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## Chapter **1**

# Understanding Consumer Values and Mind-sets

Consumer behavior, attitudes and loyalty constantly change, and more rapidly so in a dynamic market and society. Business owners, managers, and marketing professionals all must pay close attention to these changes and learn to adapt to meet new needs and demands.

The 2020s started out with more change than most of us could ever imagine. The way we shop was not excluded. Loyalty to brands shifted and so did the tendency to buy just for the sake of buying. Consumers starting rethinking what they value most in life and how they purchase. Research firms like Deloitte, EY, McKinsey, and Nielsen have dug deep into how consumers have evolved in recent years and what to expect in the future.

This chapter presents some of those firms' key insights as well as tips for applying them to your marketing programs. I let you in on what you need to know to keep up in all industries and with businesses of all sizes. In this chapter, you get started on a successful marketing journey.

## Assessing the New Consumer Culture

A study by NielsenIQ showed the COVID-19 pandemic and its economic repercussions changed how 67 percent of consumers shop. Most said their purchases became centered around necessity more than frivolous wants, and they don't really see that changing anytime soon.

EY's report *US Future Consumer Index 8: Do consumers drive the market or does the market drive consumers?* (covering May 2021–October 2021) showed substantial bumps in the importance of service, quality, price, and, not coincidentally, product availability. These priorities are also not expected to change soon. Add these to the expectations consumers have that brands operate with high environmental, social, and governance (ESG) standards, and it's a whole new world of consumerism for brands across all business sectors.

Kathy Gramling, EY Americas' consumer industry markets leader, summed up the firm's research with the statement that perhaps we are in an environment where the consumer doesn't always decide what matters most, but rather the market forces consumers to make new choices about what's important.

As we explore how markets and consumers have changed, businesses small and large must find ways to adapt.

Following are examples of change in purchasing behavior sparked by the onset of the COVID-19 pandemic:

- » 50 percent say their values and the way they look at life have changed.
- » 45 percent don't want to go back to living exactly like before the pandemic.
- » 57 percent say they try to save more money than in the past.
- » 60 percent expect to save more in the long term and to be more aware/cautious about spending.
- » 48 percent buy less to save money.
- » 58 percent will continue to focus more on value for money spent in the future.

The dichotomy of the growing emphasis on spending less is that consumers have been conditioned to expect greater levels of convenience, including both online and in-store shopping options, home delivery, and curbside pickup, without paying for these extras.

Another very telling trend that no business can ignore is the sharp rise in e-commerce since 2020. According to the United Nations Conference on Trade and Development, the e-commerce sector of the global economy grew from 16-19 percent in 2020, which was considered a dramatic rise. Online business-to-consumer (B2C) sales for the world's top 13 companies generated \$2.9 trillion in 2020, according to the United Nations report. Global brands you'll recognize from the top 13 that grew substantially while small businesses struggled during the pandemic include Walmart at #1 followed by Amazon, Schwarz Group, Aldi, and Alibaba, rounding out the top 5.

In the U.S. alone, from 2018 to 2020, online retail sales rose from \$519 billion to more than \$791 billion. The online share of total retail sales grew from 10-14 percent in just those two years. Walmart's sales were up 72.4 percent during this period.

For businesses of any size, the new consumer culture and economic reality can be daunting and invigorating at the same time, especially when you consider that market conditions and consumer priorities have changed, but human nature has not. We are still governed by emotions and attitudes that influence how we think, what we buy, and how we assign loyalty. The availability of affordable technology for crafting and sending messaging personalized to the emotions that trigger behavior among various consumer segments continues to level the playing field.

No matter the nature or size of your business, opportunities are abundant to learn more about your customers and what matters most to them. Staying on top of consumers' preferences and trends is key to success. The more knowledge you have, the faster you'll reach your destination.

## **Understanding the current marketing environment**

With all the channels of communication and technology available today, you can discover just about anything you need to know about your customers' wants, needs, expectations, and much more.

You can also monitor consumers' attitudes, political preferences, and lifestyles on social media and insert your messages into their personal pages and sites they browse. And you have the ability to analyze their past behavior and scientifically

predict their future behavior using real-time data and artificial intelligence that knows few bounds. As a result, consumers expect you to know their specific needs, and engage with them accordingly, if you want their business.

Beyond understanding and communicating with them on an individual level, today's consumers expect you to align with their social, environmental, and even political values. If you don't, many will find a brand that does, no matter how much you've done for them. With all the options available across all business categories, loyalty is becoming harder to secure.

