

Customer Journeys in Major-Life Purchase Markets

Understanding shopping patterns and behaviors to create more meaningful engagement

Making Real Connections in Major-Life Purchase Markets

Making major-life purchases (MLPs), like buying a house or a car, are hard. Abundant choices and competing offers can leave shoppers confused and frustrated. These experiences should—and could—be better. As a marketer, you're in the hot seat to make the customer journey exceptional. But how do you go about doing that?

You start by making real connections with these shoppers, ideally to engage with them at the right time with the right message. To do this effectively, you need to identify who is on the other end of the engagement, where they are in their buying process, and ultimately connect with them when they want and give them what they need to make a good purchase decision.

But when it comes to influencing a person to make a major-life purchase decision, your marketing strategy has to be different. With a long path to sale you benefit from becoming a strategic thinker, innovating new ways of engaging shoppers. MLPs are big-ticket items that entail a complex buying decision and emotional risk for the buyer. The customer journey takes weeks, or even months, and involves a lot of research, consideration, and comparison. Most of all, it involves a customer—a real person—who wants to make a good decision.

Whether you're a marketer at a brand, agency, or lead generation business, or you facilitate comparison shopping, working in major-life purchases has pushed you to develop a unique skill set that differs from other marketers. In an effort to better understand this landscape, we're taking a look at the MLP decision process.

In this report and subsequent reports, you'll find strategies to help you succeed based on our experience analyzing billions of customer interactions across brands, performance marketing agencies, and comparison shopping sites. Understanding your customers during this complex shopping journey is hard work but has big benefits.

Read on as we propose a framework to have smarter and safer interactions with your MLP shoppers. I look forward to your joining us on this fascinating journey.



A handwritten signature in black ink that reads "Ross Shanken".

Ross Shanken
CEO & Founder

MLP

Executive Summary

Today's customers demand superior shopping experiences. With more choices, more access to information, and less incentive to be loyal, customers are firmly in control of their relationships with companies. Consider recent research where 80% of customers say the experience a company provides is as important as its products and services; 95% say they are more likely to be loyal to a company they trust; and 67% say their standard for good experiences are higher than ever.¹ To meet these demands, marketers need a wider view of the customer. This includes a better understanding of where your customers are in their buying journey:

- **Disengaged:** Not in market
- **Interested:** Entering the early research process
- **Serious:** Getting ready to make a purchase decision
- **Completed:** Recently purchased and needs a cooling period

With a wider view, it's possible to create an outstanding experience for the customer. Marketers who don't deliver on customer expectations do so at their own peril. To avoid this negative outcome, we set out to help define the anatomy of a major-life purchase (MLP) and attributes necessary to be a high-performing MLP marketer. Our key takeaway is a framework that will help ensure high customer lifetime value for your business. In subsequent reports, we will help marketers more deeply understand how and when customers are making these major-life purchase decisions.

Customers are in Control

80%

believe the experience a company provides is as important as its products and services

95%

are more likely to be loyal to a company they trust

67%

feel their standard for good experiences are higher than ever

¹ Salesforce. State of Marketing. 2018.

Key Takeaway: A Framework to Create Customer Lifetime Value

- **People-Based:** Target people, not devices or opaque audiences
- **Journey Focused:** Concentrate on behavior not just demographics
- **Exceptional Experiences:** Make the shopping process helpful to the customer not spammy, annoying, or too intrusive
- **Risk Management:** Keep your customers and your business safe, avoiding risky or non-compliant interactions



DEFINITIONS

Major-Life Purchase (MLP): A big-ticket item that entails a complex buying decision with a high degree of financial and emotional risk as well as significant consideration and research (e.g. a car, loan, insurance, degree, among others).

Major-Life Purchase Marketer: A highly skilled, innovative individual with a deep understanding of how customers navigate a complex buying decision (a MLP).

