

# CONSUMER BEHAVIOURS

What are they? Why are they important?

How can SMEs find customers and keep them?



# Icehouse Insights

*A regular and exclusive series addressing some of the major challenges facing SMEs today. Icehouse Insights also highlights some of the possible solutions you can weave into your business to solve common issues.*

## **This edition:**

Consumer behaviour is the study of individuals, groups, or organisations and all the activities associated with the purchase, use and disposal of goods and services, and how the consumer's emotions, attitudes and preferences affect buying behaviour. Attracting, winning and keeping customers is the most important challenge facing any business.

Inside are the explanations, tips and tricks you need to understand consumer behaviour to enable you to fulfil expectations and maintain long-standing transactional relationships with your customers.

## INTRODUCTION

The 1000s of white papers, eBooks and video explainers out there and the billions of dollars larger organisations spend on research only tell us one thing - no-one has a magic wand when it comes to understanding consumer (or customer) behaviour and how to turn it into a competitive advantage.

Research also shows that consumers behave the same regardless of the size of enterprise they're interacting with.

That's good news for SMEs because it means you can cherry-pick tried and trusted methods from larger enterprises while putting your own identity on everything you do in your sales and marketing, and without smashing your budget.

# WHY IS CONSUMER BEHAVIOUR IMPORTANT?

It's important because it helps owners, managers and sales and marketing teams understand what influences consumers' buying decisions.

If you can find out why customers do, and don't, buy from you then that can help you improve areas in your business to sell more, and make money.

Omniconvert.com say there are three categories that influence consumer behaviour:

Personal factors: interests and opinions shaped by demographics (age, gender, culture, etc.)

Psychological factors: individuals respond to marketing messages based on perceptions and attitudes

Social factors: family, friends, social media, income...

- 87% of shoppers begin their product search online (Question: do you have a website?)
- 82% of consumers expect an immediate response to sales or marketing queries (Question: How effectively do you communicate to customers?)
- 80% of consumers say 'experience' is just as important as product and services (Question: How good is your customer service?)

# THE CUSTOMER AND THE BEGINNINGS

## The basic customer funnel

How can you stand out in the crowd when customers don't know you exist, let alone recognise your brand? This is the basic sales funnel:

### Unaware →

Your business begins with the need to build awareness about yourself and your offerings

### Lead →

Someone in your target market who is not yet engaged with you

### Prospect →

Someone in your target market who has expressed interest

### Customer →

Invested in your offerings

### Fan →

Tells others

In summary, people have to know what you do, then you've got to convince them that you're the right people to buy from.

You must turn those people into leads and then convert them to sales. If you do it properly, then you end up with fans – people that go out and broadcast why you are so wonderful. And that's really important.

Fans are what you really want as there's little credibility in an owner telling the world their company is great – but if someone else says my company is great, then that's ten times more powerful, and people are far more likely to buy.

Your real job is to widen your sales funnel – and that's where standing out from the crowd through great ideas comes into play.

# THE DIFFERENT TYPES OF BEHAVIOURS

## **Complex buying behaviour**

This often occurs when a consumer is buying an expensive one-off product, such as a car or a new kitchen, for example. The buyer will take their time to do their research, and as the risk is high, the consumer will consult friends, family and online reviews. They learn about the product they want to buy, develop attitudes and choose thoughtfully.

## **Dissonance-reducing buying behaviour**

This sounds very complex, but all it means is that there is plenty of consumer involvement in the purchase. It's a rare, high-priced object but choices are low and the products on offer all perform similar functions. The buyer buys because it's easily available and has found one at a price that suits them.

## **Habitual buying behaviour**

There is low involvement here because the consumer is buying something that is familiar to them, often something that they use every day. An example might be a pair of trainers. There's low-risk attached to the purchase, they have bought this type of product before, so they'll head to a range or a brand they have bought from previously.

## **Variety-seeking buying behaviour**

Consumer involvement here is very low. The products on offer perform similar functions so brand loyalty is not important to the buyer. This is often a spontaneous purchase. The buyer likes variety and is curious and because the cost is also low, it doesn't matter if they make a mistake as they will simply try a different brand next time.

