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This Former Marketing Pro Says Valuegraphics Are Better Than Demographics in Determining What Consumers Will Do

Values are the reason we choose one business over another, according to Valuegraphics Research Co. founder David Allison. If someone values environmentalism, they might choose to shop at a thrift store because such stores conserve resources and reduce waste. But if someone values social standing, they might shop at an exclusive boutique that carries brands all the celebrities are wearing. When it comes to marketing, targeting audiences and choosing retail locations, business owners and real estate professionals often turn to demographics, but it's values rather than age, income and gender that drive what people do, he said. "Humans are neurologically hardwired to chase their values," he said.

"There are some 30 million Gen Zs in the United States alone, and we're saying they're all the same just because of when their birthday was. That belies logic," Allison said about demographics.

Allison, who has created what he calls the first global database of core values, talked to Becky Meiser, contributing editor for both the ICSC Small Business Center and ICSC Commerce + Communities Today, about the science behind value-based decisions, why people are willing to pay more for products that align with their values and three questions one can ask now to help determine values.



You say that values, not demographics, drive people's behaviors. Does that erase the need, then, for demographics and psychographics.

We think about valuegraphics as one leg in a three-legged stool. You still need to have demographics because they help us put a fence around a group of people and understand what those people are because, let's face it, not every product is for every person out there. But we've got to stop using demographics to try and understand who people are and use it to understand what people are.

Psychographics is a nice catchall term for everything else we know about people: what they've done, what their preferences are, their likes, their emotions, their favorite brands, whether they've interacted with our company three times, all that stuff. But it all comes from exactly the same source: the past. It's like trying to drive the car into the future by only looking in the rearview mirror.

So if all you've got is demographics, the leg of the stool that tells you what people are, and psychographics, which is everything else we know from the past, we're missing something because what we all want to do is influence what happens next. We're trying to get people to come to our store, buy our brand, buy more from us and do something different tomorrow than they did today. For that, we need to understand what people's values are.

Why exactly are values so important in determining human behavior?

All the subfields of behavioral science – psychologists, psychiatrists, sociologists, neurologists – will tell you our values are central to our decisionmaking process. There's a little piece inside your brain called the insula. The insula's job, in a very ham-fisted way to talk about this, is to say: "All right, we're going to choose Door A, not Door B. We're going to marry this person, not that person. We're going to wake up today and put on this sweater, not that one." Our insula is the decisionmaking mission control for everything we do, 1,000 times a day. What the insula does, basically, is look at what the options are, compare them against our values and say: "Oh, well, this one aligns with my values, so I'm going to go that way." If you know someone's valuegraphics – what they value – you know how they're going to make a decision about what to do next.

Do people tend to change their values over time?

No. You get your values when you're very young, late childhood or early adolescence. They come from whoever is the most important [person] in our life at that moment in time. It might be a parent or a teacher or one of your best friend's parents, and once you've got them, they're yours for the rest of your life.

How many values are there? And what data did you use to come to that number?

We've done close to a million surveys in 152 different languages across 180 countries. It's plus or minus 3.5% accurate, 95% level of confidence. After listening to all those people talk about what drives them and what's important in their life and what wakes them up in the morning and what puts them to sleep at night, we found there are only 56 values, which I kind of love. We're living through these very divisive times, and all over the world, the sum total of human decisionmaking can be defined based on 56 things.

What are some of the common values?

Family, financial security, personal growth, environmentalism, creativity, security, personal responsibility – people who want to get stuff done.

Headlines lately say research has found people may pay more for products that align with their values. Have you seen that?

Definitely. You're standing in the grocery store. You have two bags of coffee [to choose between]. If you are one of those people for whom environmentalism is an incredibly important value and the environmentally friendly coffee beans cost 15%, 20% or 30% more than the regular old coffee beans, you probably buy them because it aligns with your values. If you're not an environmental person but the other bag of coffee you've got in your hands has a gold package and it's called premium coffee, it's the most expensive coffee in the world, it's the same coffee that famous people drink – if social standing is one of your values, you'll probably buy that one. Either way, you will pay more for your values. In fact, as we track this across all the industry categories we're involved in, we see a 12% average price lift that people will pay for what we call ROV, return on values.

