

The iPod phenomenon: identifying a market leader's secrets through qualitative marketing research

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Abstract

Purpose – The aim of this paper is to explore the potential for learning from customers of a market leader through qualitative marketing research. **Design/methodology/approach** – The paper presents findings from a study that applies a combination of quantitative and qualitative research methods. An online variation of an existing qualitative research method is proposed.

Findings – The results suggest that the proposed method can be transferred successfully to an online environment and combines the effectiveness of qualitative research with the efficiency of quantitative research.

Research limitations/implications – A general problem with online research is that it excludes all individuals who are not online. Moreover, the results are limited by the nature of the sample, which only includes German-speaking respondents. Finally, further research should investigate the differences in depth between responses of online- and offline-conducted interviews.

Practical implications – Offers a relatively inexpensive yet effective solution for product and brand managers to uncover the reasons that drive customers to a market-leading competitor.

Originality/value – Compared with many other approaches available to product and brand managers, this paper proposes a more realistic and practical method of understanding a market leader through the eyes of its customers.

Keywords Product development, Qualitative market research

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

Introduction: the iPod phenomenon

In under two years, the stock price of Apple Computer, Inc. has risen nearly 600 per cent (CNN Money, 2005); by the end of 2005 it was valued at twice as much as at the start of 2000. The rise in Apple's stock price is closely linked to the success of a product first introduced four years ago – the iPod digital music player. According to a recent Forrester report (Collingwood, 2005), the iPod accounts for around three quarters of the digital music player market in the USA and has helped Apple increase its third-quarter sales to increase by 75 per cent within a single year (Malester, 2005). For a 30-year old company, this development is not only impressive but also surprising considering that the original iPod, introduced in a difficult market environment at the end of 2001, was neither the first digital music player, nor initially compatible with the majority of personal computers. The first iPod could only be used with Apple's own Macintosh computers, a platform accounting for less than 4 per cent of US computer sales (Belk and Tumbat, 2005). Nevertheless, since this inauspicious beginning the iPod has developed into

a whole family of products ranging from \$99–399 and has triggered the creation of an accessories industry, such as protection cases and speaker systems, which itself is estimated to be valued \$300 million (Mello, 2005).

Relevance for product and brand managers

For product and brand managers, the most important aspect of this success story is that Apple was able to extend the iPod market from the group of early adopters to the early majority “without diminishing the product's cool factor” (Olson *et al.*, 2005, p. 14), those aspects of a product that are considered to be of particular importance to the small but influential segment of innovators and early adopters. Olson *et al.* (2005) apply the metaphor of a table with the early adopters and opinion leaders acting as the table's legs without whose support the table itself would collapse.

There has been much discussion of Apple's recent achievements, particularly those which help explain the company's recent success and that could provide other firms with insights applicable to their own businesses. Besides the obvious “cool factor” (Olson *et al.*, 2005, p. 14) encapsulated by the brand, several other aspects are frequently mentioned, such as the company's leadership (e.g. Deschamps, 2005; *US News & World Report*, 2005), the ease with which its products can be used (e.g. Norman, 2005a; Weiss, 2005), and the visual design of its products (e.g. Dwek, 2002; Garrett, 2003; Quittner, 2005; Quittner and Winters, 2002). While these discussions provide some practical advice, their approach is nevertheless predominantly from an organisational perspective rather than focusing on customer preference for the iPod.

The attention given to the organisational perspective gives limited insight to those taking a marketing perspective. First,

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some of the capabilities mentioned are deeply rooted within the company's organisational culture and have developed over a considerable time period. Second, each of the aforementioned aspects can only be evaluated indirectly, such as by analysing public statements from key employees. However, like many other companies, Apple is famous for its secrecy and any attempt to investigate the company's capabilities is seriously constrained. Finally, the various qualities most frequently mentioned are so interlinked that it is invidious to separate them out as independent success factors. In fact, according to Jonathan Ive, Apple's head of design, the company follows an holistic approach in its product design that tries to "figure out [the customer's] connection to the product" (Garrett, 2003, p. 56). Ive's statement refers to design not in a narrow visual sense, but in a broader way which takes into account manifold aspects of product design. This, in turn can be related to the three different dimensions of design as identified by Norman (2005b). According to this conceptualisation, design consists of a visceral, behavioural and a reflective component, each three interwoven in any product design. While visceral design is concerned with appearance, behavioural design is related to the effectiveness of use and the pleasure related to the product. Finally, reflective design "considers the rationalization and intellectualization of a product" (Norman, 2005b, p. 5). This last aspect is of considerable importance as it emphasises the personal component of an object attached to it by the owner rather than the designer or manufacturer, although the manufacturer or designer can try to influence this form of attachment. These three dimensions of design, cognition and emotion are integral to any product, in varying degrees. Such thinking moves one away from the purely organisational perspective in investigating Apple's current success and offers hope to other firms wanting to learn from Apple's successes. As indicated by Ive, it is the company's ability to understand the way customers relate to its products that is of salient importance in an investigation of its success. For competitors, this is relevant mainly for two reasons. First, if Apple's holistic approach is successful, it is unlikely to be replicated by copying selected organisational aspects of the company, such as its style of leadership or the look of its products; here, the whole is clearly more than the sum of its parts. Second, Ive clearly puts the customer as the central figure in the company's product development efforts. This does not necessarily mean that Apple is asking its customers for their product requirements and opinions. But it does imply that the customer's connection to the end result of the development process was identified to be central to that process.

