

In this column, I address current retail trends and how suppliers can leverage them to craft differentiated, retailer-centric propositions. In each column, I'll introduce an emerging trend in retail, provide real-world examples of the trend in action ("observation"), why retailers care about it in the first place ("motivation") and, most importantly, how you as a supplier of retail products or services can parlay these insights into relevant retail strategies that will set you apart from the crowd.

Retailer Trend: Psychographics

Observation

In your meetings with retailers, you may have noticed that terms such as "need states," "missions," and "occasions" are being used to describe why shoppers visit their stores; that's because these psychographics (the "why" of shopper behaviors), have largely replaced demographics (the "who") as the primary metrics that retailers are following. What would a mother of three on a tight budget buy on a Saturday that falls on the 16th of the month just after a torrential rainstorm? What would a new bride expect to see merchandised next to wedding invitations as she plans her big day? If an avid do-it-yourselfer isn't able to find the right sized hammer, will he ditch everything else that's in his shopping basket? Believe it or not, such thin-sliced predictions are not only possible, they are driving all aspects of retailers' marketing and merchandising these days. As Kim Feil, Walgreen's chief marketing officer stated, "For too long, marketers were trying to be too precise in age, income and location. It's critically important to understand that this is not about demographics; it is about psychographics and lifestyle."

Examples:

- *Origins*, the Estee Lauder-owned natural products brand, has just reorganized its product offerings and in-store merchandising around needs states. No longer are products merchandised by category or sub-brand; instead, they are organized around skin care concerns such as redness.
- As part of Walgreen's ongoing CCR (Customer Centric Retailing) initiative, the retailer promises that stores will be laid out by how customers shop the store vs. "how buyers buy the store."

Motivation

Retailers care about psychographics because they know that tapping into shoppers' emotional states and helping shoppers achieve their goals for each trip to the store builds loyalty and keeps shoppers, well . . . shopping!

Differentiation

- Are you framing your consumer data psychographically? If not, it's time to start. Demographics aren't dead; however, they aren't the end of the story. Remember, that each retailer has a different take on how psychographics impact their brand and specific categories!
- What is your retailers' perspective on where and how your products or services compliment others'? Can you propose adjacencies that will help your retailers tap into

consumer need states? Get comfortable with positioning your products or services in the context of other products and brands in your categories and beyond.

- Are you focusing on the “who” at retailer HQ vs. the “why”? You can’t go wrong applying psychographics to your sales approach as well. What are the specific missions of your retail decision-makers and what you can do to help him or her accomplish them? What is the retailer-driven occasion that will justify a meeting with your company or the purchase of your products or services? What processes do you have in place to track the constant changes in your retailers’ psychographic motivations . . . and leverage them in your talk track, presentations and growth strategies?

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