

# **I want my \$2! Assessing the impact of various incentive mechanisms on response rates in market research.**

*Lynn Roy, BrightLine Group, Boulder, CO*  
*Amanda Vazquez, BrightLine Group, Boulder, CO*

## **ABSTRACT**

In the Demand Side Management (DSM) industry, market research commonly relies on respondent incentives to boost participation and ensure quality data. Monetary incentives, typically in the form of gift cards, are widely used to compensate participants for their time and effort. Two standard incentive models dominate: a fixed-value gift card (ranging from \$5 to \$50) awarded to all participants, and a sweepstakes-style model, where a smaller group of respondents are randomly selected to receive larger incentives (\$100 to \$200). The choice of incentive structure and value often depends on the respondent type (e.g., residential customers, business customer, contractor, or distributor), the survey method (web based vs. telephone), and other contextual factors. Understanding these dynamics is critical for designing effective market research strategies within the DSM sector.

Market research faces persistent challenges with declining response rates; a trend observed consistently across the DSM industry. This paper examines response rates from market research efforts conducted nationwide, with a focus on the impact of various incentive structures, monetary amounts, and delivery mechanisms. By analyzing data across different respondent types, survey mode, and geographic region, this study identifies which incentive strategies have historically led to higher participation rates. The findings offer practical insights for improving future market outreach efforts, providing a data-driven basis for maximizing engagement across diverse respondent groups. For example, response rates differed across regions, likely influenced by variations in cultural norms and cost of living. Additionally, sweepstakes incentives were more effective with commercial participants, while residential participants favored direct incentives.

## **Introduction**

Market research is the systematic gathering, analysis, and interpretation of information about a market, including information about the target audience, competitors, and the overall industry landscape. The goal is to understand customer needs and market trends, enabling businesses to make informed decisions (Jain 2023). Market research plays a critical role in understanding the dynamics of the Demand Side Management industry, informing program design, and shaping effective outreach strategies. Core components of market research—such as market segmentation, data collection, qualitative and quantitative analysis, and comprehensive reporting—are especially important in the accuracy of the findings and recommendations. Within this field, research often involves direct engagement with key stakeholders, including trade allies, contractors, program participants, and nonparticipants. However, collecting reliable data through surveys and interviews has become increasingly difficult, with response rates steadily declining across all groups. This trend, already present before the COVID-19 pandemic (Kennedy & Hartig 2019) was further accelerated by the shift to remote work, creating new barriers to reaching respondents.

This paper examines current response rate trends within DSM market research, evaluation, and planning studies and explores the factors that influence participation. Specifically, it analyzes survey response rates across a range of studies conducted nationwide, with a focus on how different incentive structures—such as incentive amounts and delivery mechanisms—affect participation. By evaluating patterns across various demographic and geographic segments, this assessment aims to provide

actionable insights that can guide more effective outreach strategies and improve response rates in future market research efforts.

## Background

The origins of modern market research can be traced back to the early 1920s, when American psychologist Daniel Starch conducted one of the first formal studies aimed at understanding consumer responses to advertising. Starch and his team employed in-depth, door-to-door interviews, asking individuals about magazine advertisements to determine what made them more appealing and effective (Drive Research Team 2020). Roughly a decade later, George Gallup advanced the field further by introducing the first Gallup Poll, incorporating his theory of aided recall—a method that assessed how well consumers remembered advertisements without being shown them again. This technique offered valuable insight into the memorability and impact of marketing efforts. Over the following decades, market research continued to evolve, incorporating psychological principles, both qualitative and quantitative methodologies, and increasingly sophisticated statistical techniques. Researchers began to explore not only what consumers did, but why they did it—bringing emotions, attitudes, and other social science elements into the fold. Perhaps the most transformative development came with the rise of the internet, which revolutionized data collection methods and significantly broadened the reach and scale of market research efforts.

