



CONSUMERS BUY ON AUTOPILOT.

WHAT DOES
THIS MEAN
FOR YOUR
BRAND?

brandhook



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Introduction

The paper reviews the impact of consumer habits on your brands' success, identifying three core insights:

1. Our behaviour is ritualistic

2. People buy products and services based on habit

3. Consumer ethnography is the only way to brand wisdom

What does this paper mean to your business?

- > **Understanding the habit loop process and how consumers operate on auto pilot**
- > **Recognise that there is a new journey to Brand Craving™**
- > **Realising the importance of the reward when strengthening a habit and the cue when disrupting the routine**
- > **Appreciating the role of ethnography to support or influence habits**

We all create routines and rituals, from our morning routine to our journey to work and even the way we diet or exercise.

Our investigation into these routines included qualitative and quantitative methods from in-home sessions, accompanied shops, online forums to a nationally representative survey. We observed a number of routines & habits from tea drinking, dieting, banking, social networking, grocery shopping, clothes shopping and many more. We heard about the impact that kids had on rituals and how those that didn't have children relax their routines on the weekend. We experienced these habits whilst we spent time with our tribes observing as their auto-pilot kicked in to get jobs done.

As brand strategists and consumer experts, we wondered what the effect of this repetitive behaviour coupled with creating rituals, would have on our women's relationship with brands. Research shows that women make 85% of purchasing decisions (Nielson Net Ratings). In our minds, the combination of this statistic and our identification that women having a higher propensity to form habits and rituals, makes this subject a powerful thing to investigate.

In fact, we believe that there needs to be a fundamental shift in the way marketers think about their consumers. We have created a new framework to look at your brand success – the journey to Brand Craving Model™ provides clarity to what to do with considerers, repertoire shoppers or even those who are loyal. If you are selling a new product, you will find it hard to crack a current habit and if you want to grow your brand, you need to reinforce your consumers habit. This study and other evidence tells us that the old model of getting on someone's consideration list is irrelevant and holding back market share.



1.1 Methodology

Over the course of 2012, BrandHook has spoken with, observed and developed insights about a variety of women. In order to ensure triangulation of data for this study, both qualitative and quantitative methods have been undertaken:

- > **35 ethnographic in-home sessions with 100+ women**
 - > **20 accompanied shopping trips**
 - > **4 innovation sessions with 35 women**
 - > **3 month online community with 50 families**
 - > **2000 women in an international forum**

All the qualitative insights are supported by a nationally representative study of Australians 18+ (n=1,000).





The Findings

2.1 Our behaviour is ritualistic and repetition is central to every day life

The BrandHook Rituals Study tells us that 46% of people's daily lives are based on habit and 56% of people told us that they form habits. Psychological research supports this - 45% of people's behaviours are repeated almost daily and usually in the same context (Quinn & Wood, 2005; Wood, Quinn, & Kashy, 2002).

Furthermore, our study told us that 58% of people agreed that when they find a brand or product they like they stick to it. Seetharaman in 2004 told us that consumers tend to buy the same brands, purchase the same amounts at particular retail stores (Vogel, Evanschitzky, & Ramaseshan 2008), and eat similar types of foods at certain meal-times (Khare & Inman, 2006).

An understanding of this repetitive behaviour is significant in terms of both branding and commercial success. Repeated behaviour relating to purchases and consumption are linked with an increase in market share, customer lifetime value, and share of wallet (Ehrenberg & Goodhardt, 2002; Wirtz, Mattila, & Lwin, 2007).

Not only do we create patterns and rituals - we do it to make our life easier. According to the BrandHook Rituals Study, 75% of people agreed that routines exist to make life run as smoothly as it can. This increased to 80% when talking to mums.

“

My husband and I are retired. He retired before I did. Yet we have dinner routine that began when we were first married, 43 years ago and continues today. We have a drink of either wine or spirits. I set the table with a dish of radishes, celery, carrots, and olives and a tray of cheese and various meats with crackers. Then I start preparing dinner. We take this time to discuss the day's or recent events, household concerns, etc. This is our time to share, relax and enjoy. This ritual provides a time for communication. Too often people don't take time to communicate with each other. This communication strengthens our marriage.”

Mother 71 years old



2.1.1 Mothers and their rituals

Motherhood is often described as a constant juggling act - managing a number of family members, jobs and a busy household. We often hear (and read) that mums are in a constant state of flux, moving from one thing to another with a number of balls in the air. Yet 68% of our mothers told us that they actually felt in control.

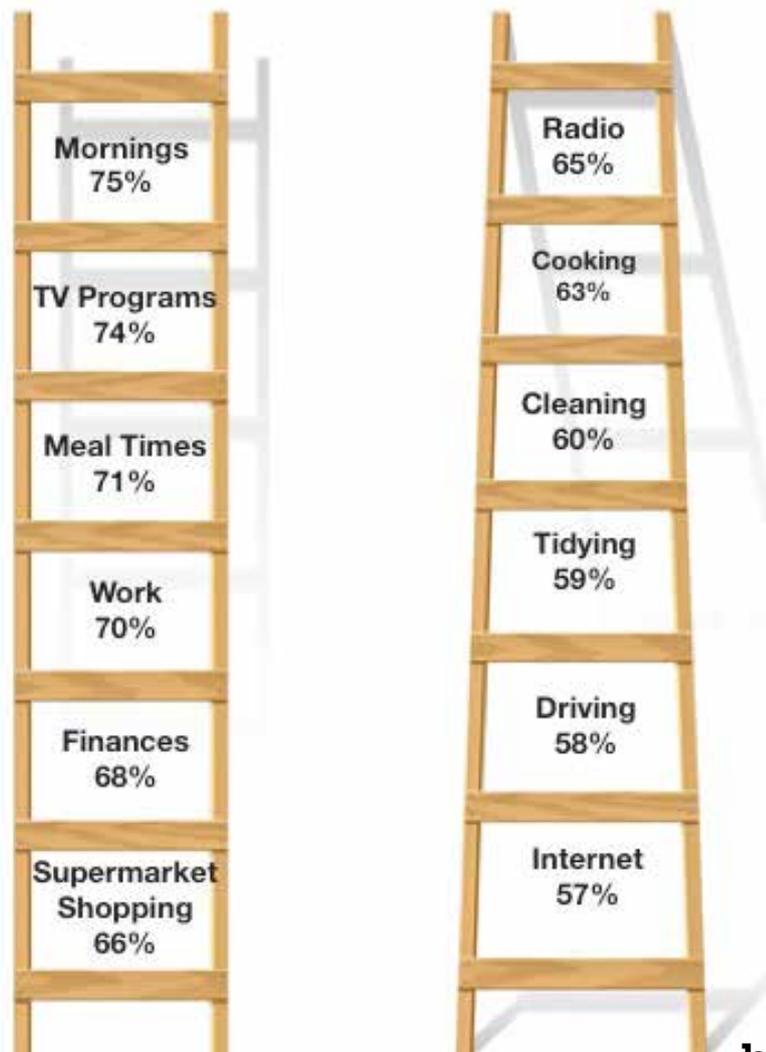
These rituals or 'habits' are an essential part of a mum's survival kit. It is not possible to manoeuvre through the whole minefield that is family, work, kids, friends and not form some patternistic behaviour.