To conclude, with regard to new product development, the much-publicised organisational perspective seems to be of limited value for competitors to understand and potentially replicate Apple's successes. What is required instead is a deeper understanding of how customers connect with products from the market leader. Here, marketing research can support firms to gain a better understanding of customers' motivations to buy from the market leader. Thus, instead of trying to identify the company's "secret", competitors can look directly at the customers of market leaders for insights applicable to their own product development efforts.

New product development and marketing research

Generally speaking, product development can be separated into new product innovation and enhancements of existing products (Norman, 2005b). What makes competing with a market leader particularly difficult is the fact that they often apply a combination of enhancements and innovations to secure their position. In the case of the iPod for instance, Apple is regularly updating existing models and introducing new ones distinct from existing models. For example, the "iPod shuffle" introduced in January 2005 was the first digital music player in years that did not have a display, something which is now generally considered essential; from a purely technological perspective, this "innovation" might be perceived as a step backwards.

Apple is also changing successful models with different variations, such as the "iPod mini" that was replaced in September 2005 with a much smaller model called the "iPod nano". This move is interesting for two different reasons. First, the new model has a lower storage capacity than its predecessor, even though a higher storage capacity is again commonly considered to be a crucial attribute for newly introduced digital music player. More importantly, however, the replaced model was not just Apple's best selling iPod, but also the best-selling digital music player model worldwide. Many considered replacing such a successful model without noticeable pressure from competitors or other apparent reasons a bold move. Moreover, for product managers, both examples illustrate the fact that there exists a promising additional option beside the traditional view of product enhancements as offering "the same, but more of it". Thus, as product enhancements and new product innovations often come hand-in-hand, it is necessary to look at the way product development takes place.

Here, two basic routes can be distinguished, which are often referred to as "technology-push" vs "market-pull" (Valentin, 1994). The technology-push route follows capabilities that exist within firms or even the intuition of its top management (Flores Letelier *et al.*, 2000). Innovation is often associated with the technology-push approach and indeed several organisational aspects have been linked in this regard to Apple. In contrast, the market-pull route is based on the marketing concept emphasising the requirements of the targeted market. These product development approaches assign very different roles to marketing research, playing a dominant role in the market-pull approach but possibly not even being considered in the technology-push approach. Whatever the case, to be successful new products and services have to be accurately responsive to consumer demands (von Hippel, 2001). Thus, the two basic approaches identified by Valentin (1994) should not be seen as mutually exclusive, but rather as extreme ends of a continuum with varying degrees of marketing research contributing to the identification of consumer demands. In fact, Apple's approach to new product development tends more towards the technology-push route but without neglecting what the market actually demands. Again, a combined approach is probably most appropriate for meeting customer needs because it takes into account what customers demand but builds upon this by providing innovative solutions that go beyond stated requirements towards meeting real needs.

Research certainly indicates that for a number of industry sectors consumers do contribute meaningfully to the new product development process and that understanding their contribution to the development of goods and services is a goal worth pursuing (Lüthje, 2004). Marketing research can contribute to this task but has to overcome several limitations associated with it.

Difficulties associated with traditional marketing research

A common critique of traditional marketing research methods is the frequently noted inability of customers to either recognise or articulate many of their desires (Flores Letelier *et al.*, 2000; Hayes and Abernathy, 1980; Pitta and Fowler, 2005). In consumer markets the process of acquiring knowledge from a large number of individuals is particularly problematic, with the journey to a deeper understanding of customer needs being expensive and not one that traditional quantitative research methods is well equipped for (von Hippel, 2001). A comprehensive understanding of customer demands can be costly and still remains inexact (Thomke and von Hippel, 2002). Lüthje (2004) maintains that qualitative research methods should complement traditional approaches. Similarly Bryman (1998, 2004) points to the growing trend to carry out multi-strategy research combining quantitative and qualitative methods in research projects and this is further supported by Creswell (2003, p. 4) who believes that the idea of applying only quantitative or qualitative methods “falls short of the major approaches being used today in the social and human sciences”. In this connection, qualitative research, however, has suffered from a range of criticisms including issues regarding the reliability, validity and replicability of the research (Silverman, 2000). Findings are considered to have limited applicability when they cannot be generalised to other settings or deemed to be representative of a population (Bryman, 2004). Social situations are rarely similar and due to the unique characteristics of both researchers and participants and their influence on each other, different researchers at different settings and at different times will probably get different results and may draw different conclusions (Blaikie, 2000).

