The Evolving Role of Digital in the Purchase Process

Joint Shopper Insights & Social Media Forum

February 16, 2012

ADVERTISING RESEARCH FOUNDATION

Re:think

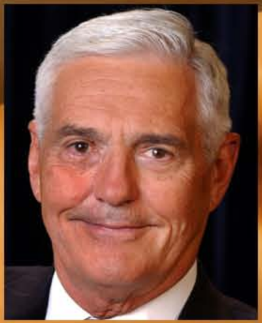
March 25–28 2012

THE ADVERTISING RESEARCH FOUNDATION

Annual Convention + Insights Zone

Michael E. Kassan
Chairman and CEO, Medialink

Jonah Lehrer
Contributing Editor, *Wired* and National Radio's Radio Lab; Author of *How We Decide*



Bob Lutz
Former Vice-Chairman, General Motors

Karen Nelson-Field
Senior Researcher, Ehrenberg-Bass Institute for Marketing Science

Rory Sutherland
Vice Chairman, Ogilvy Group UK

For full speaker list and agenda, visit: www.thearf.org/rethink-2012

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March 27, 2012

Marriott Marquis – New York City

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ARF

GreatMind

THE ARF GREAT MIND AWARDS

March 28, 2012

Celebrate Great Minds

The ARF Great Mind Awards recognize and celebrate individuals who contribute to the excellence and advancement of advertising research.

EXTENDED: Friday, February 17

Nomination entry deadline is Friday, February 10, 2012

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WWW.THEARF.ORG/ASSETS/GREAT-MIND-12

Upcoming ARF Events

ADVERTISING RESEARCH FOUNDATION

Tuesday, February 21, 2012
5:30–8:30PM ET
ARF Young Pros Social
Social at JWT

Thursday, February 23, 2012
12:00–1:00PM ET
The Devil Inside—What Drives PR and AD Execs to Conduct Research for Publicity: The PR/Ad Agency's Research Toolkit
Webcast – Toluna

Tuesday, February 28, 2012
2:30–4:30PM ET
Audio Research – Radio: Creative, Commercial, and Cross-Platform
Forum

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2:30–4:30PM ET
Audio Research – Radio: Creative, Commercial, and Cross-Platform
Forum

Tuesday, March 6, 2012
1:00 –5:00PM ET
Today's Youth and their Relationship with Technology and Social/Mobile Media
Forum

Thursday, April 12, 2012
12:00 –1:00PM ET
Multicultural Shopper Insights
Forum

For agendas and registration, visit www.thearf.org

The Evolving Role of Digital in the Purchase Process

SCHEDULE	PRESENTATIONS
1:30–1:40PM	**Welcome and ARF Announcements** Todd Powers, Ph.D.– EVP, Primary Research, ARF Sheila Seles- Director, Digital & Social Media, ARF Zena M Pagán – Forums and Ogilvy Awards Manager, ARF
1:40–1:45PM	**Introductions, Forum Agenda and Overview** Todd Powers, Ph.D.– EVP, Primary Research, ARF Sheila Seles – Director, Digital & Social Media, ARF
1:45–2:15PM	**Qualitative Research Partner Joint Presentation** Manila Austin, Ph.D.– Vice President, Research, Communispace Corporation Stacy Graiko– Director, Qualitative Research, Firefly Millward Brown
2:15–2:30PM	**Quantitative Research Partner Presentation** Graham Mudd– Vice President, comScore Marketing Solutions, comScore, Inc.
2:30–2:45PM	**Quantitative Research Partner Presentation** Will Bottinick– Research Manager, Converseon
2:45–3:10PM	**Q&A with Research Vendors**
3:10-4:25PM	**Sponsor Panel Discussion (includes Q & A)** Belle Frank – Executive Vice President, Director of Strategy & Research, Y&R Nina Leask- Market Research Digital Manager, General Motors Stefanie Schutzbank – Media Research Manager, Google Karen Zappia – Senior Market Research Manager, Kraft Foods
4:25-4:30PM	**Adjournment** Todd Powers, Ph.D. – EVP, Primary Research, ARF Sheila Seles – Director, Digital & Social Media, ARF

Arrowhead Sponsors

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Arrowhead Research Partners

» **Qualitative Partners**

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comScore.

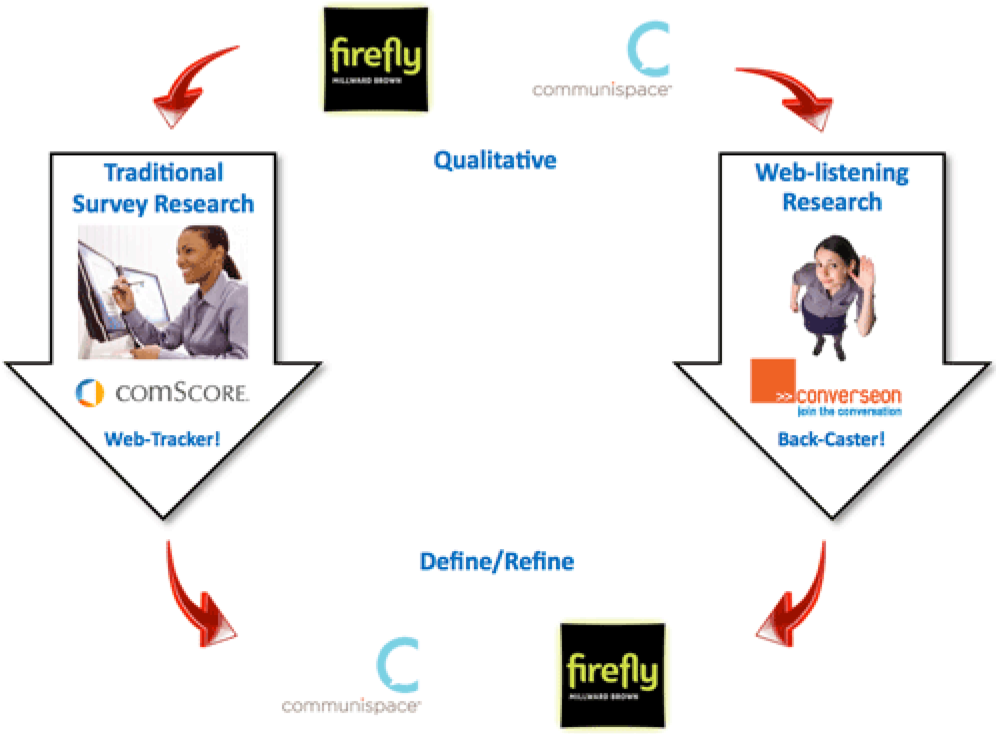
converseon
join the conversation

» **Academic Advisor**

DUKE
THE FUQUA SCHOOL OF BUSINESS

Digital/Social Media in the Purchase Decision Process

This ARF Arrowhead project is focused on increasing cross industry understanding of how and when consumers use digital/social media at various points in the purchase decision process.



