A Circle, Not a Funnel: The Role Mobile Plays In the Consumer Decision Journey

An MMA Mobile Shopper Marketing White Paper

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Despite its small size, the smartphone makes an enormous impact on the retail experience. At each stage of the buying cycle, consumers can now instantly access almost every single data point about the product they're considering. Pricing, product reviews, specifications, tutorials, and customer support are all a few taps and seconds away.

While this has been known for a few years, the Mobile Marketing Association's Mobile Shopper Marketing Committee felt that the role of the smartphone in retail deserved a much closer look, to drill down further on where mobile fits within the consumer journey.

To accomplish this, in this white paper we are evaluating the buying process through a specific framework: McKinsey's "Consumer Decision Journey," the result of a 2009 study which reframed how marketers should view a customer's path to purchase. McKinsey examined over 20,000 qualitative and quantitative purchase decisions across five industries and three continents to build its report.

That report's impetus came from the realization that digital transforms marketing away from being a one-way "push" of messaging to consumers that helps them travel down the funnel towards purchase. Instead, consumers now "pull" information about products, services, and brands at any point in time that's relevant to them, whether or not they're in a buying cycle. According to the report, the funnel has become a circle:

> **The decision-making process is now a circular journey with four phases: initial consideration; active evaluation, or the process of researching potential purchases; closure [moment of purchase], when consumers buy brands; and post-purchase, when consumers experience them.**

Since smartphones had been around for only two years when the study was published – the iPhone launched in 2007 and the App Store, in 2008 -- McKinsey couldn't have foreseen the impact that mobile devices would have on the consumer decision journey. Therefore, it makes sense here in 2017 to provide a follow-on to McKinsey's research, layering on top the impact of mobile devices on how consumers evaluate, research, and ultimately respond to marketers' messages. Given the enormity of the opportunity that mobile presents, marketers must reframe their expectations and worldview around this still new, mobile-enabled customer journey. While consumers' tendency to "pull" information about products has many benefits for marketers today, it also creates challenges since it's easier than ever for them to research competitive products and access not only positive reviews but negative ones -- and for competitors to use proximity targeting to reach your consumers. Knowing how to operate in this environment is critical for marketers.

We've organized this paper first to define and describe each of the four phases outlined by McKinsey above. Then, for each phase, we will examine how different customer segments navigate the path to purchase and where mobile intersects with that path. This paper is not about when to employ specific tactics, but about understanding each consumer segment, what triggers a consumer action, and how mobile affects this behavior. That said, this information will help marketers become more empowered in how they use tactics, giving them the ability to share the right message at the right time.

Due to the incredibly personal nature and constant proximity of a smartphone to its user, this statement from McKinsey's report rings even truer today:

> When marketers understand this journey and direct their spending and messaging to the moments of maximum influence, they stand a much greater chance of reaching consumers in the right place at the right time with the right message.

On the Phone: How Consumers Have Embraced the Smartphone as a Shopping Tool

Those on the Consumer Decision Journey identified by McKinsey increasingly travel via smartphone. Here are some statistics:

- According to Pew Research, 77 percent of Americans now own a smartphone, with 92 percent of 18-29 year olds owning one.

- Overall web traffic only grew 0.1 percent from Jan. 2013 to 2016, according to ADI Advertising Demand Report – Sept. 2016), but smartphone visits have grown 36 percent year-on-year with desktop visits declining 4 percent year-on year (Adobe Digital Insights).

- US users spend 87 hours per month on their smartphones, according to comScore, with 5 percent of that time spent on retail content.

- According to Think with Google, 84 percent of shoppers in physical stores use their smartphones to get information about products and comparison shop.

- eMarketer estimates $102B in mobile commerce sales in 2017, with that number more than tripling by 2021.

Understanding the Consumer Decision Journey And Customer Segments

In this section, we will define both the four phases of the Consumer Decision Journey and the customer segments identified by McKinsey.

The Consumer Decision Journey Framework

1 **Initial Consideration and Discovery**

2 **Active Evaluation**

Loyalty loop

Trigger

4 **Post-Purchase Experience**

3 **Moment-of-Purchase**

Phase 1

Initial Consideration and Discovery

The first phase of the journey begins with a consumer realizing he or she wants or needs a new product. This realization is immediately followed by the consumer identifying an early group of brands to consider. He or she assimilates these options based upon previous experiences, prior purchases, or exposure to recent touch points such as advertising, social media, in-store experiences, word-of-mouth and peer reviews.

