

COPING WITH CHANGE

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1, 2 This morning my children asked me where I was going; what I was doing? I replied, "To Toronto; to read a paper." "About what?" "Coping with change," I answered. They responded that they were better qualified than I to speak to the topic. Why? "Because, Dad, you make the changes; we have to do the coping!"

Some 2400 years ago, Diogenes was reputed to have said:

3 "Nothing endures but change"

4 Long before Diogenes - from the cave dweller, to Greece, to the present condo dweller - mankind has been creating changes in his environment, his attitudes, his life-style.

At the same time, man has been struggling, perhaps less successfully today than in simpler times, to cope with the handiwork of his change.

7 But even change has now changed. In his popular book Future Shock, Toffler notes:

"Change is avalanching upon our heads and most people are grotesquely unprepared to cope with it."

8 As marketers and planners it isn't necessary for us to predict the future in order to cope with change. I'll let the futurists play that delightful role. Faced with the bottom line, mine must be a more pragamatic one. To stay competitive today and in the near-term future let's content ourselves with the less fanciful but more important role of staying on the leading edge of change.

To get ourselves prepared for the future which Toffler contends we are ill equipped to deal with requires the development of new and ultra sensitive antennae. Let me try to lay out a series of steps and briefly describe what the antennae at each step should accomplish in order to understand the leading edge of change.

9 To keep constantly in touch with change requires a keen sense of:

- 1) The scope and direction of change.
- 2) What motivates change.
- 3) How the market will react to corporate attempts to capitalize on change.

Let's look at these three segments of the coping process one at a time.

At the first step:

10 Identify the scope and direction of change

In this, the initial step of coping, the antennae now available seem more than adequate. Your financial analytic and econometric models, computer based information systems such as Lockheed and government census data of both population and business trends, category, and brand sales, share and distribution reports are the very bones or skelton of change.

11 And from this first step you can begin to deduce how your company might be affected by change.

12 But this statistical background alone can only provide a broad hint of what to do. The second important step in the process is to gain an in-depth understanding of why the change is taking place -- that is: What is motivating change?

I work in an advertising agency; I'm charged with the role of staying close to the pulse of the market - in essence, the people who buy your products, use your services. As such, I thought I might be able to offer information and insights on how this second vital step in coping with change can be accomplished.

13 Changes in the marketplace happen because the needs and wants of people change. Can we look at people as a whole? I don't think so.

14, 15 But since each of us - as individuals and consumers is an incredibly  
complex mechanism one cannot expect to identify single or simple sets  
of attributes that fully explain motivation or purchase behavior. Only  
16, 17 by studying an individual as a whole person and by combining similar  
individuals into groups can we begin to understand why? and what motivates  
18 change, and how similar groups of individuals by virtue of their weight  
or presence in the population can effect the "why" of how the market is  
19 changing.

I won't attempt a technical description of how this wholeistic description of individuals is accomplished and netted into sub-sets. Work with the Stamford Research Institute has produced a description of the adult population which combines many facets of our chronological, psychological and socio-economic being into lifestyle and value segments that are descriptively rich and statistically stable.

20 The chart on the screen names the three major and nine minor values and life-style groups that describe the U.S. adult population. The names attached to each grouping let you begin to visualize the different kinds of people in each grouping.

The first major segment is Need Drivers Consumers. They divide into two sub-groups. Survivors represent the most disadvantaged segment of U.S. society. They must cope to survive on a day-to-day basis. They are minimally impacted by many forms of societal change.

Sustainers have a longer perspective than the survivors. They are threatened by most forms of change and protect themselves by belonging to groups - family, union, church, country, or ethnic group.

The second major group is Outer Directed Consumers. Here we find three patterns of values and lifestyles. Belongers cope with change by striving to fit into it, not stand out. They live in a world well posted with "shoulds" and "oughts". Old established brand names are often a key to their purchase behavior.