It helps them move from having to make a number of conscious decisions and reduces the amount of choices in their lives.

Meghan Francis, author and creator of, "The Happiest Mom", echoes this sentiment and speaks about daily rituals generating a rhythm, which is "the tempo and cadence of family life overall, not just moment-to-moment or day-to-day." Mums achieved success by focusing on the patterns that shape every aspect of their lives.

We found that our mums are in fact creatures of habit. Not only do they create a lot of habits to get by in life but they are also very brand loyal. 65% of mothers agreed that when they find a brand or product they like, they are loyal to it.

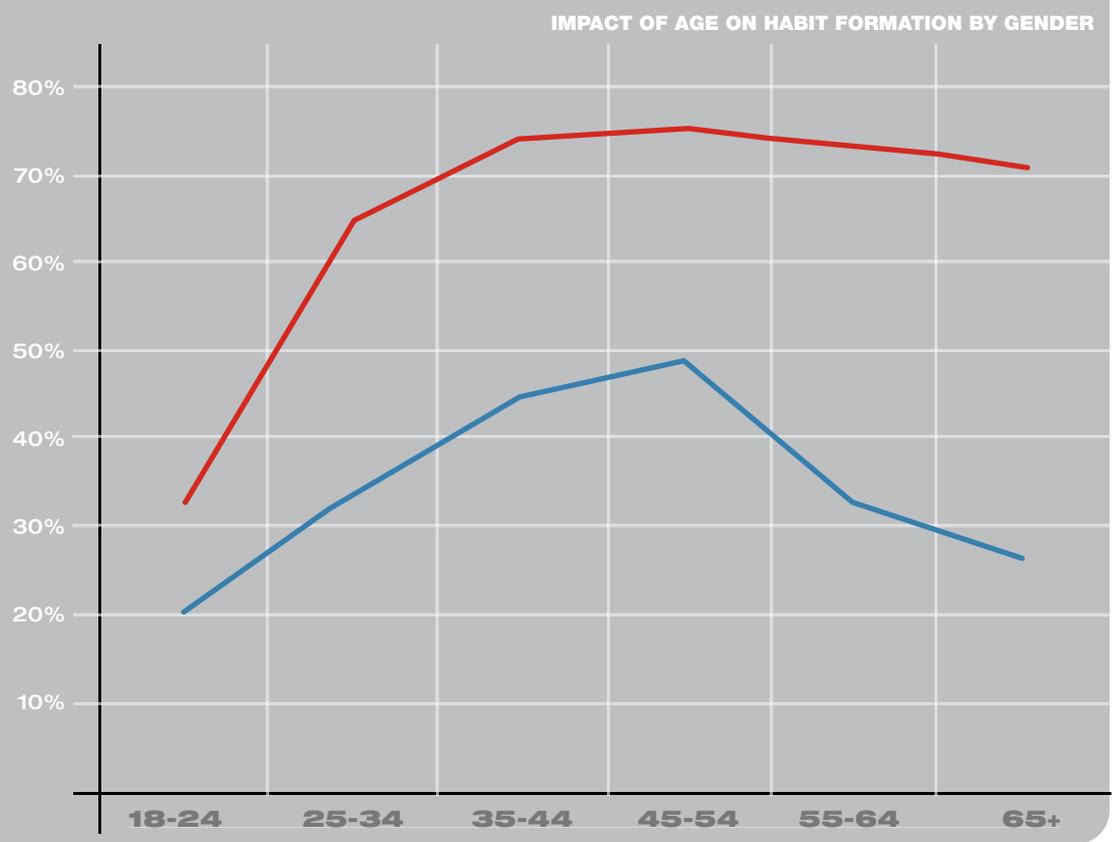
MOTHERS RITUAL LEADER BOARD





2.1.2 Habit formation differs between the sexes

When you look at the differences between men and women, women are more likely to form habits and rituals. Both men and women are at the height of habit formation between the ages of 45-54. During this time 75% of women agreed to forming habits as opposed to 49% of men.



— Men
— Women

From our research, the creation of rituals was also dictated by life stage and one example of this is the entry to motherhood. 59% of women agreed that when they became a mother, they started creating rituals and routines.

“Routines are a must if you have kids or you work every moment of the day otherwise you wouldn't have time to do anything and you would stress yourself out. Routines are safe, routines save time and routines means that you know where you are and what you need to do. The only time people don't stick to routines is usually when they are on holidays and they can relax.”

