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THE FUTURE OF MARKETING RESEARCH

A Study of the Online Access Panel Market in Sweden

Preface

We would like to thank the following persons who all have, in different ways, helped us in completing our master thesis;

Ralf Ganzenmüller, Managing Director, Jan Bjersest, Business Unit Manager and Thomas Brorsson, Quality and Risk Manager at the marketing research company GfK Sverige for letting us write our master thesis at GfK Sverige and for giving us access to valuable information and bringing years of experience to our disposal.

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Summary

Online Access Panel (OAP) marketing research is a new method for conducting marketing research in order to create decision power. For example the decision power can be used in product development, business development and innovation. There are hardly any common practices agreed upon concerning OAP marketing research and there have been many discussions as to whether the method can be seen as representative for the entire population or not. This master thesis focuses on the evolution of OAP marketing research in Sweden. The thesis is divided into three main areas, *competitors*, *research methodology* and *risks*.

The theoretical contribution of this master thesis has been to establish a fuller view of the OAP marketing research industry in Sweden and to position OAP marketing research relative traditional methods. The practical contribution is to help existing and new entrants to supply knowledge via OAP:s to their clients in order to develop their businesses. A comprehensive desk survey has been conducted and additional information has been collected through a mail survey of the companies on the Swedish market that uses OAP marketing research. The identified competitors were Bloomerco, CATINÉT A/S, Field Work Scandinavia, GfK Sverige AB, Hermelin Nordic Research Ipsos Interactive Services, QuickWise, Temo, TNS-Gallup and Zaperco. These companies provide the knowledge needed to help technology driven industries like ABB, Alfa Laval, Astra Zeneca, IKEA and Sony Ericsson to gain decision power for making strategic and operative decisions. During the desk survey it was found that the Swedish telephone operator Telia had set up an OAP of their own. This was an interesting finding and the future trend in OAP marketing research could be that clients insource their OAP research.

OAP marketing research is showing rapid growth. The spend on online marketing research in Sweden has increased by 433% the past four years. This method is most likely to cannibalize internally on the traditional methods Computer Assisted Telephone Interview (CATI) and Computer Assisted Personal Interview (CAPI). CATI and CAPI have both been declining since the introduction of OAP. QuickWise is the market leader on the Swedish OAP market. Their leading position may have to do with the strategic approach QuickWise applies as they follow their clients through the entire process of marketing research.

Barriers of entry are to some extent low for conducting marketing research via OAP. This may trigger new entrepreneurs to enter the market. However the requirements for adequate maintenance are high and costly if the research is to be representative. In the future product competitors, implicit competitors, indirect competitors and companies building their own OAP:s might constitute a threat for Swedish OAP marketing research companies. Therefore future studies could be focused on comparing and following up these possible threats.

Sammanfattning

Marknadsundersökningar via Online Accesspaneler (OAP) är en ny metod för att skapa beslutskraft. Denna beslutskraft kan till exempel användas vid produktutveckling, vid företagsutveckling och vid innovation. Det råder brist på allmän praxis kring hur marknadsundersökningar via OAP ska genomföras och diskussionerna har varit många kring huruvida metoden kan anses som representativ för hela populationen eller inte. Det här examensarbetet fokuserar på utvecklingen av marknadsundersökningar via OAP i Sverige. Arbetet är strukturerat i tre huvuddelar, *konkurrenter*, *undersökningsmetodik* och *risker*.

Det teoretiska bidraget från detta examensarbete är att ge en mer komplett helhetsbild över de företag som använder sig av OAP vid marknadsundersökningar i Sverige, samt att positionera OAP relativt traditionella metoder. Det praktiska bidraget är att hjälpa existerande och nya aktörer på marknaden att leverera kunskap till sina klienter via OAP marknadsundersökningar.

En skrivbordsundersökning genomfördes och kompletterande material samlades in via en e-postundersökning av de företag på den svenska marknaden som genomför marknadsundersökningar via OAP. De identifierade aktörerna var Bloomerco, CATINÉT A/S, Field Work Scandinavia, GfK Sverige AB, Hermelin Nordic Research Ipsos Interactive Services, QuickWise, Temo, TNS-Gallup och Zaperco. Dessa företag levererar den kunskap som behövs för att teknikintensiva företag såsom t.ex. ABB, Alfa Laval, Astra Zeneca, IKEA och Sony Ericsson ska få beslutskraft rörande viktiga strategiska och operativa beslut. Vid genomförandet av skrivbordsundersökningen upptäcktes att Telia har satt upp en egen Online Accesspanel med sina egna kunder. Detta var en intressant upptäckt och det skulle kunna vara en framtida trend att kunderna börjar genomföra dessa undersökningar internt via sina egna kundregister.

Marknadsundersökningar via OAP har visat en kraftig tillväxt. Omsättningen på genomförda OAP marknadsundersökningar har de senaste fyra åren ökat med 433%. Det mest sannolikt att OAP relativt andra marknadsundersökningsmetoder kommer att kannibalisera på telefonintervjuer (CATI) och personliga intervjuer (CAPI). Både CATI och CAPI har visat en negativ trend sedan OAP började användas. QuickWise är marknadsledande på den svenska marknaden. Denna position kan bero på att de följer sina kunder genom hela marknadsundersökningsprocessen och hjälper till att implementera resultaten.

Inträdesbarriärer på OAP marknaden är i vissa avseenden låga. Detta kan innebära att nyföretagare ger sig in på marknaden. Det ställs dock krav på att man kan uppdatera sin panel på ett korrekt sätt för att marknadsundersökningarna ska kunna anses vara representativa och av hög kvalitet, vilket är kostsamt och kräver rätt kompetens. I framtiden kan även produktkonkurrenter, indirekta konkurrenter, implicita konkurrenter samt företag med interna OAP, utgöra ett hot för de traditionella marknadsundersökningsföretagen. Därför kan detta vara ett uppslag för framtida studier.

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1 Introduction

Online Marketing Research is a relatively new area for conducting surveys and the area has faced a rapid expansion over the past four years. Marketing research provides information to gain knowledge in the decision making process. This knowledge is essential to companies making technological decisions. One part of Online Marketing Research is the use of Online Access Panels. If it is possible to conduct representative research via OAP:s, this could mean a major benefit for an innovative industry.

1.1 Background

In order to produce superior value and satisfaction for costumers, companies need information at almost every turn. Companies also need a large quantity of information on competitors, resellers, and other actors and forces on the market place. Increasingly, marketers are viewing information not just as an input for making better decisions but also as an important strategic asset and marketing tool. As companies are becoming more international, they need information on larger, more distant markets. As income increases and buyers become more selective, sellers need better information about how buyers respond to different products and appeals.¹

Since product and market development is very costly for the technological industry, marketing research can reduce money spent significantly if the research is conducted and applied correctly. In the beginning of summer 2005 we contacted GfK Sverige and together we identified a need to look further into the area of the fast growing marketing research method of Online Access Panels (OAP) in Sweden. There is reason to believe that this relatively new area of marketing research will have significant impact on classical marketing research methods in the future due to its competitive cost and efficiency.

The Internet has opened new doors regarding the recruitment of respondents as well as the communication between marketing research institutes and survey participants. As the internet access increases throughout the world, the number of marketing researches on the internet increases. According to the world branch organization for marketing research firms, ESOMAR, the spend on OAP as a percentage of the total spend on marketing research in Sweden has increased from 3% in 2000 to 16% in 2004². The price and the short lead times Online Access Panels brings tend to be strong incentives for different OAP marketing research companies to try to expand their market shares within the field. In the Netherlands OAP researches have been conducted for about 2-3 years more within the GfK Group than in Sweden. Therefore it is wise to investigate the Netherlands further in order to gain

¹ Armstrong & Kotler (2000) p. 103

² ESOMAR Industry Study (2004) p. 27, ESOMAR Industry study (2000) p. 17

experience. One of the main issues with OAP research is the difficulty to set together a sample that is representative of the population. Fundamental research projects conducted by GfK have shown that apparently all types of recruitment tend to distort with respect to demographic factors. Each form of recruitment demonstrates different features and effects which is also true in the case of offline recruitment and OAPs.

Even though it is hard to collect information representative of the Swedish population within OAP research, old methods like telephone recruitment may not be possible to carry out in the future, due to new laws and regulations. It is also possible that certain groups cannot be reached in traditional ways in the near future. A marketing research company with a broad portfolio of methods should on one hand take into consideration that the research method of OAP might cannibalize on other methods within the portfolio. On the other hand this method might be one of the only methods competitive enough in the near future.

1.2 Problem

From discussions with marketing research professionals three interesting questions that need answers have arisen. What does the marketplace look like in the area of OAP-research in Sweden? Since marketing research via OAP is a relatively new research technique changes are taking place fast. Barriers of entry are fairly low since all you need to start up a panel is access to the internet and computer skills. In order to forecast the future one has to understand the past, i.e. sample procedure, methods used etc. What risks does a full service market research company face in the field of OAP marketing research? Components like barriers of entry, demand and core competence may affect a full service company to some extent and awareness of these issues are important for future profits. With these questions in mind the problem can be divided into three main areas, *Competitors*, *Research Methodology*, and *Risks*.

1.2.1 Competitors

- Which players are active within the Swedish Online Access Panel market?
- How have these companies developed during the past five years?
- What has affected this development?

1.2.2 Research Methodology

- How does marketing research via OAP:s differ from traditional methods representative for the entire population?
- What requirements does OAP marketing research induce into the supply chain in order to conduct representative surveys?
- What kinds of respondents exist, do they differ in recruitment procedures and how are they verified as being willing to participate in surveys?

1.2.3 Risks

- How does Online Access Panel marketing research affect other parts of a full service marketing research company?

1.3 Purpose

The main purpose is to establish a fuller view over the situation in the field of Online Access Panel market research. A description of the actors operating in Sweden will be made. The theoretical contribution of this master thesis is to establish a holistic view of the marketing research industry and to position OAP marketing research relative to traditional methods. The practical contribution is helping existing and new entrants to supply knowledge to their clients in order to develop their businesses. Methods used for panel recruitment and sampling will be critically examined and compared. With this information the report is supposed to give better understanding of how competitive and representative OAP research is conducted. The sub purpose with this report is to produce a rigid foundation of information for taking strategic decisions within the field of OAP, thus making the report a useful source of information and a good way to get introduced into the area of Online Access Panels. This study will suggest a reasonable range of incentives in order to comprise a better panel mix.

1.4 Limitations

This master thesis studies the method of Online Access Panel marketing research only. Other methods within a market research company's portfolio will only be studied theoretically to provide facts for comparison with Online Access Panels. Furthermore the study is limited to the Swedish marketplace. Since it is hard to compare the products of different companies we assume that each product is mainly connected to one specific marketing research method. The terms Online, CAWI and OAP are all interpreted as having more or less the same meaning. This is done because of the fact that different publications uses the terms without defining them strictly. The main area of focus on competitive methods are the direct competitors and to some extent the indirect competitors. In the conducted e-mail survey no consideration has been taken to the fact that different surveys via OAP differ in sample size.

1.5 Target Group

The primary target group for this report is decision makers of Marketing Research firms. The secondary target group is students and teachers at Lund Institute of Technology in Sweden and other individuals with a special interest in the area of marketing research. In order to avoid any confusion terms and theories will concur with common practices and standards.

1.6 Disposition

Chapter 1 – Introduction

Online Marketing Research is a relatively new area for conducting surveys and the area has faced a rapid expansion over the past four years. Marketing research provides information to gain knowledge in the decision making process. This knowledge is essential to companies making technological decisions. One part of Online Marketing Research is the use of Online Access Panels. If it is possible to conduct representative research via OAP:s, this could mean a major benefit for an innovative industry.

Chapter 2 – Practical Method

The practical method focuses on division of the problem into three main areas, competitors, research methodology, and risks. The information has primarily been gathered by interviewing research professionals and secondarily by a comprehensive desk survey covering recent publications and findings.

Chapter 3 – Theoretical Framework

The theoretical framework provides the road map necessary to fully understand, evaluate and manage the OAP market. Some statistical theories and definitions need to be briefly explained in order to fully understand the business of marketing research. The traditional marketing research methods are also explained in this chapter.

Chapter 4 – Results

This chapter continues to follow the structure presented in the practical method. Each company acting on the OAP market in Sweden will be briefly introduced and key figures concerning OAP will be presented. A method comparison is presented and statistics about internet penetration will be presented as well as publications on respondent incentives and panel recruitment.

Chapter 5 – Analysis

In this chapter the competition will be analyzed and methods will be compared to establish which methods compete with each other. A lot of publications concerning the OAP market have been published during 2005, despite this fact there is still a distinct difference in opinions and no common practice has been agreed upon. The OAP market in Sweden is relatively new but it has had great impact on traditional data collection methods. The panel maintenance and survey conduction is very important otherwise there could be a risk of lack of quality and relevancy.

Chapter 6 – Conclusion

The conclusion chapter summarizes the findings from this master thesis, and is meant to give a holistic view over the OAP market situation, research methodology and the risks of cannibalization on traditional methods. The theoretical contribution of this master thesis is to establish a holistic view of the OAP marketing research industry in Sweden and positioning OAP marketing research relative to traditional methods. The actors using OAP in Sweden have been identified and studied and the evolution of OAP marketing research in Sweden has been studied. The practical contribution is to help new entrants to supply knowledge to their clients in order to develop their businesses.

Appendices

Appendix I – Wordlist

Appendix II – E-mail Questionnaire

2 Research Design and Practical Method

The design of this research has been divided into three main areas focusing on competitors, research methodology, and risks. The information has primarily been gathered by interviewing research professionals and secondarily by a comprehensive survey covering recent publications and findings. The information in the survey has been gathered via literature, interviews, the internet and an e-mail survey.

Below a detailed practical method is given in order to work as a complete road map to the master thesis. If other students were to conduct this study again the results will not differ because of the practical procedure. However time could affect some of the findings. This report will have a deductive approach combining available statistics with applicable theoretical models concerning mapping and benchmarking of the competitors and their strategies. The primary research method will be conducted as a comprehensive desk survey since this is the most time efficient way of getting introduced to any area of research. Through this survey, secondary information concerning Online Access Panels will be gathered and analysed by imposing rigorous standards of theoretical models. Secondary information in the form of a pre-study will be obtained from Ralf Ganzenmüller, Managing Director of GfK Sverige, and Jan Bjersest, Business Unit Manager of GfK Sverige. This information includes many of the actors, some publications concerning OAP:s and company internal publications from the Netherlands. Additional primary information will then be collected via an online survey on the companies active on the Swedish OAP market. The research will be divided into three main categories; *Competitors*, *Research Methodology* and *Risks*. This division helps structuring the report in *Competitors* (external analysis) and *Research Methodology* (internal analysis). The category *Risks* uses the results from the other two categories in order to assess OAP research, draw conclusions and make suggestions for improvement.

2.1 Objectivity and Bias

The objectivity of this master thesis is restrained by the fact that this master thesis has been carried out together with GfK Sverige. The conclusions about Swedish market could be somewhat misleading since most of the identified competitors are owned multinational companies located in other countries. Some actors can have been overseen since only companies with their own OAP:s have been included. For example, Netsurvey and SIFO have not been included since no information about OAP:s could be found. The fact that two of the identified companies did not answer the e-mail survey could change the outcome of this master thesis radically. This could be due to the fact that one of these companies might be the market leader. In the e-mail survey one question was the number of conducted OAP surveys. No consideration was taken to the number of respondents involved, the quality and economical value of the different surveys.

The terms CAWI, Online and OAP have sometimes been used in order to draw conclusions about OAP:s. Some statistics does not reveal what percentage of CAWI or Online that is comprised of OAP marketing research. The category Other Quantitative Marketing Research Methods has not been further studied despite the positive trend this area has had over the past years. This positive trend could mean that other methods included in the definition has shown a great positive trend, however this trend could also derive from the lack of definition of what Other means in the ESOMAR industry studies.

The risk of internal cannibalization of OAP on other methods can be biased because of the fact that the decrease of traditional methods could be related to other factors such as for example a higher awareness of companies spend on marketing research.

2.2 Competitors

The Swedish OAP companies will be mapped out through an extensive search via the World Association of Research Professionals ESOMAR and via the Swedish branch organization SMIF. The main sources of information concerning the companies are the 2005 edition of the *Directory of Research Organizations* from ESOMAR, and the company listing on SMIF's homepage. A series of searches through the search engines Google, Spray and ESOMAR on the internet will be conducted. The key words that will be used for the searches are marketing, market research and Online Access Panels. The essential information on the different companies' websites will be carefully documented during the research process and sorted into the four categories *background, panel, quality* and *surveys*. When all of the companies have been found and studied the research process will continue by sorting all of the key figures obtained from the relevant companies via an e-mail survey. The key figures asked for will be what year the OAP was established and how many surveys that was conducted in 2001 and in 2004. Sales arguments for OAP marketing research will also be asked for in the survey (appendix II). Missing key figures will then be collected primarily by studying official figures published by ESOMAR and SMIF.

A five forces analysis on the OAP market in Sweden will be made in order to cover all aspects from buyer to supplier and from substitute research methods to potential entrants. The five forces model gives a complete framework for analyzing factors related to the market and competition. The sources of market growth on the OAP market in Sweden will be visualized with a hierarchical diagram. The success factor of the market leader will be studied by applying the purchasing relationship matrix in the analysis. After mapping and analyzing the surrounding marketplace in Sweden, focus will be shifted towards an internal view of a full service marketing research company and the internal risks it faces.

2.3 Research Methodology

Primarily the traditional marketing methods will be identified and studied in order to make comparisons later on in the research process. The mostly accepted methods will be identified by comparing relevant literature. Key employees of GfK Sverige are to be interviewed in order to obtain their experience and knowledge regarding marketing research and statistical analysis. The main criterion for finding key employees is that they possess special competence within one or more of the three categories stated above. This includes sales management, production management, risk management and statistical management. One of the salesmen of GfK Sverige will be interviewed in order to take part of experiences from different marketing research methods. This will make it possible to create a holistic view of the market situation. One of the production managers will be asked to provide figures from each method concerning costs and lead times in order to more thoroughly quantify and compare the methods. A statistician at GfK Sverige will be interviewed in order to obtain further knowledge about what is important when conducting marketing research and how to make representative surveys. These interviews will also give information in the process of choosing relevant literature.

The methods for collecting data for further analysis will be presented and investigated. The product lifecycle model will be used to ease the understanding of how OAP in Sweden could evolve. The marketing methods used will be plotted in a product portfolio matrix in order to compare marketing research methods relative to OAP, and a competitor matrix in order to visualize the present market situation among the methods. In order to conduct this investigation some statistical theory is necessary. This theory will be collected via a desk study and via the statistician mentioned above. The procedure of picking respondents for OAP surveys is one of the factors affecting the quality and relevancy of the marketing research and this will be further investigated.

2.4 Risks

According to GfK, there is reason to believe that some of the traditional methods used by market research companies in Sweden will suffer from cannibalization of OAP marketing research³. This report will evaluate and classify which methods that may suffer from the risk of being cannibalized by OAP:s and to what extent. The results from *Competitors* and *Research Methodologies* will be applied in The Committee of Sponsoring Organizations of the Treadway Commission (COSO's) *Enterprise Risk Management Framework* while evaluating OAP marketing relative traditional methods regarding risks. The framework takes on a systematic approach to manage risks. The process of risk management will be described according to the ISO standard for further understanding of the process. From *Competitors* and *Research Methodologies*,

³ Intomart-GfK (2005)

risks are divided into company external and company internal. COSO's and ISO's risk management processes are more or less common practice within risk management. Both quantitative and qualitative research methods will be considered and evaluated as potential victims of cannibalization in the risk analysis. Analysis of risks will be conducted with a semi-quantitative approach since it is virtually impossible to fully quantify likelihood and consequence. The different methods will be plotted in a risk matrix to visualize the potential negative impact they can have on company turnover. Furthermore, suggestions based on the research and analysis will be made for improvements concerning risk taking.

3 Theoretical Framework

The theoretical framework provides the road map necessary to fully understand, evaluate and manage the OAP market. Some statistical theories and definitions need to be briefly explained in order to fully understand the business of marketing research. The traditional marketing research methods are also explained in this chapter.

3.1 Marketing Research and Decision Quality

In order to produce value and satisfaction to customers, companies need information to make the right decisions. As more complex tools and methods are used by sellers and as the market tends to change more rapidly, managers need better, more up to date information. It is not a question of how to obtain as much information as possible, it is more a question of obtaining the necessary information. The information needed can be obtained from *internal data, marketing intelligence* and *marketing research*.⁴

Internal data is data already available within the company. This can be financial data from the accounting department, manufacturing reports, sales reports, information on customer demographics from the marketing division etc. It is often a relatively cheap way of accessing data, but there are some problems. Since the data was originally obtained for another purpose it may be incomplete or in the wrong form for making marketing decisions. Also, data ages quickly and it can take much effort holding the information up to date.

Marketing intelligence is systematic gathering and analysis of publicly available information about competitors and developments in marketing. The purpose of marketing intelligence is to improve strategic decision making, track competitors actions and act as an early warning system for opportunities and threats. This information can be obtained from various sources, from suppliers, customers or resellers, from competitors directly or purchased from outside suppliers of marketing intelligence.

Marketing research is used in addition to information about competitors and environmental happenings, often when there is a need for a formal study of specific situations. Marketing research is defined as the systematic design, collection, analysis and reporting of data relevant to a specific marketing situation facing an organization. The marketing research can be done company internal or it can be bought from an external provider. Even though many large companies have their own marketing research departments, outside firms are often used in order to conduct special research tasks or special studies.

