THEY’RE NOT CONSUMERS, THEY’RE CUSTOMERS.

Why the Paradigm of Consumerism is Harming Brands and Hindering Innovation

BY JOHN C. HAVENS
IN 2012, A GROUP OF PSYCHOLOGISTS AT NORTHWESTERN UNIVERSITY CONDUCTED A study of people's reactions to the word consumer: “Consumerism and its antisocial effects can be turned on—or off.” Published in Psychological Science, the study found that simply identifying a group as “consumers” had a dramatically negative effect on their behavior. During the experiment, “consumers” rated themselves as less trusting, less responsible and less collaborative. The consumer status, the authors concluded, “did not unite; it divided.”
Few people would dispute that customers should be valued for more than what they purchase or consume. And, as the researchers from Northwestern demonstrated, the consumer label breeds distrust. So it stands to reason people will be distrustful of businesses that refer to people as mere consumers. For those businesses, the implicit message to individuals is,

“We know what’s better for you than you do. We don’t need your input—just your money.”

Jon Alexander, the director of the U.K. branding company The New Citizenship Project, recently wrote in The Guardian about the drawbacks of a society that glorifies the consumer. “The consumer has become the primary role of the individual in society,” he says. “The act of consumption has become the defining act of participation in society. Every time we see an ad that asks us only to transact, that prominence is being reinforced; we are being told we are consumers and that how we spend our money is the extent of our power in the world.”
As the consumer has become the primary role of the individual in society, the act of consumption has become the defining act of participation.
In my book, *Hacking Happiness*, I dedicate a chapter to the idea of how society could be improved if we stopped using the word “consumer.” I wanted to ask people directly how they feel about being called customers, so partnered with Vision Critical, a provider of customer intelligence software to many of the world’s best known companies. As we outline in this report, Vision Critical worked with two of its clients, a global CPG company and a large U.S. retailer, to ask their customers a series of questions about the word “consumer.”

Using the Vision Critical platform, the companies reached out to their customers. In less than 48 hours, over 3,000 individuals responded. The overwhelming majority had a strong negative reaction to being called a “consumer.” Moreover, the label elicited a strong negative sentiment bordering on hostility with nearly every respondent.

It’s clear that the practice of referring to people as commoditized “consumers” needs to change. The widespread use of social media and mobile devices has altered the balance of power between companies and their customers. Angry individuals empowered by social media can affect a brand’s bottom line or reputation. Brands devaluing these passionate individuals, these empowered customers, do so at their own peril and demonstrate why a consumerist mindset hurts growth and innovation.
In March of 2010, P&G rolled out a new brand of Pampers diapers known as Dry Max. Tested rigorously over six years and 300,000 diaper changes, the diapers were poised to become a massive hit with moms and babies around the world. However, a Facebook page created by an angry mom who posted pictures of her baby with painful looking sores and rashes allegedly caused by the new diapers cast a shadow over the release. The Facebook page received over 2,500 followers in five months, with dozens of parents sharing pictures of nasty diaper rashes.

In response, Bryan McCleary, a Pampers’ spokesperson, pointed out there was no evidence that any of the babies had experienced a chemical burn because of the company’s diapers. The Pampers statement fanned the flames of the Facebook group. One angry mother told the Seattle Times,

“They’re... denying that mothers and parents know their own babies and are smart enough to know that it's not a normal diaper rash.”
Here’s how P&G responded to the situation on ABC News:

“Diaper rash is one of the most common symptoms and things that babies experience. The things that are being described, things like blisters, breaks in the skin, deep red rashes, this is part of what is experienced by babies all throughout the year. As hundreds of thousands of moms and babies are switching to the new Dry Max, it’s clear that they’re coincidentally developing diaper rashes and severe diaper rashes at the same time.”
Pictures posted online showing how Dry Max diapers had supposedly harmed babies left little to the imagination. According to moms, there was nothing coincidental in how rashes appeared on their children. While McCleary may have been well intentioned in his comments, his language was perceived as “press release speak” that dismissed the concerns of moms and their children.

