Stories That Deliver Business Insights

By Julien Cayla, Robin Beers and Eric Arnould
Ford executives used insights gained from ethnographic observations when redesigning the Ford Mustang and developing a new marketing strategy for the car.

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Ethnographic stories offer executives an empathic understanding of how consumers live, work and play through gritty and detailed descriptions. What you learn from ethnographic stories may surprise you — and change your company’s strategy.

BY JULIEN CAYLA, ROBIN BEERS AND ERIC ARNOULD

THE DATA FROM the rollout of the new Mustang confused Ford executives.

After a redesigned Ford Mustang was released in the late 1990s, consumers reported finding the new car less powerful than previous incarnations. That feedback troubled Ford engineers, because the iconic vehicle’s power was objectively higher in this version than in earlier models.

To find out what was going on, Ford dispatched a team from a consulting company to ride along as Mustang owners drove their new cars. From their interviews and observations, the ethnographers — a team of social scientists dedicated to studying people in their natural environments — concluded that power was something drivers experienced viscerally. They sensed it bodily when in contact with the car’s vibrations while they drove. They absorbed it audibly when exposed to the “voice box” of the car’s engine. And they grasped it visually when their eyes took in the Mustang’s look. The ethnographers concluded that car performance was fundamentally a sensory, bodily experience.

THE LEADING QUESTION

How do companies gain value from ethnography — the in-person study of how people actually use a product or service?

FINDINGS

Through its attention to the details of people’s lives, ethnography can reveal new market opportunities.

Ethnographic stories can help executives rethink their assumptions about markets.

Ethnography and quantitative marketing data can be complementary.

BY JULIEN CAYLA, ROBIN BEERS AND ERIC ARNOULD
In light of that information, Ford engineers literally returned to the drawing board. They re-fashioned the exterior styling of the car so that it “looked fast,” making the new Mustang much more like the iconic models of the 1960s. As Ford Design California chief Richard Hutting said of the redesigned car, “This vehicle has that sense of motion, even when it’s standing still. It captures your eye from 50 feet away — it’s instantly recognizable as a Mustang.”

Furthermore, ethnographic observations eased the Ford marketing team’s fears that an aging target market was diluting the brand’s equity. The ethnographers discovered that the Mustang, as much as it was a fantastic set of wheels, also fueled fantasies of youth. No matter how old they were, the car’s buyers desired the same thing: the feelings of youth, irresponsibility and assertiveness that the original Mustang delivered. Driving and owning a Mustang gave baby boomers, a core market segment squeezed between work and family commitments, an emotional high. A Mustang was often the only irresponsible pleasure they allowed themselves. This insight allowed Ford to embrace the brand’s heritage and nostalgia rather than “modernizing” it.

As a result, the marketing team’s new brand strategy cut straight to the heart of baby boomer nostalgia for the era of their youth. They started using images of the Hollywood movie star Steve McQueen — who had died nearly two decades earlier, in 1980 — to revisit the Mustang’s history when he was “King of Cool” and baby boomers, like him, were young and restless.

The Mustang example is far from unique. Our research across a variety of companies shows that ethnography — artful in situ investigation into what customers do and feel and how they talk about what they do and feel — is a powerful tool to gain insights into your market. These insights typically emerge through collaborative sessions involving ethnographers and management team members. This collaboration gives rise to cross-functional conversations about customers and the company’s role in providing platforms for value creation. Such sense-making conversations are a necessary precursor to transformative strategic actions.

**Ethnography in the Corporate World**

Ethnography has often been portrayed as a “fly on the wall” technique, with anthropologists lurking in people’s homes to observe consumers’ unadulterated lives. This prevailing description does justice neither to the way ethnography actually works in the corporate world nor to ethnography’s increasingly important role in formulating business strategy.

To arrive at a more in-depth understanding of how corporations use ethnography to their advantage, we conducted extensive interviews with executives in various industries worldwide. (See “About the Research” for a description of the project.) Our findings suggest that ethnographic storytelling — the crafting of stories that takes place after an ethnographer’s immersion in the field — can be indispensable not only to a company’s consumer research function but also in changing the company’s strategic direction, as the Mustang story shows.

