

MEC MOMENTUM

HOW UNDERSTANDING CONSUMERS' PURCHASE CYCLE CAN HELP BRANDS GROW

By Julie Liesse

Always on. That's the mantra of today's marketing, fueled by the realization that consumers are accessing information 24/7.

But when MEC talks "always on," the phrase has a different twist. The global media agency is telling clients that their brands need to be talking continually to customers and potential customers to maintain momentum because the consumer's purchase decision is part of a continuous cycle, not a journey that stops and starts.

That's one of the cornerstones of MEC Momentum, the agency's new proprietary approach to understanding and quantifying how consumers make purchase decisions. MEC has invested more than two years and \$2 million building MEC Momentum. Its insights are based on a database of research from more than 100,000 consumers around the globe, representing 12 markets and 19 brand categories so far.

"We started looking at this back in 2009," says Melanie Varley, MEC chief strategy officer, global. "We have been working to quantify what consumers do along the purchase journey in order to get a holistic picture of the process."

MEC likes to say MEC Momentum "unpicks" what happens in the purchase process: "We have been working to understand what consumers think and do as they progress along the purchase journey to get a more holistic and integrated picture of the process. That's very powerful in understanding what increases momentum for brands and what gets in the way," Ms. Varley says.

The research shows strong differences in how consumers approach purchase decisions from category to category, and significant differences between brands within categories; but "across countries there are more similarities than you might think," she says.

MEC Momentum research identifies four distinct phases of the consumer's ongoing journey to make a purchase:

- * The passive stage.
- * The trigger.
- * The active stage.
- * The purchase.

"Some brands focus on the active stage—say, when people are actually in the market for a bank account or credit card—only to find out the brand battle has already been lost in the passive stage," says Damian Thompson, global head of consumer insight at MEC.

On the flip side, he says, "Other brands are very strong in the passive stage, with deep historical brand perceptions, but don't convert that into the active stage. Then the brand has lost momentum at the point at which the consumer is actually making a decision."

Across all countries and categories, MEC Momentum research found that 53% of consumers who bought a particular product or service said they had a strong idea which brand they would purchase before they started the buying process. That's what MEC calls "Passive Stage Bias." Passive Stage Bias varies by category, and not always in predictable ways. Logic might dictate that consumers' bias for specific brands would be lower in packaged-goods categories—lower-priced and purchased more often—and higher among things such as TV sets and cars, where a higher price point might constitute a higher perceived risk. But that is not necessarily true.

Why is Passive Stage Bias so important? Says Mr. Thompson: "We see three key dynamics come through when Passive Stage Bias is high: Your brand is more likely to be on the shopping list when the consumer moves into the active stage. The shopper journey probably will be shorter. And those consumers are least likely to be influenced by price. Those are three fundamentally important things for the brand."

When Passive Stage Bias is low, earned media—including social platforms, word of mouth and online blogs—tend to be more important, as consumers look to confirm or support their purchase decisions during the active stage.

For MEC, the ultimate message is that brands don't want to miss marketing opportunities. For instance, a brand with strong Passive Stage Bias that isn't ultimately purchased by the consumer has wasted all that brand-building effort—typically in the form of touch points such as TV and print advertising. Similarly, a product that is aiming all its resources at the moment of purchase might not even be on consumers' short lists of preferred brands.

Triggers move consumers from the passive into the active stage, and vary by category. A typical packaged-goods trigger is running out of a product,

while contract renewal is a trigger to purchase services such as mobile phones or insurance.

MEC Momentum reveals the importance of brand positioning vis-à-vis those category triggers. "We see this across different categories: Brands that have created distinctive positioning for themselves with their passive-stage communications are much more able to associate themselves with particular triggers," Mr. Thompson says.

"Routine triggers are the most dominant—making it all the more important to build your brand equity during the passive stage so that, when people go in store, they've already got you in mind," he says. "You have to spend a lot of time keeping your brand top-of-mind so that when a very boring functional trigger arises—like 'I've run out of toothpaste'—and the consumer writes 'toothpaste' on a shopping list, she's actually thinking 'Colgate.'"

Marketers can use all this information not only to assess where their brands are performing well and which communications areas they need to bolster but also to take stock of competitors' strengths and weaknesses.

