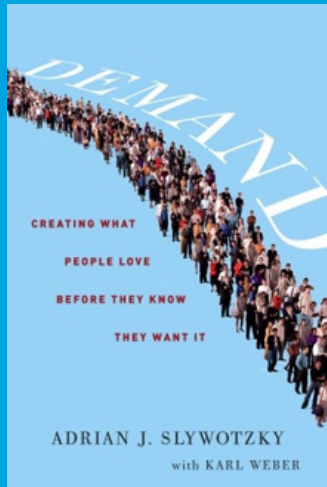


OLIVER WYMAN



August 2011

Demand Q&A with Adrian Slywotzky



Q&A with Adrian Slywotzky

1. How do some companies seem to know what we want – even before we do?

- We all want video on demand now. But could we have even imagined it 10 years ago? Netflix founder Reed Hastings anticipated the future shift to on-demand streaming – even in 1998, when fewer than 7% of U.S. homes had broadband: “That’s why we named the company *Netflix*, and not *DVDsByMail.com*.”¹ Demand “creators” always look to solve the *next* customer hassle – before we even recognize the hassle itself.

2. What makes us rave about some things, but rant about others – even when the underlying products are functionally the same?

- Magnetic products not only offer superior functionality, but forge an emotional attachment that is hard to sever. They embed themselves so seamlessly into our lives that they become part of who we are. Take grocery chain Wegmans. More than just an incredibly functional supermarket – with an average of 60,000 items in stock – Wegmans has an emotional appeal that led 7,000 people (in 2010 alone!) to beg for a store in their area.

3. Can you actually *create* demand – or are you just getting lucky?

- Smart companies recognize that we often can’t articulate what we really want... and that “creating” demand is often just a matter of recognizing untapped demand. Demand “creators” identify hassles that bedevil all of us – and instead of simply accepting them, they ask: “Do they have to be this way?” Reed Hastings founded Netflix after a personal frustration with a \$40 late fee. By making the leap from the way things are to the way they should be, he unleashed demand... to the tune of \$2 billion.

¹ Sources: Newsweek (July 13, 2010); Fortune (November 2010)

4. Why do most attempts to create demand fail?

- Identifying hassles that could be solved is a start – but it’s not enough. Demand creators recognize that even great products have a very low chance of success... and they do everything they can to increase it. Toyota knew the Prius’ odds of success were less than 5%. Yet instead of dropping the project, Toyota actively asked, “How can we change those odds?” The company even went so far as to create a new division for the project... and then successfully launched the Prius 2 months *ahead* of an already “impossible” schedule.

5. Does what happens *behind* the scenes actually matter for demand creators?

- It’s easy to think that only the product itself matters... but what happens behind the scenes can shape both the end product *and* your experience using it. Take the market for e-readers. The Amazon Kindle provided instant, wireless access to the world’s biggest bookstore. The Sony Reader – released 10 months before the Kindle – offered wired access to only 20,000 titles. The backstory makes all the difference: there really is no point to an e-reader that doesn’t have the books you want to read, when you want to read them!

6. So many great products never get purchased... while others fly off the shelves. What triggers us to buy something?

- Most of us need a trigger to get from *want* to *buy*. For Zipcar, it’s density – and just a short walk to the car. For Nespresso, it’s taste and trial in a fancy boutique. For Netflix, it’s waiting 1 day for a movie to arrive instead of 6. Smart companies recognize that each product has its own trigger – and that discovering these triggers is the key to creating demand.

7. Why is it that some companies keep getting better and better, while others just flatline?

- A great and increasing trajectory is incredibly important to demand creators. British sandwich chain Pret a Manger is famous for not only refreshing its 100-item menu, but constantly revising its existing recipes – including its carrot cake (50 times), its chocolate brownie (36 times)... and even its pickle recipe (15 times!). Companies like Pret keep giving the customer better versions of what they already love – and new things they didn't even know they wanted.

8. How do some companies see past the “average” customer – and create offers that solve our *individual* hassles?

- Smart companies know that there is no average customer – and work to create offers that appeal to everyone, on every occasion. Take the Boston Symphony Orchestra: by learning to see past the “average” – and making the same concert feel “customized” to many types of customers – it expanded to a wider audience... and increased ticket sales by 34%.

9. All companies talk about the quality of their people. But does the whole team really matter?

- Demand creators recognize that every employee can – and should – contribute to demand creation. Take Pixar, where the concept that “ideas come from anywhere” is taken seriously: all employees are encouraged to spend 4 hours a week learning filmmaking at Pixar University. Pixar even teaches its accountants how to draw... and all this translates to 11 blockbusters in a row.

OLIVER WYMAN