

AI in Marketing
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Week 5
Lecture-21 Understanding Customer Journey - II

Welcome to this NPTEL online certification course on artificial intelligence in marketing and now we will talk about module 21. So, as you can see from this slide, we are talking about understanding the customer journey that is spread over two modules module 20 and 21. So now this is part 2 of that concept of understanding customer journey and this is module 21. Now let us quickly look at what are the things that will be covered in this module. So, we will start with understanding behaviors, habits, and psychology behind the consumer decision making process. Then we will understand the traditional versus modern decision-making approaches. How to examine the modern journey and how to win the modern consumers.

So let us start with understanding how do you shop. Imagine that only one thing on the customers to do list today is to shop for new pair of jeans. How would he conquer this? How would he start? How would he finish? And what steps would he take in between? So, from where would he start and from where would he end and the various steps in between this. If his jeans are out of style customers might start by researching a new clothing company. Perhaps he would remember a brand his close friend raves about. Customer would probably browse the web, scroll through the favorite social media feeds to search for inspiration, explore reviews or ask friends and co-workers their opinion as part of their research. It could be that their old jeans fit so perfectly that they just want to purchase the same pair. They could simply log into the brand's website or app search through their order history and reorder exactly what they need. Even better they might be able to redeem loyalty points from a reward program to use towards their purchase. Or maybe they have a subscription service that knows their style preferences, sizing and purchase history and they can ship him a new pair of jeans with just one click. Then why to bother looking anywhere else?

What if disaster strikes and their favorite brand of style has sold out or was has been discontinued. In this case he would be forced to look elsewhere. Consider new options styles and brands to find a new favorite pair of jeans. These are common examples of multiple paths to purchase that exist in the modern age of consumer decision making. So this is multiple paths to purchase. Today consumers can use multiple screens and multiple means to perform research and educate themselves. So they can look at the desktop or a mobile or a tab physical store, online stores and there can be several online stores.

Similarly, there can be several offline stores and they can learn online, offline, in person, at live events through friends and family, through digital reviews, word of mouth, social media, exploration and more.

One woman from a recent Google study spent 73 days and interacted with more than 250 touch points, searches, video views and page views before purchasing a single pair of jeans. 250 touch points and 73 days. She visited several blogs, browsed large merchant sites, searched for local retailers and watched product reviews on YouTube. Like many of today's consumers she wanted to enjoy her time shopping, engaged with brands that inspired her and narrowed limitless choices before picking the perfect pair. Now think about the implications of this example. Consumer mindsets and behavior have shifted and adapted to the modern age and so must the consumer decision making journey. Marketers, advertisers, brands and businesses need to focus on the psychology and behavior behind each facet of decision-making journey to engage with, 1. Influence 2. Empower 3. Customers at every stage. Understanding the journey, the opportunities that exist within each stage and how consumers interact during and between each stage is crucial to success. The days of a linear and disconnected journey are obsolete, are over. So, one step at a time. So that is disconnected and linear. Driven by advanced technologies, globalization, digital commerce, access and a customer-focused marketplace.

Now what were the problems and opportunities with the previous approach? Preceding decision-making models such as marketing funnel remain relevant from a broad stroke perspective but cannot capture the full spectrum of activities and specificity of consumer purchase behavior because they do not include key developments that directly impact customers. For example, Expensive channel opportunity, multiple engagement points, non-linear and interconnected and a shift towards customer centricity, customer experience focus and modernization and globalization.

Let us understand each one of them in some more detail. So, the first one is Expensive channel opportunity. Companies can influence the consumer decision making journey. Now that has exploded over the last few decades. An influx of new channels such as e-commerce, digital media, online video, email, organic search, paid search, experiential marketing, social media has created new customer expectations and new opportunities for marketers and advertisers. The second is multiple engagement points. Modern consumers can enter and engage in the decision-making journey at numerous stages not just at the top of the marketing funnel, that is the awareness level. These consumers can and often will enter further along the journey based on any number of decision-making influences.