One of the key performance metrics tracked in market research is the response rate. This metric represents the percentage of valid replies received from a given research effort, such as a survey, email campaign, or interview series. Response rates serve as an important measure of participant engagement and data reliability. Generally, the higher the response rate, the greater the confidence in the findings, as a larger and more representative sample tends to yield more accurate and meaningful insights (Clardie 2025). Through our own extensive experience conducting market research, the authors of this paper have found that a variety of factors influence response rates, including but not limited to:

- **Quality of contact information:** Inaccurate or outdated email addresses, physical addresses, or phone numbers can reduce response rates by preventing researchers from reaching the intended audience.
- **Interest in the topic:** If respondents are not personally or professionally invested in the subject matter, they are less likely to engage with the survey or interview.
- **Length of the survey or interview:** Longer surveys can deter participation, as respondents may not be willing to commit the required time or effort.
- **Time constraints:** Busy schedules often lead people to ignore or postpone participation, especially if the survey appears time-consuming or inconvenient.
- **Survey mode:** The format in which a survey is administered—whether online, by phone, or via paper—can affect both accessibility and willingness to respond. Some formats are more user-friendly or familiar than others, depending on the audience.
- **Brand credibility:** Respondents are more likely to engage when they recognize and trust the organization conducting the research. Unknown or untrusted sources may be dismissed as spam or irrelevant.
- **Incentives:** Offering a monetary or material incentive can significantly boost participation rates. Conversely, the absence of an incentive may reduce motivation to respond.

In addition to these factors, response rates can also vary significantly based on the type of audience being surveyed. Residential customers, business customers, and contractors often exhibit different levels of engagement, priorities, and availability, all of which influence their likelihood of responding. Geographic location also plays a role, as cultural norms, regional attitudes toward surveys, and even access to technology can affect response behavior across different parts of the country.

Understanding and addressing these factors is essential for designing effective outreach strategies and improving response rates in market research.

## Scope

This study focuses on understanding the impact of incentives—and the mechanisms used to deliver them—on response rates in demand-side management (DSM) market research conducted across the United States. The primary objective is to support future market outreach efforts by identifying which incentive amounts and delivery methods have historically yielded the highest response rates. Findings are analyzed by respondent type and geographic region to offer targeted, actionable insights for improving engagement across diverse audiences.

## Methodology

Market research surveys are conducted regularly to support both planning and evaluation activities within the DSM industry. While specific goals vary by study type, they are generally summarized as follows:

- **Planning studies**
  - Establish market baselines for energy-using equipment in residential and commercial buildings.
  - Gauge customers' willingness to adopt energy-efficient technologies, behavioral changes, and load-shifting practices.
  - **Typical audience:** A broad cross-section of a utility's customer base (both residential and commercial).
- **Evaluation studies**
  - Measure customer satisfaction with DSM programs and the equipment or measures they incentivize.
  - Identify barriers and motivators affecting the adoption of energy-efficient technologies.
  - Estimate the likelihood that participants would have implemented energy-saving projects without program incentives (i.e., free-ridership).
  - **Typical audience:** Recent program participants, non-participants, and key market actors such as trade allies, contractors, and distributors.

To evaluate the impact of various incentives on market research response rates within the DSM industry, we reviewed a total of 80 studies—15 planning studies and 65 evaluation studies—conducted over the past six years (2019 – 2024). Each of these studies included a market research component involving surveys or interviews. The analysis encompassed a broad range of variables, including geographic region, respondent type, study year, and incentive mechanism (e.g., sweepstakes vs. direct incentives). This comprehensive data set provides a robust foundation for identifying trends and best practices in incentivizing market research participation across the industry. Figure 1 through Figure 4 outline survey representation by respondent type, region, study year, and incentive mechanism.

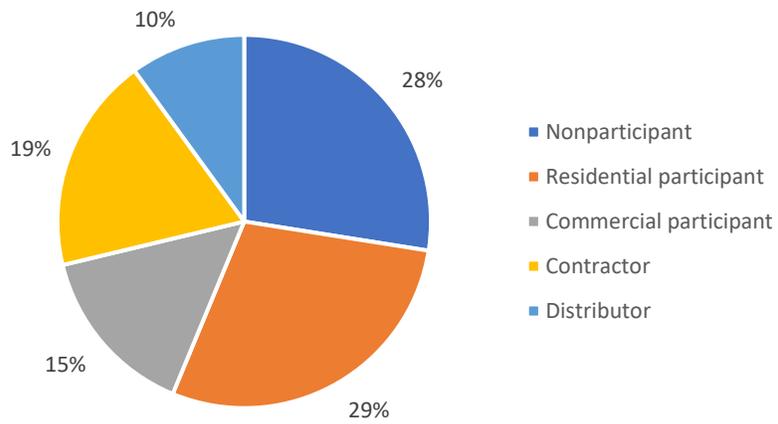


Figure 1: Representation of research by respondent type (n=80 studies)

