

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: D – Strategic Analysis and Recommendations on CRM for the Independent 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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22.05.2020

## **4.2. D - Strategic Analysis and Recommendations on CRM Strategy for the *Independent FOMO Adult* Segment**

### **4.2.1. Practical Recognition of the Segment *Independent FOMO Adult***

As the name recalls, the *Independent FOMO adult* segment is independent, although they like to search, they feel like they do not need help on that. Help in the sense of receiving direct communications by the company, when the need and the interest to purchase are not fully confirmed. This segment prefers to be the one who starts the contact with the company in whatever stage of the decision process they are. For this reason, this customer will get to the website mainly through organic search, meaning unpaid search results, such as search engines or typing the website's URL directly into the browser. This type of search often related to a lead that presents a stronger intention to buy. Also, it is possible that this customer will arrive to the company's website by paid advertisement or results. On the contrary, this customer is unlikely to interact with company's emails or newsletters in order to get to the website. When receiving these they will tend not to read or delete it.

These adults are characterized by being influenced by kids' preferences and requests, but also take time to fundament their opinion on available toys in the market. Once in the website, this customer will not follow through with a purchase and might not even add anything to the cart, as they clearly enjoy going to the physical store for those matters. Therefore, the website will be mainly for informative-search and getting to know products and their specificities and most certainly they will not sign up or create an account. This segment appreciates visiting the store and prefers to see the toy physically, valuing quality and durability, and do not engage in long conversations with the staff. If they have any question, they cannot figure out by themselves they will then ask the staff, but mainly they will preferably use every information present in the packages and other formats in-store.

#### **4.2.2. Consumer Decision Journey Diagnosis for the *Independent FOMO Adult Segment***

The *Independent FOMO adult* segment presents the adult and kid as influencer actors, meaning that they will take part in the initial-consideration phase and influence the alternatives later evaluated. The insights got from the research show a very high brand awareness among this segment, and also a positive brand perception, allowing to an effective consideration stage. When the kid is the decider in the decision-making, the purchase will be led by a specific request of a toy, making the evaluation stage very fast and probably inexistent once the awareness and perception are very positive. When the adult plays the part in the evaluation phase, it will mean a much more comprehensive approach, due to stronger consumption experience, concerns and search capabilities. Considering the segment preferences on quality and durability, and seeing the products physically, combined with the characteristic of not asking staff for recommendations, the toy's package constitutes a great source of information. Moreover, the adult's reference of visiting the store's website as a way to evaluate options, leads to its consideration as another important source of information and decisive for the choice. It is then important for *Science4you* to be present in the evaluation stage of this segment with innovative CRM strategies. Upon this stage, comes the moment of purchase. With regard to the *Independent FOMO adult* segment, the preferred purchase channels are: Not Specialized Stores, as El Corte Inglés; and Local Stores, meaning small neighborhood businesses. This segment likes to purchase and get to know new toys in-store, thus their interest in visiting stores that tend to offer more unique or great variety of items in a more enjoyable environment. *Science4you* operates with mono-branded stores, which even though are not the main choice of this segment, deliver the feeling looked for and are present in big shopping surfaces. Combined with a positive evaluation phase, this stage does not present significant challenges to overcome for this segment. Lastly, a very important stage for companies to interact with their customers is the post purchase. It is essential that *Science4you* enhances the experience after purchase, and

attends the needs of the customers, creating a better relationship. Therefore, this stage is relevant for the CRM strategy.

**4.2.3. CRM Strategic Recommendations for the *Independent FOMO Adult Segment***

In order to tackle possible drop-outs during the evaluation phase, is important to reach out to customers in a seamless way among channels and do not impair from lack of physical presence in some locations. For this reason, it is recommended the improvement of *Science4you’s* website into a more user friendly and attractive channel, not only to facilitate customer navigation and access to information, but also to create a unique experience and increase the average time on the website. Table 9.D. comprises de detailed recommendation.

