

The hidden shopper: the psychology of buying decisions

Shoppers are not as rational as they think. Retailers need to appeal to emotional drivers, say **Wendy Lanchin** The Marketing Store, and **Anthony Tasgal**, POV

IN LIGHT OF the changing face of the retail industry and consumer purchasing behaviours, we decided to investigate some of the perceived wisdoms that shape the majority of the retail marketing strategies we see in stores on the high street, online and other retail environments, using emerging and established research.

We found five established assumptions about human behaviour that have influenced marketing for decades. These assumptions share the benefit of being consistent, convenient and susceptible to conventional market research. Unfortunately, the growing body of psychological and behavioural research shows them to be flawed.

While much work has been done to propagate this new thinking, very few organisations or individuals have tried to apply this knowledge to the field of marketing in a comprehensive way.

Now, more than ever, we need to remind ourselves of the emotional truths at the heart of consumer and shopper behaviour, and the origins of marketing in empirical, behavioural sciences. In today's climate, consumers may be more susceptible to targeted messaging and be more responsive to emotive messaging than ever before, despite today's price-dominated climate. This presents brands with a golden opportunity to create more powerful connections with consumers.

Will the recession really mean that the average shopper will suddenly become highly rational and machine-like, focused only on maximising value and personal utility? We should remind ourselves of some basic, if inconvenient, human truths that explain why, as marketers, we cannot always predict what consumers will do next. In other words, this means uncovering the mysterious 'human' element that explains:

- Why we cannot create brands from a formula;
- Why some communications defy reason and analysis, and have irrational and universal human desire, rather than logic, at their heart;
- Why price might still be important *but* won't always be the deciding factor; and



French department store Galeries Lafayette has made the most of the potential for human spectacle, playing to a sense of awe and wonderment

- Why shoppers do not always behave in the way they said they would when we asked them.

These deep-rooted human truths about retail buying decisions can be intriguing and counter-intuitive, but they are supported by cutting-edge science and research.

Truth 1

We are more emotional than we think

When we talk about loyalty, frequency, repertoires and triggers, and the design of our stores, promotions, and campaigns, we forget the role of emotion at our peril.

Call it a customer journey or a purchase path, but we have packed it with a whole mix of assumptions about how shoppers behave, how they make choices and how they react to what is put in front of them. We sometimes assume that our shoppers are rational and decisive agents with self insight. We assume that reason still rules.

There are six universal human emotions hard-wired into us all. Many of us are not even consciously aware what they are. Everyone identifies happiness, sadness, fear and usually anger, but many struggle to get 'surprise' or 'disgust'. There is some dispute about whether contempt is the seventh emotion, but that's another discussion altogether.

Successful brands and communications understand this and work to it. We need only look to brands as diverse as Cadbury, Coca-Cola, Norwich Union and

the new Barclaycard campaign to see evidence of the dedicated pursuit of 'happiness'. It is also good to see some advertisers using 'disgust' in a contemporary context. A recent campaign for the British Heart Foundation encouraged us to feel a sense of aversion to excessive saturated fat in crisps by picturing a woman knocking back a bottle of cooking oil.

The second element is the role of the unconscious. Consciousness is considered as a single entity: it plans for the future and takes a controlled view of the world. What is often called the 'adaptive unconscious', on the other hand, is a collection of different processes. It is concerned with the here and now - evolution safeguarding our genes for future use - and detects patterns in the environment to minimise incoming danger. It is rapid but also error-prone. This is where the conscious systems can be the more assured fact-checker after the event.

Speaking metaphorically, it's like calling the unconscious the instinctual elephant - the lumbering beast driven by basic instincts and cravings.

On the other hand, the conscious is like the driver seated on the elephant's back. He tries to drive it, and thinks he actually is doing so.

The question we need to ask is: who is really in charge? We think we know why we do what we do. But, in reality, we don't. This is one of the reasons why competitive price alone is not enough in the retail environment.