The third is non-linear and interconnected. The decision-making journey is no longer linear. Modern consumers move back and forth between stages and may sometime skip stages entirely depending on their needs. Today a single interconnected click can take a

consumer from awareness to purchase in a matter of seconds which was earlier may have taken days or weeks. The fourth is the shift towards customer centricity. Customer centricity means putting the customer first at every step of the journey. Because consumers have more options available in the physical world and the digital world both. Consumers purchasing behavior is shifting towards one in which the consumer is in full control. So, in this customer-centric world the journey the customer takes can only be supported or influenced, not directed.

The fifth is customer experience focus. Customer experience is more than a single engagement. It is cumulative based on every experience and includes pre, mid and post purchase activities. Consumer experience encompasses everything people do. What they see, how they feel, where they have been and where they are going now. Every aspect of the journey plays a major role in the customer experience. The sixth is modernization and globalization. Driven by technological advances, the marketplace provides people with increased choices, access, and availability. Modernization, globalization and digitalization have made it easier for consumers to explore, research, educate and empower themselves throughout the decision-making journey. For example, in moments of truth activities, consumers turn to modern resources to research, educate and comparison shopping before or during the decision-making process. These shifts are behind some of the changes driving the enhanced and modernized decision making journey.

Now, continuing with our understanding of problems and opportunities with previous approaches, modern consumers make decision at their own pace, on their own time and on their own terms. Today, consumers can use multiple means at any time to perform research and educate themselves. They can learn online, offline, in person, at live events, through friends and family, through digital reviews, word of mouth, social media, exploration, etcetera. The consumer mindset has shifted and adapted to the modern age and so should the decision-making journey. So, when the mindset has changed, so should the decision-making journey. Because then the two will not match, there will be discrepancy between these two.

The modern decision-making journey is less linear, it is multidimensional and interconnected. So, a person is moving from one place to another place, and he can move from from any point to any point. To successfully influence consumer decision making today, marketers and advertisers should fully understand their customers and support their unique journeys. By creating strategies and tactics to support each step of the decision-making journey, marketers and advertisers can influence the right person at the right time, in the right place and at the right moment. So, by creating strategies and tactics and for each step of the consumer decision making journey, so now marketers have increased the probability to influence a person when he wants, where he wants and

how he wants. If companies are not proactively supporting consumers along their decision-making journey, they could be hindering their brand and actively helping their competitors. Marketers, advertisers, brands and businesses need to focus on the psychology and behavior behind each facet of decision-making journey to engage with influence and empower consumers at every stage. Understanding the journey, the opportunities that exist within each stage and how consumers interact during and between each stage is crucial to success. How they interact during and in between each stage.

So, this is the modern consumer decision making journey. So, these plus are our consideration set increases, negatives are it decrease and this plus minus is consideration set flux, it is changing and that is static consideration set. So now it starts from passive exposure to active exposure, then it goes to initial consideration, research and discovery. Till now, your consideration set is increasing. Now, after research and discovery, it moves on to active evaluation. Active evaluation may have the flux, a changing consideration set. The consideration set is in flux and then comes the final consideration. Now at each stage, the consideration set decreases. Then it moves on to decision or selection where the consideration set is static and then again to post purchase evaluation. Now again the consideration set is changing, is in flux. Then post engagement, again there is a change and after post engagement, either the defection journey can happen, or again active or passive positions can happen. In between, after the customer is retained, then again it is about the personal experience, connection creation, repeat post evaluation, repeat post engagement and then the same thing keeps on happening and in between then comes the subscription journey. So, these are the three things that we are looking at. After defection, then maybe again he is passively exposed and may move along along this.

