CUSTOMERS OR CONSUMERS?

FOCUS OR OBSESSION?

By Lori L. Silverman

In my first column, I introduced the concept of "value" as the primary objective of a business. I argued that quality, while a business necessity, is not the primary objective of a business because its scope is too narrow.

Continually attending to the totality of the organization and its surrounding environment is paramount. Only then can the organization gain the capacity to simultaneously create ever-increasing value for consumers, employees, shareholders (i.e., all stakeholders), and society at large.

Value is much more than an economic or mathematical calculation. It is the perception that the resources one receives in a marketplace exchange are greater than those that are given up when compared to an alternate choice. These resources may be easily measurable and come in the form of money, information, or time; they can also encompass intangibles such as love, status, and sensory gratification. Think about an exchange in which you have recently participated–for example, going out for dinner. In exchange for sensory gratification (i.e., the cessation of hunger), you give up time (the amount of time used to enjoy the meal and that which was needed to drive to and from the restaurant) and payment for the meal. However, you may also perceive a gain in status if you decide to eat at a prestigious restaurant

There are several implications from this shift in thinking. First, there is a difference between a customer and a consumer. Consumers are end users while customers may only transform an intermediary output into something different. To create value, enterprises must ultimately be concerned with the end users' requirements and integrate them into all processes and systems responsible for producing what consumers finally receive. Second,

organizations need to acknowledge that products and services are not separate entities. In the consumers' eyes, a product comes attached to a service(s) and a service(s) comes attached to some sort of product. Marketers speak about this "bundling" of products and services as an offering. This makes it imperative that the requirements of an offering be managed in their entirety, rather than individually.

Third, processes and resources need to become robust at the point of offering consumption. Take Starbucks (a chain of coffee houses) for example. You have the ability to customize your beverage order so that it is exactly what you want at the point of consumption. The same is also representative of satellite television with movies on demand. You can purchase the movie you want to view, from a broad menu of offerings, within a variety of start times. In both of these situations you pay only for what you consume.

Finally, creating value implies being obsessed with the consumer. Both customer responsiveness–responding reactively by conforming to customer requirements–and customer focus–proactively answering customers' requirements by going beyond expressed wants and needs to uncover the underlying purpose behind their requirements in order to find better ways to meet them–are not enough. Obsession means being out in front of the marketplace. Organizations must anticipate what will bring value to consumers (some of whom may not even be known today) by uncovering and attending to their latent

wants and needs and translating these into offerings that will bring value to the consumer in an exchange.

Here are four types of activities that organizations are engaging in to create an atmosphere of consumer obsession.

COMPETITIVE INTELLIGENCE

It used to be that organizations collected external environmental data as the means to creating and/or redefining its strategic plans and related marketing objectives and activities. Today, enterprises are seeing the value of systematically collecting and interpreting business trend, consumer, and competitor information each day. This is because the marketplace is changing more rapidly than ever before. Organizations cannot be agile in their response to these changes without ongoing information to help determine how to position themselves, what new offerings need to be developed, and how to produce and market current and future offerings.

RELATIONSHIP MARKETING

Relationship marketing, the attention given to developing ongoing, long-term relationship exchange between the organization and its consumers has focused on attracting and retaining consumers, and managing their expectations. However, these same organizations are realizing that they need to develop relationships with all exchange partners, not just consumers. They have discovered the need to attend to both the

processes and systems within the organization as well as those that attach them to their suppliers and distributors, the community in which they do business, their outsourcing partners, and the like. This broadened scope, and the need to create value, suggests enhancing this concept. Some have started to call it network relationship management and define its focus as developing and managing relationships and expectations with all members of the value web/network.

BRAND MANAGEMENT

To consumers, the marketplace appears crowded with many offerings and their nuances. One only has to go into the pain reliever section of a drugstore to view the varied choices available to consumers for one offering category. Thus, the challenge becomes how to build a brand with distinct presence among the competition. Consumers must be able to rapidly make distinctions, add information that belongs to one brand and not another from what they read and see, know what they will receive as benefits from a specific brand, and be able to whittle down the myriad choices to that which they can hold in their minds. To do this, organizations need to be more thoughtful about how the brand is managed and communicated by the entire value web to current and potential consumers.

NONTRADITIONAL FORMS OF MARKET RESEARCH

How can marketers and others who need market research information get inside the heads and hearts of consumers? All too frequently, the data that is collected through focus groups, surveys, and other traditional methods, under the guise of market research, does not prove useful. What is needed are methods that allow organizations to observe how consumers interact with offerings and how this interaction adds or detract from the consumers' overall quality of life. Methods such as storytelling, photography, metaphor use, and other observational and interpretive techniques need to make their way into organizations. Doing so will start to capture the emotions evoked by offerings, to paint a picture of how the offering fits into the consumers' lifestyle, and uncover latent wants and needs that cannot be expressed through words.

WHERE TO GO FROM HERE

The workplace of the future is upon us. With it brings a shift in focus from quality to value creation as the primary objective of an organization. This shift implies changes in our communications, our thinking, and our actions on the consumer side of the organization. Your challenge is to determine what you will do in your workplace. The world and your organization's competitors are not standing still.

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Lori L. Silverman is the owner of Partners for Progress, a management consulting firm dedicated to helping organizations think and act differently so they can achieve higher levels of performance. She is the co-author of *Critical SHIFT: The Future of Quality in Organizational Performance* and *Stories Trainers Tell.* Her new book is *Wake Me Up When the Data is Over: How Organizations Use Stories to Drive Results.*

Lori can be reached by e-mail at lori@partnersforprogress.com. For additional free articles, check out www.partnersforprogress.com.