



On the Move

We will be moving to new office space some time in March. As the transition date becomes clear, we will let you know the details. We will lose a day or so for the move itself, the transfer of telephone lines, etc. but do not expect a serious disruption in the work flow. Stay tuned.

"Importance" Isn't Always Important

Marketing managers frequently want to know "what is important" to their customers. That makes sense. Why spend resources on things that are unimportant?

The trap that too many researchers fall into is taking this question literally—asking consumers to directly rate the "importance" of a bunch of attributes. As far as we are concerned, the results are rather useless (at least by themselves).

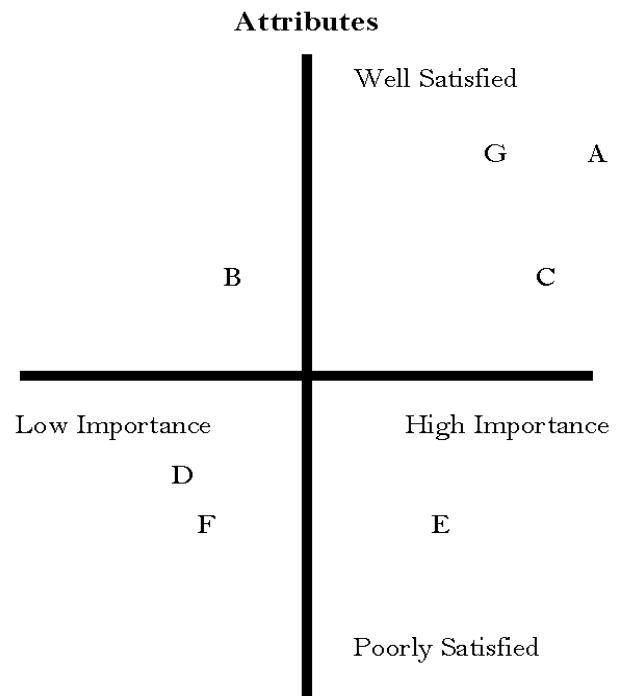
One problem is that the attributes of interest are often abstractions that consumers have to define for themselves: quality, price, taste, etc. A second common problem is that everything gets rated as important.

The more fundamental problem is that knowing that something is regarded as "important" does not necessarily translate into effective marketing decisions. If consumers are quite satisfied with existing products on this supposedly important attribute, there is little leverage to be had.

"Safety" is very good example. Can you imagine safety not being rated as "very important" in any product category? But who in their right mind is going to position, say, athletic shoes as "the safest brand going"? Who

is going to pour R&D dollars into making athletic shoes even safer?

You thus need know if there are perceived deficiencies in how current products deliver "important" attributes. So-called "gap" analysis pairs importance questions with satisfaction questions.



Assume we are seeking an effective positioning strategy using one of the seven attributes A-G. What is our best choice? The naïve eye would say "A" because it is most important to consumers. Wrong. It's important, but customer needs are already being met. From this information alone, "E" may be the best choice. It matters more than average, but customers are not satisfied with what they are getting. If our brand can deliver (and consumers know about it), we have a great opportunity for business growth!

A Sweet Coincidence

According to a recent article, the landing in 1997 of a NASA vehicle on the planet Mars was accompanied by a sales increase for Mars candy bars. The mission had received substantial media attention. The authors (Berger & Fitzsimons, JMR, February 2008) go on to write about other effects of the larger environment on consumer choices.

Those stuck in the outdated paradigm of consumers as rational utility maximizers could be dismayed or at least quick to dismiss such effects as bothersome noise. We aren't surprised at all by the NASA story or newer research demonstrating such effects.

The evidence is overwhelming that our actions as consumers can rarely be explained as the outcome of largely rational calculations. The force of habit is immensely important. We learn to like that which we buy—as opposed to carefully deciding what we like and then buying it. Attractive styling and spokespersons are effective, even if consumers openly deny that they matter.

It is a challenge to research all of these environmental influences, but that does not mean we shouldn't try.

Another Demographic Shift

We all know about the tide of Baby Boomers headed for retirement. The Minnesota state demographer points out that not only will the population of 62+ year olds increase rapidly in the next year, but the number of graduating high school seniors will begin to inflect down at the same time.

Some states will not be hit with this double whammy, but most will. This convergence is very significant for employers, 62 or so being the average age of retirement now. And it is a reminder to all kinds of businesses that consumer markets are undergoing a transformation unlike any we have known.

More Word-of-Mouth Metrics

Mass quantities of effort go into the generation and measurement of word-of-mouth (WOM) these days. Consumers have always influenced each other, though these effects were not built into traditional advertising models. Now we know better. The Internet has not only lubricated such peer-to-peer exchanges, but has helped make marketers aware of their importance.

We recently worked with a client whose business model is built on the premise that their customers are highly influential of other consumers. That sent us looking for good measures of general influence. We found some, and were able to show quantitatively how much more engaged, connected and influential the client's customers are than others in the category.

The same metrics could work for you. One type seeks to estimate the total size of a person's communication network. These vary greatly in size. And contrary to some popular theories, it is not a case of there being a handful of super-connectors who stand apart from a mass of passive sheep. There is a long tail to the curve, but a brand does not live or die by capturing a tiny elite.

A second set of measures focus on the breadth of the categories in which people both provide and seek information. According to our research and published studies, influence is not a one-way street. Those who report giving advice to others more often also seek advice more often. It should be no surprise that few are influential in everything. People specialize, and by trading their expertise, the bonds between them grow stronger.

Such measures are especially relevant to media. The more influential your readers or viewers are, the more value they have to advertisers. "Influence" could also be a factor to consider in target marketing.