Reaching Customers Where It Really Matters

The Customer Journey Applied Across Industries

Marketers have always asked themselves one question: Where and how can we reach consumers so as to influence their decisions as efficiently as possible? Different approaches have been developed over time, from the first print ads to TV commercials and CRM-supported sales pitches. With the advent of digital media, a number of new options have been added: company websites, forums and blogs, Facebook, online price comparisons and customer reviews are just a few examples. These new possibilities have fundamentally changed the way consumers access information and make brand decisions.

Consumers are increasingly deciding for themselves which information about a brand they take in. While previously more passive consumers were 'entertained' by advertising, they now take the reins into their own hands and selectively arm themselves with information. More and more often they refer to touch points that are not under the direct control of manufacturers and retailers: online reviews, price comparisons, test results and word-of-mouth recommendations, to name just a few.

This new behavior in relation to information has also changed the decision-making process. When 'old consumers' decided to make a purchase – the purchase trigger – they would select the brand they were going to buy from a set of preferred brands step by step – the purchase funnel. Nowadays the latest information and buying options are just a click away. Potential buyers assess a constantly changing group of purchase op-

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Figure 1: The Decision-Making Process

tions, and often maintain contact with the brand after purchase. This change in behavior has far-reaching implications for marketing. Not only do the 'right' touch points need to be selected, the customer must be efficiently accompanied over the entire decision-making process – from the moment the purchase is triggered to the actual use of the product.

The 360° Customer Journey provides a foundation for the fact-based orientation of strategies and budgets to these new types of decision-making processes. This article presents the empirical results generated by this tool, which we have developed for the purchase of computers and tablets, TV sets and mobile communications contracts. The results show how customers reach decisions these days and how various online and offline touch points come into play.
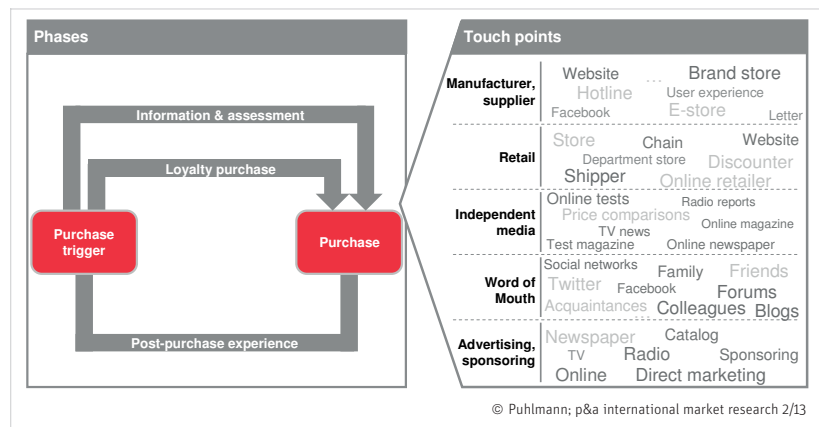
Precisely Measuring the Customer Journey

Our 360° Customer Journey accompanies potential buyers through their decision-making processes. In several short online surveys, brand contacts and decisions made by participants are collected in an interaction-oriented way. The participants also have the option of reporting contacts live via their smartphone. This approach makes the survey more interaction-oriented and has a positive effect on interviewee involvement.

Online and offline touch points with the selected brands are compiled and assessed, from personal contacts with manufacturers and retailers, their advertising and sponsoring, independent online and offline media, all the way through to word-of-mouth advertising, thus yielding a comprehensive picture that often contains up to 50 individual touch

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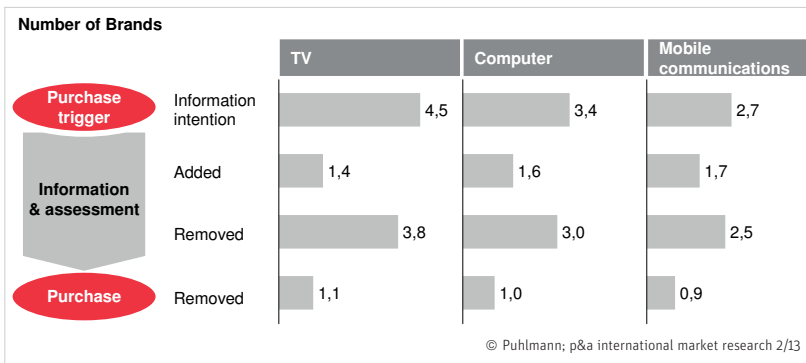
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Figure 2: Brand Decisions in the Buying Process

Figure 2 data:

Number of Brands		TV	Computer	Mobile communications
Purchase trigger	Information intention	4,5	3,4	2,7
Information & assessment	Added	1,4	1,6	1,7
	Removed	3,8	3,0	2,5
Purchase	Removed	1,1	1,0	0,9

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points. Moreover, changing brand preferences and decision-making behavior within the individual phases is collected.

