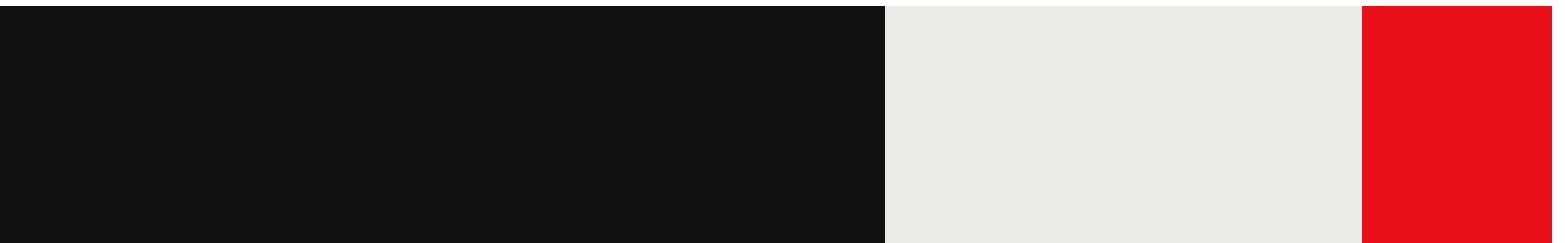


Reimagining Retail: How retailers can capitalize on New Years resolutions

Audio



On today's podcast episode, we discuss which retailers have the most to gain from New Year's resolution making, attitudes towards them, and how they can capitalize on them. Listen to the conversation with our Senior Analyst Sara Lebow as she hosts Senior Analyst Sky Canaves and Senior Director of Briefings Jeremy Goldman.

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Episode Transcript:

Sara Lebow:

Hello, listeners. Today is Wednesday, December 4th. Welcome to Behind the Numbers: Reimagining Retail, an EMARKETER podcast made possible by LiveRamp. This is the show where we talk about how retail collides with every part of our lives. I'm your host, Sara Lebow. Today's episode topic is how retailers can capitalize on New Year's resolutions. Before we jump into that, let's meet today's guests. Joining me for today's episode. We have two of our analysts. First up, it's Sky Canaves. Hey, Sky.

Sky Canaves:

Hey, Sara. It's great to be back.

Sara Lebow:

Great to have you. Also with us is Jeremy Goldman. Hey, Jeremy.

Jeremy Goldman:

Hey, looking forward to this.

Sara Lebow:

Yeah, let's jump in. Let's start with why New Year's resolutions matter. We know why they matter for ourselves. Why do they matter For retail? So much of shopping takes place in Q4. This year, total holiday retail sales will reach 1.4 trillion in the US per our forecast, but Q1 can be more challenging as people pull back due to what we call holiday hangover. They're also making returns. So one way to boost those sales can be finding ways to capitalize on New Year's resolutions. Let's break down that opportunity just a bit. So let's start off with what industries are primed for cashing in on New Year's resolutions?

Sky Canaves:

So it can be critically important for certain categories of brands and retailers and service providers. Traditionally, we think of gyms, but a lot of brands that are in the wellness and good for you products like food products, supplements, vitamins, but I think it even extends beyond the traditional diet and nutrition brands and into areas such as broader wellness as well as home organization. I think it can be a great time for booksellers too. One of my personal resolutions every year is always to read more.

Sara Lebow:

Do you set a book goal?

Sky Canaves:

I try. I've tried to do a book a week and it's fallen by the wayside for many years running now, but I keep trying and it's one of those resolutions I never feel bad if I don't complete it. And another one I have is always trying to cook more at home. So that could also be a boon for cookware or kitchen appliance brands and retailers.

Sara Lebow:

Yeah, anything that can be framed as sort of a self betterment or treat yourself.

Jeremy Goldman:

Yeah, I think that Sky's right. There's these core things that we really think about when it comes to betterment, and then the nice thing is that this is a moment where really everybody's thinking about it. So you can go above and beyond and go beyond a gym, a new beauty regimen. I mean, I've seen really good campaigns from language learning apps, financial investment platforms, so it can obviously go beyond retail. Obviously healthy food manufacturers and retailers can really benefit as well. So essentially there's all these different ways you can go when you're thinking about what a New Year's resolution. It can mean something different to pretty much any consumer archetype.

Sara Lebow:

Yeah, the biggest things I have in mind are fitness and fitness-related apparel, beauty and skincare, organizational and self-betterment. And then there's something we haven't touched on which is related to CPG, which is dry January. We've seen that become more and more popular. I don't know if you'd consider dry January a New Year's resolution. I'll bucket it in there with health and drinking less, but we've seen zero proof cocktail drink brands also doing really well to capitalize on this sort of movement in January.

Jeremy Goldman:

Yeah, that's actually a really good one. That's something that where you do have as a brand and opportunity to do something, like to create a 31 day challenge to engage people who are trying to participate in dry January. And yeah, I mean, I'm pretty sure that people are doing

that type of dry January to live a little bit "better", putting it in air quotes, even though they obviously went the opposite way in December.

