Meet the New Consumer?

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Hardly a day goes by that I don’t see a Greenbook or LinkedIn discussion start with something like “as we all know, the new consumer…..” Okay, maybe a day goes by, but not many. The New Consumer is someone who’s wired in to the universe, one who doesn’t make a move without consulting the internet. Every product is researched thoroughly in this conception; prices are checked and of course, despite everything Behavioral Economics tells us, we go for the least expensive; a mental tally is made of the collective Facebook opinions; reviews are scoured; and then we make our purchase, often online rather than in the store. The New Consumer is at the vanguard of the revolutionary manifesto infesting our industry, marching in lockstep with the Innovate-or-Die folk and The-Big-Data-Invaders-Are-Coming cognoscenti.

Here’s the problem I have with the New Consumer concept – I’m not sure it’s relevant for most of the purchase decisions we make. Let’s do a simple back-of-the-envelope calculation: the U.S. Bureau of Labor says the average household spends about $125 per week. Say the average product costs $5. Then we buy about 25 products per week (supported by data from an anonymous client – thank you). That’s 25 “yes” decisions to the products we chose and who knows how many “no” decisions (products we’ve considered and rejected). If you believe Zaltman or Kahneman, most of this purchasing is habit-based or processed below the consciousness threshold, there are no “no” decisions, only “buy this” decisions. Nielsen and IRI estimate that over the course of a year, shoppers are buying about 300-400 unique SKUs. Either way, that would be 25 products a week or 300ish products a year to look up online, read reviews, and check with your friends, etc. before deciding to buy. Does anyone think this is happening for your typical grocery product?

A hallmark of the New Consumer is that it’s all about connectivity – that the mobile device is fundamental to the shopping experience. In FMI’s 2012 U.S. Grocery Trends study, they report that only 52% of shoppers use technology, in any form, to aid in their grocery shopping (at least 25% of the time). It sounds like a lot until you read the breakdown of how shoppers use technology. Almost two-thirds of the 52% check for coupons, 44% check store prices online before going shopping, and 60% use a mobile device in-store. When we look at what these shoppers do in-store, only 15% of those who use technology use it to check prices while they are in the grocery store; 17% research products (and we don’t know the overlap between these two groups). Only a third of these technology users claim to be reading product reviews prior to shopping.

This is not a revolution in shopping. Much of what shoppers are doing with their mobile devices in stores is what we used to do with paper, pencil, and scissors. This may be evolutionary, but in this case the medium may not be the message. It may just be a simplifying mechanism in the same way that my electric can opener is simpler than my manual one.
Compare this use of connectivity to a recent Polk study that says 75% of car buyers used the internet before buying and 47% of new car buyers cited the internet as the primary source of information for their decision. I suspect there are several other categories where this type of behavior occurs; fashion, media, and electronics, for example, all seem to be likely candidates. But that begs the question: how often are these purchased relative to consumer packaged goods products? I think the average shopper would be hard pressed to buy 300ish items of clothing, media, and electronics combined in one year.

Adopting a New Consumer approach may well lead us into unproductive research and marketing activities in the CPG world. The focus on social media is likely to be much less important for these types of products. A digital push strategy is likely to impact relatively few shoppers at the point of purchase; again, not a high percentage of shoppers are looking to be fed deals in the store on their mobile devices, according to the FMI study. We can spend a lot of time and effort building intricate websites where all people want is to see if there is a coupon. Making the viewer go through videos and navigating through multiple screens just to find out there is no coupon today is not clever marketing; it’s old marketing in a new medium. Indeed, there is nothing to suggest that New Consumers aren’t susceptible to the usual shopper marketing activities. We shouldn’t confuse new tools with new behavior at the store.

Marketing research has always been segmented. We have always had the qual/quant divide and despite some crossover techniques, we remain thusly split. Durables and CPG have always been separated – researching durables requires a different set of tools, and having always been on the CPG side, I wouldn’t be surprised to find that within durables, there are specializations (automobile v. fashion v. media, for example). Perhaps we need a new level of segmentation, one for categories in which technology matters and one in which it does not much matter. Such a bifurcation would allow those of a revolutionary persuasion to pursue their dreams, while letting those of us who are focusing on the bulk of shopping behavior to get on with our lives.