Consumer Behaviours & Motivations

An Anthrolytics whitepaper on why people shop, and how they choose between products and brands

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Table of Contents

Executive summary

If there is one thing we can say with certainty, it is that people are not wholly rational. Indeed, neurobiology studies[i] have concluded that emotions play a vital role in decision-making and therefore the observable behaviours of consumers.

This paper aims to explain the factors and motivations which collectively contribute to consumer behaviour; in other words, what customers[1] really care about, why, and how that contributes to their purchasing decisions.

This whitepaper is relevant to any brand[2] that operates in a business-to-consumer (B2C) environment, including retail, telecommunications, financial services, utilities, and so on, and especially those to whom customer loyalty and lifetime value are strategically important.

Whilst acknowledging that there are many branches of consumer science, we have focused on one area that has always been challenging to analyse, and therefore act upon; the underlying motivations that are driving the behaviours we see exhibited by customers.

This paper, provides a model to illustrate and explain the complexities of buying decisions, entwining internal emotional or rational predispositions with external influences to demonstrate the mechanisms behind decision-making.

In a world where it is getting harder for brands to be different, we also highlight the importance of emotions to consumers, advocating the need for empathy between your brand and consumers - especially in the context of the evolving digital spaces. For example, the pandemic has accelerated the transition to online platforms, where brands are often defined by what they have in common, rather than what sets them apart, so competitive differentiation is harder to achieve.

In a simple to understand two-by-two matrix, we list approximately 40 influencing factors[3] and then explain the process of how these factors impact consumer motivations, decisions, and ultimately behaviour.

We also detail a new way of enhancing traditional segmentation models with an emotion-focused method. The proven results are segmentation models that are far more accurate and therefore effective at increasing revenues, decreasing costs, and reducing churn rates.

Finally, we briefly reflect on some other factors to consider when evaluating the role of emotions within shopping, and end with our recommendations to help you improve the relationships between you and your consumers and positively impact the bottom-line.

If you would like to know more about how to apply the findings of this whitepaper, or about delivering compassion with your brand's competence, we would be delighted to arrange a personal briefing, just email Anthrolytics at success@anthrolytics.io

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[1] The term 'consumer' or 'customer' is used in this whitepaper to represent people who shop, including those who do not purchase, and is used interchangeably.
[2] The term 'brand' is used to represent brands, vendors, stores, and other channels and across industry sectors where customers can shop or transact with a brand.
[3] As we examine more data, more motivating factors become apparent, so we expect the list to grow

How consumers make decisions

Are your customers shopping to buy what they need, or to find out what they want?

Few aspects of human relationships have been researched and analysed more comprehensively than that of buying and selling; but one fundamental truth of shopping remains the same: your brand always needs customers, but customers don't always need your brand.

At its core, commerce did not change for centuries: sellers tried to figure out what their customers wanted to buy and how best to sell it to them, whilst making the process as pleasant and profitable as possible, whilst customers looked for the best deals. For much of the population, this was largely face-to-face interactions.

However, soon after the advent of the internet came online shopping and a new kind of consumer emerged; one that did not want or need to visit a physical store. For brands, this presented a new and significant challenge; how to differentiate yourself from your competition without relying on in-store promotions and staff.

In effect, many online brands became 'commoditised', with customers who were less loyal or willing to spend exclusively within one brand. This is most apparent in comparison websites, where there are a few standardised filtering criteria, and the results are usually ranked in ascending order of price. The result has been a squeeze on margins and shrinking market share for higher cost brands.

Whether online or in-store, having an excellent product or service was not enough; online consumers already expected that. What was needed was a way to differentiate the overall customer experience, satisfy more of the consumer's wants and needs in a cost-effective way, and to use technology to understand that experience at the individual consumer level, enabling brands to deliver a truly personalised experience.

So, many brands started exploring the implications of the 'Experience Economy'[ii], and some were making in-roads in delivering an omnichannel experience that was efficient, effective, and somewhat personalised. Staff were also being given training in Emotional Intelligence (EQ) and designers were using tools like empathy mapping to try and get an insight into the mind of consumers.

Then coronavirus broke out.

