Product Leadership from the Compensatory Behavior of Customers

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Abstract

Much to the chagrin of manufacturers, customers often alter the form or use of products after purchase. Through the use of close observation known as empathic research, researchers may identify and analyze those changes, providing valuable design concepts for changes in current products or entirely new products for the future.

As U.S. Marines prepared for night patrols in the dangerous hills of Afghanistan, they commonly would slide a plastic tie-wrap (also called cable-ties or zip-ties) up each pant leg, fastening them loosely around each thigh. This is not a standard use for tie-wraps, normally meant for binding construction cables together or temporarily restraining offenders in police custody. None of the sales literature of the many companies manufacturing tie wraps contained any mention of their use by the armed forces, and yet spouses and parents of military personnel routinely sent packages of tie-wraps to their family members serving overseas. Tie-wraps were lifesavers. When injured by an improvised explosive device, a land mine, or by gunshot, the wounded soldier or his comrade could instantly reach down to tighten a tie-wrap, preventing fatal loss of blood. Coupled with increasingly effective combat medicine, tie-wraps drastically reduced the number of deaths from lower-body injury. Some companies who manufacture uniforms for the Marines have realized the importance of the previously non-sanctioned tie-wraps, and now design garments with easily accessed tie-wraps for the legs and arms built into the uniform.

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Weaknesses of Traditional Market Research

All organizations utilize some form of traditional statistical market research to discover the needs of current or potential customers. Whether they employ demographic data, surveys, focus groups, or some other secondary data-gathering activity, quantitative market research is important but insufficient to determine customer needs and wants. Unfortunately, many companies outsource their market research, relying instead on reports provided by those who are one or two levels removed from customers. Traditional market research is very helpful at uncovering the explicit needs of users, but is remarkably weak at revealing implicit or latent needs. In addition, people are poor reporters of their own behavior, and often confuse personal needs with wants. Many people don't know or can't articulate what they want. It is likely that no one asked for an iPhone until Apple, Inc. introduced it to the market.

Introducing Empathic Research

How might the shortcomings of statistical market research be overcome? Supplement traditional market research with empathic research. A derivative of the anthropological study of foreign cultures, empathic research is qualitative and relies on direct, focused observation of current and prospective customers. Empathic research comes from the word "empathy," the ability to observe, recognize, and understand another person's state of mind. Instead of sterile focus group labs or stark interview rooms, people are observed "in the wild"—in their homes, cars, workplaces, schools, and other familiar locations. Trained company employees ask the respondent specific questions, or simply observe them for a period of time. In addition to direct observation of consumer behavior, empathic researchers also use photos, videos, review of customer contacts via letters, emails, company toll-free help lines, web-site customer contacts, and corporate and industry blogs, all to seek a completely different window into the needs and desires of customers.

What benefits should an organization expect from their use of empathic research? Most important, qualitative empathic research typically yields a massive quantity of story lines to share systematically with co-workers. These story lines engender new ideas and hypotheses, and are subsequently incorporated into future incremental changes or entirely new products, thereby enhancing opportunities for corporate marketplace success.

Empathic research is critical to uncover the unfulfilled and unspoken needs of consumers. By starting with customers and digging deeply for evidence of desire early in the product development process, companies mitigate risk, enjoy a higher acceptance rate of their products, and achieve substantial competitive advantage.

Defining Compensatory Behavior

Perhaps the most valuable prize to be gained from empathic research is a compilation of work-arounds and improvised solutions customers have added to already completed products. End-users frequently "customize" products and use products to their personal preferences in ways other than those for which they were originally designed. Consumers also adapt their

behavioral habits to compensate for product inadequacies. Intentional or unconscious changes made by customers to the form or use of a product are called *compensatory behavior*. The term compensatory behavior was adapted from psychology, where it refers to the behavior that individuals exhibit as their response to anxiety-causing problems. In the business world, compensatory behavior refers to any type of physical modification to a product or usage of a product different from that originally intended by the designer or manufacturer. Compensatory behavior is very common. Across all industries, from ten to forty percent of consumers routinely modify products.

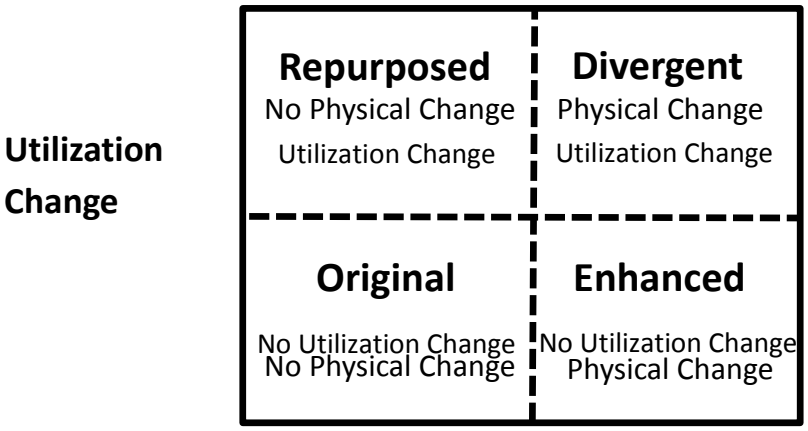
Examples of compensatory behavior abound. Travelers stick bright tape on their black suitcase to make it identifiable on a crowded airport luggage carrousel. At Starbucks, coffee aficionados double-stack paper coffee cups to keep from burning their hands. A busy homemaker duct-tapes a discarded broom handle to a feather duster to extend her reach for cleaning a ceiling fan or towering armoire. An explanation of the classifications of compensatory behavior is found later in the paper.

