

MARKET RESEARCH UNDER EXTREME CONDITIONS

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INTRODUCTION

Expert Interviews yield probing perspective directly from the market trenches. Expert Interviewers guide each interview to test emerging hypothesis and develop actionable market intelligence.

Suppose you are an executive contemplating a multi-million dollar investment in a new product and need to substantiate your plans to the board of directors in 8 weeks.

You have some familiarity with market research surveys and focus groups, and thus embark upon contracting with a vendor of these services. The research proposal calls for using focus groups to explore the features and benefits that the decision-makers of your new product or service are most concerned with and for discovering how these issues are articulated in the trade. Following the focus groups a quantitative survey will be conducted by telephone with the target audience. Under "ordinary" circumstances this combination of qualitative and quantitative methods yields a very solid research plan --- the qualitative research (focus groups) provides the opportunity for in-depth exploration of issues and the quantitative research (survey) provides the numbers that tell how pervasive each of the issues is in your target market. But what happens when we venture into "extreme" conditions?

Let's assume that your new product is used by engineers. Purchasing managers and IT professionals are involved in the approval process. These decision-makers are located throughout the world. Many of the target customers regard one another as rivals. Your research vendor requests a sample list from which focus group participants will be recruited. Sales personnel scour their contact files for the names of perceived decision-makers. You provide a list with 50 names to the research supplier for focus group recruiting efforts. After 5 days of attempting to recruit focus group participants your research vendor calls you with some alarming news. Very few participants have been reached, those that have been reached are not actually decision-makers, do not wish to travel long distances for a 2 hour focus group despite the \$200 honorarium, or are unwilling to disclose their opinions in a room full of competitors. Suddenly the research plan is in disarray and you are faced with making a multi-million dollar investment based only on the opinions of company insiders.

Is there a marketing research methodology that can be successfully applied in these "extreme" conditions?

Fortunately the answer is "yes." Expert Interviews are the research methodology of choice when the project requires conducting research with interviewees that are difficult to reach because of their position, location, or nature of their work. In many industrial, high technology and medical markets there are fewer than 100 target customers, which makes developing reliable statistics with traditional quantitative surveys impractical. Expert Interviews provide both qualitative and quantitative insights. They yield probing perspectives directly from the market trenches.

We had a fairly unique set of circumstances-trying to get into a narrow group of customers with a new value proposition. It didn't lend itself to the normal kind of survey work.

*Tim Scott
VP Engineering & Business Development
Brooks Instruments*

INDUSTRIAL STRENGTH INTERVIEWING

What exactly is an Expert Interview and who conducts the interview?

An Expert Interview is an interview conducted with by a researcher who is skilled at probing complex issues with difficult to reach decision makers who typically do not participate in traditional scripted surveys. Expert Interviews are generally conducted by telephone, but may be conducted in person. A Discussion Guide for the interviews is developed based on the client's information objectives and is often modified during the course of the research as new information and insights are developed. Expert interviewers guide each interview to test emerging hypothesis and develop actionable market intelligence. Seasoned expert interviewers rapidly scale the learning curve on new technologies and key in on the right approach and the right questions with difficult to reach audiences. The successful interviewer must be able to manage multiple dynamics during the course of the interviews, including:

- Developing sufficient subject matter background to comprehend complex comments.
- Avoiding the perception of a script.

- Pacing the interview and engaging interviewees in a lively discussion.
- Straying from the Discussion Guide to pursue specialized perspectives.
- Reining in the interviewees that wander onto unproductive tangents.
- Effectively transition the interview from one topic to another.
- Developing hypothesis based on interim research findings. Eliciting client feedback on these emerging conclusions and testing them through subsequent interviews.
- Building rapport with interviewees to allow probing of complex technical subjects.

FROM THE INTERVIEWEE'S PERSPECTIVE

Interviewees who initially commit to a 15 minute discussion will often continue to participate for 45 to 60 minutes, as they become absorbed by the interview topics. Why such enthusiastic participation? The engineers, product managers, and other target contacts in these studies are subject matter experts in their fields. They enjoy offering their view of products or services that may solve a business problem. They also enjoy the opportunity to share their experiences and knowledge when they sense that the interviewer is able to appreciate their insights. Subject matter experts will quickly terminate the discussion when they perceive that the interviewer lacks the necessary background to comprehend their comments. One or two questions that reveal the interviewer's ignorance will bring the discussion to a halt. The skilled interviewer carefully crafts the order and wording of questions so the discussion flows naturally and participants do not feel that they are constrained by multiple-choice options or the lockstep order of questions.

BENEFITS OF EXPERT INTERVIEWS

Expert Interviews conducted by a skilled interviewer yield many benefits that are not offered by other research methodologies. They identify decision-makers and influencers that were previously not known to the client.