Customer Lifetime Value: A prediction of all the value a business will derive from their entire relationship with a customer.²

2. HBR. What Companies Miss About Customer Lifetime Value. 2017.

Anatomy of a Major-Life Purchase

It's evident that marketing an impulse buy, like a pair of shoes, requires a different strategy than major-life purchases. The decision-making process begins with a trigger that causes the initial shopping behavior of gathering information, comparing costs, and connecting with brands (see: Decision-Making Process for MLPs on page 7). Generally, there are multiple factors to consider, such as timing, cost, quality, and availability, because these decisions represent a significant financial and emotional investment.

While the process is often different across industries, most major-life purchases share similar conditions that set them apart from impulse purchases:

Long Shopping and Consideration Process: In many industries, purchase decisions are made in moments and emotions tend to drive the vast majority of the sales cycle. Major-life purchase shopping journeys are significantly longer. Our data reveals a 6-month cycle for insurance and mortgage shoppers. Similar research indicates up to 3 months for automotive.³ Creating a sustained marketing relationship across this long evaluation journey requires a different focus and skill set. A MLP marketer needs to stay in tune with customer decision stages, individual preferences, implicit behaviors, and which marketing programs (in a litany of choices) are attributed to success.

Higher-Risk Purchase with Long-Term Implications: Most major-life purchases tend to revolve around the critical parts of our personal lives—home, transportation, education, and health. The implications of making the wrong decision weigh heavily on customers who know the impacts are far-reaching. Picking the wrong life insurance policy has potential impacts for generations. Getting into the wrong mortgage product can result in short-term financial stress due to higher monthly payments and possibly catastrophic long-term financial woes from foreclosures. These risks cause shoppers to invest significant amounts of research and seek out experts to help, which is a big reason why agents still thrive in many major-life purchase industries. We see direct evidence of shoppers frequently using both. For example, in insurance customers can acquire up to 5 different quotes and visit more than 20 separate comparison shopping sites to understand their options before making a decision.

3. Think with Google. The Car-Buying Process: One Consumer's 900+ Digital Interactions, 2016.

Life Events Trigger the Buying Decisions: The trigger in most major-life purchases is a life event or environmental cause rather than marketing promotions. You might find a customer shopping for a car after getting a new job. In mortgage, interest rates have a massive impact on whether new homes purchases or refinances make up a higher percentage of the market. Similarly, insurance is purchased or revisited more frequently after people get married, start families, or change residences than when they're single, young, and healthy.

Many Stakeholders are Often Involved in the Purchase: The high-impact nature of major-life purchases tends to create buying committees and socialization or outside opinions. Marketers must understand that influence often goes beyond a single individual buyer. For example, life insurance may be in the name of a single policyholder, however, the decision is heavily influenced by other members of the family. Some major-life purchases, like assisted living decisions, are frequently made entirely by other people. For a new home purchase, there are also stakeholders like the real estate agent influencing the customer's choice of lender. As more people are involved in the decision-making process, simple emotional appeals or aggressive marketing to the individual who requested information can fall flat. The best marketing considers the disposition of the household and other influencers in the process.

Multiple Business Units, Partners, and Companies: Since the process of making a decision around major-life purchases tends to span a long period of time, it often moves through many different parts of individual businesses, partners, and even third-parties. For customers, it isn't always clear who is driving the messaging and engagement. In other words, who is communicating: Is it the end service provider or someone else acting on their behalf? In many cases, the fractured nature of the interaction can create misaligned messaging, disjointed experiences, risky experiences, or compliance issues. It's important to ensure customers receive a consistent, exceptional, and safe experience through every step of a major-life purchase journey.

