Understanding e-consumers

By

Emd

Understanding E-Consumers

- Consumer Behaviour Online

- Social Psychology of Social Shopping

- The Online Exchange Process

- Key Trends: Australian Insights and emerging economies

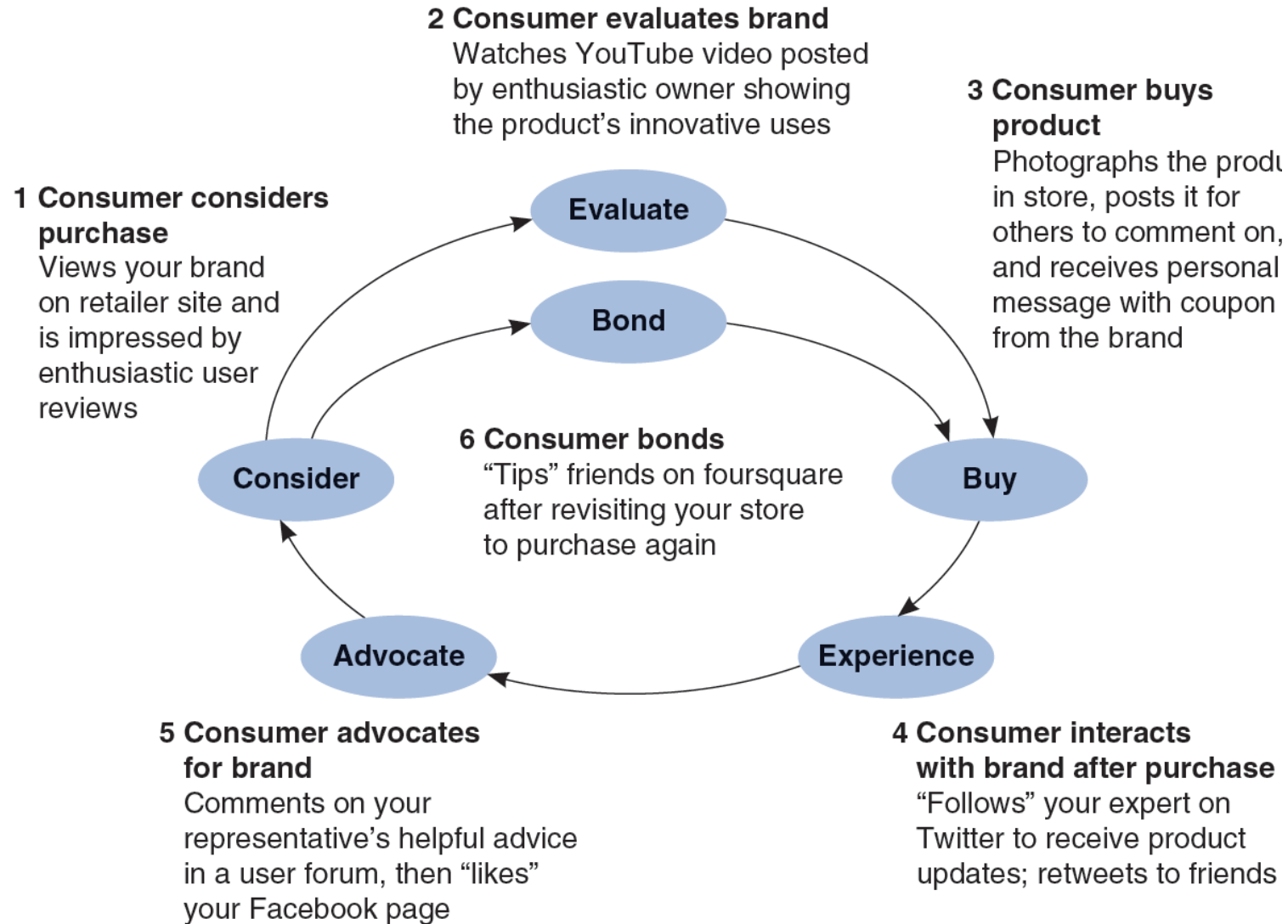- The Cornerstones For Attracting Customers Online

