

How Technology Has Changed Consumer Behavior and the Buying Process

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How Technology Has Changed Consumer Behavior and the Buying Process

Your guide to learning about the changes in consumer behavior
from growing trends in technology.

Introduction

With every year that passes, consumer behavior is becoming more and more complex.

As a business owner, you may believe that some things have stayed the same and you don't have to change much about how you promote your products and services.

However, that's just not the case. New trends in technology influence how people choose to shop, and businesses must stay up-to-date and adapt to the needs of consumers to survive.

Some aspects of consumer behavior can be easy to understand and straightforward. For example, it's no secret that ice cream sells better during the summer months than the winter months. But, sometimes it's difficult to understand why our customers do what they do.

In this guide, we're going to explore growing trends in consumer behavior to paint a bigger picture of the direction that digital marketing is going and what your business needs to do to stay successful and ahead of the competition.

Looking Back at the Past

In 1997, there were only 70 million people online.¹ But, in 2017 there were 4 billion people using the Internet,² which is about half of the world's population.

The way that we used technology and the Internet 20 years ago, or even five years ago, is much different than how we use either today.

Technology was very limited in the late 1990s and didn't play a huge role in our daily lives, unlike today when we have the convenience of using our phones to surf the web nearly anywhere and anytime or being able to ask a smart speaker where the closest restaurant is.

Customers used to shop at physical brick and mortar locations and would rely on family and friends for recommendations. Or, if they wanted to see a movie, they had to go to the movie theater or go to a video store to buy or rent it.

Now, consumers have access to millions of products, reviews and their favorite shows or movies at their fingertips, and this has changed the way that consumers find your business.

Let's face it: the world is going digital and so are your customers.

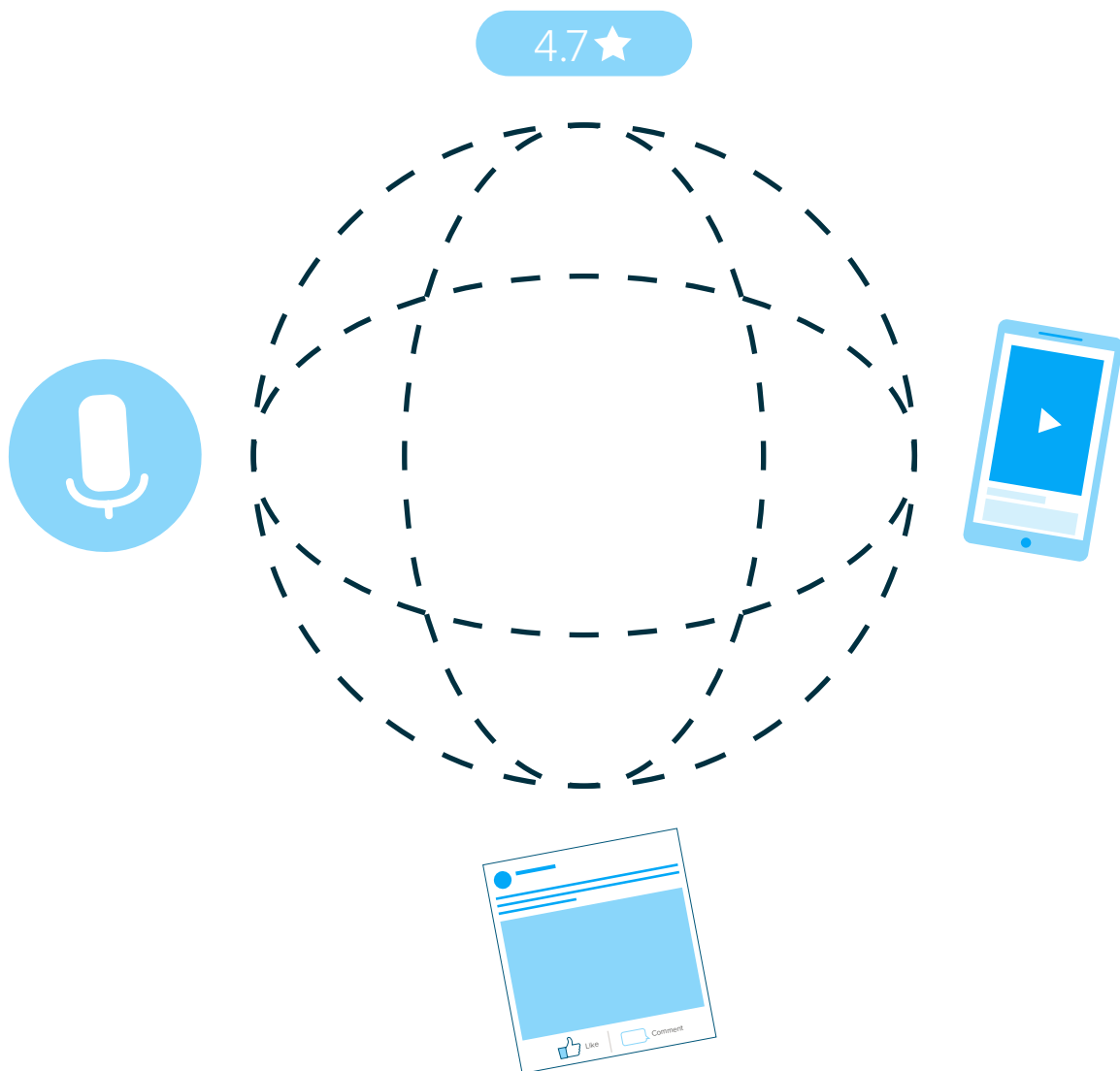
This doesn't mean that you must abandon your traditional marketing entirely. However, it does mean that this digital transition has and will continue to change the behavior of your customers, and there are five ways it has already done so:



Five Ways Consumer Behavior Has Changed

1. Searches are more localized and personal
2. Consumers rely on online reviews to make purchase decisions
3. We're moving towards a mobile-only culture
4. Online videos have become more popular than cable television
5. A majority of the world is connected through social media

And, while Millennial marketing is nothing new, we'll begin marketing to Generation Z customers who will drastically change the way that you market your business.



We Don't Search How We Used to

In the late 1990s and early 2000s, we mostly used search engines to ask questions; how many of you remember asking Jeeves a question on Ask.com?

However, over the last few years, searches have become less about solving our problems and more about benefiting our own personal needs.

The Rise of Hyperlocal Search

Not too long ago, if you wanted to find the “best pizza restaurant” in Columbus, Ohio, your search results probably would have been ranked lists on websites, sometimes with restaurants that may be miles outside of the city.

This made it difficult for consumers who wanted information about restaurants within a five-mile radius, and even more difficult for businesses to reach their local customers. Because of these frustrations, location services were created to make search results tailored to consumers' specific locations.

Now, whenever you search for a pizza restaurant in your city on Google, you'll see a map at the top of the first page that shows the nearest restaurants, as well as each one's star rating and the address. Because of this, your customers expect their search results to automatically be within their location, and they don't even use “near me” in their searches anymore.³

Since local search has become so popular, it's crucial that your business's online information is consistent and accurate.

This includes your:

- 1. Business name*
- 2. Address*
- 3. Phone number*
- 4. Website URL*

Also, be sure to keep your business hours accurate; your business hours and location are the most important thing to searchers.⁴

“Hey Alexa, how late is the grocery store open?”

Voice recognition has been around for quite some time, but it wasn't until recently that voice assistants such as Apple's Siri or voice-assisted smart speakers such as the Amazon Echo changed the way that we look up information online.

Your customers are using these smart speakers to order products online, such as items on Amazon or ordering food for delivery. In 2017, 57 percent of consumers bought an item using voice search,⁵ and 25 percent of them spent up to \$199 per purchase with voice.⁶



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How Do You Optimize Your Business for Voice Search?

One word: keywords.

Specifically, long-tail keywords. Long-tail keywords are longer phrases that often come from phrases your customers say into their devices during a voice search.

When your customers search for your business using voice search, they'll ask questions such as “when does (your business) close?” or “how late does (your business) deliver?”.

These questions can help you find your long-tail keywords, so make sure you have enough of them throughout your website as possible to be found through voice search.

We recommend that you have a Frequently Asked Questions section in your website, along with a list of questions in that section that are similar to those long-tail keywords. Not only will this boost your website's overall SEO, but it'll make it easier for your business to be found by your customer's voice assistant when they ask one of those questions.

Not sure where to find long-tail keywords? Use a tool like Ubersuggest to find them!

And, since 40 percent of adults use voice search every day,⁷ you can't afford to wait any longer to optimize your business for it.

Consumers Will Research to Their Heart's Desire

Consumers today are doing more research than ever before they make any kind of purchase decision, no matter how small or large the purchase is.

Sometimes, they have no intention of making a purchase and online shopping carts become abandoned; it's like window shopping for the digital world. For example, while 38 percent of consumers are researching, 40 percent of consumers are simply browsing.⁸

But, when they do want to buy something, they want to find the best price and, more importantly, know that where they're purchasing from or what they're buying will leave them completely satisfied.