Mother 33 years old

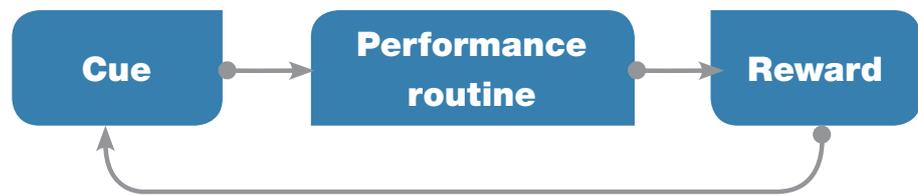
3.0

Combination of Science & Insight

3.1 Our brain forces us to act on auto-pilot

Habits emerge because the brain is constantly looking for ways to save effort. This results in a more 'efficient' brain which stops us thinking about basic behaviour and allows focus on the more important things. If we let it, the brain will make any routine or ritual a habit.

HOW HABITS WORK



Based on "The Power of Habit" by Charles Duhigg

Not only do we form habits to help us save time and make our lives easier, we also think that these habits and routines are better than any possible alternative.

The *Massachusetts Institute of Technology* has been exploring habits for over a decade. Experimenting with rats, the scientists have identified that the brain converts a sequence of actions into an automatic routine which they coined "chunking".

The number of behavioural chunks we rely on is difficult to quantify but are vast in number, ranging from putting bread into the toaster to bath and bedtime. The complexity of these behavioural chunks vary considerably, so much in fact, that some we realise are routines while others we simply don't realise are part of a habit and something we rely on everyday.

Charles Duhigg who wrote the book 'The Power of Habit' summarises the human habit in a three-step process:

- > **A cue that triggers a specific kind of behaviour. It can be anything from a visual trigger like a confectionary bar, an ad or a place, a time of day, a sequence of thoughts or the company of certain people.**
- > **The performance routine that is triggered. Simple or complicated – physical or emotional action.**
- > **The psychological reward for performing the routine. The physical or emotional pay off.**

With repetition, this cue-routine-reward association becomes encoded in procedural memory, in our Basal Ganglia, our "slow to learn; slow to change" memory system that runs largely on auto-pilot.



3.2 Habit formation

The Habit Loop process has shown that habitual buying reduces consumers' consideration for other products – as they are in effect, not consciously thinking about their action. This means that once we get in the habit of purchasing a certain product, we don't have to rethink this decision every time we purchase it – it happens automatically.

There are all kinds of things that we can make habitual. In our nationally representative survey we asked respondents which parts of a typical day would they describe as having the most ritual or routine. The general population felt that their working life had the most ritualistic behaviour followed by their morning routine, then the television shows they watch.

Interestingly we saw a large difference between mothers and the general population in terms of the routines and rituals they apply to cleaning. 60% of mothers felt that their cleaning habits were ritualistic compared to only 49% of the general population.

We also saw this theme when we spoke to a number of mums in our in home sessions about their cleaning rituals. We learnt that mothers like to keep on top of things so they can maintain some control. Most mums had a cleaning routine that ranged from daily to fortnightly "big cleans" then a series "small cleans".



These rituals were not primarily established to complete specific cleaning tasks, they actually ensured that these mums had time to do the things they enjoyed doing. These times of enjoyment were described as bringing a sense of calm and satisfaction to their daily routine.

This cleaning and tidying ritual or habit was created because mothers didn't want to spend all their time cleaning - they wanted order so that they could focus on more important things. When there wasn't this order they felt physically and emotionally out of control.

The Febreze case study highlights how Procter & Gamble manipulated the reward of finishing a cleaning session with a spray of Febreze. By focusing on this reward they were able to break into the consumers habit.

RITUALS LEADER BOARD - ALL PEOPLE

Work	71%
Mornings	70%
TV Programs you watch	69%
Meal times	67%
Radio stations you listen to	61%
Managing my finances	59%
Supermarket shopping	59%
Times you access the Internet	58%
Driving	55%
Cooking	54%
Banking	53%
Drinking tea	53%
Newspapers you read	52%
Exercise	49%
Cleaning	49%
Tidying	48%
Family Time	47%
Speaking with friends/family	41%
Social Networking	41%
Dealing with children	40%



In 1996 P&G, early adoptors of understanding habit formation, launched a deodorizer product called Febreze. Based on a positioning of 'cleans odours away', it bombed.

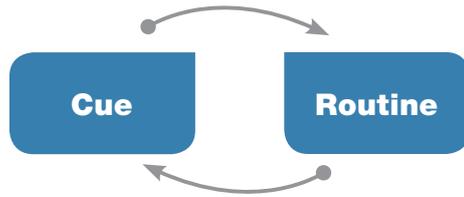
P&G went back to the drawing board to investigate why the seemingly innovative product had failed. It turned out that people who had a smelly home were so used to the smells of animals or cigarette smoke that they had become immune to these offensive odours. There was no reward at the end of the Febreze loop and therefore no opportunity to create a habit.

However during their field research, P&G executives stumbled on a customer who used Febreze because she liked the way it made her house smell after she had finished cleaning. Consumers didn't actually crave scentlessness after a clean; they wanted a fresh smell after spending 30 minutes working hard on their house (the reward). P&G overhauled the marketing material to emphasize the fresh scents Febreze gave to a clean house. Two months later sales doubled. Febreze went on to earn a billion dollars a year.

POPCORN

IN A RECENT STUDY TO EXAMINE THE HABITUAL CONSUMER (NEAL, WOOD, LALLY & WU 2009) MOVIE THEATRE GOERS WERE OFFERED FREE POPCORN. UNBEKNOWN TO THEM, THE POPCORN WAS EITHER FRESH OR 7 DAYS OLD. PARTICIPANTS WHO ATE POPCORN ON AN OCCASIONAL BASIS ATE LESS OF THE STALE POPCORN AS OPPOSED TO THE FRESH. HOWEVER, HABITUAL EATERS OF POPCORN ATE SIMILAR AMOUNTS OF BOTH THE STALE AND FRESH POPCORN EVEN THOUGH THEY STATED THAT THEY ENJOYED THE FRESH POPCORN MORE.