Sky Canaves:

And in the UK I just learned while researching earlier, they have Veganuary, maybe I'm butchering that term, but where you can try being vegan for a month. And I think there's not just an emphasis on resolutions or major life changes around the new year, but some people just want to have a reset after the holidays and take a break from the indulgences. So you have the dry January or maybe a month or a couple of weeks of eating a little better.

Sara Lebow:

Yeah. You guys are bringing up two things that really come to mind for me with New Year's resolutions. One is that reset from December as a retailer, your marketing messaging completely flips between December and January. For some retailers, you go from indulge, indulge, spend, spend to self-care, pull back, but also spend, spend. And then the other thing that you brought up, you both brought up sort of challenges. This concept of a challenge I think is a way that New Year's resolutions have changed more recently into something that really overlaps with content creation. So I'm sure we will see creators talking about dry January, talking about doing the Whole 30 or different sort of challenges whether you like it or not. And this to me is a way that brands can really capitalize even last minute by coming up with challenges now or in the next few weeks that can generate that sort of organic buzz with their consumers.

Jeremy Goldman:

I think that's a really good point, especially you touch upon the idea of UGC and building community. It's a really good time to do things like host live Q&A sessions with experts or create accountability groups and encourage people to share their why in terms of why they're turning over a new leaf. There are all these different interesting ideas that as a brand you can try to take advantage of in order to build, especially given the fact that frankly a lot of people have spent most of their savings on holiday shopping. This can be a really good time where yes, you're trying to get the sale, but also you're trying to build community and create more of a lasting relationship with your customers.

Sara Lebow:

So if you're a marketer or a retailer, you probably hopefully already have all of your holiday marketing plans in order. You probably are already looking, have long since already looked at January. What are things that marketers can do between now, December 4th and January to encourage that sort of New Year's resolution buzz?

Sky Canaves:

So one that I was thinking about is how brands can tie it into their loyalty programs. I've seen some examples from retailers. A couple of years ago, Natural Grocers had product discounts and sweepstakes that were connected to its loyalty program and it actually waited out and did this later in January, which is a time by which a lot of the resolutions have fallen by the wayside.

Sara Lebow:

Do we have a stand on that, when people ditch the resolutions?

Sky Canaves:

Yeah, so I learned about Quitter's Day, which is officially the second Friday in January, which next year will just be on January 10th. I guess the temptations of the weekend are a little too much for a lot of resolution makers. And then I've also seen some data from the fitness app tracking app, Strava that puts it a little later around January 17th to 19th. So sometime in that third week of January, I think that's when they might notice a bit of a drop off in fitness activities taking place.

Sara Lebow:

I like that idea of tying it into loyalty though, because that's a way you can get it to extend throughout the year. You still have that data, you still have that targeting ability even if they've dropped off of their resolution.

Sky Canaves:

Yeah, and retailers can think of how to incentivize purchases of products that tie into wellness and resolutions or resets that consumers might be thinking of.

Jeremy Goldman:

I think it's also really important to factor in what your consumer base looks like. Some of the data that I've seen indicates that younger consumers are more optimistic about whether or not they're able to get things done and really transform their lives. And after a while, there are a lot of us who just kind of get jaded and realize that this is the type of thing that you are going to quit at some point or you might have these grandiose plans and you're not going to actually execute them. So for that reason, if you have a younger skewing product, then you can really lean into these trends or maybe even lean in with some kind of witty marketing that acknowledges that New Year's resolutions typically do not work if you have a older cohort that you're marketing to.

Sara Lebow:

Yeah, I think there are a few out of the box strategies that you can take as well. Another one is maybe even finding a way to give people second chances at New Year's resolutions by pushing it into February. Then you also have that angle of spring cleaning as well. If you are some home goods or organizational company in some way, you can combine that and you also have that Valentine's Day sort of treat yourself marketing angle as well. That's just me maybe needing a second chance after I give up on things though.

Sky Canaves:

And there are some brands that have taken the opt-out approach similar to what REI has done for around Black Friday where they say, "We're not participating in this." So we make a campaign about not being there for resolutions and instead encouraging their customers to opt out of making resolutions and trying to build a different kind of relationship.

Sara Lebow:

Are there any unique resolution campaigns from the past that come to mind that retailers can emulate this year?

Jeremy Goldman:

Yeah, I would say that there've been a number that have just popped up on my radar. While we don't know what necessarily people are planning to execute this coming year, Equinox is first off, you have to talk about fitness when you're talking about this type of stuff. They've done some really interesting things in part by refusing new memberships at the start of the year. They coined the slogan, We Don't Speak January, focusing on long-term wellness

commitments over these short-lived New Year's resolutions that we're talking about. So I thought that that was something that was really stand out. We also talked about dry January. Tito's Vodka had something demonstrating alternative uses for vodka such as cleaning or cooking, which took humor and really engaged people in the brand in an unexpected way. And I think that that's one of the key things is how do you engage people in a way that kind of makes them pay attention as opposed to tuning out your marketing when everybody else is doing this stuff.

Sara Lebow:

That to me is where the user-generated content is important as well. If you create some sort of challenge, you don't need all your consumers doing it, you just need a few that will get some views on TikTok doing it in order for that marketing to work.

