CUSTOMERS

To Keep Your Customers, Keep It Simple

by Patrick Spenner and Karen Freeman

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Marketers see today's consumers as web-savvy, mobile-enabled data sifters who pounce on whichever brand or store offers the best deal. Brand loyalty, the thinking goes, is vanishing. In response, companies have ramped up their messaging, expecting that the more interaction and information they provide, the better the chances of holding on to these increasingly distracted and disloyal customers. But for many consumers, the rising volume of marketing messages isn't empowering—it's overwhelming. Rather than pulling customers into the fold, marketers are pushing them away with relentless and ill-conceived efforts to engage.

Self-Diagnostic

Learn how simple—or complex—the decision journey is for your customers with an audit found at

www.executiveboard.com/simplicity.

That's a key finding of Corporate Executive Board's multiple surveys of more than 7,000 consumers and interviews with hundreds of marketing executives and other experts around the world (for more detail, see the sidebar "About the Research"). Our study bored in on what makes consumers "sticky"—that is, likely to follow through on an intended purchase, buy the product repeatedly, and recommend it to others. We looked at the impact on stickiness of more than 40 variables, including price, customers' perceptions of a brand, and how often consumers interacted with the brand. The single biggest driver of stickiness, by far, was "decision simplicity"—the ease with which consumers can gather trustworthy information about a product and confidently and efficiently weigh their purchase options. What consumers want from marketers is, simply, simplicity.

About the Research

Over a three-month period, Corporate Executive Board conducted pre- and postpurchase surveys of more than 7,000 consumers in the U.S., the UK, and Australia, covering a wide range of ages, income levels, and ethnicities.

Respondents were asked dozens of questions about their attitudes and purchase experiences across a variety of price points and channels in categories including apparel, cars, luxury goods, onetime items (such as airline tickets), and ongoing services (such as cell phone service).

Questions explored shopping duration, effort required, purchase-related research, the consumer's state of mind, his relationship with the brand, the frequency of his interactions with the brand, and the likelihood of repurchasing and recommending.

In addition, we interviewed 200 CMOs, brand managers, and other marketing executives representing 125 consumer brands in 12 industries globally, asking about their strategies and beliefs concerning drivers of stickiness.

Consider the marketing activities of two digital camera brands. Brand A's search engine strategy is to pick up any consumers who are searching common digital camera terms and direct them to the company website. There they find extensive technical and feature information and 360-degree rotatable product photos, all organized and sortable by model. In stores, shelf labels list key technical attributes, such as megapixel rating and memory, and provide a QR code that takes consumers to a mobile version of the brand's website, where they can dig more deeply into product specifications.

Brand B's search engine strategy is to first understand the consumer's intent and where in the search process she is likely to be. Why does she want a camera? Is she just starting to look, or is she ready to buy? The company guides those in the early stages of investigation to third-party review sites (where its cameras get good marks) and directs consumers who are actively shopping to its own website. User reviews and ratings are front and center there, and a navigation tool lets consumers quickly find reviews that are relevant to their intended use of the camera (family and vacation photography, nature photography, sports photography, and so on). In stores, Brand B frames technical features in nontechnical terms. Instead of emphasizing megapixels and memory, for example, it says how many high-resolution photos fit on its memory card. The QR code on shelf displays leads to a simple app that simulates one of the camera's key differentiators, a photo-editing feature.

The highly detailed information Brand A provides at every step on the purchase path may instruct the consumer about a given camera's capabilities, but it does little to facilitate an easy decision. Brand B simplifies decision making by offering trustworthy information tailored to the

consumer's individual needs, thus helping her traverse the purchase path quickly and confidently. Our research shows that customers considering both brands are likely to be dramatically more "sticky" toward Brand B.

Making Decisions Simple

For a marketing organization, what does it take to acquire sticky consumers?

Our study found that the best tool for measuring consumer-engagement efforts is the "decision simplicity index," a gauge of how easy it is for consumers to gather and understand (or *navigate*) information about a brand, how much they can *trust* the information they find, and how readily they can *weigh* their options. The easier a brand makes the purchase-decision journey, the higher its decision-simplicity score. Brands that scored in the top quarter in our study were 86% more likely than those in the bottom quarter to be purchased by the consumers considering them. They were 9% more likely to be repurchased and 115% more likely to be recommended to others.