As a marketer today, you don't just have to up your game; you have to play a whole new one if you want to attract and keep customers for the long term, the only way to succeed in a market where barriers to entry are low in many business categories and competitive pressures increase almost daily. You have to change the way you distribute your products and services, how you reach and communicate with your customers and prospects, and how you engage them emotionally, and how to enable them to interact with you. Additionally, you have to offer much more than a great product and value point; you have to offer consumers a fulfilling experience that adds value, happiness, or excitement to their lives.

This book is about doing all the above and more, effectively and affordably, in an up or down economy, for any business in either the B2C or the business-to-business space. It's also for entrepreneurs starting a new business and marketing managers at regional or national businesses wanting to have a big impact on their brand's revenue and competitiveness, and their own careers.

Beyond going through the essentials of building marketing and sales plans, digital engagement, e-commerce programs, promotions, distribution channels, pricing, and many more strategies, this book provides guidance on how to develop emotionally relevant, creative experiences, online and off-line. You discover the power of emotional selling propositions for capturing trial and lifetime value in an increasingly complex consumer culture. I tell you how to analyze marketing campaign data beyond open and click-through rates, measure results, and identify the best ways to spend valuable resources.

Before we get into the how-tos and guidelines for doing these things, you need to focus on the mind-sets and behaviors inherent in a new era of consumerism largely influenced by recent world events, societies divided by misinformation and political agendas, and a volatile economy. No easy task.

## **Addressing a complex consumer mind-set**

Today's consumer mind-set can be summed up in just two words: *distracted* and *demanding*.

**Distracted:** Levels of distraction from being “present” at any given moment, place, or time just keep growing. A few years ago, adults in the U.S. spent around 11 hours a day looking at a screen. That number is now more than 17 hours a day, according to a study by Vision Direct that projects the average U.S. adult will spend around 44 years of their life staring at a screen. While many of us use screens in our daily work routine, we are relying on screens more and more for our recreational needs, which have gone up substantially since 2020, according to a report by the National Institutes of Health. Other reports show that we can’t be without our phone at our side for more than 2 hours a day. We use our phones to play games, check emails, look for validation on social media, text with friends and even strangers, shop, browse customer reviews, check out locations, and so much more.

**Demanding:** Consumers are demanding more and more that brands cater to their individual needs and offer multiple options for doing business with them, reward them for their business, and provide experiences worth going back for. Choices are increasingly being made based on a brand’s social values, corporate social responsibility, political positions, and ESG actions. Add to all that consumers’ high expectations for convenience, fair and affordable pricing, service, quality, shopping options, and the overall experience they get from your brand.

Yep. It’s not easy to be in business today, but armed with the right knowledge and tactics, business owners and marketing executives can not only thrive but rise above.

## Bridging Generational Gaps

Adding to the complexity of how consumers think is the fact that every generation you target has different expectations and preferences for engaging with brands. Some considerations follow.

**Baby boomers**, the generation born between 1946 and 1964 represent a strong purchasing power. In 2019 in the U.S., they accounted for \$548 billion in spending. While many of them use digital resources like texting, email, social pages and more for their everyday information and communication needs, they grew up with radio, TV, and newspapers. Many still use traditional media for their news and shopping information.

**Generation X**, which represents people born between 1965 and 1980, is active on social media channels like Facebook and LinkedIn, and often turns to their social media network for purchasing advice. Their trust in business and brands has waffled for many reasons over the years because they hit their stride as consumers

during an era of social injustice, corporate greed, and much inauthenticity about products, brand values, and more. They tend to align with brands that are transparent and make an effort to understand them and cater to their needs.

**Generation Y, also known as millennials**, born between 1981 and 1996, had a collective spending power of around \$1.4 trillion as of 2020 and tends to put their money toward brands with strong ESG ratings and practices. They are very adept at using digital channels to research brands before they do business with them. More than 80 percent of millennials seek to purchase from brands with values similar to theirs, and nearly 80 percent want companies to speak out about their positions on current issues. Transparency, authenticity, and reciprocity are key to this generation. Because they grew up largely in a digital-driven world, they use many digital channels, across multiple devices, and are relatively easy to reach. However, millennials do not respond as easily as other generations to targeted marketing campaigns and prefer meaningful, actionable content that aligns with their values and lifestyle, and enables them to make wise decisions.

**Generation Z**, born between 1997 and 2012, the youngest generation of consumers, has the same drive as the preceding generation to align with brands with values similar to their own. They tend to gravitate toward cause-related marketing as well. This generation is tough to reach through traditional marketing channels because they use ad blockers and apps like DuckDuckGo to prevent brands from tracking their purchasing and social media behavior. The platforms they use most include YouTube, Instagram, Twitter, and other short-form apps such as Snapchat and TikTok. They tend to be persuaded by “influencers,” which has given rise to a whole new marketing genre — *influencer marketing* — and they use social media to validate their own lives.



