

Technical NOTE

The “What if...” Service Concept Test: Triple Trust Organisation’s Market Research Tool To Test Microenterprise Interest in New Business Service Ideas

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Abstract

This technical note describes a qualitative market research tool—the “What If...” Service Concept Test—that Triple Trust Organisation (TTO) in South Africa developed and used in focus group settings to assess interest and potential demand among owners of spaza shops (home-based convenience stores) in Cape Town for five business service ideas that could grow their businesses and improve the overall market share of spaza shops in the retail grocery and convenience store sector. This note discusses how TTO used the tool to assess interest and potential demand for one particular service idea (payment mechanisms) and provides tips to other practitioners on how to use the tool and how to analyze the information the tool yields.

Acknowledgment

Sometimes in our enterprise development work, we find ourselves “building the plane whilst flying it.” I credit this turn of phrase to Paul Bradnum, Triple Trust Organisation’s (TTO’s) Operations Manager, who meant that sometimes we have to create the tools to get a job done because the old ones just won’t work. We have to innovate, experiment, change things—and learn—along the way.

The TTO team—Paul Bradnum, Seth Tladi, and Donovan Pedro—needed a research tool to help guide project design decisions on what business service ideas made commercial sense for spaza shop owners to improve and expand their small grocery stores. So they adapted a standard consumer research tool, modified it for their use, and put it to the test.

This technical note reports their experience in modifying the tool and testing it. Working with the TTO team on this paper provided a structure for TTO to reflect and distill their experience so that what they did and learned could be documented and shared with others. I want to thank Paul, Seth, and Donovan, and their TTO colleagues, for making sure I got it all and got it right.

Despite these valuable contributions, this work is the responsibility of the author, and as such, any omissions and errors are strictly my own.

—Marshall Bear

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Introduction

This technical note describes a qualitative market research tool called the “What If...” Service Concept Test, which can assist managers of business development projects, particularly those focusing on microenterprises, to decide on the merits of investing in the development of a business service idea—from concept to trial to commercialization. This tool performs two key functions: (1) it yields information on how prospective consumers of business services (e.g., microenterprises) understand a business service idea and perceive the benefits in using the service, and (2) it assesses the consumers’ willingness to pay for the benefits. A researcher (e.g., an organization managing a business development project) brings together a group of qualified consumers for a discussion, focuses discussion on a previously identified business problem, probes into past attempts to solve it, determines if the problem has been solved or persists, and then asks what if a service existed that could assist in solving this problem. The discussion establishes how businesses solve problems, where they go for assistance, any experience in turning to a market for a business service solution to their problems, and their reaction to the new service idea. With this information, project managers can decide to drop the business service idea or develop it further with service providers.

This technical note is distilled from the experience of the Triple Trust Organisation (TTO), a nongovernmental organization based in Cape Town, South Africa, working to develop markets for the poor. TTO wanted to assess interest and potential demand among owners of spaza¹ shops—small, home-based convenience stores—in the Cape Town townships of Khayelitsha and Mitchell’s Plain for five business service ideas² identified by TTO in its research of the Cape Town retail grocery market.³ The results of the service concept tests⁴ assisted TTO in deciding on which services to focus and the most cost-effective mechanisms to deliver the expected benefits to spaza shop owners and their trading partners.⁵

TTO conducted its market research—and developed and used this tool—as part of the Practitioner Learning Program (PLP) in Business Development Services (BDS) Market Assessment. This program, funded by the United States Agency for International Development (USAID) and implemented by The SEEP Network, engaged business support and promotion organizations (known as BDS facilitators) in a learning network to experiment with cost-effective market research methods and tools to design microenterprise development programs, exchange information within the learning network, and document their experiences to share with others.

The tool described in this technical note is for practitioners who believe that market research is essential to design market development and business support interventions, and who are in search of tools that have passed a test of workability in the hands of their peers. This qualitative research tool will also be of interest to practitioners trying to gauge potential demand for service solutions to business problems in weak markets, where transactions are few and potential is limited by lack of awareness of service benefits or appropriate service offers matched to the economies of microenterprises.

This technical note is divided into two parts. Part 1 puts the “What If...” Service Concept Test tool to work, illustrating how TTO used the tool to test one particular service concept (payment mechanisms). Part 2 describes the tool, and, based on TTO’s experience, provides tips on how to use the tool and how to analyze the information the tool yields. The technical note, however, does not provide a comprehensive, step-by-step guide to using the tool. Practitioners interested in using this tool will need to know how to conduct effective focus group discussions.⁶ As this tool is adapted from a standard product concept test, interested practitioners should familiarize themselves with the appropriate uses and methods for testing

¹ “Spaza” means “hidden,” an apartheid-era term used when restrictions were placed on black-owned businesses.

