

Knowledge for decision-makers

vocatus

Winning back cus- tomers with GRIPS

Human decision-making is irrational but predictable. Thanks to the GRIPS typology that was developed by Vocatus, companies are able to identify relevant 'purchaser types', understand their decision-making behaviour, and actively implement these insights – for more conversions and more effective processes.



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Understanding and utilizing decision behaviour

Regardless of whether one is developing new business models, establishing a new pricing strategy, aligning the marketing strategy or optimizing call centres: The customer should always be the focus of all these activities. The aim is to understand and utilize customers' purchase behaviour and cater appropriately for it.

People don't make rational decisions, and they don't act like a homo oeconomicus, yet companies often assume precisely this. They believe that price reductions or discounts must necessarily lead to more sales, or they assume that more product features will automatically attract more buyers. They also frequently (and wrongly) presume that the price is the main reason for cancelling a given product or service.

People don't make rational decisions.

Instead, human decision behaviour is usually irrational and follows its own psycho-logic with regard to motivation, cognition and the behavioural context. This makes it all the more important for companies to understand this decision behaviour and exploit it for their own strategy.

10 years ago, Vocatus used some international baseline research to investigate human decision behaviour and identify five different 'purchaser types' who decide in completely different ways. Vocatus called this method GRIPS® and in the meantime has successfully applied the resulting insights for the benefit of B2B and B2C customers from over

30 countries, as well as in over 500 qualitative and quantitative studies and consulting projects throughout the world.

Any corporate area – from marketing and sales to product development and customer retention and customer care – can work with the GRIPS typology. It is effective and profitable, yet at the same time intuitive and easily implemented. This decider typology is based on insights derived from behavioural economics, is compatible with other segmentations, can be implemented at every touch-point, and can be combined with any training concept.

It's important to understand that the GRIPS types differ enormously in accordance with the respective sector, product or situation. Although it may be possible to discern certain trends (for example, the fact that the telecoms sector contains lots of Bargain Hunters whereas the magazines sector is likelier to contain Price Accepters), each company must use an empirical study to identify its 'purchaser types' in order to build on this and deduce further measures.

Moreover, there are not merely sector-specific differences: it's possible to recognize different 'purchaser types' in one

and the same person. For example, when it comes to insurance policies, customers are afraid of being ripped off, whereas the same customer habitually turns to the same products when buying groceries. By contrast, if this person urgently needs something to combat a headache, they will be totally indifferent to the price of this medication in the local pharmacy.

This publication uses a detailed case study to demonstrate how the GRIPS typology can be implemented in practice. Hence it was used on behalf of a major international com-

pany based in Germany to win back customers and on this basis to review its entire communication strategy and train over 400 call centre employees in Germany and abroad.

The decider typology based on insights derived from behavioural economics.

The goal: to use behavioural economics to increase the average revenue per customer – with a consistent or ideally increasing customer retention rate.



Bargain Hunters are fixated on prices and discounts. They try very hard to make comparisons, and enjoy doing so because it's 'fun' to be smarter than other people. However, their obsession with discounts can also easily mean they lose sight of the actual price level: They often buy because of – and not in spite of – the price. It's definitely important to them to ultimately emerge as the 'winner' at the end of the purchase process, the person who's got the most out of it.



Risk Aviders are cautious or even disappointed consumers who under no circumstances want to be ripped off. They critically question offers and above all emphasize the risk of making a mistake that is based on a wrong decision. Nevertheless, they are just as interested in the price as Bargain Hunters are, albeit proceeding from a different motivation. They seek personal contact with sales advisers in order to gain confidence and confirm the correctness of their decision.



The product itself is primarily a means to an end for **Indifferent Buyers**, so they duly demonstrate hardly any interest in prices and price comparisons. This also often applies to the product itself: a current need must simply be satisfied. For example, if the tank warning light flashes while they're driving on the motorway, they really couldn't care less about the cost of fuel. They drive to the nearest petrol station, fill up, pay, and drive off – without ever comparing prices or brands.



