The New Science In Understanding Consumers

By Neale Martin, Ph.D with Barry Ooi

THE world is experiencing an economic crisis unlike any other in the past. Though countries have previously faced higher unemployment and deeper recessions, the current problem is global.

Although there are so called 'green shoot' signs, which shows that we're at the bottom of the crisis, there are calls for caution. Bank Negara's projection is that we will experience flat growth despite strong domestic demand as the external factor is still in the negative mode. According to Media Partners Asia, adex is forecast to be in the negative zone for 2009. Though marketing managers may feel overwhelmed and powerless, there is much they can and should do.

The role of the chief marketer is to focus on the strategic intent of the entire organisation, not solely on the marketing department. Even if you are convinced of the need to maintain marketing efforts, marketing more than any other discipline must rapidly adapt to changes in the marketplace. Recommending more of the same in the midst of violent upheaval makes a marketer look clueless. Chief marketers must provide the critical insights for the rest of the management team to understand where to cut, what to preserve, and where (if anywhere) to expand.

In this uncertain future, the manager's role is to understand how to preserve what the company has built over time and look for strategic opportunities as they emerge out of the chaos. How can you determine the correct course of action in markets for which there is no precedence? We propose that marketers look to neuroscience for the answer.

In updating marketing theory and practice based on findings from neuroscience and cognitive psychology, there is disconcerting evidence that most of our ideas about buyer behavior are wrong. Scientists have discovered that the human brain involves two minds, the conscious/executive mind and the unconscious/habitual mind, and marketers are focused on the wrong one. Up to 95 percent of human behavior is the result of unconscious habits.

The implications of this notion are staggering and go a long way to explain why customer satisfaction doesn't predict future purchase, why most new products fail and why the more we advertise the less we communicate. Instead of focusing on abstract constructs such as attitude, beliefs or intentions, companies should focus on customers' habitual behavior. Market research that focuses on behavior is far more reliable than survey measures such as attitude, belief and intention.

However, disruptions in the marketplace (what you do, what your competitors do, what is happening in the world) can dislodge a decision from the habitual mind and bring it up for executive review. Anything from a change in packaging to a new product release by a competitor can disrupt an automatic habit-based purchase.

Our current financial crisis is the largest disruption in the living memory of today's market. Virtually every purchase decision is now up for executive review, from eating a quick take-out meal to purchasing a new television and from lavish spending to calculative spending. A clear example is an observation made by a restaurant and bar owner in KL. She found that consumers still want to have

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the experience that will make them feel rewarded for their hard work. However, given the increasing cost and the static income, they are downsizing their purchases. Many of her customers are still patronising the outlet, but they have cut down on the frequency. “Many of my customers, who used to come down three to four times a weeks, are now only doing weekend drinking to unwind themselves.”

Similarly, an assistant branch manager in an international café chain has a similar observation. “My regular customers still want to enjoy the feeling of drinking coffee at a premium venue but I see that many of them are now downsizing their drinks and not opting for top-ups, which would cost another ringgit.”

It is critical that senior marketing executives move immediately to reestablish their value proposition with current customers. Here’s how to get started.

Here are four steps to maintaining brand equity.

Reestablish brand value: habits occur within specific contexts. Reconnect with why customers bought your brand in the first place—convenience, reliability, economy within that context.

Communicate: regardless of media, communicate the value proposition. However, communication is dialogue; you must also listen to the customer. Make sure your customers understand your message.

Build trust: repurchasing can only become a habit if trust is maintained. Evaluate all responses to new market conditions to make sure trust is not violated.

Repetition and reinforcement: Habits are formed through repetition and reinforcement. Understand the steps necessary for purchase and repurchase, minimise those steps and then reinforce the desired behavior.

Ultimately, economies rest on confidence and this is being shaken to the roots. We will rebuild, but many companies will perish in the process. By focusing the organisation on preserving brand equity, chief marketers can make sure their brands survive to see a brighter future.

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