

# Treasure Hunt:

## Inside the Mind of the New Consumer

by Michael J. Silverstein with John Butman  
Portfolio Hardcover, 2006

The most important lesson to learn from this book is what Michael J. Silverstein, senior vice president of The Boston Consulting Group, terms the “bifurcation of the consumer goods market.”

Consumers are increasingly buying at both ends of the price spectrum, by paying a premium (trading up) for items they particularly care about and scrimping (trading down) on items they don’t care as much about and/or on items they feel can meet their needs/wants at a less expensive level.

The trading up market has grown 15% a year for the three years before “Treasure Hunt’s” publication. (Silverstein is also the co-author of “Trading Up”; he recaps the basics of “Trading Up” in “Treasure Hunt.”) To draw consumers, premium-priced must be high quality and match the consumers’ individual value calculus (more on that later.)

The trading down market is the most massive, but with ferocious competition and basically no buyer loyalty. The consumer expects basic low-cost goods that still deliver reliability and good value.

And this trend toward up and down is expected to last at least another decade.

Few consumers buy all up, or all down. Instead, individual consumers are mixing and matching up and down depending on the category of products.

Where consumers are not buying anywhere near as much as they used to is in the middle, resulting in “death in the middle for the average middle-market producer.”

If you’re a mid-list author your heart might have just sunk to your toes. Or - more likely - you muttered, “So tell me something I don’t know.”

He does say that, while the middle market is shrinking, it remains - for now - the biggest piece of the pie.

Alas, Silverstein does not have automatic solutions for producers. He does say the options in response to this market bifurcation are: Go for the premium trading-up market, go for the trading-down discount market, spanning the poles or holding the middle. Which pretty much covers the spectrum, without much nitty-gritty advice about which one might be best.

However, he does offer a few insights authors (and all of publishing) might consider.

Consuming has become a skill, a pastime and a duty to get the best value. Consuming has become “a treasure hunt” aiming to find the perfect value every time.

In past times there was at least the impression that demographics and income could predict a consumer would buy in a certain way. Not any more. Silverstein emphasizes that the choices consumers make about where they will trade up and where they will trade down are highly individual, based on personal priorities and tradeoffs. They “confound traditional demographic and psychographic categories” and are “delightfully unpredictable.”

Companies that succeed understand the ever-changing value calculus of the consumer.

How to understand these unpredictable consumers? Silverstein is dismissive of standard focus groups and marketing surveys. He’s much more supportive of ongoing conversations with consumers and - especially - shopping with and experiencing the product with the consumer. He points out that if you’re selling fast-food burgers, it’s essential to do eat-alongs with consumers so you know what’s important to a mother who is grabbing lunch with two squabbling toddlers in the backseat and a list of errands a yard long.

Easier said than done with reading, I know. How can you do a read-along? I’m mulling that (if you have ideas, let me know.) On the other hand, on-going conversations with book-buyers and shopping with them are do-able. Harder for individual authors (the book-buyer could feel obligated to buy your book - not a Bad Thing, but it skews the consumer’s input.)

What you’re trying to connect with is the consumer’s value calculus - insight into where they trade up and where they trade down and why. Those choices are generally based on how they assess (usually unconsciously) how each purchase ranks on what Silverstein calls “the ladder of differences.” This ladder consists of the technical, functional and emotional benefits of an item.

In deciding whether to purchase something, consumers employ an individual “value calculus.” This includes six main variables: price, technical value, functional value (including longevity), purchase excitement (including ease of purchase), integration (varied and beneficial retail opportunities), emotional value of the item to the individual, emotional drivers of the consumer.

A genuine technical improvement in an item produces functional improvement, which in turn gives the consumer emotional benefits. For these, consumers will pay a premium - trade up. Middle-market consumers will distort their spending to purchase something they feel offers quality, features and accommodations that fit their needs. That means that to earn a spot in each consumer’s budget each item competes not only against other items in its category, but against items in every category.

So a potential book-buyer who sees higher technical, functional and emotional benefits from a premium body lotion than a book, will bypass the book.

In other words, books are not competing only with each other for buyers' dollars, or even with other entertainment opportunities. Books are competing with everything consumers spend money on for every single dollar.

To make it more difficult for those of us writing for adult audiences, Silverstein cites 57 percent of adult consumers as saying they don't spend money on themselves until the needs and wants of their families are met. And this is especially prevalent among women - the biggest book-buyers.

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Some thoughts from "Treasure Hunt" for publishers:

Have mass-market paperbacks priced themselves out of trading-down's low-cost, good-value arena and into the dreaded middle? Judging from "Treasure Hunt," Michael J. Silverstein would say yes. What does he say to companies who find themselves in that "deadly middle"?

-- Escape the middle. Look to move up or down or both. If you chose to play in the middle, don't have it be your only area.

-- Drive costs down and quality up.

-- Look at your offering from the POV of an outsider. Get at the truths beneath the accepted assumptions.

--- Listen, listen, listen. Understand the nuances of consumer dissatisfactions and track the root causes - not just what they initially say their dissatisfaction is. Don't be satisfied with the surface. Go for a personal connection.

Focus on your customers who are the "cravers," those who tell their friends about a product they love.

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