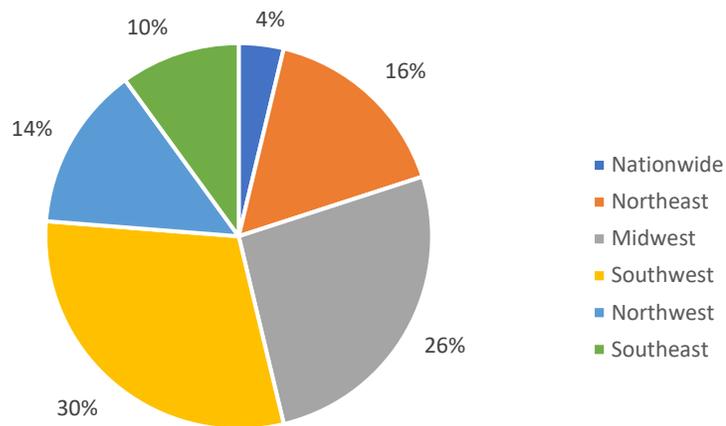


Figure 2: Representation of research by region (n=80 studies)

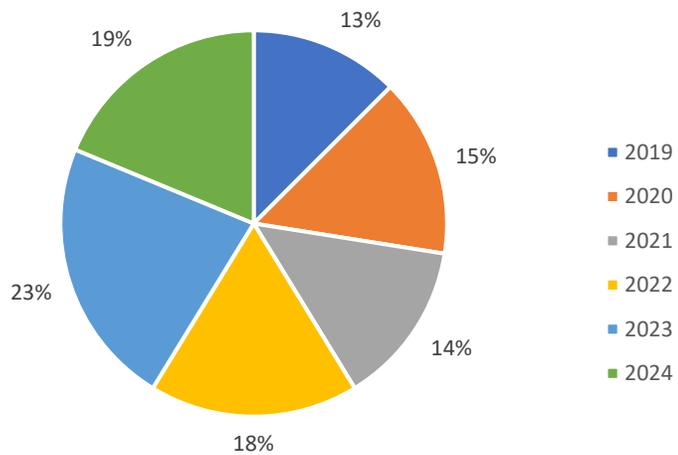


Figure 3: Representation of research by study year (n=80 studies)

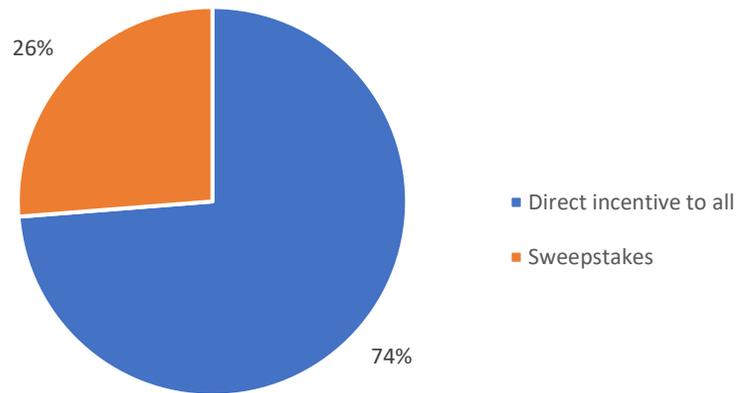


Figure 4: Representation of research by incentive mechanism (n=80 studies)

## Results

### Response Rates by Region and Respondent Type

Response rates varied significantly by region and respondent type, independent of the incentive mechanism (Figure 5 and Figure 6). The highest overall response rates were observed among market actors (contractors and distributors) in the Southwest, as well as among participants and nonparticipants in the Northwest. This trend is not unexpected, as studies involving market actors are often more qualitative in nature and typically involve greater outreach efforts by the research team, including coordination with the utility company. Additionally, contact information for market actors tends to be more accurate, facilitating successful engagement. In contrast, the lowest response rates were seen among market actors in the Northeast and among participants and nonparticipants in both the Southeast and Northeast.

