

Updating Maslow's "hierarchy of needs" for the lockdown age

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Source: WARC Exclusive, May 2020

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Abraham Maslow's "hierarchy of needs" is a psychological model that seeks to understand behavioral motivations, and can be modified to help marketers understand shopping habits under lockdown.

- Maslow's structure of human needs begins with the physiological, as reflected by the need to disinfect and protect as COVID-19 spread.
- The next phases of Coronavirus shopping include pantry panic, "pimping" the office and self-actualization, as shown by trends like "power nesting" and a "fitness freak-out".
- By mapping consumer needs against this pyramid, marketers can better understand current habits and likely future shifts in behavior.

Why it matters

While COVID-19 is disrupting established consumer habits, underlying needs often remain the same, even as the way they are expressed changes. Using behavioral and psychological models can help marketers map out possible future changes.

Takeaways

- Tracking consumer habits in granular ways is invaluable for marketers in the current climate.
- Datapoints such as online and e-commerce searches can be powerful indicators of the wider consumer mood.
- By using an underlying model of consumer motivations, brands can plan ahead, rather than simply being reactive.

As the Coronavirus pandemic has disrupted the global economy, it has put one slice of the market into "over-drive," claims Sarah Hofstetter, the president of Profitero.

The changes in e-commerce, she told an Interactive Advertising Bureau (IAB) webinar, have been “absolutely extraordinary,” as a number of online services have experienced triple-digit growth since social distancing became a way of living and shopping.

Five-month-old Profitero fashions itself “a command center for e-commerce analytics,” Hofstetter explained, “and a source of truth for e-commerce decision-making, whether that’s understanding price, promotion, sales share, or hundreds of different datapoints.”



Sarah Hofstetter, President, Profitero

With that knowledge, Profitero claims its insights “allow brands to measure market share growth and size category opportunities for future investment.”

Boasting a client list that already includes Abbot Laboratories, adidas, General Mills, L’Oréal, and Tyson, the enterprise’s digitally-focused services include tracking product messaging and pricing across 8,000 online retailers in 50 countries, with focused competitive analysis of sales and market share on Amazon’s platform.

Drawing on such insights, Profitero has noted the following trends:

- **A quarantine “hierarchy of needs”**
- **Digital retail has a unique moment**
- **Creating new habits is key**
- **Bridging digital and physical commerce**

A quarantine “hierarchy of needs”

To provide context for the e-commerce changes Profitero has witnessed, Hofstetter looked to Abraham Maslow’s “hierarchy of needs” – an iconic psychological model dating from 1943 that articulates the universal

needs of society at its base, then proceeds to more acquired emotions.



More specifically, Hofstetter provided a COVID-19 version of this model that reflects the needs and passions of the “quarantined consumer” over time.

Making the most out of a crisis

+14x "workout equipment"

+3x "wall paint"

Fitness
freakout
Power nesting

Embracing quarantine

+13x "bread machine"

+3x "bed desk"

+6x "board games"

Insourcing
Pimping the office
Cabin fever

Survival

+96x "canned food"

+234x

"disinfectant wipes"

Panic pantry
Disinfecting & protecting

"Week over week, you can see what has become important to people," she told the IAB.THERE digital audience:

- What Maslow identified as "**physiological needs**", for example, became the desire to disinfect and protect.
- With such basics in place, she proposed, "you go to **pantry panic**, which is when you start loading up on your shelf with staple goods. I must have bought a dozen pounds of beef jerky."
- When a sense of control begins, and consumers embrace the concept of isolation, "you move up into the **cabin fever**", and its manifestations that run from jigsaw puzzles to beer and wine, and even to a modified outdoor space.

"If you have a backyard, kids are bouncing off the wall and onto the trampoline," Hofstetter said.

- It's back indoors with the next phase, which Profitero dubs as "**pimping the office**" – the search for a better webcam, say, or an improved computer monitor.
- With the basic elements for play and work survival in place, "**in-sourcing**" ensues – a trend that has been evidenced by upticks in baking (and increased online purchases of bread makers).
- Confidence breeds the need to make the best out of a difficult experience, as demonstrated by new aspects of Maslow's "self-actualization" that might include what Hofstetter referenced as "power nesting" and a "fitness freak-out".

One demonstration: fitness equipment and content brand Peloton logged a 66% increase in first quarter revenue year on year, with a "backlog" of orders for its \$2,245 exercise bikes.

Digital retail has a unique moment

Moving from theory to practice, Hofstetter alerted the IAB assembly to the “direct correlation” Profitero has explored between news reports and searches on Amazon.com, ranging from slight increases in demand in the earliest stages of the pandemic to “pandemonium in this vicious cycle.”

And traditional retailers, she added, have seen comparable increases in their online activities. “Look at some of the everyday grocers – the Krogers and the Albertsons,” she proposed. “They’re seeing tremendous upticks in app downloads and usage. Walmart reported a 460% increase in app usage.”

Those engagements, she continued, may remain at record levels. “If the user experience is good – and that’s a big ‘if’, because of the supply chain and inventory management – why wouldn’t you do that? I love going up and down the aisles. But more e-commerce just happens to be what we’re doing right now.”

Creating new habits is key

For retailers, Profitero has found “it’s all about the habits that you start creating, and what changes you have been making consequent to that. So, are people going to go back to their gym memberships when they’ve just invested in home exercise equipment? I don’t know.

“There might be certain habits where people say, ‘Hey, you know what? This actually is better. And it’s not costing me much more. And my time is worth it.’”

Hofstetter further ventured that the embrace of e-commerce in non-traditional times may drive brand replacement and substitution. “If you can’t find the brand that you like, that you’ve been using your entire life, you’re now much more willing to try it than ever have been before.

“If you say, ‘I am a loyal user of XYZ product, and I can’t find it’, but you still need it, you’re going to switch. Same with your retailer.”

In short, “The whole idea of ‘lifetime value of a customer’ can really be thrown into some serious question.”

The possibilities of digital commerce are much fuller and richer than any one store can offer. “When most people are searching – whether it’s on their phone, or on the desktop – the aisle is endless. So, how do you make sure that you stand out in an endless aisle versus an aisle that has limitations?”

As life instantly has become more complicated, “People are looking for utility,” the Profitero president advised. “And the more utility you can get out of something, the better.”

Bridging digital and physical commerce

“One of the goals of Profitero is to get as granular as we can ... [and] discovering how people find the products they’re looking for. The way people shop online is so different than the way people shop in-store.”

A case in point, she offered, is the click-and-collect space that exists between digital shopping and pure brick-and-mortar experiences. In fact, she noted, the popularity of such programs already was growing pre-pandemic,

but had not been fully appreciated by retail analysts.

“A lot of that fulfillment was happening in-store and being reported as ‘same-store’ sales,” said Hofstetter. As such, “it was almost like a misnomer: Even though the purchase was digitally initiated, it was fulfilled locally.”

Along with the overall increase in e-commerce, click-and-collect has become increasingly popular, especially among Baby Boomers, who’ve been told that their advanced age mandates they stay out of stores.

With the increased premium on utility, Hofstetter continued, “there tends to be consolidation when those things end up happening.” Instacart, a delivery platform for groceries, “is an interesting example, because they are aggregating delivery from lots of different grocers.

“Competition in a lot of these e-commerce apps has been great for the innovation of user-friendliness, so it’s really good for consumers.”

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