The unarticulated needs shown by the improvised changes customers have made should be viewed as a signal that something is missing or poorly designed. Trained observers note these as opportunities to develop design changes, making the product easier to use. To their detriment, some companies discount and even disdain the actions of consumers who have "improperly" used their products. They contend that the funds expended to develop directions in multiple languages and warning labels stuck on products require customers to utilize products as they were produced and for the purpose for which they were intended. Ignoring product inadequacies highlighted by customers who have adapted the original form or use of a product provides significant momentum to competitors who *are* paying attention.

Primary Types of Compensatory Behavior

As shown by the figure below, compensatory behavior may be divided into four quadrants, or types. These are classified by the degree of change in product utilization (X axis) and the degree of format or physical change of the product (Y axis).

Compensatory Behavior Customer Alterations



Physical Change

Source: Author's Research

A. Original – No physical or utilization change

The product retains the *original* form and use as at the time of purchase. For example, an electric weed trimmer is purchased, removed from the box without change, and is used for its original purpose, e.g. trimming weeds.

B. Enhanced – Some physical change, little or no utilization change

An *enhanced product* has some physical change to make it more useful or easier to use, but has little or no change in use. Examples include: adding non-skid tub tape to yard implements to keep them from slipping when wet; adding stickers on a school notebook to show affiliations; adding bright tape on luggage handles for identification on a luggage carousel; crinkling the sides of an aluminum soda can to make it easier to hold; folding a paper plate in half to hold hot food; double-cupping hot beverages; incorporating tie-wraps into Marine combat uniforms.

C. Repurposed – No physical change, some utilization change

A *repurposed product* has little or no physical change, but does have utilization change to make it more available and useful. Examples include: handrail used as holder for umbrella hooks or as a newspaper or magazine rack; using one's bag or briefcase while sitting on subway car to support reading material; street musician playing (for money) in a covered space to amplify sound; opened instrument case for receiving donated money; large rubber band placed around a trash can to prevent the plastic liner from falling inside; hotel shower cap used as a cover for a refrigerator bowl, cooking oil sprayed on a satellite dish to allow snow to slide off, and on the underside of a lawn mower to keep grass from sticking; duct tape to remove warts; paper coffee filter to hold popcorn and nuts; bag of frozen food used instead of ice to soothe an injury; discarded CDs strung across garden to scare away birds; show-animal shampoo for human use; disposable diaper used as a bandage to stop bleeding; clothespins on a music stand to keep sheet music from blowing away; runners sitting, then stretching on park bench; parking meters covered with red bags temporarily to show no parking; writing on refrigerator bowls with a China marker to describe contents; use of Mentos® to trigger a cola geyser; send signal via app "Yo" to indicate incoming ordnance in Israel.

D. Divergent – Significant physical and utilization change

A *divergent product* shows major changes in both form and use. Examples include: use of IKEA furniture kits and plans from IKEAhackers.net to assemble entirely different products; impoverished children tightly binding plastic bags with rope to make an improvised soccer ball; using cast-off auto parts to make an easily repaired baby incubator; removing all paper covering from a plastic liter soda bottle, filling it with water, and building it into the roof of a hut as a skylight; stretching heavy plastic bags over the ends of empty cans to make drums.

Actions Required to Benefit from the Compensatory Behavior of Customers

What should organizations do about the "problem" of customer compensatory behavior? The following are suggested actions:

1. Train employees to look for compensatory behavior related to their products, similar products of competitors, and completely different products from other companies.
2. Develop an internal procedure for recording, cataloging, storing, and distributing examples of compensatory behavior.
3. Dig deeply into the meaning of compensatory behavior examples related to the company's products and services. Use a broad spectrum of employees and corporate outsiders to analyze the meaning.
4. Build compensatory behavior ideas into new quick, ugly, cheap (QUC) prototypes and show them to customers for rapid feedback.
5. After receiving positive preliminary customer review via QUC prototype, build one or more "clean" prototypes and review with a broader audience.
6. Provide findings relative to compensatory behavior to the corporate strategic product planning staff.
7. Alter current products or build entirely new products and product lines.

The Bottom Line of Compensatory Behavior

Why is the study of compensatory behavior through the use of empathic research so important to the success of a company? Customers are the beginning and end of *every* product. Companies who develop an ongoing intimate relationship with customers, making them an integral part of the product development process, utilize the cost-effective research and development accomplished by consumers. Customers provide game-changing data for free to the companies who tenaciously observe and study their compensatory behavior. Simply put, the competitive advantage gained though prolonged and purposeful study and use of compensatory behavior is enormous. Companies who ignore customer alterations in form or use of a product have greatly diminished their opportunities for marketplace success.

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