Arrowhead: Qualitative Research

Setting the emotional context

Our relationship with technology, brands, and each other is evolving against a specific cultural backdrop:

- Skepticism
- Empowerment
  - Solo
  - Social
  - Tribes
- Occupy [Wall St.] movement(s)
- Technology that is “smarter than me”

Our premise …

Shopping has changed, evolved now that we have digital and social media tools

We wanted to understand:

•How and when people turn to social and digital media to help manage their product and service purchases

•Whether people get purchase ideas from digital/social media?

•Whether people turn to digital/social media to get insights from the post-purchase experience?

•How the purchase decision process differs by audience and venue?

What we did

Phase 1
(September)

Qualitative

- **Multiple touch points**
- **Multiple methods**

Phase 2
(October-December)

Quantitative

- **Social media content analysis**
- **Panel survey**

Phase 1
(January)

Qualitative

- **Multiple methods**

Ongoing analysis
Insights shared across research partners and sponsors

Combined, upfront effort to inform and inspire

Multiple touchpoint approach with research participants

•Tech-savvy audience to ensure front-of-the-pack learning and terminology and develop hypotheses for subsequent research phases

•Focused on automotive and grocery categories

Multi-method explorations with online community members

•Translated Firefly's interview protocol into online activities

•Expanded qualitative sample to include more people who were less tech-savvy

•Included medium purchase cycle category

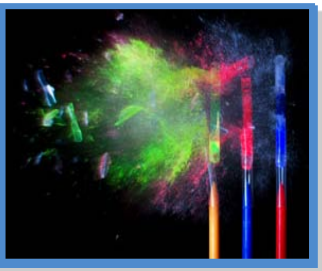
FIREFLY SNAPSHOT

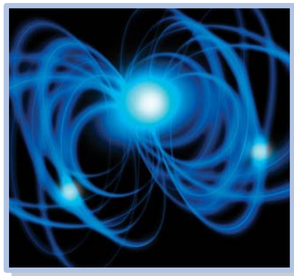
OVER 25 YEARS OF ENLIGHTENED THINKING

Founded in 1983 (as GCG) Firefly is the qualitative division of Millward Brown, with 40 locations worldwide.

Researchers with deep agency and client side background who are strategic catalysts ***illuminating*** insights that transform your business

Inspiration through brand storytelling from eclectic, aware, and involved individuals – all with varied talents and specialties that spark creative ideas





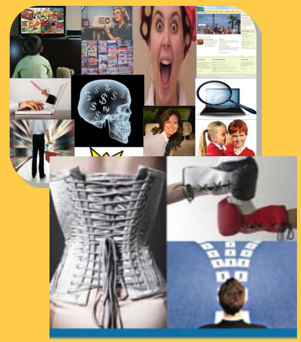
Dedicated project management and a consultative approach that delivers ***impact*** through flawless execution, using creative recruiting to find the hardest to find

15

EXPLORATORY APPROACH

"IN CONSUMERS' OWN WORDS"

Explored "shopping" yesterday, today and tomorrow to understand tensions and opportunities and where digital and social fit in.



- uView webcam interviews set the stage

- collage-building
- card sort
- consumer-generated narrative

- follow-on uViews and ethnographic sessions

Total n=24 consumers, 3 week timeframe

What We Learned

Engagement with "shopping" has fundamentally changed because of digital and social tools available

Auto shopping

- Highly emotional purchase
- Pain points: anger about the process
- Visit dealer websites, put more stock in what others say
- See the web / digital / social tools as their "secret weapon"
  - Sense of empowerment
  - Makes them "pre-savvy"

Technology was seen as the answer to car-buying pain

“Why do they have to make it complicated? Now I can figure it out at my own pace.”

“I’m sick of salesmen who think they know more than I do. Now the web is my secret weapon..”

“It’s always me against them for my money. Now I can actually win!”

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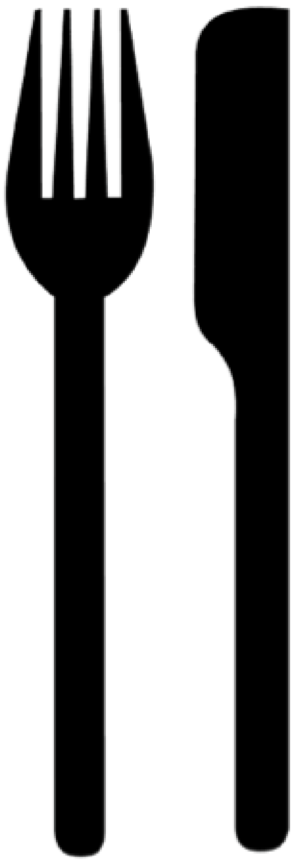
Grocery

