A Work Project, presented as part of the requirements for the Award of a Master's degree in
International Management from the Nova School of Business and Economics.
DEVELOPING A PRODUCT THAT CUSTOMERS LOVE: EXAMINING THE EFFECTIVENESS OF QUALITATIVE USER INTERVIEWS FOR CO-
CREATION AT THE NEW PRODUCT DEVELOPMENT STAGE
Viktoria Schwarze
Work project carried out under the supervision of:
Elizabete Cardoso

16/01/2023

Abstract

The concept of co-creation enables new ways for businesses to interact with their customers

in product development. Yet, the gap between successful co-creation and co-destruction is

small, and research is lacking insights about promising methodologies that can be applied by

startups at the new product development stage. Drawing on the example of PenPal, this study

compared the insights from four mini focus groups and six individual interviews to answer

the research questions on whether qualitative interviews are suited for startup co-creation. A

qualitative content analysis highlighted key advantages and disadvantages of both methods

and drew valuable insights for future research.

**Keywords:** Startup Co-Creation, Customer Co-Creation, Qualitative Research, Focus Groups

This work used infrastructure and resources funded by Fundação para a Ciência e a

Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab,

Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences

DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

1

#### 1. Introduction

Understanding a company's intersection with its community has become increasingly relevant for businesses in the 21st century (Bowen, Newenham-Kahindi, and Herremans 2010). Through a well-designed community engagement strategy, firms can interact with the customers on different levels, reaching from personalized content creation, to relationship building, to the cocreation of new, innovative solutions (Young 2013). These new forms of customer empowerment raise many opportunities for corporates, but also for new-found startups, as it can increase the brand value through trust and commitment within the community (Noor and Sari 2021). The success of brand community, however, is not always guaranteed. It requires an enabling co-creation strategy to give firms an understanding of what is needed for it to sustain, thrive and grow (Bowen, Newenham-Kahindi, and Herremans 2010). While there is much research about how to build a co-creation strategy, little is known about the specific methodologies to engage with the community.

Founded in May 2022, the early-stage startup PenPal is a social networking platform that connects people from around the world to foster genuine relationships and meaningful conversations by using physical postcards as means of communication. PenPal's algorithm matches users with like-minded people based on their interests, age, gender, language and country, and allows them to chat and send personalized postcards to each other that are created online (PenPal 2022). PenPal's headquarters is in Berlin and the company currently employs six people. PenPal works in collaboration with MyPostcard GmbH, the leading European mobile app for personalized postcards online (MyPostcard 2022.), and was co-founded by MyPostcard employees and founders. Through MyPostcard's well-established fulfillment network, PenPal was able to scale quickly by using the existing infrastructure for the distribution of the postcards. So far, PenPal built a website prototype (https://penpal.me) and charges the user per postcard (\$1.95). In the first quarter of 2023, the company plans to launch

an application, offering subscription-based models to enhance the user experience and ensure financial forecasting ability. Correspondingly, their product is still in the development stage. For 2025, it is estimated that the user base will increase to 1.5M and the revenue to \$11M. While user-to-user interaction is naturally part of its service, PenPal seeks to increase B2C interaction and involve its members in co-creating the platform from the earliest stages, with the aim of receiving valuable customer feedback to shape its product and the app development. To accomplish this goal, there are numerous quantitative and qualitative techniques that can be drawn upon.

This paper examines whether qualitative forms of research are suitable ways of engaging customers in co-creation at the product development stage. Similarly, it explores the benefits and drawbacks of management-participated focus groups versus individual interviews. The direct comparison of one-on-one interviews and focus groups in the context of B2C startup co-creation compliments existing literature in the sense that it gives insights into how the dynamics and interactions of focus groups can result into positive or negative contributions for the company. The research was conducted in the course of a work relationship of the researcher as the community manager of PenPal, who performed the research interviews.

As for the structure of this paper, Section 2 reviews existing literature on community management and co-creation strategies. Section 3 sheds light on the methodology used and the rationale behind its adoption. Subsequently, Section 4 analyzes and discusses the results obtained from the qualitative interviews while Section 5 outlines the study's implications, constraints, and conclusions.

#### 2. Literature Review

Conventionally, businesses prioritized two aspects when nurturing their customer relationships: company awareness and the buying process (Ind and Coates 2013). However, people are inextricably linked through social contact and the image of a brand is often created through the

interaction with stakeholders (Noor and Sari 2021). Since the year 2000, there has been an upswing in the number of research studies on community engagement issues (Bowen, Newenham-Kahindi, and Herremans 2010) and co-creation (Prahalad and Ramaswamy 2004). Many studies agree on the positive impact that brand community has on the company value, the brand loyalty, and trust (Habibi, Laroche, and Richard 2016; Hur, Ahn, and Kim 2011; Jung, Kim, and Kim 2014) and that co-creation can lead to better insights, revenues, and profits (Ramaswamy and Gouillart 2010; Hoyer et al. 2010). Nevertheless, research lacks profound analyses of techniques and methodologies that, in fact, lead to co-creation success.

This section is devoted to further exploring and reviewing the concepts of brand community management and co-creation. First, the value of a brand community, as well as its value for business was examined. Second, a connection was made on the interplay of community management and co-creation activities. On the basis of the conceptual framework developed by Hoyer et al. (2010), the process of co-creation in the new product development stage was explored. Subsequently, both quantitative and qualitative co-creation methodologies were investigated, resulting in the research questions for this study.

## 2.1.Brand Community

A community is identified based on commonalities of its members and the relationship among them. Contemporary society observes the creation of communities whose primary connection is made through the affection or consumption activities of a specific brand. These kinds of communities are commonly known as brand communities (McAlexander, Schouten, and Koenig 2002). Bagozzi and Dholakia (2006, p.45) defined a brand community as a "group of consumers with a shared enthusiasm for the brand and a well-developed social identity, whose members engage jointly in group actions to accomplish collective goals and/or express mutual sentiments and commitments" (Bagozzi and Dholakia 2006, p. 45). Before building up a brand community, firms need to identify its relationship structure, which can evolve between a

customer and the product, brand, company, or other customers (McAlexander, Schouten, and Koenig 2002).

Young (2013) has attributed specific goals, strategies, and tasks to four brand community life cycle stages. During the inception phase, the community manager focuses their priorities on making connections and building a core group of active members. After a common sense of community has been built up, the establishment phase begins, and the tasks shift over to supporting core members and deepening the sense of community. When at least 90% of activity and growth are generated by customers, the maturity stage begins, and the community manager needs to assure that the community strategy and engagement are maintained. With the last stage, the mitosis phase, a largely self-sustaining community has been established and critical attitudes and behaviors need to be monitored to prevent a community management failure. Since PenPal is in the early stages of development, their brand community stage is within the inception phase, focusing on creating a group of active members that enjoy contributing to PenPal's co-creation activities.

#### 2.2.Co-Creation

This paper draws on the definition of Noor and Sari (2021) who described co-creation as a "collaborative process that takes place between an organization and its many stakeholders, in which, individuals and organizations collaborate and share resources to create and build value" (p. 9) as well as Witell et al.'s (2011) definition, who stated that co-creation for customers "aims to provide an idea, share knowledge or participate in the development of a product or service that can be of value for other customers" (p. 143). According to Ramaswamy and Gouillart (2010), co-creation consists of a structured process that delivers positive outcomes for both the organization and the community. For the organization, it should deliver insights, idea generation and development, and the opportunities of a marketing platform; for the community it should be about fulfillment and socialization. Prahalad and Ramaswamy (2004) differentiate

between five activities of value co-creation: customer engagement, self-service, customer experience, problem solving, and co-designing.

To further examine relevant success drivers of co-creation, the conceptual framework of consumer co-creation at the new product development stage according to Hoyer et al. (2010) was explored, addressing consumer motivation, stimulators, firm and customer impediments as well as positive and negative outcomes of co-creation.

#### 2.2.1. Consumer Motivation for Co-Creation

Hoyer et al. (2010) described four different types of motivations that drive consumers to participate in co-creation activities: financial incentives (e.g. in form of monetary prizes), social benefits (e.g. titles for valuable contributors), the desire to acquire technology or product knowledge, and psychological reasons such as self-expression, enjoyment of contributing, altruism, or just dissatisfaction with the product. Further research confirmed these findings and stated that the psychological motivation for brand influence and self-expression represent the key factors for active engagement with the company (Baldus, Voorhees, and Calantone 2015; Cova and Pace 2006; Bakeberg 2015), as they show a new form of customer empowerment and opportunity seeking motivations (Enginkaya and Yılmaz 2014). Similarly, Pansari and Kumar (2017) affirmed the significance of product knowledge, noting that users will experience the product more consciously and provide the business with better insights.

While consumers may be inclined to engage in co-creation activities, it is possible that they decide against it if the rewards are insufficient, or the expenses involved burdensome. Thus, to stimulate consumer co-creation, it is recommended to use a multi-pronged approach, targeting more than one motivational driver. The firm must also reduce the costs of participating such as time, effort, and opportunity costs (Hoyer et al. 2010).

