

The View from the Front:

Chris Bonney Reports In From America

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Along with the usual quantitative research work, I've been traveling across the country this summer conducting in-depth interviews with people about a variety of subjects. I thought you might be interested in what I'm hearing.

A Market in Transition

You don't have to be clairvoyant to see that the marketplace is not its usual self:

- *Consumers have become dangerously polarized over even the most innocuous of subjects.* Political feelings have become so polarized among some people that this anxiety has spilled over into the consumer marketplace. They bring to their retail encounters the accumulated negative energy of whatever else has bothered them recently, just waiting for a trigger to unleash it.
- *The poles are defined by optimism and pessimism.* Optimists are looking forward, embracing the potential for advances and believe in the collective power of mankind to deal with whatever comes along. Pessimists, seeing the future as scary, uncertain and possibly apocalyptic, look backwards for the comfort of familiar values and relationships. Consumers probably won't express things this way. But in my in-depth exploration of various social and political issues, the divides can almost always be traced to whether people are optimists or pessimists.
- *The intellectualization of ideas is unpopular in many quarters.* Ideas that challenge the status quo are very scary to a lot of people. Science and technology are scorned because they present us with new moral and ethical quandaries. An increasingly interconnected world challenges our geopolitical assumptions. These quandaries make us anxious, uncertain and skeptical of people who advance new ideas.

- *Consumers are no more logical than ever.* Many people are scared and acting out of fear. You can take your choice of who's the blame for this. The bottom line, though, is that for all the talk about thrift and caution and doing their homework before shopping in a recessionary time, consumers remain, to borrow Dan Ariely's line, "predictably irrational." What consumers say they're doing and what they're really doing sometimes don't match.
- *Times are genuinely tough for some people.* This recession is tantamount to a Great Depression for some people. More people than you might expect, people who appear on the outside to be keeping things together, are living hand-to-mouth and suffering from a sense of personal failure more confusing and crippling than any physical disease.
- *Excess has been replaced with a new frugality.* A lot of people are scared to spend, even people who have no reason to be scared. It's not just luxuries they're avoiding. Heating and cooling contractors, auto repair shops and other businesses that help people extend the lives of their belongings are seeing avoidance of spending for preventive maintenance. Hospitals are seeing significant decline in patient census among *insured* consumers. It's expected that this would happen for discretionary procedures. But demand for critical care is also down. Parents of children who have health insurance are telling children's hospitals that they're canceling or delaying treatment for their children because they cannot afford the co-payments.
- *We're having a hard time accepting our circumstances.* I've come across a surprising number of white-collar workers who are effectively paralyzed in their attempts to move ahead by their refusal to accept their current condition. Economic downturn was not supposed to have laid them so low. They played by the rules. They got advanced degrees. They got good jobs and worked hard. And then they got laid off? *This* wasn't supposed to happen.
- *Trust in institutions isn't what it used to be.* Whether in religion, commerce, sports, government, science or technology, individual and institutional models of propriety and high ethical standards are, well, fewer. A seemingly endless string of stories about dishonesty and indiscretion is giving some people license to lower their own ethical standards and adopt a less civil, less trusting and more self-centered attitude towards others. A group of well-

educated, suburban teens told me this summer how what they see, hear and read about the adult world makes it clear to them, regardless of what they learned from their parents, schools and churches, that cheating is justifiable if you can get away with it.

- *Some consumers are hysterical for no reason.* Politicians, media and the blogosphere have created hysteria among many people who have no reason to be hysterical. Some people are even doing quite well, thank you, or have not, in any event, experienced serious change in their economic standing. Only you wouldn't know this from the way they act. The media's dramatized coverage of current economy, amplified by pessimistic predators, has created the impression among many people whose conditions are quite stable that they should be scared, very scared. This hysteria impacts not only consumer spending, but is also devastating to charitable causes.

Franklin Roosevelt is famous for reminding Americans that "We have nothing to fear but fear itself." From what I'm hearing this summer, many Americans would rather wallow in the drama of fear than look for a way out.

- *We've adopted a siege mentality.* We're in defense mode, not offense mode. We're being reactive rather than proactive. While we wait to see what's going to happen next, many American consumers have decided to opt out of the economy whenever possible, acting out of the very "fear" Roosevelt referred to, a crippling miasma in which we are avoiding, denying and delaying *until.....*
- *For a lot of people, "until" means until things to "get back to normal."* Many consumers and businesses seem determined to ride out this recession by tightening their belts until...