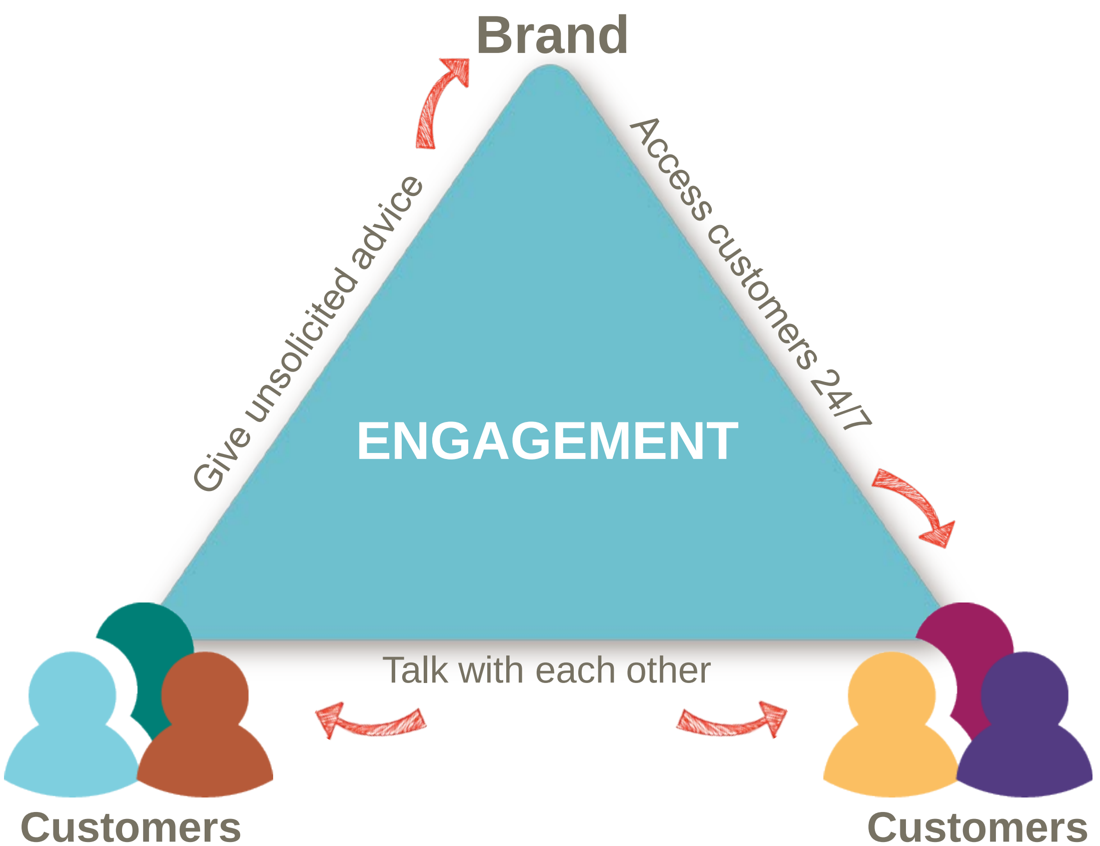


- Not as highly charged as automotive shopping
- Pain points: can't afford brands / fresh / organic foods
- See digital / social tools as their resource for good deals
- Desire social experiences around sharing recipes, tips, etc.
- Also looking for smart technology and convenience

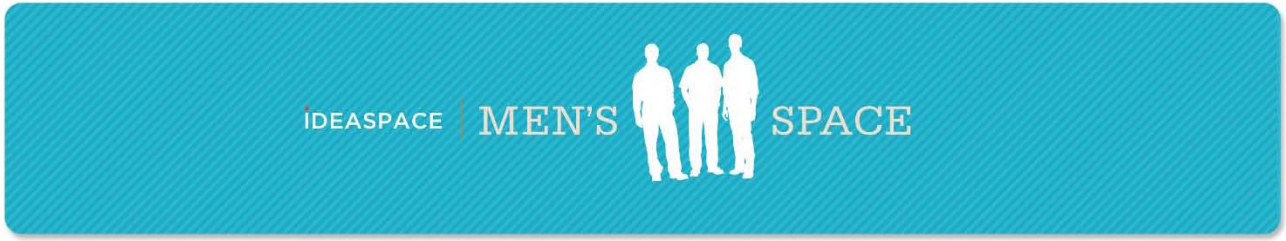
Technology seen as a benefit-driver

What is a Customer Insights Community?

A continuous connection
to your most important customers



Communispace's "IdeaSpaces"



- 300 engaged men
- Between the ages of 25–60+
- Range of races, income, education, and marital status

- 400 engaged women
- Between the ages 25-60+
- Range of races, income, education, and marital status

- 300 men and women
- Between the ages of 18 –24
- Range of races, income, education, and marital status

Multi-method exploration for discovery

Up-front Qualitative

Survey: Gather members' perceptions of what sources influence their purchase decisions

n = 254

Card sorting Understand how members view the most frequently named sources from the survey.

n = 243

Digital safari Further understand how members use online resources to plan a purchases in various categories.

n = 15

Post-quant Qualitative

Brainstorms: Collect top-of-mind steps and resources associated with buying a new car/mobile device/grocery item.

n = 312

Discussion: Discover when and how members changed their pre-purchase mindsets when deciding to buy.

n = 186

Mind mapping: Have members illustrate what they notice day-to-day to determine what external factors are influencing pre-purchase or purchase decision processes.

n = 18

Mobile ethnography: Gather in-the-moment media files, documenting what and when members are noticing and how they feel about their encounters.

n = 17

Long Purchase Cycle: In it together

When facing such a financially-significant purchase, members looking to purchase new vehicles seek advice from family, friends, and other people they **trust**:

"**Talking to friends or family** who have purchased vehicles before is the most influential. I trust them."

"I guess **conversations with my father have had a big influence**. I value his opinions about my car purchase a lot. He has had a lot more experience car shopping than I have had!!!"

"I will use **my trusted mechanic**, a man I have known for 20 years."

"**Conversation - with my wife** over what we should get. We looked at automakers websites to narrow down our options."

"**My grandpa helped me** with his experience to help me get the best deal for my buck."

communispace

firefly

ADVERTISING RESEARCH FOUNDATION

Medium Purchase Cycle:
Members gain important firsthand experience with devices

"Friends had iPhones, so I got to use them a bit before deciding to purchase my own."

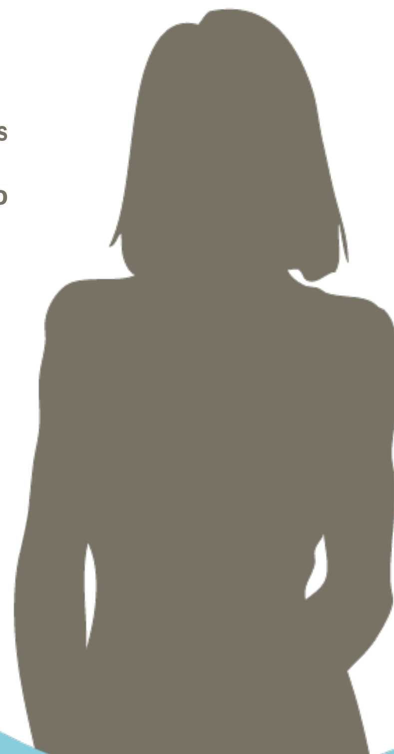
"Friends and family… New phones are often a conversation topic, and we discuss pros vs. cons and spec comparisons as well as price comparisons. Also, given I have Sprint, and my cousin/brother/family have Sprint, we usually know what's out there."

"I talked to family members who had the phone, which had the biggest influence because they could give me their opinions."

First-hand experience

Conversations with subscribers to the same carrier

Soliciting advice from people with the same device



Pressure to have the same technology as other members of one's social group

Observing use of a new device

"Honestly, peer pressure is having a huge impact on my decision. I am a Blackberry guy and have been for a long time, but I am starting to feel the pressure for an iPhone. I do not like to consider myself mainstream but I feel like I am starting to miss out."

"I wanted an iPad for an overseas trip I was taking. Actually I wanted a tablet but was torn as to what to get. I was on an airplane coming back from another trip when I saw someone using one. I thought it was so great!"

Short Purchase Cycle: Members who reported using mobile apps in-store to aid their grocery shopping primarily used these apps for in-the-moment price comparison

Other mobile app-enabled functions include digital shopping lists, product research/recipe ideas, and virtual loyalty cards

BARCODE SCANNING

"In my life, the biggest resource when it comes to grocery shopping is apps. While I was at the grocery store on Friday night, I noticed how much I use my phone**. It was fun to go around the store scanning my purchases with my phone to see if I could find a better deal somewhere else**. I believe that smartphone apps can save you a lot of money when it comes to shopping."

