

ISSUE BRIEF

MATHEMATICA
Policy Research, Inc.

T I M E L Y I N F O R M A T I O N F R O M M A T H E M A T I C A

Mathematica® strives to improve public well-being by bringing the highest standards of quality, objectivity, and excellence to bear on the provision of information collection and analysis to its clients.

NOVEMBER 2003
NUMBER 2

TRENDS IN DATA COLLECTION

Survey Response Incentives for a Low-Income Population: What Works?

by Susan Mitchell, Colette Lamothe-Galette, and Frank Potter

This brief summarizes an experiment with survey response incentives—checks, point-of-sale cards, and telephone cards—that Mathematica conducted as part of the National Survey of SSI Children and Families (NSCF) for the Office of Research, Evaluation, and Statistics of the Social Security Administration.

The Role of Incentives

Getting people to participate is fundamental to conducting a successful survey. Many survey organizations use incentive payments to encourage participation and to show appreciation for responses. Often, incentives are paid by check, which may be problematic for low-income participants who do not have bank accounts and find it difficult to cash checks. A large body of research has documented the effectiveness of cash versus check incentives, but little research has been done on the effectiveness of other alternatives.

The NSCF tested three different options for offering a \$10 incentive payment to participants—(1) checks; (2) point-of-sale (POS) cards; and (3) telephone cards. In an advance letter and at the start of the interview, we informed participants which type of incentive they would receive. Instructions for activation and use, along with a PIN number, were mailed to participants who received the POS and telephone cards.

For each option, we determined the (1) response rates, (2) rate of use, (3) associated administrative problems, and (4) costs. The results can help inform decisions about what types of incentives work best in surveys aimed at low-income populations.

What Worked

Participants who received the POS cards responded at the highest rate—79 percent—compared with 77

ABOUT THE SURVEY

Mathematica recently finished a two-year study that collected data on nearly 10,000 children with special health care needs and their families who were receiving or had applied for Supplemental Security Income (SSI). The last comprehensive survey of children with disabilities and their family circumstances was conducted more than 20 years ago. The NSCF, which ran from August 2001 through June 2002, collected information on the child's disability and functional limitations, health care utilization, health insurance coverage, education and training, and service use. At the household level, questions addressed the impact on the family of having a child with a disability, work and child care arrangements, parental employment, housing and transportation, and income and assets. For children under 18, the parent or guardian responded; individuals who were 18 and living independently responded for themselves. The Social Security Administration is using the survey data in policymaking and program planning.

HOW POS AND TELEPHONE CARDS DIFFERED

Point-of-sale cards were used to purchase \$10 worth of goods or services from any retail establishment that accepts debit cards. To activate the card, participants called a toll-free number and followed the voice prompts. At the store, the card was inserted into a card reader. The individual then selected the “debit/ATM” key option, entered the four-digit PIN, and followed the prompts to complete the transaction.

Telephone cards were good for \$10 worth of long-distance calls. Participants called a toll-free number, entered their 16-digit card number and PIN, waited for prompts, and then dialed the phone number they wished to call. Each time they made a call, the system advised them of their current card balance. Charges were deducted at the rate of \$0.13 per minute. The cards worked from any telephone, although a \$0.30 surcharge was imposed for use at a public telephone.

percent of the check group and 75 percent of the telephone card group (Table 1). The differences between the check group and the POS and telephone card groups—two percentage points each—are not statistically significant, which means that checks were just as effective as the other incentives in achieving a high response. However, the difference between the POS cards and the telephone cards—four percentage points—is statistically significant and suggests that POS cards were more effective than telephone cards in encouraging people to participate.

Despite high hopes for the POS and telephone cards as effective incentives, they proved significantly more problematic than checks—more than 18 percent of the card recipients called with questions or complaints, compared with fewer than 1 percent of the check recipients. Many problems related to the activation process—participants had to register and change a PIN number before using the cards. PIN

problems were the most frequently reported difficulty for both POS and telephone cards. Further, the rate of activation for POS cards was low—47 percent—with only 36 percent of POS card recipients actually using them (Table 2). The rate of activation for telephone cards was higher—74 percent—but the rate of use was only 30 percent. In contrast, 85 percent of the check recipients actually cashed them, although they may have had to pay a fee to do so. If incentives are used not only to motivate respondents but also to reward them (albeit in a token way) for their time and effort, then checks may better serve this purpose.

Table 1: Response Rates, by Incentive Type, at Month End

	POS Cards	Telephone Cards	Checks
Month 1	23%	18%	18%
Month 4	51%	46%	48%
Month 6	57%	51%	55%
Month 11	79%	75%	77%

Table 2: Incentive Activation and Use

	POS Cards	Telephone Cards	Checks
Activated	47%	74%	NA
Used/cashed	36%	30%	85%

Explaining the Differences

Since POS and telephone cards required the same activation process, we could not determine why there was such a difference in the rate of activation. Perhaps the time needed to read the directions and enable the POS cards was not worth the effort once participants considered the benefits. They also may have been uncertain about which stores would accept

the cards, unsure about how to use the cards to purchase items costing more or less than \$10, or unfamiliar with debit-type cards in general. Furthermore, the directions for using the cards in the store may have been too complex. POS cards required more effort to use than telephone cards, which could be used at home.

