Market Research

Conducting Surveys and Focus Groups
Key Steps for Research

Research Objectives

Focus Groups

Develop Hypothesis

Survey Instruments

Analysis

Market Assessment
Research Objectives

- Segment potential mobile banking customers based on their financial needs, perceptions, and attitudes
- Track money usage patterns, including places where target markets spend money
- Develop understanding of customer usage of mobile technologies and alternative channels for financial service delivery
- Determine value proposition for different market segments based on attitudes, needs, and pain points with current alternatives
- Seek insight in what would be required to alter customer behavior from current solutions to a mobile money solution
- Research money flows, especially those into and out of rural areas
- Identify existing infrastructure that could be leveraged as retail agents
Research Methodology

- **Conduct Targeted Interviews** - used to develop an understanding of the overall market as well as money movement patterns
- **Run Focus groups** - design and conduct focus groups to establish identify potential patterns and areas of deeper inquiry
- **Develop Hypothesis** - based on feedback from focus groups, establish hypothesis concerning product preferences, preferred agents, and other key element of mobile money business
- **Create Survey Instruments** - build surveys incorporating hypothesis to test validity with larger market segment
- **Perform Field Research** - conduct surveys in the field to gain final information
- **Undertake Analysis** - analyze and segment market based on results
To fully understand the market and the way money flows across the country, targeted interviews should be conducted across a range of organizations, such as:

- Regulators
- Entities responsible for cash-inflows to rural areas¹
  - Exporters, government agencies, major employers, bank branches, Post Offices
- Entities responsible for cash-outflows from rural areas
  - FMGCs, retail chains, agriculture suppliers, utility companies, schools
- Competitors
- Other mobile money initiatives
  - Banks and microfinance institutions
  - Money lenders, bus drivers, other cash-based money movement systems

¹ Refer to the Cash Movement Report in Part 4 of the Toolkit for a specific example of money movement research that was carried out in Papua New Guinea.
Run Focus Groups

The information required to identify potential customers, product value propositions, and market segments will include focus groups and surveys. Start with focus groups to gain an initial understanding of market dynamics. Focus groups should:

- Include at least 4-5 focused group discussions with 8 respondents in each group
- Be carried out across the geographic area in which the mobile money service will be provided
- Seek a mix of participants that represent key target areas, such as:
  - Unbanked and banked
  - Mobile phone users and non-mobile phone users
  - Urban and rural
  - Men and women
  - Young, middle aged, and older populations

2. Refer to the User and Non-User Questionnaires in Part 4 of the Toolkit for guidance to these interviews.
Develop Hypothesis

Hypothesis developed from market knowledge drawn from targeted interviews and focus groups should address issues that will be key decision points for the mobile money solution. Examples of relevant areas include:

- Current financial usage patterns, i.e., where potential customers get money and how they use it
- Current financial pain points, i.e., money transfer costs, security issues, big ticket purchases, bill payment
- Distance potential customers will be willing to travel for cash-in/cash-out points
- Level of trust related to potential master agents, banks, and mobile operators
- Willingness to engage with a new brand, if the mobile money business will not have a locally recognized brand
- Levels of financial and technical literacy
Create Survey Instruments

Develop survey instruments based on the hypothesis generated. Key elements in the survey include:

- Determine which hypothesis should be validated and which areas require additional information is required to ensure relevant results
- Define market segments that will be surveyed
- Create survey starting with easier and general questions, followed by those that are more personal in nature
- Use survey to establish a base line against which further research can be conducted once the product has been in the market

3. Refer to the Comprehensive Demand Survey in Part 4 of the Toolkit for a sample survey instrument.
Perform Field Research

Using the surveys, prepare researchers to conduct interviews in the field.

- Process will involve one-on-one interviews of approximately 30 to 40 minutes
- Use targeted sampling to ensure that key segments are included in the process
- Interview a minimum of 200 individuals for each relevant customer segment, which will result a 6-7% margin of error
- Select interviewers who will be unbiased, and provide training to ensure that they do not lead respondents to predetermined answers.
Undertake Analysis

The purpose of the analysis will be to divide the population into clusters that highlight similar characteristics and to help identify target markets. In addition, during the analysis, the following activities will take place:

- Hypothesis will be validated, altered, or rejected
- Customers will be segmented by key criteria, such as banked or unbanked, income levels, financial preferences, and other criteria that were included in the surveys
- The needs, attitudes, and behaviors of potential customers in relation to money will be better understood
- Target customers, key transactions, and brand positioning will be established

4. The following slides provide basic examples of the results of the analysis process. For more details refer to the Customer Segmentation Example in Part 4 of the Toolkit.
Create Matrixes to View Results

Note: The parameters on both the X and Y-axis can change depending on the type of information that was obtained during field research and the results expected.
Define Resultant Segments

Highly Banked

High Growth Potential | Evolved Market

Totally Unexplored | Infrastructural Barriers

Non-User

Unbanked

Sophisticated Mobile User
5. Refer to the Customer Segmentation Example in Part 4 of the Toolkit to see a real-world example of the segmentation process and results.
Market Assessment

Results from mobile money initiatives demonstrate that although initial market research is very important, it often gets things wrong. Therefore, it is very important to continue to conduct on-going research.

- Market research should continue about every 6 months - particularly in the early period after rollout to further validate assumptions and hypothesis.
- Ongoing research will be used to determine if customers are actually using the product the way they indicated prior to rollout and according to the final hypotheses.

6. Refer to the Post Implementation Questionnaire in Part 4 of the Toolkit for more information about ongoing research activities.