



The Hidden Half: Understanding Consumers Who Aren't Buying

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In the late 1990s and early 2000s, Blockbuster Video was the dominant competitor in the home video rental market, with a valuation at nearly \$3 billion. Unfortunately, the company made a mistake in its market research: it paid attention only to buyers of its services. Focused on expanding its selection and increasing the number of brick-and-mortar stores it offered, Blockbuster overlooked the increasing complaints of consumers, such as the hassle of returning videos, wasteful trips when videos were all rented out, and, of course, the way Blockbuster made a large portion of its money: late fees. Instead, it doubled down on its existing business model.¹

However, a new company at the time, Netflix, began to listen to Blockbuster's non-buyers—specifically, its lapsed buyers. Incorporating a mail-based DVD rental service, before moving on to its more famous streaming service, Netflix was driving category innovation and growth by listening to those most influential for change: non-buyers of Blockbuster's services. Since then, Blockbuster filed for bankruptcy in 2010, and its final remaining store, a former franchise in Bend, Oregon, operates as a tourist destination as well as a local video rental store.²

Understanding Them: Who Non-Buyers Are and Why They Are Important

The fall of Blockbuster and the rise of Netflix is perhaps one of the starkest examples of overlooking non-buyers: consumers who do not buy an organization's products or services, or do not buy them anymore. It may seem counterintuitive to conduct research on non-buyers; if a company wants to sell more of its product or service, why should it care about consumers who do not purchase the product or, more broadly, the category overall? But the non-buyer category is a largely untapped stream of information for your company to learn from, provided you make some methodological adjustments and practical considerations from a buyer-only-based research design.

Non-buyers of a category can be the key to unlocking the secrets behind increased conversion rates, a higher marketing and advertising ROI, and greater profitability. For example, this type of research may uncover specific attitudes that define different groups within non-buyers and even help advertisers learn how to target these individualized groups in specific ways. When done correctly, the information the organization gains extends beyond the simple “Why wasn’t our product purchased?”

In a recent survey of non-buyers of a warranty company, the company not only received detailed answers to this question but also very nuanced information relating to experiences with its specific product, other products in its category, how consumers felt about the consideration or purchasing process, and even the level of interest in hypothetical product lines among certain groups of non-buyers. Non-buyers may also be easier to reach, define, sample, and collect data from, giving your company a leg up for a fraction of the cost.

Understanding non-buyers is essential for eliciting information you cannot receive from buyers, such as identifying barriers to adoption, expanding market size, and uncovering untapped segments of potential consumers. By exploring the motivations, perceptions, and unmet needs of non-buyers, researchers can generate insights that drive innovation and more comprehensive marketing strategies. This article will detail how to determine who non-buyers are, how they can be reached, what information can be gained from them, and, ultimately, how to drive forward innovation within an organization.

How Many There Are: Sizing Non-Buyers

The starting question in research with non-buyers should be, “How many non-buyers are out there?” This is one point where research on buyers and non-buyers differs heavily. In a buyer-based research design, there are multiple terms for various groups of buyers, such as “total addressable market” or “serviceable obtainable market.” Far fewer terms exist for non-buyers. To create non-buyer counterparts for existing terms, we suggest the “total nonaddressable market” or TNAM, which includes all non-buyers regardless of possibility for conversion and is defined by the following formula:

$$\text{TNAM} = \left(1 - \frac{\text{Category Buyers}}{\text{Category Relevant Population}} \right) * 100$$

However, just as with the difference between the “total addressable market” and the “serviceable obtainable market,” not all possible non-buyers can be realistically converted; there are multiple groups who may or may not be interested in purchasing. The difference

between all possible non-buyers and all possible non-convertible non-buyers can be referred to as the “convertible non-buyer market” or CNBM.



Convertible non-buyer market or CNBM is the difference between all possible non-buyers and all possible non-convertible non-buyers.

Returning to the example of the warranty company, when examining the non-buyers of its category, people fell into one of four groups. Non-buyers were either (1) not aware of the category; (2) aware of the category but had not considered purchasing; (3) had considered purchasing but did not purchase; or (4) had, at one point in the past, purchased and canceled or lapsed.³ With this example, if the warranty category had a market size of 10%, then the TNAM for the category would be 90%. However, the four groups above cannot easily be split into “all can be converted” or “all cannot be converted.”

