

THE NEW CUSTOMER PATH IN THE CONNECTIVITY AND DIGITALIZATION AGE



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Abstract

With the rise of digital channels, customers can constantly switch between online and offline channels (channel hopping) and are not easy to trace. Since customers' expectations are also changing, firms look to multi- or Omnichannel approaches to make a consistent customer experience across all touchpoints possible. For customers, digital advancement has two consequences. Firms have the possibility to overwhelm customers with endless outbound marketing communication by sending emails, tailored online ads, etc. On the other hand, customers utilize more ways to search for information and are active via inbound marketing. They block intrusive communication measures and comb through a vast number of resources to find transparent information.

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JEL Classification: L81, M31, 031, O33, O35

A commoditization transforms value proposition models in many sectors. At the same time, the overexposure to stimuli overstrains customers and makes them look for other sources they can trust which they find in friends, colleagues, and family. With these new developments comes a new customer path, as shown in Figure 1.

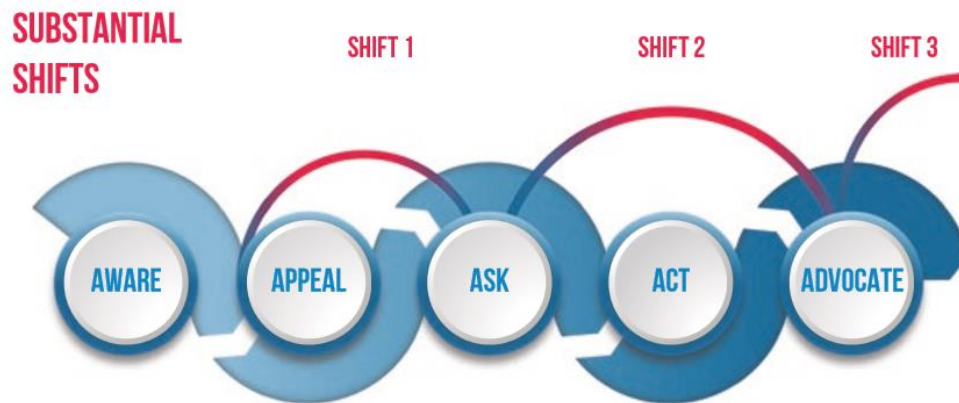


Figure no.1 The new customer path in the connectivity era

Source: Kotler, P., Kartajaya, H., & Setiawan, I. (2017).
Marketing 4.0: Moving from traditional to digital. Hoboken,

In the pre-connectivity era, the understanding of people's buying process was characterized by the 4 As: Customers become **aware** of a brand; then develop an **attitude** towards it, either positive or negative; decide how to **act** with purchase decision; and, finally, consider if they should buy **again**, act again. The 4A model is a typical funnel-shaped process, since with every step, the number of customers decrease. With connectivity, fundamental shifts in customer behavior took place, which created the need for a new customer path, the 5 As, to adequately map the buying process. Let's have a look at these particular shifts:

Shift 1: Liking or disliking a brand (the attitude) used to be defined individually, while today, the social context of the individual becomes a deciding factor. In the connectivity era, the initial appeal of a brand is influenced by the community surrounding the customer to determine the final attitude. Many seemingly personal decisions are actually social decisions.

Shift 2 represents the changed meaning of loyalty and the target setting companies derive from it. While loyalty before was seen in the repurchase of a brand, in the connectivity era, loyalty is ultimately defined as the willingness to advocate a brand.

Shift 3 is found in the growing connectedness among customers ask-and-advocate relationships, which rely on other customers to find out more about specific brands. The feedback they get positively or negatively affects the appeal of the brand.

These three shifts lead us to the new customer path consisting of the 5 As. The path starts with the aware phase, in which customers know a brand as a result of past experience, marketing communications, and/or the advocacy of others. In the appeal phase, the customer then processes these impressions and develops attraction towards certain brands. He then tries to find out more in the ask phase about the brands he is attracted to by, for example, getting into contact with other customers or studying online reviews.