Standardising qualitative research through laddering

A practical solution is to aim as far as possible for standardisation in both data collection and analysis so that other researchers can continue or replicate a study. Thus, this paper presents a qualitative research method known as laddering that standardises the data collection procedure as much as possible and uses the software tool LADDERMAP (Gengler and Reynolds, 1993) to ensure transparency. Reynolds *et al.* (2001) point out that the laddering method is different to typical qualitative research methods in that it has a definite structure with interviewers using standard probing questions, following an explicit agenda, and questions flow in a similar way for each interview. Reynolds *et al.* (2001, p. 99) contrast the typical qualitative structure as being shallow and broad with the results from laddering that are deep and focused. Thus, the laddering method can be described as a structured qualitative method that leads to deep and focused results particularly useful for solving product-or brand positioning problems. Laddering allows researchers to reach deeper levels of reality and to reveal the “reasons behind the reasons” (Gengler *et al.*, 1999, p. 175).

Thus, laddering is a suitable technique for firms to identify the reasons why customers have chosen a product from the market leader, instead of their own offerings.

Aim of the study: understanding customer benefits for competitive advantage

The aim of this study is twofold. First, by combining quantitative and qualitative research methods, it aims to reveal consumers’ preferred attributes for the iconic brand and market leader, iPod. The research uses the laddering technique (Reynolds and Gutman, 1988) to identify the attributes of the iPod that users value, and to uncover the constructs that underlie these, so as to reveal customers’ desired benefits. As will be discussed further the research uses online rather than traditional personal interviews for which the customers of Apple products are well suited being particularly highly involved with the brand. They are distinguished by their “fierce loyalty to the brand” (Belk and Tumbat, 2005, p. 205) and can be considered as a subculture of consumption (Schouten and McAlexander, 1995).

We believe that this research study also contributes more widely to marketing research in that we are investigating a brand that dominates its market. Apple has redefined the portable music market effectively creating an entirely new market segment. An increased knowledge about desired attributes and the underlying benefits could help understand this consumer phenomenon and more generally the understanding of sought after lifestyle products. The study should help to identify whether the laddering technique is a suitable research tool in the quest to learn about what consumers value in innovative products. This could in turn prove useful to those companies wishing to gain consumer insights to develop new products that are of value to these consumers.

We aim to provide a more realistic but practical method of understanding a market leader through the eyes of the consumer. This should be particularly helpful for firms that have difficulties competing with the market leader. While following the market leader may not bring success, focusing on gaining knowledge from its customers will help to understand the nature of their success. In contrast to the organisational perspective that was previously discussed, we are primarily concerned with customer input and with a high-involvement product such as the iPod, customers should be happy to discuss their experiences with the product. Such a customer-oriented perspective can contribute to the discussion of a product phenomenon by looking more closely at why consumers have made that product so successful. In particular the investigation will examine the reasons which lead customers to choose products from the market leader instead of other competitors. Such reasons relate to the benefits that products can offer in the eyes of the customer and how these benefits relate to customers’ deeply held personal values.

To enable this depth of understanding the study uses a semi-standardised qualitative technique called laddering, which to date has not been used for the investigation of the desired attributes of innovative products such as the Apple iPod. As the laddering technique is predominately used to reveal so called means-end chains, the following section describes the principles of the means-end approach in more detail.

The means-end approach

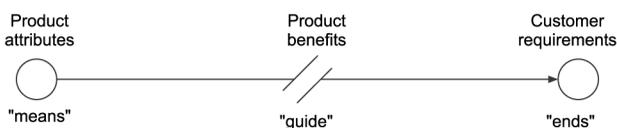
Originally used for product or brand positioning issues (Gutman, 1982; Olson and Reynolds, 1983), the means-end approach has since been extensively used in the areas of consumer behaviour (Bagozzi and Dabholkar, 1994; Deeter-Schmelz *et al.*, 2002; Pieters *et al.*, 1995, 1998), sales management (Botschen *et al.*, 1999; Reynolds *et al.*, 2001), and strategic marketing (Norton and Reynolds, 2001; Reynolds and Rochon, 2001). It aims to discover the salient meanings that consumers associate with products or services with the focus being on the associations in the consumer's mind between the attributes of products, which are the "means", the consequences of these attributes for the consumer, and the personal values or beliefs, the "ends", which are satisfied by the consequences. Importantly, aspects of the consumer are studied in depth but quantifiable results are achieved.

The links between attributes, consequences and values produce the means-end chain (Peter *et al.*, 1999). Attributes are the characteristics of a product or service and consequences are the psychological or physiological aspects of why an attribute is important (Gutman, 1982). Values are overarching, reflecting the life goals a person may be striving for (Rokeach, 1973). It is assumed that knowledge is hierarchically organised over levels of abstraction in the memory (Reynolds *et al.*, 1995), with the higher the levels of abstraction having a stronger connection to the self. Thus attributes would be a lower level of abstraction, less relevant than consequences (mid level of abstraction), while the highest level of abstraction are values having most personal relevance (Olson and Reynolds, 1983). The following section describes how the means-end approach can be adapted to an innovative product such as Apple's iPod.