Brand truths in action: real-world examples

Truth 1

When retailers and brand owners turn up the emotional heat on engaging shoppers in store/online:

- Lane Crawford CD Music Bar, Hong Kong: this department store offers a music experience. The shopper is invited to sit at the bar and talk about their music tastes. The 'barman' will then recommend and play music, via iPod, geared towards the shopper's taste, and then recommend CDs for purchase.
- Nike: this iconic brand generated emotional connections through the message 'yes to training as my social life', which resonated clearly with its target audience.
- Galeries Lafayette department store, France: admittedly blessed with a glorious venue, it has made the most of the potential for human spectacle, playing to a sense of awe and wonderment, adventure and exploration, which makes it more of a bazaar, and an experience that is far removed from many a humdrum shopping trip. Retail theatre at its best.

Truth 2

We don't always make logical decisions when we think we do – habits and shortcuts (heuristics):

- Apple NYC kids' department: demonstrates how brands can effectively influence children and educate them about the Apple brand at an early age.
- Marks & Spencer: encourages consumers to try something new by continually changing the store layout, so that consumers don't wander from aisle to aisle on auto-pilot, choosing the same products every visit.

Truth 3

Different 'mes' at the same time – appealing to the 'many mes':

- Clarks shoes: appeals to consumers' sensible side with shoes designed for living: a perfect example of style meets function.
- Supermarkets: these do it really well with their tiered offer strategy of good, better, best. A strong example of this is Tesco, with its range of Tesco Value, Tesco Organic, Tesco Market and Tesco Finest products to appeal to many 'mes'.

Truth 4

Decision-making doesn't always make us happy – managing choice across a wide spectrum, facilitated selling:

- Sainsbury's What's Your Style? campaign: facilitated decision-making with its *Guide to Buying Wine*, which included recommendations and guidance on what wine to drink with certain meals. Link into 'satisficers'.
- Tokyo Hands in Japan: a good example of what happens when you have too much choice. However, in this case, it's not necessarily a bad thing because a wide choice of products is celebrated in Tokyo. Link into maximisers.

Truth 5

Following the herd, creating a tribe:

- ASOS: changed the face of fashion by taking fashion trends and translating them into a brand, using celebrity figures as drivers for consumers to 'follow'.

Truth 2

We do not always make logical, considered decisions when we think we do

The truth is that we do not always make our decisions at the moment we think we do, solely based on mature reflection.

The new breed of behavioural economists believe that many choices are made for us early on in our lives and they prime us for later decisions.

Dan Ariely believes we are the sum of our early decisions - the product of what he calls an arbitrary coherence of choices that we made long ago (or were made for us). As a result, in many cases, we make decisions in-store that are simply the reflection of our initial choices.

These initial decisions become anchors that take root and resonate throughout our later lives much more than we would like to acknowledge.

The other process at work here is the work of shortcuts, called heuristics. These

are fast, automatised shortcuts which the brain creates early on via a process of trial-and-error to help guide us through the morass of decisions, most of which don't require much conscious processing.

They are best seen as being like ruts, which become deeper and deeper as they become used, and more entrenched, like a water-course.

Investigating the origin and nature of these heuristics in any given market will give us a better indication of why people make the decisions they do, and how easy - or not - it would be to shift those choices if they are so entrenched. Some experts argue that changing or building an heuristic may take up to two years. So, maybe we need to worry less about carrying out research into people's 'fundamental values' and find out how these early brand or market shortcuts were created.

We need to stop assuming that people make big decisions based on big rational

conclusions. The implication is that we need to listen less to what people say (in research) and observe what people do instinctively or unconsciously.

Truth 3

We are not consistent

We need also to remember how quixotic we all are. We are not always (in fact, very rarely are) predictable. We do not always behave as self-aware and confident individuals. We think of our decisions coming from within ourselves and in a consistent manner. In fact, many are largely determined from without. Often, context will over-ride behaviour and content. The fact is that - again, contrary to what we may feel - we are many different people. We are not a consistent personality but 'many mes'.

From this, it is clear how the brain allows us to compartmentalise and section off parts of our personality. We can decide

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to be rational about buying from some categories, such as toilet tissue, but unashamedly emotional about baked beans.

