

WHITEPAPER

The (Not So Hidden) Benefits of Solving the Survey Respondent Fraud Problem





1. Introduction

Survey research companies lose millions of dollars in payment incentives each year due to fraudulent behavior among respondents. But that’s not the worst of it; incorrect decisions made from data corrupted by this fraudulent behavior can cost the companies relying on it much more. Hence, the issue of survey fraud has a wide impact, as it affects:

- Buyers of data who need reliable insights to make multi-million dollar decisions
- Providers of data who lose millions of dollars each year due to fraud
- Consumers who lose simple, meaningful opportunities to share their opinions due to misguided data quality management programs

Fraudulent behavior can be caused by several common factors. Simple impatience or lack of attentiveness can drive the respondent to skip through questions to get to the end and earn the incentive as quickly as possible, thereby giving incorrect answers such as selecting the first option on every question. Or, respondent dishonesty can allow them to respond to surveys they don't actually qualify for to collect the reward. **But the most damaging factor is the use of Bots and other automated approaches to “hack” surveys**, leading to ghost completes and duplicative survey responses, resulting in useless research.

COMPROMISED RESPONSES:

- 1 Respondent jumps ahead to secure incentive
- 2 Intentionally inaccurate responses from uncommitted respondents
- 3 Bots and automated response hacks



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Numerator’s innovative approach to surveys directly addresses the industry’s survey fraud problem and these common factors, virtually eliminating fraudulent behavior.

NUMERATORS APPROACH

Using verified buyers to target surveys based on actual (not claimed) purchases

- We already know who they are demographically and what they buy before we send them a survey

Creating engaging experiences for better survey response rates

- Consumers know they will qualify for a relevant survey due to our ability to invite them based on their behaviors
- Our gamified app experience means our Survey respondents are engaged and have a response rate of 50%+

Building trust with consumers through transparency of how their data will be used and consistently demonstrating our commitment to providing easy, meaningful and relevant opportunities in our secure Receipt Hog app environment

- To ensure privacy for our users in providing their demographic and purchasing information to us, and to enable us to send surveys directly to them in a controlled environment

BENEFITS TO CUSTOMERS

Better/Higher Quality Data

- Data with less error due to surveys being fielded to engaged and verified buyers
- Responses based on recently observed behavior to ensure responses are more relevant and reflect more accurate opinions

Faster Results

- Shorter field and processing times

Trustworthy Information

- More reliable results leading to more confidence in the conclusions drawn from the data and the decisions made from it



Numerator avoids the vast majority of fraudulent responses, making our surveys more efficient and faster to close, with final and trustworthy results obtained much more quickly (since the substantial time typically needed to remove suspicious and/or problematic data is eliminated).

On average, traditional survey houses have to discard 38% of responses due to fraudulent behavior. In some extreme cases, needing to eliminate 70% of responses has been cited.*

2. How Verified Buyers Help Eliminate Survey Respondent Fraud

To verify a purchase (or other behavior we want to use to target survey respondents), we use actual (not claimed) behavior. We obtain this information from our Receipt Hog users via digital and paper receipt collection, representing a total commerce view of consumers. We do not have to rely on our users to remember what they purchased or where they shopped (human memory can be fallible), we have observed behavior that tells us who to target for the survey.

Since we have this actual verified behavior, we can direct the surveys to these specific households via our Receipt Hog app. In this way, we invite them to participate in very specific surveys that we know they have been qualified to take. This addresses the "dishonest" respondent behavior fraud. And, since we are reaching out directly to them in the app, this prevents Bots from taking our surveys, meaning we don't have to rely on techniques such as using CAPTCHA (is anyone not annoyed by having to respond to a CAPTCHA request?).

3. How Eliminating the Need for Screeners Reduces Respondent Fraud

Numerator's survey approach has the advantage of using verified buyers, so we can automatically eliminate screener questions that most surveys rely on to make sure they are reaching the right consumer. We already



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know the demographic characteristics of our users (age, income, occupation, etc.), so we do not have to reverify information. And we already know if they have purchased the product we're interested in asking them about, so we can directly ask them our questions (vs. going through a painful claimed purchases process that may or may not produce accurate results).

