Consumer Ennui

By Ed McLaughlin

It is hardly a secret in the food or any other industry to recognize the importance of consumers. Indeed, for more than a decade now, corporate American has chanted the "consumer is king/queen" mantra on public podiums and in annual reports.

On Day One in Marketing 101, students are told that the key to business success is "listening to the consumer." "The shopper comes first." Even companies that purport to be "market-driven" understand that marketing starts with the "market," which brings us full circle back to consumers.

Students and executives alike forget the rest of the marketing story. In Day Two of that introductory marketing course — well, to be honest, in my course, we don't really discuss this until about the fourth lecture — is a critical but often overlooked part of the marketing success formula: marketing or, more accurately, market research, is an ongoing process, not a one-time project.

In order for businesses to sustain meaningful competitive advantage from learning about its consumers, market research about consumers, their needs, preferences and behaviors must be continuous.

However, the food industry has become complacent, a bit blasé about consumer trends, and consumer research, as well.

Six or seven years ago, consumer segmentation was in vogue. Demographics, psychographics and behavioral segmentation ruled the day. It seemed as if every industry conference and trade magazine had to lead off with some type of new insight gained from the identification of the latest consumer sub-group, usually accompanied by some clever, cute/cy name conjured up by an ambitious market research firm. Yuppies, Dinks, Guppies and Zovies come to mind.

Now when you go to a trade meeting, what do you see? Relationship marketing, micro-marketing, one-to-one marketing. The focus has shifted to the individual consumer, not consumer groups.

Many of these new approaches indeed are advances. They are exciting because, with enabling technology, there is much to learn about the relationships that are not only possible, but desirable between firms and their individual customers.

Although still in their infancy, some firms are even whispering about the sizable profitability of customized marketing programs. Customization, it appears, is what these programs are all about.

But, like any new technique, customized approaches have tended to obscure the value of conventional consumer analyses employing group approaches. In the rush to adopt these one-to-one techniques, many marketers have unwisely jettisoned much of what was useful in more general consumer analyses.

Some companies have seriously cut back on what was once routine consumer monitoring. Yet such approaches still have a vital role to play.

For any consumer research program, identifying and measuring wants and needs of consumers as broad groups is the place to begin. Even crude directional data help approximate market potential. Only after general traits and patterns have been determined can more precise, and more profitable, customized targeting take place.

One-to-one marketing is expensive and demanding in terms of time, technology and human resources. Why not start, instead, more broadly with the time-honored techniques for which much secondary data are plentiful?

Age as a discriminating demographic factor serves as a good example. Of course, purchase behavior differs by age but how big a difference can this make?

Consider this: While the number of consumers in nearly every age segment increases over the next decade or so, a few actually decrease. And a few others are projected by the U.S. Bureau of Census to grow by about fivefold more than the adjacent age segments. It is imperative for effective and efficient consumer targeting that you know which age segments these are. Do you? (Answer: between now and 2010, the age brackets 45 to 54 and 55 to 64 will expand by 35 percent and 68 percent respectively, while the number of consumers in the 24 to 44 age groups will actually decline by about 10 percent).

Such differences offer substantially different prescriptions for packaging, shelf positioning, pricing levels and even food choices.

Or how about consumer values? Values are the composite of attitudes, opinions and interests we all have. They too differ by demographic variables — age, income, gender, ethnicity and more.

How does your product fit into what are in some cases the dramatic new ways in which younger age cohorts look at the world? "Generation Xers (ages 18 to 32)," for example, are more educated, environmentally aware and nutritionally savvy than any other age segment has ever been. Most consumer research shows that they want simplicity in life, but without sacrificing quality. They are demanding in the marketplace and in the workplace. They are unwilling to put in the mind-numbing hours that their parents' generation often did.

Yet this does not mean they do not possess a serious work ethic. They need different incentives to work and new inducements to buy. Solutions for this newly emerging force in the marketplace require creativity, flexibility and experimentation for every product category.

There is too much important, publicly available information about consumers as homogeneous groups that needs to be understood and catalogued before firms run off to the new promised land of one-to-one.