⁴ Armstrong & Kotler (2000) p.103-107

3.2 Competitors

3.2.1 Five Forces

Five Forces analysis is a means of identifying the forces which affect the level of competition in an industry (figure 1). To be of most value a five forces analysis needs to be carried out by examining the influences on the competitive environment of the Strategic Business Unit (SBU).⁵

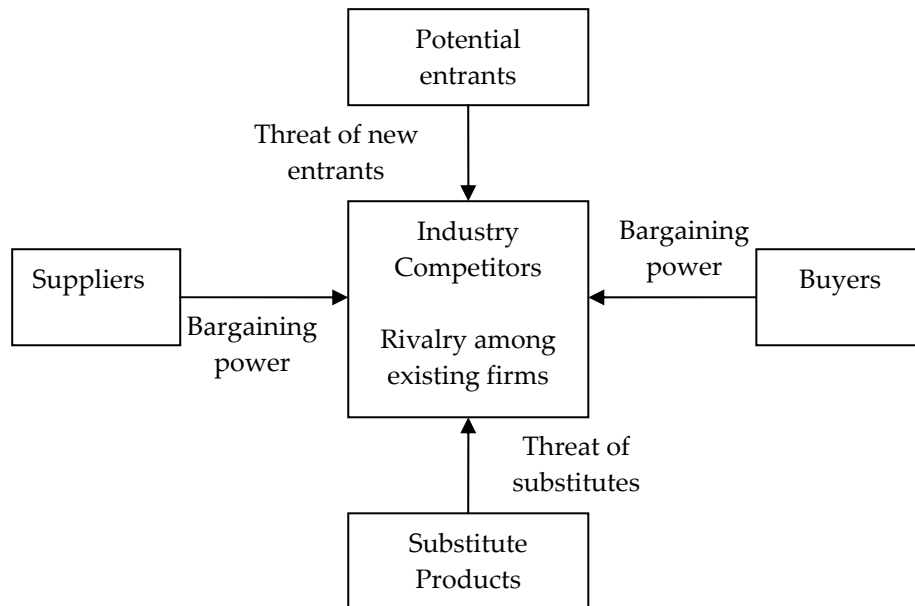


Figure 1 – Five Forces Model of Industry Profitability.

Competition among existing firms – Industry profitability will be low if there is intense competition between the competitors in the industry. Competitive intensity tends to be high where there are a large number of competitors, if the market is stable or declining, if fixed costs are high, and where competitive products are perceived as very similar.

Threat of new entrants – Profits will be depressed if it is easy for new competitors to enter the industry. Barriers to entry which can keep profits high include high capital investment, patents, economies of scale, restricted distribution channels and brand loyalty.

Threat of substitute products – An industry's attractiveness is less if the product is easily substituted by alternative technology or the products from other industries.

⁵ Johnson & Scholes (1999) p. 115

Strength of buyers – If buyers are strong, they will have the bargaining power to squeeze the profits of producers.

Strength of suppliers – If raw material suppliers, utilities or trade unions are strong, they can depress the profits to be earned in the industry.⁶

3.2.2 Market Growth

A market grows or declines in three ways (figure 2). The most obvious way is by attracting new costumers as they become aware of the product and are incentivised to purchase it. More important to the long term growth is the attraction of new market segments both nationally and internationally.⁷

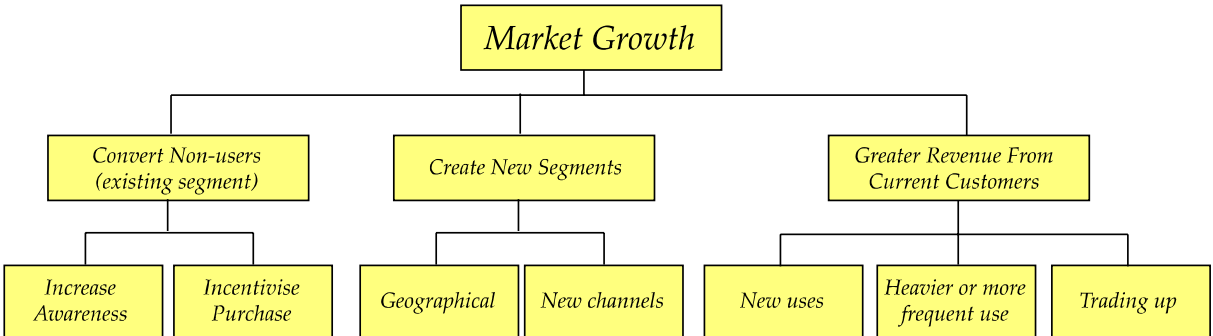


Figure 2 – Sources of market growth.

3.2.3 Purchasing Relationship Matrix

Differentiation is measured by the technical complexity of the product or service and the complexity of finding a replacement supplier. In marketing terminology, this is the degree to which a supplier has a sustainable differential advantage. The profitability impact is measured by the relative amount that a business unit spends with the supplier. The larger amount spent, the greater the value of negotiating a 1% price cut. The purchasing relationship matrix classifies supplier relationships into four types whereof the strategic partnership is the ideal position for the supplier (figure 3).⁸

⁶ Doyle (1994) p. 113-114

⁷ Ibid p. 71

⁸ Ibid p.280-281

Supplier's Differential Impact	High	<i>Preferred Supplier</i>	<i>Strategic Partnership</i>
	Low	<i>Regular Supplier</i>	<i>Commodity Supplier</i>
		Low	High
		Profitability Impact	

Figure 3 – The purchasing relationship matrix.

3.3 Research Methodology

This chapter is essential for understanding how the quality of marketing research is affected by for example selection size, return rate, margin of error, representativeness etc. All the different methods used conventionally are also a subject of this chapter in order to later evaluate the different methods relatively OAP. A brief statistical introduction is provided in order to let the reader get acquainted with terms like normal distribution, standard error, variance, and confidence intervals.

3.3.1 Product Life Cycle

After launching a product, management wants the product to enjoy a long and profitable lifecycle. The company wants the product to earn a decent profit to cover the risk and profit involved with launching it. The Product Life Cycle (PLC) concept can describe a product class (computers), a product form (laptops), or a brand (Apple I-books). The PLC can be used by marketers to describe how products and markets work. But using the PLC concept for forecasting product performance can present some practical problems. Some of the problems can be identifying which stage of the PLC the product is in, pinpointing when the product moves into the next stage and what affects the movement. In practice it is difficult to forecast the sales at each stage, the length and the exact shape of the PLC curve. But when being used carefully the PLC can help in developing good strategies for the different stages in the life cycle.⁹

⁹ Armstrong & Kotler (2000) p. 276-283

The product life cycle has five distinct stages (figure 4):

1. *Product Development* is when sales are zero and investment costs are mounting.
2. *Introduction* is the period when sales are slow and the profits are nonexistent, due to large investments during the introduction phase. Because the market is not generally ready for product refinements at this stage, the company and its few competitors produce different basic versions of this product.
3. *Growth* is a period of rapid market acceptance and increasing profits. Educating the market remains a goal. Profits increase during the growth stage, as promotion costs spread over a large volume and unit costs fall. The advertising changes profile from awareness to conviction.
4. *Maturity stage* is when sales slows down because the product has reached acceptance among most of its potential buyers and because of increased marketing in order to defend the product against competition. In modifying the market, the company tries to increase its sales. The company also might try to modify the product by changing the quality, features or the style in order to broaden usage.
5. *The decline stage* is often characterized with dropping sales and prices. Sales decline for many reasons like technological advances; shift in consumer tastes and increased competition. Carrying weak products can be very costly to a firm not just in profit terms, but also in hidden cost as time consumption for management, frequent price and inventory adjustments. For these reasons companies need to pay more attention to their aging products. Management may decide to maintain in a declining market segment as other actors drop out.

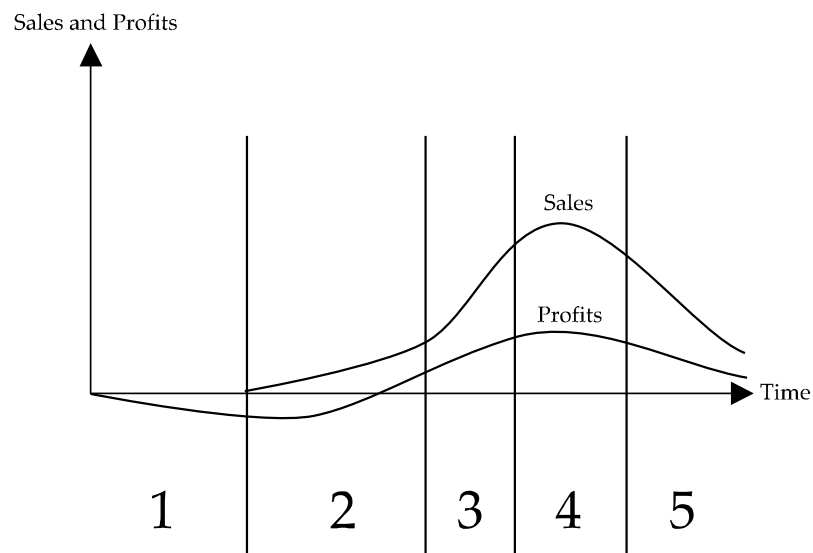


Figure 4 – The Product Life Cycle Stages

3.3.2 Product Portfolio Matrix

The Boston Consultancy Group (BCG) proposed one of the first ways of classifying business units, in relation to market share and market growth. The growth per share matrix permits Strategic Business Units to be examined in relation to a certain market segment and to the growth rate of that market segment (figure 5). Market growth rate is important for a Strategic Business Unit seeking to dominate a market, because it may be easier to gain dominance if the market is growing. A market that has reached its maturity phase is more likely to be stable and to contain customers loyal to their established business partners. The competition in the growth stage may be fierce so competing may include costly investments in sales and advertising.

- A *Star* has a high market share in a growing market.
- The *Question Mark* is also in a growing market, but does not have a high market share. It may be necessary to increase the market share by investing. But it is unlikely that the spending will result in sufficient cost reduction to offset such an investment.
- The *Cash Cow* has a high market share in a mature market.
- *Dogs* have low market share in static or declining markets. There may be cash drain due to inappropriate consumption of company time and resources.

The original BCG analysis concentrated on the planning on cash flow requirements. For instance cash cows were supposed to create funds for innovation and development of question marks and stars.¹⁰

		<i>Growth Phase</i>		<i>Launch Phase</i>	
		High		Low	
Market Growth	High	Stars Business risk high	Question Marks Business risk very high		
	Low	<i>Maturity Phase</i> Cash Cows Business risk medium	<i>Decline Phase</i> Dogs Business risk low		
		High	Low		
		Market Share			

Figure 5 – The original Boston Consulting Group Matrix

¹⁰ Johnson & Scholes (2000) p. 186-189

3.3.3 Competitor Matrix

The competitor matrix describes four categories of competitors (figure 6). Direct competitors are those offering similar products and service to the same customers, e.g. two steel companies selling to the construction market are direct competitors. Product competitors sell the same products to different customer groups, a steel business focusing on the car industry does not compete directly with a company selling steel to the production industry. Indirect competitors sell different products to the same industry, steel and concrete are different products that might be highly competitive since the products can substitute one and other in construction. Implicit competitors are a bit more complex. For intake a family might see a holiday, a new car or a home improvement as three competitive alternatives for their limited family budget.¹¹

Customers	Similar	<i>Direct Competitors</i>	<i>Indirect Competitors</i>
	Different	<i>Product Competitors</i>	<i>Implicit Competitors</i>
		Similar	Different
		Products	

Figure 6 – Types of competitors.

3.3.4 Statistical Introduction

3.3.4.1 Reliability

Reliability refers to the probability that, if the measures used in a specific survey was to be replicated, the same results would be obtained again. However it is likely to suppose that absolute coincidence will not occur. Therefore specified limits in the form of correlation coefficients can be used to determine the degree of reliability.¹²

¹¹ Doyle (1994) p. 119

¹² Chisnall (2001) p. 38-39

Reliability is a measurement of to what extent random error occurs in the measurements.¹³ I.e. reliability refers to the stability and consistency of results from research. Reliability is a necessary but not sufficient condition for validity and it is generally more difficult to resolve validity than reliability.^{14 15}

Three methods of estimating the reliability of measurements are *test-retest*, *alternative forms* and *split-half*.¹⁶ The test-retest method is used to assess stability over time. This is done by using the same instrument and the same respondents at two points in time and correlating the results. The problems of the test-retest method are similar to the ones of pretest-posttest. The first test might well affect the respondents' awareness of the topic in the second measurement if the second test I held too soon after the first one. The likelihood of true change in attitude, as opposed to random change, increases with time. Hence, a very short interval between test and retest will bias the reliability estimate upwards while a longer interval has the opposite effect.¹⁷ The alternative forms method involves the usage of two instruments for measurement, assumed to be equal. These instruments are applied to the same sample and the results are correlated. The split-half method divides the sample into two matched halves, applying the alternative research techniques and correlating the responses.¹⁸

3.3.4.2 Validity

Validity refers to how well a specific research method measures what it claims to measure. Four methods for estimating validity are *construct validity*, *content validity*, *concurrent validity* and *predictive validity*. Construct validity requires understanding of the theoretical principles underlying the measurements derived from specific research. Content validity refers to the appropriateness of the research measure used; this logical approach can assess whether the full range of attributes relevant to the research survey. Concurrent validity involves comparing results from different types of survey methodologies, for example one existing and the other a proposed new approach using novel techniques. Provided the surveys are done under similar conditions the results can be correlated to establish the concurrent validity of the new research methodology. Finally, predictive validity relates to how well a research measure can predict something in the future.¹⁹

¹³ Kumar et al. (1999) p. 294

¹⁴ Chisnall (2001) p. 38-39

¹⁵ Kumar et al. (1999) p. 294

¹⁶ Chisnall (2001) p. 39

¹⁷ Kumar et al. (1999) p. 294

¹⁸ Chisnall (2001) p. 39

¹⁹ Ibid p. 39

3.3.4.3 Relevancy

For instance, the relevancy of a scale refers to how meaningful it is to apply the scale to measure a construct. Mathematically it is represented as the product of reliability and validity. If reliability and validity are measured in terms of correlation coefficients, the implications are as follows. The relevance of a scale can vary from 0 (no relevance) to 1 (complete relevance). If either reliability or validity is low, the scale will possess little relevance. Both reliability and validity are necessary for scale relevance.²⁰

3.3.4.4 Sampling Size

Since it is not possible to calculate the random error when using a non probability sampling method, other criteria have to be set up in order to decide the sampling size. When probability sampling or methods being considered as probability sampling are applied there is a tested apparatus for deciding the sampling size. Briefly, the method is launched by deciding the desirable precision for the survey. The precision can be expressed in terms of confidence level and confidence interval. The necessary sampling size often rises as the demands for a higher confidence level, as well as for a lower confidence interval, is desired. Since a combination of variables often raises the requirements considerably for having a larger sampling size, the most important variable is used for setting the sampling size. The precision of the estimates can be set by deciding how broad the confidence interval should be and how high the degree of significance should be. The cost of the survey normally rises with higher demands of precision. Therefore the precisions demands should not be set higher than necessary. A common strategy is to pick the most important variable and use that variable to set the criterions of other variables within the survey.²¹

3.3.4.5 Sub Groups

When comprising sub groups it is important to put care and effort in the sampling procedure. If the sample is not representative for the target population, no general conclusions can be drawn about the target population. The first step in the sampling procedure is to identify the target population. After that it is important to control how representative the selection is. The procedure continues by selecting relevant sampling methods and then by choosing an appropriate sampling size.

²⁰ Kumar et al. (1999) p. 295

²¹ Lekvall & Wahlbin (2001) p. 252-255

The sampling size depends on different factors;

1. The confidence level decides how well the results represent the target population. If a confidence level of 0.95 is applied this means that 95 of 100 results will be within the confidence interval.
2. The margin of error is a measure of the uncertainty introduced when the entire target population is not questioned. If everybody is not asked the results will vary depending on which respondents that are being included in the sampling procedure.
3. The number of and consistence of the sub-groups is very important to define and make restrictions for. For a certain group sorted by e.g. gender, age and geographical localization, each sub-group should consist of at least 50 respondents. There is a rule of thumb that says that the number of respondents in each subgroup should be at least 50, but 30 is mentioned just as often. It is very hard to exactly decide the exact amount of required respondents from time to time, since there are many parameters affecting the sampling size.²²

Hence sampling size, margin of error and confidence level are three important variables in terms of sampling. This is clarified by the following two statements;

- The larger the selection, the higher the confidence level at a given margin of error.
- The larger the selection, the smaller the margin of error at a certain confidence level.

3.3.4.6 Sampling Paradox

If the selection is homogenous considering the number of different opinions, a smaller amount can be interviewed. If the sampling size constitutes less than 5% of the target population a rule of thumb says that no considerations about the size of the target population have to be taken. When the sampling size exceeds 5% the sampling size will be affected by the population size. The so called sampling paradox is an expression that says that the size of the population is often not very important when sampling size is established. The paradox means that the sampling size doesn't have to be proportional in comparing surveys including two populations of different size. This depends on the fact that when the sampling size is small compared to the population, it is the absolute size of the selection that affects the precision of the results.²³

²² Christensson et al. (2001) p. 119-121

²³ Ibid p. 122

3.3.4.7 Large Sample Case

The rule or theorem that a large number of items chosen at random from a population will, on the average, have the characteristics of the population. The law of large numbers is also called Bernoulli's law.²⁴

3.3.4.8 Normal Distribution

The properties of the normal curve were first identified in the eighteenth century, when it was observed that repeated samplings of the same population showed remarkable regularity in their distributions. The sampling measurements formed a bell shaped distribution, which was symmetrical and extending indefinitely in both directions (figure 7).²⁵

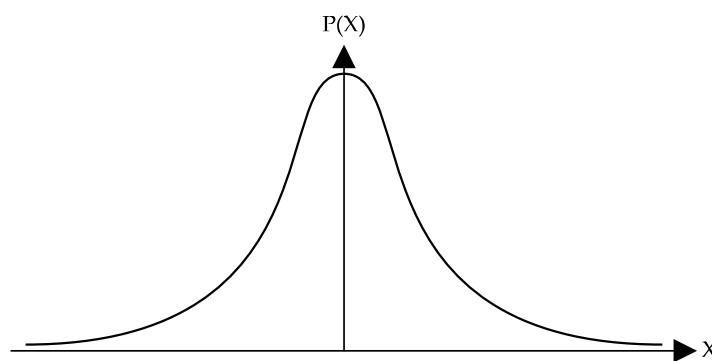


Figure 7 – Normal Distribution Curve

A normal distribution in a variate X with mean μ and variance σ is a statistic distribution with probability function on the domain $x \in (-\infty, \infty)$ (formula 1).

$$P(x) = \frac{e^{\frac{-(x-\mu)^2}{2\sigma^2}}}{\sigma\sqrt{2\pi}}$$

Formula 1 – The Probability Function

A variate is a generalization of the concept of a random variable that is defined without reference to a particular type of probabilistic experiment. It is defined as the set of all random variables that obey a given probabilistic law.²⁶ It is common practice to denote a variate with a capital letter most commonly X . The set of all values that X can take is then called the range, denoted R_x . Specific elements in the range of X are called quantiles and denoted x , and the probability that a variate X assumes the value x is denoted $P(X=x)$.²⁷

²⁴ Answers.com (2005)

²⁵ Chisnall (2001) p. 75-76

²⁶ MathWorld (2005) [1]

²⁷ Ibid [2]

The quantity commonly referred to as the mean of a set of values is the arithmetic mean also called the un-weighted average (formula 2).

$$\bar{x} = \frac{1}{n} \sum_i^n x_i$$

Formula 2 – Mean

For a single variate X having a distribution P(x) with known population mean μ , the population variance var(X), commonly also written σ^2 , where \bar{x} is the population mean and (X) denotes the expectation value of X. For a discrete distribution with N possible values of x_i , the population variance is therefore (formula 3):

$$\sigma^2 = \sum_{i=1}^n P(x_i)(x_i - \bar{x})^2$$

Formula 3 – Variance of Discrete Distribution

Whereas for a continuous distribution, it is given by (formula 4):

$$\sigma^2 = \int P(x)(x - \bar{x})^2 dx$$

Formula 4 – Variance of Continuous Distribution

The arithmetic mean is still most the widely used measure of absolute dispersion of a distribution. It is important to note that because standard deviation measures dispersion in terms of units sampled, it has limited use for comparative purposes. Because of this limitation, standard error which is expressed as a percentage is valuable.²⁸

3.3.4.9 Confidence Interval

A *Confidence Interval* is range of values constructed around a point estimate that makes it possible to state that an interval contains the population parameter between its upper and lower confidence limits. The most frequently used confidence interval is the 95% confidence interval. This can be interpreted as there is only a 5% chance that the sample is so extreme that the 95% confidence interval calculated will not cover the population mean.²⁹

²⁸ Chisnall (2001) p. 77

²⁹ Mori (2005)

The confidence level reflects the certitude that the answers of the sample truly reflect the answers of the total population. Most often, a 95% confidence level is sufficient for making business decisions. When the research is performed at a 95% confidence level with a 2% confidence interval, the results reflect between 93% and 97% the true answers of the total population. A small confidence interval is more reliable than a large confidence interval. The sample size depends on the size of the target population and the homogeneity of the market. When researching several market segments with similar characteristics, the sample size may be determined for the overall target market population. When researching several distinctive market segments, findings cannot be lumped together and stratified sampling needs to be used. Stratified sampling determines the sample size for each market segment separately. Hence, the overall sample size for a study with distinctive market segments is much larger than for homogeneous segments.³⁰

3.3.4.10 Margin of Error

The results within a survey can always be proven to be adequate from a statistical point of view, depending on the magnitude of the margin of error (formula 5). Calculating the margin of error always requires probability sampling.

$$\text{Margin of error} = k \times \pm \sqrt{\frac{(1-p) \times p}{n}}$$

Formula 5 – Margin of error

k = is a confidence interval constant that can be found in statistical tables for different kinds of confidence levels. A 95% confidence level has a constant k = 1.96 and a 99% confidence degree has a k=2.58.

p = the share of positives

(1-p) = the share of negatives

n = selection size

K represents the confidence level, p*(1-p) stands for the variation in the target population and n for the selection size. This requires that the selection size doesn't exceed 5% of the target population. If the selection exceeds 5% a correction factor should be used (formula 6).

$$\text{Correction factor} = \sqrt{\frac{N-n}{N-1}}$$

Formula 6 – Correction factor

N = size of the target population

n = selection size

³⁰ Steiner Marketing (2005)

This factor is multiplied with the margin of error. When n is equal to N the correction factor becomes 0 which is correct because a total surveys margin or error is equal to zero. Normally the margin of error is largest when a variable is situated around 50% and smallest around 0% and 100%, e.g. for party votes. The margin of error varies with the selection size (figure 8). The example below explains how the margin of error affects the selection size.³¹

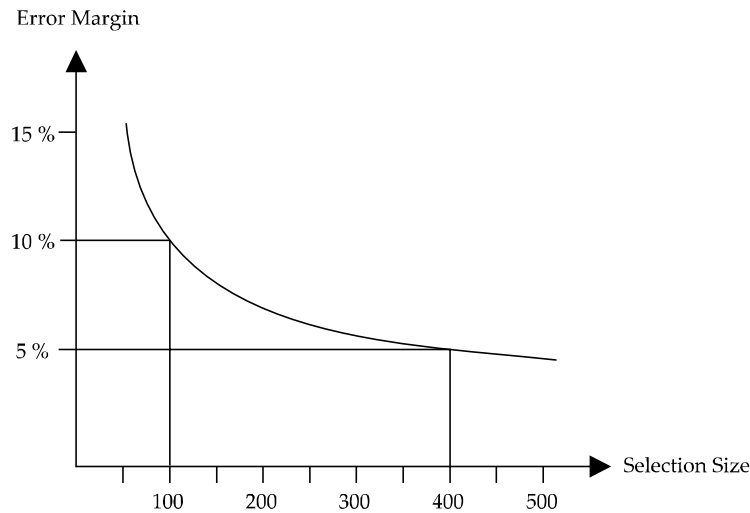


Figure 8 – How the error margin affects the selection size.

