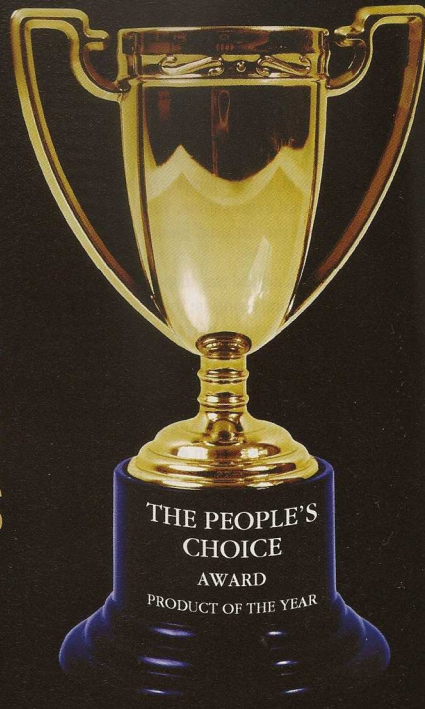


SUCCESS

FROM THE CONSUMER'S PERSPECTIVE



by DR DONALD TAN

Globalisation, driven by technology, has made the world “one marketplace”. This notion was popularised by the late economist and professor from the Harvard Business School, Theodore Levitt, in his seminal piece “The Globalisation of Markets”. Decades later, we are witnessing the reality of globalisation, with technology being one of its most formidable driving forces. Yet, in the pursuit to dominate a highly competitive and complex marketplace with the latest and best technologies, many companies are struggling to even leave their mark.

How ironic that companies with great products and solutions are sometimes not bestowed the credit they deserve. Yet, one cannot deny that many companies have great products and solutions that are designed by engineers from their perspectives, and not the users'. In the pursuit of better products and solutions, companies are sometimes blinded from what should be their ultimate goal - understanding what the consumer really wants.

To understand the underlying behaviour of any consumer, one must return to the basics of what motivates a purchase. Purchases are motivated and encouraged by the perceived value a consumer has of a product or solution. This perceived value can be simplified into the 3Cs of what the product / solution brings to its consumer - Confidence, Convenience, and Connection.

Confidence

Confidence forms the fundamental guide to the consumer's decision. When a consumer buys a product / solution, the consumer is buying “confidence”. The more confident a consumer is of the product / solution to be able to satisfy his or her needs, the more likely the purchase. Higher confidence in the product / solution also justifies the premium consumers are willing to pay for them over others they are less confident of.

While confidence levels may be subjective and differ from one customer to another, companies need to create and build confidence among their target customers by ensuring that these consumers can immediately identify their products / solutions and associate them with the highest “confidence”. This can be done through the building of brand equity and communicating a consistent message to the consumers. Consumers look for cues, from familiar brand to quality to what the product / solution can do, to validate their purchase.

In addition, companies must not forget that having a good brand is only part of the confidence equation. Having consistent and reliable products / solutions and the reputation of the company and its key executives form the remaining part. Simply put, having a good brand image, consistent and reliable products / solutions and positive impression of the company and its key executives will increase the confidence level of consumers. A high level of confidence increases the perceived value which encourages purchase behaviour.

Convenience

Convenience is another important factor in the purchase equation. Convenience is divided into two levels.

One, the products / solutions are supposed to bring convenience into the lives of the consumers. The convenience associated with the products / solutions can be seen as an improvement in the quality of the consumer's life. Companies that understand this fact often reap the rewards in the market with acceptance and endorsement from their customers. Companies, especially those in technology, must remember that it is not a race to see who can develop the most sophisticated product / solution, but who can best translate that complex product / solution into something consumers can understand and use with ease. What is the point of having a great product if no one knows how to use it?

Two, convenience also equates to how conveniently the products / solutions are made available to the consumers. The more convenient it is for the consumers, the more acceptable it becomes. Please note that this argument does not necessarily mean increasing the intensity in the distribution strategy. Rather, convenience explores the adaptability of the business to ensure that that product / solution is made available to the consumers

with ease, irrespective of the distribution strategy.

Simply put, the lack of convenience inhibits purchases while its presence allows consumers to explore and evaluate products / solutions, which directly raises the probability of a purchase.

Connection

Connection is perhaps the most complex aspect that can undermine any logic in a purchase behaviour. Connection relates to the appeal of the products / solutions that the consumers identify and associate with. This connection can be both tangible and intangible; intrinsic and extrinsic; and symbolic as well as literal.

Therefore, it is critical that companies identify the segment that they intend to address, and create a product / solution that connects with this segment of consumers. This can be in the form of the brand, design, lifestyle, image, quality, logo, colour, features, message, character, association, usability, etc.

The more connected the consumers are to the products / solutions, the more it will encourage the purchases. Therefore, when consumers can identify and associate with the products / solutions, this will trigger a purchase.

In summary, it is critical that companies explore confidence, convenience and connection from the perspective of the consumer. Companies that are able to immaculately incorporate the 3Cs into their products / solutions will enjoy better sales and higher margins, since consumers are willing to pay for products / solutions that are higher in value from their perspective. Therefore, the next time any company starts on a new product / solution, instead of starting in the R&D department with concept generation, it may be more worthwhile to start with understanding the consumers' perspectives and what they want.

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Donald Tan will be conducting the following learning and development programmes at the Marketing Institute:

- Successful Channel Management – 30 & 31 Mar, 22 & 23 Jun 2009
- Strategic Marketing Management – 15 & 16 Jan, 13 & 14 Apr 2009
- Experiential Marketing – 26 & 27 Feb, 13 & 14 May 2009

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