DIGITAL SHOPPING LISTS

"I use a grocery shopping app to make and manage my lists. I use my mobile device to research an item if I need/want to."

PRODUCT RESEARCH

"When I cannot remember a recipe I look it up on my phone. What a bonus and a help."

"I use Key Ring App to scan my Stop & Shop card into the check out terminal so that I don't have carry a plastic card"

VIRTUAL LOYALTY CARDS

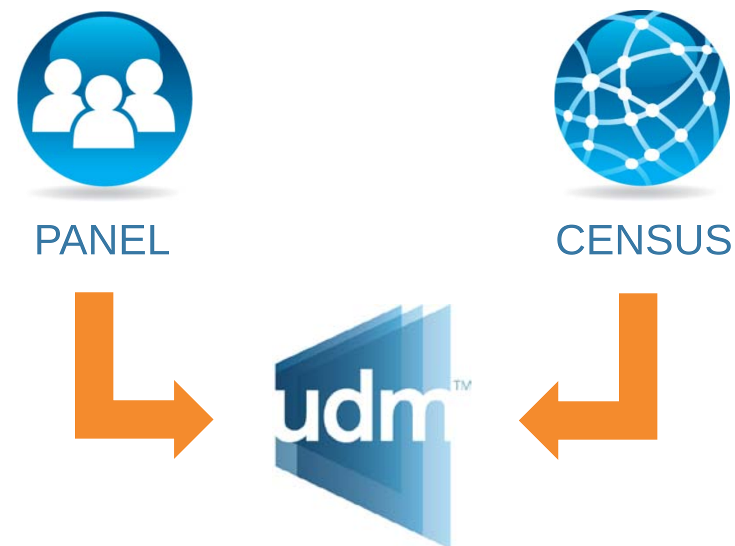
comScore

Quantitative Survey Research

comScore's Innovative Approach Revolutionizes Measurement – to validate, build on and quantify early qualitative findings

2 Million Person Panel
360° View of Person Behavior

PERSON-Centric Panel with
SITE-Census Measurement



Unified Digital Measurement™ (UDM)

Patent-Pending Methodology

Adopted by 90% of Top U.S. Media Properties

What we did…

Data was survey-based.
comScore's proprietary behavioral data was used only for usage segment identification and reach estimation.

The intent of the survey was to touch on points that needed validation or support from initial qualitative research

Survey Qualification Criteria:
Purchase Behavior into Category (i.e. Auto, Smartphone, Grocery)

comScore Panel Respondents (2155)
Field Dates:
Nov 17-28, 2011

Questionnaire Topics

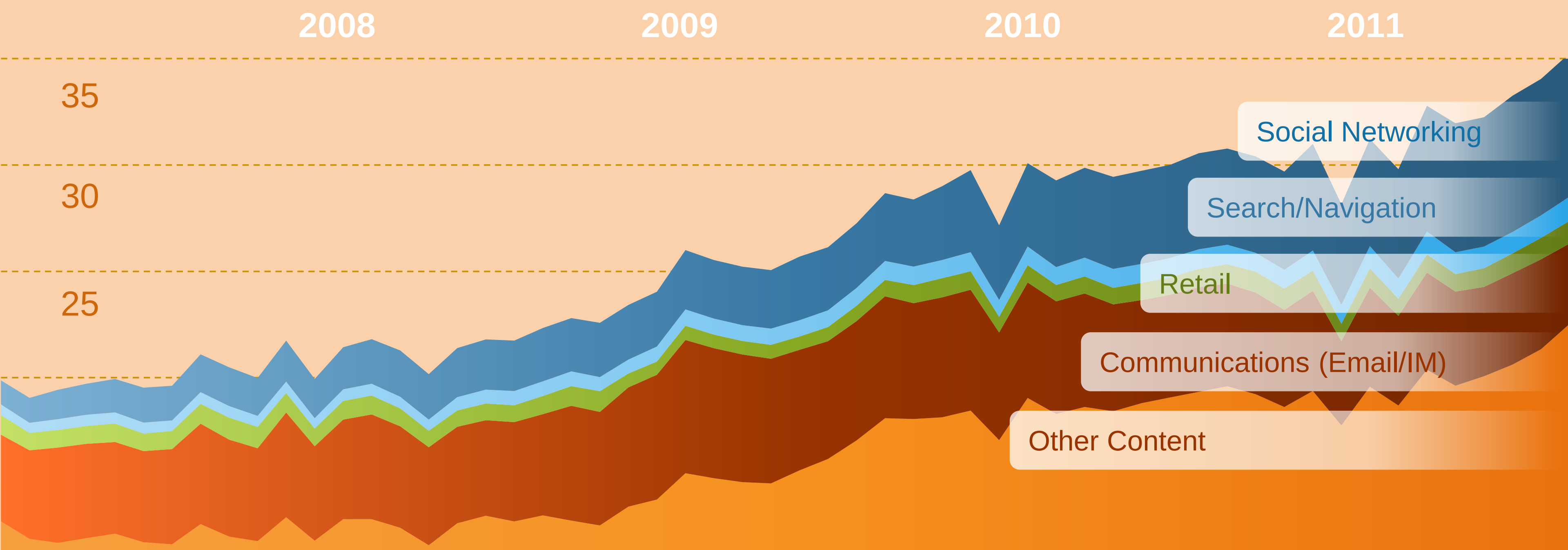
Last purchase info - *Details about the product and reasons for purchasing*

Topics researched - *What types of things did they research (learn about new product, get more info about brand, compare specs, etc)*

Online sources used
Offline sources used
Rating of each source and how each were used
How they use sources in general
Psychographics
Demographics / Technographics

What we will share today:
Findings on the sources used for research in the Shopping Process

Nearly 1 in 5 minutes online is spent on social networks.