Clients also benefit from the time and cost efficiencies of Expert Interviews. Once air, car rental, hotel, facility rental, videotaping, recruiting, moderating, and participant honorariums are totaled, a single focus group with 8 to 10 participants can easily cost \$15,000 to \$20,000. Conversely, a skilled interviewer can reach interviewees around the globe without a single unproductive day spent in transit.

An Expert Interviewer can quickly get up to speed on new markets and the information goals of the project. The flexibility to make mid-course adjustments also contributes to the value of the study results. Steve Trabilisy, President of OPW Fuel Management Systems, notes "over an hour or two phone call, (an Expert Interviewer) gleans the essence

of what we are trying to find out and then can go to work with that. Based on the preliminary findings, the interviewer can "shift on the fly."

What I have found with Clarity is that you don't necessarily hear what you want to.

*Dave Jackson
President
C Lee Cook*

AVOIDING BIAS

In launching a new product or making an acquisition, the zeal of company insiders can make it difficult to arrive at an objective decision. Market intelligence derived solely from the company's sales force can lead to unintended biases.

Dave Jackson, President of C. Lee Cook, a Dover Corporation company, states, "Most of our market intelligence comes through our sales force -- our people that are out in the marketplace everyday dealing with competitors, customers, etc. Over time, of course, those systems get overloaded with certain biases. If you decide to put millions of dollars on the line, be it an acquisition or new product development, or new organizational structure, and you base the decision entirely on internal perspectives, you can be subject to error and biases. Clarity's studies and approaches reduce that bias and provide alternative views."

Mr. Trabilisy also notes the value of obtaining objective market information. "We could not get this information ourselves. We realize that when we try to get information ourselves about ourselves, it is always biased. We are biasing it by the way we ask. The distributor or customer really doesn't want to say anything negative to us. All of those factors add up to where we don't believe that we can get a real good, honest take on ourselves and our own ideas. We are a supplier trying to sell you something. We can't shake that and put on another hat and say today we are all just friends talking about what you want."

ACTIONABLE RESULTS

Mr. Trabilisy states that, "Every time that Clarity has done some work for us, it has resulted in action, whether it is confirmation of what we thought, with a little move, or a complete 180." Of a recently conducted new business development study, he states, "We are using the new study to define a whole new brand imaging, to re-prioritize the feature list. There are a couple of developments that we have put off and another that we are accelerating because of the study."

In an Acquisition Due Diligence study that Clarity recently conducted for OPW Fuel Management Systems, the findings contributed to the post acquisition brand strategy. The study uncovered that customers still refer to the acquired company by the name of its former parent, which is a direct competitor to the client. The study also revealed that the client's own name is not well recognized in the market segment of the acquired business. These findings enabled the client to avoid several serious pitfalls in developing a brand identity for its new business.

SALES OPPORTUNITY GENERATION

In addition to obtaining information to fine tune positioning or to modify the proposed product or service offering, in some cases new business development studies identify sales opportunities. In two new business development studies conducted for AdvancePCS a number of the pharmaceutical brand managers who had initially resisted contact, became so enthused with the proposed service offerings that they requested follow on sales calls to pursue the topic in greater depth. These opportunities were communicated directly to AdvancePCS during the course of the study. Ms. Francis, Manager of Market Research at AdvancePCS states that "one of the biggest benefits of this kind of research is getting opportunities for AdvancePCS to follow up on."

SENSITIVE TOPICS

The Expert Interview methodology is often the only methodology that will succeed where the subject matter is sensitive. Subject matter experts typically decline to participate in traditional scripted surveys when they view their requirements for a particular product or service as highly proprietary information. It takes a seasoned Expert Interview professional to establish trust and obtain actionable information on customer needs in these extreme conditions.

Brooks Instruments, a division of Emerson Electric, produces process control technologies. Clarity interviewed engineers about the challenges they face in semiconductor wafer fabrication, in order to assess the potential of a new technology. The processes employed by wafer fabs are considered borderline trade secret information, which presented significant challenges for the Clarity research team. Tim Scott, VP of Engineering and New Business Development explains, "I felt that we had a fairly unique set of circumstances -- trying to get into a narrow group of customers with a new value proposition. It didn't really lend itself to the normal kind of survey work."

He differentiates Clarity's 'industrial strength' interviewing process from other market research vendors that he has used: "You folks add a level of expertise and insight into the information gathering process. In most of the other market surveys that I have had exposure to, a lot of work goes into the questions and the sequence, but if something starts to derail the interviewers can't salvage it.

There is no knowledge or insight on their part, so you are kind of limited in the research objectives."