² The five service ideas were (1) payment mechanisms, (2) business collaboration network, (3) pest control, (4) transport, and (5) storage.

³ TTO undertook four distinct but related stages of market research over a period of 18 months. The market research included structured interviews and focus group discussions.

⁴ TTO conducted six focus group discussions of 10 spaza shops each in which all five service ideas were tested.

⁵ See Marshall Bear, “Making Retail Markets Work for the Poor: Why and How Triple Trust Organisation Decided to Intervene in the Spaza Market in South Africa,” *Practitioner Learning Program in BDS Market Assessment Case Study No. 1* (Washington, DC: The SEEP Network, 2004).

⁶ See Alexandra Overy Miehbradt with contributions from Ronald T. Chua, *Applying Market Research Tools to the Design and Improvement of Business Development Services* (Bethesda, MD: Microenterprise Best Practices Project, July 1999); Alexandra Overy Miehbradt, *Guide to Market Assessment for BDS Program Design* (Geneva: International Labour Organization, April 2001).

⁷ See Roland T. Rust, et al., *Service Marketing* (New York: Harper Collins, 1996), 7–10.

new product concepts. Those unfamiliar with the important distinctions between product and service marketing could benefit from an orientation to services marketing.⁷

The Tool Illustrated: Testing New Ideas for Spaza Shop Owners To Pay for Goods from Product Manufacturers

Triple Trust Organisation's (TTO's) research into the spaza market showed, among other things, that high crime rates in the townships had a negative impact on spaza shops. Spaza shops were targets of robbery because of cash on premises, and product manufacturers were reluctant to supply spaza shops directly for fear of being robbed. TTO reasoned that if the cash carried by spaza shops could be reduced, their risks of loss could be alleviated, and product manufacturers would be more willing to deliver goods directly. TTO's research revealed that the lack of a range of stock was a priority problem faced in common by the many thousands of spaza shop owners.

TTO identified a service provider who had invented, in prototype, a battery-operated ATM-like machine to sell prepaid phone time using debit cards, eliminating the need for cash. The service idea tested with spaza shop owners centered on this technology: it could either be delivered by a specialized provider who coordinated a payment service at the time of stock deliveries or by an independent distributor who could carry the machine on the delivery van.

TTO organized focus group discussions (FGDs) of spaza shop owners that explored their interest and willingness to pay for a service that could benefit them by reducing loss from theft and increasing options for goods delivered direct from the manufacturer.

Spaza shop owners were asked the following questions:

What if you were able to pay for all goods delivered to your shop using a debit



The Zingisa Cash Store in Cape Town's Khayelitsha township, home to 1 million residents, is typical of spaza shops—small, home-based convenience stores in Cape Town, South Africa.

card linked to your existing bank account? The intended benefits of the service to your business would be to minimize the carrying of cash on your business premises; to minimize the possibility of cash losses due to robberies and theft; and to increase the willingness of manufacturers to deliver goods to your shop.

- *Would you make use of this service?*
- *If not, why?*
- *Would you be willing to pay for this service?*
- *And how much would you be willing to pay?*

TTO conducted six FGDs with 10 spaza shop owners to test this service idea, along with four other ideas (see Annex I for a brief description of the five service ideas tested). TTO found that the benefits this service offered spaza owners—a cashless transaction to reduce robberies and attract more suppliers—were not sufficient to compensate for the added fees to pay for the service. Spaza shop owners demonstrated a greater willingness to pay if there were more benefits, including customer convenience (customers could pay using debit cards) and new business opportunities for spaza shops as selling points for

a range of prepaid services (e.g., phone time or electricity use). The results proved valuable to TTO as TTO concluded that a cashless payment service, while useful, was not an urgent priority for project design. TTO could promote improved linkages with suppliers without reducing cash by promoting local distribution agents (who are less likely to be robbed because they are members of the local community) as a lower cost/lower risk alternative to manufacturers' in-house distribution. Spaza shop owners could find alternatives to protect cash from theft such as bars on windows. Still, debit card technology offered a potential long-term solution, particularly if it could be used for multiple functions that would deliver a range of benefits attractive to spaza owners. TTO thus decided to include it as a research and development initiative in its project design.

