

# Every CEO's Secret Weapon for Growth: Know Your Consumer

BY LINDSAY PEDERSEN

“Know the consumer” — it’s a commandment drilled into every business student’s head in Marketing 101 with the idea of avoiding selling unwanted products. (New Coke, anyone?) Far fewer people, however, realize that consumer knowledge has a secret superpower that extends far beyond marketing and should be in every mission statement. **It is in fact the key lever for business growth — growth that can theoretically continue forever as long as the business is tuned in to the consumer.**

Truly knowing your consumer is the key lever for sustainable business growth.

That’s because external market forces, trends, and competition fluctuate wildly, and, however tempting they are to target, they often lead businesses astray. Even the most sophisticated businessperson can fall in love with a shiny new product or idea — but without meeting the consumer’s needs, that project is doomed to failure.

## Mind the Gap

For centuries, knowing the consumer was a given. Throughout most of human history the businessperson and the consumer literally knew each other and had a great deal in common. The cobbler mending a shoe for a farmer knew that during the winter season the soles needed

The more a company grows, the more it must work to keep its customers close.

more traction, because that cobbler was the farmer's neighbor and trudged through the same soggy fields. With the industrial revolution 200 years ago, businesses grew exponentially (bringing with them scalability, affluence, and the middle class) but that growth had an unfortunate by-product: a new, ever-widening gap between businesses and consumers. Now instead of a town cobbler, we have a shoe company like Manolo Blahnik, whose shoes are designed in Italy, manufactured in Asia, and sold worldwide.

What this suggests is that the more a company grows, the more it must work to keep its customers close. But how? Many athletes are advised to "be the ball" because the heightened mind-body connection helps bring the athlete's awareness to the ball, and thus to securing a home run, goal or touchdown. A similar synergy occurs with a strong customer connection.

There are two primary ways to close the company-consumer gap:

- **Method 1:** Actually be the customer.
- **Method 2:** Become highly attuned to his or her needs through keen observation.

We'll look at them in turn.

## METHOD 1: HIRE YOUR CUSTOMERS

The first solution to knowing the customer is elegantly simple: "be the customer" by bringing people on board who know and use the products or services of the company. Outdoor giant REI hires rock-climbers, while boutique pet supply store All the Best encourages staffers to bring their pups to work. Customers feel the knowledgeable staff can relate to their product needs, and staff can share feedback constantly (from themselves and the public). **Ultimately, when staff and customers align, consumer needs become intuitive system-wide.**

When your staff use your products, consumer needs become intuitive at every level of the company.

### Harley-Davidson

One company that excels at being the consumer is Harley-Davidson. The entire company, all the way up to executive levels, is expected to spend time riding their Harleys, even on company time. Another

cue? The most desirable parking spots (those closest to the building) are for Harleys — not cars. If you're going to drive a "cage" (that's what motorcycle enthusiasts call cars) to work, you're going to have to park farther away and walk through the elements to get to work. As a result,

Harley-Davidson employees know their customers because they ARE the customers. This makes innovation and messaging fluid and fast. There's no need to conduct a set of focus groups or a survey to learn the answer, which could take months; they can answer it just by roaming the halls or hitting the road.

### Nike

Another example comes from Nike, whose founder, Phil Knight, was himself an avid athlete. He built the shoe that he wanted to wear when he went running. Any visitor to the Nike headquarters in Beaverton, Oregon, is immediately struck by the pervasive culture of fitness. Not only does the company pay generously for employees' fitness center memberships, but employees actually use them on a daily basis. Most days a hush falls over headquarters at lunchtime because the place is nearly deserted — most employees are either working out or out for a run (and testing the product while they're at it). So when Nike staff members are building a messaging plan, they know their customers so well that even their gut instincts are likely to succeed.

### Xbox

Also working from within a culture rather than from outside, when Microsoft began developing Xbox in 1999, the company assembled a development team made up of hard-core gamers. Their brief: to develop the product that they would want to play. In other words,

the developers were themselves the target audience. The product has been a categorical hit. By dovetailing developer and consumer, Microsoft broke into a mature market decisively from day one, and with the next generation — Xbox 360 — it leapfrogged Sony PlayStation 3, outselling it by nearly two to one.

## METHOD 2: GET TO KNOW YOUR CUSTOMERS

What if it isn't feasible to physically be the consumer? Perhaps the target client is too distant geographically or culturally to hire. Whatever the situation, every business can still enhance its consumer connection and gain invaluable insights to guide strategy by allying business and customer mentally, helping one to relate to the other.

If you can't be the consumer, invaluable insights can be gained through careful research.

While a quickie focus group may seem like a tidy solution, the easy route is rarely the most accurate. Regardless of research methodology, it pays to be aware of the basic pitfalls in getting to know customers, thus avoiding tone-deaf attempts to connect.

