**CONQUERING CONSUMERSPACE**

**THE SUMMARY IN BRIEF**

For those in marketing, it’s never been a more exciting — and confusing — time to be in business. Products aren’t just functional: They define who a person is and what he or she wants to be. Companies don’t market to people; they market with them. Today’s customer base is so diverse and in flux that the old rules of marketing have been rendered obsolete.

In *Conquering Consumerspace*, Michael R. Solomon, director of Mind/Share Inc., a consulting firm specializing in online consumer research, provides a lively exploration of the new realities of how we market to consumers today. In consumerspace, a place where our very reality is branded, marketers have a vast number of new choices that have been enabled by the dynamic nature of today’s interactive environment. Conquering Consumerspace promises to help readers navigate today’s complex consumer economy, master its challenges, and capitalize on its boundless opportunities.

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**What You’ll Learn In This Summary**

This essential guide gives you the tools to market your products and services more effectively both online and off, including:

- How to tailor advertising messages to the worldwide economic force of Gen Y.
- How companies have successfully developed customized personalization strategies online.
- Ideas for gathering consumer input in the preliminary phases of designing and developing products.
- How to use virtual communities to gather market feedback and create a buzz for your brand.
- Strategies and guerrilla marketing tactics for grabbing the attention of today’s jaded consumers.
Welcome to Consumerspace

In today’s consumerspace, successful companies partner with customers to develop brand personalities and create interactive fantasies. Those companies understand that consumers buy products because of what they mean, rather than what they do. Market share is out, share of mind is in.

That’s why consumer products and services companies now need to shift their focus away from marketing to people and toward marketing with them. In the old marketerspace, companies sold to customers. In consumerspace, they sell with customers.

Today, consumers are using material props to look good to themselves, to validate their identities, and to find meaning in their social environments. Their quest to define themselves with the aid of brands that have deep meanings to them reflects the transition from marketerspace to consumerspace.

As the lifestyles of consumers splinter and morph, they construct their own unique identities by picking and choosing from a mixture of brand possibilities. Thus, mass media vehicles are no longer an effective way to reach many important target segments. Marketers must track consumers’ aspirations, rather than their current preferences, in order to develop new brands and messages that will resonate with these evolving ideals. For example, Sony recognized that America’s burgeoning incarceration rate (triple that of 1980) was creating a significant customer segment with specialized requirements. The company now sells over $1 million of headphones designed for prison inmates.

Getting to Know You

The traditional view of consumers as a passive group to which a company can broadcast messages is no longer accurate or very useful. The transition from broadcasting to narrowcasting means that marketers have to find new ways to connect with customers who are increasingly jaded and hard to reach by conventional means. That’s what funneled the stampede in the late 1980s toward relationship marketing. The logic was simple: It was getting a lot less expensive to keep an existing customer than to find and win a new one.

We have to back away from the traditional idea that marketers do things to consumers and think about the communication process as a two-way street. Consumers often want to exert control over the amount and nature of marketing information being transmitted to them. Advertising is about much more than communicating information about products and services. In consumerspace, advertising is part entertainment, part reality check.

The affirmation of group identity is a major motiva-

(continued on page 3)

The Good Old Days Of Marketerspace

In the beginning, there was marketerspace, a commercial system where producers dictated what consumers bought, when and where. By the 1950s, General Motors created a new paradigm by pushing the concept of market segmentation: Don’t try to sell everyone a Chevrolet. Identify a specific market, create a product to appeal to that market (Chevy for the working man, Cadillac for his boss, and so on), and differentiate your product so people in that market will prefer it to the competition. The modern marketing era was born. Market share became the currency by which business success was measured. The mass segmentation approach worked quite well so long as it was possible to comfortably pigeonhole each consumer into a convenient category.

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Welcome to Consumerspace
(continued from page 2)

Consumers form bonds with each other based on common ownership. Brands mean something to individuals because they mean something to a larger group. Common ownership links individuals together in the way that religion, family and community did in bygone times. Joined by their enthusiasm for a product, these groups of people may meet either in the flesh or in online gatherings. That’s what marketing experts call a brand community.

