

# The Empowered Shopper

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Conventional wisdom has always been that most brand purchase decisions are made in the store. But with the new, digitally empowered consumer entering the store better prepared than ever before, is the new reality that most purchase decisions are made at home or on the way to the store? The truth most likely lies somewhere in between.

How can manufacturers ensure that their brands are included in the consideration set and make the final cut? They must identify shopper needs and behaviors at every phase along the path-to-purchase and deliver relevant experiences that shape purchase

## Are you ready to engage consumers along the digital path-to-purchase?

decisions, from pre-purchase to point-of-purchase, from consumption experience to post-experience reflection.

The 24/7 connectivity that mobile devices offer means that not only do consumers have access to information while on-the-go and at the store, but retailers and manufacturers have expanded opportunities to reach and influence them at key points along the purchase decision journey.

The digitally empowered shopper's behaviors are captured in four phases of brand commitment that occur once a purchase journey has been triggered:

- **Pre-Purchase.** During this phase, consumers actively seek out information that will influence

purchase. They research products, look for offers, review the opinions of peers and experts, prepare shopping lists and select stores. Acquiring knowledge and gaining confidence are key as consumers evaluate the options, plan for the shopping trip and commit to purchase decisions.

- **Point-of-Purchase.** Consumers survey the store, search for a product and select a particular brand. They are able to compare products physically and select or deselect specific ones. They may also find inspiration in the form of product usage ideas, promotional offers, or other products or brands that they had not considered earlier. A positive shopping experience will reinforce the consumer's commitment to both the brand and the retailer.

- **Experience.** After purchase, the consumer experiences the product, interacting with the packaging and ultimately using the product. At this point, consumers will seek advice on stocking, preparation and usage. Positive usage experiences will provide validation that they made the right choice and reinforce brand commitment, which can influence future purchases.

- **Reflection.** During this phase, consumers assess the entire experience, from *pre-purchase* to *point-of-purchase* to *experience*. A positive experience at each phase will reinforce brand commitment, while a negative one will lead to brand rejection. During this phase, consumers will share their experiences with their peers and, in the process, review the opinions of others. Those opinions have the potential to influence their own evaluations positively or negatively.

Each of these phases can either reinforce or weaken connections made with the brand in the previous phase. Maximizing brand commitment requires first understanding shopper needs and behaviors at each phase, then delivering against those needs as part of a comprehensive marketing plan that may include both digital and traditional initiatives. Our focus here is on digital initiatives.



SOURCE: G2 USA

Brand commitment, and thereby higher sales, can be achieved at each of these four phases by matching appropriate digital solutions to the goals and needs of three key players—the shopper, the manufacturer and the retailer.

#### THE PRE-PURCHASE PHASE

This digital journey begins in the *pre-purchase* phase, where consumers are focused on gathering information. Manufacturers meanwhile seek to drive brand engagement and commitment, while retailers want to drive consumers to their store to complete the purchase. A variety of online and mobile tools can be deployed to address the goals of all three players.

**Search.** Given that most consumers begin their product research using search engines, marketers are shifting more of their budgets to search engine marketing (SEM) and ensuring that their websites are search engine optimized (SEO). Some retailers, like Target, are taking advantage of paid search results to drive consumers directly to online circulars promoting special offers.

Reaching consumers through search can also be extended to mobile devices, with the added bonus of GPS location-based results. Placecast’s mobile ad network delivers dynamic messaging based on consumer behavior and location. A mobile user searching for running events while walking near a Niketown, for example, would be alerted to running gear sold nearby.

**Website and Mobile Utilities.** Marketers can deploy a variety of web and mobile utilities to overcome barriers-to-purchase and get their products on consumers’ shopping lists. A challenge for a drugstore brand like CoverGirl is the inability of shoppers to try on cosmetics before purchasing them.

For example, CoverGirl’s website offers the CG Makeup Mirror, a virtual makeup try-on utility. A user uploads her photo and applies cosmetics to it. Products may be saved to a shopping list, which can be printed or sent to a mobile device, bringing the user one step closer to making a purchase.

