Conducting Research on a Shoestring Budget

Prepared by Jerry Henry | H²R Market Research | October 2013
“Supposing is **good**. Finding out is **better**.”

-Mark Twain
Overview

Why it is important to understand what make your visitors tick.

How you can do it on the cheap...er, less expensively.

What different types of consumer insight you may want to consider.
Why Should I Invest in Research?
Consumers have changed.

We need to know how the consumer’s evolution has impacted their decision journey & choices.
Old business models no longer work as well as they once did.

We cannot keep doing the same things & expect different results.
Advertising is expensive.

Missing the target even by a fraction can be disastrous.
Research minimizes risk.

Research increases the probability of making a good decision.
Competition is fierce.

If I’m not serving my visitors’ needs, someone else in this room will.
Customer research helps us:

Understand what needs, wants & desires customers are trying to satisfy.
Research data enables us to:

2. Evaluate how important these needs, wants & desires are to customers.
Research helps us determine:

3. How much value customers place on a potential solution.
Having research means we can decide:

4. What **products** and **features** are mission critical.
Having research means we have:

5. Rich anecdotes that help us connect with customers on a more emotional level.
Why Some Do Not Use Research?

- “I don’t think I can afford it.”
- “Always done fine without it.”
- “I already know what it’s going to say.”
- “Don’t have the time. We need a decision now.”
- “I tried it once in the ’80’s and it didn’t seem to help much.”
- “I don’t know who to call.”
- “Our customers never change.”
How Can I Conduct Some Cheap Research?
Is That Really the Right Question?
How Can I Conduct GOOD Research as INEXPENSIVELY as Possible?
Secondary Research.

See if someone else has already answered this question for you.
Great Resources with Detailed Information

- Ruf Strategic Solutions
- Experian Simmons
- MRI Mediamark
- Scarborough Research
- The Futures Company
- Claritas Prizm
- VALS
- Roper
### STRONG LIFESTYLE ANALYSIS