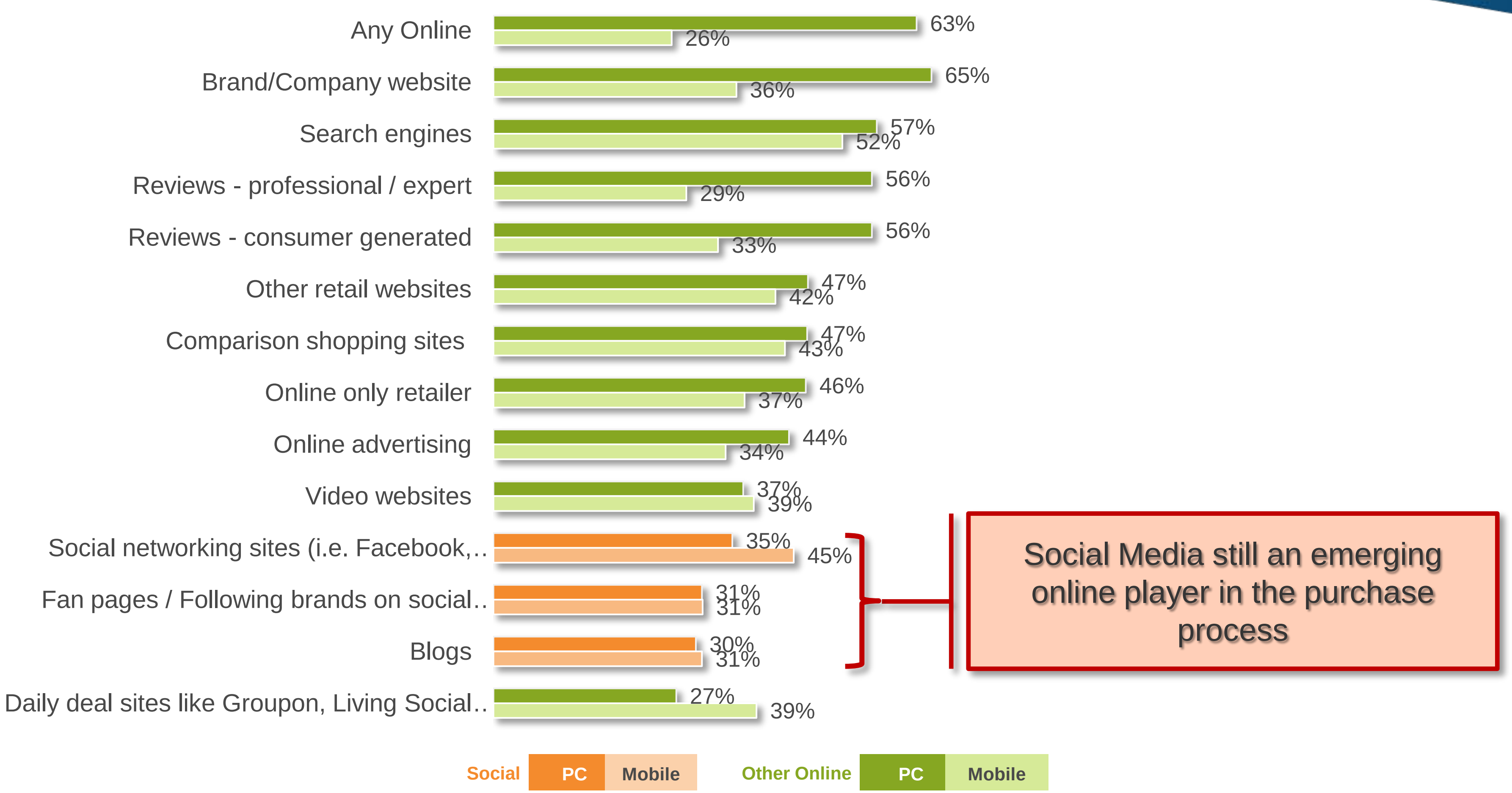


Time Spent on Key Categories Online
Worldwide Hours per Month (Billions)

comScore

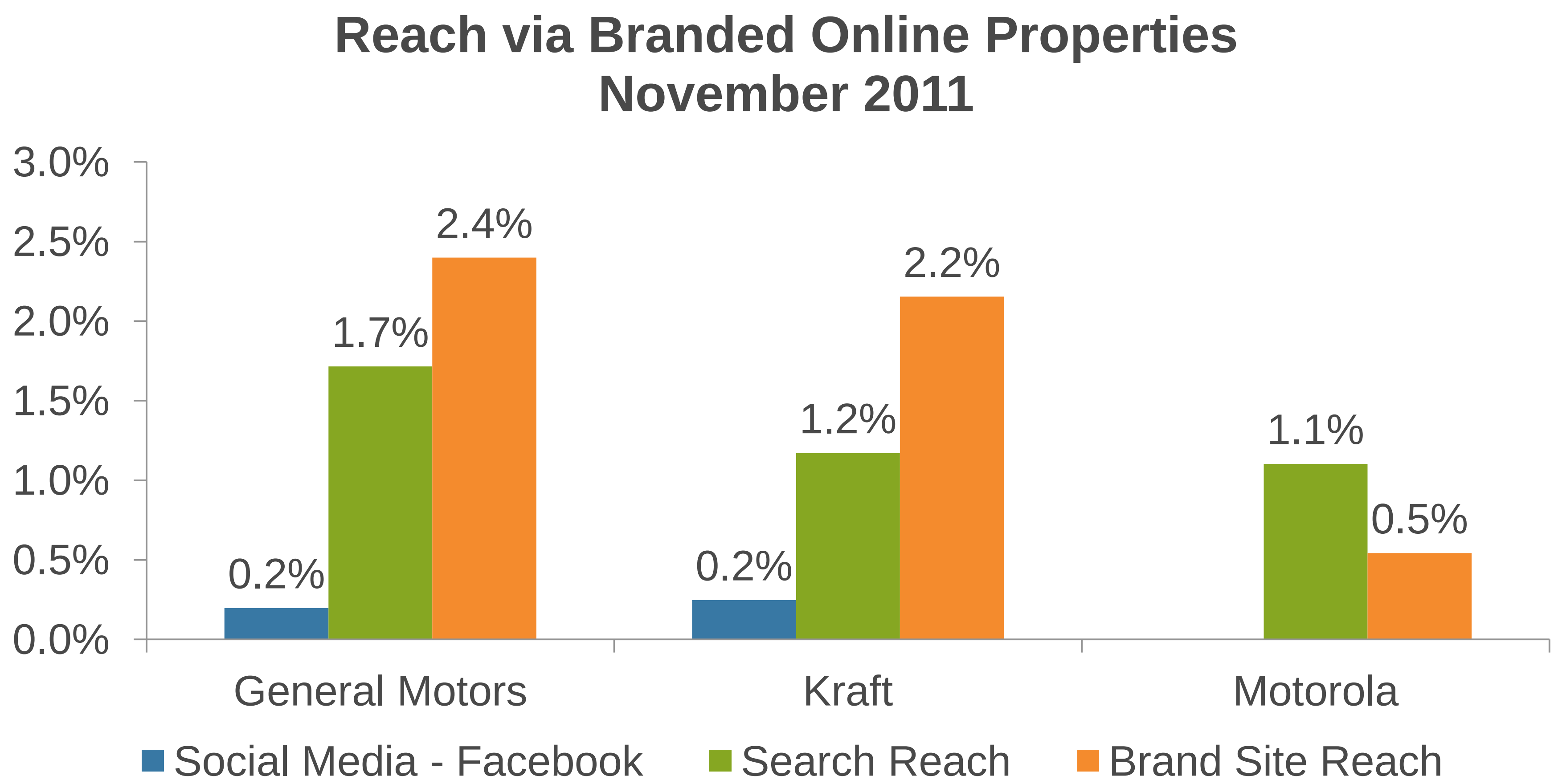
Source: comScore Media Metrix, March 2007 - October 2011

Brand sites, search and reviews are still utilized significantly more often for shopping research than social sources



S1. When you first started thinking about <...>, did you use any of the following online sources to help with your decision?