As for the use of the tool itself, it was helpful in determining whether and how to pursue the service idea. TTO, however, found that the focus of discussions too often shifted to the basics of debit cards and banking and away from benefits of the service concept. A better test of the concept would have

been to have FGDs with spaza shop owners grouped by prior banking experience. In addition, TTO could have enabled spaza shop owners to visualize how this payment system worked by offering a picture or even a demonstration of it during the FGD. This

could have reduced confusion and optimized the use of time to test interest and possibly follow up with a trial among FGD participants interested in this payment service. With this illustration in mind, what follows is a description of this research tool and how to use it.

solutions. FGDs, however, do not provide statistically significant data and can sometimes be misleading on the acceptability of a service idea to the consumer population at large.

TTO's primary objective in conducting the "What If..." Service Concept Test was to assist in determining whether a stand-alone business service should be one of its priority interventions in the weak service market for spaza shops. The FGD format allowed TTO to examine the potential of the service concept against alternative solutions and TTO concluded that the benefits offered by fee-based services would more likely be embedded in improved relationships between spaza shops, their wholesalers, and product suppliers.⁹

Part 2

The "What If..." Service Concept Test: What It Is; Why, When, and How To Use It; and How To Analyze the Information It Yields

What Is the "What If..." Service Concept Test?

The "What If..." Service Concept Test links priority business problems (previously identified by the Triple Trust Organisation [TTO] through a survey of 300 spaza shop owners), past attempts to solve them, and possible new ways to solve them: what if a service existed that could solve the problem? The test is performed in a focus group discussion (FGD) setting. The FGD starts with a validation of previously identified priority business constraints, then probes whom business owners turn to for assistance, whether the problem was solved or persists, and if business owners paid a fee to resolve the problem. These questions establish how businesses solve problems, who they turn to (or don't) for assistance, any past use of fee-based solutions, and their experience using them. These questions are meant to place the concept test in the business reality of the respondent (see Annex II for the discussion guide that TTO used in its FGDs).

Essentially, the "What If..." Service Concept Test is a qualitative market research tool that poses a business problem and a potential service solution scenario to test how qualified consumers understand a new service concept and perceive benefits to them from the service. It also uncovers any negative aspects and assesses the consumers' willingness to pay for the benefits set against available substitutes.

The "What If..." Service Concept Test tool is an adaptation of a standard product concept test.⁸ It starts with an accurate description of the service concept's benefits and the features used to deliver the benefits (as noted with the illustration of payment mechanisms in Part 1 of this note). Standard product concept tests use survey methods with qualified individual respondents so that the results can be quantified and statistically valid information generated on the degree of consumer interest, a rating of product features, and willingness to pay for the benefits offered at different prices. Typically, the organization conducting the product concept test needs quantitative information to weigh the potential demand against the costs required to translate a product concept—something that does not yet exist—into a marketable product.

The choice of using FGDs over individual survey methods is linked to the objective of the research, the business reality of the respondent, and the relative strength or weakness of the market for services. FGDs can provide more information than surveys on how to refine a service concept to make it more appealing or generate ideas for other service ideas and alternate solutions. FGDs can also provide more opportunity than a quantitative survey to assist small businesses that are unfamiliar with business services in understanding the idea of paying for business

Why Use the "What If..." Service Concept Test?

This research tool is used to inform decisions on the relative merits of investing in the development of the service concept as part of an implementer's intervention strategy. Figure 1 shows the flow of questions and related actions available when using this tool.

Research is a dynamic process in which each interaction is meant to stimulate some type of response—increased awareness of new ways to solve problems, understanding the benefits/features of the concept, forming an opinion on its benefits/costs to an individual business, and the readiness to try a new solution. Qualitative methods offer more flexibility to achieve one or all of these responses by adjusting and responding to the dynamics of the group. One group might reject the concept, or it might be ready to try it. In retrospect, TTO could have gotten more out of its test of payment mechanisms as those participants with bank accounts were willing to experiment with debit cards. TTO did get what it planned to get—

⁸ See Ned Roberto, *User-Friendly Marketing Research* (Asia: Life Cycle Press, 1996), 98–113.

⁹ See Bear, "Making Retail Markets Work for the Poor."

informed opinions by shop owners on the benefits/costs of this service. But TTO could have gone to trial with interested spaza shops and gathered more information on consumer experience with the service to decide whether or not to develop the service idea further.

Organizations using the “What If...” Service Concept Test will need to be prepared to continue, stop, or redirect the discussion depending on the objectives of the test and the dynamics of the group. Organizations must know in advance that a valid trial is possible. Otherwise, they risk creating

unrealistic expectations among the members of the discussion.