Example. Suggest that you have a selection of 100 respondents in a survey where you get a result that shows that 50% of the customers prefer a certain product. Since the margin of error is +/- 10%. In this case with a confidence level of 0.95, this would mean that in 95 cases of 100 you would get a result within the interval 40-60%. If you have bad luck you would in 5 of 100 cases get a result outside the margin of error.

3.3.4.11 Inference Problem

In the context of market research, inference means making conclusions about a target population from the information from a smaller group of people than the whole population. The validity of this kind of investigations depends on which units that are being examined within the population and how representative they are of the target population.³²

³¹ Christensen et al. (2001) p. 123-127

³² Lekvall & Wahlbin (2001) p. 229-230

3.3.4.12 Frame Error

Frame errors occur when there have been changes within what you assume is the target population and when the data base containing the target population is not updated correctly (figure 9). For instance if you want to examine students opinion of some kind, but some of the “students” that are being questioned have actually started working.

<i>Target Population</i>	The part of the population that you wish to examine.
<i>Data Base Population</i>	A list of respondents ordered to match the target population
<i>Gross Population</i>	The remaining list of respondents that doesn't fulfil the criteria of the target population at the first check.
<i>Misfit Population</i>	The remaining list of respondents that doesn't fulfil the criteria of the target population after the list has been double checked with the respondents.
<i>Not Covered Population</i>	Respondents of the target population who are not included in the data base list.
<i>Net Population</i>	Data base population minus gross population, misfit population and not covered population.

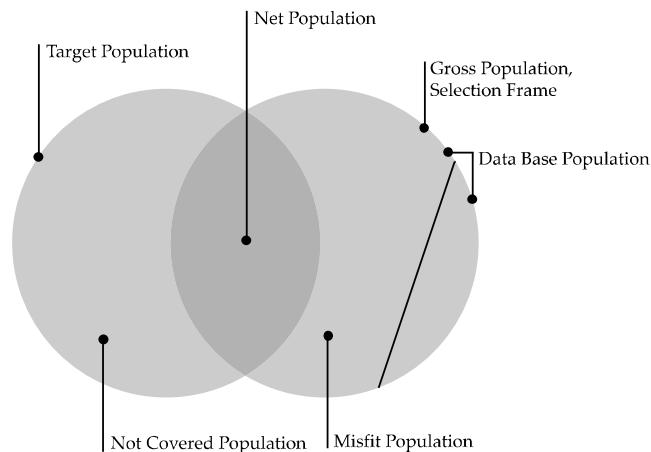


Figure 9 – Different Populations in a Survey

Some of the least accountable data base registers can reach up to 30-40% in misfit and not covered population. It is very hard to discover these kinds of error sources since you would have to examine a large amount of respondent not included in the register to verify the error.³³

³³ Lekvall & Wahlbin (2001) p.230-232

3.3.4.13 Loss of Data

There is often reason to believe that those who don't respond the survey would answer differently than those who respond. If a survey is being sent out to companies with just a little activity within the investigated areas, the company might find their participation of low impact which may also affect the results in a negative way. When the loss of data reaches over 60-70%, the results are often not accountable. In order to decrease the amount of loss in a survey several methods can be taken into action. The most used methods are reminders and rewards. The number of questions and the degree of difficulty of the questions are also proven to be crucial factors for the amount of data loss. It is often easier to make conclusion about the survey result if the data loss can be explained by some reason like income, interests etc. If no such differences can be found it is more likely that there is no significant difference between the responding and not responding survey participants. If the response frequency differs between different groups of interest, then these different frequencies can be used to adjust the effects of data loss.³⁴

3.3.4.14 Respondent Substitution

It is very important to see to that respondent substitutes are being carefully selected. Suppose that an amount of possible respondents has been chosen as interesting for a certain survey and some are not possible to reach. Therefore other respondents are being contacted. If the survey is primarily made during the evening maybe people that practice certain activities during evenings will not respond. If these respondents are substituted by people that do not practice these kinds of activities, then the "evening people" will be underrepresented in the survey.³⁵

3.3.4.15 Probability Sampling

If a probability selection is applied to a marketing research the risk of inference problem is possible to calculate. If a probability selection is not applied it is only possible to make qualitative risk estimation. In order to carry through the probability selection there has to be knowledge about which probability each unit of the population has to be included in the survey.³⁶ It is important that as many as possible of the randomly selected respondents are interviewed in order to maintain the statistical validity of the sample.³⁷ Different methods of probability sampling are, simple random, systematic random, stratified random, cluster, multi-stage, replicated, master, and multi-phase sampling.

³⁴ Lekvall & Wahlbin(2001) p. 232-237

³⁵ Lekvall & Wahlbin (1993) p. 153-162

³⁶ Lekvall & Wahlbin (2001) p. 238

³⁷ Chisnall (2001) p. 211

When *simple random sampling* is applied a confidence interval is calculated with an uncertainty margin that has the same size on both sides of the sample. Thus all units within the selection frame have the same probability of being selected. The higher the degree of confidence being used the lower the uncertainty.³⁸

Systematic random sampling means that all of the possible respondents are sorted after each other in some way. The selection is made by choosing respondents by a selected interval, for instance every tenth or seventh. The start number is then randomly selected. The systematic random is meant to resemble simple random and is often a relevant approximation. One of the risks with this method is if there is a certain period among the possible respondents that consigns with the selection interval. This risk can however be decreased by changing the start point several times during the selection process.³⁹

Stratified random sampling is a technique used in sampling, to ensure that the sample is representative in terms of the factors used for stratification. The population is first divided into a number of sub-groups or *Strata*, e.g. by geographical area. The required respondents are then sampled from each stratum.⁴⁰

Cluster Sampling is also a systematic random method where you examine all of the units within selected clusters. For instance if you make a simple random sampling where you get a selection of schools or clusters, instead of conducting the selection process on all of the children in all of the schools.⁴¹

Multi-stage sampling means that simple random sampling is being applied several times in order to decrease the work load. For instance if you wish to make a survey over students habits you can first make a simple random sampling to get a number of schools then a simple random sampling to get different grades within the schools etc. This is made instead of, for instance, picking students from one huge register over every student in the schools all over a country.⁴²

³⁸ Lekvall & Wahlbin (2001) p. 240

³⁹ Ibid p. 244

⁴⁰ BMRA (2005) [1]

⁴¹ Lekvall & Wahlbin (2001) p. 244

⁴² Ibid p. 244

The method of *replicated sampling* uses small sub-samples instead of one large sample from a universe, each being selected using the same method, at a random of the population. One of the advantages of this method is the ease of how standard errors can be calculated. Another major advantage lies in the valuable comparison that can be made between the different sub-samples while some interesting controlled experimentation could be introduced. Source of bias is easier to detect by comparing the different sub-samples.⁴³

Where there is likely to be repeated sampling of static population, it is useful to construct a *master sample* at random from which sub-samples, chosen at random, can be taken as required. *Multi-phase sampling* uses the former method of master sampling to distinct types of sampling units, e.g. towns, polling, districts, wards, individuals. These units are sampled at different stages until a final sampling unit, e.g. at the individual level is defined. With multi phase sampling techniques the same type of sampling is involved in each phase, but some are asked to give more information than others.⁴⁴

3.3.4.16 Non-probability Sampling

With non-probability sampling, individual units in the population do not have a chance of selection. Sometimes non-probability sampling is referred to as judgement or purposive sampling. When judgement samples are regarded as indicators of the over all quality of a batch or a consignment; for example, an expert may take a small amount of wheat from the top of a large batch in order to check its quality. It would in this case be physically impossible to select a random sample from somewhere inside the heap. But the experts approach is rendered acceptable because he/she may be presumed to have special knowledge of the general characteristics of the particular variety of wheat. Hence, a small judgement sample may be taken as a reliable indicator of its overall quality.⁴⁵ Even if it is possible to make risk and uncertainty calculations of the probability selection it is not always being used. Sometimes it is too difficult and expensive to make a correct probability selection. The inference error, which can be calculated if probability sampling is applied, is far from the only error that can occur within a survey. Therefore it can sometimes be highly motivated to select other methods like non probability sampling methods.⁴⁶ There are different kinds of non-probability sampling, quota sampling, sequential sampling and judgement sampling.

⁴³ Chisnall, Peter (2001) p. 111-113

⁴⁴ Ibid p. 110-111

⁴⁵ Ibid p. 111

⁴⁶ Lekvall & Wahlbin (2001) p. 245

Quota sampling means that certain parameters are set up in order to resemble the composition in the target population. The parameters can contain demographic information like number of persons from each sex, number of children etc. This method can be used when the demographic conditions highly affects the areas that are being investigated, which also keeps the random variation on a low level.⁴⁷ Statisticians have tended to criticize this method for its theoretical weakness, while market research companies have defended it on grounds of cost and ease of administration and execution. In some cases it may not be possible to draw a probability sample, perhaps because of lack of suitable sampling frames or because of urgency to make vital decisions. Further it has been observed that marketing research is launched for decision making where generally comparison seems to be more utilized than absolute measurement.⁴⁸

Sequential sampling is being used when the target population is quite small and to the greater part unidentified. For instance if you are looking for a farmer who uses a specialized machine of a certain brand. If no register of those farmers is available farmers has to be questioned for if they or anyone they know owns this kind of machine. This method is often far from statistically correct but sometimes that's the only way to carry out a survey.⁴⁹

In some of the surveys it is more important to find rigid support for certain issues or questions than to prove certain statistics. These kinds of investigations are often of a more explorative nature. If the method of *judgement sampling* is being applied it is important to clarify which criteria that will "approve" the respondents. Suppose that one of the criteria for picking the respondents is turnover. Should you choose those who have the highest, most increasing or a mix that is statistically representative? Since it is not possible to calculate the random error in a judgement sampling the survey has to be evaluated for its purpose. Normally the amount of respondents is relatively small when it comes to judgement sampling. In some cases the convergent principle can be used. This principle means that answers are collected until it is estimated that further answers won't add new information to the results.⁵⁰

⁴⁷ Lekvall & Wahlbin (2001) p. 246

⁴⁸ Chisnall (2001) p. 111-113

⁴⁹ Lekvall & Wahlbin (2001) p. 247-248

⁵⁰ Lekvall & Wahlbin (1993) p. 173-174

3.3.5 Data Collection Methods

3.3.5.1 Face to Face

This fully descriptive term is to be preferred instead of the term personal interview, which may sometimes be taken to include both face to face and telephone interviews. Face to face interviewing can be conducted in-home (A product test, usually, conducted in participants' homes rather than at some central location, hall, store, etc.), in the street, in a central venue, at place of work.⁵¹ The face to face interview can be far more extensive than the other forms of interviews, as long as the respondent finds the topic interesting. The face to face interview is often related to high costs. That is why this method is often used on smaller selections. When a personal interview is conducted it is possible to discuss different topics openly in order to air a wide spectrum of opinions.⁵²

3.3.5.2 Computer Assisted Interviewing

Computer Assisted Personal Interviewing (CAPI) is conducted face to face, usually employing laptop computers. The interviewer is prompted with the question by the computer and the appropriate response codes are keyed in directly according to the respondent's answers. Routing procedures use these codes to determine which question appears next. Since the data is entered directly into the computer, analyses can be produced quickly. Computer Assisted Telephone Interviewing (CATI), unlike CAPI, is conducted over the telephone rather than face to face. Computer Assisted Web Interviewing (CAWI), unlike CAPI, is conducted over the Internet rather than face to face.⁵³

3.3.5.3 Hall Test / Mall-Intercept Survey

Hall Tests or Mall-Intercept Surveys are a cost efficient way of interviewing respondents when there is a need for the respondents to see, feel or taste a product connected with the interview. Interviewers randomly approach respondents and either interview them at that location or invite them to be interviewed in a special facility near by. Since interviewers don't travel and respondents are plentiful, costs are low. However, mall visitors or shopping center users are not representative of the general population.⁵⁴

⁵¹ BMRA (2005) [2]

⁵² Lekvall & Wahlbin (1993) p. 186-187

⁵³ MRS (2005)

⁵⁴ Kumar et al. (1999) p. 238

3.3.5.4 Postal Research

Postal Research is the collection of primary data using a self-completion questionnaire or diary distributed or returned by post.⁵⁵ Postal Research is fairly time consuming and it often takes long time before the answers returns from the respondents. The fall off is often great when postal research is carried out. The possibility to control the answering quality is low with this method, since you never now when or how the form is being filled out. The requirement of having questions that are easy to understand is very high since the respondents have no one to ask if there is something that he or she doesn't understand. It is often temping to add questions to this market research method, since the cost per question is relatively low. In extensive investigations it is therefore better to split the form in to two different forms, since the answers will become more accurate. A confidence interval with a percentage estimate of +/-5% increases to +/- 7% when the selection size is divided by two.⁵⁶

3.3.5.5 Telephone Interview

The method of telephone interviews is somewhere in between the postal and personal interview, which is its advantage. Since the method is personal at a lower cost than the conventional personal interview method. The primary disadvantage with this method is the slow update of telephone registers which sometimes may result in important frame errors. Another problem with telephone interviews is that there is often a limit for how long the interview can proceed. If the subject is not particularly interesting for the respondent the interview is normally held for five to ten minutes. If the interview is concerning the respondent to a higher degree, the interview can be held for up to half an hour.⁵⁷

3.3.5.6 Personal Omnibus

A Personal Omnibus is a survey covering a number of topics, usually for different clients. The samples tend to be nationally representative and composed of types of respondents for which there is a general demand. Clients are charged by the marketing research agency on the basis of the questionnaire space or the number of questions required.⁵⁸ Normally the set up cost for an omnibus survey fairly high, but as soon as the survey is set up the cost per added question is relatively low. This has led to that market research companies set up omnibus researches for hot target groups where clients are offered to pay certain amount for adding questions in the questionnaire.⁵⁹

⁵⁵ MRS (2005)

⁵⁶ Lekvall & Wahlbin (1993) p .185-186

⁵⁷Ibid p. 187

⁵⁸ MRS (2005)

⁵⁹ Lekvall, & Wahlbin (1993) p. 92

3.4 Risks

The risks with Online Access Panels are considered from both a sales point of view and a customer perspective in order to not oversee any relevant information.

3.4.1 Risk Management Framework

The *Committee of Sponsoring Organizations of the Treadway Commission* (COSO) has in September 2004 issued their *Enterprise Risk Management – Integrated Framework*. COSO defines Enterprise Risk Management (ERM) as follows;

“Enterprise risk management is a process, effected by an entity’s board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”

-Committee of Sponsoring Organizations of the Treadway Commission, 2004⁶⁰

One of the most critical challenges is to determine the amount of risk the entity is prepared to take and accept when striving to create value. Value is maximized when management sets strategy and objectives to strike an optimal balance between growth, return goals and related risks. Management also needs to efficiently and effectively deploy its resources in pursuit of the entity’s objectives. This includes aligning risk appetite and strategy, enhancing risk response decisions, reducing operational surprises and losses, identifying and managing multiple and cross-enterprise risks, seizing opportunities and improving deployment of capital.⁶¹

Enterprise risk management is a process and it includes taking an entity level portfolio view of risk. COSO defines the achievements of enterprise risk management in four categories and the analysis is divided into eight components.

The objectives are:

1. *Strategic* – high-level goals, aligned with and supporting its mission.
2. *Operations* – effective and efficient use of its resources.
3. *Reporting* – reliability of reporting
4. *Compliance* – compliance with applicable laws and regulations.⁶²

⁶⁰ COSO (2004) p. 2

⁶¹ Ibid p. 1

⁶² Ibid p. 3

The eight components of the ERM framework are:

1. *Internal Environment* – The internal environment sets the basis for how risk is viewed and addressed by an entity's people, including risk management philosophy and risk appetite, integrity and ethical values, and the environment in which they operate.
2. *Objective Setting* – Objectives must exist before management can identify potential events affecting their achievement. Enterprise risk management ensures that management has in place a process to set objectives and that the chosen objectives support and align with the entity's mission and are consistent with its risk appetite.
3. *Event Identification* – Internal and external events affecting achievement of an entity's objectives must be identified, distinguishing between risks and opportunities. Opportunities are channeled back to management's strategy or objective-setting processes.
4. *Risk Assessment* – Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed. Risks are assessed on an inherent and a residual basis.
5. *Risk Response* – Management selects risk responses i.e. avoiding, accepting, reducing, or sharing risk and then develops a set of actions to align risks with the entity's risk tolerances and risk appetite.
6. *Control Activities* – Policies and procedures are established and implemented to help ensure that the risk responses are effectively carried out.
7. *Information and Communication* – Relevant information is identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities. Effective communication also occurs in a broader sense, flowing down, across, and up the entity.
8. *Monitoring* – The entirety of enterprise risk management is monitored and modifications are made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.⁶³

Enterprise risk management is not strictly a serial process, it's a multidirectional, iterative process in which all components can and does affect each other (figure 10).⁶⁴

⁶³ COSO (2004) p. 3-4

⁶⁴ Ibid p. 5

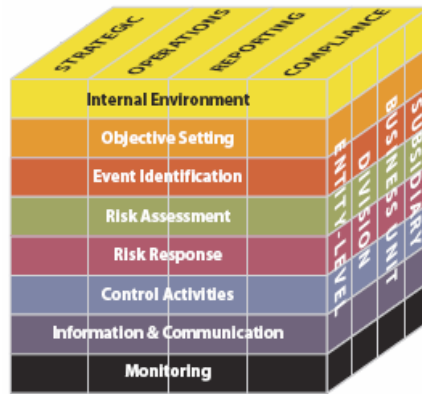


Figure 10 – COSO's model of relationship between objectives, components and enterprise levels.

3.4.2 The process of Risk Management

The process of Risk Management can be divided into Risk Assessment and Risk Reduction/Control. The concept of Risk Assessment can be further divided into the areas of Risk Analysis and Risk Evaluation (figure 11).⁶⁵ These three steps, Risk Analysis, Risk Evaluation and Risk Control will be explained below.

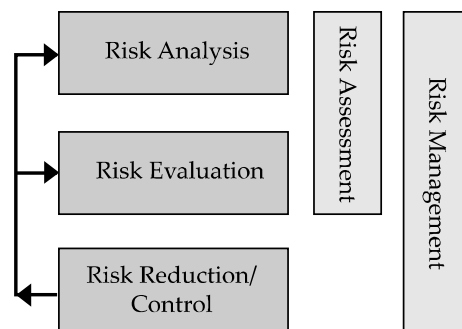


Figure 11 – Relationship between terms, based on their definitions regarding risk.

