

A Work Project, presented as part of the requirements for the Award of a Master Degree in
Management from the NOVA – School of Business and Economics.

Customer Analysis in the Portuguese Toy Market

A Customer Relationship Management Project for *Science4you*

Report: C – Strategic Analysis and Recommendations on CRM for the Dependent FOMO

Adult Segment

CONFIDENTIAL

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A Project carried out on the Master in Management Program, under the supervision of:

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4.2. C - Strategic Analysis and Recommendations on CRM for the *Dependent FOMO Adult Segment*

4.2.1. Practical Recognition of the Segment *Dependent FOMO Adult*

Dependent FOMO adult segment is characterized by its level of dependence on information provided by extra sources, since they need help to make an accurate decision. Therefore, they are interested in acquiring knowledge in every touchpoint, giving strong importance to the contact with store staff and online communication. In that sense, in every phase of the decision journey, these individuals prefer to be reached by the company instead of taking the first step. Although this segment takes time framing their opinion and appraising several options, they affirm to be, occasionally, influenced by kid's requests.

Concerning physical stores, these adults look for information, seeing as indispensable to have high trained staff to explain toy's main features and particular concerns of the segment. They frequently ask about the adaptability to children's age, environmental impact of the materials, and also request help to understand toy's advantages for kids' development.

Despite the high brand awareness towards *Science4you*, these adults enter the store concerned about knowing toys' physiognomies and making the right choice. Since this segment values quality and durability the most, using the information available in the packages or written in the store is not enough, especially due to their eagerness to get involved with the staff, while being able to communicate and appreciate the personal interaction.

Regarding online platforms, this segment would be efficiently captivated through spontaneous advertisement and *cost-per-click* announcements, such as pop-ups and display ads. Aligned with those publicity tools, targeted emails are appreciated among these individuals, once they enhance customer's curiosity towards the brand/product and constitute an intermediary step to reach the website. Once in the company's website, this segment is willing to sign up and create an account to establish a closer touchpoint with the brand and to proceed with a purchase.

4.2.2 Consumer Decision Journey Diagnosis for *Dependent FOMO Adult Segment*

As regards to this segment, the initial-consideration phase is effective, due to its positive brand perception and high brand awareness towards *Science4you*. However, they find useful to get to know products via online channels and by interacting with the staff, what constitutes an opportunity to improve the consideration phase.

According to the evaluation stage, this segment distinguish itself by the cooperation between the two central figures (adults and kids). Actually, both of them may play the decider role, however, that choice is often made simultaneously. When the kid requests a toy, having implicitly a very high brand awareness and extremely positive brand perception, the evaluation phase is usually very fast or does not happen at all. However, when the decider role is played by the adult, a wide-ranged analysis is developed, since this figure values features as quality and durability, comparing and evaluating them carefully across the set of brands. As abovementioned, these adults are highly dependent on information, being keener to pursue to the next phase of the decision journey with a brand they feel empathy with. Therefore, it is crucial for *Science4you* to help customers finding the “perfect toy”, by providing personalized information and strategic CRM efforts.

Although *Science4you* operates in mono-branded stores, when it comes to purchasing channels, *Dependent FOMO adults* tend to buy in non-specialized or local stores, once these channels are perceived as trustable, convenient and offer quality products. Lastly, this segment will arrive to the post-purchase experience, which implies that the consumer builds expectations based on their own involvement, being highly pertinent to the CRM strategy (Appendix B.1). Moreover, it must be highlighted that these individuals enjoy interacting with the different touchpoints, hence, the importance of this stage increases, since it represents a moment for deep connections between the brand and its customers. In that sense, it is fundamental for *Science4you* to meet customer’s preferences, in order to maintain a good relationship and

empowering the loyalty loop, where customers are more likely to purchase the same brand, instead of considering others.

4.2.3 CRM Strategic Recommendations for the *Dependent FOMO Adult Segment*

This segment is delighted to acquire knowledge through personalized approaches, satisfying their curiosity, along with their needs and wants. Since they are mainly defined by their appreciation and dependence on CRM efforts, *Science4you* has a worthy opportunity to tackle this segment. As aforesaid, in the CDJ analysis, these adults require a more attentive assistance during the Consideration and Evaluation phases, as proven by their necessity to be guided during these moments of the decision journey. Consequently, the following detailed recommendations presented in Table 9.C will focus on these two stages and will be carefully determined in accordance to each player.