# SO WHY DOES ALL THIS MATTER?

Quite simply, the more insights you can get on the who, why, where and when, means you can take that knowledge and meet consumer needs.

You might have the best product on the market, but if no-one knows about it, you have a confused message behind it, don't know who you're selling to or the best place to advertise your offering, then you're in trouble.

According to Salesforce, 76% of consumers expect companies to understand their needs and expectations. Understanding how your customer behaves is the gold in your organisation and you can use that from the top to the bottom - the look of your brand and website, tone of voice, how you communicate to customers and where. Then you will fly, because if the consumer likes what you're selling and how you're selling it, they'll come back for more - and they'll tell more and more people about you.

## What can I do?

It all sounds wonderful but what about the day-to-day? Where can you find all this information?

What are the current trends in your industry? What are your competitors doing better than you? Most importantly, what does your own research tell you? If 81% of your website traffic is from smartphone users, how responsive is your mobile site? Why does your top-selling product sell more in September than all the other months of the year put together? 55% of your enquiries come from Facebook but 1% from Twitter. Time to ditch the non-performer and offer a great Facebook experience? The best insights on your customers are often within reach and the clues are there. It just takes a step back and some rational thinking to find the gaps in your success.

**Kevin, D'Ambros-Smith, coach at The Icehouse, identifies 14 ways to boost sales by tapping into the mind of the customer and create an continuing consumer journey**

# 1

## **Sky-high branding concepts**

British Airways used one idea to transform a company. In the 1970s their reputation was pretty low – famed more for losing baggage and running late. However, they could claim to be ‘the world’s favourite airline’ because, statistically, more people flew with them than anyone else.

They took that mantra to examine every aspect of the business. Would the world’s favourite airline lose 40% of its bags? No? Would its engineers have planes that didn’t leave on time? No? It transformed the whole organisation based on that one clever thought, and that message rolled out through the entire business.

# 2

## **Surprise and delight**

When you go that extra mile, people remember. When Canadian airline WestJet ran its first Christmas Miracle campaign in 2013, its impact was huge. A Santa Claus appeared on-screen asking passengers what they wanted for Christmas. On arrival at their destinations, their gifts were waiting for them – fulfilled by eager WestJet staff. The media reaction was huge, a Christmas tradition was born and WestJet’s popularity, naturally, sky-rocketed.

# 3

## **Be single-minded**

‘Throw someone one ball, and they’ll probably catch it. Throw them six balls, and they’ll probably drop all six.’ Come up with one very simple campaign and stay single-minded.

# 4

## Ideas come from insights

Great ideas can also come from opportunity. Do the legwork, read the label and you'll be amazed what you can uncover. Take a chance and put it out there.

Be bold and fail fast. There's no point being 'wallpaper'. It's safe – and it's not scary. However, the key to success is to find a way to stand out from the crowd. Reid Hoffman (the founder of LinkedIn) once stated: 'If you are not embarrassed by the first version of your product, you've launched too late.' This is his concept of 'failing fast'.

This is true about ideas, too. You might think it's great but if it's in your head or sitting on your desktop, it can't do anything for you. Get it out there. If it doesn't fire, that's ok. Move on, but do get it out there. If you wait until it's perfect and pretty, the opportunity has gone. Do you have a story to tell?

# 5

## Technology is your friend

Thanks to marketing automation, you can buy reasonably-priced 'plug and play' products off the shelf that will do all your engagement for you – and send the right message to the right customer at the right time. You'll be able to use tech to create such a personalised experience for your customers that they won't believe they're not engaging with real people.

# 6

## It's not (always) about money

Advertising used to be loud and long-term, days, about share of voice (your brand's market share compared to your competitors). Thankfully, the playing field is so much more level these days, and you don't have to rely on a national TV campaign to get noticed. If you have an idea, get it out there and, if it fires, it fires. If it doesn't, simply move on.



# 7

## Build your audience

There's never a bad time to try something different; run a competition on your website, talk to your partner companies about emailing their database with an update about your business, offer free information online. Just make sure you have a gatekeeper who can collect every name and email address. 'Eye-balls lead to revenue', and once you've got an audience, then you're in business.

