

E-Marketing Improves the Customer's Buying Process

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Four stages exist in a customer buying process. Customers go through want/need recognition, information search, evaluation and purchase. As more customers use online channels for part or all the buying process, marketers must enable e-marketing technologies to help move customers from need/want recognition to purchase.

Key Findings

- Because many customers go through a similar buying process, marketers can use the four stages to plan and align marketing activities, thereby improving the customer experience.
- Online channel usage, as part or all the buying process, continues to grow, making e-marketing activity a strong influencer of purchasing decisions.
- Absence of e-marketing functionality within the buying process can damage the customer experience and undermine the competitiveness of a corporation.

Recommendations

- When planning e-marketing projects and activities, align specific e-marketing technology with the stages of a customer buying process.
- Web 2.0 ideas centered around community applications for customer input are now top trends. For improvements in customer experience, focus on community marketing technologies in the evaluation stage where it is currently lacking.
- Customers will hop from stage to stage, spending much time on one, while quickly passing through another. Because of this, design flexible e-marketing processes to accommodate the customer process, not yours.

WHAT YOU NEED TO KNOW

Within the customer buying process, the online channel is becoming highly influential for purchasing decisions. Marketers must plan and execute e-marketing strategies and technologies along the customer buying process to lead customers toward a purchase.

STRATEGIC PLANNING ASSUMPTION(S)

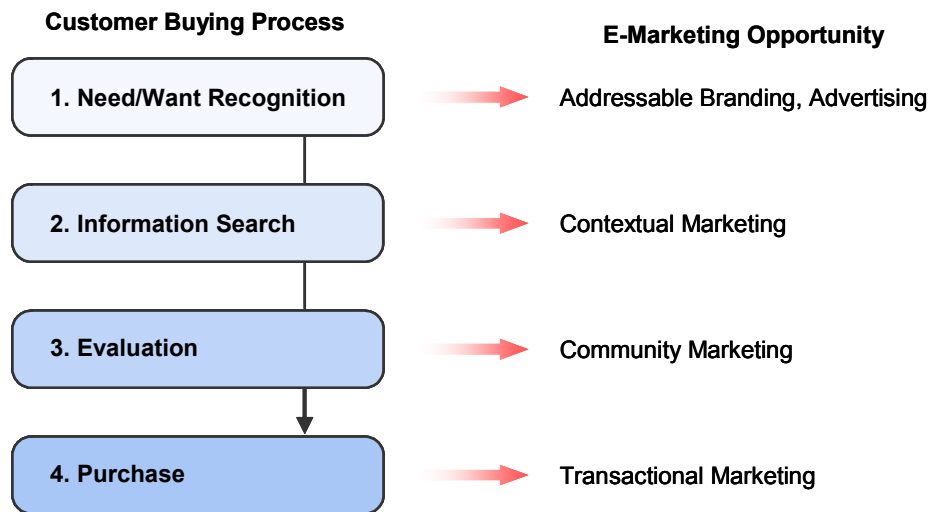
By 2008, more than 40% of business-to-consumer (B2C) commerce (online and off) will be influenced by addressable branding and advertising, contextual marketing, community marketing and transactional marketing (0.8 probability).

ANALYSIS

Most marketers are familiar with the four stages of the customers' buying process, around which marketing activities can be planned. The four stages are need-and-want recognition, information gathering, evaluation and purchase. Within each stage, marketers have the opportunity to improve the customer experience and influence the customer through all stages toward a purchase. However, the mass adoption of the Web channel among customers has shifted the stages of the customer buying process from a mostly offline activity to an increasingly online activity. Many customers now go through the entire buying process online, or use the online channel through multiple steps of the process. For example, a customer might recognize a need for a car by seeing an online ad, search for information about the car online, seek out recommendations from others about the car through an online forum and then purchase the car at a nearby dealership. Therefore, marketers must respond with specific e-marketing techniques that address each stage of the process. By 2008, more than 40% of business-to-consumer (B2C) commerce (online and off) will be influenced by addressable branding and advertising, contextual marketing, community marketing and transactional marketing (0.8 probability).

In each step of the customer buying process, e-marketing technologies can be best placed to help or lead customers toward a purchase (see Figure 1).

Figure 1. E-Marketing Relevant to Each Stage of the Customer's Buying Process



Strategic Planning Assumption: By 2008, more than 40% of B2C commerce (online and off) will be influenced by addressable branding and advertising, contextual marketing, community marketing and transactional marketing (0.8 probability).

Source: Gartner (February 2007)

E-Marketing and the Customer Buying Process

Need and Want Recognition: This is the start of the customer buying process that deals with awareness. Here, e-marketing opportunities, such as addressable branding and advertising functionality, can help establish awareness and need. Banner ads, sponsorships, interstitials and others are e-marketing activities that can expose customers to products and services. Data-gathering tools, such as Web analytics and online surveys, can start to quantify different needs and wants. Because these e-marketing activities are addressable, customers can respond to and interact with a brand (click on a banner ad, search for more information or request information) in real time.

Information Search: Once customers establish a need or want, they seek information about that product or service. Contextual e-marketing techniques (providing information from explicit searches or questions) are becoming extremely useful as a mechanism to seek information and have become a routine step in the customer-buying process. The success of Google and its contextual search functionality shows the power of providing tools for the customer to seek relevant information that helps them through their buying process. Contextual marketing, such as search marketing (organic or paid), location-based search (matching the user's location to proximity of product/service), customer-preference management tools and available RSS feeds, is a natural fit to align explicit information gathering with relevant answers.

Evaluation: This is the point in the buying process where customers look at the choices available, including the opportunity cost of not choosing the next-best alternative. Considerations, such as service, price and convenience, are part of the evaluation process. Reaching out to trusted friends, family or social networks to seek out these answers has a substantial impact on evaluation. Community e-marketing functions, such as community marketing, customer feedback, message boards, customer reviews and blogs, will also provide the tools to help customers through the evaluation process toward their purchasing goal.

Purchase: The last step in the buying process also has e-marketing opportunity. Transactional e-marketing activities, such as gift registries, e-mail marketing and online dialogue functionality, help customers to final purchase or even additional purchases. For example, a customer has searched for a digital camera on the company's site, read reviews from others and is led through an online dialogue that displays options for final selection. Once the camera is selected, the customer is presented with a matching camera case before check-out. This can result in a relevant cross-sell, providing a positive experience for the customer and an incremental sale for the company.

Lack of E-Marketing Damages the Customer Experience

E-marketing technology, when properly placed along the customer buying process, helps provide a seamless link from want/need to actual purchase. In fact, many times, a poor customer experience is the direct result of not having e-marketing tools in place. For example, a customer visits an auto manufacturer's Web site to learn about a particular car. As the customer moves into the evaluation stage, the site doesn't provide any help with independent car reviews, no compare-and-contrast mechanisms or connections to other users' experiences with the car. As a result, the customer goes elsewhere for the evaluation, providing an opportunity for the competition to help the customer complete his or her buying process with potentially different results.

This research is part of a set of related research pieces. See "Improving the Online Customer Experience" for an overview.

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