Decoding the New Consumer Mind
To my heartthrob and my hero, Russ
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Within the first few minutes of meeting Kit, you would never guess who she is and what she does. You would just feel comfortable, and that’s part of how she uncovers shocking realities. Whether at a White House dinner or hanging out at her local hair salon, she has a passion for trying to make sense of the world, the people in it, and the mysteries of psychology and buying behavior. Mostly, Kit just knows.

Kit is a psychologist and professor who lectures to students and professional audiences all over the world. Her work combines academic knowledge and practical wisdom, and what makes her a good researcher is her compassion. Social science is based on emotion, and social scientists understand that truth can be transitory, unlike other fields such as physics, where reality is based on math. Kit’s quest for order is about both the knowledge and the person, and she is good listener.

In the world of shopping, Decoding the New Consumer Mind will make waves. This important book explains it all, uncovering where we are going and showing how individuals and companies can advance their offerings as well as their bottom lines. On the heels of her first book, Gen BuY, Kit takes us deeper into the world of contemporary consumption—why it matters and who can benefit. The retail landscape is going to change more in the next five years than it has in the previous fifty. The nature of competition
has changed drastically, and this book explains how merchants and marketers, who are struggling to keep up with the new world order, can leap forward if they have the correct tools.

The digital revolution, combined with the threat of downward mobility across the First World, is accelerating this evolution. While some of us are doing just fine, a frighteningly high percentage of Americans have been marginalized as wages have stagnated, costs are increasing, and we are forced to save where we can. We can divide our society by those who have climbed the house wall and those who are struggling. At age sixty-one, I could not afford to buy the home I now live in if I had to buy it today.

In 2014, we also have intruders in our wallets, and being connected via the web, smartphones, and other technological platforms has joined Maslow’s Hierarchy of Needs. We’ll feed our kids generic pasta and abandon our cars before we stop paying our mobile phone bills. Moreover, so many of our identities and emotional structures are in transition. According to census data, fewer than a quarter of American households have a mother, father, and dependent child, and the number of households where the female is the dominant breadwinner is rising.

We know that collecting data in the twenty-first century is easy. Figuring out what it means is the tough part. Decoding the New Consumer Mind draws on an enormous amount of thought and analysis. I am flabbergasted at the range of studies, books, and white papers that Kit cites, not to mention her own research. In an old-fashioned world, I can see her at the dining room table sorting index cards like a graduate student writing her thesis, but I am sure she has a better way. This volume is evidence of it.

Paco Underhill
CEO, Envirosell, and author,
Why We Buy
Janine is a thirty-five-year-old high school teacher from Atlanta, and she just purchased a pair of jeans that she’s unlikely to wear. If Janine’s pattern holds true, they’ll sit on her “jeans shelf” for a few months until they assume their final resting place: a box under her bed along with another pair of jeans, black dress slacks, a floral bustier, and a stretchy black blazer—all unworn and all still too small for Janine. A year from now they’ll be resurrected and, along with the other unworn goodies, sold on eBay for a fraction of what Janine paid.

Janine isn’t the first woman to buy something for a future weight—that’s been a constant throughout the history of modern shopping. What’s different is nearly everything about why Janine chose that particular pair of jeans; how and when she bought them; her relationship with the retailer that sold them to her; and what she’ll do with those jeans in a year.

The way Janine shops today is radically different from how she shopped a decade—or even a year—ago. And that’s true of most consumers. The biggest merger in the history of advertising was fueled in part by what Publicis CEO Maurice Levy described as “profound changes in consumer behavior.”

Janine is one of the thousands of consumers I’ve interviewed in the past fifteen years, and one of hundreds whom I interviewed specifically for this book. I snooped around her house, tagged
along on a shopping trip, and talked with her about her life, fears, relationships—and favorite purchases.

Interviewing consumers is part of what I do as a consumer psychologist. And by that I mean a psychologist who studies why and how people shop and buy—not a therapist for shoppers. I hope my work is helpful to consumers, but my primary focus is to explain the deep motivations of consumers and emerging consumption trends to marketers so that they can better meet consumer needs and be successful.

When I talk with consumers, my goal is to understand, not judge. This respect and empathy, coupled with my training in clinical psychology, help people open up to me.

My training also allows me to make sense of what I see and hear. This comes not only from a clinical understanding of the hearts and minds of the people I interview but also through my experience as a researcher and scholar.

Psychologically informed insights are rewarding in their own right, but they’re more meaningful when they’re translated into information marketers can use. My experience conducting consumer research for companies as diverse as Del Monte and General Electric, and the scores of speeches I’ve given to marketers have laid the foundation for understanding what marketers need to know about consumers to offer better experiences and products—and consequently be more profitable companies.

Psychological insights about how, when, and why people shop and buy are the backbone of this book. These insights extend beyond consumer behavior to the place marketers need to be today: into the deeply psychological and often unconscious relationships and responses people have to products, retailers, marketing communications, and brands. The findings in this book were acquired through hundreds of consumer interviews, ethnographies, and shop-alongs, and validated and enhanced by academic and neurological research, marketing studies, and interviews with experts.
THE NEW AMERICAN CONSUMER

Janine’s story demonstrates a few of the ways that the three socio-cultural shifts you’ll read about in this book—technological, social, and emotional changes—now influence consumers.