Product benefits and consumer requirements

By describing the iPod as "an elegant method of promoting individual choice, Anderson (2005, p. 29) identifies a particular benefit ("individual choice") that results from using their iPod. Two key aspects of researching the consumer perspective should provide important insights. First, understanding how the product is actually used by the consumer and secondly how attributes are evaluated by them. For example, while some competitors have added additional product features, such as a radio tuner, to their products, Apple has been cautious in adding features. This may be because they had a clear understanding of what product attributes customers would value, while their competitors have tried to "out-feature" the market leader. Thus, if it is possible to relate product benefits to product attributes, the result could provide companies with valuable insights into Apple's success from a market perspective. Figure 1 illustrates how the means-end approach can be applied to the iPod.

Figure 1 Product consequences for guiding product attributes toward customer needs



Personal values and consumer requirements

We may distinguish customer needs into those existing already and those newly emerging needs, that materialise outside existing buyer-seller value exchanges (Bakken, 2001). Innovative products often fulfil these emerging customer needs as they can persuade customers away from established procedures and even question deeply-rooted values (Tauber, 1974; Valentin, 1994). The value of innovative products is particularly high if these changes are related to actual changes in customer circumstances, which are the origin of emerging needs (Bakken, 2001).

An identification of personal values underlying consumers' product preferences, can therefore provide further insights into the identification of customer requirements as well as the communication of product benefits to meet those needs. For instance, Flores Letelier *et al.* (2000, p. 6) distinguish between personal values and oriental values, which are defined as values that orient a consumers' "general sense of a worthwhile life". Furthermore, Jolibert and Baumgartner (1997) have identified four motivational domains on which persons orientate their desire for success. These domains are rooted in a person's:

- 1 professional life;
- 2 social life;
- 3 personal life; and
- 4 a certain form of humanism.

Understanding the relationship between product choices and personal values helps to understand how customers "connect" with products. The next section describes two laddering techniques that researchers can use to reveal linkages between product attributes, consequences, and values – the means-end chains.

The laddering interview

Laddering is normally done in person and involves semi-standardised in-depth interviews. The interviewer uses probe questions to reveal attribute-consequence-value chains by taking the subject up a ladder of abstraction. All laddering interviews consist of an elicitation and laddering stage (Grunert and Grunert, 1995). Initially an elicitation stage that may use techniques such as triadic sorting, direct elicitation or free sorting to derive preference based distinction criteria is undertaken. Criteria thus derived act as the starting point for the laddering probes, which should eventually uncover the means-end structure. This is achieved through repeatedly asking questions as to why an attribute/consequence/value is important to the respondent with the answer serving as the starting point for the next question. This process aims to identify cognitive relationships of personal relevance to the respondent and the cognitive concepts gathered during the laddering interviews can be summarised in a hierarchical value map (HVM), a graphical representation of a set of means-end chains (Gengler *et al.*, 1995). An HVM is made up of nodes, which stand for the most important attributes/consequences/values (conceptual meanings) and lines, which represent the linkages between the concepts. The two to three ladders, which the laddering process normally produces for each respondent, uncover elements of the respondent's cognitive structure. While not sufficient to evaluate the respondent's complete cognitive structure, the ladders from a group of homogeneous

respondents appropriately analysed can produce an estimate of this group's cognitive structure (Grunert *et al.*, 2001).

Conducting online laddering interviews

Increasingly qualitative research is using online data collection methods. To date the focus in the qualitative research literature has been principally on focus groups (e.g. Boddy, 2005; Herington *et al.*, 2005; Stokes and Bergin, 2006). Pincott and Branthwaite (2000, p. 151), however, maintain that the advantages of conducting qualitative research on the web are "more apparent in online individual interviews (one-to-one) than in online group discussions". It is, for example, easier for interviewers to create rapport during individual interviews than during group discussions. In one-to-one interviews, both interviewers and interviewees have equal status while in online groups interviewers play a dominant role. Laddering interviews can be conducted online in the form of online chats. Online laddering "chats" are a new technique that to the best of our knowledge has not been applied to the context of laddering interviews. These one-on-one electronic in-depth interviews may be carried-out in the form of text-, audio- or video-chats.

Text-based online laddering chats are conducted in rounds. After some introductory words (thanking the respondent for taking part in the interview, introducing oneself and the aim of the research project, and assuring confidentiality) the interviewer can start the actual online interview by typing the first question in a small text box of the chat software. By clicking a "send button", the question is immediately sent to the interviewee who can read the question in a larger text box. The interviewee can then send an answer to the interviewer the same way. As the flow of conversation is broken into text "chunks" with a time-lag between questions and answers, online interviews are more ordered and structured than traditional face-to-face interviews (Chen and Hinton, 1999).

