UTILIZING QUALITATIVE RESEARCH TO DETERMINE BUSINESS USER NEEDS

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SIS INTERNATIONAL RESEARCH

Presented by: SIS International

The Value of Qualitative Research

- Captures the respondent's thoughts and perceptions
- Elicits respondents' emotions and feelings
- Profiles respondents' behaviors
- Obtains respondents' respondents reactions to new product concepts
- Enables manufacturers to test advertising campaigns
- Uncovers respondents' needs, their thinking and behavior

Types of Qualitative Research

Traditional types:

- Focus Groups - moderator elicits an open discussion from the group (12-8 respondents)
- In-Depth Interviews - "one on one" discussion with an interviewer to probe for answers

Types of Qualitative Research (cont.)

Other types:

- Diads or triads - groups of 2-3 individuals with a similar background or position
- On-line focus groups (with a moderator)
- On-line special interest groups
- "CLT" - Central Location Tests - up to 25-50 respondents at one sitting
- "Mall Intercepts" - respondents intercepted in a purchase decision setting

Types of Qualitative Research (cont.)

Less used methodologies:

- Mailings
- Mystery Shopping
- Paired interviews – Consecutive or interlocking interviews with two people who use and/or decide to purchase a product or service together, e.g., husband and wife, parent and child.

Difference Between Qualitative vs. Quantitative Research

- Qualitative research is typically used as "Phase I" in determining respondent or user attitudes, needs and reactions to new products prior to "Phase II" which determines the market size, potential, price points, etc.

- The findings from qualitative research are often used to develop the questionnaire for Phase II quantitative research

Benefits of Qualitative Research

- Offers "rich" verbatim answers that capture the essence of the respondent
- Enables the interviewer or moderator to probe into respondents' needs, attitudes or perceptions of a new product
- Gives the client the ability to capture "soft information" that exists in the environment, workplace or the home
- Is cost-effective as "Phase I" of most market research studies, prior to quantitative research

Decision to Use Focus Groups or In-Depth Interviews

Use of Focus groups

- For similar respondents (by occupation, industry)
- For market segmentation (by age, demographics, income, ethnicity)
- To test reaction to new product concepts, ad campaigns, or "show material"
- To generate interaction and discussion between respondents to determine the similarities or differences of opinions
- Incentive payments to the respondents are nearly always required
- Limitations: 8-12 respondents a group

Decision to Use Focus Groups or In-Depth Interviews (cont.)

Use of In-Depth Interviews

- To probe individuals to "drill down" their responses
- To reach a "wider" range of respondents
- Enables the interviewer to integrate some quantitative information into the interview
- Can cover a wider geographical area (nationwide)
- Can be conducted over the telephone (up to 30 minute interviews)
- Incentives are generally required but option of a "report" or contribution to a charity can be offered
- Can be "cost effective" with limited budgets - offering a wider range of coverage with the integration of qualitative and quantitative information

Use of Focus Groups in Information Technology

- To determine whether software development should be executed off-shore
- To obtain feedback and experiences from software engineering practitioners and application users
- To obtain the opinion of CTOs, CIOs, Directors of MIS on future enterprise software needs
- To assess Network Managers and CIOs needs for mobile devices

Moderation

It is important to always choose a professional as this person will know how to:

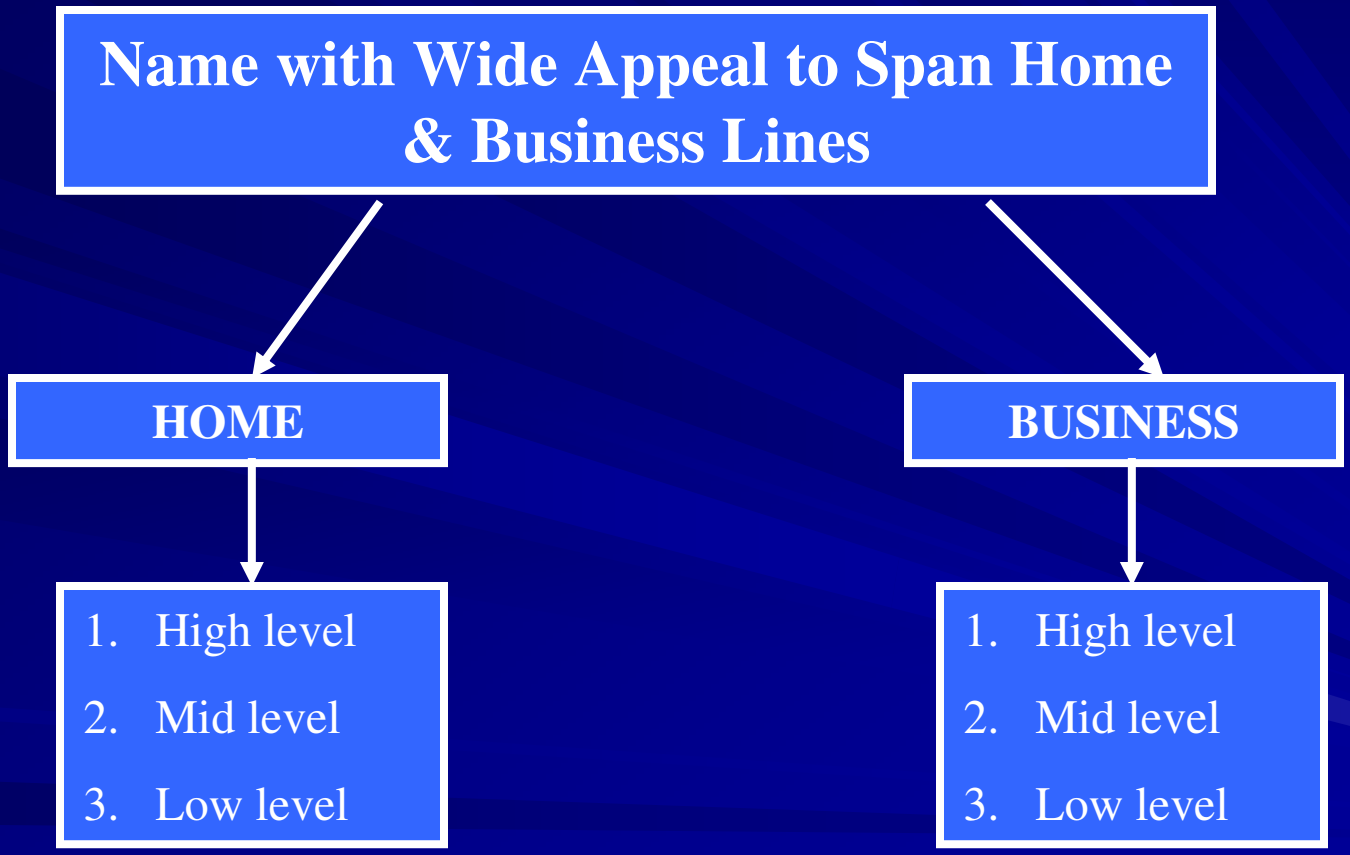
- Establish rapport with respondents
- Probe beyond rationalizations to uncover genuine motivations
- Interpret and build on what they hear
- Maintain flexibility in guiding the discussion without losing sight of the objectives
- "Turn on a dime" – adapt their approach when they and the clients encounter unexpected issues or insights
- Manage the energy level and personality dynamics of the discussion
- Avoid creating bias among respondents

Case Study: Focus Groups & In-Depth Interviews in Germany and Japan

Objective

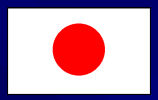
- To discover PC users' attitudes towards possible names of a new operating system
  - what value the name carried
- To learn about the feelings of PC users regarding the names and the attributes of the features in a new operating system

