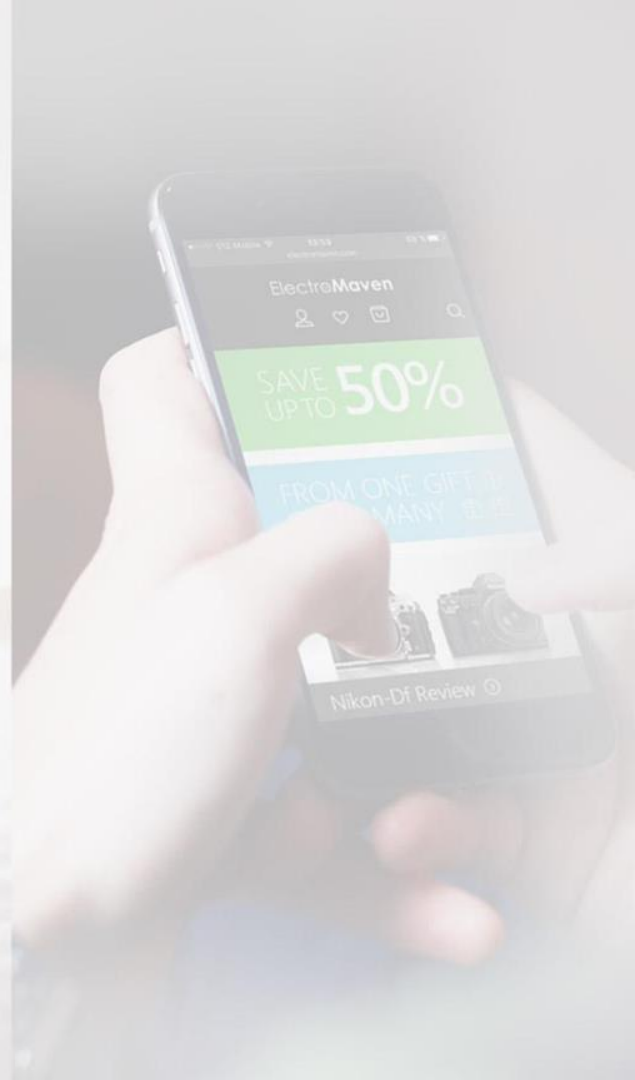# The Psychology Behind Shopper's Online Decisions

Liraz Margalit (PhD)

Web Psychologist & Head of Behavioral Research

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Are we in control of our (online) decisions?

"80% of our every day decisions are done with little or no conscious thought"

Wood and Neal, 2007

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TMI

TMI

"The only way that **human beings could ever have survived** as a species for as long as we have is that we've developed **another kind of decision-making apparatus** that's capable of making **very quick judgments based on very little information**"

Malcolm Gladwell

The year of personalization

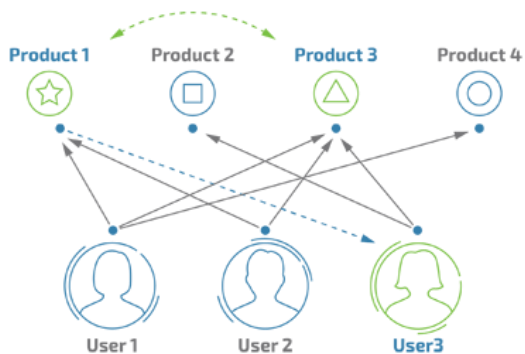# In order to understand people – we have to "think people"

Does "personalization" address the *person*?