Routine Buyers are primarily loyal to brands, either because they love them or because this routine makes life easier for them. Routine Buyers like to buy 'their' brand. Any actual decision is hardly ever made, but if it is, they like to ask their friends for recommendations.



Price Acceptors are always open to new offers and options. They love to make comparisons, although this is more likely to refer to the product itself rather than the price. If they like a product, they'll gladly spend more money on it than they'd originally planned. If one imagines someone buying a car, they may well have a budget at the outset, but at the end of the day this is often wildly exceeded.

Adapting the communication strategy to people's decision behaviour

Correct and type-specific communication with the customer can influence the decision process and improve the response rate.

In order to implement a new strategy and introduce a new typology, it's firstly necessary to make sure that all the stakeholders are on board. Only then does it make sense to correspondingly adapt the communication strategy and undertake optimizations.

As part of a customer reacquisition project on behalf of a major German company with sites in several countries, Vocatus therefore organized roadshows with management, team leaders, the Works Council, and trainers in order to explain the GRIPS typology to them.

The aim was to establish a wide-ranging understanding and uniform 'state of knowledge' which would then underlie the implementation of further measures.

The basis for this was supplied by comprehensive empirical research which initially used the GRIPS typology to identify the 'purchaser types' that were relevant for the company. In order to do this, more than 3000 customers were

surveyed. With the help of the insights that were obtained, it was possible to develop a new communication strategy and adapt the company's written communication (emails, letters and text messages) in accordance with behavioural economics. Above all, the wordings of offers were simplified and adapted to suit the two most frequent 'purchaser types' so that they would be addressed in a way that suited their needs and predictable patterns of behaviour.

It was possible to increase the response rate by up to 30 percent.

In order to compare the relative success of these innovations, they were initially only implemented with some of the contacts in the customer reacquisition programme. The numbers speak for themselves: it was possible to increase the response rate by up to 30 percent. The result therefore demonstrates that aligning the communication measures with the GRIPS typology increases the response rate.



Implementing a company-wide rollout in call centres

The GRIPS typology can not only be used to improve written communication with the customer, but direct communication on the phone too. This required in-depth training and regular refresher courses in order to anchor the content with the call centre agents in the longer term.

A good response rate to the communication measures is nonetheless insufficient if one is to ultimately win customers back and increase the average revenue per customer. In the case of this company, most sales are completed in their call centres. It was therefore necessary to tackle this area and train the employees in accordance with the GRIPS typology and the company-specific results of the empirical study.

Approximately 400 call centre agents (in-house and in external call centres) were inducted in specially conceived workshops which were tailored to the company, and the agents were familiarized with the ways in which

the GRIPS method works: How do I recognize which 'purchaser type' is calling right now? Which way of expressing themselves is used by which GRIPS type? And how should I interact with the 'purchaser type' I've identified in order to convince them about the product and win them back as a customer?

A good response rate to the communication measures isn't enough.

It's important for call centre agents to understand that each 'purchaser type' has differing needs, anxieties and wishes.