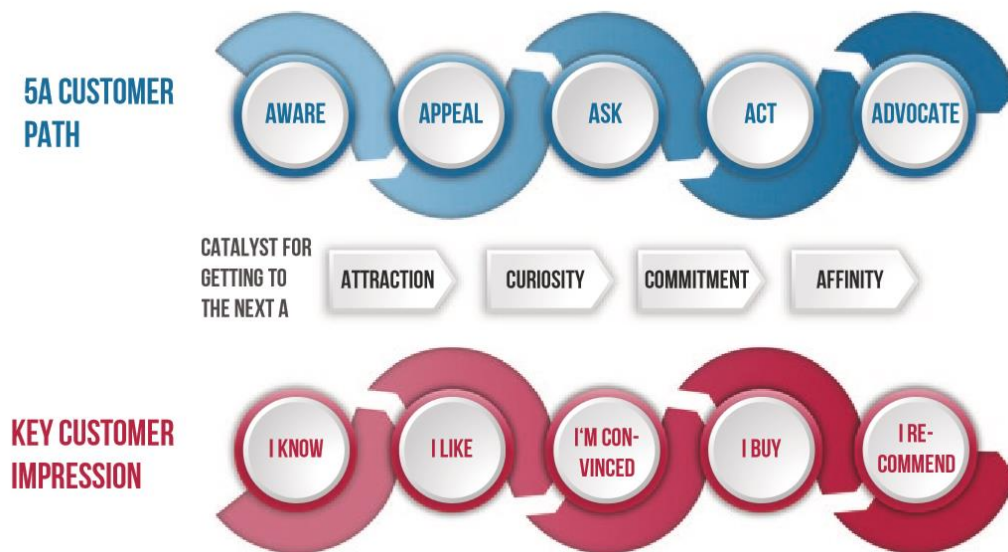


Figure no.2 The 5A customer path in detail

Source: Kotler, P., Kartajaya, H., & Setiawan, I. (2017). Marketing 4.0: Moving from traditional to digital. Hoboken, NJ: Wiley.

If convinced, the customer may take the next step with act. This does not only include the purchase of the product but also other interaction such as filing a complaint in case of a negative experience or post-purchase services. The advocate level is the last phase and is considered the highest goal in modern marketing by the creators of the 5A approach (a more detailed overview of the 5A customer path, as shown in Figure 2). The high valuation of brand advocacy stems from customers increasingly turning to their social environment for information, rather than to the firms. The increasing digitalization is reinforcing this effect.

In a world of increasing volatility, uncertainty, complexity, and ambiguity (VUCA) brands serve more and more as trust anchors. The increasing digitalization leads to less and less direct contacts between employees of the branding companies and the customers. A humanized brand takes over this role of direct contact in a digitalized world. The effects of typical outbound marketing measures are declining, which is partly due to a typical paradox in today's marketing. While customers today are more informed than ever, distraction, thanks to connectivity, is also at a record high. As the attention span and the time customers have for decisions decrease, while decisions to be made are manifold, they turn to the ones they trust for advice, which comes with substantial loss of control on the company side. This process is described as the "democratization of branding," essentially paraphrasing businessman Scott Cook: "Technology-driven empowerment of consumers, such as the production of brand meaning by (micro) blogging, interaction in social networks or producing and disseminating brand advocacy, leads to new power relationships in both the commercial and non-commercial realms of branding".

Already in 2010, it had recognized the mode of action and the importance of brand advocacy inside social networks. The influence that firms can have on brand communities and interpersonal communication is limited, which is why the loyal advocates of a brand come into play. When questions about a brand arise, there should be brand advocates stepping in to have a positive influence on the brand image and purchase decisions. Brand advocacy, another term for word of mouth, can be active, but only in rare cases, customers

actively promote a brand. Otherwise, it can be prompted, by triggering. The two main triggers for prompted advocacy are negative brand advocacy or questions by others. In the light of this, negative advocacy from so-called brand haters is not to be considered a necessarily bad thing, as it can help activate advocates that might have remained inactive. Going all the way towards brand advocacy, each step of the customer path is situated in different spheres of influence (indicated in Figure 3), a concept introduced as the O-Zone.

