Consumer Engagement

Holy Grail or Fool's Gold?

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We all dream of the perfect customer:

the fiercely loyal, energetic word-of-mouth advocate for the brand, who's willing to let our service mistakes roll off their back, and who comes back time after time to buy what our company offers. These consumers are willing to invest their time, energy and money in our products and services and do so with glee.

Do such amazing customers actually exist?

They might. Amazon.com's retail operation, for example, pursues high-value consumers through its Amazon Prime program. The $99 per-year subscription service offers users free two-day shipping on eligible orders along with a bevy of other benefits. Amazon Prime attracts wealthier consumers (with an average annual income about $7,000 greater than other Amazon customers, and nearly $14,000 greater than WalMart customers). These highly engaged customers increasingly buy across multiple retail categories, snapping up more than a third of Cyber Monday's online sales. Many brick-and-mortar retail companies are nervous… and for good reason.

Given this kind of success, it's completely understandable that many of today's marketing teams are laser-focused on increasing consumer engagement. They passionately argue that if the organization can drive higher consumer engagement, sales will swell, service costs will drop, and retention will strengthen.

If we're honest, though, we have to admit that's a very big "if." Before diving into a serious consumer engagement effort, every leader should be aware of three facts:

1. Engagement is an unnatural act.

2. Engagement is a means, not an end.

3. Behavior trumps engagement.

Understanding these three truths helps focus our attention on what really matters: changing key consumer behaviors. Fortunately, a new science of behavior change has emerged, offering organizations a set of practical strategies that they can put into place immediately.

Consumer Engagement is an Unnatural Act

Moving the needle on consumer engagement is exceptionally difficult, and a bit of neuroscience explains why. The human brain processes about 10 million bits of information per second. That's roughly the throughput of the original Ethernet cable. Our conscious minds, however, use only 50 bits per second. This means that most of what we do happens automatically, under the radar, and beyond our conscious grasp. We point our attention at things that are either pressing or pleasurable, and the rest of the time we let things ride.

In short, we are wired for inattention and inertia. We simply don't have the capacity to focus on everything all the time, nor are we equipped to make deliberate decisions about every course of action we face. Instead, we hand things over to our unconscious mind that operates quickly and effortlessly nearly all of the time.

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Why are we burdened with this fifty bits limitation? It's because our brains are built for a time long ago and a place far away. It was a harsh, dangerous, calorie poor environment that rewarded individuals who acted quickly and who reserved energy intensive mental deliberation for the rare times when it was needed. Fortunately, the world in which we find ourselves is more forgiving. But, for better or worse, the world has changed far faster than nature could change our brains.

Thus, the reason that so few of our customers are fully engaged is the same reason that fully engaging our customers is so hard: our brains are still stuck in the past, adapted for a reality that in many ways no longer exists. Consumer engagement is tough because it flies in the face of millions of years of evolution.

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Consumer Engagement is a Means, Not an End

The goal of most modern firms is to grow shareholder value. Typically, this is done using resources wisely to grow revenue, reduce waste, manage cash flow, and innovate for the long term. A similar argument can be made for non-for-profit organizations, as indicated by the growing “effective altruism” movement. Charities that deploy their resources most effectively to achieve their desired goals are applauded; the specific strategies they use to get there is secondary.

With all of the excitement about the potential of consumer engagement, it’s easy to forget the difference between where we want to go and how we plan to get there. But, excluding illegal or unethical behavior, in the end what matters is the end. Consumer engagement is a plausible strategy to achieve the goals of many companies, but if there are other approaches that yield similar outcomes with less risk and lower cost, they should unquestionably come first.

Behavior Trumps Engagement

In explaining a basic tenet of physics, Albert Einstein said, “Nothing happens until something moves.” Business operates under a similar law: nothing happens until someone does something. Our outcomes—both good and bad—result from how our consumers behave. Sales rise when people buy what we are selling. Service costs swell when we have disappointed customers. New customers appear when existing ones spread the word about what makes our stuff great.

It’s true that engaged consumers are more likely to behave in ways that drive positive business outcomes (and less likely to behave in ways that drive negative ones), but regardless, it’s behavior that matters. That’s why it’s more important to focus on promoting the best behaviors among consumers than to focus on engagement. Without behavior change, nothing changes.

> “*One of the most powerful strategies for changing consumer behavior actually relies on consumer disengagement.*

The New Science of Behavior Change

Behaviors are hard to change, but change is possible. The trick is to understand that our fifty bits limitation means that there is often a gap between consumers' good intentions and the behaviors in which those consumers engage. This insight is critical because if you believe that consumers are deliberately disengaged, you'll pursue strategies that try to change consumers' minds (e.g., providing more information and cajoling them). But once you understand that consumers are far more likely to be accidentally disengaged, a new set of behavior change strategies emerge.

Demand Consumers' Attention: Active Choice | Instead of long-term consumer involvement, this strategy grabs people's attention long enough to help them make decisions that benefit both the user and the organization. PetSmart Charities, for example, eschews ongoing engagement as a means to garner donations. Instead, through its partnership with retailer PetSmart it stops potential donors during the check out process and requires them to actively choose whether to "help save homeless pets." The method works: from 2007 to 2011, overall charitable contributions in the US flagged by 3%, but individual contributions to PetSmart Charities leapt an astounding 85%.