WAIT A MINUTE!

Did someone just say "*normal*"? Is there anyone who really thinks it's going to get "back" to anything, much less "*normal*"?

Let's be straight about this. Conditions will *go* on. But it's hardly likely they'll get *back*, much less back to *normal*. It's far more likely that they're going to evolve into something different from what we used to call normal. In fact, conditions already *are* different. It's just that in our desire to avoid the shock of the new and return to the

land of the familiar some of us are blind to the fact that significant transition is occurring before our very eyes.

Embracing the New *Different*

Those of us who once embraced the concept of *Future Shock* have probably been running back to the bookcase lately to read Alvin Toffler's book again and remind ourselves just how prescient Toffler was about the persistence of change and mankind's resistance to it.

So what does the New *Different* look like? Well, for starters it means a place where many of your old assumptions don't work any more.

Conditions have changed:

- *Our population is skewing older.* Baby Boomers are headed into their sixties. This glacial tilt in the age distribution means that there are going to be a whole lot of changes in priorities and expectations and even more dramatic changes in how government activities, particularly those involved with human services, are funded.
- *We're more racially and ethnically diverse.* Our nation was once proud of the optimism, cultural richness and innovation that came from being a melting pot. But increasing people tell me we are a nation of ethnic and racial silos, resistant to and resentful of the different perspectives around us.
- *Science and technology confront us with knowledge and complex decisions we never had to worry about before.* Health care is the obvious example of a category where science and technology raise new moral, ethical and financial questions. Not far behind is the whole privacy issue. Energy needs further tilt the geopolitical balance. And let's not forget gender identity and the matters of when life begins and ends. These are other issues of the Twenty-First Century challenge our thinking about values and make many yearn for the simplicity of simpler, less well-informed times.
- *Just as they have in every generation and at any time in history, our concept of "traditional values" is changing.* "Traditional values" have always been a moving target. They change slowly and, for some people, uneasily. But

transitions in values are an indelible part of our history. What is different now is that changes that used to occur over generations are occurring much more rapidly. Where earlier generations had game-changing events—wars, floods, earthquakes and depressions, just to name a few—that gave cover to new technologies and new social constructs, the aforementioned fear and hysteria have created subcultures of American consumers willing to use increasingly uncivil, even violent, means to protect their increasingly outdated and myopic worldviews.

- *There are not just new words in our vocabulary, but entirely new ways of interacting with other people.* Grownups who patently dismiss instant messaging, Facebook, Twitter and their kin are missing the larger point that there is a new level of everyday transient communication, especially among young people. It's different from anything we've experienced before. It has its own patois and a different level of engagement and expectation than traditional verbal and written communications. Navigating this new way of communicating is more than just plugging your old communications techniques into "social media."
- *We are undeniably part of a complex global economy.* One of the biggest battles raging in the United States these days is between the nationalists and the internationalists. The former likes to think it's as easy as throwing up a wall. The latter embrace the variety and interconnectedness of a wider world life. The answer, again, comes from our "predictably irrational" behavior. We say we prefer to "buy American," but we crown as the nation's leading retailer a company that can only achieve its "everyday low prices" by sourcing goods in countries with low labor costs. And if a steer in Australia happens to be bitten by a certain disease-ridden fly, we feel that disease in grocery stores and restaurants all over America. The flutter of a butterfly's wing in one country does indeed become a hurricane somewhere else.
- *The old ways of doing a lot of things have changed.* A lot of things that worked well in 1960 or 1970 or 1980 or even 1990 don't work like they used to. No one asked for "big box" stores. But we quickly abandoned local merchants when they came along. No one asked for cell phones (or cell phone cameras). But you're hard pressed to get along without one in business these days. I suspect nobody asked for iTunes or iPhone "apps," either. But a billion—that's right, a *billion*—apps downloads later (actually in just nine

months), we've made another shift in how we buy things. And how long can *you* go without being connected to the Internet?

