



DIVINING THE NEED

COMPENSATORY BEHAVIOR OF CUSTOMERS

BY GARY W. OSTER

Although valuable, traditional market research methods do not always provide the product development information needed in the dynamic modern-world marketplace. End users frequently customize products and use products in ways other than originally designed. To their detriment, some organizations discount the actions of consumers who improperly use their products.

Conversely, companies that maintain intimacy with customers observe the alternative form or use of a product, and subsequently incorporate those concepts into future incremental changes or entirely new products, enhancing opportunities for marketplace success.

For example, a design firm was contracted to develop a new ironing board for a global consumer product company. They immediately conducted extensive market research, including surveys and focus groups, to learn of customers' real and perceived needs. Although this focused deductive method yielded a mountain of data, the information was ambiguous and of no value to the design process.

With deadlines looming, the design firm tried a new approach. First, they located an ironing enthusiast, a young bachelor who wore razor-sharp creases in his trousers and shirts with perfectly pressed clothing in his closet and dresser. Three young researchers went to the young man's home and watched him iron for an evening. As he worked his way through shirts and trousers and on to his underwear pile, the researchers plied him with questions. Although the young man admitted to no problems with his ironing board, the researchers noted two interesting and wholly unconscious behaviors.

First, he had placed his ironing board against a wall, where it left a faint line as it rubbed against the paint. Secondly, the man routinely placed his foot on one of the legs of the ironing board to give it additional stability as he ironed. Using the information gained from their observation, the firm designed a new ironing board with radically different legs and weighting to give it incredible stability. The ironing board proved to be a blockbuster and ultimately sold millions

worldwide. Both secondary research and first hand observation contributed to the remarkable success of the product.

Divining Customer Needs

The first product patented by Thomas Edison, a giant in the pantheon of American invention, was an abject failure. Edison had designed a vote-tabulating machine for lawmakers in New England. Legislators could cast votes from their seats and have them counted instantly and accurately. To Edison's surprise they despised the machine because they wanted time lags in the process so that they could lobby and influence votes before a final count. The importance of finding an initial customer need became painfully clear to Edison, "Anything that won't sell, I don't want to invent. Its sale is proof of utility, and utility is success."

The significant downside for corporations who have not identified a market for their product is that they might invest in great innovation at inopportune times or inappropriate ways. In other words, as innovation scholar Tony Davila notes, "It is possible to innovate and die by taking the wrong kinds of risk and by playing the wrong kind of strategy."

desirability early in the process. You must uncover human needs to design compelling user value propositions. Otherwise, why would anyone want to buy what you sell?" Rodriguez and Jacoby compel innovators to consider, "Design thinking starts with people and looks for evidence of desire. This is one of the most fundamental ways to mitigate risk. Because marketing things that people don't want increases one's risk of failure substantially. Ask yourself, what is the bigger risk: placing a bet on a value proposition that customers are asking for either latently or directly, or investing in an idea that springs from the cloistered assumptions of a conference room deep within your company?"

Christians in business are further compelled to learn and fulfill customer needs because they view customers in an eternal context, exceedingly worthy of their very best efforts. In Genesis 4:9, God questioned Cain about his actions related to his brother. "Then the Lord said to Cain, 'Where is Abel your brother?' He said, 'I do not know. Am I my brother's keeper?'" The Lord's response illuminated the relationship that Cain was supposed to have with Abel, that of

"A desk is a dangerous place from which to view the world."

John Le Carre

Strategist Gary Hamel says, "It is possible to de-risk bold new strategies through low-cost, low-risk experimentation. Imagination and prudence are not mutually exclusive."

As companies develop innovation strategies, they must recognize the important role of customers in the process. A focus solely on the competition's novelty limits a company's ability to innovate. Rather, if the focus shifts toward understanding the customer, the end user, companies may find they are immersed in unlimited innovation possibilities. In an article by Diego Rodriguez and Ryan Jacoby they concur saying, "The best efforts come from organizations that solve for human

brother. Using this principle, Christians in business should be concerned with their customers and their needs.

Weaknesses of Traditional Market Research

Traditional market research surveys and focus groups continue to be a valuable component of customer intimacy. However, they contain inherent weaknesses. In brief, they tend to uncover explicit needs and not implicit or latent user needs. Communication is also a critical issue. As Ferdinand Fournies notes, "The major reason people don't say what they mean is that people are sloppy communicators; they don't say what they mean because they don't know how to accurately say it. Most

people talk in shorthand and metaphors and use nonverbal body motions and facial expressions which communicate ambiguously." In addition, many people don't know what they want and are incredibly poor reporters of their own behavior.