Personalization methods

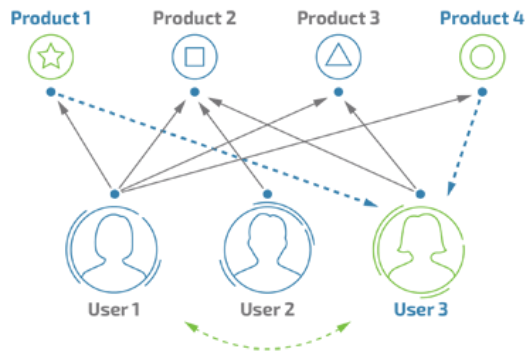**Does "personalization" address the person?**
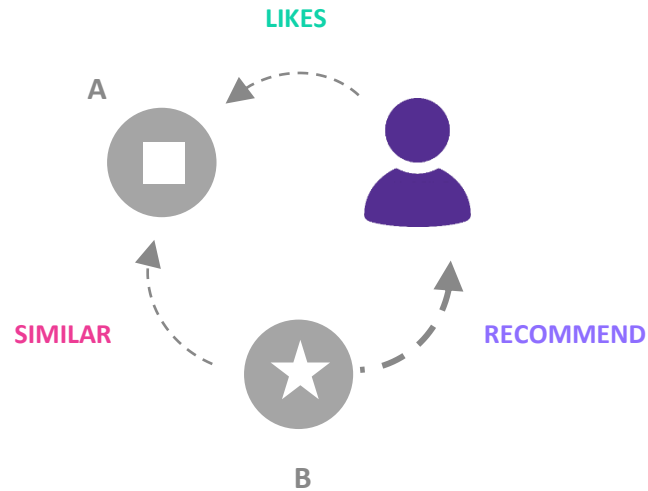
Item - Item approach

User - User approach

Item-Item approach

If a user likes Item A he might
also like Item B which is similar
to item A

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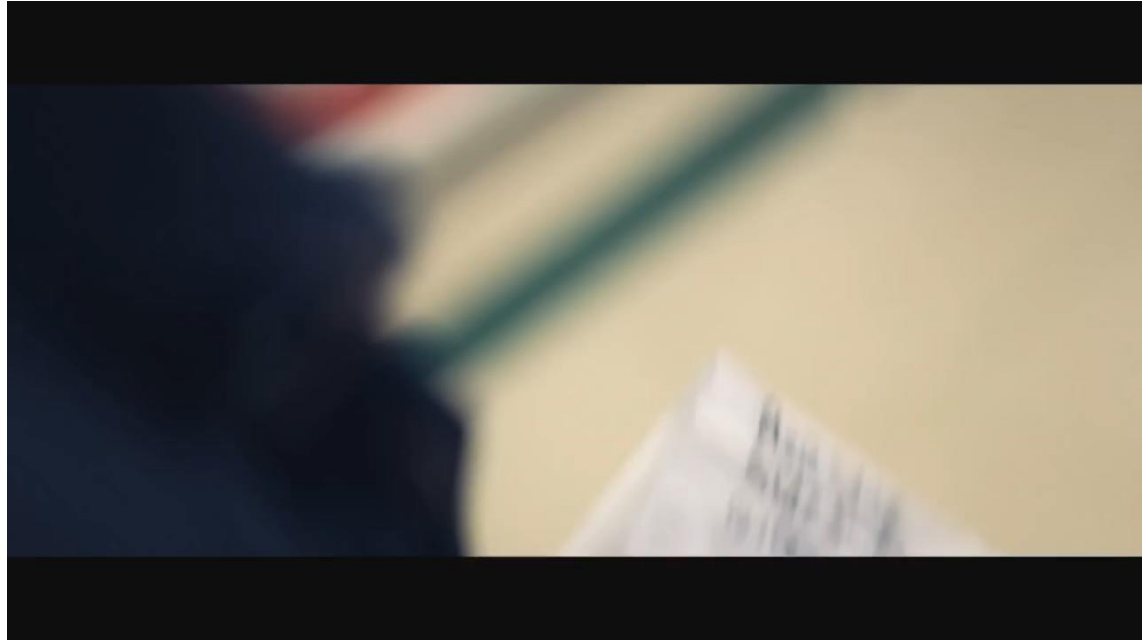
User-User approach

If two visitors A & B like the same
items so if visitor A like a new
item, we'll offer it to visitor B

