



*"This is such an enjoyable, important and timely book  
...required reading"*

☀ Tim Waterstone, *Management Today*

DAVID LEWIS  
& DARREN BRIDGER

# THE SOUL OF THE NEW CONSUMER

*Authenticity –  
What We Buy and Why  
in the New Economy*

Dr David Lewis  
& Darren Bridger



NICHOLAS BREALEY  
PUBLISHING  

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L O N D O N

## *In fondest memory of PEH*

This updated paperback edition first published by  
Nicholas Brealey Publishing in 2001

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London  
WC1N 2AT, UK  
Tel: +44 (0)20 7430 0224  
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1163 E. Ogden Avenue, Suite 705-229  
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Fax: (630) 898 3595

<http://www.nbrealey-books.com>  
<http://www.NewConsumer.com>

First published in hardback in 2000

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have been asserted in accordance with the Copyright, Designs and Patents Act 1988.

### **Library of Congress Cataloging-in-Publication Data**

Lewis, David, 1942-

The soul of the new consumer : authenticity--what we buy and why in the new  
economy / David Lewis & Darren Bridger.

p. cm.

First published in the U.K. in 1999.

ISBN 1-85788-298-9 (pb.)

I. Consumer behavior—History—20th century. I. Title: Authenticity – what we buy  
and why in the new economy. II. Bridger, Darren. III. Title.

HF5415.32.L48 2001

658.8'342--dc21

00-054705

ISBN 1-85788-298-9

### **British Library Cataloguing in Publication Data**

A catalogue record for this book is available from the British Library.

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Printed in Finland by WS Bookwell.

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# Praise for

## *The Soul of the New Consumer*

“*The Soul of the New Consumer* is likely to shape the marketing messages you see, hear and read in the first years of the new century. The authors offer lucid analyses of a wide range of sales related issues, incorporating and building on the insights of a dazzling array of thinkers. For anyone in the business of sending those messages, it’s an enlightening and compelling guide.”

*BookPage*

“This is such an enjoyable book. And an important and timely one, too. David Lewis and Darren Bridger’s book should become required reading.”

Tim Waterstone, *Management Today*

# THE SOUL OF THE NEW CONSUMER

# Preface to the Paperback Edition

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At the start of the twenty-first century we increasingly regard ourselves less as citizens of the world and more as customers in a global marketplace. In the industrialized nations, discussions of 'rights' are now more likely to reflect our role as consumers rather than our basic human or civil rights.

We are the New Consumers – independent minded, individualistic and well informed. We are cash rich and time poor. Bombarded by commercial messages, we remain deeply distrustful of hype and deeply disloyal to suppliers. We are the consumers on whose often spur-of-the-moment purchasing decisions depends the success or failure of businesses of all sizes.

What distinguishes New Consumers from those who came before us is not chronological age but attitudes toward consumption. Old Consumer attitudes were forged by the forces of mass production, mass marketing and mass consumption. Those of the New Consumers have been shaped by the seismic economic and social changes that began transforming industrialized societies from the late 1960s onward.

This rise in the influence and power of New Consumers has been mirrored by an exponential growth in the power and wealth of corporations. Of the world's top 100 economic entities, half are no longer

countries but corporations. The merger of AOL and Time Warner in 2000, for example, created a corporation worth \$350 billion. This is equal to the gross domestic product of India (\$357.4 billion) and more than the combined GDPs of Hungary, Ukraine, the Czech Republic, New Zealand, Peru and Pakistan!

In part, the rise of both consumer and corporate power reflects the growing importance of information as the economic basis for growth and influence. Just as the printing press undermined the absolute authority of the church 500 years ago, the internet is threatening to undermine nation states and even the power of corporate giants whose policies are increasingly dictated by the power of market forces. After the break down of world climate talks at the Hague in November 2000, for example, George Kelly, director of the US industrial lobby group the Global Climate Coalition, admitted that the failure was less important than many observers believed, since: 'It is business, not government, that is developing new technologies. And business is being pushed by strong consumer demand, irrespective of governments or regulations.'<sup>1</sup>

