



# PATHS TO PURCHASE

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## Tailor strategies to category purchasing dynamics

**M**ost successful marketers agree that achieving outstanding results requires tailoring marketing programs to the ways consumers make purchase decisions and adopt new products in their category. It is remarkable, however, how few put this principle into practice.

There is ample evidence, for example, that consumers of durable goods expend substantial time and effort on the Internet to consider their purchases. Yet major brands such as Canon, Sharp and Dirt Devil do little more on their Web sites than provide product photos and text captions to help consumers

review options and compare alternatives. Marketers have failed to learn from the example of Apple, BMW, Kohler, Armstrong Flooring and Dyson, who have built online purchase experiences that help consumers deal with the multifaceted nature of their products and the category.

Financial service brands spend hundreds of millions annually on sports sponsorships that have a tenuous link to how consumers select a mortgage, savings account or insurance policy. When sponsorship deals are announced, financial service marketers quickly cite the importance of building brand awareness and reputa-

tion. Yet for established, leading brands like Bank of America, the relevance of top-of-mind awareness in a category where consumers don't make snap decisions is hard to rationalize.

The prevalent use of a marketing model that is best suited to consumable products is a big part of the problem. Metrics for awareness, trial and repeat, benchmarks of marketing efficiency based on reach and frequency, and a focus on big advertising and promotion campaigns with simple, memorable taglines are all components of a model for marketing that was pioneered by businesses like Procter & Gamble, Coke and Unilever.

This classical model continues to prevail with marketers, despite its limited relevance to other categories. Reach and frequency are not applicable in marketing to physicians who are visited by pharma sales reps every two weeks. What's the point of trial and repeat when consumers only purchase a new kitchen appliance every seven years? The most successful brand of the last decade, Google, doesn't have a tagline or an advertising campaign!

There are examples of marketing that eschew the classical consumer packaged goods (CPG) marketing model to build powerful and profitable brands. Crayola is one. Despite a management team comprising consumer packaged goods veterans, its leaders decided to tailor marketing efforts specifically to the ways buying decisions for creative expression products are made.

In this category, parents, children, teachers and family members extensively influence each other—and also act as buyers in their own right. Because teachers define most back-to-school lists and provide product recommendations to parents, Crayola invests more in teacher training than in television advertising. Because young children are such an important influence on their parents, Crayola invests extensively in participatory marketing programs that convert children's involvement with the brand into product requests to their parents. In fact, Crayola's highly interactive factory tour draws 300,000 visitors a year and its Web site is crammed full of creative ideas and games that draw 500,000 monthly visitors. The company's marketing mix is allocated carefully to ensure that it matches the path to purchase. Insights are regularly gathered and evaluated to guide improvements in the buying process, as well as to make sure the products are fun and creative in the first place. Programs are also tested before they're rolled out. This approach has led to a novel marketing mix and an ability to customize traditional vehicles such as in-store displays and trial samples to meet the unique purchase needs of creative expression consumers.

## Purchase vs. Usage Needs

Consumers make purchases to help them fill a need in their lives. But they also need help in identifying and selecting these products. The premise of understanding purchase dynamics is that no matter how unique or useful a product may be, it will fail if target consumers are unaware of its potential to help them or cannot distinguish its benefits from other competitive products. Focusing on purchasing dynamics presupposes that marketers and product develop-

## BRIEFLY

- A CPG marketing model may not work for you
- Know your product's purchasing dynamics
- Different paths to purchase require different metrics

ers have done their homework to create useful solutions, and that marketers can design programs to close the deal to generate revenue and margin.

## Identifying Purchase Dynamics

Differences in purchase dynamics can be distinguished by examining two factors:

1. Level of consumer purchase expertise. This is the experience and knowledge that consumers develop in shopping and using a product category.
2. Degree of importance to the consumer. This is a combination of the perceived risk of making a bad decision and the impact of a purchase on the buyer's self image. Buying a home is an example of a purchase with high importance.