Consumer Behavior Online

- Many consumer behavior principles that describe offline buyer behavior also apply to online behavior. Examples:

- The buying process

- Hierarchy of effects model

- Marketers often use: AIDA model

- Word-of-mouth

Consumer Behavior Online

- Consumer behavior theories for online buyer behavior (Exhibit 7.2, p192)

- Social Shopping (Networked shopping)
  - Social shopping harnesses the human capacity for *social learning*

  - *S*ocial shopping tools play to cognitive biases in how people are influenced by people when shopping

The Social Consumer Decision Journey

2 Consumer evaluates brand
Watches YouTube video posted by enthusiastic owner showing the product's innovative uses

3 Consumer buys product
Photographs the produ[ct] in store, posts it for others to comment on, and receives personal message with coupon from the brand

1 Consumer considers purchase
Views your brand on retailer site and is impressed by enthusiastic user reviews

6 Consumer bonds
"Tips" friends on foursquare after revisiting your store to purchase again

Evaluate

Bond

Consider

Buy

Advocate

Experience

5 Consumer advocates for brand
Comments on your representative's helpful advice in a user forum, then "likes" your Facebook page

4 Consumer interacts with brand after purchase
"Follows" your expert on Twitter to receive product updates; retweets to friends

Social Psychology of Social Commerce

Six Heuristics (mental rules of thumb) when we are out shopping

Behaviorgraphics: Who is the "Me" in Social Media?
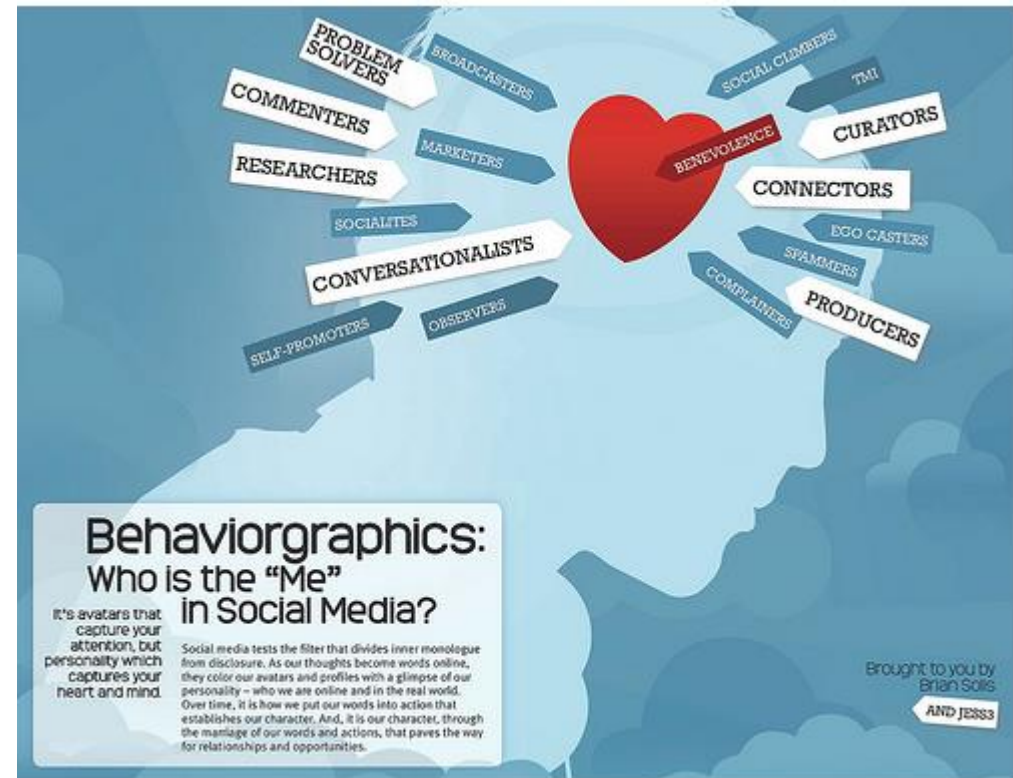
Six Pillars of Social Commerce

- **Heuristic Number 1: Social Proof – follow the crowd**

  - During the [new customer journey](#) (aka the decision making cycle), a consumer may find themselves at a point of indecision. When consumers are uncertain of what to do next, social proof kicks in to see what others are doing or have done.

