PATH-2-PURCHASE™ PLATFORM:

The New Reality

Targeting the "Who" and "Where" To Learn
the "Why" Behind Consumer Journeys

CONTENTS

01.

What *Is* the Path to Purchase, Anyway?

One person's idea of "path to purchase" may not be the same as another's, so let's start with a quick look at how the concept historically has been defined.

The idea of a "purchase funnel" through which consumers must travel was first expounded in 1898, by E. St. Elmo Lewis, an important visionary in the history of advertising. He envisioned a funnel that began at the top with "awareness," then led the consumer through states of "interest" and "desire," leading, finally, to "action." As time went on and funnel concepts evolved, other milestones were added along the path to purchase, such as "consideration," "evaluation," "intent" and "preference."

All of these terms remain relevant today, but tracking consumers' paths to purchase has grown into a far more complex project, greatly

complicated by the speeding onslaught of technology and information in the Smartphone Era. Instant mobile access to product or category information gives consumers constant inducements and opportunities to take sudden detours, turns and switchbacks during their buying journeys .

That's because mobile consumers are saturated unceasingly with new information, whether they seek it or passively receive it. Customers may enter a store with a particular brand and product in mind, then change course suddenly based on new information. Even when they're standing in front of an intended product and ready to pluck it from the shelf, the instant prompts and stimuli consumers receive on their phones or from store displays may cause them to have second thoughts, because it's so easy to explore alternatives. For researchers tasked with understanding the path

to purchase at every step, the challenge of making sense of the complex variables of shopping in the Smartphone Era is like being forced to learn 3-dimensional chess after years spent trying to master the already-demanding standard version of the game.

The first question researchers must ask is whether the tools they're using to obtain path to purchase data are fast, sophisticated and accurate enough to meet the challenge. Research analysis and recommendations to decision-makers can't be complete when based solely on inferences from observed "what," "where" and "when" behavior, omitting the essential "why" – the human factor that requires interviewing real humans at key points along the path to purchase.

An intensifying need for fast insights at the speed of digital commerce puts further pressure on the marketers who need advice right now, and the consumer insights professionals who are expected to provide it. Market researchers who can't keep up with rapid shifts in the marketplace risk being seen as less valuable to the decision-making process, and therefore more vulnerable to budget cutting.

To summarize the new reality and its challenges:

A new world of technology-driven complexity confronts marketers and researchers as they try to understand and then influence mobile consumers' paths to purchase. Being perpetually connected gives consumers a profusion of options, and makes their buying journeys extremely hard to predict. Millennials, in particular, are known for seeking alternatives and keeping their buying options open. The challenge is to find, intercept, and survey consumers along each new fork in the purchasing path. Inferences drawn from masses of observed behavior may be the wrong method

when research clients need a reliable, nuanced understanding of consumers' motivations. The decision on how to proceed comes down to whether the "what," "where" and "when" of consumer behavior are sufficient without the "why."

Highlights:

+ *As the speed of information accelerates, traditional definitions of the path to purchase no longer fully capture the complexity of consumer journeys*.

+ *Even on the verge of buying, mobile consumers can change course suddenly, access new information, and extend the path to purchase in ways that weren't possible before.*

+ *Assumptions drawn from passively captured digital data documenting the "what" and "where" of consumer behavior are insufficient on their own. Effective research also requires a direct conversation with representative real individuals to understand the "why."*

02.

Finding Needles in a Data Haystack

Data, data, everywhere, and who knows what to think? In a mobile-dominated world, the digital traces consumers leave along their paths to purchase have grown exponentially. Every search term, click, social post, and actual purchase can be recorded. The challenge is how to store, sort and sift through a thick haystack of information to find a few shining needles of actionable insight. It falls to consumer insights professionals to wrap their brains around these billions of bytes. Do they have the tools to make sense of all this data, then steer decision-makers to winning plays in the marketplace?