WOOD & NEAL (2009) FOUND THAT THIS CASE STUDY HIGHLIGHTS THE HABITUAL CONSUMERS RESPONSE IN A PARTICULAR CONTEXT. "WHEN PEOPLE FREQUENTLY HAVE PERFORMED A RESPONSE IN PARTICULAR CONTEXTS, THE CONTEXT CAN COME TO TRIGGER THE RESPONSE DIRECTLY IN THE SENSE THAT IT DOES NOT REQUIRE SUPPORTING GOALS AND INTENTIONS". BRANDS CAN LEARN FROM THIS EXAMPLE BY APPRECIATING CONSUMERS HABITS ARE ACTIVATED WHEN IN THE SAME CONTEXT. A CONSISTENT CUSTOMER EXPERIENCE CAN ENSURE HABITS ARE STRENGTHENED.



3.2.1 Breaking habits

Other research has shown that habitual buying reduces consumers' consideration of alternative products – they are in effect in auto pilot and remain “cognitively locked in” (Murray & Häubl, 2007). This is an asset if you are, or can become, consumers' habitual choice.

However it's a major obstacle if you're trying to “break in” to an existing habit. Your product may be more rewarding and superior on paper, but the cue-response link means that that people will tend to revert to their habit, regardless of rewards.

In essence, not only is our behaviour on autopilot but also we think these are the better choices. When we spoke to mums of 2-8 year old children about kids fruit drinks, what we spoke to mums of 2-8 years olds about kids fruit drinks. What we discovered is that these mums only place water and milk in their kids drinks repertoire.

However a new product, Bebi Kids, offering a low-sugar and low-additive drink, provides a vehicle to break into that habit and abolish their current perceptions of fruit drinks being unhealthy. The people at Bebi wanted to lead with an organic message but when we tested the cues needed to disrupt a current water/milk habit, the overriding winning trigger was low in sugar.

QUOTE FROM CLIENT:

As experts in new product development and innovation, we engaged BrandHook to look into the purchasing habits of mums with young kids with particular focus on kids drinks to help identify a brand strategy for a proposed new product. We wanted to understand the routines and rituals of children drinking juice so we could build our offering around gaps in the market.

BrandHook were really able to probe into the routines of mothers and find that fruit drinks were not a habit. These mums were giving their kids milk and water on a daily basis and fruit drinks were more of a treat due to the perception of high sugar. To disrupt these habits we needed a strong cue and the BrandHook approach identified that our initial thinking of organic wouldn't have the cut through but promoting the low in sugar cue would disrupt the habit. Using this information and overall strategy, our value proposition changed and as such, impacted product and business success.

Matthew Graham, CEO, Bebi Drinks

3.2.2 Habits are also formed in longer product cycles

It is easier to understand how habits are formed with everyday purchases but the amazing thing about our brain is that it also forms habits with products bought less often. Products such as computers, washing machines, travel, banking or buying sofas are also habitual but the key for less frequent purchases is the constant experience and repetition that also helps form the habit.

By adding a new cue – the out of date stamp – Tontine shifted a consumer habit of people keeping their pillows. Just as you need to change the batteries in your smoke alarm, there is now a visual reminder of the recommended date to replace your pillow. Since 2010, the business has grown 20% year on year and influenced a consumer habit. Habit formation in these cases is not just about purchase but the autopilot repetition that comes from the customer experiencing these products with regularity.

Apple is a habit and have enjoyed loyal customers since iPhones were launched. Psychological research proves that over time, rewards become unnecessary and the response can be triggered by a cue, even in the absence of a reward (Neal, et al., 2012). All Apple do now is tell us there is a new phone, when it will be launched and we buy it / upgrade. We don't need a new phone but the trigger is the newest and latest. However the latest iPhone 5 launch with a new charger connection has inadvertently bought consumers back into consciousness – making consumers think about whether they want it. From customers being on autopilot, Apple has moved customers out of the habit loop.



3.2.3 Habit formation and the importance of lifestage

Context changes are one of the biggest disruptors to habits with life stage changes being the most obvious context change.

Proof that longer term decisions are still based on habit by visualising the consistency of voting over a 4 year period



The consistency in the way that America votes in the Presidential election is an interesting reflection of how less frequent decisions are still driven by habit. While there are many theories and predictors of the presidency (until last year, if the Redskins won their last home game, the incumbent party wins the electoral vote for the White House), the behaviour most often used for polling companies around the world is the individual's past vote. The illustration of the way America voted in the past two elections – 4 years apart – is testament to this consistency.

We 'experience' politicians in the same way that we might engage with the brands we've bought that operate in a longer purchase cycle – you're as likely to see a politician on TV as you are to use your brand of washing machine – but if you're in the habit or unconscious to the alternatives, your behaviour, regardless of the length of time between decisions – is more than likely to remain the same.

Our habits are not just entrenched in the big decisions. Our everyday purchases are also habitual. In the 1980s, a team of researchers led by a U.C.L.A. professor named Alan Andreasen undertook a study of peoples' most mundane purchases, like soap, toothpaste, trash bags and toilet paper. They learned that most shoppers paid almost no attention to how they bought these products, that the purchases occurred habitually, without any complex decision-making. Which meant it was hard for marketers, despite their displays and coupons and product promotions, to persuade shoppers to change. But when some customers were going through a major life event, like graduating from college or getting a new job or moving to a new town, their shopping habits became flexible in ways that were both predictable and potential gold mines for retailers.

The study found that when someone marries, he or she is more likely to start buying a new type of coffee. When a couple move into a new house, they're more open to purchasing a different kind of cereal. When they divorce, there's an increased chance they'll start buying different brands of beer. At those unique moments, Andreasen wrote, customers are "vulnerable to intervention by marketers." In other words, a precisely timed advertisement, sent to a recent divorcee or new homebuyer, can change someone's shopping patterns for years.

“I never really had routines until my children arrived and routines became a necessary survival skill! Our routines make sure we're all ready for school - up by 7.30, breakfast by 8 and dressed by 8.15. It also helps on an evening and helps wind the kids down to do the same routine - bath, story, bed”

Mother 37 years old



We recently talked to 80 families over 3 months about their attitudes and behaviours relating to finance. Even though a lot of our families could tell us a bad 'big bank' story and the majority of them said they would consider switching, few had and when pushed, said they were unlikely to switch in the near future. The perceived barriers included too much effort (excessive paperwork, re-organising current financial set ups), familiarity to current set up and the perception of high switching fees.

