
PANNING FOR QUALITATIVE INSIGHT GOLD



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How do we transform voice of the customer and social media data into actionable strategy? A case study from the hospitality industry illustrates the powerful application of “code-based theory building”



During the Klondike gold rush, prospectors would sit in rivers, pan in hand, to sift through streams of rocks and pebbles to find bits of gold. Individually, the tiny nuggets weren't of much value. Taken together in large enough volume, however, gold bits became lucrative. Voice of the customer data is not unlike that stream of rubble. Although it is relatively inexpensive to obtain, it can be voluminous, sometimes general and non-specific; sometimes overly focused on minutiae. It gives voice to both the very delighted and very dissatisfied, typically representing a small minority of customers. Because VoC is almost always non-representative, it offers contradictory points of view, with respondents emboldened by hiding behind the veil of anonymity. In other cases of this class of data – think employee satisfaction surveys and the like – response sentiments are often

checked by the translucency of pseudo-anonymity.

In today's world, traditional VoC has been accelerated and amplified in the form of social media data – continual streams of Twitter feeds, Facebook timelines, Yelp, TripAdvisor, Google+, and a seemingly endless list of others. Primarily, both VoC and social media data are useful for responding to operational or product issues with immediate correction and acknowledgement. For a variety of reasons, they are less useful for understanding systemic issues. Sometimes, operational managers will eyeball or cherry-pick from among the data to support long-held beliefs. Increasingly, some researchers employ text analytics in an attempt to make sense of the data torrent, although it should be noted that frequency of mention of an idea is not the same as representing its conceptual significance. Nonetheless, a key question for marketing researchers remains:

Can we turn VoC and social media data into actionable business strategy?

The Case: What Makes “The Deluxe” Deluxe?

A major, global brand in the hospitality industry faced exactly this challenge. It was about to make a substantial infrastructure investment for its premium offering (which we’ll call The Deluxe). Customers pay a 30 to 50 per cent premium for The Deluxe, based on what the brand managers believed were primarily the hard and soft tangible aspects of the offering. The fact that it had less appeal to millennials was assumed to be the result of it having been designed for an older generation. A redesign of facility and amenities was to be concept-tested with a hip demographic in New York’s SoHo district. The result was a near-fail, as the focus group rejected many of the redesigned aspects. However, there was *something* in the total experience of the offering that suggested a more subtle appeal.

The team wrote a research brief to query what was at the core of The Deluxe. Why do people pay such a premium, and what is the relative significance among the tangible and intangible components? How do we understand demographic differences (if any) in expectations? What needs to be changed to entice a greater uptake of the offering, and what needs to remain at all costs? The unique challenge of the brief lay in the fact that there was neither time nor money to collect new data. With the suggestion to analyze year-to-date customer satisfaction data – comprising over 5,200 responses globally – and a required turnaround of two weeks, three of the company’s current research suppliers declined the project.

Deep Analysis Via Code-Based Theory Building

I was invited to employ a technique common in the social sciences, namely code-based theory building (CBTB), to unlock deeper meaning from otherwise operationally focused data. This analysis technique uncovers deep meaning, conceptual connections and emergent insights. It begins by employing standard open coding (i.e., not a preconceived codebook) that is animated by nominal research questions. It then discovers meaning relationships among the codes that yield nuanced understandings of the situational dynamics at play, generating emergent categories to classify larger trends and phenomena. Categories are then given even greater meaning by applying appropriate theoretical frames from a variety of disciplines. This applied, extra-disciplinary knowledge contextualizes the specific findings in what is known about human behaviours and interactional dynamics. Finally, the theoretical scaffolding is removed, leaving a client-oriented story that, in this case, explains a theory or phenomenological model of The Deluxe.

In general, qualitative analysis seeks to move one’s understanding from what respondents explicitly tell you to what they are really telling you. In some cases, the client-imposed time demands on qualitative marketing researchers limit their ability to reach an interpretation of deeper meaning. What this method enables is expeditious access to a deeper, more meaningful dive through contextualized interpretation that reveals rich insight and new knowledge.