Janine knows she can sell unwanted clothing on eBay, and she uses that knowledge to rationalize buying things like too-small jeans. She’s not alone. Over three-quarters of women consider the resale value of what they’re purchasing before they buy. Consumers’ vastly expanded ability to resell merchandise is one of the many ways the Internet has facilitated consumer power and reshaped buying behaviors.

In the last few years, recession-inspired discounting has supercharged the bargain expectations of consumers—and also decreased their ability to decipher the intrinsic value of merchandise. Macy’s multiple promotions are like catnip to Janine. She becomes ultra-focused on the money she’s saving and loses sight of what she’s spending. Janine half-jokingly said, “By the time I factor in my discounts, it’s like they’re paying me to buy the stuff!”

Many retailers think that bargain shoppers are singularly focused on saving money. But from the consumer perspective, I’ve found that bargains work because they are an assurance of value, capture consumers’ attention, activate their fear of missing out, and are a way to “win” against other consumers—and against retailers.

Janine shops on her smartphone during breaks at school, though she rarely makes purchases from work. Her pattern is to put the merchandise she’s considering into retailer carts. She then keeps tabs so that she can snap up her finds quickly when they’re reduced. The floral bustier that’s under her bed right now was acquired in this manner. Janine feels victorious when her method works. Variations on this technique abound, and it’s just one way that mobile technology has shaken up the marketplace. Smartphone ubiquity suits and drives the decreasing attention spans of consumers and facilitates the attentiveness necessary for what I call “competitive sport shopping.”
At home, Janine often mindlessly flips through dozens of pages of online merchandise while she’s watching television with her boyfriend. “It’s soothing,” she comments. Janine does this more when she feels anxious or disrespected—something that’s increased in the past year. The most powerful triggers for Janine are work conflicts and (ironically) money stressors.

Janine isn’t just shopping for jeans. Like many consumers, she’s shopping for a sense of control, a distraction from anxiety, and a feeling of mastery and competence. And, like many consumers, both her anxiety level and her time and money spent online shopping have increased in the past few years.

Shopping is never exclusively about buying things we need. Social and cultural considerations have always influenced how we shop and what we buy, and especially how we use products to connect and communicate with others. It’s no surprise then that a decade of especially swift and stunning sociocultural changes would have a profound effect on how and why people shop and buy.

In this book, we’ll see how three fast-developing sociocultural shifts, each reinforced by the others, have transformed consumers over the last decade. As a result, consumers approach the marketplace with a different psychology. From what drives their cravings to how they shop and what they buy—this new consumer psychology demands change from marketers and retailers. The past is no longer prologue: what’s been done before won’t work today. And to complicate matters further, today’s accelerated pace of change means that marketers have less time to get ready—they need to be ready. The ability to cut down the lag time between change and adaptation is a genuine competitive advantage in today’s fast-paced world.

That’s what I hope this book will give you: a readiness and agility in responding to change, informed by a deep understanding of the desires, motivations, habits, and buying triggers of today’s new consumer. Insight into the psychology of customers is the foundation of both authentic, adaptable strategies and accelerated tactical
decision making. It frees marketers from the tyranny of chasing after copycat tactics.

THREE CULTURAL SHIFTS
AND FOUR MARKETING STRATEGIES
TO MEET THEM

In a marketplace flooded with solutions, the particular products and brands that consumers choose will be selected because they satisfy and address a new consumer psychology. Knowing and understanding that psychology allows marketers the opportunity to more accurately predict and anticipate strategies and tactics that will resonate. In a different era of marketing, we could simply ask consumers what they liked, needed, or wanted. There are several reasons why that approach is less effective today, including

• Lust for the new. Consumers are eager to be delighted by the next thing and don’t necessarily know what they need or want until you show them. That’s not true just for technology but also for fashion, food, cars, and most of the products people buy.
• Attention deficit. Today’s less-articulate, less-attentive consumer is also a less reliable subject in traditional research forums such as focus groups.
• Strong emotional drivers. Consumers’ deep emotional needs are more likely to drive their purchase decisions, and these kinds of needs are something consumers have always had more difficulty articulating.

Part One of this book describes the three major sociocultural shifts that are contributing to radical changes in consumer psychology, and reflects on what these changes mean for marketers. These chapters are a deep (and sometimes dark) dive into the psychology of today’s consumers, but in the end, marketers will emerge with the insights they need to build better strategies.
Rewired Brains. Because of our extensive use of technology, our brains are adapting so that we literally think differently than we did a decade ago. Our use of technology has also changed our relationships and created a whole new set of emotional needs. The cognitive and emotional shifts that result from our use of technology have permeated every aspect of our lives and consequently every aspect of how and why we shop and buy.

