



AMERICAN MARKETING ASSOCIATION

THE OBSERVATIONAL RESEARCH HANDBOOK



UNDERSTANDING
HOW CONSUMERS
LIVE WITH
YOUR PRODUCT

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THE
OBSERVATIONAL
RESEARCH
HANDBOOK

BILL ABRAMS

UNDERSTANDING HOW CONSUMERS
LIVE WITH YOUR PRODUCT



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To Ariel Allen—the first to try an untried methodology

FOREWORD

Early in 1999 an article appeared in the London *Evening Standard*. It read, in part as follows:

The hottest qualifications for corporate highlifers is no longer the law degree from Harvard or the business studies certificate from Massachusetts Institute of Technology. . . . American companies eager to squeeze evermore dollars out of a booming economy are racing to sign up anthropology graduates in the belief that they bring an insight into money making that business schools alone fail to do.

As Katherine Ryan, head of money managers for the Hanseatic Group, put it, “Preconceptions can kill you. Anthropology is all about observation. That’s what we do—observe.”

That’s what Bill Abrams does—since about 1983.

I was fortunate enough to hire Abrams for an all-too-brief teaching stint at the University of Illinois. One of the many things that made him attractive to us was his pioneering research agenda—taking qualitative research well beyond the popular focus group and lifestyle surveys. Now that we may all benefit from his

wealth of experience and insight in book form, I feel increasingly compelled to place Abrams in historical context, particularly in relation to a researcher named Ernest Dichter. Dichter, a Freudian-trained psychologist, hit his stride during the booming postwar economy, when the consumer was inundated by a plethora of new products, many of them having parity. Marketers of the time were increasingly troubled about how to secure a competitive edge. Dichter and contemporaries such as the *Chicago Tribune's* Pierre Martineau got attention by asking the right question: "Why do consumers become brand loyal in an undifferentiated market?"

There are, I believe, parallels with Bill's work. First, a remarkable late-century economy has left us awash with products and services, and has afforded the consumer virtually endless choices—among and within product classes. Just as in Dichter's time, today's marketers are seeking an edge through packaging, advertising, promotion, price, and product design. Then as now more fail than succeed. The observational research of today, like the "motivational research" of Dichter's day, asks questions that could provide the nuanced edge for profitable differentiations. And, again like motivational research, observational research seeks those answers through a deep understanding of how people interact with products and services.

However, Dichter's and Abrams's approaches to developing this deep understanding differ. Dichter's techniques, seeking psychological insights through the wellspring of consumer motivation, were those of psychoanalysis: depth interviews, thematic apperception tests, and "psychodramas." Observational research, by contrast, seeks clues from the study of consumer *behavior* under natural conditions. The resulting insights can be rich indeed:

- How real people navigate—or crash—when trying to bring their computer mouse in productive proximity to just the right icon

- How a simple dimple in a shampoo bottle turned out to be a key (and totally unplanned) factor in consumer choice
- How observing a family at mealtime led to a clear revelation about who should be targeted for a food product—a highly productive insight confirmed (but buried) in earlier quantitative studies

As market niches become the reality of our marketplace—with the promise of individualized selling in the twenty-first century—qualitative research offering understanding of how people actually *use* consumer goods *in their real worlds* will clearly become far more important than even its current ascendancy would suggest. And, among those rich qualitative tools, observational research may very well become the tool of choice.

The pages ahead will tell you about what has been—and can be—done with the ideas and techniques of observational research. You are fortunate to have as your guide not only a pioneer in the field, but also—trust me on this one!—a remarkable teacher.

Partake!

Dr. Kim Rotzoll
Dean, College of Communications
The University of Illinois at
Urbana-Champaign

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INTRODUCTION

In 1983, I was creative director on the Colgate-Palmolive account at Kenyon & Eckhardt Advertising (now part of Bozell World Wide.) For almost all of my professional life I had strongly relied on research to tell me and the people who worked with me what consumers were like, how they used the products and services we were advertising, why they stayed loyal to one product and not another, what benefits and what negatives they saw in them, and what we could say that would make them or keep them interested in the brands we worked on.

I literally can't count how many focus groups I've attended or mall interviews I've conducted to learn everything I could about the relationship between consumers and the products they use. Unlike many creative directors who believed solely in their own intuitions, way before I started the creative process I used qualitative research to soak up as much information as possible about the ways people live with products. I believed my intuition worked best when it had reliable information to feed on.

But in the early eighties I started to notice something strange. I don't know why I hadn't picked up on it before. My writers and art directors who were attending those focus groups with me were among the best, most professional creative people in the country.

