

# Planning and Research

## *Getting to Know Your Customers (and Your Potential Customers!)*

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# About This Session

**The secret of a good ~~sermon~~ presentation is to have a good beginning**

**and a good ending;**

**and to have the two as close together as possible.**

George Allen who played God

# Why Consider Research

... there are known knowns; the things we know that we know.

There are known unknowns; the things that we now know we don't know.

But there are also unknown unknowns - the things we do not know we don't know.

Donald Rumsfeld

# Why Qualitative Research

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## Focus Panels Can Help When ...

**There is an important burning issue ...**

**but there is uncertainty about specifics for decision making because of time and money that might be invested.**

**Talking with customers will provide marketplace perspective to guide action (or maybe not take action).**

- Objective open ended conversation.

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- **How do customers feel about a product developed in the ALCO committee?**
- **Importance of mobile banking in the total banking experience?**
- **What really constitutes “super” banking service?**
- **Reaction to creative for new name logo (designed by a director’s daughter)**

# Selecting Participants

Criteria depends on goals (inclusions - exclusions)

- Age
- Gender
- Services used or not
- Balance levels
- Time a customer
- Geography
  - Quotas can be established by category

# Appealing to Potential Participants

- **Flatter their ego - *their opinion really matters***
- **Remunerate them - *more the thought than the amount***
- **Feed them - *good warm up time***
- **Send and call reminders ... with directions**

# Where to Conduct Panels

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  - Proximity of facility to participants
    - If not, hotels can work with a little bit of wiring

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- **On Site**

- If sponsor is obvious in content
- Convenience
- Comfort level
- Cost benefit

Management can interact

# Conducting the Panels

- **Take advantage of group dynamics**
- **Begin with easy questions**
- **Go from general to specific**
  - Be flexible - go with the flow
- **Balance shy people and more domineering**

**Precluding the band wagon effect**

**- The role of in-depth interviews**

# Written Responses

- **Brief time to consider response**
- **Refer back to as discussion moves on**
- **Quantitative perspective vs. parlance**
  - Rating scales - degree of reaction
  - Chip test - compared to what
    - “A” compared to B
    - New compared to current

# Valid Results

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- **Consistency - *always more than 1 panel***
  - Commentary, language used
  - Quantitative corroboration



# What about Results

- **Customers opinion of the product somewhat different than the ALCO committees.**
- **Mobile is important (sort of).**
- **Super service takes place (or not) when complex issues are involved.**
- **Beauty in the eye of the beholder applies to new creative.**

**And here's Jeff**

# Using Advanced Analysis Techniques to Answer Research Questions

Using advanced multivariate statistical analysis techniques can help banks and credit unions to better answer the questions they have. Two techniques that we've found to be extremely helpful for the industry are:

- **Conjoint analysis**
- **Market segmentation in conjunction with a factor analysis**



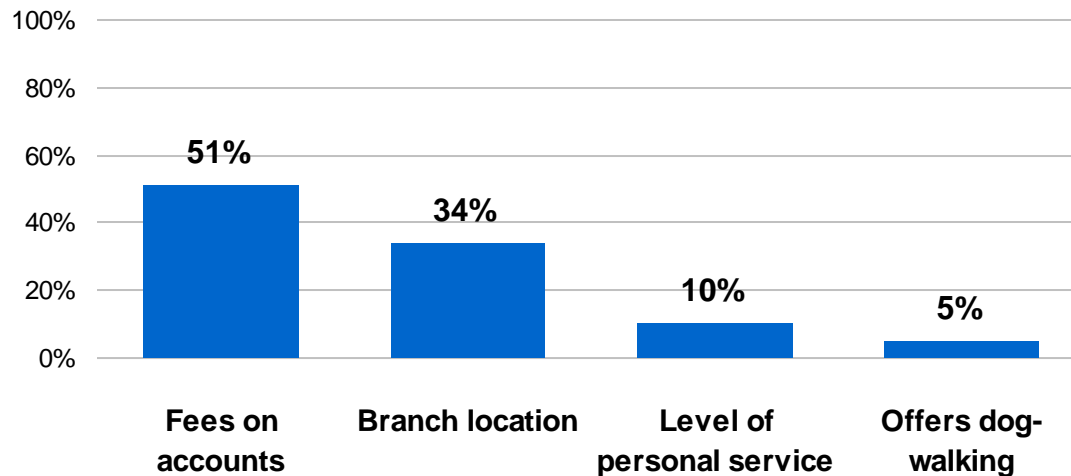
# Conjoint Analysis: Understanding How Decisions Are Made

- If you are making a decision about what bank or credit union to use, how important are its fees? The size of its ATM network? The level of personal service it provides? Would you say that they are all very important? If several factors are “very important,” how do we determine what is really driving decision-making?
- Conjoint analysis allows us to measure the trade-offs that people make every day in the real world. By determining what consumers are willing to sacrifice, we can find out what is really most important to them.



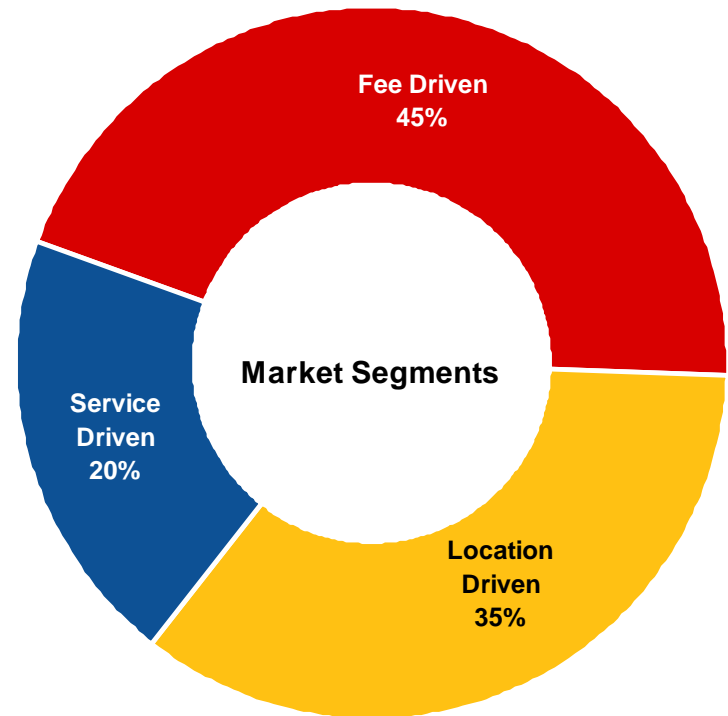
# Conjoint Analysis: Assessing Relative Importance

- When conducting a conjoint analysis, we present respondents with scenarios that depict trade-offs among four or five decision-driving factors, and ask them how likely they would be to use the service or organization described in each scenario.
- By presenting respondents with a series of such scenarios, we get them to think actively about the trade-offs they are willing to make, and their answers reveal the true underlying preferences that guide their decisions.



# Market Segmentation: Different Strokes

- When analyzing the data from the conjoint analysis, you can conduct a market segmentation analysis based on the attributes that are important to different types of consumers.
- This analysis can show you, for example, how large the fee-driven segment of the market is, as well as the prevailing demographic characteristics of consumers in this segment.



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**So what else do you want to know  
(about research)?**