

Are you leveraging your path to purchase as a path to growth?

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Technology has created an omnichannel world that is bringing together physical and digital shopping experiences and offering a proliferation of touchpoints that influence consumers' brand opinions and buying behaviors.

Marketers are scrambling with how to deal with this new reality – and often there is a lack of insight on how the

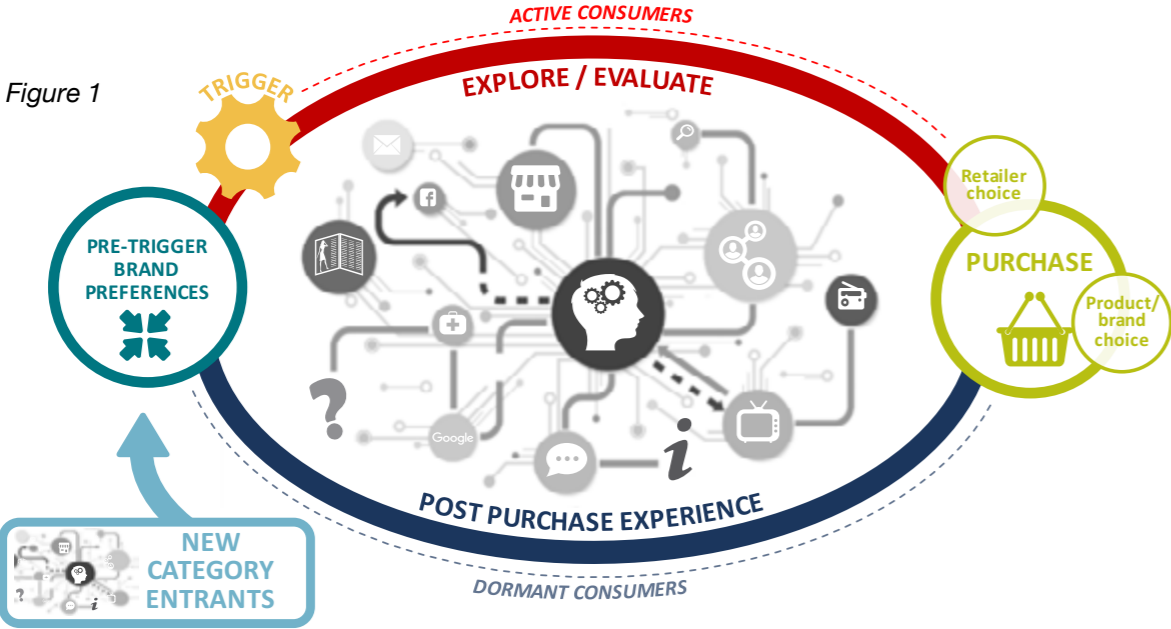
paths to purchase are influencing sales and how they can be leveraged to drive business growth.

To help gain an understanding of today's opportunities, we need to define a clear framework of the path to purchase and identify what needs to be influenced to help marketers and retailers develop a successful path to purchase strategy.



The path to purchase: what is it?

The path to purchase can be defined as the process an individual goes through each time he/she is making a purchase in a category.



There are four stages on the path to purchase:

Stage 1

The path starts with a purchase trigger. At the time of the trigger, the consumer may already have brand preferences, which can be referred to as pre-trigger brand preferences.

Stage 2

The consumer may (though not necessarily) actively start exploring and evaluating options. During this stage, brand preferences can change significantly.

Stage 3

The consumer transforms into a 'shopper' and makes his/her final choice at the point of sale. There are two choices which matter: choice for a retailer or channel and choice for a product or brand.

Stage 4

Purchase is followed by the actual product experience. This will impact mental networks that will shape brand preferences for the next purchase.

Along these stages, the consumer is continuously exposed to touchpoints which reinforce and disrupt mental networks and thereby influence purchase decisions. Touchpoints can be defined as any encounter where a consumer is exposed to the brand (e.g., TV advertising, social media, store display, etc.).