Table 9.C: CRM Strategic Recommendations for the *Dependent FOMO Adult Segment*

| CRM Strategic Recommendations | Objective and Rationale |
|-------------------------------|---|
| <p>24/7 Chatbot</p> | <p>The first objective is to provide tailored assistance when this segment is evaluating a set of brands. These individuals give great importance to store staff’s recommendations, finding imperative to be assisted with excellence and professionalism. In that sense, the main purpose is to offer the same admirable service that customers find when visiting physical stores but using digital features. Oppositely from traditional queries with no immediate answer, a 24/7 Chatbot, programmed to stimulate human conversation between customers and staff, through voice commands or text, will enable the gathering of information in seconds.</p> <p>This recommendation implies a <u>greenfield investment</u> in artificial intelligent, that interacts with customers 24/7, unlimited by physical location and very easy to engage with. The Chatbot must be embedded on the company’s website and its implementation requires the programming and assembly of several guidelines. It is important to highlight that this mechanism only reacts to an established number of requests and vocabulary associated to the programming code, increasing the necessity to make it as extensive as possible. Also, this component reduces the use of many resources, such as manpower available ceaseless and financial assets.</p> <p>By introducing the 24/7 Chatbot, <i>Science4you</i> will promote clients’ satisfaction, enlightening them regarding a multiplicity of topics, such as prices and promotions, toy’s characteristics and adaptabilities, instructions for use, and more. This feature will enhance customers’ willingness to visit the website more often. Lastly, it will also collect information, that must be analyzed carefully for future use.</p> |
| <p>Targeted Emails</p> | <p>Despite having high brand awareness and positive brand perception of <i>Science4you</i>, this segment requires support during the consideration phase. The main objective is to track the lead by guaranteeing that the customer finds the “perfect toy”. This segment finds it useful to know products through CRM efforts that perfectly meet individual’s preferences. For this reason, it is imperative to change the way emails and newsletters are delivered, enabling consumers’ enthusiasm and attentiveness. Firstly, it is essential</p> |

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| | <p>to make those types of communication looking simpler and more attractive, while being interesting and personalized.</p> <p>It is fundamental that, instead of throwing evidences at subscribers, emails “tell a story”. <i>Dependent FOMO adults</i> value being informed and learning through experiences and testimonials. Therefore, a narrative, using texts or pictures, can sustain the involvement of the reader in the story (Agile CRM, 2019).</p> <p>Since in this segment, kids and adults may play the decider role, it is important that targeted emails include some interactive features, creating a moment where both figures could cooperate and communicate about their desires and favorite items. In order to foster the harmony between them, these customized communications, may include didactic and visual information, such as unboxing videos and related games. Customers’ preferences are revealed by an internal mechanism that analyzes how each “profile” behaves. In fact, some engines as the <i>click tracking tool</i> define what captivates consumers, by examining each action.</p> |
| <p>Website’s Wish List & Pop-up Message</p> | <p>Generally, it is common to not have time or availability to search and purchase at the same time. Since this segment admires to have flexibility and easy options to manage, incorporating a tool that allows saving customer’s preferable alternatives visible all the time, will generate positive feelings towards <i>Science4you’s</i> online page. In fact, creating a <i>wish list</i> may be a great approach to increase website’s usage and stimulate further purchases, either online or in-store.</p> <p>Additionally, this recommendation encourages both adults and kids to make decisions together, by cooperatively deliberate about their favorite toys and features. The main suggestion is to include a <u>graphic design of a heart</u> in each purchasable item. By clicking on it, the visitor will be adding the product to a <i>wish list</i>, that can be reached any time. This new tool will enable customers to go directly to physical stores with a pre-selection of products and prepared questions, saving time and promoting efficiency during their contact with the staff. Moreover, these individuals will be more willing to explore the website, as well as, saving ideas for future occasions, where they either have time or a motive to complete the purchase.</p> <p>A recommended linked feature to increase the willingness to buy, is to have a Pop-up message emerging every time that the customer opens <i>Science4you’s</i> website and still have items, from previous visits, added to the wish list.</p> |