Getting closer to the personal center of the customer towards his own influence sphere, the influence of the brand diminishes. In the outer sphere, the firms are still in charge, managing the communication and touchpoints with the customer. Entering the others' zone, communities and social contacts of the customers (the f-factor) are the deciding factors in influencing customers. Conversations inside communities, reviews, and rating systems, as well as advice from family and friends, are driving the purchase decision, resulting in a loss of influence on the side of the firm. The own influence is characterized as "a result of past experience and interaction with several brands, personal judgment and evaluation of the brands, and ultimately individual preference towards the chosen brand(s) and is thus beyond any direct control of the firm. The three spheres are interconnected and interact with each other. For example, a brand does an

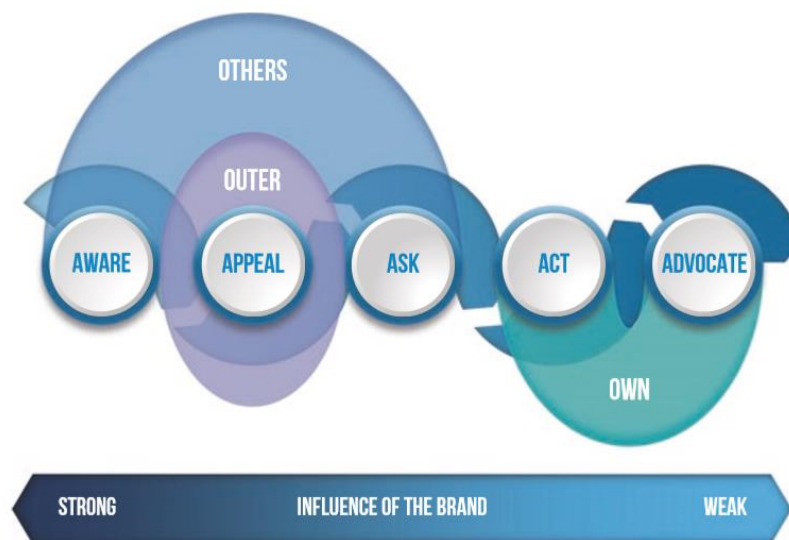


Figure no.3 The O-zone

Source: Kotler, P., Kartajaya, H., & Setiawan, I. (2017). Marketing 4.0: Moving from traditional to digital. Hoboken, NJ: Wiley.

excellent job on its outer influence sphere by providing a convincing experience, which results in positive word of mouth to others that consequently affects the personal brand assessment and preferences of the customer herself. Firms have a certain influence on the aware and ask phases, which lie at the intersection of the others' and outer sphere, as well as exclusive influence on the brand appeal, while act and advocate are outside of the direct reach of the brand's influence. Brands, therefore, must focus on the outer and partially the others' sphere to affect the customers positively. Along the way from awareness to advocacy, there are catalysts that marketers can leverage to break up bottlenecks between the steps:

- **First Catalyst: Increasing Attraction.** Various approaches are viable to improve a brand's appeal. Brands with a human touch can make a brand more appealing to customers, since they are not perceived as robots without feelings but "a person with mind, heart and human spirit." Brand activism, meaning, taking

a clear stand on current social, political, environmental, or economic issues, can also strongly affect the brand appeal.

- **Second Catalyst: Optimizing Curiosity.** Curiosity is the result of a discrepancy between the current and the desired state of knowledge. The true potential of creating curiosity lies in offering interesting information without being too revealing and thus demystifying the brand.

- **Third Catalyst: Increasing Commitment.** At this point, the customers may be convinced of a brand, but there is still a way to go until the actual purchase takes place. For this to happen, firms need to provide a seamless experience along all touchpoints. As customers are constantly switching between online and offline channels, an integrating approach towards channel management is necessary, which can be found in Omnichannel Marketing.

- **Fourth Catalyst: Increasing Affinity.** To successfully transition from the sole purchasing act to turning customers into loyal advocates, firms need to engage with their customers beyond the typical touchpoints. This can mean building a rewards and loyalty program and interaction on social media or using gamification to get into closer contact. Without question, the post-purchase phase is where, for customers, the moment of truth arrives: Does the product or service I purchased stand up to the pre-purchase promises given by the brand? The answer to the question has a strong effect on whether the customer develops an affinity towards a brand.

Conclusion

There is an enormous increase in the importance of the customers' social context in purchasing decisions, whereby brands have to give up a part of their power. This makes it all the more important for companies to leverage phenomena and tools like word of mouth, brand advocacy, and brand communities in order to benefit from these developments. The loss of control is a wake-up call for marketers, showing that it is no longer they who sit in the driver's seat. Or in the form of a subtler hint, brand management should rather be a guiding activity, not a controlling one. Companies need to adjust to the new networked world where the control over the perception of the brand only partially lies in their hands while the word of mouth from friends and family or online community rating systems (the f-factor) is becoming increasingly important for purchasing decisions and brand perception.

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