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A ROLE FOR FOCUS GROUPS IN EARLY LAUNCH CONTROL OF NEW INDUSTRIAL PRODUCTS: APPLICATION TO FARM MACHINERY MARKETING

(Please note that some pages are missing from this copy. As Professor Anderson is no longer employed at Cranfield, we do not have access to a new master copy.)
A ROLE FOR FOCUS GROUPS IN EARLY LAUNCH
CONTROL OF NEW INDUSTRIAL PRODUCTS:
APPLICATION TO FARM MACHINERY MARKETING

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SUMMARY

This paper illustrates the potential application of the focus group
research technique for early launch control in industrial new product
marketing settings. Marketing of new farm machinery appears to
provide natural opportunities for identifying and recruiting focus
group respondents. Other industrial marketers should look at their
launch programmes for focus groups opportunities. Focus group
results, though qualitative, can provide valid clues as to whether
and how the product launch strategy needs adjustment.

This paper presents a brief summary of the characteristics, pros and
cons of the focus group research technique. The various stages of
the new product development process where focus group inputs can be
used are identified. Examples of launch settings for new farm
machinery offerings are outlined and guidelines are offered for farm
equipment and other industrial marketers who might contemplate focus
groups for early launch - control of new products.
A ROLE FOR FOCUS GROUPS IN EARLY LAUNCH CONTROL OF NEW INDUSTRIAL PRODUCTS: APPLICATION TO FARM MACHINERY MARKETING

A new industrial product has recently been launched by a major firm. A series of launch events has been executed with considerable fanfare. There is an atmosphere of high expectation among the corporate managers and staff. Significant groups of distributors, dealers and potential customers have been exposed to the product in all its physical splendour; they see it, watch it being demonstrated, touch it, give it a trial run, experience its performance and discuss and evaluate its features and benefits among themselves. They also view product brochures and audio-visual material and listen to informative and persuasive sales pitches. The launch events - be they trade shows, field trials/demonstrations, or launch "parties" hosted at manufacturing and dealership sites - do indeed attract attendance!

The launch mission commanders (corporate marketing executives) hope that the launch plan will do more than merely attract attention. Attention must lead to a thrust that is sufficient to provide the lift-off to success. Interest, liking, preference, intent to purchase and booked orders must flow from attention. Mission commanders want their product to be on target; they want it to deliver competitively superior features and benefits to a sizeable group of buyers and to begin on a trajectory of sufficient life to deliver a payload to the firm.

This scenario is not unusual for high value, high visibility industrial goods launched by major market share firms. The situation appears to be typical, for example, in the farm machinery industry: within the past decade, Deere and Company [8,19], Massey-Ferguson [16], International Harvester [18] and others have launched new lines of major farm machinery with multi-location "events" involving hundreds, and often thousands, of dealers and farmers.

LAUNCH ANXIETIES

But is the product on target? Do dealers and potential buyers judge the product favourably? Do they feel that it definitely embodies the features and benefits of prime salience to them? Do they view the supportive elements of the product strategy (price, distribution services, packaging, branding, etc.) to be appropriate? Unfortunately, these and related issues are frequent areas of post-launch concern to industrial marketers. They cause considerable anxiety for the launch commanders.

Many industrial marketers simply fail to adequately perform their marketing analysis and buyer research homework prior to launch. They are unaware of or do not heed research findings and normative new product development process models which emphasize the importance of incorporating qualitative and quantitative research into the pre-launch stages of product development activities. Indeed, research
"hows" of buyers needs or responses [25]. It yields subjective, verbal and behavioural data. Typically the data cannot be treated statistically, as can data from quantitative, representative sample surveys.

A focus group typically involves six to twelve respondents (e.g. customers, potential users, dealers) who are pre-screened, brought to a central location and "interviewed" for one or more hours by a trained moderator. The moderator is aided by a discussion guide and written, audio-visual recording apparatus. The moderator's task is to focus the group discussion toward issues that are relevant to the problems and research objectives of the marketer. This group discussion is in contrast to individual interviews which may be carried out in-person, by telephone or via postal questionnaires. The lengthy, detailed, individual in-depth personal interview by a trained interviewer is, perhaps, the closest qualitative research option to focus groups. However, as noted below, the group in focus groups affords a number of advantages.

