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Understand Buying Decisions and the People Who Make Them

The launch of Apple's iPhone in January 2007 is now widely recognized as a pivotal moment in the history of digital technology and consumer culture. When it went on sale later that year, customers in the United States and parts of Europe greeted the iPhone with near rapture.

A few months later, during the summer of 2008, Apple introduced the iPhone 3G in a total of 22 countries. But what happened to the iPhone in technology-obsessed Japan is a classic lesson in the importance of deeply understanding the expectations of buyers.

Incredibly, Apple hadn't considered that buyers in the Japanese market might have different needs from U.S. and European buyers. And the results were compelling.

Although demand for the iPhone exceeded supply in many other parts of the world, in Japan the iPhone 3G was gathering dust on store shelves by the close of 2008. Press reports the following spring indicated that Japanese sales of the iPhone were only 200,000 units, primarily to existing users of Apple computers and laptops. This was a

country where an estimated 50 million cell phones had been sold the previous year.

With a minimum of research, Apple could have discovered that by 2008 the Japanese were accustomed to using their personal phones to shoot videos and to watch digital TV programs. Yet the iPhone 3G didn't even include a video camera. What's more, Apple could have anticipated the difficulty competing in a market where many phones routinely included chips for debit card transactions and train passes. After all, Japan is a place where trains are a part of daily life, and credit cards are rarely accepted. Debit transactions are the primary currency.

To compound the situation, the iPhone was also more expensive than its competitors in Japan. Perhaps Apple thought that its online software store would be valuable enough to justify the higher price. If only the company had known that its target buyers were reluctant to shop online in 2008.

This was nearly the end of the story for the iPhone in Japan. "A lot of times, people don't know what they want until you show it to them," Steve Jobs boldly proclaimed to *Businessweek* in an interview a decade earlier. Having seen the iPhone 3G, the Japanese market had shown Apple's brilliant visionary CEO what they didn't want, as well as the dangers of relying exclusively on intuition and past success as a marketing strategy.

Luckily, Apple learned its lesson. Four years later *Forbes* reported that the iPhone 5s had captured 34 percent of the Japanese smartphone market, in a country now widely considered as the world's most sophisticated, advanced, and competitive marketplace for smartphones.

The dramatic difference this time: Apple was keenly aware of what its Japanese buyers were expecting.

Apple is fortunate to be that rare brand with the resources to recover from such a stumble. Nonetheless, it would have been far less costly in terms of time, expense, labor, and brand reputation for Apple to have interviewed Japanese buyers about their smartphone expectations before this launch.

Why the “Know Your Customer” Rule Has Been Redefined

The story of Apple’s iPhone launch in Japan reminds us that even the most admired companies cannot avoid one of the most basic rules of business: Know your customer.

Now that customers are choosing how and when they will engage with your sales and marketing efforts, this timeless truth is gaining new urgency, forcing companies to reconsider their approach to discovering and applying customer insight.

In 2012, the Corporate Executive Board’s (CEB) Marketing Leadership Council released a widely cited study that concisely defined the problem, revealing that on average, business-to-business (B2B) customers are nearly 60 percent of the way through the purchase decision before engaging a sales representative. There is compelling evidence that customers of business-to-consumer (B2C) companies are equally likely to rely on peers and digital connections to guide their decisions about what to buy and which supplier they should trust.

We know that the 60 percent statistic cited in the CEB study is not universally applicable, but the trend is unmistakable—customers who have the resources and networks to make buying decisions without your input are happy to do so.

Armed with instant access to countless peer-reviewed options, customers are holding your sales and marketing teams to a new standard: Tell me what I want to know and help me find the right option at every stage of my buying decision, or I’ll go somewhere else.

This change in customer decision making is a game changer for companies that have always relied on their salespeople to listen to each buyer’s needs and create a winning argument, one customer at a time,

while marketers stayed inside the building, churning out marketing materials and running campaigns that were based on a good deal of supposition about what their customers wanted to hear. If we start with the principle that effective communication requires good listening, it's easy to see that marketers have been working with a severe and illogical handicap.

Although the details about buyer personas are unclear to many, their goal is simple. Marketers must understand how markets full of buyers navigate the buying decision they want to influence so that they can become a useful, trusted resource throughout that decision. Marketers need to become good listeners if they want to be effective communicators.

