

# Studies show tech brands must win hearts as well as minds

In Latin America, IntenTrack™ has shown digital brands' need to connect emotionally with consumers, write SMG Latin America's **Florencia Pini** and **Claudio Camus**

**M**UCH HAS BEEN written about the transformation that comes from the incorporation of technology into people's daily lives.

Advances in technology have provided an unlimited possibility of access to information, delivering a broader range of advertising messages and different means of control over them by individuals. This transformation has also changed the way consumers have social and personal relationships, and their relationship with brands and marketing consumption.

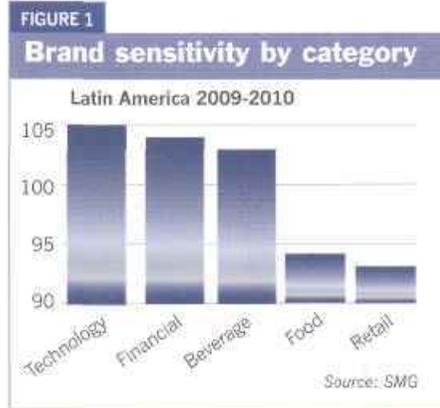
The key question is whether it is the consumer or supply that determines technological demand. In either case, the consumer adoption curve of digital products is accelerating, resulting in a changed shopping process, which implies that we need new models to understand and predict consumer behaviour. IntenTrack™ has allowed us to understand how this transformation affects the relationship between people and technology.

## Simplifying the consumer journey

In parallel to technological development is greater access for all demographic groups, due to lower costs, expanded availability across geographies and increased functionality. In Latin America, the retail environment has advanced. In major cities, there are at least two or three relevant retail options (composed of global and regional/local companies) that provide more shopping choice.

These two components together transform the consumer journey. A consumer can simply go to a store and subscribe to an internet provider, or switch their mobile phone service without losing their number. It is also possible to buy a PC/laptop for \$200; the low cost of replacing or upgrading equipment means constantly evolving technologies can reach larger sections of society than ever.

This situation outlines a challenge for the creation of loyalty and advocacy for brands. Historically, this situation compares to when the technology companies commoditised their services. Their distribution chain is now extended and the revenue generated from models is evolving all the time.



For the consumer, the process is simply 'plug and play'. IntenTrack™, which demonstrates the journey from consideration stage to final purchase, shows that the technology category is simplifying. We have seen this change since we began the IntenTrack™ study in Latin America.

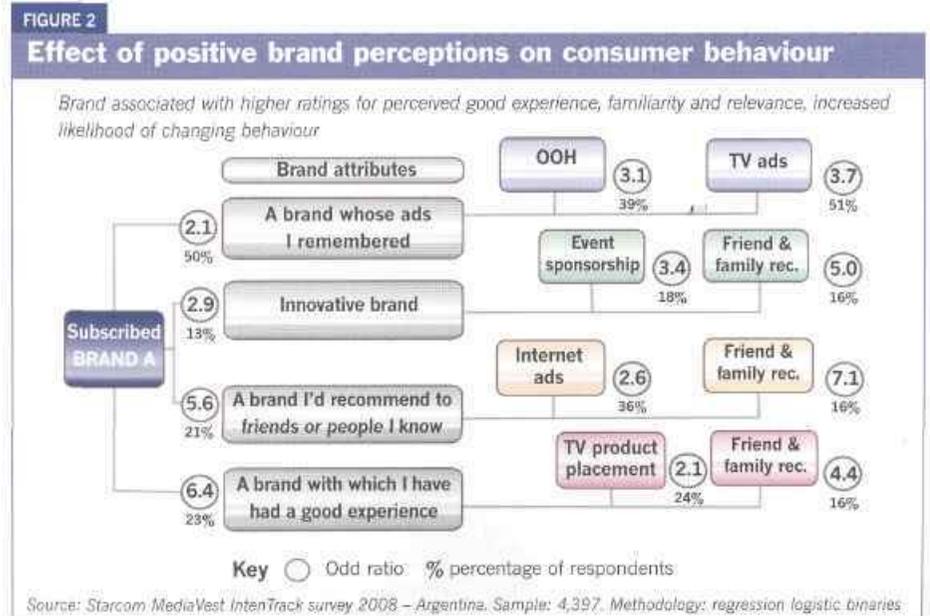
The paradox with technology is that, unlike other categories, what the brand stands for is known, and distinction from other brands in the category is critical. In Figure 1, brand sensitivity across different categories was measured through the IntenTrack™ study in Latin America.

