

Ryan ask, "How effective are focus groups when it comes to things like developing a new website or optimizing our digital products and product positioning?" Well, that's a great question, Ryan, and one that'll answer for you on today's episode of Banking on Digital Growth.

Greetings and hello. Thank you for tuning into the 40th episode of the Banking on Digital Growth podcast, where I, James Robert Lay, your digital anthropologist, coach and guide you along your digital growth journey as you commit to guide people, guide people in the communities that you serve beyond their financial stress that's taking a toll on their health, their relationships, and their overall sense of wellbeing, guide them towards a bigger, better brighter future, because when you do this, I guarantee that you will generate 10 times more loans and deposits as you elevate your financial brand beyond the commoditized products that other banks and credit unions continue to promote in this post-COVID world.

Today's episode is part of the inside digital growth series and I look forward to answering a question from Ryan who's a digital analyst for a financial brand up in the Northwest. Once again, Ryan asks, "How effective are focus groups when it comes to things like developing a new website or optimizing our digital products and products positioning?" That's a great question, Ryan, and it's a very important one to think about and consider because historically speaking, focus groups for the longest time, they've guided the thinking of marketing teams, but with that traditional thinking, focus groups might not be the best path forward in today's digital-first shopping world.

To answer Ryan's question, I'd like to first address three pitfalls of digital focus groups, and then provide you with a clear path forward that will help you get the best insights to create the most value, not just for your financial brand, but also for the people that your financial brand serves specifically when developing a new website or even optimizing your digital product mix and how you position those products in a digital world, so let's start with three very big focus group pitfalls that can leave you feeling trapped or even stuck when it comes to gaining insights into the hearts and minds of digital consumers.

We're not interested at this stage about what people buy, but more importantly, number one: Why do people make the decisions they make when it comes to buying financial products and services? Then number two: How do people go about making those decisions in the first place? From there, we can use this context of a person's why and how around their decision-making to further understand what people buy as the why and the how provide greater clarity into their biggest roadblocks that they might need to eliminate on their own personal journeys in addition to also identifying the greatest opportunities that are available for you to create our capture at your financial brand. Now, for context, we used to conduct dozens and dozens of digital focus groups for financial brands going back 10, 15 years now, and in reflection on those studies, I identified three problems that would always arise around gaining new insights into digital consumers' thinking, once again, their why and how of making purchase decisions for financial products, doesn't matter if those products are loans or deposits.

The first problem or pitfall identified is groupthink. I like to think of groupthink as the Achilles heel of focus groups because there's often always that one very vocal person in the group who takes over the collective thoughts of others. Now, yes, it's the facilitator's job of the focus group to work and prevent this problem and bring people back and give everyone a voice, but it's a predictable pattern of focus groups, no matter how hard the facilitator tries. Time and time and time again, I've seen the majority of people within focus groups fall in line with a single person's perspective who, once again, they're often the most vocal and they're the loudest, and when this happens, everyone in the group nods their head in agreement with this self-proclaimed unofficial leader, if you will.

Now, this is a subconscious result of our desires people to find harmony and to avoid conflict in a group setting and it also helps a group really reach a consensus very quickly for whatever might be being discussed. There are also some other subconscious patterns and causes of groupthink that range from rationalization and peer pressure stereotyping the illusion of coming to a unified idea, but it's important to note that groupthink might not always be detrimental as well, and this is when a good facilitator will challenge the group with an opposite assumption, an opposite opinion, and insist that the group provide multiple perspectives around whatever is being discussed, both positively as well as negatively.

The second problem or pitfall with digital focus groups is when looking to get into the mind of the digital consumer. There's no direct correlation between opinion shared in focus groups and the behaviors that people actually take. For example, a focus group might express an opinion or desire that they want to save more money. They might want to lose weight. They might want to live healthier. It doesn't matter what the express intent or the desired future state is at this point. The challenge here arises as everyone in the focus group, coming back to the problem point number one, everyone starts to nod and shake their head in agreement that "Yes, of course, I want to save more money." Who doesn't desire that future state? However, if we take the focus group away and we get into the real world, one's decision-making process and their actions don't necessarily follow their expressed opinion or desired intent.

