What we'll cover today

1. Introduction: Who the hell is this guy and what will he be talking about?

2. So what's going on in the wine business with people?

3. Some ways to think about people: data hierarchy, segmentation, demand spaces

4. Getting practical: How to think about your brand if you have little data or money, Some strategic frameworks(?)

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Who the hell is this guy...

...and what will he talk about?

PEOPLE

+

Strategy

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Headlines and data paint a dreary and confusing picture

While wine consumption in the U.S. slumps, American appreciation of wine grows

Booze up: is gen Z's 'sensible' relationship with alcohol moving towards hedonism?

Wine sales drying up as Americans turn elsewhere

Drinking less
A smaller share of young Americans say they drink alcohol compared to 20 years ago.

Gen Z Is Going Sober, Forcing Alcohol Giants to Rethink Strategy

Gen Z Is Drinking More Alcohol

Gen Z and millennials are drinking less than past generations
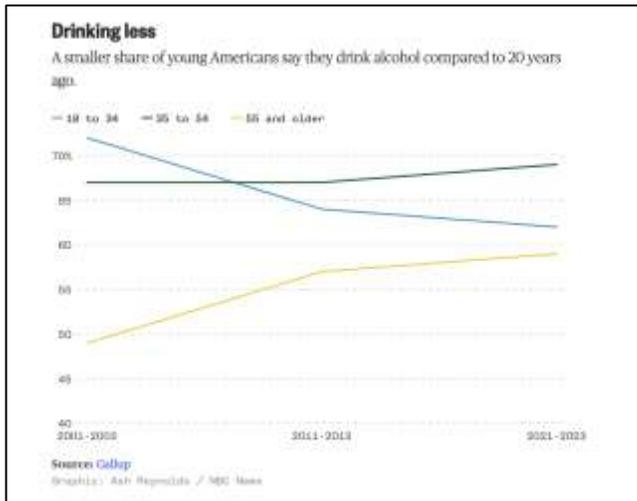
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Some Ways to Think About People

Demos, Psychos, Mindsets, Need States Help Explain Behavior

Why?

Woman 45-55
HHI: $105,000
Midwest DMA

The Data Hierarchy:
Demos, Psychos, Mindsets, Need States

Things you can segment people by:

- *Demographics (basic categorizations like age, gender, income, etc.)*
- *But what gets you to the why?*
  - *Psychographics*
  - *Mindsets & need states*
  - *Actual behavioral patterns (purchase / usage, occasion / timing, loyalty / switching)*

Demographics and Psychographics

- *Demographics include things like age, gender, income, and location, which are measurable and objective characteristics.*

- *Psychographics include attitudes, beliefs, personality traits, values, interests, and lifestyle, which are more qualitative and subjective, explaining the "why" behind consumer behavior.*

  - *The totality of psychographics make up a person's mindset.*

Mindsets & Need States

- *A "mindset" is a person's established set of attitudes, beliefs, and disposition that shapes **how they think about and respond to situations**.*

- *A need state is the primary purpose or psychological condition that drives a consumer to purchase a product or solution – the underlying reason for a purchase.*

Data on a budget: A Simple Exercise

Query 1

what are some characteristics of people who are 35-55 with a household income above $100,000

Query 2

what are some lifestyle characteristics of people 35-55 with household incomes above $100,000

Query 3

what are some lifestyle characteristics of people 35-55 with household incomes above $100,000 relevant to wine makers

Segmentation

- *Gives you a deeper understanding of people to key on (the WHY) by going beyond demographics*
  - *Increases relevance and personalization*
  - *Can increase loyalty and retention*
  - *Can size the opportunity*
    - *Resource allocation*
    - *Product development*

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High Stakes Drivers

*High category spenders who have high Firestone consideration, who depend on their cars and believe **if they take care of their car, their car will take care of them.***

WE DON'T HAVE ANY LEASING SPECIALS. No test-drive events. No giant gorilla balloons. But make no mistake, Firestone is a car company. And while we've yet to make a single car, we've made millions run smarter, faster, stronger, longer. We help trucks do more trucking. We give muscle cars more muscle. Long after the new car smell has faded. We believe the value of a car is determined by what you do with it. And there's no way in hell that decreases when you drive it off the lot.
So whatever you drive, drive a Firestone.