Four distinct paths to purchase can be identified by combining the level of consumer purchase expertise and the degree of product importance to the consumer in a two by two matrix. The chart on page 27 depicts these four paths to purchase: habitual, discovered, delegated and considered.

**Habitual** (low importance, high purchasing expertise). The habitual path to purchase for products like groceries is characterized by a continuous trial-and-error product adoption process. Because product importance is low and purchase frequency is high, consumers readily try new products and adjust buying habits based on the results. Marketers of habitual products have two primary objectives:

1. Reinforcing habits and loyalty among existing buyers
2. Disrupting established habits to gain trial among new buyers

There are so many habitual products and services that breaking through marketing clutter when consumers devote so little time to each choice is a crucial consideration.

**Discovered** (high importance, high purchasing expertise). The discovered path to purchase for products like shoes or books is characterized by a process of discovery and rapid evaluation of alternatives. Because product importance and buying expertise are high, consumers are willing to seek out a range of alternatives and evaluate on the spot whether an alternative meets their criteria. The objective for marketers is combining a shopping experience that facilitates discovery and evaluation with individual products that stick

out from the competition within these environments. These objectives can be in tension. To resolve it, marketers rely on two main techniques:

1. The blockbuster book, movie or individual product, which has such broad appeal and selling power it can disrupt the shopping environment.
2. The segmented brand, which has such sharply defined imagery that it establishes an oasis within the store and creates a mini-environment.

Coach, the well-known maker of women’s fashion accessories, is an excellent example of a discovered brand.

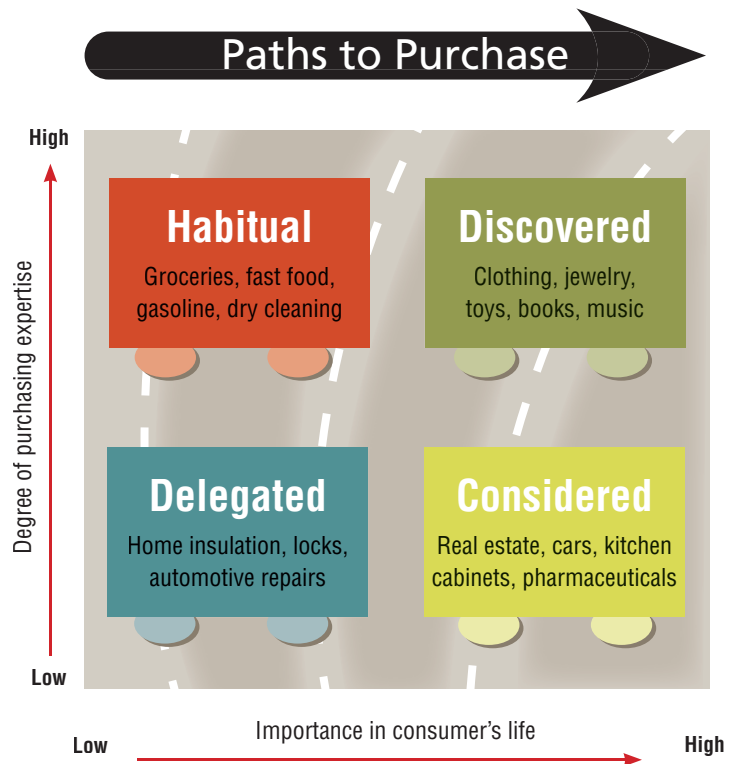
**Considered** (high importance, low purchasing expertise). The considered path to purchase for goods like major appliances and pharmaceuticals is characterized by a process of learning and in-depth evaluation. Because importance is high but shopping expertise is low, consumers read, consult the Internet and seek professional advice to build knowledge. Marketers are challenged to determine where and how in the decision-making process to invest resources. There are so many touch points that it can be difficult to determine where marketing investments can make the most difference. One key aspect of this challenge is determining how much to invest against marketing to professional advisors vs. marketing directly to consumers.