It is, therefore, incumbent upon all organizations to know current and prospective customers so well that they don't require their explicit assistance to determine the customer's real and perceived needs.

New capabilities may be required to intercept and interpret "signals" from customers. In his book, *Positive Turbulence*, S. Gryskiewicz explains it this way, "Learning to detect weak signals in the distance helps the astute organization to recognize the once unrecognizable. Learning to do so ahead of the competition provides the strategic advantage that can ensure survival. What becomes immediately clear is that organizations that consciously decide to tune in to these far-off, fuzzy, intermittent signals get critical information faster than those who wait for it to arrive in a neat, orderly bandwidth."

The Important Role of Empathic Research

Empathic research is derived from the word empathy, which refers to the ability to recognize and understand a person's state of mind, to metaphorically live inside someone else's skin. Similar to anthropological studies of people in foreign lands, empathic research is qualitative in nature and based upon focused observation.

As Catherine Fredman notes, "One of the favorite sayings at IDEO, a leading innovation and design firm, is 'Innovation begins with an eye.' The firm tends to see different things than what focus groups and other conventional forms of market research typically turn up." Similarly, Joan Fulton Suri of IDEO believes no matter the project, the initial phase of development begins with teams and their clients observing behavior in natural settings to directly identify context, values, habits and other user phenomena related to determine design needs. IDEO CEO David Kelley maintains,

"Focused observation can be a powerful source of innovation. As you observe people in their natural settings, you should not only look for the nuances of human behavior but also strive to infer motivation and emotion."

In most cases, empathic research should be the purview of corporate employees. Authors of the international best seller, *Blue Ocean Strategy*, W. Chan Kim and Renee Mauborgne suggest companies should, "Send a team into the field, putting managers face-to-face with what they must make sense of: how people use or don't use their products or services. This step may seem obvious, but we have found that managers often out-source this part of the strategy-making process. They rely on reports other people (often one or two removed from the world they report on) have put together. A company should never outsource its eyes. There is simply no substitute for seeing for yourself."

Empathic observational techniques, including those utilizing photos, videos or the insertion of researchers to view the behavior of consumers in action, provide a completely different window into customer needs and desires. T. Stevens illustrates this point in an earlier article on innovation noting, "Whether capturing people at home, in the car, at work, or at play, ethnographers interested in driving new-product innovations look for work-arounds, improvised solutions, and contradictions between what people do and what they say they do...Consumers are performing all kinds of operations they don't even realize they are performing, and engaging in many forms of compensatory behavior. Consumers will actually deny doing something like bending over during a laundry operation, when videotapes clearly show they are doing so. We view these unarticulated needs as product-improvement opportunities and apply usability engineering to make products more intuitive and easier to use at the on-set."

Although important customer information may be discovered through statistical analysis of regular market research data, qualitative empathic research translates into a rich body of lore to be systematically shared with



coworkers, ultimately leading to helpful hypotheses and ideas.

In addition, direct observation should be augmented with continual review of customer letters, emails, company help lines, website customer contacts, corporate and industry blogs – everything that enhances communications with customers. Direct web-based connections with customers such as Dell's IdeaStorms and Starbucks' MyStarbucksIdea have yielded thousands of useful (and revenue-producing) tips on customer needs for today and the future.

Compensatory Behavior of Customers

The direct observation techniques of empathic research often reveal intentional or unconscious changes customers have made to the form or use of a product. This is called compensatory behavior. The term compensatory behavior was adapted from psychology, where it refers to the behavior that individuals exhibit in their response to anxiety-causing problems in their life. In business, compensatory behavior refers to the use of a product in a manner

different from its original intent.

Consumers adapt their behavior to compensate for product inadequacies. Interestingly, few people realize they are compensating and, therefore, are unable to explain what is wrong with a product or how that product might be improved. As Alan South notes, "People are inventive and left to their own devices, they will often fix a problem themselves. Spotting a fix can give clues on how to do a redesign, and highlight a problem not previously spotted." Compensatory behaviors are very common. They can refer to any type of physical modification or unintended usage.