#### 2.2.2. Firm and Customer Related Benefits of Co-Creation

Successful implementation and management of co-creation can have a positive impact for both the company and the customer. For the company, a deliberate approach to community engagement can enhance company performance by boosting sales (Neff, Jack 2007), profitability (Voyles 2007), and competitive advantage (Sedley, Richard 2008). These outcomes can be attributed to the fact that client feedback takes the role of employee input, resulting in larger cost savings (e.g. for market research) and productivity gains (Bowers and Martin 2007; Hull 2004). Additionally, increased alignment with the customer and innovativeness enhance product differentiation and commercial attractiveness, and thus, improve effectiveness (Fang, Palmatier, and Evans 2008; Franke, Von Hippel, and Schreier 2006). These positive firm related outcomes are automatically transferred to the customer. If customer needs are better targeted, they are more likely to engage and build relationships with a company. In the same way, participating in co-creation helps consumers become more familiar with the difficulties, expenses, and limits of developing a new product, which leads to changes in preferences and a greater appreciation of the product (Dabholkar 2014). Thereupon, quantitative research shows that this strengthened customer-brand relationship increases consumers' brand loyalty (Habibi, Laroche, and Richard 2016) and brand community trust (Jung, Kim, and Kim 2014), which in turn plays a vital role for other marketing activities such as product referrals (Brodie et al. 2011).

## 2.2.3. Impediments to Co-Creation and Value Co-Destruction

Despite these possible outcomes, impediments can hinder the success of co-creation, especially at the new product development stage. Järvi, Kähkönen, and Torvinen (2018) explored eight reasons from the company and customer side that led to the failure of co-creation, namely, to "value co-destruction" (p. 63). Among them are the lack of information, a deficient level of trust, mistakes, the inability to serve or change, the absence of clear expectations, customer

misbehavior, and blaming. While company transparency is a critical point for success (Prahalad and Ramaswamy 2004), the high degree of openness that is required may lead to secrecy concerns within the company. Also, intellectual property ownership problems may appear when customers are very actively contributing with implementable ideas. Similarly, the large amount of data from customer feedback can lead to an information overload and interpretation problem, requiring a high degree of planning and structuring (Hoyer et al. 2010). Finally, customer cocreation might provide valuable insights, but can also lead to infeasible ideas, since customers do not know the company's standpoint and are not as involved in processes as company employees (Magnusson, Matthing, and Kristensson 2003).

The barriers consequently lead to potential costs for the company. The complexity of including more stakeholders in the innovation process increases and the loss of control over strategic management processes may result in uncertainty for the firm's future (Hoyer et al. 2010)

#### 2.2.4. Co-Creation Methods

To successfully drive co-creation, community managers can make use from a variety of methodologies, including quantitative and qualitative practices. While quantitative surveys provide an important measure of satisfaction and indicate the weight of causal factors (Voorberg, Bekkers, and Tummers 2015), qualitative techniques explore the views, experiences, beliefs and motivations of individual participants in more detail (Gill et al. 2008). So far, qualitative studies in form of interviews or document analysis dominate the field of research (Voorberg, Bekkers, and Tummers 2015). Rolland and Parmentier (2013) differentiate between directive and non-directive interviews, and those with a long and short duration. Non-directive interviews include long duration methodologies such as discussion forums, blogs, or community spaces and short duration methods like Twitter, micro blogs, or other social media practices. Within directive interviews, asynchronous technology tools with a long-term

duration, such as for example (online) bulletin boards, can be employed. Additionally, companies can make use of classical one-on-one or focus group interviews with a short-term duration, representing so far the most used research methods to gain an in-depth understanding of customers (Gill et al. 2008).

Focus groups are defined as "a way of collecting qualitative data, which – essentially – involves engaging a small number of people in an informal group discussion (or discussions), 'focused' around a particular topic or set of issues" (Wilkinson 2004, p. 177). While Gill et al. (2008) stated that individual interviews are the most appropriate technique when detailed insights are needed from participants or when sensitive topics should be explored, Dilshad and Latif (2013) findings contradicted with this statement, asserting that focus group interviews, in particular, are appropriate for exploring sensitive topics of marginalized populations. Correspondingly, it was argued that the group setting is less threatening and helpful for participants to elaborate openly on perceptions, ideas, and opinions (Krueger 2000).

Since PenPal's main product is to connect people and create lasting friendships, customers' psychological reasons for using the platform can be very sensitive. Thus, to drive co-creation success, it is compulsory to determine what kind of qualitative research setting provides the best conditions for an open and honest exchange. In this light, the recommendation of Ramaswamy and Gouillart (2010) plays a crucial role, stating that consumers will only participate in co-creation if they are able to interact directly with one another and if it produces value for them, too. This finding indicates that only a focus group could potentially satisfy these requirements of interaction. Therefore, a comparative approach of co-creation in focus groups and individual interviews could yield to intriguing research insights on whether one or the other method is better suited to capture critical customer behaviors and opinions.

#### 2.3. Research Questions

While prior research has extensively explored brand communities and the benefits of cocreation, little is known about the methodologies companies can employ. This is relevant not only to the success of co-creation, but also to reducing the associated costs. Young companies in the product development phase, in particular, are more sensitive to these costs and cannot always afford for co-creation to fail. While it is known that individual interviews and focus groups can help to cultivate a more personal relationship and deeper comprehension of customer behaviors (Bhandari 2020; Dilshad and Latif 2013; Dawson et al. 1993), it is critical to investigate if these forms of interaction are suited for B2C startup co-creation. In light of this, the following research questions have been developed:

**RQ1:** Are qualitative forms of research suitable ways of engaging customers in co-creation for startups at the new product development stage?

**RQ2:** What advantages and disadvantages are presented by the use of management-participated focus groups, as opposed to individual qualitative interviews, within the realm of community management?

## 3. Methodology

After a theoretical deposition of the research questions, primary data were collected through a qualitative approach. Four semi-structured mini focus group interviews and six semi-structured individual interviews have been conducted with users about their experience and expectations on PenPal. After the interviews, the qualitative answers obtained have been interpreted in a narrative and content analysis. Since a critical distinction between focus groups and one-on-one interviews are the group discussions among the participants (Vaughn, Schumm, and Sinagub 1996), the (non-verbal) interactions have been analyzed according to Onwuegbuzie et al.'s (2009) proposed framework. The results of the two interview methods have been compared

in order to identify which technique brings better conclusions and works best in a co-creation context.

#### 3.1.Data Collection

The data collection and analysis for the individual interviews were based on the findings of Gill et al. (2008). For the mini focus group interviews, the six phases of focus group interviews described by Dilshad and Latif (2013) were applied (See Appendix 1). All interviews took place in a virtual face-to-face setting via Google Meet and were recorded with the same medium, since customers were located across the world and difficult to reach in a face-to-face setting. Turney and Pocknee (2008) found that in a virtual setting, mini focus groups (3 – 5 participants) offer a better environment for idea-sharing than larger focus groups because participants felt more responsible to answer questions and less competition for speaking time.

The goal from the company and from the research side were set at the beginning of the planning phase. From the business perspective, the goal was to provide users with a pleasant experience and encourage them to contribute their opinion to gain valuable customer feedback that can be used for co-creation. From the research perspective, the goal was to explore co-creation practices through qualitative research, derive interview best practices in a co-creation context, determine critical distinctions (positive and negative ones) between focus groups and individual interviews. The company goal was communicated to the interviewees in the invitation and at the beginning of the interview, as recommended by Dilshad and Latif (2013). However, the research goal was not shared with the interviewees to not influence their behavior and make the setting as natural as possible.

Given that the interviews were conducted in a semi-structured way, eight interview questions and their goals have been prepared in advance (see Appendix 2). The semi-structured nature of the interview aimed at providing answers to the most urgent questions while also ensuring a natural and flexible environment for participants. The individual and focus group interview

questions were identical to ensure comparability between the two research methods. The interview questions were created according to Anderson's (1998) guidelines: All questions were open ended and qualitative in character; no 'yes' or 'no' questions were used; a directive approach has been avoided and the questions were sequenced in a natural flow. Another consideration was to inquire about the respondents' personal lives rather than only their opinions on the product. This often overlooked method had the goal of capturing unbiased opinions and insights into the natural behaviors of the customers (Fitzpatrick 2013).

## 3.1.1. Sampling

A purposive sampling approach according to Dawson et al. (1993) was applied for the interviewee selection. The purposive sampling method ensured that all participants were active users of PenPal who knew the product and were able to answer the questions. Additionally, it guaranteed a certain level of homogeneity, especially for the focus groups, so that participants felt comfortable in the environment (Dilshad and Latif 2013). The interviewees have been selected based on the following customer metrics, which have been obtained from data stored in the company's internal backend (see Appendix 3 and 4 for further explanations): they sent more than three postcards, they had more than two conversations, they were online latest one month ago. To increase the legitimacy of the users and to ensure that only valid customers participated in the survey (e.g., to prevent fraud), users without profile pictures or with pictures not illustrating themselves were excluded. For the focus groups, next to the general metrics discussed, two additional characteristics were considered. First, despite the fact that crosscultural groups can offer a variety of perspectives (Madupu and Cooley 2010), the focus groups were conducted separately for specific continents, namely for Europe and North America (the two target markets of PenPal). The separation of the focus groups was due to time zone constraints. Second, in order to design the composition of the focus group in a way that users

can connect with each other and feel comfortable to express their opinions (Dawson et al. 1993), the groups were split in advance according to two age groups: 20 - 35 years old, 35 - 45 years.

The interviewees were invited via personal emails (see Appendix 5). While the time for the focus group interviews was set in advance, the individual interviews allowed the customer to choose a time in the moderator's calendar through the online scheduling software *Calendly*. For the focus groups, the email invite was sent out five days and a reminder email one day before the scheduled date, as recommended by (Kuhn 2017). Since Stewart and Shamdasani (1990) recommended to rather overrecruit than underrecruit, and it is know that each group has non-attenders of the ones that confirmed (Gill et al. 2008), the invitation was sent out to 50 people per focus group. For the individual interviews, 100 invitations were sent.