The logic behind fostering this bonding approach is that if a consumer feels a strong connection with a brand, he or she is less likely to succumb to peer pressure and switch brands. Marketers like Harley-Davidson understand that customer loyalty can be cemented by providing the resources and encouraging customers to express their enthusiasm with kindred spirits.

The brands consumers buy place them in social categories. They use those cues to place others (and themselves) with consumers who they believe will share similar lifestyles and values. Lifestyle marketing strategies recognize the potency of these bonds. Lifestyle marketers compose a brand portfolio that enables the members of a category to express their underlying identity in a variety of concrete ways, from food to apparel to music.

The Brand Personality

Brands help consumers make sense of the world and decide where they fit in it. Consumers use evidence gleaned from observing others’ choices of leisure activities, cars, clothing, etc. to determine their compatibility with them. They view brands as having personalities and prefer marketing offerings that are similar to how they see themselves or to the type of person they want to become. Many consumers form stronger attachments to their clothes, cars or homes than to their neighbors.

Today, brand names have become so valuable that it’s fairly common to find them valued in accounting terms just like any other tangible asset. Brand equity refers to the value a brand brings to its producer over and above what the generic product would be worth sans the name. This kind of equity may be so integral to a company’s output that it is literally all the firm produces. Nike doesn’t own any sneaker factories. Sara Lee sold off many of its bakeries, meat-processing plants, and textile mills to become a “virtual” corporation.

The Extended Self

A person’s self-concept is influenced not just by his appraisals of his looks, intelligence or other qualities. The quality of his product inventory also reflects what he thinks of himself. The extended self is composed of the products people value and those they despise. By identifying sets of both positively and negatively valued brands for a particular consumer profile, a marketer can use this information to position a brand by linking it to the positive ones and/or linking rival brands to the negative ones.

Many brands take on additional meanings because they come to be associated by consumers with certain roles or lifestyles. Often it’s the consumers themselves who make these connections rather than their being the result of some scheme cooked up by a marketer. For example, executives at Subaru discovered to their great surprise that lesbians are four times as likely as the average consumer to own one of their cars. They made this discovery accidentally, never having intended to go after this group. Today the company deliberately targets this segment by running ads in gay media depicting happy same-sex couples driving its cars.

O Pioneers!: Youth In Consumerspace

Teens are alluring targets for “feel-good products,” but marketers in mainstream categories also may find it advantageous to cultivate brand loyalty at an early age. In addition to spending money on discretionary items, many teens participate in grocery shopping and household maintenance. They form bonds with products that will serve as barriers-to-entry for rivals who seek their business later in life. Kids (as always) are hard to figure out, but marketers who try can be amply rewarded.

Consumers-in-Training

The future of consumerspace lies in the hands of its young pioneers. American teens spent $172 billion in 2001. A market research firm specializing in this segment has gone so far as to label teens Skippies — school kids with income and purchasing power.

Gen Y kids appear to be materialistic, but they’re hardly an easy sell. While it may be news to us, today’s kids largely accept the fact that they are what they buy. They are very savvy about marketing strategies and are quite aware that advertisers are doing whatever they can to get them into their franchise. Pandering messages are a major turnoff. Image-building campaigns (e.g., Michael Jordan endorsing Nike) are not as effective as they once were — kids have figured out that someone’s paying these guys to endorse this stuff.

Walk down a street in Amsterdam, Buenos Aires, or Hong Kong and it’s easy to have a feeling of déjà vu. The kids look surprisingly familiar. Multinational mar-
Keters know that their best chances to succeed in foreign markets lie in identifying consumer segments that share a common worldview.

Global Youth Culture

The best candidates are young people whose tastes in music and fashion are strongly influenced by MTV and other media that broadcast many of the same images to multiple countries. We are witnessing the rise of a global youth culture, fueled by the Internet and communications networks like MTV, that transcends national borders. MTV provides the code book that lets young pioneers speak to one another. MTV’s clips literally serve as “training videos” in that they teach kids how to belong to a certain subculture. The deliberate use of “MTV-style” editing by companies like Nike makes it more likely that kids will absorb the message.