A Clothes Dryer's Extra Setting Made All the Difference

Beko, a Turkish manufacturer of major household consumer appliances, took a very different tack than the Apple team that launched the iPhone 4 in Japan. They prepared for a launch into the lucrative and unfamiliar Chinese market by listening to buyers of electric clothes dryers.

According to David Meerman Scott, who visited with Beko executives in Istanbul in 2014, Beko staffers routinely conduct in-depth interviews with potential customers before introducing an appliance in any international market. In the course of their conversations with buyers in China, Beko marketers learned that many people hold fast to a cultural tradition that uses direct sunlight to dry clothes. Some Chinese believe there is a spiritual component when garments are exposed to the sun. So rather than throw in the towel (so to speak), Beko dryers were built with a setting that stops the drying cycle when it is only half done. Now Beko consumers can partially dry their wet laundry and then hang the slightly damp clothing in the sunlight.

Scott reports that the new Beko dryers are just one of their appliances that are selling very well in the Chinese market. Chinese buyer interviews led Beko to design a refrigerator that is very different from those routinely sold in Western countries. As almost everyone knows, rice is part of the daily Chinese diet. Without the research, however, Beko might not have known that their buyers wanted a refrigerator that could store rice at low humidity and a temperature of 10 degrees Celsius, a setting that's too warm for conventional refrigerated food. So Beko's Chinese model has three doors instead of the familiar two, each with separate temperature and humidity controls. Scott reported that "at the 2013 IFA Fair, the world's leading trade show for consumer electronics and home appliances, this Beko refrigerator won a coveted innovation award."

Luckily, most marketers don't have to confront cultural factors as unusual as those that affected the introduction of Apple and Beko's products in Asia. But the essential concern—the importance of focusing on the concerns and expectations of your buyers—remains a crucial issue for all marketers, even those whose buyers live right next door. And admittedly, for many marketers their buyers' mind-sets can be as mysterious as the customs of citizens living in a foreign country.

It wasn't necessary for Apple and Beko to engage the methodology behind building buyer personas to avoid stumbling in their new markets. Some basic old-fashioned consumer market research was involved. But the fact that Beko undertook a concerted effort to interview their prospective Chinese customers demonstrates the wisdom of a disciplined approach to gathering insights into buyer expectations.

Will You Understand Your Buyers' Decisions?

Most buying decisions are not as easily understood as those in the Apple iPhone and Beko examples. Many buying decisions are far more complex, involving many variables and multiple influencers or

decision makers. Geographic distinctions may or may not alter the buyer's approach to the decision. And product design modifications are an uncommon result of building buyer personas.

However, the most crucial aspect of buyer personas applies to each of these stories: The companies involved needed to listen to their buyers tell a story about a considered decision.

We will explore other circumstances and approaches in Chapter 3, but the most effective way to build buyer personas is to interview buyers who have previously weighed their options, considered or rejected solutions, and made a decision similar to the one you want to influence. Unfortunately, many marketers don't realize that hearing and relating their customer's story is the foundation of understanding them as a buyer. So it's essential to clearly define what a buyer persona is—and what it is not.

In some marketing courses and websites, buyer personas are defined as something similar to Figure 1.1.

Here we see Jim, a fictional archetype who is meant to represent a typical operations manager. The graphic outline gives us information about Jim's education, age, to whom he reports, his skills, the

