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Tracking Change in Unusual Ways Special Report by Seena Sharp

New companies succeed—often wildly—when industry leaders no longer exercise the nearly boundless competitive advantage offered by change. Marketing decisions made without serious consideration about upcoming, inevitable change are risky at best, yet traditional methods of forecasting are increasingly unreliable for making decisions and even less effective for identifying future opportunities, changing customer needs and demands, problems and unknown competitors.

While no one can predict the future, everyone can develop an early warning system which foreshadows change and leads to heightened awareness, smarter decisions and fewer surprises. You don't have to be the first player to act on the opportunities proffered by change, but you don't want to be the last.

The sexy high-tech companies get all the attention for their ability to change easily—and often—to stay on top. In reality, though, players in virtually every industry must become quick-change artists to deal with fierce competition—often from unexpected sources. For example, the used-car market practically invited savvy competitors to roll into town and change the rules. After years of earning a reputation for poor quality control and lack of customer service, this market needed to be reinvented. That's just what happened when Auto Nation and Car Max began to challenge “business as usual.” The founders of these companies brought effective retailing to the used-car field from their successes at Blockbuster and Circuit City.

Unfortunately, the traditional methodology for identifying early warning signs is based on a world that changes exceptionally slowly. Business respects and relies on indisputable facts and concrete data and statistical formulas. This hard information is valuable, but not for anticipating change; it is retrospective and most useful for reporting on what has occurred.

Conversely, the best tool for looking forward is soft information revealed through clues and hints. It is amorphous and vague, subtle, intangible and abstract and cannot be quantified or proven. Although soft information cannot easily be defined, specific techniques can be learned to identify the signals of change and market shifts.

- **Value nontraditional sources.** Many people assume that valid business information is found only in serious media, such as well-known business and trade publications, newspapers and national TV news shows. However, reliable, future-focused information surrounds us, and these second-tier sources often include the first indications of change and provide an external perspective. Give weight to op-ed articles, radio talk show themes, comic strips, complaints, anecdotes and observations, and pay attention to commentary from industry trade publications or magazines that you read for fun.

- **Leap out of your comfort zone.**
Information about change often is contrary to what is familiar, so one of the easier ways to identify shifts is to be open to information that challenges your assumptions. Whether in daily reading or observations, information that is surprising, bizarre, contradictory, disturbing or uncomfortable frequently is the first signal of a change. Consider how this renegade bit of information might affect your product or service.

- **Capitalize on alternative uses, abuses and misuses.**
Every product and service is designed for a specific use, but customers are creative. Expand your market into a profitable niche by discovering alternate uses for your product or service, along with users not part of your target market. Before closed captioning became a standard feature on TVs, it was necessary to purchase a separate box. Surprisingly, significant sales were made to those who spoke English as a second language and studied English while watching and listening to television programs. Closed captioning also is widely used in bars, health clubs, airports and other places where noise is an issue.

The payoff can be huge. Just ask Plano, a manufacturer of metal fishing tackle boxes: Several years ago at a sales meeting, a salesman mentioned that the tackle boxes were being sold to meeting planners to create a portable office and to teenagers for cosmetics. Armed with this knowledge, the company created Caboodles, a line identical to the tackle boxes but executed in colorful, sturdy plastic and sold in drugstores, office supply stores, fabric shops and other new retail outlets. By paying attention to changes in their market – in different customers as well as different retailers, Plano significantly increased sales.

- **Identify human change detectors.**
There are always people who notice or suspect changes before others do. They may be employees (especially customer service), suppliers, distributors or repair people. Create opportunities to share “incidental” information on a wide scale so that others can recall what they have observed but dismissed or forgot. Use office e-mail, group meetings, the suggestion box or brief memos to share the vast wealth of in-house knowledge.
- **Adopt or adapt**
Good ideas come from many places, including other companies and other industries. Take note of successful ideas—regardless of their source—and brainstorm with others on applying someone else’s creativity. Smart companies borrow good ideas and adapt them to fit. For instance, some 20 years ago, American Airlines struck gold by introducing the first “frequent flyer” program. Nearly every other airline adopted the rewards concept, as did hotels, car rental companies, credit cards, supermarkets, department stores and even specialty retailers.

Whether you use these techniques or create your own system for tracking change, remember that early warning signs cannot be quantified - because it is too early in the process.

Companies must choose to make a decision sooner using “softer” information or wait longer until hard information is available.

Remember that the opportunity to respond to change decreases as the information’s accuracy and validity increases. The most lucrative opportunities are for those who act early.