

Influencing Consumers in 2011

Eight Trends That Are Helping to Shape a Changing Market



A J.D. Power and Associates Special Report
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Introduction

Consumer trends changed substantially in 2010, and the significant developments in the political, economic, and technological landscape that occurred during the year will dramatically influence consumers in the future. During the year, consumers were forced not only to re-evaluate how they spend their money, but also to redefine how they value their time, relationships, and even quality of life. While perhaps painful at times, the recent economic recession awakened something greater in consumers, compelling them to rise above their individual challenges, find joy and delight in simpler things, and take a more active role in shaping their destiny, while also appreciating and living in the present. Although the recession forced consumers to problem-solve situations in new and creative ways, J.D. Power and Associates expects these shifts to continue long after the recession, and to become an integral part of how companies address the needs of their consumers and drive innovation throughout their organizations.

This special report focuses on the consumer trends that emerged in 2010, which are based on the unfiltered online conversations of millions of consumers captured by J.D. Power. Five macromovements and eight trends fueled by them are examined in detail. Understanding how they intersect and influence each other is crucial in strategic planning and decision-making.

This report also focuses on the implications of these trends in 2011 and how they may impact the future success of your brand. The Implications for Your Business section includes a series of questions to assist you in sharpening a focus for 2011 and beyond, as well as a series of “thought starters” for five major industries.

The recent economic recession awakened something greater in consumers, compelling them to rise above their individual challenges, find joy and delight in more simple things, and take a more active role in shaping their destiny.

Control Is a Two-Way Street

Due to the rise of the social media network, consumers—through unprecedented access to information—are now in control: control of the brand, the brand experience, and the brand's reputation. However, companies have not yet come to the full realization that such unprecedented access is a two-way street—just as consumers have gained more control through access to information, companies now have access to more information than ever before to gain deeper insight into the tacit knowledge of consumers. Tacit knowledge is the circuitous route consumers take in making a purchase or buying decision, but aren't able to articulate beyond "price" or "high quality" when asked the reason they made the purchase. Social media research provides an unaided view of consumers to gain greater insights into not only "what" consumers are doing (behaviors), but also "why" they are doing it (attitudes and motivations), based on what they freely express within their online blogs, forums, and social networks, among others.

Why 2010 Trends Matter

As competition continues to increase, companies find it even more difficult to break through the clutter created by advertising messages and connect with consumers to understand their opinions and product needs. Not only are companies competing with like brands, but they are also now competing with private labels, green or organic alternatives, and homemade products. These trends create a challenging environment to maintain or grow market share, and an even more challenging space when launching a new product. According to *New Product* magazine, between 80% and 95% of new product introductions fail¹. So how do companies increase their chances of success? The answer is: by understanding consumers. This goes beyond evaluating the opportunities for market penetration and isolating a target demographic. It requires foresight and determining opportunities through the lens of the consumer by understanding their needs from both attitudinal and behavioral perspectives.

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How J.D. Power Listens to Consumers

J.D. Power and Associates leverages state-of-the-art natural language processing (NLP), powered by NetBase, to conduct observational social media research that uncovers consumer insights. By applying in-depth industry expertise in categories such as consumer packaged goods, automotive, insurance, and telecommunications and overlaying our strategic approach for understanding consumers, J.D. Power provides clients with a holistic view of consumers.

J.D. Power explores the millions of conversations that take place daily in social media, which span a vast number of diverse markets and segments, and groups them into themes or trends. As a result of this research, during 2010 five "macromovements," or overarching themes, were identified that are fueling eight consumer trends across several industries and markets. Understanding each of these and how they impact and influence consumers' attitudes and behaviors is crucial to the bottom line of any company.

¹ http://www.newproductsonline.com/Archives_Davinci?article=1896

Five Macromovements in 2011



Five Macromovements

During 2010, consumers gained unprecedented Access to information, which contributed to a greater desire to eliminate the Excess in their lives. Consumers defined an even greater need for Quality in their products, services, and life overall and asserted greater Control to ensure quality is delivered on their terms. Collectively, this fueled and further shaped their Identity. The following sections explore each of these macromovements and what they mean for your business.

Eight emerging trends that are fueled by these five macromovements may impact your business. Understanding these trends may influence the future success of your brand.