Risk Analysis covers definition of the area to be evaluated, the identification of potential risks and the calculation of the risks. The risk analysis includes a literature study of relevant publications, consulting experts on the subject, keeping the analysis simple without reducing the quality of the analysis, a clear statement about the uncertainty and making a complete documentation of the process. *Risk Evaluation* is about deciding whether or not the risk can be tolerated and analyzing the alternatives for managing the risk. *Risk Reduction/Control* covers the last step of the risk management process. Here the decision is made what risk responses to choose. The responses are conducted and the implementation is supervised in order to avoid unexpected events during the implementation.⁶⁶

⁶⁵IEC (1995) p. 41

⁶⁶ Abrahamsson & Magnusson (2004) p. 24-25

3.4.3 The Risk Matrix

The risk matrix is a preliminary hazard analysis method. The likelihood and consequence can in this model be defined either quantitatively or qualitatively in order to visualise the risk of an event. The green fields represent low risks, orange represent medium risks and red represents high risks (figure 12).⁶⁷

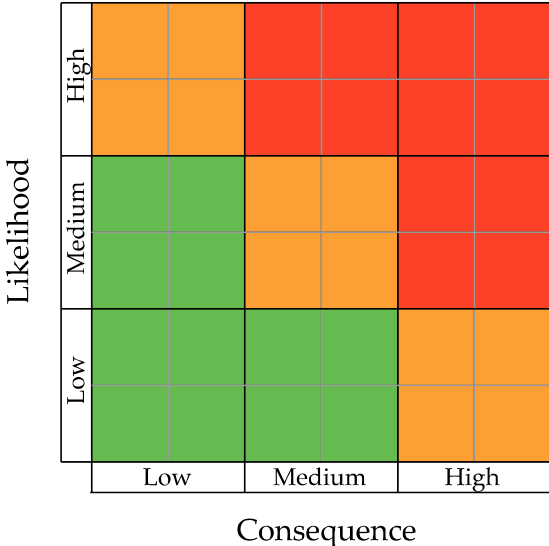


Figure 12 – Relationship between terms, based on their definitions regarding risk.

3.4.4 Moral Hazard and Adverse Selection

Moral hazard is a set of incentive problems more generally referred to as principal-agent problems. A principal-agent problem arises when the principal employs the agent to perform a task on the principal’s behalf. If the principal cannot monitor all of the actions of the agent, the agent might be tempted to act in his own interest. This issue is twofold: how does the agent behave and how can the principal write contracts that induce the agent to make decisions that favour the principal? In insurance the term refers to the tendency for those with insurance to lower their level of care or their investment in safety and loss prevention.⁶⁸

Adverse selection can arise in any marketplace where people trade with different information hence it is a problem of information asymmetry where one party has access to information that is denied to the other. A good example is the market for second hand cars. The sellers of second hand cars have better information about their quality than the buyers. They know of prior accidents, services and repairs etc. The buyer may be able to reveal some of these facts but not all of them. I.e. the seller has an informational advantage whilst the buyer has an informational disadvantage.⁶⁹

⁶⁷ Abrahamsson & Magnusson (2004) p. 79-80

⁶⁸ Doherty (2000) p. 62-64, p. 71-72

⁶⁹ Ibid p. 72-73

4 Results

This chapter continues to follow the structure presented in the practical method. Each company acting on the OAP market in Sweden will be briefly introduced and key figures concerning OAP will be presented. A method comparison is presented and statistics about internet penetration will be presented as well as publications on respondent incentives and panel recruitment.

4.1 Competitors

Information about the actors in the Swedish OAP market is listed under national actors. Trends, sales arguments and key figures related to OAP are also presented in this chapter.

4.1.1 A Full Service MR Company

The main organizational structure of data collection methods in a full service marketing research company is divided in two branches, Quantitative and Qualitative research methods. The quantitative research methods include Postal, CATI, CAPI and CAWI. OAP is included in the CAWI block. The qualitative research methods hold the In-Depth Interviews and Group Discussions (figure 13).⁷⁰

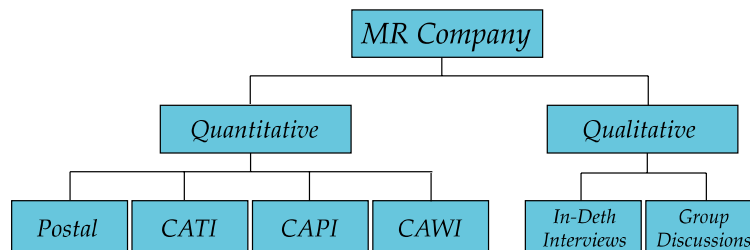


Figure 13 –Data collection methods of a full service MR company.

4.1.2 National Actors

Information about the actors in the Swedish OAP market includes background, panel, quality and surveys. Background includes a short introduction to each company. Panel focuses on size of panel and recruitment sources. Quality explains how the companies build their panels with respect to representativeness. Survey covers methods used and products offered.

⁷⁰ ESOMAR Industry Study (2004) p. 23

4.1.2.1 Bloomerice / Åsiktstorget

Background

Bloomerices OpinionWorld panel in Sweden, Åsiktstorget, was established in 1999. Their research-only, OpinionWorld panel communities constitutes the base of their business and they provide their customers with access to the panelists. Through panel communities Bloomerice offers access to more than a million Europeans. Through relationship with SSI, Survey Sampling International, it is possible to reach panelists all over the world.⁷¹

Panel

Internationally, panelists have been recruited through more than 2 600 websites. Bloomerice are currently increasing their panel size at the rate of 70 000 new panelists per month.

Quality

The panelists in Sweden contained 59 162 respondents by September 2005⁷². The goal for Bloomerice is to build the largest research-only European panel in order to provide the highest quality, demographically and geographically diverse panel possible. Bloomerice are using varied recruitment methods including communities (Åsiktstorget), pop-ups, banners and text links. Potential panelists are asked to join the panel communities based upon intrinsic interest in survey participation and sharing of opinions. Bloomerice doesn't offer direct monetary rewards for joining their panel or for survey completion.⁷³ The respondents are being compensated by smaller cash sometimes but it's more likely that they are being offered to participate in competitions with different awards. In order to make representative selections Bloomerice collects information about socio-demographics, family, work, internet access and product usage.⁷⁴

Surveys

Bloomerice offers data hosting, data delivery and data management to their customers. Bloomerice also offers the ability to let respondents fill out questionnaires at customers' websites. Bloomerice utilizes telephone and internet surveys throughout Europe.

⁷¹ Bloomerice (2005) [1]

⁷² OpinionWorld (2005)

⁷³ Bloomerice (2005) [2]

⁷⁴ Ibid [3]

4.1.2.2 CATINÉT A/S

Background

CATINÉT A/S is a Danish-owned company, which since 1997 has performed tasks for businesses, organizations and public institutions.⁷⁵ CATINÉT A/S practices surveys in all Nordic countries. They conduct telephone interviews, hall test interviews, in-depth interviews and focus groups and online surveys.⁷⁶

Panel

CATINÉT's Nordic panel comprises 55 417 persons and members are recruited by interviewers using representative surveys.. The number of respondents in each Nordic country's OAP is respectively, 16 063 in Denmark, 13 867 in Sweden, 12 990 in Norway and 12 551 in Finland.⁷⁷ CATINÉT claims to have built up a nationally representative panel consisting of 5 000 respondents within the group of people with Internet access.

Quality

All respondents are selected at random via automatically generated phone numbers, and they have all, during phone interviews, accepted to participate in surveys over the Internet. Within the access panel, CATINÉT has built up a nationally representative panel which is said to be updated on a daily basis.⁷⁸

Surveys

CATINÉT's activities include Ad testing, Creative input for campaign design, Focus groups and In-depth interviews, Multimedia tests over the Internet, Creative and active questionnaires, tracking and Customer loyalty and dialogue.⁷⁹ For the interviews CATINÉT uses telephone interviews (CATI), face-to-face interviews (CAPI) and Internet panels (CAWI).⁸⁰

⁷⁵ CATINÉT (2005) [1]

⁷⁶ Ibid [2]

⁷⁷ Ibid [2]

⁷⁸ Ibid [3]

⁷⁹ Ibid [4]

⁸⁰ Ibid [5]

4.1.2.3 Field Work Scandinavia

Background

Field Work Scandinavia (FWS) was founded in Norway in 1989. In 2005 they had offices in Sweden, Norway and Denmark. Their business idea is to provide fieldwork services to domestic and international market researchers who have the ability to handle their own analysis. FWS's interviewing-staff consists of approximately 600 interviewers, and they also claim to have specialized interviewers who can recruit hard-to-reach specialists for qualitative research.

Panel

Field Work Scandinavia had 25 000 respondents within their OAP in Sweden in 2005. The respondents have been recruited through FWS nationally representative telephone omnibus. FWS also has panels in Norway and Denmark.

Quality

The company claims that as a client of Field Work Scandinavia you will find that they are a truly dedicated and service oriented organization with focus on flexibility, quality and the needs of each individual client.⁸¹ According to Field Work Scandinavia, Sweden had an internet penetration of 65% in 2005 which makes OAP a reliable and representative tool for making market research. Further, FWS stated that if a certain group of people is not represented within a panel, this group can be added if needed for some reason.⁸²

Surveys

FWS uses the OAP mainly for evaluating graphical material such as TV-commercials, attitudes, web-commercials and web-sites. Field Work Scandinavia offers both quantitative and qualitative research methods. Interviews are conducted via telephone, mail, and through the Internet. They also conduct hall-tests and mall intercept surveys. They have their own CATI production facilities, division for handling postal surveys, and testing facilities.⁸³

⁸¹ FWS (2005) [1]

⁸² Ibid [2]

⁸³ Ibid [3]

4.1.2.4 GfK Sverige

Background

GfK was, as Germany's first market research institute, established more than 70 years ago. Today GfK has more than 120 subsidiaries in 63 countries. GfK has been active in Sweden since 1972, when the Swedish Consumer Panel was founded by GfK and Teglund Marketing. In 2002 GfK Sverige launched its online access panel. It comprises approximately 6 000 individuals (late 2005). GfK's mission statement is that knowledge is the basis for the decision making process and their business information services provide the essential knowledge that industry, retail, the healthcare, service sectors and the media need in order to make their decisions. The vision is that as a knowledge provider aim to be at the top in all the global markets in which they operate - in the interests of their clients and employees, the company, its shareholders and the general public.⁸⁴

Panel

GfK Sverige's OAP is comprised of individuals who have been recruited from Omnibus research where the individuals have been selected by random. According to GfK, this means that the panel is representative of the Swedish Internet-population. Through the OAP GfK conducts for example group discussions, concept- and product-test, communicative tests and tracking-research. OAP respondents are recruited 50% online and 50% offline according to predetermined criteria.⁸⁵

Quality

GfK Sverige recruits their panel both online and offline. The online recruitment is conducted via their homepage and the offline recruitment is conducted via their nationally representative telephone omnibus.

Surveys

GfK offers two kinds of Omnibuses, a Personal Omnibus (POB) and a Telephone Omnibus (TOB). In the POB 500 male/female respondents, age 15-74 years, are interviewed in their home and the POB does 16 surveys each year. The TOB does 36 surveys each year with 500 male/female respondents aged 16-84 years. In the field of Online Research GfK Sverige offers evaluations of homepages, workshops, intranet surveys, benchmarking and focus groups. Other research forms are conducted through access panel, online access panel, tailored solutions within the area of Ad-Hoc research, Qualitative methods, i.e. group discussions and deep interviews.⁸⁶

⁸⁴ GfK (2005) [1], [2], [3]

⁸⁵ Ibid [4], [5]

⁸⁶ Ibid [6], [7], [8]

4.1.2.5 Hermelin Nordic Research

Background

Hermelin Nordic Research was founded by Lena Hermelin in 1991. Hermelin Nordic Research offers data collection and reporting for market research using telephone interviews, web interviews and postal surveys in Sweden, Finland, Denmark, Norway and the Baltic countries. Web based, interactive reporting is offered through the data presentation tool TrackRecord. In 2005, with four production offices in four countries Hermelin employs 30 full-time employees, 800 part-time interviewers and they had an estimated annual growth rate of 40% in 2004. To offset the increasing sampling problem with households without landlines, Hermelin has a database with these households provided that they have at least one mobile phone.⁸⁷

Panel

With a panel comprised of 20 000 members Hermelin claims to be able to conduct web surveys targeting nationally representative target groups in all Nordic countries.⁸⁸

Quality

Hermelin's panel is recruited by telephone to a random sample of households in each country respectively. As part of Hermelin's panel quality program Hermelin monitors the panel structure to make sure it has the desired distribution.⁸⁹

Surveys

Hermelin conducts mail surveys and surveys via OAP. Hermelin also has a web-based, interactive report tool for market research data called TrackRecord. Hermelin provides a web form on their homepage that can be filled out with the essential information concerning the survey in order to receive a price suggestion. Hermelin are conducts surveys with samples from their clients targeting for example members, employees or customers.⁹⁰

⁸⁷ Hermelin (2005)

⁸⁸ Ibid

⁸⁹ Ibid

⁹⁰ Ibid

4.1.2.6 Ipsos Interactive Services

Background

Ipsos offer their customers marketing research via OAP in twelve of the European countries. OAP:s are also being conducted via Ipsos Interactive Surveys (IIS) in USA and Canada. Via IIS network the company claims to have the possibility to start OAP:s in all of the countries that have acceptable internet penetration.⁹¹

Panel

Ipsos Interactive Services has its own panels in each of the most important European markets, in total more than 200 000 panelists in the whole of Europe. In Sweden they currently have 17 783 respondents in their OAP (2005).⁹²

Quality

Ipsos are recruiting respondents via a triple opt in method (chapter 4.2.4.4). The company claims to run the panel in agreement with EFARMO's quality demands. No self recruitment is allowed.

Surveys

Concept and Product Testing, New Product Volume Forecasting, Usage and Attitude Studies, Brand Equity Studies and Omnibus Studies are some of the most recurrent types of studies IIS is performing by employing its Online Access Panels.

IIS Claims that 18% of the working population will have access to Instant Messaging. By 2006, consulting firm Gartner estimates, more people will be using instant messaging than e-mail as their primary communication tool at work. By accessing faster it may be possible to have a turnaround time of projects in just a couple of hours, due to ISS. IIS already possesses research solutions suited for mobile technology. As a respondent, you get an SMS which you reply to with a letter. It is quite simple and can be used for simple surveys when the client needs a quick and brief view into an area.

By using 3G and GPS, the mobile IIS estimates that the phone becomes a small computer who knows who you are and where you are. You can get the mobile fee reduced if you accept to answer surveys on a regular basis. The surveys can have a local touch, as one of the screening parameters could be the actual physical location of the respondent.

⁹¹ IIS (2005) [1]

⁹² Ibid [1]

4.1.2.7 QuickWise

Background

QuickWise is a subsidiary to IKANO. Since they were established in 2000, QuickWise has carried out hundreds of consumer surveys with the help of mobile phones and the internet. QuickWise uses three competences as sales argument. The three arguments are mix of competences, smart analysis process and fast processing (<48h). QuickWise offers products as product concept tests, brand measuring, commercial tests and commercial effects.⁹³

Panel

QuickWise have four different panels which can be used for different needs.

1. *The QuickWise panel* – Covering 73% of Swedish consumers between 15-64 years.
2. *The Doctor panel* – Monitoring attitudes within the doctor segment.
3. *Corporate panels* – Isolated selection of respondents created for the customer.
4. *International panels* – international selections via international partners panels.

The panel participants receive a bonus for each survey occasion which can be exchanged into money, services, merchandise or charity.

Quality

QuickWise claims that each respondent participates a maximum of 4 times per month and answers 6-20 questions per survey. QuickWise helps the customer by analyzing the consequences of the customers' different choices. The QuickWise panel is said to cover 73 % of the Swedish consumers between 15-64 years of age.⁹⁴

Surveys

QuickWise offer a package of products which they claim helps the customer to make the right decisions in some of the phases of the throughout the product life cycle. The different phases that are supported are; market mapping and customer needs, product concept, package design, input for creative commercial design, pretest of commercials and effect analysis (controls if the message and the product are carried out in the right way to the right target group). QuickWise utilizes methods like e-mail surveys, access panels and sms services in order to carry out surveys in less than 48 hours. QuickWise also offers to put tailor made "corporate panels" together, for each customers different needs.⁹⁵

⁹³ QuickWise (2005) [1], [2]

⁹⁴ Ibid [1]

⁹⁵ Ibid [1]

4.1.2.8 Temo

Background

Temo has been active in Sweden since 1971. Temo is a part of the Scandinavian cooperation Univero. Temo states that their marketing research projects often are tailor made to comply with their customers' needs. Temo's goal is to deliver the best information possible achieved by using the most cost effective method.⁹⁶

Panel

The panel is comprised of approximately 28.000 individuals. Temo's panel is said to be representative for the Swedish online-population and the coverage of internet users in Sweden is said to be approximately 75% but for many target groups the percentage is claimed to be even higher. Temo has gathered information about its panel members which, according to Temo, makes it easier to select target groups.⁹⁷

Quality

Temo uses a randomly selected panel which they say is representative of the Swedish internet population. Temo does not recruit respondents to their online access-panel on an opt-in basis. Most surveys conducted within the OAP is said to have a response rate of 50-70%. Parallel surveys are conducted via telephone and via OAP to compare the results and to confirm the representativeness of the OAP. Comparisons are also made between OAP and Temo's postal Omnibus for research purposes.⁹⁸

Surveys

Temo offers quantitative research in the form of telephone interviews, postal surveys, face-to-face interviews, web-surveys and hall-surveys. Qualitative research is offered mainly in the form of group discussions or depth interviews. Temo also has one telephone Omnibus and one postal Omnibus. Telephone Omnibus surveys are conducted once a week and includes 1 000 interviews, the postal Omnibus is conducted four times per year and includes approximately 3000 interviews.⁹⁹

⁹⁶ TEMO (2005) [1], [2], [3], [4]

⁹⁷ Ibid [5], [6]

⁹⁸ Ibid [6]

⁹⁹ Ibid [7]

4.1.2.9 TNS-Gallup

Background

Since 1999 Gallup has been working with OAP:s. Gallup is part of the TNS Cooperation. TNS has business units in more than 70 countries. Gallup uses their 50 years of experience within the business as a sales argument for their Online Researches. TNS have developed a network of OAP:s in Australia, China, Hong Kong, Korea, New Zealand, Singapore and Taiwan.¹⁰⁰

Panel

Gallup has built up an OAP with several thousand respondents. Their panel is said to be representative for Swedish citizens between 15-79 years of age who are users of the internet. Gallup has built up an OAP with 60.000 respondents in the Nordic Region. A criterion for their OAP is that their respondents have to use internet for mailing at least once a week.¹⁰¹

Quality

The respondents in the OAP are recruited by telephone omnibus. TNS-Gallup calls their access panel "the Six Dimension Access Panel". The topics of the six elements are fully managed panels, proven recruitment methods, research on research, maximum response rates, world class applications and efficiency through targeted sampling.¹⁰²

Surveys

Gallup offers quantitative surveys via CATI, CAWI, CAPI, Postal and SMS. Qualitative surveys are offered via Focus groups and In-depth interviews. They also offer consumer tracking.¹⁰³

¹⁰⁰ TNS-Gallup (2005) [1], [2]

¹⁰¹ Ibid [2]

¹⁰² Ibid [3]

¹⁰³ Ibid [4]

4.1.2.10 Zaperera

Background

Since 2001 Zaperera, has been focusing on online research in the Nordic region. The company has 33 employees and offices in Stockholm and Copenhagen.¹⁰⁴

Panel

Zaperera has established a unique Nordic panel consisting of more than 80,000 respondents in Norway, Finland, Sweden and Denmark comprised of individuals between 15 and 99 years. Zaperera also has a pharmaceutical panel containing 900 doctors in Denmark.¹⁰⁵

Quality

Zaperera focuses on delivering quantitative online market research but occasionally applies other methods when it is called for. Zaperera says that they always recommend a method based on project requirements and they do not believe that an online survey is the best suited method for all projects.¹⁰⁶

Surveys

Zaperera has a variety of products. They conduct usage and attitude surveys, and concept and product development research online. Customer and employee satisfaction studies are also conducted over the Internet. They have developed a program called ImageMeter that is said to benchmark collected data with individual questions. Another data program, Youth, uses the Internet as a tool for understanding teenagers and children as young as six years old. Sampling services for selected groups within Zaperera's OAP are offered to clients and research institutes who wish to conduct online surveys in the Nordic region.¹⁰⁷

¹⁰⁴ Zaperera (2005) [1]

¹⁰⁵ Ibid [1]

¹⁰⁶ Ibid [2]

¹⁰⁷ Ibid [2]

4.1.3 Conducted OAP Surveys

Our study conducted via e-mail in October 2005 shows the development of the number of surveys conducted by each company active in Sweden via their Online Access Panels. Figures have been collected for the year 2004 and for the starting year of each company's panel, if available. In the cases where there were no estimate of surveys conducted during the starting year, the figure zero has been assigned to the previous year (figure 14). The survey conducted had a return rate of 80 % and the companies who didn't answer at all were CATINET A/S and Bloomerice (via Åsiktstorget). The questions asked are presented in appendix II.

National OAP Competitors	1998	1999	2000	2001	2002	2003	2004	Turnover
Bloomerice (Åsiktstorget)	?	?	?	?	?	?	?	67 000 000
CATINET	?	?	?	?	?	?	?	?
Field Work Scandinavia AB	?	?	?	?	?	?	121	40 000 000
GfK Sverige AB	0	0	0	0	?	18	51	130 000 000
Hermelin Nordic Research	0	0	0	5	?	?	70	40 000 000
Ipsos Interactive Services (IIS)	0	0	0	?	?	?	76	80 000 000
Quickwise	0	0	0	70	?	?	250	25 000 000
TEMO AB	0	0	?	?	?	?	110	90 000 000
TNS-Gallup AB	0	?	?	20	?	?	80	32 000 000
Zapera	0	0	0	21	?	?	104	?

Figure 14 – Key figures from the marketing research companies active in Sweden.

An open question was asked about the different companies sales arguments for their OAP surveys. The answers have been coded in order to provide a comparison between the companies' answers. No upper limit was set concerning the number of sales arguments provided from the companies. Most companies stated three sales arguments but the number ranged from two to seven stated arguments (figure 15).

