
Selling to the New Consumer

By Kathy Witt



The recession has taken its toll on consumer spending across all income levels. Gone are the days of instant gratification buying as more and more consumers rein in their spending; in fact, in a recent IBM survey of 4,000 adults, 72 percent of the respondents said they have made significant spending cuts because of the economy. Shoppers are more likely than ever before to scrutinize brands, stores and packaging, and it is a spending strategy they plan to maintain, even after the recession has come to a close.

The new consumer spends less, values quality over quantity, buys for what he needs and not for what he wants, and in essence, has a new attitude: respect for savings, disdain for credit. Not only does the new consumer buy differently, he travels differently. Business expense accounts and expenses in general have shrunk; overseas travel is down; and the age of carry-on only has dawned, bringing with it the reaffirmation that there's no such thing as a free lunch — or free checked baggage, not these days when every dollar is watched, stretched and/or saved.

What does this mean to travel goods retailers? What are the opportunities for those trained in the tradition of the 4 Ps — price, product, placement and promotion? What new selling techniques do retailers need to develop to meet the needs of the new consumer?

New consumer, new business model

According to a recent IBM Institute for Business Value white paper entitled, “The Future of the Consumer Products Industry: The end of the world...or a world of opportunity?,” the CP industry of the future will be “led by those companies willing to take bold, innovative steps to define the markets they serve, re-imagine the channels they use and transform current business models, while executing flawlessly against six capabilities:” globalization, differentiation, integrated information, innovation, consumer-centricity (finding new ways to connect with consumers) and corporate responsibility.

“The new consumer is well-informed, mobile and spoiled for choice,” stated Dan Burman, international sales manager at Pacsafe. “More than ever, travel goods retailers can present themselves as the ‘travel experts’ and trusted source for travel goods and advice both online and in store.”

Burman said this means well-trained and knowledgeable employees, quality brands and memorable service, as well as online stores that are easily navigable and containing as much information as possible for a customer to feel comfortable they are making the right choice.

“The new consumer is discerning and wants value for money, so innovative, quality brands and top service is necessary for attracting new consumers — and retaining them,” said Burman.

Pacsafe demonstrates the type of bold approach essential to appealing to this consumer by designing innovative and patented solutions that enhance and improve the travel experience for those who love to travel. Case in point are two new Pacsafe products, the TravelSafe 100 and the VentureSafe 200. The former is an anti-theft portable safe that was the winner of the prestigious ILM award in the category of “Best Intelligence” at this year’s International Luggage Show in Offenbach, Germany. The latter is an anti-theft compact travel bag, in stores in January 2010, that features Pacsafe’s anti-theft features, including eXomesh® Slashguard in front, side and bottom panels and tamperproof zippers.

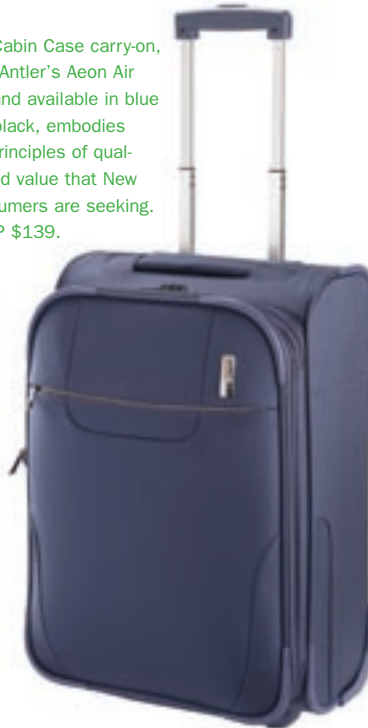
“Aside from our unique anti-theft features, of equal importance are quali-

Pacsafe’s TravelSafe 100 portable safe folds small and is easy to take with you whenever you need to go. An Ultimate Lock & Leave product with a laminated eXomesh® cage that locks closed and locks to a secure fixture, it retails for \$44.99.



PHOTOGRAPH COURTESY OF PACSAFE

The Cabin Case carry-on, from Antler’s Aeon Air line and available in blue and black, embodies the principles of quality and value that New Consumers are seeking. MSRP \$139.



Following travelers’ needs for a lighter bag, the Antler Size Zero carry-on, in black and Kashmir, weighs a mere 6.2 pounds. MSRP \$199.



PHOTOGRAPHS COURTESY OF ANTLER

ty, organization, durability, comfort and functionality,” said Burman. “Pacsafe places a strong emphasis on branding, marketing communication and product development/differentiation.”