Access: Consumers Empowered by Information

Consumers now have unprecedented access to information. Real-time, streaming, 24/7 information is readily available with the click of a button. Consumers no longer need to wait for the information to be disseminated from companies or publishers but instead have the ability to author, share, and engage online. More than three-fourths of consumers read online reviews about products or services prior to making a purchase, according to J.D. Power and Associates research, indicating that access has transformed the purchasing cycle².

For instance, those looking to engage in new hobbies are able to watch instructional videos on YouTube. Travelers looking for an intimate restaurant can read local reviews and view pictures of entrees on their mobile phone. Customers who receive poor service can voice their experiences on the restaurant's Twitter page for followers to read. With the growing adoption of smartphones, mobile access and applications (or apps) have been taken to a higher level, allowing consumers to compare prices, read reviews, and view product videos while shopping—all by scanning the product's bar code.

Understanding these trends allows the foresight to influence the future success of your brand.

² J.D. Power and Associates 2009 Offline Media Report, WinterSM and 2009 Syndicated Appliance Retailer StudySM

While this access level hasn't yet reached widespread adoption, J.D. Power expects that this will significantly change the way consumers engage with products they purchase in the future.

Excess: Consumers Refocus on the Essentials

Many of today's products are being transformed into digital bytes. No longer do consumers necessarily purchase CDs or books, as they can now purchase the digital version, which frees them from the materialistic clutter of owning the physical product. iPhones, iPods, Kindles and apps have revolutionized the way content once delivered in a material form is now consumed.

While many consumers found themselves forced to downsize or cut spending due to the current economic recession, they have discovered that they actually prefer a simpler, slimmed down, decluttered approach to life. Consumers are re-evaluating and redefining which items they feel are essential vs. non-essential. What they deem essential is no longer based on a price decision or defined as most economical, but rather a choice based on what they perceive as important. One consumer may decide the \$100 face cream is essential, yet only want to spend \$20 on a pair of shoes, while others may define and prioritize essential items differently. Consumers are now choosing to surround themselves with fewer items that they really love rather than having more items about which they are only somewhat interested.

This trend not only applies to products, but also to consumers, who are thinking more deeply, even about where they want to spend their time. During the past few years there has been a growing number of consumers who "short circuit" from all the demands and pressures of daily life and try instead to focus more on those activities that are relevant to them and propel their quality of life forward.

Control: The Active Consumer

During 2010, consumers began taking a much more active rather than passive role in how they interact with products. They expect practicality, functionality, and the ability to customize. It is less about aesthetics, and more about how something works and being able to control the entire user experience. If consumers do not find a product or service that fits their needs, they are willing to actively create the solution themselves.

While the trend for "do it yourself" (DIY) has been prevalent in the consumer packaged goods category, this trend is not limited to one industry. Apple is a prime example of a company that delivers on this macromovement, as their products are minimalist in style and aesthetics, but the power lies in the user experience: allowing consumers to select the iTunes and apps they prefer, and providing the ability to control what they have on their device.

Quality: Consumers Redefine Value

In the past two to three years, consumers began trading down across several product categories, with many switching to more cost-effective options, which impacted their expectations and caused a collective cry for increased quality.

Some consumers have discovered that there was no gap in quality in the items to which they traded down, such as cosmetics, packaged goods, and cleaning products, while others have found large gaps in service quality when switching to a lower-cost provider.

Consumers no longer believe in the motto "you get what you pay for" and are questioning why quality and low price must be mutually exclusive.

As a result, consumers no longer believe in the motto, “you get what you pay for” and are questioning why quality and low price must be mutually exclusive.

For example, consumers who traded down from a premium to a budget auto insurance carrier and subsequently filed a claim may have found that they were not getting the same level of service or coverage they were accustomed to, which leads them to conclude that the higher level of service or coverage is worth the incremental cost. Conversely, some consumers who traded down were much more successful, finding that the alternative performs just as well as, or in some cases even better than, the previous product or service. While they feel satisfied, they question why they paid so much previously, and ask themselves where else they can successfully trade down.

This has fueled consumer skepticism to now think that there is always something better available. In the past, value was driven much more by immediate cost savings but is now defined by quality and performance, as consumers are demanding the highest levels of value and quality.

