Week 2 - BRANDING:

Customer Decision Making and the Role of Brand

Shopper Marketing:

Brands need to understand the shopping experience from a shopper POV.
People make decisions 24/7 in an omni channel world.

Shoppers make:
- Impulse purchase decisions
- Decisions on habit, intuition and emotion
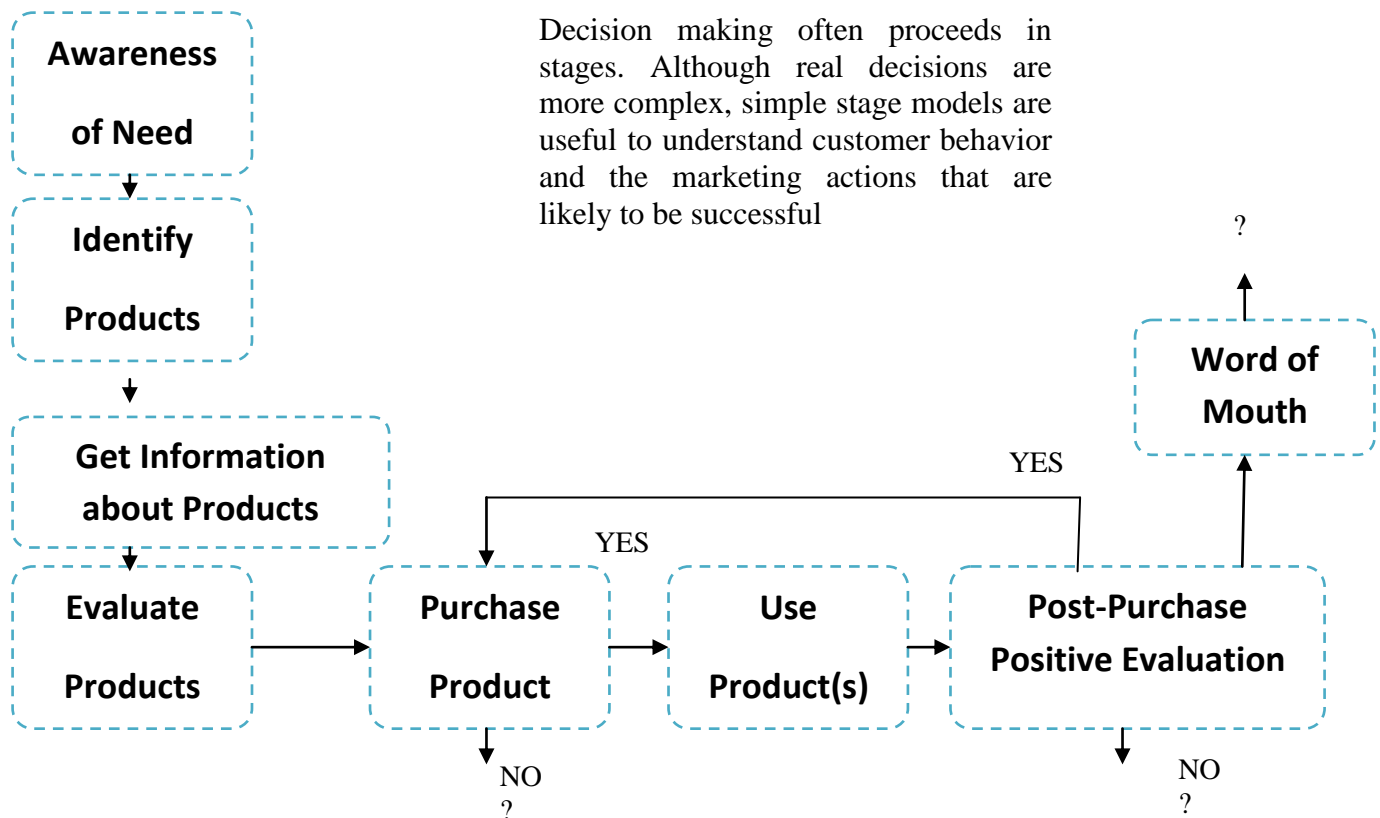- Decisions based on what they see and miss

