

Behind The Purchase

Early Consumer Insights for Better Decision Making

September 8, 2022

Highlights:

Business Models: Retailers use logistics tech as a source of strategic innovation.

Inflation: Quick service and casual dining outlets focus on value marketing.

Grocery: Hy-Vee turns to biometrics as part of an in-store wellness experience.

Supply Chain: Climate change impacts are felt in fashion and textile industries.

Marketing: Brands court unconventional partners and cultural influencers.

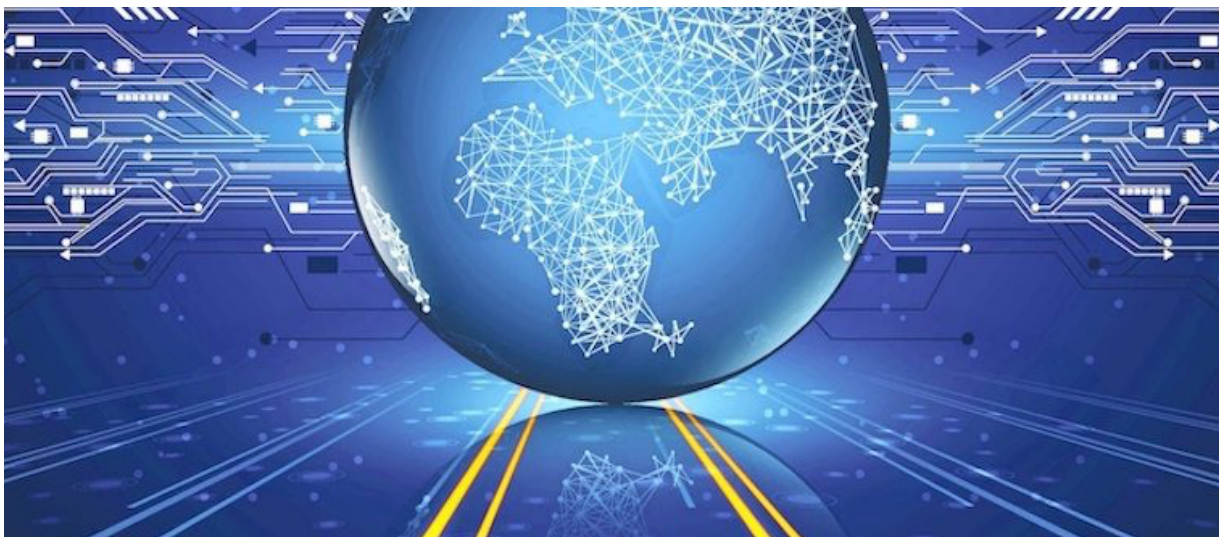


Image: Transport Intelligence

A new balancing act

Gap recently launched GPS Platform Services, a logistics and fulfillment network open to other businesses. Meanwhile, after acquiring Quiet Logistics and AirTerra last year, American Eagle Outfitters has created a subsidiary called [Quiet Platforms](#), which offers fulfillment, logistics and transportation services to other brands. In 2021, Walmart launched GoLocal, which leverages its own logistics investments to offer delivery services to other companies. Last week, the big-box retailer said it had reached more than one million shipments in the first year of operation.

COMMENT: The move to a [Digital First](#) economy is forcing companies to change their business models. The management of everything from raw materials to production and on to distribution, fulfillment and delivery has become so digitized that companies which used to think of themselves as a retailer or a brand are beginning to redefine themselves as technology or service enterprises. Winners will be those that facilitate the deployment of technology that guides new business models and that move companies quickly toward compatibility with the demands of digitally trained consumers.

Cut me a break



Domino's new ["Inflation Relief Deal"](#) offers customers a 20 percent discount on all menu items that are ordered via one of the pizza company's digital formats. Additionally, KFC recently introduced a \$6 combo meal while Red Robin said it will launch new lunch specials in the fall.

COMMENT: Despite paying higher costs for ingredients, numerous fast-food and fast-casual restaurants are having to cut prices to entice consumers dealing with inflation and economic uncertainty. Since the Great Recession, we have monitored these [Resourceful Consumers](#), who quickly find ways to handle financial setbacks, volatility and economic stresses by finding deals, hacks and alternative products. As long as the economic environment remains uncertain, companies targeting middle- and lower-income consumers are going to face pressure to offer discounts and other enticements.

What's at risk — food for thought



The employee-operated supermarket Hy-Vee is providing 1,000 free biometric screenings at more than 60 of its 280 locations in September, which is National Cholesterol Month. The screenings are part of [the chain's 'Meet Your Metrics' tour](#) and will include Hy-Vee dietitians collecting a blood sample from a finger prick that will be used to determine cholesterol levels, triglycerides and glucose

levels, all revealed to the customers during the screening. They will also take resting blood pressure, as well as height, weight and waist and will calculate body mass index.

COMMENT: By offering health screenings to its customers, Hy-Vee will build a good-will bond with customers who are concerned about health and wellness. The store will then likely offer products to help alleviate any concerning results. Will Hy-Vee own the personal health data and if so, how else might they use it?

Climate vs Country



In June, a “monsoon on steroids” hit Pakistan, one of the top five cotton-growing countries in the world. The storm caused flooding and damages affecting at least 33 million people, or one-third of the country, destroying homes and leaving many stranded. The country’s minister for planning has estimated at least [45 percent of cotton crops were destroyed](#).

COMMENT: The [effects and implications of climate change](#) will be far reaching, including on the fashion and textile industries. Damage to the cotton crop and infrastructure of Pakistan, plus the displacement of workers and farmers will be felt by global consumers and the fashion industry worldwide.

Seeking (Gen)Alpha and other cohorts



In July, luxury brand [Mr. Porter](#) took over an edgy bar on New York's Lower East side to celebrate the launch of its newest 70-piece capsule collection, co-designed by the co-hosts of the cult menswear podcast Throwing Fits. In August, Nike and Ambush launched a sneaker collaboration, with a campaign facilitated by the digital publication Sabukaru, spotlighting Japan's creative subcultures. Also in August, Asics released a sellout footwear tie-up with

menswear mood board JJJJound. Earlier this year, New Balance released a new colorway of its 2002R sneaker in collaboration with The Basement, a UK-based digital community.

COMMENT: Big brands are collaborating with niche publications, online communities and even mood board designers in an effort to extend their appeal to Gen Z and even Gen Alpha. Consumers in [younger generations are resourceful, pragmatic, playful and capable](#) of circumventing or ignoring traditional cultural brands in favor of digitally accessible and influential communities. Brands that find a way to work with the rising influential digital platforms will better appeal to their desired younger consumers.



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