MEC Momentum also includes observational research in stores, allowing a valuable glimpse into

how consumers finalize their purchases. For instance, researchers observed that shoppers invariably open a bottle of moisturizer to smell the product before buying it. "What's fascinating is that it wasn't just people who were buying a moisturizer for the first time," Mr. Thompson says. "People were also checking the smell of their regular brand to make sure the formulation hadn't changed. 'Hang on,' you think, 'this isn't about the smell; it's a reassurance that the product they have a strong bias toward hasn't changed.'"

He says the real value of all the work MEC has put into MEC Momentum is "we have such a breadth of information that you can really dive into it and look at the specific challenges facing an individual brand within the context of its category—looking at who your customers are, what they think about you and what they actually do. This research is bringing those things together like never before." ●



Melanie Varley



Damian Thompson

Q&A

Melanie Varley, MEC's global chief strategy officer, has been instrumental in launching the MEC Momentum project. Writer Julie Liesz spoke with Ms. Varley about the research and its key findings for clients.

Ad Age: Why was MEC interested in initiating a project like MEC Momentum?

Ms. Varley: For MEC specifically, our ambition is to be our clients' most valued business partner, famous for inspiring people and exceptional results. In order to deliver that, strategic leadership for clients is a key imperative. Our job is really understanding the consumer and the consumer journey, and helping clients design and implement communication strategies to achieve greater ROI. For MEC Momentum, the context is that the decision journey is a very different journey today, one that is rapidly evolving and changing in a digital world.

Ad Age: How has MEC Momentum helped MEC achieve those goals?

Ms. Varley: As the purchase journey is getting more complex, we were looking for better understanding

of the psychology of choice—things like behavioral economics and the choices consumers are making between brands. We wanted to bring some new methods to bear, to create research that was deeper and more actionable, and MEC Momentum is definitely more actionable than anything else we've seen in the market. It has allowed us to understand people's perceptions of brands, their purchase behavior and the connection points they're using, all together in one study.

Ad Age: What are some of the big themes you have uncovered through this project?

Ms. Varley: As consumers, we are, really, always on. We're always in the market for a brand, or a product or a service; we just might be in the passive stage rather than the active stage. But consider that over 50% of people who bought a product said they had a strong idea of what they would buy before they even started the buying process. That's probably a lot higher than we expected.

Another of the interesting numbers that we've seen is that the average number of brands considered on that shopping list, when consumers go into the active stage of purchasing, is three. And that is across categories and across countries. The range is kind of 2.2 to 4.3, so it's not an average with a long tail, it's an average with a big bump in the middle, but the distribution is quite fixed between 2 and 4, which is quite interesting.

Ad Age: You are saying that consumers consider the

same number of brands whether they're spending \$2 on a tube of toothpaste or \$20,000 on a car?

Ms. Varley: For the most part, yes. We all need context for the choices we make—we need something to compare our choices to, to be sure we're making the right decision. For the average soft drink in the U.K., the number of brands considered is 2.2, but it's a market where one player is very strong. The average for cars in China was 4.3. But those are the low and the high points. At the same time, the number of people who consider just one brand is really low, about 13%. We think that has to do with the psychology of choice and people's behavior.

Ad Age: You talk about the importance of "minding the gap." What does that mean, and what does it mean for brands?

Ms. Varley: It's minding the gap between what people think and what people do. People may indeed have your brand on a shopping list and also have Passive Stage Bias in favor of your brand; but then how do you make sure to convert that bias when they move into the active state and make a purchase?

Ad Age: Do you feel overall that marketers and their agencies are doing a good job of providing messages at the right touch points to bring consumers along successfully on their purchase journey?

Ms. Varley: It's impossible to answer that in general. You have to get into specifics. But in the world we're



