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Topic

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BETTER DECISIONS ...



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INNOVATIVE MARKTFORSCHUNG**

Customer Journey: Last Stop Purchase Decision

Understanding Consumers Paths of Decision-Making

The whole point of any multi-channel strategy is to feed the consumer with relevant content during the information-seeking and purchase decision phase, with the overall aim of triggering the crucial impulse to buy. But how do companies manage to keep the consumer on track? After all, in the real consumer world, the path leading to the actual purchase decision is sometimes a road fraught with forks and bends. It takes all kinds of navigational aids to keep the consumer headed in the right direction. This is where a glimpse at the Customer Journey pays off. Whereas the Customer Experience looks at actual product usage, the Customer Journey analyses the pivotal elements contributing to the eventual act of buying. It comprises a painstakingly designed set of qualitative methods which we as market researchers use to realistically recreate the purchase decision processes that consumers go through.

Customer Journey: A Trip with Many Unknowns

As market researchers, we pose a number of very different questions in the course of the Customer Journey. For instance, we are interested in how the search for information unfolds in the run-up to purchase: With whom does the consumer compare notes? Who advises them? And how much of this advice do they take on board? Other relevant questions in this context concern the types of media used during the information-seeking phase, the situations in

which they are used, and, for example, the interplay between internet research and personal advice/recommendations. One important question here from a company's perspective is: What opportunities are there to present corporate information or visual material when it comes to influencing the likelihood of purchase? It is also important to look at the influence of public media coverage and the role of individual touchpoints for brand perception. In addition to this, we analyse what exactly the respective target groups find so important about the product category in question, which brands they

consider (and when), and why some brands get kicked out of the relevant set. To this end, we examine the driving factors and barriers present at each fork in the path. We are ultimately left with valid insights which explain why any one brand actually managed to assert itself in the purchase decision process (see figure 1). Many companies are aware of decision-making paths only for their own customers (if at all), while those of competitor customers, along with touchpoints other than the internet, often represent blind spots. The Customer Journey sheds light on these areas.

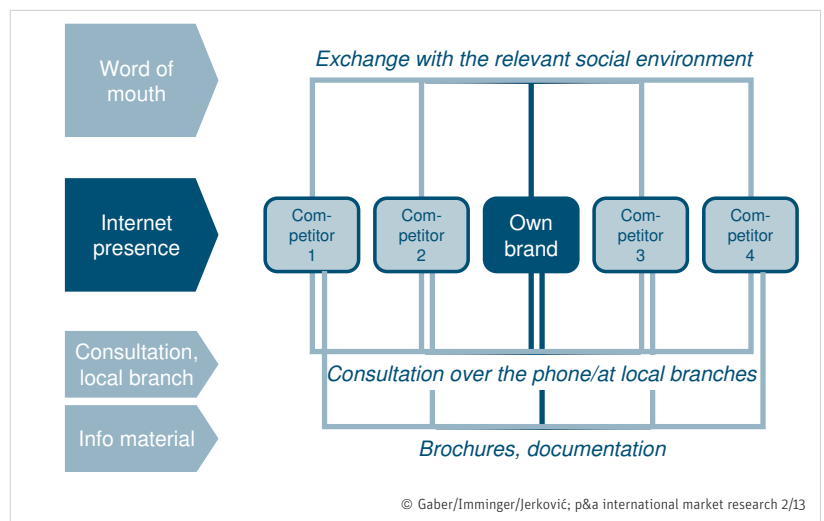


Figure 1: Looking Beyond the Own Horizon with a Complete Customer Journey

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When to Apply Customer Journey Research

And yet: does it make sense to apply a Customer Journey to all brands? Basically speaking, it is possible to sort and position any brand or product offering within a certain competitive environment with a fair degree of accuracy:

Price: Sometimes a brand takes on the competition merely on the basis of low pricing, while other factors such as special features or service have no role to play; in such cases we see little scope for any meaningful application of Customer Journey research – unless of course the brand aspires to break out of what is often a ruinous price spiral. Then, of course, it is important to know how the consumer reaches decisions over and above purely price-based reasoning. In exploring this aspect buyers other than the brand's classic target groups need to be considered for a full picture of the Customer Journey.

Performance: If a brand seeks to steer attention primarily towards high-performance product features, a Customer Journey may reveal the points at which such features are presented particularly poignantly. Performance tends to be more about rational decision-making processes. Appropriate lines of argument give the brand an edge over low-price competitors and the premium competitors described below.

Premiumness: If a brand is keen to convey a premium impression, performance will always be an essential part of the equation. Within competitive environment, however, emotional arguments have a greater effect. Studying the Customer Journey reveals the points at which emotional reasoning comes into the game from the target group's perspective and identifies the stages of the journey when such reasoning remains dormant.

