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Analysing Customer Contact Sequences of Private Customers During the Pre-Purchase Phase for Automobiles in Germany

Abstract

 "Customer contact sequences" (CCS) known as "customer journey" provide insights for consumer behaviour. Limited research is present where every interaction with a brand is analysed within the automobile purchase decision. Thus, the paper aims to analyse CCS, their influential factors and outcomes to develop a theoretical model for automobile purchases in Germany. A qualitative study is conducted with 20 in-depth interviews of recent car buyers. Findings reveal influential factors like "product related", "subjective norm", "purchase frequency" or "psychological influence" and show the existence of CCS especially within the period of targeted information search. The integration of emotional arousal and cognitive evaluation in the CCS model was found to be of high value. However, further studies must evaluate CCS on high sample sizes using a longitudinal research design. Therewith, new theory findings are generated which are likely to affect the traditional models of purchase behaviour.

Key words: Customer Contact Sequences (CCS), Purchase Behaviour, Customer Journey

Track: Consumer Behaviour

1. Introduction and Research Objectives

"Customer contact sequences" (CCS) provide fundamental insights for consumer behaviour and especially for purchase behaviour. CCS are also known as the *customer journey*. Every interaction of a customer with a brand is relevant within the purchase decision (Steinmann, 2011) especially in terms of the specific usage order of contact points (Abbott, 1995). The only research which has focused on CCS is STEINMANN (2011) wherein he analysed complex sequences in both the Consumer Electronics and Tourism purchase decision. As these two are so divergent from each other, his research findings varied significantly. It fosters the conclusion that the conduction of further studies, especially within the automobile purchase decision, will have significant impact on theory (Steinmann, 2011). To critique and further develop the ideas of STEINMANN (2011), important factors such as emotional arousal and cognitive evaluations must be incorporated in the model of CCS. Thus, the main research **objective** of this paper is the comprehensive analysis of CCS, their important influential factors and outcomes during the pre-purchase phase of private customers purchasing a car in Germany.

The following areas are of highest focus: **1) Influential factors** on CCS (e.g. gender, age). **2) CCS: a) Customer contact points** used (e.g. sales person or website). **b) Length of CCS** (amount of contact points used e.g. 6 contact points in a sequence). **c) Sequence** of customer contact points used (e.g. TV-commercial -> website -> sales person). **3) Outputs of CCS** (e.g. emotional arousal, purchase)

2. Literature Review & Research Gaps

Lemon and Verhoef (2016) stated that it is necessary to analyse and map the customer journey from customer perspective. Only a few studies have previously managed to do so. Despite these research shortcomings, STEINMANN'S (2011) research can be seen as state of the art for this paper and he concluded that findings for the automobile purchase decision are extremely relevant for theory. This provided both the inspiration - and the research gap validity - for this paper. Additionally, VAN RIJNSOEVER, CASTALDI, DIJST (2012) conducted a study of the automobile purchase in the Netherlands. They only researched the first three contact points of a sequence but as STEINMANN (2011) has shown, average customer contact sequences are typically much longer which clearly shows that no full CCS were analysed. Moreover, the study missed the opportunity that customers can use a contact point several times during a CCS. These two cited studies are the only existing which concentrate on CCS.

There are several other authors who have completed research in this field but they have not analysed customer contacts as sequences which clearly identifies the crucial need for further research. Nonetheless, their findings remain relevant to the thematic scope. HAUSER, URBAN and WEINBERG (1993) researched only the first contact point used during an automobile purchase but missed all other contact points of a CCS. Moreover, a study from DAT (2012) in the German automobile market analysed key contact points but did not incorporate sequences. KLEIN and FORD (2003), RATCHFORD, TALUKDAR, MYUNG-SOO (2007) and KULKARNI, RATCHFORD, KANNAN (2012) studied the usage of online and offline contact points and showed an extensive usage of both during purchase. However, contact points were separated in two overarching categories where findings cannot explain the CCS in detail. These studies support the necessity to analyse a much broader range of customer contact points.

