

A Newsletter on the State of the Art in Marketing Research

A Note from our President

We are excited to say that this is the fifth edition of our state of the art newsletter. Every six months, we review articles from marketing and marketing research journals to help you stay abreast of some of the developments in marketing research methodology. This edition includes summaries on topics that cover the effects of question wording and comparisons of skip pattern instructions, as well as the effects of personal characteristics, research design, and response rate.

If you would like to refer to some of the information in past editions of our newsletter, they are available on our web site at www.syndics.com. If you have business associates who you think would like to receive the newsletter, please e-mail their address to randy@syndics.com. Also, e-mail us if you would like to receive future newsletters electronically.

Joe Welch, Ph. D.
President, Syndics Research Corporation

If you would like to discuss these issues or any project, contact us by telephone or e-mail David Cooper at coop@syndics.com or Paul Varner at pvar@syndics.com.

Personal Characteristics as Moderators of the Relationship Between Customer Satisfaction and Loyalty¹

The authors study the link between customer satisfaction and loyalty for consumer durables and, the impact of respondent/personal characteristics on this relationship is evaluated. Key findings of the research include the following:

- There is a direct relationship between customer satisfaction and loyalty. Thus, increasing customer satisfaction leads to higher customer loyalty.
- Satisfaction with the sales process and the after-service have a much stronger effect on customer's intention to stay loyal than satisfaction with the product.

In this issue . . .

- ***Personal Characteristics as Moderators of the Relationship Between Customer Satisfaction and Loyalty***¹
A study evaluating the impact of respondent characteristics on the satisfaction and loyalty for consumer durables.
 - ***The Impact of Research Design on Consumer Price Recall Accuracy***²
A multi-study evaluation of the impact of task characteristics, demographics, and economic environment.
 - ***Survey Accuracy as a Function of Usage Rate***³
A database analysis assessing the impact of usage levels on survey response and accuracy.
 - ***The Impact of Question Wording Reversal on Probabilistic Estimates of Defection/Loyalty for a Subscription Product***⁴
A test of wording loyalty and defection questions.
 - ***An Experiment with Skip Instructions***⁵
An article comparing methods of skip instructions in self-administered questionnaires.
 - ***The Effect of Response Rate Changes on the Index of Consumer Sentiment***⁶
An assessment of the impact of lower response rates.
- The relationship between satisfaction with the product and loyalty is stronger for people with low income than it is for people with high income.
 - For younger people, satisfaction with the sales process has a stronger impact on loyalty. However, for older people, satisfaction with the product has a stronger impact on loyalty.
 - The relationship between product satisfaction and loyalty is weaker for people with a strong desire for variety.

The Impact of Research Design on Consumer Price Recall Accuracy²



The authors evaluate findings from several studies to determine the impact of research design choices on price recall accuracy measures. Specifically, several possible determinants of price recall accuracy are evaluated including task characteristics (task size, participation, incentives, response format), respondent demographics (income and gender), product category, consumer psychographics, and economic environment (inflation, economic growth, unemployment). Key findings of the article include the following:

- On average, consumers' explicit price estimates are within 15 percent of the actual prices.
- Respondents who are compensated for their participation provide more accurate price recall estimates than those who do not receive compensation.
- Smaller respondent task sizes produce more accurate price recall estimates.
- Allowing respondents to indicate "don't know" instead of forcing them to specify a price produces more accurate price recall estimates.

Survey Accuracy as a Function of Usage Rate³

A large scale AT&T database was used to assess the impact of frequency/duration usage levels on survey response accuracy. The study shows that survey reports are more accurate among high frequency or high duration

respondents than low frequency or short duration cases.

The authors also provide indirect evidence that shows that frequency tends to be associated with regularity, and that longer duration tends to indicate higher personal involvement, both leading to enhanced memory encoding and retrieval, and therefore greater accuracy in survey reports.

The Impact of Question Wording Reversal on Probabilistic Estimates of Defection/Loyalty for a Subscription Product⁴

The author conducted a test to determine if question wording impacted responses provided to loyalty/defection questions. Two versions of a questionnaire were distributed to insurance consumers. One version asked consumers their *probability of changing* insurance providers at their next renewal date, and the other version asked consumers the *probability of renewing* with their current provider at their next renewal date.

Renew?

Cancel?

The results of the study indicate that the proportions of probabilistic estimates of future loyalty were approximately equal to the proportions of disloyalty/defection. Specifically, the two different question versions produced similar results for both building and car insurance products.