P&G was now at a crossroads. The company could continue to dismiss the concerns of its customers or it could venture in a new direction by engaging with and listening to them. P&G chose the latter.

The company set up a massive social media monitoring program. This allowed it to hear the concerns of customers, answer questions and provide more details about the diapers so customers could make a more informed decision. Monitoring also helped P&G determine that it was a relatively small group of irate parents who continued to post. This information helped P&G develop consistent messaging about the diapers that directly addressed the parents’ concerns. This approach even activated several pro-Pampers fans to come to the company’s defense.
While P&G acted with aplomb in a difficult situation, it experienced how powerful the customer can be in the era of social media. Not willing to be ignored in an old-fashioned consumerist model, these customers demanded to be heard. Once mobilized, a small but vocal group had impact on P&G’s bottom line.

Stock prices and sales impacted by angry customer sentiment prove the necessity of having clear, consistent, and genuine communication with your audience. P&G’s problems started when it responded to parents in press release speak instead of addressing the issues in less defensive language. By listening to customers across many channels and understanding their actual concerns, P&G was able to create new messaging that eventually ended the crisis.
The primary lesson from the crisis?

The old way of talking to “consumers” as passive players is over.
To validate my hypothesis that the word “consumer” is outdated, two Vision Critical clients, a global CPG company and a major U.S. retailer, reached out to their online customer communities and asked them directly how the word made them feel. Our goal was to discover a better word to describe the relationship between companies and their empowered customers.

Within 48 hours, over 3,100 responses were collected and a number of discoveries were made.
The customers valued being appreciated as long-term collaborators rather than as disposable commodities.

The speed and volume of the responses is an important aspect of this research. The two companies already had established trust-based relationships with the customers in their online Insight Communities by engaging them continuously, gathering insight and sharing back findings. Their customers felt intrinsically motivated to respond because they were engaged with a brand they knew and trusted. The members of the companies’ communities understood that these brands valued their opinions, and appreciated being treated as long-term collaborators rather than as disposable commodities.
FIVE PROBLEMS WITH CALLING PEOPLE CONSUMERS
“CONSUMER” FEELS IMPERSONAL

When respondents were asked about how they felt about the word “consumer,” 45 percent felt it was impersonal, 35 percent said it made them feel commoditized, 32 percent felt it was transactional in nature, and 20 percent felt it was simply negative overall.

For companies, this demonstrates that their customers may have an overwhelmingly negative response to the word “consumer”, and that may impact their bottom line.

THE TAKEAWAY: Words matter. Don’t be fooled into thinking a word that appears innocuous to you is not having a negative impact on your customers.
“CONSUMER” MEANS IT’S ALL ABOUT YOU

Consider these statistics when evaluating your customer relationships: 11 percent of participants felt the word “consumer” was disrespectful, 25 percent felt it represented a mindset of “taking,” 22 percent felt it was dehumanizing, and it ranked lowest (along with “shopper”) in words that communicated trust. Furthermore, in comparison to all other words tested, consumer had the lowest ranking in regards to “relationship.”

For marketers, a primary goal is to utilize language that embraces an audience to foster relationships and build trust. If you discover a word or practice is eroding that relationship, you pivot accordingly.

**THE TAKEAWAY:** The word “consumer” and the attitude it conveys are actively eroding trust with customers. Research shows it isn’t a harmless or innocuous term but represents an attitude that actively harms relationships between a brand and its audience.
“CONSUMER” ACTIVELY ELICITS NEGATIVE EMOTIONS

Of all the terms submitted to participants, “consumer” ranked highest in every category for increasing negative emotion. This proves the word, and the attitude it conveys, upsets people on multiple levels. This negative sentiment suggests they’ll negatively react to a brand online and via word of mouth.

THE TAKEAWAY: Research shows your choice of language and attitude strongly impacts how customers feel about your company.
“CONSUMER” ELICITS THE LOWEST AMOUNT OF POSITIVE EMOTION

Of all the terms submitted to participants, “consumer” ranked lowest in every category in regards to increasing positive emotion. The word actively inhibits a brand from creating a relationship with its audience.