SOCIAL PROOF

Fig. Nº01

~ The Rule ~
WHEN UNCERTAIN, LOOK AT WHAT OTHERS ARE DOING

~ Psychological Reasoning ~
WE LOOK AT WHAT OTHERS ARE DOING OR HAVE DONE TO RESOLVE PERSONAL INSECURITY WHEN MAKING A DECISION.

Social Commerce Example
~
ASK FOR ADVICE FROM FRIENDS & FAMILY ABOUT THE DECISION.

Should I buy this coat?

I don't know, ask your Twitter followers.

81% OF CONSUMERS RECEIVE ADVICE
~
from friends & family relating to a product purchase through a social networking site

AUGUST 11, 1994

NETMARKET.COM

FIRST-EVER INTERNET PURCHASE

11.50 AM JULY 8, 2009

1-800-FLOWERS.COM

FIRST PURCHASE WITHIN FACEBOOK

Six Pillars of Social Commerce

- **Heuristic Number 2: Authority – the guiding light**

- Authority in social media is not only related to commerce, but it is the very source of how interest graphs take shape. During the dynamic customer journey, authorities rise as the sherpas to guide in effective decision making.

- In Edelman's recent Trust Barometer report, academics and experts topped the list for trust and credibility (66%), followed by a technical expert at a company (66%).

Six Pillars of Social Commerce

- **Heuristic Number 3: Scarcity- less is more**
  - A function of supply and demand, greater value is assigned to the resources that are, or perceived to be, less available. Driven by the fear of loss or the stature of self-expression, consumers are driven by the ability to participate as members in exclusive deals.

Six Pillars of Social Commerce

- **Heuristic Number 4: Liking – builds bonds and trust**
  - There's an old saying in business, people do business with people they like. And, nothing is truer than that statement in social media. Revisiting the Edelman Trust Barometer, the third most trusted person is someone like yourself/peers (65%). We have a natural inclination to emulate those we like, admire, find attractive as these attributes also contribute to the "guilt by association" impression of self-identity.

Fig. Nº04

LIKE

~ The Rule ~
FOLLOW THOSE YOU LIKE

~ Psychological Reasoning ~
WE EMULATE & AGREE WITH PEOPLE WE LIKE, ADMIRE & FIND ATTRACTIVE BECAUSE IT HELPS BUILD SOCIAL BONDS & TRUST.

~ Almost ~
50% OF SHOPPERS HAVE MADE A PURCHASE
~
based on a recommendation through a social media network

Social Commerce Example
~
SPREAD DEALS, TRENDS & REVIEWS FROM THOSE YOU TRUST TO YOUR OWN NETWORK.

Six Pillars of Social Commerce

- **Heuristic Number 5: Consistency**
  - When faced with uncertainty, consumers tend not to take risks. Rather, they prefer to stay consistent with beliefs or past behavior. When these do not line up in the decision making cycle, consumers tend to feel cognitive dissonance or true psychological discomfort.

CONSISTENCY

Fig. N°05

~ The Rule ~
STAY CONSISTENT

~ Psychological Reasoning ~
WHEN FACED WITH UNCERTAINTY, WE PREFER OPTIONS THAT ARE CONSISTENT WITH OUR BELIEFS & PAST BEHAVIOR.

Social Commerce Example
~
PURCHASES MADE FROM BRANDS YOU TRUST REINFORCE YOUR FUTURE SHOPPING PATTERNS.

Trusted Brand | $150
Buy Now!

Unknown Brand | $70
Buy Now!