When To Use the “What If...” Service Concept Test

The “What If...” Service Concept Test assists the practitioner to examine how to develop (or not) the service idea. It does not tell the practitioner why to develop it. The tool is not designed to undertake a problem analysis to identify priority problems and the root causes of these problems. For example, TTO was confident that prior research gave it a good understanding of the problems

spaza shop owners perceived to be their priority constraints to growth.

The practitioner must have knowledge of both parties in the transaction—the potential users and potential suppliers of the service idea. A practitioner will want to ask the following questions in deciding if it is ready to use this tool in its research-to-design process:

Potential Users

- *Do you understand priority constraints to growth as perceived by the target group?*
- *Can you distinguish between problems and their root causes?*
- *Can you relate the benefits bundled into the service concept(s) to the root causes?*

Potential Suppliers

- *Is there a tangible product associated with the service concept?*
- *Does the supplier have a “business model” for the service concept?*
- *Is it possible to undertake a trial of the service to demonstrate its benefits?*

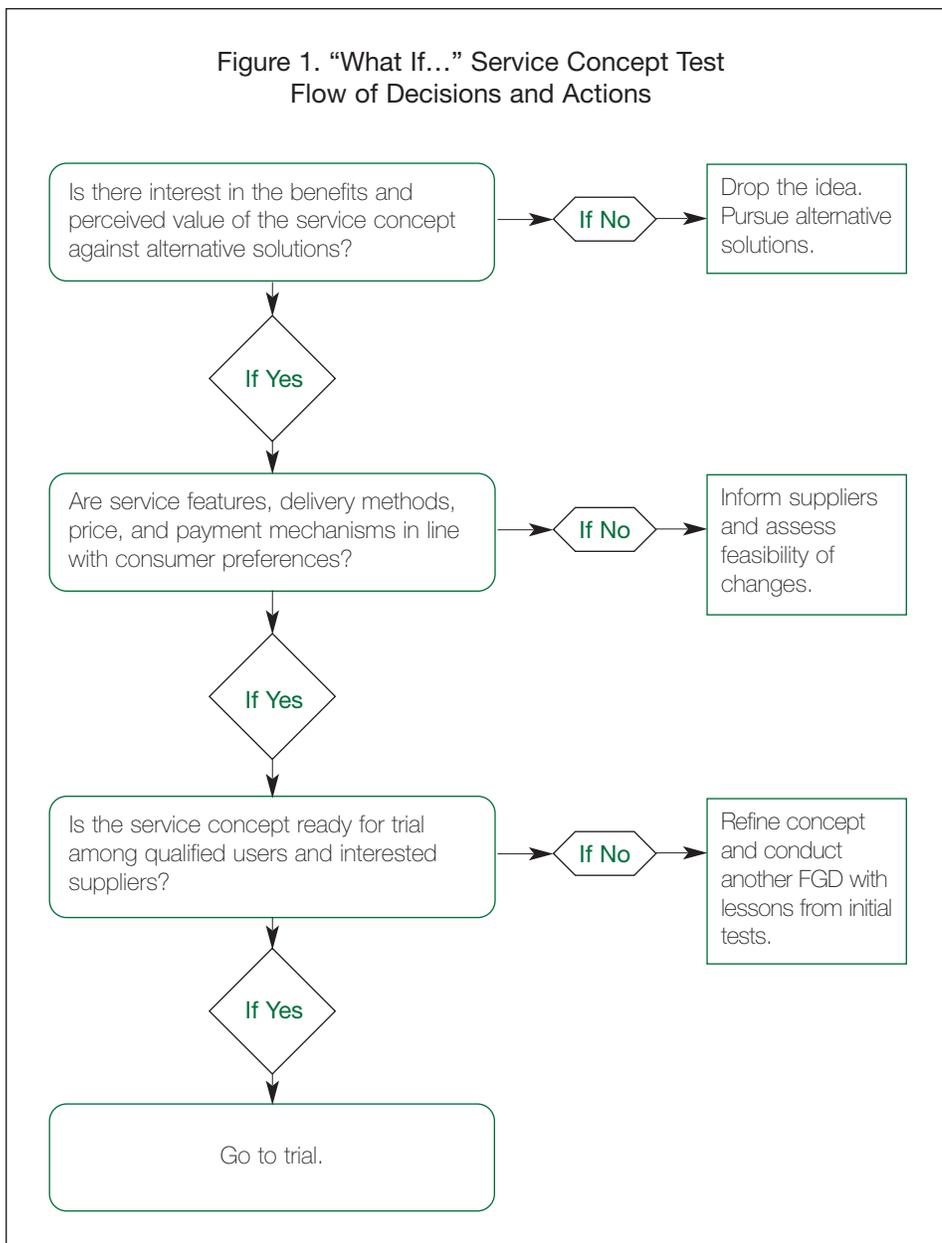
How To Use the “What If...” Product Concept Test Tool

TTO followed three basic steps in using the tool: (1) preparing for FGDs, (2) conducting FGDs, and (3) analyzing FGD results.