As an example of the increasing voice that consumers will have in the marketplace, consider the Freenet software program ([freenet.sourceforge.net](http://freenet.sourceforge.net)), which enables PCs on the net to swap files directly without the need for any intermediaries. Unlike Napster – the copyright-defying, song-swapping music exchange created in 1999 by 17-year-old Shawn Fanning – this software makes it impossible to discover who has posted or downloaded files, with the result that information can be exchanged between individuals with total anonymity. 'The implications,' suggests writer Mark Fischetti, 'are far-reaching. Whistle-blowers could post incriminating documents without fear of reprisals, and dissidents in totalitarian states could safely post anti-government rhetoric.'<sup>2</sup>

Over the years since my identification of – and with – New Consumers, I have been following their rise to economic prominence and observing their growing influence over the marketplace. My colleagues and I have explored their motives, and in over a thousand surveys examined their responses to everything from television commercials to the stress of shopping in malls and supermarkets.

We equipped our guinea-pig shoppers with miniature cameras to record their shopping experiences. We monitored such bodily responses as blood pressure and heart rate while they maneuvered laden trolleys along crowded supermarket aisles or stood in line to pay for purchases at busy checkouts. In our laboratory we analyzed electrical activity in the brain as they watched TV commercials and then related those responses to individual scenes in the advertisements.

In the chapters that follow I describe those research findings, explain the significance of our observations, and suggest the practical steps that manufacturers, suppliers and service providers must take in order to meet the challenges and seize the opportunities represented by the rise of the New Consumers.

Largely as a result of the growth of the internet, New Consumers are in a position to become better informed about companies, products and services than at any time in commercial history. They can investigate major corporations, gather lone voices of complaint or dissent into a genuine force for change, and compare prices, quality and delivery times around the world.

As well as wanting information, in an era of commodities New Consumers possess a strong desire for authenticity in many of the products and services they purchase. As I explain in Chapter 1, this quest for the authentic is partly driven by a need to express individuality through ownership of goods or services that are in some way innovative, original and different.

I examine not merely New Consumers' buying choices but their very soul. My use of the word 'soul' in this secular context may strike you as strange and inappropriate. Yet for many New Consumers the purchase of products and services has largely replaced religious faith as a source of inspiration and solace. For an even larger group, their buying decisions are driven by a deeply rooted psychological desire to develop and enhance their sense of self. Their choices are shaped by those core constructs from which identity and esteem are formed.

New Consumers are a group that you as a manufacturer, service provider or marketing specialist will remain ignorant of at your peril and ignore at your cost. They are the people on whom not merely your

company's prosperity but its very survival will depend, for they possess the power to make or break any business, of any size, at any time.

As David Spangler, director of market research for the Levi brand, puts it: 'They are going to take over the country.'

### *Acknowledgments*

Many books are, to varying degrees, collaborative efforts between the authors, their publishers and editors. This is very much the case with *The Soul of the New Consumer*, where the creative and practical input of our publisher Nick Brealey has played a significant role in shaping the final text. For this, as well as his support and encouragement, we are both extremely grateful.

We would also like to extend our sincere thanks to Sue Coll at Nicholas Brealey for her always constructive suggestions and to our tireless editor, Sally Lansdell, for her significant contribution to the form of the final manuscript.

We should also like to extend our thanks to ICL, and especially Yvette Asscher, Marketing Manager, Retail Systems Division, for taking the time to provide valuable insights into the future of retailing. Similarly, our thanks go to Professor Jon Bareham, Professor of Marketing at Brighton University, for offering such perceptive insights into trends in retailing. And to Dr Kathy Hammond, a consumer behavior expert, Director Future Media Research, at the London Business School, whose answers to many of our questions smoothed the early stages of research. Dr Doug Stewart, of the University of Greenwich, and Dr James Demetre, a developmental psychologist at the same university, were good enough to find time in their busy schedules to provide information, advice and guidance. Professor Burton Brodo, of Drexel University, Philadelphia, was kind enough to offer lengthy responses to our queries. Our thanks to Young & Rubican and Pirelli, and Royal Insurance for allowing us to use photographs taken from their television commercials.

We would also like to thank Mark Wentworth for his time, help and encouragement in researching the fascinating topic of cool hunters and to Cynthia Hemming, maven extraordinary and managing director of my consultancy, for her contribution to our knowledge and her enor-

mous patience while the book was being written.

We are grateful to Julian Grainger of the National Film Institute and film director Tony Cornford for their input into the changing nature of television commercials.