We chose to conduct text-based online laddering chats rather than traditional face-to-face laddering for the following reasons: online laddering chats are cheaper to conduct and researchers do not have to tape and transcribe interviews as online chat programmes automatically generate interview transcripts, which allow a quicker analysis of data. Further, the whole interviewing process may be less stressful and more convenient for respondents as they can chat at home or at work in a familiar and non-threatening environment. Because of the anonymous interviewing situation, respondents cannot be influenced by the interviewers' appearance, tone of voice and body language. Thus, social desirability bias and especially interviewer/interviewee bias will be reduced (Duffy *et al.*, 2005; Miller and Dickson, 2001).

Online interviews may also be the only way to interview certain groups of respondents. Individuals, for example, who spend most of their free time online may not be willing to have personal face-to-face interviews with researchers but may be willing to take part in online interviews. In this connection, Miller and Dickson (2001, p. 146) maintain that qualitative online research is suitable "when the target population is small, very specialised in its skills, and difficult to find and recruit, and when the issue relates to high-tech products and services". Similarly, Pincott and Branthwaite (2000) suggest that the internet allows researchers to sample minority and professional groups that would otherwise be difficult to contact. Early adopters and young people may actually prefer to be contacted over the web. Web-based research is

particularly appropriate for researching the iPod for a variety of reasons; music can only be downloaded onto the iPod through a computer and the iTunes software and in order to purchase music through "iTunes", the iPod user requires a connection to the Internet. It was therefore assumed that the target population would best be identified through online research.

Methodology

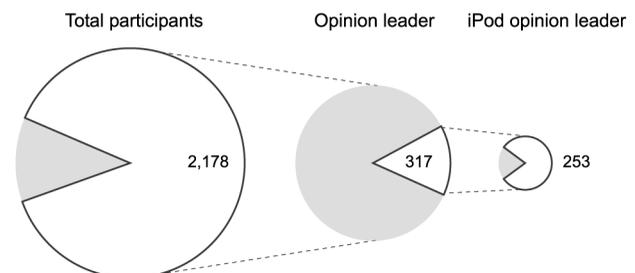
The sample

Important to a study of how product benefits relate to personal values, is the identification of a group of appropriate consumers. Because opinion leaders exercise informal influence on other peoples' behaviors and attitudes through product-related conversations (Goldsmith and De Witt, 2003), they are considered attractive targets for marketing communication (Stern and Gould, 1988), as well as for the adoption and diffusion of newly developed products (Chan and Misra, 1990). Providing information or advice perceived as more credible than mass advertising opinion leaders can informally influence others' attitudes and behaviours (Stern and Gould, 1988). Opinion leaders are particularly important for the success of new products, as when they are among the early adopters themselves, they pass on important information to opinion seekers (Flynn *et al.*, 1996). Specific opinion leader scales have been developed by Flynn *et al.* (1996) and Weimann (1991), among others.

Following Lüthje's (2004) finding that innovative individuals can be characterised by a high degree of expertise and product involvement, it was decided to select respondents from a homogenous group of innovators. In order to identify opinion leaders who are also early adopters of new products as innovative leaders (Eckhoff, 2001) an opinion leadership scale was included in the initial questionnaire. The opinion leadership scale we applied was originally constructed by Flynn *et al.* (1996) and consists of six items. This was adjusted to include a "no answer" option so as to exclude those participants that mark extreme ends of each item with little consideration. The Cronbach's alpha reliability coefficient for the opinion leadership scale consisting of six items was 0.73. The initial questionnaire was carried out during May 2005 amongst German users of the Apple iPod music player; 2,472 people participated of which 2,109 said that they own at least one iPod. From the domain specific opinion leader scale it was possible to identify opinion leaders in the specific product field of digital mobile music players.

Figure 2 shows that 2,178 (88 per cent out of 2,472) respondents provided complete answers to the opinion

Figure 2 Opinion leaders identified through the questionnaire



leadership scale. From the 317 respondents that scored highest on the opinion leader scale, 273 agreed to be contacted for a further study and 253 of them were not only opinion leaders but also owners of an iPod. From this group we randomly chose 85 respondents for the in-depth laddering chats. Sampling continued until theoretical saturation was achieved, i.e. no new or relevant data concerning categories was emerging and the categories and linkages between categories were well established (Strauss and Corbin, 1998). A problem for qualitative researchers is not knowing what an appropriate minimum sample size might be at the beginning of a study (Bryman, 2004). We originally planned to conduct as many interviews as possible with the 85 potential respondents and to analyse the results after every ten interviews. After 20 interviews, it was evident that our categories had reached theoretical saturation, and at this point we decided that no additional interviews were necessary, so the laddering process was completed with 22 interviews. We asked all 22 interviewees to tell us three or four attributes of the iPod that they value the most. This simple technique of direct questioning was sufficient to elicit salient attributes of the iPod and that distinguish it from its competitors. The derived criteria were then the starting point for the laddering probes to uncover the complete means-end structure. For this, we began with one attribute and asked: "Why is attribute xyz important to you?". The answer to this question served as the starting point for further questioning. The laddering process continued until respondents gave either circular answers, were incapable or reluctant to answer further or reached the value level.