The pandemic forced changes in consumer behaviour

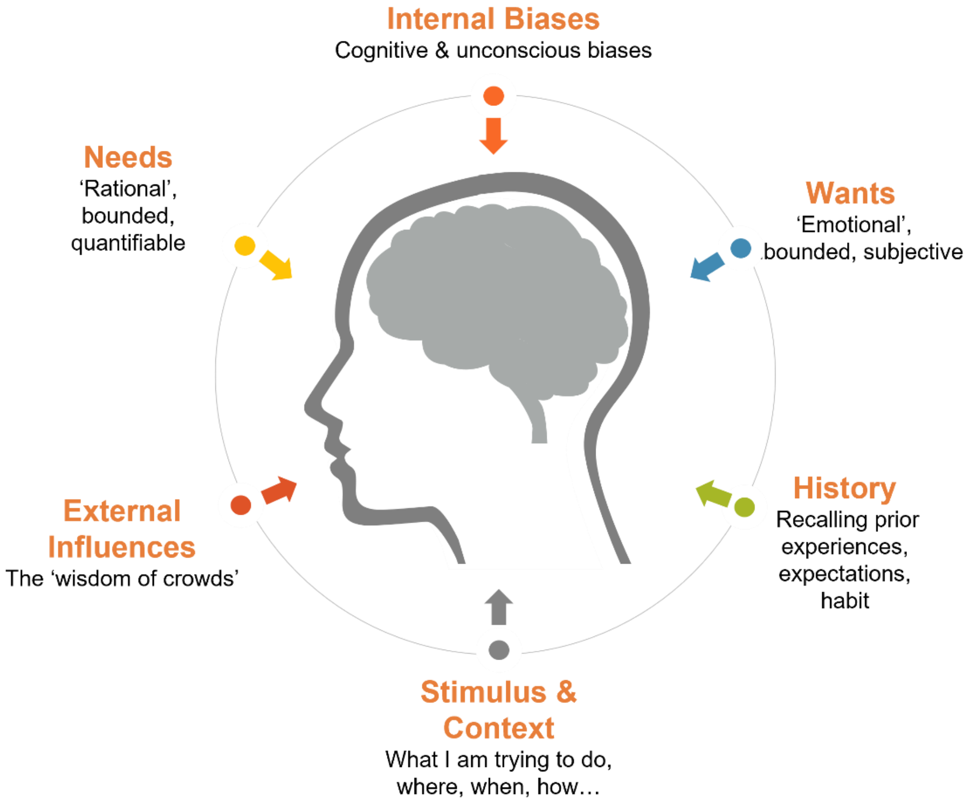
There can be no doubt that the pandemic caused dramatic and sudden changes in consumer behaviour, either directly (consumers being in lockdown, or stores being closed) or indirectly (consumers having more free time to explore alternative brands and experiences). This resulted in significant shifts in consumer behaviour: for example, more purchasing online, less impulse buying, and so on.

During the height of the pandemic, the world became a lot more volatile, uncertain, complex, and ambiguous (VUCA); behavioural shifts were emerging and then changing at an unprecedented rate and brands struggled to keep up; reacting, rather than being proactive.

Now, well after the outbreak of coronavirus, many brands are still evaluating which of these new behaviours are permanent, and which were transitory (existing only because of a lack of alternatives). However, the challenge many of them still face is: 'traditional' predictive models are typically built on observations after-the-fact, and they are still trying to build databases to reflect the 'post-covid consumer'.

However, there is another approach; one that is less reliant on large volumes of retrospective data.

At Anthrolytics, we have been focussing on what motivates consumers to make the decisions that they do; why do they decide to buy? and how do they decide which brands to buy from? The decision-making model below illustrates some of the factors that influence how customers make those decisions:



Firstly, you need to consider the **stimulus and context** of the consumer's intention; what prompted them to think about making a purchase and whether the time, location, method, etc. have a bearing (we will discuss this later in the motivations matrix).

Next, you must identify which selection criteria are **'needs'** (that are rational/functional); for example, what it should do, and whether price is a factor. Needs are often consciously considered, and people deliberate on them, weighing up options. They are also typically 'bounded', i.e., they can be completely satisfied.

You should then consider the **'wants'**, that satisfy other criteria that the consumer may not even be aware of. These wants are often emotional; for example, a desire to feel safe, or belong to a group and, whilst not 'logical', is very powerful. 'Wants' also tend to be 'unbounded'; for example, it doesn't matter how happy a customer feels; they typically believe they could feel happier.

Later in this whitepaper, we will discuss the difference between 'system 1' and 'system 2' thinking. For now, we can assume that consumers strongly prefer products and brands that other people have used and recommended (rather than do their own detailed research). So, they often look to **external influences**, such as star ratings and online recommendations to simplify their selection process.

However, consumers often do have some **history** with a brand or product (yours or your competitor's), and their recollections of prior experiences influence the expectations they have of the future. Consumer expectations, heuristics and habits are all formed from prior experiences. However, because every person has a different history, this has hitherto been very difficult to predict the influence on the next action of individual consumers.

Also, customer experiences are not evaluated by consumers against a commonly agreed and objective scale: rather they are comparisons between what they expected to happen and then what actually happened. It is the difference between the two that determines whether they think the experience was satisfactory or not.

Finally, whilst most consumers would like to think that they are clever, logical, and rational decision-makers, the reality is that their decisions are deeply influenced by their **internal biases**. For this whitepaper, we will assume that these biases fall into two domains: unconscious biases (e.g., prejudice, heuristics) that are beliefs and attitudes formed from personal experience or society, and 'cognitive biases' which is where the customer thinks they are being rational, but where flawed logic leads them to an erroneous conclusion or action: for example, assuming that 'family sized' products always represent better value for money.

All through their lives, consumers are constantly updating their internal model of the world, based on their expectations and actual experiences, and whilst some interactions with your brand may be powerful enough to directly influence their behaviour (especially negative ones), for most consumers, it is the accumulation of experiences that determine whether they think a buying experience is (or will be) satisfying.

If a consumer has had predominantly positive experiences, they tend to be more loyal and open to new sales; the reverse is also true: if they have more negative experiences, they are less likely to buy again. However, for many consumers, their experience of interactions with a brand tends to be some combination of positive and negative experiences.

We know that when other factors are broadly equal, it is how a consumer feels about your brand that ultimately leads them to decide whether to buy from you or not. But, considering the influences above and the individual nature of individual consumers' lifetime experiences, it has proven impractical until now to try and use these insights at the consumer level.

At Anthrolytics, we use advanced analytical techniques to understand what customers really care about (which is not always what they *say* they care about) and why. In calibrating our predictive models, our research ultimately results in a predictive model that establishes cause and effect, i.e., 'This stimulus is likely to trigger that response'.

