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service will appeal to all of them.² Marketers often segment markets by product type, by price point, or by the demographics and psychographics of the individuals or companies who are their customers. With all the effort expended on segmentation, why do the innovation strategies based on these categorization or segmentation schemes fail so frequently? The reason, in our view, is that these delineations are defined by the *attributes* of products and customers. As we see over and over in this book, theories based on attribute-based categorizations can reveal *correlations* between attributes and outcomes. But it is only when marketing theory offers a plausible statement of causality and is built upon circumstance-based categorization (segmentation) schemes that managers can confidently assert what features, functions, and positioning will *cause* customers to buy a product.

→ Predictable marketing requires an understanding of the circumstances in which customers buy or use things. Specifically, customers—people and companies—have “jobs” that arise regularly and need to get done. When customers become aware of a job that they need to get done in their lives, they look around for a product or service that they can “hire” to get the job done. This is how customers experience life. Their thought processes originate with an awareness of needing to get something done, and then they set out to hire something or someone to do the job as effectively, conveniently, and inexpensively as possible. The functional, emotional, and social dimensions of the jobs that customers need to get done constitute the circumstances in which they buy. In other words, the jobs that customers are trying to get done or the outcomes that they are trying to achieve constitute a circumstance-based categorization of markets.³ Companies that target their products at the *circumstances* in which customers find themselves, rather than at the *customers* themselves, are those that can launch predictably successful products. Put another way, the critical unit of analysis is the *circumstance* and *not the customer*.

To see why this is so, consider a quick-service restaurant chain's effort to improve its milkshake sales and profits.⁴ This chain's marketers segmented its customers along a variety of psychobehavioral dimensions in order to define a profile of the customer most likely to buy milkshakes. In other words, it first structured its market by product—

milkshakes—and then segmented it by the characteristics of existing milkshake customers. These are both attribute-based categorization schemes. It then assembled panels of people with these attributes, and explored whether making the shakes thicker, chocolatier, cheaper, or chunkier would satisfy them better. The chain got clear inputs on what the customers wanted, but none of the improvements to the product significantly altered sales or profits.

A new set of researchers then came in to understand what customers were trying to get done for themselves when they “hired” a milkshake, and this approach helped the chain’s managers see things that traditional market research had missed. To learn what customers sought when they hired a milkshake, the researchers spent an eighteen-hour day in a restaurant carefully chronicling who bought milkshakes. They recorded the time of each milkshake purchase, what other products the customer purchased, whether the customer was alone or with a group, whether he or she consumed it on the premises or drove off with it, and so on. The most surprising insight from this work was that nearly half of all milkshakes were bought in the early morning. Most often, the milkshake was the only item these customers purchased, and it was rarely consumed in the restaurant.

The researchers returned to interview customers who purchased a morning milkshake to understand what they were trying to get done when they bought it, and they asked what other products they hired instead of a milkshake on other days when they had to get the same job done. Most of these morning milkshake customers had hired it to achieve a similar set of outcomes. They faced a long, boring commute and needed something to make the commute more interesting! They were “multitasking”—they weren’t yet hungry, but knew that if they did not eat something now, they would be hungry by 10:00. They also faced constraints. They were in a hurry, were often wearing their work clothes, and at most had only one free hand.

When these customers looked around for something to hire to get this job done, sometimes they bought bagels. But bagels got crumbs all over their clothes and the car. If the bagels were topped with cream cheese or jam, their fingers and the steering wheel got sticky. Sometimes they hired a banana to do the job, but it got eaten too fast and did not solve the boring commute problem. The sorts of sausage, ham,

or egg sandwiches that the restaurant also sold for breakfast made their hands and the steering wheel greasy, and if customers tried to drag out the time they took to eat the sandwich, it got cold. Doughnuts didn't last through the 10:00 hunger attack. It turned out that the milkshake did the job better than almost any available alternative. If managed competently, it could take as long as twenty minutes to suck the viscous milkshake through the thin straw, addressing the boring commute problem. It could be eaten cleanly with one hand with little risk of spillage, and the customers felt less hungry after consuming the shake than after using most of the alternatives. Customers were not satisfied that the shake was healthy food, but it didn't matter because becoming healthy wasn't the job for which they were hiring the product.⁵

The researchers observed that at other times of the day, it was often parents who purchased milkshakes, in addition to a complete meal, for their children. What job were they trying to get done? They were emotionally exhausted from repeatedly having to say "No" to their kids all day, and they just needed to feel like they were reasonable parents. They hired milkshakes as an innocuous way to placate their children and to feel like they were loving parents. The researchers observed that the milkshakes didn't do this job very well, though. They saw parents waiting impatiently after they had finished their own meal while their children struggled to suck the thick milkshake up the thin straw. Many were discarded half-full when the parents declared that time had run out.

Segmenting the market along demographic or psychographic lines indeed provides information on individual customers.⁶ But the same busy father who needs a viscous, time-consuming milkshake in the morning needs something very different later in the day for his child. When researchers asked customers who have multiple jobs in their lives what attributes of the milkshake they should improve upon, and when the researchers then averaged each consumer's response with those of others in the same demographic or psychographic segment, it led to a one-size-fits-none product that didn't do well any of the jobs that customers were trying to get done.⁷

Who is the quick-service chain really competing against in the morning? Its statistics compare its sales with the milkshake sales of competing chains. But in the customers' minds, the morning milkshake

competes against boredom, bagels, bananas, doughnuts, instant breakfast drinks, and possibly coffee. In the evening, milkshakes compete against cookies, ice cream, and promised purchases in the future that parents hope their children won't remember.

Knowing what job a product gets hired to do (and knowing what jobs are out there that aren't getting done very well) can give innovators a much clearer road map for improving their products to beat the *true* competition from the customer's perspective—in every dimension of the job. To tackle the boring commute job, for example, the chain's managers could swirl in tiny chunks of real fruit. This would nail the boring commute job even better, because the drivers would at random suck crisp, flavorful chunks into their mouths, adding a dimension of unpredictability and anticipation to a monotonous morning routine. (Remember, fruit might make it healthier, but improving health is not the primary job that the shake gets hired to do.) The chain could make the shake even thicker, so it would last longer. And they could set up a self-service machine in each restaurant that customers could operate with a prepaid card, to get in and out fast.

Addressing the evening job-to-be-done would entail a very different product—one with lower viscosity for quicker consumption, and served in a small, entertainingly designed container. It would be an inexpensive add-on to the bundled children's meal, so that when a child begged the parent for it, the parent could readily say "OK" with little forethought.

If the restaurant chain implemented innovations such as these that really helped get the jobs done and discarded improvements that were irrelevant to the jobs that the product is hired to do, it would succeed—but not by capturing milkshake sales from competing quick-service chains or by cannibalizing other products on its menu. Rather, the growth would come by taking share from products in other categories that customers sometimes employed, with limited satisfaction, to get their particular jobs done. And perhaps more important, the products would find new growth among "nonconsumers." Competing against nonconsumption often offers the biggest source of growth in a world of one-size-fits-all products that do no jobs satisfactorily. We will return to this topic in chapter 4.