Shifting the orientation toward decision simplicity and helping consumers confidently complete the purchase journey is a profound change, one that typically requires marketers to flex new muscles and rethink how they craft their communications. Some practical lessons can be drawn from brands that are leading the way. The processes of aiding navigation, building trust, and making it easier to weigh options often happen simultaneously, or at least aren't strictly linear, but for clarity we'll discuss them separately below.

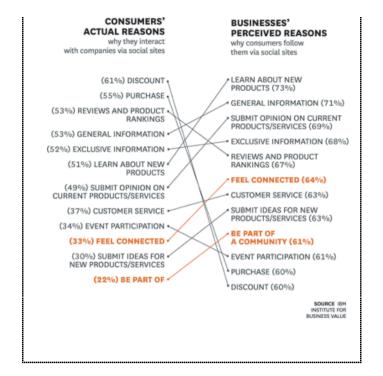### What Consumers Really Want

Businesses broadly misjudge what consumers want from them online. In particular, marketers often believe that consumers interact with them on social media to join a community and feel connected to the brand. But consumers have little interest in having a relationship beyond the merely transactional.

Their top reasons for connecting online: to get information and discounts, and to buy things.

Aiding navigation.

In demanding ever more attention from overloaded consumers, brands ultimately lead them down unnecessarily confusing purchase paths. Creating a more efficient path means minimizing the number of information sources consumers must touch while moving confidently toward a purchase. The savviest brands achieve this by personalizing the route.

This approach is especially foreign to marketers because in many cases the simplest, most confidence-inspiring learning path involves

touchpoints that are outside a brand's direct control. Often what a consumer needs is not a flashy interactive experience on a branded microsite but a detailed exchange with users about the pros and cons of the product and how it would fit into the consumer's life.

Marketers face two practical challenges here. First, how can they detect where a given consumer is on the purchase path and what information she most needs? Second, how can they ensure that consumers they direct to third-party information sources will come back?

To answer the first question, frontier marketers are using big data and sophisticated analytics to map consumers' purchase paths. One electronics company has gathered data from four major sources—social media monitoring, ad-effectiveness and campaign-tracking information, clickstream analysis, and individual consumer surveys—to identify common purchase paths. It studies the resulting maps to determine the volume of traffic on various paths, which paths inspire the most confidence, which touchpoints are best suited to conveying which types of messages, and at what points consumers lose confidence or defect.

Too Much Information

Over the past two decades, a wide range of experiments have shed light on how an excess of information and choice impairs decision making.

One of the most common consumer responses to the excess is to forgo a purchase altogether. In a classic experiment, Sheena Iyengar, then a doctoral student and now a professor at Columbia Business School, set out pots of jam on supermarket tables in groups of either six or 24. About 30% of those who were given six choices bought some jam; only 3% of those confronted with 24

Brands pursuing decision-simplicity strategies make full use of such information to assess where consumers are on the path and to direct them to the best touchpoints. Certain auto manufacturers, retailers, and travel brands have been sifting through consumer search data to learn how search terms and the type of search platform (say, mobile versus desktop) indicate consumer intent and position on the path. They've found, for example, that 70% of those using a mobile device to search are within a few hours of making a purchase, whereas 70% of those using a desktop are roughly a week away.

choices did. As the psychologist Barry Schwartz demonstrates in *The Paradox of Choice,* an excess of input leads to angst, indecision, regret, and ultimately lowered satisfaction with both the purchase process and the products themselves. Dozens of related lines of research confirm what now seems like common sense: Too much choice or too much information can be paralyzing.

Consumers themselves say they're overwhelmed. A 2004 survey conducted by the market research firm Yankelovich found that two-thirds of respondents felt "constantly bombarded with too much marketing and advertising." (And it's safe to say that eight years later, the bombardment has only increased.) The implication for marketers is clear: Aggressive engagement that overloads consumers' already-saturated brains may backfire. But the hundreds of marketing executives we interviewed told us that their engagement strategies were designed expressly to achieve more-frequent interaction and deepened relationships.