<table>
<thead>
<tr>
<th>Rank</th>
<th>ETP</th>
<th>Description</th>
<th>Customer Percent</th>
<th>US Percent</th>
<th>Lifestyle Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>193A</td>
<td>Used protection products for sensitive skin in the last year</td>
<td>5.95</td>
<td>1.11</td>
<td>591.33</td>
</tr>
<tr>
<td>2</td>
<td>181D</td>
<td>Used protection product for chronic illnesses in the last year</td>
<td>3.92</td>
<td>1.46</td>
<td>265.50</td>
</tr>
<tr>
<td>3</td>
<td>219A</td>
<td>Gets a sports world trip</td>
<td>2.71</td>
<td>1.06</td>
<td>204.26</td>
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<tr>
<td>4</td>
<td>222D</td>
<td>Balancing and maintaining a healthy diet</td>
<td>3.93</td>
<td>1.22</td>
<td>241.82</td>
</tr>
<tr>
<td>5</td>
<td>050B</td>
<td>Usability by the minimum payment on Mazon/Credit card</td>
<td>4.19</td>
<td>2.08</td>
<td>209.86</td>
</tr>
<tr>
<td>6</td>
<td>060B</td>
<td>Owns three entry-level compact car</td>
<td>2.31</td>
<td>1.16</td>
<td>199.67</td>
</tr>
<tr>
<td>7</td>
<td>183D</td>
<td>Uses protection product for sensitive skin in the last year</td>
<td>2.18</td>
<td>1.13</td>
<td>191.32</td>
</tr>
<tr>
<td>8</td>
<td>248A</td>
<td>User single ticket for cultural service</td>
<td>2.29</td>
<td>1.23</td>
<td>191.49</td>
</tr>
<tr>
<td>9</td>
<td>130B</td>
<td>Bought rifle for hunting in last year</td>
<td>1.86</td>
<td>1.02</td>
<td>182.01</td>
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<tr>
<td>10</td>
<td>223B</td>
<td>Business purchase related building and grounds maintenance</td>
<td>3.48</td>
<td>1.91</td>
<td>181.82</td>
</tr>
<tr>
<td>11</td>
<td>185B</td>
<td>User protection product for chronic illnesses in the last year</td>
<td>4.69</td>
<td>2.08</td>
<td>174.63</td>
</tr>
<tr>
<td>12</td>
<td>081B</td>
<td>Took a state step vacation on fitness in the last years</td>
<td>2.03</td>
<td>1.17</td>
<td>171.41</td>
</tr>
<tr>
<td>13</td>
<td>048D</td>
<td>Ordered from Law Bryant in last year</td>
<td>3.48</td>
<td>2.01</td>
<td>171.13</td>
</tr>
<tr>
<td>14</td>
<td>162A</td>
<td>Edged at the flight arm for any additional bleed in the last year</td>
<td>2.37</td>
<td>1.37</td>
<td>172.85</td>
</tr>
<tr>
<td>15</td>
<td>039B</td>
<td>Ordered insurance term via Internet, real, or phone in the past year</td>
<td>3.70</td>
<td>2.46</td>
<td>169.40</td>
</tr>
<tr>
<td>16</td>
<td>050B</td>
<td>Have a Visa Signature credit card</td>
<td>4.75</td>
<td>2.60</td>
<td>169.52</td>
</tr>
<tr>
<td>17</td>
<td>091D</td>
<td>Ordered educational programs via Internet, real, or phone in the past year</td>
<td>2.71</td>
<td>1.50</td>
<td>169.43</td>
</tr>
<tr>
<td>18</td>
<td>173G</td>
<td>Bought or made women's dresses in the last year</td>
<td>3.79</td>
<td>2.24</td>
<td>169.00</td>
</tr>
<tr>
<td>19</td>
<td>052A</td>
<td>Usefully the minimum payment on Visa card</td>
<td>4.69</td>
<td>2.83</td>
<td>161.94</td>
</tr>
<tr>
<td>20</td>
<td>141B</td>
<td>Have a pti in household</td>
<td>2.97</td>
<td>1.83</td>
<td>161.97</td>
</tr>
<tr>
<td>21</td>
<td>159B</td>
<td>Bought some DVDs in the last year</td>
<td>2.38</td>
<td>1.45</td>
<td>161.39</td>
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<tr>
<td>22</td>
<td>084A</td>
<td>Took a state step vacation on fitness in the last years</td>
<td>1.92</td>
<td>1.00</td>
<td>151.22</td>
</tr>
<tr>
<td>23</td>
<td>048B</td>
<td>Purchased entertainment supplies from a catalog in the last year</td>
<td>4.94</td>
<td>2.76</td>
<td>151.89</td>
</tr>
<tr>
<td>24</td>
<td>159B</td>
<td>Digned at the flight arm for any additional bleed in the last year</td>
<td>2.03</td>
<td>1.27</td>
<td>159.95</td>
</tr>
<tr>
<td>25</td>
<td>116B</td>
<td>Fine to reserve family reunions every weekend</td>
<td>3.44</td>
<td>2.55</td>
<td>133.91</td>
</tr>
</tbody>
</table>

