



Book Consumer.ology

The Market Research Myth, the Truth About Consumers, and the Psychology of Shopping

Philip Graves
Nicholas Brealey Publishing, 2010
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Recommendation

If you let market research dictate your business decisions, consumer behavior expert Philip Graves thinks you’re making a big mistake. Market research, he says, can’t predict customers’ buying decisions because it focuses on the wrong criteria – a conscious-mind, logical thinking process. But consumers almost never make buying decisions like that, although they’ll insist they do. Instead, they make choices, quickly and efficiently, with their unconscious minds. Business owners who understand this and who apply Graves’s criteria to their research will gain valuable insights into what their customers really think and want. While just about anyone who shops can enjoy this entertaining, informative book, *BooksInShort* believes it will help business owners and marketers – if not to read their customers’ minds, then at least to understand them better.

Take-Aways

- Market research has always driven business decisions inappropriately.
- Market research often is cited as the reason for product failure or success.
- New Coke is a prime example of of market research failure.
- Market research focuses ineffectively on consumers’ conscious minds rather than on their unconscious drives, which motivate their behavior.
- Asking consumers their opinions is useless; they make choices “outside of conscious awareness,” in favor of the familiar and against risk.
- Conventional studies can skew results by leading, persuading or influencing participants, even unintentionally.
- Traditional research methods do not adequately replicate the consumer’s decision-making environment.
- To determine what your customers think, observe them and read their body language.
- Analyze their actual behaviors in “natural habitats”.
- Covert studies work best: Let customers think you are exploring something else.

Summary

Market Research Just Doesn’t Work

Most companies that conduct and rely on market research think they are gaining a better understanding of their customers’ motivations and behaviors, but they are not. For example, the launch of New Coke resulted from a notable research debacle. When Coca-Cola’s market studies indicated that people preferred the taste of Pepsi, Coke rushed out a new product. New Coke failed for many reasons, but primarily because research participants were answering questions in artificial environments using their conscious minds. This generated misleading results because “the unconscious mind is the real driver of consumer behavior.” A real-life interviewing or

observational environment – which would reveal or engage the “unconscious mind” – would likely have produced quite different and more illuminating responses.

“We want our lives to have meaning and are unable to understand how they can do so.”

The unconscious mind makes decisions throughout the day. It filters information and enables you to zero in on particulars in an efficient way. It becomes increasingly efficient as the tasks and information it encounters become more familiar. Therefore, a brand gains an advantage if consumers buy it without conscious thought.

“It is unrealistic to expect customers to know what they think.”

Market research offers no way to ask questions of a consumer’s unconscious mind. A gap separates “what people would like to believe they will do as consumers and what actually happens.” If a retailer tries to gauge consumer interest by presenting a test group with a range of washing machines, for example, the array of choices can overwhelm the group’s members. Perplexed by all the information they must absorb to make a conscious, rational decision, they fall back on unconscious drivers, such as childhood familiarity with a brand. Therefore, “more choice isn’t necessarily beneficial.” The conscious mind and its unconscious counterpart can, unknowingly, be at war. The unconscious mind usually drives buying decisions, so asking customers their product preferences proves fruitless because they must respond to your questions in a conscious-mind way.

“Consumer research has been allowed to creep in as a substitute for entrepreneurial judgment.”

Other “triggers” that can affect customers’ decisions appeal to their unconscious minds: pleasant smells, the faces of friendly women, price, even light and temperature. “What people see, hear and feel influences their behavior, but they can’t account for what has happened or how it has influenced them.” All this almost guarantees that introducing a successful product is more a matter of chance than a scientific process. Most new products – 80%, in fact – fail.

“Emotions represent the best link between the unconscious and conscious minds.”

“Whenever it becomes helpful or necessary to question consumers, it is essential that what they say is treated with enormous skepticism.” So should merchandisers abandon market research? No, but they should conduct it differently.

Consumers Are Hard to Read

The best way to research a product before launching probably is “live testing: trialing a concept in real-life situations and observing what happens...as a consequence.” But even live testing carries risks: Customers can become aware of what’s going on and respond with “artificial reactions.” Still, this is the closest read available of customers’ responses without just releasing your product in the dark. Several psychological factors affect what people buy:

- People claim they like new products, but they gravitate to the familiar.
- Market research participants will say that they’re willing to try something new because, under interview circumstances, no risk is involved.
- If customers know a product, their unconscious minds believe they like it more.
- The unconscious mind prefers ease. New information adds difficulty.
- Consumers may deny that other people’s decisions affect them – but they do.
- Previous encounters and experiences “prime” consumers, and they judge subsequent information accordingly.

The Environment Provides Context for Buying Decisions

A store’s lighting, its background music and even its size can affect consumer choices. Other people can influence a decision, too – including the salesperson, although customers don’t like to admit it. The right environment can cause consumers to associate pleasant feelings with a product, an occurrence known as “unconscious misattribution.” Several factors render traditional market research inaccurate, whether conducted in focus groups or online. Focus groups don’t accurately replicate the consumer environment; online there is no similarity at all. Marketers also should be aware of “confirmation bias,” which unconsciously can lead consumers to make contradictory choices. The best way to research customers’ selections is by observing them in their “natural habitat.”