Sales argument	1	2	3	4	5	% of Companies
High quality / quality ensurance						37,5%
High response rate						12,5%
High activity level of pannelists						12,5%
Speed						37,5%
Competency / knowledge of marketing research						50,0%
Innovative services offering benefit for customer						25,0%
High quality in recruitment						50,0%
Long experience around online marketing research and OAP						25,0%
Full service marketing research company						25,0%
Long experience around marketing research						25,0%
Studies via own panels in other countries						25,0%
Correct management of sample drawing						12,5%
Established customer relations						25,0%
Combining OAP with other methods						12,5%
Cost benefits of OAP						12,5%

Figure 15 – Sales arguments for Online Access Panel marketing research.

4.1.4 Spend on On-line Research

The branch organization ESOMAR has been conducting industry studies on the marketing research industry for 17 years. The purpose of their studies are to measure the research industry turnover.¹⁰⁸ The figures on total spend on online research in Sweden presented as a percentage of the total spends in Sweden. In the year of 2001 no figure was presented by ESOMAR, therefore this value has been interpolated in order to produce the diagram plotting the trend diagram (figure 16).¹⁰⁹

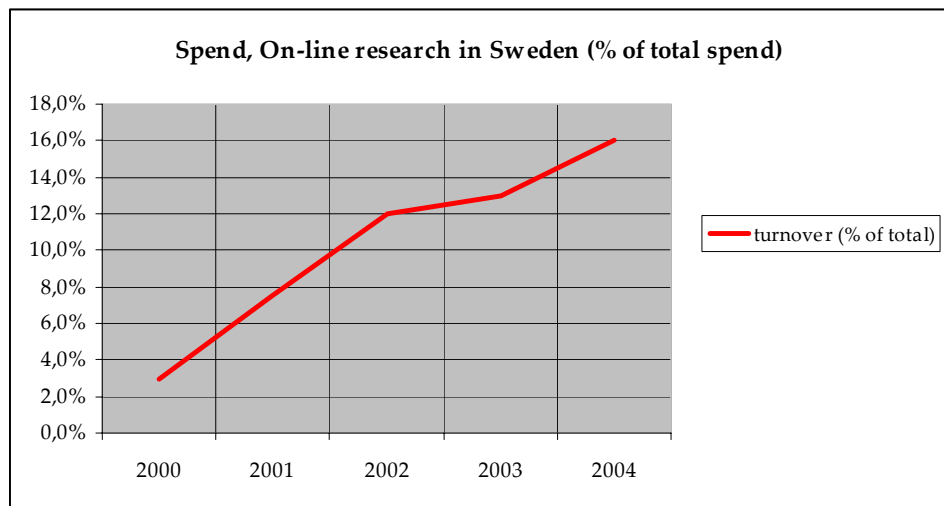


Figure 16 – Marketing researchers spend on On-line research in Sweden 2000-2004.

4.1.5 Researching the Researchers

Via a two-wave CAWI survey conducted by CIAO (one of Europe's largest CAWI marketing researchers) in 2004 and 2005 market researchers themselves were interviewed about online market research. The participation in the first survey wave was 284 research professionals, in the second 588 research professionals participated. The study was carried out using a web questionnaire and individually personalized invitations were sent out. The 2005 study contained the core questions from the previous study, but it also included additional questions. The sample was taken from CIAO's internal database of market researchers sourced from offline market research trade directories, incoming enquiries and information from existing clients. The 2004 sample included a wide spread of companies from 44 countries. The study however cannot be said to be representative of the total market research community because of the bias deriving from that respondents who completed the survey were more likely to have undertaken or have a strong interest in online research than the market research industry as a whole. Market researchers using online cited that time and cost advantages were the factors counting the most in the decision of using online rather than traditional methods.¹¹⁰

¹⁰⁸ ESOMAR Industry Study (2004)

¹⁰⁹ ESOMAR – Industry study (2000), (2001), (2002), (2003), (2004)

¹¹⁰ Metzke & Allan (2005) p. 279-291

The companies stated different reasons as to why they used OAP marketing research (figure 17)

	Time advantages	Competitive pricing	Respondents internationally	Complex target groups	Quality/reliable results	For big samples	Approach adapts well	Use of multimedia
Total	68,4%	64,9%	49,1%	60,4%	30,6%	46,2%	33,0%	32,6%
Users < 2003	69,5%	65,4%	50,1%	60,8%	31,7%	47,6%	34,8%	33,5%
Users since 2003	55,5%	58,7%	37,7%	54,9%	17,2%	30,2%	10,6%	21,6%

Figure 17 – Market research companies reasons for using OAP.

They were also asked to estimate the evolution of OAP marketing research in the near future (figure 18).

	Greatly increase	Slightly increase	Not change	Decrease
Total	24,1%	43,7%	30,6%	2,6%
Users < 2003	25,3%	44,6%	28,6%	2,7%
Users since 2003	14,9%	36,8%	46,9%	1,4%

Figure 18 – Evolution of company use of OAP, next six months.

Another question asked was to estimate the business now and how the business would differ in two years time (figure 19).

		CATI	CAPI	Postal	CAWI
Total	Business now	34,4%	29,0%	7,5%	28,9%
	Business in 2 years time	30,7%	23,9%	5,7%	39,6%
Users < 2003	Business now	33,2%	24,2%	8,0%	34,5%
	Business in 2 years time	29,3%	20,1%	5,9%	44,7%
Users since 2003	Business now	40,4%	37,2%	8,0%	14,4%
	Business in 2 years time	34,9%	30,5%	6,3%	28,3%

Figure 19 – Percentage company quantitative business, now and in two years time (predicted).

4.1.6 Market Change

Intomart GfK started building its panel in the Netherlands during 2000. The evolution of different marketing research methods since 2002 within the company was presented at a meeting in April 2005 (figure 20).¹¹¹

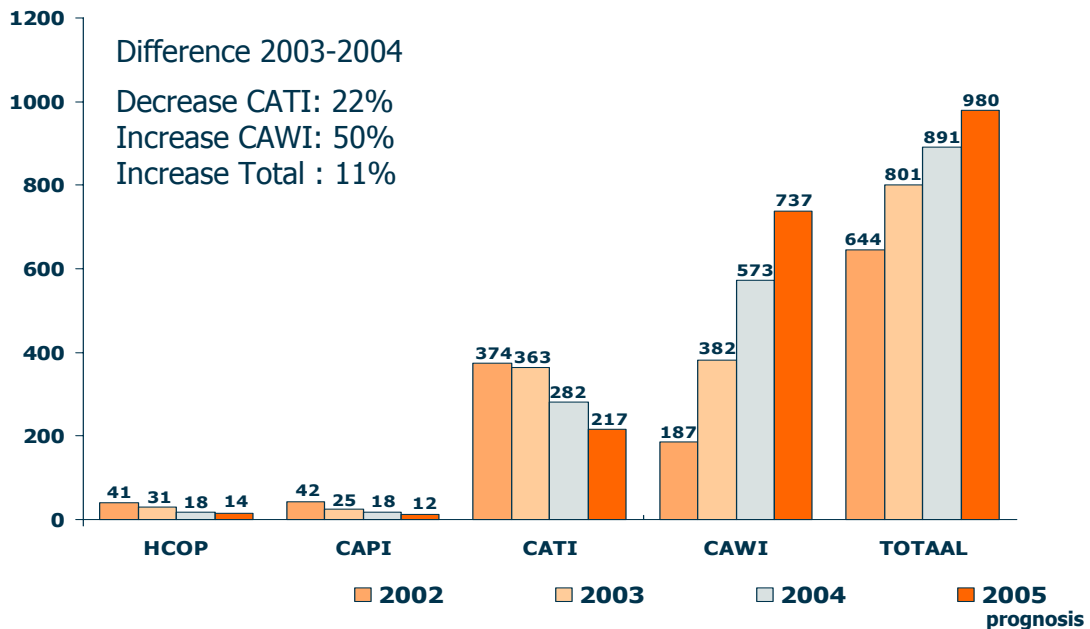


Figure 20 –The evolution of marketing research methods at Intomart-GfK in the Netherlands 2002-2005.

4.1.7 New Entrants

During the desk survey an Online Access Panels was found at Telia, the former Swedish governmental telephone operator, who has set up an OAP with an incentive system where points are earned that can be traded for products, cheques, gift certificates and charity donations in the *Telia Fördel* shop. The incentive system is also used for earning points from each crown paid on the telephone bill.¹¹²

4.2 Research Methodology

This chapter compares different methods used traditionally within the marketing research industry. A brief introduction is given to branch organizations working with quality issues and standards. Studies concerning the maintenance of a high quality OAP marketing research are summarized.

¹¹¹ Intomart-GfK (2005)

¹¹² Telia (2005)

4.2.1 Product Portfolio Matrix

Figures regarding the change in market growth and market share expressed as a percentage of the total turnover for different methods used in Sweden are presented below (figure 21). Members of ESOMAR reports this annually and the figures are put together in an Industry Report.¹¹³

		2000	2001	2002	2003	2004
Quantitative	CATI	32,0%	-	29,0%	30,0%	30,0%
	CAPI	6,0%	-	8,0%	8,0%	6,0%
	Online	3,0%	-	-	13,0%	16,0%
	Postal	13,0%	-	9,0%	12,0%	10,0%
	Other	-	-	5,0%	18,0%	20,0%
Qualitative	Group Discussions	8,0%	-	9,0%	10,0%	10,0%
	In-Depth Interviews	1,0%	-	4,0%	5,0%	5,0%
	Other	-	-	-	0,0%	0,0%
Other	-	-	-	4,0%	3,0%	
Total		-	-	-	100,0%	100,0%

Figure 21 – Figures from ESOMAR concerning turnover by method in Sweden.

4.2.2 Method Comparison

A comparison of the most common marketing research methods are presented below (figure 22).¹¹⁴

	Pesonal Omnibus	CATI- Omnibus	Postal	Hall	CAPI	CATI	Face to face	OAP	Average
Cost per unit (SEK)	200	180	200	550	650	200	550	100	329
Data delivery lead time per proj. (days)	15	10	35	30	25	7	30	6	20
Data handling lead time per proj. (days)	20	12	40	35	35	10	35	9	25
Demographic variety (high,mid,low)	H	H	M	M	H	H	H	M	
Amount of maintenance (high,mid,low)	H	M	L	M	H	M	H	M	
Return rate	0,6	0,7	0,4	0,3	0,6	0,7	0,6	0,5	0,6
Interviewer flexibility (high,mid,low)	H	M	L	H	H	M	H	L	
Knowledge check (Y/N)	Y	Y	N	Y	Y	Y	Y	N	

Figure 22 – Internal comparison chart over different marketing research methods. Data based on a net amount of 500 consumer interviews of 15 minutes each (fil.).

¹¹³ ESOMAR Industry Study (2000), (2001), (2002), (2003), (2004)

¹¹⁴ Billsten (2005) GfK Sverige

A similar comparison, but only on the methods On-line, Face to Face, Telephone and Postal, was conducted by Fessel GfK. Their results are presented below (figure 23).¹¹⁵

	On-line	Face to face	Telephone	Postal
Target groups	Many, even special	Almost all	Almost all	Most
Duration of interview (min)	15-20	< 60	15-20	< 90
Complexity of questions possible	medium	high	low	medium
Stimuli	multi media, easy to handle	possible, but with effort	not possible	possible with restrictions
Interviewer influence	none	medium	small	none
Time until delivery	speedy delivery	long	relatively short	relatively long
Cost	low to medium	relatively high	medium	low to medium

Figure 23 – Internal comparison chart over different marketing research methods.

4.2.3 Quality

A new generation of outsiders has entered the market and many are unaware of or uninterested in the existing marketing research quality standards. Moreover entry barriers are low. Anyone can start an access panels as long as the clients can be certain that the necessary quality is delivered. As long as the quality definitions are blurred OAP:s will stay under the suspicion of being somewhat unpredictable and unreliable as a research tool.¹¹⁶

4.2.3.1 Online vs. Random Digit Dialling

Many studies have demonstrated that online data collection delivers comparable results when compared to face to face and telephone surveys via Random Digit Dial (RDD) (figure 24). Other studies have shown that online data quality could be superior to data quality obtained from traditional data collecting methods.¹¹⁷

¹¹⁵ Fessel-GfK (2005) p. 21

¹¹⁶ Olivier (2005) p. 346

¹¹⁷ Ibid p. 347-348

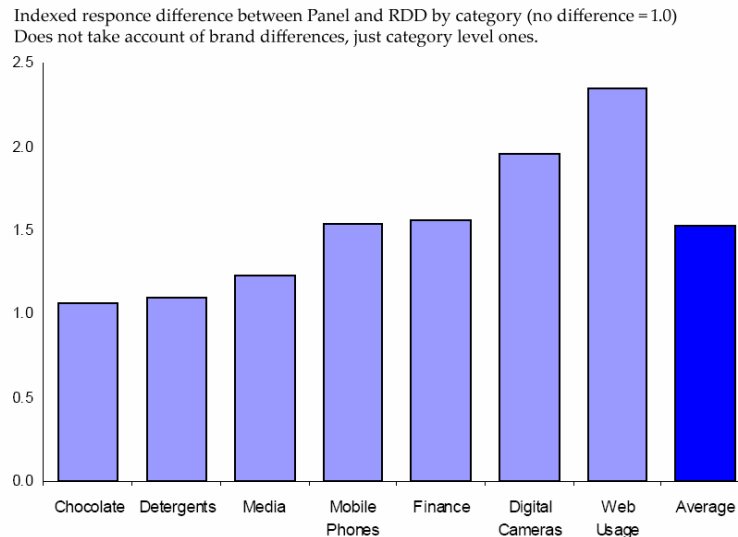


Figure 24 – Internal comparison chart over different marketing research methods.

4.2.3.2 EFAMRO & SMIF

EFAMRO is an international federation of market research agency associations within the European Union. It was formed in 1992 to bring together national associations of major countries in Western Europe representing research agencies responsible for between 60% and 70% of the total turnover in market research.¹¹⁸

The Swedish national association SMIF is a member of EFAMRO. The ambition of the SMIF members is to increase the profit of their client's customers.¹¹⁹

According to EFAMRO, ISO 9001 is not a true quality standard. All that a company has to do to conform is to write down exactly how it goes about its business in every detail and then put in place systems to monitor the production processes in order to ensure that the specified procedures are indeed followed. Officially appointed accreditation agencies carry out inspections to check independently that this is being done. In practice the introduction of ISO 9001 has led to considerable quality improvements in many agencies by bringing a degree of standardization to a company's practices, which in turn has led to a higher degree of comparability and consistency between surveys. But according to EFAMRO this is not enough.¹²⁰

¹¹⁸ EFAMRO (2005) [1]

¹¹⁹ SMIF (2005)

¹²⁰ EFAMRO (2005) [2]

4.2.3.3 The On-line Population

An up to date map from FESSEL-GfK Sverige shows the internet penetration in Europe as of May 2005 (figure 25). The numbers presented represents the online population over 15 years old as a percentage of the total population.¹²¹

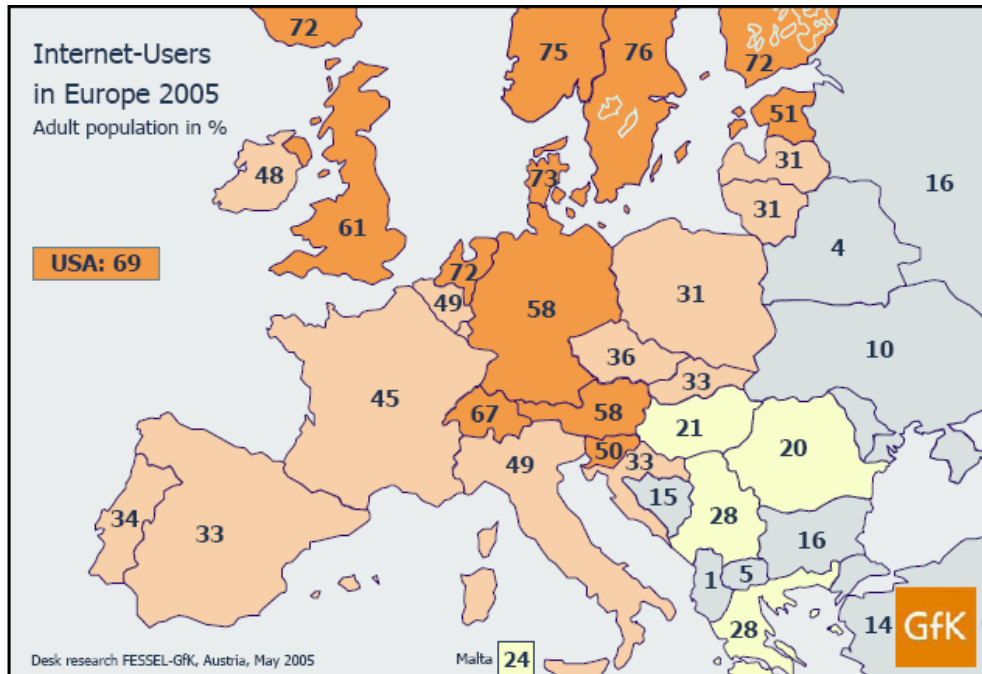


Figure 25 – Internet penetration in Europe 2005.

Since the mid nineties the Swedish Internet usage has grown rapidly.

- In 1999 62% of the Swedes had access to the Internet.
- During 2004 and 2005 this percentage has grown to 83%.

TNS-Gallup defines the *Online Population*, also called the *Panel Population* as individuals with access to the Internet that sends or receives e-mail once a week or more, e.g. the part of the population that TNS-Gallup can reach with a net-based survey. In Sweden this Online Population is comprised by a total of 4 million individuals between 16-74 years, while the *Internet Population* in general holds 5,4 million individuals (figure 26).¹²²

¹²¹ GfK Online Monitor (2005)

¹²² TNS-Gallup (2005)

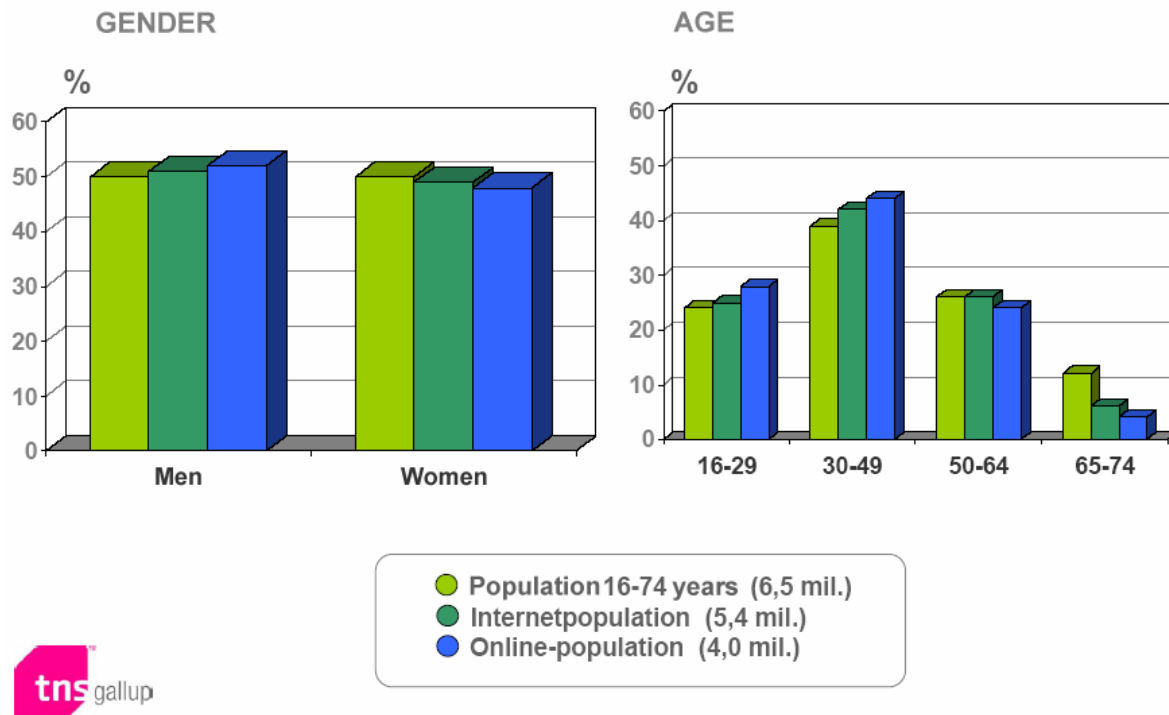


Figure 26 –Offline and Online population in Sweden, June 2005

4.2.3.4 Telephony in Sweden

During 2004 the amount of mobile phone subscriptions in Sweden reached 9.8 million which is more than the actual population was at the time. However, according to the PTS (Post och Telestyrelsen in Sweden) the mobile telephone penetration was approximately 90%.¹²³ In 2004 there were 322 000 3G mobile subscriptions in Sweden.¹²⁴ The telephone penetration in Sweden was approximately 98%.¹²⁵

4.2.4 Respondent Behavior

In order to make surveys with high quality, one has to be aware of the different incentives having respondents participating in surveys. If the return rate of a survey is too low it is very hard to draw reliable conclusions.

