

Old Habits Die Easy

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Many of the world's leading retailers, from Wal-Mart and Home Depot to Starbucks and McDonald's, open new stores every day of the year. Each store is a sophisticated business that must hire employees, stock the shelves with attractive products and create an appealing environment. As a result, a lot of time and effort goes into the development and design of these stores and then they are replicated, with slight variations, day after day in a variety of different locations around the world. Not only does this allow the retailers to take advantage of economies of scale, it also provides a very important benefit to consumers: comfort and familiarity. One of the great strengths of global retail brands is that they promise a reliable and consistent experience. A Starbucks in Europe feels a lot like your neighborhood store — baristas will effortlessly fill your order for a grande skinny vanilla latte, even if they wonder why anyone would drink coffee that way.

As creatures of habit we tend to appreciate that consistency. Much of what we are going to do today we have done before. Many of these everyday behaviours are accomplished with very little thought. In fact, many of these behaviours are so deeply ingrained that they take great effort to change. Consider, for example, Canadians driving for the first time in England.

People are often surprised by how difficult it is to drive in the left lane after years of practice driving in the right. Things that we no longer think about when driving at home, such as turning a corner, require intense concentration. To avoid harm, we must make a substantial effort to break habits that we have acquired over many years.

Similarly, consumers have developed a number of habits over the years that make shopping easier and more enjoyable. As people moving to a new city or country can attest, life without such habits can be extremely difficult. A simple trip to the grocery store is not so simple if you have to consciously make all of the required decisions. Which store should you go visit? What route should you take to get there? Which aisles and shelves hold the brands you want to buy? With time, these decisions are automated. When it is time to get this week's groceries, we know where we will go, how we will get there and what aisles to venture down.

My own research has demonstrated that retailers can acquire a dominant market share of highly loyal customers by simply designing shopping experiences that can be habitually enjoyed. When this happens consumers settle into patterns of behaviour that are resistant to change. They become willing to sacrifice the potential for better products or lower prices to secure what is comfortable and convenient. From the design of new stores to a consistent set of products on the shelf, companies have worked hard to facilitate this type of behaviour and grow their businesses.

This strategy can be very successful, until consumers make large and rapid changes in their routines. Today, the global economy is in recession. Much like finding oneself on the wrong side of the road in a foreign country, there is suddenly a strong incentive for consumers to put in the effort required to change, and they are doing just that. Recent statistics clearly indicate that consumer confidence and spending have fallen off dramatically. Whether this downturn lasts a few months or a few years, it has already interrupted many shopping routines and changed behaviour.

Smart retailers will not just batten down the hatches and wait out the storm. Consumers' goals have changed and they are breaking old habits. They are thinking a little more about where their money is

going and putting their business up for grabs. This is an opportunity to get to know your customers again, and to introduce yourself to your competitors' customers, both groups are looking for help getting comfortable and establishing new routines.

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