Truth 4

Decision-making does not always make us happy

There are simply too many choices. Unless we are the most dedicated shopping junkie, how can we possibly have the time, let alone the energy and mental capacity, to make reasoned, empirical choices that will make us happy one by one? According to Professor Barry Schwartz, we seem to be shopping more, but enjoying it less, so the Utopia of unlimited choice may be producing genuine suffering.

He argues that, because we don't always know what we want, choices can be mentally demanding and lead to a decrease in wellbeing through making trade-offs.

Schwartz also claims that 'maximisers' - people who obsess about the details of every decision until they have got what they wanted - are likely to be less happy

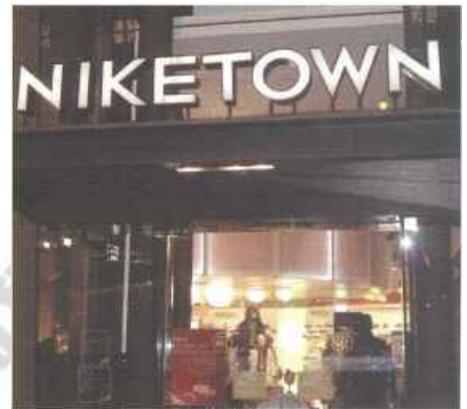
than 'satisficers', who settle for a decision that is 'good enough'.

Do we have to learn to make simpler choices and ask our shoppers to follow suit? Are we adding to the information overload that is overwhelming the elephant and the driver? Are we creating a group of 'unhappy hidden shoppers'? Are we aware of who are maximisers and who are satisficers in our market, and how we address them separately?

Truth 5

We are not free, unimpressible individuals

As much as we like to think we are all deeply individualistic, we are also social animals with ingrained tribal or herd instincts. Take the famous Milgram experiment carried out in the 1960s and replicated globally since. This study demonstrates how randomly selected individuals will readily administer what they are explicitly informed are life-threatening electric shocks to real people - stooges in reality - on the basis of being



Nike generated a positive emotional response through its 'yes to training' message

told to by what they take to be an authority figure in a white coat.

This rather brutal test continues to demonstrate the power of compliance: we will go to almost any lengths (even a primal savagery towards strangers) in order to obey authority and conform.

Neuroscientists have identified mirror neurons in animals, which humans seem to share; they fire both when we carry out an action and when we observe someone else performing the same action. This suggests that we are hard-wired to mimic, which is why the process of cultural transmission - fads and fashions - seem to come naturally to us.

This is also at odds with the orthodox and cultivated view of our fiercely-protected and inflated sense of individualism and uniqueness.

It is not surprising, then, that there are so many examples of what is known as groupthink: disastrous decisions made because the person in charge has surrounded themselves with self-reflective opinion-clones.

We have also, from an early age, been taught to copy - facial expressions and language being the first. Wanting to follow others is deeply rooted in us all. Perhaps segmentation should therefore look at the influencers and influences on a group, as well as definitions.

Summary

How can you use these insights and integrate them into marketing strategies?

- 1) Marketers need to address both brain processes separately. The ego and emotions of the 'elephant' are the main source of desire and drive, however. We should avoid adding to the stockpile of information it receives: less messaging, more massaging.
- 2) Brands should seek to define and own one of the UHEs (universal human emotions) and design stores and communications around this. Marketing and brand culture should not be too left-brained and verbal.
- 3) We should worry less about values and attitudes, do more with creating new contexts, surroundings and moods, and look more at creating 'social currency'.
- 4) We need to think about how we can work to change or reinforce these automatic choices. How can we segment according to which people use by market? How do we design communications and products by heuristic?
- 5) Sometimes, small moments of meaning can determine large choices. This suggests, for example, that, in research, we hunt out these small, personal moments of human messiness and individuality, rather than settling for massive 'lowest common denominator' benefits. Smoothie brand Innocent has been very good at this.
- 6) We may be making many of our customers miserable by overwhelming 'satisficers' with choice. Should we not appreciate this and segment by maximiser/satisficer, accepting that this will differ by domain and market?
- 7) Think about how we can remodel the shopping experience to allow us to interact more deeply with others like us and enhance our sense of belonging.
- 8) Don't ask people to predict what they want, where they will shop or what they think of a new idea: we need to carry out more observational research, less interrogation. Watch more and ask less.