REMEMBER

The best tool you have when fighting the battle for consumers’ attention is a good marketing plan that directs your messaging, actions, resources, and customer experiences across the channels your targeted customers use most while going about their daily lives and making decisions for the short and long term.

## Creating Trust Equity in a Low-Trust Society

Every year, Edelman conducts a trust survey to assess the pulse of trust among consumers for business, government, and media. In 2017, the report was summed up as “Trust in Crisis.” In 2022, the theme of the survey is “The Cycle of Distrust.” Not the direction we want our world to be going.

Looking at the positive side, of all the institutions covered in the Edelman report — business, NGOs, government, and media — business is the most trusted. Edelman’s report shows 61 percent of consumers trust business, and only 52 percent and 50 percent trust government and media, respectively. “Fake news” concerns contribute to the lack of trust among consumers. The cycle of distrust for government and media based on disinformation about social and political issues threatens social stability more than ever because many consumers expect business to solve what government cannot or will not. Large percentages of consumers expect company CEOs to inform and shape conversations around the economy, technology, wage inequality, climate change, prejudice and discrimination, immigration, and education, likely changing the role of business forever.

According to Edelman’s 2022 Trust Barometer, 63 percent of consumers worry that business leaders purposely mislead society with false statements, while 66 percent and 67 percent believe the same about government and media, respectively. That isn’t a great benchmark. And to add more complexity to marketers’ task of building trust, the lower the consumer’s income, the lower their trust, throughout the U.S. and globally. Most troubling in this report is the statement that distrust is the default, or so say 59 percent of respondents representing 24 countries.



TECHNICAL  
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The least trusted sectors are social media first, followed by financial services, fashion, consumer packaged goods, and industry.

## Building trust in a less-trusting world

Marketers can restore trust and build sustainable customer relationships. Following are some examples of how:

- » **Stake out your position.** Create and distribute clear, factual information about your brand, your products/services, and the values you support.
- » **Be transparent.** Your product ingredients, materials, sourcing, manufacturing processes, and charitable donations are just a few issues that matter to consumers. Greenwashing, or presenting misleading information about how environmentally sound a product is, does irreparable damage to customer relationships — and ultimately to sales.
- » **Own your mistakes.** You don’t have to adhere to the “customer is always right” mantra at a time when customers cannot always be trusted to be fair to brands. But you do need to admit fault when it’s due and make things right. Domino’s is a great example of this concept. At one point, the brand admitted to producing a low-quality product. They communicated their actions and

commitment to do better. It paid off. Revenue went up nearly 14 percent from 2010 to 2020.

- » **Stand for something bigger than your bottom line.** Communicate your social positions and your charitable contributions, and involve customers in your cause. We tend to trust “those just like us,” and creating bonds around issues that matter to consumers is a great way to build common ground.
- » **Communicate your impact.** Porter Novelli’s Purpose Premium Index for 2021 shows 73 percent of U.S. consumers choose to support companies that explain how they are making positive change in communities and the environment.



REMEMBER

The best competitive advantage is your ability to get consumers to trust you. This is far more important than price, even in a challenging economy. Trust goes beyond honesty and integrity. It encompasses your ESG values and your corresponding actions.

It’s critical to know what customers think of your brand and the level of trust they have in you. Deloitte and Twilio did a joint study in 2021 that found significant discrepancies between the level of trust consumers have for brands and the perceived level of consumer trust those brands’ executives believe they have.

Consider this:

- » 79 percent of B2C leaders believe consumers have a high level of trust in their brands.
- » 52 percent of consumers agree.

Important to note is that 68 percent of respondents to this study said they will spend around 25 percent more on products or services from a brand they trust, and they will give that brand permission to collect personal data for future marketing.

As you read this book and develop your own strategies, messaging, marketing, and engagement programs, keep in mind the power of maintaining transparency, ensuring integrity in your deeds and alliances, and living your values.

A marketing plan isn’t just a road map for how you’ll develop products, build distribution channels, and earn profits; your marketing plan must also define the following:

- » What you stand for
- » Your ESG actions

- » The causes you support and how you'll contribute to their success
- » How you'll build relationships with customers based on common values and causes
- » How you'll transparently communicate good and bad news to all your constituents

## Building relationships around a common purpose

Your biggest competitive advantage isn't dependent on how clever your marketing and social campaigns are but rather on your ability to build meaningful and sustainable relationships with customers. The most powerful and lasting relationships are those built on trust, shared value, personal relevance, and a common purpose.