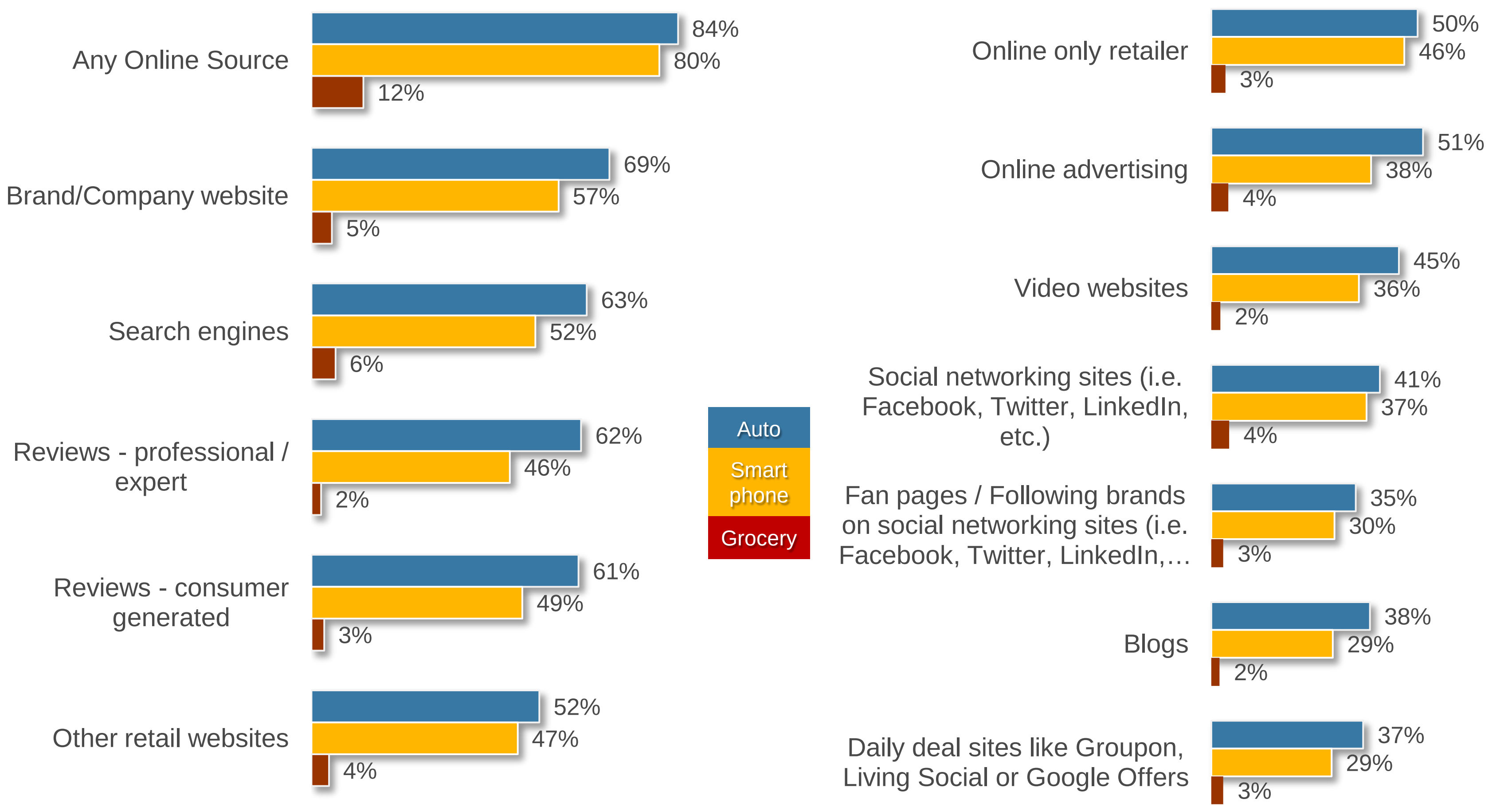
Actual behavior shows us that branded properties reach really just a very minuscule portion of the total online web.



comScore, November 2011 Data via Social Essentials, Media Metrix, Search Planner

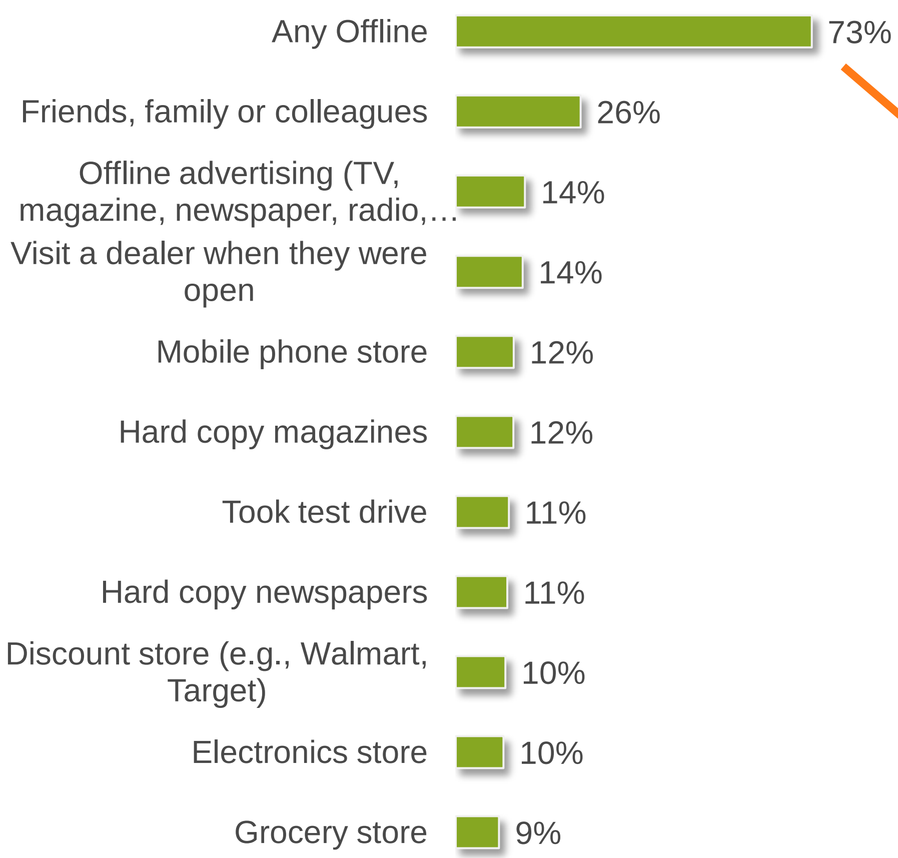
*Search Reach is from the Top 20 branded phrases driving to brand site.