Shoppers think in terms of personal relevance:
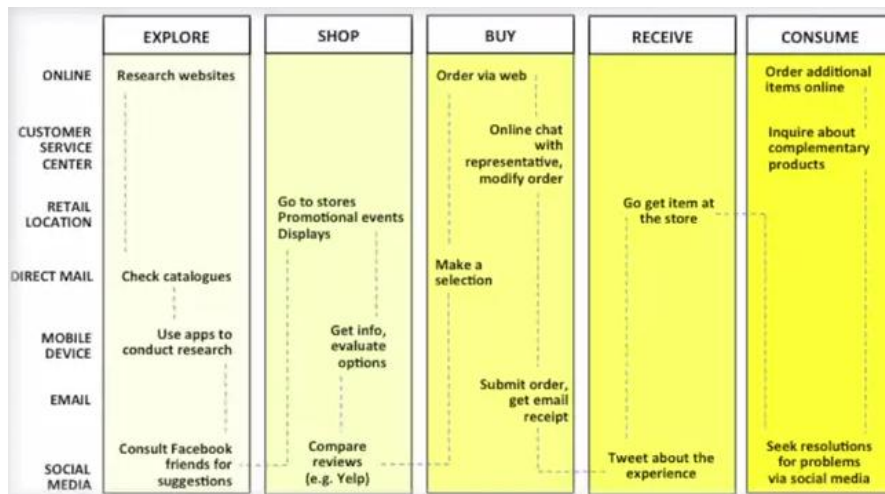- Who is it for?
- When do you use it?

You need to be in their lives.
Shopping process is multi-staged/multi-channel.

Stages of the buying process:

Decision making often proceeds in stages. Although real decisions are more complex, simple stage models are useful to understand customer behavior and the marketing actions that are likely to be successful

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┌ ─ ─ ─ ─ ─ ─ ┐
   Awareness
   of Need
└ ─ ─ ─ ─ ─ ─ ┘
      ↓
┌ ─ ─ ─ ─ ─ ─ ┐
   Identify
   Products
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      ↓
┌ ─ ─ ─ ─ ─ ─ ─ ─ ─ ┐
   Get Information
   about Products
└ ─ ─ ─ ─ ─ ─ ─ ─ ─ ┘
      ↓
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Evaluate Products → Purchase Product → Use Product(s) → Post-Purchase Positive Evaluation

YES (from Purchase Product up)

YES (from Post-Purchase Positive Evaluation up to Word of Mouth)

Word of Mouth → ?

Purchase Product → NO ?

Post-Purchase Positive Evaluation → NO ?

The customer journey has become more complex:

	EXPLORE	SHOP	BUY	RECEIVE	CONSUME
ONLINE	Research websites		Order via web		Order additional items online
CUSTOMER SERVICE CENTER			Online chat with representative, modify order		Inquire about complementary products
RETAIL LOCATION		Go to stores Promotional events Displays		Go get item at the store	
DIRECT MAIL	Check catalogues		Make a selection		
MOBILE DEVICE	Use apps to conduct research	Get info, evaluate options			
EMAIL			Submit order, get email receipt		
SOCIAL MEDIA	Consult Facebook friends for suggestions	Compare reviews (e.g. Yelp)		Tweet about the experience	Seek resolutions for problems via social media

The shopping process happens 24/7!

	MORNING			NOON			EVENING		
	HOME	COMMUTE	WORK	SHOP	WORK	COMMUTE	SOCIAL	HOME	BEDTIME
SMART PHONE	√	√	√	√	√	√	√	√	√
TABLET	√			√					√
COMPUTER	√		√	√	√	√		√	√
HUB (e.g. GAME CONSOLE)	√						√	√	√
RETAIL STORE	√			√			√		
OUTSIDE THE HOME		√		√		√	√		
TELEVISION	√						√	√	√
RADIO	√	√		√		√			
PRINT MEDIA	√							√	√

Shopping Process:

Trigger: Need recognition

- When the prospective customer enters the market (when the toaster breaks)
- If not a natural need, the marketer needs to create that need
- THEN people pay attention to the products/brands related to the category
- Implication: know what the trigger events are and when they might occur or CREATE trigger events!