Identity: Consumers Are Redefining Themselves

While defining their identity and establishing their dreams and passions is nothing new, consumers are now shifting how they approach this process and are redefining their identity. During 2010, there was some abolishment of traditional life stages and an increase in consumers’ need to create their own definition of self. These changes in life stages include consumers in their late 20s who have delayed marriage, electing instead to move back in with their parents and go back to school. Young parents no longer separate the traditional mother and father roles, but take a much more fluid, collaborative approach to raising their children. Even retirees are taking a more proactive approach to redefining themselves.

A combination of these changes in traditional life stages and the increasing digital influence on lifestyles has led consumers to take more control over their destiny and realize their dreams. Consumers now have many more options than in the past, and much more access to tools and information. For example, those who want to author something no longer have to go through standard publication channels—they are able to start a blog, post their writing and organically build a readership.

Eight Consumer Trends Fueled by Macromovements

Each of the five broad macromovements described above intersect to form eight emerging consumer trends that span a variety of categories and industries—and which may impact your business. Understanding these intersections may influence the future success of your brand.

A discussion of these top consumer trends follows, including key implications for your business, and provides some examples of companies that have shifted their business strategy to address these trends to further meet their customers' needs. To provide additional insight, this discussion also includes unedited verbatim comments gathered by J.D. Power from consumers in online blogs, forums, and social networks. These trends are:

1. The Real Thing
2. 360° Value
3. Know Your Source
4. Tricking the System
5. In the Moment
6. iExperience
7. Self-Reliant
8. Product is King

1. The Real Thing — Combination of Excess, Control and Quality

In a world of expanding consciousness around what consumers bring into their homes and bodies, they increasingly seek products that are natural and real, and eliminate those that are artificial, enriched, or processed.

Whereas consumers once sought out fortified, enriched, or additive-based ingredients to provide added nutrition in the food products they purchased, they have now shifted to seek benefits from naturally cultivated ingredients and beverages, and have extended it to also include personal care and beauty products. In addition, post-recession, consumers appreciate simplicity and equate fewer with better: they would rather have fewer items of higher quality and seek to eliminate excess, which again highlights the macromovement for eliminating excess.



2011 Implication: Build up and around “super foods”



Example: Vita Coco

Vita Coco, currently the country’s largest coconut water company, which was founded in 2004, has reported that sales skyrocketed from \$4 million in 2007 to \$20 million in 2009. Consumers, especially males, are replacing manufactured brands of sports drinks with natural alternatives such as Vita Coco. Gatorade has launched Gatorade Natural in select markets and exclusively at Whole Foods in an attempt to fulfill this consumer need, but may not be as successful as Vita Coco due to the purity of the Vita Coco product and the focus on “super food” ingredients.

Sample Sound Bites:

“I’m also pretty addicted to a post workout coconut water. Natural Gatorade.”

“Coconut water is awesome stuff. It’s what Gatorade, Pedialyte, et al. are trying to imitate with their electrolyte compounds, and it WORKS. You can get it at any hfs [health food store].”

2011 Implication: Less is more with packaging, messaging, and ingredients



Example: Häagen-Dazs

Häagen-Dazs positioned their Five brand ice cream as simplistic and pure by highlighting the five pure ingredients used to make it. Their packaging and ad campaigns champion these ingredients and make each simplistic ingredient, which is highlighted both on the product packaging and in the ad campaign, cravable. While there is consumer speculation that most ice creams are also made up of just five ingredients, Häagen-Dazs has tapped into this consumer trend and positioned their product to meet the need for simple and pure ingredients.

Sample Sound Bites:

“It’s absolutely fantastic... I must say, why would other ice-creams require more than five ingredients?”

“It’s deliciously simple. Pure and sweet, everything ice cream can and should be (well, at least the grocery-store bought variety).”

“I actually appreciate that I know upfront what’s in the product versus putting on my glasses to read the tiny type in the nutritional content labels.”

2. 360° Value—Combination of Access, Control and Quality

Consumers are evaluating purchase decisions more holistically, seeking alignment with products and services that deliver added benefits, such as exceptional service, assurance, and integrity, along with price/value.

While consumers' spending evaluations were initially a product of the recent economic recession, they have continued to focus on spending smarter based on their own needs. While many of them may have traded down to cut costs during the recession, they have found products or services that were either on par with or, in fact, better in value than predecessor products due to price, quality, customization, or added value. Consumers now expect more from their products, regardless of price point. The bottom line to companies is that their product must deliver what is advertised—and more.



