

Changing trends in psychology of buying

VIJAY VANCHESWAR

Over the past decade, we have witnessed phenomenal changes in the way people evaluate, engage, experiment and finally enrol as committed customers of products and services. The challenge for companies has increased multi-fold, given the exponential growth of e-commerce and new-age media options. This has also led to a growth of opportunities for enterprising and creative organisations. In fact, organisations that constantly study how consumers change their buying approaches gain through better buying insights that lead to creative approaches. In turn, this provides them with distinctive competitive advantages.

Today's consumers, largely comprising the aspiring middle class and the younger generation, have a few things in common—shortage of time and the need for multiple options. Smart companies identify these attributes and convert them to appeal and attract existing buyers and new prospects. Traditional means of communicating through mass media have now given way to focused engagements that not only target specific groups but even individuals. Tapping in on the fundamentals of consumer behaviour and psychology, companies like Apple, Google, Tesco, to name some, have modified their transaction models with customers and other stakeholders. At the core of this strategy is an emphasis on an 'outside-in' approach with the customer at the centre-stage as opposed to an 'inside-out' tactic.

The success of these smart organisations stems from an understanding of the fact that no longer is the buying process linear and sequential. Customers no more winnow through options. Rather, they are privy to a parallel evaluation process in real-time which is both dynamic and fast. Reasons for these are not far to seek. The availability of multiple channels—be it the web, smartphone or smart television, pay channels and various online options—has led to interesting changes in buying behaviour. Two such buying phenomena which are geometrically increasing in scale are distinctive and diverse in nature—showrooming and webrooming.

The process of 'showrooming' involves a visit to the physical or a brick and mortar store, selecting an item, followed by an online execution of the purchase at an offsite location, most often at

one's home. This does pose a challenge to the sellers at physical outlets. 'Webrooming' provides some relief to the physical store seller, as it is, in a way, 'reverse-showrooming'. Here, the buyer scans and decides online what he or she wants and visits an outlet and buys the product of choice.

Globally, over 70% of the youth and middle-aged segment engage in 'showrooming' quite frequently. Interestingly, 'webrooming' is also a popular trend with this segment, as they have ready access to their mobile phones at all times. India, with its large demographic dividend and an aspiring middle class of 300 million, presents a wide canvas of opportunities for the smart marketer.

Consequently, the trend of multi-channel transactions is now being replaced with omni-channel engagement by innovative marketing companies. How do these differ? In simple terms, multi-channel customer engagement is akin to 'swim-lanes', where each channel—physical, phone, web or mobile—focuses on maximising individual revenue streams and goal; a tactical approach of sorts. The omni-channel is more like a spider-web with a strategic focus. The aim is not so much on individual streams and returns, as much as on a coordinated customer-centric drive that seamlessly targets efficiency in customer experience and repeat engagements rather than a short-term focus on returns of individual streams. In essence, the omni-channel model fosters an 'outside-in' customer-first approach, acknowledging the age-old adage that customer is king.

In fact, a study by the Columbia Business School (see graphic) points to five types and age profiles of mobile-assisted buyers—traditionalists, exploiters, experience-seekers, savvys and price-sensitive buyers. Over 50% of the shoppers falling in the age group of 30-40 years comprise the potential (savvys) and the value-driven (price-sensitive) buying segments. These segments are significant and growing in the context of the Indian market.

Does this provide a lead for existing and potential Indian marketers? Yes, a greater focus on creative and value-driven solutions presented through omni-channels with the customer at the centre-stage can deliver exciting rewards.

*The author is professor, International Management Institute, New Delhi
vijay.vancheswar@gmail.com*