To stimulate several motivational drivers of users to join the interviews, a multi-pronged approach as explained by Hoyer et al. (2010) was applied (see Appendix 5). Accordingly, it was advertised that participants would receive a financial incentive of \$10 in PenPal credits after successful participation. As a social benefit, the email conveyed a sense of status, for instance by inviting users to join the PenPal super community of active users or mentioning that they are Penpal's most valuable users. Correspondingly, it was highlighted that participants would receive insights into new product features. To encourage their willingness for self-expression (Baldus, Voorhees, and Calantone 2015; Hoyer et al. 2010), it was also emphasized that participants could actively take part in PenPal's decision-making. For the focus groups the interactivity with other participants was highlighted to approach their value of community (Ramaswamy and Gouillart 2010).

## **3.1.2.** Conducting the Interviews

Both individual and focus group interviews started with a transitional period of small talk to create a casual and comfortable atmosphere among the participants (Dilshad and Latif 2013). After that, the interview goal was explained and the idea of co-creation at PenPal was presented

(Prahalad and Ramaswamy 2004). It was highlighted that the interviewees are active and very valuable users of PenPal and have therefore been selected for the interviews. Additionally, the interview rules and the significance of confidentiality were explained (Dilshad and Latif 2013). The moderator emphasized that no opinion would be judged, and that each participant could speak candidly and critically (Gill et al. 2008). With the purpose of giving participants some prestige and a promising vision for the future (Hoyer et al. 2010), consumers were informed about PenPal's plans of creating a brand community for co-creation. Before starting to conduct the interview questions, the researcher asked for the interviewees consensus to record the event. As the process developed, the moderator posed questions one by one, and if applicable, continued with additional questions to dive deeper into the customer experience. Each participant was included in each question by the moderator. Occasionally, the sequence of the questions was changed due to the natural flow of the process. At the end of the interviews, the researcher thanked the interviewees for their participation and outlined the financial stimulator they would receive. Furthermore, the moderator summarized the next undertakes for PenPal and emphasized the valuable contributions they gathered from the interview. After the focus group interview ended, the moderator sent out a thank-you-email to all participants to inform them about their PenPal credits and to provide the possibility of connecting with the other focus group participants through PenPal.

The individual interviews lasted around 20 minutes, while the focus group interviews had a duration of approximately 45 to 60 minutes. All interviews were held in English. The interviews were audio-visually recorded with Google Meet. To increase the efficiency of interpreting the results, notes were collected throughout the interview (Dilshad and Latif 2013).

## 3.2.Data Analysis

The purpose of the data analysis was to draw insights from the customer interviews and compare which methodology yields better results. With that purpose, a content analysis based

on Gheyle and Jacobs (2017) was conducted for the focus group and individual interviews. This technique served to interpret the answers of the interviews in a narrative way through the participants' storytelling and understand how users perceive their experiences (Bhandari 2020; Luo 2019). The content analysis was comprised of three steps: first, in two separate analysis grids (see Appendices 6 & 7) the interview questions and answers were transcribed and interpreted based on content, language, mimics, or gestures. Second, two data coding systems (see Appendices 8 & 9) were designed, based on repeating ideas that emerged during the interviews (Gheyle and Jacobs 2017). For the data codes an abductive reasoning method was applied to build categories from the bottom-up, by organizing interview data into abstract units of information (Creswell 2009). The five overarching topics that were identified served as a fundament for the analysis in chapter 4. For consistency purposes, rules of the data codes were defined in Appendix 10. In a third step, supplementary focus group observations were evaluated to not only assess verbatim statements, but also the interaction and dynamics among participants. After finishing the separate analyses for the focus group and individual interviews, the findings were compared, resulting in advantages and disadvantages for both methods in the context of co-creation for startups.

## 4. Analysis and Discussion

This chapter outlines and evaluates the results of the primary data collection, extracted from the four conducted focus group and individual interviews. The aim was to compare and link the results of the content analysis (see Appendices 6 - 9) and the (non)verbal observations with the theory from existing literature to consequently be able to answer the research questions in the end of the chapter. For simplification purposes, the abbreviations FGI (=Focus Group Interviews) and II (=Individual Interviews) were used during the analysis.

## 4.1. Organizational Observations

The study conducted 6 II coupled with four mini FGI, comprising 2x3, 1x5, and 1x2 participants (see Appendix 11 for demographic characteristics). According to Gill et al. (2008), a focus group commonly contains at least 3 participants. Nonetheless, the interview with only two participants (which was due to non-attendance) was conducted with the intention of gathering more user information and behaviors. Adjacent to this incidence, the high organizational effort is worth mentioning, since originally 7 FGI were planned, of which only 4 took place. Correspondingly, this led to elevated risks and costs for the company. Not only in terms of labor capital that was invested to prepare and conduct the interviews, but also in terms of a poor experience for customers (as in one interview only one person showed up).

Further, a considerable observation was that 6 participants informed the community manager that they would be willing to join the FGI but were unable to do so on the planned date. In response, the users were invited to an II in which they could choose a date, but no user followed that offer. This finding may relate to the assumptions made in 2.2.4 that some customers may prefer group environments because it brings a greater value for themselves as they could interact with other users (Ramaswamy and Gouillart 2010).

## 4.2. Content Analysis

As part of the content analysis, five overarching themes emerged from common ideas among the interviewees: user acquisition and retention, brand communication, website experience, product experience, business model and growth.

## 4.2.1. User Acquisition and Retention

The first category emerged based on behavioral factors that gave insights into user acquisition, retention, as well as differential factors of PenPal. In FGI, almost all participants (11/13) discovered PenPal by entering pen pal related keywords in Google, while only 2/13 became

aware of it through a MyPostcard email campaign. For the II, the acquisition was more scattered: 2/6 found PenPal through friend referrals, 2/6 through the MyPostcard email campaign, and one person each through Instagram and Google. The majority of the FGI participants (8/13) stated that they knew pen pals from their childhood, school, or the parents, which demonstrates the nostalgic role that PenPal has in the heads of the customers. In the individual interviews the idea of physical postcards was stated as a prevailing factor from all 6 participants (also 7/13 mentioned it in FGI), while also 4/6 pointed out that the international exchange with other countries aroused their curiosity (5/13 in FGI). Interestingly, 4/13 pen pals mentioned in the FGI that they were feeling lonely and wanted to connect with new friends. What is striking is that in different FGI, participants spoke very openly about their intimate feelings, while sensitive topics were never mentioned in II.

"And at some point, I was like, okay, I feel really lonely and with not that long ago, I was also going through a little bit of research, and I got an indication that I have some autistic traits. So that explains me, okay, I do have social problems then. So, PenPal seems obvious because it's easier for me to have contacts with people outside of, you know, real life social situations." (FGI: C7, Female, 33, Netherlands)

"It was a time when I was mentally not very well. All friends here in Switzerland are not good friends. And I thought you should put them away." (FGI: A1, Male, 20, Switzerland)

Nonetheless, while some participants were candid about their thoughts, others kept theirs to themselves. One FGI participant, for instance, wrote in her PenPal profile description that *these last few years have been hard*, but she was not talking about this situation in the interview. This also emphasizes the different character types and their diverging behaviors in group environments as described by Onwuegbuzie et al. (2009). With attention to the factors that differentiate PenPal from competitors, several FGI and II users outlined the simplicity of sending a postcard (FGI: 4/13 and II: 5/6). It stood out that FGI participants showed more

emotions and excitement, focusing on the enjoyment part of PenPal and describing it as "fun" (A1, B4, B5, C8, D10, D11) "engaging" (C7), "something new" (C8, D10), or "creative" (D10). This delight was often stimulated by the group setting.

#### 4.2.2. Brand Communication

Since PenPal's service is not as comprehensible as other online services, the brand communication category emerged as a result of customers' (mis)perceptions on PenPal to understand their way of thinking and their problem-solving actions. It was also meant to assess gaps in communication, customer support, or FAQ. All II interviewees (6/6) and almost all FGI interviewees (10/13) conveyed that they understood everything when registering for PenPal. 2/13 FGI participants were initially uncertain whether physical postcards or electronics messages are sent and 4 overall participants from FGI and II stated that they had a problem regarding a postcard delivery. All of them contacted the customer support (one via Instagram) and were satisfied with the outcome, calling it "not a big deal" (II: 4) and "quite responsive" (II: 5). Another insightful observation is that while the majority claimed they understood the service immediately, in the course of the FGI interviews, diverging questions emerged regarding specific features and users mentioned processes that, in reality, work differently as they described. To illustrate that point, one interviewee commented that PenPal "added the feature that you can like a profile and that only when the other person likes you back you can send a card." (FGI: A2, Female, 34, Luxembourg), which is, in fact, not the case, since everyone can send a card without liking. The same observation happened in focus group D, where interviewee D9 had a misconception about a map feature. After he stated his issues, other participants approved that the map was indeed confusing. These findings emphasized two important points. First, although participants believe they understand the platform, some functions and processes are still not clear and should be further communicated. Henceforth, it is advisable to inquire precisely about particular features and to quantitatively determine which elements the consumers already understand and which they do not. Second, FGI may better uncover misconceptions of customers than II, as open discussions may help participants to immerse themselves into the product's services and produce a series of reactions in terms of misunderstandings.

#### 4.2.3. Website Experience

The third category is concerned with the website experience of the customers, which includes website bugs and the user experience related to filter and matching functions. With regards to website errors, different known and unknown bugs were mentioned from users during FGI and II interviews. Even in occasions when errors were not the subject of discussion, the group dynamic of FGI frequently resulted in a series of users explaining their problems on the website. This occasionally affected the inferences of other questions (example: FGI A and D).