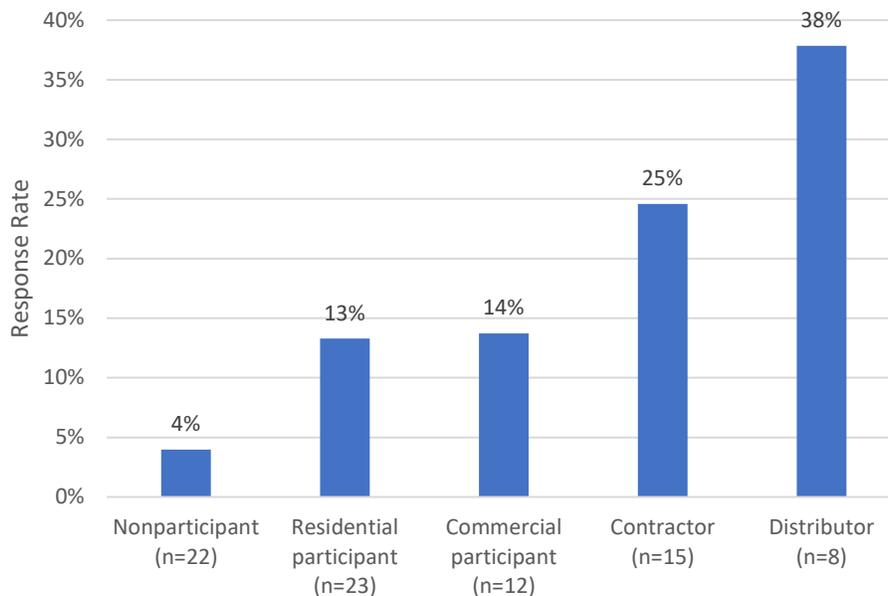


Figure 5: Average response rate by respondent type (n=80 studies)

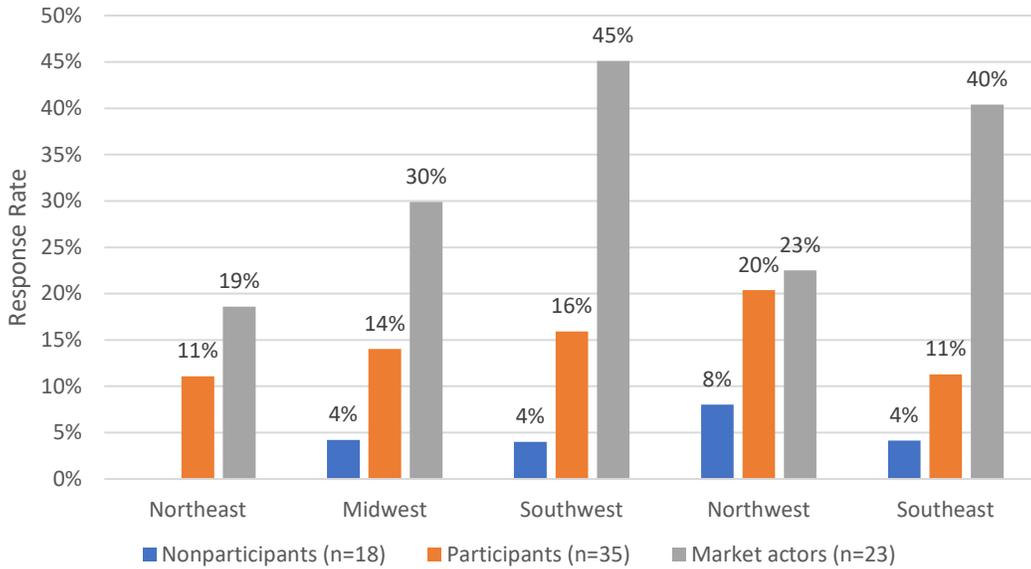


Figure 6: Average response rate by region and respondent type (n=80 studies)

#### Response Rates Trends over the Study Period

The lowest overall response rates were observed in studies conducted in 2020, likely due to the onset of the COVID-19 pandemic, which disrupted outreach efforts and reduced participant engagement. Another notable decline occurred in 2024, potentially reflecting survey fatigue resulting from increased polling activity related to the election cycle (Figure 7). A closer examination of response rates by respondent type shows a more pronounced decline among commercial participants compared to residential participants. In contrast, response rates among nonparticipants remained relatively stable throughout the period, consistently averaging around 4% (Figure 8).