The times, they are a’ changin’

Andrew Hamilton, vice president at Antler USA, observed that the profile of the new consumer has been evolving for the past nine to 12 months and that it has prodded open a niche in travel goods for independent retailers.

“The \$300 and up market for carry-

on luggage has shifted with consumers looking to spend \$200 or less. That market was predominately taken by the mass market brands — stuff you can find in the large department stores and discounted each week,” said Hamilton.

Noting that Antler has entered this niche of good quality/lesser cost with product priced in the \$140 to \$250 range, Hamilton cautioned independent retailers to study the new dynamic that is defined by quality, value-priced carry-ons designed for the right-now needs of travelers.

“Consumers are looking for value and a slightly smaller carry-on than they’ve been used to so the case will fit

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into the overhead bins wheels-in, as the airlines want them to," said Hamilton. "They're also looking for something exceedingly lightweight: If it was 12 to 14 pounds then, it is 6 to 7 pounds now. They are looking for value-driven

Taking the Tilley Challenge

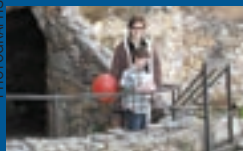
Hang onto your drawers! I'm going to talk "unmentionables."

During The 2009 Travel Goods Show last March in Las Vegas, Tilley Endurables threw down the "Tilley Challenge." They dared intrepid travelers to hit the road for one week with their new Tilley Travel Underwear made from CoolMax® fabric and their Unholey Tilley Travel Socks, and report on the experience.

I took the challenge in Chattanooga, TN, with two pairs of undies and one pair of socks. In brief, Tilley's step-ins stand up to the product claims: They are lightweight, breathable, fast drying and more comfortable than cotton.

Through a full day of touring the labyrinth that is Rock City, with its Swing-Along Bridge, enchanting Mother Goose Village and iconic overlook from which seven states are visible, followed by an evening downtown at Vaudeville Café's Murder Mystery Dinner Show, the socks which contain nylon for strength and spandex for arch support, cradled my feet in comfort.

Bottom line: Tilley's new Travel Underwear go above and beyond the call of duty and the Unholey Tilley Travel Socks are divine for the soles. For retailers, these are quality add-ons for traveling customers. ■



The author and her son, Jackson, follow the map along the Enchanted Trail and through the Fairyland Caverns

and Mother Goose Village of Rock City, located atop Lookout Mountain, just 6 miles from downtown Chattanooga. PHOTOGRAPH BY JOHN WITT

— great quality at the lowest price they can possibly get."

Ryan Trefl can attest to the value aspect of the new business model. The marketing vice president of Zoobies says that while he feels fortunate to have watched sales increase each year since the company was launched in 2007, he knows that the value of the Zoobies product is an integral part of the equation for its success.

"I'm not too sure many high-end stuffed animal companies can say the same," said Trefl, "but it's easy to understand why our sales have increased: People are looking for value. With our product having three functions — animal, pillow and blanket — the value is its functionality and has become the primary selling point."

In the luggage realm, Hamilton noted that retailers would be wise to recognize that the selling of product at a \$250 price point is something they need to do. Before the economy went into its downward spiral, the business model was margin driven; now it's about cash and turning product.

"You need to look at turning something six times a year," he said. "It's a similar margin but a lower price point. In times like these, it's about turning cash." Antler has been able to fit into the \$140 to \$250 carry-on niche by manufacturing product that addresses two needs of the new consumer: great value in a quality case and one that is extremely lightweight.

"Some of our independent retailers are telling us they're able to turn our product six or more times a year," he said. "They're making a good margin. The product is not coming back; it's selling and staying sold. It's a no hassle sale. All the way through, we're supporting the independent retailer."

Jack be nimble

David Lomas, director of Design Go, a retail travel products and accessories company based in London, noted that for a nimble travel goods retail operation, a change in the traditional consumer profile can provide an opportunity.

"If the consumer wants to save money, help them to save money by providing them with an enticing range of quality products that will enhance

their travel experience but more importantly, help them to cut costs in other areas," urged Lomas. "The Design Go range of travel accessories features a selection of quality travel accessories that allow today's traveler to do just that," said Lomas.

"Products such as our Cabin Approved Bags give the consumer the confidence of knowing their luggage dimensions are the correct cabin size for all major airlines. The Cabin Approved line is available in a selection of shapes and sizes, allowing the new consumer to travel without the additional expense of check-in baggage."