### MEDIA ANALYSIS

<table>
<thead>
<tr>
<th>Rank</th>
<th>ETP</th>
<th>Description</th>
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<th>US Percent</th>
<th>Lifestyle Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>210A</td>
<td>Pay to donation to advertising saloon at the home</td>
<td>7.07</td>
<td>1.69</td>
<td>249.27</td>
</tr>
<tr>
<td>2</td>
<td>215A</td>
<td>Online activities in last month - Online parking</td>
<td>3.33</td>
<td>1.06</td>
<td>224.70</td>
</tr>
<tr>
<td>3</td>
<td>219B</td>
<td>Pay for device to advertising on bus shuttle or beaches</td>
<td>2.66</td>
<td>1.47</td>
<td>211.25</td>
</tr>
<tr>
<td>4</td>
<td>215A</td>
<td>Create activities in last month - Promotional or solving activities</td>
<td>3.00</td>
<td>1.56</td>
<td>195.53</td>
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<tr>
<td>5</td>
<td>215A</td>
<td>Watch western drama television shows</td>
<td>5.66</td>
<td>3.19</td>
<td>189.49</td>
</tr>
<tr>
<td>6</td>
<td>215A</td>
<td>Internet advertising / Online click or booking advertisement</td>
<td>4.84</td>
<td>2.68</td>
<td>172.33</td>
</tr>
<tr>
<td>7</td>
<td>217A</td>
<td>Watch bowling on TV frequently</td>
<td>2.17</td>
<td>1.26</td>
<td>172.33</td>
</tr>
<tr>
<td>8</td>
<td>217A</td>
<td>Pay attention to advertising on bus shuttle or beaches</td>
<td>7.06</td>
<td>4.66</td>
<td>162.67</td>
</tr>
<tr>
<td>9</td>
<td>217A</td>
<td>Watch four Jebediah</td>
<td>3.11</td>
<td>2.16</td>
<td>147.31</td>
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<tr>
<td>10</td>
<td>217A</td>
<td>Does not see a television set</td>
<td>1.46</td>
<td>1.22</td>
<td>141.45</td>
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<tr>
<td>11</td>
<td>217A</td>
<td>Highly read novel of George</td>
<td>1.39</td>
<td>1.23</td>
<td>137.91</td>
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<tr>
<td>12</td>
<td>217A</td>
<td>Food photography publications</td>
<td>1.45</td>
<td>1.05</td>
<td>135.22</td>
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<tr>
<td>13</td>
<td>217A</td>
<td>Watch The New York (Sabin) Cavaliers</td>
<td>1.58</td>
<td>1.46</td>
<td>133.96</td>
</tr>
<tr>
<td>14</td>
<td>047B</td>
<td>Subscribe to online purchase The New York Journal</td>
<td>3.12</td>
<td>2.01</td>
<td>133.38</td>
</tr>
<tr>
<td>15</td>
<td>047B</td>
<td>Watch WTO2</td>
<td>4.75</td>
<td>2.64</td>
<td>133.38</td>
</tr>
<tr>
<td>16</td>
<td>047B</td>
<td>Used not scrapy in the past 10 days</td>
<td>1.03</td>
<td>1.21</td>
<td>133.40</td>
</tr>
</tbody>
</table>
Great Resources with Broad Information

- Pew Research Center
- Gallup Poll
- Harris Interactive
- Big 3 TV Networks
- USA Today
- U.S. Census Bureau
- Harvard Business Review
- Others
Other affordable secondary research sources...
Travel Smart News

- Travel news stories at your fingertips each morning.
- No more searching.
- No digging.
- Email Brian London at:
  - BrianLondon @travelindicators.com
Travel Industry Indicators

- Summary of Key Performance Indicators (KPIs)
- Published 10 times per year.
- Runs around $100 per year.
- Travelindicators.com

Dear Client:

Fears of a double-dip recession have cropped back into the vernacular, and while the earlier months of the year had been up over 2010, their current trend line is starting to straighten. Looking back at the economic contraction, we see it may have been limited regionally and in some cases only to certain socio-economic groups.

Our reading of the economic situation is that the unemployment rate among educated workers, who make up a large share of the traveling public, is less than five percent, and employed workers are receiving real wage increases. These segments alone can't insulate the industry from another contraction – but they explain why it hasn't suffered as other sectors have. No matter, it is understandable why so many in the industry are concerned that the apparent stalling of the U.S. economy will lead to a slowdown in travel.

To be sure, we see a mixed-bag of evidence when it comes to forward-looking measures and their measures that may be on the cusp of dropping us back into recessionary territory. Recession measures, used by the NBER (National Bureau of Economic Research), are declines in employment, income, wholesale and retail sales, and industrial production. One of the least talked about, but perhaps most important measures in terms of being a leading indicator, is industrial production.

On the positive, recent industrial production numbers show that factories continue to improve production of automobiles (payroll items are good for the economy) and capital goods – the things businesses use to make other products. These goods, like electronics and telecommunications parts, are for both domestic use and for exports. While the improved production doesn't overwhelm other troubling news, it does allow the economy to limp along.

Now, let's review consumer confidence and economic fundamentals to see how they will impact leisure travel demand.

It can be no surprise that consumer optimism continues at historic lows, and remains at levels low enough to keep a damper on consumer spending. The Reuters/University of Michigan index rose up to 57.8 from 56.7, which was slightly better than expected.