The sheer profusion of consumers' digital impressions has given rise to the term "Big Data." Companies now have dependable records of what consumers have done, providing potentially transformative raw material for researchers who've grown increasingly frustrated with the inconsistency and unreliability of traditional online survey data. But first you must control this unceasing cascade of information so that it can become part of the solution, rather than a source of confusion. One challenge is organizing and channeling a brand's Big Data so that it ends up in the right researchers' hands. A common pitfall is keeping information siloed away in compartmentalized files, hiding it unintentionally from the research stakeholders who need it most. Without proper sorting and archiving, Big Data loses its power to inform, and may well bring more confusion than illumination as researchers try to grapple with it. For this and many other reasons, insights professionals who face diving into the data haystack can be forgiven if they feel nervous.

Researchers who are expected to wade through masses of observed behavior and come up

with reliable insights based on inference alone will find themselves squarely behind their organization's eight-ball. In fact, make that the 2.5-quintillion ball, the estimated amount of data bytes collected worldwide each day.

On the other hand, researchers who fail to comprehend and exploit Big Data are in for an unpleasant wakeup call. The same Smartphone Era realities that are making consumer journeys more complex and harder to follow are giving us new tools to rise to the challenge. The opportunity to enhance research with well-targeted mass-accumulations of data is as real as the phones that produce a huge share of those 2.5 quintillion daily bytes. The only way forward is to learn how to identify the right streams of constant, incoming data and turn them into reservoirs of useful consumer knowledge.

Highlights:

+ *More than 90% of the world's data has been created since 2015.*

+ *Each new day adds 2.5 quintillion bytes to the world's data supply (a quintillion is a billion billions)*

+ *"You need the right information at the right time to make truly confident and well-judged, productive decisions. But there's just so much information, and it's getting harder and harder to separate the signals from the noise, to discern the insights…"*

IBM, 2017
https://public.dhe.ibm.com/common/ssi/ecm/wr/en/wrl12345usen/watson-customer-engagement-watson-marketing-wr-other-papers-and-reports-wrl12345usen-20170719.pdf

03.

How Consumers fell off the Online Research Radar

Let's give online surveys their due. Back in the early 2000s, they saved market research and gave it a big push forward. Studies accessed on computers were like white knights riding to the rescue at a moment when the public's growing aversion to traditional telephone surveys was making it impossible to connect with a representative sample at a manageable cost. In 1997, market research conducted over landline telephones enjoyed a response rate of 36%, and just 18% of U.S. households had internet access. But by 2012, response rates for telephone surveys had plummeted fourfold, to 9%, where they remain today. Meanwhile, home internet access soared. Market research made the necessary leap to online methodology, and recaptured representative groups of consumers. Online surveys could be taken at the respondent's convenience, and survey-based research shed the stigma of being a rude intrusion on people's time and privacy.

But the introduction of the first iOS and Android smartphones in 2007-08 brought another huge shift. By 2018, 77% of U.S. adults owned a smartphone. For the Millennial generation, born between 1982 and 1996, the smartphone became not just a necessity, but an object of pride and affection. Among Millennials, smartphone saturation exceeds 90%. Nearly 90% of Facebook's revenue typically comes from ads served to users who access the social site via smartphone. In the 21st century, consumers' attention is largely mobile attention, as advertisers increasingly recognize.

And so the white knight's armor began to rust. Online research had come to the industry's rescue when desktop and laptop computers monopolized consumers' digital time, but mobile mass-adoption has been unkind to online methodology pinned to personal computers. Demographic representation has fallen