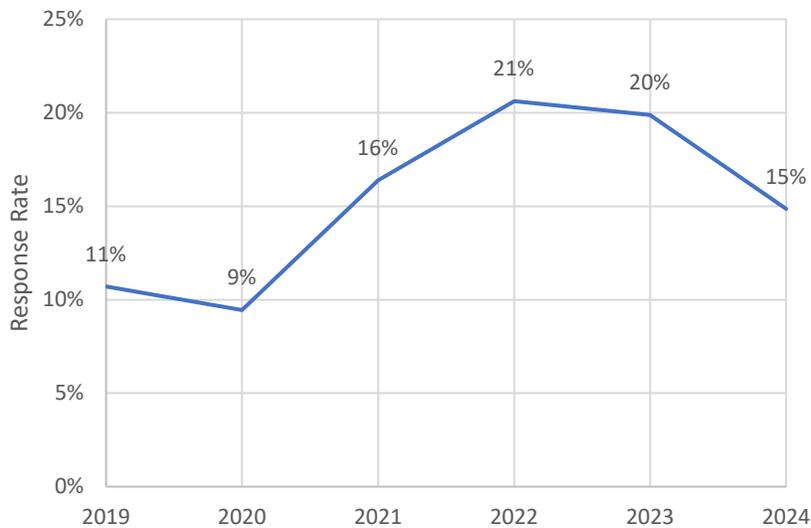


Figure 7: Average response rate by study year (n=80 studies)

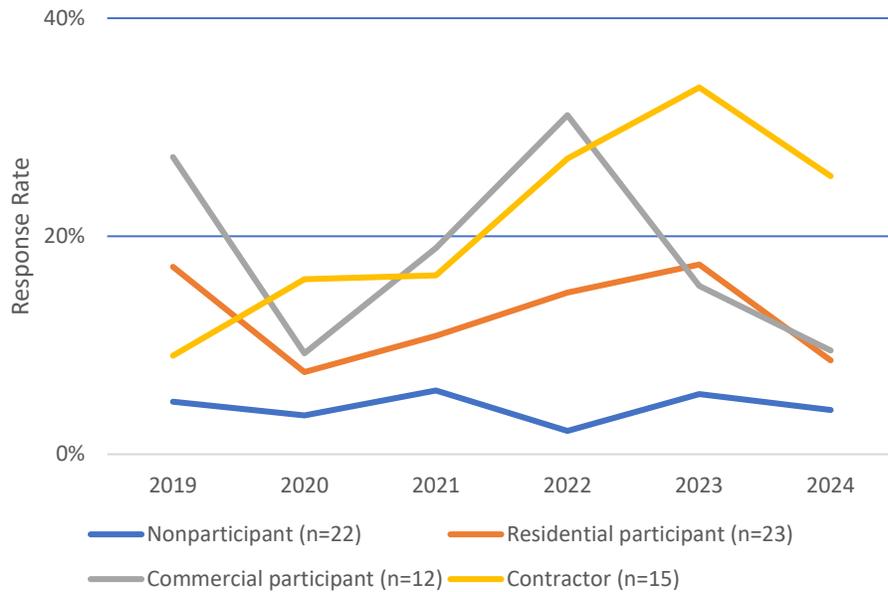


Figure 8: Response rate trends among participants, nonparticipants, and contractors (n=72 studies)

### Incentive Mechanism Influence on Response Rates

Another objective of this research was to assess the influence of various incentive mechanisms and dollar amounts on response rates. As illustrated in Figure 10, commercial participant response rates were notably higher when the incentive was offered through a sweepstakes compared to a direct incentive provided to all respondents. In contrast, the type of incentive mechanism appeared to have little to no impact on response rates among residential participants and nonparticipants, suggesting that other factors may play a more significant role in driving engagement within these groups.