When identifying your brand purpose, choose a cause that's related to your business category. You will be more credible and successful if you bring core competencies to organizations involved in your cause.

Examples of brands and the powerful purposes they support with actions and funds include:

- » Dove, which launched the #SpeakBeautiful campaign to help improve self-esteem among women
- » Starbucks, which started the Ethos Water Fund to supply clean water to people worldwide
- » Savers, a thrift store chain that donates proceeds to programs that help create jobs for people in need, aid at-risk children, and assist people with disabilities
- » Marc Jacobs, a fashion brand that helps rescue and rehome abandoned dogs in Puerto Rico

Beyond just communicating the causes to which your brand donates funds or goods, involve your customers in your charitable activities. Organize community volunteer days that bring your employees and customers together. Bonds created while cleaning up a highway or serving meals at a food pantry are much stronger than those made through sales transactions.

Strong relationships are also centered around sharing information to guide others on their journeys. Brands that provide information that helps consumers make wise decisions beyond product choices tend to get respect, trust, and ultimately sales.

Ask yourself the following questions to help you develop a purpose that brings you together with your customers and other like-minded people:

- » What are some real societal needs we can address that our business model can support?
- » What are the common goals and ideals that we share with our core customer groups?
- » How can we align marketing, community relations programs, and brand values with those common goals?
- » What programs can we execute that bring us together, online and off-line, with our customers to further our common goals and share our enthusiasm for a mutually supported cause?
- » Which needs related to our business category can we fill in our communities?
- » What is the reputation of the retailers that distribute or sell our products, and how can their reputation, positive or negative, potentially impact our reputation with customers and communities?

## Improving Customer Journeys for Sustainability

Customer experience is the entirety of interactions between a brand and a customer, beginning with the first purchase and concluding with the end of the purchasing life cycle. Interactions take place during each step of the decision process associated with a given product category. Successful brands map out the journey for taking a prospect from an introduction to their products/services to a lifetime of loyalty.

These journeys start with the steps associated with the decision process (laid out in the nearby bullet list). The success of a brand journey which leads prospects to becoming brand evangelists depends on building the decision process around values like trust, purpose, and meaningful relationships. Communicating to customers with emotional relevance during every phase of a decision or brand

journey is also key. This book helps you set up and execute effective journeys and customer experiences.

The customer journey, which is discussed in detail in Chapter 3, can include the following steps of the decision process research has shown to be associated with purchasing across categories. Note that all consumers do not complete all the steps. As a marketer, your goal should be to assist consumers with their decisions in order to get to the final step listed here, the assignment of loyalty. This process most reflects those associated with complex purchases such as automobiles, expensive household items, and business technology or software. For a simple retail or food purchase, the purchase decision may be limited to simply location, price, or reputation.

- » **Identification of problem or need:** Consumers realize they need to purchase a product to solve a problem or fill a need. For example, they need a good home computer.
- » **Discovery:** Consumers conduct research and explore options for products that fit their need and decide on the functions and features that matter most. For example, should they buy a laptop, notebook, desktop, or tablet?
- » **Evaluation:** After they've found options or product categories they want to purchase, consumers start to evaluate brands.
- » **Trial or purchase:** After researching and engaging with various brand representatives online or in stores, consumers make a purchase.
- » **Confirmation and reassurance:** Consumers gather information after the decision or purchase to reaffirm that their choice was the right one. They read expert and customer reviews, talk to others who chose the same product or brand they did, post their decision on social media to get more validation, and so on.
- » **Assignment of loyalty:** A brand experience doesn't stop after the purchase. It continues as consumers use the product and access the resources available, such as customer service and technical support.

Marketers need to define a customer journey specific to each of their customer segments that encompasses the decision steps as well as additional steps to secure repeat business, referrals, and lifetime value from each customer.

Chapter 3 discusses customer experience strategy and shares insights about touchpoints that keep customers engaged and moving down a path to the behavior you seek to achieve.



REMEMBER

A customer's journey encompasses the steps you must take and deliver upon at every touchpoint.

Examples of actions needed for customers making recent purchases include:

- » How do you thank or recognize customers for their purchases?
- » How do you resolve conflict when you're right or wrong?
- » How do you validate customers' decisions to continue purchasing from you?
- » How do you reward them for loyalty and referrals?
- » How do you engage them in meaningful activities, causes, and so on?