Where data analytics and surveys provide flattened snapshots, ethnography contributes an empathic understanding of how consumers live, work and play through gritty and detailed descriptions. Ethnographic stories map customer experience in evocative detail, including aspects of experience that elude the behavioral screens provided by sales data or the inevitable, memory-based biases in survey results. In effect, ethnography illuminates the evolving and kaleidoscopic nature of consumer culture.
Ethnography can also stimulate new strategic directions. Through its attention to the minute details of people’s lives, ethnography can reveal new market opportunities and serve as a catalyst for organizational innovation. Like all good stories, good ethnographic stories can be transformational and inspirational.

Business leaders who are frustrated with research results that fail to stimulate or surprise their teams may respond to ethnography’s empathic wattage. For when constructed as powerful stories from the outset, ethnographies engage executives in the worlds of customers and the conundrums they face. These moments of identification are pivotal in spurring corporate creativity by connecting what is meaningful to people with business strategy.

**Ethnographic Stories and Consumer Experience**

Ethnographic stories are narratives about people’s lives that ethnographers compose from field experience. Whether conveyed in video format, presentations or reports, they describe how people confront and surmount the hurdles they encounter in meeting their responsibilities and fulfilling their hopes in our globalized consumer culture.

For example, only a few years ago, the corporate view of retirement planning at San Francisco-based Wells Fargo Bank tended to focus on dollars and cents — how much an individual needed to invest, by when and for how many years. While ostensibly prudent, this view did not account for context. It overlooked both what are now recognized as routine hazards — unexpected layoffs, industry sea changes, health crises and divorce — as well as economic and cultural factors affecting the U.S. baby boomer generation and its relationship to money. These factors include the disappearance of many corporate pensions, the gap between Social Security benefits and the cost of funding the kind of retirement that boomers want and the rise of self-funded and self-managed investment vehicles such as 401(k) plans and individual retirement accounts. Most self-directed investment vehicles and products, such as IRA accounts and mutual funds, were invented during the last 40 years, highlighting the seismic changes in the financial services landscape that baby boomers have had to navigate.

As part of an ethnographic project commissioned by the bank, researchers had customers walk through a life timeline and recount activities they engaged in that related to retirement planning in each decade of their lives — their 20s, 30s, 40s, 50s and beyond. The stories revealed that baby boomers were caught between the past and the future. Aging and retirement represented not a simple matter of growing old and kicking up their feet but rather a complex phenomenon of continually negotiated personal travails and marketplace dynamics. The baby boomers had no sooner hit their 30s than they were confronted with an unfamiliar and profound shift in temporal orientation. They were suddenly expected to think decades into the future in preparation for retirement. And while subsequent generations were more versed in the retirement concept, they also had to ready themselves for the financial challenges of investing enough for the far-off future while working toward near-term goals of paying off debt, buying a home and attending to current financial obligations.

The Wells Fargo team combined ethnographic stories from the field to develop a behavior-based segmentation that divided retirement-planning approaches into three primary modes — Reactor, Pooler and Maximizer — reflecting how people felt about and addressed retirement planning. The team learned that how someone thinks about retirement — that is, whether a person is a Reactor, Pooler or Maximizer — emerged in his or her 20s, if not before, and was influenced by available resources and degree of financial savvy.
The Reactors’ major concern is to avoid catastrophe rather than plan for the best possible retirement. Poolers are somewhat financially savvy but tend to be risk-averse and lack the necessary confidence and trust to seek advice. Maximizers constitute a smaller portion of the population. They think strategically about finances in terms of stages, plan advantageously and actively seek guidance.

These three key financial management modes represent the ways in which baby boomers approach (or don’t approach) retirement planning. Ethnographic analysis showed these modes, which drive behaviors and decision making, were as important to understand as, if not more important than, demographics or assets. This deceptively simple model transformed the way Wells Fargo executives thought about customers’ retirement planning. The management team grasped that the language of Maximizers (which is closest to the language of bankers) would not resonate with Poolers, who were the largest and probably best-suited target for the company.