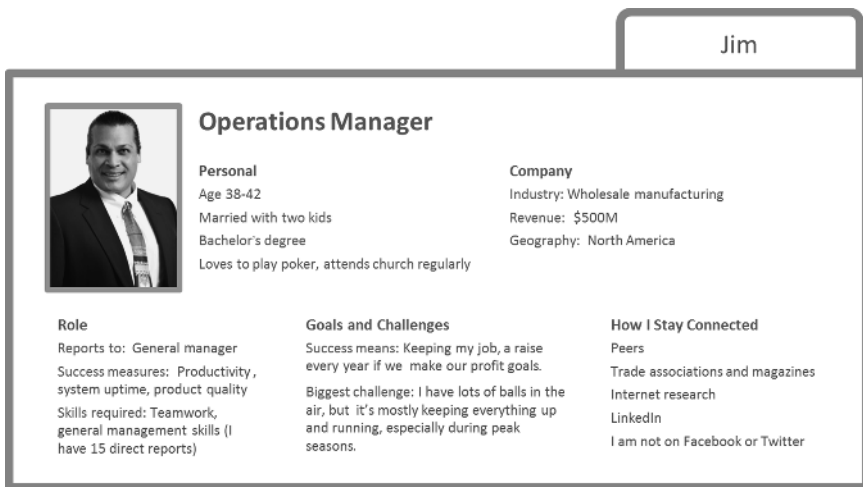


Figure 1.1 Example Buyer Profile

incentives and rewards from his job (keeping his job and an occasional raise), and how he spends his free time (family, church, a weekly poker game with his friends); plus how he stays current on the latest trends in his industry, broken down into four categories. This is a Buyer Profile that is heavy on data that could be readily gleaned from online sources.

What does this tell us about how Jim makes a buying decision? We see he reads industry publications, belongs to industry trade groups, and uses the Internet when searching for solutions. Alas, the same could be said for about 99 percent of other business professionals working at a comparable managerial level.

Let's say Jim is looking for a new logistics management supplier. From this template, what do we know about what's motivating Jim to find a new supplier? What does he expect to be different once he makes this switch? What is very important to Jim about the appearance of the packaging and enclosures in the shipments sent to retailers? What does Jim dislike about a lot of the providers he has used in the past?

Marketers hoping to interest Jim in their logistics services using his Buyer Profile template won't find much useful intelligence here. Instead they would need to use this profile to imagine (guess?) how Jim would respond to their messaging when sitting at his desk.

It's difficult to imagine how this approach to buyer personas will help marketers of logistics solutions know what they need to do to help Jim see their solution as a perfect fit for his needs. Furthermore, it is unlikely that this company's marketers will use this tool to persuade their internal stakeholders that a different approach to their messaging and marketing activities will set their merchandise or services apart from their competition.

Buyer Profiles will not transform this marketer's ability to think like Jim. But suppose you knew what Jim is looking for when he is considering signing a contract with a new provider, why he has been dissatisfied with other providers in the past, and a score of other specific details about how Jim makes his decision. And suppose that

these actionable details are things that neither you, nor your own salespeople, nor the competition has ever heard before.

Relying on Buyer Demographics and Psychographics

Too often, Buyer Profiles are nothing more than an attractive way to display obvious or demographic data. Defining markets based on demographics—data such as a person’s age, income, marital status, and education—is the legacy of 60 years of selling to the mass market.

When large-circulation magazines and network television were marketing to the public *en masse*, demographics helped them create market segments that could be targeted by their advertisers and program managers. Many companies, especially those that market retail consumer products, still rely on demographics to define their markets.

Yet such distinctions can be irrelevant, if not misleading, when applied in many instances of persuasive marketing. Since marketers have been using demographics for generations to define and segment their buyers—often with very productive results—it requires some attention to realize they are not the best way to build buyer personas.

Some marketers will focus on psychographics, another long-standing approach to segmenting markets based on factors such as personality, values, lifestyles, and opinions. This approach might capture the fact that Jim goes to church regularly, is skilled at managing people, and is challenged by keeping multiple balls in the air. But this information has little bearing on how he will evaluate and choose a logistics management supplier. Combined with a few demographics, you might know the kind of neighborhood he lives in and that he likes to spend time with his family, but you’ll still have to guess about what triggers his interest to evaluate your solution, the barriers that prevent him from finalizing the purchase, and which of your advantages will impress him.

How Marketers Benefit from Buyer Profiles

The Buyer Profile has gained a lot of traction because it is a useful tool to help you think about your target buyers as real people, with actual families, typical bosses, and human concerns. For the same reason that we find it far easier to communicate via social media when we have a photograph of a person we have never met in person, the Buyer Profile creates a sense of the human connection with people whom we have never met face-to-face. If you've ever built a relationship with someone through social media, you may have noticed that your first in-person encounter feels a lot like running into an old friend. The photograph and details of this person's job or personal life have likely shaped your interactions and created a sense of intimacy despite the fact that you live and work in very different circumstances.

Marketers who may never meet the chief financial officer at a large bank can rely on the Buyer Profile to understand why trying to reach him through an email marketing campaign is so difficult.

Marketers who get the most benefit from Buyer Profiles are those who find it easy to imagine themselves making the decision they want to influence. Consider the story of Jessica.