Watching What People Do

Observing customers’ behavior is far more effective than asking them about it. Watching allows you to see the unconscious and the conscious minds at work together. This requires undercover observation. People behave differently if they know they’re being watched. Questions to ask as you study your customers’ behaviors include:

- How much time do they spend with your product?
- Do they touch your product?
- Do they “reach for a product without significant conscious attention”?
- Do they look carefully at a product, or glance at it quickly and then look away?
- What is your customer’s emotional state? That’s your best clue to what’s going on in his or her unconscious mind.

Why Asking Is Fruitless

Studying your customers clandestinely is a lot of work, but just asking their opinions in a focus group doesn’t work. Why? Here are 13 reasons:

1. Questions that indicate “what to think about” can unintentionally direct customers’ replies.
2. Posing questions in different ways can change the answers, because people’s “judgment is...malleable.”
3. The actual wording of a question can “lead the witness.”
4. Asking questions requires researchers to present a product, which automatically “promotes” the product in the consumer’s unconscious mind, and alters his or her response.

5. If asked what they like or dislike about a product, consumers will “unconsciously alter their position favorably.”
6. Presenting products without their brands disables the unconscious mind’s filtering process and therefore changes people’s answers.
7. Questions asked at the beginning of a survey can “set the tone” and skew responses.
8. Asking people’s attitudes about a product or service proves little because “no correlation [exists] between attitudes and behavior.”
9. A consumers’ frame of mind matters strongly and can influence his or her answers.
10. Customers “mentally associate” prior experiences with your questions.
11. Respondents instinctively want to please you because you ask questions in a pleasant or friendly manner.
12. Asking indirect questions about your product in hopes that consumers will “reveal something of [their] underlying thoughts,” won’t elicit accurate responses.
13. You can’t trust your customers’ prepurchase answers because “people who have gone to the trouble of purchasing something tend to value it more.”

“Ultimately, success will be determined not by how thoroughly organizations research their customers, but by how astutely they are able to understand the response to what they are currently doing and how quickly they can evaluate and implement alternatives.”

Market research can be effective if: 1) You question your customers as they’re engaged in the very behavior you want to learn about; 2) you “catch them in the right mindset”; 3) you use the right language and avoid communicating possible value judgments about their choices; and 4) you ask “confirmatory” questions – for example, are they buying something because they know others have bought it? Pose queries that “explore what elements of unconscious influence might have motivated the behavior.”

Following the Crowd

Although your customers probably insist that they march to the beat of different drummers, they are unconsciously influenced by the choices of other people. Consumers tend to mimic others without noticing that they’re doing it. This can be advantageous for advertising, but can work against the success of a focus group. “People will devalue their own opinion in the interest of developing an arbitrary position that is acceptable to the group.” The energy drink Red Bull is an example of a product that tested badly in research but became very popular once it was accepted and promoted by the crowd (a form of “social proof”).

“An interesting indicator of consumer thought is time....[T]he amount of time someone spends shopping in a store...is probably the most important factor in determining how much they will buy.”

Focus groups also are ineffective because group discussions or a particularly dominant voice within a group can easily sway participants, especially if they don’t have a lot of emotion invested in the subject matter. Changing their minds and agreeing with others poses no risk. The ensuing “groupthink” works against the validity of research. Other negative influences include:

- Participants are aware they’re being observed or recorded.
- Light levels are much brighter than in the consumers’ actual buying environments.
- Participants generally are not stakeholders in the research topic.

“In the past 50 years market research has really become an unhelpful distraction to business.”

Despite using these imperfect methodologies, market researchers often claim that their findings predict future behavior. Researchers believe that “if you ask people what they like now, they will tell you honestly and it will remain constant,” or that they will proceed to behave the way they’ve described. In reality, consumers’ buying decisions are affected by so many uncontrollable factors that asking them to predict their behavior isn’t fair. In market research settings, buyers experience “focalism” – a narrow concentration on the subject they’re being asked about – and don’t consider all the external and unconscious factors that help determine their decision. Consumers prefer familiar, easy choices that cause less anxiety.

Better Criteria to the Rescue

Although market research methodologies are inaccurate, you can do a better job of predicting consumer behavior by taking human psychology into account more effectively than traditional research strategies allow. Judge your next market research report according to “the AFFECT Criteria,” which assess these factors:

- **“Analysis of behavioral data”** – Is your report an explanation of how your customers are conducting themselves? The best summaries take sales statistics and actual behaviors into account, and don’t just ask consumers for conscious-mind opinions.
- **“Frame of mind”** – When consumers are out of their buying environment and know they’re being observed or solicited, they’re also in the wrong frame of mind to provide on-target answers about what they’re really feeling.
- **“Environment”** – Research should be conducted in “the appropriate consumer environment,” not in a sterile focus-group room or away from the situations in which customers will be making their actual buying decisions.
- **“Covert study”** – Knowing that they’re being studied influences customers’ answers in the wrong direction. If you can, let them think that your questions are exploring “something else altogether.”
- **“Time frame”** – Consumers’ unconscious minds make decisions quickly. Therefore, opt for the swift reply over probing questions that require minutes or hours to answer.

“Few could doubt Apple’s ability to create products that really resonate with consumers although, as Steve Jobs told *Fortune*, ‘We do no market research.’”

Live testing your product, using the AFFECT criteria, and being aware of the relationship between consumers’ conscious and unconscious minds will help you better understand and predict buying behavior. Like Apple, you will understand “the futility of attempting to consolidate...people into representative data.”

About the Author

