

Developing New Products and Services with Qualitative Marketing Research

Nine Applications You Can Use

By Henk Hoets

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So you need to develop new products or services. And several questions puzzle you.

- Which new product ideas should you develop?
- What features should you include?
- What positioning messages should you use?
- What marketing tactics will be effective?
- How do you raise chances for success and reduce risk?

These questions continually challenge product, marketing, and research managers. And the stakes are big. New product failure rates are high. Lack of information and faulty assumptions are often culprits.

The good news is that qualitative marketing research can help you make better new product and marketing decisions. Qualitative marketing research makes managers smarter.

This paper's objective is to guide you in applying qualitative marketing research to develop new products and services.

QUALITATIVE MARKETING RESEARCH EXPLAINED

Focus Groups and Depth Interviews. Two types of qualitative research are focus groups and depth interviews. That is what will talk about in this paper.

Qualitative marketing research helps managers understand people's views, attitudes and behaviors about a topic...a product, a service, a message, etc. You learn about prospects and users of products, and from experts too.

Qualitative marketing research describes and clarifies. It does not predict. It compliments quantitative research. Qualitative research helps managers,

- Explore,
- Discover,
- Describe,
- Understand,
- Raise questions,
- Develop theories,

Focus groups and depth interviews identify people's attitudes and behaviors about a topic.

An attitude is a mental state involving beliefs, feelings, values, and dispositions to act in certain ways.

Behavior is the response of an individual or group to stimuli or its environment.

- Create new ideas,
- Gain knowledge,
- Assess new product and marketing plans.

Managers use the results of focus groups and interviews to guide new product and marketing development. Managers can assess new products and marketing plans, before they launch them in the market.

An insight is the ability to see the inner nature of things...what is important about something.

Qualitative marketing research is a powerful lighthouse that guides direction and warns of dangers. It is a beacon that reveals insight and gives knowledge. Qualitative research makes managers smarter.

Number of Groups and Interviews. A trained moderator directs focus group discussions typically with six to twelve people (respondents) in a group. Group sessions last between one and half to two hours.

Usually a focus group research project consists of two to ten groups, although some companies use more. At minimum, you should conduct two groups. The first group is a pilot group. The number of focus groups varies and depends on several factors:

- research objectives,
- the number of topics,
- the number of segments,
- time,
- budget.

In depth interviews, a moderator interviews a single person at a time. Interviews range from 30 minutes to an hour. In a typical depth interview project, a moderator interviews between 15 to 30 experts, executives, or consumers on a given topic. But, this can vary too, and depends on factors mentioned. Telephone interviews are effective when interviewing busy experts and executives.

Focus group and interview research is about learning as you go. It is about learning from each group, or interview, and building the knowledge base with successive groups or interviews.

Moderators. Moderators direct a free-flowing, yet structured discussion about topics of interest...new products, and new marketing programs. A moderator uses open-ended questions, or requests, followed by probing that digs beyond top of mind responses. Moderators aim to pull out underlying motivators to attitudes and behaviors...beliefs, opinions, values, emotions, perceptions, rationalizations, and context. They draw out why people hold the attitudes they hold, and do the things they do.

We'll talk a little bit more about professional moderators later in this paper, and how to evaluate them.

Focus Group Facilities. In the business world, moderators typically conduct focus groups in focus group rooms with one-way mirrors connected to observer rooms. Product managers, marketing managers, researchers, and executives listen to and watch focus groups, sitting behind one-way mirrors. Focus group rooms include audio and video to record each focus group session.

WHY QUALITATIVE MARKETING RESEARCH IN NEW TECHNOLOGY?

New Product and Services Categories. Often new technologies create new categories of products and services that have never existed before. Managers need to know how prospects will react to the new product categories and ideas. Focus groups and interviews helps managers understand.

Existing Product and Services Category Change. Also, new technologies change existing products and services. Again, managers need to know how prospects and users react to changed product categories, specific products, and marketing campaigns. Focus groups and interviews reveal reactions to change.

New Product Marketing. When product managers turn new technologies into new products and services, marketing managers develop marketing strategies and tactics to support new products. Qualitative research guides marketing plans.