precipitously for research that fails to account for the shift to mobile, either by ignoring it or by failing to understand and activate mobile best-practices.
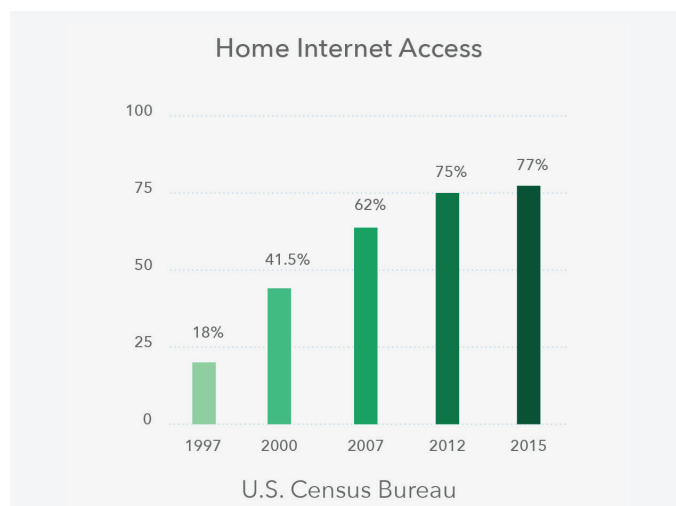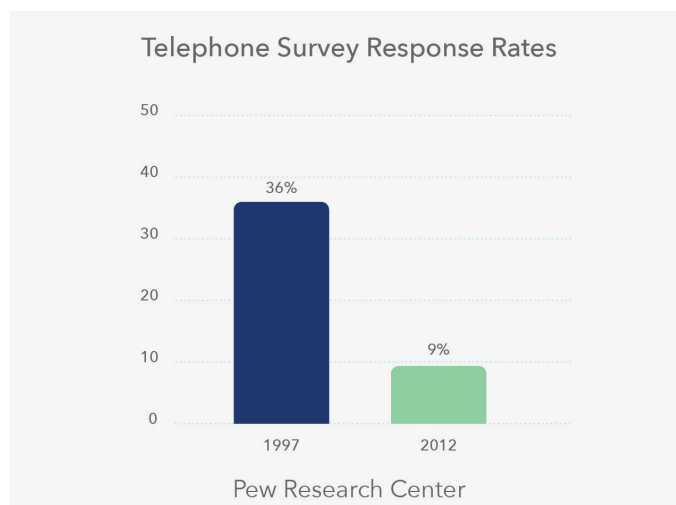
By 2018, one out of five U.S. adults had cut the broadband cord and decided to rely strictly on smartphones for their information and communications, according to Pew Research Center. Millennials, Hispanics and African Americans became especially elusive for online research, aptly labeled by online providers as "hard to reach." Pew found that 35% of Hispanics, 28% of young adults (18 to 29) and 24% of African Americans were shunning personal computers and had gone mobile-only. These crucial consumer groups have relocated to a zone that is simply beyond online market research's reach.

The bi-annual GreenBook Research Industry Trends Report (GRIT), a widely-circulated pulse-taking of the state of market research, has paid close attention to rising doubts about online research. Declaring a research crisis, authors of a 2017 GRIT special report on faltering online panel participation found that only 49% of research respondents were satisfied with their experiences.

"We as an industry must change our ways, and respondents have just given us a pretty clear set of directions on how to do that," the report's authors concluded. "The way we have always conducted research may have met our needs in the past, but the world has changed…people simply expect more from their relationships, including research."

In a subsequent report, issued in early 2018, GRIT went further: "Real consumers are often not inclined to take part in research…. [and] due to lack of consumers' interest, it's difficult to generate reliable, sincere and in-depth answers."

Authenticity and validation became chronic problems for online surveys, as it became nearly impossible to ensure that survey takers were actual human beings. Survey fraud became an online research epidemic, spread by the proliferation of advanced rogue algorithms, commonly known as bots, that cleverly mimic human survey respondents to steal rewards for survey participation. Real consumers' disengagement, and bots' malicious counterfeiting of completes to pocket incentives, have eroded confidence in online methodology, to the point where it may prove untenable over time as its weaknesses and vulnerabilities become even clearer. Yet many researchers have stuck with it, either unaware of alternatives, or because they're reluctant to change.

Telephone Survey Response Rates

Pew Research Center

Home Internet Access

U.S. Census Bureau

"The way we have always conducted research may have met our needs in the past, but the world has changed..."

04.