Some years ago an advertising agency constructed a detailed Buyer Profile to describe the person who was the typical buyer of their client's car. The profile detailed the tastes, lifestyle, attitudes, and concerns of a buyer they named "Jessica." This team wasn't satisfied with a slide deck or poster describing Jessica; they actually created a "Jessica room" containing the Ikea furniture that she would use to decorate her apartment, a glass coffee table displaying the magazines she would read, and a goldfish tank, knickknacks, and small television on the bookshelf.

I have never heard of anyone else who has allocated actual office space to their buyer persona, but it's easy to see that being seated in this room would help the agency's marketers remember that a real woman like Jessica was the target of their marketing strategies. In this environment, a suggestion to emphasize the spaciousness of the car's cargo area

for large dogs or landscape materials would be easily discarded, as the marketers were clearly aware that Jessica was rarely home (goldfish require little maintenance) and she certainly has no time or space for a garden.

Buying Insights Complete Your Persona

For many marketers, the demographic profile is the beginning and end of their buyer persona's story. But marketers gain far more value from buyer personas when they include their buyer's story about the decision they want to influence.

What if the agency marketers for Jessica's car had repurposed the budget and time they'd allocated to her apartment and used it to interview real customers about their car-buying decisions? By listening to in-depth stories related by buyers like Jessica, the agency would have known what triggered Jessica's decision to skip her Saturday aerobics class to look for a new car. Rather than guessing (and second-guessing) which aspects of their cars she'd evaluate, the agency could have asked real buyers how they justified the extra cost of optional packages. Most critically, they would have clearly understood the barriers that prevented her from including their client's dealerships in her Saturday visits.

The agency marketers could have benefited from building buyer personas that included two parts: a Buyer Profile that describes Jessica, and Buying Insights, describing the when, how, and why aspects of Jessica's decision to buy a car.

Unlike the simple categories that typify a Buyer Profile, your buyer's story is a lengthy narrative related through the personal buying experiences of people like those you want to influence. Although the concept is simple, there are many things you will want to know about whom to interview, how to engage them in telling their story, and how to build a cohesive, actionable Buyer Persona based on your findings.

In Part II of this book you'll learn how to find people to interview, conduct a probing interview, and mine those interviews to communicate the Buying Insights that you and your company need to make effective marketing decisions. You will need to read several chapters to learn how to achieve this result, but it is easy to explain what you'll learn through Buying Insights, and to see why this will be the most actionable part of your buyer persona.

Buying Insights reveal:

- Which buyers are receptive, and which will ignore you no matter what you say
- Which aspects of your solution are relevant to them, and which are irrelevant
- What attitudes prevent your buyers from considering your solutions
- What resources your buyers trust as they evaluate their options
- Which buyers are involved in the decision and how much influence they wield

A Buyer Profile alone allows you to focus on who your buyer is through demographic data assigned to a fictional name and portrait. When you combine the Buyer Profile with Buying Insights, you will have clear guidance for the decisions you need to make to win their business. Companies that are fully invested in this approach can mention Jim in a meeting and evoke the full story about what the company needs to do to persuade him.

High-Consideration Decisions Reveal the Best Insights

Some buyer stories reveal more insight than others, and you may be surprised to learn that this question has nothing to do with whether you are a B2B or B2C marketer.

When people make a high-consideration buying decision—think about a consumer purchasing a home or an executive investing in capital

equipment—they invest an enormous amount of time and energy evaluating their options. Some decisions take only a period of days; others take weeks; and some take months or even years. Whether it's a large corporation's information executive evaluating a new technology architecture or parents considering a college for their son or daughter, these decisions require a substantial financial investment, and the outcome of the decision will profoundly affect the lives of others well into the future. The buyers are engaged in a thorough analysis of the various options before they arrive at a conclusion. Typically they will also need to be able to defend or discuss that decision with others who will have to live with the consequences, for better or worse.

Contrast this kind of decision with the improbability of discerning how that same person might approach a low-consideration choice—such as selecting one brand of soap from a shelf containing an array of options—and you can see why Buying Insights are more readily available to marketers of medium- to high-consideration solutions.

As we will discuss briefly in Chapter 3, low-consideration buying decisions are best understood through complex algorithms that examine the buyer's online behavior, or through costly choice modeling and ethnographic studies that attempt to examine mind-sets that people cannot explain, even to themselves.

Marketers of high-consideration solutions are fortunate that a technique as simple as the one in this book reveals even greater insight. If you are in this category, your buyer's conscientious investment in this decision makes it possible for you to deeply understand the logical and emotional aspects of a decision you have never personally encountered.