1. Preparing for Focus Group Discussions

Practitioners must determine that the use of this tool would assist them in moving closer to making design decisions, and that they can simulate a relevant business problem/service solution scenario in discussions with their target group. They must identify relevant service ideas in association with potential suppliers who, in the best case, will have formulated a “business model” around the service idea. After meeting these prerequisites, practitioners can draw on TTO’s experience by referring to the following hints on how to proceed and what to avoid.

Figure 1. “What If...” Service Concept Test Flow of Decisions and Actions



Problem: A spaza shop is a cash and carry business, which makes it a target of theft (risk of loss) and deters product suppliers from delivering goods to it (limits stock purchase options).

Solution: What if you were able to pay for all goods delivered to your shop using your debit card linked to your existing bank account? You could minimize the cash on your business premises, and this could minimize the possibility of cash losses due to robberies and increase the willingness of manufacturers to deliver goods to your shop.

- *What is being tested in each of the service ideas?*

Practitioners using this tool, just as TTO did, should make sure the service idea frames the benefits linked to the perceived business problem.

- *Who is a qualified respondent for the service idea test? How many service ideas can be tested in one FGD?*

The qualified target group can range from the general (potential users who are unaware of the service idea) to the specific (potential users qualified by their awareness of the idea and/or something intrinsic in the service idea). The number of service ideas can range from one to many per FGD, limited by the time typically reserved for a good focus group discussion (no more than 120 minutes). Drawing on TTO's experience, Table 1 summarizes four possible options to be considered when organizing FGDs, and the pros and cons of each option.

- *What is the role of interested suppliers in the concept test?*

It is important to draw a distinction between interested suppliers and their

specific business interests. The FGD offers a mechanism to sell benefits in solving problems versus selling specific products or suppliers. The facilitator can compromise the validity of the test if he/she is perceived to be representing the interests of a specific supplier. Before the test, the facilitator needs to be sure he/she understands the benefits and how these benefits will be delivered. It is equally important to understand the "business model" associated with the concept—its costs, fees, and any prior conditions a user must meet to take advantage of the idea. This familiarity enables the facilitator to describe the service concept clearly to the small business respondents without specifically mentioning or seeming to promote a particular supplier.

Table 1. Options for Organizing FGDs

Target Group	specific	A	B
		one concept/specific (qualified) target group	many services (one concept)/specific target group
	general	C	D
one concept/general target group		many concepts/general target group	
		Service Concepts	
		one	many

Option A: One concept/specific target group. Choose this option when the service idea, while new to the specific target group, includes a business practice that is already familiar to the target group. In retrospect, TTO should have qualified the focus group on the payment mechanism test by spaza shops with past banking experience as this business practice was intrinsic to the service idea. Too much time was spent trying to convey how debit cards work with bank accounts, diverting focus away from an assessment of the service benefits.

Option B: Many services (one concept)/specific target group. This option makes sense when multiple services are required to deliver a particular business benefit that

is closely linked to critical differences in business operations. Growing spaza shops may seek to become formal licensed general dealers. They will need a mix of specialized services—tax, legal, accounting—to succeed in getting a license. This tool could be used to gather information from a specific segment of spaza shop owners on their interest/willingness to pay for bundled services to secure a benefit—in this case, a general dealer license.

Option C: One concept/general target group. Choose this option when all respondents are unaware of the service idea and where differences in how businesses operate are not critical for them to relate to the service idea. Since no spaza owners were

organized into a business network, all could relate to the benefits and costs of organizing to capture business benefits (e.g., group buying, improved neighborhood security).

Option D: Many concepts/general target group. TTO tested all service ideas in each of the six focus group discussions. This required TTO to cover too many ideas at once and sacrificed its ability, in the time available, to explore the concept in ways that could have given a richer assessment of consumer interest. If the objective of the FGD is a thumbs up or thumbs down on the service idea, this option can work; it did with a thumbs down assessment on the storage service.

- *Who is going to conduct the FGDs?*

TTO chose to conduct the focus group discussions instead of outsourcing them to a research firm. The TTO team, however, did undergo two days of training by a research firm. The training covered the theory and the pros and cons of using FGDs in light of research objectives. Role-playing allowed each team member to sharpen his/her facilitation skills and practice each of the three roles in managing focus groups—moderator, observer, and note taker. Finally, TTO performed an internal test before conducting the tests with spaza shop owners.