A CAR COMPANY

Segmentation on a budget

- *There are numerous syndicated segmentations that you can find just by digging around online*
  - *Remember DINKs?*
  - *Now it's about HENRYs – High Income Not Yet Rich*

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The HENRYS

high-earners-not-rich-yet: *the most important demographic consumer segment that you've probably never heard of.*

HHI
$100,000 –
$250,000

Peak earning years

Age 35 – 55

25 million
U.S. households

More educated

Ultra – affluents
of the future

The HENRYS: Shoppers but smart Shoppers

"We have seen an incredible rise in millennials purchasing luxury, and these digital native consumers want to purchase luxury goods online."

Between the good, better or best in any product or service category, they usually pick the middle ground.

Not frugal but want the best quality for their money. They research and heavily consider big ticket purchases.

More proud of smart purchases than status symbols.

A TRENDSETTER WHO BELIEVES CONNOISSEURSHIP, NOT MONEY SHOW STATUS

- *50% of millennials "prefer to buy lesser-known luxury brands" indicating they are more **willing to take risks with luxury.***
- *Our target seeks the recommendations of influencers. And **rely on social media influencers to inspire their purchase decisions.***

Status is less about material items or financial status, and more about having a wealth of experiences or knowledge. The key dimensions of an experience that they seek are that it is intangible, sharable and novel.
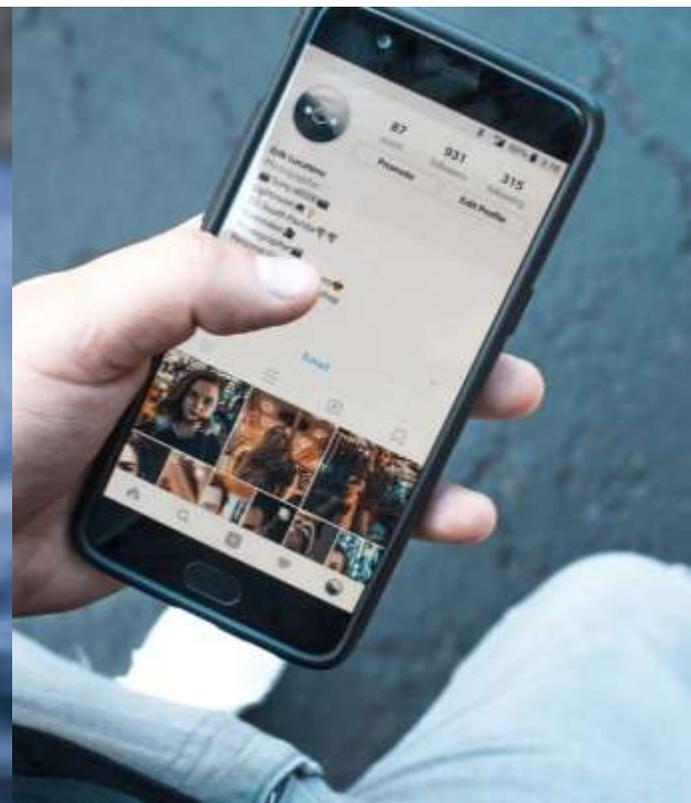
Demand Spaces

- *Demand spaces move beyond traditional segmentations, by emphasizing the importance of context.*

- *Will give you more detail around the WHY – why they're using your wine, the situation or occasion, when it's happening and who's there.*
    - *This can allow you to identify growth areas, impact product development, refine customer experience and refine marketing strategies.*