You can

- Create shopper goals: Halloween, Back to school time, Easter, Christmas…
- Create Email lists: welcome email with promotion…
- Create Urgency: flash sales, one time offers, special promotions…
- Create reminders: help people remember when they have to purchase something
- Create "New" Products: iPad for Apple
- Create "New" Events: Fashion show for fashion, charity, tastings…
- Create News/Dialogue: Social media.

The goal of all these actions is to TRIGGER THE SHOPPING PROCESS!

Information Search Stage:

Consideration set:

After they have decided to purchase, consumers come up with different items they could buy, it's a **consideration set.**

Consumers often search for limited amount of information.
Evoked set: number of products you can name without help in a specific category.

Ask yourself: *How much information will people search for?*

Formation of Consideration Set:
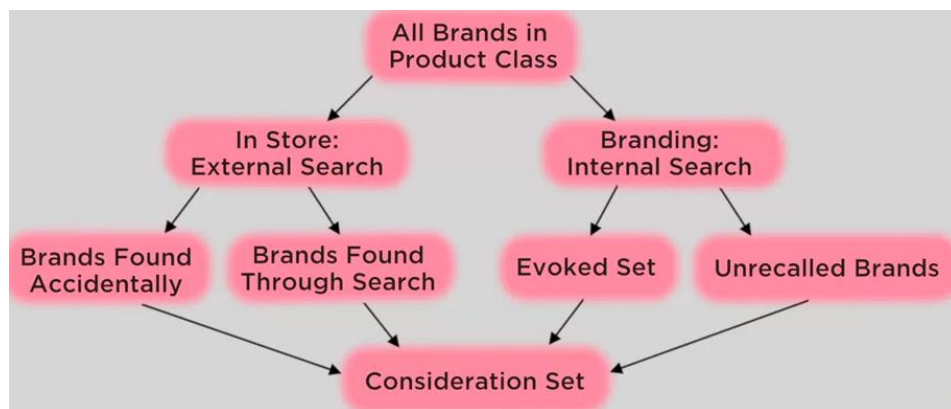
Connect Online with Offline Experience:

A customer looking at a dress on the website would be shown the dress on interactive displays when she enters the store

New technology allows retailers to follow customers in the store as they browse (as they can now do online) or when they pick up products.

Using online-data, in-store data, location information and predictive analytics: In-Store Personalized Recommendations on displays or through salespeople

 Traditional advertising creates brand awareness:

- Purpose: to create top of mind awareness so brand comes readily to mind and is included to consideration set.
- Example: Big ads in the street: Nike…

Create Brands through Flagship stores: Offline

External Search – In Store:

What drives attention?

Nature of the set: goal driven (I'll buy ketchup VS I'll find something for dinner)

Social influences? Very important: Facebook, Twitter, Consumer Reviews, Salespeople

Getting Customer's Attention:

Capacity is limited
Information can be too much!
- Filters
- Cocktail party effects

Attention is not enough; customers have to "get it": you can use striking colors!

Good example of the use of colors to differentiate the quality of products.

Choice Overload:

Jam Experiment:

More people came to taste the 24 jams, but more people bought jams after the test of the 6 jams. The conversion was better. It shows that choice overload can lead to no choice!

Perceived Variety VS Actual Variety:

6 jelly beans flavors: Organized < Disorganized => Disorganized gave the impression of more choice so students picked more jelly beans

24 jelly beans flavors: Organized > Disorganized => Choice overload for disorganized because 24 jelly beans flavors was confusing, or too complex to decide

Reconciling the Paradox:

Decision process is **staged**

- At the assortment stage, variety is good
- At the choice stage, variety can become complex

How to solve that:

You can have salespeople, "experts", who explain the product: for cheese, wine, computers…

The more alignable you make the attributes, the easier it is for the consumer to choose!

