ETHNOGRAPHY

Context Is King

Companies are studying customer behavior to improve product design and identify new business opportunities. The potential payoffs are huge. What's missing? You.

By Lauren Gibbons Paul

Robyn Waters was on a mission, in search of cool products to help Target jump-start the upcoming back-to-school season. It was the spring of 2001, and Waters, at the time Target's vice president of trend, design and product development, needed a way to sniff out untapped customer needs and serve up ultra-hip products for a wide spectrum of departments. Having helped the $48 billion discount retailer establish the back-to-school period as its own mini-holiday season, with two years of double-digit sales increases, Waters' team needed a spark to keep the momentum going.

"We needed a strategy for growth. Better colors weren't going to do it," says Waters. She had met Dev Patnaik, a principal with Jump Associates, at a conference in late 2000 and was taken by his unconventional presentation on design strategy. With only a tiny budget to work with, Waters hired Jump to go into the field and discover what desires and fears were lurking in the hearts of incoming college freshmen.

What were these teens worried about? In a word: laundry. "You think of the kid as wanting to have a cool rug, a cool lamp, a cool bedspread. But what was really on their minds was laundry. They were intimidated by it," says Waters.

Waters' team and Jump passed the findings along to Target's merchants, who rallied around the idea of making the first year of college easier for freshmen. "We did a laundry bag that had washing instructions printed on the side. We told them to separate lights and darks. It was very simplistic, but it was [hip] and fun," says Waters. "We didn't talk down to them. The message was, 'Hey, dudes, we're going to make your life a lot easier.'"

The first back-to-school season after the project was a big winner, continuing Target's run of double-digit increases. That's when the corporate marketing group began to take notice.

"Because of our success, marketing started to take a much more instrumental role in driving this. It was like a baton being handed off in a relay race," says Waters. The marketing department brought in the vibrant young designer Todd Oldham to create new products that promised to add the next layer of excitement. Once marketing was involved, Target invested much more heavily in this type of trend research, Waters recalls.

This emerging discipline—known as ethnography, ethnographic market research, business anthropology, social research or usability testing—involves observing and interacting with customers in their natural element in order to make more informed choices about product design or business development. Long the domain of academia and in-house R&D lab rats, ethnography is beginning to play a more prominent role in product design and development at many large companies. For marketing executives well-versed in the costs and benefits of quantitative market research, this new generation of qualitative analysis demands their attention. Or at least, many proponents argue, it should.

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"CMOs are responsible for top-line growth, so they do things like review their agency and redo their logo," says Patnaik. "But if they're smart, they will also plant some long-term [product development] seeds. What are you not working on today that you should be tomorrow? That's your insurance policy against making a bad short-term decision."

To be successful with this emerging type of research, Patnaik argues, you first must throw out any preconceived notions about your customers—what they need, even who they are—and engage them on a far deeper level in their everyday environments.

"We follow [consumers] around for days, and we interview them. We go to their homes. We watch them play games. We find out about their social network," says Patnaik. If it all sounds a bit esoteric, it is. Then again, this type of research could mean the difference between releasing the next iPod and the next Segway.

There are plenty of skeptics who maintain that qualitative research is expensive, time-consuming and frustratingly open-ended. Compounding the challenge, the political jockeying between the product development or research groups (which normally head up this type of project) and the marketing team can be tiresome. And forget about gauging ROI ahead of time. "With any new product or marketing platform, you don't know in advance what the return will be," says Ken Erickson, PhD, principal and founder of Pacific Ethnography.

But for marketers who are willing to put in the extra work to really understand their customers' context, the returns can be significant: increased market share for current products and richer data on which to

build and market more successful future products. Long after the ethnographic research is done, "you can keep mining the data and coming up with new product ideas," says Kazuyo Masuda, research manager with Ethnographic Research. Even in a sea of seemingly endless change, the contexts in which customers operate don't shift overnight.

Field of Dreams

Ethnography has its origins, not surprisingly, in anthropology. During the 1970s and 1980s, awareness of ethnography increased as researchers studied issues such as the transmission of AIDS in poor urban communities or tuberculosis treatment compliance in rural areas.

In the late 1990s, businesses got in on the action when Kodak, Microsoft, Whirlpool and others began applying ethnographic principles to the study of consumers. The idea was that no product exists in a vacuum. Observing behavior in context, as opposed to conducting a survey or even a focus group, is a far more effective means of gathering useful feedback, because people often say or believe one thing but do another.

