THE TURN TOWARD TANGIBILITY

To have and to hold in an economic downturn

As dollars turn scarce, people face new and increasingly difficult choices. The indulgent luxury experiences that thrive in a growing economy now seem too ephemeral. To most of us, this downturn somehow feels more serious than past recessions, and therefore demands a more serious response.

“Disposable” and “momentary” are out. “Buy and hold” is the name of the game. Instead of the Starbucks mini-escape, we see a return to the humble coffee maker. Instead of a massage, it’s a good salt scrub. People desire tangibility as a way to create comfort and stability in a volatile economy, where all the news is bad news.

TAKE ACTION – designing for Life’s Changes

1. From macro to micro
   Pare down offerings into things that are smaller and more tangible.

2. From indulgence to discipline
   Help people develop disciplinary techniques to rein in impulsive purchases.

3. From emotional to physical quality
   Communicate the effective quality of products and services instead of relying solely on their affective qualities.

4. From conspicuous consumption to conspicuous savvy
   Help consumers tell stories about their financial savvy in a time of financial uncertainty and instability.
Dollars into durables

Currency crisis is not a new experience in Russia. Because of this, Russians have learned to adjust their habits to the reality that the economy is fragile, and that money can simply disappear into thin air. During the economic boom in the mid-2000s, Moscow’s Experience Economy took off. Restaurants, cafes, and spas were packed with people. Today, those same restaurants sit empty as discount stores pull in the crowds.

Alisa is a 36-year-old marketing executive in Moscow. Five years ago, she saved her money in US dollars. Three years ago she diversified to Euros. And a year ago, she opened a third bank account in Rubles. After seeing the wild swings in currency rates, Alisa finally decided to turn her intangible currencies into tangible goods by going shopping. And she’s not alone. On the news, the stories are all of people buying, buying, buying as fast as possible. Instead of a coffee at the new café down the street, she buys a lipstick at the drugstore – or she might buy three or four. After all, what if the Russian government defaults again? What if America defaults? For a citizen of a country in perpetual crisis, the conversion of abstract money into real things is a comfort.

Get what you give

Tom used to donate money to good causes like Greenpeace, Planned Parenthood, and Red Cross, but a few months ago he discovered the BoGo (Buy One/Give One) flashlight from SunNight Solar. He bought one of these solar-powered flashlights and in turn, one was donated to a non-governmental organization in Africa. The flashlight sent to him is now displayed in his living room, while he imagines its exact replica in someone’s hut in a small African village. It’s a concrete manifestation of Tom’s act of charity, and a material reminder of the small things he is doing to change the world.

As a new form of philanthropy, the “Buy One, Give One” phenomenon has stolen the hearts and wallets of many philanthropists, as well as those who have never donated money to overseas causes before. Instead of the money disappearing into an organization, people know exactly what they are giving because they get it too. It’s a win-win with tangible consequences.

Stocking up on layaway

Laura calls herself the “Layaway Queen of Dallas.” She’s getting ahead by cutting back, and cutting up her credit cards. She knows it’s smarter to buy in cash than to pay revolving debt for years on a credit card. But she feels buying everything with cash is just too difficult, so she has turned to layaway.

At Kmart she piles her shopping cart to the brim with all the things she knows her kids want for Christmas. For just a $5 set-up fee, the store sets aside the item. Once she pays something off, it’s hers. If she changes her mind, she gets her money back. For the Gordy family, exchanging Christmas gifts is a sacred tradition. But over the last ten years, they admit it has gotten out of control. So this year they established some rules to reign in what they now refer to as “the craziness” of Christmases past. They set a $50 per person limit, with a preference for handmade gifts that have a $50 value, but cost much less to make. Thrift is the name of the game for what’s under the Christmas tree, while the family’s stockings are filled with stories of savvy preholiday sales.

Haircuts to hairclips

For the past few years, Felicity has gotten her hair cut every three months at a cost of $75 plus tip. This year she needed reign in her spending, but wouldn't dare go to a cheaper, unknown stylist. Instead, she decided to cut back to only two salon trips a year, resulting in a $150 savings. But after four months, Felicity could barely stand her appearance. Instead of caving in, she enlisted a friend to go shopping with her at a beauty supply store where she bought a couple of $8 clips. Now she has a variety of new hairstyles at a fraction of the price.

Smell the quality

For Temujin, a cosmopolitan professional from Mongolia, the highlight of her trip to Northern California was the Premium Outlet Mall in Gilroy. She had heard about great deals on brand names like Calvin Klein and Ralph Lauren from several of her colleagues and had set aside $50 for shopping. She even created a list of items to keep her focused on what she really wanted to buy, including a high-end pair of shoes. At every store, she smelled and felt the shoes that caught her eye. Was it real leather? How long would they last? Would they look good six months from now, a year from now, how about in two years? The final decision was made based less on brand name and more on quality, which she could smell by the scent of the leather itself.

Be a pattern spotter:
Now that you’ve been exposed to a few different examples, don’t be surprised if you start seeing Life’s Changes patterns all around. Keep your eyes open and let us know what you find, especially if it’s the next new pattern.

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