Because of this, Anthrolytics can answer the questions "if we do something we know our customers don't like, how many of them will defect?" or "how many of our customers are ready, *willing*, and able to buy our new product?"

The 'motivation matrix'

In the decision-making framework above, we briefly discussed the importance of the stimulus and the context of a purchase. But the number of factors that go into making a decision are numerous and complex. In the diagram below and the following sections, we have divided these factors into two axes: what the customer wants for themselves, vs. what they want from a brand, and whether the need is rational (functional) or psychological, along with a short description of each.

Motivation

Selection Criteria	Psychological	Rational / Functional
For me	1 • Autonomy • Competence / ambition / self-development • Belonging / relatedness • Habit • Self-esteem / pride / prestige • Distinction / uniqueness • Pleasure-stimulation • Physical wellbeing • Self-actualisation / meaning • Security • Money-luxury • Popularity-influence • Emulation / imitation	3 • Removal of pain • Suitability to need / utility • Durability / quality • Variety of use / adaptability • Economy / price / affordability • Safety / fear / anxiety • Ease / quickness • Profitability / value • Curiosity • Scarcity
About you	2 • Awareness • Appearance • Recommendation / trust • Imitation • Exclusivity / prestige • Convention	4 • Convenience • Accessibility • Price • Loyalty card / scheme • Availability of credit • Payment mechanism • Associated services • Ease of purchase • Prior customer experience • Reputation

Quadrant 1- Psychological - 'For me'

The emotive and psychological factors are associated with the desired state the consumer wants to feel (or stop feeling) for themself. They are not consciously aware of these emotional or psychological influences in many cases. Criteria include:

Autonomy: having independence and accountability for one's own actions[iii]; the freedom to make one's own decisions, without undue external influence, and the extent to which a consumer has control over their options and choices.

Competence/ambition/self-development: feeling able to complete a task with little or no external help; having the knowledge, skills, (and attitudes) needed to achieve a goal or fulfil a desire.

Belonging/relatedness: wanting to belong to and connect with a group; the need to connect with and be accepted by the group, centred on gaining acceptance and support (which can be reciprocated).

Habit: context-dependent memory associations gained through repetition of an action in a stable environment[iv], for example routinely shopping at the same grocery store. Habits are often associated with the heuristics that govern unconscious behaviour; we don't have to rethink them for every repetition. In addition, habitual behaviours often offer psychological comfort, as well as efficiency learnt from experience.

Self-esteem: having an overall positive evaluation of oneself with perceived worthiness, respect, and confidence[v] which can influence consumer motivations if, for example, one feels deserving of a luxury product. (The opposite is also true).

Distinction/uniqueness: where your brand or product is perceived as being scarce or hard to acquire, and therefore more valuable. This can make consumers feel they belong to a specialised, exclusive group and therefore they are more valued/valuable. Some consumers actively enjoy seeking out hard-to-find products.

Pleasure-stimulation: seeking enjoyment from the shopping experience or purchasing a new product – the essence of 'retail therapy'. Whilst the opposite of this hedonism is the avoidance of unpleasant/painful experiences; we consider this latter motivation to be a 'rational' and powerful one.

Physical well-being: a desire to improve, or maintain, a better, 'healthier' self. Whilst physical well-being can be considered a rational motivator; there is often significant dissonance between perception and reality (for example, the role of placebos/nocebos). Failure to achieve a desired state of well-being (e.g., lower weight) can be a powerful demotivator.

Self-actualisation: psychological theory suggests this to be the highest order of motivation, needed for long-term growth and satisfaction of all of one's needs[vi], therefore shopping for the fulfilment of self-enhancement. Consider how your brand allows people to feel they have achieved their full potential.

Security: another foundational psychological need which can include emotional security i.e., social, or personal welfare and financial security, bestowing a sense of safety. In Maslow's Hierarchy of Needs, safety and security are secondary only to the fundamental physiological needs.

Money-luxury: the expectation that acquiring new luxurious purchases will elevate happiness through a hedonistic experience. Like 'pleasure-stimulation', but specifically associated with a high cost of acquisition or ownership.

Popularity-influence: acquiring new friendships and influencing others[vii], for example purchasing 'in-trend' items to achieve higher social status/acceptance or be seen as more attractive. It builds on 'belonging/relatedness' in that the consumer values high status and autonomy within the group or with a partner.

Emulation/imitation: refers to the adoption of traits of an external 'influencer' or popular fashion brand to create an idealised self-presentation/image/identification which represents one's affinity to a company brand.

Quadrant 2 – Psychological - 'About you'

Psychological factors considered by the consumer about the brand which could influence their decisions. These may be absolute (for example, the consumer trusts you) or comparative (for example, the consumer thinks you are more trustworthy than your competition). Includes:

Awareness: whether a consumer is aware of a need and of your brand, company, or product, or your brand's specific advantages over your competition. In some notable examples, consumers may not be aware that they 'need' something until it is pointed out.

Appearance: whether your brand or product is visually attractive and appealing to a consumer's eye. It can be associated with semiotics – the significance of signs, signals, and colours.

Recommendation/trust: a willingness to rely on your brand with confidence and your ability to deliver a reliable service with integrity[viii], to ensure expectations are met; potentially advocated by previous consumers, through recommendations or via 'star-ratings'.

Imitation: replicating the ownership of products from luxurious, designer and more expensive brands by buying lower priced equivalents; psychologically still borrowing the perceived attributes associated with these high-end items.