Path to Purchase in a Mobile Context

The smartphone's impact on consumer behavior echoes another mobile transformation from a century ago – the shift from a horse-drawn to an automotive economy. That shift wasn't instant, but when it took hold, decisive change came rapidly. For at least a decade after they first came to market, motorcars were mainly just a curiosity. But engineering and manufacturing capabilities advanced, giving auto brands compelling stories to tell. By 1921, Ford had become the first manufacturer to reach the one million mark in annual production.

Now it's the smartphone's turn. When we shop, it's with phones in hand. Consumers check websites, use retail apps, and seek and receive personalized offers on their phones. They can and will check other retailers' products and prices for last-minute comparisons. They can text or phone a friend at the last moment to validate and affirm a choice. And that trusted friend may steer them back onto the path to purchase by recommending an alternative product. Moreover, consumers post their shopping experiences and their opinions of brands and products to social media, potentially undercutting or crowding out brands' own messaging. Nor should researchers underestimate the sheer noise factor of always-on information. Unending calls and message notifications distract people as they shop, adding yet another source of uncertainty that didn't exist before communication went mobile. Taken together, all these factors have reconfigured the path to purchase from a straightaway to an unpredictable obstacle course full of bends and curves.

Has it all grown too complex to understand? Or are there ways to turn this explosion of mobile activity and information into an opportunity?

05.

Why Old-School Research Values Must Endure

As any successful sports coach can tell you, no matter how complicated the game may become, championships are won by remembering the fundamentals and executing the basics.

In consumer insights, no matter how much the path to purchase has changed, and the data streams associated with consumer journeys have multiplied, the fundamental properties of market research remain firmly in place. Ultimately, inferences drawn from streams of passive data aren't sufficient for researchers to extract the trustworthy, nuanced insights their jobs and their clients' success demand. As it has throughout market research's 100-year history, true understanding still requires an effective Q&A exchange between researchers and respondents.

Today, companies can use digital data trails collected in Data Management Platforms (DMPs) to draw inferences about who consumers are,