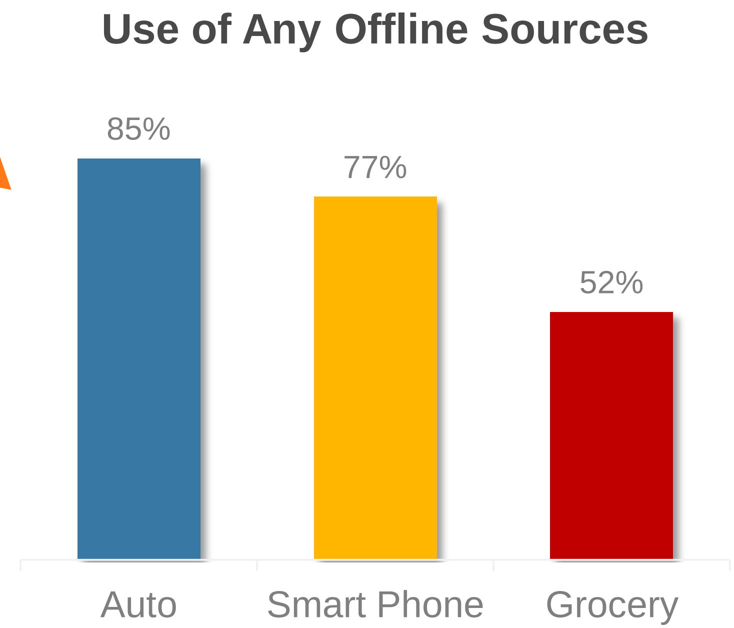
Not surprisingly, consumers are highly reliant on online sources for auto and smart phone research, but much less so for grocery research



S1. When you first started thinking about <...>, did you use any of the following online sources to help with your decision?

Individual offline resources are used less often than most online resources. Interestingly, “social” is the top offline resource.



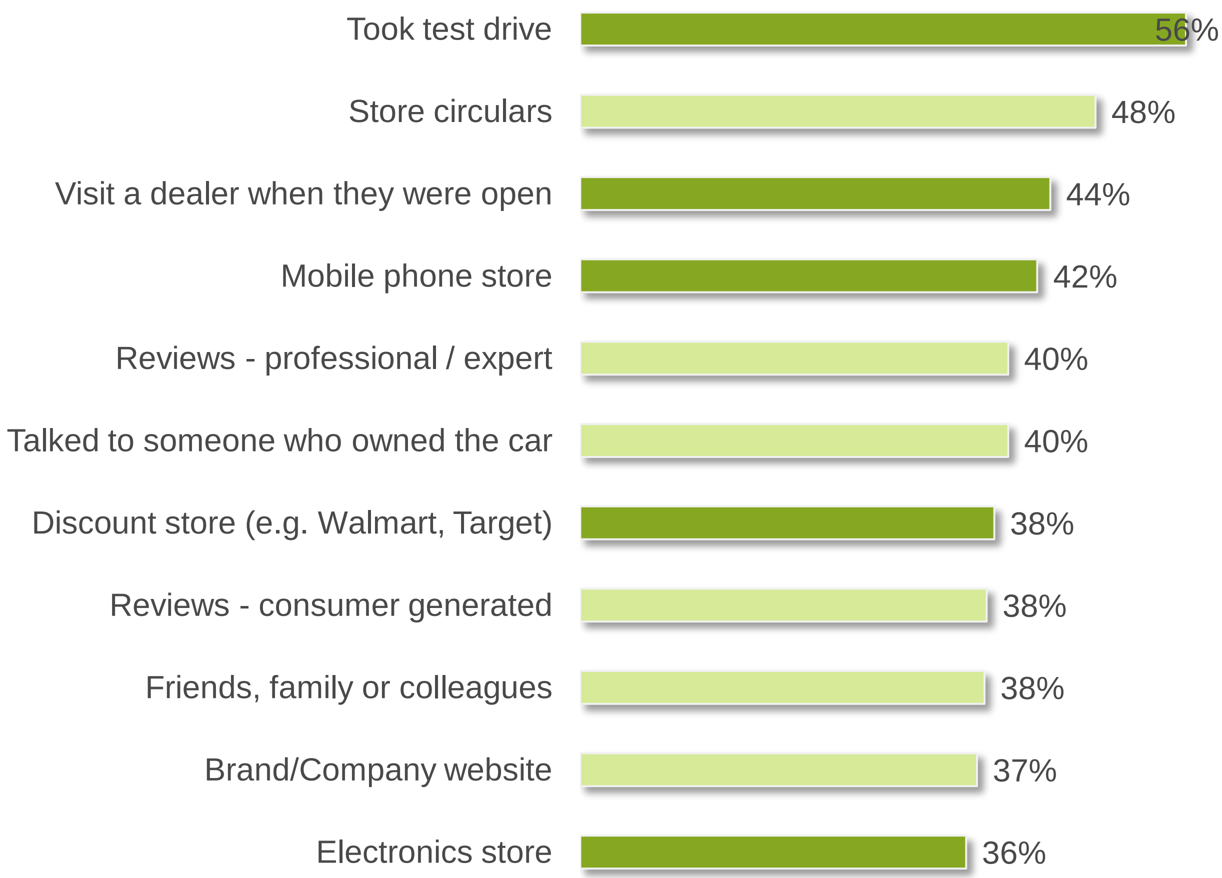


S2 When you first started thinking about <...>, did you use any of the following offline sources to help with your decision?

*Social Media Sites include: Social networking sites, blogs, review sites (user, pro), daily deal sites, fan pages

Experience is still is perceived as most important to the purchase – marketers should consider providing online resources that closely mirror offline experiences

Top 10 Mentions of "Very Important"



*Importance as perceived by the consumer and is unique to each category. Regardless, more consumers place greater importance to the 'experience'.

S3. Overall, how important were each of the following when making a decision to purchase <INSERT PRODUCT>? (Out of 33 attributes)

Who is the emerging social shopper?