So, let us examine the journey. Consideration sets is a selection of goods, products or services that consumers consider as potential purchase options. Consideration set increases, decreases, fluctuates or remain static in size throughout the journey as consumers they assess, explore, discover and compare their options. So, this consideration set, it may change. Engagement opportunities are a point along the decision-making journey at which people can be influenced by information, advertising, marketing and communication. In other words, engagement opportunities are points at which the activities of marketers, advertisers and brand owners can have the most influence on consumers reception, perception and engagement with information, media, and messaging. By understanding where different consumers can be influenced along the journey, brand owners can employ strategies or tactics for supporting different audiences, personas, psychographics, and shopping activities. In addition, certain engagement opportunities can serve as acquisition points for competing brands, products or services.

Let us look at the consumer decision making journey that is starting from here, the passive exposure. So, what happens at this passive exposure stage, it occurs when people are not actively shopping but are still absorbing information through everyday life and their exposure to brands, products, services, advertisements, media, or content. So, they are just passively getting exposed to information or advertisement about the product and services.

After that comes the active exposure stage is when people pay attention to their wants, needs or desires and begin to actively engage with relevant information. Now as we have seen earlier, it can be an external source of information, external stimuli to make consumer move from the passive stage to active stage. So other way as you as you can recall there are internal stimuli. So we are not talking about it here, we are talking about this. The active exposure stage is when people pay attention to their wants, needs or desire and begin to actively engage with the relevant information.

Now again this can be because of their exposure to this, or it can be because of the internal stimuli. At this stage people start to aggregate goods, products or services that will eventually make up their initial consideration set. The initial consideration stage occurs when consumers first place goods, products or services in groups that meet the selection criteria based on their early perceptions and information. In the research and discovery stage, people perform searches, uncover information, educate themselves on purchase decisions. And at this stage consumers may use a multitude of sources or channels to educate and empower themselves, increasing their consideration set as they uncover new information. The active evaluation stage begins as people evaluate, add or subtract goods, products and services from their consideration set, assesses substitutions and weigh competing products or services against each other. Consideration sets are likely to fluctuate at this point as comparing and contrasting yields new criteria for deliberations. As we are comparing and contrasting, the consideration set is not fixed, and it may keep on changing. At the final consideration stage is when consumers narrow their consideration set and begin to move towards a final purchase decision. So, we are moving from changing fluctuating consideration set to a final consideration set.

The decision or selection stage is when a transaction is made. The consumer makes a decision, selection or purchase. This stage is the tipping point for consumers' entry into the post-purchase stage of their journey. The post-evaluation stage occurs as consumers evaluate their experience with the goods, product or services. Post-evaluation helps consumers assess their current experience and builds the foundation for their next purchase journey.

In the post-engagement stage, consumers may share their experiences, perspective and attitudes with others. This sharing may include writing reviews online, influencing others via social media and providing direct feedback to the company or the brand owners. The

decision-making journey relies on active decision making with a focus on cognitive and behavioral influence and engagement. At the post-evaluation and post-engagement stages, consumers at to a juncture at which they will decide whether to make the same purchase decisions again or not. This takes them to either the retention journey or if they decide to make a different purchase decision the defection journey.

So at this stage they can get into the retention journey or the defection journey. Then maybe at some point in time they again get into the retention journey, or they may still continue to defect. The same thing can happen here also. So, the retention journey is a key objective for brands to service is to gain and keep customers and get them to enter the the the retention journey. Once post-purchase consumers have begun the retention journey, they typically skip the stages where they would research competitors or alternatives and instead return immediately to the product brand and service.

The retention journey is an abbreviated form or short cycle of the decision-making journey that is focused on building relationships and establishing repeat purchases from consumers. The personal experience stage occurs when consumers build perceptions and initial impressions based on their experience with the product brand or service. In the connection creation stage the brand product or service experience goes above and beyond a transaction purchase and begins to deliver intrinsic value leading consumers to feel connected to their purchase decisions. The repeat evaluation stage happens as consumers move through the retention journey, product usage or brand and service experience. At this stage consumers may evaluate their ongoing experience based on the previous expectations and the current engagement.