But were they watching, were they listening to the consumers sitting around the table on the other side of the two-way mirror? Not much. Most of the time they spent telling jokes to each other, munching on the sandwiches provided by the facility, or making phone calls back to New York. One guy even brought a novel to read at a focus group. My colleagues were downright bored. What was going on here? Why were these gifted, motivated advertising people not watching and not listening? Why were they turning a deaf ear and a blind eye to the reams of consumer information pouring through the mirror and the microphone?

The reason finally struck me. My writers and art directors were experiencing these focus groups as a kind of nonreality, as something artificial. What they were witnessing—when they deigned to look and listen—was the consumer *memory* of the product experience and not the experience itself. And it was a selective memory at that, often bent way out of shape even as the respondents recalled it, to make themselves look good to other members of the focus group, to say what they thought the moderator wanted to hear, or to give in to an insistent, controlling respondent who demanded agreement with her point of view. And that's what my creative people were responding to or, rather, *not* responding to.

Subsequent sessions reinforced the impression. Consumers attending focus groups were highly motivated by the political dynamics of the group, their peers, and the moderator. And the politics of the situation often overrode participants' true feelings and memories of usage.

Focus groups were fine for idea generation and for picking up consumer language to use in advertising, but it became clear to me that they were not always reliable for obtaining insights into the realities of consumer usage and attitude. There had to be a better way.

Just at that time, PBS began running an unusual documentary series. A filmmaker invited himself and his camera into a family's home and lived with them for months on end, while he shot almost every incident of family life. The edited documen-

tary was not only riveting; it was also revealing of family relationships in intimate detail. Body language, facial expressions, entrances and exits, tone of voice and word choice gave viewers an in-depth, living portrait of that family. Most important, what it gave was real, more real than any film or documentary about family life I had ever seen before.

Light bulb: If it could be done for human relationships, why not for the relationships between consumers and the products they use? Why couldn't someone videotape the way consumers live with products and services in their homes? Why couldn't there be a whole new way of doing qualitative research? That was the founding moment for Housecalls, the observational research firm I started in 1983.

It was tough sledding at first. People are generally loathe to abandon an accepted way of doing or looking at things, even when the new way represents an obvious improvement. Fortunately, a former client of mine took a chance on this new kind of qualitative research, my new company, and me. The client was Colgate-Palmolive, and I will always be grateful to it.

Since then, the Housecalls idea has evolved into a methodology called *observational research* (also known as *ethnography* in the marketing community). Practitioners in the marketing community by now have employed observational research in its various forms for almost every major product and service category. It has become one of the primary research tools for marketing, advertising, and research and development decision makers. Housecalls now has, in addition to Colgate-Palmolive, a broad spectrum of clients in its roster such as Duracell, Eastman-Kodak, General Mills, Hasbro, Kraft, Novartis, Ocean Spray, Warner-Lambert, and literally dozens more.

A WORD ABOUT THE ORIGINS OF OBSERVATIONAL RESEARCH

Observational research is a branch of the social science ethnography. Instead of studying cultures en masse (determining, for

example, that X percent of all seven-year-old American girls collect dolls), ethnography studies individual members of a culture in depth, closely observing the way they live and the context they live in (Melissa collects Barbie Dolls and keeps them in their unopened packages). Insights are drawn from detailed observations of people in their everyday environments.

Ethnographers originally focused on primitive tribes, living with and studying individual tribe members. Later, they began to apply the discipline to specialized urban cultures. Gradually, the methodology was applied to individuals and families in primary segments of the American population. And it wasn't long before the marketing community appropriated the observational research/ethnography to study the buying and usage habits of consumers throughout the country.

One reason for the popularity of observational research today is the contemporary need to know the consumer on a personal level. The days of mass advertising are virtually over. And with today's technology and proliferation of special-interest media, many marketers are finding they have to communicate on a consumer-by-consumer basis.

It has become imperative in today's business world to develop a reality-based, intimate knowledge of the people you want to keep as customers. There's no research tool like observational research for providing personal, up-close insight. No other research methodology allows you to burrow through your consumer's pantry, stand there while he flosses his teeth, or watch while he suffers and gets relief from an upset stomach or to be there when a new computer owner gives up trying to get it to work with her printer at one in the morning.

The rewards of observational research range from discoveries of unanticipated usage patterns to new awarenesses about product benefits and problems, from changes in lifestyle to broad strategic direction. Today many companies are turning to observational research as the first line of inquiry when considering a new product or repositioning a current brand.

This book is not a theoretical treatise. As the title says, it's an observational research handbook. The methods, the precepts,

and the examples are drawn not from reference material, but from the practical, working experience of observational researchers. It's written for the marketer, the advertiser, and the research and development executive as well as the market research practitioner.