Case Study: Expected Outcome of the Study



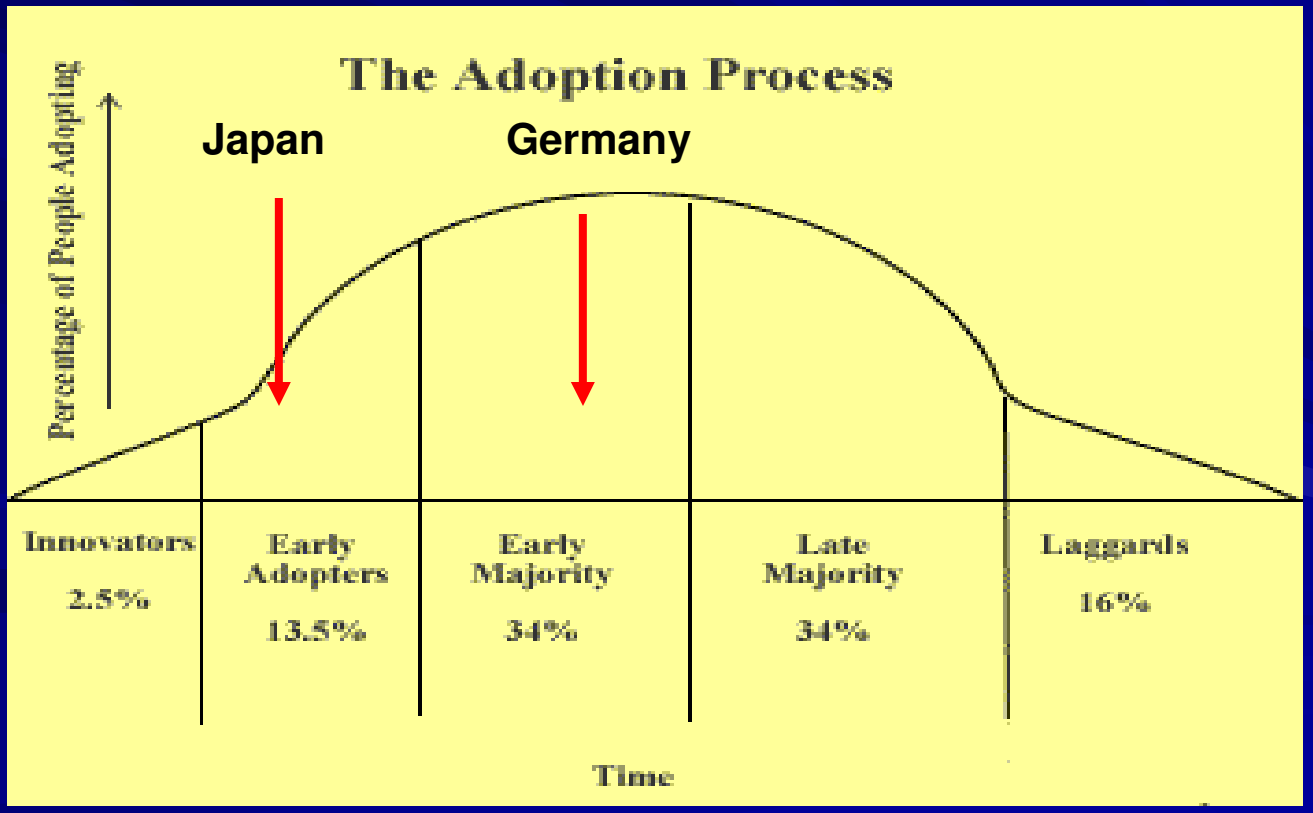
Respondents Perceptions of the new OS

Case Study: Target Markets

- **Tokyo, Japan** 
  - Representative of the market in Asia-Pacific
  - Market adoption is considered to be “early adopters”
- **Hamburg, Germany** 
  - Representative of the European market
  - Market adoption is considered to be “early majority”

Case Study:
The Adoption Process

•It was the client's belief that Japan would be an early adopter and Germany an early majority of this operating system