Today, some analysts find it useful to think in terms of ever-larger cliques or youth tribes that unite kids by means of shared interests or values rather than geographic proximity. The challenge of tribal marketing is to link one’s product to the needs of a group as a whole. California-based shoe manufacturer Vans is most closely associated with the skateboarding tribe, and the company aggressively seeks opportunities to cement this linkage. Vans sponsors activities, produces documentary films, and even builds skateboard parks to celebrate the outlaw nature of the sport — and in the process promote its specialized shoes.

The tribal phenomenon is most pronounced in Japan, where teenagers invent, adopt and discard fads with lightning speed. To try to win the loyalty of young consumers in Japan, a group of big companies including Toyota, Matsushita, and Asahi Breweries formed a marketing alliance.

In Pursuit of Cool

Attaining the status of cool is the Holy Grail when marketing to youth. Coolness can be thought of as a set of shared meanings (languages, values, self-presentation, etc.) within a peer group that signal affiliation with a desirable lifestyle or clique. Kids stay tuned to what’s “phat” and what’s not by watching MTV and carefully observing the trendsetters who seem to have it figured out.

Cool kids are the innovators of the youth market. Track their ever-changing preferences quickly and reliably, and stay ahead of the new product development curve. Use a collection of techniques including ethnographic work (“live with the natives”), online surveys, and simple observation of street culture to triangulate the direction of these trends.

Customers Talk Back

Consumers want to be involved in the creation and delivery of what they buy. Promotions that encourage customer feedback heighten involvement with the producer. People want to be involved. They want to know if they’re having an impact, and they hunger for the validation that comes from making the “correct” selections.

A few years ago, Lifesavers threw down the gauntlet. The company threatened to eliminate the pineapple flavor unless consumers went to its Web site and voted to keep it. More than 400,000 people rallied to the cause. Perhaps this was not the most momentous election in history, but this kind of mass response hints at peoples’ willingness to get involved when the fate of their favorite goodies is at stake.

Consumers are control freaks. They enjoy the feeling of power that comes from having input into what they do, see and buy — even if it just means getting to vote on a candy flavor.

Creating a Lifestyle Package

Marketers can connect with Gen Y consumers by teaming up with other companies to create a “lifestyle package” targeted to a specific lifestyle segment or tribe. Indeed, in the United States some major corporations are figuring out the value of teaming with very dissimilar players to develop youth-based products. For example, Nike and Polaroid have formed a partnership that lets teens personalize their sneakers by inserting pictures they take with the I-Zone camera directly into their shoes. Toyota is teaming with fashionable surf wear maker Roxy to create a surf-friendly version of its Echo sedan for the young female market, complete with water-resistant, neoprene-covered seats, a Yakima roof rack, and wet-gear storage bins.

Customer Involvement In Consumerspace

Customer relationship management (CRM) is about communicating with customers, but in its best incarnation it is also about customers being able to communicate with a company one-on-one. CRM systems include everything from Web sites that let customers check on...
the status of a bill or package, to call centers that solicit their business. Many firms have found that this level of individualized attention results in a much higher rate of customer retention and satisfaction, so CRM creates a win-win situation for everyone.

Perhaps the most important aspect of CRM is that it presents a new way of looking at how to effectively compete in the marketplace. This begins with looking at customers as partners. CRM proponents suggest that the traditional relationship between customers and marketers is an adversarial one in which marketers try to sell their products to customers and customers seek to avoid buying. The customer relationship perspective sees customers as partners, with each partner learning from the other every time they interact.

Consumers are looking for ways to develop personal relationships with their favorite brands. They want to feel special, not be just another name on a mailing list. Personalization strategies can accomplish this, but marketers must be careful to avoid cosmetic personalization and instead provide customized personalization—responses that let the customer know his or her feedback is actually influencing the relationship.

Although personalization can be accomplished both offline and online, many of the exciting developments in personalization are occurring in the online space. For example, General Mills’ Web site called MyCereal.com allows cereal lovers to design their own cereal. For about one dollar per serving, customer/designers can choose from 90 ingredients.