Emulators are spectacularly - flamboyantly - outer directed. They emulate the buying patterns of those they consider successful or rich. The standard stereotype is that of the nouveau riche, a almost characture of market change.

Achievers are driving people, oriented to success, comfortable with change, especially if it smacks of technology. Their affluence enables them not to dominate many markets, but also to establish norms for many Belongers once Emulators.

The last major grouping in our typology are Inner-Directed Consumers. They buy to satisfy their own inner wants and pleasures as distinct from responding to the norms of others. The markets they create - born from self-expressive diversity - are more fragmented and varied, harder to spot and track.

They divide into four sub-types: I-am-me, Experimental, Society Conscious, and the Integrated Consumer.

By combining these descriptions of the population with the statistical data available in Step I and by writing different economic scenarios and projecting out the size of these lifestyle groupings we can begin to sense how these groups might impact on the market under dramatically different conditions.

21

How would these groups react to major societal and economic change during the 80's? Prosperity might result in a growth of the outer-directed consumer.

A Recession/Depression Scenario would see a dramatic decline among the inner directed group and proportionate increases in the other two segments. Our first guess is a mixed bag - business almost as usual, resulting in a substantial increase among the Inner Directed Consumer.

Then by surveying the population in terms of products bought and services used we can begin to sense - with each scenario - how the market might be affected and why.

22

This is a fascinating new antennae for the corporate market and financial planner to have and use. It will add the sinews and form to the statistical description we see as being the initial bare bones step in coping with change.

The last step in coping with change, that is discovering ...

How the market will react to corporate attempts to capitalize on change.

23

is clearly important because it will convincingly tell us if the change - in product or its advertising - is either too early or too late - or right in sync with the market needs.

24. How we manage this step at Ted Bates is very briefly summarized on this slide.

Starting at the top - we study the total scope of a product's market, its competition, who uses the products, strengths and weaknesses of our product and our competition. Out of this study will evolve a series of possible selling strategies which may motivate, to some degree or another, one or several of the lifestyle groups we showed on an earlier slide.

The second step requires that the total range of strategies be refined and reduced to the most meaningful for a given target group.

At the third stage we want to discover the most effective way to visualize our product story.

And at the next stage - with all the selling elements of advertising together we want a reading on the prospect of selling the product, with its advertising, to the target customers.

And at the last stage - we want to monitor the effect of change in the market on our product and selling support. This last stage helps keep both product and advertising in tune with the ever changing market.

25 How does it work in the market place and what is the role of advertising in helping consumers cope with change.

Here's a commercial, well over ten years old which helped to introduce a new product.

26 Show #1

27 Today the message is the same, but the situation, the casting, and jokes reflect the passage of the 1970's.

28 Show #2

29 Another older commercial, this one for the Prudential Insurance Company. Not using fear of death to sell life insurance, but rather capitalizing on the little known fact that the Prudential was a mutual company owned by its policyholders, and positioning insurance as an investment.

30 Show #3

31 Times change, don't they? Years later and updated to reflect today's consumers, "Get a piece of the rock" not only helps Prudential's agents sell life insurance, but casualty as well.

32 Show #4 and #5

33 Remember black and white television, and remember this commercial for M&M's.

34 Show #6

35 Today, the product, the brand, the message remain unchanged. The words are remarkably the same. But the spokesman and the tonality reflect the 80's not the 50's.

36 Show #7

37 So far we've seen examples of advertising executions - the manner of presentation -



reflecting changing life styles. What about effecting change with new or different messages. As a result of the social and potential aftershocks of Vietnam, the draft was dropped and we had an all volunteer army ... but not enough volunteers. The Armed Services did have something unique to offer. Jobs, training, experience. Here's advertising, addressed in part to the Sustainers segment of Need Driven Consumers.