X

X

BOUGHT

Y

A

B

BOUGHT

Y

SIMILAR

RECOMMEND

Z
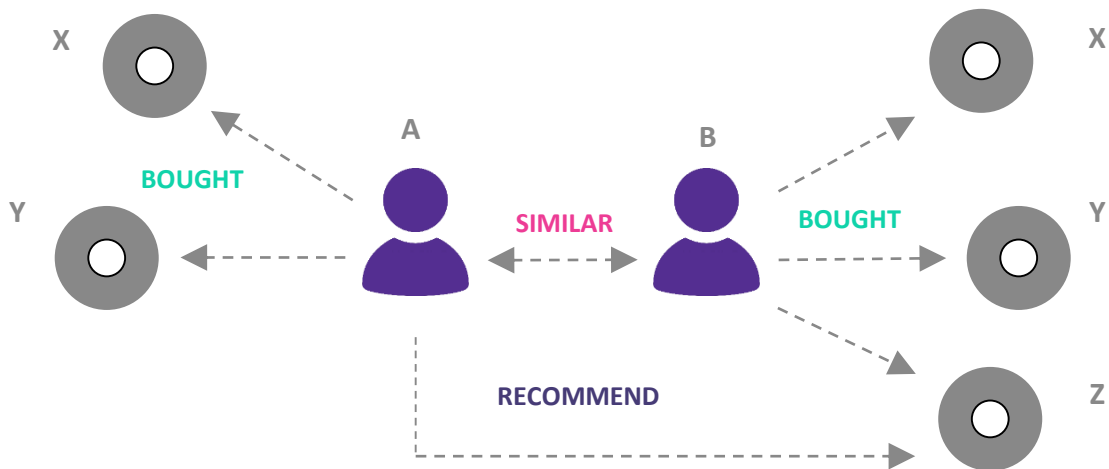
Today, online personalization is anything *but* personal

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What's the problem with personalization today?

Past behavior ≠ future behavior

Lacks context

Doesn't account for visitor mindset
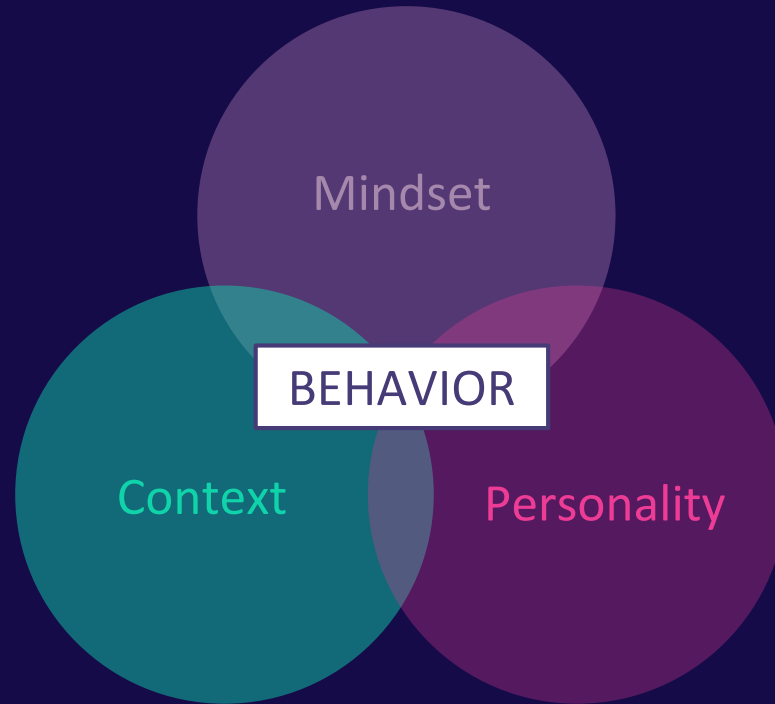
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Mindset

17*24=?