The results of these expert interviewing efforts have lead to substantial new business for Brooks Instruments. "It took us to the next step and gave us a little more courage and a little more faith that we were going down a path that would probably bear fruit and it has. At this point we can see a hundred million dollar business coming out of this four to five years from now."

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*Steve Trabilsy
President
OPW Fuel Management Systems*

A MARKET RESEARCH RESISTANT AUDIENCE

Ms. Francis relies on Clarity for her most challenging research projects. The two new business development studies that Clarity conducted for AdvancePCS required interviewing pharmaceutical brand managers. This interview population represents one of the most challenging research targets because of the difficulty in reaching them, their unwillingness to spend time discussing a topic that does not have a clear benefit to them, and their concerns about divulging confidential information. These high barriers require creative and non-traditional approaches to gaining the brand managers' interest and willingness to be interviewed. In one study where a traditional market research firm was unsuccessful in reaching the brand managers, AdvancePCS turned to Clarity. Ms. Francis states that "these people won't do research. You can't just pick up the phone, the way that you do in most interviews, open with 'how are you doing?' and expect to get results.

In commenting on Clarity's successful use of an approach that generated a lively discussion of the pros and cons of the proposed service, Ms. Francis comments, "I am not sure that so much of this was what a traditional market researcher could do. I think that is where your background in competitive intelligence really has made a huge difference. By showing the interviewees something and getting them to react to it, they don't perceive that they are really doing research. This is something that might help them." Of the many insights gathered in the new business development studies, Ms. Francis notes, "I am amazed at the amount of information that you have been able to obtain in your interviews. Just unbelievable."

ON THE TESTING OF VALUE PROPOSITIONS

Clarity has found that one of the best applications for our Expert Interview process is to test the client's evolving Value Propositions among actual customers. Our high level interviewing approach enables us to test multiple value propositions in a single call. As we talk with more users, the Value Proposition is incrementally honed, such that we work towards recommendations that represent the optimal positioning in light of the client's core competencies, resource constraints, and unmet market needs.

In a new business development study conducted for C. Lee Cook that explored prospective customers' reaction to an integrated compressor maintenance service that would perform the work that is currently conducted by separate entities, Clarity uncovered several objections to that approach that had not been anticipated. The information gained in the study was key to capturing the nuances of the target market's needs and the development of a successful positioning for the service.

Mr. Jackson observes, "What I have found with Clarity is that you don't necessarily hear what you want to. When we were exploring the new service approach, you found a number of instances in which the customers' responses were contrary to our expectations. Some customers likened the proposed bundle of services to having all your eggs in one basket with one supplier. While purchasing managers were more likely to see benefits to 'one-stop shopping', operations managers preferred working with individual companies with specialized product and support capabilities. Mr. Jackson notes, "We took a giant step back and launched it very differently than we would have without this sort of research."

VALUE OF A DEDICATED RESEARCHER

Clarity assigns just a few experienced interviewers to all research studies. We strive to allocate our resources so the same researchers are consistently assigned to particular clients or research topic areas. This aspect of Clarity's approach is very different from traditional quantitative telephone survey methodologies in which a 'bank' of interviewers is used to conduct the interviews. A single, experienced interviewer is able to pick up on 'threads' that occur across a number of interviews, and that when taken together, yield important insights. These nuances are often lost when a large number of interviewers are used to conduct a study. Ms. Francis observes, "That is sometimes my worry. You will talk to a vendor about doing research and they may want multiple people doing the interviewing. I don't think it is so bad with a colleague. That is OK if there are just a few of you because it is easy enough to communicate, but once you start getting past that, you lose the ability to identify those threads that seem to be running through the whole thing. The fact that you can say, I heard this from multiple people, makes all the difference in the world."

QUALITATIVE/QUANTITATIVE COMBO

In some research projects Expert Interviews serve as the qualitative research that precedes a quantitative research effort. When used as the 'up-front qualitative' Expert Interviews assume the role typically played by focus groups -- exploration of the key issues and the terminology used to articulate those issues. When the interview population is sufficiently large the information gained in the Expert Interviews can be used to create a survey instrument that will be utilized with hundreds of respondents through Computer Assisted Telephone Interviews (CATI) or web surveys. Expert Interviews may also satisfy the entire research project when the total number of potential interviewees is relatively small or where a static survey instrument would not yield sufficiently detailed information.

CONCLUSION

When critical business decisions require perspective from a difficult to reach audience, Expert Interviews can succeed where other research methodologies fail. The value of obtaining feedback from the potential audience for your product or service can save your firm millions of dollars in misplaced investment. Expert interviewers are able to draw valuable insights that can be used to fine tune the positioning of your product or service, enhance your negotiating strength in an acquisition, or illuminate strategic alternatives that were not previously considered.

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