**Delegated (low importance, low purchasing expertise)**. The delegated path to purchase for goods like building products is characterized by a process where professionals make most of the buying decisions on behalf of the consumer. Because importance and purchasing expertise are low, the buyer delegates most of the buying tasks. In these categories, the needs of the professional for benefits such as easy installation, strong warranties, rapid service and spare parts are more prominent than in other product categories. The marketing focus here is generally on participants in the channel through which the product is installed or made. Direct-to-consumer communications are rare. When deployed, they are used to pull product through the channel.

Identifying the path to purchase provides powerful insight into how to tailor marketing to accelerate growth. It has implications across the full range of marketing activities, including messaging, media strategies and metrics.

### Tailoring Brand Positioning

Many of the brand positioning frameworks deployed in consumer product marketing are based on lessons learned by industry leaders such as Procter & Gamble and Unilever. With their agency partners, these companies pioneered the



use of extremely single-minded, highly differentiated and aggressive promises to encourage consumers to make a habit of using their brands—and to give them a reason to switch from competitive brands.

Brand promises cannot and should not be so specific in most discovered or considered categories where consumers are willing to spend more time and give more attention to the buying decision. These information-hungry consumers want more complex multi-component brand messages that help them more fully understand their purchase options. In these categories, there is often a hierarchy of brand and product promises.

The personality and imagery of considered brands also need to be more multi-dimensional to reflect consumers’ extensive interaction with brands during the long buying process that includes in-depth interactions on the Internet, consulting experts and multiple visits to retail stores.

### Tailoring Media Choices

Differences in the four paths to purchase have significant implications for media selection and the deployment of new media vehicles that have come on to the forefront during the past decade.

Media choices for habitual categories historically focus on mass media and promotions that match the high frequency of purchase and the extensive reach of these products. Skill in using television, national sponsorships,



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promotional incentives and sampling are crucial to driving trial and loyalty in these categories. In many ways, new media forms have made the task more difficult for managers of habitual brands. These new vehicles have fragmented the media landscape and made the task of providing simple, memorable messages to large audiences harder to accomplish. However, habitual products must remain a ubiquitous part of a consumer's everyday life and managers of habitual products cannot afford to forgo their shift in media consumption, particularly to digital media.

Discovered goods typically rely on the retail environment to deliver the bulk of their communications. In this path to purchase, merchandising skills are paramount because consumers actively seek out the products and services they desire. Magazine advertising is often quite effective in these categories because consumers browse print ads much in the same way that they browse through a store. Using new media to create exploration experiences represents an enormous opportunity for discovered goods. These include the browsing experience that Gucci delivers on its Web site to help consumers explore the full range of Gucci bags, shoes and accessories. They also include the multimedia experience that Burton Snowboards provides through sponsorships, on-slope demos, YouTube, viral media and an engaging Web site to immerse boarding enthusiasts in the social and fashion aspects of the sport—as well as expose them to specific products.

Delegated goods and services require media strategies that are focused on the needs of the professionals who make most of the buying decisions. Often, the sales force that

meets with these professionals is the most important media vehicle for delegated products. Marketing skill in scripting the sales force/professional interaction and anticipating the needs of professionals is paramount. Non-traditional media have yet to play a big role in these categories, but the potential is significant because of the opportunity to use tools like Webinars, blogs and online communities to assist both the sales team and the professionals in the supply chain in making better recommendations.

Media strategies for considered goods are the most complex of any of the path to purchase types, because of the need to reach both the end consumer and professional recommenders such as physicians or designers. Considered goods and services marketers must be particularly skilled at identifying where the key points of leverage are in the lengthy path to purchase process for considered products. Often, this will change as the product matures. During introduction, strategies focused on gaining professional support may be paramount. Once the support of professionals is gained, strategies that create consumer pull by directly targeting the end consumer may become more important.

Pharmaceutical brand managers constantly face the challenge of finding the right balance between direct to consumer and marketing to professionals. After years of growth in direct-to-consumer spending several years ago, it seemed that this spending had peaked due to diminishing returns and a more difficult regulatory environment. However, pharmaceutical marketers, like other makers of considered goods, have just begun to tap into the potential of digital media types to target and educate both sufferers and their caregivers. The extensive digital efforts of Wyeth's Enbrel and Effexor brands are excellent examples of this shift. Direct-to-consumer television advertising may have peaked, but direct to consumer digital communications are booming because of the media's suitability in providing useful information and advice.