Rational vs Emotional brain

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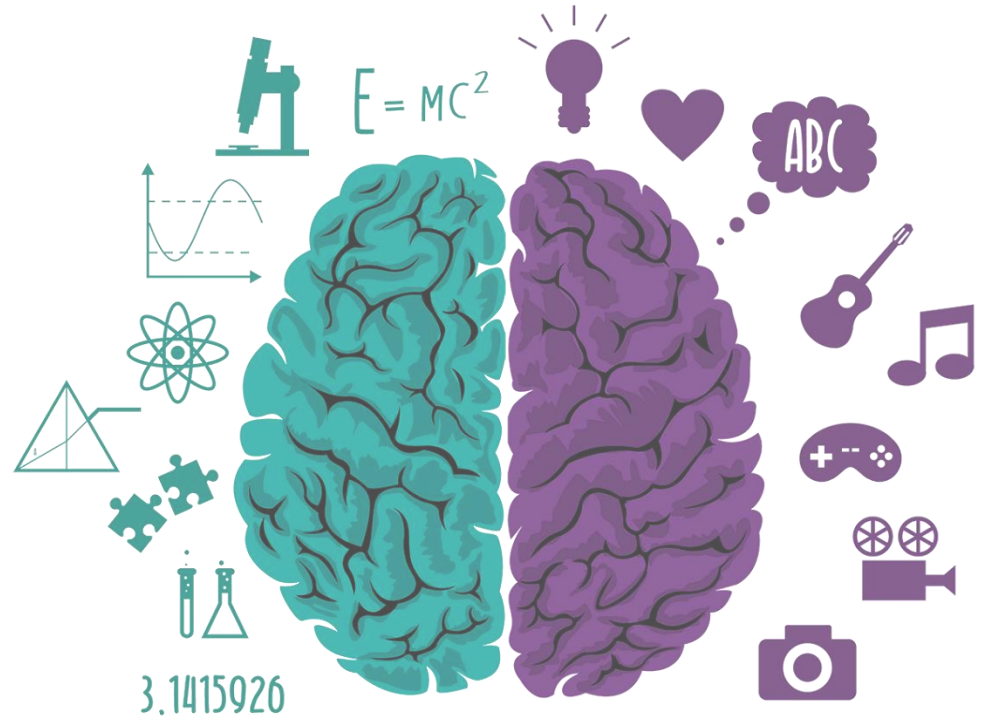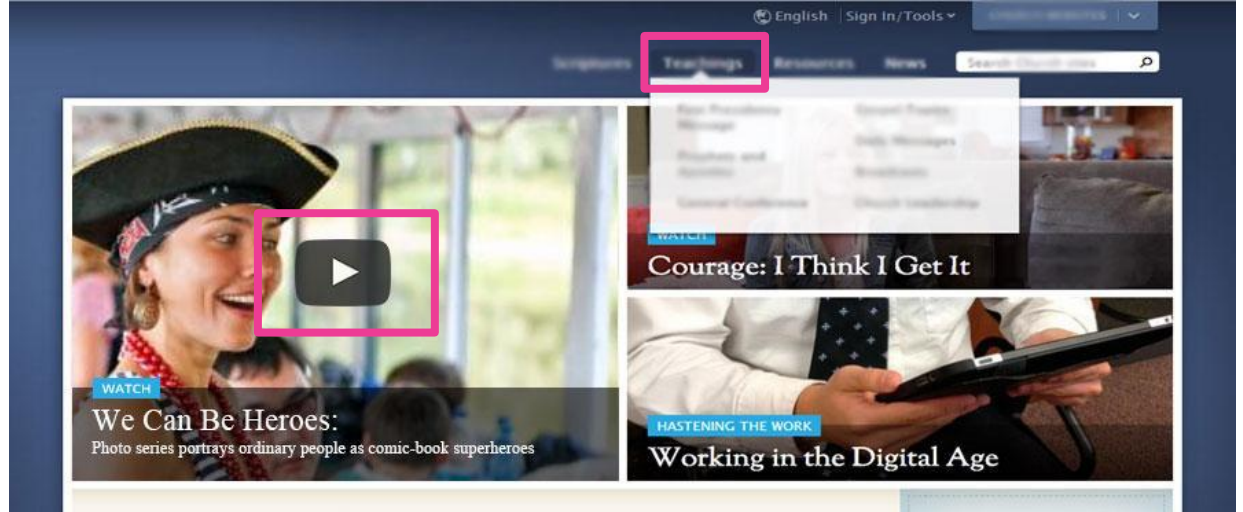
Content engagement case study

Two ways to arrive from the home page

Different modes, different engagement
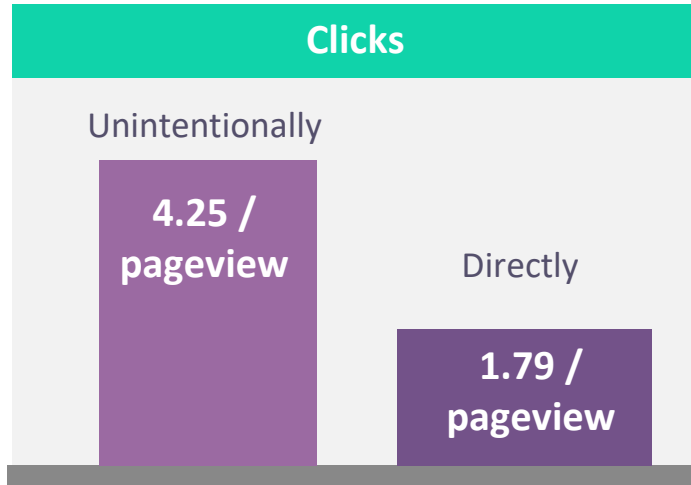
Clicks	
Unintentionally	Directly
4.25 / pageview	**1.79 / pageview**
Next Page: Featured articles/colorful images/video	**Next Page**: Search elements