and to begin developing predictive models of consumer behavior. For example, if a pharmacy chain's collected purchase data shows that somebody buys baby products at least once every two weeks, its researchers may infer that this is a mother or a father. But it also could be a nanny, a grandparent, or an older child. And there's no telling why this customer chooses these particular products, or shops at this company's store instead of the pharmacy on the next corner, or the mass retailer a 10-minute drive away.
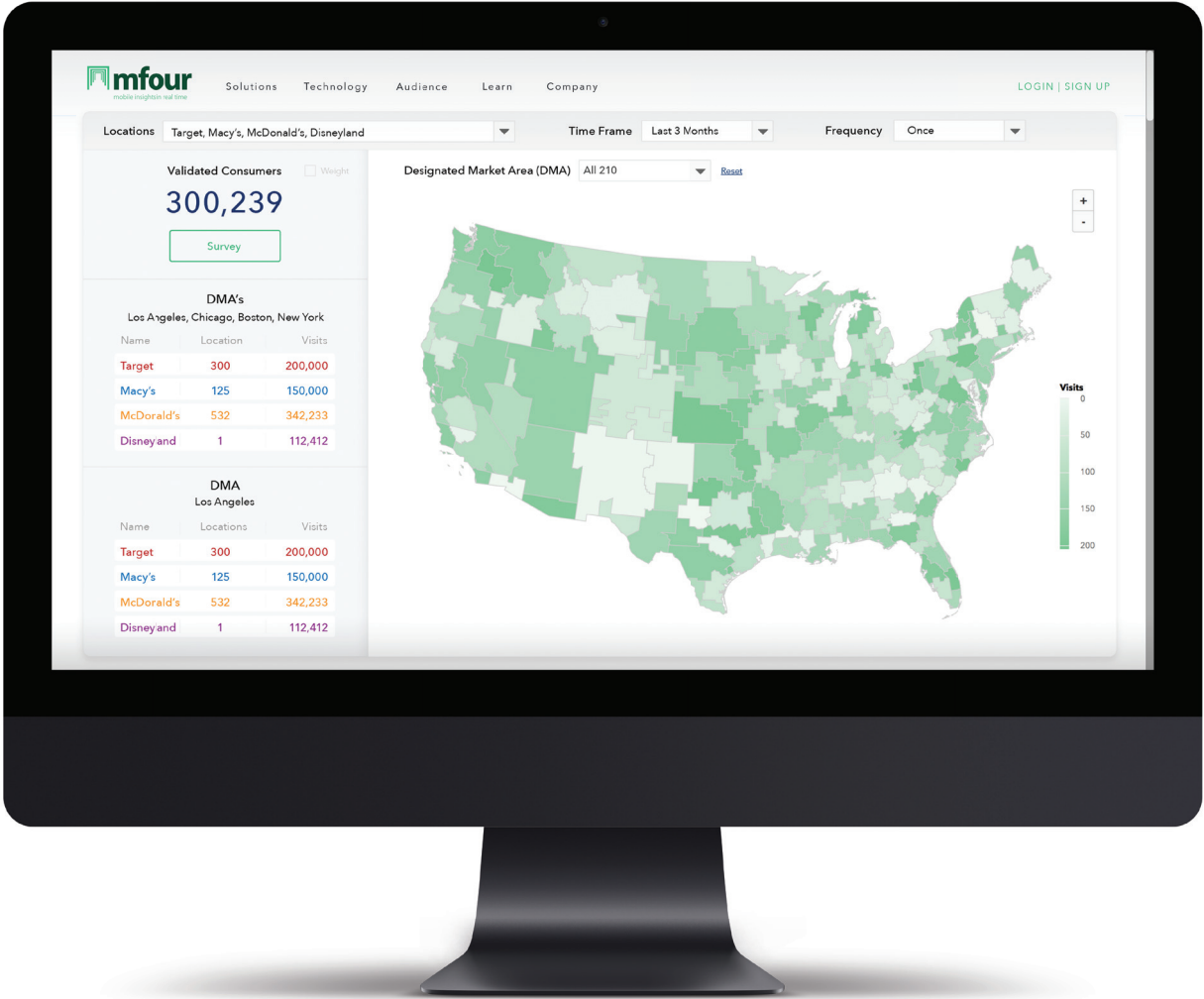
Even though observed behavioral data housed in DMPs can't support a true understanding of consumers, it is extremely useful. The pharmacy company in this example can begin to pull together an outline of an intelligible consumer story to present to decision-makers concerning how to maximize sales of baby products. But for any story to make sense, it needs to be populated

by identifiable, well-described characters. These people must be known holistically – not just as agglomerations of discrete, incidental data, but as personalities whose demographic and ethnographic attributes are known, and whose motivations and emotions become clear by the story's end.

Old School research always has sought the motivation, the emotion, the "why," and that will never change. The current crisis in consumer research should not be seen as a challenge to its core values, but to its ability to adapt to changing technology. Can researchers comb through huge haystacks of digital behavioral data to identify reliable, well-rounded consumer stories? The good news is that they certainly can – but only if they combine relevant stacks of Big Data with advanced mobile survey methodology. The most prized insights depend on using observed location visitation data as a

targeting system for location-based surveys. If they can achieve that union, researchers will see that Big Data isn't a threat to survey research, but a powerful enhancement. The proof will be in the detailed and impactful consumer stories they'll present to decision-makers, and the gains in brand interest, consumer satisfaction and market share that result.

06.

From Confusion to Clarity:

Marrying Observed Behavior to Point-Of-Emotion® Insights

It bears repeating that understanding consumers takes getting up close and personal with real human beings. It's not enough to base important business decisions on inferences about who consumers are, what they want, and why they want it. For that, researchers need to meet actual people in real time in the right locations, for a direct interchange of questions and answers. Path-2-Purchase™ Platform is a new point of departure for obtaining those necessary insights. It forges an unprecedented union between observed behavioral data and survey data, first by tracking real consumers' movements both historically and in real time, then by surveying the most relevant people at the most significant places and times. You can think of it as the marriage of Big Data, the location journeys captured passively from consumers' smartphones, and advanced mobile survey data that itself springs from a marriage of state-of-the art survey app technology and a representative, first-party consumer panel. The

result is consumer understanding based not on inference, but on actuality.