Within this sector, apathy is clearly evident and is driving the habit. While the big bank customers were less likely than the average Australian to feel loyal to brands, their behaviours contradicted this, with few looking to 'break their habit' despite the negativity.

Some of this apathy can be attributed to the routine of banking and finances – 50% agreed they have routines when it comes to banking, 54% when it comes to managing finances and the services like direct debit decrease the consciousness, but further investigation found that the strength of the habit was in fact apathy. The apathy reward was that the individual didn't have to make any effort and therefore hadn't incurred any risk. The small proportion of people who had switched told us it was triggered by a change in a personal circumstance or a three year itch when it came to mortgages.

“In my view the reason most people don't switch is complacency, better the devil you know than the devil you don't, the hassle of having to go through the tedious process of establishing proof of ID and all that”
Male 34 years old

Of all the life events, none are more important than the arrival of a baby and the entry into parenthood. At that moment, new parents are forced to create new routines and change old habits more than any other time in their adult lives. If companies can identify pregnant shoppers, they can earn millions.

Having 3 teenagers in the house means everyone is constantly going in different directions so a couple of years ago I declared Mondays to be Family Night. No one in the family is allowed to schedule any activities on this night... we have dinner together as a family then watch a movie or play board games. It helps us to stay up to date on what is going in each others lives and keeps us connected as a family.
Mother aged 47

Target US has taken the research of this lifestyle change to a whole new level. They knew they needed to entice new parents to purchase all their baby needs in Target stores. As the Head of Marketing Intelligence Andrew Pole aptly said “As soon as we get them buying diapers from us, they're going to start buying everything else too.”



MENOPAUSE CASE STUDY

SOME OF THE WOMEN WE SPOKE TO SHOWED SIGNS OF RESISTING A NEW HABIT. A NEW HABIT THAT WOULD, IN FACT, MAKE THEIR LIVES EASIER. THIS WAS A SIGNIFICANT NEW LIFESTAGE FOR THESE WOMEN.

THEIR CHILDREN HAD GROWN UP, RETIREMENT WAS LOOMING AND THEIR BODIES WERE CHANGING. ALL OUR LADIES FEEL THAT THEY ARE LOSING THEIR YOUTH. THEY FEEL YOUNG & THINK YOUNG BUT THEIR BODIES ARE CHANGING. MENOPAUSE HAD HIT THEM HARD AND A LOT OF MUMS DESCRIBED IT AS AN 'INVASION'. THEIR INCONSISTENT MOODS, THE EMBARRASSMENT OF HOT FLUSHES AND THE THREAT OF BLADDER WEAKNESS MEANT THEIR LIVES WERE TRICKY TO MANAGE.

DESPITE THE THREAT OF A PUBLIC LEAKAGE ACCIDENT, FEW WOMEN HAD GONE ON TO BUY A BLADDER WEAKNESS PRODUCT. WE PROBED AND WE PUSHED OUR LADIES FOR AN ANSWER. THERE SEEMED TO BE TWO REASONS OUR MUMS RESISTED: THE STIGMA ATTACHED TO WETTING THEIR PANTS AND GOING DOWN THE AISLE TO BUY THE PRODUCT. THESE WOMEN WERE USING ALTERNATIVE AND OFTEN UNSUITABLE PRODUCTS.

IT WASN'T UNTIL THEY HAD A PUBLIC ACCIDENT THAT THEY CHANGED THIS HABIT – A POWERFUL CUE THAT TRIGGERED A HABIT. THESE WOMEN FORGOT THEIR 'PRIDE', BECAME MORE PRAGMATIC AND MOVED ON.

BY UNDERSTANDING THE CUES AND TRIGGERS, BRANDS CAN LEARN HOW TO CHANGE AND DISRUPT CURRENT HABITS.

By analysing and reviewing the historical buying data of shoppers who were part of the Target Baby Registry, Target was then able to discover patterns in the way expectant and new parents were shopping. Target modelled this data on the wider customer based to predict whether a customer was pregnant.

These customers were then sent product coupons and catalogues which were relevant to their stage of pregnancy.

The only days that are routine for me are Tuesdays, Wednesdays and Thursdays. These are my work days. Friday - Monday, I am flexible and do whatever sounds like fun.

Male aged 28

Similar to the findings we discovered around motherhood bringing new purchasing behaviours, we found some interesting changes when children grow up – another new lifestage change. Interestingly older mums felt the need to create new rituals once their children got older to keep the family together.

Those people without kids (mainly our SINKS and DINKS) said that they created rituals during the week or their work time but their routines went out the window on weekends.



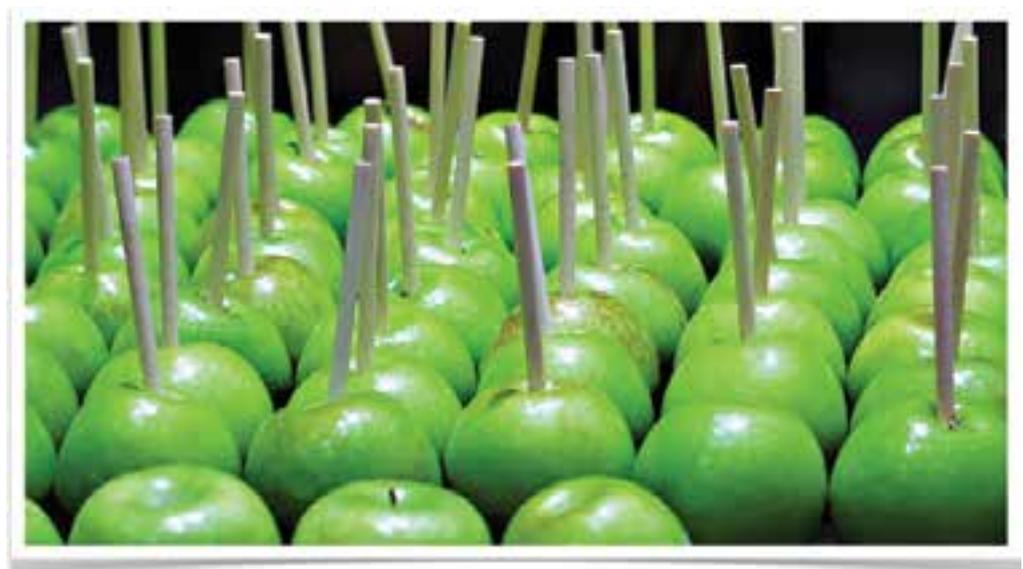
A New Way of Thinking for Brands & Marketers

