

The Impact of Different Touchpoints on Brand Consideration

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Abstract

Marketers face the challenge of resource allocation across a range of touchpoints. Hence understanding their relative impact is important, but previous research tends to examine brand advertising, retailer touchpoints, word-of-mouth, and traditional earned touchpoints separately. This article presents an approach to understanding the relative impact of multiple touchpoints. It exemplifies this approach with six touchpoint types: brand advertising, retailer advertising, in-store communications, word-of-mouth, peer observation (seeing other customers), and traditional earned media such as editorial. Using the real-time experience tracking (RET) method by which respondents report on touchpoints by contemporaneous text message, the impact of touchpoints on change in brand consideration is studied in four consumer categories: electrical goods, technology products, mobile handsets, and soft drinks. Both touchpoint frequency and touchpoint positivity, the valence of the customer's affective response to the touchpoint, are modeled. While relative touchpoint effects vary somewhat by category, a pooled model suggests the positivity of in-store communication is in general more influential than that of other touchpoints including brand advertising. An almost entirely neglected touchpoint, peer observation, is consistently significant. Overall, findings evidence the relative impact of retailers, social effects and third party endorsement in addition to brand advertising. Touchpoint positivity adds explanatory power to the prediction of change in consideration as compared with touchpoint frequency alone. This suggests the importance of methods that track touchpoint perceptual response as well as frequency, to complement current analytic approaches such as media mix modeling based on media spend or exposure alone.

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Introduction

There is a stream of research comparing the impact of various paid-for media, which is helpful to marketers in determining their overall media spend and its allocation across media (Naik and Peters 2009). Brand owners have a bigger challenge, however: how to allocate budgets and management time across the wider range of touchpoints that occur in the customer decision journey (Court et al. 2009). These broader touchpoints go beyond the brand advertising which is generally referred to as

paid media (or owned media where the firm does not have to pay directly), to include for example traditional earned media such as editorial coverage. Peer-to-peer encounters with the brand such as word-of-mouth (WOM) conversation can also be regarded as earned touchpoints (Stephen and Galak 2012). In the case of consumer goods sold through retailers, the focus of this article, the retailer may also pay for advertising that mentions the brand. Furthermore, the store itself is far more than a fulfillment channel to convert pre-existing intentions to purchases. In-store communications can also bring new brands into active consideration (Court et al. 2009; Goodman et al. 2013) and influence immediate or subsequent purchase irrespective of channel (Verhoef, Neslin, and Vroomen 2007). Of these touchpoints, the brand owner only directly controls brand advertising, but all are potentially within the brand owner's influence. The resulting resource allocation challenge in turn leads to a measurement challenge: assessing the relative importance of these diverse touchpoints in evolving the customer's brand attitudes and hence behaviors.

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Despite widespread agreement that the customer decision journey needs to be understood across all touchpoints (Wiesel, Pauwels, and Arts 2010), most research focuses on parts of this journey in isolation, such as brand advertising, in-store communications, or WOM. Such focused studies are undoubtedly necessary, providing granular insight into these parts of the journey. However, managers also have an interest in understanding comparative effects of diverse touchpoints in an equivalent manner in order to inform the complete marketing plan. Multiple touchpoints in the consumer search process, including customer interactions with ‘sales’ channels, can be viewed symmetrically until final choice occurs, as the search process may iterate indefinitely while consumers revise brand/channel utilities (Neslin et al. 2014). Such a holistic view of touchpoints is particularly important as media fragmentation sees brand managers increasingly allocate their budgets to what are still often described as “unmeasured media” such as news media coverage and in-store communications (Ailawadi et al. 2009, p. 50).