4.2.4.1 Motivating Respondents

Panelists primarily motivated in the recruiting phase to participate in surveys by interest and curiosity are called '*intrinsically motivated*'. Seeing the results of the survey is reward enough for the intrinsically motivated. Panelists whose primary motivation, in the recruiting phase, for participating in surveys is rewards and secondary by their interest in the subject are called '*extrinsically motivated*'. (figure 27)

¹²³ Sika (2005) p. 29

¹²⁴ Ibid p. 9

¹²⁵ Maranon (2005) GfK Sverige

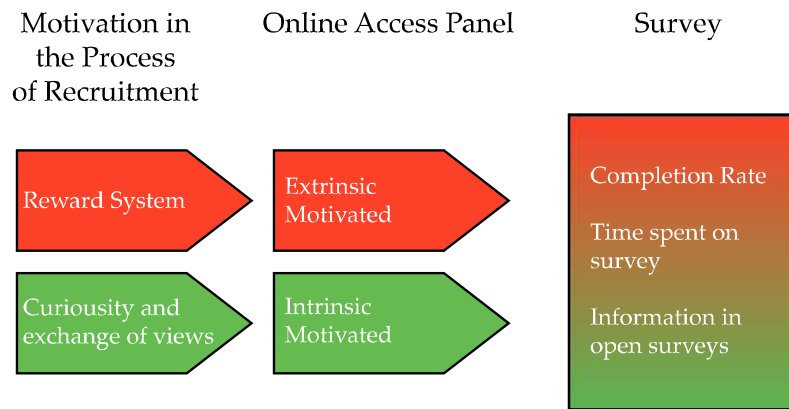


Figure 27 – Motivation in the recruiting process.

The thesis in the study of intrinsically- and extrinsically motivated respondents conducted by Hellwig & Vosskötter was that motivation is a selection filter in the process of recruitment. The motivation affects the completion rate, the time spent and the quantity of open answers. The findings were that panel members recruited primarily by intrinsic motivation spend more time in surveys and give more detailed answers than extrinsically motivated. Thus, the way of recruiting addresses different kinds of people.¹²⁶

4.2.4.2 Understanding the Online Panelists

A survey conducted in 2005 by Comley showed that people react differently depending on the nature of the reward offered for participating in surveys. Price draws for instance are pretty common for motivating participation in panel surveys. But research has shown that many are distrustful that prize draws actually take place. This is evidenced by the fact that no one seems to know anyone that has actually won. The cynicism and lack of trust are probably particular problems of the internet with its history of many scams. According to Comley there are four different segments of preferred incentives amongst respondents. *Helpers* like being part of an online community and are happy to participate in surveys without any form of payment. Often, seeing the results of surveys is motivation enough for the helpers. They are also more willing to answer open questions and completing longer surveys than other kinds of respondents.¹²⁷

The main motivation for the *opinionated* respondents is having their views heard. They also enjoy doing surveys and finding out about new ideas and products. The opinionated are however more likely to take part in surveys whose topic is particularly interesting to them and they are more likely to be late responders. Opinionated respondents are also interested in seeing the results of conducted surveys. The *incentivised* respondents main motivation for participating in surveys is

¹²⁶ Hellwig & Vosskötter (2005) p. 90-91

¹²⁷ Comley (2005) p. 124

competitions and offers. However the incentivised respondents will sometimes do surveys without rewards. They have a tendency to do lots of surveys, but not as many as professionals. They are, like the opinionated respondents, likely to be late responders to surveys. The *professional* respondents are motivated strictly by financial rewards from surveys. They will only complete a survey if there is offered a reward of their liking. They are not concerned about the survey topic and do surveys for most of the marketing research companies. They also have a tendency to prefer shorter surveys (figure 28).¹²⁸

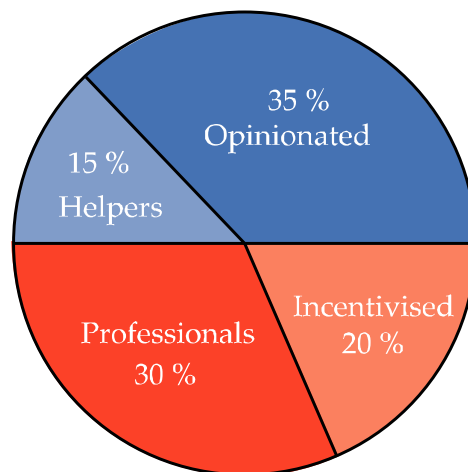


Figure 28 – Respondent motivation segments.

A broadly discussed disadvantage with rewards and payment systems is that it can create people who make themselves dependent on the income they get from OAP:s, i.e. professional respondents. But a benefit with the payment systems is that it can reduce the number of multiple memberships and it can help a company verify the identity of the respondents since respondents have to provide the research company with a genuine address and bank details.

From the survey conducted it was clear that there are areas that should be improved in most surveys:

1. Payment in cash.
2. Better prizes/incentives.
3. Honesty about the survey length.
4. Show the results at the end or have them sent later by e-mail.

¹²⁸ Comley (2005) p. 125

Many people in the survey felt that time was a critical factor for completing surveys. All of the respondents agreed on an ideal survey length of less than four minutes and 92% said that 10 minutes was the longest they would do. Many also experienced that screening questions and repeating questions were very time consuming and irritating. A majority felt it was annoying that they didn't get any compensation after participating in a comprehensive screening survey. In order to get free of this problem, respondents suggested that the purpose of the report should be more clearly expressed in the beginning of the survey.

People are more likely to participate in surveys that fall within in their field of interest. From the panel that this particular survey was taken from food, shopping, household products and entertainment seemed to be the top areas of interest for the Online Panel. The survey also implicated that people preferred to answer to Y/N questions, questions with pictures and questions with rating scales.

4.2.4.3 Active vs. Passive Recruitment

When recruiting panelists two different types of panels can be distinguished. Actively recruited OAPs with a closed circle of respondents and passively recruited OAPs with an open circle of respondents. Actively recruited OAPs uses methods where the marketing research company itself initiates the contact with the respondent i.e. no self-selection. With passively recruited OAPs the marketing research company lets the respondent sign up for participation through an online registration site. The recruitment procedure has to be active in order to get an OAP that can be considered to be representative. Hence, passively recruited panels are unsuitable for representative surveys. It is however important to remember that OAPs not are representative per se. The representativeness depends on how the sample is drawn and how the basis for sample drawing is comprised.¹²⁹

4.2.4.4 Opt-In Panel Recruitment

There are different kinds of panel recruitment methods. *Opt-in* panel recruitment means that respondents by their own free will sign up to participate in researches conducted via the Online Access Panel. This means that respondents explicitly say that they want to participate in the OAP and send in their active e-mail. *Double opt-in* recruitment is the same as regular opt-in, but with the addition that the respondent is asked to confirm his or her membership. EFAMRO has stated that at least a double opt in procedure is to be use in order to comply with the EFAMRO ISO/TCC 225 Quality Standard.¹³⁰ *Triple opt-in* recruitment adds on another step of confirmation. After the respondent has signed up to participate and confirmed the membership, the respondent is asked to do a survey in order to confirm that the respondent is

¹²⁹ ADM (2001) p. 7

¹³⁰ Olivier (2005) p. 352

willing to participate in a 15 minutes survey. In this second questionnaire more details about the respondents background information is collected.¹³¹

4.3 Risks

The understanding and management of the entire spectra of risks of OAP marketing research requires a rigid structure. In order to reduce risks and discover and grasp opportunities tailor made models are often required, as in the following chapter.

4.3.1 Risk Management Framework¹³²

According to Schanfield & Miller, COSO's ERM framework can be divided into five phases containing the eight steps of the framework presented in the theory chapter. This chapter presents some concrete examples of what to look for in each step.

1. Understanding the business model
2. Identify, assess, prioritize, link and report risks
3. Determine the appropriate risk responses
4. Determine capabilities to manage risk and implement risk responses
5. Implement risk monitoring and internal audit programs.

Understanding the business model covers the two first components of COSO's ERM framework, *internal environment* and *objective setting*. In this first phase a comprehensive understanding of the organization is to be achieved by focusing on overall strategy, vision, mission, objective setting, risk appetite, risk tolerances and their interrelationships. In the component of the internal environment, key information like risk culture, risk management philosophy, ethical values, risk appetite, human resource policies, organizational structure etc. needs to be gathered. Objective setting includes strategic and business objectives, risk appetite and risk tolerance, all aligned with the company's overall mission and vision. In this first phase company background information is also gathered for use in the future analysis.

In the second phase, *Identify, assess, prioritize, link, and report risks* a determination must be made concerning where the information concerning risk is to be gathered. It is critical to gather this information and link it to the strategic objectives and the key business processes. Finally the risks must be assessed for impact and likelihood so that they can be prioritized and communicated. This enables the ability for appropriate action to be taken.

Key points in the second phase include:

- Identifying risk participants in the risk assessment process.

¹³¹ IIS (2005) [2]

¹³² Schanfield & Miller (2005) p. 79-83

- Evaluating options for gathering information.
- Creating the risk universe and making logical groupings of high-level risks.
- Defining risk universe terms for each of the logical groupings.
- Linking risk universe to strategic objectives.
- Understanding the risk characteristics of the risk universe.
- Rolling up drivers and external risk into core risks across the businesses and processes.
- Plotting risks against strategic objectives.
- Assessing significance of risks to accomplishment of objectives.
- Assessing likelihood of risk to accomplishment of objectives.
- Assessing risk tolerance of each risk.
- Summarizing all risks
- Articulating risks on a visual display.
- Linking risks to business processes.

In the phase *Determine the appropriate risk responses* there are choices to be made how risks will be addressed, and what consequences these choices have i.e. cost versus benefit. The most important goal is managing the residual risk and aligning it with the company's overall objectives. Avoid, share, reduce, accept, and exploit the risks or opportunities are the various options available.

Determine capabilities to manage risk and implement risk responses is the fourth phase in implementing the COSO ERM-framework. This phase evaluates the organization's capabilities and infrastructure to address the risks, implement risk responses, and remediate gaps.

Key points in this phase include:

- Determining current state of risk capabilities for strategies, processes, people, technology, and information.
- Determining management expectations of risk capabilities.
- Identifying gaps.
- Building additional capabilities and infrastructure if needed.
- Remediation of gaps.
- Implementing risk responses to the identified risks.

The fifth and last phase *Implement risk monitoring and internal audit programs* covers the risk monitoring process involving internal audit projects, external auditing, monitoring of key performance indicators etc. This ongoing risk monitoring needs to be instilled in the organizational structure.

4.3.2 Risk Management Criteria

The probability of occurrence is classified in three different categories: high, medium and low. The potential extent of damage is also classified in these categories. A risk may be essential if it may jeopardize the existence and development of the company, if the effect or damage has been classified as high, and/or if there are other reasons for classifying the risk as essential (figure 29). A risk must always be regarded as essential if its occurrence leads to a reduction of overall performance profits of at least three percentage points and/or if the net income will be about 30% lower than in the previous year.

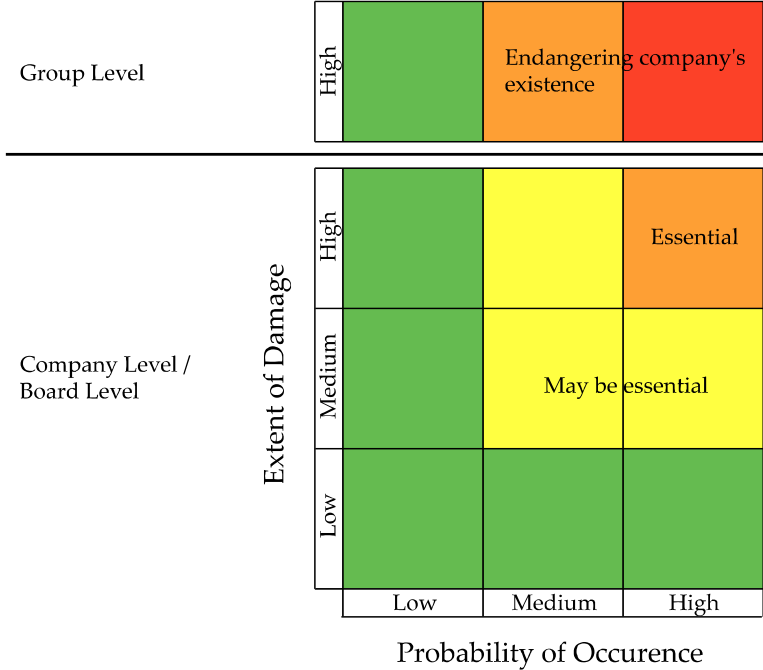


Figure 29 –Risk Matrix showing different risk categories.

5 Analysis

In this chapter the competition will be analyzed and methods will be compared to establish which methods compete with each other. A lot of publications concerning the OAP market have been published during 2005, despite this fact there is still a distinct difference in opinions and no common practice has been agreed upon. The OAP market in Sweden is relatively new but it has had great impact on traditional data collection methods. The panel maintenance and survey conduction is very important otherwise there could be a risk of lack of quality and relevancy.

5.1 Competitors

The Swedish OAP market has been developing fast during the recent five years. Since Swedish citizens have one of the highest internet penetrations in the world, Companies active on the Swedish market face a promising future of having the ability to innovate and to be ahead of international competitors.

5.1.1 Five Forces

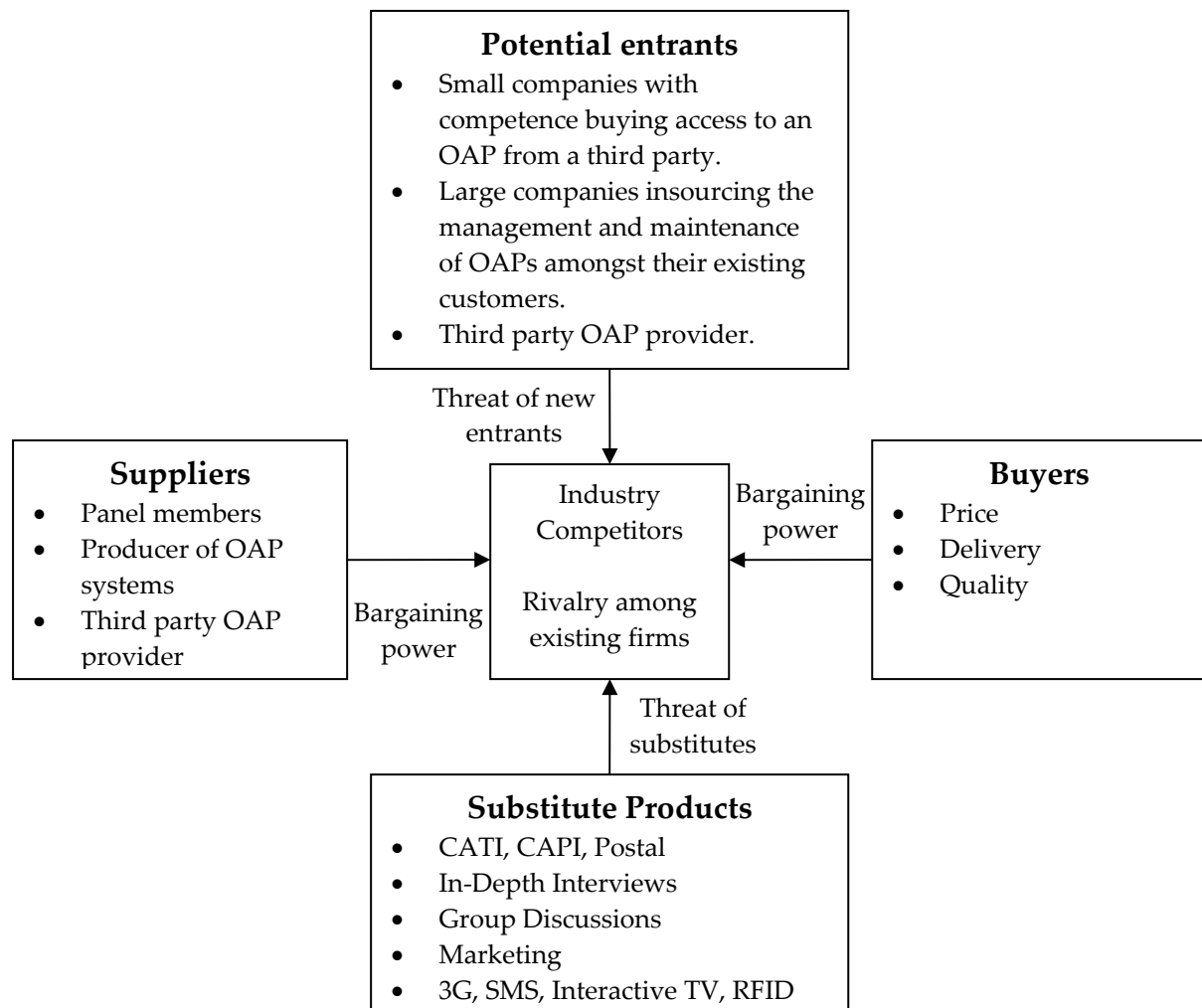


Figure 30 – Five Forces diagram of the OAP market.

The five forces analysis serves as a framework for a rough analysis of the risks regarding OAP:s (figure 30).

Potential Entrants – In order to gain advantage relative to the competitors a company may need to differentiate its products, in this case the OAP research. Omnibus marketing research is an area where economy of scale can be used since costs are divided amongst many customers. Compared to OAP marketing research the cost per unit is approximately twice as high. This means that if an omnibus survey is conducted online instead of in person or via telephone a company requires fewer customers to bear the initial costs. Currently there are some large software companies like Netigate and PulseTrain supplying some of the large marketing research companies with programs for data collection and data processing. A possible development could be that these companies acquire enough knowledge about the marketing research business thereby extending their services and setting up a panel of their own, becoming a direct competitor to marketing research companies. Also, small companies buying access to OAP:s in order to conduct marketing could to some extent compete with OAP since the costs of these small companies can be held fairly low and costs for sample drawing and access to the external OAP is solely born by the customer. Many clients have access to databases on their employees and customers. If these clients decide to conduct marketing research in house this will reduce the market for the marketing research companies. This is the case with Telia who has set up a panel amongst its *Telia Fördel* customers. There is a risk of vertical integration forward where suppliers of respondent registers begin to draw representative samples in order to increase their earnings.

Power of buyers – The risk for a buyer when changing marketing research company is fairly low since there are many alternative suppliers offering similar OAP products. However the market leader, QuickWise, seem to apply a more strategic approach to its products. They do this by staying in their customers PLC as long as possible, and by trying to enter in an as early stage as possible. This is the ideal position for a supplier according to the purchasing relationship matrix.

The most important demand factors stated are price and speed when choosing OAP instead of traditional marketing research methods (chapter 4.1.5). In order to compete among the new OAP companies experienced companies on the market may have to cut costs, lower their prices, and adjust to the new profit margins on the OAP market. If a company cannot work efficiently the quality may suffer since costs have to be reduced in the marketing research process in order to meet the client's demands. The market leader QuickWise sometimes offered prices half as low as many other companies on the OAP market, they also guarantee their customers that they will have a complete survey finished within 48 hours¹³³.

¹³³ QuickWise (2005) [1]

If the marketing research company can stay longer in the value chain it can also motivate a higher price. Hence, if the MR company supplies their client with extensive presentation of the data collected and if they are active in the decision process as consultants, they will expand their market, gain knowledge and tighten their bonds to the customer.

The discussion about quality and representativeness is a hot subject on the fairly new OAP market. One of the main issues is that research conducted via the OAP:s only will be representative for the internet population. Another issue is that it is not possible to know if the respondents answer the surveys honestly and takes the time needed to answer correctly. In Sweden however the internet penetration today is about 80%. This can easily be compared to the telephone penetration of 98%. If parameters like secret numbers, mobility, subscription holder etc. is taken into consideration the internet surveys in Sweden might not be less representative than telephone surveys. There are also many areas where research can be conducted without high requirements of representativeness as for instance some researches regarding food and candy.

Supplier power – Since the panel composition in general and the sample drawing in particular are important to the representativeness the suppliers of information, i.e. the respondents, are important to the marketing research company. Since there are different kinds of respondent groups demanding different incentives the management of these is important. If contact information, i.e. telephone numbers or e-mail addresses, are bought from a data supplier there is a fall off due to obsolete information, secret telephone numbers, mobile telephony, ip-telephony such as Skype etc. This means that the information bought must be verified and complemented; it however not always possible because of legislations or company policies stating that secret numbers should be excluded from all surveys.

Substitute Products – Substitute products in the five forces model was identified via the Competitor Matrix. The product portfolio matrix was used to show the evolution of the different methods used in Sweden today. From the analysis of methods it seemed that the direct competitors to OAP had the highest exposure to internal cannibalization. OAP is still in its early years in Sweden and findings from the Netherlands show that when OAP moved from stage 2 to stage 3 in the product life cycle, CAPI, CATI and Postal moved to stage 5, also known as the decline stage. These findings are strengthens the findings from the Swedish OAP market.

Internally OAP marketing research competes with Omnibus, Postal, Hall, CAPI, CATI and, Face to face. A change from pull to push strategy could mean that money budgeted for marketing research is reallocated to marketing efforts instead, i.e. generic substitution. Clients might also insource OAP marketing research which results in backward integration and a decrease in the marketing research market.

This is mainly done by companies holding their own customer register e.g. Telia as mentioned above. In the future we may see products like self reporting home electronics, combined with Radio Frequency Identification tags (RFID-tags) monitoring consumer behavior of grocery products or usage and caretaking of clothes. OAP surveys can be conducted via 3G mobile phones or wireless LANs connecting mobile laptops to the internet. Interactive TV usage can monitor watcher behavior and give better viewing figures for TV-shows or give the possibility to buy products directly via the commercials or via brand positioning in movies.

Competitive rivalry – Since the OAP market is in its growth stage, the competition is to a great extent inside the company, where OAP competes with the full spectra of traditional marketing research methods. When the OAP research reaches its maturity stage, rivalry amongst the companies can be expected. At that stage it is important to differentiate the products since the buyers will have great bargaining power and many OAP marketing research companies to buy surveys from.

5.1.2 Market Growth

OAP marketing research competes directly with CAPI, CATI, Postal and SMS. However SMS is excluded due to the limited possibilities to send larger amounts of information. Since OAP is likely to cannibalize on its direct competitors, different ways of increasing profits must be found. A study made by Intomart GfK in the Netherlands shows that CAWI, of which OAP is a part, has had a negative impact on CATI, CAPI and Postal.