2011 Implication: Avoid hidden costs



Example: Hotel Indigo and Hampton Inn

The hotel and travel industry category has many examples of brands that have either chosen to meet or ignore this trend. Brands such as Hotel Indigo and Hampton Inn have become more sought-after alternatives than have more luxury-oriented high-end accommodations. While a hotel guest's first visit to a more economical hotel than they have previously experienced may have been necessitated by a change in corporate travel policy or the need for a more economical family vacation, they have subsequently realized that they get more value at more economical hotels, or at least in the features that matter more to them, such as free WiFi or sausage offered with complimentary breakfast.

Sample Sound Bites:

"For the record, I also want to give a shout out to the Hotel Indigo (in the Galleria). This hotel group has the makings of becoming my new favorite – great style, affordable, and the kind of amenities I swoon over (Aveda products, free WiFi and parking, and comfy down pillows)."

"If you stay at a Hampton Inn you get great rooms, even a lapdesk for computing from bed, and free internet. But if you pay more, at an Embassy Suites or a top Hilton property, some of those perks disappear. I didn't like the Hilton hotel at all, no breakfast, no free internet."

2011 Implication: Think beyond cost and quality to overdeliver, such as on service and product assurance



Example: Hyundai Assurance Program

Hyundai launched its Assurance Program at the height of the recession a couple of years ago to address owners' concerns about making their vehicle payments, which continues to resonate with consumers as a brand willing to evolve to meet owners' needs by having overdelivered on that particular need. As a result, Hyundai has experienced an increase in consumers' perceptions of the brand's quality. Other brands launched similar programs in that same time frame, but have not maintained their offerings, which has been less effective in shifting consumers' perceptions of these brands.

Sample Sound Bites:

"I'm on my second Hyundai. Great quality, trouble free driving."

"I couldn't help notice how much value Hyundai and Subaru offer in their vehicles."

"Yeah, I don't think you should get a VW at all. I'm sure half of TCL has no desire to hear all the b!\$ching and moaning that would follow. I say get that Hyundai with all that value you've always wanted and call it a day."

3. Know Your Source—Combination of Access, Control and Quality

Consumers increasingly want to be able to track where products come from, perceiving that if they know how, when, and where the products were created, they can better control cost, quality, and their health, and evaluate product authenticity.

In conjunction with consumers' need for pure and simple ingredients, they equally want to understand where their products come from. From production method to source, consumers are seeking visibility in how, when, and where products are made, as they feel source information provides them greater control in determining the quality and value of those products. While this is evident in the growing trend to buy local, not all products necessarily need to be local, but consumers want to avoid products that they perceive are "engineered" rather than grown.



2011 Implication: Be transparent in the process, people, and sources of ingredients of your products



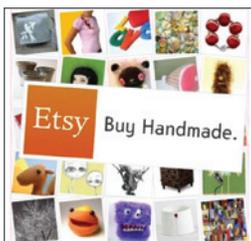
Example: Pillsbury's simply... Brand

The Pillsbury simply... brand eliminates the focus on a faceless manufacturer and positions their products as wholesome: "Made just like you would make at home, same ingredients, same process, and same joy in every bite." Pillsbury, a major brand, found a way to talk to consumers that humanizes the food preparation process. The simply... brand provides consumers with comfort, knowing that if they don't have time to make homemade, they can rest easy knowing this brand is an option. While sales figures aren't available, it is evident that consumers are taking notice of the brand. One blogger in particular was pleased to discover that simply... products include a "completely comprehensible ingredient list."

Sample Sound Bite:

"One of the best part's of making this recipe was the treat I discovered when I went to the store to collect my ingredients. No trans fat, no high fructose corn syrup, and no artificial flavors or colors. These are just biscuits with a completely comprehensible ingredient list. What a nice find!"

2011 Implication: Make made-to-order accessible



Example: Etsy

The mission of Etsy, the online community-oriented site that has been described as a cross between Amazon and eBay, is "to enable people to make a living making things, and to reconnect makers with buyers." The site allows shoppers to browse custom artwork, jewelry, clothing, stationery, pet products, house décor, etc. While consumers can select pricier items if they choose, they can also get one-of-a-kind, custom-made products at very affordable prices. Consumers within social media discuss browsing, interacting with sellers, and then gaining access to whatever they want, and know exactly when and by whom it was made.