Decision-Making Process for Major-Life Purchases



(Source: This is a take on the stages of the buyer decision process, which were first introduced by John Dewey in 1910)

Attributes of a Major-Life Purchase Marketer

We asked marketers working in MLP industries what qualities are necessary for survival. Here's what they said:



Data-Driven

Acquires and deciphers data to improve customer experience

Innovative

Thinks of new ways to engage shoppers

Tenacious

Develops messaging appropriately and precisely

Creative

Shapes exceptional shopping experiences

Thoughtful

Has a deep understanding of the customer to inform strategies

“Successful marketers in this paradigm continue to be those that are effective at generating efficient demand. But to do that, they need to deliver exceptional digital consumer experiences, leverage advanced analytics, and have targeted content development that’s genuinely engaging. The smart money in this transformation will go to the marketing leaders who can source and bring together this set of disciplined skills and make the lifetime economics work.”⁴

JAY GAUTHIER, CHIEF MARKETING OFFICE AT TRAVELERS

4. Jornaya. In the CMO's Suite: Driving Growth in the Insurance Industry Amidst all the Chaos and Innovation (Part 2). 2017.

A Marketing Framework to Create Customer Lifetime Value

Major-life purchases are a unique beast—for customers and for marketers. Customers decide when, where, and how they want to shop. Marketers need to have a deep understanding of how their customers navigate these decisions.

We offer this framework to help you acquire, grow, and retain customers in the high-pressure MLP market.



MLP

People-Based: Target People Not Devices

Major-life purchases require a deep understanding of the customer to inform quality segmentation, targeting, content, and execution strategies over the course of the long shopping journey. A core foundation of major-life purchases is focusing specifically on the individual and their preferences rather than broad audiences.

In contrast to many impulse purchases, major-life purchases typically award business to one provider in a given category. Once someone has picked a car insurance company, they tend to insure all of their vehicles with that provider. Similarly, most homeowners have only one mortgage at a time. Contrast that with retail or CPG where customers purchase from multiple brands on a daily basis. In the retail world, the focus doesn't always have to be on an individual person since anyone can be a prospect at any given time as long as they meet general segmentation guidelines. Think coupons, BOGOs, or clearance sale promotions. In the case of a major-life purchase, the last time they purchased, who they purchased from, current life events, and qualification criteria like credit scores matter significantly.



“Every day we’re trying to get a little bit better at understanding what a customer actually wants and how they want to be communicated with, whether that’s digitally, over the phone, or whatever it looks like for them. They end up feeling more catered to rather than bombarded and that goes a long way. It results in a better overall experience.”⁶

**JEREMY BOWLING, NATIONAL SALES MANAGER
AT UNION HOME MORTGAGE**

While the concept of people-based marketing—meaning to target individual people rather than cookies or sessions—has become popular, the concept really dates back to the beginning of marketing. Database marketing drove a lot of the original person-based focus of major-life purchases in the past. The best companies have continued the legacy through customer relationship management (CRM) systems like Salesforce, Acxiom, Epsilon, and other underlying customer databases. The key is to be able to tie the individual to data both within your business, across multiple business units, and across third parties who can enrich your view of each customer.

As digital marketing takes over a large percentage of marketing spend, the same tendencies have moved to digital. One of the first digital people-based marketing initiatives emerged about 5 years ago from Facebook. Today, according to recent research, 96% of marketing decision makers feel it’s important to use people-based measurement on premium publishers.⁵

A valuable third-party source for MLPs is comparison shopping sites. One key aspect of MLPs is helping customers better understand their options. In many cases, customers don’t have any idea which insurance or mortgage lender can provide them with quality services. This cues internet searching by the customers to get educated. In most instances, the majority of search results drive customers to comparison shopping sites. Most customers and many brands are not aware of the extensive network of comparison shopping and performance marketing agencies that are heavy influencers on the decision process. (More on this later in the report when we address behaviors.)

5. LiveRamp. Elevate Your Marketing With A People-Based Approach. 2018.

6. Jornaya. Optimizing Outreach Around Consumer Intent, 2018.

Journey Focused: Concentrate on Behavior Not Just Demographics

The length of the shopping and decision process for major-life purchases has a significant impact on how companies market and sell their products. In impulse purchases, the process tends to revolve around driving traffic to offers and incentivizing immediate sales. Major-life purchases always involve multiple interactions, usually with multiple businesses, on the way to a decision.