These terms are only a starting point for non-buyer research; the real value comes from understanding how much of the TNAM sits within the CNBM, as well as how much of the CNBM sits within each non-buyer group. By distinguishing between those who will never buy and those who simply have not yet bought, marketers can move from a crude headcount to a strategic map of where growth can realistically occur. Sizing non-buyers is not just a numerical exercise; it is the foundation for identifying and focusing on the various groups of non-buyers that offer genuine potential to expand a category.

What They Represent: Addressing Non-Buyer Assumptions

The benefits of non-buyer research are not instantly attainable; there are some methodological challenges to overcome. First, do not clump together all non-buyers just because they are all non-buyers. Just as buyers are not all the same, neither are non-buyers all the same.

There are many reasons a person could be in the TNAM:

- One non-buyer could have considered purchasing a product but decided against it based on one reason.
- Another non-buyer could have done the same but for an opposite reason.
- A third non-buyer could have never considered purchasing that product.
- A fourth might not even know the category exists.

Understanding how to achieve the end goals of non-buyer research also means understanding how to ask certain questions of certain non-buyers. People who have never owned any type of flowerpot are not going to give rich, quality information on what they think about a specific company’s flowerpot. Therefore, it is necessary to match the correct type of non-buyer

(e.g., considered, never considered, never purchased, etc.) to the correct type of nuanced information that is to be gathered.

An additional methodological concern to overcome is to distinguish non-buyers who cannot purchase versus might not purchase, further carving out who sits within your CNBM. In nearly every category, there exists this dichotomy: a barrier to access or a barrier to purchase. To use an oversimplified explanation, if a product costs more than what people can afford, it is not that there is a certain number of non-buyers because brand recognition is low or marketing efforts are misaligned; it is that there is a certain number of non-buyers because they cannot reasonably or easily afford the product. The end research goals determine which non-buyers should be targeted, but until certain assumptions are highlighted and explored, the true context of the research findings will never be fully understood.

The easiest assumption to fall into can be that of what non-buyers might know or not know. Because the non-buyer population is so large, two things can simultaneously exist in a database: some respondents know much more than the advertiser thought, and some respondents know much less. For instance, depending on the broader group to which a given respondent belongs, their information about a category differs. With the previous flowerpot example, there also exists the opposite; someone who knows all about the category. There could be a respondent who might be dedicated to another company in a category, has been its customer for decades, and knows the category inside and out. There could be a non-buyer who was in the category but, due to a bad experience, is no longer.

Take, as an illustration, the non-buyer research project for a home warranty company. The company was interested in learning more about what its non-buyer TNAM did to manage repairs, replacements, and maintenance around the house. The study used a three-phase process: 1) qualitative interviews, 2) a pilot survey to size the non-buyer market and glean the most important issues, and 3) a main survey to explore attitudinal, behavioral, demographic, and transactional factors. Each phase revealed critical information that was previously unknown, to be further investigated in the next phase. One crucial piece of information was that consumers were woefully confused about the category, the plan, the coverage, and other aspects of home warranty, which would have caused respondents' perceptions of survey questions to vary widely, rendering answers to questions useless, unrepresentative, and ambiguous.

Researchers may also tend to assume that non-buyers are overly negative, causing opinions or data to be inappropriately biased and thus not worthwhile. However, this could not be further from the truth.⁴ Not all non-buyers are lapsed buyers. Even if they are a lapsed buyer, not all have a negative attitude or have had a negative experience causing them to leave the category. Some buyers are cutting out costs they deem unnecessary, some may no longer have a need for a product or service, or some may have just found an alternative. This is exactly the type of useful information that non-buyers, especially those who have lapsed, can offer.

Can buyers be reconverted? How might that happen? What are they doing instead of purchasing your product or service? Some may be lost from the category permanently; however, that does not mean their information cannot be leveraged to boost retention rates, inform new product offerings, or target similar categories where conversion might be possible. In some situations, a loss can inform a gain.

Different companies in different categories will find different answers to the above questions and different subtleties and nuances in their assumptions about non-buyers. In fact, one of the benefits of non-buyer research is identifying the answers and assumptions for a specific category and/or a specific company. However, across the board, falling into these assumptions can negatively impact the quality of data received, the specificity of conclusions made, and the accuracy of conclusions provided to a client. Even more than normal, non-buyer projects should be approached with an especially open mind, acknowledging any assumptions being made and admitting that some pieces of information being provided are, in fact, assumptions.