## Tailoring Metrics

Different paths to purchase require different metrics tailored to the behavior of consumers using each path. The classic brand metrics for habitual products, awareness, consideration, trial, repeat and loyalty closely correspond to the path to purchase because of the importance of building trial and loyalty.

In the case of discovered goods and services consideration, exposure to involving experiences, purchase and multiple purchases are metrics that more closely correspond to the path to purchase. Trial, repeat and loyalty are less relevant because purchases are not as frequent for these goods and services. Discovered goods brand leaders such as Nike go to great lengths to measure the duration and depth

of consumer experiences with brands that go well beyond the traditional awareness, trial and repeat funnel.

For considered and delegated goods and services, recommendation is a critical metric because of the importance of professional recommenders and word-of-mouth recommendation from previous buyers. Metrics of brand advocacy are quite common for these products. These advocacy metrics identify those who are most willing to recommend, and those who are alienated from the brand and may actively recommend against it. For example, Hill's Pet Nutrition, the global leader in pet foods sold via the veterinarian, regularly measures whether veterinarians recommend their products both for therapeutic situations and as food for healthy pets.

### Implications for Action

The key to success in tailoring marketing to consumers' path to purchase is to obtain a granular understanding of each step in the path for the individual category and determine how best to speed consumers along the path. Marketers who already have a shopper insight program in place should consider expanding the scope of the effort beyond the typical point-of-purchase focus to the entire journey to adoption and loyalty.

Shopper insight is not the only starting point, however. Most marketers can assemble a basic path to purchase for key segments by combining existing research with a quantitative study to fill in the missing gaps

In designing the scope of these research efforts, growth leaders should consider the following questions:

- What does the path to a successful purchase look like for the bulk of category buyers? Where do the largest bottlenecks, steps where consumers opt out of making a purchase, occur along the path?
- Does the path to purchase differ for consumer segments or do segments use roughly the same path, but proceed through it at different rates with different bottlenecks? What is the reason for segment differences when they occur?
- What drives consumers to take each step in the path to purchase? Does one set of benefits move consumers throughout the path or do consumers need one set of benefits to consider a product or service, and another set to select it?
- How do influencers and trade partners hinder or help

consumers along the path? What is their role at each step? How can marketing influence them?


- What are the points of maximum marketing impact along the path? How about the points where marketing investments have the highest probability of success at the lowest cost per consumer?

Once the path is better understood, marketing decision makers can begin to shift their marketing mix to those points in the path to purchase with maximum impact. For most companies, this shift does not typically require major operational or organizational changes because there are ample specialists and agencies who can facilitate and assist. It does require a mindset change to begin a routine of testing and learning to see what changes in the mix have the biggest impact, and to measure the return on investment for these shifts in messages, media mix and metrics.

Often, the results can be dramatic. The managers of Hallmark's Silly Putty brand of malleable clay thought the brand was a toy, and used typical toy merchandising strategies including price features, seasonal packs and a focus on Christmas and birthday gift giving to drive sales. Through a thorough insights program, they uncovered that a much larger audience of tweens, teens and young adults was willing to consider Silly Putty. However, this audience's path to purchase was far more impulse-driven than parents shopping for gifts. Subsequent analysis showed that display at checkout was 10 times more effective than any other marketing investment that Silly Putty could make to drive sales. These displays drove impulse buying while continuing to deliver against the original gift-giver target. Despite a mature brand and no television advertising, Silly Putty was able to drive consistent, annual double-digit sales increases by shifting its messaging and mix from a considered toy/gift focus to an impulse-driven approach.

The lesson that the managers of Silly Putty learned is a lesson for all marketers. Gain a deep understanding of your consumers' path to purchase and tailor your marketing investments accordingly so that you can profitably accelerate growth. **MM**

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