

DISPATCHESTM

Insights On Brand Development From The Marketing Front

WHY NEW USERS TRUMP NEW PRODUCTS

FEBRUARY 18, 2019

“Twitter keeps losing monthly users, so it’s going to stop sharing how many.”

“Twitter’s monthly user count has fallen for three quarters in a row...announced in Twitter’s latest earnings, where the company disclosed it had lost another 5 million monthly users during the final few months of 2018.”

--THE VERGE, February 7, 2019

We’re once again approaching the brand marketing plan cycle—for 2020. And with that brands will be figuring out how much product news (line extensions, product improvements, packaging upgrades and so on) will be required to achieve 2020 growth demands. But there is another key consideration when it comes to growth: what degree of new users will your brand acquire, and how exactly do you plan to make those acquisitions? The brand needs both product news and “user news.”

It’s hard to imagine an annual brand marketing plan without considerable investment and expected growth from new products—or, at least, from “product news.” Most of us working as brand-builders for companies with leading brands rely on a constant stream of new products and product improvements to deliver the significant growth senior management demands each year. If nothing else, such news provides a guaranteed share of Sales attention and support. But how often are we asked about the growth expected from “new user news?” While there’s no denying the immediate attraction of a major line extension or product improvement, there’s just no beating the longer-term rewards of new user acquisition...especially new users who have a high propensity for becoming loyal to the brand.

No doubt one of the reasons we marketers are so rarely asked about our new user goals or plans is that, unlike a Twitter, most of our brands are among many in the company; plus, FMCG brands’ new user number isn’t normally so directly linked to the company’s Wall Street expectations. As The Verge article goes on to explain, “Hiding monthly user growth or losses prevents Twitter from being directly compared to many other social networks, some of which are growing far faster in their monthly user count. Facebook, for instance, added 49 million new users last quarter.” Given the financial implications

new user count holds for such brands, you would expect a major thrust of their annual marketing plans to be around new user acquisition.

Still, it seems to us that marketers everywhere, regardless of their product or service category, ought to be thinking and planning about new user acquisition a great deal more than they currently do. Along these lines, we have some thoughts about (1) why new users matter so much, and (2) what new user acquisition principles make the most sense.

Why New Users Matter So Much

1. **New users are pure *incrementality*; new products are not.** Assuming that by “new users” we all mean those who have not been using our brand before, then any one of these brings automatic incremental usage (sales and, at some point, profits) with them. Compare this to line extensions that, while they may add some incremental use occasions, almost always carry along with them some cannibalization—either of a previous brand item they now use less often or one they have “traded up to or over from.” In light of this distinction, it seems even *more* compelling to include the degree of growth expected from “user news”—along with that expected from product news.
2. **More than ever before, new users tend to bring others with them.** The credibility power of celebrity and real user testimonials (which were so often used by marketers in the earlier days of TV advertising) has long been acknowledged. That’s because, whether we’re about to try out a new restaurant in our town, select a vacation hotel, or looking to switch from a Hoover vacuum to a Dyson, most of us want that little bit of “corroborating evidence” that assures us we’re making a good choice. And with the added and immediate power of social media at our fingertips, serving as an advocate for potential new users has never been easier, or more prevalent. You could well argue that brands no longer acquire a new user, but rather a “string” of **multiple** new users in a single move.
3. **At the very minimum, new users replace lost users.** Whether through strong competitive actions, life-stage changes, or sheer mortality, every brand loses some users every year. The proverbial bucket always has, at least, a slow leak. Some brand managers measure this user loss and feature the critical importance of offsetting it in their annual marketing plans. That is, they feature it to emphasize the critical importance of full marketing support for their proposed product news...which is intended to increase frequency of brand use among current users, as well as to attract some new users to the brand. Actually, it’s always a good idea to estimate the remainder of new user acquisition minus current user loss—and to specify exactly how this math is expected to work out.

3 Sure-Fire New User Acquisition Principles

1. **Easy Access**—For Fast Moving Consumer Goods this is typically a no-brainer: new users must be able to find and purchase the brand at places they frequent and at *all* places they would expect the brand to be. That usually translates to (a) high all-commodity volume distribution and (b) high impulse retail positions for the brand. But for Digital brands, easy access always means, first and foremost, quick and easy searching and simple, logical, and engaging navigation. Getting back to Twitter's recent new user dilemma, much of the on-line press has placed the blame squarely on Twitter's history of an "uninviting, uninviting, and boring" app for getting enrolled. At one time there was even a 67-slide presentation on UserOnboard.com that sarcastically traipsed through a Twitter sign-up—highlighting the many false starts a would-be new user faces in trying to get into tweeting. Two good questions for every brand to ask (at least every year) are "How might we make new user access even easier? Aside from the product itself, what else in the *Whole Brand Experience* can we offer?"
2. **"Eye Candy" Design Appeal**—We probably have Apple to thank for this relatively new principle for *attracting* new users to a brand. And it's important to emphasize that participle "attracting" because we have long since evolved from 1970's & 80's markets of "attention-generating" to today's "attraction-fostering" ones. Said very simply, we're talking about the "cool-drool" effect of seeing a brand with cool, beautifully designed products and just *wanting* some of that. Eye candy appeal comes in so many forms, shapes, colors, and tastes. Even the most mundane of FMCG brands has the opportunity today of creating some new delivery mechanism, or just some new super-standout packaging. Again, a great question to ask often is "What eye candy appeal does our brand offer a prospective new user...that makes her or him drool?"
3. **Quality Trial**—You don't hear this term so much any more, but it is a long-accepted principle for getting new users to try and then to "stick" with the brand. And the notion is based upon common sense: how much of brand's product does it take for prospective new users to appreciate what it offers and to adopt it for on-going usage? When Pepsi was bedeviling Coke with its storied "Pepsi Challenge," there was nothing in the idea that reflected quality trial of Pepsi. It was all based on a one-time "sip test" that Pepsi could win due to its side-by-side sweeter formula than Coke's. But in all extended home-use tests, Pepsi could not win; those were true quality trial tests because they demonstrated that—especially for Coke users--after several Pepsi drinking experiences with greater quantities, there was just too much extra sweetness in Pepsi to incent a Coke user to become a Pepsi new user.

Every brand needs product news to stay vital and to grow. But, even more, every brand needs new users. Said another way, “user news beats product news.”

Richard Czerniawski & Mike Maloney