For example, because there are now so many ways to buy something both online and offline, many consumers will browse between multiple stores and purchase from the store that has the cheapest product or the best reviews.

The best way to compete in this new digital landscape is to be able to keep your product inventory up-to-date, keep tabs on your competitors' prices and, overall, just be completely transparent with your business.



Reviews Influence Consumer Decisions

Speaking of choosing businesses based on reviews, one of the biggest changes in consumer behavior is how often consumers look at reviews online for local businesses.

Your customers rely on reviews. Don't believe us? As of right now, 97 percent of consumers look at online reviews before purchasing from a business,⁹ and 93 percent of consumers say that online reviews impact their purchase decision.¹⁰

Reasons Why Consumers Read Reviews

- 1. To see what others are saying*
- 2. To establish trust with a business*
- 3. To avoid bad products and service*
- 4. To gain transparency from businesses*

Consumers mostly look at what other people are saying about a business to influence their shopping.

This can take many forms, including looking at online reviews to gain more information about a business, especially the ones that aren't so transparent about their products, services, customer service or their overall business atmosphere.

The bottom line is that nobody wants to feel like they wasted their time or their money, so reviews have become important to the success of a business now more than ever.

People aren't afraid to voice their opinion and help others make an informed decision.

So, if you haven't started asking your customers to leave you detailed reviews, now is the time. Customers will trust your business much more if you have recent, positive reviews and even more if you take the time out to respond to the negative reviews quickly and professionally.

Consumer Behavior Is Going Mobile

Have you ever lost your phone and felt the same fear you would from losing your house keys or wallet? That's because phones have become an essential part of our life, whether we like to admit it or not.

Think about it: when you're out and about, how often do you use your phone to influence what you do next?

Consumers check their phones for everything and nearly every hour of the day. In fact, most Americans look at their phones as many as 80 times per day and check their phones every 12 minutes on average.¹¹

They use their phone to:

- *Shop online*
- *Check the weather*
- *Look up directions*

Why You Should Optimize for Mobile

Why is this important to your business? Well, for one, your customers spend a lot of money on mobile; 75 percent of people start their consumer journey on mobile,¹² and mobile accounts for 21 percent of online spending.¹³

You must also be available when your customers are looking for you.

Forty-eight percent of consumers start their mobile research on a search engine,¹⁴ and if your business isn't found when your customers search for you on-the-go, you're missing out on those customers visiting your store in person.

Also, if your mobile website doesn't look great, runs poorly or takes too long to load, your customers will become frustrated and abandon your website because of it. In fact, 53 percent of mobile site visits are abandoned after three seconds if the website doesn't load.¹⁵

Lastly, consumers spend 80 percent of their social media time on their phone,¹⁶ so your social media presence must revolve around your mobile customers.

Video Is the King of Content

Did you know that a one-minute video can be worth nearly two million words to your audience?¹⁷

Out of all the content available online, videos are arguably the leader. They offer significantly higher engagement rates with consumers compared to written content or images, and they're the most shared content on social media.

We can't say this enough: it's essential that part of your digital marketing strategy includes being one step ahead in your video marketing.



Did you know that a one-minute video can be worth nearly two million words to your audience?¹⁷

Digital Videos Are Replacing TV

Many consumers are dropping their cable subscriptions for online videos and streaming content.

The reasons for the switch are that online streaming services are more convenient, cheaper and much more accessible.

Consumers are starting to watch more videos on YouTube than they used to, and now YouTube mobile videos have a greater reach with consumers than television during prime-time hours.¹⁸

But, they're also tuning into the streaming giants, Hulu and Netflix and shows exclusive to those streaming services are winning Emmy awards because of it. They're even watching videos through Amazon's streaming service, Amazon Video, as well as Facebook.

Some advertisers are placing half of their budgets into online video ads and commercials because online video ads receive 18.3 times more attention than TV commercials.¹⁹

So, what are some ways to advertise your business through online video ads? We recommend trying out Facebook and Instagram video ads.

Here are a few reasons:

- *Consumers are 70 percent more likely to make purchases when using Instagram*²⁰
- *Instagram video ads have a high view rate because they appear in the Instagram organic feed*²¹
- *Facebook videos get 8 billion average daily views*²²

But, the most important reason to start using Facebook and Instagram video ads is because you'll be able to target your specific audience.

Videos Are Changing the Way Consumers Shop

Consumers aren't just watching videos for fun; they're also watching videos to help with their shopping.

