

Ted Johns: Let Customers Choose - But Don't Overdo It

Not long ago, an ICM poll of 1006 people, commissioned by *Retail Week* and Accenture, found that one in three shoppers is so intimidated by the range of goods in offer in supermarkets and other stores that they either avoid larger stores or leave empty-handed. Given that *Retail Week* had something to do with it, I'm inclined to believe that this survey is not just another axe-grinding pseudo-investigation whose purpose is solely to promote the organisation (usually something like the National Butter Council) which has commissioned it. So let's take the idea seriously and see where it goes.

Although greater choice is welcomed by most customers, a significant minority say it makes shopping more stressful and time consuming. The larger branches of Sainsbury sell more than 100 different varieties of shampoo and another 20 combined shampoo and conditioners. Tesco offers more than 50 different types of bread roll, and Waitrose stocks nearly 50 types of sugar. Telecoms providers like BT are notorious for marketing many different tariffs and combinations of tariff, and if you want to buy a BMW you'll need a week to work out which parts of the car are 'standard' and which are 'extra'.

Around 35 per cent of those responding to the questions from *Retail Week* said they avoid larger stores, and a third claim that they limit the choices available to them by deliberately going to specialised shops such as butchers and bakers (where they still exist). A fifth argued that the growing choice was driving them to shop online - where presumably the choice is even greater, not just between products but also between suppliers - whilst half said that the increasing ranges makes them more likely to stick to tried and tested favourites where an impressive 'brand value' has already been established.

Elderly shoppers are particularly unhappy about the increased opportunities to buy. Half of customers over 65 described the choice in supermarkets as 'overwhelming', an interesting and important observation given that many more customers these days are over 65.

Marks & Spencer have already taken action to confront the possibility that customers can actually be presented with too many options. Since the arrival of Stuart Rose as CEO, the store has cut its range of products, though it actually has more brands than it had when Sir Richard Greenbury imposed his considerable bulk (both literally and figuratively) on the proceedings. Nowadays, M&S argues that there is a difference between choice and proliferation, and admits that in the past they have been guilty of confusing the two. Whether or not such action has been prompted by a desire to please M&S's customers, or by a more instrumental need to dispense with some products that simply weren't selling (and which were therefore part of a long tail of experimental flops), is more debatable, but let us leave cynicism to one side just for a moment.

Tesco denies that the 'excessive choice' hypothesis applies to them, but then they never admit to any mistakes. "Every product that we sell is there because customers want them", they claim. Really? So Tesco never tries out new products simply to see whether they succeed or not? Or do they rely totally on the conclusions reached by 'market research', despite the fact that the only real test of whether customers want a product is whether they buy it in practice when given the opportunity to do so? As Nishikawa pointed out

many years ago in his seminal article for the *Journal of Long-Range Planning*, customers rarely tell the truth when answering hypothetical questions like 'Would you buy this product?'

The issue of whether customers can be given too much choice has already been addressed by major hotel groups like Marriott. When Harley R. Myler, an engineering professor at Lamar University in Beaumont, Texas, checked into the Marriott University Park in Tucson for an academic conference, he decided that the bed wars had gone far enough. "There were several pillows and bedspreads," he told the *New York Times*. "I didn't know what they were for. I didn't know what to do with them. I would much prefer that they offered free high-speed internet." So Professor Myler wrote a letter to Marriott's general manager, to complain about the surplus pillows. Perhaps to Myler's surprise, Marriott agreed that the pillows 'seem to be overkill', but also said that customers had 'expressed a desire to have the room similar to what they have at home.' In other words, the guests made Marriott do it. And Professor Myler, by inference, was demonstrating extra-segmentational behaviour patterns. He was, in essence, a deviant.

It turns out that the bed wars between major hotel groups were not driven by customers, however. Instead, they were inspired by the desire of the Westin hotel group - the people who began the bed wars - to differentiate itself from the competition by doing something new, to introduce a customer benefit that not even customers knew they wanted. This, of course, is entirely valid behaviour among organisations that seek to establish reputations for world-class service excellence: indeed, they have so stay ahead of their customers, and not merely respond to them.

In my book, *Perfect Customer Care*, I call this the Tetley Tea-Bag Tactic. Several years ago, Tetleys made square tea-bags, like everyone else, and was Number Two in the tea-bag marketplace. They recruited the scientific services of Arthur D. Little Inc., who adapted a tea-bag manufacturing machine to produce circular tea-bags, which were then promoted to the public - initially with a price premium - on the grounds that round tea-bags (1) produce a more rounded flavour for the tea, and also (2) fit the cups better. Sales of Tetley tea-bags rose by 30 per cent, and the company moved from Number Two to Number One in the tea-bag stakes - but what is important here is that *no customer had wanted round tea-bags until round tea-bags were put in front of them.*

Similarly, no customer knew they wanted mobile telephony until it was put in front of them. Nobody knew they wanted satellite navigation, detergent tablets, disposable nappies or the Sinclair C5 until such products were made available. OK, nobody did want the Sinclair C5 when it was put in front of them, but you can't win 'em all - and if you want to win some of the time, you have to play a lot of the time.

It turns out that bed wars have been a sound investment. Not only have guests endorsed the changes by rewarding better-bedded hotels with their business, but in 2005 the Westin group sold \$10 million in bedding accessories to its customers. Perhaps oddly, too, in view of the Marriott claim that they were simply trying to emulate the way that people sleep at home, there is some evidence that the so-called 'bedding revolution' in hotels has led to changes in people's domestic bedroom arrangements.

The conclusion from all this is that you can't please all customers all the time. Some love lots of choice; others are intimidated by it. The trick is to offer lots of choice, but only to those who love it. What companies should do is offer customers a choice about how much choice they can choose from. Then everyone will be happy, so long as the range of choices is not itself excessive.