The FGD facilitators must have a good knowledge of the match between the service benefits being tested and priority business problems. This knowledge is critical for facilitators to interact with participants in a dynamic setting with different possible outcomes. The information derived from the FGD will contribute to a decision on whether to drop or develop the concept. For these reasons, the decision maker—in this case, TTO—should facilitate the FGDs and fill any gaps in how to conduct best practice FGDs through training.

- *How will you recruit focus group participants?*

The same rules apply when recruiting for focus group discussions of any type: minimize inconvenience (close to place of business, during slow times); pay “appreciation” fees for attending; and confirm the day before to minimize no-shows.¹⁰

- *How many FGDs are required to get enough information to proceed?*

The simple answer to this question is more than one. Marketing researchers generally recommend 8 to 10. The right number, however, depends on the objective of the research; it pays to be flexible

and increase or decrease the planned number depending on the results.

The number of FGDs is not the most critical variable in getting good information. Many steps must be executed correctly to get a good assessment of an idea: choosing the right organizing format; working with potential suppliers to understand the business model behind the service idea; and getting the right type and number of people to show at the appointed time. In retrospect, TTO may have lost more detailed, quality information on each service idea by discussing multiple service ideas in one FGD. In the case of payment mechanisms, a second discussion focused by spaza shop owners with banking experience could have resulted in a more valid test of the service idea.

The points above relate to the preparation required to conduct a “What If...” Service Concept Test in a FGD. The points below present hints on what to do and what to avoid in conducting the test.

2. Conducting an FGD

The norms for conducting an effective focus group discussion apply using this tool: the ideal size of a group should be between 8 and 10 participants; the ideal length of discussion should be no more than two hours; the research team should include a moderator, an observer, and a note taker; the language used should be simple and associated with the business of the respondent; and the session should be recorded (with the prior permission of the respondents).¹¹ It is critical to be familiar (or well-trained) in how to conduct FGDs before organizing and conducting them.

Practitioners will face some unique challenges in conducting a test of new service ideas. Future users of this tool should be mindful of the following problems.

¹⁰ See Roberto, *User-Friendly Marketing Research*, 85–96.

¹¹ See Donald S. Tull and Del I. Hawkins, *Marketing Research Measurement & Method* (New York: Macmillan, 1993).



Rice, milk, tea, and other goods line the shelves behind the counter at a typical spaza shop. More than 3,600 spaza shops sell basic grocery items to low-income consumers in Cape Town townships.

Photo courtesy of Triple Trust Organisation

- *How to introduce and frame the business problem/solution scenario.*

The first step in using this tool is to validate the previously identified business problems this service test aims to address. The 8 to 10 persons in the group, however, may not represent the norm—some will take ownership of their problems; others will externalize them. Some will relate to the identified problems; others may have problems not on the list. The first step in the discussion is to make the business problems real—otherwise it will be difficult to get an assessment of a service solution for which the group does not relate. During the FGD, it may be important to dramatize the problem and its consequences using role-playing or some creative techniques so that the respondents can relate to the problem. The role-playing could show two scenarios: one where the problem is ignored and the business suffers and one where the problem is addressed in some fashion.

- *How to get feedback on an intangible service that doesn't yet exist.*

Service ideas are more difficult to test than product ideas because services are intangible (can't be seen or touched), inseparable (their delivery requires the active participation of the user), variable (difficult to control for quality) and perishable (once used they are gone; they can't be stored).¹² The challenge for the practitioner using this tool is how to make tangible the intangible so the respondent can visualize what the service idea might look like in practical terms. TTO assisted their respondents in "seeing" the potential service in the following ways:

- **Pest control.** Associate the new service idea with a familiar brand of a professional company. Show participants the licensing and educational

certificates of the provider. Show a diagram of how the service would work from diagnostics to treatment to follow up.

- **Payment mechanisms.** Show a picture of the mobile automatic transfer machine. Provide a simple flow diagram of the transaction itself between spaza shops and the bank. Provide testimonials from previous customers.

Two points made earlier bear repeating:

- Focus on selling the benefits behind the service idea and not a specific product or supplier.

- Be prepared to redirect or stop the discussion to avoid creating unrealistic expectations.

3. Analyzing FGD Results

Table 2 shows how to analyze the information obtained when using the "What If..." Service Concept Test in a FGD. It shows four possible decision points when plotting the results of the FGD against its two primary concerns: perceived benefits and value (e.g., willingness to pay for the benefits). TTO found that it could take qualitative information and assign values on a scale of low to high.