"The smartest thing you can do today is get close to the customer, inside their hearts and minds, not just their wallets," says Waters, who left Target in 2002 and is now president of her own trend consulting firm, RW Trend. "This kind of work gives you a better platform for an exciting marketing campaign."

The practice is taking hold in other companies, though oftentimes in an ad hoc fashion. In the spring of 2003, Thomson's RCA unit was nearing production of a portable consumer electronics device that integrated video, audio and photo recording and playback into a form factor slightly larger than a 3-by-5-inch index card. Since the device, eventually dubbed the Lyra Audio/Video Jukebox, was a completely new product type for RCA, and because only one competitive offering existed in the category, Gavin Johnston, program manager for worldwide user interface design and research for Thomson U.S., decided it was high time the company learned more about its target audience.

"We didn't want to assume that the only people who would use the [new device] were between 18 and 25," he says. So Johnston kicked off his own brand of field research. For several days, he and a colleague rode Chicago's El trains, observing passengers as they shuttled to their destinations.

To get a better sense of how commuters used portable devices—with a "device" being anything from a cell phone to the daily newspaper—Johnston interviewed riders about "what they were doing and how they were feeling." He and his partner watched commuters as they listened to their Walkmans, read their books, tapped on their laptop keyboards. Johnston also gave a prototype of the new RCA player to 12 potential users—some selected from the field work, others recruited by an agency—to play with for two weeks. He was curious to see how people would use the various features—playing music, for example, while viewing photos.

From the research, Johnston concluded that the video player not only had to be tough enough to stand up to everyday use, but it also had to look like it was tough enough. He recommended several changes, including some user interface tweaks and lightening the device. Because the Lyra was so close to production, however, the product team had enough time to make only some of the user interface changes. "Changing code is easy. Changing industrial design is not easy. We didn't have enough time," says Johnston.

As it was, the interface tweaks alone resulted in an additional 2 percent in market share, Johnston estimates. For the other design problems that couldn't be fixed before the release, Johnston anticipated—and Thomson received—numerous support calls and returns of the Lyra. "We knew there were problems with it, and we knew exactly what those problems were," says Johnston. He expects those problems to be fixed in the next release of the device, which is due early next year.

Johnston claims that the type of in-depth customer research he conducted provides an advantage that traditional market research cannot match. "The statistics that you have are the same statistics the guy across the street has," he contends. "The advantage comes when I have a little extra twist that you don't have."

Proof Positive

The challenge for ethnography proponents comes in justifying the research up front. "Much of what I do doesn't have a tangible cost benefit on the surface," says Johnston. "But if our recommendations [for improving the Lyra device] had been made, we would have saved millions [in support costs]."

Although most marketers are accustomed to justifying the cost of quantitative research—whether a big-ticket custom project or an annual subscription to a research house's reports—it's much harder to build an ROI case in advance around qualitative research. "We cannot guarantee what you will get out of a project," says Ethnographic Research's Masuda. "But we can guarantee that we will answer the questions you bring to us at the beginning."

Richard Jew, product line marketing manager at Finisar, agrees it is fruitless to require proof of hard return prior to commencing a qualitative research effort. Having worked on several of these products during his high-tech career, Jew was a strong advocate for qualitative usability studies when he joined Finisar in late 2003. "You always discover things you didn't know before. I knew we would get something out of it," he says.

With Jew's support, Finisar's engineering group hired KDA Research to learn more about how network managers would use Finisar's new NetWisdom network-monitoring tool. "We [contacted] people who had never used the product. We wanted to see how those with no background would approach it," says Jew.

KDA assembled a group of seven network managers, watching as they used the product for the first time and asking open-ended questions. This gave Jew and his team insight into the network managers' daily lives that they would not have received elsewhere. "I got a sense of their problems. They are on call 24 hours a day. They need to access the system from home," says Jew. "I got anecdotal reaction on how they compare our product to someone else's." The research confirmed the engineering team's concerns about pieces of the user interface that needed improvement. As a marketing manager, Jew gained insights into which aspects of the product to highlight in Finisar's next major campaign.

Beyond an initial product launch, ethnographic research provides the types of insights that tend to keep on giving. Target, for example, used the research from its back-to-school work to later create a "kitchen in a box" bundle, consisting of two mugs, plates, silverware and basic tools such as a can opener, to help students prepare and eat meals in their rooms.

Thomson's Johnston is a strong believer in the staying power of good field work. "People want to apply this to a single product and run," he says. "But it really applies to 20 products and marketing strategies you've never thought of."

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Readers Viewpoint

Customer behavior

Posted: NOV 18, 2004 12:48:50 AM

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