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MARKETTOOLS UNVEILS INDUSTRY-FIRST RESEARCH QUANTIFYING BUSINESS RISKS OF POOR SAMPLE QUALITY

Research Finds Significant and Surprising Connections between Bad Respondents and Risk of Making Incorrect Conclusions from Survey Data; Reinforces Need for Comprehensive Validation Technology

SAN FRANCISCO—December 4, 2008—MarketTools, Inc. today announced new research that for the first time conclusively demonstrates a clear connection between fraudulent survey respondents and skewed survey data. The research shows that fraudulent responses have the potential to impact billions of dollars in product and marketing decisions each year. The report, titled “What Impact Do ‘Bad Respondents’ Have on Business Decisions?” and authored by Chief Methodologist Michael Conklin, finds that organizations not using technology to validate survey respondents as real, unique (not duplicates) and engaged actually double or even triple their risk of making an incorrect business decision. The report shows that simple de-duplication solutions are, on their own, insufficient and actually increase the risk of making a bad decision.

The online survey market is soaring—more than 1 billion surveys were completed in 2007. Global investment in online market research is expected to surpass \$4.3 billion in 2008. With online market research now influencing billions of dollars in marketing and product decisions, organizations need to be certain that these insights are based on quality data from real people or they risk impacting their bottom line. In April 2008, MarketTools was the first organization to fully define the scope of the sample quality issue and launch technology to effectively solve the problem. The result is TrueSample, which provides six distinct layers of technology-based validation to eliminate bad respondents—that is, respondents who cannot be verified as real, unique and engaged—from the company’s own ZoomPanel and the panels of TrueSample Certified Partners. To date, TrueSample has removed an average of 29 percent of prospective and existing panelists, improving the quality of survey data industry wide.

Today’s announcement of hard data directly links bad respondents to bad survey results and increased risk for bad decision making. This reinforces the critical need for companies using online market research to require sample validation technology.

“MarketTools’ research demonstrates, for the first time, that problems in sample quality have a direct impact on research results and can dramatically increase the risk that poor data quality will translate into bad business decisions,” said Michael Conklin. “The real lesson here is that by eliminating all sources of bad data through validation technology available today, researchers can mitigate the risks of using data from unreliable sample. For more than a year, MarketTools has worked closely with our customers and partners on the data-quality challenge. Together we are delivering a measurable increase in confidence in the conclusions drawn from online market research.”

Arriving at Quality Data: TrueSample Technology

TrueSample technology is aimed at ensuring authenticity in survey respondents on three levels. It provides objective assurance that survey respondents are real, unique and engaged:

- *Real:* MarketTools verifies each and every prospective panelist against external databases with objectively validated consumer demographics, including age, gender, address and income, to ensure that respondents are who they say they are. MarketTools applies this validation process to all prospective panelists and to those of MarketTools' participating Certified Partners. All panelists are required to provide accurate and verifiable data or they are prevented from joining any panel. No other market research company has this level of validation (in the past, validation simply meant "opt-in"). As a result of this process, as many as 24 percent of prospective survey takers are turned away.
- *Unique:* TrueSample technology ensures that no respondent can take a survey more than once, regardless of whether he or she has joined ZoomPanel or one of MarketTools' Certified Partner panels. Panels are also de-duplicated against each other to ensure that studies using multiple panels have only unique survey takers. Then, MarketTools goes one step further to identify suspicious respondents (such as professional survey takers or excessively frequent respondents), remove them from the data set and eliminate them from across the network. On an ongoing basis, MarketTools eliminates approximately three percent of respondents before entering a study due to failing the "unique" verification test.
- *Engaged:* MarketTools has introduced new technologies and practices to ensure that surveys are only completed by engaged respondents. For example, MarketTools uses proprietary, patent-pending data validation technology that correlates survey-taking time and response patterns to identify fraudulent behavior, remove offenders from the data set and eliminate them from the panel moving forward. With this technology and these procedures in place, MarketTools is able to prevent respondents from "gaming" the survey and ensure that panelists are engaged and providing thoughtful feedback, helping to further assure the quality and accuracy of research results.