Compounding the overload problem is the human penchant for overthinking trivial decisions and second-guessing. The explosion of messages and product data feeds this tendency, one consequence of which is a "spiral of discontent." Research by the University of Florida's Aner Sela and Wharton's Jonah Berger shows that the more challenging a decision is to make, the more important people imagine it to be. Think about consumers trying to choose among an array of poorly differentiated products, such as digital cameras: The difficulty of wading through the choices increases the perceived importance of the decision. This in turn causes people to spend even more time and effort on the decision, which further increases its

Moreover, by analyzing search terms, companies can discern what information the consumer most needs next. Someone who searches a general term like "luxury sedans" is at an early stage compared with someone who searches a specific phrase like "BMW vs Audi." Decision-simplicity marketers would guide the former to the latest auto reviews for their sedans and the latter to an enthusiastic owner community. If the late-phase consumer was using a mobile device (indicating that he was probably out and about), the search engine would serve up a paid link to a dealer locator with a click-to-call feature that enabled him to easily set up a test drive.

Building trust.

In the context of decision simplicity, "trust" isn't about trusting the brand; it's about trusting the information gathered. Marketers often miss this point and put their efforts into activating brand recommenders who simply focus on product features and benefits. Consumers also need information about an adviser's decision criteria and brand usage.

What does trusted advice look like? Consider the current "haul video" phenomenon among teenage girls. After shopping at a mall, many girls upload YouTube videos of themselves talking about their haul (purchases). In the videos, they discuss not just what they bought but also why, and how they plan to mix their new items with the rest of their wardrobe. This takes the complicated world of teen clothing and accessories—a world fraught with danger

apparent importance. A trivial purchase decision can thus spiral into a disproportionately complicated and time-consuming one—and the process creates consumers who are less happy, not more. Indeed, 41% of those we surveyed expressed anxiety about the purchases they'd made, and 20% conducted research *after the purchase,* still looking to validate their decisions.

from shifting trends and overwhelming choice—and simplifies it, by showcasing fashionable peers who offer trustworthy guidance. In essence, the "hauler" cuts through the seemingly infinite options and provides decision-making criteria. J.C. Penney and American Eagle have capitalized on the phenomenon by hosting unbiased haulers on their sites and in their digital communications. Neither retailer requires that the haulers show only brands purchased at its store, and the haulers are transparent about their links to the companies (Penney, for instance, gives its star haulers gift cards).

Information about the adviser also helps build trust. Disney has done an outstanding job in this regard with its Walt Disney World Moms Panel. A selected group of Disney World veteran moms answer questions from consumers who are planning Disney vacations. In one recent case, a consumer asked about good viewing places for the parade; she had two children who wouldn't be able to stand the whole time. She got perfectly tailored advice from Jackie S. With 25 Disney World trips under her belt, Jackie has the experience to make her information credible. Consumers can get a further sense of her reliability by reviewing her profile on the Disney World website and reading about her family, her hometown, and even how she met her husband. Such details matter: They help consumers assess the trustworthiness of the advice they're getting and allow them to judge how well that advice applies to their own situations.

The lesson for marketers: Build cadres of trustworthy advisers rather than simply developing recommenders who will push the brand. Then aggregate their advice and make it easy for consumers to discover and use it, as J.C. Penney—whose haul videos get hundreds of thousands of views—so successfully does.

Making it easier to weigh options.
To help consumers evaluate choices, most brands describe their differentiating features and benefits. Some go a step further, offering buying guides containing side-by-side brand or product comparisons. For example, a bank might compile a catalog of its checking account options that lists the features of each one. Both approaches provide lots of information, but neither offers much guidance, leaving the consumer as confused as ever about the "best" choice.

Brands need to take a different tack. Except in cases of low-value products, consumers increasingly expend most of their effort learning about and weighing their choices. For items costing more than $50, a quarter of customers report that most of their effort is spent on product research. About 20% say that most of their effort is spent on comparison shopping.

The marketer's goal is to help customers feel confident about their choice. Just providing more information often doesn't help. Instead, marketers need to provide tools that allow customers to identify and weigh the features that are most relevant to them. A classic example is De Beers's use of the "4 Cs" (cut, color, clarity, and carat) to frame the complex and often vexing comparison of diamonds. The 4 Cs simplify the buying decision by giving consumers confidence that they are weighing the essential features of the diamonds they're considering and making an informed choice.

However, many brands have made the weighing process harder by introducing a dizzying array of SKUs. Crest's website, for example, details 35 types of toothpaste. Although a consumer can sort them according to a few characteristics—"flavor experience," "dentist inspired," "fresh breath," "classic"—there's little to help her figure out which features are most important to her and which paste is her best choice. Are "dentist-inspired" pastes better in her case than "classic" pastes? Buying guides of this sort make the mistake of appearing to offer guidance while actually complicating the decision process.