*Table 9.D: Recommended Actions for Science4you’s website optimization*

<b>CRM Strategic Recommendations</b>	<b>Objective and Rationale</b>
<p><b>A. <i>Science4you’s</i> website optimization</b></p>	<p>The objective of the recommendation is to create a pleasurable experience on the website and get the segment’s interest to stay. This segment does not only want to compare prices and see descriptions, as influencers they want to get inspired.</p> <p>The first thing the lead notices when contacting with the company’s website is the landing page. At this point, the customer decides to stay on the page or leave, being crucial for the company to make a positive impression.</p> <p>(Taking into account elements mentioned in <i>UX Planet</i>)</p> <ul style="list-style-type: none"> <li>• <u>Design</u>: According to the main insights from the research, adults that recognize the brand, appreciate its educational and innovative features, supporting the proposal of enhancing this message in the landing page. When landing on a page with overwhelming colors and images, the user is likely to leave the website. The key factor is to capture its attention with a single look. It is recommended the creation of a short video about <i>Science4you</i> and its mission, to be displayed once people get to the website. Keep the same cartoon format used by the company (Appendix B.3.) and add a <i>Call to Action</i> (CTA). CTAs are important as they guide visitors to the actions you want them to take. At the end of the video, prompt for the exploration of the products in an exciting way: “<i>Mãos à obra!</i>” or “<i>Vamos explorar!</i>” are recommended as they transmit a sense of togetherness. When applying the recommendation, it is essential to give an easy way of skipping the video, so it does not displeas other type of customers. This might be done by simply scrolling down the page and accessing the toy exploration page.</li> </ul> <p>When the visitors start to navigate the website and get closer to evaluation, it is vital that the experience is smooth and enjoyable.</p> <ul style="list-style-type: none"> <li>• <u>Reduce words and content</u>: According to <i>Webchirpy</i>, a company of Digital Marketing Services, having a lot of content available at once, affects the customer experience and visitors will get easily confused. On <i>Science4ou’s</i> website headline, when accessing the toy’s section “<i>Brinquedos</i>” (Appendix B.4.), endless categories appear making it visually unpleasant. This will cause a less effective evaluation stage for the segment. A reorganization of categories in a simpler way and more intuitive</li> </ul>

	<p>for customers, with no more than ten divisions, is recommended. This can be done analyzing data on the most opened categories and the way users travel the website. The existing subcategories, could be used as a filter option within the category. Appendix B.5 is another example of exhaustive information present in the website.</p> <ul style="list-style-type: none"> <li>• <u>Keep it visually simple</u> and increase the attention on what is the main goal of the page. When selecting a product, the user enters a page where he can get specific information about that one toy, being of great importance a good display of the features the clients' value. According to insights got from interviews with the store staff, it was possible to conclude the importance of the package in selling a toy in-store, as they are attractive and catch the attention of customers. It is recommended to simplify the page, enhancing the picture of the product and delivering, clearly, the description of the product (including developed skills and number of experiences possible to create). A recommended layout is shown in Appendix B.6. It is based on the current layout used, but disposed in a simpler way. This approach will transmit better, the sense of quality and playing durability looked for this segment.</li> <li>• <u>Find-in-store feature</u>: As this segment prefers to buy in physical stores, it would be a great advantage to know in advance in which store it could find the toys searched for. From the main insights it is possible to see the tendency of purchasing toys in brick-and-mortar stores and using online channels as a secondary channel. Reasoned by the possibility of seeing the toy physically and the instant gratification of having it immediately after purchase. In order to create this seamless experience, integrating the different channels available to the customer, it is recommended the creation of a find-in-store tool. This should be done by integrating real time information of the stock from the different channels, with the ecommerce website. Make it available in the individual products page, making it easier for the system to recognize the product being searched for. Also, be sure to deliver the information needed by the user to get to the store, as address, map and phone number.</li> </ul>
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Source: Authors, based on primary research

With regard to improving retention and customer profitability, the post-purchase experience should not be discarded. It is recommended to take advantage of the of the Membership Club (Appendix B.2). The way it adapts to the needs of the concerned segment relies on the fact that it a personalized account. These adults will be able to decide whether to receive communications externally to the platform or not, and at the same time beneficiate from all the features and promotions any other loyal customer would. Attending to the fact that they are very interested in being up-to-date on trends and new toys, the possibility to use the platform with their kids would be a great way to potentialize the segment into loyalty, and maintain the relevance of *Science4you*. For the company it would mean a closer interaction with this independent customer, being able to address it in a more personalized way, i.e. send information on recommended toys to buy, based on personal and acquired data.