WHAT YOU WILL GET FROM THIS BOOK

Both the seasoned professional and the beginner will find *The Observational Research Handbook* useful. If you're part of management, you will learn what to expect from observational research and how to make sure your project is well conceived and carried out. We will explore the broad benefits the methodology can provide for your company, and you will learn to use some of the models as checks against your next observational research project.

The market or R&D researcher will learn how performing an observational research assignment differs from performing other kinds of qualitative research. We will explore how to set up an in-home interview and discuss what attitude to take into a respondent's personal environment, how and what to record, and what mind-set is needed to analyze and interpret the interviews. The marketing executive will discover the many ways the results of an observational research study can be used to develop new and existing products, to uncover marketing problems, and to find consumer-driven opportunities. Because they are reality-based, the discoveries made through observational research are unlikely to be made through any other form of market research.

Perhaps most importantly, this book will show how observational research can help you retain your consumers—by helping you understand how they live with your products. It will also suggest the next practical steps after your findings have been assembled.

The advertising practitioner will find a wealth of real-life communications examples that have been used in TV commercials and ads. We will explore how observational research can

dig up fodder unavailable elsewhere for use in your own advertising.

While the book draws many examples from the packaged goods industry (my primary background), it will tell you how to apply observational research to any industry, including—as the techies I know assure me—software, hardware, and the Internet. The principles apply across the board. It will suggest how you can use the results to put your advertising, your marketing, your new product, and your customer retention programs on a more real basis so that they touch and motivate your consumers where they live. It also will suggest when not to use observational research and how to avoid its pitfalls.

I've found that among marketers and research and advertising people, there has always existed a breed of professionals with a special kind of hunger—to know the consumers who buy their products the way they know their wives or husbands, everything about them from the way they get up in the morning to the last thing they do at night before going to bed, and why they do what they do. Because the more they know, the better these professionals can fulfill the needs of their consumers and their companies and, not incidentally, the more successful they become.

If you're a professional who has to get as close as possible to consumers, who has to know them as intimately as possible, then observational research and this book could be exactly what you need.

CONTENTS

FOREWORD	XIII
ACKNOWLEDGMENTS	XVII
INTRODUCTION	XIX
A Word About the Origins of Observational Research	XXI
What You Will Get from This Book	XXIII
I. WHY OBSERVATIONAL RESEARCH?	I
The Personalized Marketplace	3
Getting to Know the Individual Consumer	4
What Focus Groups Do and Don't Do	5
What Observational Research Adds to the Party	7
<i>The Product Experience—Not Just the Memory of It</i>	7
<i>Intimate Revelations</i>	9
<i>Product Differentiation</i>	II

<i>New Product Development</i>	14
Broader Uses for Observational Research	16
Observational Research and the Bottom Line	17
The Limitations of Observational Research	19
What This Chapter Tells You	20
 2. THE PRACTICAL VALUES OF OBSERVATIONAL RESEARCH	 23
A Case in Point	24
Uncovering Meaningful Benefits	27
What's Wrong with This Product?	30
Finding Needs Consumers Don't Express	34
Testing New Products for Real	35
Discovering New Markets	40
Keeping Your Current Consumers	42
Hunting for Advertising Fodder	43
What This Chapter Tells You	48
 3. OBSERVATIONAL TECHNIQUES	 49
What Is Common to All Techniques	50
Team Observation	52
<i>Advantages of Team Observation</i>	54
<i>Limitations of Team Observation</i>	54
Still Camera and Audiotape	55
<i>Advantages of Still Camera and Audiotape</i>	56
<i>Limitations of Still Camera and Audiotape</i>	56

Videotape	57
<i>Advantages of Videotape</i>	58
<i>Limitations of Videotape</i>	59
Combined Technique	60
<i>Advantages of the Combined Technique</i>	60
<i>Limitations of the Combined Technique</i>	61
Author's Recommendation	61
What This Chapter Tells You	62
 4. PLANNING THE OBSERVATIONAL RESEARCH PROJECT: HOW TO MAKE SURE YOU GET WHAT YOU WANT	 65
The Objective Imperative	66
Resist Issue Greed!	68
The Proposal	69
The Interview Guide	72
What This Chapter Tells You	80
 5. RECRUITMENT: HOW TO MAKE SURE THE RIGHT CONSUMERS ARE OBSERVED	 81
Help with Recruitment	82
Developing the Recruitment Specifications	83
<i>Psychographics and Lifestyle</i>	84
<i>VALS Segment Descriptions (Abridged)</i>	84
The Screener	88
What This Chapter Tells You	94