Lomas believes that opportunities always exist for retailers who are consumer-centric and who actively look for new ways to engage and interact with their customers. It is a strategy that helps retailers understand and anticipate consumer needs and it begins with listening to the customer.

"If the consumer demands online retailing, you need to be online. If they require more information in-store, you need to provide ample information without overwhelming them with irrelevant points," stated Lomas.

"Staff must be able to impart product knowledge in a clear and concise fashion to keep the consumer engaged but, most importantly, they need to recognize that a consumer will not be pressured into buying. The new consumer needs to make their dollar go further and so, for the retail staff, identifying what the consumers perceive to be value will be an essential selling technique going forward."

Lomas feels Design Go's business model is a perfect fit with the new business model. Design, innovation, quality and product range that includes both travel accessory staples and impulse purchase products, as well as new products and updated packaging and colors, keep their customers interested and engaged.

"They return because they trust the brand and know that it offers good quality at the right price," he said.

The 4 Ps

Cinda Boomershine agrees. The founder of Atlanta-based cinda b. inc., creator of travel bags,

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cinda b's Snack Pack, available in 11 colors/patterns (shown in Casablanca purple), is one of the products the company added when it reassessed its line in 2008. MSRP \$27.

PHOTOGRAPH COURTESY OF CINDA B | PHOTOGRAPH COURTESY OF DESIGN GO



Design Go's Cabin Approved Holdall, pictured in grey, gives the New Consumer what they want — plus confidence. MSRP \$49.95.

on promotion. "We are in touch with our customer on a regular basis," said Boomershine. "Once price, product and promotion were reassessed and refined at cinda b., placement fell into place naturally."

Added Lomas: "For any business, the 4 Ps are ever-evolving: getting the product right; selling it at a price that offers value to both our customer and ultimately, their consumer; making sure that it is sold in the right places; and finally, investing heavily in packaging, photography and easy-to-use merchandising solutions, so that each element conveys the quality of the brand."

The bottom line

So, where does the travel goods industry fit in to the new business model?

"It's interesting," mused Hamilton. "What we're going through at the moment is a transition for the whole market. This is a reality check. I think it's about what the retailer is seeing in the market and how quickly they can adapt to understand the needs of the new consumer. The product is there, whether from Antler or another manufacturer, that hits the \$99 to \$250 price points for carry-ons."

Hamilton noted that business travelers are still traveling and they know what they want. The manufacturer's job is to manufacture that product at a good price.

"You'll see prices coming down," he predicted. "And you should see a lot of innovation next year in the industry."

"As designers and manufacturers, we constantly observe and monitor travelers, ensuring that we fully understand their ever-changing requirements and try to stay one-step ahead when developing new product," noted Lomas. "It is equally important for the travel goods retailer to understand their consumer to ensure that the in-store offering has anticipated changes in travelers' buying patterns. Having a product mix that marries together the perfect combination of innovation, quality and reliability will guarantee that your tills are the ones receiving the sales."

Added Boomershine: "The travel goods industry can thrive in this market — as long as it is willing to change with the times." ■



The 2009 Bug and Wildlife Collection, including Lilly the Ladybug, illustrate the value and versatility of Zoobies products. MSRP \$32.

PHOTOGRAPH COURTESY OF ZOOBIES

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purses, totes and small accessories made in the USA, noted that travel goods retailers must be uber creative in order to survive or, better still, thrive. They must be quick on their feet and willing to change to meet the needs and demands of this new customer.

"We have to embrace this new consumer, this new market and all the new technologies out there that will help us do just that," Boomershine said.

"The 4 Ps are still relevant," said Hamilton, "It's just now a different price, product, placement and promotion."

"In a competitive marketplace, the 4 Ps are probably even more important," stressed Lomas. "The opportunities are immense for those who truly understand the 4 Ps. Having the right product

is paramount; the new consumer is incredibly discerning about how they spend their dollar. Without products that fit exactly with their requirements, the retailer will lose out to more consumer-savvy competitors."

Lomas remarked that having the right product is just the first step. "If you cannot offer this product at the right price, have it in the right place and ensure that the consumer is fully aware that you have this product available, it will be impossible to engage the consumer."

In 2008, cinda b studied and then reevaluated its product line, responding to changing market conditions by adding more to the mix in order to have a variety of products and price points to help meet the needs of the new customer. The company also focused