With respect to the user experience, the filter and matching functions were the areas with most intriguing revelations. 7/13 FGI and 3/6 II interviewees explained that they mainly use the country filters to get to know people from different places across the world. In group D, user D9 mentioned that he wished to be able to filter for regions. Following this, the other participants in the group agreed. 4/13 FGI users and 5/6 II users filter for interests and the filter function brought up a sense of excitement among users.

"When you meet new people, or your friends, sometimes you talk about other stuff but things that are unique, like this type of interest, you don't talk about it. And so, it's cool to actually know 'okay, these people are also interested in this random thing'. Like I saw one that was "ghost hunting". I've never hunted ghosts, but I just selected because I found it so funny, because only funny people would actually choose it." (II5, Female, 28, Portugal)

Also, 4/13 FGI and 2/6 II interviewees revealed that they were quite broad with their filter settings and rather look on the suggestions that appear. This also highlighted the need of a performing algorithm without filters. One user suggested that there may be a way to "simplify

the filtering system in some fashion" (FGI: D11, Male, 43, US), but did not give more specific feedback about his reasoning or ideas.

In terms of the matching function, the opinions were rather mixed. While focus group A collectively preferred a list of people they already liked, in order to potentially change their mind, group D commented that they would be fond of increasing the number of people they can like and having a skip button (instead of like/dislike buttons). Although the ideas of both groups were different, they indicated that they did not like to make decisions about whether or not to be pen pals with someone and would rather want to see all their options beforehand. This insight could also be a sign that customers were not yet satisfied with the matches they got and had difficulty finding the perfect connection when browsing the profiles. Moreover, the idea of group D could be related to the diversion factor of looking at profiles, since they also proposed using the map with a magnifying glass or integrating a quiz into the matching function. Apart from that, two users of different focus groups commented that they already got enough pen pals and would not want to look for new ones, since they would not be able to reply to everyone in a meaningful way.

# 4.2.4. Product Experience

The fourth category centers around the experience with PenPal's products: the postcards and the chat. Almost all users (FGI 8/13 and II 5/6) stressed that they value the customization of postcards and the possibility of adding their own pictures and designs. However, 4/13 FGI users and 1/6 II user wished for more customization options (e.g., postcard collages, drawing or design options, or seasonal variety among the pre-designed postcards). Striking is that in every FGI someone mentioned the limited space on the postcard, the fact that the XXS font is too small to read, and the desire to be able to write more. These facts were only rarely expressed by individual participants of the II. In the FGI, the ideas of letters (groups B, C and D) and XL postcards with more text (group A) emerged as possible solutions. Generally speaking, the

answers emphasized the need to expand products vertically and offer physical means of communication that allow for more text characters, even if this would mean higher costs.

"My only problem is I talk a lot, like verbally, and I type a lot, too. So, whenever the words just keep getting smaller and smaller and smaller, I'm worried about 'is my text gonna fit on the on the postcard?' (...) I'm scared that what I have to say, or what we're talking about is cut short." (B5, Female, 23, US)

"Postcards are in my opinion meant to say very quick things" (D9, Female, 42, US)

"But if you really connect with someone, the extra cost for a letter would be worth it. Maybe a greeting card and letter option as tiers? Like three sizes. Well, four, with the XL postcard." (D13, Female, 42, US)

With regard to the PenPal Messenger the opinions split: half of the interviewees (FGI: 6/12 and II:3/6) do not see the chat as a way to increase communication with pen pals, since it does not correspond with the original idea of penpalling, while the other half sees a value behind the chat. The majority, however, have not used the chat very actively yet.

"If I'm writing a letter or a postcard, I'm spending some time while I'm putting my thoughts to it. (...) And chats take that away." (C7, Female, 33, Netherlands)

"Messaging is not the purpose of the platform." (II: 1, Female, 23, Portugal)

"I can understand that maybe someone would like to exchange some information that they wouldn't want to put on a postcard." (A2, Female, 37, Luxembourg)

"I'm watching this profile and when I like it, I just send them a "Hi" and maybe later, I write a postcard or receive a postcard from them." (FGI: C8, Female, 40, Lithuania)

Independent of being advocates or opponents of the chat, all participants agreed that improvements in the chat must be done, e.g., in terms of notifications or the inbox structure. In terms of additional features like quizzes, pictures, or calls, however, the opinions split.

"If you had multiple pen pals (...) you're going to join like a video call, and everybody gets together. I feel like that is a really cool thing." (B6, Female, 20, US)

"Honestly, it's nice that I'm able to text somebody after I've received the postcard, that's pretty cool. But if it gets anything like regular apps, I'm not going to be too fond of it. I like this whole inactivity." (D9, Male, 40, US)

"Actually, it would kind of cause probably on myself the opposite. I would rather be, you know, kind of sad that it's just adapting to social media." (II: 2, Female, 20, Canada)

In groups C and D, as well as in 3/6 II, the notion of including QR codes on postcards that could convey video or voice messages was discussed. Despite the chat being free and the postcard not, this proposal was well received by participants in comparison to an additional chat feature, underlining how users positively attribute PenPal with a physical experience.

#### 4.2.5. Business Model & Growth

The business model category focused on a potential subscription model. As expected, the opinions split equally among FGI and II interviewees. For half of the customers, a subscription model was very promising, as they could send more postcards without worrying about paying each time, while for the less active or sporadic users, a subscription model would not be of interest. In all interviews the fear of increased costs prevailed.

"I'm not gonna receive the same number of postcards each month. So, imagine, I'm paying for a subscription to send limited cards, and then, I'm gonna feel like I'm losing money on a subscription I'm not using sufficiently each month." (II: 1, Female, 23, Portugal)

"I would say it's a good idea. (...) Then it's like 'oh I paid for it. I should go online and check for new postcards'" (FGI: A1, Male, 20, Switzerland)

## 4.3. Group Dynamics and Interactions

Due to the interactive nature of FGI, next to the co-creational content, further verbal and nonverbatim observations were appraised (see Appendix 12). In terms of FGI advantages, first, it was observed that in comparison to II, the interviewees posed more questions to the moderator to better explore PenPal processes and features. Likewise, after the interview, participants D12 wrote an email to the company with additional feedback that she neglected before, which gave evidence for her interest in the co-creational process and willingness to contribute further. Second, in two of four FGI, the participants spent 30 minutes longer in the online meeting to have a conversation with each other. In FG D, terms like "we are the mastermind group" (D9) and "we are the PenPal Think Tank" (D10) were used. This conversation did not only bring insights in terms of user behavior and demands, but it also contributed to the community building and co-creation aspect that was desired by PenPal. Comparatively, in FGI A the participants expressed the desire for more frequent online meetings and in FGI D, the participants wondered how they could connect with each other after the event. In contrast, the openness of the participants sometimes also had negative effects. In FGI 4, for instance, the users presented their pets with the camera while answering questions, interrupting the conversation flow. Also, individual participants dominated the conversations and distracted from certain topics when talking about problems they were facing (e.g., FGI D).

"What about you [D10], what times do you use Pen Pal?" (Moderator) – "I use it sporadically myself, actually. But I was just browsing through the site while we were talking and have some remarks about the chat, actually (...)" (FGI: D11, Male, 43, US)

The unstructured nature was also remarkable during the data analysis, as FGI generally tended to be more complicated to assess because of their unstructured nature.

Given these points, it can be concluded that qualitative techniques, such as one-on-one interviews and focus groups, are appropriate means for startups to engage customers and

involve them in co-creating their product. While the reciprocity of focus group interviews can bring long-term value in terms of community building, idea generation, and trust, which in turn promotes co-creation, it also comes with higher potential costs and organizational overhead. Since one-on-one interviews are more intimate and less distraction-prone, they may be better suited in a context where specific feedback is needed rather than a new set of ideas.

#### 5. Conclusion and Recommendation

Overall, the qualitative data collected drove valuable contributions for PenPal in terms of cocreation. The study confirmed the findings of Dilshad and Latif (2013) that focus groups
provide a safe environment in which participants feel comfortable to share sensitive information
and express their honest opinion. In comparison to individual interviews, the interactive nature
of focus groups facilitated the idea generation of new features and the detection of
misconceptions. In this light, the motivation for self-expression was stimulated. This
contributed to the positive experience that users had during the interviews, especially with
regard to the interaction among interviewees, helping companies in their brand community
efforts and in establishing long-term co-creation collaborations. In contrast, focus groups
potentially entail costs for the company in the case of non-attendance, which may be
particularly burdensome for startups. Also, in an international and virtual setting, the
organization was easier, and the reliability of interviewee attendance higher since customers
felt more responsibility and pressure to participate. Individual interviews also proved to be more
structured and focused on finding answers to the questions that were posed.

The findings drew several implications for managers of startups. First, as for virtual focus groups, the dynamics of more than five users may demand high moderation efforts while participants will only limitedly be able to contribute with their opinions. At the same time, it may give diverse viewpoints and discussions for product innovations. Second, for both research techniques, young businesses need to leverage their reward systems to prevent costs from non-

attendance. Third, focus groups are better suited when customers are asked to generate new product ideas, while one-on-one interviews, due to their more targeted nature, are more appropriate to discuss experiences with existing functionalities or elicit opinions and attitudes. Ultimately, the decision on whether to use focus groups or individual interviews to drive co-creation activities depends on the co-creation goal and whether businesses want to leverage their existing product or jointly develop new ideas. It may be useful to apply a combination of both techniques to maximize the benefits and minimize the drawback of each approach.