## 5. References

**Court**, David, Dave Elzinga, Susan Mulder, and Ole Jørgen Vetvik. 2009. “The Consumer Decision Journey”. *McKinsey Quarterly Marketing & Sales Practice*.

**Webchirpy**. 2017. “Best Practices for User Experience Design in Websites”. Accessed May 2020. <http://webchirpy.com/blog/best-practices-user-experience-design-websites/>

**UX Planet**. 2018. “How to build super effective landing pages” Accessed May 2020. <https://uxplanet.org/how-to-build-super-effective-landing-pages-7fe9a3bab8f1>

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**APPENDICES**

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**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 touch-points 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).

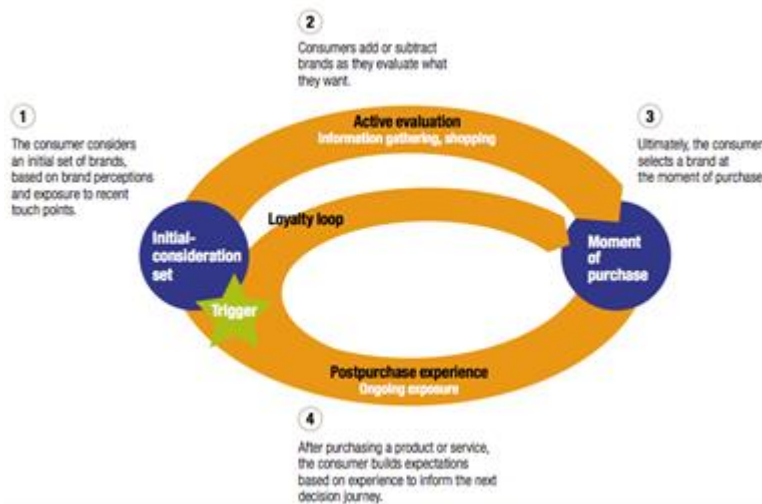
A detailed description of CDJ stages can be found in the following table.

<p style="text-align: center;"><b>Initial Consideration</b></p>	<p>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.</p> <p>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.</p>
<p style="text-align: center;"><b>Active Evaluation</b></p>	<p>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.</p>

<b>Moment of purchase</b>	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
<b>Post-purchase experience</b>	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, Science4you 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

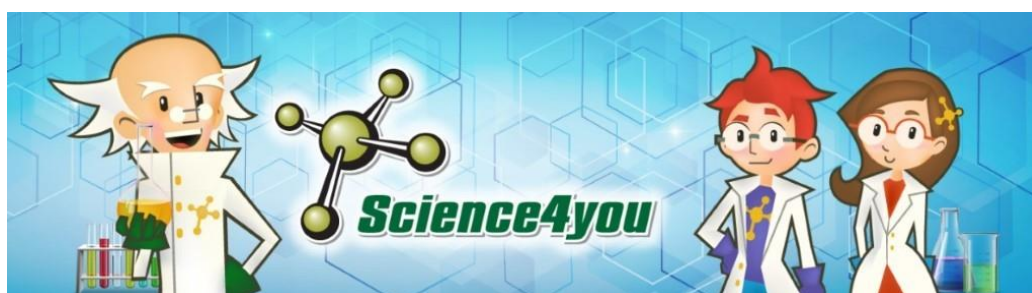
## B.2. General Recommendations

<b>Membership Club</b>	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 Science4you product. In order to access this area, the customers will be asked to validate the purchased product, scanning the bar code available in the toy’s package. The features available for adults consist in: online consultation of Science4you’s newsletters; order product rechargers for toys
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	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.
<b>Automate processes with a proper CRM software</b>	A proper CRM software allows companies to increase productivity, by simplifying the management of external interactions. For Science4you 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 Science4you to invest in a proper CRM software that allows for multiple and specific analysis as well as incorporates different strategies for different customer needs.
<b>Learn from analytics</b>	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 Science4you develops a steady analysis and report monitorization, to ensure the success of future segmentation processes and specific strategies.
<b>Update customer information regularly</b>	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, Science4you must ensure personal data updating, such as emails, locations, and preferences
<b>Data Integration System</b>	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 Science4you invests in centralizing information and store different sources data in the same place so that it becomes more easily available.