22% more likely to be **male** than the average internet user

64% more likely to be **18 to 34** years old

55% more likely to have HH income **over $100,000**

26% more likely to be **college educated**

25% say **social / fan pages** introduced them to brands they didn't know about

Plan to spend about the average amount for auto, significantly more for phones and significantly less for groceries

Our Findings Show that Today's Consumer…

- **Still uses a wide variety of sources in the research process.**
  - Although online sources are beginning to rival the offline experience factor in decision making.
- **Considers Social Media as an emerging influence in the purchase process**
  - Does not yet consider social media as a stereotypical "research" sources.
  - That said, consumers do clearly tell us that they turn to friends/family for help with decision making, so online social will continue to grow in importance.
- **"Social Shoppers" align with our traditional understanding of an early adopter**

Converseon

The Evolving Role of Digital in the Purchase Process

February 16, 2012

About Converseon

Background

- Founded 2001, designed to help leading brands harness the value of social.
- Focus on making social intelligence actionable.
- "Best data quality," according to Forrester Research.
- Help brands that are ready to get serious about social media and intelligence.

Awards and Recognition

"Best Socialized Business (with IBM)"
"Best Socialized Business (with IntegraMed)"
"Best Social Listening Strategy(with Walmart)
"Best Social Agency"

SAMMY

"Top Ten Smartest Big Brands"

Mashable

"Best Word of Mouth Program"

womma
Word of Mouth Marketing Association

"Award of Excellence for Communications Innovation"

Society for New Communications Research

Project Goals: Why Social Media Listening?

Listening Goals

- Understand how and when people produce social media content related to purchases.
- Learn how consumer sentiment and conversation topics vary by purchase category and stage.
- Quantify the emotions that people express in purchase-related discussions.
- Uncover what drives positive and negative sentiment in purchase-related conversations.

Why Listening

- <u>Access</u> to organically emerging, unsolicited online data about consumer purchases.
- <u>Comprehensive coverage</u> of social media channels to analyze diverse voices and communities.
- <u>Insights</u> into consumer attitudes and emotions at the time of purchase.

Research Approach

Methodology

- Aggregate publically available, English language social media content in which people mention a product from one of the following categories as it relates to in the context of an upcoming or past purchase:
    - Compact cars
    - Smartphones
    - Groceries (packaged meats and cookies)
- Code and analyze a sample of 500 records per category.
- All records were produced between Spring and early Fall 2011.

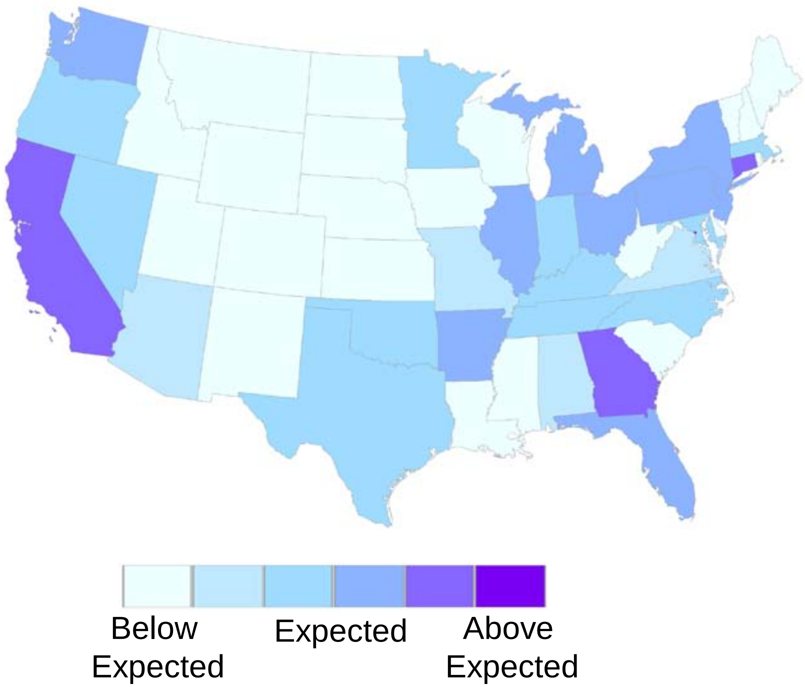
Category Insights

Compact Cars

- When writing about vehicles after making a purchase, consumers complain about particular features but only rarely dissuade others from purchasing the same make and model.
- The small car category features a greater share of pre-purchase posts than the other categories. This is likely due to the expense and gravity of making an automobile purchase.
- Conversations around gasoline consumption are common. Consumers appear to stress financial savings more so than environmental benefits of fuel economy.
- Consumers also frequently discuss space in relation to small cars, seeking to maximize the space they get for their value. More specifically, consumers discuss concerns about whether or not small cars will accommodate infant car seats and strollers.

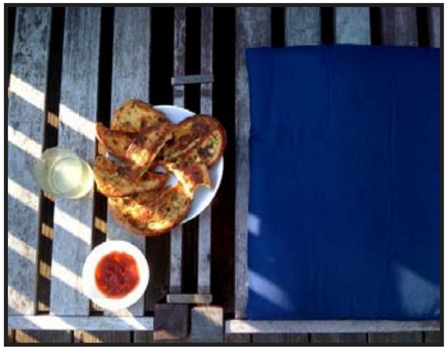
Smartphones

Geo-Distribution of Smartphone-Related Social Media Content Accounting for State Population



- Smartphones elicit the greatest share of neutral sentiment pre-purchase and negative sentiment post-purchase.
- When consumers complain about smart phone purchases online, they frequently vent about how their smartphones are not as easy to use as they expected.
- Overall, the Great Plains states generate less conversation for all categories, but especially for the smartphone category.
- Consumers in California, Connecticut, Georgia and Washington D.C. appear to be more interested in smartphones than consumers in other states.

Groceries



- Consumers writing about cookies express concerns about nutrition more frequently than consumers writing about packaged meats.
- When discussing cookies and nutrition, people also cite taste as a key factor in making a purchase decision.
- People are very willing to share images of their food purchases and their meals, as well as the activities they enjoy while cooking packaged meats.
- It is common to see people seeking dieting advice on forums, particularly within the conversation about cookies. Parents frequently post about concerns about getting their children to eat healthily.

Takeaways

- Consumers appear to be more likely to post online before making a purchase when they're buying expensive, durable products. Marketers for expensive consumer products should study online messages where the authors express emotions like trust, interest and joy to better understand how they can help consumers in the purchase process.

- Small car and smartphone consumers post online about their items long after making a purchase. It therefore behooves companies that manufacture durable and expensive goods to stay accessible after a consumer's purchase and empower brand advocates who can help consumers.

- Brands that make non-durable, low cost and low involvement products are challenged with finding creative ways to appeal to their consumers and incentivizing them to share experiences on their social networks.

- Marketers stand to benefit from tailoring online content strategies to target consumers at the pre- and post-purchase stages on specific social media channels.

QUESTIONS?