The result was a marketing and communication approach focused on people, not numbers, that acknowledged how people’s retirement planning focus and activities evolve over the course of their lives. Armed with these insights from its ethnographic research, Wells Fargo designed its retirement planning site to include the various life stages used in the ethnographic research to convey the message “we meet you where you are” and provide relevant, unintimidating guidance — as opposed to producing numbers-dense material filled with endless financial projections. Another result that emerged was the concept and development of “My Retirement Plan,” a customizable tool that helps people to connect the dots between their specific retirement goals and the amount they need to save. The overall research result was a more nuanced view of how the interplay between the personal, social and cultural affects people’s vision of retirement planning.

This retirement ethnography was successful because it achieved what we call experiential significance. Experiential significance is a transformative analogue to statistical significance. It is felt through rigorous, collaborative analysis when an emerging model is both easily grasped by organizational stakeholders and resonates with data-driven truths and intuitive “rightness.” Models such as these are mental tools that can provide a “Eureka!” spark for new thinking. In this case, the Wells Fargo team quantified the segments identified through ethnography with an attitudinal and behavioral customer survey. The result was a reusable segmentation model and diagnostic tool that allowed the team to design for and communicate with customers more effectively.

**Toward More Meaningful Segmentation**

By delving into the richness of people’s life stories, ethnographic research can pivot companies away from less meaningful segmentation parameters, such as demographics or purchase history, and toward those that drive behavior, such as purpose and intent. Quantitative techniques such as factor analysis can subsequently be applied to locate and size market segments.

For example, ethnographic work revealed that Wells Fargo’s small-business customers were much more driven by their own attitudes toward growing their companies than they were by traditional measures used to segment small business, such as revenue amounts, company age or number of employees. Ethnographers and Wells Fargo quantitative analysts partnered to create a segmentation scheme that included narratives about four distinct approaches to growth along with a way to size these small-business segments by looking at their use of credit products.

For example, if a company was in the customer segment that the bank called “Happily Holding Steady” — meaning doing well in its current state...
WILL ETHNOGRAPHY MEETS BIG DATA

The emergence of big data — the large, unstructured masses of information that companies now have at their disposal — provides a new set of challenges and opportunities for ethnographic practice. In terms of challenges, advocates of ethnographic stories will continue to experience some pushback, especially in organizations where large-scale quantitative analyses are especially valued. To the untrained manager, ethnographic stories will likely appear to be mere anecdotal snapshots of consumer experience.

Ethnographic stories are nevertheless poised to operate as a powerful complement to the unstructured masses of data currently flooding corporations. Big data, even in the hands of highly skilled analysts, rarely tells the whole story. Data sets are always embedded in larger contexts, and attending to this larger context is precisely the objective of ethnography.

We believe that there are exciting opportunities ahead for organizations to combine ethnography and big data to weave stories about market dynamics. Several organizations are already experimenting with the blending of big data with ethnography. At Xerox, for example, economists and ethnographers have been working together to help American cities innovate in their design and use of parking spaces, combining data from field experiments with on-the-ground observations of how people relate to parking information.$^3$ And at Intel, researchers have developed the innovative idea of “ethno-mining.” This entails developing ethnographic storytelling based on the vast amount of sensor and behavioral tracking data increasingly being produced — ranging from in-home or in-vehicle energy-consumption monitors to computer logs and to personal self-monitoring technologies. Such data provides new insights into the consumption of time and the cultural organization of space.$^i$

That said, only a diehard number cruncher will believe that big behavioral data sets sufficiently address critical questions about the motivations, cultural models and emotional engagements that drive customer behavior. Consumers’ immediate consciousness is colored by imaginative narratives containing personal and collective pasts and futures, all within a consumer culture that encompasses individual selves.$^v$ This alone is reason to believe in the immense possibilities of mixing big data with the nuanced understanding of consumer life that only ethnography provides. Ethnography and analytics make a winning team, and using them together will put organizations in a better position to develop the deep market understanding required to succeed in today’s complex and rapidly changing marketplaces.

Understanding Puzzling Data

Consistent with the idea that ethnography helps organizations deal more effectively with market complexities, the executives we met often talked about ethnography as having helped them sort out puzzling data. (See “When Ethnography Meets Big Data.”) While these discussions call into dispute the perception that ethnography is merely an exploratory technique, they also underline the point that ethnographic stories often provide insight into consumer behavior that is hard to come by in other ways.