#### 5.1. Contribution to Academia, Limitations and Further Research

This paper adds upon the literature of Hoyer et al. (2010) and Noor and Sari (2021), contributing with valuable insights on B2C co-creation methodologies at the startup stage. In light of this, the direct comparison of qualitative focus groups and individual interviews drew additional company guidelines and user behaviors which complement the research of Dilshad and Latif (2013), Gill et al. (2008), and Rolland and Parmentier (2013).

Naturally, the outlined findings were characterized by certain constraints. First, since the participation was voluntary, the interviewees may have stronger opinions on certain topics. This also leaded to differences in demographics, namely, more than half of the focus group participants were from the US, while no individual interview participant resided there. Second, the coding results of participants' agreement and dissent can only limitedly reflect users' opinions, since every interview was characterized by different developments, and specific topics naturally did not arise in every group. Third, the selected interviewees were all active users of PenPal and may have had more positive attitudes regarding the product than the standard user. Therefore, further research could analyze whether co-creation with less active or more critical users may enhance the co-creation results and improve existing processes and product features. Additionally, it could be examined if the mix of participants from different continents or more heterogenous groups would bring diverging focus group results.

# 6. Bibliography

- Anderson, Gary. 1998. Fundamentals of Educational Research. 2nd Edition. The Falmer Press Teachers' Library.
- Bagozzi, Richard P., and Utpal M. Dholakia. 2006. "Antecedents and Purchase Consequences of Customer Participation in Small Group Brand Communities." *International Journal of Research in Marketing* 23 (1): 45–61.
- Bakeberg, Bastian. 2015. Online Brand Communities: Value Creating Capabilities of Brand Communities on Facebook. Anchor Academic Publishing (aap verlag).
- Baldus, Brian J., Clay Voorhees, and Roger Calantone. 2015. "Online Brand Community Engagement: Scale Development and Validation." *Journal of Business Research* 68 (5): 978–85.
- Bhandari, Pritha. 2020. "What Is Qualitative Research? | Methods & Examples." Scribbr. June 19, 2020. https://www.scribbr.com/methodology/qualitative-research/.
- Bowen, Frances, Aloysius Newenham-Kahindi, and Irene Herremans. 2010. "When Suits Meet Roots: The Antecedents and Consequences of Community Engagement Strategy."

  \*\*Journal of Business Ethics 95 (2): 297–318.
- Bowers, Michael, and Charles Martin. 2007. "Trading Places Redux: Employees as Customers, Customers as Employees." *Journal of Services Marketing J SERV MARK* 21 (May): 88–98.
- Brodie, Roderick J., Linda D. Hollebeek, Biljana Jurić, and Ana Ilić. 2011. "Customer Engagement: Conceptual Domain, Fundamental Propositions, and Implications for Research." *Journal of Service Research* 14 (3): 252–71.
- Cova, Bernard, and Stefano Pace. 2006. "Brand Community of Convenience Products: New Forms of Customer Empowerment the Case 'My Nutella The Community." Edited by Len Tiu Wright. *European Journal of Marketing* 40 (9/10): 1087–1105.

- Creswell, John W. 2009. Research Design: Qualitative, Quantitative, and Mixed Methods Approaches, 3rd Ed. Sage Publications, Inc.
- Dabholkar, Pratibha A. 2014. "How to Improve Perceived Service Quality by Increasing Customer Participation." In *Proceedings of the 1990 Academy of Marketing Science* (AMS) Annual Conference, edited by B. J. Dunlap, 483–87. Cham: Springer International Publishing.
- Dawson, Susan, Lenore Manderson, Veronica L. Tallo, International Nutrition Foundation for Developing Countries, and UNDP/World Bank/WHO Special Programme for Research and Training in Tropical Diseases. 1993. "A Manual for the Use of Focus Groups." Boston: International Nutrition Foundation for Developing Countries.102.
- Dilshad, Rana Muhammad, and Muhammad Ijaz Latif. 2013. "Focus Group Interview as a Tool for Qualitative Research: An Analysis," 8.
- Enginkaya, Ebru, and Hakan Yılmaz. 2014. "What Drives Consumers to Interact with Brands through Social Media? A Motivation Scale Development Study." *Procedia Social and Behavioral Sciences*, 2nd International Conference on Strategic Innovative Marketing, 148 (8): 219–26.
- Fang, Eric, Robert W. Palmatier, and Kenneth R. Evans. 2008. "Influence of Customer Participation on Creating and Sharing of New Product Value." *Journal of the Academy of Marketing Science* 36 (3): 322–36.
- Fitzpatrick, Rob. 2013. *The Mom Test*. 1st Edition. CreateSpace Independent Publishing Platform.
- Franke, Nikolaus, Eric Von Hippel, and Martin Schreier. 2006. "Finding Commercially Attractive User Innovations: A Test of Lead-User Theory\*." *Journal of Product Innovation Management* 23 (4): 301–15.

- Gheyle, Niels, and Thomas Jacobs. 2017. *Content Analysis: A Short Overview*. Internal research note.
- Gill, P., K. Stewart, E. Treasure, and B. Chadwick. 2008. "Methods of Data Collection in Qualitative Research: Interviews and Focus Groups." *British Dental Journal* 204 (6): 291–95.
- Habibi, Mohammad Reza, Michel Laroche, and Marie-Odile Richard. 2016. "Testing an Extended Model of Consumer Behavior in the Context of Social Media-Based Brand Communities." *Computers in Human Behavior* 62 (September): 292–302.
- Hoyer, Wayne D., Rajesh Chandy, Matilda Dorotic, Manfred Krafft, and Siddharth S. Singh. 2010. "Consumer Cocreation in New Product Development." *Journal of Service Research* 13 (3): 283–96.
- Hur, Won-Moo, Kwang-Ho Ahn, and Minsung Kim. 2011. "Building Brand Loyalty through Managing Brand Community Commitment." *Management Decision* 49 (7): 1194–1213.
- Ind, Nicholas, and Nick Coates. 2013. "The Meanings of Co-creation." *European Business Review* 25 (1): 86–95.
- Järvi, Henna, Anni-Kaisa Kähkönen, and Hannu Torvinen. 2018. "When Value Co-Creation Fails: Reasons That Lead to Value Co-Destruction." *Scandinavian Journal of Management* 34 (1): 63–77.
- Jung, Na Young, Soohyun Kim, and Soyoung Kim. 2014. "Influence of Consumer Attitude toward Online Brand Community on Revisit Intention and Brand Trust." *Journal of Retailing and Consumer Services* 21 (4): 581–89.
- Krueger, R.A. 2000. In *Focus Group*, In A.E. Kazdin, 3:382–83. Encyclopaedia of Psychology.

  Oxford University Press.

- Kuhn, George. 2017. "6 Tips to Ensure Your Focus Group Participants Actually Show Up." 2017. https://www.driveresearch.com/market-research-company-blog/6-tips-to-ensure-your-focus-group-participants-actually-show-up/.
- Luo, Amy. 2019. "Content Analysis | Guide, Methods & Examples." Scribbr. July 18, 2019. https://www.scribbr.com/methodology/content-analysis/.
- Madupu, Vivek, and Delonia O. Cooley. 2010. "Cross-Cultural Differences in Online Brand Communities: An Exploratory Study of Indian and American Online Brand Communities." *Journal of International Consumer Marketing* 22 (4): 363–75.
- Magnusson, Peter R., Jonas Matthing, and Per Kristensson. 2003. "Managing User Involvement in Service Innovation: Experiments with Innovating End Users." *Journal of Service Research* 6 (2): 111–24.
- McAlexander, James H., John W. Schouten, and Harold F. Koenig. 2002. "Building Brand Community." *Journal of Marketing* 66 (1): 38–54.
- MyPostcard. n.d. "About MyPostcard." MyPostcard Blog. Accessed October 15, 2022. https://blog.mypostcard.com/en/about-us/.
- Neff, Jack. 2007. "OMD Proves the Power of Engagement ProQuest." 2007. https://www.proquest.com/docview/208365221.
- Noor, Sabbir Hasan, and Sara Sari. 2021. Co-Creation of Brand Value In Startups. 109.
- Onwuegbuzie, Anthony J., Wendy B. Dickinson, Nancy L. Leech, and Annmarie G. Zoran. 2009. "A Qualitative Framework for Collecting and Analyzing Data in Focus Group Research." *International Journal of Qualitative Methods* 8 (3): 1–21.
- Pansari, Anita, and V. Kumar. 2017. "Customer Engagement: The Construct, Antecedents, and Consequences." *Journal of the Academy of Marketing Science* 45 (3): 294–311.
- PenPal. 2022. "About PenPal." Penpal Blog. Accessed September 25, 2022. https://blog.penpal.me/about-penpal/.