And in the repeat post-purchase engagement stage consumers may share their experiences, perspectives, and attitudes with others. This is where active loyalists, so we will talk about that later, are likely to educate their purchase decisions. Repeat post engagement activity may include sharing reviews influencing other consumers both offline and online. There are various strategies and tactics that can be employed to help keep consumers in the retention journey such as loyalty programs can be used, redeemable point program another strategy that can be used, consumer status upgrades and repeat purchase discounts. So that customer continues to remain in the retention journey.

At the center is the subscription journey. The subscription journey is another short cycle or subset of the retention journey. So, it is a subset of retention journey. The subscription journey occurs when consumers repeatedly pay for the same product or service. The subscription journey when consumers make repeat purchases on a frictionless automated cycle in which purchases are made without attention or action from the consumers essentially removing them from other decision-making stages. So we may subscribe for

Amazon prime or we may subscribe for Netflix or we continue to subscribe our mobile service provider.

The goal of the subscription journey is for the experience to become so ingrained in the new slides that they become reliant on it and passively forgo other options or alternatives. The subscription journey is not a new phenomenon. The goal includes milk being delivered daily to your doorstep or having newspaper placed in your delivery box every morning. Current subscription services range from everything from clothing subscriptions, meal preparation, pet toys and pet foods and even digital music subscriptions. The subscription journey relied on passive decision making with the focus on consumer reliance on both the cognitive and behavioral dependence.

The defection journey when consumers are dissatisfied or unfulfilled with a brand, a product, a service or an experience they may enter the defection journey. At this stage they may turn to alternatives or substitutes that they previously considered or seek out completely new alternatives or substitutes. The defection journey can take consumer back into the decision-making process as early as the active exposure stage or they may immediately launch back to dynamic evaluation remembering to grab a competitor's product off the shelf next time as an example. The defection journey begins when consumer repeat behavior are disrupted for any reason taking them back into the traditional decision making stages.

So that is when this defection journey happens. Strategy and tactics can be employed to keep consumers from abandoning your goods, brands, products and service and defecting to the competitors. For example, marketers and brand owners can create cost switching barriers such as cancellation fees which increase the cost or difficulty of switching from one product to another. So here you are trying to keep the customers by way of erecting cost switching barriers, increase the cost switching, the cost of switching or they can use integrated ecosystems where related products or solutions only work well together making it problematic to transition to a competitor. So, one is where you increase the cost switching barrier.

Another way is that you make a integrated ecosystem. For example, some services may not work with switching from one to another. Think when changing smartphone operating system from to iOS. Some applications or services may not transfer. Just as some products are designed to work only with a specific product suite.

Think only certain water filters fit your specific containers. The defection journey relies on a reactive decision-making process driven by cognitive or behavioral interventions and evaluation. Let us look at the post purchase personas active and passive, loyalty and opposition. So, consumers reviews and sharing via word of mouth have been constant over time and today's channels or platforms for sharing have been amplified due to the

social media and detail commerce. Referrals and reviews can serve as channels for acquiring or losing the customers. So, these two are again can be used for acquiring or losing the customers.

Amidst the retention journey and defection journey, there are two broad consumer segments. Consumer loyalty exhibited by people who are loyal to and pleased with the brand, product or service and are likely to engage in repeat purchase activities. And consumer opposition shown by people who are opposed to and disloyal to your brand, product or service and are unlikely to engage in repeat purchase. When companies dig deeper into each trait, additional sub-segments are revealed. Active loyalty, passive loyalty, active opposition and passive opposition.

Now, let us look at the loyalty segments in the retention journey. Consumers demonstrate active loyalty traits when they advocate on behalf of the brand or experience through positive word of mouth, reviews, or consumer referent programs. Active loyalty, consumers typically do not seek out alternative brands, products or experience and commonly live within the retention journey or the subscription journey. So, they continue with these two kinds of journeys. Passive loyalty traits by comparison are shown when consumers stay in the retention journey only until they find an alternative. So, they become open to competitors and substitutes and may be easily swayed by outside information or incentives.