The major applications of focus groups in marketing contexts are as follows [26,10]:

1. Identifying and assessing new product ideas and concepts
2. Making product-related decisions such as packaging, brand name, and logo
3. Creating advertising themes, copy and illustrations
4. Testing advertising concepts and finished copy
5. Identifying and assessing sales promotion ideas
6. Measuring reactions to pricing and distribution strategies
7. Uncovering competitive programmes
8. Gaining insights about customer decision processes (i.e. the "why" and "how" of behaviour)
9. Learning the language of consumers
10. Generating hypotheses about market segmentation and product positions
11. Understanding the reasons for answers to quantitative surveys
12. As a preliminary qualitative research step to quantitative surveys

This wide range of applicability can be taken as testimony to the value that practitioners place on the focus group technique in contrast to individual interviews. Indeed, focus groups have many advantages as a research tool; they also have disadvantages. Welch [26], in his recent review of group discussions, identified the following pros and cons:

PRO:
Speed: given that several individuals are being interviewed at the same time, the process of collecting and analysing the data is speeded

Understanding: ensures that the respondent understand the questions being asked
Flexibility: affords more flexibility in the topics and questions that can be discussed and in the depth in which issues can be probed.

Control: allows more control to be exercised over the context in which questions are asked and answers are given.

Synergism: combined effect of the group produces a wider range of information, ideas, etc.

Snowballing: a comment by an individual often triggers a chain of responses from other respondents.

Stimulation: respondents become more responsive after initial introduction and are more likely to express their attitudes and feelings as the general level of excitement increases.

Security: most respondents find comfort in a group that shares their feelings and beliefs.

Spontaneity: as individuals are not required to answer specific questions, their responses are likely to be more spontaneous and less conventional.

Serendipity: the ethos of the group is likely to produce wider ideas and often when least expected.

Specialisation: allows a more trained interviewer to be used and minimises the possibility of subjectivity.

Scientific Scrutiny: allows closer scrutiny of the technique by validity: allowing observers or by later playing back and analysing the recorded sessions.

In addition, there may be cost advantages over individual in-depth personal interviews, particularly if respondents are readily accessible at one location or in close geographic proximity.

CON:

1. Doubts about the validity of verbal responses particularly in relation to behaviour.

2. Interviewer variability means that the type and depth of information elicited can vary markedly.

3. In certain instances, respondents may have been recruited on the basis of a nominal fee, a present, etc., and this tends to affect responses provided.

4. Interviewers may exercise a high degree of freedom, often resulting in short-cuts, carelessness in recruiting respondents, and so on.
### EXHIBIT 1
**New Product Stages, Marketing Planning Activities and Focus Group Inputs**

<table>
<thead>
<tr>
<th>Seven Stages of New Product Development</th>
<th>Corresponding Marketing Planning Activities</th>
<th>Possible Uses of Focus Group (FG) Input</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Idea</td>
<td>Assess fit with: - Firm's mandate, - Firm's resources, - Firm's competencies, - Market attractiveness</td>
<td>Idea generation FG's with potential users, suppliers, distributors, employees, etc.</td>
</tr>
<tr>
<td>2. Preliminary Assessment</td>
<td>First Stage: - Marketing objectives, - Size-up of market, - Defining the target market, - Defining the product strategy</td>
<td>Preliminary FG's with customers, potential users</td>
</tr>
<tr>
<td>3. Concept</td>
<td>Define: - Target market, - Product strategy (concept, positioning, benefits, features and attributes)</td>
<td>Prospecting (concept generation) and evaluation (concept testing) FG's with customers, potential users</td>
</tr>
<tr>
<td>4. Development</td>
<td>Development of Marketing Plan</td>
<td>Prototype concept evaluation/ preference test FG's with customers, potential users</td>
</tr>
<tr>
<td>5. Testing</td>
<td>Review and Modify Product (if needed)</td>
<td>Prototype concept evaluation/preference test FG's with customers, potential users</td>
</tr>
<tr>
<td>6. Trial</td>
<td>Finalize Product Design</td>
<td>Prototype concept evaluation/preference test FG's with customers, potential users</td>
</tr>
<tr>
<td>7. Launch</td>
<td>Implement Marketing Plan</td>
<td>Prototype concept evaluation/preference test FG's with customers, potential users</td>
</tr>
</tbody>
</table>

Adapted from Robert G. Cooper, _Winning at New Products_, Houghton Mifflin Company, 1993, p. 73