As stated within research objectives, **influential factors** on CCS are one main focus of the paper. More than 40 different factors which influence the automobile purchase decision have thus far been researched (Unger, 1998). Important influential factors for CCS are personal attributes like *income* (Klein & Ford, 2003), *age* (van Rijnsoever et al., 2012), *gender* (Ratchford et al., 2007), *profession* and *internet usage* (Steinmann, 2011). Other influential factors

are *pre-knowledge* (Court, Elzinga, and Vetvik, 2009), *subjective norm* (Balasubramanian, Raghunathan, and Mahajan, 2005), and *product related factors* (Klein & Ford, 2003). However, it is not possible to choose the "right" influential factors from literature review. This shortcoming needs to be solved empirically.

Within **CCS, customer contact points** used have been previously researched. STEINMANN (2011) found the store, its sales force and web pages as most important in the Consumer Electronics decision. Catalogues, sales force and web pages were identified as vital for the Tourism purchase decision. For the car purchase decision in the Netherlands, VAN RIJNSOEVER ET AL. (2012) revealed talking to friends and relatives as important and least frequent were commercials on radio/television. HAUSER ET AL. (1993) identified the sales person, followed by press articles about cars in the US. The DAT (2012) found out that most relevant contact points in the German car purchase decision are sales person, websites, test drives and talking to friends and relatives. Moreover, the researcher believes that the contact with the product in real life is important. Existing studies missed contact points like cars on the street.

The **length of CCS** has been less frequently researched. STEINMAN (2011) demonstrated an average of 6.22 contacts for Consumer Electronics, and for Tourism he identified 9.63 contacts but missed out the automobile purchase. DAT (2012) showed an average of 3.52 contact points used when purchasing a new car but the study did not allow the usage of a single contact point more than once. However, significant differences in search length are clearly obvious which leads to the conclusion that these findings should be challenged.

The third fundamental focus within CCS, namely the **sequence** of customer contact points, has rarely been researched. For Consumer Electronics, most frequent combinations (SUBSTRINGS) were advertising->advertising, advertising->store and store->sales force. For Tourism, most frequent combinations were catalogue->sales force, sales force->catalogue and catalogue->travel documents. Beyond the study of STEINMANN (2011), only a few limited findings exist. KLEIN and FORD (2003) found that people had already used many different contact points before visiting the dealer and VERHOEF ET AL. (2007) showed the most frequently-used contact point combination was an internet search with a dealer purchase. Except STEINMANN (2011) no other study analysed CCS in detail where every contact point used by a customer is incorporated in study design.

Additionally, the **outcome** of CCS is vital to understand the overall construct. Outcomes can be cognitive, emotional, behavioural, sensorial or social responses (Lemon & Verhoef, 2016). Important outcome variables are emotional arousal, cognitive evaluation, and of course, the purchase decision itself (Lemon & Verhoef, 2016). STEINMANN (2011) focused on repurchase probability and customer satisfaction. However, no study on CCS integrated emotional arousal and cognitive evaluation so far. Referring to "SOR", a basic model of consumer behaviour, the organism is left out which clearly identifies a research gab.

To **conclude**, findings of the literature review are not favouring a precise development of a theoretical model because of an extensive amount of important variables which will be solved with a qualitative study.

3. Research Method

The purpose of the qualitative study is to understand CCS by analysing influential-, emotional – and cognitive factors as well as responses linked to the concept by asking recent car buyers in Germany about their car purchase. Thus, the study aims to gather insights on how a CCS model is build. It answers the main research question "what is the role of CCS in the purchase decision?"

The overall sample size of the qualitative study is n=20. The sample is focused on private car buyers in Germany which bought a brand new or nearly new car. Two additional business

customers are interviewed (contrast sampling) to get an idea of differences in CCS. It is essential that car buyers can clearly remember their last purchase. Therefore, no participants are interviewed where purchase is more than 3 month ago. Qualitative face to face in-depth interviews are conducted by one researcher (~ 60 min.). Participants are randomly selected by customer databases of car dealers of different brands within southern Germany. Interviews are video recorded, transcripts and memos are used to document the research process and to ensure validity (Strübing 2014). The interview guide is created by findings from literature review (pre-conceptual framework), analysis of interview guides of similar studies and by creating answer scenarios. However, further development of the questionnaire during the whole interview period takes place when necessary. The overall parts of the questionnaire remain the same but questions can change during data gathering. 4 main parts are used in the questionnaire: **influential factors** (reason for car purchase, relevant set of brands/products, influence of others, etc.), **CCS** (most important contact points, CCS in total, reasons for contact point usage, etc.), **emotional arousal/cognitive evaluations** (emotions at a contact point, expectations and evaluations of contact points, etc.) and **purchase decision**.