Source: Authors, based on primary research

To the extent of improving the post-purchase experience of the decision journey and promoting a better engagement with this segment, it would be highly recommended to take most of the Membership Club (Appendix B.2.). *Dependent FOMO adults* believe it is fundamental to have a customized experience with the brand. For this reason, by offering targeted information and personalized features, the Membership Club will be able to effectively tackle this segment. These adults value the possibility of interacting with their kids at the same time they are getting informed about toy’s characteristics, promotions and new trends. In fact, this segment’s dependency on information can be fulfilled, as well as, the loyalty towards the brand increases. By analyzing member’s data, it is possible to align tailored strategies for each customer and develop a more intimate relationship between customers and *Science4you*.

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APPENDICES

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Table of Contents

| | |
|---|----------|
| Section B: Recommendations' Appendices | 2 |
| B.1. Consumer Decision Journey by McKinsey | 2 |
| B.2. General Recommendations | 3 |

Section B: Recommendations' Appendices

B.1. Consumer Decision Journey by McKinsey

From a Consumer Relationship Management point of view, it seemed appropriate to analyze the topic under a model that includes post-purchase stages, and that contemplates the decision process as an ongoing cycle. Therefore, the *Consumer Decision Journey* model developed by McKinsey (CDJ) was considered in order to generate strategic recommendations for *Science4you*. This is a model that accounts for the variety of existing touchpoints and key buying factors during the decision-making process, “resulting from the explosion of product choices and digital channels, coupled with the emergence of an increasingly discerning, well-informed consumer” (McKinsey, 2009). The circular journey includes trigger, consideration, evaluation, moment of purchase, and post-purchase phases (as it can be seen in Figure 2 below). Nevertheless, when entering the loyalty loop, consumers shorten or eliminate the Evaluation step making them more willing to purchase the same brand, rather than consider a new one. This process requires companies to adjust current strategies and focus on customized experiences for different target groups, in the specific moments that most influence their decisions (Harvard Business Review, 2015; McKinsey, 2009).

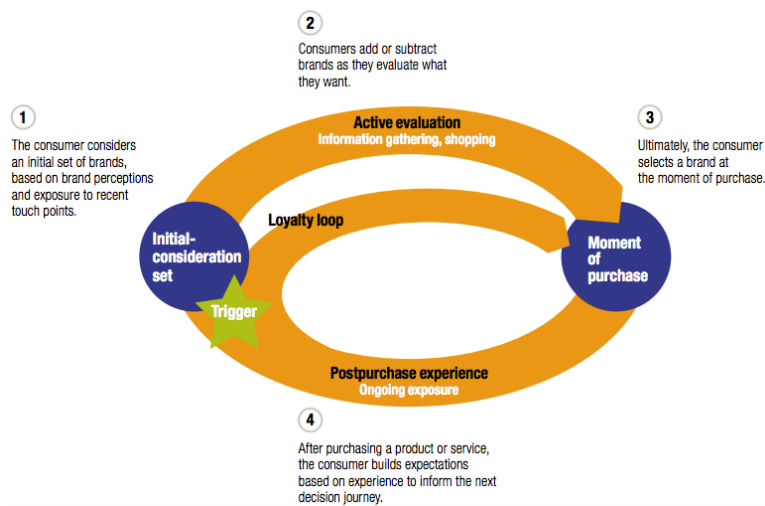
A detailed description of CDJ stages can be found in the following table.

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| Initial Consideration | The initial-consideration set represents the first stage of the McKinsey's Consumer Decision Journey model, that occurs when the consumer is triggered by the impulse to purchase. In this phase, a set of brands is recalled by being conscious or unconsciously on top of the costumer's minds (high brand awareness). Moreover, these initial set of brands are up to three times more likely to be purchased than the others, due to the positive feelings that individuals nurture towards them (McKinsey, 2009). In fact, it is increasingly important to analyze this first phase of the decision journey, since it is becoming more complex over time, mainly as a result of the wealth of information available and increased ease of accessing it, but also, due to the growing competition in the toy's market. |
| Active Evaluation | Contrarily to the funnel approach of the decision process, in which the set of considered brands reduces in the evaluation stage, the <i>Consumer Decision Journey</i> (McKinsey, 2009) recognizes that the number of brands evaluated might increase. In fact, brands can enter in almost every phase of the decision journey. In this stage, consumers add or subtract brands as they evaluate their needs and wants by comparing alternatives and searching for information. |