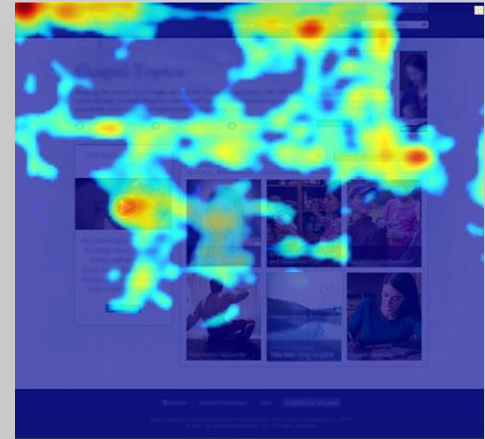| Engagement	
Unintentionally	Directly
1 min. 6 sec.	**20 sec.**
Next Page: Featured articles/colorful images/video	**Next Page:** Search elements

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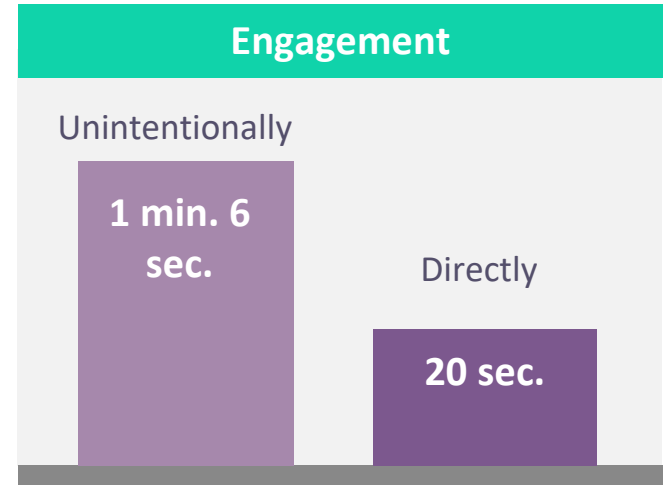
Engagement analysis

Arrived directly   **Arrived unintentionally**
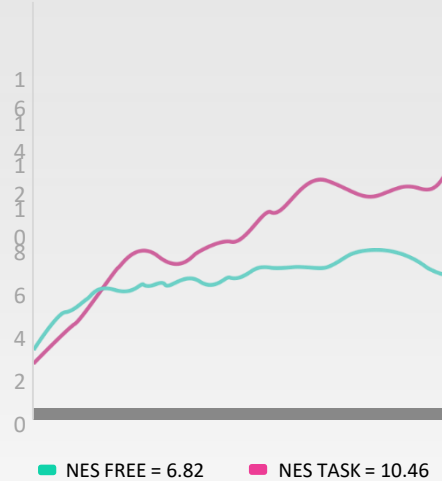
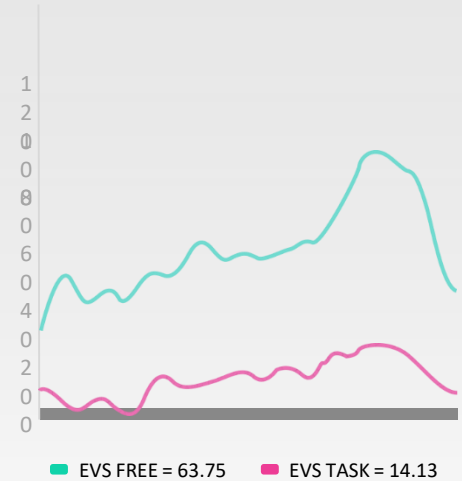Which of the two brain systems is dominant in each behavioral pattern **?**