4.1 Successful brands rely on repetition

Repeated behaviours relating to purchases and consumption are linked with an increase in market share, customer lifetime value and share of wallet (Ehrenberg & Goodhardt, 2002; Wirtz, Mattila & Lwin 2007).

The most interesting thing for brands is that habits can help predict behaviour. Triandis (1977) found that “as behaviour repeatedly takes place, habit increases and this becomes a better predictor of behaviour than behavioural intentions”.

This point became particularly apparent when we spoke to women about online grocery shopping. Those that rejected the online environment and continued to shop in-store did so because it was a habit. They explicitly told us that the in-store experience had become a part of their everyday lives and they were resistant to make the change to online even though they were aware of the reward of convenience.





4.1.1 The new framework to Brand Craving™

Traditionally the AIDA model has been used as a simplistic reference for marketers to entice prospects to make a purchase or take a desired action. The framework of the model dictates that a product or service must first grab the target audience's attention, and engage their interest. Then it must build a desire for the product offering, which may result in action being taken by the prospect (Ferrell & Hartline 2005). This model lends itself to group your consumers as rejectors, considerers, loyalists and brand lovers.

THE OLD MODEL OF MARKETING

- A** Customers are made *aware* of the products.
- I** Awareness from the promotions stimulates their *interest*.
- D** They develop a *desire* for the products.
- A** Customers then take *action* by making a purchase.

We would argue that the better framework to use is understanding those who crave your brand – those who are using your brand on autopilot where there is regular action and engagement but an unconscious response to buying and using you.

The AIDA model insists you start with awareness when promoting your products. But consumers are not looking to build a consideration list. They are not making conscious decisions about what to buy or what not to buy. They are simply acting on habit.

To understand how you can shift product consideration and grow market share, marketers must look at habit formation. The BrandHook model helps us understand four things:

1. What is the category habit score?

2. Who has a habit with you and what is its strength?

3. Which consumers have a habit with another in your category and what ways can we disrupt this habit?

4. Why do some consumers have a routine with you that is not yet a habit and what techniques can be adopted to strengthen this relationship into a habit?

There are two techniques brands need to look at in order to affect a habit. The critical elements to STRENGTHEN the foundation of a habit are to look at the three aspects of the habit loop. When looking to DISRUPT a habit or for a brand to break into it is to focus on the cue.



4.2 The BrandHook Habit Model™ brought to life

To illustrate how brands need to understand and then influence the habit loop, BrandHook combined our qualitative learnings with the quantitative modeling approach exploring the role of habit within supermarket shopping. The three step process can be replicated across any sector/product with the Category Habit Score providing a benchmark measure for comparison and success. Using the grocery market as an example, we demonstrate how this new framework comes to life.

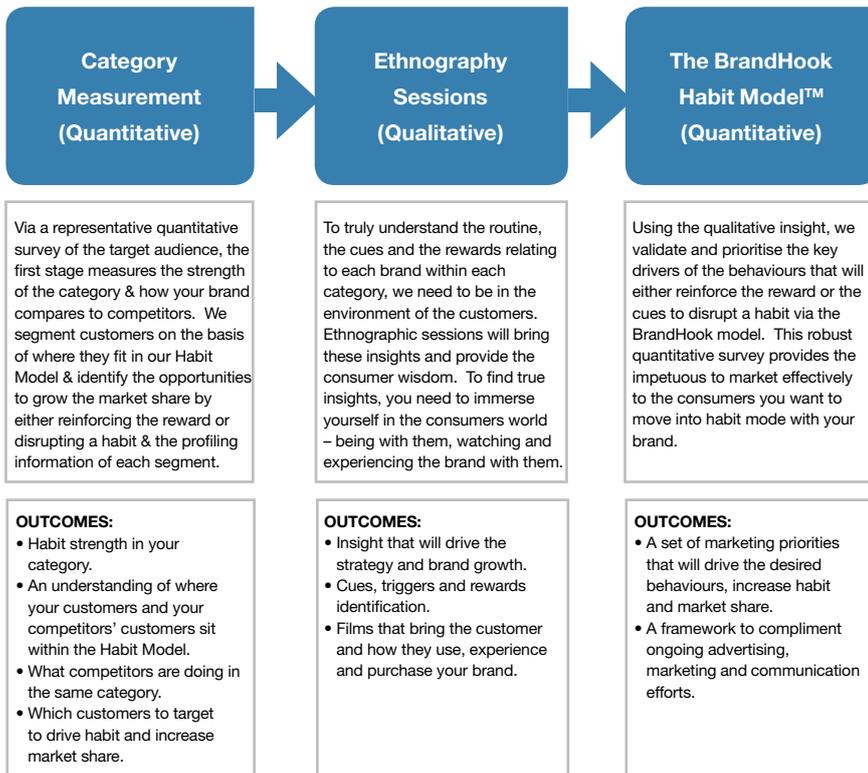
4.2.1 The category strength of supermarket shopping is high

To understand size and strength of the habit within each category, the current relationship with the brands and the category needs to be understood as well as the stated intentions. Incorporating the frequency of purchase, likelihood of switching and BrandHook proprietary measures, allowed us view the strength of the category in comparison to other sectors, as well as plot the strength of habit for the major supermarket brands.

When compared to similar categories – for example, retail – and other categories like travel, whitegoods and automotive, the overall habit for supermarket shopping is high. What's interesting is the variation in the habit strength for the different customer types.