Marketers, especially those with an abundance of SKUs, need to help customers control the weighing process. Herbal Essences does a good job with an online decision guide to its shampoos. The guide provides substantial detail but also makes narrowing and tailoring one's choice an easy, transparent, step-by-step process. One-click questions about hair type, length, and texture (straight, short, fine, thick) and other needs (color treatment, volume) allow the visitor to rapidly sort through more than three dozen offerings to find the ideal one.

Many brands lead consumers down confusing purchase paths. The savviest ones simplify and personalize the route.

Technology can also address consumers' weighing woes by allowing them to sidestep the process altogether. Consumers are likely to feel confident about recommendations that are based on their own purchasing data or other past behavior, because those things are typically accurate gauges of

preference. ShoeDazzle.com and JustFab.com—clubs for shoe lovers—collect "personality" information on each member, such as favorite fashion icons and general shoe preferences (heel size, color, and so on) and tailor suggestions accordingly. The Spanish bank BBVA makes personalized recommendations for financial products after assessing individual consumers' spending behavior—as reflected in credit card histories and questionnaires—and comparing that behavior with the spending of peers. In each case, the company eliminates much if not all of the hassle of weighing choices by providing a likely best choice at the outset.

Putting It Together

No company that we know of has fully integrated the three components of a decision-simplicity strategy—but Intuit is among those out in front. Consider its software product TurboTax. Tax prep is complex, and consumers have a range of options, from accountants to software programs to pencil and paper. Within software itself, there's a potentially bewildering array of choices. Intuit has made a concerted effort to simplify those choices by helping consumers navigate, trust, and weigh information along the path to purchase, as we'll describe below. Christine Morrison, the head of social media at TurboTax, says, "We've seen dozens of areas where simplifying decisions for consumers pays big dividends."

Navigation.

TurboTax created a customer forum, called TurboTax Live Community, where visitors can ask product, tax, and support questions and share information. It contains a database of answers provided by customers and experts. To ensure relevance, an algorithm serves up the five most common answers to a given question. For example, a user on the mortgage-deductions screen will find answers to questions about deduction limits and how to calculate deductions for the purchase of a house. TurboTax users don't pay for the software until they file their taxes; Live Community helps drive conversion by shepherding consumers through the tax-prep process to completion, providing the right information at the moment it's needed. To date more than 12 million users have engaged with the community.

Trust.

Intuit provides more than 160,000 unfiltered user reviews and ratings on the TurboTax website and helps consumers find the most relevant ones. The ratings range from one star to five; the inclusion of low ratings boosts consumers' confidence, showing them that Intuit isn't cherry-picking its reviews. Consumers can use the "folks like you" tool to sort evaluations according to reviewers' marital status, life situations, and major tax events. They can find reviews written by friends or family by connecting to Facebook or Twitter—TurboTax encourages customers to post

on either site when they've completed their taxes, and the postings constitute what are in effect consumer-generated, highly trusted banner ads. The conversion rate of those ads is 30% higher than that of TurboTax's regular banner advertising.

Weighing options.

The TurboTax home page shows basic product choices arrayed side by side for easy comparison. It includes a "help me choose" function that allows consumers to go through a 30-second "check the boxes that apply" exercise. This not only guides them to the product most suited to them but also shows *why* that product is their best choice.

In addition, Intuit lets consumers filter user reviews by prior tax-prep method so that they can read what reviewers with similar tax-prep histories have said about switching to TurboTax. This helps them answer the question "What would it be like to change to TurboTax from what I use now?"

Given the rapid expansion of social and mobile technologies, marketers will have ever-increasing opportunities to bombard consumers. And if history is any guide, that's exactly what they'll do. But in their aggressive efforts to engage with their customers, they'll only make the decision journey more complex and confusing. Marketers who focus on simplifying consumers' decision making will rise above the din, and their customers will stick by them as a result.

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This article is about CUSTOMERS

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3 COMMENTS

Shaun Bird   6 months ago

Hi.
You mentioned brand loyalty. A good point about brand loyalty is especially noticed when there are sales on. Quite often this can be a good time to promote your brand and not a price reduction as quite often the brands that are offering the discounts to tempt buyers more often than not let them down in the long run.
I run a site that reviews pop up gazebos in the U.K and found that around 80% of my traffic searches for brand name rather than the product query.

Build a strong brand and they will come...

Cheers
Shaun Bird
http://windproofgazebos.com

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