

ONLINE CASE 2.6 e-REWARDS

supplemental material to the text of

Modern Marketing Research: Concepts, Methods, and Cases

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Note: This case is based on the original business model adopted by eRewards, which subsequently changed.

After its founding in 1999, e-Rewards touted itself as “the revolutionary program that pays you to read e-mail,” an attractive proposition when taken up by a consumer panel more than 1.6 million strong. Once enrolled, panelists received personally relevant e-messages containing special promotional offers. Participants could earn “e-Rewards” by reading and reacting to these messages, without needing to provide any follow-up or purchase information.

Key elements of the e-Rewards business model were knowledge of consumer-level demographics and consumer behavior profiles; panelists completed a survey detailing their interests and purchase plans, and this information was used to select targeted e-messages. Responding could be lucrative, with some offers paying up to \$1 in e-Rewards, redeemable for a variety of merchandise of the panelist’s choosing. Even more e-Reward funds could be earned by filling out surveys, evaluating new products and services, or participating in “e-Rewards events.” For example, the company offered the following payout breakdown example for one of its offers:

Action	e-Rewards
Receive e-mail from e-Rewards	\$0.05
Click from e-mail to e-Offer	\$0.05
Read the e-Offer	\$0.25
Rate the e-Offer	\$0.30
Complete the survey at the end of e-Offer	\$0.35

Joining e-Rewards was free, but only by invitation, creating an aura of exclusivity, although in theory, nearly anyone older than 18 and residing in the United States or its territories could participate. The company practiced what is often called “incentive compatibility”: the more interests panelists listed, the more opportunities they had to build up e-credits in the system. Although this cache of accumulated information on individual-level longitudinal consumer demographics, interests, attitudes and actions was exceptionally valuable, e-Rewards vowed never to pass along information on individual customers to third parties.

Panels and Recruitment

Via the tag line “Panels that perform,” e-Rewards advertised two of the most powerful online panels that were available to researchers at the time, the e-Rewards ConsumerTM Panel and the e-Rewards for BusinessTM Panel, as well as a host of specialty panels tailored to meet specific, lower-incidence client needs. The consumer panel had more than 1.6 million consumers, a virtual cross-section of the North American population, with a higher degree of geodemographic representativeness than other industry vendors. They attributed their geodemographically diverse panel to their panel recruitment techniques: partnering with large, well-respected global companies, “invitation only” recruiting, using a controlled mix of both online (e.g., solo e-mail

invitations) and offline methods (e.g., physical postcard invitations, direct mail inserts, etc.). In particular, using invitations allowed e-Rewards to influence the demographic make-up of its panel up-front, *before* a panelist joined; invitations were made to consumer segments currently underrepresented in the panel, helping to normalize it to the population as a whole. A specific advantage of this was that the number of “professional respondents”—those who join solely to make as much as possible without inputting useful information—could be minimized.

e-Rewards learned a great deal about those panelists who chose to join. Each completed a 300+ item member profile, including information about demographics, interests, life events, health ailments, various product purchase intent data, and more. Key consumer profile dimensions included:

- Areas of personal interest
- Recent and future purchases, life events
- Medical ailments
- Political activity, affiliation, and so forth
- Home and car ownership, travel and investment activity
- Internet and phone activity (usage, frequency, and brand data)
- Online shopping activity
- Full geodemographics: age, gender, marital status, education, number and age of children, ZIP code, income, ethnicity/race, and so forth

In addition, clients could select the following options:

- Ability to normalize sample by geography, age, gender, income, and so forth
- Health care topics, including medical conditions
- Recent purchase decisions and future intent for major purchases, including homes, automobiles, appliances, among others
- Upcoming life events, including children starting college, retirement, change of marital status, and so forth

Perhaps even more lucrative than their consumer panel was e-Rewards’ business panel, which included more than 900,000 professionals across the United States and Canada. One issue bedeviling other survey research purveyors was the notorious difficulty in getting professionals to respond, yet e-Rewards consistently achieved a 25 percent response rate among their business panelists. Business professionals provided extensive business-related information, including their occupation, title, functional role, industry, company size, and purchase decision-making role for more than 20 product/service categories. Key business profile dimensions included:

- Job title
- Functional role
- Company size (number of employees and annual revenue)
- Industry segment
- Health care segmentation (doctors, nurses, and other health care professionals)
- Purchasing involvement, both as decision-maker and influencer (both product and service categories)
- Business type and tenure

- Number of direct and indirect reports

e-Rewards offered an innovative information-rich source to its clients, one that appeared to be free of many of the artifacts plaguing traditional online research vendors.

Case Questions

- 1 e-Rewards collected an enormous variety of individual variables, and attempted to categorize them in several concrete ways. Do you believe these are the most effective? Can you think of additional ways to “segment” these many variables into groupings meaningful to different client types?
- 2 A main selling point for e-Rewards’ methodology was “balance”: that they could exert an unusual degree of control over who joined the panel. Can one simply use re-weighting of underrepresented segments, or other regression-based statistical methods, to achieve the same ends?
- 3 Another claim made by e-Rewards was that their recruitment methods greatly cut down on self-selection artifacts. Do you think this was so? Specifically, panelists who participated had all *chosen* to do so; were they not strongly self-selected as well? How would you evaluate the claim made about freedom from “professional” respondents?
- 4 Do variety, balance, and representativeness along known geodemographic dimensions—which e-Rewards handled ingeniously and well—offer any protection from lack of representativeness along *unknown* (or unmeasured) dimensions? Why or why not?
- 5 What can you say about the sampling frame, information needs, and overall research goals for both the consumer and professional business panels? Did they differ in substantial ways? How, specifically?
- 6 Was it wise for e-Rewards to refuse to sell information to third parties? Would it be ethical to do so if they apprised panelists of this in advance, as they would be legally required to do? What safeguards should be taken to prevent abuses of the sort of extremely detailed, individual-level data e-Rewards recorded over even a short period of time?

Source: www.e-rewards.com