- Prahalad, C.K., and Venkat Ramaswamy. 2004. *The Future of Competition: Co-Creating Unique Value With Customers*. Harvard Business Press.
- Ramaswamy, Venkat, and Francis Gouillart. 2010. "Building the Co-Creative Enterprise." Harvard Business Review, 88. 100-9.
- Rolland, Sylvie E., and Guy Parmentier. 2013. "The Benefit of Social Media: Bulletin Board Focus Groups as a Tool for Co-Creation." *International Journal of Market Research* 55 (6): 809–27.
- Sedley, Richard. 2008. "Winners and Losers in a Troubled Economy: How to Engage Customers Online for Competitive Advantage by Richard Sedley Issuu." 2008. https://issuu.com/richardsedley/docs/winners-and-losers-in-a-troubled-economy.
- Stewart, D.W., and D.M. Shamdasani. 1990. "Focus Groups: Theory and Practice." *Sage Publications*.
- Turney, Lyn, and Catherine Pocknee. 2008. "Virtual Focus Groups: New Frontiers in Research." *IJQM* 4 (January): 32–43.
- Vaughn, Sharon, Jeanne Shay Schumm, and Jane M. Sinagub. 1996. Focus Group Interviews in Education and Psychology. SAGE.
- Voorberg, W. H., V. J. J. M. Bekkers, and L. G. Tummers. 2015. "A Systematic Review of Co-Creation and Co-Production: Embarking on the Social Innovation Journey." *Public Management Review* 17 (9): 1333–1357.
- Voyles. 2007. "Beyond Loyalty Meeting the Challenge of Customer Engagement. A Report from the Economist Intelligence Unit Sponsored by Adobe Systems." 18.
- Wilkinson, S. 2004. In *Qualitative Research: Theory, Method, and Practice*, in Silverman, D.,177–99. Thousand Oaks.

#### APPENDIX

# **Appendix 1:** Six phases of focus group interviews described by Dilshad and Latif (2013)

• Company goal: gain valuable feedback from customers to drive co-creation (communicated to interviewees) Planning the • Research goal: derive best practices from focus group co-creation and compare to individual interviews Prepare semi-structured interview questions according to Anderson's (1998) guidelines Focus Group • The times for the focus groups varied between 5 - 8PM on work days (depending on time zone of participant) Purposive sampling method according to Dawson et al. (1993)
Number of participants: 3 – 5 people
For each groups 50 email invitations were sent out **Group Composition** • Invitation was sent out five days before event and a reminder email was sent out one day before Thank participants for joining the focus group and explain goal Conducting the • Explain why participants have been selected: they were all very active users and are valuable for PenPal • Emphasize rules of confidentiality and explain process of focus group Focus Group · Focus group was held in English All interviews were recorded with Google Meet Recording the · The recordings only contained the interview questions and not the introduction, since participants should first be informed about the process before giving recording consensus Responses • During the interviews notes were taken for each question to facilitate the evaluation • Narrative and content analysis for the interpretation and coding of the results • (Non)-verbal observations were identified to assess group dynamics and interactions among focus group Data Analysis Comparison of the results of focus group interviews and individual interviews Reporting the Findings • A summary of the main findings together with specific customer quotes have been reported to the company's CEO

Source: Own illustration based on Dilshad and Latif (2013)

**Appendix 2:** Interview questions and business goals

Overall Goal	Questions	Goal		
	How did you hear about PenPal?	Identify classical ways on how users find Penpal to leverage marketing activities.     Identify Google keywords used by interviewees to improve SEO.		
Understanding	When you were on our website the first time, did you understand our service immediately or was something unclear for you?	Understand how customers perceive PenPal's communication and whether they need more assistance in understanding the service.		
the current customer journey	When do you use PenPal and how do we fit into your day/week? Is there a trigger?	<ul> <li>Understand the triggers that drive people to go to the PenPal website.</li> <li>Increase the retention rate and adapt marketing activities.</li> </ul>		
,,	How are you looking for pen pals? Do you use PenPal's filter function?	Understand user demands.     Improve PenPal's algorithm and search functions.		
	When you faced a problem on PenPal, how did you deal with it? Where did you look for help?	<ul> <li>Understand common issues at PenPal.</li> <li>Understand the way users look for information.</li> <li>Identify failures in FAQ or customer support.</li> </ul>		
	How would you like to connect with your pen pals in a long-term view? Would you like to have other means of communication (despite postcards/the chat)?	Understand users perception on online vs physical communication.     Identify new means of communication that PenPal can draw upon.		
Understanding users' opinions on new features	We are considering implementing a monthly subscription model to pay per month and have a certain or unlimited amount of postcard to send. What are your thoughts on a PenPal subscription model?	<ul> <li>Understand users opinions on subscription models.</li> <li>Understand users willingness to pay for additional services.</li> </ul>		
	Any other feature that you would like to see on PenPal in the future? Or anything that you don't like and wouldn't want to see?	Drive innovative features and understand customer needs.     Leverage community building activities.		

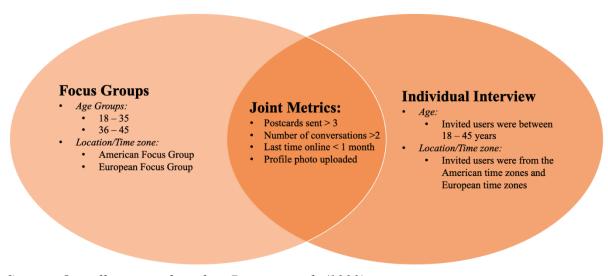
Source: Own illustration. Interview questions were established according to the guidelines of Anderson (1998)

**Appendix 3:** Explanation of PenPal metrics and user attributes

PenPal Metrics	Explanation
Cards Sent	Number of postcards a user has sent out to other users
Cards Received	Number of postcards a user has received from other users
Conversations	Number of user-to-user interactions, in which a set of postcards has been exchanged between the same users (e.g., A sends a postcard to B and received one back)
Last time online	The last time a user was visiting the website
Profile photo	The user uploaded a profile photo that shows themselves
Age	The age at the time of the invite
Country	The country where the user it living at the time of the invite
Time Zone	The time zone that corresponds to the location where the user is living at the time of the invite

Source: Own illustration.

Appendix 4: Purposive sampling approach for focus group and individual interviews



Source: Own illustration based on Dawson et al. (1993)

**Appendix 5:** Email invitation templates applying a multi-pronged approach as recommended by Hoyer et al. (2010)

Motivational Drivers according to Hoyer et al. (2010): Social Benefit, Financial Benefit, Product Knowledge Self-Expression

## Email template for individual interviews:

Hi FIRST NAME,

Vicky from PenPal here. Vicky from PenPal here.

I've got some exciting news for you! Currently, our PenPal team is working on building a Super Community of active users - and we want you to be part of it!

Since you are one of our most valuable users, I'd like to invite you to a very short and casual 10-minute call and provide insights into new product features, and include you in our future-decision making - because who knows better about the experience than you?

To make up for your efforts, you will receive \$10 PenPal credit - and of course all our appreciation!

If you are up for it, just choose a spot in my calendar.

Feel free to contact me if you have any questions.

Take care and happy penpalling.

Vicky from PenPal

## *Email reminder for individual interviews:*

## Hi FIRST NAME,

Just a little reminder to schedule a short, relaxed 10-minute call with me to shape the future of PenPal and get insights into new product features. No preparation is needed! After the call, you will receive \$10 in PenPal credits as a thank you.

<u>Just choose a spot in my calendar</u>. You are a valuable member of our community and I would be excited to meet you!

Take care.

Vicky from PenPal

Email example for focus group interviews:

Hi FIRST NAME,

Vicky from PenPal here. 👋

I've got some exciting news for you! Currently, our PenPal team is working on building a Super Community of active users - and we want you to be part of it!

As a first step, we would like to put up an online **PenPal Community Event** (video is optional). The idea is to connect you with other active pen pals, give insights into new product features, and include you in our future-decision making - because who knows better about the experience than you?

The event will take place online on **Tuesday**, **November 8**, **6:00 PM (GMT+1)** and will run for roughly 30 min. We would be over the moon to see you there!

Everyone who participates will receive \$10 in PenPal credit – and of course all our appreciation.

Just reply to this email to let me know if you will participate, and I'll share the invite with you. Please also let me know if you don't have time on this particular day, and I will come up with an alternative!

I would be excited to see you there.

Vicky from PenPal

*Email reminder for focus group interviews:* 

## Hi FIRST NAME,

Just a little reminder to take part in our online **PenPal Community Event** happening **tomorrow** (on Tuesday)! We will connect you with other pen pals, give insights into new product features, and shape the platform with your help. After the event, you will receive \$10 in PenPal credits as a thank you.

We would be really excited to see you there. Please let me know if you are in, and I will send you the dial-in link!