2. Help Consumers Learn Preferences— Omni Channel

It can be done thanks to applications on smartphones…

3. Role of Structure

The best way to put products is to put it in a way that is natural for the consumer. If you choose your wine by color of grape, you will appreciate the bottles to be assorted by color of grape.

It has to be simple for the consumer to choose so that he is not overwhelmed!

Purchase stage:

Conversion and Purchase:

Evaluate the alternatives and pick a brand
- Importance of fair price
- Increase accessible variety (multiple purchases)

Mindless shopping (study by DICKSON and SAWYER):

Price awareness:
- Average time between arriving and departing from product category = 12 seconds
- In 85% of purchases only the chosen brand was handled, and 90% of shoppers inspected only one size
- 21% could not offer a price estimate when asked

Only 50% were able to state correct price!
93% did know relative price! Lower, higher or the same as other products in the same category.

Reference prices:

Consumers do not evaluate price absolutely, but rather relatively. Context Matters!

Two kinds of reference prices:
- External reference price: List Price VS Sale Price, Low price Guarantee
- Internal reference price: one that is recorded in consumer's memory.

Internal Reference Prices:

Memory of price may not be accurate.

If brand is frequently promoted, consumers tend to lower their internal reference point and won't buy it unless it's promoted.

Consumers have a notion of "fair price"
- Acquisition utility
- Transaction utility

Asymmetric response to price changes.

Improve sales:

A study showed that interesting and original colors or flavors names increases likelihood of choice.

Post-Purchase:

What does customer satisfaction mean?

F (Actual performance – Expectations)

F (Perceived performance, Will expectations) – Should expectations

If
- Perceived performance equals expectations, they will stay neutral and eventually buy the product again
- Perceived performance is lower or higher than expectations, they will actively react: social Medias, word of mouth…

How does it work?

You have to have high expectations so that customers want to buy, and then to have higher perceived performance so that they are satisfied.
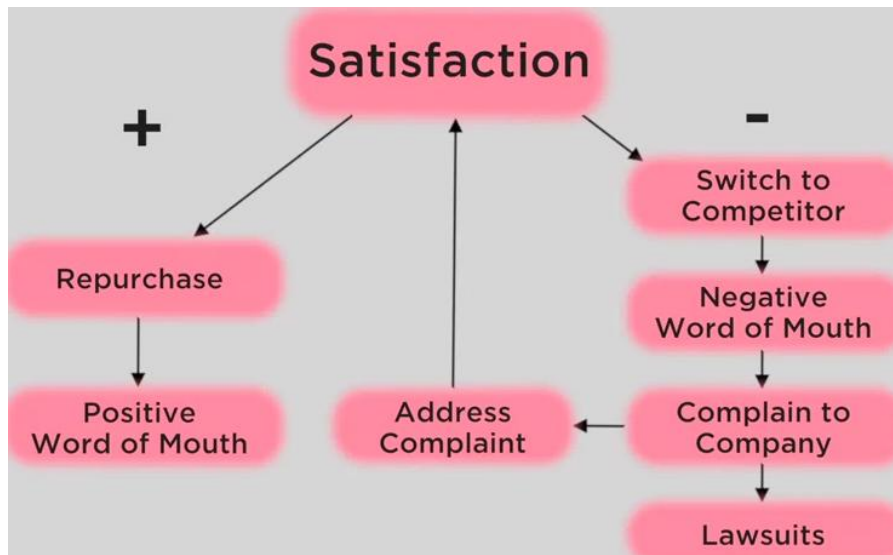
Word of mouth:

Person to person: 9 to 1 rule

Social Media:
- Social commerce: Pinterest, Facebook
- Conversation: Twitter, Facebook, Tumblr
- Images: Instagram, Vine
- C to C Review Websites: Yelp, Tripadvisor

More than ever, customer satisfaction is essential so that customers spread positive word of mouth.

Social Currency: We share what makes us look good

Triggers: we reminded, we share

Emotion: emotional messages are more powerful

Public: making behavior public makes it more catching

Practical value: we like to be useful and informative

Stories: effectiveness depends on celebrity's "expertness"

Shopper Marketing

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Shoppers think in term of personal relevance (who is it for? When do I use it?)

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