The active choice strategy recognizes that attention is a scarce resource and that inertia may cause some consumer intentions to lay dormant. That is, observed behavior may not be fully aligned with underlying intentions. Active choice activates existing intentions by forcing consumers to point their fifty bits toward the decision at hand. It demands the short-term engagement necessary to unlock hidden intentions and desires that might not otherwise see the light of day.

Once you're aware of active choice, you will see it used all around you, including ATM machines that require you to decide whether you want a receipt, gas pumps that demand that you say whether or not you want a car wash, and word processing software that asks you to decide whether to save a document to which you've made changes.

Lock in Consumers' Good Intentions: Precommitment | Not every behavior can be compressed into a single crisp "yes/no" decision. Making a donation is one thing; losing weight, partaking in regular exercise, or taking medications for a chronic condition are something quite different. These efforts require repeated decisions to do the right thing, not just today but into the future.

One way to tackle this type of challenge is through precommitment. Precommitment allows a user to make a decision in the present that changes the decisions they will face in the future.

Many pharmacies, for example, know that some patients are likely to forget to order refills for their prescription medications. As a result, they offer the option for their customers to sign up for automatic refills. Signing up for this type of program is akin to the consumer switching herself from opt in to opt out—a decision today about what type of decision they will make in the future. These programs help patients avoid a gap in care while increasing sales for the pharmacies.

By the way, precommitment can work in our personal lives as well. Addicted to junk TV shows? Remove all the televisions from your home. Need to walk a little more? Park your car in the spot furthest from the front door of where you work. You're not only signing yourself up for a longer walk in, you're also committing to a longer walk back to the car when the day is over.

Let Good Behaviors Ride: Opt Out | One of the most powerful strategies for changing consumer behavior actually relies on consumer disengagement. It sounds strange, but this approach is more familiar than you might at first think. Remember the Columbia Record Club? Once you signed up, the company sent you records (or tapes, or CDs) on a regular basis unless you made the effort in advance to cancel the shipment. Some did, but many didn't—these consumers just let things ride and wound up spending a lot of money. This strategy (requiring customers to opt out) was so successful that within two years of launch, record sales had jumped ten fold. In less than ten years, the company captured 10% of the retail market for music.

Although few companies today are as brazen as Columbia House Records in their reliance on disengagement, similar approaches are still used to help forgetful consumers and bolster the bottom line. Many companies promote (or require) auto-renewals (e.g., web domain registration, music subscription services, gym memberships). These programs sweeten profits because consumers overestimate their need for the product and underestimate the psychological hurdle that opting out requires.

Does this strategy sound too manipulative? Not so fast: some of our most effective public health programs rely on it. Most communities add fluoride to their water supplies, resulting in a 20% to 40% reduction in dental cavities. Typical table salt is supplemented with iodine to prevent goiters, milk is fortified with vitamin D to prevent rickets, and niacin is added to bread to prevent neural tube defects; the list goes on and on. Prior to these programs, people had to actively seek out sources of fluoride, iodine, vitamin D and niacin to get an adequate supply. Now that happens pretty much automatically, and people have to act should they wish to avoid these supplements. And that's specifically the reason public health officials rely on such methods; they avoid completely the need to change the behavior of individuals.

Get in the Flow: Go to Where Consumer Attention Already Is | Brain science tells us that human attention is scarce and fleeting. If you can't get consumers to point their attention at your call to action, the next best thing may be to take your call to action to where their attention is likely to be. This is why automotive engineers put dashboards right below the windshield, colleagues stick Post-It notes on you computer screen to get your attention, and the devil invented pop-up ads on the web.

Packaged good companies know about the importance of getting into the flow of consumer attention. That's why they pay extra for prime placement on eye-level shelves and end caps. Marketing teams often argue that this is why organizations should be pushing for a bolder "mobile" strategy. But be careful: everyone is doing the same thing, and users are increasingly burned out with digital spam. If possible, get in the flow of your customers' attention where no one else has access. One mail-order pharmacy, for example, etched prescription renewal reminders on the bottle caps of medications for patients who were running out of refills. This resulted in more patients renewing their prescriptions on time, which meant greater retention for the pharmacy.

Shape How Consumers Decide: Reframe the Choices | It's nearly impossible to look at any decision in a completely sterile manner. How we frame the problem—which alternatives we consider, what we include as advantages and limitations of each alternative, how we prioritize competing features, and more—has an enormous impact on what we decide. These frames nudge us to focus our attention on some aspects of the choice and minimize others. Because frames can be shaped, they can be used to direct how consumers think about decisions.

