

CHAPTER 3

HOW TO MEASURE CUSTOMER VALUES, EXPECTATIONS, AND LOYALTY

Things should be made as simple as possible but not any simpler.

Albert Einstein

GOOD RESEARCH MEANS ASKING THE RIGHT QUESTIONS

If the definition of insanity is doing the same things over and over with the expectation of getting different results, many marketers would have been institutionalized long ago. Business both big and small needs to awaken to *how*, not if, consumers are changing the way we should go to market, and, by definition, the way we should measure our efforts.

And, as usual, consumers are proving to be pretty robust at adapting and advancing knowledge, awareness, and understanding – and they are thriving.

Long no more for the sunny times just a decade ago, media and information channels were fewer, and life – even advertising – seemed simple, more easily packaged, very nearly Norman Rockwellian. Way back then it was much easier for the providers of products and services to manage and manipulate the information about their offerings, which consumers dutifully received and assimilated. The better the marketers managed and manipulated, the more they increased their chances of engaging the customer and developing a loyal customer base.

The times they keep a-changin'. With a mountain of offerings in every category, and information available 24/7 from a zillion sources, today's consumer is no longer at the mercy of the corporate party line. Some competing product, or a second opinion, is just a click or a conversation away. Forget multiplying; the information bandwidth increases exponentially every year – maybe every week. Whoever thought you'd be watching television shows – and commercials – on your cell phone or iPod? While the critical net result is that engagement loyalty is more difficult to create and maintain, what's interesting is the way in which many companies are trying to measure the consumer.

You can't greet consumers by asking them lowly, past-century questions as we try to cozy up to their agile, sophisticated sets of preferences: "Do you know about X?" "How likely are you to purchase Y in the next 30 days?" People can engage in much richer consumer conversations than that. Not only do they want to, these days people expect to.

As people get more complex and markets more crowded, the four P's (i.e., Product, Price, Place, and Promotion) become more similar and undifferentiated marketing activities. It's increasingly difficult to know who people are, what people value, and what they expect, whether you are using the traditional generational divides of Baby Boomers, Gen Xers, Gen Xboomers, or the burgeoning niche of groups based on ethnicity, gender, or sexual preference. If ever there was a call for a method to recategorize human groups and systematize the gathering of knowledge, it's now. Many people claim to do this, but interpretations are *not* leading indicators, no matter how much you wish them to be. They do not reliably predict purchase behavior and tie return on investment (ROI) correlation means trackable, quantifiable, "I-spent-and-did-this-and-got-this" kind of cause and effect.

A very real issue these days is that modern markets, and modern market makers, are fast moving. There are scads of consumer groups, and they're simultaneously less differentiated *and* more homogeneous in their preferences, profiles, values, and, more important, behaviors in the marketplace. Just when it seems you've got a bead on folks, there they go changing their direction again. There is more social and economic mobility in developed and developing nations than anytime before in human history. We as marketers stand at the edge of a precipice of real consumer profile change. We have no choice but to change how we examine consumers as well. For those with vision, will, guts, and curiosity, we have arrived at a new customer-marketing paradigm – and those who lack such vision will be condemned to putter along until the pain becomes intolerable.

We humans have tried to make sense of our selves, our values, and our world, and the underlying motivations for our behaviors – what makes us tick, why we do the things we do – for a great many years. Lately, modern marketing and commerce have certainly become very interested in answering these questions, just as anthropologists, theologians, and psychologists have been for a long time.