Passive loyalty consumers are likely to be influenced by external factors and may nudge them towards the defection journey. Opposition segments in defection journey. Passive opposition is the segment in which consumers or customers actively attempt to deseed or disrupt other consumers from considering a product, brand, or service. So, here you are actively attempting to deseed or disrupt other consumers. People in the active opposition segment typically shared negative experiences and negative word of mouth stories with others and may write negative online reviews.

Passive opposition is the segment in which consumers who may not actively oppose the brand or product or service or experience will quietly defect without explanation or sharing any information. So, these users are disinterested and disengaged and typically do not share defection feedback unless prompted by your feedback service for example. So, where to play and how to win the modern customers? The modern consumer journey is non-linear, multidimensional and more interconnected than ever. Consumers have more choices, information and power. So, it is critical to align all elements of marketing, advertising, strategy, creativity, messaging to support every consumer along their journey.

So, there are some key themes to consider as you build strategies and tactics to support today's consumer decision making journey. First is know your consumers, the second is

know their journey, the third is plan for every stage even if not every consumer will visit each one. Think and plan holistically, aim for efficiency, remain agile and adaptive, coordinate marketing and advertising budgets to support the journey. Let us start with the first one, know your customers or know your consumers planning, journey mapping, research, segmentation and persona building can help reveal how consumers are shopping, what are their preferences and how they are likely to engage. Who are your consumers? What are they thinking, feeling and doing? What are they trying to accomplish? What are their biggest pain points? What are their motivations? Understanding the answer to these questions help you understand consumer psychology which plays a vital role in both mapping and guiding the decision journey.

The more you know your customers, the better you can support their journey. Then you should also know their journey, understanding every stage and every aspect of consumer journey can be crucial to creating an amazing customer experience. From where are your consumers coming? What are they seeking? What are they looking for information? What are their potential next steps? Planning creates a compelling competitive advantage in the marketplace. The more you understand the journey, the better the experience you can create. The third is plan for every stage even if not every consumer will visit each one.

Not every consumers will have the same journey. So, it is critical to proactively plan for every stage at which consumers might engage. Ignore stages, consumer segments or personas can create frictions along the journey and any point of friction, a consumer experience can be an opportunity for a competitor. The fourth is think and plan holistically. Consumers don't think in touch points, they think about their entire experience. Since the consumer decision making process is interconnected and dynamic, as marketers and advertisers, companies should ensure that they support a connected, seamless and contextually relevant experience across all stages and aspects.

The fifth is aim for efficiency, consolidate and simplify. The fewer the stages, the easier the path. Marketers and advertisers should try to consolidate, simplify or eliminate stages along the journey to move towards an ideal user-customer experience. Companies should aim for efficiency by removing friction, speed bumps and roadblocks and help guide consumers along the journey. The success remains agile and adaptive, as rigid strategies seldom the best course of action. As the competition, marketplace or consumer expectation change, it can be crucial that companies' approach to each stage of the journey remains adaptable and flexible.

For example, switching strategies from focusing on brand advertising to help consumer gain a better understanding of the brand during the active evaluation phase may prove more impactful. Other situations may call for switching the focus of loyalty program by

focusing on active rather than passive loyalists. The seventh is to coordinate marketing and advertising budgets to support the journey. Aligning all elements of marketing and advertising along consumer journey can enable the company to reach consumers in the right place at the right time and with the right message.

Without full alignment, marketers and advertisers may face two risks. The first is they may waste time, money and resources or their efforts to the customer base will be ineffective. So, in order to conclude, in this module we have understood the behavior, habits and psychology behind the consumer decision making journey. We have discussed traditional versus modern decision-making approaches. Further, we have learned how to examine the modern journey. Lastly, we have focused on how to win over the modern consumer, and these are the five sources from which the material for this module was taken. Thank you.