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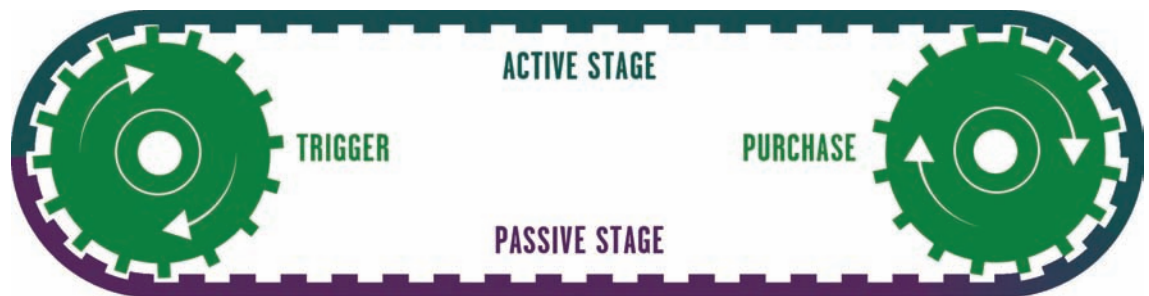
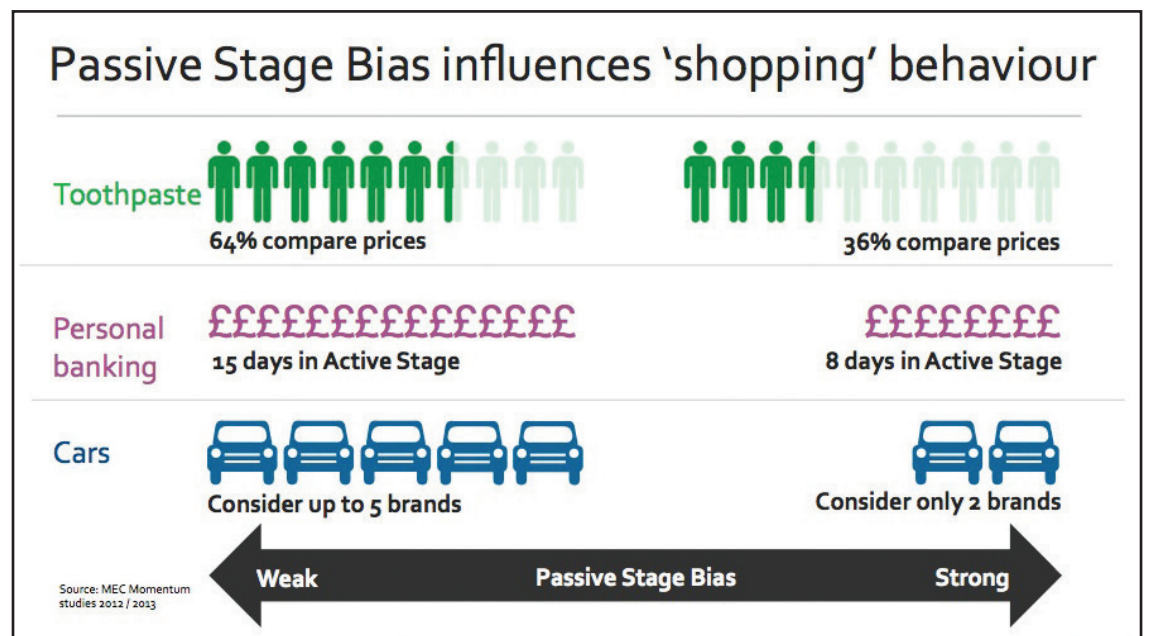
in, and with the scale and pace of change we've got, it can be done better—and something like MEC Momentum will allow us to do that more effectively and drive more integrated solutions. We see, for example, that retail plays a surprisingly strong role in the passive stage as well as in the active stage. So we would make the plea for more integration between shopper marketing and brand marketing. This is just another great way of being able to demonstrate that to clients and to help build more integration between strategies across the store and out of the store.

Ad Age: If I'm a brand marketer or a CMO, what do I need to do with this information to really make the most of it for my brand or my company?

Ms. Varley: Remember that it's all about the customer. We tend to build strategies around brands and channels. But MEC Momentum allows us a much deeper and richer—and actionable—understanding of the customer, and helps build a strategy that's customer-centric really.

Ad Age: This database represents data from more than 100,000 consumers. Will you continue to add to it?

Ms. Varley: We're currently averaging one study a week. It's all in one technology platform, so we collect the insights from every study and, with every addition, we're building benchmarks. We'll continue to build that over time and I'm sure we'll get richer and deeper information as we go. ●



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9 eye-opening insights (so far) from the.....

