

HOW SHOPPERS MAKE DECISIONS

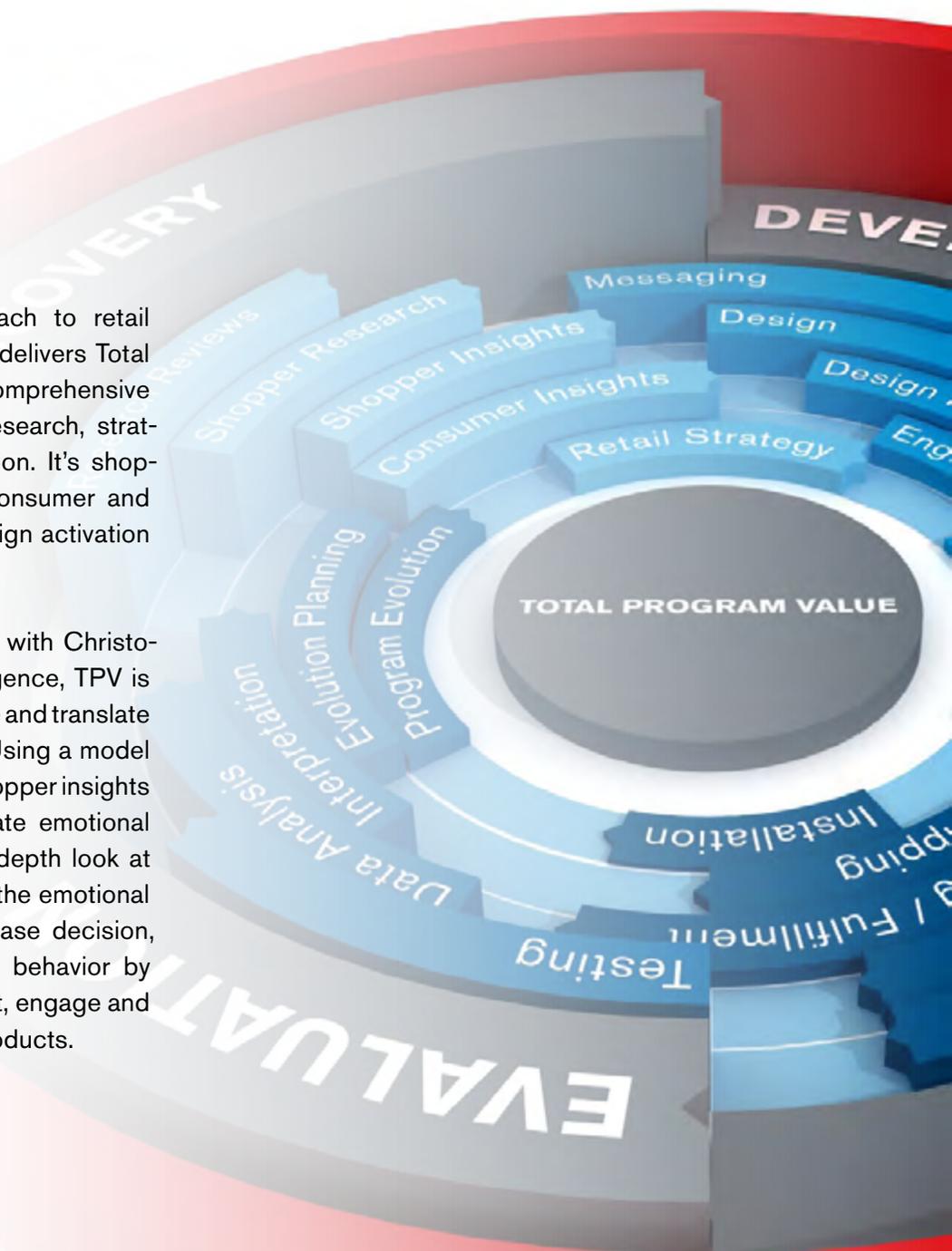
CONNECTING EMOTIONALLY WITH YOUR SHOPPERS

the**carlson**group + shopper intelligence

FORWARD

The Carlson's Group (TCG) approach to retail solutions is based on a process that delivers Total Program Value (TPV), which takes a comprehensive view of retail implementation from research, strategy, design through program execution. It's shopper centric, focusing on category, consumer and shopper insights, messaging and design activation strategies.

Supported by a strategic partnership with Christopher Brace, Founder, Shopper Intelligence, TPV is designed to gather the right knowledge and translate it into strategies which deliver ROI. Using a model called Insight-Design Connectivity, shopper insights are translated into designs that create emotional connections. This paper takes an in-depth look at the core belief that if you understand the emotional motivation behind a shopper's purchase decision, you have the ability to change their behavior by creating retail solutions which connect, engage and inspire shoppers to purchase your products.



INTRODUCTION

Imagine a typical grocery store - to the left are aisles full of perishables and to the right aisles full of packaged goods. Or imagine a typical sporting goods store – in front of you are over forty brands of running shoes. Picture a shopper looking around, trying to decide which items they will purchase. On average, a grocery store contains 30,000 SKUs supported by 9,378 pieces of marketing material. It's probably no different in any other retail environment. Amongst all these stimuli vying for their attention, how do you affect their buying decision so this particular shopper chooses your brand versus a competitor brand?

