

Magazine Article

Why Self-Actualization Is The Future Of Retail

Source: Retail Executive

By Lindsay Angelo, Growth strategist, consultant, speaker

Understanding your customer's basic, societal, and growth needs should influence your current strategies and offerings.

What is the future of retail? A question that has stirred up spirited debate — one we are reminded of with a simple walk to the grocery store or while mulling over a gum purchase. The notion of looking in unordinary places to answer ordinary questions has always inspired me. Triggered by a desire to pursue a consulting venture that provoked positive change and coming off six years in strategy at Lululemon, this trail led me to none other than the field of evolutionary psychology. If that phrase conjures up Psychology 101 and images of Abraham Maslow, you're on the right track. It is in the posthumous of Maslow's work and its iterations that lay an undiscovered truth that, if unpacked, can open up a world of opportunity.

As a strategist, I subscribe to the notion that context is key. That said, we've seen two shifts emerge over the past decade: a) a market evolution and, b) a societal evolution. The former can be best described as the democratization of retail; that is, the proliferation of competitive and innovative offerings entering the market over the past decade, a dynamic driven by retail doing away with the high barriers to entry that have existed to date. Factors such as easier access to capital (think: the likes of Kickstarter and equity-based crowd-funding), easier distribution (think: the advent of marketplaces and the likes of Shopify), and the overall digital age have created a ripe landscape for innovation and entrepreneurialism.

Secondly, we've witnessed a societal evolution, one that is perhaps best described as Betterment. This relates to the progress we've made as a society, a notion that manifests in a global rising middle class (emphasis on global, as this varies regionally) and is enabled by a digital age that has widened the scope of people's lives, resources, and knowledge.

As these two shifts (market evolution + societal evolution) come up against one another, they cause us to seek out what's next in life – that is, the quest for purpose and growth. Enter Abraham Maslow. For those of you whose high school days are long past, let me provide a refresher. Abraham Maslow, in the 1940s, developed a basic model of human needs that looked something like this:



If we think back to the beginning of humankind, most of our time, energy, and resources as a global society have been spent on the lower part of the pyramid — fulfilling needs such as a roof over our head, drinking water, food to sustain us, etc. The past 10 years, enabled by the digital age and societal progression, have graduated us into fulfilling our social needs — love, belonging, and esteem — and have been a subsequent breeding ground for behemoths such as Facebook, WeChat, Instagram, Twitter, online dating apps, etc. Today, we're seeing more and more people reaching for self-actualization. That is, the quest for growth, purpose, and fulfillment.

So, if we think of space on the pyramid above as denoting time, energy, and resources, we're seeing an inversion (see illustration 2). Whereas in the past, most of our time, energy, and dollars were spent on the lower half of the pyramid, today most of our time, energy, and dollars are spent on the upper half, including self-actualization.

Now, are people still very much in the social age? Yes. I'd make the distinction that progression up the pyramid is not linear. Moreover, at any given time, the events of one's life and the context surrounding it can result in digression back down the pyramid, a notion that's been captured in future iterations of Maslow's work. That said, what we are seeing, particularly amongst the aspirational millennials, is a growing population attempting to self-actualize.

So, wherein lies the opportunity for brands in this emerging self-actualization economy? Some brands, whether they know it or not, are already leveraging this trend. For example, Headspace enables people to be their most mindful selves, Uber enables people to be their most entrepreneurial selves, and ETSY enables people to be their most creative selves. Last year, consumer electronics brand Dyson opened the Dyson Institute of Technology, branching into a service sector and enabling people to be their most educated selves. Other examples include Lululemon's focus on elevating people to live their best lives through the power of practice, LVMH branching into the service/experience sector vis a vis Clos 19, offering curated luxury experiences that elevate their customers beyond providing goods. All are examples of brands helping people better themselves on some level.

INSIDE THE SELF-ACTUALIZATION ECONOMY

We're also seeing the self-actualization economy manifest at the industry level. Take the proliferation of life coaching, the second-fastest-growing profession in the world rivaled only by information technology¹. A coach and friend of mine recently made the comment that she didn't know how to describe her work. My response was that she helps people be their best selves. Likewise, both a growing health and wellness and experience economy are rooted in self-actualization — a yearning to be one's healthiest and most experienced self. Diving into growth by sector will also unveil higher growth in self-actualization driven sectors such as healthcare and travel.

Clients often ask how to think about the self-actualization economy and their business/brand. I coach them to begin with two questions: 1) what aspect of self will your customers and potential customers trust you with? Is it mind? Body? Intellect? Creativity? The list is vast. And, 2) how can you elevate [x] aspect of self? Combined, these questions can springboard thinking to unexplored opportunities and unmet “jobs to be done,” some perhaps far from your current offerings and from a traditional and conditioned interpretation of “retail.”

Questions that often follow are, how does this trend apply regionally? How does it reconcile with other present- day psychology frameworks? How does it differ between business to consumer and business to business brands? How do I create a full strategy anchored around betterment and self-actualization? All good questions with meaty answers beyond the space provided here.

That all said, what is the future of retail? Will there be bots, AI, personalization, brandship, etc.? Yes. But at the core, there will still be a consumer, one driven by fundamental human motivations and needs. As a collective of brands, the more we can unveil those motivations and partner with consumers to fulfill those needs, the more we can be a force for activating positive change.

¹ *Forbes, May 2016*