The Consumer Confidence Index, which had declined sharply in August, remained essentially unchanged in September. The index now stands at 58.4. To us, the low reading indicates that the pessimism which shrouded consumers last month has spilled over into September. Consumers also expressed greater concern about their expected earnings, a sign that does not bode well for spending.

What makes these numbers particularly troublesome is that just 5 percent of people say they are confident the economy won't slide back into recession. Only 27 percent of Americans say they are better off now than in January 2009, a decline from June, when 34 percent said they were better off. Since travel is often an aspirational product, providers should take note that consumers are not feeling very aspirational.

This concern about being better off was justified, personal income decreased $7.3 billion, and disposable personal income (DPI) decreased $5.0 billion. Little hiring, stagnant wages...
U.S. Travel Association Insights

- USTravel.org
- Free to Members

NEWS & HIGHLIGHTS

Two Out of Five Air Passengers Wish for Other Form of Transportation this Holiday
A new survey by U.S. Travel shows frustrations remain high this travel season, so high that two out of every five air passengers would rather eat fly.More »

U.S. Travel Commands U.S.-Canadian Border Agreement
Roger Dow comments agreement that will speed the border process for Canadian travelers visiting the U.S. while enhancing security. More »

Travel Matters
Increasing travel to and within the United States supports communities, injects billions into the U.S. economy and creates millions of American jobs.

U.S. Travel Plan to Create 1.3 Million Jobs
Recapturing America’s historic share of worldwide overseas travel would create up to 1.3 million U.S. jobs by 2020 compared with

International Pow Wow
April 21-25, 2012
The industry’s international marketplace and largest generator of inbound travel.
More »

ESTO
August 22-23, 2012
Three-day event for destination marketing professionals.
More »

Destination Travel Insights
Powered by American Express Business Insights
Portrait of American Leisure Travelers

- MMGY
  Formerly Y-Partnership
- Runs around $2,000 per year.
- MMGYGlobal.com

Runs around $2,000 per year.

STRGlobal.com
EASI Demographics

- Interactive desktop software that summarizes key resident demographics by geographic unit or mileage rings.
- Runs around $1,000.
- Easidemographics.com
Woods and Poole

- Demographic population data by county, MSA, state, etc.
- Interactive software runs around $2,000.
- WoodsandPoole.com
Economic Indicators Dashboard

▪ Quick one-stop shopping summary of industry KPIs.
▪ Presented in a concise set of charts & graphs.
▪ Published monthly.
▪ Runs around $300 per year.
▪ H2RMarketResearch.com
News Aggregators

- Flipboard
- Zite
- Pulse
- Google.com/Think
FREE Travel Industry Newsletter.

Just register at our website:

H2RMarketResearch.com

RESEARCH TREND LETTER

April 2011

VOLUME X ISSUE 4

In This Issue:
- Smart Destinations Survey Shows Travelers’ Definition of Value
- Gross Domestic Product Will Expand at a 3.3 Percent Pace in 2011
- Spain’s Tourist Industry is Getting a Much Needed Boost
- AirTran Merger “Impressive”
- Surging Oil Costs May Harm Recovery in Travel Sector
- New Ships, New Excursions for Alaska Cruise Passengers
- CTO Reports 4 Percent Increase in Caribbean Tourism in 2010
- And, Much More

SMART DESTINATIONS SURVEY SHOWS TRAVELERS’ DEFINITION OF VALUE. Consumers are looking for value when they travel and they’re expanding their definition of value, according to a survey by Smart Destinations, which produces Go City multi-attraction passes. Travelers also rated their most trusted sources and people came first. Ninety-two selected recommendations from friends, 70 percent chose online searches, 53 percent selected online reviews from other travelers, and 50 percent named travel books. They also defined value, which now goes beyond hotels and airfare and includes attractions, as well as savings in time and added convenience. The survey, which includes responses from more than 500 U.S. travelers, shows that consumers take their vacations seriously, seeking advice, conducting online research and actively looking for deals. Today’s travelers engage in an extensive research process, which often takes place over several months and includes numerous and varied information sources. Seventy-five percent say they try to get discounted admission in advance if there is a specific activity they want to do on their trip. Ninety-five percent of respondents would buy admission in advance if they could “skip the line” at popular attractions. Forty-six percent of respondents would pay more than the retail price to eliminate waiting in line. Travelers also indicated that promotions and sales, specifically those offering a 25 percent discount or greater, are key purchase triggers. Ninety percent said they would pre-purchase attraction tickets for a 25 percent discount and 92 percent of travelers would buy bundled admission of three to five attractions at once for a 25 percent discount. (Source: Travel Pulse, 3/7)