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We Thought There Was Conventional And Natural Demand, But There's A Continuum
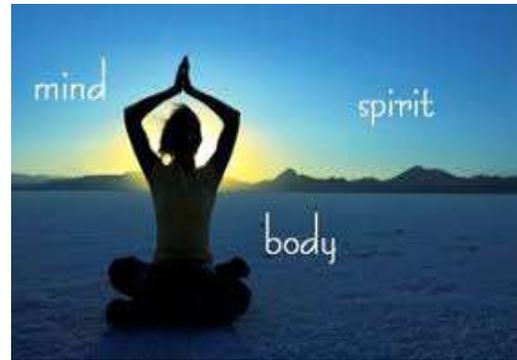

CONVENTIONAL DEMAND

*I want **effective products** that I can routinely use to help create a clean feeling in my home*
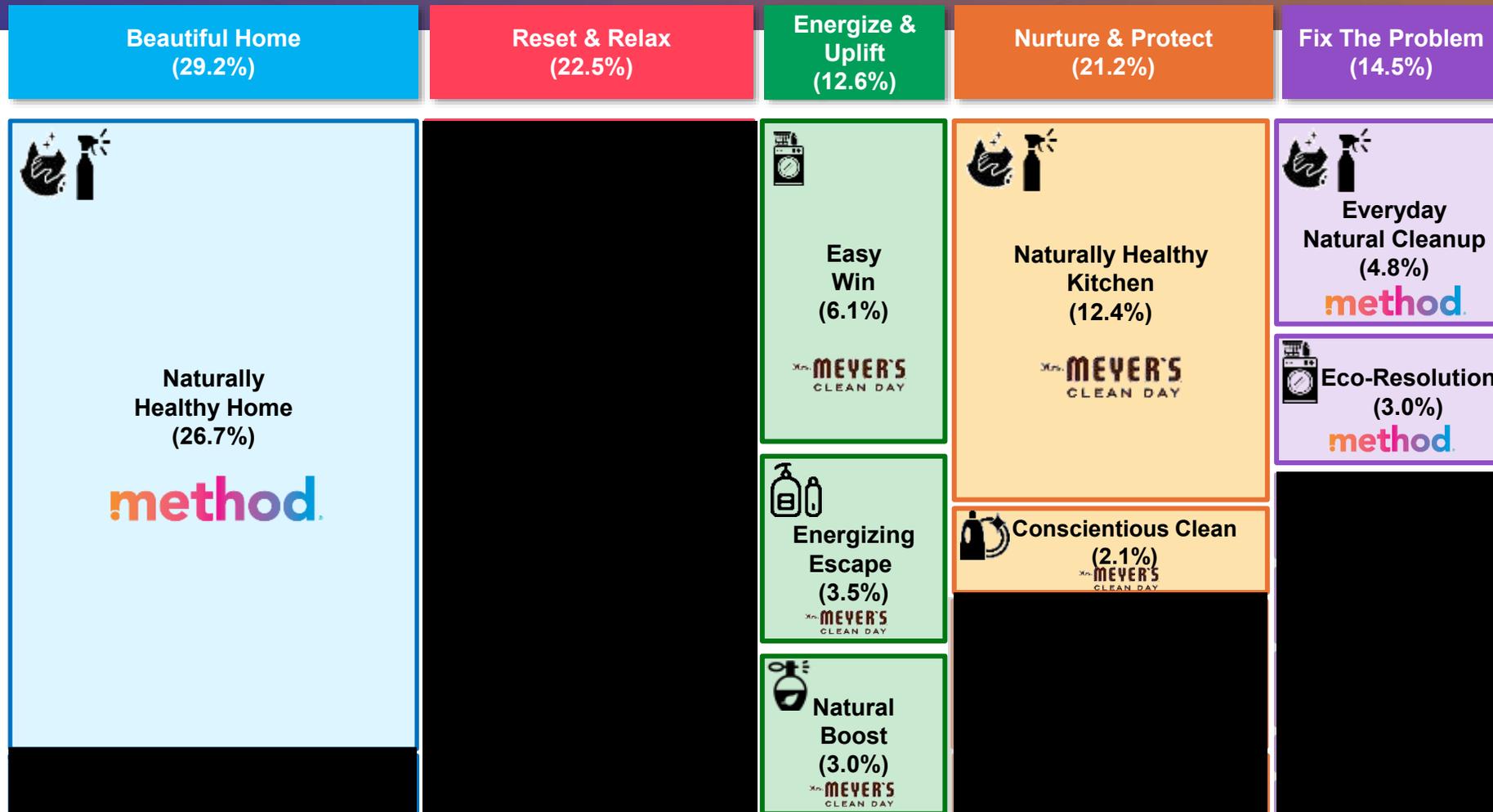
HEALTH & WELLNESS DEMAND