Here are some simple yet powerful tips from my own experience.

### Don't Just Ask, Observe

Watch and learn: great insights come from observing how customers use a product, rather than simply asking them.

Believe it or not, a breakthrough product came about largely by watching people do laundry. While I was working with the Clorox brand team, we observed in ethnographies (systematic observations of customers in their own environment) that regular bleach users often tempered bleach's power by diluting it or using a Q-tip cotton swab to apply directly to a stain rather than exposing the whole garment. And what was fascinating and inspiring was to watch how gratified these bleach users were when their approach worked. They felt empowered when they were successful with their laundry. True growth comes from insights like this.

Based on this insight, we brainstormed ways to give consumers this experience in a user-friendly package. We ultimately launched the Clorox Bleach Pen, which went from \$0-\$40MM in its first year, and was a higher-margin product than mainstay bleach.

### Never Assume

Once I was working on brand positioning for a wireless company that served low-income consumers. Our competitors did little to get to know their customers, assuming based on income levels that saving money was their customers' first priority. So our competitors gave them a "cheap plan." In contrast, we really got to know our customers — what made them tick, and what both delighted and disgusted them about their wireless plan — which netted surprising results.

Keep an open mind: assumptions about motivations can undermine marketing strategy.

I remember asking a female customer, "What do you do with the \$10 per month you save by using our service rather than your old service?" Falling into the same assumption trap as our competitors, I had anticipated she'd say "To help pay for groceries" or a similarly practical need. But she said, "I treat myself to a pedicure." Her answer really humbled me, and reminds me to this day about the dangers of assuming to know the consumer.

She wanted to feel human and treated well, to feel self-respect and abundance. So when we set the messaging direction, we knew that our service wasn't just about delivering a "cheaper cell phone plan" but must be something that made their lives feel more abundant.

For example, we had the opportunity to lower pricing by outsourcing customer service (as competitors were doing, making it very difficult to get a question answered by a live, local human), but to acknowledge this need for respect we retained the existing price and the U.S. customer service. To our audience, the benefits of having a more human, enjoyable experience trumped the cost difference. Target's triumph over K-Mart illustrates the same response. Target shoppers

don't mind paying a little more for a more pleasurable shopping experience including cheerful ambience, pleasing layout and high-design merchandise.

So while our competitors were just having pure price wars, we kept our price low, but never trimmed it so far that it would diminish the consumer's experience of feeling like she had a dignified phone plan. As a result, the consumers got a reasonably priced plan that never made them feel "cheap." By the way, this kept our margins healthy too.

### It's Not You, It's Them

Another example of wrong-headed assumptions comes from a time when I was working on strategy for a nut brand. In the nut industry, the manufacturers are understandably highly focused on freshness and preventing rancidity. However, when we got to know our target consumer better, we found that freshness was barely an issue in her mind.

We learned that she a) could not discern incremental differences in freshness, and b) assumed any brand-name product would be fresh.

She valued nuts because they were a wholesome, unadulterated food to bring into her family's diet, and as a bonus they add some fun and healthy flair to meals.

Don't get distracted:  
company worries don't  
always mirror consumer  
concerns.

Once we understood this, we could stop obsessing over incremental freshness gains that our consumer did not value, and start working on what she did value: nuts that are easy and fun to

add to meals. By the way — finding ways to further increase freshness in nuts is very expensive and difficult. It's significantly simpler and less expensive to sell them in containers and bags that make them fun to sprinkle on salads and pastas. This insight grew the business and the margins.

## Using the CEO's Secret Weapon for Growth

Tapping the superpower of consumer knowledge is not a quick fix, of course. It requires a true commitment of both the heart and mind of the organization. Valuing and serving the consumer always comes first. That's the prerequisite, and it can't be faked. At every level, businesses have to actually care what their customers think.

**Attending to the consumer ultimately enables growth, protects against competition and market forces, and positions any business to lead its market — thus the effort involved will be rewarded for years to come.**



POSITIONING YOU  
FOR GROWTH™

Ironclad principal Lindsay Pedersen is a brand strategist with a scientific, growth-oriented approach to brand building. She has advised companies from burgeoning startups to national corporations, including Zulily, Starbucks, T-Mobile, Coinstar and IMDb. Lindsay's brand strategies are tested in the crucible of her proprietary Ironclad Method. She arms leaders with a powerful, ironclad brand positioning, so they can grow their business with intention, clarity and focus.

Find additional white papers, client case studies, service packages, and our Ask Lindsay column which answers big questions about brand positioning, at:

[www.ironcladbrandstrategy.com](http://www.ironcladbrandstrategy.com)