Converting non-users within the existing segment covers increased awareness of OAP and incentives for purchase. Increased awareness can be achieved by commercials or advertising, comparing OAP to other methods in order to show that valid and reliable results can be achieved via OAP. Incentives for purchase of OAP can be via subscriptions of marketing research, sales campaigns, discounts, regressive pricing or via Quick MR i.e. initiation, research, post processing and delivery of results all in less than one day.

Creating new segments is made either geographical or via new channels. New segments geographical can be online sales, via local markets, and via markets with great geographical spread of its customers. New channels for OAP marketing research includes interactive digital TV and DAB-radio, direct sales of marketing research online, direct to consumer marketing research, special solutions for small businesses and governmental bodies.

Greater revenue from current customers is about creating a demand for OAP. New uses of OAP can be including consumer tracking via consumer panels, election forecasts, online concept tests, helping consumers make decisions about consumer goods like

fridges, washers or stoves where a consumer usually is at the hands of the salesman, conducting online group discussions via chat-rooms and semi-online perception and taste tests where products to be tested are sent home to the respondents and an online questionnaire is filled in. Heavier or more frequent use can be achieved by initiating smaller OAP omnibuses more often, by creating important sub-panels like doctor panels or panels of demographic groups hard to reach, regressive pricing and more areas of consumer tracking could also lead to heavier use. By letting customers trade up step by step in their usage of OAP greater revenues can be achieved. By having two steps of OAP marketing research a basic product that only includes data collection can be sold at a lower price. When the customer is ready he can continue to step two where information processing and implementation consultancy is offered at a higher price. Offering more careful marketing research when required can add value to OAP, and a flexible product portfolio with the ability to mix different methods can attract customers interested in higher survey relevancy (figure 31).

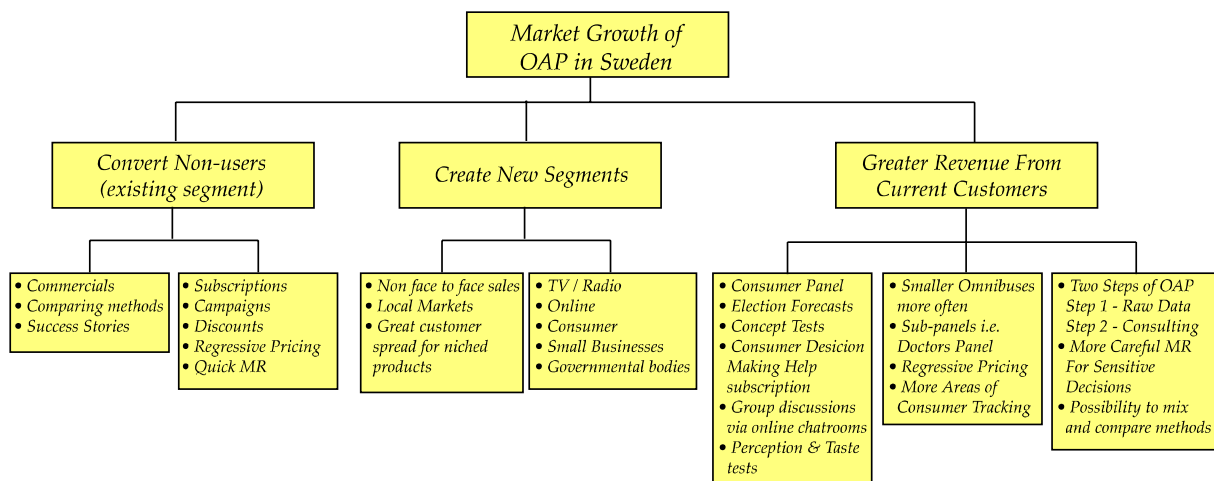


Figure 31 – Factors related to the market growth of OAP in Sweden.

5.1.3 Sales Arguments

According to the survey of sales arguments amongst Swedish marketing research firms the following four were considered the most important sales arguments for OAP marketing research;

- Competency / knowledge of marketing research
- High quality in recruitment
- high quality / quality assurance
- Speed

A similar survey conducted internationally and published by ESOMAR shows that following three factors were considered the most important sales arguments when setting the prices (figure 32). Time advantages, competitive pricing and complex target groups. Two notable differences in sales arguments between users who

adopted OAP prior to 2003 and users since 2003 are the focus of early adopters on *quality/reliable results* and *approach adapts well*. These differences could be explained by the fact that users since 2004 haven't been given the time to evaluate how well the approach adapts since the survey was conducted in 2004-2005, and that quality/reliable results not always is as important in relatively new companies.

	Time advantages	Competitive pricing	Respondents internationally	Complex target groups	Quality/reliable results	For big samples	Approach adapts well	Use of multimedia
Total	68,4%	64,9%	49,1%	60,4%	30,6%	46,2%	33,0%	32,6%
Users < 2003	69,5%	65,4%	50,1%	60,8%	31,7%	47,6%	34,8%	33,5%
Users since 2003	55,5%	58,7%	37,7%	54,9%	17,2%	30,2%	10,6%	21,6%

Figure 32 – Factors related to the market growth of OAP in Sweden.

When viewing these results the only factor represented in both surveys is speed/time advantages. It is likely that, as the market evolves, more factors start to appear and competency/knowledge, i.e. many years of experience of marketing research, is no longer a powerful sales argument since most companies are well established. This sales argument is also hard to verify.

5.1.4 OAP Marketing Research Company Development

From the survey conducted in Sweden, the trends of the different marketing research companies has been interpolated for the period from the year the company established an OAP to 2004. All of the companies show a positive trend in conducted OAP marketing research over the past four years. For Fieldwork Scandinavia number of surveys conducted was only available for 2004, no starting year and no estimate of surveys conducted that year was available. Therefore year 2000 has been set as an index year and the estimated number of surveys conducted that year has been set to zero in order to visualize the trend and compare with the other companies (figure 33).

National OAP Competitors	1998	1999	2000	2001	2002	2003	2004	Turnover
Bloomerco (Åsiktstorget)	?	?	?	?	?	?	?	67 000 000
CATINET	?	?	?	?	?	?	?	?
Field Work Scandinavia AB	0	0	0	30	60	91	121	40 000 000
GfK Sverige AB	0	0	0	0	9	18	51	130 000 000
Hermelin Nordic Research	0	0	0	5	27	49	70	40 000 000
Ipsos Interactive Services (IIS)	0	0	0	19	38	57	76	80 000 000
Quickwise	0	0	0	70	130	190	250	25 000 000
TEMO AB	0	0	22	44	66	88	110	90 000 000
TNS-Gallup AB	0	7	14	20	40	60	80	32 000 000
Zapera	0	0	0	21	49	77	104	?

Figure 33 – Key figures from the marketing research companies active in Sweden. Blue figures have been linearly interpolated from the figures available.

As shown in the diagram (figure 34), QuickWise seem to be the outstanding market leader in the OAP market. QuickWise has been growing almost twice as Fieldworks Scandinavia with only half as many surveys conducted in 2004. Considering the

rapid growth of QuickWise there is reason to believe that they are best in practise. GfK seem to have the lowest market growth and market share in this survey. However since 2003 the curve of GfK is becoming steeper. Field Work Scandinavia has their own panel but they also conduct fieldwork for TEMO. The statistics presented from these two companies might therefore be correlated and the same survey could be presented twice in the total stated number of surveys conducted. This might introduce some bias into the results.

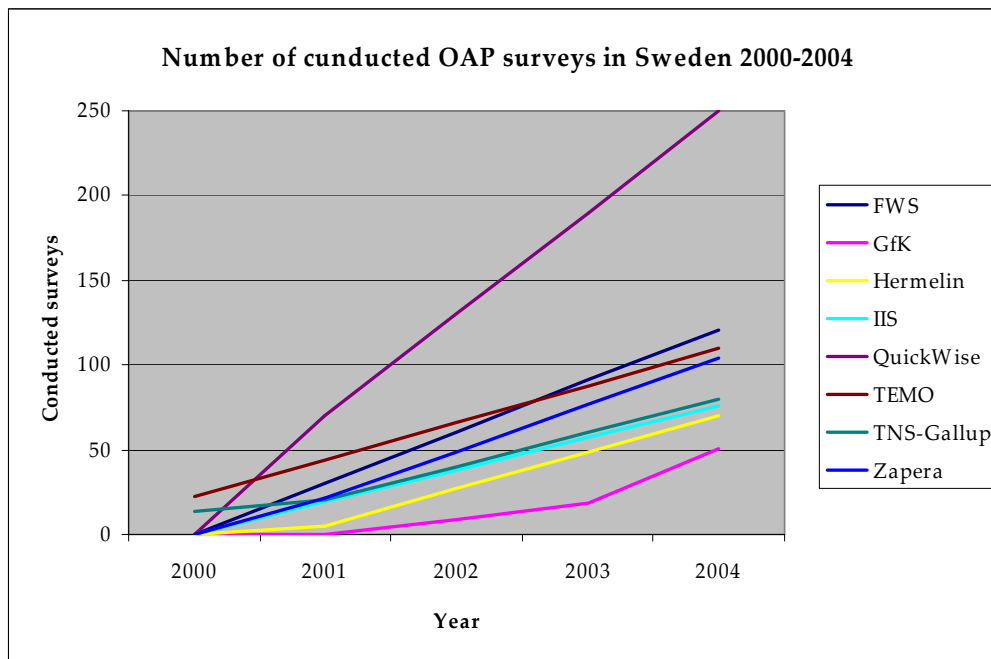


Figure 34 – A comparison between the OAP actors in Sweden showing the trend of conducted surveys.

5.1.5 Panel Size

The size of the marketing research companies OAP panels is often mentioned as a sales argument if it is large. Nevertheless a large panel is not worth to much if it is not possible to make representative samples of the target population. This survey has found that there are different parameters affecting the requirements of panel size. The different factors affecting the panel size are utility of respondents, size and number of subgroups, and confidence level requirements. Most often, a 95% confidence level is sufficient for making business decisions, this is also used as common practice. The results within a survey can always be proven to be adequate from a statistical point of view, depending on the magnitude of the margin of error. If a confidence level of 0.95 is applied this means that 95 of 100 results will be correct. The margin of error is a measure of the uncertainty that arise when everybody is not questioned. The number and consistence of the sub-groups is very important to define and make restrictions for. For a certain group sorted by e.g. gender, age and geographical localization, each sub-group should consist of at least 30 respondents. This figure can be mathematically verified by applying the theory of large sample case.

5.1.6 The Supply Chain

The supply chain for a typical marketing research company reaches from the respondents that supply the information, via the marketing research company to the buyer (figure 35). The marketing research company exchanges incentives for information from the respondents and then exchanges a market analysis for payment from the buyer.

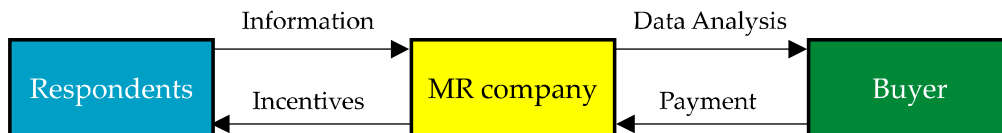


Figure 35 – The supply chain of a marketing research company.

5.2 Research Methodology

5.2.1 Product Life Cycle

Here the PLC has been applied on marketing research methods in the Netherlands in order to late compare the results with the Swedish market. Intomart-GfK has been conducting OAP research in the Netherlands since 2000 and is to some point ahead of the market in Sweden. This makes it interesting to study the evolution of Intomart-GfK in order to compare it with GfK Sweden, forecast the development and avoid pitfalls. The analysis only considers the market growth and applies a qualitative approach when applying the product lifecycle model. What is clear from this model is that as soon as OAP starts gaining market shares, other methods used will suffer from cannibalization and show a decline (figure 36) For a full service company on the Swedish market this can be expected to happen as soon as the establishment of an OAP has been made. Traditionally the trend is that product life cycles tend to be shorter and shorter within most markets. New innovative methods can quickly replace existing methods and marketing research companies must be on the lookout for evolution within the area. CAPI and Postal research has decreased with 55% and CATI with 25%. OAP on the other hand has increased with 205% from year 2002 to 2004.¹³⁴

¹³⁴ Intomart-GfK (2005)

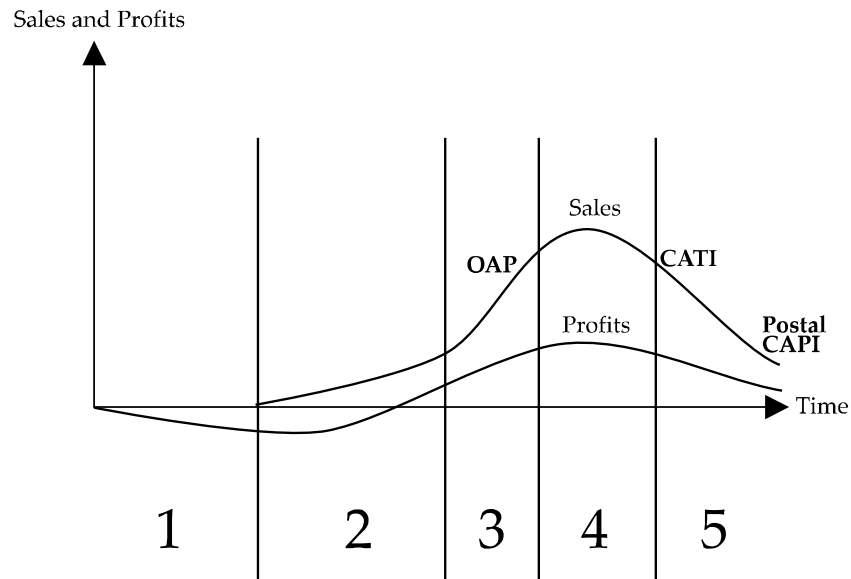


Figure 36 – The product life cycle for OAP, CATI, CAPI and HCOP in the Netherlands.

5.2.2 Product Portfolio Matrix

The Product Portfolio Matrix is applied on marketing research methods used in Sweden and no direct comparison can be made with the PLC model in the previous chapter since the methods have been placed in the PLC according to figures from the Netherlands.

CATI – The Cash Cow. The analysis and comparison is made with traditional research methods that are the direct competitors to OAP:s. CATI as a method shows signs of slowdown (figures 37 and 38) in sales growth and marketing research companies try to find new ways of strengthening the benefits with this method in order to increase sales. As you can see in the matrix (figure 39) CATI is placed in the maturity stage. The company should at this stage try to find new users and market segments. Modifying the market or the product may also help the company to increase sales. This can be achieved by gradually reallocating resources from CATI to OAP.

Postal, CAPI, Group and In-Depth – The Dogs. Sales decline for many reasons, including technological advances, shifts in customer preferences, and increased competition. As sales decline, some firms withdraw from the market. Those remaining may reduce their product offerings. They may drop smaller market segments, and marginal trade channels, or they may cut the promotion budget and reduce their prices further. Weak products can be costly and may take up to much of the management's time. If the products have negative impact on the profit of the company they may have to be phased out. Important though is that if other companies offering the same products withdraw, the company can gain the advantage of being the only provider. Hence, it can still be important to keep the competency within the company.

Online – The Star. Attracted by the opportunities of profit, new competitors will enter the market. They will introduce new product features and the market will expand. In the growing stage the companies will face a trade-off between high market share and high current profit. By spending lots of resources in improvements and promotion the company may capture a dominant position which makes it easier for the company in the maturity stage.

Other – By other is meant other quantitative research methods. This segment has shown a great increase over the last couple of years (figures 37 and 38). It is not clear if this evolution depends on a change in definitions of methods has moved more methods into the term other quantitative or if there has been an actual increase in new alternative marketing research methods.

		2000	2001	2002	2003	2004
Quantitative	CATI	32,0%	30,5%	29,0%	30,0%	30,0%
	CAPI	6,0%	7,0%	8,0%	8,0%	6,0%
	Online	3,0%	6,3%	9,6%	13,0%	16,0%
	Postal	13,0%	11,0%	9,0%	12,0%	10,0%
	Other	5,0%	5,0%	5,0%	18,0%	20,0%
Qualitative	Group Discussions	8,0%	8,5%	9,0%	10,0%	10,0%
	In-Depth Interviews	1,0%	2,5%	4,0%	5,0%	5,0%
	Other	0,0%	0,0%	0,0%	0,0%	0,0%
Other		4,0%	4,0%	4,0%	4,0%	3,0%
Total		72,0%	74,8%	77,6%	100,0%	100,0%

Figure 37 – Figures from ESOMAR concerning turnover by method in Sweden. Blue figures have been interpolated.

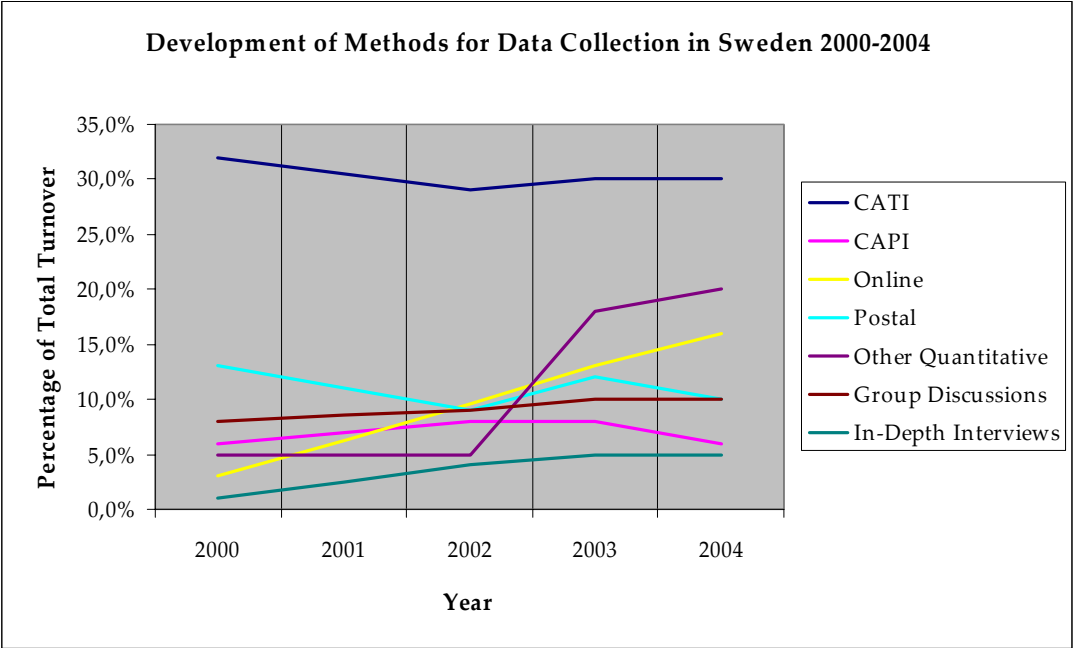


Figure 38 – The development of different data collection methods in Sweden 2000-2004.

The figures interpolated for the years 2000 to 2002 does not add up to 100% (figure 37). The ESOMAR Industry Study reports prior to 2003 are not as detailed in their data collection from the different countries. This makes it difficult to establish the trend and figures have had to be interpolated to compensate for incompleteness in the ESOMAR reports. Inconsistency in defining different types of marketing research methods have also contributed to these vague figures. A rough trend can however still be found in the data available. This trend is used to position the methods in the Product Portfolio Matrix (figure 39).

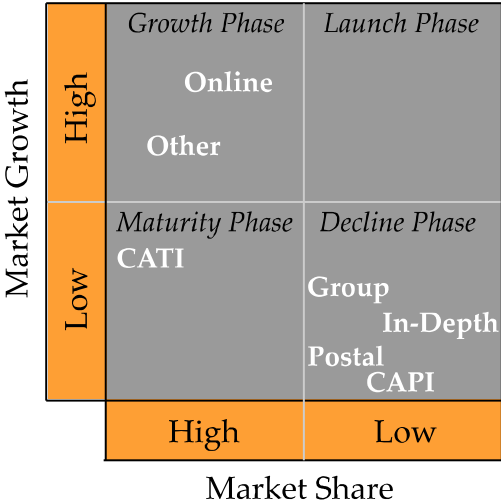


Figure 39 – Methods by share and growth rate in the Swedish Market

5.2.3 Competitor Matrix

The competitor matrix is here used indirectly by focusing on methods instead of companies using these methods. The methods are sorted into the matrix from an OAP point of view (figure 40). The direct competitors are CAWI, CATI, CAPI, Postal and SMS. Since the coverage of mobile phones in Sweden is very high SMS can be used to draw representative samples, however the possibilities to send larger amounts information are low, making this method hard to use at the time being. The OAP method is also represented here via CAWI. Product competitors sell the same products to different customers. Methods here are 3G, C2C, Communities and B2C. Via 3G, telephony marketing research can be conducted direct in the 3G mobile phone, however since 3G is relatively new and still mainly is used by early adopters the method is not representative of the entire population, not even the online population, and hence it is not a direct competitor to OAP. C2C or consumer to consumer is where sites like e.g. PriceRunner collect consumers’ opinions so that future consumers can read reviews and user opinions about the products they think about buying. Communities like LunarStorm also use classical research methodology but the respondents reached via LunarStorm are part of a demographically limited group not nationally representative or representative for the online population. B2C focuses on selling marketing information directly to end consumers. The indirect competitors to the marketing research companies are for example marketing firms.