When we look at the internet service category (Figure 2), we can see brand evaluation is key in the purchase process and significantly influences final behaviour.

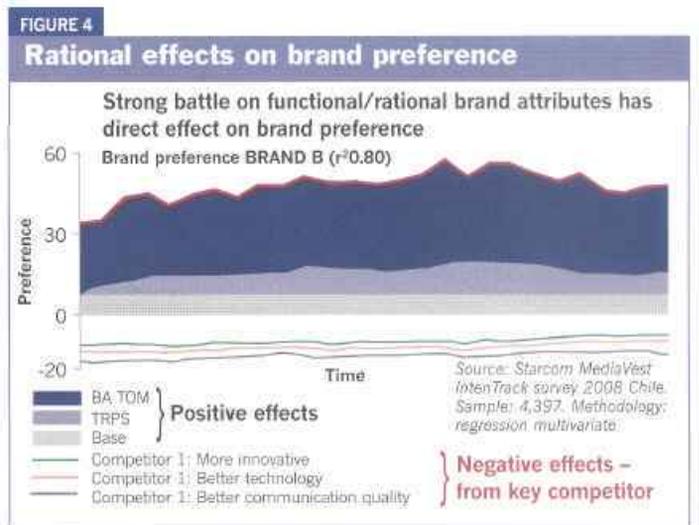
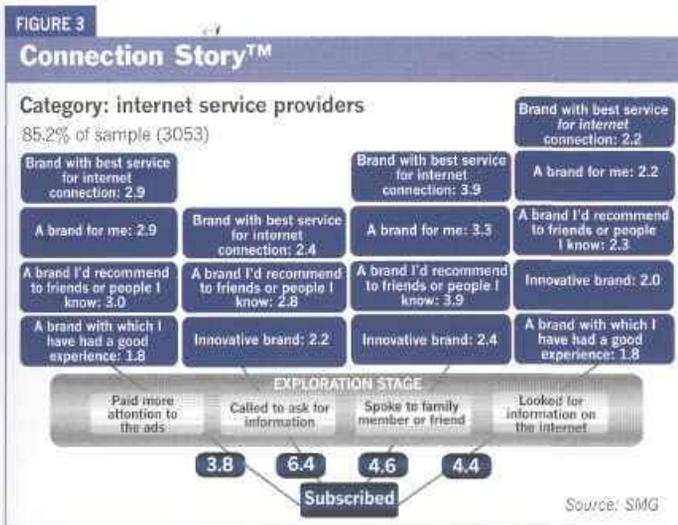
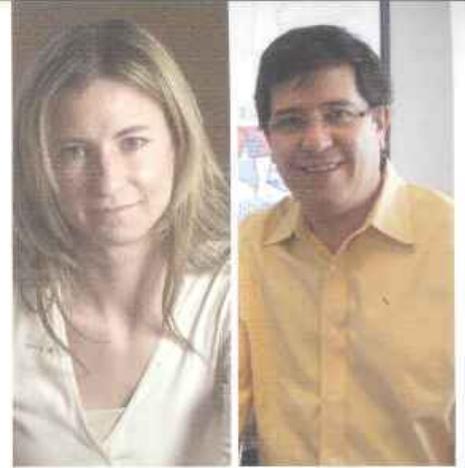
The IntenTrack™ Latin America mod-

els reflect the fact that brand value is critical for the generation of a final behaviour, with many other brands commoditising their services. It means the brand assures the consumer that it will meet the technical requirements and minimum functional standards of a service or product. However, as mentioned before, this category has, in many Latin American markets, at least three players that can deliver a similar product in functional terms (technical features) or purchase characteristics (such as price and promotions).