Once again, for example, let's come back to that idea of the future state: I want to save more money. That's the consensus that we get out of a focus group, and so a financial brand will take that insight and they begin to optimize, let's say, their savings product, thinking that that's the solution that will help these people reach their desired future state because it was the agreed-upon consensus of the focus group, but then something happens. No one buys or adopts that new saving product, or at least they don't from the expectation of the financial brand, and so the question now is: Why did we end up with that result? Everyone express their desire to save more money in the focus group. Everyone nodded their head in agreement.

That's the problem. They expressed this desire in the focus group which was further reinforced by groupthink that I addressed in pitfall number one. However, in the real world, these people's actions, their behaviors, their thinking patterns, they don't connect with the desired future state that they're looking to achieve, saving more money, that is. This is why it's not only important to uncover a person's goal or their desired future state. That's the easy part. It's easy for people to unpack and dialogue around what they're looking for, what they hope to achieve. What's much harder, and really, more intimidating to share in a focus group setting, are the roadblocks that stand in their way of reaching that desired future state.

This is even more true in financial services because there is a tremendous amount of shame that's wrapped up in a person's financial roadblocks, that person's own unique individual financial challenges. For example, stash.com did a study and they found that one out of three US consumers are losing sleep and feeling stress all the time because of financial problems, 34% feel too embarrassed to discuss those financial matters because, well, they think that they're worse off than their friends, and then one out of five Americans don't talk about money because they're ashamed of their personal financial habits. This is only getting worse and will only continue to get worse, I predict, post-COVID.

What we need to get people to openly and honestly discuss their financial situation, both the good, the goals of where they're looking to go, as well as, more importantly, the roadblocks of what's holding them back, it's going to be very hard to do that in front of a group of strangers in a focus group setting,

because in reality, it's the roadblocks, identifying and uncovering the roadblocks that provide a financial brand with the greatest opportunity for them to maximize digital products and digital product positioning, because it's through the digital product and the product positioning. Those are the cures. Those are the prescriptions to people's biggest pain points.

Coming back to the example, let's say, once again, that focus group, we reached the general consensus that everyone wants to save money. That's the future state, that's the desired future they want to create. Everyone in the group jumps on the groupthink train and enthusiastically agrees that "Yes, that's what we want," but what we don't learn, once again, is why these people have a savings problem to begin with in the first place, because maybe they don't have a savings problem.


I'm willing to predict, based on all the research that we've done, these people have something deeper. It's a deeper problem and they might not even be aware of it.

These people have a spending problem, and so instead of optimizing a savings account, as I mentioned in the previous example, that's the incorrect solution. The missed opportunity here is, and really, the opportunity to capture is to optimize a spending account that includes some type of financial coaching or guidance, community, accountability, to hold those people accountable to transform their relationship with money, to transform their thinking patterns about money, and most importantly, transform their spending behaviors, because then, and only then, when they transform their thinking and relationship with money, will they transform their spending behaviors. When they transform their spending behaviors, they'll finally be able to work towards achieving that desired future state of saving more money.

Finally, and briefly, the last pitfall that I'd like to discuss, the last problem with focus groups is historically speaking, focus groups have really tended to focus the conversation around solutions. Now, as a digital anthropologist, I really want to understand the motivations behind why people want what they say they want and even from the context of digital shopping: Why do people do what they do in specific order? When we're thinking about focus groups, it's very difficult to uncover these underlying thoughts, these feelings, these emotions, even, because as noted in focus group pitfall number two, the issues tied around financial shame, these are deeply rooted in a person's psyche and really strongly related to their family of origin, as well as their environments, both past and even present.

Thinking about focus groups, participants often share insights into solutions, solutions they think they need to a problem they think they have that they want from your financial brand, and so what happens here is they start talking right feature sets and that creates a checklist of items that you take away and begin to execute against, but they're not thinking about, they're not talking about how they would actually apply this product to either A, overcome a roadblock that's standing in their way, or B, use this product to realize their hopes and dreams, to get to the bigger, better, brighter future that they desire in the first place. They get stuck on the solution or the feature set, the checklist. Being in a focus group, it doesn't facilitate the deep analytical conversation into the person's why, if you will: Why do they want what they want?

