A Mixed-Mode and Incentive Experiment using Administrative Data

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CFPB's Making Ends Meet pilot survey

- Focuses on consumers' use of financial products, especially when finances are tight

- Sample of 2,000 drawn from de-identified credit records
    - ➔ Credit scores and credit-related variables for full sample

- Mail and web options

- **Experiments:** effects on cost, response rates, & nonresponse bias
    1. incentive amounts to initial non-respondents
    2. concurrent versus sequential mixed-mode approaches

Experimental design

Week 5 incentive	Week 1 response options	
	Sequential	**Concurrent**
$5	Wk 1: Web link only; $5 Wk 5: Web link + paper survey; **$5**	Wk 1: Web link **+ paper survey**; $5 Wk 5: Web link + paper survey; **$5**
$10	Wk 1: Web link only; $5 Wk 5: Web link + paper survey; **$10**	Wk1: Web link **+ paper survey**; $5 Wk 5: Web link + paper survey; **$10**

Note: 12-week field period with reminder postcards in weeks 2 and 7

Our expectations

1. Sequential design would have:
   a. Larger share of web responses
   b. Lower cost per completed survey

2. Larger incentive would increase response rates after week 5

Agnostic on response rates for sequential vs. concurrent designs

Sample design and randomization

Oversampled records with low credit scores and delinquencies

Characteristic	Concurrent	Sequential	CCP Frame[1]
Age	48	48	51
Credit score	635	637	658
Percent delinquent	23	25	10
Percent w/ mortgage	24	23	25
N	998	1,002	~5 million

[1] The CFPB's Consumer Credit Panel (CCP) is a 1-in-48 random and de-identified sample of credit records maintained by one of the top three nationwide credit repositories

Response rates were initially much lower in sequential group but nearly caught up

Cumulative responses by mixed-mode approach
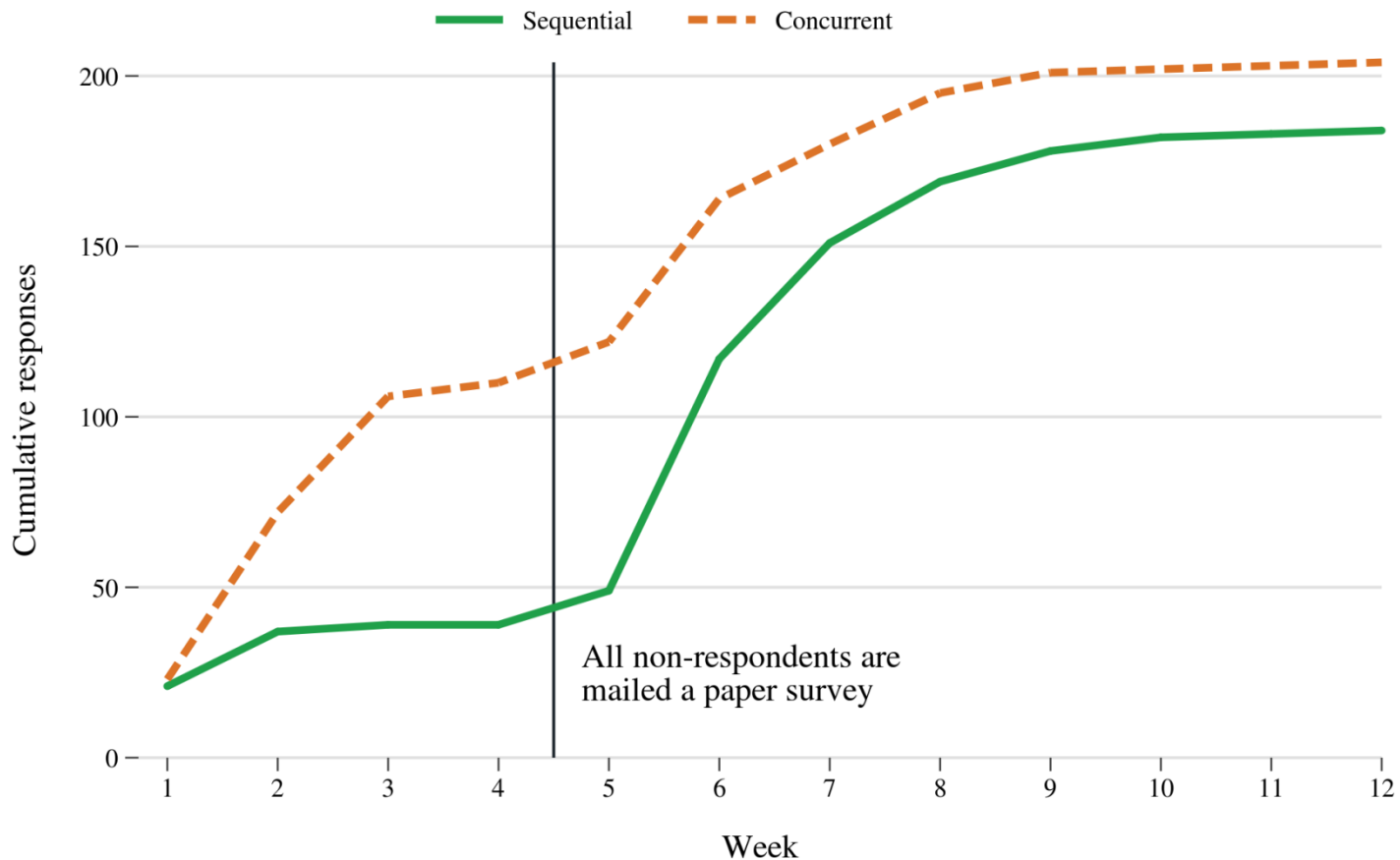
Except for age, respondents before week 5 were similar across mode-experiment groups

In both groups, respondents tended to be better off financially than non-respondents

Characteristics of respondents before week 5 and in full sample

Characteristic	Concurrent	Sequential	Sample
Age	54	47	48
Credit score	697	671	636
Percent delinquent	14	11	24
Percent w/ mortgage	37	28	24
N	110	39	2,000

By the end of the field period...

- Difference in response rates insignificant (~20% in both groups)

- Significantly higher of web responses for sequential group (30%) compared with concurrent (17%)

- Age difference by experimental group no longer significant

- Correlation of response with credit status remains, though weaker

Greater 2nd incentive did not measurably improve response after week 5

Response rates by incentive-experiment group

Response rate (%)	Concurrent		Sequential	
	$5	$10	$5	$10
Before week 5	11	11	4	4
Final	20	21	21	16
After week 5 | NR at week 4	10	11	17	13

No statistically significant evidence of differences in incentive effects by age or credit score

Which mixed-mode approach is most cost effective?

- Sequential approach:
  - Larger share of web responses ➜ lower processing & initial printing costs
  - Lower initial response ➜ higher week-5 incentives, printing & postage costs
  - Potentially little additional nonresponse bias vs. concurrent approach

- Vary marginal cost of mail processing with:
  1. Observed response and non-deliverable rates
  2. $5 follow-up incentive
  3. $1.25 printing & postage costs per web-only mailing and $2.50 with paper survey

Cost by mixed-mode approach

Estimated cost per response

Assumed marginal cost of processing paper response	Concurrent	Sequential
$1	$71	$73
$5	$87	$88
Breakeven: $7.50	$97.6	$97.6

Conclusions

- Little effect of varying mixed-mode strategy and follow-up incentive on response rates or measured characteristics of respondents

- Important to follow up with paper option

- Sequential approach seems slightly more costly

- **But…**
    1. Small sample sizes
    2. Sensitive topic and select population
    3. Contacted through mail and don't know internet status