Indeed, ethnography helps organizations develop new ways of understanding consumers. Conducting ethnography is thus as much about rethinking the organization’s assumptions as it is about gleaning consumer insights. In that sense, if we consider that strategy is not so much about decision making as it is about how companies imagine their role in markets, ethnography can support new strategic foundations for companies.

For example, in a project for an American hosiery manufacturer, ethnographers spent time emptying American women’s sock and undergarment drawers. They quickly found that these women used intricate
ways of sorting their hosiery. Assortments varied by season, weather, type of outfit and occasion. Such assortments demonstrated that the company’s functional segmentation of product offerings did not match consumers’ everyday practices. For the hosiery manufacturer, these findings highlighted several new product opportunities for women’s wintertime socks, stimulating a new product strategy.

An instance in China provides another example. Using ethnography, a global manufacturer of toys found that the daily life of Chinese children is markedly different from that of European and American children. Chinese children, for instance, have far fewer toys, even among the privileged class that was the focus of this particular study. What consumes a Chinese child’s time if not toys? Education and job prep rank high. A Chinese child’s time is directed at excelling at studies with an aim of securing a well-paid job in adulthood. Bluntly put, a Chinese childhood resembles an apprenticeship for the serious business of getting ahead in the world.

The findings of this ethnographic research challenged managerial assumptions about childhood in China as a carefree period suffused in free time spent with peers. It brought home the point that childhood is a culturally defined phenomenon and that using a European or American model is a misguided basis for formulating product positioning in the Chinese market.

Based on this ethnographic work and other research conducted in the Chinese market, the toy manufacturer changed strategic focus. It started putting more emphasis on the educational dimension of its products, emphasizing the benefits of play to stir children’s creativity. The company has started linking with Chinese schools to blend toys with the teaching of science subjects, and it has developed an after-school program where Chinese children can learn through play while adhering to a Chinese curriculum.

Similarly, in Russia, a major manufacturer of household care products used ethnographic research and ultimately reassessed its executives’ notions about wooden furniture — and the potential market for wood-polish products. While surveys and secondary data on the ubiquity of wood furniture signaled great potential for wood-polish products, ethnographic fieldwork soon highlighted something different. In the mid-1990s, Russia was an emerging market — goods were in stores, economic policy was in flux and consumers had money to spend. Shopping was fun, often a family event. There was new delight in retail.

Wooden furniture was plentiful, but it was not, as the company had imagined, a source of symbolic or emotional engagement. Covered with textiles and everyday clutter, wooden furniture in Russia was a vestige of the old and mostly not a salient category for renewal. Pianos were the exception. Purchase of household cleaners, furthermore, did not rank high on the list of preferred spending; a CD or a lipstick was seen as more fun. The ethnographic insight was to reposition the company’s current product for an emerging market; the product might be multisurface or have additional functionality, such as cleaning pianos or leather furniture, two categories for which renewal was important to consumers. And, in an insight that proved transformative for the way the company approached its marketing, the product needed to be merchandized in line with the fun and excitement of the shopping experience. The goal would be to surprise, delight and involve at retail. The brand and its packaging should contribute to the consumer discovery of new home surfaces and be integral in caring for them.

The underlying lesson, whether in American women’s hosiery categories, toys in China, wood polish in Russia or banking in the U.S., is that ethnography enables organizations to radically reframe their market understanding and rethink their strategic vision and self-understanding in the marketplace.

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Ethnography and Organizational Empathy

Psychological research suggests that narratives often trigger a process known as transportation. In this process, immersion in a story enables the audience to transcend their own worlds and be transported into the characters’ world. This process increases the probability of audience empathy with the characters and their worldviews.4 This research underlines the potential for ethnographic stories to enhance organizational empathy and trigger organizational transformation.

Ethnography is especially apt at capturing emotional intensity and variety in people’s experiences of sickness, disability or loss and thus engendering empathy. At one major health-care provider, realizing a need for a more human-centered approach of health-care delivery motivated a redesign of the hospital chain.