38 Show JADOR Commercial #8

39 The Coors family brew the best beer in America. Proof was in their care in brewing and in marketplace acceptance. However, a few years ago, they began to be caught in the marketing cross-fire between Miller and Budweiser; and their share began to erode. They came East to hire some additional marketing guns. What followed was an intense analysis of beer drinkers needs and wants, hopes and dreams. Coors imagery had slipped. "Colorado Kool Aid" they called it; was almost feminine. But it was special, the care, the water, the mountains. No city beer could match it.

40 Show COORS commercial #9

41 The copy was right; the client had the courage to spend behind it. Sales and share have turned around. To such an extent that price promotions have been cancelled for the rest of the year.

42, 43 So products and their benefits change, from no cars to cars, to small cars, to  
44, 45, better cars, and smaller cars. And consumers find their own ways to escape  
46, 47 these changes and react to this.

48, 49

50 So what is the role of marketing and advertising in people's lives? To  
51 understand them as individuals, not as a market. To provide messages  
about products that will change their lives in a variety of ways. Small  
as well as big, emotional as well as utilitarian. And to communicate  
those messages in executions which act as a mirror to societal change, as  
well as a determination of it.

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### VALUE SHIFTS IN ALTERNATIVE FUTURES

	1978		1988		1988	
	Percent*	Percent*	Percent*	Percent*	Prosperity	Recession/ Depression
<i>Need-Driven</i>	16	12	10	20		
Survivors	6	4	3	8		
Sustainers	10	8	7	12		
<i>Outer-Directed</i>	70	62	78	74		
Belongers	32	29	29	35		
Emulators	10	8	12	8		
Achievers	28	25	37	31		
<i>Inner-Directed</i>	14	26	12	6		
I-Am Me	3	3	2	0		
Experiential	5	10	6	2		
Societally						
Conscious	4	10	1	2		
Integrated	2	3	3	2		
<b>Number of Adults (millions)</b>	<b>154</b>	<b>180</b>	<b>180</b>	<b>180</b>		

Percent of population aged 18 and over as of specified year.

## VALUE & LIFESTYLE GROUPS

1978	
	Percent*
<i>Need-Driven</i>	16
Survivors	6
Sustainers	10
<i>Outer-Directed</i>	70
Belongers	32
Emulators	10
Achievers	28
<i>Inner-Directed</i>	14
I-Am-Me	3
Experiential	5
Societally	4
Conscious	2
Integrated	2
Number of Adults (millions)	
	154

Percent of population aged 18 and over

Audio Visual Materials  
(Fiedler NASCP - 6/9/80)

- 1) Blue Kill
- 2) Title
- 3) Nothing endures but change
- 4) Cave man
- 5) Temple
- 6) Condo
- 7) Toffler
- 8) Blue Kill
- 9) Three areas of change
- 10) Scope and direction of change
- 11) Blue Kill
- 12) What motivates change
- 13) Group of people
- 14) Male 1
- 15) Male 2
- 16) Male 3
- 17) Male 4
- 18) Why?
- 19) Blue Kill
- 20) SR I - 1 (attached)
- 21) SR II - 2 (attached)
- 22) Antenna
- 23) Corporate attempts to manage change
- 24) Circle & Strategy
- 25) People Kill
- 26) KILL - Palmolive "Wreck"
- 27) People
- 28) KILL - Palmolive "TV Repair"
- 29) Gold
- 30) KILL - Prudential "Empire State"
- 31) Gold
- 32) KILL - Prudential - "Picklemon"  
"Bent Bikes"
- 33) Blue Kill
- 34) KILL - M&M "1955"
- 35) Blue Kill
- 36) KILL - M&M "Candy Man"
- 37) Pimple Kill
- 38) KILL - JADOR "No Experience"
- 39) Gold Kill
- 40) Kill - Coors - "Hang Gliding"
- 41) Gold Kill
- 42) Horse & Buggy
- 43) Car 1915
- 44) Car 1928
- 45) Car 1946
- 46) Car 1972
- 47) Car 1980
- 48) Motorcycle
- 49) Roller Skate
- 50) People
- 51) People Kill
- 52) KILL