A person's thoughts about an impulsive or low-consideration buying decision usually reside in the realm of the unconscious. Conversely, high-consideration buying decisions involve, by definition, considerable conscious thought that can be expressed, evaluated, and analyzed.

You can see that grocery store consumers making low-consideration decisions would be unable to explain precisely how and why they chose one product off the shelf rather than another. If you asked this buyer to tell a story about that decision, you would be unlikely to gain real insight. But that same individual can tell you fascinating and revealing stories about how they chose an architect for their new home, or how they planned an elaborate wedding.

All marketers gain value from listening to their buyers. But we can see that as individuals invest more time and effort thinking about a challenge or solution, they simultaneously become more acutely aware of the journey they have undertaken and the steps they followed to reach their conclusion. Active contemplation and reflection that took place over an extended period of time is far, far easier to recount than trying to recapture the dynamics behind decisions made quickly and then seldom revisited.

Buying Insights from a Quick Trip to London

Probing interviews with buyers who engaged in medium- or high-consideration decisions invariably reveal insight that no one in your company has heard. Time and again, we have seen how these interviews uncover previously unknown information that makes a decisive difference—factors that direct the company to achieve unexpected success or, as this story examines, prevent a costly misstep that would have embarrassed everyone. Although you may not be happy about what you learn through your buyer interviews, in some situations even bad news can make you a hero.

A few years ago a technology firm asked me to help them prepare for the launch of an entirely new solution that was nearly complete. With partial funding by a major client, this tech company had developed a Web portal that would streamline the day-to-day processing of an arcane and litigious area of maritime law. One of the oldest forms of

international jurisprudence, admiralty law covers marine commerce, navigation, salvaging, shipping, and the transportation of passengers and goods. A single dispute generally involves multiple parties—the owner of cargo, the shipping company, the port, the buyer, those damaged in an accident, and many more—so the paperwork can be formidable.

My assignment was to identify which of the decision makers at these organizations were most receptive to this solution and, most critically, how the costs would be distributed among them. We needed to understand the triggers that would motivate them to use the portal, which of many benefits were most relevant, and how we could efficiently reach these very different buyers with sales and marketing activities. Our client expected that insights into their buyers' concerns and expectations would result in rapid adoption of their new portal.

I was fortunate that the industry would soon be gathering in London for its annual conference about this specific niche of admiralty law, and convinced the client that my attendance would produce quick results. I wasn't wrong. Between sessions, I found the participants were happy to talk about the processes they were currently using and that it was easy to get their reaction to the concept of my client's portal. In 22 interviews I found unanimity. But what I discovered was not what the software developer was hoping to learn.

Far from embracing a solution that would coordinate and streamline the massive paperwork that consumed their professional lives, the buyers were adamantly opposed to it. "There is no way I would use anything like a Web portal," they told me in one interview after another.

I was astonished. It was 2009 and yet here was a large group of global businesspeople whose mind-set was entrenched in laws and business practices that hadn't changed in more than a century. A relatively simple solution that would have minimized paperwork, eased communications, and prevented litigation ran into the hard reality of a complex network of business practices and people who were fundamentally resistant to technology and change.

It was a truly frustrating reality. And it was certainly no fun delivering the message to my client that, for now at least, these buyers were not interested in using my client's portal, even if it were free. I was gratified that they welcomed my findings, noting the embarrassment and financial losses they would have incurred with a solution that the industry saw as inappropriate or irrelevant.

Rather bluntly, my client told me that the disappointing situation revealed during the course of my buyer persona interviews had actually saved the company millions of dollars. It's worth remembering that many good products have been developed at a time before the market is ready for them. The first tablet computer and first e-book readers went on sale years before the market was prepared to embrace them and before the technology was able to deliver the experience that buyers wanted. Alas, the companies who were first to market are no longer in business.

Everyone would agree that knowing your buyers' mind-set in detail—even when the reality can be as disappointing as what I discovered at the London conference—is preferable to sitting around a table and playing the old marketing guessing game. But to create effective buyer personas with actionable Buying Insights requires learning a unique methodology, engaging with your buyers, listening to their stories, and mastering some interviewing and analytical skills.

In the pages ahead we'll discuss these in detail and tell you how you too can be a buyer persona expert.