THE TAKEAWAY: The majority of people surveyed have no positive emotion associated with the word “consumer.” It actively increases negative sentiment and hurts a brand’s relationship with its audience. There is no convincing reason to continue to use the word or embrace the attitude it conveys.
The two companies asked members of their insight communities as to how they would prefer to be referred. Respondents were asked to choose from a list of expressions and rank them from one to four, where one is the name they most preferred and four is the least preferred. “Customer” was the winner at 66 percent, with “guest” coming in at second for 22 percent. “Consumer” ranked last at just five percent.

Similarly, the term, “customer” incites the least negative emotion. Along with the terms “shopper” and “guest,” “customer” ranked high in increasing positive emotion. This study indicated that “shopper” and “guest” is language associated with the retail or hospitality industries. Regardless, once again, “customer” proves to be the best general term to use when addressing your audience.

**THE TAKEAWAY:** Our research shows there is no evidence to support the continued use of the term “consumer.” The evidence from over 3,000 global participants proves the term, and the attitude it conveys, is overwhelmingly associated with negative emotion and may be harming relationships with brands.
Shifting your nomenclature from “consumer” to “customer” is important, yet it’s simply the first step in reframing a company’s relationship to its audience. As the case study from P&G demonstrates, “press release language” failed the authenticity test with customers. It came off as fake and defensive because it talked at them instead of listening to them and providing a relevant response.

It’s critical to stop utilizing language that positions customers as passive pawns in a supply chain. Nowhere is the language more deeply represented than within the paradigm of the word “consumer.” While it’s easy to consider the word itself as harmless, the larger danger comes from an institutional mindset that objectifies the very people a company wants to reach.
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HOW TO BECOME CUSTOMER-CENTRIC

STOP CALLING CUSTOMERS CONSUMERS

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Address your audience in language that inspires positive emotional response. Language that communicates a sense of relationship will demonstrate you have moved beyond a consumerist mindset to collaborate with your key stakeholders.

Here are some other specific ways you can reframe your relationship to your customers to increase trust and foster innovation:

**GET A MORE COMPLETE UNDERSTANDING OF CUSTOMERS FROM ALL YOUR MEDIA CHANNELS.**
The empowered customer creates serious challenges for brands. Companies that fail to engage customers see declining revenues, increased customer churn and reduced profit.

To get a complete understanding of your customers, companies need a mix of behavioral, transactional, attitudinal/emotional and social data. But many companies are missing at least one of these components. Companies might have robust social listening and big data programs but miss the “why” of customer behavior. While more CEOs are prioritizing customer collaboration, a holistic view of the customer can only come from engaging the right customers at the right time and in the right way.
**DELIVER CUSTOMER INTELLIGENCE ACROSS THE ENTERPRISE.**

The fact that customers are more empowered than ever means customer intelligence can no longer live in one department. While customer intelligence has traditionally been the domain of market research, companies today need to distribute insight in all parts of the business, including marketing, R&D, strategy, sales and HR.

Using customer intelligence more strategically, companies are more likely to deliver better products and better services to the empowered customer. The stakes are high according to a study by Aberdeen Group: when compared to companies that don’t engage their customers, companies that do engage customers see better business outcomes, including a 55 percent increase in annual company revenues and 30 percent higher customer retention.
IDENTIFY BRAND ADVOCATES

While brands may seek out influential bloggers or celebrities to endorse their business, it can be much more productive to engage with hyper-social advocates of your brand. Perceived to be more trustworthy than influencers by customers, according to a report from Zuberance, brand advocates are at least five times more valuable than average customers. This figure is based on two key facts:

> Brand advocates spend at least twice as much as average customers.

> Unlike average customers, brand advocates go out of their way to recommend their favorite brands and products. These recommendations drive sales.