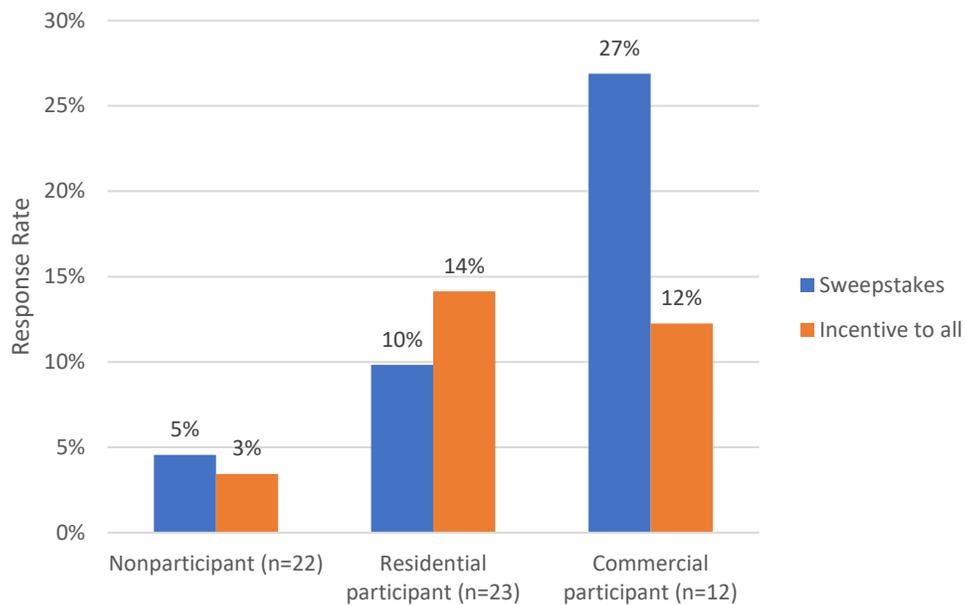


Figure 9: Response rates based on incentive mechanism (n=57 studies)

When evaluating the relationship between incentive amount and response rates, results generally aligned with expectations: higher incentives tended to yield higher response rates (Figure 11). This analysis combined data across all respondent types—including residential and commercial participants, nonparticipants, and market actors—as individual sample sizes were too small to draw statistically valid conclusions for each group. However, an interesting exception was observed among residential participants (n=16), where a lower incentive amount (less than \$25) resulted in a higher response rate (16%) compared to incentives in the \$25–\$50 range (11%). While this finding should be interpreted with caution due to the small sample size, it suggests that other factors—such as perceived effort, interest, or outreach method—may also influence participation. This may also suggest diminishing returns when providing higher incentive levels for residential customers in particular.

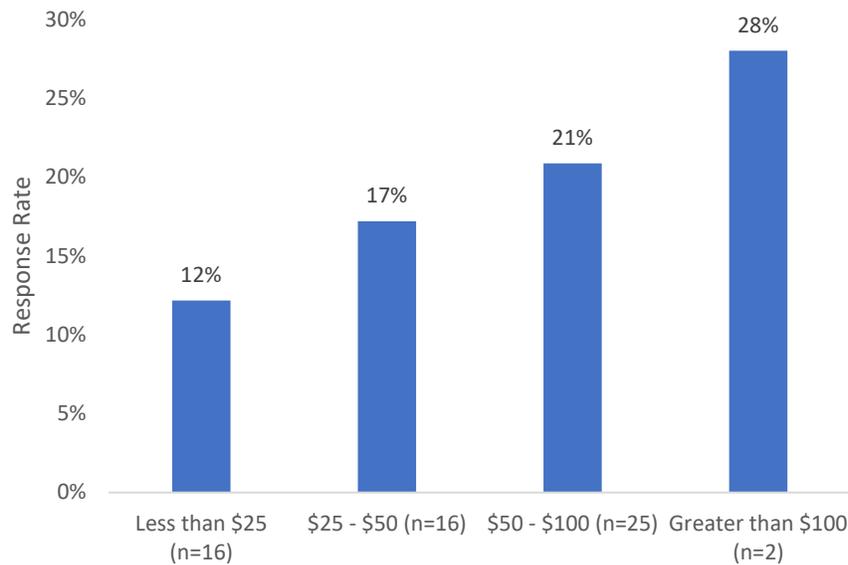


Figure 10: Response rate by incentive level (all respondent types) (n=59 studies)

### Survey Mode Influence on Response Rates

The mode of survey administration, whether web-based, telephone, or a combination of methods—can sometimes affect both accessibility and respondents’ willingness to participate. Certain formats may be more familiar or convenient for specific audiences, thereby influencing engagement levels. As shown in Figure 13, this research found that telephone-only surveys—where respondents complete the survey directly with an interviewer—achieved the highest response rates among participants and market actors. In contrast, mixed-mode surveys (using both telephone and web-based methods) yielded the lowest response rates for these groups, at around 10%. Among nonparticipants, response rates were highest for mixed-mode approaches, while telephone-only and web-based modes produced similarly low response rates. When interpreting these results, it is important to acknowledge that the use of mixed-mode approaches is often more common for harder to reach populations, where lower response rates are already anticipated.