**Interactive Programming**

Cable companies, satellite TV, and even Microsoft are pouring billions into interactive TV. The medium is gaining critical mass in Europe, particularly in the United Kingdom. The British can use a television to place bets on races, change camera angles on sporting events, use “player-cams” that follow specific athletes during soccer games, and interact with game shows.

Advertisers are also ramping up consumer involvement by letting viewers participate in the outcome of a commercial. Tommy Hilfiger’s campaign for Tommy jeans featured finalists from an online talent search for unsigned musicians. In addition to voting, consumers were able to download music from the finalists.

More than 650,000 customers beta-tested Microsoft Windows 2000 before it went to market. The value of this R&D investment to Microsoft was more than $500 million.

Consumers want to be engaged in the design process. They often welcome the opportunity to participate in the delivery of products or services they purchase, especially when this allows them to exert more control over what they get. Turning consumers into codesigners is all about having conversations with customers.

Consumer products firms in particular need to think more like high-tech companies that incorporate the lead user method. This approach encourages sophisticated users to participate in a process of joint development with manufacturers.

Many service businesses understand the value of enlisting their customers as quasi-employees. Customers who act as quasi-employees get increased satisfaction from the outcome and reduce costs for the service provider. That’s why the strategy usually referred to as disintermediation (in English, removing the middleman) has become all the rage in many service-intensive industries.

**Employee Feedback**

Many companies fail to recognize that a great source of free feedback is their own employees. Like customers, employees who participate in design and marketing decisions feel more invested in the results. Here are two companies that get it:

- The 3M company allows its employees to spend 15 percent of their work time on their own projects.
- IDEO, the hot design firm that brought the world the Palm V, encourages its designers to fail early. The company creates a playroom atmosphere where employees hold “show-and-tells” about new design ideas.

IDEO understands that it’s better to fail early in the game. Companies generally underestimate the costs of
failing later. Early feedback increases the likelihood that what eventually gets offered is what people want.

Involving employees is a great first step, but keeping a close eye on customers is even better. The best way to understand products and services from the user’s perspective is to identify the situations where they are used and go to those places to observe people in action.

Quicken’s “Follow Me Home” program sends developers to first-time buyers’ homes to observe how they use the program. Their findings opened up a whole new market as they figured out that many small-business owners were using the package to run their firms as well as to keep track of their personal finances.

### Consumerspace Online and Off

Conducting consumer research on the Internet has several advantages over mail or phone surveys or personal interviews. These include timeliness, access to large samples, and cost-efficiencies compared with traditional research methods. Statistically valid observations can be collected, including respondents’ reactions to rich visual stimuli that heretofore were possible only in small-scale qualitative formats like focus groups.

The online environment offers us a way to create a dialogue with customers almost effortlessly. That ability is crucial to compete in consumerspace.

### Virtual Models

The virtual presence a company projects into consumerspace is, of course, a key branding component, and many firms have thrown many dollars into the pursuit of the slickest home page. But the projection of identity doesn’t stop there.

Despite decades of research attesting to the impact of physical appearance on persuasion and attitude change, few companies think much about just how their virtual representatives should look. Depending on the situation and the product being sold, this can be a crucial decision that deserves more attention.

Many consumers enter the online world to experiment with new identities and product-oriented fantasies. Nowhere is this more apparent than the incredibly popular interactive game called The Sims that allows players to create an entire family online. The player’s job is to keep his or her characters happy by providing them with food, shelter, other creature comforts, and even partners.

The marketing potential of an online game like The Sims is enormous, yet until recently largely uncharted. Since most of the game is about acquiring stuff, it makes sense that actual brands have now been included in the sets of choices.

The Sims has been the tip of the virtual iceberg when it comes to exploiting the potential of consumerspace. These types of online consumer simulations hold great promise as a research tool to help us understand how people use brands to populate the worlds they design in cyberspace. Marketers should pay more attention to the potential ability of data collection interfaces that take the form of games and other diversions to capture actual customer preferences.