Take care,

Vicky from PenPal

**Appendix 6:** Extract content analysis grid from focus groups (questions 3 & 4)

Sub-Topic		Focus Group A - Europe - Age: 20 - 35 Interviewee A1	Interviewee A2	Interviewee A3	Focus Group B - US & Canada - Age: 20 - Interviewee B4	- 35 Interviewee B5	Interviewees
When do you use PenPal and how do we fix into your day/week? is there a trigger?	Ist Quote	It's different. Sometimes when I get a card instantly reply. But now I see, I received one that I forget to reply since 4 days, It's because when I got nightshift I get home, watch a movey and then got a sleep directly, wake up to 6/7 in the evening. And after that there is not much time. Like I am waking up but everybody is wawkel like my mom and my girlfriend. And then I forget it mostly. When I got early shift or on weekends then I really often write with one from the USA. We switched to discord to call or game toggether, like pretty funny. Sometimes so, sometimes so	I think I write mostly during the weekends. I try to register the card as soon as I get it so that the other person knows that I got it. But I might not reply immediately. It depends on the time that I have. But I usually don't wait two weeks to reply. It's normally a matter of days.	About the reply, I try to do it just like a few days later or so. Because it is very easy to do it. Because why not? Compared to an actual letter yourself like writing everythic stakes a few days to do it. Also, U mork a lot, also durines a few days to do it. Also, U mork a lot, also durines it work a lot, also durines to to do it. Also, U mork a lot, also durines it to do it.	I just had a baby on October 1st so I've had a lot of downtime. Yeah in Canada we get a year. Your maternity leave. I'm not quite taking that but I have a lot of free time right now. Yeah, so it was kind of yeah. Another reason that I went looking for the Penpal website was because! was like, have this itme that If like to occupy with not just Taking care of my baby, you know not just being a mom. So yah, kind of just like pull It up whenever she's sleeping on me or something like hat. So for me, it's pretty much any time really.	I know I'm not supposed to but I actually get on it during work. Mainly when I'm at work beasuse I'm on a computer at the office and It's easier for me to type long phrases. I'm not saying I can't with my own phone or my tablet, but It's easier for me to type because I'm all ready and led you of milke of you know, let me just see what I got going on Penpal and I usually check every morning at 9 o'clock.	
	interpretation	He only goes to the website when he has time and is alone. When he is too busy, he forgets about the website. He uses other types of platforms to deepen contact with his pen pal (maybe because they provide better ways of interaction).	She only goes to the website when she has time. She has more time on the weekend. She has the website in her mind and it is important for her to reply on time, and not too late. Getting a postcard triggers her to go to the website.	For him it's not a very big effort to answer to a postcard and doesn't take too much time. It's not so hard for him to take time for it, even though he works a lot. He considers PenPal as easy and quick.	Uses PenPal to calm down from the daily life and to take time for herself (like meditation). Likes to connect with other pen pals with babies and exchange on experiences.	Prefers using PenPal on a computer instead of a mobile device. Uses PenPal during work and in the morning. PenPal is used a bit for procrastination.	
	Ist Quote	I prefer the USA and like this direction of the world.	I don't know if we can use other types of filters to be honest. I have also like put some countries I am intersted in and look for people from thee. But then I just check the suggestions per hour. Now it is much different. You can just, you know, browse 20 profiles or something, which is nice. Because in the past, I have to admit that it was a bit tring, You couldn't go every hour and check. Who has the time to do that? But like when you have the time you can connect with. It hink that since. That's nice what you did have it is that have I am a connect with a some one you think you can connect with. It hink that's nice. That's nice what you did know, I will know it will be a so if you find that will be the you're a new user, it might want to check more profiles so be seen.	I'm looking for people with my interest, which are like video games. I find it good that there a so many little emplist that show you what people like. I use that feature to find people I like.	Um yeah I kind of just like found people when it popped up that were recommended. I have six peoples nows of think I'm probably going to stop Finding people for a while and kind of just like maintain the Penajis I've already out wash, yeah that's it basically. Mine are just like who ever popped up.	Um, my penpals I have like 30 something penpals but I only write three of them honestly? I'm nervous, but because I've sent a few already and it's been like 20 days traveling? Or It's like, I haven', I haven' store a notification that they've received it yet, so 'm like, it's an old user that hasn't updated their address or something. So that why I don't send postcards first, but for finding people, I just go through whatever is like presented i guess and then after I'm like well I want to meet people from this country. So then I'll filler I to that country rounding areas. And so i go about finding penpal's. And so i go about finding penpal's. And so i go about finding penpal's. And so igo about finding pen	
How are you looking for pen pais? Do you use PenPai's filter function?	2nd Quote	I think it's a good idea (the idea of A2 that you can see the popele you liked) because then you can see any time does, I liked these popele. Maybe something changed and you can go and remove the life. Don't judge me, but it's like Tinder that you can you like you then later if you don't want it anymore you can take it back before the match.	Il like what you did you know, now that you've adder the feature that you can like profile. And that only when the other person likes you back you can send a card, because first of all it's disappointing for someone if he sends a card and he doesn't receive one back, And also it's all trieb bit if you receive a card and you don't want to it's all trieb bit would be able to see, is which profiles you have liked. It doesn't have that feature yet. —I let's suy the liked 10 profiles. Then maybe if go again back in one week. Maybe will say lokely leths of 10 profiles. Then maybe if go again back in one week. Water is suited to the service of the other people, let's wait for the feedback of the other people, let's wait for the feedback of the other people. Because if people are starting sending me too many postcards is will not beable to handle! t. So maybe it can give you some visibility to beable to handle! t.	And also I am interested in countries like Korea and Japan the most. So It's easy to talk with people his way because you can tag the countries you want and don't want. So yeah.	Yeah, I also really like that you can still go back to the profiles.	I do like the how you just skip or like, but can go back. Because if you're like clicking, I guess too fast then you might think 'Oh, maybe!, I like hat profile and actually gonna go back. So I do like that.	
	interpretation	He uses the country filter. He uses PenPal to make international connections (connections to the US). Doesn't like to make final decisions regarding who is their pen pal. Wants to make meaningful connections and prefers to have a broader selection to make the best choice.	She is looking for international exchange. She doesn't use the filter functions that much. It was hard for her at the beginning to find the people. She is looking for meaningful connections, but doesn't have enough time for too many connections. She doesn't like it when random users send a card without being pen pals.	Likes video games and wants to exchange on that topic. Uses interest and country filters. Finds it easy to find the people he is looking for.	Looks for meaningful connections via postcard. Didn't use the filters that much. Doesn't want to have too many pen pals and is mainly using the platform for sending postcards at the moment, not for matching.	Doesn't use many filters, only sometimes for countries. Wants to connect via postcard. Looks for active users who also write back. She only wants to spend money if she is assured that the other person will write back.	

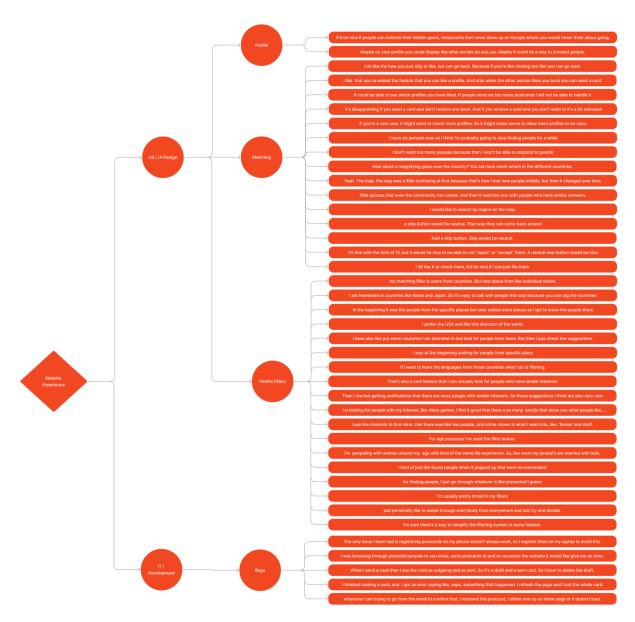
Source: Own illustration. Transcription from four focus groups.

**Appendix 7:** Extract content analysis grid from individual interviews (questions 1 & 2)

Questions		Interviewee 1	Interviewee 2	Interviewee 3	Interviewee 4	Interviewees
	Quote 1	I actually, I searched for it. I was like. I think I saw on instagram a person sharing that I they had a pen paj, but It was actually the letters through the addresses of the people. And I thought, oh, It's so cool. And I went into Google and I search pen pai and your community appeared, and that was like ince, because id din't want those communities where you just like write online. I really wanted the card experience. And yeah.	Yeah. So the first time that I heard about Penpal I was just scrolling my Reels on Instagram and then like I saw this Reel about I like potcards. So I was like 'Okay what's this is about? 'You know, and then I was just reading like for a bit the description. So I clicked on the page. And that's kind of also where I got more information and what was that about.	Um, since I use my postcard, I received an email, where they introduced this new feature, or Pepcal, as a different way of communicating and that's how I got caught by it. And since then, I started using it.	Okay, so basically this friend of mine, who is now living abroad is living in Indonesia. And she's really into PenPal actually and she convinced met od oit because we could like make each other and send each other, some picture of our favorite places. Let's say, that's the way I found PenPal.	
How did you hear about PenPal?	Quote 2	yeah, I've always seen the idea and that it was very cool because nowadays, everything is like through messaging and everything is so fast and lalso really like to receive letters and that doesn't happen frequently because people don't send letters anymore and I thought it would be very cool.	So I feel like I really like the fact that it was something different than usual, you know? And I feel like It is nice to find something which is not the usual social media and just like scrolling and like spending so much time. And I like a lot the fact that it was something physical, so like I could get something out of someone, you know, that it wasn't just the message that I would have lost with teine but like Ikeep all of my postcards. So I really like this fact. So I think this was the main trigger. And the second thing is also that you can really get to know anyone from all over the world. And that's really amazing that I don't think like social media kind of gives you this possibility, you know. Like because it also like gets into your opportunity to a travel establish like a link and like a friendship overall along the time. So that's what I really like about them for sure.	So actually there are a couple of reasons why. Yeah, why I started using Penpal. But something to trigger me was, Yeah, was the thing that I could easily get in touch with people from other countries. In my case, I really like to explore South America and through that I had like a first, yeah, I could kind of build a bridge to get to know the people before I actually go there. So that was the biggest reason why I use! It. And, of course, as I'm curious and I like to know people with similar interests! I felt like Penpal gives me a good platform actually to connect with them as you can really easily filter your interests.	Yeah, I toid you like this friend of mine, convinced me but at the same time, I really love pictures and taking photographs. So, for me also sharing some pictures that I took in places that I love and maybe telling a little bit more about the story. also like writing a little bit so, that's why I also use II, but I have to tell you that, mostly using It in the weekend when I have a little bit more of time. But, yeah, I'm doing it mostly because I love taking picture and I think it's super cool that you can send it physically to the other. () And I think also the part that you can just upload your picture from your computer, I think It's cool. Because It's easy, in one part easy to send and easy to receive.	
	Interpretation	She entered the keyword 'pen pal' on google and found PenPal more by accident. She prefers physical communication instead of online communication.	She found PenPal through Instagram. She likes PenPal because it's different than social media. Her main reasons for using it are that it's about physical postcards and meeting people across the world. She gets excited about the idea while talking.	He knew Penpal through MyPostcard. He likes postcards and is looking for an international experience and making friends through shared interests.	She likes the personalization of the postcards and using the platform with friends. She appreciates the possibility to connect with people across the world who she may not meet otherwise.	
When you were on our website the first time, did you understand our service immediately or was something unclear for you?	Quote 1	I understood from the beginning but at the beginning I was like, I wasn't sure if I was going to receive the letters but then like actually the letters get here for like aweek it's very very fast and works very very well and the website is very easy to understand. —I wash exactly I was a matter of that (that the website might not be trustworthy) because I was like at the beginning we received a few credits and I was like 'Hey even if it doesn't work. I not losing money, but then that other worked. I actually like put money on it and everything worked.	Yesh. So I would say that at the beginning, I wasn't really getting like a full idea of what was that about, and that's why like, even before I was telling you that like, I went to the website also to get like a better idea. But I also see that the other day there was another video on like also because I follow Penpal on Instagram and it was really giving a good explanation. So I feel like if I would go back in time now and I would see that when I would only. Yesh, get out here. Yesh, but back on the days when I first heard about it, I think from Instagram wasn't super clear but it was mainly from the website that I could get how it was working. And I think mostly, it's was also a learning by doing so like also like, you know, getting on using it and like you better understand. Yesh.	So actually the way how Penpal works was not new to me, but at the beginning I didn't know what It was about. But when I started reading more about PenPal, then It became clear to me that It's just the future of sending postcards physical postcards while yeah, chatting with people.	Actually, Yes. So before knowing this friend of mine, I was not knowing anything about Penpal. But once I created my profile on PenPal, it was kind of easy for me to understand how it works. So yeah.	
	Interpretation	She understood how PenPal worked from the beginning, but wasn't sure if the site is trustworthy and if the postcards arrive. She only tested it because she had one free postcard at the beginning and only put money on her account after seeing that the card arrived. Otherwise, she might have not tried the website due to lack of trust.	After looking at the website she understood how PenPal worked. She didn't understand PenPal through Instagram.	After reading through the website information he understood how PenPal worked.	It was a learning by doing for her. The platform doesn't seem complicated to her.	
Next Question					***	