Sample Sound Bites:

"In search of body products I went to etsy. I love hand made products. I purchased two items from Everyday Diva. She has a lot to choose from trust me and she makes them right before she sends them out. Very nice indeed!!!"

"I love etsy. You find one good seller on there, and she will make you everything you could ever want."

4. Tricking the System—Combination of Access, Excess, Control, Quality and Identity

Consumers enjoy finding high-performing alternatives, either reinventing products or simply being savvy enough to find the ultimate value.

Consumers are delighted to discover high-performing alternatives, either through reinventing products or leveraging the collective knowledge of other savvy shoppers. This includes finding lower-cost alternatives, such as trading down from their high-priced salon brands to lower-cost mass-market products that provide the same perceived results. Other consumers are taking a do-it-yourself or simplified approach by creating their own products, such as using olive oil as a face treatment or using aspirin as a face mask. For each of these groups, it is less about saving money and more about the satisfaction that comes from “tricking the system” and creating their own solution.



2011 Implication: Market new solutions for old products



Example: Heinz Vinegar

Consumers have been sharing tips, tricks, and recipes online for using vinegar to clean their wood floors, even using it as a replacement for hair conditioner. Heinz recognized consumers’ desire to trick the system to find alternative solutions and tapped into this trend by implementing new messaging for their vinegar that highlights its various functions.

Sample Sound Bites:

“I hate Febreze so much that yes, I’d rather smell cat urine or stinky dog than breathe in the chemicals and artificial fragrance in Febreze...Also, I do use vinegar to clean (and even spritz in the air, my bathroom sometimes is stinky from 4 males), and it, along with alcohol like a vodka spray, dissipates and doesn’t linger like the synthetic crap sticks to fabrics/surfaces.”

“I use baking soda as a shampoo and apple cider vinegar as a conditioner 2 times a week.”

“I clean with vinegar, baking soda, and simple dishwashing soap.”

2011 Implication: Empower consumers’ need to become savvy shoppers



Example: Real Simple

Real Simple magazine has been fueling consumers’ desire to trick the system in their monthly publication by not only helping them shop smarter and use alternatives, but also in establishing a community of followers to share their own tips for tricking the system.

Sample Sound Bites:

“love the Real Simple weekly tips. Whoever is behind developing these tips is simply brilliant. And, they make me happy. Recently they had a weekly tip titled “ 50 Smart Summertime Uses for Old Things “ It’s fab.”

“Came across the Copy Cat Chic website, love love love, in Real Simple and I am giddy with power. First of all I love that she posts about beautiful, sometimes high end furniture and then posts it’s more affordable and still well made counterpart.”

5. In the Moment—Combination of Access, Control, Quality and Identity

Celebrating life now and living in the moment have increasingly become a higher priority, from connectivity to seeking experiences rather than possessions.

The recent economic recession has changed consumers' priorities and expectations, causing many to re-evaluate what's important to them. Many older consumers have developed a deeper appreciation for the things they possess and the experiences they build, and tend to prefer experiences vs. possessions, living in the "every day" rather than the "some day." Younger generations of consumers, shielded by the major effects of the recession, are more focused on living in the moment. They tend to have data, friends, and entertainment at their fingertips, and have become accustomed to getting what they want when they want it. They are uncomfortable with moments of stillness and admit to not being planners.



2011 Implication: Inspire spontaneous experiences



Example: Urbanspoon

The Urbanspoon website allows consumers to find dining suggestions based on location, cuisine, and price via a mobile phone application. Like many mobile applications that provide on-the-go information, this application inspires consumers to experience new restaurants.

Sample Sound Bites:

"Thanks to the Urban Spoon app for the iPhone (if you have an iPhone you need to download this asap - it's free and amazing) we were lead to Urth Cafe. Which was amazing in every way. Organic. We sat outside. There was a heater nearby (because it was chilly, outside, in JULY. Why do I not live there?). I ate a caprese sandwich. It was perfect."

"Urban Spoon has been a great tool in finding awesome local places that prepare good food that we enjoy and feel good about."

"Someone brought up an application called urban spoon which helped you find nearby businesses that are popular."

2011 Implication: Socially integrate with customers on their terms



Example: Chase Mobile Banking

While most banks offer mobile applications for customers to check balances, transfer funds, and make payments, Chase has taken it a few steps further to put the banking experience in the hands of their customers with an application that allows them not only to check balances and schedule payments, but also to deposit checks from their mobile phone. Additionally, customers can opt in for balance alerts delivered via text messages.