Case Study: Target for Focus Groups

- **Home PC users**
- **Business PC users** – not decision makers or IT professionals
- **Dual User Influencers** – home and business users who feel they have advanced knowledge with computers
- **Dual User Enthused** – home and business users who feel they have basic knowledge with computers
- **Home User Influencers** – home PC users only who feel they have advanced knowledge with computers
- **Home User Enthused** – home PC users only who feel they have basic knowledge of computers

Case Study: Target for IDIs

- **Home PC Users** – respondents who only used a computer at home
- **Small Business Owners/Managers** – must use computers at business
- **Information workers** for **MORGs**
- **Information workers** for **LORG**
- **IT Decision Makers** or **IT Implementers** working for **LORGs** – must have influence over IT decisions - over 500 PCs
- **Enterprise IT Decision Makers** – must have influence over IT decisions - over 1000 PCs

Case Study: Segmentation of Sample

- **Profession**
- **Self-description** (i.e. Basic, Advanced, Expert)
- **Size of Business** (SORG, MORG, LORG)
- **Number of PCs** found in home or business
- **Number of years** of experience with main computer
- **Desktop vs. Notebook** computers for business use
- **Main usage** (i.e. downloading music, playing games, Excel, e-mail, photography, Internet, etc.)
- **OS used**
- **Frequency of usage**

Case Study: Key Elements Tested

- Attitudes toward home version of OS
- Potential brand and feature name testing
- Verification of preferred names after descriptions were presented
- Testing of two specific name options of particular interest to the client (FG)
- Differentiation of home version of OS vs. business version of OS (FG)
- Evaluation of technology modifiers to the brand name (i.e. “mobile” as a limiter to laptop use only)

Case Study: Methods to Elicit Responses

- **Naming of features**
  - Visual stimuli – show cards
  - Open ended questions
  - Native language vs. English names
  - Rating scales
  - Peer influence
  - Occupational influence

Case Study: Methods Used to Elicit Expectations of Features

- **Feature expectations**
  - Visual stimuli
    - Respondents were asked to visualize and explain what functions a specific feature name invoked (i.e. wall=security)
  - Matching feature names to descriptions
    - Respondents were given actual feature descriptions and were asked to reassess their original perception of feature name

