

5WPR

2024

Consumer Culture Report

5th
Annual



Insight into the complexities of the modern consumer's motivations, influences and purchasing habits

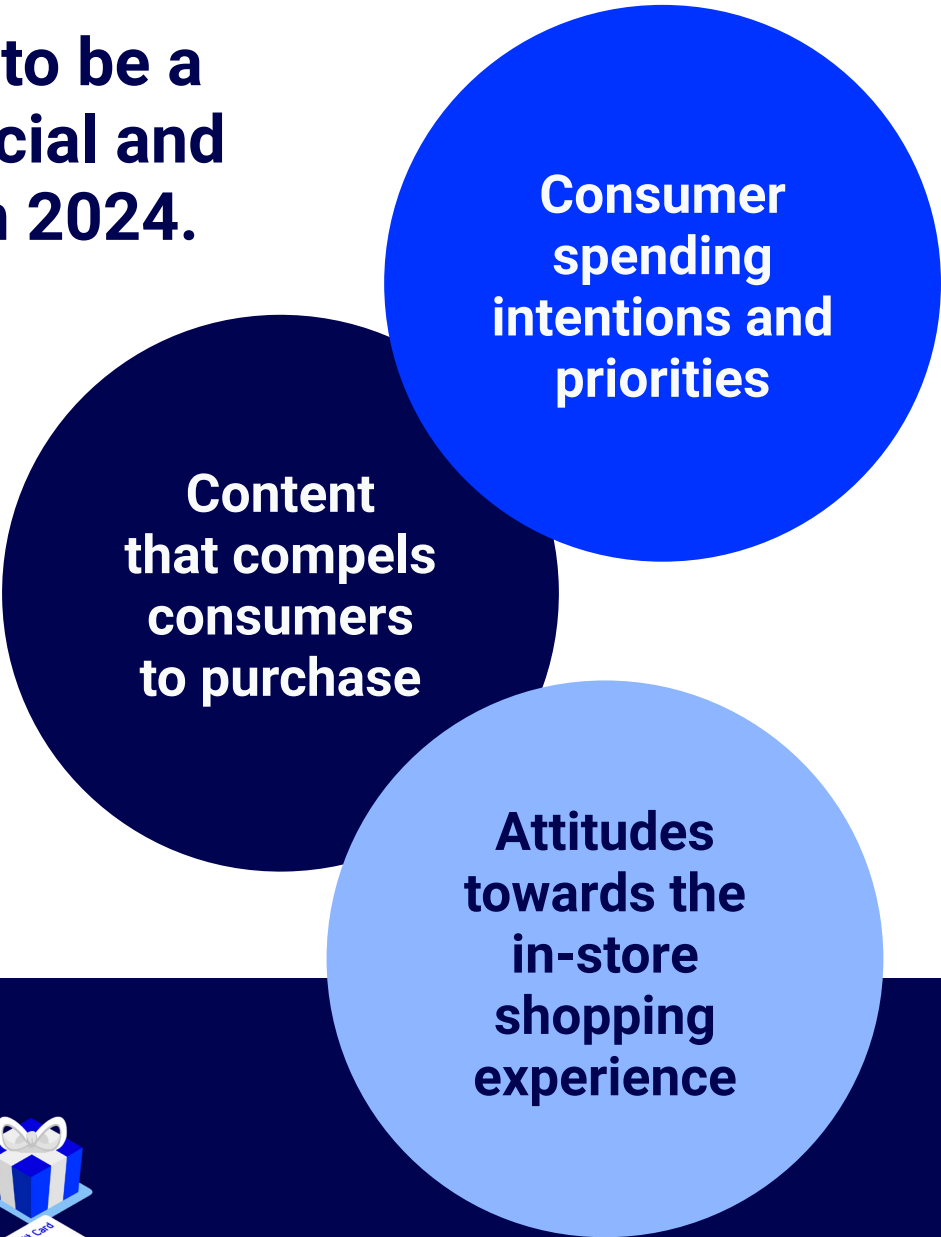
Introduction

Inflation continues to be a hot topic across social and political verticals in 2024.

However, our latest study on consumer behavior reveals that inflation has become little more than a buzzword for consumers who have grown accustomed to the financial roller coaster they have found themselves on since 2020.