Marketing against the path to purchase

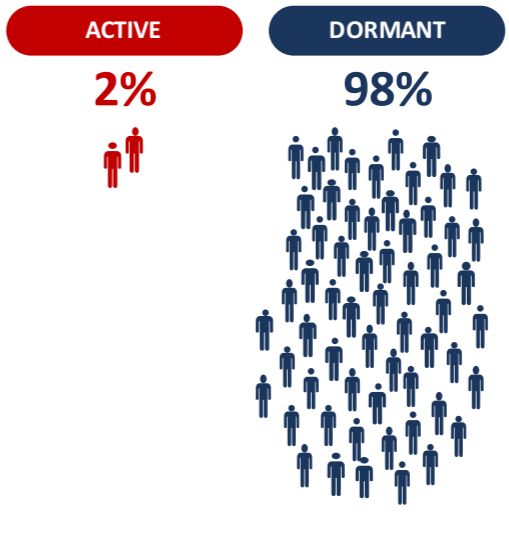
An important feature of the path to purchase framework in Figure 1 is that it distinguishes between consumers who are 'on an active path to purchase' and those who are 'dormant'. In any given market, at any point in time, the majority of consumers will be dormant. This point is illustrated in Figure 2. If one omits new category entrants, people buy a new cell phone about every two years. But the path to purchasing a cell phone is relatively short. From our own research, we know that, on average, only two weeks lapse between the time of the trigger and the actual purchase. This implies that, at any given time, only 2% of candidate cell phone buyers are on an active path to purchase – meaning that 98% are dormant.

Most marketers do not take this difference between dormant and active consumers into account. For instance, above the line advertising is usually deployed in an undifferentiated way, trying to reach all potential category buyers irrespective of whether they are in the market or not.

Ignoring the difference between dormant and active consumers is a very inefficient way of spending marketing budget. There is a need for a new approach that markets *towards* the path to purchase and optimizes the marketing budget as follows:

- Target the right people
- At the right touchpoint
- With the right message
- At the right time in the path
- With the optimal investment

Figure 2



Our thinking on key metrics for understanding the path to purchase

WHAT TO MEASURE?	WHY IMPORTANT?
1. What are the dominant paths in the category? In many categories consumers don't necessarily go through an active exploration/evaluation stage, consumers may shortcut this stage and perform auto-pilot buying or they perform impulse buying which happens when trigger and purchase occur simultaneously.	<i>Will help decide what proportion of budget is deployed in terms of intervening along the path to purchase (attention saliency), as opposed to creating strong pre-trigger brand preferences (memory saliency).</i>
2. What is the reach and modeled impact of different touchpoints in the path to purchase?	<i>Will guide deployment of resources across different touchpoints.</i>
3. What is the role of touchpoints in the path to purchase? Touchpoints have different roles to play in the path to purchase. For instance, some touchpoints simply reinforce memory saliency of a brand, other touchpoints are considered as sources of inspiration, guidance on how to use products, etc.	<i>Will guide the marketer on which content to deploy for different touchpoints.</i>
4. What are the pain points in the path to purchase?	<i>Informs marketers how they can introduce innovations in the path to purchase and further shape the path to purchase to their advantage.</i>
5. How does your brand perform in the path to purchase relative to competition, in general and on specific touchpoints?	<i>These are key performance metrics, allowing for a SWOT analysis, and providing further guidance to define brand specific priorities.</i>

LIFE Path: Research that helps clients develop their path to purchase marketing strategy

We have clarified what marketers *need to know*, but it can be challenging to obtain this information. Traditional research approaches often don't cut it: they are too descriptive, ignore the difference between dormant and active consumers, or worse, provide erratic insights because the information relies too much on long-term memory of the respondents.

At Ipsos, we have developed LIFE Path, a holistic, modular approach to path to purchase understanding that involves social media intelligence, passive metering, and qualitative and quantitative research – so marketers can assess which touchpoints are most influential in generating sales. Figure 3 describes each module of LIFE Path.

Figure 3



LIFE Path

Let's look at an example of LIFE Path in action for the cell phone category in the Netherlands and how it answered the 6 key questions mentioned above.