### EXHIBIT 2
**An Adoption - Diffusion Model for Conducting Focus Group Discussions on New Product Concepts**

<table>
<thead>
<tr>
<th>Adoption - Diffusion Stage</th>
<th>New Product Concept Evaluation Stage</th>
<th>Steps and Questioning for Group Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>Orientation</td>
<td>1. Problem Need Identification: What problems/shortcomings/needs have you experienced with existing products? What new products in this area have caught your eye? Would you like to see?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Evaluation of Product Concept: Let global reactions first: - Solicit reactions feature by feature; - Rank most/least attractive features</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Determination of Price Points: Either suggest a price to the group, or have the group suggest an appropriate price</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Suggestions for Improving the Product: Summarize group reactions</td>
</tr>
</tbody>
</table>

Focus groups at the non-physical concept stage may not always work. In situations of technology/R&D-driven, new-to-the-world concepts, potential buyers may not be capable of providing meaningful concept formulations: they may be totally incapable of giving clues to what could be a feasible product design. They may also be incapable of conceptualising and providing meaningful reaction to a non-physical, non-operational, product concept. In such situations, marketers may have to wait until the production prototype stage before conducting concept evaluations with groups of potential customers. Nevertheless, in the vast majority of industrial new product situations focus groups and other qualitative studies can and should be employed at key pre-physical product development stages. The price of not doing so may well be wasted money on product development and dismal post-launch product performance.

There is nothing new about the suggestion that focus groups can be usefully employed at the idea, preliminary assessment and, particularly, the concept stages of industrial new product development processes. Very convincing arguments and examples of successful use have been offered in the marketing literature. However, attention has seldom been focussed on employing the focus group methodology in the early post-launch period. It is during this period that management's attention should be focussed on measuring the performance of the product and support strategies, comparing them to pre-launch expectations, and devising corrective marketing strategies to retarget the product/plan misfire, should it occur. Fortunately, the settings for many industrial new product launches are conducive to the use of the focus group technique.

EARLY-POST LAUNCH FOCUS GROUP OPPORTUNITIES IN FARM MACHINERY MARKETING

The acid test of a product design is with the customer [4]. Marketers of agricultural machinery should know this, because farmers are notoriously conservative, cautious, critical and value-in-use oriented when considering new products. In fact, the launch programmes of major farm equipment marketers are designed to involve many groups of farmers, distributors and dealers in the launch events. There would appear to be no lack of opportunity for quickly and conveniently arranging qualitative research studies. Also, there appears to be no shortage of launch anxieties to which quick, valid qualitative customer inputs could usefully be applied.

In 1979 International Harvester (IH) launched its faster, more reliable and more efficient innovative axial-flow combine to UK farmers [18]. It arranged major harvesting demonstrations in five regions of the country and invited area farmers and present and potential IH dealers to witness the performance. A total of 3000 acres of various crops were harvested at 120 different locations; thousands of farmers and hundreds of dealers observed the demonstrations.
performance features; a high cost product development; and issues of target market selection, product positioning and role of support strategy elements. However, large groups of relevant market prospects (farmers, distributors and dealers) are also present at major early launch programme events. The setting appears ideal for application of uncertainty reducing qualitative focus group research.

SOME GUIDELINES

Many industrial marketers may benefit from early post-launch qualitative research. In particular, their launch programmes and anxieties may benefit from application of the focus group technique. Some guidelines for those contemplating early launch-control via focus groups can be offered.

1. **Plan Ahead** The firm should plan its launch events to expose and inform key groups of target market prospects. It must also plan to track the identity and activities of those in attendance. If lists of who attends, who sees what and who commits to what are kept, the process of recruiting focus group participants is greatly simplified. If the launch event is "by invitation only", it is a simple clerical function to record who turns up. If the event is open (for example, as at a trade show or field exhibition/trial) business cards, name tags, registration cards, or contest and information request forms can be completed and collected. If this is impractical for the general attendance, the identification efforts should be focussed on key activities: Who witnessed the demonstration? Who tried the product? Who committed an intent to purchase? Who actually booked an order? If the research is going to be executed on the site of the launch event or shortly thereafter, the research planning process should also involve preparation of the necessary facilities and research procedures.

Use of an independent professional research service is highly recommended. Most firms do not have staff capable of conducting qualitative focus group type research. If they do, it is wise to separate the identity of the researchers from the selling firm, in order to maintain the moderator's impartiality.