The following model for decision-making behavior has proven itself to be highly effective for examining sectors in which buying processes are intensive:

Purchase trigger: The consumer decides to make a purchase. At this point they are already considering certain brands with the intention of collecting more information on them. The determining factor can be previous experience with the brand, impressions gleaned from marketing, or recommendations made by family and friends.

Information and assessment: Consumers actively seek information and assess possible options. This changes the original set of brands, as new brands are added and other previously considered brands ruled out.

Purchase: The final purchasing decision again involves choosing from among previously selected alternatives.

Post-purchase experience: Consumers' own user and service experiences, as well as other touch points, influence brand perception. When consumers are enthused, they recommend the brand to others, but they often communicate disappointing experiences to others as well.

Loyalty purchases: When customers are satisfied with the selected brand, the likelihood that they will buy this brand again increases. Ideally this brand will then bypass the complex selection processes in the information and assessment phase (see figure 1).

The results described below are based on over 600 completed buying processes for computers, TV sets and mobile communications contracts that we monitored with our 360° Customer Journey. More than 12,000 brand contacts were examined with regard to their effect on brand and decision-making behavior.

Investing in the Later Steps of the Decision-Making Process

To begin the results show, as expected, the traditional brand funnel in the sectors concerned does not fully represent decision-making behavior. Hardly any consumers who form a set of preferred brands early on and gradually narrow them down exist anymore. In fact, potential buyers actively add brands to the set of brands under consideration even after purchase has been triggered; at least one or two, depending on the sector (see figure 2).

Moreover, the results cast doubt on the conventional focus on traditional advertising and thus the phase when preferences are formed prior to the purchase trigger. As a matter of fact, only a few brands manage to effectively distinguish themselves from the competition in this phase. Potential buyers of television sets, for instance, plan on collecting information on four or five brands at the same time. The rule is tough competition, as opposed to strong and early preferences for one brand. The fact that potential buyers make most of their brand decisions in this phase speaks for a stronger focus on information and assessment. They take new brands into consideration and rule out previously preferred options. Thus the race for brands not present at purchase trigger is far from lost at this point. Early preference building is also of little use if the brand is subsequently taken out of consideration due to actively collected information (for example poor online reviews).

Something that is very much underestimated in many sectors is the post-purchase phase. When buying TV sets, for example, only seven percent of purchasing decisions are attributed to brand loyalty in which the consumer has already decided on brand at purchase trigger.
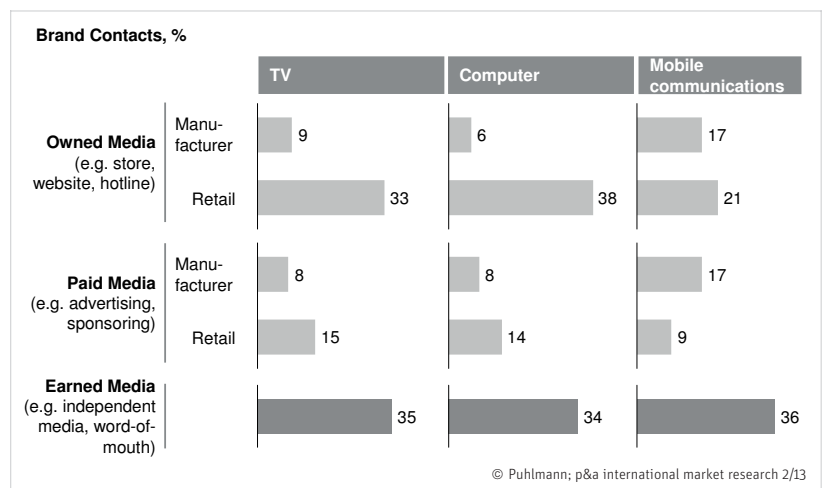
Figure 3: Brand Contacts from Purchase Trigger to Purchase by Touch Point Type

Figure 3 data:

Brand Contacts, %		TV	Computer	Mobile communications
Owned Media (e.g. store, website, hotline)	Manufacturer	9	6	17
	Retail	33	38	21
Paid Media (e.g. advertising, sponsoring)	Manufacturer	8	8	17
	Retail	15	14	9
Earned Media (e.g. independent media, word-of-mouth)		35	34	36

