

Meeting the Challenges of a Changing Marketplace: The Emotionally Driven Consumer

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Consumers today are becoming much more emotionally driven in their behaviors. Consumers are finding themselves “depleted” in a number of ways, they have a lack of time, energy, or the financial resources to cope with this ever changing world. According to psychologists, the more depleted the consumer, the more irrational (emotional) they become. This depletion affects how consumers purchase and use products, relying more and more on habitual behaviors “driven more by emotions than rational thought.

Market Change

Society changes are having a dramatic effect on consumer product markets. This growing surge of highly engaged, demanding and emotionally-driven consumers is contributing to massive market fragmentation and dynamics. Consumers are taking action to live out their values, sharing information with their networks of friends and acquaintances about consumer experiences and the behavior of corporate entities, searching for information about consumer products, and dialoging about issues that impact consumer behaviors.

While consumers are more informed and able to make more informed choices, the consumer is driven by shared information on a wide range of social issues: lifestyle, life role, identity, and culture.

As populations grow and new social media driven trends emerge, these fragmented, dynamic markets (i.e. niche markets) will form many of tomorrow larger main-stay markets. Therefore, it is extremely important that corporations, as brand owners, begin planning for long term corporate sustainability.

Consumer awareness of corporate behaviors will have long lasting impact on how companies, the brands they own, and messaging are trusted by consumers.

Now more than ever, it is critical that products released under specific brands will perform against consumer expectations “to deliver on the promises of the brand.

This new world is now more than ever a brand-driven marketplace, driven by social issues such as social justice, sustainability, health and wellness, and a wide range of other issues such as safety, longevity, and comfort. Failure to align products with these issues or to not deliver against a promise will certainly be met with cruel, punishing behavior in the marketplace.

Failure to take into account these market trends in innovation decisions will only result in further failure in new and improved market launches.

Mass Collaboration

These collective changes form the basis for a “perfect storm” in societal change. Swept up in this storm are many corporate ships flying the flags of thousands of brands. How these corporations navigate the stormy waters of societal and market change will depend on how they innovate “how they change their approach to serving the demands of these highly proactive, engaged consumers.

Don Tapscott and Anthony Williams, in their best seller Wikinomics (2006), InsightsNow, Inc described this storm as “mass collaboration,” characterizing the far reaching effects of technology on not only consumers, but also a wide range of business processes and practices.

While open sourcing of software has been in existence for over a decade, mass collaboration has fueled this from a niche trend into a revolution in how software is developed and distributed. Mass collaboration has led to open innovation platforms where corporations seek out new ideas that have commercial viability. New business models are emerging based upon collaborative business networks leading to real-time manufacturing.

A wide range of new technology-enabled tools and services are rapidly emerging allowing companies to easily and inexpensively form interactions with consumers. “Co-creation” is now becoming a reality, where companies are able to directly dialogue with consumers to drive the innovation process.

CPG Industry change

The CPG industry is finding that traditional approaches to innovation are too slow and inflexible to respond to these marketplace dynamics. Whole industries are in the early process of changing how they innovate in response to changing markets. They are becoming to understand the need to become more social driven, to see the building of corporate trust as a critical goal. Corporations are beginning to view their brand trust as a key asset and to apply this brand to trust transform from a “goods manufacturer” strategy to a “brand manufacturer” strategy. More niche products are being introduced to serve a wide range of dynamic, fragmented markets.

More companies are discovering the importance of emotional branding, and focusing innovation on meeting the needs of the depleted, emotionally driven consumer. More emphasis is starting to be placed on addressing the needs of the time or energy depleted consumer with products that get jobs done faster and easier. The response to the money depleted consumer is with products that get jobs done less expensively.

However, there are still fundamental gaps between the brand owned and consumer. The strategies that companies are taking lack a fundamental understanding for what truly is driving consumer behavior. Few frameworks exist that help brand owners, marketers, marketing researchers, designers, developers and sensory scientists understand how to innovate with the important end outcome of innovation, i.e. consumer behavior, in mind.

Most companies appear caught with one foot in the past where innovation and development were conducted using linear, inflexible organizational processes; and, where products are developed in bits and pieces within silos of domain experts. Companies are finding that these business practices no longer deliver a consistent production of product successes. They are simply too slow, expensive and inflexible.

To meet the short term, bottom line needs of shareholders, companies are continuously reorganizing, seeking ways to cut expenses to maintain acceptable profitability. In reality what is happening is that the resulting churn in employees is dramatically decreasing the knowledge capital retained by employees. Historical knowledge is getting shorter, contributing to the gap between brand owner and consumer.

What is needed is a new paradigm for innovation that is rooted in the psychology of consumer behavior, aligned with the way consumers are seeking to change their world through their proactive consumer behaviors, and flexible enough to adapt to the dynamic marketplace. Companies need to redefine the contemporary marketplace and markets. They need to reconnect with their consumers rather than merely recruiting respondents, building community rather than mass marketing to target populations.

They must place a new emphasis on innovation focused on creating consumer experiences rather than building products to achieve differentiation. They must reorganize around building knowledge rather than meeting short term bottom lines.

About InsightsNow

InsightsNow is the leading product design and development Research Company whose unique consumer behavior frameworks, powerful technology platform, and rapid delivery of relevant insights provide a rich, integrated, and scalable research environment that accelerates the development of products for major consumer packaged goods manufacturers.

Through the company’s advanced real-time research and analytic solutions, such as profilesNOW and reportsNOW, InsightsNow provides faster, deeper, and more insightful results. InsightsNow is headquartered in Corvallis, Oregon with offices throughout the United States.

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