

Reflection 37. Use Qualitative Insights

When I started with *MicroSave* in 2001, we spent two years' looking at demand side Issues. Issues from the perspective of poor East Africans. We took time to understanding issues such as how remittances and cash transfers were made – something that was later taken into the design of M-Pesa, with its launch proposition “Send Money Home”. Thereafter, we moved to researching customer needs, and then working with financial institutions to develop products and services. Our tagline at the time was “*market-led solutions for financial services.*” I learned the potential and power of well researched and developed products and services as we rolled out a series of highly successful products and services with our action research partners.

Over time, I came to appreciate just how useful qualitative research could be, as the team used market research for insights around a) new product development b) product refinement c) quality of service d) appropriate pricing e) testing promotion and marketing strategies f) researching competitive preferences, g) understanding perceptions. The range of insights was significant, understanding customer perceptions was particularly important – as in most cases people don't act from perfect knowledge, they act from perceptions. This is one reason that brand building is so important.

Qualitative research is particularly important when trying to understand existing or new customers. Let me illustrate. We can use qualitative research to understand lifestyles, employments, businesses, local economies, seasonality, use of financial services, challenges with using financial services. We can study supply chains – establishing key relationships upon which to build new products and services.

Notice, that well designed qualitative research provides impressionistic, not statistically significant research findings. To have more confidence in research findings, research can be designed which uses a variety of tools and research approaches within focus groups. Then multiple focus groups can be used to check for consistency and provide elaborations.

One particularly valuable feature of qualitative research is its speed, and relative to large scale quantitative research its relatively low cost, especially if handled internally. It can be combined with quantitative research, possibly through using quantitative research establish the parameters of the quantitative research.

Sadly, also from my experience, most financial institutions rarely carry out qualitative research, and therefore, rarely use qualitative insights to improve the products and services they deliver. Its worth stepping back to think why this might be the case.

- a) *Lack of knowledge*: Not appreciating the usefulness of qualitative research.
- b) *Outsourcing*: Not owning research but subcontracting to research specialists.
- c) *Believing research costly*: Ensuring that a product is built on solid foundations is far cheaper than re-engineering it later.

- d) *A preference and belief in quantitative research*: Whilst this is not misplaced, it can lead to undervaluing the insights that a qualitative approach can provide.
- e) *Failing to have an innovation focus*: Its entirely possible to copy the products and services of other financial institutions and in doing so develop a competitive range of services over time. However, this assumes that other financial institutions have done their research!

So how do we make qualitative research work for us?

Firstly, realise that many failed products and services are developed without proper research and development. So, learn to trust research.

Secondly, appreciate it takes time and investment to develop skills in qualitative research. So, invest. Create time and space to build a research team.

Thirdly, apply the team to research issues. This won't happen without being curious about your institution and your customers.

Fourthly, apply these research methods in innovative ways, to see how your institution is living its values. This is a key aspect of the new sustainability agenda derived from ESG.

First Principles Consulting can help you develop research skills, and an innovation agenda. We can help you build your team to better understand, your customers their needs and perceptions.

If this reflection speaks to you... speak to me so that we can inspire change, together.

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Additional reflections in this series can be downloaded from www.firstprinciplesinfinance.com



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