Exclusivity/prestige: where your brand is perceived as providing a high-quality, exclusive service with associated reputational distinction and which allows consumers to feel part of a select, specially valued group.

Convention: following the established social norms by buying what everyone else buys, what is on trend, or what has been highly recommended; the opposite is also true, breaking the pattern by deliberately avoiding the conventional choice.

Quadrant 3 – Rational/functional - 'For me'

These are the rational 'needs' that the consumer seeks to meet for themselves. Typically, they are actively considered (for example, assessing the affordability of the product or service). Including:

Removal of pain: associating your brand with the reduction of physical or psychological pain or discomfort. This need is often the most urgent and important in a motivation set.

Suitability to need/utility: the perception that your brand or product fits the consumer's need or purpose. This does not require that your product was specifically designed to meet that need.

Durability/quality: your brand is associated with being well-made and long-lasting - which allows for longevity of use and potentially lower perceived cost of ownership. It can be influential in making a case for consideration of value, rather than absolute price.

Variety of use/adaptability: considering whether your product could be used for a variety of functions or purposes.

Economy/price/affordability: considering whether the product is in a price range that is financially acceptable or capable for the consumer. It should be noted that consumers may spend more than they can afford, which may impact the financially vulnerable or lead to feelings of guilt about the purchase ('buyer's remorse').

Safety/fear/anxiety: your brand or product is considered safe (or not as dangerous) to own or use. This can also act as a significant disincentive to try something new or novel; for example, it is typically harder to get a consumer to try a new product if they have already formed trust in an existing one.

Ease/quickness: being able to complete the purchasing journey with minimal effort or difficulty, this can include all the stages from awareness through to purchase and use.

Profitability/value: the financial gain from purchasing a product from your brand, perceived as 'good value for money' or a good 'return on investment'.

Curiosity: an inquisitive interest in your brand or a product and wanting to know more about you or the product, for example, buying an unfamiliar food item that looks or seems appealing and different.

Scarcity: your product is perceived as being in short supply, generating a sense that it needs to be purchased before becoming unavailable, often associated with a Fear of Missing Out (FOMO).

Quadrant 4 – Rational/functional - 'About you'

The rational/functional attributes that the consumer is seeking from your brand. Once again, these can be absolute or comparative. Includes:

Convenience: the consumer considers whether your brand is easy to access and can provide an efficient service. i.e., the value derived will outweigh the effort expended to acquire it.

Accessibility: the ability of your brand to market to as many people and demographics as possible and be physically available, for example, being local, accessible to people with disabilities, or outside of office hours.

Price: the cost of your products being in line with the expectations of the consumer (e.g., low price for bargains, high price for exclusivity). In this case, consumers will often make simple price comparisons for similar products.

Loyalty card/schemes: there can be no doubt that some consumers place a premium on brands that offer them rewards for their loyalty. However, this can be a very subjective decision, and many consumers do not actively collect or redeem their rewards.

Availability of credit: the consumers access to bank credit or financing; especially for 'big ticket' items. Credit can be used to offset 'sticker shock', where the consumer might otherwise hesitate to pay a perceived high price (irrespective of actual value).

Payment mechanism: flexibility in payment methods to allow consumers to choose their preferred method for payment or value exchange (for example, cash, card, voucher, or mobile payments).

Associated services: offered additional services to help consumers find what they need or answer any questions before and after purchasing. It can be part of Customer Success, or Customer Service departments, and can also be perceived as more of a partnership relationship than a buyer-seller.

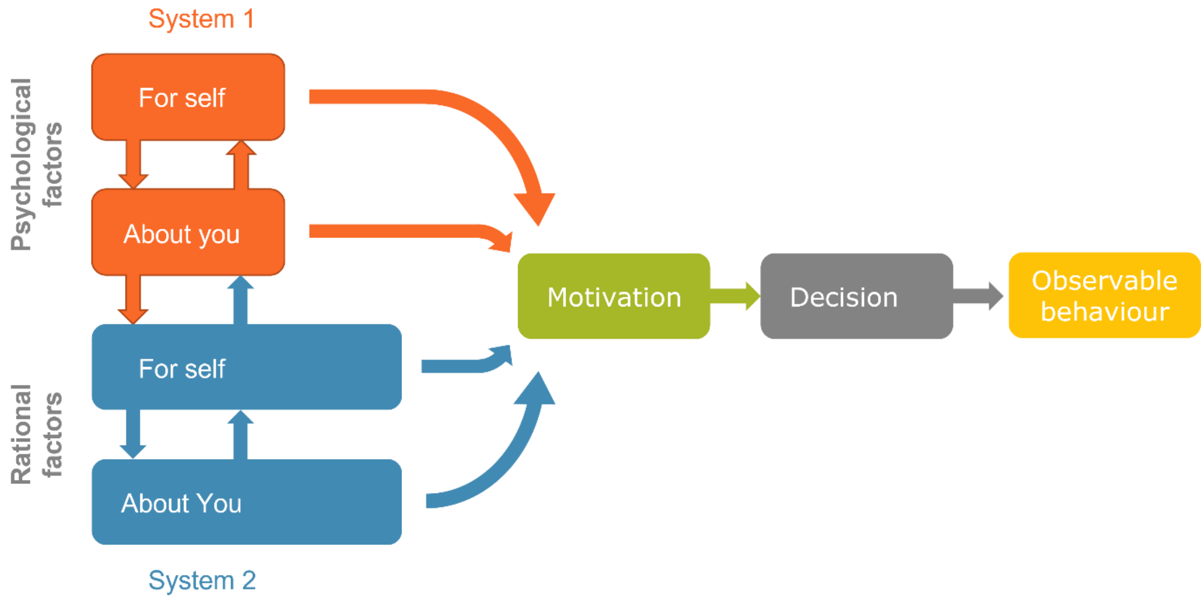
Ease of purchase: the product can be bought without difficulty and efficiently.