# 8

## Content, content, content

Content will help you understand who is searching in your category. If you can do video content instead of written, then all the better. If you're reviewing a café or your local coffee shop, for example, it's far more valuable to do it by video rather than a written review. Blast it out there!

# 9

## Find your secret sauce

There are lots of cokes out there, but there's only one Coca-Cola. There are plenty of burgers, but only one Big Mac.

Everyone can find their secret sauce – it's just how you package it up. To be unique is about making lots of small incremental gains, and as time goes on, that will equate to one sizeable competitive advantage. Suddenly, people from the outside who are doing the same thing as you won't understand why you're doing so well.

It doesn't happen by chance, however. But if you work every day to ensure your customers feel loved and appreciated every time they engage with you, that's one big advantage. It's hard to compete with love, so think about how you can engage with customers. And do it right now.

# 10

## Right message, right person, right time

This is the marketing sweet-spot. If you've got the right idea and you're talking to the right person at the right time, then BOOM! The relevance is going to cut through, and you're going to get those all-important additional customers.

# 11

## How Google works

Google is so clever because it looks for rich, original content – so you can be smart about what you write and Google will love you for it. Try a short blog, even a bullet point list. Google also loves true and honest statements; 'five tips', 'three ways', 'four things to consider' and so on. Google will find it!

# 12

## Add a personal touch

Personalised content does 178% better than non-personalised content, according to HubSpot – and you can take this as far as you like. In one of my previous businesses, we'd include a hand-written note with all orders – even if we 300 to 500 orders in a day. That would take about half a day, but it was gold. So add that personal touch! Show you care, and people will care what you've got to say. If you're cold and transactional, there's never going to be a relationship.

# 13

## Know your customer's future

You can predict your customer's future in most cases. And why that might sound amazing, it's entirely rational. Take baby products, for example. If someone's pregnant, you can't talk to them about buying a pram when they've just had a new-born baby. A parent bought that pram when the mum was seven months' pregnant.

You've missed the opportunity. But you know that further down the line the parent of a six-month-old baby will be interested in moving to solids. Plot out the customer journey, time it right, and they won't believe how perceptive you've been! Send the right message by talking to the right person at the right time.

# 14

## Loyalty beyond reason

If you give people no other reason to shop from you other than price, a customer will quite rationally choose the cheaper price eventually.

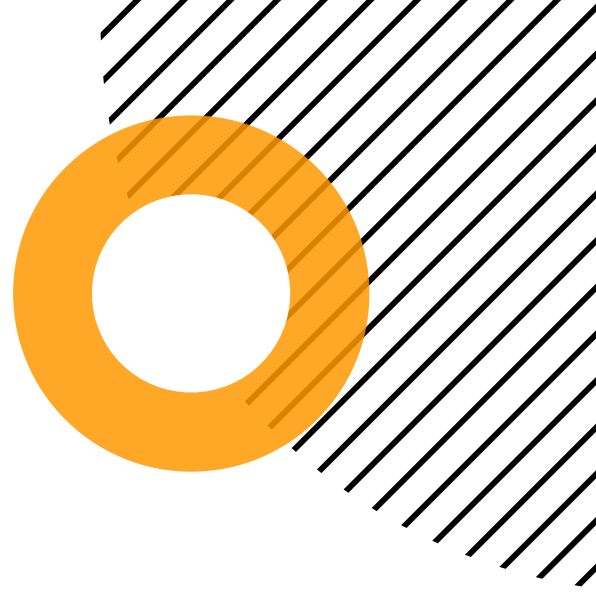
But once you start doing all those special things – the 'surprise and delight' idea – such as rewarding loyalty, answering customer enquiries on time, then that's how you build loyalty and price becomes less and less relevant.

# CONCLUSION

The fact that there is no mystery key to unlock the customer psyche only goes to show that no-one has all the answers - otherwise every business owner would be doing fantastically.

Consumer or customer behaviour is not an exact science and it takes time to understand your customers. Grabbing insights wherever and however you can will make for a better business.

You can't force someone to buy from you. However, the most successful businesses work hard to understand their customers' wants and needs and are then able to reap the rewards by using those drivers to make their products and services more attractive to new and existing customers.



**THE Icehouse**<sup>o</sup>  
INSIGHTS