Sky Canaves:

Yeah. One brand that I think has really leveraged the new year to its advantage is Chipotle. And this is a brand that's really good at seasonality and kind of working the calendar. So this year was a leap year and they had a leap year promotion and they always do something fun around Halloween if you wear your costume into a Chipotle. It's actually back in 2019 that they used the new year to launch what's since become a signature menu item, the lifestyle bowl. And given how much you can customize at Chipotle, this isn't anything you couldn't come up with on your own. But I think it also speaks to some of the anxiety around having so many options. The lifestyle bowl was pre-selected, good for you bowls that fit into certain categories like vegan or grain-free or keto. And then in 2023, they kind of brought more attention to the lifestyle bowl again with a new menu that they launched that they described as specifically being inspired by Gen Z and millennial trends.

So there was like a balanced macro bowl and a half veggie bowl. And then at the same time, they tied it into a guacamole giveaway, because who doesn't love free guacamole? And this was tied to the launch of an AR lens on Snapchat that again, speaks to that younger demographic and they gave away 100,000 free sides or toppings of guacamole to people who use the lens to show themselves engaged in fitness or meditation activities. So kind of taking an expansive view of wellness, but using this trendy format and kind of getting users engaged with making some content that use the Chipotle AR lens.

Sara Lebow:

Taking a Snapchat of yourself engaging in meditation is so counterintuitive, but I do like that. I mean, Chipotle's core customer definitely has a ton of overlap with Snapchat's core customer, so that partnership also makes sense.

Sky Canaves:

And they also launched that on Quitter's Day, which was January 13th of that year, the second Friday.

Sara Lebow:

A Friday the 13th Quitter's day. That's a good one.

Jeremy Goldman:

People who want to jinx themselves.

Sara Lebow:

Yeah. Another thing we haven't talked about here is gift card redemption. A lot of consumers get gift cards during the holidays. Retailers want them to come into stores or go online and use those gift cards, but they also want them to spend a little bit more than those gift cards. And so finding ways to encourage gift card redemption or even encourage savings through spending is another way that can capitalize on holidays and extend that a bit further.

Jeremy Goldman:

Yeah, I mean, I think that that's a really good point. If you can position gift cards as permission to pamper yourself, that's definitely something that we always like to say here, that the holiday season doesn't really end at Christmas, let's say, because obviously there's a lot of post Christmas sales that can do quite well. But also if you have a really great return strategy for early January, then you can do well. And I think that this idea of leaning into gift cards as this thing that you can do to be good to yourself with a new year, new you type of promotion, it can be really impactful.

Sara Lebow:

Are you guys setting New Year's resolutions this year?

Jeremy Goldman:

I'm absolutely going to set them. I don't know what they are, and I absolutely know that I'm going to fail at them because I think I'm at that point where I'm optimistic enough that I am going to try to better myself in some way. But also, I mean, it's only one moment, right? It's only one day where you can set it. You can easily pick April 13th every year to go do it for yourself if you really want to change something about yourself. How about both of you?

Sky Canaves:

I may stick to the tried and true books and cooking and buy myself a stack of books and bookmark some more recipes that I want to try.

Sara Lebow:

I never set New Year's resolutions. I'm opposed to New Year's resolutions. I think that they are a recipe for letting myself down. That said, I joined a gym last week specifically so that I would not be in the New Year's resolution crowd, which ultimately does mean that I am exercising more as the new year rolls in, hopefully, unless Quitter's Day rolls around on December 10th.

Jeremy Goldman:

Which by the way, Sara, I think that you are onto something and I think that some brand, I know that you might not agree with me, which is fine, but there will be one or two brands that will lean into New Year, new you type messaging early and try to counter program every other brand. And that might actually be a compelling message for some people. At the very least, it would get some mainstream press coverage if somebody is bold enough to try to do that when everybody else is consuming out the wazoo.

Sara Lebow:

Yeah. The reason that I don't necessarily agree with that strategy is I'm not sure as a brand, you want to remind people of how much they're indulging and consuming while you still want them to be indulging and consuming. That said, I actually did see a good deal from a gym specifically, I'm not sure how a retailer could emulate, where if you join the gym by the end of the year, you get grandfathered into their current prices before they raise prices in January.

Jeremy Goldman:

There you go.

Sara Lebow:

So I could definitely see a subscription service doing something similar.

Sky Canaves:

I have seen that as well around a fitness product where they announced in advance upcoming price increases. And I think now this year with the specter of tariffs looming over a lot of retail, that's also an angle that brands and retailers could lean into.

Sara Lebow:

I think that's a good wrap up because next week we'll be talking about tariffs and how they are impacting the holiday sales season. But on that note, that's all we have time for today. So thank you, Sky.

Sky Canaves:

Thanks again, Sara.

Sara Lebow:

Thank you, Jeremy.

Jeremy Goldman:

Pleasure as always.

Sara Lebow:

Thank you to our listeners and to Victoria who edits the podcast. My resolution is to say thank you to her more often. We'll be back next Wednesday with another episode of Reimagining Retail, an EMARKETER podcast, made possible by LiveRamp. And tomorrow, join Marcus for another episode of the Behind the Numbers Daily.