Competitive Advantage. Focus groups and depth interviews provide competitive advantage. Technology development by itself does not guarantee success. In business, technology development is useless if users don't want or need its products or services.

Continuous insight and understanding about prospects, users and competitors, coupled with new technology development, provides competitive advantage. It gives you an edge.

WHEN TO USE QUALITATIVE RESEARCH

Before we talk about applications, let's review new product innovation stages.

New product innovation goes through three major stages:

- Discovery,
- Development,
- Commercialization.

New products and services are a vital source of new revenue growth and company value.

Yet the majority of new product launches do not meet management's expectations. False assumptions and poor information are causes.

Focus groups and depth interviews can provide information that can lead to better new product and marketing decisions.

You can use focus groups and depth interviews at each stage of new product or service innovation.

Discovery	Development	Commercialization
Technology Innovation	Prototype Testing	Launch
Market Review	Positioning	Post Launch Diagnostics
Competitive Review	Marketing Tactics	Product Improvement
Ideation	User Validation	Marketing Improvement
Segmentation	Channel Validation	Competitive Reaction
Concept Development	Market Testing	Repositioning
Concept Screening		

NINE APPLICATIONS YOU CAN USE

Here are typical focus group and depth interview applications you can use to develop new products and marketing plans,

1. Expert exploratory interviews,
2. Exploratory groups,
3. New product screening groups,

4. Positioning groups,
5. Marketing tactics groups,
6. Competitors' customer groups,

7. Pre and post-quantitative groups,
8. Diagnostic groups and interviews,
9. Channel interviews.

1. Exploratory expert interviews produce expert opinions and ideas.

You can learn a great deal from exploratory interviews and groups without many questions, or without knowing precisely which questions to ask.

In exploratory expert interviews, moderators interview industry executives, editors, writers, analysts, consultants, trade association heads, financial analysts, and management. Experts guide you through unfamiliar territory.

Exploratory expert interviews help you,

- Discover opportunities and issues,
- Identify trends,
- Form theories,
- Create ideas,
- Develop questions,
- Focus inquiry.

Conduct exploratory expert interviews during the discovery stage, to establish a source for innovation.

2. Exploratory groups spark ideas and chart study direction.

In exploratory focus groups, moderators interview groups of users about an existing product or service. Users reveal how they use existing products and services, and their attitudes towards them.

Use exploratory groups to,

- Identify attitudes and behaviors,
- Identify satisfactions and dissatisfactions,
- Discover opportunities and issues,
- Spark ideas,
- Develop theories,
- Frame questions for inquiry.

Conduct exploratory groups during the discovery stage. The findings set up a baseline for ideation, innovation, and improvement.

3. New product screening groups sift through new products and features.

New product screening groups present new product ideas to prospects. Prospects react to the product ideas. Managers assess reactions. Screening groups help managers pick the best ideas for development, before they spend much money and time, on new product development.

Use new product screening groups to,

- Screen early product ideas,
- Select the most promising ideas for development,
- Identify relevant features, benefits, values,
- Discover potential segments and sub segments.

Use product screening groups at the end of the discovery stage to whittle down the most promising ideas for development.

4. Positioning groups identify message opportunities.

Positioning is the message that managers send to prospects about a product or service. Managers position the product or service against competition, in the prospects' mind. To stand out in today's hypercompetitive, over communicated market, positioning is important.

Positioning groups assess prospects and users' reactions to positioning messages. You can incorporate the language of prospects and users in your positioning messages.

Use positioning groups to,

- Screen positioning messages,

Focus group studies allow you to hear prospects and users in their own language.

Focus group conversations are the data.

Purchases are emotional, and justifications are rational.

Brands and messages often appeal to emotions, even in B2B transactions.

Focus groups are effective at teasing out emotions.

- Pick effective messages,
- Identify language that resonates with prospects and users.

Use positioning groups during the development stage. You can also use positioning groups during the commercialization stage to reposition existing products and services.