- *We don't use information like we used to.* Our whole concept of what is “news” and how we get it has changed. We've evolved from a nation that had fewer, but more reliable sources of news and information into a nation of self-selecting information consumers. Fewer people get news from the same places. Instead, they pick and choose from thousands of information sources. What's more, given the polarized feelings noted before, few people appear interested in anything but news and information that affirms their worldview. Psychologists have long known this condition as “functional fixedness,” the inability to see beyond one's own biases. What's different now is what Lee Ross refers to as “fundamental attribution error,” a condition in which people project their biases *ahead* of the facts.
- *News and information has a much briefer half-life.* The morning's top news story is outdated by 11:00 a.m. Monday's “latest trend” is already replaced by another “latest trend” on Tuesday. This week's compelling charity appeal is replaced by an even more compelling one next week. Consumers are confronted by so much information that stories, ideas and information come and go very quickly. Building cumulative awareness or knowledge among consumers in an advertising program, for example, is not impossible in this fast-moving environment. But it is far tougher and calls for far more imagination than ever before.

How Do We Navigate the New *Different*?

So let's say you've been observing some of these same things. You may have even allowed yourself to wonder when things would get back to “normal.” But you're beginning to question that judgment now, and think that maybe it's time to start taking control of your organization's future in the New *Different*. How do you do that?

It might help to pretend you've moved to another country, say England or Australia, a country *sort of* like home, where they speak the same language, but use different words for things and are just different enough in their history and values that you know things will be played a little differently. That's what we're going to find the U.S.

economy to be like in the coming years. Similar enough to be familiar, but different enough to require learning some new words and new ways of doing things.

In the New *Different*, some things haven't changed:

- *Consumers need reasons and confidence to spend.* People who are sitting on the economic sidelines, their hands fearfully clutching their pocketbooks and wallets, are only making things worse. I'm not talking about enticing people into purchases they can't afford. Rather, I'm talking about creating opportunities and reasons for people to make affordable everyday purchases.
- *Consumers need to know how products and services will enhance and integrate into their lives.* Some products and services clearly have little moral substance. But despite the actions of some, say, readers of *Consumer Reports*, there is no reason to believe that the mainstream of consumers will be any more logical, rational or educated than ever before. They have more information and more wise advice than ever when it comes to food, for example. But the betting money still favors sweets, salty snacks and convenience foods.
- *More than ever, consumers want something to get excited about.* Hollywood pumped out a steady stream of escapist fantasies to lift the spirits of Americans in the years during the Great Depression and World War II. Reality shows may be today's escape, albeit a more mean-spirited one. In a time when many consumers may be sticking close to home and watching their pocketbooks, they still want to be dazzled, surprised and touched emotionally. Jay Chiat got this. That's why he called his treatise on advertising "Inventing Desire."

A few years ago I wrote about how the downturn in men's clothing sales was attributable, more than anything else industry observers could determine, to the fact that American men were bored with what was being produced. The integrity of once great men's clothing brands had been undermined by manufacturers who squandered reputations by mixing uninventive high- and low-quality brand extensions across a dizzying array of price points and distribution channels.

Americans were once in love with American cars. Detroit caused hearts to flutter with the Mustang, the GTO, the Cutlass, the Corvette, and even the

humble minivan (though I challenge you to find a car lover who ever dreamed about having a minivan).

What's does your organization do to make hearts flutter?

- *More than ever, we need to understand how to communicate with consumers in ways that are relevant and timely.* In today's marketplace even the slightest tilt of terminology and nuance can send the wrong signals and destroy credibility. In a tight economy, every dollar has to work doubly hard. But that doesn't mean it has to be spent on the "safest" media buys.

It is unlikely that the market will ever be like it was. Want to know how to embrace the *New Different*? Think about these:

- ***You can't sit this recession out.*** Despite the obvious reasons for tightening your belt, this is not the time to be timid. The best and cheapest time to pick up market share is during a down market. Let your competitors sit this one out. Let them allow consumers to forget about them by not communicating as regularly, or by taking "safer" approaches in their products, pricing and marketing communications. Market share you pick up now is going to reflect in your bottom line when you need it most. It'll pay off even more in the future.
- ***Stop playing the victim.*** Before long, someone's going to make a breakthrough that's going to put us all to shame. It'll become obvious that while we were staying the course whoever's behind this breakthrough will have been working hard to figure out where the winds are and sail ahead. I don't want to be embarrassed by this. Do you? Let's set our sights high and get working!
- ***The communications landscape has changed.*** We're a nation of media niches. No single medium speaks to us all. As always, consumers are influenced by a variety of sources, some of which are recalled consciously and a lot of which aren't. The universe where those influences come from has exploded into something bigger and more fragmented than anyone could have anticipated.