### Gaming and Advergaming

Online gamers are drawn from a surprisingly representative slice of the population, and a good number of them now include women and older people. The emergence of gaming as an online, shared experience opens new vistas to marketers.

The secret behind the appeal of this format is the huge chunks of time people spend immersed in these games. The average online player logs 17 hours per week, and firms like Sony, Microsoft and Sega are building their own virtual worlds to get a piece of the action.

The game is also the center of an active social scene. Players can travel around in groups of six. In many cases they settle into a regular group and spend two or three hours each night online with the same people.

Games are a key part of consumerspace because they represent a new frontier for product placement strategies. As gaming goes mass market, the window is opening wide for a new form of hybrid community known as advergaming. This refers to the merger of interactive advertisements and product placement with online games that allow marketers to target specific demographic segments. Players spend an average of five to seven minutes on an advergame site, a clear advantage for advertisers over a 30-second TV spot. Advergaming is a flexible, relatively inexpensive way to reach consumers where they live.

Games built around brands enhance realism and further reinforce the connection between brand images and social attributes. Companies are clamoring to have their products included in the action. Video games now feature real brands such as Ford, Radio Shack and Sony.

### Creating and Measuring Buzz

Authenticity is key to the success of an online community. Pure buzz communities created by and for private consumers have this property, but some marketers are trying to borrow the veneer of buzz by going online with platforms that seem as if they’re untouched by the corporate world.

Creating buzz is an important key to success. Anderson Consulting found that 62 percent of individu-
Consumerspace Online and Off (continued from page 6)

als who make purchases online stated that their purchase was attributable to customer reviews and recommendations. But remember that consumers don’t trust “reliable sources” the way they used to. Professional reviewers are suspect — a company may have bought them off. Consumer-generated word-of-mouth is far more powerful than paid advertising.

The challenge to marketers is to stay on top of what is being said without betraying the company’s presence — in essence, the company needs to turn itself into a “lurker” to learn as much as possible about its customers without interfering. It’s a valuable exercise to monitor these environments, but as soon as a corporate presence reveals itself, the value of this information plummets. Marketers who figure out how to walk this fine line will be amply rewarded with genuine insights regarding how consumers are thinking about and using their brands.

One solution is to develop passive measurement systems that monitor activities in communities without revealing that comments are being tracked. For example, BrandPulse, an online buzz measurement tool, scours USENET groups, discussion forums, and other online sources for consumer-to-consumer communications about companies, products and competitors.

Building Consumerspace Offline

Walt Disney recognized almost a half century ago that entertainment spaces could be transformed into consumerspaces that allow customers to experience fantasy worlds — and procure the souvenirs that prove they had been there. Companies like Disney engineer the physical environment to ensure that the places where customers work and play are saturated by brands.

In consumerspace, public venues like Times Square are evolving into theme parks that rival Disney’s creations. These urban fantasylands include ambitious gentrification projects developed by the Rouse Corp. that are designed to lure people back downtown, such as New York’s South Street Seaport, Boston’s Fanueil Hall, and Baltimore’s Harborplace.

Slowly but surely, shopping is being blended with entertainment and emerging as a new form of activity called retailtainment. Marketplaces become marketspaces, themed environments designed to stimulate customers’ senses while motivating them to empty their wallets. These corporate-created fantasy worlds are a hallmark of consumerspace.

Like Disney World, these meticulously controlled spaces often depict idealized versions of reality; the rough edges are smoothed out to deliver a seamless entertainment experience. One architectural expert says theming is “the largest and most notable trend in architecture today.” It is a trend that encompasses not only amusement parks such as Disney or Busch Gardens, but also casinos, hotels (Opryland in Nashville), shopping malls, airports and museums.

These environments are a sanitized version of the authentic, a world cleansed of strife, problems and prejudices. Given the choice between going to Paris, France, and visiting the Paris Casino in Las Vegas, many seem to prefer the sanitized version.