Table 2. Analyzing the Results of FGDs

Benefits	high	B Refine idea	C Pursue idea
	low	A Drop idea	D New idea
		Value	
	low		high

Decision A: Drop the service idea. If the perceived benefits and value are low, then the service concept should be dropped. TTO found that in the first FGD it conducted, spaza shops overwhelmingly found the storage idea of little benefit over existing options. TTO dropped this service idea from further consideration.

Decision B: Refine the service idea. If the perceived benefits are high but the value low, entrepreneurs want the benefits offered but the service features (its price or payment mechanisms) will need to be refined, if feasible. TTO's service concept test did not result in a clear indication of a service idea where spaza shop owners rated the benefits as high and would be willing to pay for the service provided its features were refined or changed. Payment mechanisms came closest to this outcome where spaza shop owners would be willing to pay for a debit card service provided

it offered them more benefits than reducing cash to pay for goods delivered by product manufacturers. TTO found that it could address the problem of poor links with suppliers by exploring the feasibility of local distributors who, in turn, could offer this service.

Decision C: Pursue the service idea. If both the perceived benefits and value are high, this indicates that the service idea should be pursued. TTO discovered in its test of a business collaboration network that spaza shop owners were already aware of and valued the benefits possible from better organization; however, no spaza shops were directly involved in any business networks. In a future test of the network idea, TTO will need to offer a range of different network options from self-organized buying clubs to joining an established network (e.g., the buyers clubs of an established wholesaler) to determine which option to pursue.

¹² See Rust, et al., *Service Marketing*.

Decision D: New service idea. If the perceived benefits of the service idea are low, but businesses place a high value on finding a solution, then a new service idea is required. TTO tested the idea of a local entrepreneur licensed to use chemicals who would offer a low-cost pest control service to spaza shop owners. The test revealed that spaza shops perceived the local entrepreneur as a marginal improvement over what they could do themselves. They would value a service that could offer a guarantee of reducing pests and a commitment of follow up—two features an independent local enterprise could not offer. TTO concluded that a new service idea was needed, possibly one where a local network petitioned local government for better waste management services or trading partners used more pest-proof packaging.

¹³ See Miehlabrad with Chua, *Applying Market Research Tools to the Design and Improvement of Business Development Services*.

Practitioners of business support and promotion programs have experimented with a mix of consumer research tools to identify market potential for business services aimed at assisting micro and small businesses in improving their performance.¹³ The “What if...” Service Concept Test, used in a focus group discussion setting, is a tool that shows promise in assisting practitioners in deciding whether or not and how to invest in the development of a new service idea, from concept to trial to commercialization. This technical note gives interested readers the information they require to determine if this tool will assist with project design decisions. As with any tool, it requires adaptation to fit each situation, and practitioners should expect to refine the process. Interested practitioners may contact Triple Trust Organisation (tto@tto.org.za) to learn more about its experience in using the tool.

You, the reader of this technical note, may be working with livestock producers in remote rural areas. You know that livestock raisers must improve herd quality to increase sales in national markets. You think that an artificial insemination (AI) service could dramatically improve herd quality. Your target group may have heard about AI services but no one has ever used them. You don't want to promote a new AI service without more insight on its commercial potential from the perspective of future users and suppliers. The first step is to test a new idea with livestock users. If this is you, then the use of the research tool, the “What if...” Service Concept Test, might be just what you need to move from an apparently good idea to a viable commercial service customized to meet the needs of your target group.

Annex I

TTO's Five Business Service Ideas Tested with the “What If...” Service Concept Test

Payment Mechanisms. What if you were able to pay for all goods delivered to your shop using your debit card linked to your existing bank account? The benefits of the service to you would be to minimize the cash on your business premises, which would minimize the possibility of cash losses due to robberies and theft and would increase the willingness of manufacturers to deliver goods to your shop.

Business Collaboration Network. What if it were possible for you to belong to a network or association in which you, as a spaza shop

owner, could derive business benefits such as access to better stock, preferential treatment from stock suppliers, and volume discounts through group buying?

Pest Control. What if a fee-based business solution was available to minimize stock losses as a result of pest problems and thereby save your business money, increase customer satisfaction, and possibly contribute to your business profits?

Transport. What if a service was available to safely and reliably transport your goods

from the supplier/wholesaler to your shop for a fee? The benefit would enable you to spend more time at your shop, save money instead of using more expensive taxis, and have flexibility in moving from one supplier to the other when stocking for your business.