MEC **MOMENTUM** APPROACH

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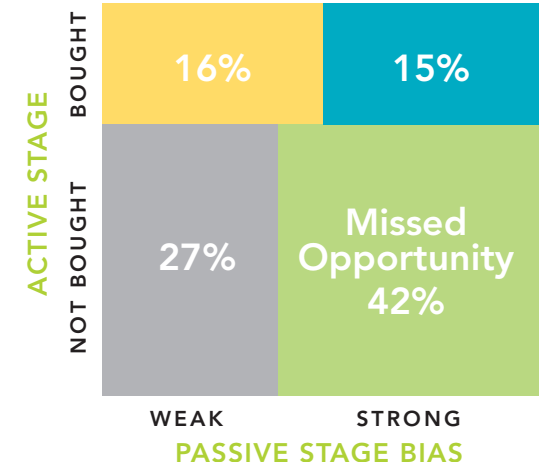
Over the course of that work, MEC Momentum has yielded some intriguing insights—some big and broad, some small and focused, but all fascinating.

1. Passive Stage Bias varies by category, and not always in the ways you would expect: A consumer with a strong idea which brand she will purchase before starting the process has what the MEC Momentum research identifies as "Passive Stage Bias." Overall, MEC Momentum's database shows that 53% of all consumers, no matter what country or product category, have strong Passive Stage Bias heading into a purchase. But when drilling down, the numbers for specific products and in specific markets can be surprising. For instance, 39% of toothpaste buyers in China already have a strong idea which brand they'll

purchase before they start the buying process. That compares with 63% of consumers in Poland who are subscribing to mobile-phone networks. And for flat-screen TV purchases in Germany, the number is only 25%. "Passive Stage Bias is driven by distinctiveness, and that does not always mean the biggest brands but those that occupy clear territories with specific product attributes or brand images," says Melanie Varley, global chief strategy officer at MEC.

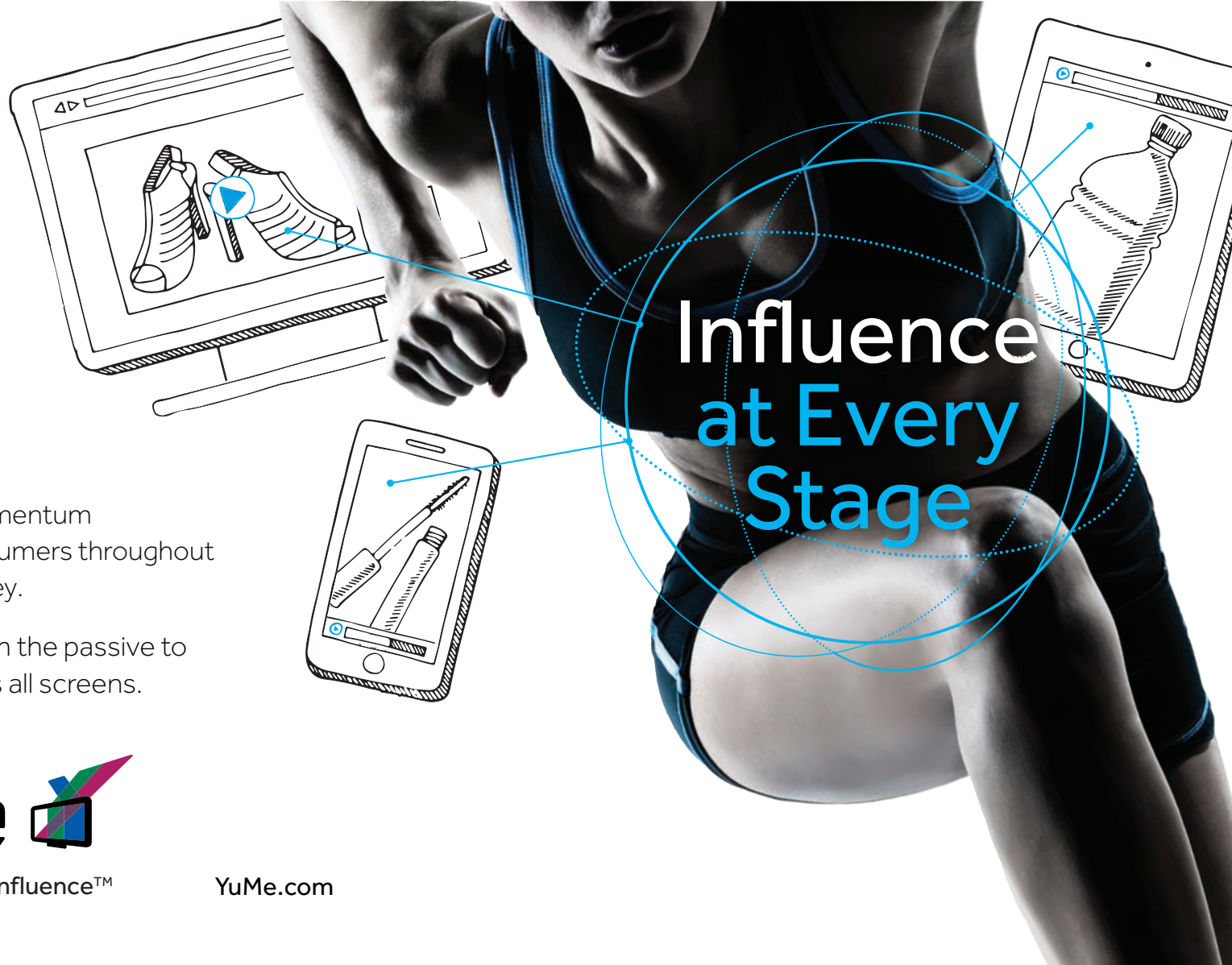
2. People are 28% more likely to seek a recommendation if they have no Passive Stage Bias in a category: If people have no or low Passive Stage Bias, they're more likely to look for support when they enter the active stage of a purchase. "They are looking for ways to either confirm or corroborate their purchase decision," Ms. Varley says. "In this situation, we find people want to understand more. They check out blogs. They seek word-of-mouth opinions. They go online looking for recommendations. Obviously, the role of things like earned media and social media is crucial for consumers without a strong bias."