To sum up these challenges, there's a great cartoon from Tom Fishburne that shows a marketer who has scaled this mountain, and so he's sitting at the edge of this mountain, he's peering over the top, and he finds a focus group of eight people sitting around the table. As the marketer reaches the top of the mountain, he addresses the focus group and he says, "Oh, all-knowing focus group, tell me your unmet consumer needs so that we can create disruptive innovations for you," and then looking down at the



marketer from their round table on high, one of the people sitting at the focus group, he replies, "We want more promotions." Then another pipes up and shares, "Yeah, we want you to make everything cheaper."

When I think about this cartoon from Tom Fishburne, there's such a tremendous amount of truth wrapped up in the single image about some of the pitfalls that I just shared. This is why, if we're not careful, digital focus groups quickly become a fruitless exercise in wishful thinking, as focus groups, to get good context out of them, require some reference points. Thinking about Tom Fishburne, insights like "We want everything to be cheaper," or "We want you to make X more like this and less like that," those insights aren't helpful at all.

Alternatively, something to also consider is product innovations and optimizations that lead to transformational breakthroughs are, in reality, defined by the absence of reference points. I think Steve Jobs said it best when he shared "It's really hard to design products by focus groups. A lot of times, people don't know what they want until you show it to them." Now, think back for a moment, 2007 when the iPhone was first launched. What if Apple had focus-grouped the phone before going to market? I think at the time, people might've complained, "Well, can't you just have a physical keyboard that slides out the back like all the other phones, i.e., BlackBerry?" People make decisions based upon the information that they have based upon the context of what they know today because there's no reference point in their mind to anchor against another possible, even possibly better solution.

Apply this thinking to banking. People don't need another checking account. What do people need? That's the big question. It's not even what do people need, it's diving deeper into that: What's the pain they are experiencing? What's stressing them out? What's keeping them up at night? What's taking a toll on their health and their wellbeing? The answers might not have anything to do directly with the product, per se, because remember, checking accounts are commoditized and they facilitate a transactional experience, that transaction being both at the time of "purchase of the checking account itself," regardless of if that purchases made online or over the phone or in the branch, as well as at the time of purchase once again now using the checking account or the debit card in relation to making a retail purchase, once again, online or in-person. Either way, this is the transaction of just dollars and cents.

Banking must become so much more than a transaction. This is why I teach financial brands to transform their thinking, to put the transformation of people over the commoditized transaction of dollars and cents, and this requires courage to do something that really has never been done before. How do we get there? How do we go deeper into the hearts and minds of digital consumers? That's exactly where I'd like to guide you next in our conversation, as the great opportunity for your financial brand is to gain insights through quantitative and qualitative digital secret shopping studies, and the insights gained through these digital secret shopping studies are then further amplified when taking to consideration competitive benchmarking of other financial brands, other banks, other credit unions, as well as neobanks and neo-lenders, their digital experiences, because all of them provide a foundational relation and relativism into a consumer's mind of what's being presented in addition to also providing some alternative choices available to them.

Furthermore, when thinking about digital secret shopping studies, it offers a tremendous competitive advantage for you. What I mean by that is we did a recent industry study where we surveyed more than 300 financial brands, and what we found is that 94% of bank and credit union websites have never undergone any type of digital secret shopping study. Could you just imagine, for a moment, if Amazon or

Zappos or any major digital retailer never secret shopped their digital experiences, what would those experiences look like today? Now, on the flip side of this equation, 72% of financial brands have been performing ongoing secret shopping studies for their physical branches. The lack of focus on digital secret shopping study is troubling because we know from another study that we conducted that 87% of consumer journeys begin online regardless of where they apply: online, over the phone, in the branch.


For some quick context, the best way to think about digital secret shopping studies is through two different lenses. The first is that of quantitative studies where you can gain some perspectives around the big data sets: Think heat maps, click maps, scroll maps of some of the key product pages on your websites. These quantitative studies, these big datasets provide perspective at the macro level into how people are shopping for product on your website, as well as what specific actions they take throughout the buying journey. But the how and the what are only half of the story of the overall narrative. This is where qualitative studies come into play and this is where you can utilize thick data to uncover the why around why do people do what they do, and more importantly, why do they feel the way they feel when shopping for a financial product on your website in relation to benchmarking your digital shopping experience with that of other financial brands?