5. Marketing tactics groups guides marketing programs.

Marketing tactics groups assess prospects and users' reactions to marketing promotions. You can select the most effective promotions based on respondent reactions to tactical stimuli.

Use marketing focus groups to,

- Size up reactions to marketing promotions,
- Select effective marketing programs,
- Edit promotional materials.

Use marketing tactics groups during the development stage. You can also use them during the product commercialization stage, to plan and carry out new marketing campaigns.

6. Competitors' customer groups produce competitive intelligence.

Competitor's customer groups are opportunities for management to hear and watch what users think and do about competitors' products and services. A great way to understand your competition is to listen to their customers.

Use competitors' customer groups to,

- Understand why users are not buying your products; why they buy the competitors',
- Understand switching opportunities,
- Sharpen your strategic and tactical marketing programs.

Use competitor groups at each stage of product innovation: discovery, development, and commercialization. Continuously watch your competitors with focus groups and interviews, and gain competitive intelligence.

7. Pre and post quantitative survey groups and interviews help you understand WHY.

Researchers use focus groups and depth interviews before and after quantitative surveys. They use results to develop topics and questions for quantitative surveys. Group and interview findings often produce new topics and dimensions for quantitative inquiry. Researchers also use focus groups and interviews after surveys to understand the background behind respondents' responses.

Focus groups are opportunities for management to hear and see prospects and users, first hand.

Use pre and post survey groups and interviews to,

- Develop questions for quantitative surveys,
- Draw up theories to test,
- Gain deeper understanding about quantitative findings.

Use pre and post quantitative survey groups and interviews at each stage of innovation: discovery, development, and commercialization.

8. Diagnostic groups and interviews reveal issues and suggest solutions.

Diagnostic groups and interviews examine people who use launched products, services, and marketing programs. Diagnostic groups and interviews identify problems.

Use diagnostic groups and interviews to,

- Evaluate respondents' reactions towards launched products and marketing programs,
- Identify problems,
- Assess recommendations,
- Refine product and marketing programs.

Use diagnostic groups and interviews during the product commercialization stage. Improve your existing product and marketing programs with diagnostic research.

9. Channel interviews reveal trade reactions.

Moderators interview distributors, agents, dealers, consultants and retailers to assess their reactions to new product and marketing programs. You want to know what brands the trade recommends, why they recommend the brands they do, and how your brands compare with competitors.

Use channel interviews to,

- Assess trade reactions to your new products and marketing programs,
- Understand brand recommendations the trade make to their customers and why,
- Get suggestions for improvement,
- Improve your channel marketing programs.

Use channel interviews at each stage of new product innovation: discovery, development, and commercialization.

Once you have decided to conduct qualitative research for new technology product or service development, you need to select a moderator.

The channel (trade) influences and often decides to whom, when, and how often they sell your products and services.

WHAT TO LOOK FOR IN A MODERATOR

Selecting a moderator is an important decision.

The moderator has a major impact on the data produced in focus groups and interviews. The moderator affects the quality of the results.

Moderators refer to themselves as qualitative research consultants.

You want a trained, experienced, independent professional. Big money and reputations are at stake when developing new products and marketing programs. New product screening groups are especially tricky. You don't want to take risks on an amateur moderator. You want a professional.

Here is a checklist you can use to select a professional moderator.

Understands Marketing Research. Skilled moderators understand qualitative marketing research. They help managers design qualitative research projects that support important decisions. A typical qualitative research project consists of eight steps.

A respondent screener is criteria used to recruit respondents for focus groups or interviews.

1. Define research objectives,
2. Design research scope of work,
3. Write respondent screeners,
4. Write discussion guides,
5. Project manage recruitment and facilities,
6. Moderate focus groups and interviews,
7. Analyze data,
8. Write reports of findings.

A discussion guide outlines topics, questions, and activities for focus groups or interviews.

Moderator experience. Professional moderators bring a wealth of moderating experience and techniques to research projects, compared to amateur, inexperienced, and untrained moderators. Professional moderators know how to interact with people- complete strangers- and get them to talk about their feelings, beliefs, and experiences. Pros know how to set up rapport with respondents, tear down defenses and pull out hidden insights. They manage complex groups and difficult respondents. They possess various tried and proven techniques that amateurs don't possess.