Sample Sound Bites:

"I have two banks, which on should I give up? Chase mobile and text banking is great and I use it every day."

"Chase Mobile banking app is free and offers much of the same functionality as its website, giving access to statements, payment options, schedules and history, and integrated bill pay."

6. iExperience — Combination of Access, Excess, Control, and Identity

Customization has moved beyond personalizing the way things look to creating a unique user experience. If a solution doesn't already exist, consumers will create their own, fueling further interest in do-it-yourself approaches and handmade items.

Consumers' desire for customization of their products through style and content is not a new concept, but they are taking it one step further, wanting control to customize experiences to meet their individual needs. When consumers aren't able to find products that support their needs or fuel their unique interests, they cultivate their own products. This growing trend empowers consumers to decide what is important and also allows them to be creators, proudly stepping away from conformity.



2011 Implication: Allow for tailored features in what are typically standardized products



Example: MINI Countryman

MINI, while well-known for vehicle customization at the retail level, is launching their first SUV, the Countryman, with a customizable center console that runs through the front and rear seating, allowing for an array of universal clip-in accessories. The center rail offers virtually limitless customizations, providing owners the ability to add features such as cup holders, arm rests, or iPod cradles. When owners' needs change, their clip-in accessories can be changed as well.

Sample Sound Bite:

"I might have to buy a new MINI in a few years. I loved my 05 S but hated the FWD, and the short wheelbase made it a little unnerving over 80mph or 65mph and a strong wind. Plus if you look at the Countryman's design its pretty neat. Looks huge inside and the accessory center rail is a great idea."



Example: MooBella

As a result of the growing consumer demand for customization in the ice cream industry, MooBella allows consumers to make up to 96 varieties of ice cream via a high-powered vending machine. Using a touch screen, consumers can customize between premium or low-fat ice cream and select from 12 flavors. The screen also includes information on ingredients. MooBella allows consumers to customize and become creators and supports their need to understand the source and manufacturing of the products they purchase.

Sample Sound Bites:

"You can make your own ice cream in just 40 seconds with 96 different varieties and it is 100% all-natural dairy. I know your jealous ;) It's okay!"

"what the kids there are most excited about is a new ice cream vending machine in the school called "MooBella ." It [MooBella] claims to be 100 percent natural dairy and offers 96 varieties of premium and light flavors with mix-ins like chocolate chips and M&Ms."

7. Self-Reliant—Combination of Access, Excess, Control, Quality and Identity

Consumers are becoming more self-reliant, proudly learning and adopting skills to create and cultivate something tangible. This takes the DIY approach to the next level.

DIY is no longer just about saving money but has evolved to provide a way of adopting new skills as identity “merit badges.” With their unprecedented access to information and connectivity via the Internet, consumers have the ability to learn skills for which they otherwise would have had to hire the labor, such as upholstering furniture, retiling a bathroom, and changing their own oil. As a result of consumers’ growing need for self-reliance, they want to be recognized for their creativity and share their point of view, thus earning identity merit badges.



2011 Implication: Empowering the active creator, not just the consumer



Example: Lowes

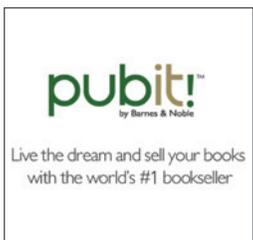
As a outcome of the current economic recession and the lagging housing market, consumers are looking to renovate or make updates in their current homes, and possibly take on projects for which they may not have much practical experience. Lowe’s recognized this consumer desire and has positioned their staff as a support network. This is not only supported in their TV ads, such as one featuring a newlywed new-homeowner couple taking on home improvement issues, but also in offering a do-it-yourself step-by-step video series that features a Lowe’s spokesperson who walks consumers through projects such as replacing flooring and tiling. Lowe’s has positioned the brand as a go-to resource that supports consumers’ desire to do it themselves and to take on new challenges.

Sample Sound Bites:

“Lowes home improvement stores are a great at helping you get what you need and will even cut the wood for you. It is better to go during the week in the afternoon or evenings when they are less busy if you want them to cut wood. Just ask and you can get help in choosing any additional tools as well.”

