time sufficient to collect a statistically valid sample.

The result...

The MAXtrak system worked smoothly and the customer service staff were able to collect more than 1,000 interviews in the allotted time - giving a sample size more accurate than that used in nation-wide political polling.

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The results themselves indicated the majority (68%) of consumers were aware of the contentious charges before purchase. The same percentage (68%) considered them "fair or very fair" and 83% likened them to other financial charges (e.g., ATM withdrawal charges).

Armed with these statistics, the ICSC was able to mount an effective campaign that silenced the critics and headed off the threat of legislation.