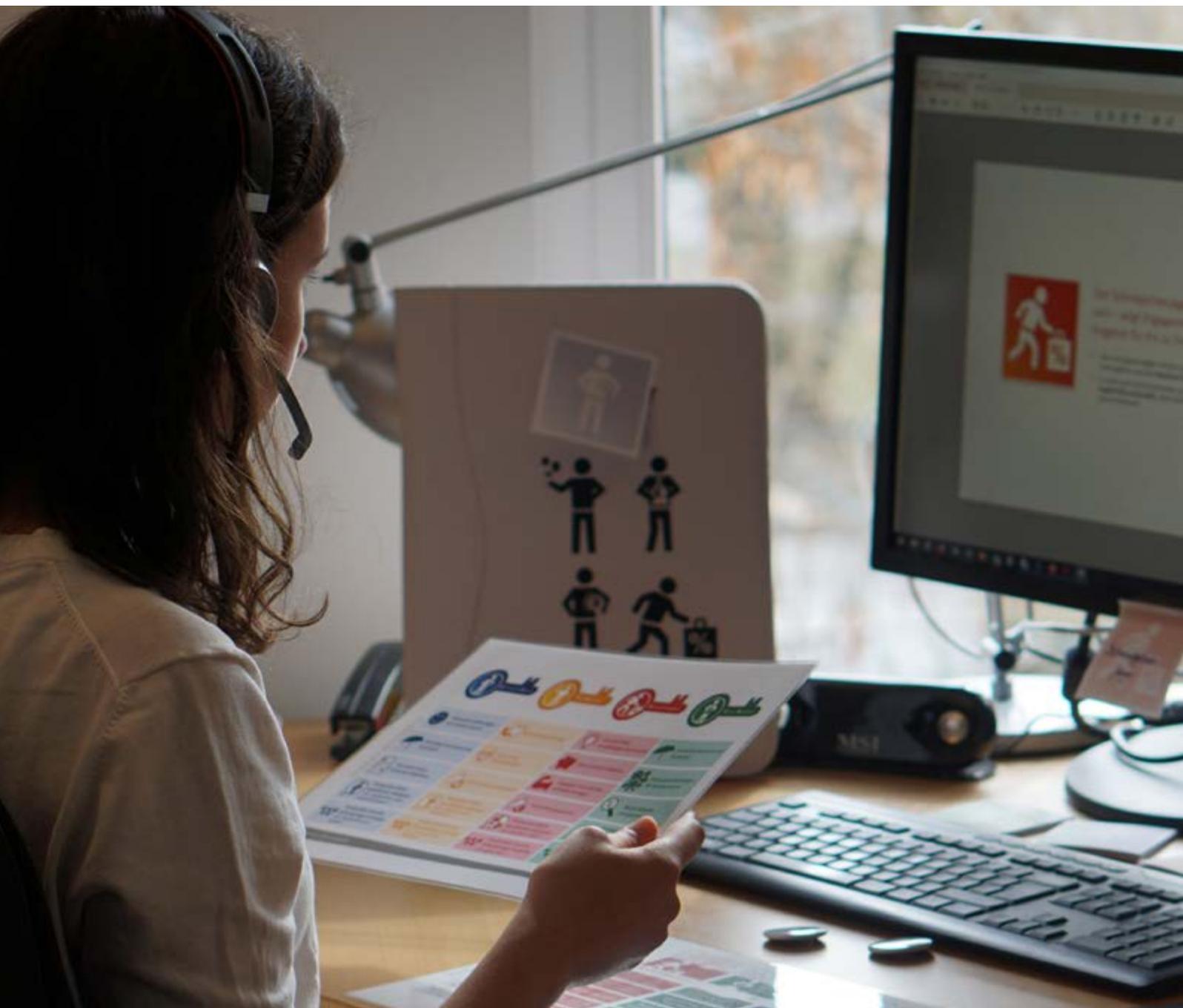
For example, Bargain Hunters enjoy negotiating and are only truly content if they've wangled a special discount or an extra gimmick. In order to cater for this need, it would firstly be necessary to introduce discount options for the call centre agents.

The call centre agents received comprehensive working materials which would help them identify customers.

By contrast, Risk Avoiders are afraid of being taken for a ride, and would like to choose the safe path. In such cases, a call centre agent should duly not use discounts and swee-

teners to entice the buyer, but instead convince them with regard to quality and benefits, offer reassurance, and not unsettle them. The agent can make recommendations or affirm the buyer in the rightness of his/her decision.

By using soundly based explanations, numerous case studies, role plays and examples of phone calls that had been recorded it was possible to familiarize the call centre agents with the topic and train them with regard to suitable interactions. They were also provided with comprehensive materials so they could reflect on what they'd learnt as they carried out their day-to-day duties and applied the GRIPS typology in practice. These materials included stand-up displays, desk



mats and infosheets which explain the various 'purchaser types' and provide assistance with allocating them and communicating effectively. A GRIPS file, suitable Post-It notes and GRIPS badges were included in the pack of materials that each call centre agent received, thereby making the theory visible in practice.

