

The case for leveraging Consumer Insights whenever possible

In order for this book to be helpful, the reader will have to buy into or at least understand and accept the thinking behind leveraging Consumer Insights wherever possible. Here, then, in brief is the case as well as I can put it.

Even if you don't need convincing and are actively leveraging insights already, it can still act as a brief reminder of why you are right to be doing so.

It starts with undifferentiated product performance

In almost all product and service categories nowadays, branded and unbranded products compete for the same customers. While most manufacturers can tell you how their product differs from and is possibly even better than the competition, what really counts is how consumers experience products.

From the consumers' perspective, most competing brands offer pretty much the same functional benefits. Very often, even if there are measurable differences in product performance they are not noticeable to the consumers who use them. With the exception of attributes that can easily be evaluated such as taste, smell and design consumers are simply not in a position to compare product performance – how many of them own an analytic laboratory?

As a result, consumers have little choice but to rely on the brand names themselves to “know” that a product will be good – definitely not the worst thing for marketers! Additionally, where appropriate and available, they can read independent tests, which relieve them of the evaluation task completely – “you will find this wine tastes wonderful”.

The result of such “effective performance parity” in consumers' eyes is that pure product performance is rarely enough, by itself, to cause anyone to buy a particular branded product instead of the competition. The purchase decision depends on additional factors.

How most purchase decisions are made

Of the handful of possible criteria that is ever relevant for purchase decisions (including the aforementioned taste, smell

and design), two in particular are important, whatever the category concerned. There is no real surprise in knowing what they are, either.

Most consumers decide on a particular branded product based on either a., the price, or b., how relevant the brand is to them. Usually, it's a combination of both.

- a. **The price.** A price-based decision does not, of course, mean an automatic choice for the cheapest product available, even though it is often wrongly understood this way. Instead, what counts is that the price has to be seen to be fair – the real meaning of value for money – combined with the simple fact that the consumer has to be able to afford it.

While unimaginative retailers and worried manufacturers have been diligently training consumers to watch every last cent they spend, there are still many categories where the absolute price is not critical, only whether what is being purchased is believed to be worth it or not.

A great example here is the continued success of espresso pads that are a very expensive way of buying portioned ground beans and making coffee. Obviously, the convenience benefits that espresso pads offer consumers outweigh the premium they have to pay versus a normal packet of espresso.

- b. **How relevant the brand is to the consumer.** Brands, as we all know by now, are not actually manufactured in factories but constructed in consumers' minds. Consumers know hundreds of brands, most of which they never buy – a fact which should make marketers who place too high a value on creating brand awareness think twice. Most brands are associated with a set of feelings and attitudes that go far beyond what the product actually does.

Just remind yourself that this is true. Think briefly of three large brands – Lego, Kaufhof and Apple – and compare what immediately comes to mind when considering each one. Which of the three brands immediately invokes associations that go much further than what the brand actually sells?

Of the many brands we all know, only those that fit

in with our needs and with our lives are considered for purchase. This obviously happens on a functional level, where we buy only things we (think we) can use. However, remembering we are dealing with “effective performance parity” here, it also has to happen on an emotional level in order for us to choose between brands. Fortunately, it is far easier to differentiate one brand from the next this way – it’s what good branding is all about.

Compare your feelings again on three other brands, this time within the same category – United Airlines, Singapore Airlines and Qantas. All offer pretty much the same thing (ignoring differences in destinations) yet they evoke very different reactions, most of which have little to do with any actual experience of flying with the airline. Ask yourself which carrier you would prefer to fly to Hong Kong with? Then ask yourself if it would be the same airline for a business and a leisure trip?

One way to (over) simplify this argument is to say that when a particular branded product is bought it is because the product fits into our lives functionally while the brand fits emotionally.

The simple choice for manufacturers

Given the above, all manufacturers face a similar basic choice: either, a., compete essentially on price or b., become the most relevant brand for at least some of the consumers within the Target Group.

- a. **Competing on price.** With very few exceptions, such as Ryanair and Lidl, competing only on price has more to do with tactical marketing than building long-term brand equity. It’s risky, too. There’s always someone who will offer a product or service cheaper than you do, even if only for a while until the next one decides to cut the price even further. What’s more, the cost leadership that allows you to be the least expensive will erode over time as methods and practices are copied and become the standard. We tend to respect the handful of successful, high profile, low price companies and

conveniently forget that most of them simply tick over in the marketing background or just run out of money.

- b. Become the most relevant for consumers.** This option has far more potential, as we will see.

Making a brand the most relevant for consumers

The best way of making a brand relevant for consumers is by demonstrating an understanding of them and the role that the product and its benefit play in their lives. Empathy has always been a salesman's best weapon and it is no different when the salesman is a brand.

Yet a salesman has an advantage over a brand when selling because he usually has sufficient time and exposure to sell in depth and answer questions. Brands have to build up their empathy with consumers quickly, via a series of short, one-way exposures.

The best way for a brand to demonstrate consumer understanding this way is by taking small, manageable nuggets of information about consumers – the Consumer Insights – and addressing them directly. Knowing what consumers want and need in their lives, a company can leverage such knowledge and let their brand be the “answer” to whatever is missing.

Once a brand has found and is leveraging strong Consumer Insights, it has an automatic empathy advantage over those competitors who are not doing so – everyone has a soft spot for someone who understands them and automatically likes those brands that appear to do so too.

With the exception of having an obviously better product, leveraging Consumer Insights is the surest and most effective way of achieving brand preference. And the principle can be used across all aspects of the marketing mix.

Leveraging insights for all marketing activities

The marketing activity associated closest with leveraging insights is, of course, communication. This is no surprise as the main reason to invest in advertising, aside from providing information, is to convince consumers to buy a particular product or service. TV Spots, advertisements, etc. offer the purest opportunity to

present first the insight – “Oh look, they understand me” – and then the brand’s answer to it – “Oh look, they understand me and they’re addressing my needs”.

Yet the same approach can be just as effective in other areas of marketing. For example:

- **Product development**, or improvement, is far more effective when the consumers’ viewpoint is added to those of the R&D department and the finance director. The success rate for new product introductions can be increased dramatically when consumers are included in the development process from the start and not simply exposed to the results.
- **Packaging design** is more effective when consumers’ concerns are added to those of the material and design experts. It may be a sobering thought for designers but consumers are far less concerned with the looks and aesthetics of most products as they are with the practical nature of the packages themselves – opening them, storing them and disposing of them. Even the appeal of the most beautiful design will not help resolve negative feelings towards a brand that has ignored these practical aspects of packaging.
- **Promotions, events, dialogue marketing, incentive programmes, etc.** can all benefit from an insight-driven approach once it is also understood what role such activities play in consumers’ lives. Picking up yet another mail shot from the doormat, for example, is not the highlight of most people’s days.