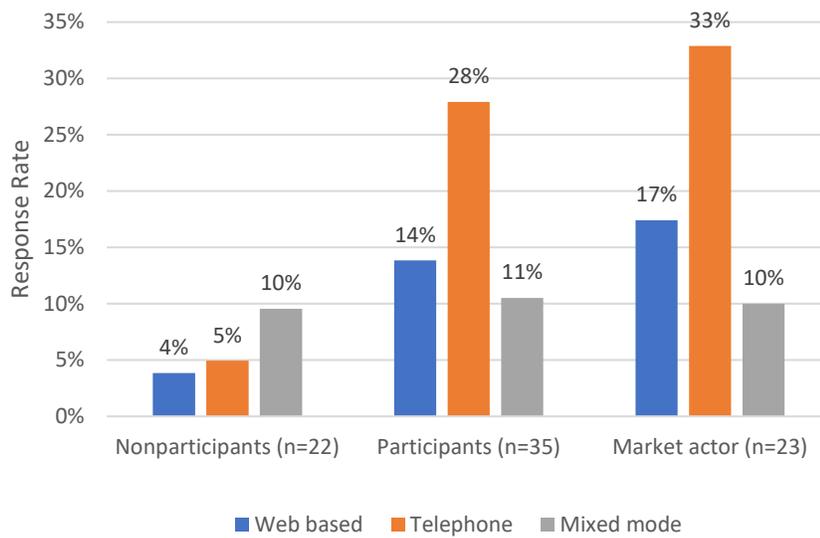


Figure 11: Average response rate by survey mode (n=80 studies)

When examining response rates for web-based surveys over the six-year period, distinct patterns emerge between participant types. Nonparticipants showed minimal variation in response rates over time, maintaining consistently low levels of engagement. In contrast, program participants experienced a notable decline in response rates, particularly in 2020, likely due to pandemic-related disruptions, and again in 2024, potentially reflecting increased survey fatigue during the presidential election year (see Figure 12).

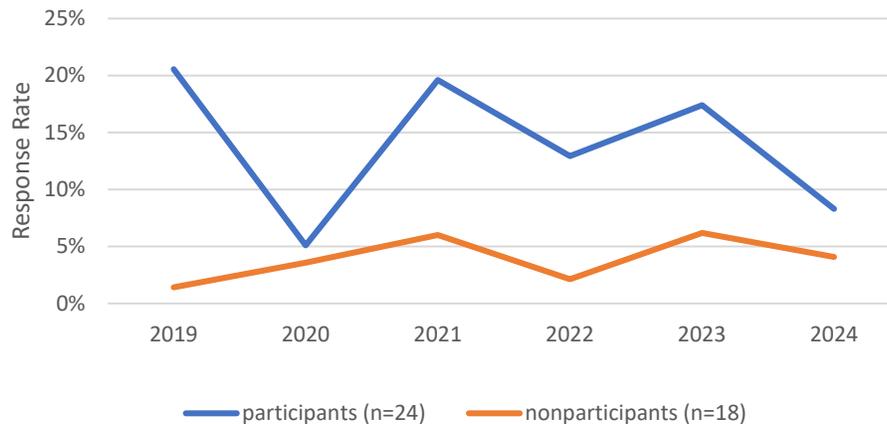


Figure 12: Average response rate over time, web-based mode only (n=42 studies)

### Number of Different Recruitment Modes Influence on Response Rates

In this research, studies were evaluated based on the number of distinct recruitment modes employed. Single-mode recruitment (most commonly email-only) was by far the most frequently used approach. Surprisingly, as illustrated in Figure 13, the number of recruitment modes used had minimal overall impact on response rates. Further research conducted on the studies where two recruitment

modes were used indicated that there was also minimal difference in response rates between the use of email+phone vs the use of email+postcard for participants.