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| Moment of purchase | After the evaluation phase, the consumer selects a brand to purchase. This third stage is the result of an effective evaluation and implies a concrete action. Therefore, it is fundamental to analyze the relation of each segment towards the preferred types of purchase channels |
| Post-purchase experience | As an ongoing cycle, after the purchase a very important stage for companies to interact with their customers comes – the post-purchase experience, which outlines customer’s opinion for each of the following decisions in the category and inspiring loyalty (McKinsey, 2009). This stage is utter relevant, due to the possibility of empowering the loyalty loop, where customers are more likely to purchase the same brand, instead of considering others, skipping the consideration and evaluation phases in a subsequent purchase (Harvard Business Review, 2015). In that sense, <i>Science4you</i> needs to customize and adjust its strategies for the different segments targeted, enhancing the post-purchase experience. |

Source: Authors

Figure 2: Consumer Decision Journey by McKinsey



Source: David Court, Dave Elzinga, Susan Mulder, and Ole Jørgen Vetvik, “The Consumer Decision Journey” 2009

B.2. General Recommendations

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|------------------------|---|
| Membership Club | Although the brand already provides a <i>Log in/Register</i> area, it does not create a positive and relevant experience. Customers value exclusiveness and the feeling of taking part in a community, taking advantage of unique and personalized offers. This investment in user experience will enhance the CRM strategies, as it allows deeper connections and sharing of data. In that sense, a new and improved area called “MyLab” is suggested. The membership-club type of platform will be available for both adult and child. An initial account logs in is required, with the following data from the adult: name, e-mail, birth year, zip code, and phone number (optional). For the kid, aided by initial caregiver supervision, the possibility to create an “avatar”, including a customized character, username, and age will be available. The general area will be available for every user that creates an account and will allow the features already provided by the <i>Log in/Register area</i> (Purchase history and details, changing personal information and addresses, subscribing newsletters). An exclusive area would be developed, focused on actual customers - individuals that have already purchased at least one <i>Science4you</i> product. In order to access this area, the customers will be asked to validate |
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| | <p>the purchased product, scanning the bar code available in the toy's package. The features available for adults consist in: online consultation of <i>Science4you</i>'s newsletters; order product rechargers for toys bought, user-generated content, as reviews on toys; access exclusive content as "How to teach my son how to play" videos; and personalized assistance on recommended toys. For kids, the recommendation would be to implement the trend of gamification. Create interactive games based on existing "factories" to boost the playing experience and interest; Gain scientific badges, based on competencies developed, as the user introduces more toys bought and challenges overcame.</p> |
| <p>Automate processes with a proper CRM software</p> | <p>A proper CRM software allows companies to increase productivity, by simplifying the management of external interactions. For <i>Science4you</i> it is fundamental to effectively differentiate lead's sources and track them to increase the success of segmented strategies. In that sense, it is recommended for <i>Science4you</i> to invest in a proper CRM software that allows for multiple and specific analysis as well as incorporates different strategies for different customer needs.</p> |
| <p>Learn from analytics</p> | <p>An effective CRM strategy needs to be flexible enough to allow for improvements and adjustments. The extremely dynamic nature of the toys' industry and the consumer behavior topic create relevant constraints to consider former data and analysis in the long run. In that sense, the high volatility creates the necessity of continuum investment. In that sense, it is crucial that <i>Science4you</i> develops a steady analysis and report monitorization, to ensure the success of future segmentation processes and specific strategies.</p> |
| <p>Update customer information regularly</p> | <p>The success of a CRM strategy relies on the customer and its data. Nowadays, customer data is getting more and more valuable for companies as a way to create effective communications and wisely manage resources. For that reason, as considering that resources are limited, <i>Science4you</i> must ensure personal data updating, such as emails, locations, and preferences</p> |
| <p>Data Integration System</p> | <p>The increasing importance of e-commerce creates the need to integrate sales and customer data with other in-store systems to ensure an effective management of information. In that sense, it is recommended that <i>Science4you</i> invests in centralizing information and store different sources data in the same place so that it becomes more easily available.</p> |

Source: Authors