Analysis and discussion

Analysis of the laddering data was in three stages (Reynolds and Gutman, 1988). First, coding of sequences of attributes, consequences and values (the ladders) took place in order to make comparisons across respondents. LADDERMAP was used which allowed entry of up to ten chunks of meaning per ladder and the categorisation of each phrase as an attribute, consequence or value. The second phase involved the development of meaningful categories. Coding was an iterative exercise of recoding data, splitting, combining categories, generating new or dropping existing categories. Gengler and Reynolds (1995) suggest that researchers should develop a number of specific codes for the first analysis and then combine codes until a manageable number, estimated at about 50 is reached.

The codes for individual means-end chains must be aggregated across subjects and illustrated in a matrix to express the number of associations between the conceptual meanings (attributes, consequences, values). This so-called implication matrix details the associations between the constructs and acts as a bridge between the qualitative and quantitative elements of the technique by showing the number of times one code leads to another (Deeter-Schmelz *et al.*, 2002). An implication matrix generally displays two different types of implications: in a direct implication one attribute/consequence is stated directly after another attribute/consequence in the same ladder, without any intervening attributes/consequences. In an indirect implication two attributes/consequences are stated in the same ladder but separated by at least one intervening attribute/consequence.

The results from all 22 online laddering chats highlight two important aspects. First, the quality of the results suggests

that the traditional laddering technique can be transferred successfully to an online environment. Hence, the first goal of this study, which was to test the applicability of an online laddering technique, was met. Second, the fact that a relatively small number of interviews yielded a theoretically saturated picture of customers' means-end structures with regards to the iPod, further indicates that online laddering can combine the effectiveness of qualitative research with the efficiency of quantitative research. This benefited the overall goal of our study that was to provide a more realistic but practical method of understanding a market leader through the eyes of its customers.

Another goal of the study was the identification of iPod desired by users. A total of 71 ladders were collected from the chats and the 22 respondents provided between two and five ladders each, with an average of 3.25 ladders per respondent. The longest ladder consisted of six steps and the shortest, two. The HVM generated from the data is shown in Figure 3.

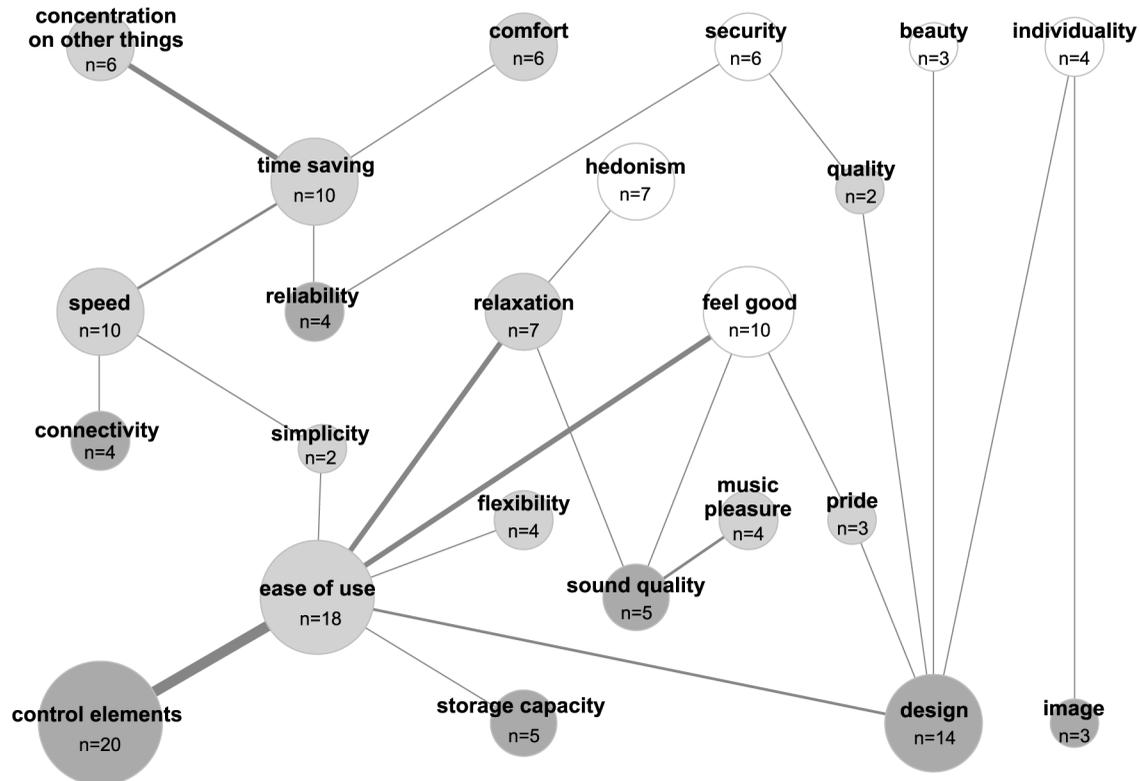
The size of the circles in Figure 3 stand for the frequency respondents brought up a certain concept. The most important attribute is labelled "control elements ($n = 20$)", this includes aspects such as the menu navigation. The thickness of lines represents relative frequency of association between the concepts of meaning, so for example, the attribute "control elements ($n = 20$)", the consequence "ease of use ($n = 18$)" and the value "feeling good ($n = 10$)" are strongly linked. Of the 11 attributes mentioned by respondents, the two most frequent were "control elements ($n = 20$)" and "design ($n = 16$)". This result is not surprising for as mentioned earlier, both attributes of the iPod are frequently discussed as being responsible to a large extent for distinguishing it from competitor's products. Second, both attributes represent a variety of aspects. For example, "control elements" subsumes hardware aspects, such as the "click wheel" control, software aspects, such as the menu navigation, as well as the ease with which an iPod can be connected to additional accessories through a standard connection "dock connector". This highlights one of the benefits of the laddering technique for understanding the product benefits, namely the combination of concepts under an overarching theme. The practical outcome of this procedure is twofold. On the one hand the HVM provides an easy to read summary of the findings, and on the other hand it is possible to differentiate combinations of concepts into their original components for additional in-depth analysis.