Luxury: The scenario differs yet again when it comes to the world of luxury brands. The challenge here is actually getting luxury customers to the market research table. On the other hand, the prestigious image and individual tailoring of both product and concomitant sales activities are absolutely vital selling factors. Although a Customer Journey would indeed be an effective means of researching an image of prestige, this target group is unlikely to afford any insight into the customer/sales interface.

So markets with performance based competition and premiumness based competition can benefit most from applying Customer Journey

research – in other words, competitive situations where the impression made by a product, along with its performance and values, also play a part besides price. It offers an excellent opportunity to observe the customer's view of performance and premium features by effectively bringing their perception and experience of these aspects to the surface.

Target Groups: Which Consumers Buy a Ticket For The Journey?

Researching the Customer Journey delivers maximal impact when consumers pass through a complex process of decision-making, in which they use all kinds of touchpoints to gather information. This constellation exists for a number of industries:

Complex Financial Services – From Banking to Insurances

Since mortgages, building loan contracts and ambitious investment schemes entail a more comprehensive process of information-seeking and weighing up the facts than required for consumer credits and instant access savings accounts (normally driven very much by terms & conditions), exploring Customer Journeys tend to be more beneficial for the former. As is so often the case, however, the exception proves the rule: There are of course customers who entrust their entire financial transactions to the bank where they have their private account, and so a Customer Journey may well prove relevant for the allegedly low-interest subject of current accounts.

Complex Services

Services that call for more exacting research such as the internet or mobile communication providers can benefit from Customer Journey research. Obviously, it is not in every case that the lowest price clinches the deal for the consumer, even though the aggressive pricing hype of some promotional activities would seem to suggest otherwise. In reality, customers are more interested in which provider their friends and acquaintances use, what extras are included in the contract, and how clearly and comprehensibly the provider's various info web pages are presented.

Utilities

The energy sector can benefit as well – even though a more differentiated view is required here because people often appear not to give much thought to their choice of utility company. Nonetheless, gone are the days of strictly fixed-price offerings and, in keeping with this,

the days of strictly price-oriented customers. Whether or not someone accepts the higher prices for green energy is a matter decided early on in the decision tree, when the customer's personal values help select the relevant set of providers. The Customer Journey then becomes increasingly ramified during internet research or in the course of a telephone call. It all gets very complex in areas such as energy efficiency measures, which need careful consideration but which also generate a great deal more motivation than saving money or protecting the environment.

Investment products

Products that cost slightly more to acquire – for example, cars or quality consumer electronics are also a worthwhile subject for Customer Journey research. Normally, a whole array of touchpoints have a bearing on the decision to buy for example *Samsung*, *HTC* or *Apple*. It may be that consumers keep revisiting certain touchpoints with varying intentions, for instance to get an idea of the range of equipment available at different stores, to narrow down the product category, and subsequently to put specific questions to sales staff about one or two appliances. A Customer Journey is particularly revealing when it comes to purchase decisions for products that set the heart racing and generally elicit an effusive response from consumers.

Unfamiliar services

Services about which one has little expert knowledge but which involve a high personal risk, personal involvement, or hefty investment, need exploration of the Customer Journey. The health sector provides examples of such services: very few people would go it alone in choosing the best clinic for an artificial joint replacement and without doing an information search in advance. Similarly, many patients like to get a second or third opinion when it comes to proper diabetes care.

These are all examples from the service sector and the field of high-grade products. A Customer Journey can of course also be deployed for Fast Moving Consumer Goods (FMCG). But the more or less spontaneous decision at the store shelf sometimes follows different laws. Targeted PoS research is more likely to bring enlightenment here – especially since the customer advice available from supermarkets or health and beauty stores carries less weight than that found in the aforementioned areas.

► **Abstract** When researchers accompany target groups on their journey through the consumer jungle of product offerings and touchpoints, the result is often an extremely exciting set of insights. No matter what course the journey takes, each Customer Journey ultimately has a clearly defined destination or 'last stop' – the purchase decision.