Marketers are adapting their existing website utilities or creating new ones for mobile distribution. Dunkin’ Donuts’ Dunkin’ Run app takes a social approach to shopping trip preparation. Its Dunkin’ Run website, mobile site and iPhone app make it easy for a user to compile separate coffee orders from multiple friends and create one consolidated list that can be viewed in an email, on the mobile site or on the app, or printed out to bring to the store.

**Peer-to-Peer Communications.** Customer reviews and recommendations greatly influence shopper buying decisions. Mobile apps and websites alike are integrating ratings and reviews into their offerings to influence consumers during their purchase decision journey. Manufacturers and retailers of a wide range of products are posting user ratings and comments on their websites.

Many brands are identifying and engaging with influencers through social media to help shape consumer decisions during the purchase journey. Rubbermaid deploys a blogger outreach program to get the message out about product benefits through the voice of the consumer.

It provides bloggers with product samples and encourages them to discuss their experiences with others. General Mills' word-of-mouth network, *Pssst...*, gives connected members the inside track on new products and special offers, encouraging them to share with others.

**Content Distribution and Digital Toolkits.** Since consumers rely on a variety of online resources to research products — manufacturer sites, retailer sites, third-party review sites, blogs — it makes sense to extend the content reach beyond websites via content partnerships. The Grocery Shopper Network makes it easy for consumer packaged-goods manufacturers to distribute content, such as recipes, to grocer websites.

Additionally, contextually relevant ad placements on those sites offer the ability to add advertised products to shopping lists directly from within the ads. Kraft Foods' *CookingWithKraft.com* is a resource for recipes and store promotions exclusive to Publix.

**Digital Coupons.** As consumers look for ways to stretch their budgets and as newspaper circulation declines, coupon websites, such as *Coupons.com* and *SmartSource.com*, are experiencing record-breaking traffic, stealing share from newspaper FSIs. Mobile coupons are also becoming increasingly popular. These coupons tend to have higher redemption rates than print coupons (five percent to 20 percent compared with one percent for print coupons), because while consumers often forget to take their coupons to the store, they will rarely leave their mobile devices behind.

Target's mobile coupons, delivered to opt-in subscribers on a monthly basis, are scannable on a redeemer's mobile device at check out. For now, the program is one-size-fits-all, but is likely to be tailored to individual interests and purchase behavior in the future. Mobile coupon apps, such as *Yowza!!*, take advantage of the iPhone's GPS capabilities to deliver electronic coupons for a variety of retailers and quick-service restaurants based on a user's physical location.

#### THE POINT-OF-PURCHASE PHASE

During the *point-of-purchase* phase, consumers are focused on retrieving the research and offers they had amassed during the *pre-purchase* phase — finding the products, making their selections and completing

their purchases. They may be inspired to deviate from their planned purchases by any new information they acquire at the store.

In this phase, the manufacturer is focused on increasing share-of-basket, whereas the retailer is focused on increasing basket size, but both want to make it as easy as possible for shoppers to find the items they are seeking.

**Mobile Utilities.** Mobile should be an integral part of marketers' in-store shopper strategies, providing consumers with the information they need at the point-of-sale. Calls-to-action can be placed in any media — shelf talkers, packaging, circulars — with response initiation via SMS, QR codes or barcodes.

For example, fashion designer Norma Kamali deployed QR codes at her flagship store during Fashion Week in New York, providing mobile users with videos, photos and promotions for specific items. Scanbuy's *Packaging Connect* will allow manufacturers to link their barcodes to a host of digital content, providing mobile users with easy access to valuable information.

The Tesco *Finder* iPhone app helps consumers create shopping lists and locate stores. But more important, it enhances the in-store experience: Using the app's search functionality when at a store will provide details on the product's price and any promotion, as well as its location, down to aisle and shelf. The *Tesco Wine Finder* app, powered by a visual search engine, gives users detailed information about wines when they take photos of the label.