62% OF ONLINE SHOPPERS ARE BRAND LOYAL
~
due to online satisfaction

Six Pillars of Social Commerce

- **Heuristic Number 6: Reciprocity – pay it forward**
  - Perhaps the greatest asset in social capital is that of [benevolence](). It's easy to get caught up in a cycle of paying it backward, where we expect to be paid or rewarded for our goods, services, or actions.
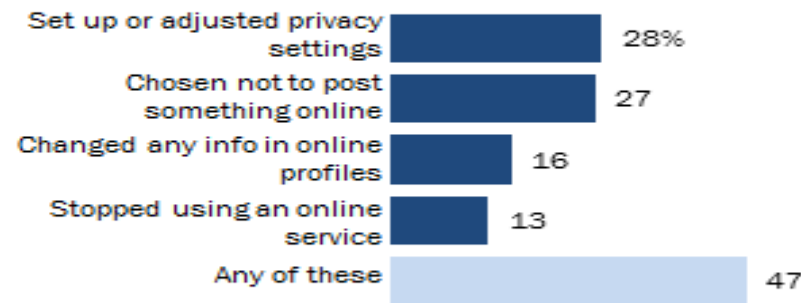
The Online Exchange Process

- Individual characteristics include demography, attitude towards technology, online skill and experience and goal orientation

More than a quarter of Americans have chosen to not post something online after seeing harassment of others

% of U.S. adults who have _____ after witnessing harassing behaviors directed toward others online

Set up or adjusted privacy settings	28%
Chosen not to post something online	27
Changed any info in online profiles	16
Stopped using an online service	13
Any of these	47

Note: Total may not add to 100% because respondents could select multiple options.
Source: Survey conducted Jan. 9-23, 2017
"Online Harassment 2017"

PEW RESEARCH CENTER

Most seniors say they need help using new electronic devices

% of U.S. adults who say the statement, 'When I get a new electronic device, I usually need someone else to set it up or show me how to use it,' describes them very or somewhat well, by age

	Very well	Somewhat Well	Net
18-29	6	12	17
30-49	18	18	36
50-64	37	25	62
65+	48	25	73
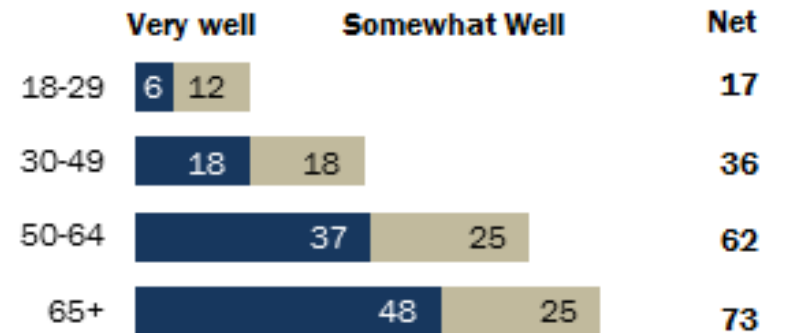
Note: NET category calculated prior to rounding.
Source: Survey conducted Oct. 13- Nov. 15, 2015.
"Tech Adoption Climbs Among Older Adults"

PEW RESEARCH CENTER

Exchange Outcomes

There are 6 basic things that people do online:

Technological, Social/Cultural, Legal Contexts

Individual
Characteristics
Resources

Internet Exchange

Marketing Stimuli

Outcomes
Connect
Create
Enjoy
Learn
Trade
Give
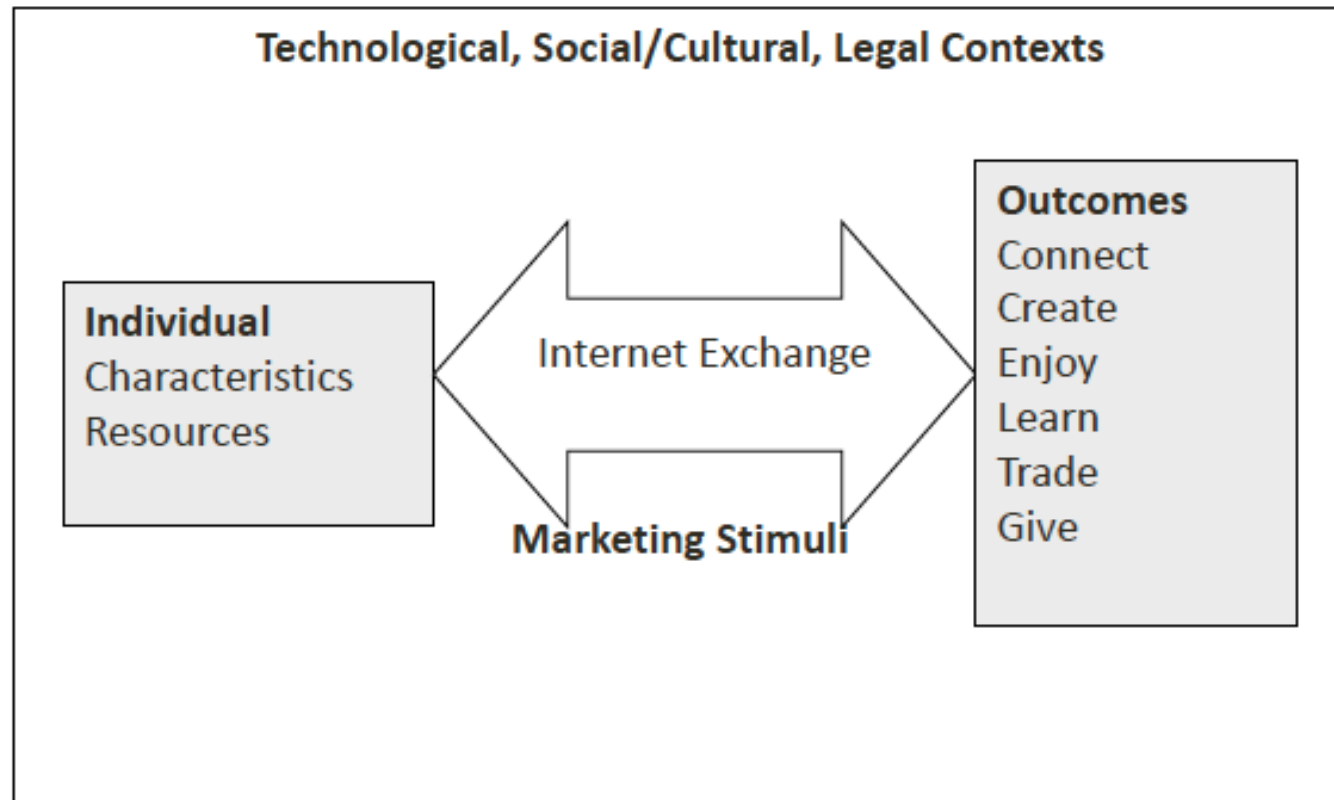
Exchange Outcomes

Connect, Create, Enjoy

Exchange Outcomes

Learn, Trade and Give

Media Multitasking

The rapid development and evolution of entertainment and technology enables the users/consumers to use mobile devices whenever they want. The term "Media Multitasking" comes in view when someone is using 2 or more type of media content simultaniously

Media multitasking

TV Multitasking Behavior, by Generation

(% of US respondents aged 14+, summary of always/almost always done while watching home TV)

March 2016

	2012-2015 Trend	2015	Millennials			Gen X	Baby Boomers	Matures
			14-18	19-25	26-32	33-49	50-68	69+
Browse and surf the web		33%	42%	50%	52%	33%	23%	8%
Use a social network		29%	45%	47%	48%	27%	16%	4%
Read email		29%	31%	39%	44%	28%	24%	14%
Text message		26%	45%	46%	43%	24%	12%	6%
Browse for products/services online		23%	26%	37%	41%	24%	14%	3%
Play video games		19%	30%	33%	33%	19%	9%	4%
Nothing else - just watch TV		8%	3%	4%	5%	6%	12%	13%

MarketingCharts.com | Data Source: Deloitte

Result

Based on a review of 49 studies, the present meta-analysis showed that multitasking had negative effects on cognitive outcomes but had positive effects on attitudinal outcomes. In addition, this meta-analysis showed that user control, task relevance, task contiguity, and age were significant moderators of multitasking effects on cognitive outcomes

Thank You