EEG - recording of electrical signal

Goal Oriented

- ■ NES FREE = 6.82 ■ NES TASK = 10.46

Browsers

- ■ EVS FREE = 63.75 ■ EVS TASK = 14.13

■ Pink - Attention - brain areas involved in **higher** level processing
■ Green - Emotion - brain areas involved in **lower** level processing

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Confidential

Human behavior is not the product of a single process, but rather reflects the interaction of different specialized emotional and rational processes

How can you apply these findings to personalize the customer experience? Offer paths that suit all mindsets
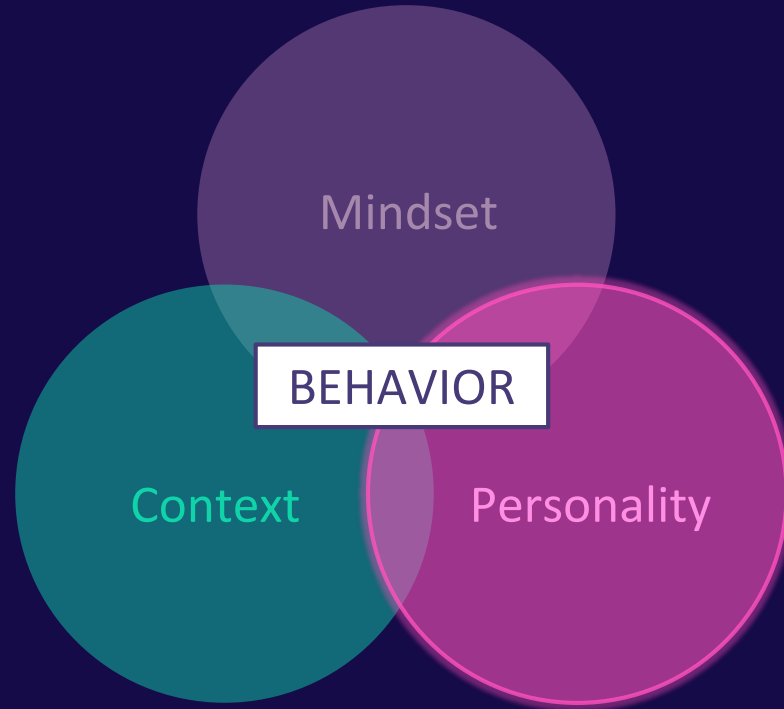
● **System 1**

- Track association path

- Provide a stimulating environment

- Use catchy headlines, colorful images and video to engage visitors

● **System 2**

- Make it easy for visitors to find what they want

- Optimize search and navigation

- Do not interrupt them

Personality traits

Maximizers vs Satisficers

Personality traits play important role in online consumer purchase decisions

Source: Karimi, Sahar (2013): A purchase decision-making process model of online consumers and its influential factor. A cross sector analysis

