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Counterintuitive – Marketing

I recently received an RFP from a major cruise line. The goal of the study was to determine off-season demand of their fleet, maximise fleet deployment during peak months and evaluate the impact of 'wow' destinations such as Jamaica and Alaska.

Just as we prepared our proposal, the Carnival cruise ship *Triumph* lost power in the Gulf of Mexico. Images of tent cities on the decks and vivid descriptions of rotting food and raw sewage flooding below decks went viral.

Perhaps, I suggested to my strategic partner, we should recommend that our client postpone their demand study. If they went forward now, the results would almost certainly be skewed downward given the tsunami of negative PR the cruise ship industry was receiving – even though Carnival was a competitor, not our client. Guilt by association. After all, who would want to risk their hard-earned cash on a not-so-inexpensive vacation that could end in a living hell of sleeping on deck, surviving on a diet of onion sandwiches and warm water?

On the contrary, my partner replied, the demand study would probably overestimate demand. Last year, after the cruise ship *Costa Concordia* hit the rocks off Isola del Giglio in Italy and partially sunk, the company was swamped with inquiries. Demand for Costa cruises actually went up. Of course, the bump was due to people on the hunt for bargain cabins. Counterintuitive, it seemed to me.

When I thought about it, there are many instances when reality is the opposite of what one might immediately think, when conventional wisdom is, in

fact, unconventional. As marketing principal Jamie Turner in The 60 Second Marketer e-newsletter states, "The best time to increase customer loyalty is when a customer is pissed off at you." This, in turn, highlights a great, though counterintuitive, truth of marketing. Companies should spend more time studying their consumers than their products.

This article is going to run through a few other examples of counterintuitive marketing.

COUNTERINTUITIVE MARKETING PRINCIPLES

Some of the best marketing principles do not seem to make much sense. Below are a few of my favorites:

- Narrow your focus to expand your market understanding. There are four reasons people buy products. They are: 1) price; 2) service; 3) quality; and 4) exclusivity. As Jamie Turner notes, "Everything else is just a variation on those themes."
- Research the silent evidence. Don't research your own company's customers. Research your client's competitors to find out why people are buying their products. Then adapt their message to your product, and sell.
- A company will learn more from its failures than its successes. Show me a successful company, and I will show you one that has failed a thousand times. Show me a failed company, and I will show you a company that has failed once.

THE THIRD QUESTION

The Van Westendorp pricing model is one of the simplest and most useful. Its basic structure consists of four questions. They are:

- At what price do you consider this item to be a good value?
- At what price do you consider this item to be getting expensive?
- At what price is this item so inexpensive that you would doubt its quality?
- At what price is this item so expensive that you wouldn't consider it?

So inexpensive that you doubt its quality?

My first Van Westendorp was conducted in the United Kingdom for prepared frozen meals that, at the time, contained no horse meat but were, in my opinion, quite nauseating. I wondered how anyone could doubt the quality of a frozen TV dinner. If nobody doubted the poor quality of this frozen sludge, then how would the model work? Yet there was a price at which folks would not purchase even this item – if it cost, say, 50 pence.

That is not uncommon. Advertisers use snob appeal all the time to overprice items with the tagline of quality. People will often purchase a name-brand mouthwash for 50 cents more than the generic brand which is exactly the same thing. They are paying for a label. Drug too cheap? Consumers think it doesn't work well. I want to pay more to feel better – instead of paying less.

MISCONCEPTIONS ABOUT VISA

Our company has been involved with various Visa studies over the years: Monte Carlo simulation to determine the maximum value for Visa reward points; Maximum Difference to determine which Visa benefits raise the Net Promoter's Score (How likely are you to recommend this Visa card to a friend?); identifying high-likelihood Visa consumers using logistic regression appended to a census file. In the last type of modelling, it turns out that we left out a variable that is a key indicator of Visa usage.

I always considered myself a 'good' client to American Express and the various Visa bank cards I hold. I am responsible. I pay my bills each month. I have no debt.

Nope.

It turns out that the variable we omitted that was vastly significant (we found out in later studies) was bankruptcy.

Bankruptcy? Aren't people who are bankrupted broke? Yes, they are. People who declare personal bankruptcy are also literally inundated with Visa offers – their mailboxes are full. Why? Sounds counterintuitive.

When one declares personal bankruptcy in most US states, one is unable to declare bankruptcy again for seven years. In some states, longer. It is also a common characteristic for those in personal bankruptcy to have what the industry calls ‘a taste for credit.’ They might be unemployed, have a house in foreclosure, be bankrupt – but they might still need a new shirt. Why not take your spouse out to the trendy Mexican restaurant in town to relieve the stress of being broke? Movie theatres take plastic nowadays. The new cable bills (the old debt has been released) can be paid with one of the new Visas. Just because we went bankrupt doesn’t mean we should stop living. So put that cruise on the plastic (hoping, of course, that the lights do not go out).

Suddenly, the bankrupt person is several thousand dollars in debt that cannot be released by a judge. That person will make the minimum payments for the rest of his life. And if he passes away, the debt goes to his spouse or children (if they do not disavow the estate; that is, if a deceased parent or spouse owns a home, the survivors have to disavow in order to avoid covering his credit card debt).

Inundating the customers of bankruptcy court? Not so counterintuitive after all.

CURSE OF THE PREVIOUSLY IMPORTANT PERSON

We will conclude this piece with a marketing concept that, at the time, seemed like a good idea but, in retrospect, proved to be a flop: the concept known as PIP – Previously Important People. PIPs, particularly those used in product promotion campaigns, are usually celebrities.

The most famous of these is, of course, the 1970s Hertz campaign depicting O.J. Simpson hurdling through the airport to his favourite rental car counter. Before O.J. Simpson became infamous for allegedly murdering his ex-wife Nicole Brown and her friend Ronald Goldman, the former USC and Buffalo Bills star running back was the face of Hertz. During the 1970s, Hertz paid Simpson a reported US $550,000 a year for his adverts. In 1992, he was holding a gun to his head in the most famous slow-motion police chase in history. This was followed by the trial of the century, acquittal, national racial division – and now imprisonment in Nevada on an armed robbery conviction. O.J. Simpson, however, is far from the only one.

Yahoo!’s MarketDash once featured one of the most versatile actresses of our generation (in my opinion) as a ‘Celebrity Dumpee.’ Yardley cosmetics ended its relationship with Helena Bonham Carter shortly after she announced that she “never wore makeup and, thus, had no idea why the brand had chosen her.”

Finally, the weight loss ‘scandals’ of Jenny Craig. Beginning in 2005, Jenny Craig featured former *Cheers* star Kirstie Alley as a spokesperson. Apart from her acting career, Kirstie Alley has been most notorious for her fluctuating weight. Alley ended her three-year stint as a Jenny Craig spokesperson in 2008 with the claims that “she had kept her 75-pound weight loss steady for over a year and was ready to give other spokeswomen a chance.” When the *National Enquirer* published a magazine cover that claimed that the star was “fired for being TOO FAT!” Alley threatened to sue the tabloid. Nonetheless, in the 2008 photo, Alley seemed to be pushing 300 lbs.

CONCLUSION

Not everything is as it appears, particularly when companies seek an advantage: snob appeal; the Van Westendorp conundrum; teaser rates on subprime interest loans for borrowers who clearly cannot afford a mortgage; previously important people who cannot stay out prison or keep weight off – all part of counterintuitive marketing. **RW**

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