The initial model of Australian supermarkets sees 40% of the main grocery buyers currently in a habit with their main supermarket. These are the customers that are on autopilot – they have low consciousness of any alternatives and the strength of the relationship with their main supermarket is high.

THE JOURNEY TO HABIT CRAVING™





4.2.2 Ethnography provides true wisdom to crack the code

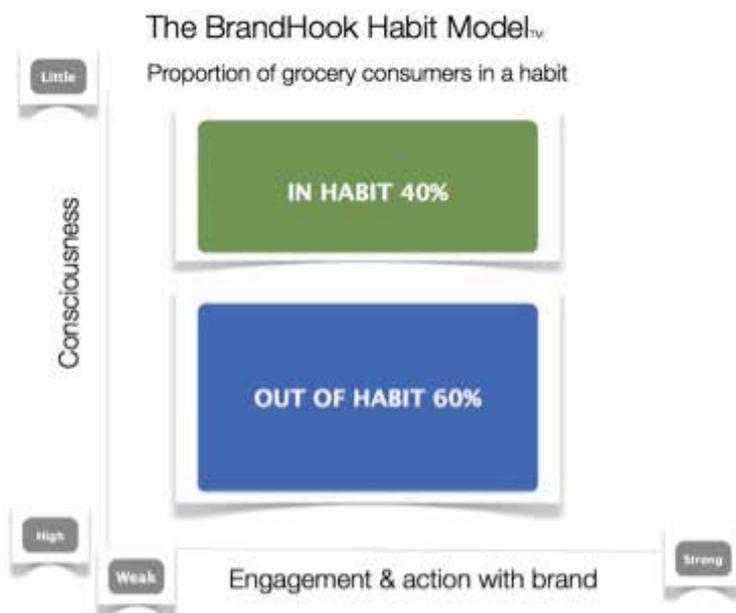
In order for a brand to understand how to strengthen or disrupt a habit, it is important for the brand to listen. Unfortunately most customers don't speak directly of their unmet needs. As Henry Ford said after the release of the Model T "If I had asked people what they wanted, they would have said faster horses."

Talking to tribes in their own environment means brands can watch and probe into the world around their customers. Participating in, rather than spying on people, changes the whole investigating process. Immersion sessions can find the gaps, disconnects and the things that keep coming up that don't always make sense. Brands can learn as much from what isn't said, as what is.

When we helped Portmans revitalise their brand, we unearthed the key insight by rummaging in women's wardrobes. Being in a consumer's space means you can probe on things we see and not just what is said. Young professional women were showing us what kinds of clothes they would love to wear to work and why. This ethnographical approach meant the brand team could deliver a profit increase of 30% in 2011.

This methodology means brands can understand how much of a habit they have (or haven't) become and then strategies can be built to increase the brand's habit strength.

To understand the cues, drivers and rewards within the supermarket shopping market, BrandHook conducted accompanied shopping trips with main grocery buyers – from different main supermarkets – being in the houses where the lists were created, to finding the car park and to paying for their groceries at the register. This allowed us to identify not only the triggers for supermarket shopping overall, but also for the individual stores and where there was variation.





4.2.3 The cues that initiate a supermarket habit

Our previous research, and the case studies provided, illustrated the importance of the cue in both forming and disrupting a habit – think about the time stamp on a Tontine pillow. However for supermarket habit, the cue takes the back seat.

The cues to driving the habit are expected:

- > Low Supply (31%)
- > Proximity (21%)
- > Regular Shopping Day (17%)

While no significant differences exist for the cues between the main supermarkets – a Coles customer is no more likely to be influenced by proximity than a Woolworths customer, while a Woolworths customer is no more likely to have a regular shopping day they conduct their shop.

4.2.4 Different rewards strengthen different brand habits

Reward for shopping at their main supermarket is primarily driven by **CONVENIENCE**, followed by **QUALITY** and then the cost **SAVINGS**. Only 8% of the reward is **EMOTIONAL**. In the shopper language, convenience to them is defined as:

- > Knowing where everything is
- > Saving them time
- > Being able to park with ease
- > Purchasing the products they want
- > Being accessible to them

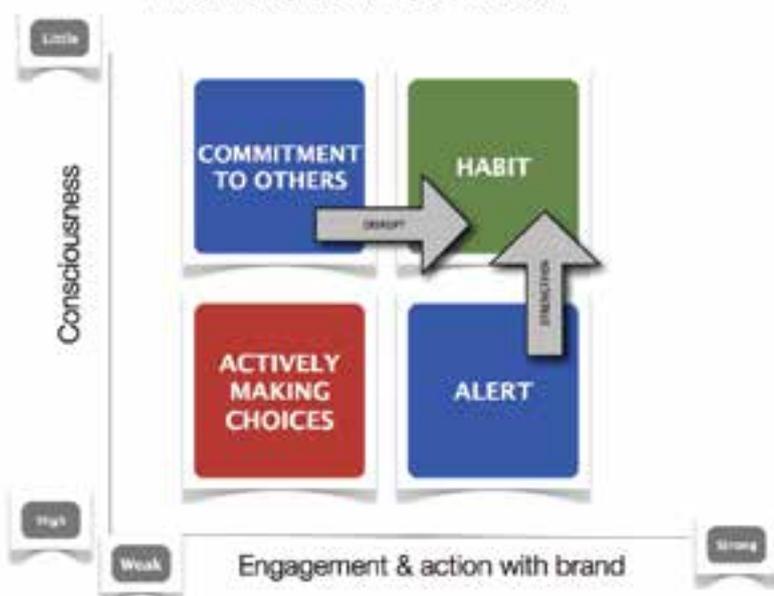
We start to see differences when the main supermarkets are compared, and, while reward remains the key driver of habit, what constitutes this starts to differ.

Examining the role of reward for a Coles habit, we see that nearly 50% of reward is about the convenience of the experience – no emotional reward in shopping in Coles – about convenience, saving money and loyalty program.