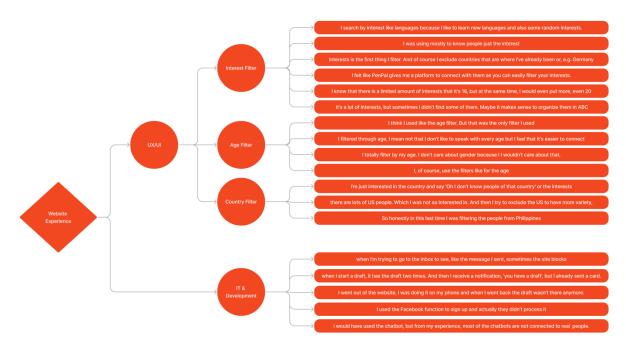
Source: Own illustration. Transcription from six individual interviews.

**Appendix 8:** Extract from content analysis coding system from focus groups – Code: Website Experience (1 from 5 codes)



Source: Own illustration based on quotes from four focus group interviews.

**Appendix 9:** Extract from content analysis coding system from individual interviews – Code: Website Experience (1 from 5 codes)



Source: Own illustration based on quotes from six individual interviews.

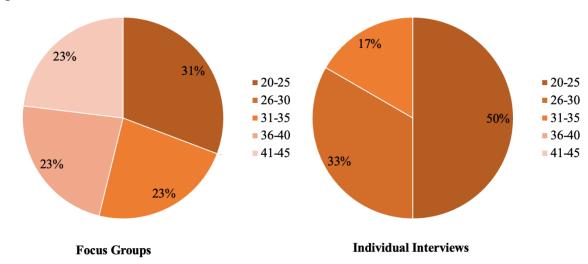
**Appendix 10:** Categories and subcategories of the content analysis coding system with their respective rules

Category	Subcategories	Rule
Customer Acquisition & Retention	<ul> <li>How users found PenPal</li> <li>Why they looked for a pen pal</li> <li>Why the chose PenPal</li> <li>Time and use</li> </ul>	Includes quotes that state differential factors of PenPal and that give insights for behavioral reasons. The category also includes into the time and use of PenPal to drive customer retention.
Brand Communication	Clear communication     Misconceptions	Includes all quotes about PenPal's communication to identify which features are understood and which aren't. It also includes feedback about customer support.
Website Experience	IT/Development     UX/UI Design	Includes all quotes about IT related problems on the website. It also gives insights about the user behavior on the websites and their opinions on functionalities like filters, matching, and profile areas.
Product Experience	<ul><li>Physical Postcards</li><li>Chat</li><li>Letters</li></ul>	Includes all insights regarding existing and future means of communication that customers can use at PenPal. It gives insights into customer perceptions, opinions, and potential product changes.
Business Model	• Subscription	Gives insights on customers opinions regarding changes in their business models, such as subscriptions.

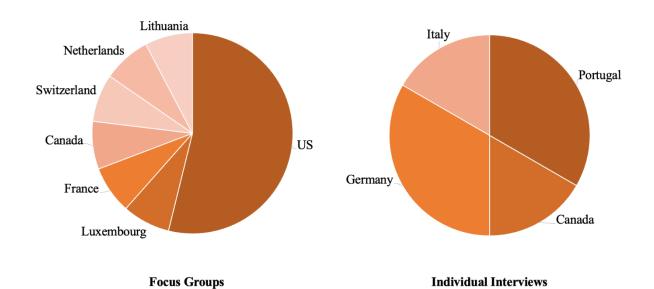
Source: Own illustration based on content analysis coding system.

# Appendix 11: Interview Demographics

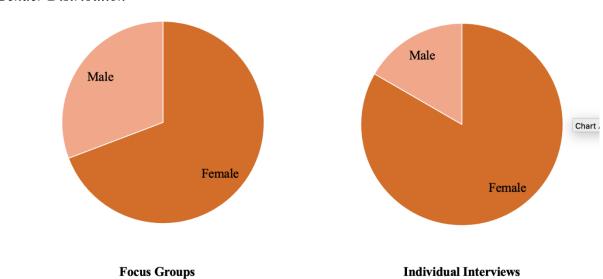
# Age Distribution



# Country of Residence



# Gender Distribution



Source: Own illustration based on fours focus groups and six individual interviews.

**Appendix 12:** Focus group observations and dynamics

Observation	Example	Interpretation
Questions from participants to moderator about PenPal	The word feel like you got the answers that you needed? Or can we help somehow more?" (B5)  The know it's still developed, but what do you think, when is the app gonna be launched?"(B6)  "Vicky, are you a profit or non-profit firm? How would you do money with this?" (D9)  "But wouldn't the logistics be a nightmare for you?" (D10)	Participants are interested to hear more about the development of PenPal and understand its processes Participants want to provide valuable contributions
Personal comments	Tithink I have like ADHD or something" (B5) — "Yeah, me definitely, too" (B6)  "Just to let you know my way of thinking. Because how I measure friendship, I guess, is how we exchange things. Like there's more to send to me like a short postcard. I'd be like, 'Oh man, maybe they're mad at me or maybe they like me'" (B5)	Participants want to connect with other participants     Participants open up because they feel safe in the group environment
Thank you quotes after the interview	"Yeah it would be really cool to do something like this more often. Like a monthly event to meet pen pals across the world." (A3) "I would love to help more wherever I can."(B5) "Vicky I am expecting a postcard from you now!" (D9) "Thank you so much Vicky. We had, I had a great night. It's been fun. I was looking forward to this today." (D9) "Thank you. Thank you very much for this, invite for this participation for for everything. And I look forward to seeing Penpal grow. It was a pleasure meeting you guys." (D10) "Please, really let me know when you need anything or if I can help somehow. I have a lot of time and would love to contribute." (D11)	Participants enjoyed the group event Participants felt more connected personally with the company and with other participants Participants would join online events again
Brand Community     Feeling	"I'm gonna be really excited when something new comes up on the email and I'll be like 'hey, I had a little input in this" (D9) "Yes, we are the mastermind group" (D9) "We are the PenPal Think Tank" (D10)	Participants feel connected as a group to the company Feeling of importance and self-expression
Emails/Postcards to moderator from participants after the interviews	"Oh!! One thing I forgot to mention that's really confusing on the site ()" (D11)     "I thought I would write you a postcard. It was really so much fun to talk with you about PenPal." (B5)     "I really like PenPal a lot so I didn't have that much to improve. I hope it still helped." (B6)	Participants feel more connected with the company in the long-term Participants were thinking about the interview afterwards
Distraction from interview questions	Till you ever look for help?" (Moderator) – "No I never looked for help. But I do need help now to overcome my 15 likes per day.  Because," (D9)  What about you [D10], what times do you use Pen Pal?" (Moderator) – "I use it sporadically myself actually. I was just browsing through the site while we were talking and have some remarks about the chat actually" (D11)  The map was a little confusing at first because that's how I met new people. Well, initially, but then it seems like it changes over time. Oh, hey, Erica. That's a beautiful dog." (D11)	The more relaxed the atmosphere is, the more the participants open up, but also distract from initial questions Often changed topics to discuss their personal subjects

Source: Own illustration based on transcription from four focus groups.