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## Study Identifies the Least Price-Sensitive Consumers

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-By Becky Ebenkamp

Is there such a thing as a recession-proof consumer?

A new study posits the idea that there is and identifies 59 million such U.S. adults who are a marketer's dream -- especially during a recession.

Those consumers, called NEOs (for "New Economic Order"), are somewhat immune to financial fads because they value individuality and design over getting the lowest price.

They are even-keel spenders over time, so less likely to shut their wallets during economic downturns.

Originally identified by Australia's Social Intelligence Lab in a segmentation study, NEOs contrast with mainstream consumers or "Traditionals" -- the half of the adult population who are motivated by the value of the features they get and how low a sticker can go.

A consumer's "NEO-ness" is not defined by wealth, income or age per se -- it is a measure of spending habits, attitudes and behavior.

In North America, marketing firm Fingerprint Strategies has used this research as the basis for tracking the attitudes and behaviors of 800,000 consumers in an ongoing survey to identify the best consumers to target in a down economy. The firm is releasing a white paper this month looking at the psychographic in detail.

"From country to country, half of the consumers behaved the same: when the economy was good, they spent; when it was down, they didn't," said Chris Norton, chief strategist of Fingerprint Strategies in Boulder Colo.

Of the remainder, roughly half had NEO traits, but didn't have the same amount of disposable income. They are known as "Evolvers." But NEOs "were more consistent -- they didn't fall apart when things were bad [because] they have a wider value structure: design, individual style, authenticity, providence. When NEOs find the things they want, they spend freely," he said.

Naturally, there are NEO-attractive brands, and Norton rattled off a few, including Apple, W (the boutique hotel chain), Anthropologie, Audi and Subaru as examples.

Apple's bustling retail environment and ability to sell products at significantly higher prices than competitors despite the economy underscores the company's understanding and targeting of NEOs, he said. Fingerprint Strategies' research also indicates that consumers intending to buy a new Subaru tend to be in this segment: 33 percent are NEOs, and 41 percent are Evolvers.

The retailer Anthropologie is another NEO magnet. "It's very experiential, it doesn't lead with price and it connects on this sense of discovery," Norton said, referring to Urban Outfitter's high-end casual clothing chain. "They reduce the sense of, 'I can get this somewhere else.'"

For those interested in wooing NEOs, though, Norton advised caution. Members of the group are easily turned off by too many marketing messages, price plays or a lack of authenticity.

"They have to know if they want the product first -- you win them over with ideas and design," said Norton. "But whatever medium you use, understand the next medium they'll look at is your Web site."

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- The U.S. has roughly 59 million NEOs, which represent about 24 percent of the adult population. They value individuality and design over pricing and are less likely to pull back spending during economic downturns
- NEOs can be in any income or age group: the classification is a measure of their spending habits, attitudes and behavior, not demographic data
- 94 percent of these American NEOs are considered "Big Spenders." They are in the top third of discretionary spenders
- NEOs are more likely to purchase things that have a personal meaning, are authentic and, ultimately, are special
- NEOs are generally the first to begin spending as the economy emerges out of recession. They rate 20 points higher than the rest of the population on measures of consumer confidence
- NEOs measure in the top 40 percent of the 82 defining attitudes and values that motivate high spending

- Nielsen Business Media

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