“The staff at Lowes home improvement stores are friendly and helpful and knowledgeable. They’ll be able to help you with all of your questions and they can even point you to a number of do it yourself books and manuals that Lowes home improvement stores also sell.”

2011 Implication: Help creators elevate their accomplishments



Example: Barnes & Noble’s PubIt!

Barnes & Noble recently launched PubIt!, which allows consumers to write and publish their own work. Authors’ work, which is uploaded on a Barnes & Noble website, is made available to the masses via the brand’s Nook electronic reader, as well as on all other electronic reader products. Barnes & Noble as the publisher provides a portion of any sales to the author. This positions the brand as a champion for average-citizen authors and fosters dreams coming true. Their tag line, “Live the dream and sell your books,” is aspirational and supports consumers’ need to become creators.

Sample Sound Bites:

“It’s a thing that will allow regular people like me write their own book and upload all the files to the pubit page and they will sell your book and give you a cut of the money... So, this gives me a chance to do it and make it happen.”

“Almost Labor Day weekend, and still no PubIt! [author’s name deleted] –soon-to-be-published :)”

8. Product is King—Combination of Access, Excess, and Identity

Consumers now have more choices than ever before, and regardless of brand will choose a product that makes their lives better, easier, and more fun.

It is often easy to forget just how important product is. Marketers sometimes get wrapped up in go-to-market strategies and forget to ask questions, such as “Does my product deliver?” “Are we delivering a product that consumers need and want to engage with?” “Does my product enhance consumers’ lives, or make things better, easier, more fun?” More than ever, because consumers now have access to a vast array of choices, products need to perform, stand out, and be differentiated, especially as those consumers seek to eliminate the excess in their lives.



2011 Implication: Innovating the delivery is just as important as the product



Example: Netflix

Netflix is considered an innovator within the entertainment space for revolutionizing the way consumers rent movies. Netflix introduced by-mail video rental, eliminating the need to rent videos in a retail outlet. Additionally, Netflix allows customers to control how long they keep rental videos. As competitors seek to close the gap, Netflix continues to improve their services, such as recognizing consumers’ preference for immediate access to video by providing instant online streaming, which eliminates the wait period between rentals via mail. As a result, a number of consumers are considering Netflix’s streaming services as a replacement for their cable or satellite services.

Sample Sound Bites:

“I love netflix’s streaming ... enough to ditch cable at this point.”

“love netflix for wii, i’ve caught up on so many seasons of shows, dvds. I like not having to watch them on my laptop or wait for them in the mail. It is super convenient, and seeings how its 9\$ a month i’m saving a ton of money over rental places, and redbox. I love it.”

“Love love love Netflix instant.”

2011 Implication: Create products that allow consumers to maximize their own tools



Example: Ford SYNC In-Vehicle Communications and Entertainment System

In a world of devices and tools for every instance, consumers are looking for more multipurpose products, demanding more functionality from the single products they have, and thereby eliminating the need for multiple products. Ford recognized this trend and developed SYNC, an in-vehicle communications and entertainment system that integrates with vehicle owners’ own smartphone device to play music, browse their phone book, make phone calls, and allow text messages to be read aloud—all hands-free. Through SYNC, Ford has integrated technology with their customers’ lives, rather than expecting customers to integrate with the technology.

Sample Sound Bites:

“We’ll be able to link you to your Internet in the car. If you brought an iPhone into the vehicle, you could interact with that through voice.”

“Also I love the new Ford Sync that comes with all new Ford cars. They are such an intuitive feature and so natural to operate that you wonder why other car makers have not adopted something like the Sync.”

Implications for Your Business

Integrating the consumer trends identified in this special report into your company's brand or products will not only allow it to be more in tune with consumers, but may also provide a competitive advantage. As you approach planning and strategy development for 2011, think more broadly about your company and reconcile your initiatives based on each of the five macromovements previously discussed. Ask yourself the following questions:

- Can your company provide your customers with better access to your brand, product, purchase experience, or service? Are there competitors that are servicing your customer base better than you are? Is that causing missed opportunities for customer connectivity?
- Are there ways your product can be simplified to deliver a more customized experience?
- Does your brand or product better the lives of your customers?
- Are there further opportunities to customize your products or services?
- Does your company understand what your customers value in your products or services? Are there opportunities to provide added value to differentiate your brand from the competition?
- Does your product do what is advertised and deliver on your brand promise?
- Does your brand support and empower your customers?