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It seems to be recently that values have come to the forefront as the reason for behaviors. Do you think people are talking about this more lately? If so, any idea why?

Values have always driven what everybody does, but we've all just had a couple of years sitting at home, trying to figure out what's important to us. It's very rare that the entire population has done a thing [like quarantine] at the same time. It made things more visible. Before we were reacting to all kinds of things that were going on in their lives, but now we're all reacting to that one thing. Think about the fight about back to work or hybrid or working from home. Groups of people are standing up and saying: "This option aligns with my values better than that option, so this is what we should do." And another group of people are saying: "This other option aligns with my values better than the other one, so this is what we should do."

So what company is doing this well?

Patagonia is my favorite one. Through a process of trial and error over a very long time, Patagonia has figured out what the values of their customers are, and they've been driving home on those in a really big way, right up to the founder waking up one morning and going: "I'm going to give my company away to a foundation and all the profits will go to save the planet for the rest of time." That's the biggest values-driven mic drop in history.

How can valuegraphics help small businesses? How can they apply this info?

Any small business is trying to get somebody to do something, wanting [customers] to come into their store or buy their thing online. We're all just trying to influence decisionmaking. The way people will decide to be your customer is if you give them more of what they value than the next guy. There are a couple of ways you can use valuegraphics as a small business. The first is to just start asking the right questions. Every time you send out a survey or even if you are a one-shop retailer and you've got a staff of three or four people, train them all to ask the same questions while they're interacting with a customer or wrapping up the pair of shoes someone just bought.

That's a little vague. What specific questions should they ask to get a helpful response?

I'll give you three questions. Once you use these questions over and over again and then gather the responses, you'll see that people will answer them in different ways. Listen for patterns and noise. That's people's values bubbling to the surface. Companies hire us to give them an absolutely accurate read on what the values of their customers are, but if we just want to do the back-of-the-napkin-sketch version, [here are] three telltale questions:

1. "Why do you go to work?" I get all kinds of great answers: "I've got to pay my bills so my family can be looked after," or "It's my creative outlet," or "Because I'm on a mission to save the planet."
2. "You just won the lottery. Why would you give away half?" You've got to probe a little deeper on this one because people will immediately tell you who they will give half of their lottery winnings to: "my aunt who has breast cancer." But what you want to know is why you would give away half.
3. "You get to write a letter to yourself from 10 years ago. What would you say to yourself? And why those things?" [Someone] is always going to say: "Buy stock in Amazon," but you really want to be serious about this. We're trying to get to the root cause of the big decisions that people make.

What should small business owners do with this info once they've gathered it?

If you've been asking these questions for six months and you've heard a whole lot of people talking about their family and a whole lot of people talking about environmentalism, then you are starting to understand your customers' values. Now you need to sit down and figure out how can you, compared to your competitors, be the offering that gives people more about family and more about the environment?

How did you come to this work?

For 20 years, I had my own marketing company. Like anybody who's in marketing or business of any sort, the first thing you do is figure out who are you doing this for and come up with a description of the target audience. My clients were developers selling condo towers or office space or resort communities. [After having defined a target audience], we'd spend a million bucks [on marketing to that audience]. Then at the ribbon-cutting, you can say hi to the folks who bought the condos or the resort homes. Every single time I was standing in that room with the shrimp on a stick and cheap glass of prosecco, I would look around the room and 10% or 15% of the people matched the target audience description and nobody else did. You're just constantly going: "Who the heck are all you people? I didn't talk to you, I didn't create things for you, I didn't put together strategy for you, and yet here you are." That led me down the rabbit hole of trying to figure that out and led me into doing this research and building this million-strong survey database. Everybody in that room was identical on the inside. I was looking at what I could see on the outside, their demographics.