Marketers have been wrestling with this question for decades and still 80% of new brands and 49% of line extensions fail. What's the problem? Utilizing false assumptions about how consumers and shoppers make decisions. Most of these assumptions are based on big data/quantitative research. As marketers, we believe that complex problems are best solved with statistical evidence. CRM systems claim the ability to predict future purchase behavior based on past purchase behavior. We rely on quantitative surveys to detail the decision-making process. What we're missing is a deeper understanding of how shoppers think, feel, behave, and act. We aren't connecting with shoppers in a meaningful way because we're missing the full truth about how they make their choices, leading us to make the wrong strategic choices.

Ultimately, as marketers, we're responsible for persuading people. Yet, we actually know very little about how people are persuaded. There are only two ways you can get someone to do anything –

inspire them or manipulate them. Coupons, discounts, and the like are all designed to manipulate, which is very expensive and shortsighted. While inspiring a shopper by speaking to their core beliefs can lead to long-term brand loyalty.

When marketing inspires, the shopper acts where it matters most in that moment. It's that point, whether in the store or online, where they reach and grab the Nike sunglasses or add the Samsung Galaxy III into their online shopping basket. The key to impacting that moment is to understand what's happening in their brain, the neurological process they are going through subconsciously so that the brand they put into their cart is yours.

At Shopper Intelligence, we've studied this subject and found that the key lies not in the conscious mind but in the subconscious mind. There are many things that happen in a split second during the shopping experience. It's important to go beyond understanding how shoppers buy (behavior) to why they buy (emotional). We've identified "Three Shopper Fallacies" holding marketers back and "Three Shopper Truths" that will move us forward. We use these to help our clients build communications that connect, engage, and inspire their shoppers to purchase their brands.



THREE SHOPPER TRUTHS

FALLACY #1: Shoppers can easily tell us why they make their purchase decisions.

TRUTH #1: Shoppers can only rationalize their purchase decisions.

95% of our decision making process is subconscious, leaving only 5% to the conscious brain. The hard work, the complex work, is all done in the subconscious. How often do you consciously tell yourself to breath? If it were left up to the conscious mind, reminding ourselves to breath would take up most of the day, leaving little room to think big thoughts or even little ones. Further, our conscious, verbal mind can't access our subconscious motivations, so we create explanations that make the most sense. In the subconscious, it's about images and experiences. Only when we bring it to the conscious mind can we put what happens into words. Think about your last shop-along ethnography. You ask your shopper about how they shop, why they bought what they bought. In response they give you answers that only rationalize their purchases after the fact. They're not able to tell you exactly why they chose Nike over Adidas. The only explanation they can provide is their conscious mind's rationalization of their subconsciously driven behavior. To marketers, this is only surface level insight, but it's what we're currently using as the bases for all of our strategies. It doesn't give insight into what happens in the subconscious mind as shoppers are facing four rows of peanut butter brands and then choose Skippy. It doesn't tell us how their past experiences and beliefs

about themselves, and the world around them, led to this specific choice.

The subconscious brain processes 11 billion bits per second versus the conscious brain, which only processes 40 bits per second. Yet our research methodologies mostly try to gain insight from the conscious mind. Go back to the grocery store aisle, how much information is a shopper seeing, processing, and acting upon in a short shopping window? If a shopper were to rationally contemplate each choice, they would be there for hours staring at jars of peanut butter. Instead, we let our subconscious take over certain frequent tasks. Our brain finds a way to reprogram a repeated task for maximum efficiency, like the weekly trip to the grocery store or managing the online shopping list. Still, we ask shoppers to explain consciously what they have already learned to do subconsciously. Thus they can't readily explain the 'why' of the choice they made.



FALLACY #2: Shopper purchase decisions are based on reasoning and logic

TRUTH #2: Shopper purchase decisions are triggered by emotion.

As marketers, we like reason, logic, and rationale. Those things are quantifiable and predictable. We rely on the notion that past behavior predicts future purchase decisions. We take comfort in big data that can point to patterns and trends to explain what's happening. Emotion on the other hand is hard to identify and even harder to quantify. Emotion is messy and, we believe, has no place in business. There is no crying in baseball and there is definitely no crying in business. We tend to think of emotion in a negative context. It is associated with losing control, being weak, or irrational. While we attempt to add "emotion" through insights, we don't fully embrace how emotional our insights need to be.