That's why businesses with informative or entertaining videos have a much better chance of making sales when compared to businesses that don't have a video marketing plan. Not only do videos increase purchase intent of consumers by 97 percent, but they also increase brand awareness by a whopping 139 percent.²³

In fact, about 64 percent of consumers wind up buying an item online after they watch a video of it.²⁴

And, even if they don't end up purchasing, four out of five consumers watch how-to videos to learn more about the products that they're interested in.²⁵



What Kind of Videos Will Make an Impact on Your Customers?

If it's within your budget, keep your YouTube channel updated frequently with how-to videos as well as product or service information videos.

About one in four shoppers use YouTube to search for a video related to a product they're considering purchasing in-store.²⁶

But, if you don't have the budget, we also recommend that you start using Instagram Stories to create ephemeral content such as client or employee shout-outs, behind-the-scenes videos or videos displaying your products or services.

Ephemeral content works best with Millennials and will have an even larger impact on the new generation, Generation Z.



We're All Connected Through Social Media

In 2005, only 10 percent of Internet users were on social media.²⁷ But, did you know that there are now more than two billion monthly active users on Facebook alone?²⁸

Social media has become an essential part of our lives. We use it to connect with family and friends, keep up with trending news and share our daily updates. But, most importantly, we use it to find out about local businesses, meaning that you must have a great online presence on all your social media profiles.

It's Not Just a Millennial Thing

This may come as a surprise, but Millennials aren't the generation that spend most of their time on social media. Generation X users spend up to seven hours per week on social media compared to six hours from Millennials.²⁹

The Rise of Influencer Marketing

Social networks such as Facebook have created an opportunity for businesses to advertise to their customers in creative ways, and one of those ways is through influencer marketing.

Not much different than hiring a paid actor for a commercial, some big brands hire well-known celebrities to promote their products or services to help increase sales. And, it works; about 40 percent of people say that they've bought something after seeing an influencer use it.³⁰

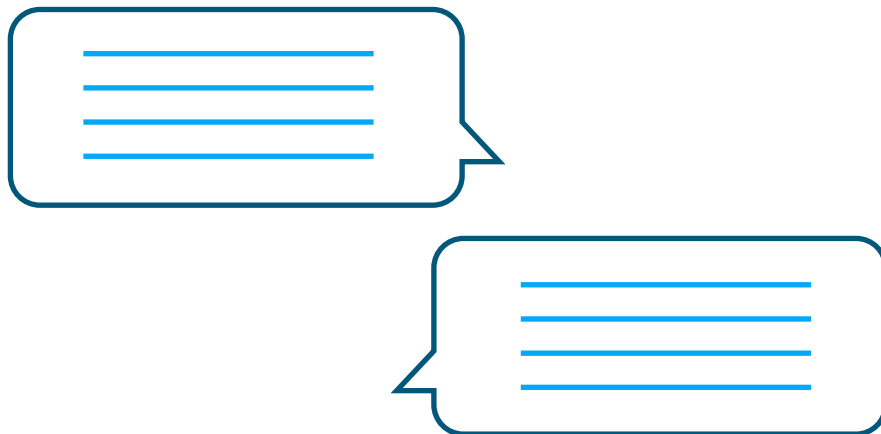
Consumers Love to Engage With Brands Online

Consumers don't just buy products or services from certain brands; they buy into the brand itself.

The best brands know this and make themselves available online to their customers, either by replying to comments quickly or posting content that makes their audience laugh or think.

Your customers don't want to feel like they're talking to a robot, and they want to hear back from you quickly when they leave you a comment or a review. In 2017, 30 percent of consumers put more importance on businesses responding to reviews, compared to only 20 percent in 2016.³¹

So, if you want to effectively reach your customers, you need to respond to them as soon as possible and talk to them as if you were talking to an acquaintance in real life. After all, they're humans who are no different than you.



Get Prepared to Market to Generation Z

To wrap up this guide, we'd like to briefly talk about marketing to Generation Z, as they will greatly influence consumer behavior for years to come.

No More Traditional Marketing

We've spent a lot of time marketing to Millennials and previous generations, and it left room for local businesses to have both a traditional and digital marketing plan. Unfortunately, when marketing to Generation Z, you won't have the option to use traditional marketing.

There are three reasons for this:³²

- 1. Generation Z consumers have had easy access to high-quality Internet and technology for most of their lives*
- 2. Generation Z consumers don't trust traditional marketing*
- 3. Generation Z are influenced by relatable people in ads*

As the world grows even more digital and Generation Z consumers get older, you'll want to gradually transition into only having a digital marketing plan to get your money's worth in your marketing budget.

