

Bank Marketing

July/August 2002

The Premier Source of Innovative Marketing for the Financial Services Industry

Fundamentals *By Samantha Kennedy*

Using a Focus Group

To the uninitiated, it may seem like the locus of A lot of hocus-pocus. But experienced marketers Revere it as a valuable research technique.

Focus groups are ideally suited to probing the dynamics that drive consumer behavior. When these groups are well conceived – when they have good sample selection and discussion content and flow, and they are moderated and analyzed by qualitative research professionals – the results help convert “mere information” into the subtle understandings and insights that are crucial to the development of effective strategies. The best part about these strategies is that they are rooted in the market’s own perspectives.

An important secondary advantage of focus groups is the opportunity they afford for first-hand observation of customers. This can be a revelatory (and sometimes sobering) experience for managers who are ordinarily immersed in the day-to-day routine aspects of their jobs, far removed from a customer contact.

Focus groups are used widely but not always wisely. Appropriate uses include:

- For exploratory purposes: understanding the “why” and “how” of past, present, and likely future market behavior.
- For diagnostic purposes: identifying market segments and their respective problems, wants, and susceptibilities.
- For developmental purposes: generating hypotheses, formulating product/service/communications concepts.
- For “soft” testing of concepts.

Focus groups should not be used for “hard count” testing, auditing, tracking, checking, or forecasting – or for quantitative projections of any sort. (However, although they cannot be projected statistically, focus-group results often can be validly predictive.)

Although the popularity of focus groups waxes and wanes, as a seemingly endless stream of new methodologies comes into (and often goes out of) fashion, focus groups remain a classic research mode that serves many purposes well. In recent years they have been enjoying a resurgence of interest on the part of marketers, largely as result of two important developments:

1. A “backlash” reaction to a broad movement in business toward the rapid generation of enormous amounts of quantitative descriptive data.

Although this “numbers” orientation dates back some time, it has been newly refueled by technological advances such as instantaneous transaction and other real-time measurement/control systems, well as market research in which consumers’ responses are entered directly into computers. Even as these new technologies feed managers’ hunger for reliable quantitative information quickly (in some cases, almost immediately), it removes them further from understanding their customers as people.

2. *Online research.*

As an ever-growing proportion of the population becomes connected to the Internet, the speed, convenience, and (presumed) cost benefits of online research make it an attractive option. Standard quantitative research protocols are convertible readily to the online format; but companies are looking to reap the benefits for qualitative inquiries as well, particularly focus groups – and here the conversion is more problematic.

Roles and Responsibilities

Beyond ensuring that focus groups are an appropriate method for the informational objectives at issue, you need to ensure that the process, roles and responsibilities (“who does what”) of the various parties are clarified. Summarized briefly, these include:

- Respondent sample specifications and formulation of a screening guide to meet them – generally produced by a research consultant in conjunction with client (research and/or marketing) people.
- Respondent recruitment and provision of focus group facility, equipment and personnel – typically an outside brick-and-mortar or "virtual" (for online groups) field service organization.
- Explanation, usually by moderator, of "ground rules" for (on-site or virtual) observers – for example, how to communicate with moderator and/or each other; if desired, note-taking assignments to specific discussion content areas or respondents, and so forth.
- Moderation of the group, including, among other things:
 1. Establishing rapport with and within the group.
 2. Keeping the discussion on the subject without shutting off productive byways.
 3. Moving the discussion forward while relating it to earlier content.
 4. Minimizing "socially acceptable" responses.
 5. Bringing out dissenting opinions.
 6. Dealing with negative aspects of group dynamics (for example, "dead" groups, side conversations, problem respondents).
 7. Promoting intragroup discussion (as opposed to sterile, serial "question-and-answer" exchanges between moderator and respondents).
 8. Debriefing (optional but desirable) – typically conducted by the moderator, to capture client observers' top-of-mind learning and insights.
 9. Formal analysis and reporting: "making order out of chaos" via systematic alignment of the discursive content against the going-in informational issues and research objectives; going beyond the findings to arrive at interpretive conclusions and their strategic implications – provided by the moderator and/or his/her research associates.

Too often, the focus groups themselves are considered to be 'the end of the story' rather than the raw material for professional analysis and interpretation.

Despite the many problems and pitfalls of moderating focus groups – and despite an occasional unfortunate tendency on the part of some clients (and also some too-compliant moderators) to treat the focus group experience more as a kind of "theater" to be enjoyed than as a business undertaking with a specific learning purpose – there are many more good moderators in the field than there are really competent focus group analysts. And too often the focus groups themselves are considered to be "the end of the story" rather than the raw material for professional analysis and interpretation that can greatly sharpen and expand a company's understanding.

Online Focus Groups

As mentioned above, the attraction of online research, first (and most "naturally") applied to structured surveys, now is drawing increasing attention for focus groups as well. Among other advantages, the online mode affords an efficient means of assembling "special" samples – that is, populations that are widely or thinly dispersed geographically – and of avoiding time-consuming and costly travel for client observers as well as moderators. But conducting focus groups online poses the challenge of an apparent paradox: Can a methodology that depends so heavily on the quick reactions of an alert moderator, on picking up and working with subtle cues such as voice inflection and body language – that depends, in short, on subjective "art" as well as objective "science" – be successfully adapted to an environment defined by technology and highly dependent on process mechanics?

Yes, it can. But it's not "automatic." New and different tools must be brought to bear, the particulars of which are beyond the scope of this article. For now, let it suffice to raise the caution: Beware the danger of process obscuring content. If qualitative research as a basic approach, and focus groups as the way to implement it, are the right choices to begin with, then the core components and benefits of those choices – breadth and depth of discussion, interaction among participants, appropriate "tracking and steering" by moderator – should not be compromised.

Too often, the focus groups themselves are considered to be 'the end of the story' rather than the raw material for professional analysis and interpretation.

Samantha A. Kennedy is a senior research associate with Dialogue Resource Inc., a marketing research and consulting firm that specializes in the financial services industry. The company is located in Fairfield, Conn. She can be telephoned at 203.256.9211. E-mail: smantha.kennedy@dialogueresource.com.

Focus Group

Reprinted with permission of Bank Marketing magazine, 1120 Connecticut Avenue NW, Washington DC. 202.663.5378. #378289 Reprinted by Reprint Management Services. 717.399.1900 To purchase reprints online, visit www.reprintbuyer.com.