A simple example is double stacking coffee cups so that you don't burn your hands on hot coffee; or, putting a piece of red tape on the handle of your black suitcase to help you spot it on the crowded airport luggage carousel.

As Suri ably summarized, "Everywhere we look there is evidence of people's creativity in reinterpreting and adapting things, improvising solutions to make up for something that's missing or poorly designed...Quite simply, this kind of observation can be a direct source of ideas for design."

Therefore, the companies who effectively use empathic research methods to ferret out the unfulfilled and unspoken needs of consumers demonstrated through compensatory behavior logically enjoy a higher acceptance rate of future product changes and substantial competitive advantage.

Further Examples of Compensatory Behavior

When tasked to develop a next-generation walker for the home-based, medical market, design firm Sundberg-Ferar sent researchers to visit elderly residents of a retirement village. Despite significant earlier market research, the company struck a gold mine when it observed the participants' compensatory behavior. None of the existing walkers on the market offered a mechanism for storing magazines, cell phones, knitting supplies or food items.

Sundberg-Ferar researchers noted that one resident had liberally used duct tape to attach an automotive coffee-

cup holder to the frame of his walker. Another had attached a bicycle basket to his walker, and still another had attached a bicycle horn. Sundberg-Ferar incorporated the unspoken compensatory behavior into its early prototypes, which were favorably reviewed and vigorously tested by the retirement village residents.

Researchers from Procter and Gamble continually travel the globe to observe people as they use cleaning products in their homes and businesses. In Puerto Rico, one P & G team watched a retired hotel housekeeper use a broom with a wooden broomstick "extender" taped on to help her reach up and clean the ceiling of her shower.

Procter and Gamble translated the concept into the Mr. Clean Magic Reach, a bathroom cleaning system that features an extendable pole. Procter and Gamble forecasts sales of the new product to exceed \$150 million this year.

In all, numerous products have been successfully developed or enhanced through careful study of product inadequacies highlighted by consumers' compensatory behavior such as the use of spray cooking oil on home satellite dishes (to keep snow off and the signal clear), the customization of cars, home-made wooden boxes and dividers in the rear deck of minivans (to keep grocery bags and soccer equipment from rolling about), and the personalization of shoes with unusual colors, rhinestones and lights on the beaches of southern California.

Accelerating Gains from Compensatory Behavior

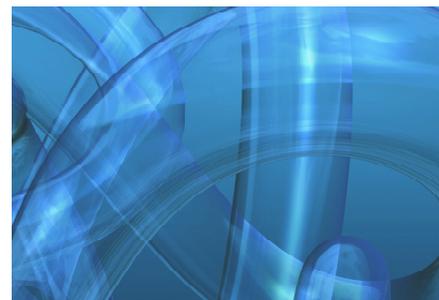
Forward-thinking corporations do not always wait for the compensatory behavior of their customers from which to glean product enhancements. Instead, they develop an intimate relationship with customers and make them an integral part of the ongoing product development process. Cheap, inexact, one on prototypes showing possible iterative modifications of current corporate products are continually placed into the hands of consumers to gauge their response and seed new product ideas.

Just as a chef gives away samples of a

new and unusual dessert in a restaurant to learn whether customers like it, corporations must provide a steady stream of improved prototypes to customers, ask what they would change if they could and then ultimately hope for acceptance from prospective customers.

Summary

Every product is in perpetual beta test. Every product feature begs for improvement. Customers frustrated by the inadequacies of products, frequently engage in compensatory behavior by altering the original form or use of a product. Companies who use the direct observation techniques of empathic research gain game-changing knowledge by engaging this cost-effective research and development accomplished by consumers. As innovation researchers Rodriguez and Jacoby note, "It is difficult to design something compelling without picturing a face or feeling empathy for a person's wants, needs, and behaviors." As companies recognize and incorporate consumers' desired needs and modified use of products, they ultimately satisfy customer preferences while they also continually innovate and gain competitive advantage.



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Notes

1. The quote by Edison is referenced from: Gelb, M. & Caldicott, S. (2007). *Innovate Like Edison: The Success System of America's Greatest Inventor*. New York: Dutton.

2. Discussion on innovation as strategy is found in: Davila, T., Epstein, M., & Shelton, R. (2006). *Making Innovation Work*. Upper Saddle River, NJ: Wharton School Publishing.

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Regent
Global Business Review
exploration innovation transformation

COMING OCTOBER 2008

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