The research makes clear that a key attribute of importance for the iPod user is its design. The iPod is not only easy to use, but it also makes its users feel proud, which, in turn, helps them to feel good. The iPod's design satisfies users' desire for beauty and helps them to feel individual. This is in line with the three dimensions of product design outlined by Norman (2005b) previously discussed. The direct linkages between the attributes "design" and "image" and the values "beauty" and "individuality" support findings by Mort and Rose (2004), who discovered that for hedonistic products (products that consumers purchase for pleasure only) direct attribute-value connections are more common than indirect attribute-consequence-value linkages.

Managerial implications and application

The results from all 22 online laddering chats highlight two important aspects. First, the quality of the results suggests

Figure 3 HVM



Notes: Attributes = dark, consequences = medium and values = light

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This study showed how researchers can combine quantitative and qualitative studies successfully. By including an opinion leadership scale in an initial questionnaire, we were able to sample a homogeneous group of respondents for the following online laddering interviews. These online chats allowed an inexpensive and fast collection of qualitative data. There was also no need to tape and transcribe interviews as the online chat software automatically generated interview transcripts, which allowed a quick data analysis. Further, the online chats enabled interviewers to capture all provided information and to follow each elicited attribute even if respondents mentioned several aspects at the same time as information were available in text form and interviewers had sufficient time to look at what respondents had written. Moreover, by conducting online interviews we were able to gather information from an interesting group of respondents that would have been difficult to contact otherwise. The whole online interviewing

process was convenient for respondents who did not have to leave their homes and offices for the interviews. In addition, neither the appearance of the interviewers nor their tone of voice or body language influenced respondents' answers due to the faceless interviewing situation.

The paper's second aim was to examine in depth the attributes that consumers prefer about the iPod. As this study was the first to use the online version of the traditional laddering interviewing technique to uncover the secrets of a brand which dominates its market, the nature of this study has to be regarded as explorative and the results as tentative. The relationships between product attributes, consequences and values presented in Figure 3 indicate the value that such a form of consumer integration can have for the new product development process. The online laddering technique presented in this study is capable of providing competitors with practical yet relatively inexpensive tools for understanding what attracts customers to the current market leader. This kind of in-depth knowledge would otherwise be difficult to obtain and can provide the basis for revising offerings in order to better compete with the market leader. While being accurately responsive to consumer demands is particularly important for the development process for new products and services (von Hippel, 2001) not all firms have successfully identified the appropriate research process to undercover and understand such demands. Those firms that are yet to employ ways of discovering why consumers are attracted to competing products should find this method both useful and cost effective.

Limitations and suggestions for further research

While this study resulted in a number of practical outcomes for product and brand managers, there are a number of limitations. A general problem with online research is that it excludes all those individuals who are not online and it is known that these individuals differ from their offline counterparts; the demographic profile of online users does not represent the population at large (Duffy *et al.*, 2005; Lockett and Blackman, 2004). Our results are limited by the nature of our sample; the study was conducted in Germany, where the iPod has a lower market share than in the USA. In Germany, the market share of the iPod is estimated to be around 50 per cent (Kaufmann, 2005). Furthermore, the study applies an online laddering technique and is therefore limited to iPod users that have access to the internet. However, both limitations are not considered to be serious as Apple is still the market leader in Germany, albeit by a lower margin compared to some other countries. Similarly, limiting the study to an online context is acceptable as it was a central aim of the study to identify opinion leaders, rather than a representational group of iPod users. However, it is important to note that the results should not be directly compared to those achieved through an offline study, which might result in a different type of opinion leader. In order to answer this question, a similar study would have to be conducted offline, based on the same opinion-leader selection.