Prior customer experience: how a consumer's previous interactions and purchases from your brand (or others) influence expectations and trust about purchasing from you again. It is important to note that a consumer's prior experiences influence their expectations of your brand. Their assessment of your brand's performance will be against this perception rather than some absolute scale.

Reputation: the general beliefs and attitudes surrounding your brand, driven by prior consumers, employees, third party reviewers, etc., influence the consumer's expectations of your brand.

The motivation matrix and a model of the decision-making process

The model below illustrates the complex interactions that can occur in our decision making and subsequent consumer behaviour. After the initial stimulus, the consumer evaluates several criteria (consciously and subconsciously), becomes sufficiently motivated to make a decision, and then acts (purchases and consumes) in a way we can observe.



Psychological and behavioural economics theory[ix] suggests there are two modes of thinking; 'system 1' thinking is instantaneous, intuitive, affective, associated with experience and requires little effort, whereas 'system 2' is slower, deliberate, controlled and evokes more conscious, purposeful, and logical decisions.

For example, when choosing a dessert in a grocery store, a consumer may gravitate towards a tasty, sweet treat they know they have liked before. This will elicit positive emotions, requiring less deliberate thought. However, if presented with a healthier dessert alternative, this then involves system 2 thinking to consciously weigh up what one instinctively wants, and what is a more rational (healthier) choice[x].

Thus, it may be that emotional and psychological factors in system 1 are our initial cognitive responses when deciding. Then with further effortful mental attention and rational thought in system 2, we balance our thoughts to decide. However, this may not be a sequential process and in fact our emotional and rational considerations can occur simultaneously (although system 2 usually takes longer to reach a conclusion).

Furthermore, it has been suggested that consumers often make spontaneous or emotional purchases which involve fewer rational factors, and then go on to 'rationalise' this impulsive decision- a dynamic accounted for by our model.

Consumers who are more introspective i.e., are self-aware of their buying habits, are less likely to emotionally impulse buy, because it appears the rational and more cognitive thinking feeds back into the psychological factors influencing decision making. However, if consumers are continuously giving in to impulse purchases (in other words, functioning on habitual and unconscious system 1 processing), then perhaps a capacity for them to change[xi] and step out of these habits is needed if they are to avoid making uncontrollable and illogical purchases.

A pattern of consumer behaviour, based on familiarity, certainty, and trust at its core, can be difficult to break. Understanding the connections between psychological 'wants' and rational 'needs', could allow exploration of consumers' openness to new experiences and lead to greater economic benefit for both.

Ultimately, our main conclusion is that decision making, and consumer behaviour is heavily driven by what consumers feel, as well as a multitude of other psychological and practical factors. If the other decision-making criteria are broadly similar between brands, it is how the consumer feels that will be the deciding factor.

Therefore, formulating methods to observe, measure and predict these predisposing factors will provide significant value to your brand in terms of revenue and competitive differentiation; it is for this reason that emotional intelligence, and especially cognitive empathy, within a business is so important: how can a brand meet a consumer's emotional needs if it doesn't know what they want, especially within 'low touch' channels like mobile or digital.

Empagraphic Segmentation

Emotions can be transient, occasionally intense, or unconsciously and constantly influencing our mood, they can be positively or negatively expressed and even sometimes indescribable. Yet they are a central component of human psychology and behaviour.

The unpredictability and capricious nature of human behaviour result in more fluid, nuanced and changeable cohort segments that can make universal and generalised marketing difficult to be wholly effective; for example, whilst I can share many relatively stable demographic attributes within a marketing segment, how I feel is more mercurial, changing as my experiences influence my feelings and expectations.

Let's take an example to illustrate these emotional, motivational complexities with a modernised, digital consumer demographic: 'Influencer Idealists': consumers who follow the advice and marketing from social media 'Influencers'. These influencers engage and advertise to a large online following, who have enough trust in the influencer to purchase the brand the influencer is promoting.

The difficulty here is there can be multiple, emotionally driven motivations for one's susceptibility to this external influence:

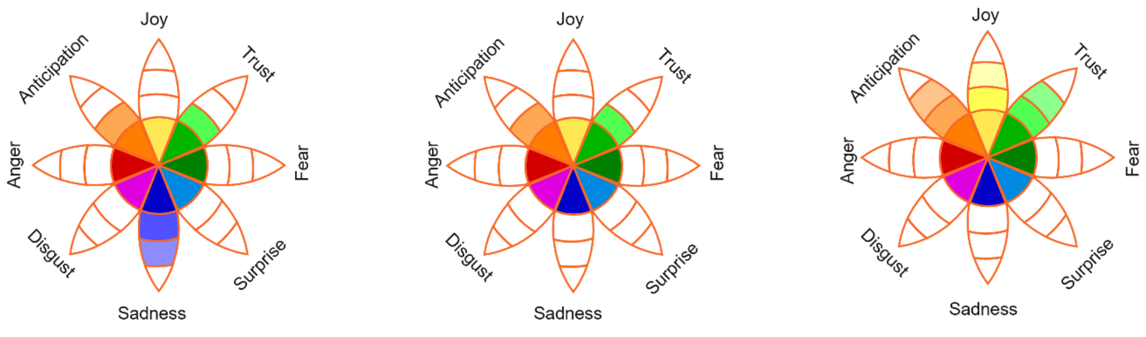
1) Para-social identification: in summary this means to put unreciprocated energy, time, and resources into following someone one admires in the digital space, in this case perhaps imitating the actions and appearance of an influencer by buying the products they are promoting, i.e., if I want to be like them, I must like what they like and have what they have.
2) Belonging: as mentioned earlier, this buying behaviour can be based on social media 'influencers' rather than knowledge or expert advice, and could be unrelated to the individual, but more about fitting into a social group who all follow that influencer. The social status and popularity that may accompany buying that product may be the motivating reward, rather than buying it for oneself, i.e., I want to buy that product so I will be liked by others.
3) Fear of missing out (FOMO): people may buy the advertised products of popular influencers to stay up to date with the innovative trends based on fear of missing out on these 'must have' purchases which could also relate to social comparison[xii], following convention and social norms as well as feeling belonging and identification within the social group.
4) Self-esteem: This psychological trait is highly reliant on positive emotional evaluation of oneself and can heavily interact with these psychological influences and purchasing intentions. It has been found even if an influencer's credibility is low; people are more likely to buy the endorsed product if their self-esteem is also low, and this is due to feeling they have a para-social relationship with this influencer[xiii]. The opposite was found when self-esteem is high, i.e., if I feel bad about myself, I am more likely to follow less credible marketing

Many brands are familiar with segmentation based on quantifiable attributes, for example, the age, location, income, or purchasing frequency of their consumers. Furthermore, these segments tend to shift in predictable ways or relatively infrequently (for example, a consumer's age or income band).

However, how we feel about a brand, product or experience can change more frequently and quickly. Over time, how we feel about the interactions we have with a brand accumulates and play a significant role in the decisions we make.

Whilst every consumer's accrual of experiences with your brand can be unique; our data suggests that a population of consumers can be grouped into cohorts that are defined by how they feel, and we call these cohorts 'Empagraphic Segments' - homogeneous groups of consumers that feel similar sets of emotions to which we can also assign behavioural traits and descriptive names.

For example, the 'Overlooked and neglected' segment, the 'Neutrally satisfied', or the 'Cheerfully optimistic' (based on Plutchik's Wheel of Emotion[xiv]):



Overlooked & neglected | Neutrally satisfied | Cheerfully Optimistic

'Overlooked and neglected' vs 'Neutrally satisfied' – the 'Overlooked and neglected' are long tenure customers who may still be transacting with your brand, but are no longer engaged or responsive to marketing campaigns, and display little change in their purchasing behaviours. They may feel ignored or taken for granted, and ultimately may begin to lose loyalty if there is no intervention.

On the other hand, the 'Neutrally satisfied' consumers are typically also established customers who feel that your brand is comparable to others, and that they are receiving an adequate level of service in line with their expectations.

Aiming to make both segments of consumers happier will result in different outcomes; for example, ensuring the 'Neutrally satisfied' consumer is happy and satisfied may not create an immediate uplift in purchases (they already feel their needs are being adequately met). Whereas improving the attitude of the 'Overlooked and neglected' will result in them being more open to marketing and upsell campaigns in the future.

However, it is important to note that both segments respond to different marketing messages, with different offers and tones of voice. Furthermore, the tactics used to make someone who is unhappy feel neutral may need to change to make them feel 'happy'.

By comparison, younger consumers, with less 'life experience' will typically be more enthusiastic about your brand or product when shown something novel that they did not expect.

It is important to remember the diverse and complex emotional and psychological self-perception that can predispose a consumer's susceptibility to external influences, and inevitably affect their behaviour. Adding Empagraphic segmentation, based on how consumers *feel* about a brand is going to be more effective than grouping consumers under generalised cohorts which are traditionally attribute-based (e.g., products held, spending patterns, socio-demographics, etc.) alone.

Finally, unlike the relatively stable, attribute-based segmentation typically used by brands, consumers can move between empagraphic segments relatively easily; either because of the brand's influence, that of an external third party or an external event. Indeed, this presents a significant opportunity for brands; it is possible to assist consumers in migrating from one empagraphic segment to another, thereby predisposing customers towards a positive outcome.

Some illustrative examples

To further explore the role of emotions on consumer behaviour, let's examine two example customer profiles that are broadly similar, within a familiar context: weekly grocery shopping:

Weekly grocery shopper: Convenience

This consumer favours convenience and is likely to go to the same supermarket every week: one that they are familiar with, is probably local to where they live, and where they can be certain they can purchase everything on their shopping list, which tends to be the same brands and products every week.

For the convenience consumer, heuristics (learned 'rules of thumb') play an important role, because repetition and familiarity have created a habitual cycle and less cognitive energy is needed to make buying decisions. They want to get in, get their stuff, and get out with the minimum of effort.

From a brand's point of view, the challenge is in getting this consumer interested in breaking these established behaviours and engaging their interest in newer, or higher margin products or stores.

Convenience weekly shoppers typically value convenience (the store being local, accessible, etc.), competence (they've learned their 'optimal' route around the store) which also relates to 'ease', trust (that the vendor will have the items they want) and reflections on their prior experiences.

