

Transfer of Power

By Michael R. Solomon

The hunter gets captured by the game.

In late 2004, the American Marketing Association decreed: “Marketing is an organizational function and processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.” This new definition reaffirms the centrality of the customer. However, it also acknowledges that meeting customers’ needs doesn’t amount to a hill of beans if other stakeholders don’t benefit in the process as well.

The way to please everyone may be to transform the way we view our customers. We can do this by recognizing that customers also are stakeholders who have a vested interest in a company’s success—if we have successfully cultivated their allegiance to a brand. Consumers are central to marketing decisions, and now more than ever they want to be involved with the companies to which they pledge their loyalty. True, buyers (especially so-called opinion leaders) have

always had the ability to affect producers’ fortunes by “voting with their dollars” or by sharing their evaluations of products (both good and bad) with others. Today, however, this capability is magnified as developments such as the Web, the proliferation of print and broadcast options (or more accurately, narrowcast options), and the glut of new products introduced each year provide individuals with the power to express their opinions to thousands at a time and to craft unique lifestyle statements by picking and choosing among multitudes of alternatives.

Indeed, in recent years some forward-thinking firms have begun to regard consumers as partners—rather than pawns—in the transaction. In a world where end users routinely share their ideas for new products with companies without being asked, where advertisers let viewers “vote” on the outcome of a commercial, where millions of people call in to anoint new pop icons on shows like *American Idol*, and where consumers become their own product distributors on eBay or



Executive Summary

Consumers are central to marketing decisions and increasingly want to be involved with the companies to which they pledge their loyalty. In fact, for many consumers (especially younger ones), brands have largely replaced social structures such as neighborhoods or religion as the building blocks of identity. Creative marketers can capitalize on consumers' engagement in the marketplace to stage events (both offline and online) that blur the boundaries between production and consumption.

KaZaa, we need to go back to the drawing board. Businesses choosing to accommodate and even to encourage their customers' thirst for a proactive relationship with the company will find they have the inner track toward building brand loyalty—and enhance their market effectiveness.

Approaches like relationship marketing, micromarketing, permission marketing, and 1:1 marketing emphasize the importance of establishing two-way communication between companies and customers. But they also share a common drawback in that they focus upon the efforts of marketers to initiate this connection—and to dominate the nature and content of the resulting dialogue. Marketer-centric perspectives are hard-pressed to account for recent phenomena:

- A Tennessee man initiated legal proceedings to marry his car.
- A British firm paid five people to change their names legally to Turok, the hero of a video game about a time-traveling Native American.
- Forrester Research estimates that 400,000 virtual communities exist on the Internet. Many of these are built on a shared allegiance to a brand, from Harley-Davidson cycles to Palm Pilots.
- After a candy-apple red Swingline stapler played a prominent role in the dark comedy *Office Space*, the company fielded a torrent of requests for the stapler. Unfortunately Swingline didn't actually offer the product in that color. Fans of the movie wanted the item so badly that a market developed on eBay for staplers that had been spray-painted bright red. Three years later, Swingline finally caught on and introduced its "Rio Red" stapler.

Whether marketers choose to acknowledge it or not, often it's consumers who are running the asylum: Consumers are involving themselves in the marketing process, creating brand identity, defining consumer expectations, and acting as reviewers and even product distributors. Consumers control the dialogue and define the rules of the marketplace. Their input into marketing research questions matters as never before. The "good old days," when companies decided what and when

they wanted their customers to know and do, are dead and gone. Many people now feel empowered to choose how, when, or if they will interact with corporations. Companies need to develop and leverage brand equity in bold new ways to attract the loyalty of these consumer "nomads." People still need companies—but in new ways and on their terms.

Why is this power shift occurring? Obviously technology that allows consumers to "Google" at will, that bestows the ability to effortlessly connect online with hundreds or even thousands of other like-minded people worldwide, or that enables people to access breaking news or irresistible promotions in real time via their cell phones is a big factor. In health-care, "the empowered consumer" is becoming the battle cry as patients learn to do their own medical research on the Web and thus more proactively manage their relationships with physicians. Advertising executives already are feeling the heat as they witness the steady erosion of television networks' power to dictate consumers' programming choices thanks to TiVo and other time-shifting devices.