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Maximizers

- Only the best will do

- Constantly worry that another option might be better than their current choice
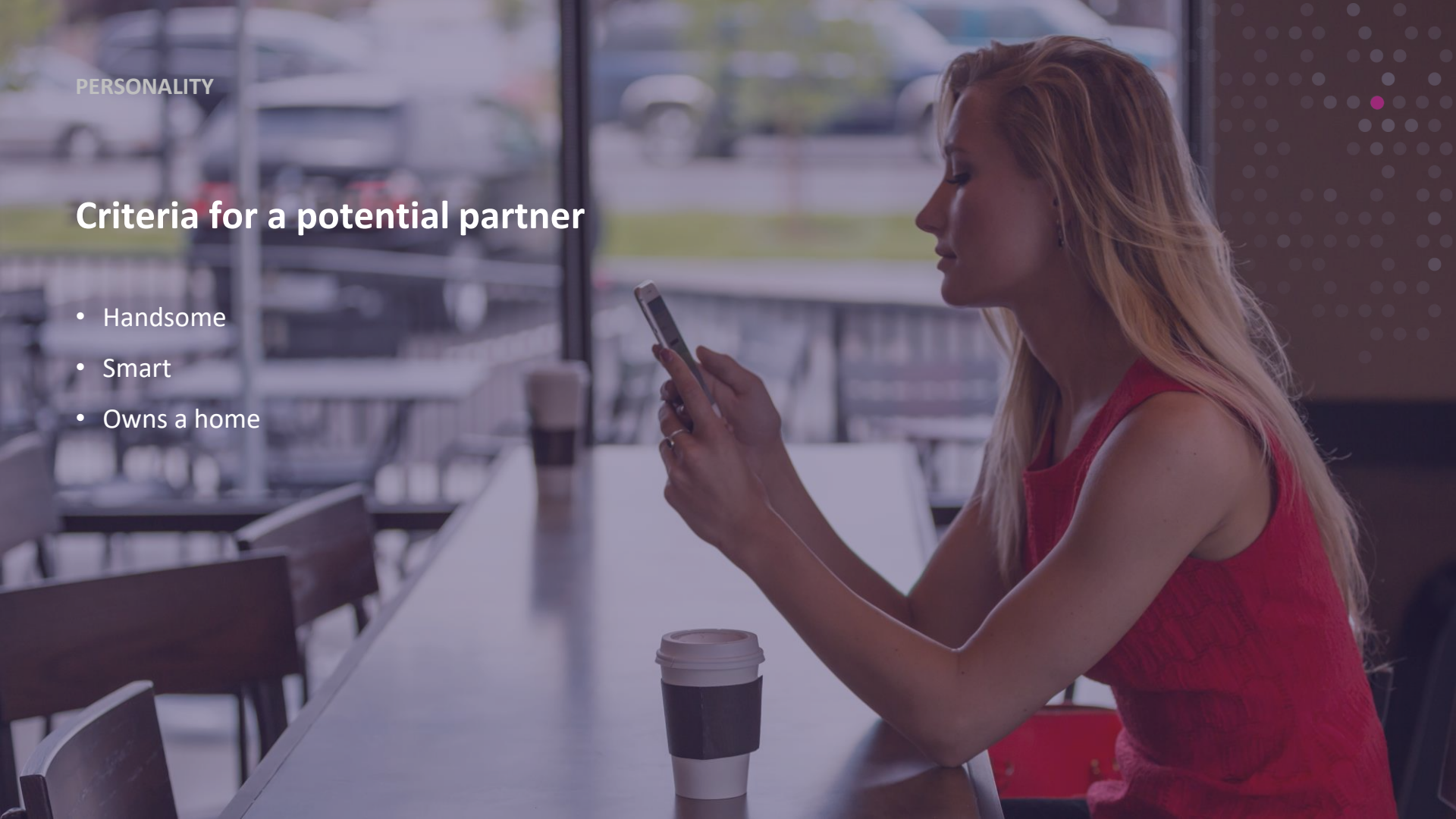
- Avid comparison shopper

Satisficer

- Good enough is fine

- Not concerned that a different choice that might be better

- Happy with first option that meets basic criteria

Criteria for a potential partner

- Handsome

- Smart

- Owns a home

Satisficers

Maximizers

Satisficer

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Maximizer

How can you apply these findings to personalize the customer experience?

● Read and respond to the customer "digital body language" to reveal personality traits

● For Maximizers

- Limit options to reduce frustration and avoid overwhelming them
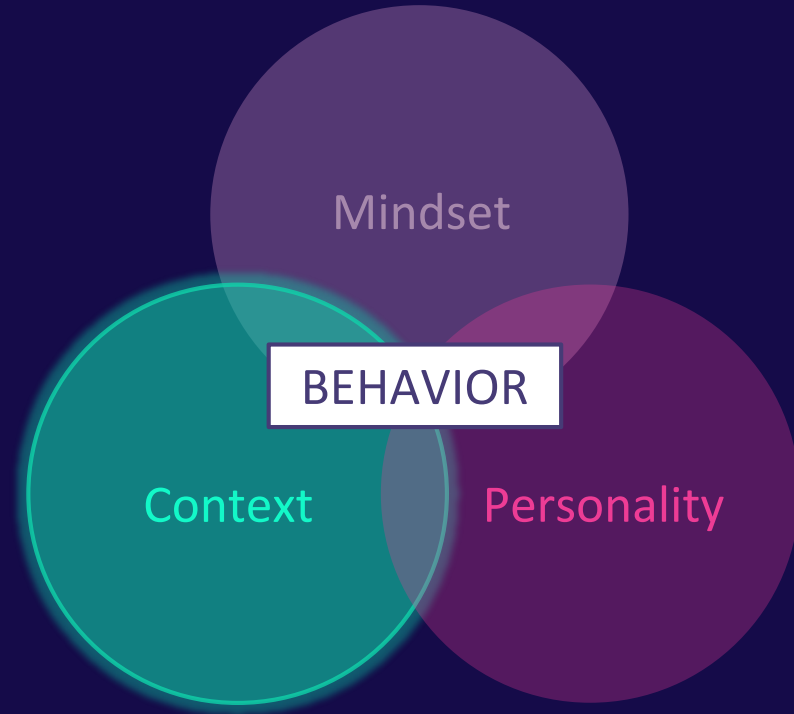
- Use suggestions to signal best choices.