Phase 2

Active Evaluation

In this next phase, the consumer decides which brands and products to evaluate further. It's critical that marketers make their brands easy to access and communicate with -- and that they detail how their brands differ from competitors. From the McKinsey report: "Companies must invest in vehicles that let marketers interact with consumers as they learn about brands."

Phase 3

Moment-of-Purchase

McKinsey's research shows that "more consumers hold off their final purchase decision until they're in a store; up to 40 percent of them change their minds because of something they see, learn, or do at this point." Therefore, the Moment-of-Purchase phase stipulates that a marketer's job doesn't end when a consumer enters a location to make a purchase; rather, the truly difficult work is beginning. The marketer must close the sale.

Phase 4

Post-Purchase Experience

Handling the post-purchase experience is traditionally managed by customer service and support, but no other step is more critical to determining long-term customer loyalty. Customer support at its finest is a marketing-driven discipline, laser-focused on ensuring the product meets customer expectations, issues are resolved quickly and fairly, and that complementary products are readily available. Customers may also want access to additional research, tutorials, communities, and updates throughout the life cycle of product ownership.

Customer Segments

The customer segments, as identified by McKinsey, are as follows:

Initial Prospects

These are prospective customers who have yet to purchase a product or service. They have varying degrees of brand and product knowledge.

New Customers

These are people who have just made their first purchase of a brand.

Infrequent Customers

These customers have purchased in the past, but may or may not buy again. They may stay loyal to a brand out of laziness or confusion because there are too many alternatives. These customers stay with the brand without any emotional connection to it, and are susceptible to switching to a competitor given the right messaging and timing.

Loyal Customers

These are people who are actively engaged with the brand because they are making repeat purchases. They share word-of-mouth praise in person or via social media or online reviews. They identify with the brand and/or have had excellent interactions before, during and after purchase.

Applying Mobile to the Four Phases of The Consumer Decision Journey

Now that we've outlined the different phases of the journey and who the different types of customers are, it's time to put an overlay of mobile on both. As we examine each phase of the circular Consumer Decision Journey, we consider the following:

- Which customer segment the phase affects.

- What triggers or initiates the phase.

- The questions customers seek to answer.

- How mobile helps them answer their questions, and what actions they took,

- And, finally, where these events are likely to take place.

Phase 1: Initial Consideration And Discovery

Affected Customer Segments

Initial Prospects and Infrequent Customers both participate in the Initial Consideration and Discovery phase. First-time buyers consider which product to buy, at a bare minimum. On the other end of the spectrum, they're reading forums and reviews, and asking peers for recommendations.

Infrequent Customers, due to their lack of loyalty or lack of understanding of alternatives, begin this process anew each time as well, again with varying degrees of consideration.

What Triggers an Action

A real-world need is a primary trigger for this phase. Did something break? Do your kids' clothes no longer fit? Time for new tires?

Additionally, consumers always want the newest, latest, greatest, and cutest. TV advertising, print and online, all drive awareness and interest. Word-of-mouth, both physical and digital, also creates the desire to own and use new things. Discovery sites like Pinterest, in-store promotions, and proximity triggers all play a role here, too.

Questions the Consumer Seeks to Answer

Consumers ask: "How can I get what I need, as quickly as possible, for the best value (with value defined by the consumer's individual expectations)? What product do I need and how can I find it? How do I decide which brands to consider, or, just as importantly, not consider?"

How Mobile Helps Achieve This Step and What Actions the Consumer Takes

Mobile gives consumers the ability to immediately ask for help, search for answers, or learn of a new product. Within seconds they're searching for a solution, product, or brand; calling a friend or family member; posting a question to their social media networks, or viewing the landing page of a location-triggered notification. Their questions, and the answers, can be instantaneous. Mobile has unique capabilities to deliver new customers during this initial phase of the Consumer Decision Journey. Urban Outfitters, for instance, used mobile in a novel way in a campaign to promote party dresses. However, instead of using location targeting to reach consumers at or near a retail location, it targeted women who frequent bars and nightlife locations, using emojis to project a lighthearted tone. The retailer has also leveraged advanced audience segmentation so it can directly target campaigns to curated subsets of its full audience, based on user demographic and behavioral data. It takes pains to make the marketing relevant by giving customers the type of outreach they prefer, and at the time they prefer, based on analysis of each recipient's high-engagement periods.