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■ Had some/no idea they would buy your brand...but did
■ Expected to buy your brand... and did
■ Didn't plan to buy your brand...and didn't
■ Thought they would buy your brand...but didn't

Source: MEC Momentum, Body Moisturisers, Germany, 2013



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3. The percentage of purchase decisions made in-store might be lower than you think, even for packaged goods:

Passive Stage Bias matters. Conventional wisdom among marketers is that perhaps 70% of final purchase decisions are made in-store. But even in packaged-goods categories, strong Passive Stage Bias runs at about 50%, meaning that many consumers have made up their minds about which brand they are going to buy before they enter the store. Even if they have not, consumers have already narrowed their lists of acceptable choices in a category.

“Most people are ‘polygamously loyal’ in most categories for many reasons. Sometimes the favorite product isn’t available, for instance,” says Damian Thompson, MEC’s global head of consumer insight. “But overall, consumers generally consider three brands within any given category, no matter what the category.”

4. Different categories have different triggers; and brands can lose momentum—and all their hard work—at this stage:

Triggers are a critical spot where brands can lose momentum. Brands with strong images and connections to specific triggers are likely winners. “Routine triggers are the most dominant reasons consumers move into the active purchasing stage—those moments when someone runs out of a product or needs to renew a service,” Ms. Varley says. “And it makes it all the more important therefore to build your brand equity when consumers are in the passive stage so that when people go in-

store or online to make their purchase, they’ve already got you in mind. It’s too late, really, to wait until the trigger point to try to build an association.”

5. Touch points—and which ones are used by consumers in the passive and active stages—are surprisingly category-specific:

“Historically, all of us have assumed that certain touch points are better than others at performing certain roles. We accept that some are better at delivering reach, or frequency, or driving purchase and so on,” Mr. Thompson says. “But what we can see is that once you get into the active stage, it’s just not as clear-cut as that. You can’t say that touch points always play similar roles across categories. They tend to play category-specific roles and roles that are specific to individual journeys.” He says, for instance, that in the soft drink category, special offers and seeing the product on the shelf are the most important touch points for consumers in the active stage. By contrast, for those buying flat-screen TVs, seeing the product, online reviews and search engines are top.

6. Face-to-face still matters—a lot: Says Ms. Varley, “We can forget this all too often in the modern age, but especially in high-investment categories, the need to actually see things, to touch things, is still incredibly important for consumers considering a purchase. You want to test drive the car. You want to see the TV. So even though you put faith in others’ opinions, the most important judge of what you want to buy is yourself.”