Storage. What if a locally based facility was stocked with a wide range of products that are normally sold by spaza shops? You would save time and money to source stock since the service would be based locally. You could replenish stock more frequently and reduce stock losses due to environmental problems.

“What If...” Service Concept Test: TTO’s Focus Group Discussion Guide

The “What If...” Service Concept Test links priority business problems (previously identified by Triple Trust Organisation [TTO] through a survey of 300 spaza shop owners), past attempts to solve them, and possible new ways to solve them: what if a service was available that could assist you in solving the problem? The test is done in a focus group discussion (FGD) setting. The FGD starts with a validation of previously identified priority business constraints and then probes whom business owners turn to for assistance, whether the problem was solved or persists, and if business owners paid a fee to resolve the problem. These questions (see Box 1) establish how businesses solve problems, whom they turn to (or don’t) for assistance, any past use of fee-based solutions, and their experience using them. These questions are meant to place the concept test in the business reality of the respondent.

Box 1. Discussion Guide

Introduction. Recently, TTO conducted a survey of spaza shop owners.

You (spaza shop owners) have identified the following five key constraints/problems to improving your business:

1. Insufficient and limited range of stock.
 2. Lack of reliable transport to move stock from wholesalers to your shop.
 3. Inadequate storage space limiting ability to buy more stock.
 4. Environmental and hygienic problems causing waste and customer dissatisfaction.
 5. Being a target of theft because of cash on hand.
- A. Please rank these five problems from most important to least important.
 - B. What other problems, if any, are not listed?
 - C. Which of these problems, if any, does your business experience?
 - How does it experience the problems?
 - How often?
 - How does the problem affect your business?
 - Has the problem been resolved?
 - D. If the problem was resolved, how did you resolve it?
 - Whom did you turn to?
 - Did you get the desired outcome?
 - Did you pay?
 - How much?
 - In what other way could you have addressed this problem?
 - Who else could have assisted in solving this problem?
 - E. Are you still experiencing the same problem? If so, how?
 - F. What kinds of services would you be prepared to pay for? How much would you be willing to pay?
 - G. What would you do if a _____ service was available to assist you in solving the problem differently?

Glossary

business services. Strategic and operational services firms need to sustain and upgrade their operations. Commercially viable solutions that address business constraints can include generic services such as training, technical assistance, strategic planning, and marketing. They also can include sector-specific services in product development, market access, input supply, equipment sale or leasing, and sector-specific technical assistance and/or training.

delivery methods. A term coined by the Business Development Services (BDS) market development sector to define the different ways in which services are delivered to end users: free, for a fee, or embedded in other commercial transactions.

embedded services. An embedded service is a service that comes as an added feature of another main business service. The buyer of the embedded service business does not pay for the service directly, but the provider of the business service recovers the cost of the service through the overall commercial transaction.

focus group discussion (FGD). A qualitative market research tool in which *focus* refers to the topic of investigation, which is specific and contextual; *group* refers to a homogenous group of people

who are qualified to speak on the topic; and *discussion* refers to the “sharing of ideas” and “experiences” with a moderator who guides the discussion.

payment mechanisms. This technical note uses this term in two separate but related ways: (1) the method by which spaza shop owners pay for stock, whether with cash or direct debits from their bank accounts; and (2) the method by which a service provider offers a buyer different options to pay for a service—at once or over time.

perception and value of service benefits. This term refers to the opinions of focus group discussion participants about how they understand the value (for money) of the benefits from a service to their business.

service. Any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.¹⁴ For example, a pest control service imparts knowledge and skills superior to self-help methods used by spaza shop owners in killing and controlling pests.

service concept test. Service at the conceptual stage of development that does not yet exist for the target market but could, if the benefits exchanged between the user

and provider make commercial sense. A service concept test is used to determine whether the services’ intended, perceptible features fit or satisfy consumers’ needs and wants.

service benefits. What the consumer gets in return for use of a service. A pest service offers a promise to control pests for spaza shop owners. The benefit is realized when pests are controlled against realistic expectations of what type of pests and the duration before the next treatment is required. The benefits are decreased loss of stock due to pests and increased customer satisfaction due to fewer pests on the premises.

service features. What a service provider designs into the service to deliver the service’s intended benefits. These features are unique to each service but might include information on use of service, terms of payment, or convenience of use. A pest control service builds features such as frequency of treatment, type of chemicals used, and timely response into the service to deliver on the promise of the benefits offered to the consumer.

¹⁴ See Rust, et al., *Service Marketing*

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