A research budget must also be prepared. One recent source [26] suggests a total cost of over $US4,500 per focus group session conducted on senior business executives. However, this estimate involves significant allocations for recruiting of participants, travel expenses, facility expenses and respondent incentives; costs which can be eliminated or kept to a minimum through timely use of naturally occurring launch-event concentrations of relevant market prospects. Costs may be less than one-third of the quoted figure.
2. **Group Composition** Conceptually, launch programme participants and observers may be placed on a hierarchy of effects ladder as outlined in Exhibit 3. Launch events have exposed and informed prospects of the product and its support strategies and programmes. The prospects have seen the real thing, not merely a prototype or non-physical product concept description as would have occurred in pre-launch stages of the new product project. This hierarchy helps identify potential candidates for focus group interviews.

**EXHIBIT 3**

A HIERARCHY OF EFFECTS MODEL FOR GUIDING FOCUS GROUP COMPOSITION FOR EARLY POST-LAUNCH CONTROL

<table>
<thead>
<tr>
<th>EXPOSURE</th>
<th>KNOWLEDGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTEREST/EVALUATION</td>
<td>(Positive) (Negative)</td>
</tr>
<tr>
<td>TRIAL</td>
<td>(Yes) (No)</td>
</tr>
<tr>
<td>INTENT TO BUY</td>
<td>(Yes) (No)</td>
</tr>
<tr>
<td>ADOPTION (PURCHASE ORDER BOOKED)</td>
<td>(Yes) (No)</td>
</tr>
<tr>
<td>POST-PURCHASE USE</td>
<td>(Extensive) (Limited)</td>
</tr>
<tr>
<td>SATISFACTION</td>
<td>(High) (Low)</td>
</tr>
</tbody>
</table>

Groups could be selected only on the basis of exposure and knowledge; however, further screening is advisable. Participants could be screened for overall interest or attitude...
toward the new product (i.e. positive or negative evaluation), trial experience (yes/no) intent to buy (yes/no) and actual commitment to purchase (yes, no). Such groups could be recruited at or shortly following the initial launch events. Later in the launch programme, when adopting customers' use experience has accumulated, post-purchase groups could be selected. As a further refinement, groups of satisfied and dissatisfied users could be selected.

Industrial marketers may feel that launch control customer-user research has little value until significant user experience (e.g. one season’s tractor use) has occurred. Unfortunately, for seasonally purchased and used products, a year or more may elapse before a season's experience is obtained. For example, Massey Ferguson [16] launched its new tractors in September, a time of low tractor use in its major markets. Do they have to wait a year to carry out user focus group studies? Probably not. Some farmers will have used the new tractors in on-farm trials; others will have heavy use for their tractors regardless of season. Screening questions or dealer advice can be used to identify early heavy users of newly purchased machinery. After all, it takes only six to twelve respondents to comprise a meaningful "group", and often three groups of relatively homogeneous participants is sufficient to produce convergent cues about product and support strategy impact, strengths and weaknesses.

Regardless of the level in the hierarchy, groups should be comprised of relatively homogeneous participants. Screening questions can be constructed, and segmenting can occur on the basis of respondents' personal characteristics (e.g., age, years experience, owner/manager) or characteristics of respondents' operation (e.g. location, type of activity, size, other products employed).

Clearly, it would be expensive and unnecessary to assemble groups from each level of the hierarchy of effects and from each customer/user operation segment. The priority of group selection should be determined by several factors. How far has the launch programme advanced? If the launch is in the very early stages, groups from early in the hierarchy are appropriate. If significant adoption and use has occurred, post-purchase groups are appropriate. What concerns management the most? If it is the reaction by a particular target segment (e.g. young farmers, dealers handling competitive lines) then these should be recruited. Copy themes and strategy can be checked with groups chosen from early launch programme events. If reaction to field demonstration is sought, then post-trial/demonstration groups are the obvious priority. If the concern is product use and misuse or product durability, then the heavy user post purchase groups should get attention.

Why type of information does management prefer: Confirming information or disconfirming information? Choosing positive
groups (groups who are positive towards or satisfied with the new product) is likely to be a useful source of testimonials. Choosing negative groups (those who are disinterested in the product, those who dislike it, those who are dissatisfied with its field performance) will provide disturbing data. Perhaps the latter groups should receive priority in early post-launch focus group studies since it appears that winning products have to have many factor in their favour but losers need only stumble on one salient dimension.