1. What are the dominant paths?

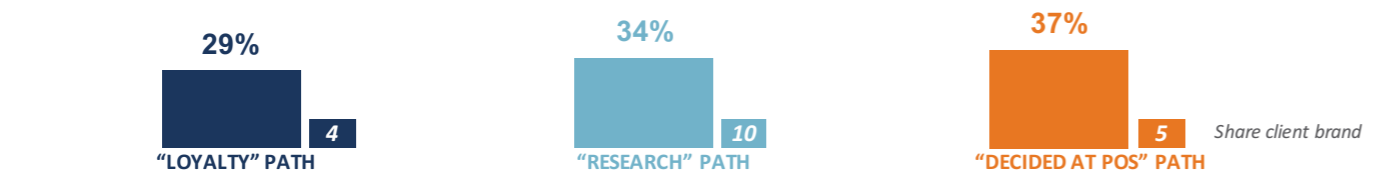
We identified 3 dominant paths to purchase: a 'loyalty path', a 'research path' and a 'I decide at the Point of Sales (POS)' path. The client brand was strong in the 'research path', but weak in the 'loyalty' and 'deciding at the POS' paths.

2. How important are pre-trigger brand preferences in driving sales?

Our modeling showed that pre-trigger brand preferences are very important, in particular on the 'loyalty path' and 'I decide at POS' path. (See Figure 4).

Figure 4

3 dominant paths to purchase identified



Importance of having brand in pre-trigger consideration set
(Indexed vs. impact of most influential touchpoint)



3. How can we measure reach and model the impact of different touchpoints?

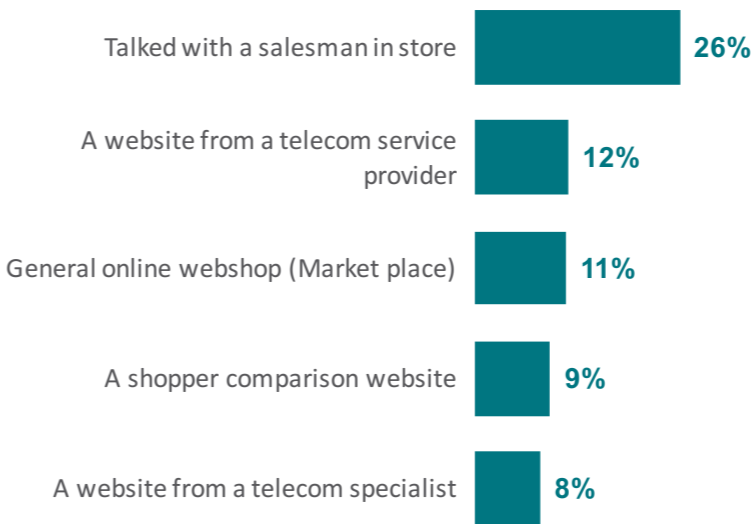
The most influential touchpoints are the sales person and several specific types of websites, i.e. websites of telecom service providers, websites of specific e-tailers and shopper comparison websites. Ipsos has developed a unique way of modeling touchpoint influences - Ipsos Bayesian Nets – which allows us to identify causal relationships between sales, touchpoint encounters and pre-trigger brand preferences. As such, it helps clients to better allocate resources behind different touchpoints. (See Figure 5).

4. How can we understand the role of touchpoints in the path to purchase?

The different touchpoints fulfill different roles (see Figure 6). The sales person guides consumers in their decision making. The websites and e-tailers provide detailed, objective and trustworthy information on product features.

Figure 5

Derived influence of different touchpoints



WHAT DOES IT MEAN ?



AT CONSUMER LEVEL

If a brand is mentioned by a sales person to a consumer, this increases this consumer's propensity to buy this brand with 26%