We speculate that the paucity of empirical studies across multiple touchpoints is in large part due to data availability. In Table 1 we show representative examples of research that does assess the impact of multiple touchpoints. While rich individual-level data are available for retail transactions and promotions from loyalty-card holders and consumer panels (Ngobo 2011), these data sources do not reach other parts of the journey such as WOM. Aggregate-level data such as media spend can be used to model the relative impact of some market mix variables on consumer response (Naik and Peters 2009), but again there are parts of the journey such as peer-to-peer touchpoints that this method cannot reach. In the online context, automatically captured data can allow a rich picture of the customer journey (Trusov, Bucklin, and Pauwels 2009), but there is no ready equivalent for offline brand encounters. Surveys can in theory ask about touchpoints holistically, but respondents find it difficult to remember touchpoints accurately (Wind and Lerner 1979); in particular, affective response decays rapidly and is recalled poorly (Aaker, Drolet, and Griffen 2008). Marketing practitioners tend, therefore, to use brand tracking surveys only for a few frequent and memorable touchpoints such as television advertisements.

In this article, we therefore apply the emerging real-time experience tracking (RET) method to understand how a range of touchpoints impacts on brand consideration. Adopted by a number of companies such as BSKyB, Energizer, Microsoft and Intercontinental Hotels (Macdonald, Wilson, and Konuş 2012), the RET method involves asking a panel of consumers to send a structured text (SMS) message by mobile phone whenever they encounter one of a set of competitive brands within a category for a period of a week. This has the benefit of allowing a wide range of touchpoints to be reported, including those such as offline WOM that leave no behavioral trace. It also allows touchpoint positivity, the valence of the customer’s affective response to the touchpoint (Kahn and Isen 1993), to be captured. By pooling multiple RET samples, we study four categories: electrical goods, technology products, mobile phone handsets, and soft drinks. These categories provide a spread of high involvement, extended decision journeys in mobile handsets, and in technology products such as laptops, cameras, and televisions;

somewhat lower involvement journeys in electrical goods, such as blenders and dishwashers; and repertoire brands in the case of soft drinks

Through these data, we hence address two objectives. First, we examine the impact on change in brand consideration of six broad touchpoints: brand advertising; retailer advertising; in-store communications; peer-to-peer conversation; traditional earned media; and peer observation (observing other customers). Second, we examine the roles of both touchpoint frequency and touchpoint positivity in forming this impact.

This study thereby makes three contributions to multichannel and brand choice literature. First, we evidence the relative role of multiple touchpoints in evolving brand consideration. All six touchpoints are significant in at least three categories. While relative touchpoint effects vary somewhat by category, a pooled model suggests the positivity of in-store communication is in general more influential than that of other touchpoints including brand advertising. Furthermore, an almost entirely neglected touchpoint, peer observation, is both pervasive and persuasive. Overall, our findings evidence the relative impact of retailers, social effects and third party endorsement in addition to brand advertising. Second, we highlight the roles of both touchpoint positivity and frequency across this wide range of touchpoints. In particular, we find that positivity adds to the explanatory power of a model predicting consideration change based on frequency alone. This suggests a limitation of media mix modeling based on media spend as a proxy for frequency. Third, we propose and exemplify a RET-based approach by which both the positivity and the frequency of multiple touchpoints can be assessed in further categories and with further touchpoints.

In the following sections, we develop a conceptual framework, describe the data collection and data analysis in more detail, present findings, and discuss implications for practice as well as research directions.

Conceptual Framework

We view the customer search process as consisting of a number of discrete encounters with varying touchpoints, such as advertisements, WOM, and so on. See Fig. 1. Drawing on Court et al. (2009), we define a touchpoint as an episode of direct or indirect contact with the brand. Thus touchpoints include but are not limited to channels as defined by Neslin et al. (2006, p. 96) as: “a customer contact point, or a medium through which the firm and the customer interact”. We suggest an expansion of this definition is required, as the emphasis here on interaction commonly excludes one-way communications such as television advertising, while the emphasis on the firm may exclude brand encounters such as WOM in which the firm is not directly involved.

Our choice of touchpoints emphasizes breadth in the stakeholder who the customer touches, from the brand owner (brand advertising) and the retailer (retailer advertising and in-store communications) to peers (WOM and peer observation) and independent third parties such as editorial and expert reviews (traditional earned media). In the interests of parsimony we combine subtypes within each of these touchpoints: online and

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