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The Hidden Drivers of Choice

Have you ever tasted cucumber Pepsi? Me either, but according to last week's *Business Week*, millions of Japanese consumers went gaga over the unlikely tasting beverage. American consumers are no less strange: only a few pages later, the magazine revealed that we spend \$41 billion annually on pet products including indoor animal potties, perfumes, doggie trench coats and the like.

Our Take

Many important drivers of customers' decisions are hidden—often from themselves. Understanding customers requires more than simply asking them what they want and why. Japanese consumers may have found the taste of cucumber soda compelling, but the Pepsi product was also guzzled because of *gentei* a Japanese word which doesn't mean “refreshing” or “bubbly and good for me” or “I like bland, watery gourds with seeds.” No, *gentei* means “limited edition” and that's enough to start a stampede in Sapporo. As for why Americans pamper their pooches: “no matter how we feel, we will always be valued by our pets... and humans find such loyalty irresistible.”

Neither *gentei* nor unconditional love are attributes consumers would say they are looking for in drinks and pet products, which is why traditional questionnaires and focus groups won't give you the breakthrough insights you need to command more market share or capture new markets. The motivations of buyers in B2B markets are similarly abstruse.

If customers won't or can't tell us why they choose then how do we unlock the mystery? The answer is simple in theory and challenging in practice: observation. More precisely: active, diagnostic observation of your customers through which you seek to understand objectives, motivations and influences. Here are three parts of the approach which have proven to be particularly effective:

1. Create a day in the life – one of the most revealing exercises you can undertake is compiling a typical “day in the life” of your customers. Not the day you *think* they have as it relates to your

- product, but the real day with the real problems they face. What colleagues, associates, customers and vendors cross their paths? What happens to the fruits of their labor? If you ask your customers they may request a faster horse; yet, if observation reveals the objective is to get from A to B as quickly as possible, offer them a car. Or, perhaps their desire is to communicate with someone out of town, in which case you've discovered the market for phones.
2. Take a systems approach – consider your product or offering in the context of the larger system. Is your customer looking for a drill bit? No. But neither is he looking for the oft-mentioned ¼” hole. The customer is trying to create a stable rotor assembly in which the axle fits perfectly through the aperture in the fuselage. A broader view opens up a world of possibility, yet it is often resisted because companies focus more on what they make than their customers' goals. Moreover, most of us are selling something more complex than drill bits, and only first-hand observation will unmask the opportunities hidden in customers' systems.
 3. Model the interactions among influencers– this is the toughest part, but well worth the effort for those who undertake it. The elements which influence your customers' choices interact, whether they are typical factors like price and quality or subtle agents such as the salesperson's attire and *gentai*. More of one invariably affects perceptions of the others, which makes understanding our customers' choices an impenetrable jumble. However, you can use recently developed, non-linear modeling techniques to sort through the Gordian knot and gain keen insight on how to balance the many influencers on customers' choices.

Most executives planning on big sales and profit gains in 2008 are counting on new competitive positioning, new product launches, line extensions or entry into new markets. Those who settle for meeting the obvious desires expressed by their customers may make small gains. (Competitors can meet the same obvious needs too, can't they?) Those who strive to uncover the hidden drivers of choice are setting themselves up for a banner year.

I hope you enjoyed this issue of ***Insight***. If you would like to uncover the opportunities lurking in your market, give me a call. I'm not hiding!

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