Case Study: Methods Used to Elicit Pricing & Consumer Expectations

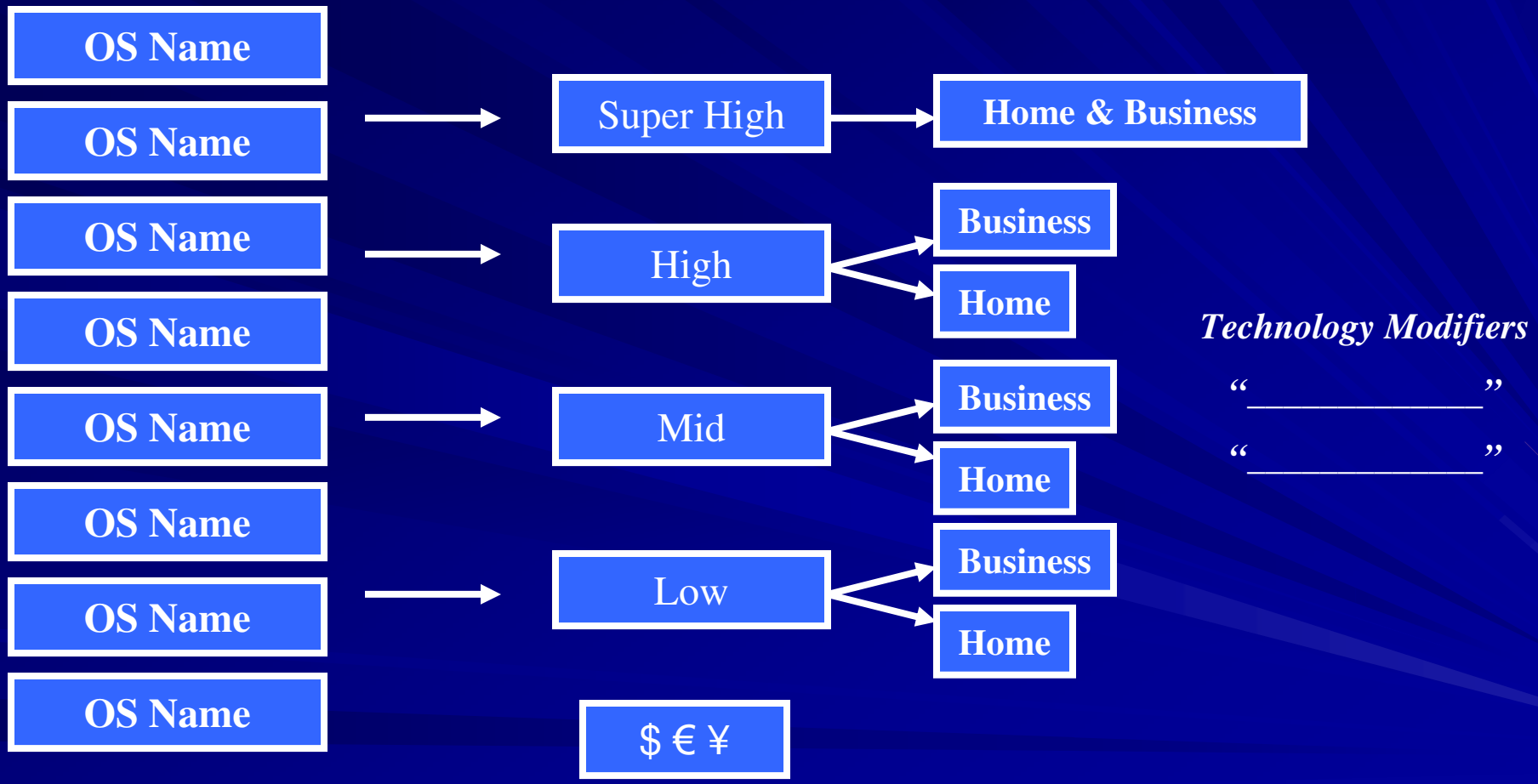
- **Pricing**
  - Hypothetical price modeling (purchase price elasticity)
    - If a standard OS cost X dollars, then how much more would you be willing to pay for the "Optimal" OS package?
  - Price ratio (consumer expectations)
    - If most basic OS is X dollars, then how much would you expect the mid and high level OS to cost?

Case Study: Research Design

Phase I – To Test Potential Names for a New OS – Tokyo & Hamburg

- 4 consumer focus groups
  - 1 group Dual Use Influencers
  - 1 group Dual Use Enthused
  - 1 group Home Use Influencers
  - 1 group Home Use Enthused
- 8 consumer IDIs
  - 2 Dual Use Influencers
  - 2 Dual Use Enthused
  - 2 Home Use Influencers
  - 2 Home Use Enthused
- 15 business IDIs (Tokyo only)
  - 5 SORG
  - 5 MORG
  - 5 LORG

Case Study: Phase I Execution of Naming Study



Respondents Perceptions of the new OS

Case Study – Research Design (cont.)

Phase II – To Test Eight Potential Names and Functions of Features with the new OS – Tokyo & Hamburg

- A: Business IDIs
  - 8 IDIs – Home Business
  - 8 IDIs – Small Business Owners/Managers
  - 4 IDIs – Information Workers at MORGs (25-499 PCs)/LORGs(500+ PCs)
  - 4 IDIs – IT Decision Makers or Implementers at LORGs
- B: Enterprise IDIs – over 1000 PCs (Hamburg only)
  - 10 IDIs – IT Decision Makers

Case Study: Phase II Feature Name Analysis

Defined Feature	Name 1	Name 2	Name 3	Preferred Name	Best Fit to Description
A					
B					
C					
D					
E					
F					
G					
H					
I					
J					