For example; a company could have a budgeted amount of money to spend on either marketing of the product, marketing research of potential customers or both. Hence marketing and marketing research compete for the same money. Increased marketing efforts, for example advertising, can reduce the need for marketing research but it can also waste money on marketing efforts targeting the wrong consumer groups. Implicit competitors are methods competing about the same budget. Optimization of the supply chain, lean production or acquisitions of new SBU:s can have higher priorities than marketing research and therefore reduce the money spent on marketing research.

Customers	Similar	<i>Direct Competitors</i> CAWI CATI SMS CAPI Postal	<i>Indirect Competitors</i> In-Depth Interviews Marketing Group Discussions
	Different	<i>Product Competitors</i> 3G Community C2C B2C	<i>Implicit Competitors</i> Optimizing SC Lean Production Acquisitions
		Similar	Different
		Products	

Figure 40 – Competing areas within marketing research.

5.2.4 Respondent Behaviour

In compliance with the definition of intrinsic- and extrinsic motivation respondents can be furthermore divided into four sub-groups. When this research is combined the following relationship is shown (figure 41). The intrinsically motivated respondent subgroups are *Helpers* and *Opinionated*, the subgroups for the extrinsically motivated are *Professionals* and *Incentivised*. From the looks of it approximately half of the respondents in Comley’s study were intrinsically motivated and the other half was extrinsically motivated. It is not a fact that this is the best panel composition and the results from the survey are not important to this master thesis. However all groups need to exist within an OAP in order to represent the target population since these groups are represented there as well. This means that in order to attract both intrinsically- and extrinsically motivated panelists two different recruitment procedures are needed, one offering incentives in the form of rewards and one offering insight into survey results and the possibility for gifts to charity work. Since there is not a clear distinction between the respondent groups the possibility to move back and forth between intrinsic and extrinsic motivation must be given, otherwise this could force the respondent to leave the panel.

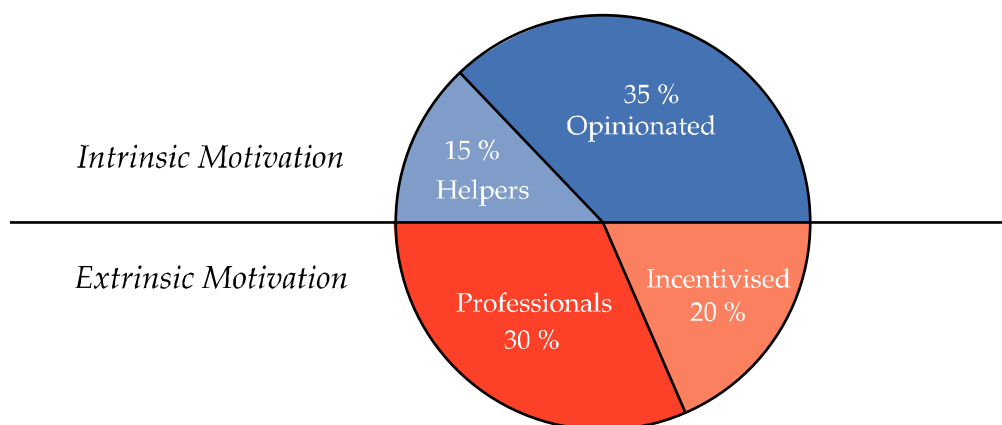


Figure 41 – Respondents categorized by recruitment procedure and motivation subgroups.

When choosing between active and passive recruitment one has to consider that active recruitment takes more effort than passive recruitment but a company can better control the comprise of the OAP if active recruitment is used. However, as long as the OAP is small relative to the target population it is the absolute size of it that determines how well it represents the target population. In order to get the substitution rate necessary without too high an effort passive recruitment combined with complementary active recruitment via many sources online and offline would be preferred. In order to verify the OAP members at least double opt-in is recommended in line with EFAMRO's quality standards but triple opt-in could be preferable in order to distinguish between panellists willing to participate in longer surveys from panellists only willing or able to participate in short surveys. The latter of these could be important sub groups necessary for the OAP but hard to reach because of a high work load or relatively limited internet access.

The moral hazard or principal-agent problem of OAP:s is how the marketing research company can choose incentives that makes the respondent deliver as accurate responses as possible. Since there is no personal contact between interviewer and respondent there is limited ways of knowing if the respondent understands the questions, takes the time necessary to answer them or seek information simultaneously on the internet in order to increase his knowledge before answering. Also, there is no way of knowing who is answering the questions. There is a possibility that the actual respondent lets a relative or a friend answer the questions. It is possible to measure the time taken during each question and during the entire survey in order to match this against an expected value. If the respondent differs i.e. making the survey too fast it is likely that the results given are not actually representative of that respondent's viewpoint. However this is not always the case since, for example, a dyslectic person is likely to take longer time to finish the survey. It is more difficult to gather information about who is actually sitting behind the

computer answering questions. This could be done by filter questions matching demographic data against the respondents stated background data, however this increases the demand for keeping background data up to date and accurate. If too lucrative incentives are set into place the problem of adverse selection arises. Professional respondents are assumed to participate in at least one marketing research company's OAP and many times in several companies OAP:s. If both active and passive recruitment is used there will be respondents in the OAP that are considered to be professional. In order to not attract professional respondents in too high extent incentives for this group must be similar to other MR companies' incentives or else professional respondents will migrate to the most lucrative OAP. In order to avoid adverse selection to some extent the information about incentive preference could be used as background information, or as selection criteria while drawing samples for surveys. Comley says in his paper that one benefit with payment systems is that it can reduce the number of multiple memberships. However no findings have been made to strengthen this statement. The only way to support this statement is to compare OAP panels between the marketing research companies and this is not likely to happen. An independent organization could be established, maybe as a part of EFAMRO, working with respondent behavior and professional respondents.

5.3 Risks

The models presented relating to the competitors and research methodology will in this chapter come together to create a rough roadmap.

5.3.1 Risk Management of the OAP Company

The five phases, according to Schanfield & Miller, of the COSO ERM-framework has been slightly modified to better suit the analysis.

5.3.1.1 Phase 1 – Understanding the Business Model

Internal Environment

The main organizational structure of data collection methods in a full service marketing research company is divided in two branches, Quantitative and Qualitative research methods. The quantitative research methods include Postal, CATI, CAPI and CAWI. OAP is included in the CAWI block. The qualitative research methods hold the In-Depth Interviews and Group Discussions (figure 42).

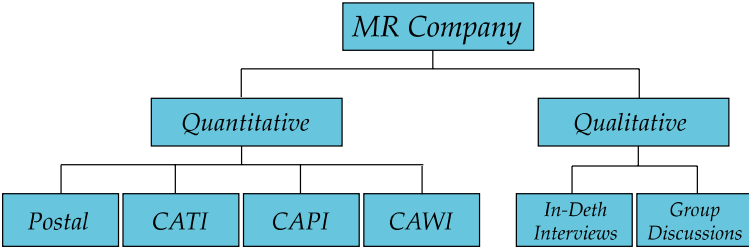


Figure 42 –Data collection methods of a full service MR company.

Objective Setting

GfK's mission statement says; *"Knowledge is the basis for the decision making process and their business information services provide the essential knowledge that industry, retail, the healthcare, service sectors and the media need in order to make their decisions."* The vision is that as a knowledge provider aim to be at the top in all the global markets in which they operate - in the interests of their clients and employees, the company, its shareholders and the general public. The risk tolerance is clearly stated by the fact that a risk always must be regarded as essential if it leads to a reduction of overall performance profits of at least three percentage points or if the net income will be about 30% lower than in the previous year. (chapter 4.3.2)

5.3.1.2 Phase 2 – Identify and Assess Risks and Opportunities

Event Identification

A five forces analysis has been conducted in order to make a rough analysis of the surrounding marketplace, internal threat of substitute and visualize the supply chain from buyer to supplier i.e. panellist. The potential entrants have been qualitatively identified as the current actors, potential new actors and other companies conducting OAP surveys in-house. Since the branch is evolving and the market place has not stagnated companies do not yet compete over market shares with each other. The greatest competition is instead company internal where OAP:s take market shares from other methods used. This is however an inevitable evolution, therefore special care must be taken in order to make the transition to OAP marketing research as smooth and cost efficient as possible.

Because the competition is company internal at the moment the focus will be on the company internal competition of methods. Here the product portfolio matrix has been used to analyze the evolution of different methods used in Sweden and to determine in what stage the different products are in their life cycle. The competitor matrix has been used on the methods in order to determine the level of competition and if any particular group of methods are more affected by the introduction of OAP. A comparison with findings regarding OAP:s in the Netherlands has also been made in order to strengthen or discard the thesis that OAP:s cannibalize internally with other methods. The findings from the Netherlands show that as marketing research via Online Access Panels was introduced, CATI, CAPI and Postal research started to decline. This strengthens our thesis that this also will happen in Sweden.

Risk Assessment

The risk internal cannibalization of OAP on other methods is visualized in a risk matrix (figure 43). The extent of damage possible has been shown by the market share by method in 2004. 0-10% is considered low, 10-20% medium and 20-30% is high. The probability of occurrence has been assessed by the long term trend, i.e. if the long term trend was positive the probability of occurrence would be low, if the long term trend was zero the probability would be medium and if the long term

trend was decreasing the probability would be high. The market share by method and the long term trend was visualized by figures from ESOMAR’s industry studies, where figures from Sweden were plotted into a diagram. The correlations of the risks have not been taken into consideration but it is likely to assume that there would be some correlation since CAWI seems to affect both CATI and CAPI. This needs to be examined at a higher level within the company and similar studies have been made at for example Intomart-GfK in the Netherlands. In order to not give away any information crucial to the company, market shares were taken from ESOMAR’s industry studies 2000 to 2004 and the figures used are not directly related to GfK Sverige, however they give a good insight into what products are in danger of decreasing profitability.

Extent of Damage	High		CATI	
	Medium	Online	Group Discussions	Postal
	Low		In-Depth Interviews	CAPI
		Low	Medium	High
		Probability of Occurrence		

Figure 43 –Methods sorted into the risk matrix.

5.3.1.3 Phase 3 – Risk Responses

The evolution of Online marketing research seems to have a great impact on the directly competing methods, and it might even have a high impact on the indirect competitors at a longer perspective. The key to success is how the internal transition from traditional methods to OAP marketing research is managed. If this is made in an efficient way advantages towards competing companies can be achieved in the form of more effective and efficient marketing research, shorter lead times from initiation of the survey to delivery of results, better handling of data since a computer can conduct real time analysis of respondent answers and hence increase the control of what questions to ask. This increased control of what questions to ask depending on the respondents answers could to some extent make up for the lack of an interviewer. An interviewer, used in for example in CAPI and CATI, can react and explain if he thinks that the respondent does not understand the question, or ask why the respondent answered the way he did. This can for example be achieved by

using a program that analyses the answers and compares them with other respondents' answers before presenting the next question to the respondent. In a longer perspective competition between companies concerning market shares is likely to intensify. In order to reduce the risk of large companies with large customer registers insourcing OAP marketing research, consultation and support while implementing the results from marketing research could be offered. Alternatively, if this is not possible, the possibility to have employees from the market research company permanently stationed at the key customers in order to maintain their panels and help conducting and analyzing surveys, thus creating a strategic partnership with important customers.

5.3.1.4 Phase 4 – Managing and Implementing Risk Responses

In order to control the transition from traditional methods to OAP constant monitoring of the development of different methods is needed. No direct risk response is needed at this stage but could be in the near future. One such indirect risk response is that there is a possibility that CATI and CAPI will have to be scaled down, this has to be evaluated so that the reallocation of resources can be done quickly when the time comes. The information flow concerning communication of risks needs to go in two directions, top down and bottom up. Management or the risk manager needs to communicate the risk criteria and motivate to employees why it is necessary to work with risk management. Once this downward communication is established there needs to be an upward communication in order to give the risk manager a holistic view of the risks and identify correlations therein.

Special computer software for visualizing and estimating the impact of events could be used to speed up the process and give a better understanding of the identified risks. Since not all risks can be predicted the company needs to be flexible when an unexpected event occurs. This could for example include knowledge of where a similar event has occurred before and whom to turn to for information. It is important that employees they feel they are actually participating in something rather than having the feeling that incident reporting is a necessary evil. This is not something that is done on a yearly, a monthly or a weekly basis. It should be an integrated process in the daily work.

There also needs to be a reporting system for near misses, by near misses meaning events that could have lead to a decrease in profits or the loss of a customer. To learn about events that could result in revenue losses or lead to escalated events which in the worst case could threaten the company's existence there needs to be a way of spreading the information from the individual to other parts of the company.

5.3.1.5 Phase 5 – Monitoring

In order to monitor the performance of the entities and of the company separate evaluations should be conducted within each company division on a regular basis, and a large evaluation at management level should gather the information about these risks at the division level and aggregate them to the company level. Scenarios could be established for important events such as the down scaling of CATI, CAPI and Postal research. These scenarios could then be evaluated and updated with figures from the sales department on a regular basis in order to be able to adjust sudden changes in sales and demand.

6 Conclusion

The conclusion summarizes the findings from this master thesis, and is meant to give a holistic view over the OAP market situation, research methodology and the risks of cannibalization on traditional methods. The theoretical contribution of this master thesis is to establish a holistic view of the OAP marketing research industry in Sweden and positioning OAP marketing research relative to traditional methods. The actors using OAP in Sweden have been identified and studied and the evolution of OAP marketing research in Sweden has been studied. The practical contribution is to help existing and new entrants to supply knowledge to their clients in order to develop their businesses.

6.1 Competitors

The identified actors on the Swedish market are Bloomerice, CATINÉT A/S, Field Work Scandinavia, GfK Sverige AB, Hermelin Nordic Research Ipsos Interactive Services, QuickWise, Temo, TNS-Gallup and Zaperla. All of these companies have shown a similar growth trend on the OAP market except for QuickWise who has grown approximately twice as fast as their closest competitor and five times as fast as the slowest growing competitor. The spend on online marketing research in Sweden has in the same timeframe increased by 433% (2000-2004). Factors that have driven this development of OAP marketing research is speed and price. With shorter product life cycles and more aggressive price competition on a global market, the demand for accurate, cheap and fast marketing research has increased forcing MR companies to work more effective and efficient.

A two wave survey was conducted 2004-2005 where market researchers themselves were interviewed about online market research. The participation in the first wave was 284 research professionals, in the second 588 research professionals participated. This alone shows the increase of concern about and usage of OAP. The survey on the evolution of OAP marketing research in Sweden does not show the same trend in the number of companies conducting OAP surveys, this is however likely to appear in the near future.

Other actors have also started to emerge on the market. Telia has set up an OAP on their customers already active online via the Telia Fördel membership. This is an interesting finding and this could be a future trend in marketing research. There is a risk that other companies with large customer registers will follow in Telia's footsteps hence reducing the traditional marketing research companies' market share in Sweden. The market leader QuickWise seem to apply a more strategic approach to its products, which is the ideal position for a supplier according to the purchasing relationship matrix.

6.2 Research Methodology

Even if OAP marketing research is only representative for the internet population there are some areas that do not seem to differ between the entire population and the online population. These areas are for example food, shopping, household products and entertainment. The requirements for conducting competitive marketing research via OAP:s are that the internet penetration is high, the different respondent subgroups are identified and given appropriate incentives and that the research method is faster and cheaper than traditional methods. If CATI is accepted as a representative method then the internet penetration can be considered as representative enough when it is equal to or higher than the telephone penetration after compensating for factors such as frame error, hidden numbers, IP-telephony, mobility, etc. Knowledge about groups that are not covered however must always be considered since this frame error could bias the results.

The size of the marketing research companies OAP:s is often mentioned as a sales argument if it is large. However a large panel is not worth much if it is not possible to make representative samples of the target population. The different factors affecting the panel size are utility of respondents, size and number of subgroups, and confidence level requirements. Each sub-group, sorted by e.g. gender, age and geographical localization, should consist of at least 30 respondents. To verify the OAP members at least a double opt-in recruitment procedure is recommended in line with EFAMRO's quality standards but triple opt-in recruitment could be preferable in order to distinguish between panellists willing to participate in longer surveys and panellists only willing or able to participate in shorter surveys.

The respondents can be divided into four subgroups; helpers, opinionated, incentivised and professional. The helpers and the opinionated need to be recruited intrinsically while the incentivised and the professional respondents need to be recruited extrinsically. In order to not attract professional respondents in too high extent incentives for this group must be similar to other MR companies' incentives or else professional respondents will migrate to the most lucrative OAP. The recruitment procedure has to be active to some extent in order to get an OAP that can be considered to be nationally representative. Hence, solely passive recruitment for OAP:s are unsuitable for conducting representative surveys. It is however important to remember that OAP:s not are representative per se. The representativeness depends on how the sample is drawn and how the basis for sample drawing is comprised.

6.3 Risks

CAPI and CATI contribute with the highest risks of having a negative impact on profits according to the conducted risk analysis of internal cannibalization. There is however other competing methods that have not been thoroughly examined in this master thesis. The identified indirect competitors to OAP marketing research are in depth interviews, group discussions and spend on marketing instead of marketing research. Product competitors are for example new technologies such as 3G. The implicit competitors are for example acquisitions, optimization of the supply chain and lean production if they compete for the same budgeted money. No analysis of the correlation between the decrease of both of these methods have been made and this could be a thesis in future research on OAP:s.

The key to success is how the internal transition from traditional methods to OAP marketing research is managed. If it is made in an efficient way advantages towards competing companies can be achieved in the form of more effective and efficient marketing research, shorter lead times from initiation of the survey to delivery of results and increased control of questions asked. The increased control of what questions to ask depending on the respondents answers could to some extent make up for the lack of an interviewer. An interviewer, used in for example in CAPI and CATI, can react and explain if he thinks that the respondent does not understand the question, or ask why the respondent answered the way he did. This can for example be achieved by using a program that analyses the answers and compares them with other respondents' answers before presenting the next question to the respondent.

The competence from CAPI and CATI could be transferred to OAP marketing research in order to enhance present knowledge of how surveys are conducted and continue building on existing competencies. The enhancement of the present knowledge could be used to create a consulting division within the company for example to help customers implement the results of marketing research. This opportunity needs to be further examined.

6.4 Looking Forward

In the future we may see products like self reporting home electronics, combined with RFID-tags monitoring consumer behavior of grocery products or usage and caretaking of clothes. OAP surveys can be conducted via 3G mobile phones or wireless LANs connecting mobile laptops to the internet. Interactive TV usage can monitor watcher behavior and give better viewing figures for TV-shows or give the possibility to buy products directly via the commercials or via brand positioning in movies. Barriers of entry are low for conducting marketing research via OAP. However the requirements for adequate maintenance are high and pretty costly if the research is to be representative.

In the future implicit competitors, indirect competitors and companies building their own OAP:s might constitute a threat for Swedish OAP marketing research companies. Therefore future studies could be focused on comparing and following up these possible threats. Marketing research companies' customers might also insource OAP marketing research which results in backward integration and a decrease in the marketing research market. This is mainly done by companies holding their own customer register e.g. Telia as mentioned above.

6.5 Recommended Future Studies

Recommended future studies for marketing research companies could be to determine what the next step after OAP is. When new technologies and methods are available to research institutes the management of changing and adapting to the situation fast and cost efficiently is crucial to a company's development. With some modifications this is also interesting from an academic point of view; what new technologies can ease the implementation of new marketing research methods?

How can marketing research be automated and become a greater part of people's everyday life? Marketing research should be enjoyable to participate in. The respondents should feel like their contribution makes an impact on improving products and services they themselves are going to purchase and use in the future.

Should marketing research companies narrow and strengthen their portfolio and competence or should they widen the scope of their products offered in order to attract a wider market? A narrower, stronger portfolio could mean that more effort is laid on special types of surveys, data processing and statistical relevancy. A wider scope could be a chain of services for instance covering marketing research, advertisement and consulting. Finally, will more companies follow in Telia's footsteps and insource marketing research? This could mean great change in the area of marketing research and needs to be thoroughly investigated.

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Appendix I – Wordlist

<i>Bias</i>	Bias is a systematical statistical sampling or testing error.
<i>Business concept</i>	A formal statement of what business the company is in, what it sells and what target market to focus on.
<i>Business model</i>	A design of the operations of a business which focuses on how revenue will be generated.
<i>CAPI</i>	Computer Assisted Personal Interview
<i>CATI</i>	Computer Assisted Telephone Interview
<i>CAWI</i>	Computer Assisted Web Interview
<i>Delivery</i>	Processing speed and in what way the material is presented.
<i>Full Service Company</i>	A company that offers a complete range of marketing research methods within its portfolio.
<i>Online Access Panel</i>	An Online Access Panel is a pre-recruited group of respondents or households who have agreed to take part in online research and who are able to co-operate regularly. The online access panel is a pool where samples are drawn from to conduct different types of online market research.
<i>Opportunity</i>	Opportunity is the complement to risk, i.e. a positive outcome times its likelihood.
<i>RDD</i>	Random digit dial.
<i>Risk</i>	Risk is a combination of the probability of an event and its consequence.
<i>Strategic Business Unit</i>	A Strategic Business Unit is a part of the organization for which there is a distinct external market for goods and services.

Appendix II – E-mail Questionnaire

Questions in Swedish;

1. Hur många undersökningar genomfördes via er Online Access Panel i Sverige år 2004?
2. När genomfördes den första undersökningen via Online Access Panelen i Sverige?
3. Hur många undersökningar genomfördes via er Online Access Panel i Sverige år 2001?
4. Varför väljer en kund er framför andra leverantörer av information från Online Access Paneler?

Questions translated into English;

1. How many surveys were conducted on the Swedish Online Access Panel last year, 2004?
2. Which year did you start making surveys on your Swedish Online Panel?
3. How many surveys were conducted on the Swedish Online Access Panel in the year of 2001?
4. What makes your company an attractive information supplier for the Swedish market?