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How to Reach Them: Sampling Non-Buyers

One immediate use for TNAM is in the estimation of fielding costs and timelines. For most categories, it is significantly easier and cheaper to reach and sample non-buyers. In the most recent example, where the TNAM is 90%, imagine how different fielding efforts, costs, and time spent could be with an incidence rate of 90% versus 10%.

More specifically, some benefits of this type of research include:

- **Adjusting the sampling method:** Instead of sampling from niche panels that only have access to a category's buyers, cheaper panels or broader sampling methods could be instituted.
- **Lowering fielding costs:** Additionally, an incidence rate of 90% would drastically reduce fielding costs, meaning that for the same amount, data from three, four, or even five times the number of respondents could be obtained. As ESOMAR notes, incidence rate is one of the primary determinants of fielding cost with online panels, and drastically shifting the incidence rate can reduce the overall cost by several-fold.⁵
- **Reducing fielding time:** An easier-to-reach sample also means a shorter field time, an easier qualifying process and more schedule flexibility.

By broadening the sampling methods, reducing the costs involved, and reducing time spent

fielding, the strategic value of the study can be substantially increased, permitting the delivery of reports both under budget and well ahead of deadlines.

Understanding Them: Researching Non-Buyers

After sizing the non-buyer market, acknowledging key assumptions, and developing a sampling plan, the next step is to start the research process. A key part of non-buyer research is ensuring common understanding between customer groups. Each non-buyer may have different levels of knowledge and familiarity with a category. To ensure equal understanding, offer definitions of complex terms throughout your survey. Comprehension and category confusion are directly relevant to the validity of consumer surveys.⁶



A key part of non-buyer research is ensuring common understanding between customer groups.

As mentioned earlier, no assumptions should be made concerning what non-buyers know or do not know. For the majority of categories, there are non-buyers who may not even be aware of the category, so presenting definitions of terms is imperative to ensure that respondents are answering about the correct thing with the correct level of understanding. This may also mean incorporating more knowledge checks throughout a screener or a survey. Luckily, because the sampling of non-buyers is cheaper and quicker, marketers can afford to add in more quality or knowledge checks to ensure that data of the highest quality is being collected.

A non-buyer project is a time to thoroughly explore the unique viewpoints of each of the different groups of non-buyers that may exist in a category. Whereas everyone shares an experience in buyer research (e.g., purchasing a category), not all non-buyers can be lumped together in the same way. There may be specific groups of non-buyers from whom certain pieces of information should be obtained.

Here is where the earlier phases of research in a multistep research process come to fruition. Through qualitative interviews and, potentially, a pilot survey, the considerations, concerns, and criticisms from specific non-buyer groups can be illuminated. For example, those who considered the category can be asked why they did so and why they did not purchase, whereas those who were aware but did not consider purchasing can be asked what might lead them to consider purchasing in the future. This is the true advantage to non-buyer research: nuanced insights at each incremental stage of the consideration process.

Communicating about Them: Reporting the Results from Non-Buyers

In buyer-focused marketing research, it is easy to “bin” your respondents when reporting the full results. In the case of a segmentation study, results are broken out by segment. However,

it is more ambiguous in non-buyer research. Is it done by non-buyer classification? What about by specific demographics? Maybe by running a cluster analysis? There is no set standard for this practice, which can be both a limitation and an advantage.

Moreover, because non-buyer research is rare, the researcher can set the standard. Be creative and exploratory with it. And always, when in doubt, provide more information broken out by more groups instead of fewer. Reporting an uninteresting finding does little harm. Failing to report an interesting one can cost the client real opportunity—and the research firm future work.



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Building on this idea, be prepared to offer several iterations or cuts of the data. Get groups together from both the research team and various client stakeholders. Start proposing cuts of the data, even if the initial assumption is that they may not be fruitful. See what happens. Build in extra time. Try new analyses. Think about groups differently. Confront your assumptions. Once you discover a new or interesting finding, explore it. For each new finding, make sure the overall context of the finding is well understood before it is reported. Previous research is rife with findings that have been misinterpreted and misunderstood but later become industry-wide assumptions based upon tenuous evidence.