One main challenge of the method is to identify CCS. Study participants must recall the order of contact points. To enrich findings visual aid is used to support the interviews. Meaningful pictures of contact points are provided which can be ordered to a sequence during the interviews. One further challenge is to measure emotions. The interviewer uses the visualization of emotions theory (Plutchik, 1980). Interviews are conducted in German and key elements of responses are translated to English after analysis by a professional translator.

Data analysis is based on qualitative content analysis (Mayring 2000). Deductive category building is used which is based on theory not on content of the study to build the first coding manual. The coding manual is revised and checked regarding its reliability. Coding is undertaken by two different researches to ensure reliability. Findings are analysed and documented using NVivo. Analyses is divided into a qualitative and quantitative analysis. The quantitative analysis is based on sequence analysis and descriptive statistics to describe CCS in detail e.g. CCS length, contact point frequency and SUBSEQUENCES. The qualitative analysis concentrates on building individual CCS models for each participant. Those 20 different models are composed to gain overall insights. Furthermore, individual findings for each contact point are analysed. Those findings are compared to each other. Special focus lies on emotions, cognitive evaluations and reasons for moving from one contact point to another.

4. Major Results and Implications

Study is based on 20 participants and two contrast sample participants. 20 participants divide to 15 males, 5 females with a mean age of 41.1 years. 3 participants bought a Porsche, 8 Mercedes-Benz, 2 Audi and 7 BMW.

Influential factors: 5 main influential factors can be identified which influence CCS namely "product related" (breakdown, technically outdated) "purchase frequency" (end of leasing, purchase interval every 3 or 7 years), "subjective norm" (purchase for friend/family, influence of wife/husband), "manufacturers influence" (relationship with sales person, advertising) and "psychological influence" (wanted a change, new job/promotion, self-reward). Those influential factors are matched against the literature. With knowledge gathered in the study, further variables should be incorporated to CCS models. Important are involvement (Zaichkowsky, 1985), routinized decisions (Sheth & Parvatiyar, 1995) and effort of contact point usage (Schröder & Zaharia, 2006). Other influential factors were ruled out during the study.

Contact points and CCS: Most important contact points by usage frequency are sales person (multiple contacts in CCS) followed by talking to friends and relatives and manufacturer website (see figure 1). Further research should focus on sales person as central contact point. Frequent combinations with other contact points are likely. Moreover, the minimum and maximum length of a CCS varies between 4 contact points and 10 contact points which shows that multiple contact point usage is present (mean: 6,75 contact points).

Contact Point	Sum overall		
Sales Person	32	Online Purchase	3
Talking to friends & relatives	15	TV Commercial	3
Man. Website	15	App	2
Configurator	14	Blogs/Forum	2
Test Drive	11	Online Advertising	2
Car Test	9	Email	2
On the street	8	OoH	1
Used Car Portal	5	Motor Sport Event	1
Own Experience	4	Retail Event	1
Brochure	4	Social Media	1

Figure 1: Contact point frequencies

Contact Point		Contact Point		Contact Point		Contact Point		Contact Point	Value
Sales Person	>	Test Drive							0.45
Man. Website	>	Online Config.							0.30
Online Config.	>	Sales Person							0.25
Test Drive	>	Sales Person							0.25
Car Test	>	Talking to friends & relatives							0.20
Man. Website	>	Sales Person							0.15
Car Test	>	Sales Person	>	Test Drive					0.15
Online Config	>	Sales Person	>	Sales Person	>	Test Drive			0.15
Sales Person	>	Test Drive	>	Test Drive	>	Sales Person			0.15
Car Test	>	Online Config.	>	Sales Person					0.10
Car Test	>	Test Drive	>	Sales Person					0.10
Car Test	>	Online Config.	>	Sales Person	>	Sales Person	> Test Drive	0.10
Car Test	>	Sales Person	>	Test Drive	>	Test Drive	> Sales Person	0.10