7. Consumers with high Passive Stage Bias are more likely to be satisfied after the purchase:

“One thing we are seeing evolving in the data is that if you start the purchase journey with a strong bias toward a brand, and then actually buy that brand, you are much more likely to be satisfied with your purchase,” Mr. Thompson says. “That makes sense because of what psychologists call ‘confirmation bias’: You want to believe that you made the right choice, so you look for information that confirms that.”

8. The consumer’s purchase journey is full of missed opportunities for brands, especially those that don’t convert on high initial preference (high Passive Stage Bias) with consumers:

If your brand has a strong Passive Stage Bias among consumers but it does not get converted during the active stage—people don’t end up actually buying your product—that’s a problem, Ms. Varley says. “Nothing is more expensive than that missed opportunity.”

9. Creating brand habits might be harder than marketers think:

“A lot of people are very interested these days in the idea of ‘habit creation’ and making the purchase of your brand, the use of your brand, a habit,” Mr. Thompson says. “But our research shows the challenge is that it can always be derailed, particularly during the active stage, by a more tempting promotion, or something new ... or just a new need or want that arises with the consumer that you haven’t previously anticipated.”

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CITI & MEC **MOMENTUM**

When Citi signed on as one of the pilot clients for the MEC Momentum study, the global financial giant expected to glean a better understanding about what sorts of marketing messages fit in specific media channels.

What Citi ended up with, however, was “a lot more learning about what consumers think about our products and about the purchase cycle in general,” says Donn Froshiesar, Citi’s director of consumer insights. “I don’t know that we set out to learn as much as we did.”

The Citi-MEC team combined the results of the MEC Momentum research with existing intelligence from Citi’s vast databases and has been presenting the findings to groups across the Citi network.

“We’ve found the study to be very valuable and in much broader ways than we anticipated,” says Diane Thomas, managing director and head of decision management and insights for global consumer marketing at Citi. “MEC Momentum has helped provide a new framework that is somewhat intuitive, but the insights are very deep.”

In the throes of 2014 planning like

many companies, Citi is using MEC Momentum insights in conversations with advertising and marketing leadership in both its banking and credit card businesses. “These insights shed light on several questions we need to consider throughout the process. Obviously there are media and placement implications, but [there are] also creative implications: What should we talk about at what stage of the consumer’s journey? What is people’s mind-set?” Mr. Froshiesar says. “We are a number-centric culture, and if we have the best APR, it can be tempting simply to tell consumers that. But it’s important to understand the overall context and what the job of our messaging needs to be in every stage of the consumer’s journey.”

For instance, when consumers have moved into the active purchasing stage of the buying cycle, it makes

no sense to talk to them about the trust they may have in financial institutions. “By that time, it’s not about trust,” says Pele Cortizo-Burgess, global director of integrated planning for MEC. “Discussion about trust is important in a different stage of the loop. This research is helping us understand where those specific messages need to happen.”

Mr. Cortizo-Burgess says MEC Momentum “isn’t a silver bullet. But we have taken it to clients that have a tre-

mendous amount of information within their organizations and offered it as a way to connect the pieces, to tell what is really happening with their brand.”

He says the effort has helped Citi take a “bird’s-eye view” of its business and its consumers, what Mr. Froshiesar says moves Citi’s perspective from 10,000 feet to 40,000 feet. “One of the most interesting things is that traditionally we are used to thinking of the purchase path in a linear fashion: Consumers move from awareness to consideration to purchase. MEC Momentum has allowed us to explore more circular pathways,” Mr. Froshiesar says.

“I also liked the idea that we were approaching this from a consumer behavior mindset, as opposed to a financial industry mindset. As numbers people, we get trapped in that a lot, approaching questions from our own inside perspective. But people don’t think about their credit cards in the same way we do.”

Rick Acampora, MEC’s U.S. president of client service, says Citi is trying to start projects “thinking of the consumer mindset first, thinking about the right piece for the consumer at that stage of the purchase journey. That is an evolution.”

Mr. Froshiesar agrees: “One of the best outputs is the framework we can use to approach our marketing, to take our really deep knowledge of certain areas of our consumer’s journey and put that knowledge into context.” ●



Donn Froshiesar

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