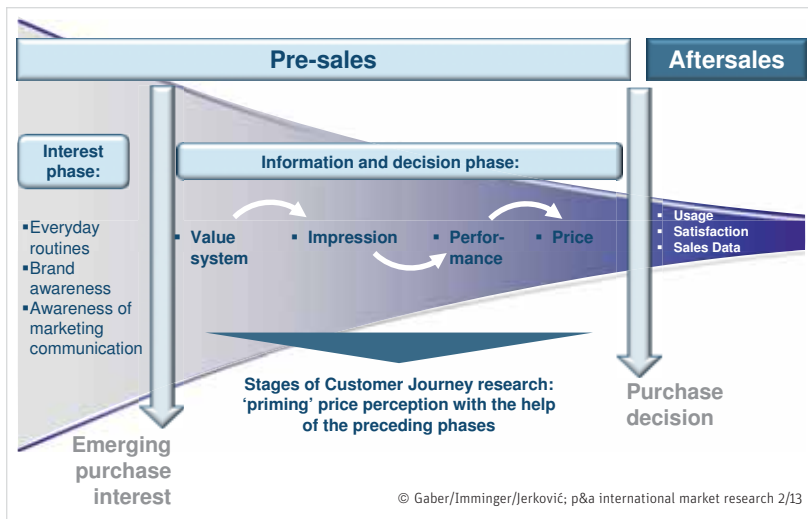


Figure 2: Sales Funnel and the Priming of the Price Perception

Understanding the Journey

In terms of methodology, Customer Journeys are rooted in the online sector where it is possible to track consumers' click behaviour. Although accurate, this approach does not provide access to motives and reasons – in other words it leaves the why question largely unanswered. This is why we at GIM rely predominantly on qualitative tools. Besides face-to-face interviews, focus groups or ethnographic (participatory) observation, we use self-monitoring elements such as getting respondents to complete tasks ahead of a Customer Journey study to boost awareness of certain topics. A combination of various elements and aspects of research makes the whole journey comprehensible:

- A mix of a plenary discussion and work in mini-groups. In this way, it is possible to find out which lines of argument are convincing or discover what topics surface in a more intimate, personal setting.

- Researching the process of seeking information on the internet: How is relevant information sought? Is it googled or drawn off the internet via other means? What role do comparison sites, the company's website, or dealers such as Amazon play in the consumer's information mix?

- A look at the public opinion by discussing any newspaper coverage of the product or brand. The background to this analysis: It is one thing how the client perceives the image presented of their brand by the media. But this picture often differs considerably from how consumers see such media coverage of brands.

- Role play: Participants are assigned roles that don't necessarily correspond to their declared stance. We are always fascinated to ob-

serve how naturally many participants slip into 'champion' and sustain their role when asked to 'sell' ideas, products or services to others playing a sceptical role, even though they themselves expressed a critical attitude beforehand. This often unearths positives capable of penetrating the armour of many a sceptical attitude.

- Simulations of consulting sessions (if possible with real consultants provided by the client). A particularly interesting aspect is the question as to whether consulting style and the information provided by a consultant play a crucial part in the purchase decision, or whether participants are influenced by the consultant's 'outfit' to a greater extent than they would care to admit.

Our experience has shown that with these methodological modules one can get a great deal closer to the relevant and yet often well-hidden ramifications on the Customer Journey.

Which Lines of Argument Provide the Crucial Impetus?

German consumers in particular (who see themselves as enlightened, worldly wise consumers) claim to make rational decisions based on value for money, whereas an entirely different attitude often prevails in other countries. And yet German consumers are by no means always this cool and calculating. Of course nobody can afford to give money away, and so the decision immediately prior to purchase is bound to be a price-based decision, usually between several alternatives. Before purchasing, however, the consumer has generally taken a look at the benefits/performance of the product or service in question. The result is a preselection of relevant offers; so the price is not the most important factor any more, but

an important factor within the preselection – and so we effectively end up with the rational price performance ratio after all.

Likewise, it is highly probable that for many brands people will make an emotionally driven decision in advance as to which offerings merit closer attention. In cases where the deal clincher might be a quality guarantee that promises assurance, or the sporty, elegant look of a roadster, it becomes apparent that not only performance but also impressions definitely also play their part, thus putting a spanner in the works of the price performance ratio. At the end of the Customer Journey, the price a customer is prepared to pay for a product is often strongly influenced by what appears to them to be Added Value (see figure 2). The look and feel of the product and the impression of services offered have thus clearly primed the price, thus influencing people's perception of price in such a way as to make the selected offer's price seem the most reasonable – regardless of whether it is high or low.

A person's set of values is also part of the run up to the purchase decision: if a customer seeks sustainability in a certain sector (such as energy, automotive, or finance), they will eliminate companies who contradict their own values at a very early stage in the journey towards a final decision. And this may well lead to small-scale companies with alternative methods of generating energy, or regional financial institutions that exhibit local engagement through sponsoring, being favoured over major, nationwide players.

What is very clear is that the price ultimately accepted for a product is subject to priming. This comes not only from the benefits people believe they will reap if they purchase it; customers undertake a sorting process early on in the decision-making process without being able to explicitly express this fact in classic types of survey.

Souvenirs of the Journey

The great advantage of Customer Journey studies is that, at relatively short notice, we as market researchers are able to show clients from a variety of sectors where there is a need to take action. It is possible to draw very specific and accurate conclusions from the research. This represents a clear advantage for our clients: the practical insights provide clear pointers as to how brands can optimise their touchpoints, and such measures often lend themselves to quick implementation. The upshot is that, having made the necessary adjustments and fine-tuning the tool, the Customer Journey is anything but a 'road to nowhere' and represents a targeted, eventful trip, culminating in the purchase decision as the last stop on the journey. ◀



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