By eliminating screener questions, which can often account for 10 or even 15+ questions, we can create surveys which are much shorter and more relevant for our respondents allowing them to complete surveys in three minutes on average. We "cut to the chase" and ask them what we need to know, keeping attentiveness in taking our surveys high. This means that respondents are much less likely to engage in "skipping" behavior seen by respondents who are not part of an on-going engagement. It also means we can eliminate the need for "trap" or "trick" questions (such as "select #5 for this question") just to make sure they're paying attention. These types of questions, like screening questions, detract from the survey experience by adding unnecessary time (and fatigue) to taking surveys.

Holding the respondent's attention by asking fewer questions makes the experience more relevant to the respondent and leads to higher quality and more trustworthy data. That's exactly what we do.

4. Benefits of Solving the Survey Fraud Problem

It's clear that there are many benefits from a data quality perspective from our approach to survey research and our ability to use verified buyers. It also leads to faster and more trustworthy results for our clients which in turn leads to higher confidence in making decisions and taking actions based on the survey information. And it provides our users with a better, more relevant survey experience leading to less churn and higher cooperation rates. **With Numerator Surveys you can be confident you're receiving:**

SAMPLE EFFICIENCY

Our approach is also more efficient. For example, survey respondent fraud leads to an increase in the amount of random error from the resulting dataset, possibly leading to erroneous conclusions. To help reduce this error, many researchers use a much larger sample than needed to account for this increased error or "noise" in the data. Since Numerator's approach reduces fraudulent behavior, this increase in sample is not needed, leading to a more cost effective design.



FOCUS ON INNOVATION

Another key benefit that our clients realize from our approach is our ability to continuously strive for more innovation (we are an innovation and tech company afterall!). The fact that we do not have to focus on techniques to eliminate fraudulent behavior from the data means we have the added advantage of being able to direct those types of investments in a different and more beneficial way to our clients.

For example, we can focus on innovation that brings new capabilities and insights, such as our newest "AskWhy" surveys. These surveys can be launched by our clients directly from our Insights platform to known "closers" or "non-closers" of a product in a retailer. (For example, "non-closers" of Tide in Target are Tide consumers who shop in Target but have not purchased Tide in Target – and we want to learn more about the "why's" behind this behavior.)

RELIABLE & FAST INSIGHTS

Minimizing the time between when the behavior or purchase you want to understand happened and when you survey the consumer about it is also key to obtaining reliable information. For example, our Instant Surveys are launched by clients directly from our Insights Platform and are targeted based on the paper or digital receipts we receive from our users for the product or behavior of interest. This leads to better, more relevant responses from consumers as it is easier for them to remember why they chose the product, what happened at the shelf to influence their purchase, how they intend to use the product, etc. We've conducted several research studies to show the difficulty consumers have in remembering what and when they purchased products; our research shows that 69% of consumers cannot recall when they purchased a specific brand.

Our approach also leads to advantages in speed to insights. Most of our instant survey completes are within 12 hours or less. For our new "AskWhy" survey capability, we are seeing surveys completing within 3 hours or less. (This means a client can create and launch the survey from the Insights platform on Friday morning and have results by Friday afternoon to put into a Monday presentation without working the weekend.)

5. Conclusion

Survey respondent fraud is a serious problem for the industry and is likely to get worse for traditional survey houses, as developments in AI (like ChatGPT) will make it even more difficult to catch bad actors. And, with the current state of the economy, more respondents will be motivated to try to "beat the system" to accrue more of the monetary incentives offered (leading to millions of dollars wasted in incentives to fraudulent



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respondents). Hence, more investment will be needed by these types of survey companies to continue to combat the problem.

On the other hand, Numerator's innovative approach to surveys provides many benefits to our clients and vastly reduces the impact of survey fraud, thereby enabling more investment in innovation. Using a verified-buyer approach that we are uniquely positioned to leverage, we can eliminate many of the factors that lead to survey respondent fraud. For example, we can eliminate the upfront screening questions that can lead to respondent burden and fatigue, delivering a significantly better survey experience for our respondents. This leads to a higher level of attentiveness (hence better quality data), and more accurate responses (we know we are sending the survey to the right consumer).

Targeting surveys to verified buyers also enables us to use shorter surveys that are faster to close and easier and quicker to process to get to the results/insights (no time consuming process is needed to eliminate fraudulent responses). And, by targeting the surveys to our users within our Receipt Hog app, we control the survey environment and who is receiving the survey. This eliminates the impact of Bots as well as the effects that dishonest respondents can have on the data.

Innovation continues to be the key to success, and it is no exception within the survey research industry, especially when it comes to fighting the battle against fraudulent survey respondent behavior.