Visualizing People and Places

For users of Path-2-Purchase™, it begins with a visualization tool – the platform's automated dashboard. The researcher plugs in project-specific variables to get an instant read on the "who" and the "where: the validated demographic profiles of the consumers being studied, together with the record of their journeys from location to location.

Consider a researcher who is trying to understand what kinds of consumers shop at a Walmart on a Tuesday, and how they differ from those who go to Walmart on a weekend.

First, the behavioral data that feeds Path-2-Purchase™ kicks in, showing 2 million U.S. panel

members' physical journeys across 12.5 million locations. The places to which consumers can be traced include all outlets of the nation's top 1,000 retailers – Walmart among them. Now that the most relevant consumers have been found, it's time to zoom in and talk to them. The platform lets the researcher identify and visualize consumer segments that otherwise may have gone undetected, but are highly relevant to the business problem at hand. Do those Tuesday shoppers trend younger than weekend shoppers? Less affluent? More ethnically diverse? Are they more likely to have gone to a quick-serve restaurant just before or after a trip to Walmart? Do known out-of town travelers who shop at Walmart when they're at home also stop there when they're on vacation? The Path-2-Purchase Platform's flexibility and automation lets researchers manipulate data sets instantly, examining combinations of location visits and consumer profiles until patterns emerge. In some cases, the patterns may
contain insights into important consumer segments and affinities that the researcher had not even anticipated.

Beyond Behavioral Data

Marrying location-tracking behavioral data to real-time survey data is Path-2-Purchase™ Platform's defining innovation. Excellent technology makes the location data reliable. An excellent consumer

panel gathered around an advanced, top-rated survey app is the key to enriching the location data with validated, first-party consumer feedback. The Holy Grail of market research is to talk to the right people at the right time and place, using the right methodology. The prize is consumer data that's accurate, reliable and capable of driving the smart, timely decisions needed to lead a business forward.

Online surveys no longer are appropriate to the quest. More than a decade into the Smartphone Era, they simply don't meet consumers where and how they want to be met – on their phones, and using them to open apps that give them the experiences they want. Regardless what the experiences are, they must be technologically flawless encounters with mobile technology, because technical excellence, especially with their devices, is now a core consumer value. Consumer-facing businesses know they must be consumer-first and technology-adept or suffer the consequences; market research is no different.

Path-2-Purchase™ Platform lets you visualize and collect data that's enabled by technology yet represents validated human reality, including the emotional dimension that is so important to consumers' preferences and purchasing decisions. Behavior of more than 2 million validated, first-party U.S. consumers can be visualized; the technology that makes it possible

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Uncommon Insights with Path-2-Purchase™:

+ *How many women ages 35 to 54 went to a gym in the past two weeks?*

+ *Which gym regulars also shop at Whole Foods?*

+ *And which ones treat themselves to a quick-serve restaurant meal or snack after a workout?*

+ *Do identified travelers who are gym regulars work out while on the road?*

is a research app called Surveys On The Go® (SOTG). Because they're pleased and engaged by the app's performance, consumers are willing to participate in location-based research by keeping their phones' GPS location functions on. One measure of respondents' engagement with the app is the speed with which they answer in-app push notifications telling them that a survey is available. Another is the ratings and comments they post at the Apple and Google Play app stores. Surveys On The Go® enjoys a rating of 4.5 stars out of 5 at the app stores, based on at least 100,000 ratings since its introduction in 2011. Satisfaction drives growth, with more than 2,000 new app downloads per day. That ensures representativeness and consistency, as well as a head start on engagement, since new consumers arrive with high expectations for the research experiences they're about to have, based on the reviews they've read and the word-of-mouth recommendations they've received from friends.

