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The new consumer decision journey

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For years, empowered consumers have held the upper hand when it comes to making purchasing decisions. But companies are fighting back.

The flare-up around advertising blockers on mobile devices is just the latest salvo in the digital-technology "arms race" that has made today's consumer a formidable force. From social media to mobile devices, technologies have given consumers unprecedented power to compare prices, complain loudly, and find the best deals.

This tipping of the balance of power in favor of consumers has been evident for years. In 2009, we declared that the traditional "funnel" model—in which consumers began with a set number of brands in mind and whittled them down until they decided what to buy—had been usurped by what we called "the consumer decision journey."[1] This journey involved shoppers taking advantage of technology to evaluate products and services more actively, adding and removing choices over time. And it included a feedback loop, where customers kept evaluating products and services after purchase, pressuring products to perform and brands to deliver a superior experience on an ongoing basis.
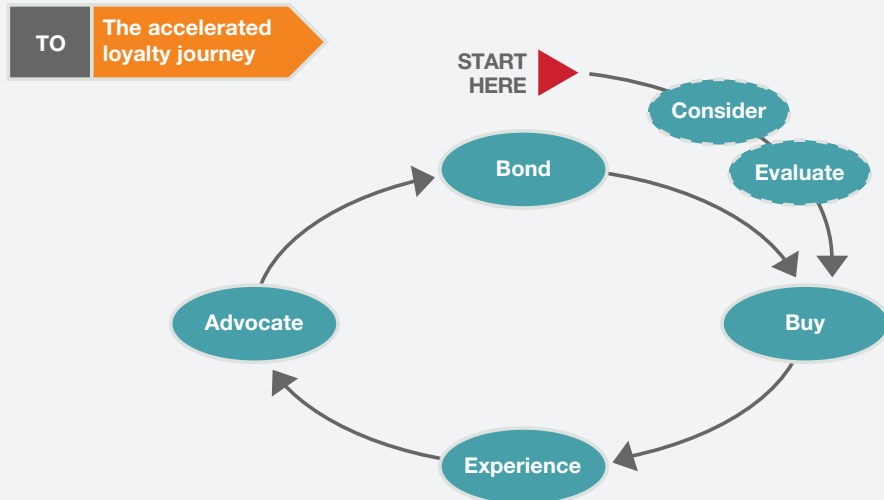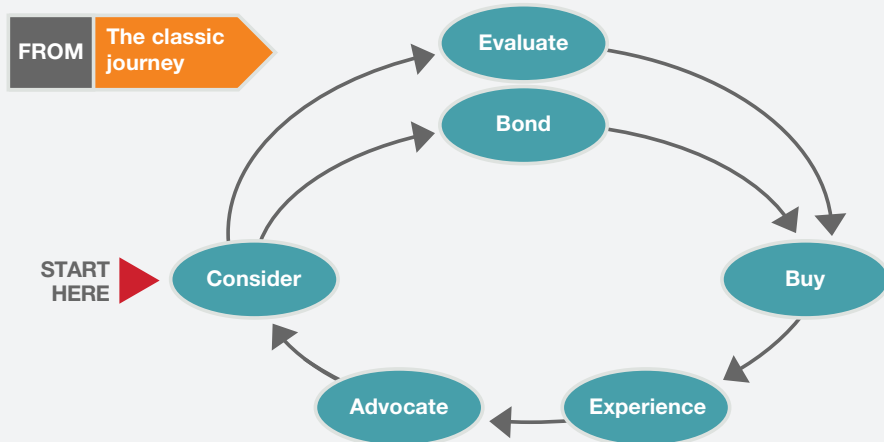
We now believe the consumer decision journey needs updating.

In the past few years, brands have been playing catch-up, investing in new technologies and capabilities in a bid to regain relevance with shoppers and exert greater influence over how they make purchasing decisions. Our experience advising more than 50 companies and researching more than 200 on best practices for building digital capabilities—coupled with detailed conversations with dozens of chief digital officers and more than 100 digital-business leaders worldwide—has convinced us that brands today can not only react to customers as they make purchasing decisions but also *actively shape those decision journeys*. A set of technologies is underpinning this change, allowing companies to design and continuously optimize decision journeys. More important, companies today can use journeys to deliver value to both the customer and the brand. Companies that do this well can radically compress the consideration and evaluation phases—and in some cases even eliminate them—during the purchase process and catapult a consumer right to the loyalty phase of the relationship (exhibit). The journey itself is becoming the defining source of competitive advantage.

[1] See David Court, Dave Elzinga, Susan Mulder, and Ole Jørgen Vetvik, "The consumer decision journey," *McKinsey Quarterly*, June 2009, mckinsey.com.

Exhibit

Companies that optimize the customer decision journey by compressing or, in some cases, eliminating the consideration and evaluation phases will assert competitive advantage.

FROM — The classic journey

START HERE → Consider → Evaluate → Bond → Buy → Experience → Advocate → Consider

TO — The accelerated loyalty journey

START HERE → Consider → Evaluate → Buy → Experience → Advocate → Bond → Buy

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In fact, a recent Association of National Advertisers survey[2] found top performers understood the entire customer journey much better than their peers (20 percent versus 6 percent) and had much better processes for capturing insights about customers and feeding them back into their marketing programs to improve performance (30 percent versus 11 percent). They also valued automation as a critical capability to respond to disruption and deliver both consistent and personalized customer experiences (30 percent versus 11 percent).

We've found that a company's ability to deliver that value relies on four distinct but interconnected capabilities:

1. Automation streamlines journey steps. One example is letting people take a picture of a check and deposit it through the bank's app rather than doing it in person. While automation of processes is highly technical, the focus is on enabling simple, useful, and increasingly engaging experiences.

2. Proactive personalization uses information about a customer—either based on past interactions or collected from external sources—to instantaneously customize the experience. Remembering customer preferences is a basic example of this capability, but it extends to personalizing and optimizing the next steps in a customer's journey, such as immediately putting a valued traveler on an upgrade list.

3. Contextual interaction uses knowledge about where a customer is in a journey to deliver them to the next set of interactions, such as a retail site showing a customer the status of a recent order on the home page. Some hotels are experimenting with using their app to operate like a key when a customer gets to his or her room.

4. Journey innovation extends the interaction to new sources of value, such as new services, for both the customer and the brand. Companies mine their data and insights about a customer to figure out what adjacent service her or she might appreciate. The best companies design journeys that enable open-ended testing to allow for constant prototyping of new services or features. This may include, for example, an airline's app that has the ability to integrate with a taxi service so that travelers can book cars to pick them up when they arrive at their destination.

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Activating customer journeys to capture value requires journeys to be treated like products that need to be actively managed, measured, and nurtured. How well companies are able to do that will dictate how successful they are in making customer journeys a competitive advantage. ❑

Read the full version of this article, "Competing on customer journeys," on the *Harvard Business Review* website.

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