*I want to **manage my health and prevent illness** by creating a safe environment free of germs and bacteria*

NATURAL DEMAND

*I want to do my part for the environment and live a **natural lifestyle** by avoiding harmful chemicals*

Natural Demand Has Five Distinct Territories With Comprised 21 Spaces

| Beautiful Home (29.2%) | Reset & Relax (22.5%) | Energize & Uplift (12.6%) | Nurture & Protect (21.2%) | Fix The Problem (14.5%) |

Naturally Healthy Home (26.7%)
method

Easy Win (6.1%)
MEYER'S CLEAN DAY

Energizing Escape (3.5%)
MEYER'S CLEAN DAY

Natural Boost (3.0%)
MEYER'S CLEAN DAY

Naturally Healthy Kitchen (12.4%)
MEYER'S CLEAN DAY

Conscientious Clean (2.1%)
MEYER'S CLEAN DAY

Everyday Natural Cleanup (4.8%)
method

Eco-Resolution (3.0%)
method

Air Care   Dish Care   Home Cleaning   Laundry Care   Personal Care

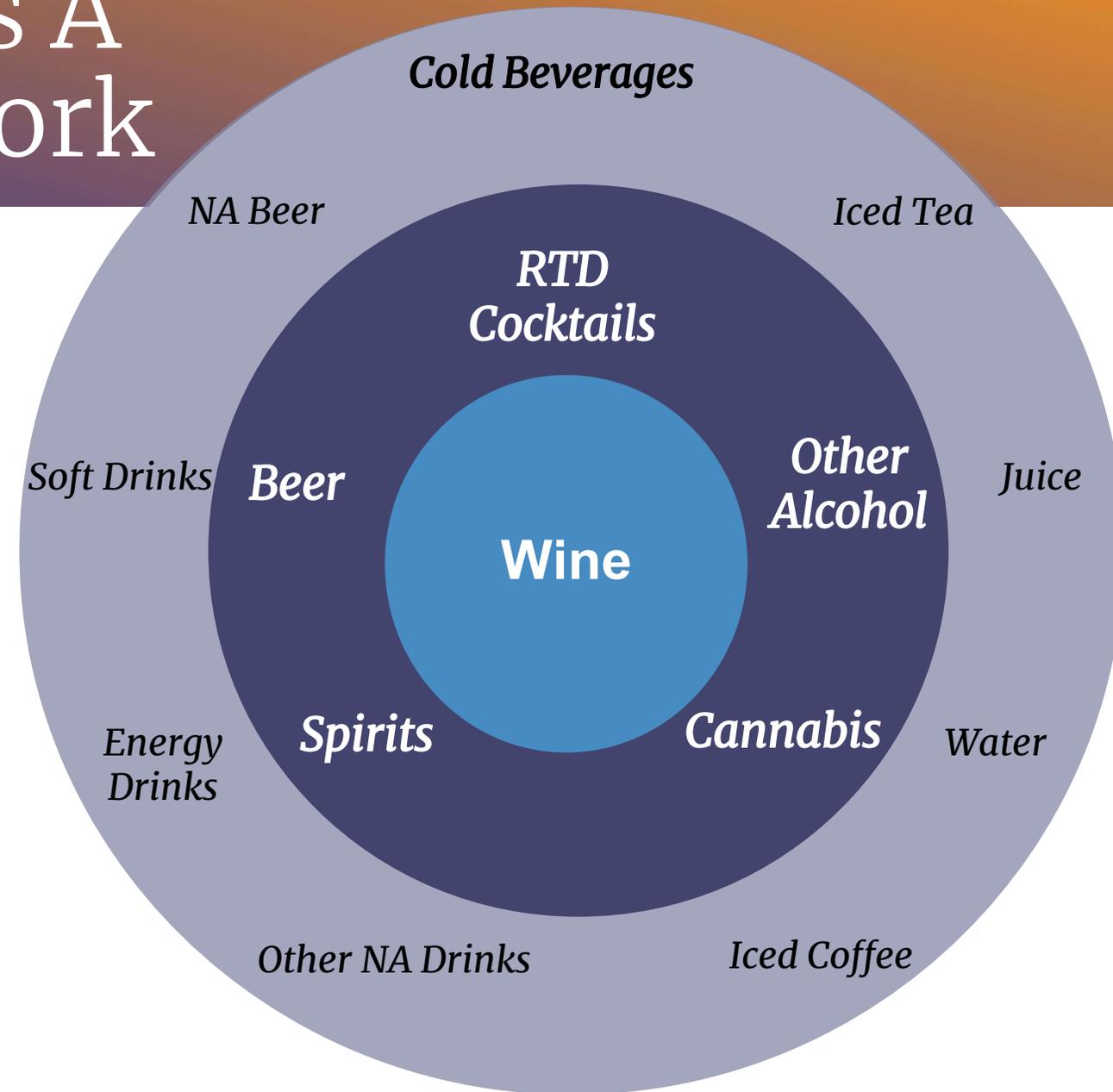Source: SCJ Demand Surveys ('17-'18), SSG analysis