Finally, a note of thanks to all the staff of the David Lewis Consultancy, especially IT manager James Breen, for their assistance in researching this book.

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# 1

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## From Abundance to Authenticity: The Rise of the New Consumers

*In the second half of the 20th century, we have gradually learnt to talk and think of each other and ourselves less as workers, citizens, parents or teachers and more as consumers.*

*Yiannis Gabriel and Tim Lang, The Unmanageable Consumer*

American author and poet Shel Silverstein has coined the word Tesarac to describe those periods in history when momentous social and cultural changes occur. During a Tesarac, society becomes increasingly chaotic and confusing before reorganizing itself in ways that no one can accurately predict or easily anticipate. It is an era when, in the words of MIT's Shelley Turkle: 'Old things are dead or dying and one cannot easily make out what will happen next.'

Silverstein believes that the changes taking place as society travels through the Tesarac are so profound that nobody born one side of this 'wrinkle in time' will ever be able to understand fully what life was like before it occurred. A similar view has been expressed by Peter Drucker who, in his book *Post-Capitalist Society*, describes how, every few centuries, western society crosses what he terms a 'divide'. He cites the

## *The Soul of the New Consumer*

changes that took place in eighteenth-century Europe when the center of communal life moved from the countryside into the city. Craft guild members became the dominant social group, scholarship abandoned isolated monasteries for new universities at the heart of urban life, Latin gave way to the vernacular and Dante laid the foundation stones of European literature. 'Within a few short decades, society rearranges itself,' says Drucker, 'its world view; its basic values; its social and political structure, its arts; its key institutions. Fifty years later there is a New World. And the people born then cannot even imagine the world in which their grandparents lived and into which their own parents were born.'

We are still passing through the Tesarac and cannot accurately predict what the outcome will be. What is already apparent, however, is that manufacturers and suppliers trapped on the wrong side of this wrinkle in time will find themselves increasingly overwhelmed by the vastness of the changes it portends. **Their more flexible, better-informed and astute competitors who have moved through the Tesarac and understand the nature of the New Economy will be able to tap into the change and sweep onward to undreamed-of levels of success.**

Prior to the Tesarac, a significant driving force behind consumption was a desire to improve one's social class by acquiring material possessions, such as a new car, a television, freezer and furnishings, that would signify membership of the middle class. **Today a majority of consumers have largely exhausted the things they *need* to purchase and are focusing instead on what they *want* to buy, that is, opportunities and experiences that claim to make their lives happier, richer and more rewarding.** In the New Economy the companies most likely to succeed are those that enable New Consumers to make these investments of time, attention and money simpler to perform and more rewarding to experience.

In the world of the Old Consumer, every major aspect of a transaction, from the price paid and the distribution channels available, was dictated by manufacturers and suppliers. **In the New Economy power is shifting more and more to consumers, who are increasingly able to dictate not only what they buy but how and where those purchases are**

made – and even, with some products, what they are prepared to pay for them.

Take PriceLine.com, an internet company launched towards the end of 1998 with a market capitalization of \$20 billion, whose purpose is to bring together buyers and sellers in an arena where the customer sets the pace. Rather than customers hunting for suppliers, manufacturers and service providers now come to PriceLine.com in order to find consumers. It is the customer who decides the price and the service providers or manufacturers who then accept or decline their business.

PriceLine's initial, well-publicised service focused on airline tickets, with potential travelers stating how much they are willing to pay for travel to any destination on a particular day and guaranteeing – by means of a credit card – that they will take the best seat available no matter what time the flight departs. Airlines with space on the route then bid for that passenger, solving their problem of filling empty seats on an almost minute-by-minute basis. Given that, on any day, there are some half a million empty seats in US airspace alone, even a low-paying passenger is preferable to a no-paying one.

### From Scarcity to Abundance – from Abundance to Authenticity

The past few years have seen the rise and rapid growth in economic importance of a group of consumers whose attitudes, aspirations and purchasing patterns are unlike any before them. Already a potent force in the developed world, within the next decade they will come to dominate consumption in North America, Europe and Asia. On their decisions to buy or not to buy will depend not only your company's prosperity but also its very survival.

#### These are the New Consumers.

New, because their style of consumption is so distinctive, and Consumers, rather than customers, because these differences of approach influence every aspect of their purchasing decisions: from choosing which brand of baked beans to pluck from a supermarket shelf