CBTB techniques, such as grounded theory, begin by combining open, line-by-line coding with field notes to create research memos that capture analytic hunches throughout the analysis process. The coded data coalesce into categories, and categories interact with each other through relationships among them in the subsequent process of axial coding. By applying appropriate meaning contexts, the research teams apply their theoretical sensitivity to the research question based on past experiences, extra-disciplinary knowledge, and appropriate theoretical frames to explain the emergent phenomena. Of course, the client-provided research brief and intention round out the meaning contexts.

These various empirical and explanatory components serve to transform many tiny particles of potential insight into emergent ideation – the valuable wisdom and previously unrealized knowledge that are the key to unlocking new strategy. Theoretical details are then judiciously stripped away, leaving an easily understandable and business actionable story. Naturally, one must always apply four key tests of qualitative validity: Are the analytic results credible from both the client’s and participants’ perspectives? To what degree are they transferable to other contexts? How dependable are the participants’ responses – did they have some deliberate or inadvertent reason to lead us up the proverbial garden path? And can these results be confirmed or corroborated by other research that takes a different approach?

What is the Question to Which This is the Answer?

In CBTB, the primary researcher(s) shape the eventual analysis by coding decisions made on the fly from the very beginning of analysis. Thus, it is beneficial for at least the lead researcher to actively participate in coding so as not to risk distilling the richness and subtlety from what is admittedly very sparse data to begin with. It is the previously mentioned hunches – theoretical sensitivity of the skilled and experienced researcher – that enable the nuggets of wisdom to later be refined into deep, meaningful and useful insights. Drawing from diverse, transdisciplinary knowledge of human motivations and behaviours enables the discovery of nuanced understandings that are more commonly associated with, for instance, in-depth ethnographic interviews. An example of the process drawn from the case of The Deluxe is on the following page.

Taking the open codes from the right side of the above chart, we can begin to cluster them by considering, what are the questions to which these are the answers? Specifically, we might ask:

- What is most memorable to the guest about their experience?
- What is the effect on the guest of such service experiences?
- What happens to the guest experience when things go wrong?
- What does it take for hospitality industry service staff to act this way?

These questions inform the key analytic categories, the relationships among them, and the eventual story that emerges to explain what is unique and special about The Deluxe

Coding Decisions that Shape the Analysis

Respondent says...	Researcher possibly hears...
<p>“The staff just make this establishment exceptional. They all acknowledged my previous comments, and went out of their way to fix the situation. And they remembered me and greeted me warmly by name. They are the reason I return again and again. Kudos to the staff!”</p>	<ul style="list-style-type: none"> • Good service? • Fixes problems? • Remembers guest’s name? • Acknowledges guest’s input? • Acknowledges guest as important? • Warm, personable service? • Reason for return? • Staff performance compensates for problems?
<p>“The establishment itself is tired but the staff make me return. Food has declined noticeably in quality, which is a concern for me. But again, the staff remember me, remember the little details, and really seem genuinely happy to see me again.”</p>	<ul style="list-style-type: none"> • Decline in food quality? • Good service? • Remembers guest? • Warm, genuine service? • Reason for return? • Staff performance compensates for problems?
<p>“The establishment and the staff are amazing. To be an outstanding establishment, you need to hire outstanding employees to work there. The ones who appreciate the guest.”</p>	<ul style="list-style-type: none"> • Good service? • Satisfied guest? • Feels appreciated? • Hire outstanding staff?

Source: “The Deluxe” customers’ VoC data; slightly altered to preserve confidentiality

premium offering. What was found from the coded data were four major categories:

- An operations vs. guest-experience POV.
- The culture of the service team.
- Consistency (or lack thereof) within a given establishment, among multiple establishments, and over time.
- Transformation of the guest through experiencing The Deluxe.

Why Theory?

At this point, a researcher might be tempted to report on these categories and call it a day. However, CBTB calls for applying theory – established models, expectations, paradigms, frameworks, and understandings drawn from diverse disciplines – to contextualize and deepen meaning and insight. Theory explains observed behaviours, predicts or anticipates future behaviours, and enables derivation of new behaviours in new circumstances. Kurt Lewin, one of the pioneers of social and organizational psychology, famously observed that “there is nothing more practical than a good theory.” As the essence of marketing is to change consumer behaviour, a powerful theory is among the most powerful of marketing tools.

