

BUSINESS TECHNOLOGY

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Market Research 2.0

Posted by Ben Worthen

General Motors has relied on market research since the 1920s. Now, the automotive giant is trying to re-invent it for the Internet age.



Market research is the life blood of many companies. "When you're building a new product it's important to understand what people want," Joyce Salisbury, a research manager at GM, tells the Business Technology Blog. But traditional surveys and focus groups only provide a limited amount of information. You don't have the ability to ask follow up questions, there's no way to judge how enthusiastic people are about the topic they're asked about ("I can get 100 people to talk to me about gear shifters for an hour if I pay them \$100, but 99 of them couldn't care less,"

Salisbury tells us), and most importantly, even a company like GM only has the budget to research the \$500 million decisions, which are only a fraction of the decisions that go into a product .

For the last two years, GM has been doing market research in online communities. It gives participants a nominal fee - Salisbury says it can be as little as \$10 a month - and in return people answer questions, take polls and post comments on message boards. People participate for three months to a year. GM uses software from Gongos Research, which it also uses for traditional polling.

The online communities allow GM to ask follow-up questions or go back and rephrase a question when the results don't make sense. For example, GM recently polled one community about what concerns people had about electric vehicles. Most people said they weren't concerned about battery reliability because they could always get a new battery at Sears; they were confusing the batteries used in conventional cars with the sophisticated ones that power electric cars. Rather than writing off the research, GM was able to ask the question again.

Salisbury says that companies thinking about doing online market research should assemble large communities. When GM started out, it limited the number of participants in each community to around 300. But it turns out that the best number is closer to 3,000. Not everyone likes to post comments - there are always some people who like to post a lot - but most people will respond to messages once or twice a week. A community that size means the people who want to participate a lot have like-minded people to interact with, but it isn't large enough to chase away the people who just want to reply to polls.