Figure 2: CCS

It is observable that CCS exist (see figure 2), especially combinations with sales person. Potential for frequent contact point combinations, mainly during targeted information search, is high and further studies should gather CCS on high sample sizes to produce more valid findings. Furthermore, several contact points exist which are constantly used even if no purchase is planned e.g. car test reports. Future studies need to integrate this issue to the research design. Moreover, learned purchase behaviour is observable when it comes to experienced car buyers. Contact points are used in the same CCS again when purchasing different cars or brands. If CCS based on purchase routine are similar for customers, a bigger sample size may reveal main purchase paths. Interestingly, contact point combinations like manufacturer website->configurator or sales person->test drive are mandatory within purchase. Therefore, different combinations do not have to be in focus of further studies but still must be incorporated. Based on the identified CCS it is also observable that several contact points perform in a similar manner. 4 clusters can be build.

Emotional arousal & cognitive evaluation of contact points:
1. Hybrid contact points: Contact points which deliver physical experience, personal interaction and detail information. Important are sales person and test drive. It is vital that expectations of customers are met at hybrid contact points because they are "moments of truth" in the CCS. Customers search for the combination of information and experiences which are not available at other sources. They must be easy to handle, proactive and flexible. Moreover, it is essential that customers are taken seriously regarding their needs. Hybrid contact points provide fun but can also lead to anger when not managed well. As a consequence, contact points of this category must play a central role in CCS models.

2. Neutral interaction contact points: Delivering neutral interactions is the key. Talking to friends and relatives and car tests are important for the decision. Customers search for neutral opinions of friends/experts to rethink or confirm their decision. Customers are interested in product details and search for aspects which manufacturers would not mention. Those contact points are used several times during a purchase to rationalize the decision. Emotions like interest, joy but also worries are present. Findings show that customers prefer neutral opinions over manufacturers' information. Especially talking to friends and relatives must play an important role within CCS models.

3. Information & communication contact points: A variety of contact points where customers search for information and manufacturers communicate their products can be cumulated. Most important are manufacturer website and online configurator. Customers search for information like product comparison or price ranges with the expectation to find it fast. Emotions like interest and anger are present. However, those contact points can be divided in two categories which are actively used (website, etc.) and passively used (advertising) by customers. Passively used contact points are challenging to research. Future studies must solve this problem by asking customers several times during their decision to increase recall chances.

4. Physical experience contact points: Interestingly, cars on the street is the most important contact point in this category. Dealer events play a minor role. Strong emotions like surprise, joy but also anger are present. Positive aspects concern the experience of products in a "live" and neutral environment which is not biased by the manufacturer. As a consequence, cars on the street must be incorporated to future CCS models.

Besides emotions and cognitive evaluations for a contact point, **generally**, it was found that the time since the contact point is used is crucial for the intensity of emotions. Emotions decline if the time between usage and interview is increasing. To identify all aspects about emotions influencing CCS, it is necessary to interview study participants immediately after contact point usage. Moreover, most frequently demanded information are general/detailed information, visualizations, product experience, positive/negative aspects and costs/financing options. Reasons why customers search for information are to educate themselves before visiting the sales person, compare products, clear explanations/expert opinions, confirm/challenge decision and gather neutral opinions. Expectations of customers are to get all questions answered sufficiently, flexible/fast process, qualified sales person, appreciation, premium experience and objectivity. For further studies it is important to enrich existing scales from literature with the identified variables.

Response: Clearly two response variables can be identified namely "purchase" or "no purchase". However, after matching the study findings with literature the following variables should be incorporate to CCS models: postpone decision, customer decision satisfaction (Fitzsimons, 2000) and repurchase probably (Steinmann, 2011).

To **conclude**, it is necessary to use a longitudinal research design in the future. Diary method or at least various interviews during the purchase phase should be conducted. Findings will generate vital insights for theory and are likely to affect purchase behaviour models by adding new aspects. These findings can be highly-beneficial for research streams like Integrated Marketing Communication (communication channel-mix) Customer Relationship Management (CRM channel-mix) and Multi-Channel Marketing (marketing channel-mix).

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