As respondents need more time to type than to talk, written messages are normally shorter and more concise than vocal information (Comley, 2002; Reid and Reid, 2005). Folkman Curasi (2001), however, who compared the transcripts of 24 interviews conducted face-to-face with the same number of interviews conducted electronically, discovered that while some respondents provided very short and precise answers, others described “at length their feelings and experiences, sometimes in more depth than in some of the face-to-face interviews”. Concerning the depth of insights gained from online research, Sweet (2001, p. 134) believes that “real-time online groups may not always provide the depth of response necessary”. By contrast, Reid and Reid (2005), who compared the contributions of face-to-face focus groups with focus groups conducted via computer-mediated communication, found that both approaches generated the same number of answers/new ideas. Thus, further research should investigate this issue and explore whether online laddering chats provide more or less insights than traditional face-to-face laddering interviews.

After having shown that the qualitative laddering technique can be combined successfully with a quantitative survey to reveal the preferred attributes of an iconic brand and market leader we hope that fellow researchers take up our call and develop further studies to test the application of the laddering technique in their investigations of new product development.

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Executive summary and implications for managers and executive readers

This executive summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefits of the material present.

iPod's rise and rise: why customers prefer Apple's market leader

Apple's aptitude for reinvention has been a feature of the business throughout its 30-year history. Yet even for such a master of adaptation the rise and rise of the iPod digital music player is nothing short of a phenomenon. It was not the first of its kind, and it was not even compatible initially with PCs, but it is now by far the global market leader. In the USA, for example, it claims a market share of around 75 per cent. And the situation is not static – sales are rising massively still.

Hot property, cool product

The fortune of Apple is inextricably linked with its star performer. The rewards for the successful introduction of the iPod, and subsequent market development, have been huge. Apple's share price has increased by nearly 600 per cent in two years. Their success has been to manage a process whereby the iPod has remained "cool", in a fashion conscious consumer market while sales have moved from the "innovator" segment to the larger segment of "early adopters".

And iPod is not just a product. It is a whole family of offers. Product innovation has built a product range that has iPods ranging in price from \$99-399. There is also the "stuff you need to go with your iPod" market, the accessories that people otherwise did not know were essential purchases, the

protection cases, speaker systems and the like. The value of the accessories market is a cool \$300 per annum.

Of course “coolness” is a hard factor to define. Many products have had it, some lost it, and some tried to regain it. Australian skateboard shoes Vans, for example, lost the cool factor when kids discovered that their dads liked them. For Vans the distribution strategy had to change radically to actually make them less available and only from the cooler stores. The message from Vans was “no wrinklies”. For iPod, coolness remains intact.

As may be imagined, there is a little more to it too. From an organisational perspective the brand is also associated with the company’s leadership, the ease of use of the product, and its distinctive product design. Research by Reppel, Szmigin and Gruber of the UK’s University of Birmingham sought to seek out the views of iPod’s customers. Their study focuses on the German market, and uses the software tool LADDERMAP to sift through the data and get to the heart of the matter.

Organisational perspectives are fine, but brands exist in the minds of their customers first and foremost, together with secondary audiences.

Playing with product development rules

The iPod has been described as “an elegant method of promoting individual choice”. American icons, such as the Marlboro man, have long stressed individual freedom. While Apple are an organisation who like to keep their secrets, but it is known that their approach to the product design process is holistic, and their strength is in determining the customer’s connection to the product. There are two important factors for competitors, or those looking to learn from Apple’s success to consider:

- 1 The whole is more than the sum of the parts – Apple’s holistic approach cannot be replicated by borrowing from aspects of the company, such as its leadership style of look of its products;
- 2 Apple has the customer at the centre of its product development processes – the customer’s connection with the end result of the development is key.

Apple is often seen as a technology-based company. The “technology push” route, which relies on corporate capabilities and management intuition about the market,

does indeed form part of how they view the product development process. Innovation is vital to the success of the firm. But interestingly, in developing enhancements within the product range, technological advancement is not the deciding factor.

The iPod nano model is a case in point. Its storage capacity is less than preceding models, in a sector where increasing storage is a natural assumption in building a new product. What is even more interesting is that it went on to become the best-selling model. Apple clearly have the capability among its software engineers, but are being more successful for being astute about the value of being led by technology versus the absolute need to understand customers. It has worked for them, and keeps on working.

Customers’ perspectives

From the survey conducted, the two most important aspects of the iPod were the control elements (which include aspects such as the menu for navigation – essentially to find the songs and so on) and design. From the control elements, connections can be made with ease of use of the product and customers feeling good about using it. This, together with the design, is what differentiates the product from its competitors.

Research findings reveal just how important design is in how customers feel about their iPods. It is easy to use, but also generates feelings of pride and even makes them feel good. The beauty of the product is appreciated and from this a sense of individuality. In products bought merely for pleasure, the connection between design, image and beauty is a vital one.

The findings are useful to all who wish to learn from this outstanding success and market leader. However, the process by which the research was generated has potential too. The online laddering technique used to collect and sift both qualitative and quantitative research has been used to generate these insights. It also represents a low cost process for the analysis of what attracts customers to any product or brand currently out there in the marketplace.

(A précis of the article “The iPod phenomenon: identifying a market leader’s secrets through qualitative marketing research”. Supplied by Marketing Consultants for Emerald.)