In fact, the research shows that consumers are loosening their purse strings, especially when it comes to travel & experiences that may not have been possible in previous years.

Throughout this report, we identify key opportunities for brands based on our findings and share actionable insights to help shape strategies for the year ahead, with deeper insights into the following topics:



To splurge or not to splurge, that is the question

In last year's report, we discovered that inflation and the rising cost of living were making consumers less inclined to splurge on products and services across all categories than they had been in years prior. However, this year's findings tell a different story.

Although for the most part, consumers would rather save than splurge in each of the categories—apart from electronics & technology (52%) and health & wellness (52%) – we did see at least a 1% increase in the percentages of consumers who said they tend to splurge in all categories when compared to the results from our previous report.

For example, in 2023, around 2 in 5 (43%) consumers said they tend to splurge on health & wellness products, which rose to more than

half (52%) of consumers in this year's study. Meanwhile, last year, over a third (36%) of consumers said they tend to splurge on clothing & fashion, which rose to 42% in 2024.

What's more is that consumers are more likely to splurge on dining out than they were in 2023 (44% vs 40%).

Electronics & technology (52%) and health & wellness (52%) continue to rank as the categories consumers are first and second most likely to spend big bucks on.

Meanwhile, travel & experiences are on the ascent. In fact, this year's findings show a 7% increase in the number of consumers willing to splurge on travel & experiences when compared with data from 2023 (45% vs 38%), bringing up the category from fifth to third place on our list of splurge-worthy categories.

Elsewhere, Beauty & Personal Care (43%) rose one slot on our list thanks to another 6% increase since last year in the number of consumers who said they tend to splurge in this category (43% vs. 37%).

There are also some movers and shakers when it comes to the categories that consumers are most likely to splurge on.

Splurge rankings YoY: comparing categories consumers say they tend to splurge on

	2024	2023	2022
1	Electronics & Technology (52%)	Electronics & Technology (51%)	Electronics % Technology (57%)
2	Health & Wellness (52%)	Health & Wellness (43%)	Health & Wellness (49%)
3	Travel & Experiences (45%)	Home Goods & Furniture (42%)	Home Goods & Furniture (48%)
4	Dining Out (44%)	Dining Out (40%)	Dining Out (46%)
5	Beauty & Personal Care (43%)	Travel & Experiences (38%)	Travel & Experiences (44%)

Splurge-worthy categories broken down by age

Looking at the categories consumers are most likely to splurge on broken down by age, reveals the universal appeal of products and services in the electronics & technology and health & wellness categories. Both are the top choices across every age group, and are especially popular among 16-24, 25-34 and 35- to 44-year-olds.

The findings also show that consumers in these younger age groups are more likely to splurge than they are to save on their top categories. Meanwhile, those aged 45+ continue to exercise more caution over their spending.

Overall, our splurge category rankings show that consumers are beginning to loosen their purse strings despite conversations around the continuing economic instability. We'll explore these spending habits further in the following section.

	16 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65+
Splurge #1	Electronics & Technology (61%)	Electronics & Technology (61%)	Health & Wellness (62%)	Electronics & Technology (50%)	Electronics & Technology (44%)	Health & Wellness (45%)
Splurge #2	Health & Wellness (59%)	Health & Wellness (61%)	Electronics & Technology (59%)	Health & Wellness (50%)	Health & Wellness (38%)	Electronics & Technology (42%)
Splurge #3	Beauty & Personal Care (57%)	Clothing & Fashion (54%)	Clothing & Fashion (58%)	Travel & Experiences (45%)	Dining Out (36%)	Home Goods & Furniture (39%)

Consumer spending habits, past, present and future

Results from our latest study show that consumers’ spending priorities have shifted since 2023.

This is illustrated by the table below, which compares where consumers thought they would spend most of their disposable income in 2023, where they actually spent it that year; and where they think they will spend it in 2024 .

	Predicted spending in 2023	Actual spending in 2023	Predicted spending in 2024
1	Clothing & Fashion (38%)	Dining Out (45%)	Travel & Experiences (41%)
2	Dining Out (37%)	Clothing & Fashion (40%)	Dining Out (36%)
3	Travel & Experiences (33%)	Travel & Experiences (30%)	Clothing & Fashion (35%)
4	Electronics & Technology (29%)	Electronics & Technology (30%)	Health & Wellness (32%)
5	Health & Wellness (29%)	Beauty & Personal Care (29%)	Electronics & Technology (26%)

Last year, our research showed that consumers entered 2023 with expectations of curbed spending, indicating they only planned to spend across key categories. However, this year’s survey indicates that consumers were more likely to have spent most of their disposable income across more verticals than they had anticipated.