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▶ **Abstract** The internet has fundamentally changed the way consumers access information and make purchasing decisions. But where and how are customers most efficiently reached? This article has pursued this question in the context of Customer Journey studies, with regard to the purchase of computers, TV sets and mobile communications contracts. The results, as outlined here, document two central marketing challenges: to increase the focus on the later phases of the decision-making process; and in addition to traditional communication, to also develop attractive earned-media strategies and ways to provide information for potential buyers.
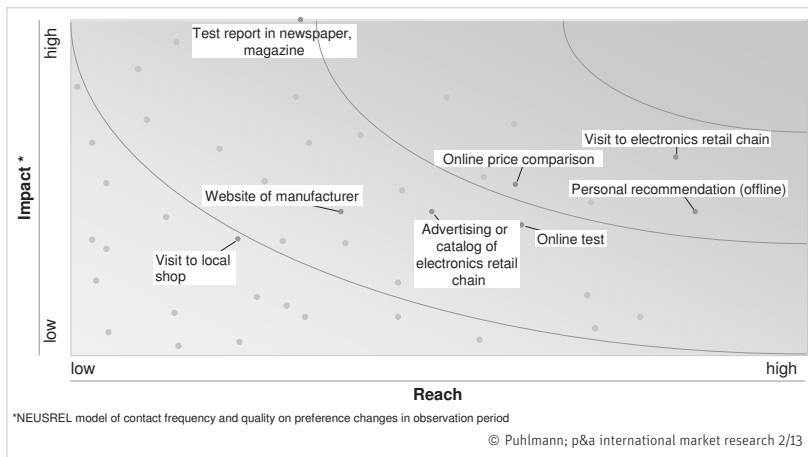
Figure 4: Reach and Impact of Touch Points in TV Market

This is a very low percentage, especially against the backdrop of the intensive consumer selection process, and one which manufacturers could significantly raise. For most of them it is much more efficient to tie customers to their own brand than to attempt to influence potential buyers over the entire course of the decision-making process.

Yet what is crucial in the end is to what extent individual brands master the buying process. A case in point: in one of the three markets concerned, the current and former market leaders start into the decision-making process with strong brands and high information intentions on the part of consumers. In the end, the current market leader gained an almost three-fold advantage in market share. The reason: the brand was added more frequently to the relevant set afterwards and less often rejected in the information and assessment phase. This convincingly illustrates how decisive downstream phases can be in the decision-making process.

Earned Media Strategies and Attractive Information

In addition to setting the right focal points by decision-making phase, the question arises downstream of which channels and touch points in a phase effectively influence consumers. Let us consider the period from purchase trigger until purchase.

First of all, the influence of digital media on information behavior is obvious. On the one hand, potential buyers are better informed, as evidenced by the high number of touch points with the various brands: 15 when purchasing a mobile communications contract, 25 when buying a TV. On the other hand, more than 80 percent of interaction processes contain online as well as offline touch points. Multi-channel strategies and the integration of online and offline touch points are no longer optional but rather obligatory.

But where do potential buyers seek the information with which they can be influenced? The share of traditional advertising and sponsoring (paid media) is limited in this phase and consists of only one fourth of all brand contacts. Most of it goes to retailers for computers and TV sets, and to manufacturers for mobile communications contracts. Commercial contacts also dominate owned media (see figure 3).

The high proportion of earned media in all brand contacts is extraordinary. It includes reports in independent online and offline media, customer reviews, test reports and word-of-mouth advertising. Information, in other words, that on the one hand is usually actively sought by potential buyers, and on the other cannot be directly controlled by companies. Instead it tends to reflect personal user experience, increasing its influence on the purchasing decisions of others. Earned media already makes up about one third of brand contacts and will probably gain in importance in the future.

It becomes even more significant when considering the effect of individual touch points in the information and assessment phase. With TV sets, for instance, test reports in print media wield the highest influence per contact (see figure 4). Yet they are significantly outperformed in their range of influence by online tests and price comparisons. Often discussed, but seldom systematically measured: personal offline recommendations and word-of-mouth. This influences almost two thirds of purchasing decisions. To some extent also good news for manufacturers: company websites considerably influence brand selection.

As expected, traditional advertising at this phase of the decision-making process is of lesser importance.

Conclusion and Outlook

There has been a fundamental change in the way consumers collect information and make purchasing decisions. For many companies this has created the need to rebalance budgets in later phases of the decision-making process. Furthermore the control of information has been shifted away from manufacturers and their traditional advertising to consumers and the content they actively seek.

Most market researchers and marketing departments are quite aware of this. Yet it is often difficult to carry out the necessary processes of adaptation. For one thing, there are often no suitable tools and data for verifying that the steps are indeed needed. And for another, there is a lack of fact-based insights for developing new strategies and measuring their impact. The consequence has been a move away from the original goal of marketing – to influence consumers where they can be reached.

For market researchers, the findings of Customer Journey studies present an opportunity to initiate change and strengthen the overall customer orientation of their companies. Firstly by identifying and systematically applying suitable tools for a better grasp of the decision-making process. But also in their capacity as *insight consultants* for management so as to align marketing and sales decisions to the Customer Journey. The worthwhile result for their companies and brands: reaching customers where it really matters. ◄