Many companies have started to create customer journey maps in order to better understand the phases of making a major-life purchase. The maps include each of the phases—from initial category and brand awareness through research, agent interactions, quote gathering, competitive sales processes, and ultimately new-customer onboarding. The highest-performing companies tend to also include customer retention as the beginning of the next

shopping cycle and find ways to get ahead of any competitive shopping their customers might do prior to renewing or repurchasing.

As the key points in a customer’s shopping process are identified, it becomes critical to understand where customers are in the journey and how to influence them when they reach trigger points. Our experience working with more than 30,000 MLP sites gives us insight into 200 million consumer shopping events every month. Through this network, we see that customers can have more than 30 interactions with educational or comparison shopping sites over a 6-12-month timeframe prior to kicking off their final decision process. As they enter the final decision phase, customers invest more effort researching in a shorter periods of time. We see greatly increased activity during the 7-21-day period just prior to the ultimate purchase.



Our experience working with more than 30,000 MLP sites gives us insight into 200 million consumer shopping events every month.

Understanding the MLP Journey Through Behavior

Acquiring and deciphering the data behind the shopping journey is core to improving customer experience and driving lifetime value.

Typical types of data involved include:

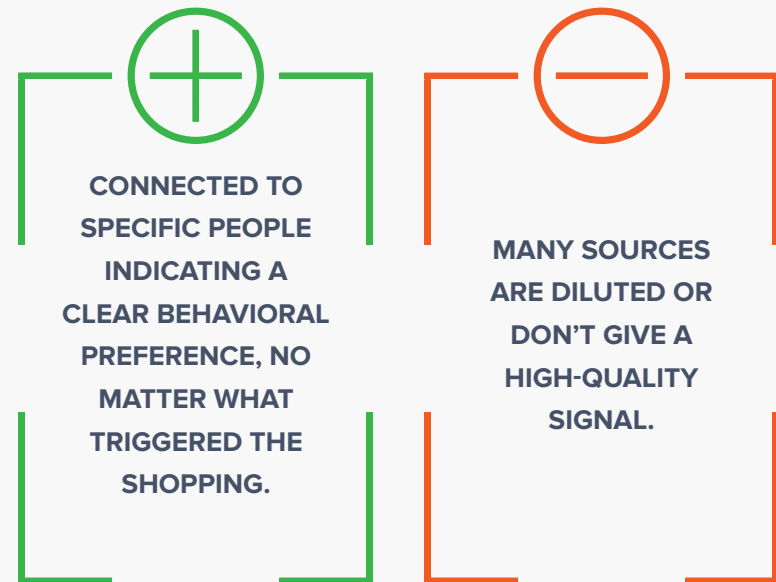
LIFE-EVENT DATA

Can be predictive of changes in a customer’s shopping behavior, but doesn’t necessarily indicate an in-market shopper.



SHOPPING DATA

Purchase history, recent engagement directly with your brand, or beyond your brand—comparison shopping engines, research sites, etc. Whether triggered by a life event or not, is indicative of being open to a new purchase.



Consistent Experiences: Make the Shopping Process Exceptional



In nearly all industries, personalization is a key driver of conversions for businesses in their interaction with their customers. In fact, more than half (52%) of customers are likely to switch brands if a company doesn't make an effort to personalize communications to them.⁷

The key difficulty across MLP markets is that responsibility for the customer experience is typically spread across teams inside an organization as well as external agencies. All of the players in the shopping journey are trying to help the customer make the best decision, yet few have any insight into what other players may also be doing. Despite everyone's good intentions, shoppers are sitting on the other side receiving a lot of inbound information.

One common example is where a customer does research on a few educational sites, fills out a form or inquiry while comparison shopping, has their information sold to an aggregator, is called by a third-party call center where they are warm-transferred to a brand that ultimately ends up routing them to an agent or loan officer. Through the process, multiple parties are retargeting, emailing, or otherwise continuing to marketing to them. Even after the customer ends up buying a policy or getting a mortgage, the marketing can continue for months. It's no wonder customers frequently find the experience frustrating, annoying, and intrusive.