GROSS DOMESTIC PRODUCT WILL EXPAND AT A 3.3 PERCENT PACE IN 2011. Up from the 2.6 percent rate forecast in November. Consumer spending, business investment and exports will also increase more than previously projected. This update, along with recent data showing
H²R Market Research iPhone App

- FREE travel & tourism newsletter application.
- Available on iTunes.
Follow Me on Twitter @H2RMktResearch

- Daily re-tweets of relevant news stories covering:
  - Travel & Tourism
  - Consumer Demographics
  - Industry Trends
  - Social Trends
  - And/or Anything I think May be of Interest.
But, sometimes secondary research just isn’t enough.
Inexpensive ways to conduct primary market research
E-Surveys

- Not pop-up surveys.
- Leverages assets you already own.
- Can target customers, prospects or non-visiters.
- Inexpensive survey tools available.
### Pros and Cons

#### ADVANTAGES
- Cost
- Speed
- Visual Images
- Less Intrusive
- Verbatim Responses
- Sample Size

#### DISADVANTAGES
- Vast majority of travelers have email, but not all.
- Inability to control exactly who takes the survey.
- Email, but not all.
Examples of E-Survey Applications

- Visitor Satisfaction/Profiles
- Ad Testing
- Proposition Testing
- New Product Evaluation
- Non-Visitor Studies
- Brand Perception Research
- Brand Health Tracking
- Behavioral Studies
- Habits & Practices
- Market Segmentation
- Consumer Attitude & Opinion
- Constituent/ Members Surveys
- Political Issue Evaluations
- Pain Point Surveys
- Inquiry Conversion (Supplement)
- Ad Effectiveness & ROI
- Bulletin Boards
- Online Focus Groups
List Sources

- Inquiry Databases
- Welcome Center Registries
- Newsletter subscribers
- Hotel Guest Lists
- Sweepstakes Entries
- Professionally Managed Email Panels

...and once the asset is created, it can be used many times.
We have some questions for you!

Before you begin a survey, we'd like to ask you a few general questions about your lifestyle and interests.

Do you have any of the following types of medical insurance? Please select all that apply.

- Medicare Advantage
- Medicare Supplement Insurance
- HMO
- FFS
- POS
- Other/I do not know
- None of the above

Which of the following types of cigarettes do you smoke most often?

In which of the following areas do you work?
Staying Inside Versus Going Outside

- Professional help wordsmithing
- Allows multiple skip patterns
- Can embed visual/audio files
- Collect unlimited open-ended responses
- Multiple banner points evaluated
- Compare & contrast to industry norms

- Fast
- Inexpensive
- Good for small projects with straightforward business needs, e.g. do you like this or that?
Reduce the Sample Size

- Smaller sample size typically reduces the cost.
  - Large enough to do the job.
  - Too large of sample is a waste.
- Number of banner points needed?
  - Rule of thumb n-size.
  - But, fewer are often enough to make a good decision.
Relationship Between N-Size & Margin of Error

\[ \text{Margin of Error} = \sqrt{\frac{3.8416 \times (0.5 \times (1-0.5))}{n \text{ (sample size)}}} \]

<table>
<thead>
<tr>
<th>Sample Size</th>
<th>Margin of Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>300</td>
<td>+/- 5.7%</td>
</tr>
<tr>
<td>383</td>
<td>+/- 5.0%</td>
</tr>
<tr>
<td>400</td>
<td>+/- 4.9%</td>
</tr>
<tr>
<td>500</td>
<td>+/- 4.4%</td>
</tr>
<tr>
<td>1000</td>
<td>+/- 3.1%</td>
</tr>
<tr>
<td>2000</td>
<td>+/- 2.1%</td>
</tr>
</tbody>
</table>

Tripling sample only cuts MOE by half
Keep Looking

- No standard pricing in market research.
- Prices vary dramatically for similar services.
- If you think your research vendor is too high, keep looking
Fewer Qualifiers

- Fewer parameters lower cost.
  - Targeting the right respondents is important.
- But, small incidence rates translate to extremely expensive research studies.
OPM: Other People’s Money

- Find others with a similar target to share the cost of the research.