- Impression of names without definitions
- Definitions presented to respondents
- Respondents' preferred names
- Which name best fits the definition

Case Study: Analysis Quantification of Responses

JAPAN

IT Professional Segment (N=4)*	Name Selected	Feature Set A	Feature Set F	Feature Set G	Feature Set H	Feature Set K	Feature Set L	Feature Set M	Feature Set N1	Feature Set N2
Preferred Name	**1**	1	0	0	1	0	0	1	1	4
	2	2	1	3	3	1	2	0	2	0
	3	1	3	1	0	3	2	2	n/a	n/a
	4	n/a	n/a	n/a	n/a	0	0	1	n/a	n/a
	none	0	0	0	0	0	0	0	1	0
Best Fit to Description	**1**	1	1	0	0	1	1	0	0	4
	2	3	1	1	3	1	1	0	4	0
	3	0	2	1	1	2	2	0	n/a	n/a
	4	n/a	n/a	n/a	n/a	0	0	4	n/a	n/a
	none	0	0	2	0	0	0	0	0	0

***Yellow** shows the favorite feature among all respondents among two categories: preferred name vs. best fit to description*

Case Study: Analysis Quantification of Responses

GERMANY

IT Professional Segment (N=4)*	Name Selected	Feature Set A	Feature Set F	Feature Set G	Feature Set H	Feature Set K	Feature Set L	Feature Set M	Feature Set N1	Feature Set N2
Preferred Name	1	1	0	4	0	0	1	0	0	3
	2	1	2	0	1	1	3	1	1	0
	3	2	2	0	3	3	0	0	N/A	N/A
	4	N/A	N/A	N/A	N/A	N/A	N/A	2	N/A	N/A
	none	0	0	0	0	0	0	1	3	1
Best Fit to Description	1	1	0	4	0	0	1	0	0	3
	2	1	2	0	1	1	3	1	1	0
	3	2	2	0	3	3	0	0	N/A	N/A
	4	N/A	N/A	N/A	N/A	N/A	N/A	2	N/A	N/A
	none	0	0	0	0	0	0	1	3	1

***Yellow** shows the favorite feature among all respondents among two categories: preferred name vs. best fit to description*

Case Study: Japan vs. Germany

- Similarities and differences between markets
  - In comparing Germany to Japan you can see that the German IT professionals prefer names that fit the descriptions while Japanese IT professionals have other factors in mind than the description when selecting a preferred name.

Case Study: Cultural & Demographic Trends

- Women vs. men
  - Japanese women expressed less intense opinions of products
  - German women expressed similar opinions to the men
- Older vs. young
  - Young in both markets liked English names
  - Older Germans did not like English names
  - Older Japanese did not understand English names

Case Study: Cultural & Demographic Trends (cont.)

- Home vs. Business
  - Home users focused on word processing, e-mail, Internet and entertainment media
  - Business users were interested in security, speed, organization and multi-tasking
- Asia vs. Europe
  - In general the Germans preferred feature names that conveyed the technical aspects while Japanese preferred feature names that evoked more creative non-technical images
    - i.e. Germany – high-tech security, Japan – citadel

Case Study: Unanticipated Reactions/Interesting Findings

- In general, the Japanese preferred the English version of the names vs. the Katakana (phonetic) version more so than the Germans preferred the English names to the German
- The Japanese were reticent in expressing strong negative views as well as voicing their opinions in a group setting, women more so than men
- The older (50+) German market had very negative opinions of English names for any product

Summary/Conclusions

- Our research design generated a high "intelligence yield" for the client
  - Precision in generation of names for target marketing of the new operating system in the German & Japanese markets
  - Alliance of names with product capabilities for effective advertising in these countries
  - Refined market segmentation of the professional and home markets in these "early adopter" and "early majority" markets
  - Ability to identify a name that would capture the majority price acceptance level in each market

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