Brands can use the implicit trust exhibited by the convenience weekly shopper to 'recommend' new purchases, but this should be balanced with not disrupting the flow of the user.

Weekly grocery shopper: Variety seeker

This consumer also routinely buys their groceries in the same store most weeks, including their regular 'staples'. However, they are open to trying new products, often associated with uniqueness and distinction: for example, trying out new recipes or new looks.

This kind of consumer frequently prefers the convenience and variety of online shopping[xv], which often also requires interactions between psychological thinking and functional/practical factors. For this kind of consumer, it is worth considering how to keep them interested, as they don't rely on the safety net of familiarity and repetitive purchase of the same brands.

Brands can appeal to a variety-seeking consumer's focus on distinction and uniqueness, exclusivity, or scarcity, but most of all – their sense of curiosity.

Let's now consider two other examples: younger customers who may be ready and able to open a savings account, but not necessarily willing.

'Living for today'

These customers are enjoying their freedom and independence as younger adults. For them, banks are there to accept their salary and fund their lifestyle. Optimists at heart, their focus tends to be on enjoying the moment and letting tomorrow take care of itself. This is reflected in their economic activity, showing signs of spontaneous decision making and a focus on non-essential purchases.

This group can afford to save a little extra but are more likely to do so to achieve a short-term goal (like paying for a foreign holiday or buying an expensive leisure item). Therefore, they are more likely to respond to messages about savings for that goal and would like to get regular updates on progress (including an element of gamification).

Increasing Joy and Anticipation are the emotions that most resonate with this group and they like surprises (especially where these help them lead their 'best lives').

'Worried about tomorrow'

Although they may share similar demographic attributes with their more optimistic peers, this cohort is worried about the future (especially if they are in the lower income bracket) and tend to be more risk averse.

For them, decreasing anxiety and being able to trust a brand is more important than short term gratification. They look upon savings as being there for a 'rainy day' and a counter against unexpected negative events. They need to know their savings are safe and will be there if-and-when they need them.

As you might expect, this group does not particularly enjoy surprises (even good ones). Feeling reassured and consistency of experience are very important to them, they value predictability.

To sum up…

Every industry and sector have their own segmentation models. Still these often do not reflect the behavioural or emotional state its customers and therefore ignore the impact this has on their purchasing decisions. In the banking examples, both segments may end up choosing the same product, but for very different reasons.

We know that things like 'life events' can radically affect the ways that customers behave, but there is more going on than just a change in economic behaviour (e.g. spending patterns). Each life event can present both rational ('I need a family car now') and emotional challenges ('Now that I am a parent, I have more responsibilities').

Talking to different empagraphic segments in the same way (i.e., not reflecting how they feel) can lead to them feeling disconnected from the brand, which will negatively impact their loyalty and economic activity. You cannot 'average' out feelings across segments; they are deeply personal, and the main way customers differentiate between similar brands.

Three case studies

Increased ARPU by 75% for a B2C telecommunications company

The client had ambitious goals for revenue growth. Anthrolytics undertook a study with the client to identify a cohort of customers that would be the target of an upsell campaign. After an initial analysis of what the customer base valued, we provided details of an empagraphic segment that we identified as likely to be ready for a plan upgrade, in a highly receptive mindset, and able to afford to spend a little more. A marketing campaign was launched to reach out to this group.

Within the first month, the Average Revenue Per User (ARPU) for this segment improved by 79% and averaged at 80% for the following four months (without any additional marketing).

Reduced Churn by 11% for a top-5 retail bank

With tens of millions of account holders, this international retail bank wanted to identify customers at risk of churn before they became symptomatic (i.e., they had already started to exhibit the behaviours associated with account closures). We developed an analytical solution to give insights into the emotional motivators of account holders that churned and allowed us to score a subset of accounts every day to identify those customers who may be approaching a behavioural threshold where they will decide to leave.

By identifying the 'at risk' clients early and before they had decided to leave, the bank was able to take proactive steps to retain them and which reduced anticipated account closures by approximately 11%

Linked emotional profiles to behaviours for a B2B/B2C Broadband and telecommunications company

This company, which provides broadband and telecommunications services to a wide range of customers (from consumers to enterprises), wanted to understand how their customers viewed the products and services they provide and how that influences their subsequent behaviour.

By analysing a range of data sources, Anthrolytics was able to identify empagraphic segments that could be associated with business-critical outcomes such as account closure, stable long-term spending, and revenue growth. Importantly, we were able to show which emotions were affecting these outcomes.

No reliance on continual customer surveys

In all three of the cases above, it is important to note that, because we understood the motivation link between cause-and-effect, we did not have to continually survey consumers to predict how they felt (and how they then might act). It was enough that we could demonstrate that the impact of multiple events and interactions over time could be used to predict their mindsets.

Conclusions

Consumer decisions can be psychologically complex, influenced by internal biases, emotions, history, stimulus, context, external influences, and rational needs. This complexity has often made it hard to improve the accuracy of predictive models because the business outcome being modelled is more than a function of the quantitative data available.

Consumers consider a multitude of psychological, emotional, and rational factors, both about themselves and about brands, that inform their buying behaviour; there are things that they want for themselves and that they expect of your brand.

The inconstant nature of emotions demands more effective marketing segmentation by an additional categorisation of consumers, based on how they *feel*, i.e., 'empagraphics', rather than what they *are*: attributes.