An Experiment with Skip Instructions⁵

The article describes the results of studies using self-administered questionnaires to compare three methods of presenting skip instructions with a questionnaire containing no skip instructions. The three skip instructions evaluated include the common default pattern (only one response option has a skip instruction), full skip instructions (instructions for each response option), and a prevention

skip instruction (including text before the question that instructs respondents to look for the skip instruction in the question). The questionnaire with no skip instructions was modified to include “not applicable” response codes.



Compliance with skip instructions was evaluated by calculating the mean percent of commission errors (respondent answering a question that is supposed to be skipped) and omission errors (respondent skipping a question that should be answered) for each skip instruction treatment.

Key findings of the study include the following:

- Errors of commission are more common than errors of omission.
- The method employing not applicable codes and no skip instructions produced the lowest mean percent of commission, omission, and total errors.
- Full skip instructions increased errors of commission compared to the common default pattern, and were much less successful than the prevention method. However, the full skip instructions were effective in reducing errors of omission.

The Effect of Response Rate Changes on the Index of Consumer Sentiment⁶

The authors conducted an analysis to assess the impact of lower response rates on survey data or the Index of Consumer Sentiment (index based on consumer answers to five economics related questions). Both the number



of calls and initial cooperation/refusal rates were related to the Index of Consumer Sentiment.

Key findings of the study include the following:

- Large differences in response rates had only minor effects on cross-sectional analysis.
- Time series analysis of the Index of Consumer Sentiment is less vulnerable to nonresponse bias than cross-sectional analysis.
- Systematic differences in the level of the Index of Consumer Sentiment were observed between easier and harder to interview respondents based on the number of calls required to complete an interview.

For more information, contact us at Syndics Research Corporation, 13612 Midway Road, Suite 605, Dallas, Texas, 75244. 972.385.0066. Visit our website for future archives of this newsletter. www.syndics.com.



OUR RESEARCH TEAM

Joe Welch Ph.D. - President: Over twenty years experience in the research industry. Joe has moderated over 1500 focus groups and has extensive experience in survey research, experimentation, and publishing. Graduate faculty at the University of North Texas.

Lydia Welch - CEO: Over fifteen years of marketing research experience in focus group moderating, data processing, analysis, and strategic planning. MBA Marketing Methods from the University of North Texas.

Gwen Fontenot Ph.D. - Senior Account Executive: Over fifteen years of experience in marketing research and consulting experience with expertise in customer satisfaction measurement, service quality, and Quality Function Deployment. Ph.D. in Marketing from the University of North Texas.

David Cooper - Senior Account Executive: Over ten years of marketing research experience in focus group moderating and survey research in healthcare, new product development, customer satisfaction, and high-tech industries. BBA Marketing & Statistics, AAS Design Technology, Graduate studies at UT Arlington.

Paul Varner - Senior Account Executive: Over ten years of experience with marketing research suppliers with expertise in advanced research methods, price sensitivity & demand analysis, customer satisfaction, and on-line research. MS Marketing Research from UT Arlington and BBA Marketing & Finance from UT Austin.

Randy Timm - Director of Quality Assurance: Five years of experience in account management, analysis, and quality assurance. BBA and MBA in marketing from the University of North Texas.

References in this volume:

- 1) Homburg, Christian, and Giering, Annette, "Personal Characteristics as Moderators of the Relationship Between Customer Satisfaction and Loyalty" Psychology and Marketing, Volume 15 (January 2001) 43-66.
- 2) Estelami, Hooman, and Lehmann, Donald R., "The Impact of Research Design on Consumer Price Recall Accuracy" Journal of the Academy of Marketing Science, Volume 29 (Winter 2001) 36-49.
- 3) Hu, Michael, Toh, Rex, and Eunhyu, Lee, "Survey Accuracy as a Function of Usage Rate" Marketing Letters, Volume 11 (2000) 335-348.
- 4) Dawes, John, "The Impact of Question Wording Reversal on Probabilistic Estimates of Defection/Loyalty for a Subscription Product" Marketing Bulletin, Volume 11 (2000).
- 5) Gendall, Philip, and Ramsay, Rachel, "An Experiment with Skip Instructions" Marketing Bulletin, Volume 12 (2001).
- 6) Curtin, Richard, Presser, Stanley, and Singer, Eleanor, "The Effects of Response Rate Changes on the Index of Consumer Sentiment," Public Opinion Quarterly (Winter 2000), 413-428.

Syndics Synopsis

A Newsletter on the State of the Art in Marketing Research