⁷ Salesforce. State of the Connected Customer. 2018.

Risk Management: Keep Your Customer and Your Business Safe

An often overlooked part of major-life purchases is the risk implication of very long purchase cycles. In the case of impulse purchases, gross business demand might be affected by high-level risks like business cycles or interest rates but individual purchases are rarely impacted on a daily or weekly basis.

Additionally, because the purchase processes are generally quick, legal risks are often lower. Major-life purchases are often impacted by both macroeconomic and environmental factors. In addition, they frequently have higher levels of exposure to regulatory compliance issues.

While it may not feel like macroeconomic cycles impact an individual business, very often major-life purchases are impacted by factors outside of the control of companies in MLP markets. For example, the amount of mortgages written

dropped nearly 4% after interest rates fluctuated in early 2019.⁸ As the markets change and customer interest is affected, important pieces of the journey will often change.

Though it can be extremely hard to protect against natural disasters, interest rate changes, and other external factors, other areas of risk can be managed easily. In the case of regulations like the Telephone Consumer Privacy Act (TCPA)⁹, California Consumer Privacy Act of 2018 (CCP)¹⁰, and General Data Protection Regulation (GDPR)¹¹, operating in safe spaces and staying within legislated guidelines is entirely within the control of the marketers involved. It often takes good due diligence and internal processes to ensure your actions as well as those from your third-party vendors, partners and others involved in servicing a customer are compliant and help your business stay compliant.



“[Shoppers] expect a good experience. If [you don’t deliver], there’s no excuse.”

ED GAGER
DIRECTOR PROSPECT MARKETING
GERBER

8. Mortgage Bankers Association. February 2019 Mortgage Finance Forecast. 2019.
 9. FCC. Telephone Consumer Protection Act 47 U.S.C. § 227.

10. California Legislature. AB-25 California Consumer Privacy Act of 2018.
 11. European Commission. 2018 reform of EU data protection rules.

Conclusion: High Customer Lifetime Value

MLP industries require marketers who have a deep understanding of how customers navigate these complex purchase processes. Shopping journeys are long, consumers are picky, and not every customer is a fit or qualify for your product or service. Trying to make sense of it all, applying strategies, treatments, and technologies to get the desired results, all while making sure the customer is ultimately served a great experience is increasingly difficult. In a time when 80% of customers¹² say the experience a company provides is as important as its products and services, the best product doesn't always win—the best marketers do!

The most successful marketers have a wide view the customer that includes:

- ▲▲ Where their prospects and existing customers are in an early research process
- ▲▲ Which ones are getting ready to make a purchase decision
- ▲▲ Which ones aren't in market at all

They know these insights come from the right data. With the right data, segmentation strategies for email, direct mail, clicks, dialing, social media (any channel) immediately become more relevant and timely. The result, which every marketer wants, is higher customer engagement, more conversions, and with more loyalty and higher customer lifetime value.

Ultimately, access to, and effective use of data is the key to major-life purchase marketing. By accessing the right data, MLP marketers have all the knowledge to create great experiences; by leveraging it properly, **you** actually create these experiences. Stay tuned as we continue these conversations in future reports.

12. Salesforce. State of the Connected Customer. 2018.

ABOUT THIS REPORT:

Jornaya is a data-as-a-service (DaaS) company working in markets where customers invest significant time researching, analyzing, and comparing options on major-life purchases (MLPs), such as cars, loans, insurance, or degrees. We sit in a very unique position among hundreds of brands, performance marketing agencies, and comparison shopping services. The learnings in this report are based on our view into more than 30,000 MLP sites. The insights we provide help marketers drive better outcomes and revenue performance in all key areas: acquisition, growth and retention. This report was compiled from primary and secondary research.

200 MILLION

CONSUMER SHOPPING EVENTS PER MONTH



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