5. What are the pain points in the path to purchase?

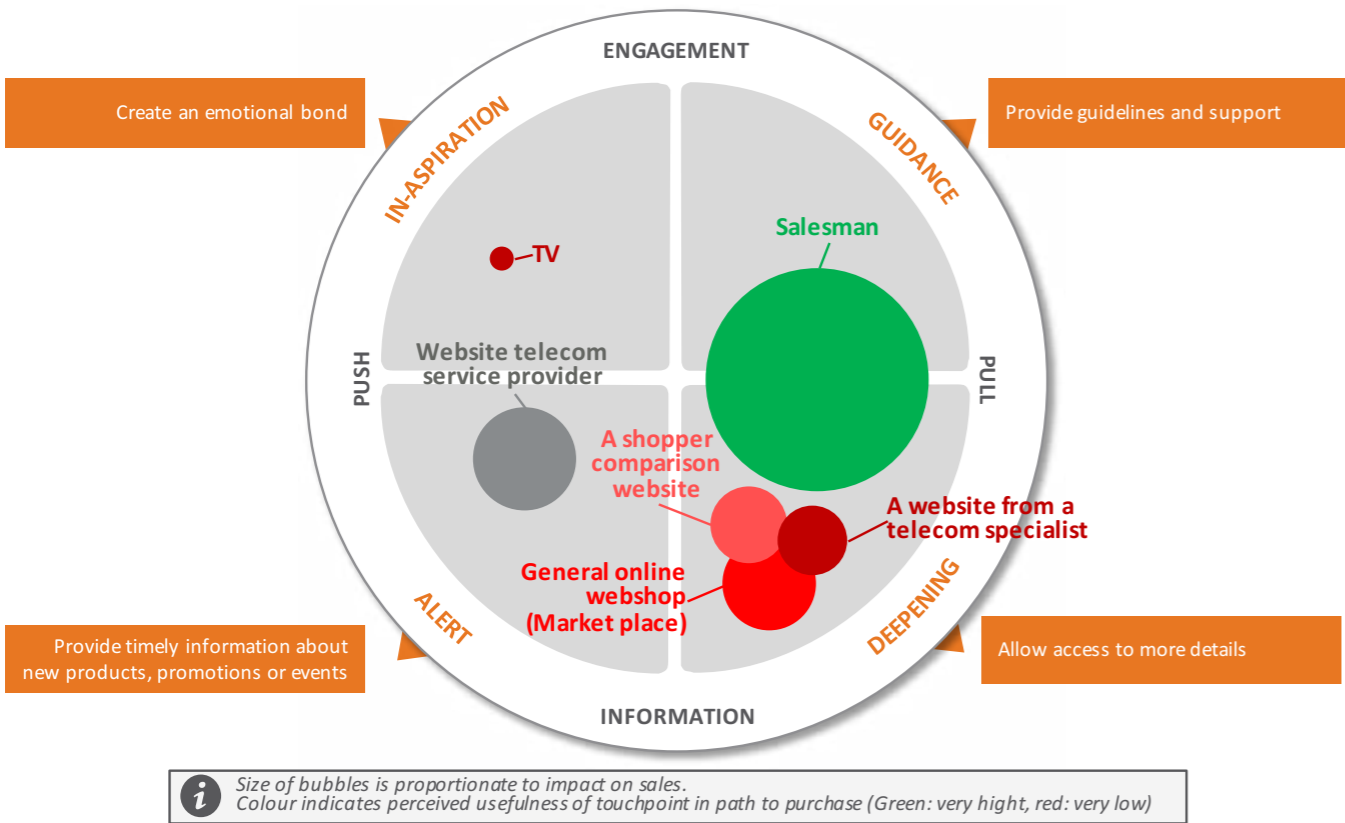
The websites of these e-tailers don't lead to satisfaction. They are perceived by candidate cell phone buyers as hard to navigate and not providing the right content.

6. How can we understand how brands perform relative to competition and on specific touchpoints?

For the most influential touchpoints, the client's brand was strongly under-performing on 'sales person' and performing average on the other touchpoints relative to competitive cell phone brands.

Figure 6

Role of and satisfaction with touchpoints



Based on the above findings we recommended the client:

- increase budget allocation for “brand building activities”, with as key goal to increase memory salience with dormant consumers. Only in this way, would the brand be able to increase its share in 2 of the 3 paths in the category. By understanding the preference drivers for consumers in these paths, the Life Path study also provided the right content for these brand building activities;
- increase investments for getting in-store sales support for the brand. Now the brand is not supported by the sales person in most retailers (and yet the sales person is the number one influencing touchpoint);
- increase the brand's presence on the most influential websites with the right content.

At the same time, many of these influential websites do not lead to great satisfaction with consumers because of issues. Whilst these websites are not owned by the client, it took the end of partnering with website owners to help rectify these weaknesses. We used the Ipsos Behavioral Sciences framework to achieve this.

A path to grow

Digitalization has dramatically altered the shopping experience and marketers need to understand and influence the new paths to purchase in order to grow and survive. This will require marketers to ask new questions, connect with digital consumers in new ways (e.g., through social listening and passive metering) and think beyond mass marketing and embrace touchpoint opportunities. While paths to purchase have become more complex, with the right thinking and the right tools they can be understood and capitalized on to become paths to growth.

Are you leveraging your path to purchase as a path to growth?

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