

Use focus groups to understand your customer

Two examples of this effective technique show you how you can set up your own focus groups.

The concept of focus groups simply involves gathering a few of your target market customers together, and then putting a series of questions to them.

It's best to get an outside person to conduct this type of research, because you're probably too close to the issues and may end up ignoring the results anyway.

Either employ a marketing person or contact one of your local institutions that offers a marketing education course, and get the students to conduct the research on your behalf.

Two case studies

Brian Olorenshaw, a Marketing Consultant, comments on two small businesses he has helped in recent years.

'Focus groups are excellent for obtaining information that is usually very hard to collect, specifically, how people really feel about your business. Anyone can simply tick a box on a questionnaire, but this information can often be misleading as it is easy to tell little white lies.

These lies take the form of ticking the boxes that you think the person asking the questions wants to see. People also exaggerate their own importance by ticking the boxes that they would like to relate to.

Now I would argue that the people who complete these questionnaires very rarely tell the truth or the options given to them do not quite describe their situation. A focus group would solve that.

The key to a good focus group is:

1. to get a mix of current customer participants (or similar people),
2. to eliminate any bias by making sure that none of the participants have met before.

Between five to 10 people make an ideal group. A facilitator, or person controlling the group, introduces the questions, and then makes sure everyone has a say and no one wanders off the topic.

Two examples of focus group market research I carried out were for a dry-cleaning business and a business manufacturing Mediterranean-type foods.

1. Dry-cleaners

A focus group was arranged, and the following information was found:

- taking clothes to the dry-cleaner was a hassle
- people chose certain dry-cleaners over others because of convenience of location, quality of job, and the price (in that order)
- in some households the woman made the decision about who to use for all the dry-cleaning

- in other households the man and the woman split the decision, as each was responsible for their own clothes
- the name of the company was evaluated, and the owners were reassured that it was an effective name to use.

This information was used:

- to help reduce the hassle to people by offering pick up and delivery
- to focus on which type of person to target as the decision maker
- to evaluate the location of each outlet for convenience, and
- to develop quality checking procedures on all dry-cleaning.

2. Food products business

This small business produces Mediterranean food products, and a focus group was set up to look at the pita bread they sold to supermarkets. Information found included:

- product description of benefits compared to other foods were that it was quick, convenient, and versatile for different meal options.
- a major find was peoples' expectations of price: the focus group participants indicated that they would pay more than the company thought.

This information gave the company ideas on what benefits to push when promoting the product, and what to say on the packaging.

Also, before launching into the supermarkets, prices were raised from original levels, giving the business a higher margin. So pricing in this case ended up being customer-led pricing, not cost-plus pricing.

These two examples show how focus groups offer you a relatively cheap method of obtaining relevant market research to help you make the right decisions about your small business.