But technology is just part of the explanation for the transfer of power from the hunter to the game. More fundamentally, for many consumers (especially younger ones), brands have largely replaced social structures such as neighborhood, tribe, or religion as the building blocks of identity. People assign meaning to themselves and to others in large part by the constellations of product icons surrounding them, freely and even gleefully borrowing imagery and ideas from advertise-

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ments, retail environments, and other marketing messages to carve out a symbolic niche for themselves. When consumers name their children after their favorite products, get brand logos permanently tattooed on their bodies, or legally change their names to those of characters in videogames, we know that we are living in a new, branded world.

This metamorphosis has profound implications for businesses. It demands a change in mindset, a new way of looking at customers. Old models that regard the buyer as an object to be manipulated in the name of increased market share must give way to an emphasis on winning share of mind. This perspective acknowledges the potential of customers to act as partners in marketing research, new product development, personal selling, distribution, and other marketing functions.

Participatory Marketing

Adopting a participatory marketing perspective can stimulate new ideas and spawn new techniques that enhance inter-

active customer experiences. Creative marketers can capitalize on consumers' engagement in the marketplace to stage events (both offline and online) that blur the boundaries between production and consumption. In a cluttered marketing environment where consumers perceive brand parity in many categories, amplifying customers' involvement across the marketing system is the route to competitive advantage in our burgeoning experience economy.

This evolution of the producer/consumer relationship means that the traditional perspectives on consumer behavior and marketing communications we teach to every MBA student no longer are valid. These outmoded, couch-potato views of consumers just don't work anymore. The standard model of consumer decision making, for example, assumes that people search for product information only in response to the recognition of a specific need. It doesn't recognize the possibility that they will proactively seek out information from companies—and from fellow consumers—on an ongoing basis. Similarly, the standard model of marketing communications paints a picture of a linear world where information flows from marketers to consumers if and when companies initiate this process. It doesn't recognize the possibility that consumers may choose to proactively communicate with companies or with other consumers (with or without the blessing of the company). Ironically, many businesses still view consumer empowerment (seen as interference) as a problem to be managed rather than an opportunity to be mined.

Empowerment presents new opportunities. Customers can work as “co-designers” who cooperate with designers by providing early feedback on product prototypes. Volkswagen used feedback from trade shows as it refined its new Microbus concept. Attendees told the company the design was too austere (that's what happens when hippies grow into yuppies), so they added softer, larger seats in different fabrics. Many customers are configuring their own products, including computers (Dell), bicycles (Cannondale), CDs (CDNow), vitamins (Acumin), designer jeans (Levi's) and newspapers (*The Wall Street Journal Personal Journal*). They may also go a step further by suggesting their own new designs or by modifying existing ones well before a style or product is launched. They can be a company's eyes and ears by acting as correspondents who report on the emerging trends they see on the street. They can provide input to forecasters who try to anticipate the trajectory of new products, movies, music releases, and so on by monitoring the “markets” on Web sites—such as hsx.com, where movie fans bet on the likelihood that new releases will become hits or dogs).

Voice of the Consumer

Despite these exciting possibilities, the sad reality is that today many firms exert little effort to involve customers in decision making. In some cases, they're just content to settle for a few focus groups to validate ideas in which they already are intellectually or financially invested. How can firms do a

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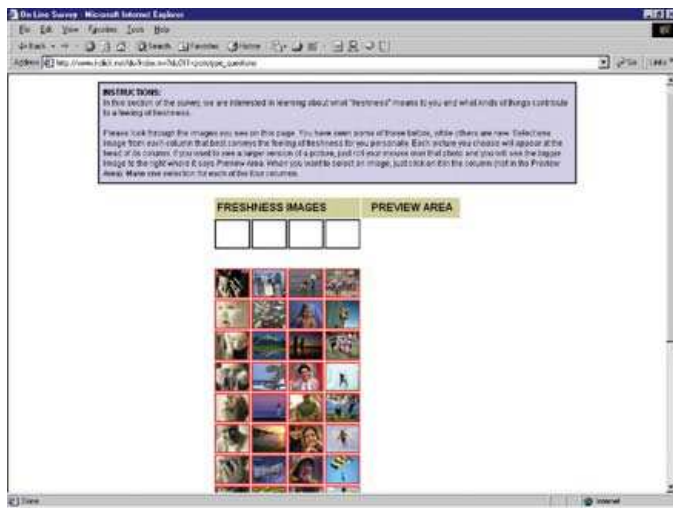


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Exhibit 1 Identification visual associations



Part of an online collage creation tool to identify respondents' visual associations with the latent concept of freshness. When the respondent selects an image in each column the software inserts that image into one of the blank cells until the complete collage is created.

better job of involving customers in the research process, thus enhancing the effectiveness of their operations?