Where These Events Are Likely to Take Place

This phase primarily occurs outside of a store location, but can take place within or nearby a retail location.

Source: Appboy and Urban Outfitters

Phase 2: Active Evaluation

Affected Customer Segments

Active Evaluation is the process consumers go through to add or subtract the brands they will consider for purchase. Both Initial Prospects and Infrequent Customers are relevant here, while Loyal Customers bypass this stage entirely.

What Triggers an Action

A consumer is prompted to begin researching based upon an external or internal stimulus.

Externally, this could happen while strolling down the aisle or through the store, with all brands visibly present. Internally, this could happen because the consumer saw an advertisement, a social media post, or had a conversation between peers, each of which could prompt further research.

Questions the Consumer Seeks to Answer
Do I already know this brand and trust it? What do other people think about this brand? What will people think about me if I use this brand?

What are my pricing options? What are my purchase options -- online and offline? Where are the nearest stores, or what's the timing on shipping? Which product provides the best quality, value, convenience, and/or incentive to purchase? If it doesn't matter where I buy, where will I get the most out of my purchase—either in savings or in rewards?

How Mobile Helps Achieve This Step and What Actions the Consumer Takes
The massive shift that mobile brings to the Active Evaluation stage is the convenience and immediacy consumers have of being able to perform both cursory and in-depth research on the spot. The truth, or perceived truth, about a product or brand is instantly revealed through reviews, price comparisons, product specs, and social media word-of-mouth.

Consumers can visit product websites, watch and read user reviews, compare prices, research shopping options and locations, and visit virtual showrooms or demo virtual products. According to Luth Research, consumers increasingly do this research on their mobile devices, with retailer sites, rather than brand sites, being preferred. Ironically enough, in some categories – such as computers – the usage of mobile devices to conduct research exceeds that of the PC.

Mobile can also create real-time engagements with customers to influence their in-store research or purchase decisions with proximity-driven ads or push notifications. A recent study of Shopkick users showed those who received contextually relevant messages from in-store beacons were 59% more likely to purchase than users who did not.

Where These Events Are Likely to Take Place
Primarily outside of the store, but sometimes In-store.

Phase 3: Moment-of-Purchase

Affected Customer Segments
At this point, both the Initial Prospects and Infrequent Customers become New Customers. They conclude the Active Evaluation phase by deciding which product to purchase, and which to avoid.

What Triggers an Action
Numerous triggers move a customer to the Moment-of-Purchase. Once a consumer believes they've researched enough, they'll move to the purchase stage. That may occur because of their own internal rationalization, or because word-of-mouth provides enough evidence to support a purchase decision.

An ad exposure may prompt the purchase decision, and can occur via TV, print, digital, radio, or a proximity-triggered ad. The consumer simply may have an urgent need to fill, and time constraints prompt the purchase decision. A previous purchase of the same brand may also trigger an action, as the consumer draws upon his or her previous favorable experience, and the degree of brand loyalty they've acquired through that purchase.

Questions the Consumer Seeks to Answer

Since, I'm ready to buy, what provides me with the easiest, most affordable, and quickest way to get what I need? Which retailer provides the best method of purchase, or the best incentive to purchase?

How Mobile Helps Achieve This Step and What Actions the Consumer Takes

Once the decision to buy is made, mobile may assist at each step along the way. Consumers will use their phones to help them find directions to the store. They can use their phones to help them find the product within stores, and continue performing last minute research. The phone may display coupons and other incentives upon arrival or at time of purchase to influence behavior.

The phone can also be the method of purchase, by means of Apple Pay or Google Wallet, or give consumers the ability to skip the line and pick up their products more quickly. Of course, for online transactions, the entire experience can also occur on the phone within seconds.

Where These Events Are Likely to Take Place

This phase takes place primarily in-store.

Phase 4: The Post-Purchase Experience

Affected Customer Segments

After the purchase, New Customers and Infrequent Customers have the possibility of becoming Loyal Customers, based largely upon how much they liked their past purchase. The consumer builds expectations based upon his or her purchase experience, which will inform their next decision journey.

What Triggers an Action

Perhaps the most important element in determining the likelihood of becoming a Loyal Customer is the product itself. When using the product, at a bare minimum it must match consumer expectations and deliver upon its intended or promoted promise. The more the product exceeds expectations after purchase, the higher the affinity for future purchase and loyalty.