- Consider other divisions in your organization- or other attractions or organizations in your region.
  - Attractions
  - Hotels
  - Airports
  - Restaurants
  - Chamber of Commerce
  - Festivals or Events
Annual Survey Weighted by Season

- Conduct your survey only once a year instead of daily/weekly/monthly.
  - Randomly select visitors from all seasons of the year to avoid timing bias.
  - Allows you to conduct fewer surveys and save money.
  - But, also reduces your guests ability to accurately recall specifics.
Research Templates

- Get the research results, skip the consultant fee.
- Set of Excel worksheets including the questionnaire, legend, input file, data tables and charts that automatically process information.
- “Research-in-a-box.” Standard reports for less money.
- Easy & inexpensive, but not customizable.
- Just collect and input the data.
Key Elements

- **Methodology & Sample Size**
  - Random selection is key.

- **Questionnaire**
  - The key elements are similar by type of study.

- **Input Form & Legend**
  - Code and input the data correctly & the calculations are automatic.

- **Tables & Charts**
  - Tables and charts are automatically generated.
Consumer Discussions

- Focus groups can be expensive.
- Chatting with your customers is not.
- Just need a warm, endearing staff member with a curious nature.
- The power of “why?”
Online IDIs/Triads/Quads

- Online focus groups are less expensive than traditional.
- No travel expense for clients & research team.
- Fewer groups because of broader inclusion of geographies.
- More appropriate state of mind.
Online Bulletin Boards

- Another two-way communication qualitative tool is online bulletin boards.
- Participants log-in and respond to questions you’ve posted along with follow-up probes.
- Can include images, video, audio, etc.
So, what research should you be doing?
Visitor Profile

Advertising Effectiveness

Geographic Distribution

Inquiry Conversion

Consumer Mapping

Brand Awareness & Perception

Economic impact

New Product Testing

Ad Testing

Types of Market Research Studies DMOs are using today.
Studies to Consider

- Geographic Distribution

- Visitor Profile
  - Post cards mailed back
  - Capture email addresses as you go
  - Pool email addresses at end of the year
  - Intercept study
  - Purchase a syndicated study

- Advertising Effectiveness or Conversion

- Market Segmentation

- Ad Testing

- Brand Perception or Brand Health Studies
Innovative New Tools to Choose From

- Digital Ethnography
  - Shop-a-longs
    - Campfires
- Online Focus Groups
- Online Bulletin Boards
  - Social Listening
- Predictive Analytics/Big Data
- Comments/Complaints
Other Tricks of the Trade

▪ **Zip Code Conversion Assessment.** Map geographic distribution.

▪ **BDI or Brand Development Index.** Fish where the fish are biting. Are you advertising in the right markets?

▪ **Marketing Hook Evaluation.** What marketing hooks really drive visitation to your destination? Are the images you show in your ads increasing your business?

▪ **Multivariate Statistical Analysis.** Choice drivers, factor analysis, cluster analysis, regression, etc.
Summary

• The game has changed.
• But, understanding your visitor does NOT have to be expensive.
• Develop an inexpensive secondary research library.
• Conduct e-surveys.
• Consider smaller sample size, when applicable.
• Get bids from alternative vendors.
• Execute fewer qualifiers.
• Share the expense. Use OPM.
• Do an annual survey and weight the data.
• Employ standard research templates.
• Talk directly to your destination’s visitors.
• Use the research you conduct.
Key Takeaways

1. Research does not have to be expensive.
2. Given the speed of change, its never been more important to understand what makes your visitors tick.
3. Develop a deeper understanding of your visitors’ needs so you can evolve with them.
4. Share & discuss the implications of your research findings with your team.
5. Use the research you conduct.
Questions?