

Web Opinion Research Business Model

The basic concept is simple; offer free surveys and then monetize the resulting traffic. The business strategy is designed to be profitable at relatively low Internet traffic levels. We expect the primary users to be small businesses and nonprofit organizations. They would use our site to construct a simple questionnaire and then invite potential respondents to complete their survey. We will also have a Website Evaluation product; website owners would ask visitors to their site to complete a short questionnaire evaluating the site. The major cash flow will come from having a percentage of the initial respondents complete a second questionnaire; we will then sell the results of this follow-up survey.

The User Experience

The typical user will be a manager of a nonprofit organization or a small business owner. After completing a free registration process, they will create a simple questionnaire by selecting from prewritten questions and response options. Each user would be provided a link to their survey; they could either post this link on their own website or, more likely, send an email to their clients/customers asking them to complete the survey. Eventually, they would download their data or use some simple onsite tools to analyze their results.

Users will be given two upgrade options from the free "Gold" entry-level product: Platinum and Titanium. The "Platinum" product will provide a few additional survey question types as well as six hours of personal telephone assistance to be provided by a Research Consultant in 30 minute segments. This Platinum upgrade will cost about \$2,250. Hopefully, we will be able to get a small percentage of free users to upgrade to a paid experience. The "Titanium" product is just a fully customized, professional research project costing a minimum of \$15-20,000. We do not expect to sell many Titanium projects and they are not included in this analysis.

The Respondent Experience

Respondents will reach the Web Opinion site by clicking on a link: either in an email they receive or on a web page they are visiting. The link will be coded to present them with the correct sponsored survey. Once they have completed the survey, they will be presented with a Thank-You page and an offer to complete another survey in exchange for a chance to win an Amazon Gift Card or similar incentive. It is the completion of this second survey that will drive our cash flows.

Staffing

Initially, we might be able to use part-time employees who are independent contractors. Profit sharing (pay-per-result or commissions) might be used to keep costs in line with revenues. Eventually, we will need to offer full-time salaries and a complete benefit package.

Positions:

CEO & CFO: the owners/founders.

Legal Council: We will need to have our Terms-of-Use, Privacy Policy, and similar items vetted. Long-term, we will need to have someone on retainer who can respond to legal issues in a timely fashion.

Programmers and Internet Specialists: Our site will need to be professionally programmed and operated. We will need a mobile version. We will need 24/7 uptime. These will be the hardest positions to fill at a reasonable cost.

Research Consultant: These individuals will likely always be hired as independent contractors. They will provide telephone assistance to our Platinum clients. The most likely source of these consultants will be graduate students and college professors with a research background.

Communications Director: This person would be close to a General Manager. His/Her duties would include: Develop a total communications strategy to invite small businesses and nonprofit organizations to use our research platform to conduct web-based surveys. Maintain our research Facebook page and Twitter feed. Investigate new media outlets as they emerge. Create news releases and distribute them to appropriate media on a daily basis. Prepare written research reports from findings provided by our statisticians. Develop the marketing strategy to sell our industry reports.

Social Media Operatives: these individuals would work under the supervision of the Communications Director and create postings and monitor relevant Internet traffic.

Cash Flows

We will have three cash flows: ads, upgrades, and the sale of industry reports.

Ads: Each survey page would have one or more ads provided by Google or Amazon. It's unlikely that these ads will be an important part of cash flows in themselves but their absence on Platinum questionnaires might be an incentive for some users to upgrade. Potential ad revenues are not included in this analysis.

Upgrades: Platinum Upgrades; it is likely that some Gold clients will realize that they are in way-over-their-heads and might be willing to pay a small amount (by professional research standards) for help, particularly if they were serious about the project in the first place. Titanium Projects; these will likely be quite rare but will offer two benefits: they are a prestige item and they will suggest an imputed value for the Gold and Platinum projects.

