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THE GREAT LIE

FOCUS-POCUS

Focus groups should be dumped. Instead real customers should be observed in real settings. BY B. JOSEPH PINE II AND JAMES H. GILMORE

Focus groups have lost their focus. Once a cutting-edge technique for probing the psyche of the public, they've outlived their usefulness. They are like a tired magician performing the same tricks week after week in the Catskills. Call 'em focus-pocus groups, for after a company has conducted hundreds of focus-group interviews, its likelihood of uncovering a truly fresh perspective is almost nonexistent. It isn't enough to hear what people *say* they want. You have to find a way for people to *show* what they want, and that won't happen in the stilted environment in which focus groups occur.

Because innovation is more important in today's economy than ever before, the guidance from focus groups can be downright dangerous. Most focus groups simply confirm to companies that what they are doing is right—give or take a tweak—and discourage them from striking off in a new direction. For fundamentally, people answer the questions asked of them. All too often, the answers provided are as much a function of the thinking from which the questions are generated as they are an indication of true desires.

What is needed is a whole new approach to exploring possibilities and identifying what customers really could use, especially if the intent is to gain true insight for potential new offerings. Here are three critical principles, each one challenging a deep-seated tenet of traditional focus-group methodologies:

SEARCH FOR UNIQUENESS, NOT COMMONALITY. With focus groups, companies bring a number of customers together and strive to determine how they are all alike. They search for commonality, in the hope of finding some large, homogeneous need that can be served by a standard offering. Fuhgedaboutit! Markets are no more. The lowest common denominator is a math concept, not a doctrine of human behavior. Customers are unique. Period. So, instead of a focus group, companies should conduct a *de*-focus group. Get a bunch of customers together to find out how they *vary* in their wants and needs. Delineate dimensions of *common uniqueness*—those areas where customers most differ in their individual needs—and then design your offerings to eliminate the sacrifice each customer encounters along those dimensions when he buys a standard offering.

Japanese eyewear retailer Paris Miki Inc. used such an approach when it created the computerized Mikissimes Design System. The company went to its store by the Louvre in Paris to test out the system, watching how customers responded to its suggestions for mass-customized eyewear. Eyebrow shape was found to be one key area of common uniqueness. Every customer's eyebrows differed in shape, but each one looked best when the top edge of the company's rimless glasses matched that exact shape.

STOP TALKING AND START WATCHING. With focus groups, the medium is the mistake. Having participants *talk* about what they want inherently limits the prospects of uncovering new opportunities. It is the *using* of a good or service that defines the customer experience, so you have to observe customers in action to understand their unarticulated needs.

Recently, when a flight attendant asked what one of us wanted to drink, she heard "nothing, thanks" in response. The woman in the adjacent seat also declined. It wasn't that we weren't thirsty; on the contrary, we each brought a plastic bottle of soda onboard and secured it in the seat pocket in front of us. Why? We wanted to use

our laptop computers without risking a beverage spill. If airlines treated flights as their learning laboratories—having flight attendants observe customer behavior to gather insight—they would quickly see the opportunity to serve resealable containers in lieu of open cups. They might also install cup holders or perhaps have future aircraft designed with two tray tables for each passenger—one for food and one at a separate level for laptop computers and other personal items.

DON'T PERIODICALLY WITHDRAW; DO RESEARCH EVERY DAY. Companies today make only a periodic investment in focus groups, usually when in the throes of product development. But when products are mass customized, such development occurs with every customer interaction. So, rather than withdraw to the confines of conference rooms with surveillance mirrors for what-if scenarios, engage individual customers every day in live, continuous, point-of-interaction research into the design of the companies' offerings.

When Ritz-Carlton employees observe the behavior of each guest and write down personal desires on Guest Preference Pads, it's engaging in such daily research. For some preferences, such as for hypoallergenic pillows on the bed or contemporary jazz on the radio, the hotel has the capability to readily fill those needs. Other personal desires, while easily ascertained, are more intractable to fulfill efficiently on a chainwide basis. Think mango-flavored iced tea or customized check-in times. What about sending clean shirts overnight to the guest's next destination? These kinds of interactions yield significant design decisions: Do we ignore this desire, or maybe perform it just this once? Perhaps we remember it, but fulfill it only on an ad hoc basis—or do we go all out and create a system for its efficient delivery for whoever wants it? But even these decisions, while complex, create rich opportunities for formulating new offerings.

USAA, the worldwide insurer and financial-services company serving predominantly clients in the military, shows how. It has a system called ECHO, for Every Contact Has Opportunity. Through it, employees capture spontaneous feedback about the often very specific wants and needs of its members. "Action agents" then review what they learned to instigate changes in USAA's programs, procedures, and offerings. Among many other enhancements, agents quickly fixed a glitch in a voice-response unit, enabled members to make convenient payments with credit cards rather than only checks, and created an insurance offering to cover high-tech hearing aids for the company's increasingly aging member base. USAA proves that systematically monitoring every customer contact indeed has opportunity.

In any company, mining such a base of information will yield far more value than any focus group could possibly provide. It's not magic; it's performing daily research into the differences of individual customers by studying their behavior and then responding. As Yogi Berra once put it, "You can observe a lot just by watching."

Pine and Gilmore are co-authors of [The Experience Economy: Work Is Theatre & Every Business a Stage](#).

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