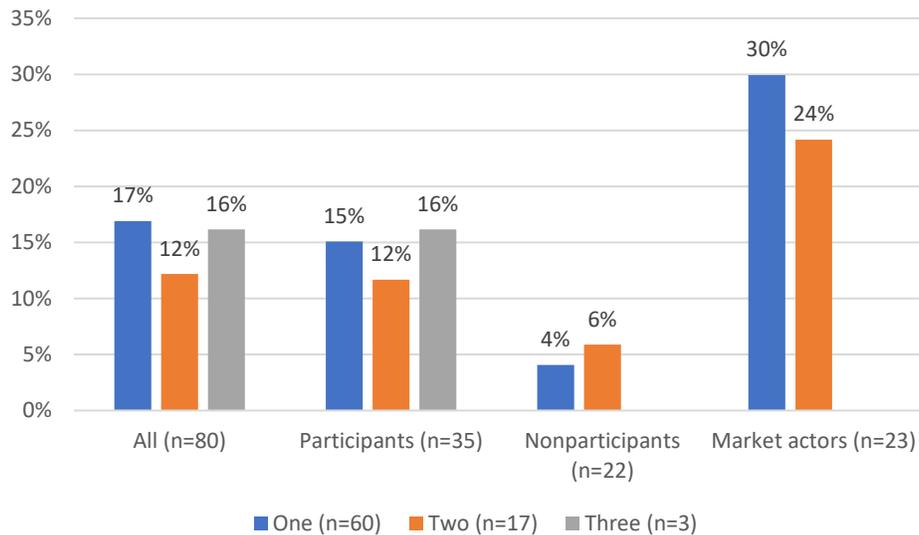


Figure 13: Response rate based on the number of different recruitment methods used in outreach (n=80 studies)

## Conclusions

While many factors contribute to the response rates of market research studies, the findings from this research offer several valuable qualitative insights that should be considered when designing future surveys targeting participants, nonparticipants, and market actors:

- **Regional differences** were observed, with respondents in the Southwest and Northwest showing the highest response rates and those in the Northeast showing the lowest. These regional variations may reflect differences in outreach effectiveness, cultural attitudes toward surveys, communication infrastructure, and the cost of living.
- **Recruitment method variety** such as utilizing multiple recruitment modes, did not lead to higher response rates among participants and market actors. For example, combining email and postcard outreach did not significantly outperform single-mode efforts. This suggests that factors such as audience type, incentive structure, and perceived survey relevance may have a greater influence on participation than the number of outreach methods alone.
- **COVID-19 pandemic effects** were evident, with response rates across nearly all respondent types dropping in 2020. Response rates recovered by 2022 but declined again in 2024, likely due to increased public survey fatigue during the presidential election year.
- **Noticeable impact of a presidential election year** on 'non-political' market research was observed, with a significant decline in response rates among all respondent types in 2024, regardless of survey mode.
- **Contractors and distributors** had the highest overall response rates among respondent types. This is likely due to their stronger engagement with utility programs and a higher level of interest in the subject matter. Additionally, contact information for these groups tends to be more accurate and up-to-date, further supporting higher response rates.
- **Commercial participants** tend to respond more favorably to sweepstakes-based incentive mechanisms. However, offering a larger sweepstakes amount does not necessarily result in higher response rates, suggesting that beyond a certain threshold, increased prize value may have diminishing returns.

- **Residential participants** showed a slight preference for direct incentives offered to all respondents. Interestingly, a lower incentive amount (under \$25) yielded a higher response rate than mid-range incentives (\$25–\$50). While this observation is based on a small sample size and should be interpreted with caution, it highlights the possibility that factors such as perceived effort, interest level, and survey delivery method may have a greater influence than incentive value alone.
- **Nonparticipants** consistently demonstrated low response rates, regardless of incentive mechanism (direct incentive vs. sweepstakes) or incentive amount. These rates have remained relatively stable over the six-year study period, indicating limited sensitivity to external factors such as election cycles or economic conditions.

## References

Jain, Nick, (2023), What is Market Research? Definition, Types, Process, Examples and Best Practices, [What is Market Research? Definition, Types, Process, Examples and Best Practices](#)

Kennedy, C., & Hartig, H. (2019, February 27). *Response rates in telephone surveys have resumed their decline*. Pew Research Center. <https://www.pewresearch.org/short-reads/2019/02/27/response-rates-in-telephone-surveys-have-resumed-their-decline/>

Drive Research Team (2020), The Evolution of Market Research from the 1920s to Today, [The Evolution of Market Research from the 1920s to Today](#)

Clardie, Michelle, (2025), What is a Response Rate, <https://www.clearvoice.com/resources/what-is-a-response-rate/>