Industry Surveys: These surveys will generate our primary cash flows. We will select industries that are primarily represented by small businesses such as auto repair, home maintenance, personal services, restaurants, and so on. When we have finished a particular industry survey, we will write up a brief summary of the results and submit this summary for publication in every possible news source (print, radio, TV, web) and industry specific magazines and web sites that the affected business owners would naturally be reading/viewing. Content of this type is normally picked up as filler by most news organizations; however, interesting results are likely to be published. The hope is that business owners in the affected

industry will want more details and visit our website. We can make the complete survey results available for free and then sell the cross-tabs and verbatim comments. The real value of the survey is in the cross-tabs: how are men or women different with respect to their hair care needs, what age homeowners are more likely to repair versus replace home appliances, and so on. We might also want to consider using targeted Google ads to expand awareness of our Industry Reports.

Profit Potential

There are quite a few assumptions that need to go into any financial analysis.

Number of Website Evaluation Questionnaires Completed: If we obtain a 5% conversion factor to a second survey, 400 sites being evaluated 50 times each in one month would generate enough traffic to create one new Industry Report.

Number of New GOLD surveys going to field each week: It could be as low as 10-20 or as high as 200-300. Probably, the majority of site visitors who start the development of a questionnaire will not complete it. Of those who complete it, probably less than half will actually field it; that is, send out email requests asking for potential respondents. This analysis assumes 100 new fielded surveys each week.

Number of PLATINUM upgrades each week: The major draw of the site is a Free Survey. Someone who is actually serious about getting actionable results will likely be tempted to upgrade but most will not. This analysis assumes that there will be one new Platinum upgrade each week.

Number of Respondents per Fielded Survey: There is an incorrect perception that surveys need over a 1,000 respondents to be considered well done. Actually, you can get very good results with a sample size of about 400 respondents. Response rates tend to be quite low for unsolicited surveys, even when they are from a known source. If an organization has an email mailing list of 1,000 people (very large for most of our target nonprofits), a 15% response rate would provide just 150 completed instruments. This analysis assumes that each fielded survey will generate only 50 completed instruments.

Number of Respondents completing an Industry Survey: Most web users have learned to tune out the incessant offers for Amazon gift cards. This analysis assumes that just one out of ten respondents will be willing to complete a second survey. This assumption translates into two new Industry Surveys each month. Of course, our own Industry Surveys will need to have a sample size of at least 1,000 to be considered valid by the media.

Selling Price for an Industry Survey Report: The price of each report must be kept low enough to be an Impulse item for a small business person. This analysis assumes that the price of each Industry Report will be \$89.

Number of Copies of each Industry Report Sold: Each report can remain available on our website for several years before a new survey will need to be conducted. This analysis assumes that 100 copies of each report will be sold eventually.

NOTE: this assumption is quite conservative.

Variable Costs associated with the Industry Surveys: The major costs associated with this item will be the salaries of the Communications Director and Social

Media Operatives. Hopefully, we can tie these salaries to a performance measure so that revenue and salaries will increase/decrease proportionally. This analysis assumes that these variable costs will be 50% of gross Industry Report revenues. Fixed and Variable Costs of Operating the Website: Included in this expense would be programmers and hosting. The initial coding will likely be very expensive if subcontracted; instead coding will likely be done by the founders. Maintenance of the code, adding additional features, and so on, will still be expensive if subcontracted. There will be a small additional time commitment for dealing with the Gold level clients and the Website Evaluations. This analysis assumes that the cost of operating the website (not including the founder's time) will be \$20,000 annually.

Platinum Upgrades:

One upgrade at a net of \$1,250 per week would result in $(1,250 \times 12)$ \$65,000 a year.

Industry Reports:

Two new Industry Reports each month would result in revenue of $(2 \times 89 \times 100 \times 12)$ \$213,600 a year; much of this revenue would be realized in future years. The net profit from the Industry Reports (at steady state) would be $(.5 \times 213,600) =$ \$106,800.

Projected Profit:

Net Operations = $(65,000 + 106,800) =$ \$171,800.

Fixed Costs = \$20,000

Expected Annual Profit (at steady state) = \$151,800.

A (very) Optimistic Forecast

Assume:

One new Industry Report each Week (50 a year)

Five hundred copies of each Industry Report are sold eventually

Steady State Annual Revenues = $(50 \times 500 \times 89) =$ \$2,225,000