



## Marketing Messages

### MARY CHARLESON

#### *Baby boomers are leading the shift to thrift trend*

Ghastly gas prices. An increase in the cost of goods across the board. And less disposable income at the end of day. This is likely to be our future. The pundits will no doubt shout that consumer spending is on the decline. The shift to thrift they will say has arrived. But in reality, this trend has actually been entrenched for some time. Real incomes haven't grown much over the last decade, but consumer debt certainly has. 31% of BC's population are 38 -57 year old baby boomers. This group is largely paying off mortgages, saving for or sending kids to post secondary education, and saving for their own retirement. Collectively they are careful with their money and looking for good value. Although the boomers are only part of our population, as we all know they have a significant impact on trends. The key to understanding the shift to thrift is to look at behaviours of this group and grasp that "good value" can mean many things other than the best price.

There will always be price sensitive shoppers but they will likely remain a minority. What we are now seeing, and are likely to see a lot more in the future, is an increase in the "smart shopper", the one who seeks out the best value. And value means different things to different people. It may mean convenience, quality, selection, service or price. In an era of shrinking disposable income, value for money will become very important.

This shift to thrift is not about buying the cheapest product. It's about getting the best deal on something desirable. It's about getting more for your money. And it's about buying products that will last without paying a premium to get them.

The shift to thrift has driven growth at big box stores such as **Home Depot**, warehouse clubs such as **Costco**, high-end retail factory outlet stores, and quality discounters such as **Winners**. But what does this mean to marketers in general? Think VALUE, VALUE, VALUE. And this goes well beyond just retail applications. This new value mantra applies to all commerce, both products and services.

The new **Canadian Tire** at 7th and Cambie is a great example. This is unlike any Canadian Tire you will remember from your youth, or suburbia for that matter. Oh sure it still has automotive gear and tools, but you won't find them at the front of the store. And gone is the typical densely stacked merchandise displayed in narrow shopping aisles. This Canadian Tire features mini boutique areas for sports clothing, paints, home decor, and gardening. Halogen lighting and hardwood floors in these sections create an urban, higher end feel. The store is huge with 63,000 square feet and two whole floors devoted to merchandising space. When was the last time you sat on a leather couch while you had you paint mixed? A sign noting, "Too heavy? Too big? We deliver!" offers an unexpected service. They have effectively created a premium experience in a big box format while preserving good prices, and have effectively demonstrated a fundamental understanding of the shift to thrift.

The **Home Dept** at Park Royal in West Vancouver is another good example. Although you can still find rows of tools and paint, you will also find the bath and kitchen boutiques, and a floor plan design dramatically different from their traditional big box format. The prices are still the same as the bargain large format stores, but the feeling is of a premium experience. Again, they understand that the shift to thrift is all about creating value.

The **IGA Marketplace** concept is another example of a company that remade itself to capitalize on this trend. The stores feel high end with warm lighting and market style displays when contrasted with traditional fluorescent-lit mega supermarkets. The message to the consumer is this: for about the same price as other grocery stores, you can have a premium experience. For many consumers this value makes them feel like they are getting more for their money. And that's right on target with the shift to thrift.

So in this new era you can play the price game with low margins, play the premium game and likely see business get increasingly tougher, or you can play the value game. This means creating a premium feel with superior service, convenience, selection or quality. What offering can you make which is unique, desirable or of premium quality, and do it at a fair price? What service or convenience can you offer that others are not? To win with the shift to thrift, these are the marketing questions you need to address.

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