Highlights of New Research Findings

In the summer of 2008, MarketTools performed a comprehensive attitudinal study about consumer products used for breakfast on behalf of a market-leading consumer packaged goods company. The results are based on 622 interviews with consumers—318 with respondents identified as duplicate or fraudulent and 304 with respondents certified as real, unique and engaged using MarketTools' TrueSample process. This research yielded significant and surprising findings, including:

- **Even a small proportion of bad respondents caused risk to increase exponentially—** MarketTools' research found that if a sample has 10 percent bad respondents, the increased risk of making the wrong decision is relatively small. However, if a sample has 30 percent bad respondents, the risk of making a bad decision doubles and at 40 percent bad respondents, the risk is nearly tripled. This means that if a survey is based on responses from sample that has 30 percent invalidated respondents, the risk of making a wrong decision is 100 percent higher.
- **As sample size increases, risk increases—**Surprisingly, MarketTools' research found that increasing the sample size, a tactic many companies employ in an attempt to counteract the effect of bad respondents, actually increases the risk of making a wrong decision instead of diminishing it. For example, the research found that with a sample size of 600 and 30 percent invalidated respondents, companies have twice the risk of making a bad decision. However, if the sample size is increased to 6,000, the risk of a bad decision doubles with only 10 percent of the sample made up of bad respondents. This counterintuitive result can be explained by the fact that small

differences in how good and bad respondents answer questions are more likely to be statistically significant as the sample size grows, dramatically increasing the risk of drawing wrong conclusions.

- **Eliminating only one type of bad respondent compounds risk**—Many companies that engage in online market research attempt to mitigate the impact of bad respondents by focusing on eliminating one type of bad respondent at a time. That is, they may remove duplicates, then eradicate straight-liners and then go after those who are attempting to game the system in order to collect incentives. MarketTools’ research found that addressing the issue of quality sample in this piecemeal fashion actually exacerbates the problem and increases the risk of making a bad decision even more than taking no action at all. This is explained by the fact that different groups of bad respondents actually give bad answers in different ways—duplicate respondents consistently provide higher scores and fraudulent respondents consistently provide lower scores. When both types of bad respondents are included in a sample, they tend to average each other out. However, when only one type of bad respondent is included in the sample, there is no compensation and the risk ratio increases at a greater rate.

For some research professionals, removing bad respondents simply means de-duplicating the panel. For others, it means eliminating “speeders” and “straight-liners.” Still others focus on removing fraudulent respondents, such as those who attempt to agent the system to collect incentives or for other motives. MarketTools’ research concludes that only a comprehensive approach to identifying and eliminating bad respondents that employs all of these tactics will ensure high quality survey data.

For more information or for a full copy of MarketTools’ new report, “What Impact Do ‘Bad Respondents’ Have on Business Decisions?” please visit http://www.markettools.com/forms/resource_14.php or contact the MarketTools team at Schwartz Communications at (415) 512-0770 or MarketTools@schwartz-pr.com.

About MarketTools

MarketTools is the leading technology and solutions provider of Customer Insight Management solutions for the world’s market leaders. Through a unique combination of best-in-class research platforms, quality-assured global panels and research innovation, MarketTools enables companies to better identify new opportunities, fuel greater product success and build customer advocacy. As the first company to make online surveys widely available on the web, MarketTools continues its market-leading position by providing the broadest range of powerful, accurate and integrated customer insight technologies that empower companies to become the most customer-centric organizations in their industries. MarketTools’ premier portfolio of technology-based insight brands includes Zoomerang™, zTelligence™, CustomerSat™, TrueSample™, Insight Networks™, Idea Networks™ and ZoomPanel™.

MarketTools is a privately held company with corporate headquarters in San Francisco and European headquarters in London. For more information, please visit: www.markettools.com.

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