Although some companies that sell directly to retailers or to end consumers (e.g., in the automotive or packaged goods industries) do work hard to solicit customers' reactions to new design concepts, there is still plenty of room to improve and systematize this feedback. And the lack of consumer input is even more pronounced among firms that operate further upstream, such as industrial manufacturers that tend to be less sensitive to changes in end consumers' tastes and desires, even though their marketplace performance ultimately is affected profoundly by fluctuations in consumer demand for the products their downstream channel partners offer.

Many of these firms subscribe to a measurement-based strategy like Six Sigma. This methodical approach to developing or improving processes and products mandates the integration of voice of the consumer (VOC) data. In reality, however, this voice typically is muted at best, drowned out by technology and process variables. That's a drawback that marketing research can remedy. Consider our firm's experience with a major fiber manufacturer. Prior new product development efforts at Invista Performance Fibers—formerly DuPont Apparel & Textiles (the people who brought you miracle fibers such as Lycra, Tactel, and Coolmax)—largely reflected an engineering-driven “molecule forward” approach. More recently, however, Invista radically shifted its strategic planning approach to a “market back” perspective that focuses on directing technical efforts based on consumer needs research.

Invista employs Design for Six Sigma (DFSS) as it develops new technology platforms and evaluates their market viability. This approach provides a systematic way to break down cus-

tomers needs into manageable and actionable details that then influence production processes. The process involves creating a series of matrices (houses of quality) that begin at the top level by relating consumer benefits priorities to features that can be engineered into a product to deliver those benefits. Successive matrices relate engineered features to part/technology characteristics, part/technology characteristics to process operations, and finally process operations to production requirements.

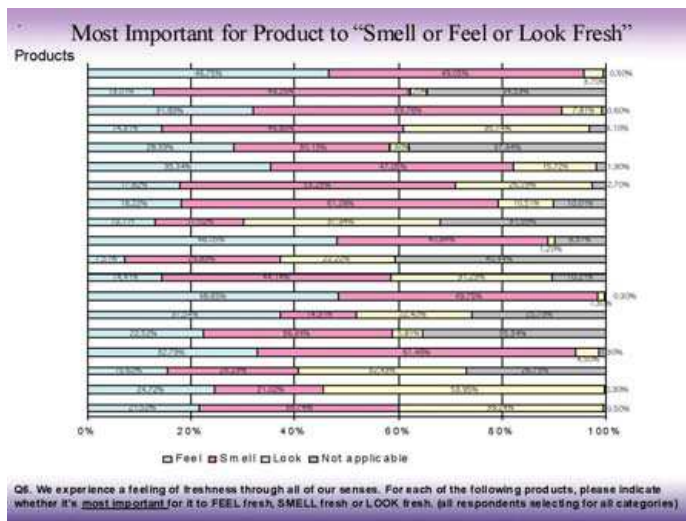
There is a fly in the ointment, however. Unlike many of the other information dimensions DFSS incorporates that rely upon industry statistics or other objectively derived data, no systematic framework exists to integrate empirical feedback from customers into houses of quality. To address this need, we at Mind/Share developed a sequence of three data collection steps to collect VOC data that allows the development team to identify and prioritize unmet needs. This feedback guides the company in its development of innovative fibers engineered to deliver properties, such as freshness, which end users of hosiery, shirts, linens, and other fiber-based products tell us they want. These insights at times contradicted assumptions the engineers had made about what qualities people looked for in garments and home textile products. This feedback resulted in fundamental changes in Invista's product development initiatives.