Enriching the Present with the Past

Real-time data is crucial to vivid consumer insights, but context is the key to a complete understanding of consumers' behaviors and preferences. Checking today's data snapshot against the picture as it stood a week or a month ago lets researchers tell detailed stories about trends and disruptions, pinpointing causes and building the evidence for specific recommendations to decision-makers. What journeys preceded the one consumers are having right now? What motivated them? And what can be learned from explanatory "why" feedback captured both before and after a pivotal event, such as the launch of a new product, special discount or ad campaign? Path-2-Purchase™ gives researchers a store house of proprietary, first-party historical data to draw upon to compare the present to the past and examine consumer trends. All location, profiling and survey data is captured and recorded minute by minute, then quickly archived in a data

warehouse called the Consumer Knowledge Center. Think of it as a data library, where huge amounts of revealing, validated consumer information are continually updated, intelligibly organized, and immediately accessible. Instead of looking for needles of insight in a haystack of undifferentiated information, researchers can pinpoint the data points they need to inform better insights, reports and recommendations. Here are some examples of insights researchers can obtain from the Consumer Knowledge Center:

Highlights

+ *Identifying loyalists – for example, customers who average four visits or more per month to a retailer's outlets.*

+ *Historical competitive insights – for example, tracking a rival's loyalists.*

+ *Agnostics – understand the characteristics of consumers whose wallet knows no particular loyalty and is up for grabs given the right messages or inducements.*

+ *Rejecters – if people deeply dislike your brand, you need to know if they fit a particular profile you can target to find out why.*

+ *Appending historical data to contextualize new survey results.*

Enriching the "who," "what" and "where" with the Point-of-Emotion® "why"

The best research will grasp what motivates consumers to do what they do, and how they feel at every touchpoint that's important to their buying journeys. Path-2-Purchase™ gives researchers a real-time window into consumer emotions. Smartphone geolocation can turns targeted

consumers into a focus group, conducted not in a room, but in the wild, where their behavior is natural and their responses individual and spontaneous.

Here's how it works:

+ Researchers start with current and/or historical data on location visits, illuminated by combined with the profile characteristics of all the consumers who have moved through each location.

+ This "who," "where" and "when" data is rich in insights in its own right, and opens the door to further exploration to understand the "why."

+ The next step is to field a survey to relevant consumers when they are in the right places, at the right times in their buying journeys.

+ A survey can be fielded at any point along the path to purchase, but the most vivid insights are likely to be achieved with in-store and after-visit studies.

+ Location-based surveys capture motivations and emotions at their peak intensity, within moments or, at most, a day or two after the experience – that is, before recall can fade.

Recall bias is one of the main reasons that data quality from online, stated surveys has eroded. There's little use asking consumers to remember where they shopped, ate or went to the movies days or weeks ago. Better to catch consumers as they walk out the door. Based on experience from surveys fielded via the Surveys On The Go® app, researchers can expect response rates of 25% within an hour and 50% within a day – compared to a response norm for online studies that has dropped to 1% to 3%.

Mobile-app methodology also has proven effective even beyond the path to purchase, where it can be deployed for in-home user tests to learn

how consumers use what they've bought, and how satisfied they are. Shoppers who've responded to mobile location surveys have proven willing to first validate their purchases by photographing their store receipts, and then participate in follow-up surveys measuring how satisfied they are with what they've bought. Use-test satisfaction studies that typically have achieved an 85% response rate.

Mobile-App research advantages:

+ *Validation: respondents capture pictures of places or receipts for extra validation of their presence in a location, or of a research-relevant purchase they've made.*

+ *Emotion-rich insights: video and audio "selfies" made during or just after an experience along the path to purchase provides an intense, in-their-own words emotional facet that can drive home the research story when seen by decision-makers.*

+ *Data tracking: not just location, but segmenting by app usage, mobile carrier, type of phone, and operating system.*

+ *Do identified travelers who are gym regulars work out while on the road?*

8:24

Saturday, January 27

MAIL   2hr ago

Did you enjoy your experience?