You'll Have to Revamp Your Social Media Presence

Marketing to Generation Z on social media will also be drastically different from marketing to other generations. Gen Z-ers crave authentic content that is relevant to their needs, and because their attention span on average is about eight seconds,³³ you need to catch and hold their attention with your posts quickly.

Generation Z will also change the way that you reach your customers through social media because they use each social media platform differently.

For example, they'll use Instagram to showcase their aspirational selves, but use Facebook to get information. The content that you publish on each of your social media profiles needs to reflect the way that your Gen Z customers use that social media platform.

Be Socially Responsible!

Lastly, Generation Z customers will be more likely to shop at your business if you're someone they can look up to.

If you support a just cause, donate to charities or give back to your community regularly, (tactfully) make your customers aware on your social media accounts.

Your Gen Z audience will respect your business and be even more willing to purchase from you because at least 60 percent of them aspire to change the world through their work.³⁴

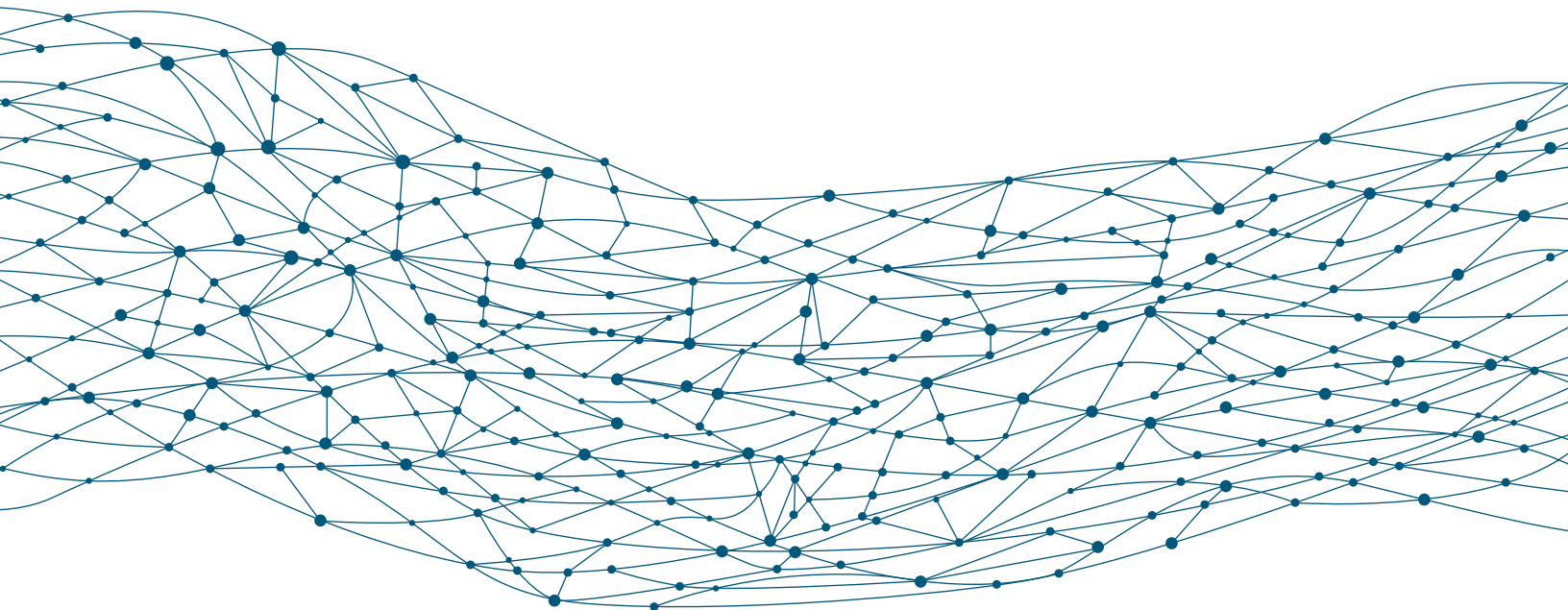


Final Thoughts

If there is one takeaway I'd like for you to get from this guide, it's that consumer behavior is constantly changing.

How your customers shop, find your business, get their information or browse the Internet today may be completely different than how they do in a few months.

I know that this is scary and might be discouraging to hear as a business owner. But, as long as you stay up-to-date with these changes in consumer behavior and plan and adapt accordingly, you will continue to find success in your business.



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