Engineering Feats

Consumerspace is a hyperreal space, a themed zone engineered by marketers. Restaurants and retailers are portals to foreign cultures. In many cases themed environments present idealized versions of these locales that may bear little resemblance to the actual location. Consumers crave authenticity — though they often prefer a marketer’s version of it that is more consistent with their idealized expectations derived from mass media depictions of foreign cultures. As a rule, the less familiar people are with a culture, the more comfortable they will be with an idealized version of it that incorporates stereotypes they are expecting to see. They want the “real thing,” but not if it’s too real!

Guerrilla Marketing is Brand Building

Guerrilla marketing is hot — but what is it? Broadly speaking, guerrilla tactics use unconventional marketing methods to gain conventional results, allowing smaller companies to compete with entrenched industry giants. Guerrilla marketing can take many forms, but most executions fall into one of three categories:

● Attention-Getting Outdoor Advertising: Altoids placed a 1,000-square-foot banner on a building within view of the flight path for O’Hare Airport.
● Teasers and Buzz Builders: To promote its new Crest Whitestrips teeth-whitening product, Procter & Gamble mounted a billboard in Times Square with the...
come-on line, “September 20 find out why it’s OK to wear white after Labor Day.”

- **Street Teams and Stunts**: Days before VH1 put on its annual fashion awards show, models dressed as police officers fanned out on the streets of Los Angeles, New York and Chicago to write up fashion citations. The term “fashion police” became a short-term reality.

As it becomes more difficult to reach jaded consumers through conventional advertising media, many marketers are devising alternative ploys to grab people’s attention. Guerrilla marketing tactics surprise consumers by putting brand messages in places they don’t expect.

**Shopping in Consumerspace**

Before consumers can deploy products in a personal arsenal to express their identities, they first have to acquire them one way or another. The process of accumulating all this stuff is part of the consumption experience. Marketers can design their shopping spaces to lure consumers to them and make them happy they came.

There are two reasons consumers shop: enjoyment (hedonic value) and accomplishment of a task (utilitarian value). Often, shopping is a highly social process, and retailers that understand this have a competitive advantage. In particular, activities that facilitate group shopping (even online) should be encouraged. Lands’ End understands this aspect of shopping. Its Web site provides a “Shop with a Friend” feature that lets two people browse together. Each can add items to a common shopping bag even though they may be physically separated by thousands of miles.

**Retail Atmospherics**

The physical layout and design of a retail environment help to create an emotional experience, whether good or bad. That’s why store designers pay a lot of attention to atmospherics, or the “conscious designing of space and its various dimensions to evoke certain effects in buyers.” These dimensions include colors, scents and sounds, and may be cleverly (and often quite subtly) controlled to manipulate shoppers’ perceptions.

Light colors impart a feeling of spaciousness and serenity, bright colors create excitement. Designer Norma Kamali replaced florescent lights with pink ones in department store dressing rooms. The lights had the effect of flattering the face and banishing wrinkles, making female customers more willing to try on (and buy) the company’s bathing suits.

Some retailers have figured out that they can create a desired effect by manipulating odors in the environment. Aromachology is the field of olfactory research that investigates the psychological effects of fragrance. Fragrance is processed by the limbic system, the most primitive part of the brain and the place where immediate emotions are experienced. Japan is a leader in fragrance technology. It is common there to find scents being pumped into office buildings, hospitals and subways with the intent of either arousing or soothing people who pass through these areas.

Behavior in the shopping/consuming environment is also influenced by the sounds that surround customers. The recognition that a store, hotel or restaurant’s audio environment can be a key driver of its personality has created a new niche. Patrons of country-and-western bars drink more when the jukebox music is slower.

Another study found that diners who listened to loud, fast music ate more food.

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**The Paradox of Consumerspace**

Consumerspace is teeming with choices. The biggest problem (in terms of consumption issues) is that customers have too many choices. They suffer from information overload. They want less choice, not more. That’s the paradox of consumerspace.

Marketers who want to succeed among this profusion don’t necessarily need to offer yet another car model or lipstick shade. Instead, there is tremendous potential value in acting as a “tour guide” in consumerspace — both offline and online. Rewards await those who help consumers navigate through the confusion, sift the possibilities, and point out the products and services that really do meet consumers’ needs.

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