SURVEYS ON THE GO   now

You may qualify for a $15 opportunity!

07.

Closing Thoughts

It's a complex world, and it's rapidly becoming even more complicated. Consumers' attitudes and behaviors are no exception.

To be accurate and trustworthy, path to purchase consumer research must be fast, flexible and multi-faceted. The core task is to keep clients reliably in touch with consumer behavior and emotions amid a shifting landscape in which people's smartphones have become their indispensable conduits for information and expression. It's not necessary to reinvent what market research is meant to accomplish, because the insights professional's mandate remains fundamentally unchanged: reaching validated consumers to understand who they are, what they want, and what they feel about brands, products and shopping experiences. What has changed fundamentally is the structure of consumer behavior along the path to purchase. The smartphone revolution has made buying journeys far more varied and unpredictable, with many more points of entry and departure from the purchase funnel. For the mobile consumer, detours and distractions are everywhere. As the pioneering leader of mobile market research, MFour developed Path-2-Purchase™ Platform

to help researchers master the new complexity. They now have new ways to visualize data and segment consumer populations. The troubling either-or tension between observational research and survey-based research is replaced by a harmonious synchronicity: researchers use passive, observational location data to identify consumer segments, and active, real-time mobile surveys to connect with right consumers and understand the motivations and emotions behind their observed journeys.

Yes, the data ecosystem has been transformed and shaped by our ability to observe consumers' behavior across a huge number of touchpoints. But this data cornucopia can be a mixed blessing. Can consumers truly be understood by applying algorithms to mass quantities of observational data to generate inferences about who they are and predictions about what they will do? Does it make sense that, even in the age of Big Data, it's vital for market research to continue connecting with real consumers in a human way?

The Path-2-Purchase™ Platform's premise is that capturing the "why" behind observed consumer behavior remains a job for surveys that reach

out to real people whose identities are known and validated. Asking consumers about their values, beliefs and concerns can tease out the motivations behind the choices they make. Research in the age of ever-mounting data does not have to be an either-or choice. Survey-based solutions can thrive again, if Big Data is enlisted as a powerful ally instead of being feared as a coldly calculating usurper. And the way to harmonize them is to let advanced, mobile-app research be the matchmaker between the methodologies. In the Smartphone Era, the same devices that are responsible for much of the data overload are also exactly the right tools for making survey-based research more effective than ever. Mobile consumers can be engaged in the right times and places for the most vivid responses. It all

depends on persuading them that research participation can be an excellent experience, the kind of fun, rewarding and technologically seamless engagement with their smartphones that they demand and cherish.

A helpful way to conceptualize Path-2-Purchase™ Platform is to think of it as an altar where observational Big Data and validated mobile survey data meet in happy matrimony. Only this time, it's the bride and groom who are giving the gifts, and the recipient is you. Come to the wedding, and you'll come away with what Path-2-Purchase™ promises and delivers: validated consumer understanding for everyone. You're all invited.

About MFour

MFour is the leader in mobile market research, providing major brands, advertisers and market research firms technology, methodology, consulting and unrivaled consumer connections to capture reliable insights and support smart decision-making in the Smartphone Era. MFour's groundbreaking Path-2-Purchase™ Platform integrates current and historical consumer location tracking and analytics with real-time survey data. Insights professionals get a unified view of the "what," "where" and "when" of consumer behavior, together with the crucial, motivational "why." MFour introduced its signature Surveys on the Go® research app in 2011, and it has attracted more than 2 million first-party U.S. consumers. Respondents' deep engagement drives unique capabilities such as rapid, real-time surveys during and immediately after store visits. The result is insights free from recall bias and captured at the Point-of-Emotion®, where buying decisions are made.

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SOURCES

+ 10 Key Marketing Trends for 2017 and Ideas for Exceeding Customer Expectations by IBM Marketing Cloud

+ Home Internet Access analysis by U.S. Census Bureau

+ Telephone Survey Response Rates from Pew Research Center

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