In the case of The Deluxe, specific theories from psychology and sociology (Maslow’s Hierarchy of Needs), anthropology (Liminal Identity theory), as well as motivation (Herzberg’s Two-Factor theory) and organizational (Valence Theory) theories were all called upon to provide in-depth understanding of guest and staff interactions. Application of theory revealed clear differentiation of the offering, its competitive advantage

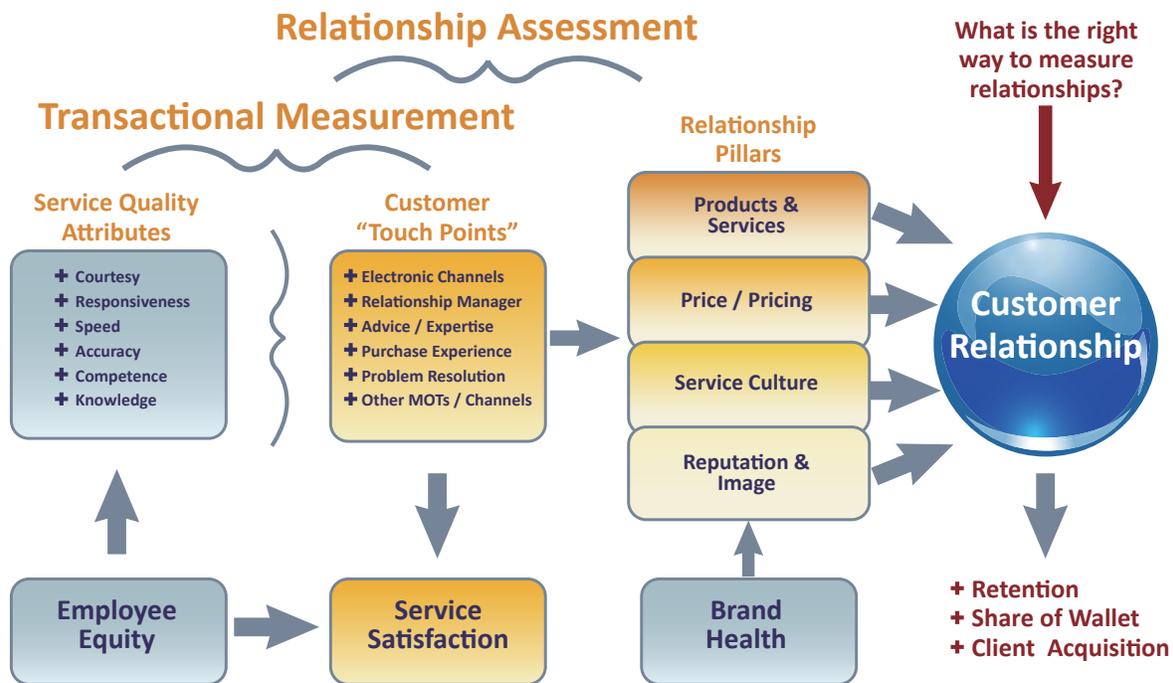
and unique value proposition, key operational insights, and actionable plans to enable replicating the best instances of The Deluxe throughout the enterprise. The company was able to rethink its strategy and approach to the offering and, in doing so, discovered new and innovative brand positioning opportunities. The analysis insights acted as a catalyst to ignite long-desired initiatives that could not previously be justified. Moreover, they stimulated the company to transform itself from an operations-orientation into a true, guest-experience POV. Perhaps most important of all, the analytic findings were so inspiring that the project results reenergized a tired and somewhat demoralized marketing and brand team.

Panning for gold was a meticulous task that often resulted in only a few valuable nuggets from a stream of otherwise useless pebbles. Beginning with a stream of operationally oriented, voice-of-the-customer data or anonymously generated and possibly not-representative social media data, the process of code-based theory building enables qualitative marketing researchers to refine these few nuggets into valuable insight gold. In the case of The Deluxe, this process quickly enabled a freshly motivated marketing team to gain new, actionable, strategic insights that were not otherwise available.

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