% of occasions

Mrs. MEYER'S
CLEAN DAY

Demand Spaces As A Thinking Framework

You can apply the thinking around Demand Spaces without having a lot of data.

- First, you need to define your category (as specifically as possible) to focus your thinking.

- Define it too small and you may miss opportunity.

- Define it too big and it becomes overwhelming.

Cold Beverages

NA Beer

Iced Tea

RTD Cocktails

Soft Drinks

Beer

Other Alcohol

Juice

Wine

Energy Drinks

Spirits

Cannabis

Water

Other NA Drinks

Iced Coffee

Demand Spaces Thinking Framework

← More Influence ———————————→ Less Influence →

← Needs → ←————————— Contex ———————————→

Why	Where	When	Who With	Who you are
Relaxation	At home	Before a meal	By yourself	Life stage / lifestyle
Stress relief	Out of home	With a meal	With family	Relationship to wine
Social occasion		After a meal	With friends	
Meal time		Socializing with friends	With business colleagues	Relevant psychographics

Getting Practical: A Simple Strategic Framework

So what's next?

- *So you have a good target, and understand some WHY's*

- *What do I do with that?*

- *The 4C's: a simple, elegant strategic framework*
  - *Can use it in a very robust, data heavy way to help you synthesize*
  - *Can use it simply as a thinking framework*

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4Cs Framework

COMPANY	CUSTOMER
CATEGORY	CULTURE

4Cs Framework: Questions For Company

COMPANY

CUSTOMER

CATEGORY

CULTURE

The Brand

- What is our solution/product/service? How does it work?
- What are our competitive advantages and shortfalls?
- What is the brands history and what can we learn from past performance (media, communication, brand tracking studies, business performance)?
- How does the brand see itself? How would life be without it?

The Business

- What is the current market situation (trends, consumer perceptions, market position)?
- What external or internal factors caused your current business situation to exist?
- What keeps the brand awake at night? What is the key business opportunity or issue being addressed?
- What is the vision for this brand – short and long-term?