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To understand how this works, let's return to the example of PetSmart Charities. The point-of-sale screen poses a simple question, "Donate money to help save homeless pets?" Note that the phrase "homeless pets" packs a payload of meaning. Homeless pets aren't feral cats or wild dogs. They're not strays. They're pets, and pets belong with people. Pets only become homeless when something terrible has happened: their owners have fallen on hard times, or died, or no longer love them. The two simple words homeless pets grabs consumers attention and defines the stakes of the donation decision by packing an enormous emotional punch. Notions of ruptured family, loss of belongingness and innocence, and a world marked by either personal disaster or betrayal are all captured by those two words.

Words are more than just simple buckets of information. When properly chosen, the right words automatically trigger pre-existing mental constructs with either positive or negative implications. Words matter… a lot.

Make the Right Choice a Side Effect: Piggyback on Desirable Behaviors | Some behaviors are just inherently enjoyable; they're the ones in which your consumers willingly engage. If you can piggyback the behaviors in which you want your customers to engage on top of these naturally fun behaviors, you're in luck.

Piggybacking isn't always easy to do, but it can be very effective. Tooth brushing, for example, had been around for hundreds of years. Sadly, few people did it because there was nothing great about doing it in the here and now; it was a hassle and the benefits (reduced chance of cavities) were far in the future. Things changed dramatically with the introduction of mint into toothpaste. Mint doesn't directly improve the effectiveness of toothpaste, but it does make your mouth feel clean and fresh right away. People started brushing their teeth because mint made them feel good in the present. Preventing cavities was just a side effect of getting that feeling.

The old Burma-Shave company understood the power of piggybacking. They posted a series of signs—each displaying a stanza to a short poem—along highways. The use of clever copy broken up across four or five signs was entertaining for folks on long drives, and their sales and safety message came along for the ride:

Keep well
To the right
Of the oncoming car
Get your close shaves
From the half-pound jar
Burma-Shave

Pitting work teams against each other to lose weight or walk a certain number of steps each week uses piggybacking. The fun behavior is competing with (and against) colleagues; better health behaviors are the side effect. Similarly, using comedy in advertising campaigns or educational programs uses piggybacking: getting the message across is a side effect of being entertained.

Amazon Revisited

If engagement isn't all that, why is Amazon such a threat to its competition? In a nutshell, it's because Amazon promotes specific behaviors from its consumers rather than focusing on engagement, and they're using the new science of behavior change to do it. For example, although the Prime program started with a focus on free two-day shipping as its main benefit, over the years Amazon has loaded it up with all sorts of goodies (large libraries of free streaming videos and music, a free e-book sharing library for consumers who use a Kindle, unlimited online photo storage, and more). This shift not only makes joining the Prime program more attractive, it makes a membership in the program much more suitable as a gift (reframing). Once customers sign up for the Prime program, they are automatically reenrolled each year (opt out). Amazon customers have the option to subscribe to receive consumables on a regular basis (precommitment) that continues indefinitely unless the user cancels (opt out). Amazon gets in the flow of their consumers' attention by customizing purchase suggestions and presenting them prominently (get in the flow). With every potential order, their Prime members are reminded that two-day shipping is free (a reframing that enumerates the gains associated with the program).

Most of this behavioral magic happens once people have signed up for Prime, and to get that to happen Amazon has made enormous investments to sweeten the deal. Amazon spent $1.3 billion on its Prime Video program in 2014, an unknown amount on its Prime Music program, and billions of dollars on waived shipping fees. Despite these substantial costs, Amazon stock has leapt more than 1,300% since 2005, the year Prime was launched. Amazon's retail business is thriving because they've bet big on strategies focused on changing key consumer behaviors, not engagement.

Lots of people are excited about consumer engagement, and in a way that excitement is well understandable. If our customers are actively engaged in our products and services, ready to forgive our mistakes and misfires, and happy to promote what we offer to the people they know, great things are very likely to happen.

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But for better or worse, people aren't wired to actively engage in anything on a continuous basis. Our attention is scarce, and we focus it on things that are either pressing or pleasurable. This is simply the way our brains are built.

Fortunately, engagement isn't the goal. What we want from our consumers are behaviors that serve them well over the long term, and from which our organizations can derive value. Some of these behaviors will be automatic; others will be deliberate. At the end of the day, behavior matters more than engagement.

Now more than ever, we understand how to elicit better behavior from consumers. There is a set of strategies designed to address the "fifty bits" cognitive limitation that is part of being human. **And if we take a careful look at the organizations that seem to have cracked the engagement code, we will see that they are employing several of these strategies to drive greater business value.**

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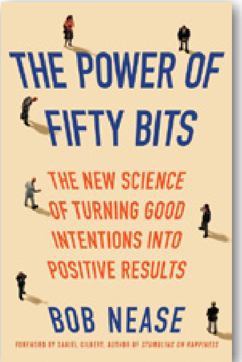

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ABOUT THE AUTHOR | Bob Nease, PhD, is the former Chief Scientist of Express Scripts, the nations largest pharmacy benefits management company, and has authored and published more than 70 peer-reviewed papers. Dr. Nease is the recipient of the Henry Christian Award for Excellence in Research from the American Federation for Clinical Research and the URAC's Health Care Consumer Empowerment and Protection Award for his application of behavioral economics to health care. He and his wife currently divide their time between Phoenix, Austin, and a small farm in rural Italy.

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