**Social Shopping Technologies.** Amazon.com revolutionized social shopping years ago by applying collaborative filtering algorithms, based on peer product purchases and ratings, to product recommendations. Some marketers are looking beyond peer ratings, enabling consumers to interact with a smaller, more trusted group of people they actually know — that is, friends and family — while they shop online or offline.

Social shopping technologies let consumers connect virtually with friends at the point-of-decision. *CharlotteRusse.com* utilizes *DecisionStep's ShopTogether* technology that enables shoppers to share online shopping sessions with their friends and get the social validation necessary to complete their purchases.

*JustBoughtIt.com* members share photos of and comments about purchases with friends via Facebook and Twitter. A planned augmented reality mobile app will allow users to walk into a store and "see" what other members have previously purchased and commented on.

**In-Store Technology Solutions.** Interactive technologies are being deployed at retail to bring the store to life, to provide personalized experiences and solutions, and to help shoppers find the products that are right for them. Ukrop's loyalty program members scan their cards at Savings Spot kiosks when they arrive at a Ukrop's grocery store in order to receive personalized circulars.

Modiv Media's Scan It! system for supermarkets combines shopper data (loyalty card purchase and redemption history), contextual data (radio-frequency identification, or RFID) and behavioral data (products put in the shopping cart) to deliver targeted advertising and promotions. Shoppers scan their loyalty card at a Scan It! kiosk to access a handheld scanner device. They scan items as they put them in their cart and get cross-promotions and special offers.

**In-Store Digital Networks.** In-store digital screens and networks remind shoppers of brand associations or give compelling reasons to purchase a particular brand at the point-of-purchase. The Walmart Smart Network, for example, deploys message optimization technologies that enable the delivery of targeted content by store, by screen location, by day and by time of day.

New technologies are adding additional layers of personalization to these screens. METRO's Extra Future Store in Rheinberg, Germany, has experimented with linking in-store screens to RFID product tags. When shoppers pick up tagged Pantene products, for example, an overhead screen delivers cross-promotional product offers.

YCD Multimedia is testing facial-recognition technology to enhance in-store screen messaging. A shopper's facial features — nose size and shape, eyes, cheekbones, jawline — are analyzed to determine the shopper's particular demographics, resulting in highly targeted advertisements.

Many of these stand-alone technology solutions and in-store digital networks will eventually be integrated into consumers' personal mobile devices. Placecast's ShopAlerts program uses "geo-fencing" technology to pinpoint messaging by location, connecting opt-in consumers at the right time and right place. Pilot programs with retailers, including American Eagle Outfitters, indicate that location triggered messaging yields a positive impact on store visits and purchases.

#### THE EXPERIENCE PHASE

During the *experience* phase, when consumers experience their purchases and validate their brand choices, they seek usage directions and suggestions.

Their experiences will contribute to determining their brand loyalty and what they will share with others. Depending on the type of purchase, the approval of others may play a role.

For example, a mom who has purchased Ragu pasta sauce for dinner will take her family's feedback into consideration when later evaluating the experience. In this phase, both manufacturers and retailers can provide usage ideas and customer service solutions to ensure positive brand experiences.

**Product Usage Guidance.** Providing purchasers with guidance, advice and suggestions can ensure that consumers have positive brand experiences. The QR codes that Springer Mountain Farms places on its chicken packaging allows mobile users immediate access to recipes and promotions at the company's mobile website.

Recipes on packaging are commonplace, but QR codes add an element of flexibility. The recipes associated with a particular QR code can change by the time of day they are scanned (a breakfast idea versus a dinner idea), the day they are scanned (a quick weekday dinner casserole versus a slow-cooked stew on weekends) or the season (a Thanksgiving recipe versus a Christmas one).

Mobile and online videos are also helpful in enhancing the brand experience and ensuring success, providing step-by-step guidance on how to use a product. DKNY's iPhone app for its Cozy wrap serves as a personal fashion stylist, advising users on the different ways to wear the versatile garment with instructional videos.