One perfect example of this is the New Coke fiasco of the mid-1980s.⁷ In blind taste tests, a new formulation of Coca-Cola was preferred by consumers. However, this research missed the context of the finding. In quick sipping taste tests, this new Coke was preferred, but does a taste test convert to full-time habits? Will consumers prefer this product day in and day out when it is the only option? Will everyone collectively be okay with replacing an iconic beverage that is so deeply ingrained in American culture? As history shows, the answer to these questions was a resounding no.⁸

The insight failed not because the research was wrong but because these researchers missed the deeper context of the finding and instead took it at face value. Anyone can present or deliver results based on two points of data. Whereas you, as the researcher, understand the why, how, and for whom of those two points of data.

Take the following finding. Consumers who are non-buyers of an extended-warranty product both a) do not spend money on maintenance and b) have (subjectively) high costs for repairs and/or replacements of a given product that could be covered under said product. On the surface, the takeaway is “Respondents don’t spend money on maintenance, but they overspend on repair and replacement, so we should offer a product that more thoroughly covers these costs.” This is not a bad takeaway, but there may be a better one.

Let's say it is an established industry fact, not an assumption, that maintenance of some end-product leads to cheaper repairs/replacements or prolonged life of the item. Instead, a better takeaway may be to offer a cheaper warranty product that focuses on preventative maintenance of the end product while still offering a discount for repair/replacement services if necessary.

Applying the Findings from Non-Buyers

In addition to fully understanding findings before reporting them, it is also imperative to temper expectations when it comes to applying them. The audience to whom the research is being presented may not be researchers, much less have experience with non-buyer research. Just as it is important not to be too pessimistic about the type and quality of data that could be received from non-buyers, it is as important not to be overly optimistic when discussing findings. No matter how well-designed and well-conducted a non-buyer research project is, no organization will ever be able to convert all its non-buyers. Setting realistic expectations up front keeps everyone aligned from the start.



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The first kind of inference that critical stakeholders are often interested in is conversion pathways. Marketers might ask: “What are some realistic barriers we can remove to increase access? Are there more ambitious changes that would meaningfully increase conversion?” Alternatively, on the negative side: “What are some things inherent to the category that will always fight conversion?”

Cross-department groups are highly recommended for this step. Marketing may have suggestions that finance does not agree with. Conversely, IT and finance together might develop a more user-friendly web interface. Just as the research team needs to fully understand the context of the research findings, the broader organization needs to fully understand the implications of the inferences from every angle.

Once potential conversion pathways have been highlighted, these established cross-functional or cross-departmental groups can determine what success looks like. Is it 5% conversion? 10%? Recouping the cost of the research? Does success look the same a year from now as it does today? And is success defined by who converts or simply that conversion happens at all?

Each organization will answer these questions differently, and that is precisely the point. The value of non-buyer research is not confined to a single metric. Rather, it creates a shared framework for thinking about growth—one that forces teams to confront trade-offs, align around priorities, and be explicit about what they hope to change. By thinking more deeply

about what the end goals of the research should be, you are no longer just interpreting data from non-buyers; you are shaping how your organization understands, pursues, and measures opportunity at the category level.

Unlocking New Pathways to Growth

In conclusion, non-buyer research is not just an afterthought or a cheap alternative to standard approaches; it is the missing link that holds the key to developing new strategies, revealing demands for new products, and unlocking new pathways to growth. The immediate gains are clear: knowledge of who is not purchasing, considering, or aware; larger and easier-to-reach samples; and lower fielding costs. If done correctly, these immediate benefits can translate into lasting insights. Non-buyers can highlight why people are not purchasing and what it would take for them to consider, convert, or return.

Indeed, this is exactly what Netflix (with a \$347 billion valuation) did. It noted the pain of late fees and the desire for a more convenient way to return video rentals, and revolutionized how people consumed media—transforming and effectively ending a category forever. By listening to the complaints of consumers leaving the category, the experiences of lapsed buyers, and understanding the entire TNAM of video rental consumers, Netflix has become nearly 115 times more valuable than a company that seemingly had the world gripped by its late fees in the early 2000s.

Non-buyer research is the “glass half-full” approach to market research and can reshape how organizations budget, prioritize, and assess growth. It reveals not the limits of a category but the opportunities of a category. Instead of considering only the opinions of buyers who have said yes to a product or service, this research acknowledges those who are left over: the non-buyers, whose “not yet” or “I’ve never considered” may be the catalyst that propels your organization toward its next horizon.



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