For Woolworths, convenience is important but of the same importance is quality of products (I know I can trust their products, I trust their produce, it has superior products to other supermarkets) and the emotional benefits are more prominent.

And for ALDI customers, the reward is all about the SAVINGS above and beyond any other reward.

The BrandHook Habit Model™





4.2.5 What does this mean for these supermarkets and how do you reinforce or break habits

The visualisation to the left illustrates the current landscape for ALDI shoppers.

Within the current shopper population, 60% of main grocery buyers don't have strong supermarket habits. They have multiple relationships with supermarkets and don't exhibit the characteristics that define a habit.

For ALDI, there's 5% of grocery buyers that have used ALDI in the past but still have a level of consciousness in their decision making process. They have a relationship but these consumers are still alert to the ALDI competitors. For this segment, the reward of shopping with ALDI needs to be strengthened.

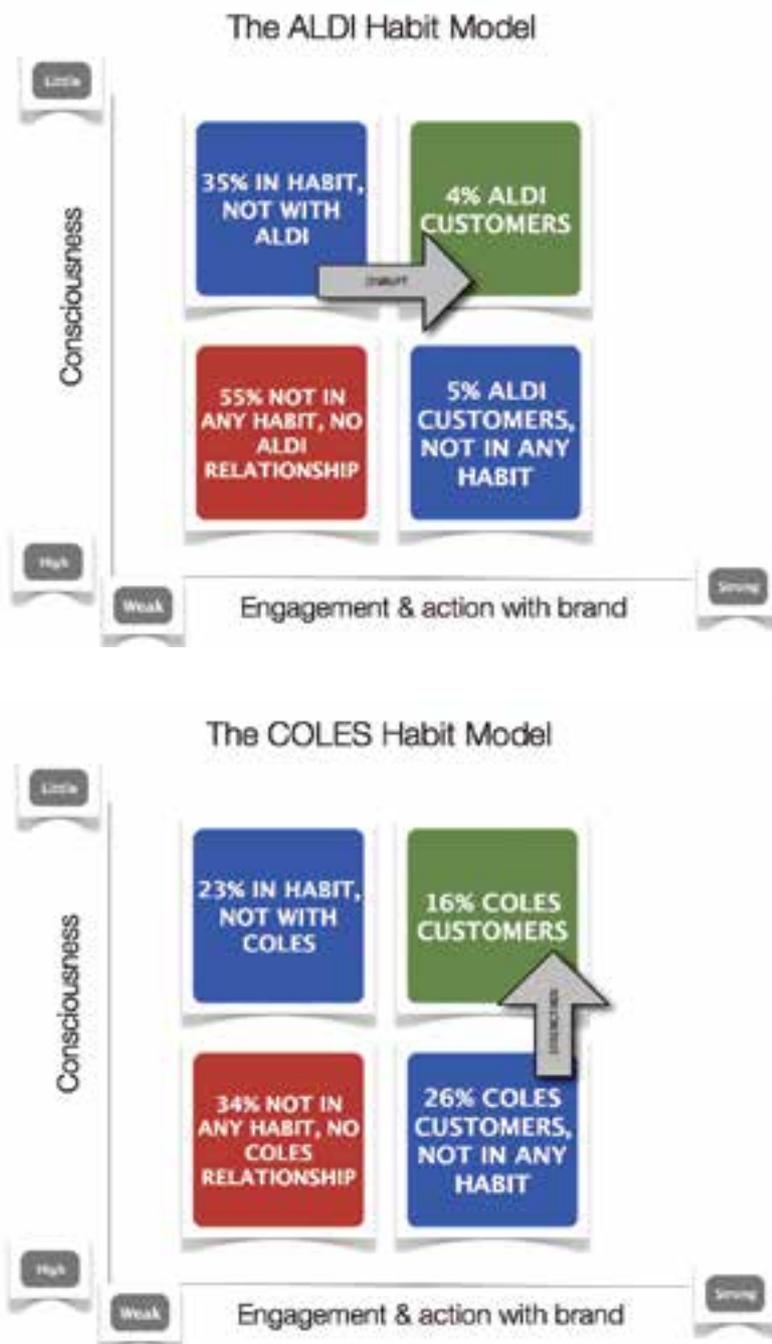
Where the greatest opportunity exists (in terms of size) is to disrupt the habit of the current competitor consumers – 35% of the main grocery buyers have a habit but not with ALDI. Cues need to be used to disrupt – and with proximity a proven cue – the aggressive expansion outside of the eastern seaboard should have Coles and Woolworths looking to quickly strengthen the habit of their existing customers.

If we look at the same model for COLES, the opportunity for them is to move their non habitual customers to autopilot mode – they represent a sizeable share of the entire customer base.

This is a demonstration of how a traditional approach to 'marketing the masses' would simply fail. By identifying those in a habit presents the supermarket with a more viable, attractive and immediate audience to target.

Most consumers operate on autopilot. Understanding this dynamic means marketing departments will spend their budgets more effectively and grow their business quicker.

The next phase in the overall process is to drill into each quadrant and quantify where the greatest opportunities lie and how to shift these identified tribes into the habit quadrant – where they are craving that brand. This provides marketers and brand managers with the key triggers and drivers to influence change – and increase market share.





In Summary

There is a new way to understand consumer behaviour that will shake up the marketing department of most businesses.

1. Consumers are NOT building consideration lists when buying products

2. Awareness on its own does NOT drive action

3. We are NOT making conscious decisions about purchasing when our habit is driving our behaviour

What will help change consumer behaviour is based on understanding how habits are formed and following a process to understand the cues and rewards needed to strengthen or disrupt a habit, which ultimately lead to greater market share.

Dr. David Neal, a psychologist specialising in consumer habits said, "This study is a powerful reminder that consumers are much less consciously engaged in many product purchase decisions than we typically assume. When brands and marketers ignore the role of ritual, they often miss the boat in terms of influencing actual behaviour."

Pip Stocks, Partner, BrandHook said, "Understanding habits and how they're formed can drive improved brand performance. Increases in repeat purchase and consumption are linked to increases in market share, customer lifetime value and share of wallet."

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