The most important element of these qualitative studies comes from asking the right questions and then responding to a person's unique answer with empathy. This is why the first two questions that we ask here at the Digital Growth Institute when conducting digital secret shopping studies for financial brands are contextual and framed around a specific product. We ask these first two questions, number one being: Based on what you're seeing right now, do you feel like you can trust this financial brand? This is one of the most important questions, because it's a binary question. It's either true or it's false. It's a one or it's a zero and it's an answer that's being formed within milliseconds of being presented with a digital experience, whether that be on a desktop, on a tablet, or a mobile device. Now, as we dig deeper into that response, we can then follow-up that question: Based upon what you see, how does this financial brand make you feel right now, and even more importantly, why do you feel that way?

From here, from these first two questions framed around trust, feelings, and emotions. We can then dive into 10 to 12 other questions that provide additional perspective into why a consumer thinks the way they do, why they behave the way they do, why do they make decisions the way that they're making them when shopping for a financial product on your website in relationship to the benchmarking of experiences on other bank credit union, neobank, neo-lender websites, mobile sites, et cetera?

As we wrap up today, I'd like to come back to Ryan's question when he ask, "How effective are focus groups when it comes to things like developing a new website or optimizing our digital products and product positioning?" In brief summary, Ryan, I shared three primary pitfalls and problems for digital consumer focus groups. Pitfall number one is groupthink and the confirmation bias of that groupthink coming out of focus groups. Pitfall number two of focus groups is there's not always a direct correlation between opinions shared in focus groups and the behaviors that people take in reality. Then pitfall number three is that focus groups tend to focus around the solution when the greatest opportunities are instead found by uncovering the roadblocks, the pain points, the problems that people are experiencing. But to share those financial pain points, to share those financial problems, specifically around money, which that pain is further amplified by financial shame, this is a very difficult conversation for people to have in front of a group of strangers.

Digital consumer research is hard, but not because finding participants and conducting interviews. In fact, it's never been easier to conduct digital secret shopping studies, as we've done many times before.



Digital consumer research is hard because it forces you to consider people's true behaviors, their true motivations, and then they might not be like you. When you get responses, feedback, insights back, oftentimes, those challenge your own perceived bias and perspective of the world. That's sometimes very hard to intake, process, and then take action on.

Furthermore, when we think about digital product optimization and innovation, it comes from recognizing an unmet need, and really not just an unmet need, but an emotional pain point, and then working to figure out how to alleviate that pain, develop the cure or the prescription. As I've noted through these three pitfalls and problems with focus groups, it's hard for focus groups to identify a person's greatest pain because either A, most people don't know what they're missing out on until they experience it in the first place, and B, once again, people simply don't want to share their financial pain, their struggles, and really, their shame in front of a group of strangers.

Looking ahead, the path forward to gain clarity into the hearts and minds of digital consumers through digital secret shopping studies, this is the opportunity which can yield the greatest insights for your financial brand simply by asking good questions. Digital secret shopping studies do offer a tremendous competitive advantage because we found that 94% of financial brand websites, banking, credit union, they've never undergone any type of digital secret shopping study at all. Ever.

Just imagine what insights that you'd be able to uncover and capture if you were to commit to conducting a digital secret shopping study for just one key product line on your website every 90 days. How might you continue to grow from good to great from these insights? Because that is exactly what digital growth is: Digital growth is a journey of transformation and it is a journey of guiding people in the communities that you serve beyond their financial stress, towards a bigger, better brighter future.

As you continue to move forward along your own digital growth journey, if you have a question like Ryan, I want to hear from you because I want to help you continue to grow from good to great as you maximize your own future digital growth potential. Just go to www.goaskjr.com, submit your question, and I will answer it on a future podcast episode. Remember, the only bad question is the question that goes unasked. Until next time, be well, do good, and wash your hands.