If the product breaks, customer service touch points play a critical role in determining long-term customer loyalty. If the customer needs or wants complementary products after initial purchase, this can also affect loyalty, based upon whether or not those purchases were expected.

The Internet of Things, or the ability to add low-cost, connected sensors to products, offers promise to increase customer satisfaction. Customer service teams can notify customers prior to the product failing, or proactively contact customers once a product does fail in order to schedule a repair or send a replacement.
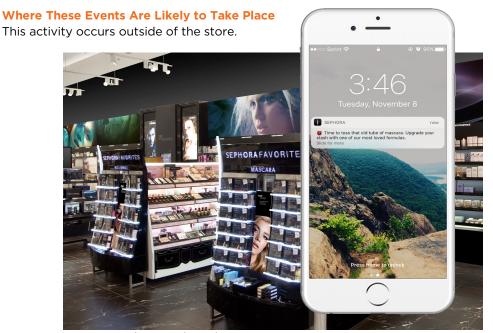
Questions the Consumer Seeks to Answer
Does this product meet my expectations? How easy or difficult was it to buy, and did actually buying and using it match my expectations? What else can I use with this product? How can I connect with a community of other users of this product?

How do I get it set up or installed? Who can I call if I have issues?

How Mobile Helps Achieve This Step and What Actions the Consumer Takes
Mobile allows for easy communication with customer service teams, whether that take the form of speaking with a support agent, reviewing online videos, or downloading an app or reward coupon. Mobile makes it easier to expose customers to loyalty and referral programs, and to upsell complementary products via post-purchase email marketing. The cosmetics retailer Sephora offers one strong example of how to do this. It targets existing customers with personalized mobile reorder reminders -- for instance, alerting a consumer who bought its mascara that it's time to repurchase. It also surprises and delights existing customers by offering them free product on their birthdays.

Mobile simplifies customer support by allowing consumers for instance, to take pictures of checks to deposit in the bank, or snap photos of a car accident to send directly to their insurance company. Users also review other's experiences, either to validate their decision to purchase the product, to answer a question, or to get support. From the McKinsey study: "More than 60 percent of consumers of facial skin care products, for example, go online to conduct further research after the purchase—a touch point unimaginable when the funnel was conceived."

Where These Events Are Likely to Take Place
This activity occurs outside of the store.

Source: Sephora and Appboy

Summary

When McKinsey conducted its original Consumer Decision Journey study in 2009, its researchers could not have guessed at how mobile technology and accessibility would impact the consumer's journey to purchase and loyalty. Fast forward to 2017, and mobile represents the single most accessible digital screen for consumers to make decisions both in and out of the home.

However, this readily accessible sales tool can be a double-edged sword for marketers, where both favorable and negative user reviews and videos can be obtained at any point in the consumer's decision journey. Brands can send conquesting messages or coupons directly to their consumers while they are in competitors' stores, raising the stakes even higher for gaining a consumer's attention. This level of increased competitiveness and transparency makes it important for marketers to get into the mindset of consumers as they move along the path to purchase. They must be present at the important trigger points with relevant messages that answer each consumer's specific need for information. They must also ensure their brand and messages are made and designed for a mobile audience and the devices receiving them.

Ultimately the goal of any smart marketer is to leverage the Consumer Decision Journey, along with mobile, to foster the loyalty loop. In a highly celebrated 1994 article, Harvard Business School professor turned casino CEO Gary Loveman proposed that a customer's satisfaction significantly impacts their lifetime value to the brand. Given mobile's incredibly personal nature, the smartphone becomes an object to be obsessed over when determining new ways to keep customers, happy, engaged, and coming back for future purchases.

Acknowledgements

About the Mobile Marketing Association (MMA)
The MMA is the world's leading global non-profit trade mobile marketing association comprised of more than 800 member companies, from nearly fifty countries around the world. Our members hail from every faction of the mobile marketing ecosystem, including brand marketers, agencies, mobile technology platforms, media companies, operators and others. The MMA's mission is to accelerate the transformation and innovation of marketing through mobile, driving business growth with closer and stronger consumer engagement. Anchoring the MMA's mission are four core pillars; to cultivate inspiration by driving innovation for the Chief Marketing Officer; to build the mobile marketing capabilities for marketing organizations through fostering know-how and confidence; to champion the effectiveness and impact of mobile through research providing tangible ROI measurement; and to advocate for mobile marketers. Additionally, MMA industry-wide committees work collaboratively to develop and advocate global best practices and lead standards development.