The intention of these materials was above all to support call centre agents in their interactions with callers so as to ultimately enable customer reacquisition. In order to do this, various identifying characteristics were initially presented for each 'purchaser type': for example, the main reason for cancellation, price and product knowledge, the customer's requirements, or the main emphasis of the call. Thanks to a clearly structured table, agents were able to immediately allocate which 'purchaser type' they were dealing with and how they ought to communicate with them.

Bargain Hunters



Considerable price knowledge and average product knowledge.
Main reason for cancellation: prices and costs when compared to attractive discounts for new customers.

Customer interaction:

- Communicate discounts
- Use price comparisons
- Make clear the advantages of better-quality products
- Use specific vocabulary („inexpensive“, „save“ ...)



Price Accepters



Average price knowledge and considerable product knowledge.

Main reason for cancellation: the quality of the product had declined.

Customer interaction:

- Place the spotlight on quality
- Share their enthusiasm
- • Make clear the advantages of better-quality products (“product innovation”)
- Use specific vocabulary (“exclusively for you”, “premium” ...)

Risk Avoiders



Average price and product knowledge.

Main reason for cancellation: unfair treatment and being disadvantaged.

Customer interaction:

- • Highlight the customer’s good experiences
- • Convey trust and reassurance
- • Make clear the advantages of better-quality products (“most customers use...”.)
- • Use specific vocabulary (“I can assure you...”, “a fair offer” ...)

A more detailed listing of the ‘to dos’ when talking to the customer provided a further overview.

In this case it was all about stating what sort of vocabulary could be used for each ‘purchaser type’, which wordings could best communicate the benefits of better-quality products, or which other topics ought to be highlighted during the phone call.

The various materials also had the function of actually applying GRIPS in normal everyday working life: not merely in communication on the phone, but also by using Post-It notes or blocks. It was thereby possible to increase the agents’ commitment and identification with the typology.

In a second stage, each call centre agent was personally trained in four staggered side-by-side coaching sessions so that they could then actively apply what they’d learnt in practice and – if need be – receive assistance. Customer calls – both inbound and outbound – were discussed imme-

diately after they’d been concluded, and potential for improvement was identified so that the feedback could immediately be used in the next call. This meant that the theory that had been learnt could gradually be internalized.

Call centre agents who had been trained achieved a rate of success that was 25 percent higher.

We initially also worked with a test group in this phase so that we could compare trained and untrained agents and their results.

The conclusion: on average, the trained call centre agents achieved success rates that were 25 percent higher than their untrained colleagues. In addition, they were not only more satisfied with their job and the calls, but could also reduce the length of the calls and finalize 15 percent more contracts with longer contract periods.

Guaranteeing sustainability and efficiency

A one-off training concept is insufficient if one is to create effective and sustainable framework conditions. Instead, one must educate those responsible and the trainers they employ in order to ensure the long-term presence of GRIPS within the company.

