

Focus Group on Investment Behavior

Capstone Project Summary

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Introduction - The market and recent trends

The recent digital trends and their effects (f.e. ease of creating apps and platforms; people accepting digital solutions more and more) resulted in an increased number of online trading platforms. It is becoming harder and harder to choose a suitable one as an individual investor, it is easy to get lost amongst all the offers and it becomes harder to unbiasedly compare the options.

The need for a service making this choice easier was also recently increased due to the higher volume of trades thanks to the COVID pandemic. More and more individuals who has never traded before felt the need to invest, assuming the stocks are undervalued in pandemic times.

The client and the needs addressed

My client is a Hungarian fintech company presenting a platform where users can compare the trading alternatives and choose the most suitable one for them. It is an independent platform that takes hundreds of criteria into account when assessing a broker.

Like for every online service company, the behavior and preferences of its online users are key to understand in order to build and implement the right strategy for success.

The client is currently using a user experience map describing the user's behavior on different stages of investing, starting from the beginning of the journey when investments are not yet made, just the desire to invest is born.

Despite the fact that the client is currently focusing on the selection of the brokers, it is important for them to understand the investor behavior all along the journey, first of all because there are several points when users might decide to find a new platform for themselves and also it is important in case the client wishes to extend the range of services offered, for example introducing an education platform.

As the current experience user map was created years ago, the client felt the need for validating it and if possible, find potential additions. This need was also urged by the pandemic and its potential effects on user behavior.

The project and the methodology applied

In order to address the needs of the client, a focus group research was carried out in a form of a mixed type study, a project lasting two and a half month. First a more quantitative, survey-based research was done in an online platform, Qualtrics. The initial goal was to test the overall feelings and opinions of the participants. This later helped in selecting the right topics to bring to the second part of the research, the focus group discussions. Findings from both survey types were utilized to formulate overall findings.

Key steps

First of all, the focus area had to be set in order to be able to start recruiting the right focus group as well as posing the right initial questions. As discussed in the previous sections, the focus of the project was the validation of user experience map and later this was extended to also understanding the course preferences of the participants.

Preparing a shortlist of questions to ask from the focus group was the next step. In order to do so, getting familiar with the user experience map the Client uses as well as having

discussions and researching on usual investor preferences was essential. The boarder list of topics included, but is not limited to:

- Research used by investors
- Preferences on brokers
- Overall trust in the investment industry
- Taking responsibility on investment outcomes
- Social perspective of trading
- Time spent on monitoring investments
- Existence of specific goals when investing
- Perception of investment, gamble or hard work?

The next milestone was finalizing the individuals of the focus group, this was a process that was parallely run with the first two. Certain criterion had to be taken into consideration as collecting information from the right target group is essential to make meaningful recommendations. These included:

- Nationality represented
- Age groups
- Diversity of experience and financial knowledge

Eight nationalities from three continents were recruited, age ranging from 27-41.

Once the members were selected, the initial questionnaire was sent out to them, which was later analyzed pointing out trends, patterns and preferences. With the help of this analysis, the questions were refined, focus was pointed at some key areas to enable an efficient focus group discussion.

The participants then were put into three different groups in which virtual discussions through Zoom were carried out. These were semi-structured, moderated and recorded discussions, each lasting 40 minutes. The key topics were introduced to them, then there was freedom given to the participants to share insights with each other, share opinion, experience, both good and bad. The groups were kept small (four people each) in order for everyone to have the chance to present their views on each topic, while being able to reflect on each other's shared insights. All three discussions were very different, however many common patterns were spotted. The moderator's (student's) duty was to keep the flow of the discussion smooth, to ensure equal representation and guide the participants in discussing the most valued topics by the client.

The final step in completing the project was communicating the findings to the Client.

Outcome and value crated

The key needs of the clients were adequately addressed by the report prepared. It highlights the key deviations from the user experience map relating to:

- Trusted and preferred sources
- Reasons for switching between platforms
- Trusted investment types
- Trading monitoring habits

and ideation related to preferred courses to attend and their characteristics¹.

The video recordings were also shared with the client assuming that the insights presented by the participants might not only be useful in relation to the current scope and topic covered, but also for later product development purposes.

¹ Please note that for exclusivity purposes, the detailed findings of the research are not shared.

Recommended next steps

The two main areas investigated and related findings call for two main actions.

Deviations of perceived user behavior and the one presented by the focus group indicated that the current user experience map might be out of date. In order to test this hypothesis, the first step would be to validate the findings and see which point of view is correct. It might be that the combination of the two is the right one to take into account when creating strategies relating to the users. It is also possible that user behavior varies greatly from individual to individual and in that case a better emphasis on offering variety of services can be the key to success.

Once the points in question are clearly transparent, the user experience map is to be updated with the current information.

The other key topic was related to the courses offered. Insights were shared on what courses the participants prefer, what do they dislike and avoid. These are recommended to be used and taken into consideration when formulating the education platform in the future.

Key challenges and lessons learnt

Throughout the project, there were several challenges to overcome, including:

- The several time zones presented, that made it hard to schedule the meetings
- Recruiting the right volunteers for the project who are willing to participate actively despite the lack of financial benefits gained in exchange
- The short timeframe given

A flexible mindset and determination was needed to address these challenges.

Regarding timing and time zones, some really early morning and late nights were utilized to meet requirements, and in case of recruitments a number of cold calls and rejections lead to putting together the focus group.

This process emphasized the importance of client feedback and close collaboration. From my side, previous work experiences were based on more waterfall-type project handling, meaning that at the beginning of the project, objectives were set, the work was done without major consultation during the project and then a report was issued to the client. The current, more agile setting enabled us to prepare a more client-centric, customized outcome.

Conclusion

The focus group research carried out revealed several important insights about an average trader's behavior and preferences. Validating and addressing these is key for a better understanding of what the client can do to help those who are looking to invest. The survey also brought light to preferences regarding education platform and courses, which is an important piece of information for the future strategic changes to come.