The report from Zuberance provides a great case study regarding the power of brand advocates for Joie de Vivre Hotels. An executive assistant for a large networking equipment manufacturer in Silicon Valley booked an event at the Hotel Los Gatos, managed by Joie de Vivre. She was so pleased by her experience at the hotel that she ended up booking several additional company events there, equalling almost $100,000 in sales in 18 months. She also recommended other Joie de Vivre properties to colleagues that generated an additional $75,000 in revenue for the hotel groups. This kind of zeal only comes from an individual who feels passionately connected to a brand.
ALWAYS BE ENGAGING
Companies can increase trust and sales by finding innovative ways to engage with their customers. For instance, VMO features a case study on its site for one of its clients, EZ Texting, which increased signups for the service by 31 percent by simply adding a live chat window to its site. The redesign allowed the chat widget to be strategically placed to help answer any last minute questions potential users might have before signing up. The live chat widget demonstrated a proactive desire to make the customer service experience as seamless as possible, demonstrating the company valued people’s time.
KEEP CUSTOMERS FRONT AND CENTRE ACROSS YOUR ENTIRE ORGANIZATION

Customer research is no longer a job for a single department. In the *Harvard Business Review* article “Closing the Customer Feedback Loop,” the report’s authors stress the need to have multiple channels and methodologies for gaining ongoing feedback from customers. The report features the specific daily regimen of branch manager Cheryl Pasquale of Charles Schwab; a regimen that has been implemented in all of Schwab’s 306 branch offices. The focus on direct customer feedback was a key component of the company’s turn-around navigated by the firm’s founder, Charles Schwab. Here’s how Pasquale’s regimen helps keep customers front and center every day:

> The report tallies client feedback and provides a snapshot of praiseworthy and negative client interactions. This pairing highlights opportunities to emulate the positive actions and provides line of sight on the negative.

> A “manager alert,” triggered by a client who has given Schwab a poor rating, provides Pasquale with the chance to call the client directly. She regards these flags as an opportunity to “find out what's on customers’ minds and solve their problems and turn critics into fans.”

While the specific actions at your organization may differ, the overall takeaway remains the same—by keeping customers front and center, you demonstrate your desire to put them first. Far from treating them like a commoditized consumer, you’re delivering a level of service that will help retain them as a customer while converting them into a brand advocate.
The first brands that open a deliberate channel of dialogue for their customers to access all their data and help them make their business better; that are humble enough to ask customers for help with their challenges; the first brands to admit that they aren’t going to solve everything for us—these are the brands who will earn our love and affection.

—Jon Alexander, The Guardian
CONCLUSION

Brands need to change their self-serving language and attitude with their customers in order to avoid the ire of angry customers venting in social media channels. Companies that don’t make this change risk actively offending, alienating and losing their customers.

It’s time to move on. It’s time for brands to benefit from the genuine innovation and brand advocacy that comes from engaged customers. It’s time for brands to embrace collaboration in the age of the empowered customer, and benefit in the process.
ABOUT THE AUTHOR

John C. Havens

Renowned author, speaker and industry thought leader, John C. Havens challenges the way people think about emerging technology and its impact on the overall well being of people around the world. In his book *Hacking H(app)iness: Why Your Personal Data Counts and How Tracking it Can Change the World*, Havens suggests that traditional measures of happiness (inextricably linked to wealth and income) are not only limited, but possibly dehumanizing. We are, he asserts, worth more than our incomes. His new book, *Genuine: Authentic Happiness in an Age of Artificial Intelligence*, is available from Tarcher/Penguin in Spring 2016.

Havens is the former EVP of Social Media at a top ten Global PR firm and VP of Business Development of BlogTalkRadio. Former clients include Ford, Walmart, Allstate, Gillette, HP, Merck, and Monster, where he has provided strategic counselling in social and emerging media. Havens has been quoted about issues relating to technology and culture in *USA Today*, *C-Span*, *NPR*, *US News & World Report*, *Forbes*, *Fast Company*, *The Guardian*, *Mashable*, *the BBC*, *The Huffington Post*, and *Advertising Age*. He is a contributing writer to *Mashable* and *The Guardian*, and principal of Transitional Media Consulting.
VISION CRITICAL’S CLOUD-BASED CUSTOMER INTELLIGENCE PLATFORM enables companies to build customer communities that provide ongoing, rapid feedback and insight to enable smarter decision-making.

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