While most of the consumer trends apply broadly across industries, determining what they mean for your brand, company, and industry is imperative. The following are industry implications and thought starters for applying these consumer trends wherever possible to your company in 2011.

Automotive

- Providing opportunities for owners to customize their vehicles to meet their specific needs creates a more unique and specialized experience. Do your brand's models provide a customized experience? Does your company or brand empower your customers?
- In a world where consumers seek to eliminate excess and simplify their lives, integration and comprehensive solutions enhance their consumer experience. Are there ways to integrate your brand with this trend?
- As an increasing number of consumers attempt to take more control of their lives and situations, their DIY attitude may expand to include conducting their own vehicle maintenance. What are the ways your company could support their need to do it themselves and to become their go-to resource?
- As more consumers determine value based on their own personal priorities, product and service add-ons become increasingly important. What are the additional services your company can provide your customers to add value to the brand or to specific models?

Telecommunications

- Consumers are using location-based apps, whether they are, for example, searching for a trendy new restaurant using Urbanspoon, using Twitter to try and connect with friends in the area who might be available to meet up with them there, finding a discount or coupon for the place using Groupon, or checking in upon arrival using Foursquare. What's interesting is that while consumers grow increasingly dependent

on these types of apps, they must rely on their wireless carrier and their device to receive them. Providing consumers with products and services is ultimately just as important as the functionality their device provides.

- While many consumers are seeking devices with all the “bells and whistles,” some seek more straightforward technology and functionality. Does your company provide a range of products and services to meet a variety of needs? Providing both to meet a range of consumer skill levels will appeal not only to the technology savvy and the most technology adverse, but also to those consumers in between.
- Consumers are looking for solutions that integrate with their own tools and devices. Can your company or brand deliver entertainment products or services through other devices, such as game consoles, mobile devices, applications, etc.?
- Consumers are focusing their spending and cutting back on what is non-essential. Can your company or brand provide customization in products and services to deliver personalized value? This may include a customized channel lineup or broadening subscription accessibility (i.e., via computer, mobile, in-vehicle).
- Consumers crave control to ensure quality and empower their identity. Does your product or service support these needs and make consumers’ lives easier? Does it empower them or cultivate a specialized experience? Or do they simply consider your product or service a necessary evil?

Consumer Packaged Goods

- Consumers are making the quest for wholesome, high-quality products more of a priority. Do consumers regard your product or brand as wholesome? Does your product deliver on its brand promise? What, if any, are the gaps in perception?
- Traditional life stages are changing as consumers redefine what it means to be a mother, a father, a grandparent, or a twenty-something. Are you typecasting your customers, rather than considering them in new and different roles? Are there missed opportunities based on more fluid roles within the household?
- Consumers want to take control of the products they interact with. Can you provide them with the tools to customize the flavor, nutritional value, application, or experience of the products they purchase? Can you fulfill their need to do it themselves?

Insurance

- Consumers can be overwhelmed with the insurance process and seek straightforward solutions. While customers’ interactions with their insurance provider are traditionally limited to renewals, they sometimes also require immediate access to policy information. To support this need for greater access, are there communication channels that make their need for policy information and service support more accessible? Is the communication process interactive, or can it be supported by a mobile application?
- Consumers are looking for greater control and are educating themselves on ways to cut spending in order to be more efficient with their income. Can your product or service support them in their quest by providing education and incentives for becoming safer drivers or for living a healthier lifestyle?
- Consumers assess quality by value provided, and not necessarily just by price. Does your company provide service quality that differentiates your brand from your competition? Are consumers willing to pay more for their perceived value of your service?

Travel and Hospitality

- Savvy travelers are expecting more immediate and functional access to information, reviews, and booking options. Is your company providing alternatives to traditional access points through mobile Web apps, or third-party sites?
- Boutique or lifestyle hotels are making their mark on the industry, but it is important to remember that product is paramount for today's consumers. Guests still look for a consistent, high-quality experience and a sense of warmth and comfort. Is your innovative format getting in the way of delivering on any of these needs?
- Additional fees, frustrating delays, and inconsistent booking options are making it difficult for any traveler to love their airline. What can your company do to bring a sense of 360° value to the equation? Are there simple creature comforts or improvements in customer service that can improve the overall experience?

**For more information on the macromovements and consumer trends for 2011,
e-mail information@jdpa.com or call 800-274-5372.**

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