“ An emotional trigger is an event that causes a reaction. (...) Because they are neither deliberate nor planned, they defy quantifiable explanations. These triggers reflect our inner selves; they emanate from the sum of our life experiences. As such they are more profound and a better indicator of our behavior than statistics, projections, or objective answers. ”

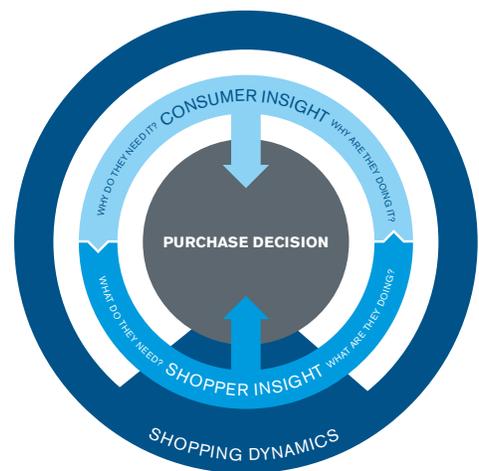
—Why Customers Really Buy:
Uncovering the Emotional Triggers That Drive Sales (19)

Purchase decisions are triggered by emotion because the human brain is emotional at its very core. Our emotional wiring typically exerts the

very first affect on all of our decisions, which then leads to our rational wiring. For us, emotion and reason are interconnected and interdependent. We require both to make sound decisions.

Emotion is both the glue that makes information “stick” and the trigger that drives the decision. You might wonder, “How can you have an emotional connection to laundry detergent?” You can. Ask yourself, do you buy the same brand of laundry detergent that your mother does, that your grandmother did? Can you recognize the scent of laundry detergent that transports you back to the clothesline in the summer as you played outside? If you can, that's an emotional connection embedded in your subconscious.

If we're going to address shoppers' subconscious minds, the real driver of behavior, then we need to become much more adept at using emotion-based information, specifically insights, as the basis for our decisions. We need to start by understanding the emotional connections through qualitative insights before we go straight to big data.



Insight-Design Connectivity

FALLACY #3: Shopper's attention can be captured by disrupting or interrupting them.

TRUTH #3: Shopper's attention is best captured by connecting with them emotionally.

For a long time, the adage in marketing has been to get shoppers' attention by disrupting them or interrupting them. This "surprise" element transitioned from creativity (a redder red or a bigger font) to actual disruption, like turning up the volume on ads. Interruption and disruption can actually drive a shopper away from a call to action. It can lead to missing the key message or missing your brand all together.

When our brain is focused on a specific goal unexpected objects that can be disruptive often go unnoticed. If the shoppers' goal is to get through their shopping list in an efficient and expedient manner, they may not notice Tony the Tiger walking around handing out coupons for Frosted Flakes, unless Frosted Flakes is on their list. People devote their attention to a particular area or aspect of their visual world. So they tend not to notice unexpected objects, even when those unexpected objects are salient, potentially important, and appear right where they are looking. Did you notice the color or type of shoe of the last person you interacted with? Just because our eyes are on it, does not mean we perceive it. Our brains operate in a way that does not allow us to have an unlimited amount of attention capability.

For humans, attention is a zero-sum game: the more attention we devote to one thing, the less we can devote to others. Our brain is continuously monitoring what we are taking in the way of

stimuli, and it de-selects what is not relevant to the purpose at hand. If they have eggs, chocolate, flour, and sugar on their list, and as they're moving up and down the aisles they come across a display for all the ingredients for chocolate cake in one place, they are likely to stop and take notice.

The more relevant and accessible a piece of information, the more likely it will alert our conscious awareness. Our goal should not be to disrupt, but to connect. One way to do so is to infuse your message with emotional relevance and connect it to the stories your shoppers have about your brand. For example, people who ride bicycles are less likely to get into an accident with a bicycle while driving a car mainly because they are aware of other cyclists. It fits into their emotional core that bicycles are on the road. On the flip side one of the most dangerous areas to ride bicycles is in a city where there aren't a lot of riders, a predominantly car city, because those drivers are not used to seeing cyclists and therefore tend to miss them while making a turn or changing lanes.

We experience far less of our visual world than we think we do. We do not actually perceive everything that is within our visual scope. Go back to that typical grocery store with the 30,000 SKUs supported by 9,378 pieces of marketing material. If a shopper spends just one-half second on each item or message option presented, they would be in the store for 55 hours. Instead, the shopper goes around the store subconsciously deselecting what is not relevant or on their list.

CONCLUSION

As shoppers evolve and marketers create more and more messaging from abundant pools of big data (analytics), there is greater risk in misunderstanding shopper decision-making. While marketers know a lot about the conscious decisions a shopper makes, we have very little insight on the role of the subconscious in shopping decisions. We now know this is important because every purchase is triggered by their subconscious core beliefs. From there it is important to build and shape messaging that connects your brand's story to their personal stories and core beliefs because your shoppers' thought-process is story based, not fact based.

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How can this information help you behave differently?

1. Understand how shoppers actually make decisions and use that to drive retail display communications and strategy.
2. Develop in-store experiences, communications, and retail fixtures that trigger the subconscious processes, which are truly responsible for shopping behavior.
3. Connect (not disrupt), engage, and inspire your shoppers, maximizing your retail fixture/display's affect on their decision making process.

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A shopper marketing consulting firm helping brands and retailers maximize the benefits of shopper marketing through organizational alignment, training, research and shopper journey planning.

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