Consumers may appear to have identical behaviour patterns; for example, weekly shopping, however they can diverge in their psychological predispositions and motivations for shopping, which is the key to behavioural analysis.

Gender and cognitive dissonance[4] can also influence how emotions drive customer behaviour; ultimately, the ideal segment is a cohort of one; a deep personalisation that reflects the drives and motivations of individuals, irrespective of what features they have in common with other consumers.

Ultimately, emotions are integral to consumer motivations, decisions, and behaviour, and mapping the shopping process to predict consumers' intentions to buy from your brand will need more than traditional predictive modelling techniques alone.

[4] We discuss Gender and Cognitive more in the afterword at the end of this document

Recommendations

Identify how well you understand your consumers' motivations: do you know what they feel about you today as a brand, your competitors, and the wider world?

If you haven't already, start a systematic process of capturing data about your consumers' beliefs, attitudes, and feelings. There are two parts to this; first, knowing what question(s) to ask and second, asking the question and recording the results.

Analyse the results to identify common themes or topics, combined with the thoughts and feelings associated with each of those topics. Then identify how these play into the motivation matrix and influence the decisions of your consumers.

Add an Empagraphic Segmentation to your existing segmentation models, based on cohorts that share similar motivations, and then go on to exhibit important behaviours.

Design and implement different interactions or experiences that reflect the combined segments, using the Motivation Matrix to help. These can be used both reactively and proactively (i.e., don't wait for consumers to show signs of being disaffected, reach out to them when you first think they may be approaching that state and 'heal' the relationship whilst it is still relatively simple and cheap to do so).

If you would like to know how Anthrolytics can help you understand what is driving the behaviour of your consumers, and how to reassess this every day (even with the consumers you are not actively in conversation with), then just email Anthrolytics at success@anthrolytics.io

Afterword: some other considerations

For the sake of brevity, this paper does occasionally generalise, but we recognise that many other additional factors can influence consumer motivations and behaviour. One example is gender, and while it is acknowledged that this is a fluid and self-identifiable trait, the focus of this paper has been on the larger population cohorts who identify as men or women.

From research, we know that there can be significant differences in the enjoyment men and women get from shopping, with women reporting greater enjoyment of shopping for socialising, gratification, sensory stimulation, exercise, bargains and browsing[xvi]. It should also be noted that women largely enjoy shopping for others, and this can be considered an emotionally driven behaviour which incites joy when purchasing gifts.

Therefore, empathy can play a significant role in women's purchasing decisions, with them thinking what the recipient of the product will feel when receiving the gift. The confusing factor for brands is that their empathy is one place removed: the consumer is partly driven by what she believes the recipient will feel, not just what she feels.

However, this is not to say that emotional factors don't play a role in men's shopping behaviour. Social and cultural shifts in perceptions of masculinity have led to more men taking an interest in clothes shopping. So fashion consumption has become a determinant for emotional well-being and personal identity for young men[xvii].

This can be interrelated with psychological factors such as self-esteem, belonging, autonomy, and perhaps popularity-influence or emulation, as proposed in our matrix model. Generally, positive emotions increase buying behaviour in men to the same level of enjoyment displayed in women[xviii].

Together, we highlight that psychological factors and emotions can play a significant role in consumer motivations for both populations.

There may also be differential hierarchical importance of rational criteria between men and women; for example, when grocery shopping, men prefer speed, convenience, and efficiency, whereas women prioritise price, cleanliness, and quality[xix].

This demonstrates the complexities in mapping consumer motivations; however, our model comprehensively accounts for these factors and advocates the need to recognise the psychology of emotion as a mediator between purchasing intentions and more significant profit.

We also want to highlight that despite such emphasis on rational factors being considered within customer behaviour, many other factors, including emotional drivers and specific marketing strategies, can produce 'irrational' shopping behaviour; for example, the office worker who is hungry at lunchtime; this is a rational need, but when going to a store to pick up something to eat, they may be encouraged (either intrinsically or externally) to opt for an unhealthy option – an irrational decision. This graduation from rational to irrational decision making may create conflicting thoughts, or a contradictory action to the original intention; this is termed cognitive dissonance and can influence the customer's emotions as well as behavioural and attitudinal loyalty to you[xx].

About the Authors

Peter Dorrington is Co-Founder and Chief Strategy Officer at Anthrolytics and is the inventor of Predictive Behavioural Analytics and an expert in Customer and Employee Experience Management Analytics. Peter has spent over 20 years advising boards on the strategic use of data and analytics related to customer and employee experience and is also an award-winning writer and speaker on CX/EX, the experience economy, Customer Relationship Management, and DevOps.

Kathryn Gilfoyle is currently completing her PhD research in Cyberpsychology and Feminist Psychology at the University of Buckingham. This follows the completion of her bachelor's degree in Psychology, achieving First Class Honours. Kathryn's interest is the psychological and behavioural effects of the constantly evolving online world and focuses her research on women's safety in the digital space. She intends to bridge the gap between academia and industry by utilizing her research to produce practical solutions as explored in this paper.

About Anthrolytics

Anthrolytics combines data science with behavioural science to understand and predict human behaviour. The company's mission is to give your brand the ability to offer every customer a tailored experience that meets their individual wants and needs and is especially relevant to brands where a higher Customer Life Time Value (CLTV) is a strategic necessity.

With Anthrolytics' Predictive Behaviour Analytics solution, you can:

- Increase sales,
- Enhance cross-sales,
- Lower costs, and
- Reduce churn.

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