Our process employs a multi-method, visually-based approach to explore the underlying meanings of latent properties of consumer values (such as freshness or well-being), generate visualizations of concept and meaning dimensions, and anchor these to specific product and usage situation associations. We begin with abstract ideas and make them concrete so that we can identify a set of product categories in which the perceived need among consumers is greatest. We specify how these properties are best delivered (e.g., through which sensory modality), and we identify product categories and usage situations where consumers prioritize each value (e.g., freshness or well-being).

First, we conducted focus groups with key consumer segments in five European countries and the United States to explore respondents' feelings about a latent construct (e.g., freshness) and to develop a diagnostic set of images to use in later stages of the research. Second, we conducted a six-country online survey to further explore the meaning(s) of freshness and its relevance to different product forms. This work is based upon a methodology we developed that enables us to present visual stimuli to a representative sample using an Internet format that minimizes such barriers to usage as download time for large digital files. The study captured data designed to:

- Explore the “look” of freshness, using a collage-creation approach in which respondents selected individual key images across visualization categories. (See Exhibit 1.)
- Explore consumer perceptions of the meaning of freshness, the sensory modalities where freshness is most important for a set of product forms (see Exhibit 2), and the social contexts and products in which it is most relevant.

Exhibit 2 Consumer perceptions



Prioritization of relevant sensory modalities for freshness across product forms (data disguised).

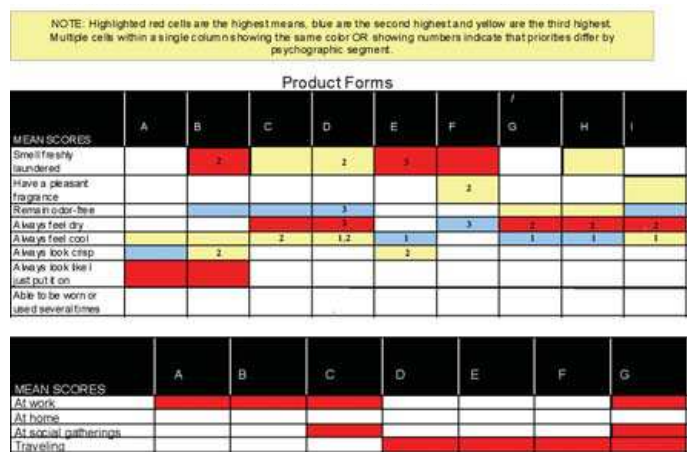
- Identify product categories where freshness is a priority and develop profiles of consumer segments most likely to be interested in these new applications.
- Include demographic and psychographic measures to further understand targets for freshness attributes, and group consumers into Invista's proprietary market segmentation model.

We used the results to provide insights into the key product platforms for the consumer value in question (e.g., freshness). This enabled Invista to gain initial understanding of potential market sizes and how these relate to the costs of delivering different consumer benefits bundles through various technology options. We used data concerning visual imagery and verbal meanings associated with the consumer value to generate initial marketing insights and to inform positioning strategies. Next, we conducted a second online study to assess benefit priorities for each product form and to gauge price sensitivity for key consumer groups. In this stage, we:

- Used data from Stage 2 to identify classes of benefits most relevant to each product form and to create benefit statements for prioritization. (See Exhibit 3.)
- Used data concerning usage situations (from Stage 2) to generate context use statements for prioritization.
- Assessed price sensitivity and purchase intention for specific product form/benefits groupings.
- Used consumer benefits priorities data to provide input to house-of-quality benefits/attributes correlations.

Of course, Six Sigma applications are but some of many ways to amplify the voice of the consumer so that this input is

Exhibit 3 Benefit and situation priorities



Benefit and situation priorities across a range of product forms (data disguised).

heard—and heeded—by managers. Whether enlisting consumers as co-designers; monitoring chat rooms, blogs, and Web sites to track surfers' gut reactions to products; inviting loyal customers to brandfests; or recruiting consumers to serve as “brand ambassadors” who proselytize for brands, there is great value in reframing the producer/consumer dialogue to make it less reactive and more proactive. As companies embrace the value of participatory marketing, they will learn that sometimes it's a good thing for the hunter to be captured by the game. ●

Additional Reading

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Michael R. Solomon is the human sciences professor of consumer behavior at Auburn University and the managing director of Mind/Share Inc. He may be reached at michael@mind-share.net.

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