3. Information Objectives Early launch control focus group research should provide clues to whether and how the market launch strategy needs adjustment [4]. The key questions to be addressed are: who, what, why and how. These issues apply both at the end-customer and channel intermediary (distributor, dealer) level. Furthermore, the issues are appropriate for groups at various levels in the hierarchy presented in Exhibit 3. The questions can be explained as follows:

WHO AND WHY: Who likes, intends to buy or bought the product? Why and why not? This information helps management decide whether or not the original assumptions about target markets are correct. The advantage of employing groups at the prior-to-actual purchase stage of the hierarchy is that management obtains early warnings of targeting mistakes. Waiting until the extensive use, post-purchase stage may delay launch control by a year or more and may make corrective action more costly and too late. Did Deere and Company attract the on-time conscious farmers? Did Massey Ferguson attract the modern farmer?

WHAT AND WHY: What specific components (features, specifications, options) of the product and support strategy did the respondent like, try, buy or use. Why or why not? This information helps confirm the soundness of the product design and its feature or benefit positioning. Perhaps the communication and positioning strategy do not match the buyers motivations and preferences. Was Deere and Company hitting a highly salient and determinant purchase criterion of buyers with its emphasis on productivity (on-time performance)? Is Massey Ferguson on target with its "revolutionary" positioning of its new tractors? Is its electronification feature a benefit or a risk in farmer's eyes? What about the modular "kit" form concept, the price feature, the power train features, etc. - how do farmers, distributors and dealers react, and why? Perhaps the positioning strategy and copy themes require modification; perhaps the product design assumptions and trade-offs require rethinking. Perhaps the clues resulting from the focus groups confirm management strategy; this finding will help reduce their early post-launch anxiety.
HOW AND WHY: How did the customer or dealer arrive at their evaluation or action? Is their reasoning correct? Were they confused by promotional and instructional materials? Why? Are they misperceiving or misusing the product? Answers to these questions can lead to better understanding of decision making processes and to adjustments in promotional material, operation manuals and sales presentations. How does the prospect rate the new product relative to competitors offerings? Why? This information helps confirm who the competitors are and might form a useful basis for testimonials or comparative advertising formats.

The steps and procedures for conducting group discussions with a post-launch group are similar to those outlined in Exhibit 2 for conducting pre-launch focus groups. The major difference is that the respondents have been presented with the "real thing" (the actual product and actual marketing programme), not merely a concept or product prototype and tentative support strategy elements.

As a final point on information objectives, it can be said that an important question to address is: "Who are the early adopters and early rejectors"? Early post-launch focus groups provide some clues to this, but it must be appreciated that certain launch events might only attract the innovators or early adopters. Great enthusiasm by launch event attendees may not generalise to those who stayed away. Perhaps groups of non-attendees should be sought out and recruited for study.

4. Use of Results Focus groups research produces qualitative not quantitative findings. Therefore, it is customary to caution managers that their results be used for exploratory or confirmatory purposes (e.g. to generate hypotheses for future quantitative research or to explain the "why" of quantitative surveys), not for conclusive or predictive purposes. Some argue against this [21,22]. It is tempting in early launch control applications to draw conclusions from focus group results and to take direct or swift action to modify new product marketing strategies. Industrial marketers can increase their comfort in using focus group results as "conclusive" evidence for strategy change by looking for convergence. If there is extremely strong consensus on a targeting, positioning or support strategy dimension coming out of three or four well selected, well conducted focus group sessions, a move to strategy change may be warranted. Further strength to this move can be obtained by finding confirming indications from quick buyer surveys, from dealer or end-user initiated contacts or from polling sales force and service personnel. Often, confirming data already exists within the selling organisation; it has merely to be ferreted out by asking the right questions at key levels in the organisation.
It has been argued that it is validity, not statistical reliability, that counts. A skilled interviewer who is knowledgeable about the firm's product and strategy can "feel" when there is a hit or a miss with buyers in as few as four in-depth encounters. This feeling that there is really "something there" is an expression of validity.

In summary, qualitative, focus group research inputs are useful at the concept and prototype stage of new product development. This paper has suggested that focus group use should be extended to the early post-launch stage to provide management with a quick and valid reading on whether or not its product strategy and support marketing programmes are on target. Launch settings, particularly for major, highly visible, industrial products such as farm machinery, provide natural opportunities for execution of the focus group methodology.
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