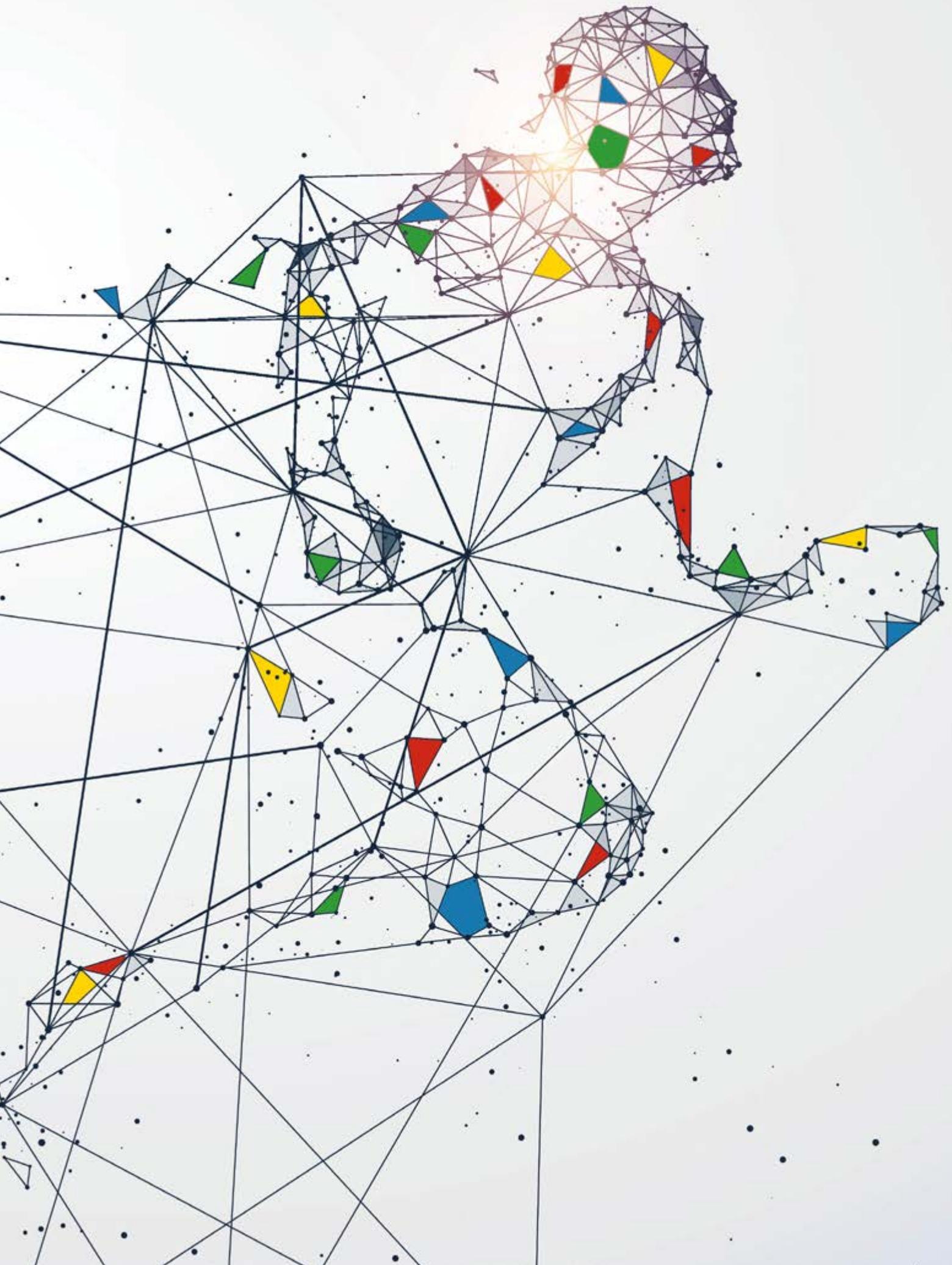
The goal of any project in this context is generally to achieve a long-lasting and sustainable ‘multiplier effect’. In order to ensure this, Vocatus applied the ‘train-the-trainers’ concept. This involved nominating responsible experts within the company who not only intensified their knowledge of GRIPS in special training sessions but were also trained as GRIPS trainers themselves so they could gain more wide-ranging knowledge than the agents. In future, new employees can therefore be inducted by the company’s own trainers, and all the call centre agents can receive regular refresher courses.

People responsible for GRIPS were also nominated and trained in each call centre, thereby enabling them to ensure that the typology is used and embodied at every site.

These employees support the work of the above-mentioned GRIPS trainers by being constantly present at a local level and being available to answer questions and offer assistance in day-to-day business.

Six-monthly sustainability workshops guarantee long-term success.

Vocatus also conducts six-monthly sustainability workshops in order to back up the people who have been made responsible for (and trained in) GRIPS, guarantee that the GRIPS typology is implemented in the company, and ensure that the success that has been achieved will be maintained in the future.



vocatus:

Vocatus is an innovative and globally active consulting and market research company which specializes in decision analysis, price optimization, customer satisfaction and employee commitment. Each project attaches great importance to problem-oriented solutions, concrete recommendations, and the efficient implementation of results. Vocatus has received a number of international awards for its innovative studies and practice-based concepts.

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