

How Consumers Shop Differently Today

Written by Administrator

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By Sean Gregory

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labels in a store. And now that's linked to literacy. Everyone is doing it. (See what businesses are doing well despite the recession.)

Is consumerism forever changed? First, I think there is a certain access to consumer information. Particularly as I shop durable goods, I can go down the aisle of a consumer electronics store and check the prices on my web enabled phone. So the whole pricing issue here is going to have to get much more transparent because consumers have much more access to information than they ever used to have. And that information isn't something that they need to get at home. They can get it on the fly. This is both exciting and frightening for the merchant.

One of the things I've seen over the last couple of years is the rising popularity of the vintage clothing store. This relates to the changing concept of secondary markets ♦ whether its EBay, whether it's goodwill industries, whether it's selling a previously owned Mercedes Benz ♦ the perception is changing. There's a willingness buy used, rather than necessarily buy new. You'll never sell used underwear or used socks. But the number of things that people are considering buying used, or buying previously owned, is considerable. (Read "How To Know When The Economy is Turning Up.")

What are some implications of all this for retailers? I believe we have reached the apogee of the big box. Growing the store any bigger does not translate into the customer spending any more time or money. It is actually starting to be counterproductive. Walking into Home Depot and seeing 28 coffeemakers, ranging in price from \$16.99 to \$116.99, is an overwhelming sense of choice. So that the merchant is going to have to edit.

As some retailer put it to me the other day, 'we acquire these 40,000 square foot stores, yet our ideal format is 25,000. And it means that in the 40,000 square-foot store, I have to keep that store filled.' That is counterproductive, because it's money [i.e., inventory] that is not turning. Stores on steroids will start making some choices.

Retailers will also have to be more female friendly. The retail world has historically been one owned by men, designed by men, and managed by men. Yet, we expect women to shop in these stores. If women are the engines of consumption here, the purchasing agents for the family, whether I'm hardware store, whether I'm an Exxon station, being female friendly is important.

Is the era of "chic" over? Well, at Fashion Week (in New York City), there's been a universal sense of horror at the diamonds and furs on the runway. We get to that basic theme ♦ conspicuous consumption is bad manners. But chic isn't gone. If anything, conservative chic is back, because looking good is often a real part of keeping your job or finding your job. So you may not spend money on Armani suits, but there are lots of people who are much more conscious of looking good. I have a neighbor who was laid off four months ago. I saw him walking out of our building yesterday and I knew he was going out to look for a job. Every hair was in place, there was a little gel, his shoes were polished, his accessories weere there. I looked at him, and he said, 'yeah, I'm off to Washington.'" (See pictures of chic fashion.)

If you were launching a retail concept in today's economy, how would you approach it? I think, as a culture, we are over-stored. All store chains would be healthier if they were smaller. If I were to act on a new retail concept today, I would ask, 'how do I marry the idea of a physical asset with an online world?' So rather than saying 'I'm going to have Victoria's Secret and then have victoriasscret.com, can I stand back and conceive of an online business which has a physical manifestation that drives it?'

The cutting edge of retail has left North America. Look at the retail thinking that happens outside the US. For example, people are thinking about what it means when a customer uses public transportation and then shops. So

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there's a Swedish supermarket chain where you can shop at lunchtime, and put your purchases in a refrigerated locker. When you go home after work, you just stop off, pick up your bags, climb on the train and go home.

So is retail as miserable as it appears? Everybody has to eat. Everybody has to put clothes on their back, and drive to work, and take care of their homes and go about their routine stuff. They are still interested in products that save money. People are still going to be buying flat screen TVs, because they think it's a tradeoff with going to the movies, and it keeps the family at home. So I think there's a basic level of consumption out there that isn't going to change. I credit our President for giving a sense of confidence that something is happening. I don't think people are watching the stock market on a minute-to-minute basis like they were in the fall. I think there's a basic sense that yes, it may get worse, the market may go down, but the dust is settling. The dust is settling.

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