IntenTrack™ measurement helps us to understand this developing situation in a context in which there are several brand players, resulting in a complex, dynamic and competitive category. We see via multivariable regression models that brands are affected by their own activities as well as the strong, empirically derived competitive marketing efforts over their own brand (Figure 4). Although brand preference can be accelerated by brand communication, competitive efforts to improve a product's key attributes also have a direct negative impact on other brands in the category. The marketing communication battle is strongly based on functional attributes, so consumers are identifying as category drivers the rational and functional features that brands are promoting. That means the category is at risk



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of being seen as a commodity. Because so many players can deliver the same features, differentiation is very difficult.

Looking at the overall purchase process in Figure 3, IntenTrack™ shows that 'exploration' (active information searching) is the key stage before purchase in this category, and that the internet plays an important role as a source of information.

But the most important learning from regression models (Figure 2) is that it is not functional brand attributes that define the purchase; behaviour is accelerated by the emotional brand involvement, derived from actual brand experience, which is what impacts significantly on ad awareness and final behaviour.

The analysis shows the need to build emotional bonding with consumers. Statistical models identify that the internet, personal recommendations, ads on TV and other trusted sources of information and product demonstration drive a technology brand's ability to build affinity with consumers. Consumers are demanding credibility and trust as values for brand bonding at an emotional level.

IntenTrack™ has taught us that, although the telecommunications industry tends to commoditise go-to-market strategies with a strong focus on price and functional attributes, consumers demand a different context and specific content in order to relate to brands. We have learned that this requires a new perspective on consumers and their experience with the

brand. This demonstrates the importance of not only focusing on the technology, but building evidence of a deeper understanding of the meaning of the technological benefits to improve and transform the day-to-day life of consumers.

At SMG in Latin America, we have created a number of regression models using IntenTrack™ data to understand the key variables that affect brand preference as the dependent variable. We have found that it is not only the brand's communication efforts that explain variations, but also the consumer's perspective on the efficacy of brands on performance-based attributes (mainly related to technology, innovation and brand quality). Figure 4 shows the relevant brand preference variations and effects to explain the evolution of this variable over time.

We occasionally see that competitive communication affects the specified brand evaluation, but it's fairly unusual to see that this impact is as direct and high in the model. This reflects two key insights:

- The importance of creating a model that uses some broad category level measures, so it's based on a similar environment to what the consumer is experiencing.
- In this category, brand preference is highly vulnerable to competition because it is based on functional features that other brands can deliver over time. It is critical for the brand to build an emotional bond with consumers that cannot be cancelled out by external competitive pressures.

## Summary

IntenTrack™ allows us to identify key consumer insights for brand evaluation and the optimisation of communication touchpoints. Including brand experience will significantly affect the different stages of the customer journey that explains the path to final purchase.

- The technology purchase process is becoming simpler for consumers.
- Brand loyalty is difficult to achieve but brand preference is key.
- In a highly dynamic category, competitive brand efforts and performance impact negatively over all brands.
- Historically, the category has communicated functional and rational attributes, but emotional brand bonding is key to influencing final consumer behaviour.
- It is critical to focus on what technology could do to make consumers' life better, not on what technology is.
- This needs to build the relationship via trust and credibility values over time.
- It is important to keep measuring these factors and modelling the data continuously because in developing markets and quickly evolving categories, marketing models and consumer responses are changing rapidly. It is no longer sufficient to rely on old practices. New ones must be researched, tested and evolved to meet the constantly changing landscape.

More on measuring technology brands at [www.warc.com](http://www.warc.com)