For POS cards activated and used, the average amount used before the cards expired was \$9.40, or close to the full incentive amount. (The cards expired six months after the date of issue.) For telephone cards activated and used, the average amount was \$6.76. Although unused funds can be recaptured and returned to a project's coffers, participants may feel cheated if they are not able to use any or all of their incentive. Survey researchers need to consider whether participants in longitudinal studies receiving telephone and POS cards as incentives, and experiencing the frustrations and inconveniences associated with each, would be reluctant to continue participating.

Costs Loom Large

In terms of the overall price tag, cards were more expensive than checks on a per-unit basis. POS cards each cost about \$1.00 more to send than checks, and telephone cards each cost about \$.65 more. In a large survey, even a \$.65 difference adds up quickly. In addition, we incurred labor costs for establishing and maintaining the card accounts and for answering participants' questions and resolving problems. Using check vendors was much more cost- and time-efficient.

Both card and check vendors charged fees to issue the incentives, maintain the payment accounts, and prepare the mailings (Table 3). The card vendor reserved the right to change its fee structure at any time. In fact, two new fees were instituted after our study began.

Things to Think About

Organizations that are thinking about using POS or telephone cards as incentives should consider doing the following:

Table 3: Cost for Different Incentives

Fee Type	POS Cards	Telephone Cards	Checks
Incentive amount	\$10.00	\$10.00	\$10.00
Generic card fee/ check fee	\$0.35	\$0.35	\$0.08
Deposit/load fee	\$0.05	\$0.05	NA
Transaction fee	\$0.35	NA	NA
Processing fee	\$0.78	\$0.78	\$0.78
Postage	\$0.68	\$0.68	\$0.34
Total Cost	\$12.21	\$11.86	\$11.20

- Configure cards with a PIN that is known to the participant, possibly a birth date or zip code. This way, participants will not need to change the PIN to activate their cards, which should reduce the number of related problems. In addition, only one letter, containing both the card and PIN number, will need to be mailed, thus saving postage costs. Of course, this approach will work only if unique and readily recalled PINs are known in advance. Another approach is to send the cards pre-activated so that a PIN is not needed. However, this may leave the cards vulnerable to theft before they reach participants.
- Comparison shop for card vendors specializing in electronic payment applications. Costs vary, and vendors offer different services. Most importantly, it is critical to read the contract, understand the fee structure, and know the potential liabilities. Survey organizations should make certain that the terms to which they agree will remain in effect for the duration of the incentive program. The electronic payment business is new and evolving, and fee structures change rapidly.
- Consider two other forms of electronic payment—ATM cards and Visa/MasterCards. An ATM card could be used to withdraw the incentive amount in cash. However, these card vendors apply the same

fees as POS card vendors, along with an additional charge to withdraw money. These fees could be deducted from the card's balance or paid by the survey organization, but they may be a disincentive for use. Visa/MasterCards could be used to purchase goods or services up to the incentive limit wherever these cards are accepted (but not to withdraw cash from an ATM). This option would not require activation or use of a PIN. The disadvantages of this approach relate to security and cost. Without an activation process, cards are usable by anyone and vulnerable to theft. Visa/MasterCards are also the most expensive option, adding more than \$4.00 in addition to the incentive amount.

In the end, POS and telephone cards did not perform as dependably or economically overall as checks. Our study suggests that the cards were more problematic and expensive than checks and caused more administrative and user problems. Further, there was no evidence that either card produced better response rates than checks.

The material presented here is derived from a presentation given at the 2003 annual conference of the American Association for Public Opinion Research. The opinions expressed here are those of the authors and do not necessarily represent the views of the Social Security Administration. For more information, contact Susan Mitchell, associate director, Surveys and Information Services, at (202) 484-4516, smitchell@mathematica-mpr.com, or go to www.mathematica-mpr.com.

Mathematica® is a registered trademark of Mathematica Policy Research, Inc.

Visit our web site at www.mathematica-mpr.com

To Find Out More:
Communication Services
Phone: (609) 799-3535
Fax: (609) 799-0005

Princeton Office
PO Box 2393
Princeton, NJ 08543-2393
Phone: (609) 799-3535
Fax: (609) 799-0005

Washington Office
600 Maryland Ave., SW, Suite 550
Washington, DC 20024-2512
Phone: (202) 484-9220
Fax: (202) 863-1763

Cambridge Office
50 Church St., 4th Floor
Cambridge, MA 02138-3726
Phone: (617) 491-7900
Fax: (617) 491-8044