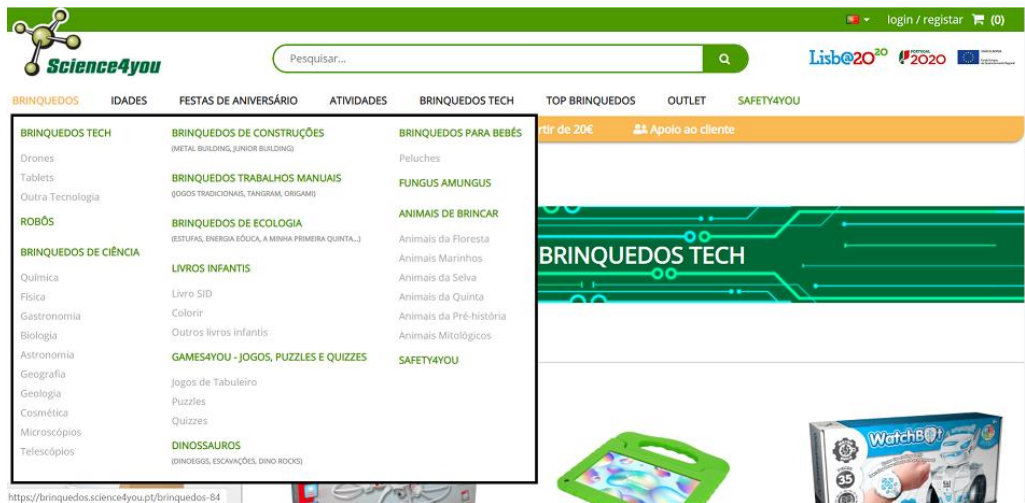
Source: Authors

### B.3. Science4you branding cartoons



Source: Science4you e-commerce website, About Us page

## B.4. Content within the toy's section



Source: Science4you e-commerce website, "Brinquedos" tab

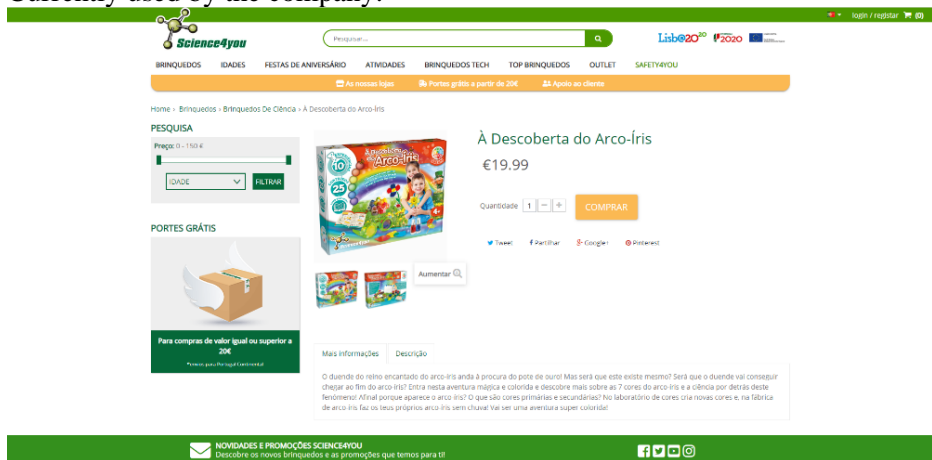
## B.5. Example of exhaustive content in Science4you website



Source: Science4you e-commerce website, Tech Toys category

## B.6. Example of the recommended layout for the product view (in comparison to the current one used)

Currently used by the company:



Source: Science4you e-commerce website, detailed product view

Recommended:



Source: Alteration by the authors using Science4you e-commerce website