**Customer Service Utilities.** Digital tools can be used to help ensure that consumers have positive brand experiences. Live Chat is a method of responding to customer questions directly in real time through online chat technology. It is useful during the *pre-purchase* phase, when consumers are conducting product research on websites and are having difficulty navigating the sites or determining which products are right for them.

Live Chat is often used during the *point-of-purchase* phase by online retailers, who can proactively invite a shopper to chat when they sense that she may be about to abandon her shopping cart. During the *experience* phase, Live Chat customer service representatives can address consumers' usage questions.

CoverGirl.com visitors can access CoverGirl's Live Chat Beauty Consultants from every page of the site to get advice about how to apply the products they have purchased. These sessions present an opportunity to promote additional products.

**Social Media.** “When you have a problem, your first instinct is not to call customer service because it’s going to be painful,” says Salesforce senior vice president Alex Dayon. Rather, consumers turn to social media where they can resolve issues on their own by interacting with one another.

Companies such as Comcast, JetBlue and Starbucks are engaging their customers on Twitter, responding to inquiries within hours in a public forum and turning customers into fans.

Many companies are also enabling these customer self-service discussions by creating forums on their websites. Nestlé’s VeryBestBaking.com community message boards feature discussions on a wide range of baking topics, for example. So, a consumer who is uncertain about how to prepare an on-pack cookie recipe can tap into the wisdom of other visitors to the message board.

#### THE REFLECTION PHASE

During the *reflection* phase, consumers evaluate their entire purchase journey. Their evaluation will impact retailer and brand loyalty and what they will share with others. In this phase, both manufacturers and retailers can provide rewards for brand or store choice, encourage purchasers to share their positive experiences and trigger the purchase cycle again by providing repurchase reminders.

**Social Media.** While peer-to-peer and expert reviews play an important role during pre-purchase product research, they also play a role post-purchase. After making purchases, consumers go online to voice their opinions in social media. In doing so, they may review what others have said, which could influence their final evaluations.

For example, a consumer who had little success with an on-pack macaroni recipe may go online to write a review of the product and recipe, and find that others are confidently posting positive experiences. This may convince her to repurchase the product and give the recipe another shot.

CoverGirl’s Facebook page encourages fans to share their product experiences and engage further with the brand in social media. Stickybits marries barcodes, location-based services and social networking to reveal what it calls “the secret lives of objects.” Users scan product barcodes to view comments, photos and videos left by others, and to upload their own content, which is tagged by location and broadcast via Twitter, Facebook and Foursquare.

**Post-Purchase Communications.** Online marketers use post-purchase email communications to encourage

consumers to share their experiences with others; to send them replenishment reminders; and to cross-promote products that may be of interest to them.

Williams-Sonoma’s emails invite consumers to return to the site to review purchases, stressing the importance of those reviews to both the company and other shoppers. Neiman Marcus sends emails to customers who purchased beauty products online to remind them that it is time to purchase again.

**Loyalty Programs.** Retailers, the travel and hospitality industry, and financial services have long used loyalty rewards programs to strengthen relationships with their customers. Some manufacturers are offering rewards for more than just product purchases. For instance, Huggies’ rewards program lets parents earn points by registering and interacting on the website, EnjoyTheRideRewards.com, with points subsequently redeemed for sweepstakes entries and prizes.

Others are integrating social media as a core element of their loyalty programs. Tasti D-Lite’s TastiRewards loyalty program links its point-of-sale system with Twitter, Facebook and Foursquare, allowing registered members to broadcast their purchases on a variety of social media platforms, earning program points. The location-sharing element lets consumers spread awareness of new stores as the company continues its worldwide expansion efforts.

#### THE RIGHT MIX

Digital technologies have revolutionized the shopping landscape, empowering consumers and permanently altering the way they interact with—and shop for—brands.

These technologies present marketers and retailers with a plethora of innovative and exciting opportunities to reach, engage and influence consumers. Winners in this new world are navigating ways to best deploy technologies along the purchase decision journey to maximize brand commitment, delivering consumers the right mix of information, solutions, inspiration and community. At home. In-store. And on the go. ■



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