The hospital chain’s ethnographic research revealed the layers of emotions that accompanied the delivery of health care. For example, ethnographers revisited the experience of being admitted into the emergency room, revealing the anxieties of patients being wheeled around the hospital. These findings were illustrated in a video in which a member of the ethnographic team filmed what the experience of the emergency room looked like as seen by a patient lying on a gurney. The long periods of silence, the loneliness and the unsettling nature of that experience brought home to executives the idea of redesigning health care to focus more on information delivery so patients could better understand what was happening to them. In some hospitals within the chain, the design team worked on emergency-room design, including installation of screens displaying information about waiting times, and made communication between patients and medical personnel a priority.

At a major pharmaceutical company that offered a drug to alleviate psoriasis symptoms, ethnographers told poignant stories of people with psoriasis who suffered from low self-worth and even self-loathing due in part to negative social reactions to their skin condition. This insight into one’s skin as a hitherto neglected element of people’s social identities was central to the company’s development of new communication materials and had a major effect on the tone of those communications.

Ethnographic research at Wells Fargo also offered deeply emotional insights that increased organizational empathy. In many of the explorations Wells Fargo conducted into people’s financial-management lives, participants would tell stories of their childhoods, their hopes, their worries and very personal life circumstances. For example, a man who ran a theater company while his wife worked as a corporate manager for a larger retailer drew a picture of dollar signs going down the bathtub drain. (See “Stories That Increase Organizational Empathy.”) His brief but evocative story juxtaposed his desire for simple solutions to managing finances, relationship dynamics and family sacrifices with his personal aspirations and hopes for fulfillment. Executives talked about this story for, literally, years, using it as a touchstone to unpack their own values and remember that they, as bankers, were not the customers. These conversations resulted in a commitment to offering simple, helpful financial management tools that reduced anxiety through transparency and promoted healthy saving and spending habits.

Stories That Increase Organizational Empathy

Ethnographic research can offer deeply emotional insights that increase organizational empathy. For example, as part of Wells Fargo’s ethnographic research, a man who ran a theater company while his wife worked as a corporate manager for a larger retailer drew this picture of dollar signs going down the bathtub drain. His story and picture, shown below, struck a chord with Wells Fargo executives, who discussed the story extensively.

The Customer’s Story:

“I don’t like to manage finances. I find it really tedious. I am a creative person, and the more energy I put into stuff like that, the less time I have for things that I really care about. I need ‘Bookkeeping for Idiots.’”

“The load that my wife carries because of my theater company really weighs on me. It’s not like we will ever see that money again…. The best we can hope to do someday is break even. It’s a labor of love, but we haven’t had a family vacation in three years. But I couldn’t be happy if I wasn’t doing art.”
Good ethnographic stories are like good fiction and contain all the required elements in the right proportion — namely characters, plot, incident and description. The ethnographic plot is mapped by an event in a customer’s life, such as an everyday experience with mobile technology. The incident could be a consumer desperately looking for an ATM on his mobile phone while driving. In the case of this particular story, product managers and designers felt dramatic tension heighten as the customer clicked through multiple screens to find the nearest location. They quickly galvanized around this plot to reduce the number of steps required to find an ATM from seven to three.

**The Storytelling Organization**

Our research at Wells Fargo and other organizations highlights the power of ethnographic narratives in understanding consumer experience and stimulating organizational creativity. Insight about the power of narratives in market understanding and strategy making is consistent with other evidence stressing the catalytic role of stories. Political leaders craft powerful personal narratives in order to win elections, and executives tell stories to convey strategic understanding.

To leverage the power of ethnographic narratives, managers need to develop a culture of storytelling within their organizations, where emotional, contextual stories from the field will help in understanding the changes driving markets and help companies recharge and refresh their own strategic vision. Organizations should encourage various ways of telling stories about markets by developing compelling mechanisms to share and circulate narrative understanding, such as regular debriefings on tales from the field, as well as through ethnographic research that seeks not to verify and confirm but to inspire and surprise. From this vantage, ethnography can be not just another innovative research approach in a portfolio of research techniques, but also a critical tool to spark internal conversations about markets and facilitate a better ongoing alignment between a business and its future market opportunities. In business environments where the source of competitive dominance lies in deep customer understanding, such alignment is key to business success.

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i. For more details on this research program and the power of ethnographic stories, see J. Cayla and E. Amould, “Ethnographic Stories for Market Learning,” Journal of Marketing 77, no. 4 (July 2013): 1-16.


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