The purpose of a customer journey is to build and maintain emotional bonds with your brand and get customers to refer others. To do this most effectively for your brand, it helps to look at the most powerful affiliations people have in their lives that aren't associated with the purchase of products or services. People hold powerful beliefs that guide them, and they make life-lasting choices and decisions based on these values and beliefs. A person's commitment to their value structures can be so strong that they pledge their time and even money to related organizations that don't give anything in return but intangibles, such as hope, faith, and anticipation of rewards if they stay the course and further the cause. Experiences that are memorable and become part of a routine often include symbolism, sensory appeal, promises, community, and ritual, just like the experiences we have with our religious and political organizations.

Successful brands integrate these same tenets. Think of your favorite brands. Note how they embrace these tenets. Apple is a great example of a brand using the cornerstones of religion to create a faithful following. Here's how:

- » **Symbolism:** The simple Apple icon recognizable by most consumers worldwide represents creativity, innovation, and personal power to communicate, self-express, create, and enjoy music and other forms of entertainment.
- » **Sensory appeal:** Apple's products appeal to people's senses by delivering music and videos with ease and giving them the chance to produce their own creative and media events, which appeal to even more senses.
- » **Promises:** People believe and experience the promise of quality, innovation, and novelty as Apple releases new applications and capabilities.
- » **Community:** Apple has many communities you can join online, including Apple TV, and has become a community itself through market penetration. Many people you know own Apple devices, and you can easily exchange ideas, tips, and enthusiasm.

» **Ritual:** Shopping at an Apple Store is a fun ritual. You have a cool setting to explore products; you're assigned your own personal assistant when you walk in the door; your transactions are done casually via a hand scanner, not at a sterile, divisive counter, so you feel more engaged with your assistant; and you can sign up for the Genius Bar and get one-to-one attention.

This book is full of ideas for building emotional connections around shared values, experiences that bond consumers to brands, and customer journeys that take a lead from introduction to lifetime value. Check out Chapter 9 for digital tools and tactics, Chapter 16 for emotional selling, and Chapter 2 on how to trigger the unconscious mind for unthinkable return on investment.

## Making It Real and Keeping It Fun

Customer experiences that are memorable and worth coming back for are those that trigger feelings of satisfaction, self-worth, self-actualization, and plain old fun. When we create experiences that fulfill these needs, we change consumer behavior and, most important, purchasing loyalty. (For more ideas on creating memorable experiences, see Chapter 3.)

One of the best examples of changing behavior by changing up routines comes from Volkswagen, which created The Fun Theory. This program was built around the notion that fun can change behavior for the better, kind of like the discussion in Chapter 8 about the power of using games to build customer engagement.

For The Fun Theory initiative, Volkswagen asked people to create ideas for changing routine behavior for the better. It then tested and executed winning ideas to see whether they would indeed work.

Here are a few attention-grabbing ideas that successfully changed routine behavior by doing something new and fun. As you review these ideas, ponder how you can build on them to create “fun” customer experiences through every touchpoint of your customer journey — from need identification to purchase confirmation.

» **Will fun reduce the amount of speeding in a city?** This project involved setting up signs throughout Stockholm that showed people just how fast they were going. It was really nothing new because speed meters are located in many places these days; however, this program made it more fun to stay at or below the limit. The speed camera would track your speed and light up according to whether you were under or over the speed limit. If you were over, you were sent a ticket. If you were at or under the speed limit, you were

entered into a lottery in which you could win a cash reward funded by the money collected from the speeders. It worked beautifully. In three days, the cameras tracked the speed of nearly 25,000 cars and found that the average speed of traffic went down from 32 kilometers per hour to 25 kph, which is a 22 percent reduction in speed.

- » **Will fun get people to use stairs over escalators?** Another “fun” experiment designed to get people to make healthier choices was to turn a staircase that sits adjacent to an escalator into a keyboard. If people could play music with their feet as they moved up or down the stairs, would they choose the stairs, the healthier option? The answer was yes, as 66 percent more people than normal chose to take the stairs.
- » **Will fun get people to increase their use of recycling centers over trash cans?** The Fun Theory’s bottle bank arcade experiment turned a bottle recycling depository into an arcade. Every time a bottle was placed inside, the depository would light up and make noises like a game at an arcade. It would even add up points for each bottle someone deposited. People flocked to see how many points they could rack up with bottle deposits, even though there was no way to cash in their points for a tangible reward. In just one night, nearly 100 people used the arcade depository compared to 2 people who used the conventional depository, which was routine and void of fun.



REMEMBER

Your marketing plan isn’t just a guidebook for getting your product out to the world and making money; it’s about creating an experience, event, or outcome that makes people’s lives better or more enjoyable and brings people together for the better. When you deliver emotional fulfillment and build a community around the value you deliver, it’s difficult to fail.