Isolation and Individualism. We are more guarded and self-protective today because we have less in common with others and trust institutions less. Technology-aided communication is a quantity-over-quality way of connecting that emphasizes superficiality and separateness—despite the ubiquity of social media. The net result is a sense of isolation and a more “me”-centric society.

Intensified Emotions. Research shows that although we’re still optimists by nature, we’re all a bit more crankier, edgier, and more anxious today. We therefore approach the marketplace with more emotionality—which means we’ll process information and make decisions in different ways.

Part Two presents four essential marketing strategies that tap directly into the new consumer psychology created by these shifts.

Technovation. In a few short years, we’ve gone from chat rooms to Facebook, from 32-bit video games to lifelike immersive play, and from $1,000 mobile phone “bricks” to $100 four-ounce smartphones. Awe-inspiring technology that’s so intimately entwined with our lives has made “new” the most coveted of brand characteristics. Companies that incorporate technology and innovation bask in the glow of “new.” I’ve found that consumers view these companies as smarter and cooler, feel that they are trying harder to meet their (the consumer’s) needs, and think their products are superior. Unless it’s retro chic, “tried and true” is simply tired and old to today’s consumers. Not every product has an intrinsic technological component, but every product can still use technology to appear fresh. Brands that enhance their image through technological platforms like apps, YouTube, and social media simply feel more
relevant and alive to consumers. I call this injection of technology and innovation “technovation.”

The concept of technovation also includes behind-the-scenes moves like the use of big data and the tailoring of organizational structures to reflect how consumers view their online and offline lives as one seamless whole.

The Real Deal. Fewer than three in ten Americans say that corporate America’s reputation is positive. In the minds of consumers, businesses have become the antithesis of humanity. The key to regaining the trust of wary consumers is to get real. Humanized, authentic brands that act transparently and live up to their images are beloved. Despite feeling burned, consumers still crave positive relationships with brands. Now perhaps more than ever, they want to be able to relax their guard and buy and love products without vigilance—and the brands that offer them that security have a competitive advantage.

Involvement. Today’s individualistic consumer is more responsive to marketers that appear to honor, admire, and serve them. Gone are the days of “aspirational marketing” when the brand was king and consumers flocked to own a piece of something they admired. The consumer wants to be the star—and in a very personal way. The secret to cool is to make your customers feel cool—and smart for choosing your brand. The appreciated customer is one who’s invited to participate. Successful companies seek the customers’ opinions, offer them activities and contests, and reward their involvement.

Further, today’s more emotional shopper more frequently makes decisions using mental shortcuts, rationalizes purchasing decisions more frequently, and gets frustrated more easily. Consequently, how a brand or retailer behaves and engages them is more persuasive than what it says. As we’ll see in Chapter Six, the “four C’s” of involving consumers with your brand are champions, customization, crowdsourcing, and contests.

Intensity. It takes more, faster, harder, better to break through to our technology-juiced, hyperstimulated brains. Everything has
to be ramped up a bit to get attention and inspire action. Online shopping has literally put a world of options at our fingertips. With so much to choose from and no constraints on where and when to purchase, today’s shopper needs a jolt of emotional intensity to pull the trigger on a purchase. Removing interference and noise—such as product complexity, confusing processes, or waiting—is another aspect of a more intense shopping experience.

Each cultural shift and marketing strategy you’ll encounter in this book is illustrated by examples of tactics that work, and is brought to life by the voices and stories of consumers such as Janine.

Before we begin, I’ll just say a word about data. We’ve entered an era of data fascination. Our new love, big data (and little data too), is intoxicating because it can offer an illusion of insight and a fake sense of control in an unpredictable, overwhelming business environment. The problem is that data predict the future by analyzing the past. Given today’s rapid pace of change, it’s a giant risk to assume a continuation of the past.

Besides, as every great marketer knows, information is superficial and far inferior to knowledge. Data are simply tools. And although I use plenty of them in this book for illustration and support, I hope that what you leave with is a deeper, more useful knowledge of today’s American consumer.
The New Consumer Mind
Rewired Brains

Technology: it’s not what we do with it, but what it’s doing to us.

Sara, a waitress and San Francisco State University undergraduate student, alternates between Neuro Sleep and 5-Hour Energy shots to achieve just the right amount of stimulation for any given moment. “I need something during the day. But it’s hard to fall asleep after I’ve been waitressing.” Sara says that most of her friends also alternate between energy products and sleep aids to help them navigate “too much to do.” And they’re not alone. For a growing number of people, “listening to your body” is only for the pharmaceutically challenged. In 2012, sales of energy drinks grew 19 percent from 2011. And sleep-inducing products like teas, supplements, botanicals, tongue strips, and bath salts have grown 8.8 percent annually since 2008.

Sleep management is obviously a problem, but counting sheep is so passé. Today, the marketplace is where people turn for solutions. Whether it’s a supplement or an app (yes, there’s an app for that—2,938 in the iTunes store), the shift from sheep counting to sleep supplements reflects our newfound trust in innovation and our insistence on quick fixes—two of the many ways that our relationship with technology has changed our psychology, which has in turn changed how we shop and what we buy.