Industry Experience. Using moderators with industry and category experience has its advantages. Moderators with specific industry knowledge grasp decision issues, aiding in effective research design. Moderators with specific industry experience are especially effective in interviewing industry experts, who hold expert knowledge and speak a specialized language. Managers do not have to spend much time explaining the industry to experienced moderators.

A moderator's industry knowledge lends credibility when reporting results to senior executives. Also, qualitative marketing research professionals with specific industry

knowledge can provide prescriptive consultation to clients, understanding implications of findings and developing relevant recommendations, when asked to do so. Finally, professionals with deep industry knowledge anticipate client research needs and recommend suitable marketing research methods.

An important skill that separates excellent moderators from the rest is knowing how to probe.

Product Category Experience. Category experience can lead to better probing. Better probing leads to better insights and knowledge. That can lead to better decisions. The more experience moderators have in a product category, the more they are able to probe important topics, issues, and responses.

Moderating and Probing Techniques. Probing is the heart of moderating. It digs beyond top of mind responses to understand WHY, revealing hidden motivations. Ask what moderating and probing techniques your moderator uses.

Moderator Training. Moderating is an art developed through continual training and sharpened through practice. Two premier training schools for moderator training are the RIVA Training Institute and Burke Institute. Ask where your moderator trained.

Trusted Adviser and Team Player. A professional has the skills to become a temporary member of the client's research and marketing team. As a team member, a professional can guide the team in qualitative marketing research.

Objective and Independent. Professional moderators strive to be objective. They can produce impartial findings, because they are not bound by organizational politics. They bring fresh perspective. They tell it like it is.

Upholds Research Standards and Ethics. Professional moderators adhere to research industry standards, guidelines and codes of conduct. Professionals are typically members of research associations that have codes of conduct. Professional qualitative associations include the Qualitative Research Consultants Association (QRCA), the Marketing Research Association (MRA), and American Marketing Association (AMA).

Assessing Moderators. As well as a proposal, ask for sample reports, and video or audio recordings of focus groups or interviews. Talk to moderators and ask them about their industry and category experience, methods, client lists, and testimonials. Also, check if they are members of marketing research industry associations. Get references and call them. Ask about the moderator's overall strengths and weaknesses. Ask if they would use the moderator again.

Moderator checklist:

- *Understands, Designs and Manages Research*
- *Moderating Experience*
- *Industry Experience*
- *Category Experience*
- *Moderating Techniques*
- *Probing Techniques*
- *Analysis and Reporting Skills*
- *Moderator Training*
- *Trusted Adviser*
- *Team Player*
- *Objective*
- *Independent*
- *Upholds Standards*

CONCLUSIONS

Focus groups and interviews can help you make better new product and marketing decisions.

Focus groups and interviews are effective at revealing prospects and users' perceptions, opinions, behaviors, and attitudes.

New technologies create new product and service categories, and change existing categories. Managers need to know how prospects and users will react to new or changed product categories, specific products, and marketing. Continuous insights about prospects and users, and competition, coupled with technology development can open opportunities and provide competitive advantage.

Choose from nine applications to support development.

1. Expert exploratory interviews,
2. Exploratory groups,
3. New product screening groups,
4. Positioning groups,
5. Marketing tactics groups,
6. Competitors' customer groups,
7. Pre and post quantitative groups and interviews,
8. Diagnostic groups and interviews,
9. Channel interviews.

Use professional moderators to achieve maximum results.

So, there you have it. Qualitative marketing research can make you smarter. Use it to develop new products, services, and marketing.

WHERE TO GO FROM HERE

This white paper provides an outline of focus group and interview applications for developing new products and services. If you need help with qualitative marketing research, consider **Hendriks Research**. We offer the following services,

- Focus Group Moderating,
- Depth Interviewing,
- Qualitative Research Design and Consulting.

We are experienced in wireless, information communications technology, telecommunications, and multimedia industries.

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THE LAST WORD

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