● For Satisficers

- Offer filtering for fast drill-down to relevant options.

- Provide a digital customer service rep to "bring" color and size visitor needs

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Context

The prevalent assumption regarding ecommerce product pages dictates that exposure to reviews, product details and technical specifications increase the likelihood of purchasing the product

Minimal product details versus rich product details
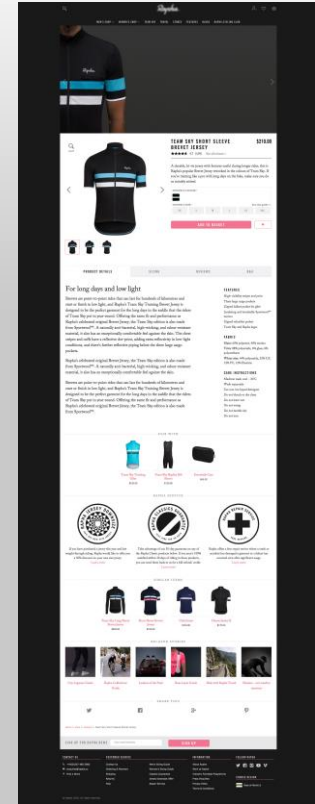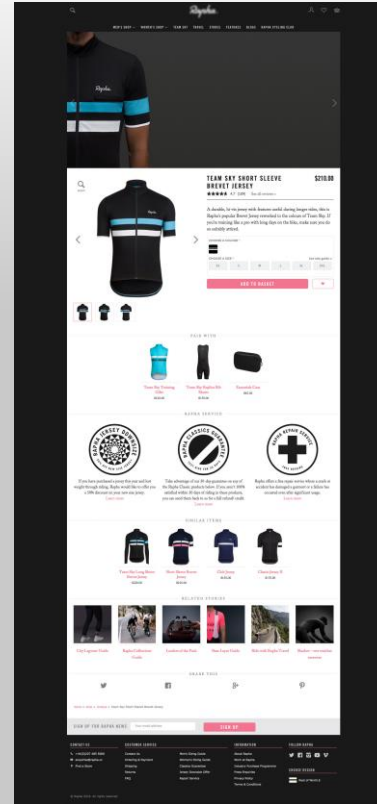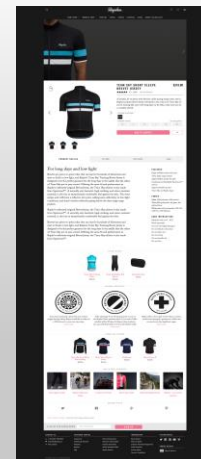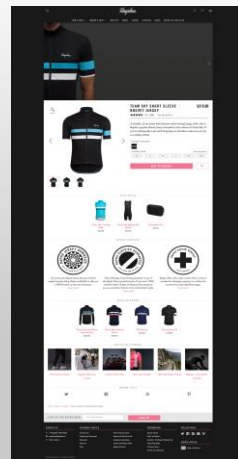
Different context, different behavior

Only Size & Color

Added to Cart

23%

Conversion

14%

Detailed Info

Added to Cart

17%

Conversion

8%

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Research shows that purchase of 'nice to have' products is driven by emotion

How can you apply these findings to personalize the customer experience?

For items with high emotional resonance, aim for customer hearts, not for their minds

● Distinct between 'nice to have' and functional products

● Avoid specifications that trigger rational analysis of product & price.

● Put product and technical info behind tabs for those who really want it

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Summary

If we want to succeed in the digital world, we need to adapt technology to the way our brains work, not the other way around.

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Thank You

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