

## **Engaging Customers – Modern Thought on Reaching the Current Consumer**

Recent economic indicators describe a consumer climate that is different than virtually any in recent history, and consumer product and service businesses are having a tough time closing sales and encouraging sales traffic, both brick-and-mortar and online. This enforced stinginess on the part of consumers is wide-spread but not universal. Some products fly off the shelves and some companies are wildly profitable, while the majority seem to be pushing a rock uphill.

Consumers are caught in a vicious cycle economically, have been since 2008. Profit is down on a per unit basis, write-downs and charge offs notwithstanding. Employment is down from knee-jerk reactive cost-cutting measures trying to stem the tide of red ink, the unemployed numbering in the many hundreds of thousands, and the underemployed doubling that. Equities in general have been stumbling along the bottom of the trough for the last two years, with a 3% growth number putting them back at break-even since before the crash. Spending is down, savings are flat, foreclosures are restarting their relentless march, debt is way too high, both consumer and governmental, and consumers are cautiously nervous.

For retailers, this is the perfect storm of nightmares. Consumers are too scared to make those bigger purchases due to income uncertainty. Retailers won't or can't hire due to low margin, and can't add jobs, reducing the unemployment numbers. Investors get lousy returns, and therefore can't invest in riskier companies, so they can't expand and add jobs. Consumers who have jobs are unsure they will keep them, but are doing the work of three and trying to keep their own head above water, cutting back on discretionary purchases. So, as a marketer, how do you break through the fear and engage consumers? In a word, "Trust".

If you scan the list of most profitable or growing consumer product corporations\*<sup>1</sup>, you'll notice that they don't have a common theme in terms of product offering, or price point or position in the marketplace, although they all tend to be number 1-4 in their category. The common thread among them won't likely jump out at you from the list itself, but if you dig a little deeper, the theme becomes clear. These growing, smart, stable companies have been conservative in their growth plans, aggressive in defense and development of their brand, and firm believers in keeping their brand promise, leading to outstanding customer loyalty. They make products that people want and need no matter what their economic circumstances, and maintain loyalty through consistent quality assurance, product development speed and flexibility. In short, they give their customers what they want, and have done so long enough and consistently enough to have garnered long-term customer loyalty, and more importantly, trust.

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<sup>1</sup> List compiled by Seeking Alpha, copyright 2010

As marketers, we can't often affect many of the attributes listed above that these firms have in common, but the few that we can, need to be the very best expression of the brand promise to establish that trust. We can't affect QA directly, for instance, but we can certainly pitch the promotions to the correct consumer level and keep public perception on the right aspects of the product if QA is spotty or suspect. Product development is sometimes seen as Indian territory for the marketing department, but in these high-profit companies, our studies show that marketers are deeply involved in not only accumulating consumer data to feed product development, but provide assistance and expertise on consumer preferences, brand extension and alignment, and even assessing product features and elements, to be sure they meet consumer preference and demand. Perhaps this characteristic above all others may be the critical element in the continuing romance between these companies and their customers. In almost every case, companies that get the marketing staff involved early in the development process and have a defined process for creating, developing and launching new products are more nimble, responsive and profitable than those who simply launch and market products after the fact.

That's great for companies that create a range of new products regularly or update their flagship product routinely. But what about some of those firms who have been riding the same product year after year? How do they engage their customers and engender such loyalty to the brand?

Many established and older brands that have let research and development languish, either through lack of resources or short-sighted thinking, find that they need to create or establish a new angle, a new application, a new extension of the existing product to create interest from new customers and renew interest from existing customers. **Clorox** might be an example of this, especially 10-15 years ago. Household bleach is a staple, has few innovations or moving parts, and aside from updating the package, and not much of that, it is basically unchanged since the 50s. Recently, they have innovated within the category, created new applications for the product and formed partnerships with other products to bundle or reinforce their products. Adding their product to other cleaning products gets the brand into households that might not welcome them otherwise, and sets or reinforces the expectation that bleach is an enhancer of cleanliness. Making the product "portable" in the form of a stain removing stick was a recent innovation that was launched in response to consumers' increased mobility and need for instant gratification. Yet despite it's age, Clorox continues to move off the shelves in predictable and growing fashion and avoid becoming a commodity, despite strong shots from competitors, generic versions manufactured overseas, and reduced profitability from price increases on raw materials and distribution challenges. A marketing team that can come up with a new angle for a 50+ year old product is a strong, flexible one indeed. What has kept them going is strong customer loyalty, and trust in the quality and integrity of the product to perform as advertised day in and day out over many years.

But engaging customers doesn't always mean product innovation, or even marketing innovation. Sometimes it has more to do with taking the appropriate approach based on customer's expectations.

One of the companies on this list, **Harley Davidson**, is a champion at delivering it's message in the most appropriate medium for it's audience's digestion. But that hasn't kept them from being innovative in order to engage the customer. Over a century old, Harley's target customer is also getting older, and that demographic is populated by notoriously slow adopters of new technology. Harley does much of it's marketing through the dealer channel and through event and sponsorship presence. They host rallies, rides, and other gatherings of product users through an extensive network of dealers and repair facilities coast-to-coast, and know their customer well. They have a huge array of licensed products and aggressively protect their brand in each of these arrangements, selecting only the highest quality materials, workmanship and designs to put their name on. This is one of the most traditional marketing models out there, and it still works very well. You would not expect them to have a huge online presence or use internet resources extensively to reach a 50+ age audience. Yet they have taken advantage of the social media phenomenon to help spread their message via word of mouth among their vast network of customers, creating Twitter accounts, a strong presence on Facebook with nearly 2 million friends. Other efforts include each dealer's own FB page and own website, all of which have access to the manufacturer's site, news, product info, dealer locator and more, plus license holder sites. All of this is used to promote new products, showcase product innovation, and get customer feedback, monitoring the electronic conversation and reacting quickly to customer input, engendering even greater loyalty and trust. It's the message, not the medium that counts.

Engaging customers also has to do with relevance. Being relevant to your customers may seem like everyone's goal, and indeed it might be, but these profitable companies seem to have it innately present in their corporate DNA. These companies constantly seek ways to enrich their customers' lives, and find new ways to be part of them. **Coach, Inc.**, might be a good example of this. The luxury brand has innovated a number of approaches to meeting the needs of its niche market's need for upscale handbags and accessories, leveraging their brand strength over a series of related products. If you purchase a Coach bag, with its famous lifetime warrantee, and it's likely you'll be informed about other Coach accessories, and often buy them, with the assurance that each product, either direct manufacture or licensed, will be made with the same level of care and quality, and at the same price point in the market. If you are a Coach-level consumer, you make it your business to show it, by buying the branded products that prove it. This elite, exclusive approach works very well for them, as it ramps up the relevance in their customer's lives.

As marketers, we have a huge volume of information and research data available to us regarding consumer trends, preferences, and behavior. It is up to us to responsibly use this data on OUR customers, to craft innovative, trustworthy, relevant outreach messaging to engage our customers to create brand trust, and drive sales and profits to where they need to be. Most of that trust and relevancy comes from the correct and appropriate use of that data to craft messaging that resonates with the target consumer. Transparency, honesty, relevance and trustworthiness are key to achieving



these goals, and you can see the results of such activity reflected in the marketplace and the bottom line.

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