- ***You've still got to get close to the consumer.*** You can only do so much of this by e-mail, Instant Message or Facebook or Twitter. You've got to get close and in a context where there's time and safe space for the consumer to unwind, explain and give you the kind of context and color that tells you how to connect with them.
- ***You've got to let go and suppress those instincts that served you well yesterday.*** We're not in *yesterday* anymore. Today's young workforce is different. The marketplace is different. Consumers aren't spending like they did five years ago and it's likely to be some time before they feel that kind of exuberance again. It's time to listen to consumers and see how you can help them regain confidence in themselves and in the marketplace.
- ***Don't kill the creatives.*** They can be found in every one of your departments if you'll just let them loose to push the edges, test the limits, stretch the envelope and otherwise provoke you with new, scary ideas. Tempting as it may be to consider such people nonessential during tough times, you do so, for they can be the sources of your future success.
- ***Get out. Ask questions. Listen.*** You can learn more from listening to your suppliers, your customers and your prospective customers than you can from a hundred internal meetings.
- ***You've got to stand up for marketing.*** I read an article the other day about a company that wouldn't let its marketing people get involved in "important" product decisions. There are still senior executives who believe all marketers are sleazy hucksters. I once attended a graduate school panel discussion where five Fortune 500 CEOs who could agree on little else were of one mind when they advised an auditorium full of MBA candidates that "marketers are the worst thing that can happen to a business."

(Not one of those five CEOs' companies, by the way, exists anymore.)

- ***You've got to constantly re-invent.*** As a culture, we've become harder to impress. When Google Maps came along, we spent a day being impressed and then started complaining that its satellite imagery wasn't live. At any other time in history, YouTube would have been a game changer of epic proportions. Today, it's just one of many game changers, and instead of

recognizing what a remarkable service it is, we're probably more likely to complain that it doesn't have that one obscure piece of film we're looking for. Yet.

- ***Plan your own replacement.*** I've had more than a few clients through the years who wouldn't introduce new products or product extension because they didn't want to cannibalize their existing products. Most of them ended up having to spend a lot of money fending off competitors who pecked away at them, niche by niche.

Back when they were a great company, the sweetheart of Wall Street and the envy of managers and competitors everywhere, Rubbermaid Corporation introduced one, and sometimes more than one new product every day. *Every day!* They figured that if anyone was going to cannibalize their market, it had better be them. If someone or some new product category is going to peck away at your business, shouldn't it be you? The New *Different* is going to call for new products and services, things we didn't even know about three years ago.

When I first entered the media industry in the mid-1970s, we knew that emerging technologies would—not an uncertain *might*, but a definite *would*—threaten the markets for newspapers and broadcast television. Thus began several decades of charades during which newspapers and broadcast television “reinvented” themselves. Only they didn't really change anything, and now, thirty years later, they find themselves in crisis mode.

New products and services can't be just new iterations of the same old products and services. They need to be game changers.

- ***It's all about the company you keep.*** It has always been true that innovation comes from people, whether they're developing new concepts, new technologies, new competitive strategies or just using their minds to develop new ways of executing old strategies. Make sure you're surrounded by people who challenge ideas. Shake things up.

Perhaps the biggest challenge facing many organizations, and the most important thing you can do to successfully embrace the New *Different* is to learn to let go and be brave in developing new ideas, new products, new services and new ways of

distributing your ideas, products and services. Use the technologies of today. Respect the changing consumer perspective. And recognize that by the time you've done all this conditions will have probably changed again. That's how it is these days.

I recently re-read Gordon MacKenzie's wonderful book, *Orbiting the Giant Hairball*, in which he describes how during the 1960s senior executives of Hallmark Cards, Inc., resisted the notion of "contemporary" greeting cards until the company's Contemporary Design group became too profitable to ignore. Despite their unease—company founder Joyce Hall housed the Contemporary Design group, "like a crazy aunt," in a distant wing of the company's headquarters—senior management eventually recognized the merit of updating their idea of what a greeting card could be and opened the door to ShoeBox and a variety of other contemporary brand extensions that became some of the company's best selling products.

I hope these times will reveal similar new and exciting futures for you.

Chris Bonney is president of Bonney & Company. Since 1992, Bonney & Company has provided information, answers, insight and provocative ideas to its clients. For more information or to contact Chris, please call 757-481-7030 or e-mail Chris at chris@bonneyresearch.com.