4Cs Framework: Questions For Customer

COMPANY

CUSTOMER

CATEGORY

CULTURE

Identifying our audiences
- *Who are we currently talking to – primary and/or sub-targets?*
- *Why are we currently targeting our audience/segments? How have we been relevant?*
- *What is their relationship to us – new customer, light/infrequent, or long-term/loyal?*
- *Who are our current brand loyalists? Why do they love us and why do they continue to choose us?*
- *What are their biggest pain points with us?*
- *What other brands do our current audiences (or brand loyalists) love?*
- *What new targets might be an opportunity for us? What's standing in their way of choosing us?*

Diving into who they are
- *What is their source of happiness, comfort, inspiration? Source of worry, stress, or fear? Why?*
- *How do they go about their daily lives – What are their high and low points? Who do they spend it with?*
- *What values or issues are most important to them? What's missing from their lives passion, space, intimacy, trust, respect, love, safety?*

4Cs Framework: Questions For Culture

COMPANY

CUSTOMER

CATEGORY

CULTURE

Tapping into culture
- *What are the core societal values that are most relevant for this situation?*
- *What human and social issues surround and impact the lives of your intended audiences? Which of these issues resonates most with them?*
- *What issues or values can be seen or sensed on the horizon that are*
- *gaining momentum?*
- *What advances – technological or human – are having the most impact on*
- *people's lives?*

Where the brand fits in
- *Which of the most prevalent cultural values or issues flow in the brands favor? Work against the brand?*
- *Which are the greatest opportunities for the brand? Which pose the greatest threat?*
- *Which of your brand values must endure no matter the direction culture flows?*
- *Which aspects of the emerging cultural shifts can the brand identify with and in so doing, legitimately enrich its relationship with existing and potential believers?*
- *What cultural moments must we win?*

4Cs Framework: Questions For Category

COMPANY

CUSTOMER

CATEGORY

CULTURE

The Landscape
- *What category is your brand truly in? Think in human, not marketing terms.*
- *How might we expand our view of the category? Look beyond traditional terms.*
- *Where is the category going? Where will growth come from? What pitfalls should be prepared for?*
- *What is the biggest threat to your brand? What is the brightest possibility?*
- *Where does your brand fit in within that competitive landscape? Leading, following, on a level playing field and why?*
- *What is the one defining thing that truly makes your brand stand out from the category?*

The Competitors
- *Who shares a space with your brand?*
- *Who or what are the brand's key competitors? What are they doing better?*
- *Who challenges your brand most? Who do you envy most?*
- *What can we learn/apply through competitive intelligence?*

4Cs Framework: Artifacts, Constructs, Tools

COMPANY: Brand Artifacts

Brand Purpose or Promise
Brand Personality and Brand Voice
Brand Archetype
Mission / Vision
Value Proposition
Brand DNA / Origin story

CUSTOMER: Customer Constructs

Mindset
Need States
Behaviors
Path to Purchase
Segments
Demand Spaces

CATEGORY: Category and Competitive Tools

Brand Positioning
Syndicated Data (ex. Neilsen)
Competitive Reviews
Secret Shopping

CULTURE: Culture Tools

Desk research
Syndicated Data
Cultural Reviews

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4Cs Framework: Allstate's Mayhem

COMPANY

Stay true to our protection DNA versus trying to compete on price.

CUSTOMER

Pointing out to people that they are leaving themselves vulnerable is a powerful motivator.

CATEGORY

GEICO and Progressive were contributing to people leaving themselves vulnerable. GEICO website changed coverages (and wasn't transparent about it) and Progressive Name your price tool didn't show coverage changes.

CULTURE

At the tail end of the worst recession since the Great Depression. People had cut back on things and were under insured and if something happened, they could be left paying themselves.

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Top Takeaways

- *The WHO is important but focus on the WHY*
- *To do that you need to go beyond demographics to psychographics, mindsets, need states*
- *Segmentation combines the WHY's to add a deeper understanding that can add more relevance and personalization*
- *Demand Spaces ads important context: Who, Why, Where, When, With Who*
- *If you don't have money:*
  - *Ask yourself questions about your customers*
  - *Ask actual customers*
  - *Use desk research and syndicated data*
  - *Utilize the 4C's to get to some strategic ideas*

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Thank You!