For example, less than 2 in 5 (37%) consumers said they planned to spend most of their disposable income on dining out in 2023. And yet,

almost half (45%) named this as the category they spent most of their disposable income on that year, making it the top response.

Meanwhile, just over 1 in 5 (21%) consumers said they planned to spend most of their disposable income on beauty & personal care in 2023. However, almost 3 in 10 (29%) say they actually spent most of their disposable income on this category.

Shifting Priorities

This year’s findings also reveal that spending priorities are continuing to shift, with consumers being less likely to predict how they will spend most of their disposable income in several categories in 2024, including dining out and clothing & fashion.

However, consumers are much more likely to say they are planning to fork out on travel & experience than they were to spend on this category the previous year.

In fact, just as we saw when comparing the categories consumers are most likely to splurge on, travel & experiences has climbed the wallet share rankings to become the category consumers are most likely to say they will spend most of their disposable income on this year.



Content that compels consumers

Our research shows that the best way for brands to convince consumers to purchase from them is by sharing the genuine experiences of customers just like them.

According to our findings, word of mouth (46%) and customer reviews/ testimonials (44%) came out on top as the types of content that most compel consumers to purchase from a brand.

While the data shows that consumers are less likely to feel compelled to purchase from a brand by paid advertising on social

media, this doesn't necessarily mean that consumers are not paying attention. Consumers are almost constantly bombarded with social media content from brands competing not only for their attention, but for the transaction. To make sure they don't start losing out to competitors, it's still important for brands to ensure that their content is always in the mix. Even if paid advertising is less likely to compel consumers to make a purchase at the moment, brands certainly shouldn't take this as a sign that they can afford to do away with paid advertising.

Type of content	% of consumers who say this type of content most compels them to purchase from a brand
Word of mouth	46%
Customer reviews or testimonials	44%
Coverage of the brand in media (print, online, TV, audio)	26%
Television coverage	22%
Organically created TikTok/ User-generated content	16%

Word of mouth ranks highly for all age groups, with consumers in the 45-54 (51%), 55-64 (52%) and 65+ (47%) age brackets being especially likely to say this is the type of content that most compels them to purchase from a brand.

Customer reviews and testimonials are also a powerful way for brands to persuade consumers in all age groups to purchase from them, but particularly for those looking to target consumers aged 25-34 (40%) and 45-54 (54%).

An interesting finding worth noting for brands hoping to attract the youngest consumers is that although just 16% of consumers overall say organically created TikTok video / user-generated content most compels them to purchase from a brand, this percentage is twice as high among consumers aged 16-24 (32%). In fact, this age group were more likely to say this type of content most convinces them to purchase than they were to say they are most swayed by brand media (23%) and TV (17%) coverage.

	16 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65+
Word of mouth	39%	40%	43%	51%	52%	47%
Customer reviews or testimonials	36%	40%	40%	54%	51%	44%
Coverage of the brand in media (print, online, TV, audio)	23%	32%	33%	24%	25%	19%
Television coverage	17%	16%	29%	22%	23%	24%
Organically created TikTok video/ User-generated content	32%	28%	19%	14%	4%	1%

Defining word of mouth

The findings clearly show that one of the best ways for brands to persuade consumers to purchase from them is by harnessing the power of word of mouth.

These days, word of mouth can come from a variety of sources, from friends and family to influencers and celebs. However, consumers are more likely to equate information given to them about a product or service from some sources with word of mouth than others.

We asked consumers to rate various definitions of word of mouth according to how closely it resembles their own definition of the term. Here, we've ranked¹ responses according to how much they resemble consumers' own idea of word of mouth.

Overall, what these rankings show is that consumers become less likely to equate information about products and services with word of mouth the further removed from them the source becomes.

Unsurprisingly, consumers are most likely to think that being informed about a product or service by a friend or family member they know in real life equates to word of mouth. It's also worth noting that consumers were by far most likely to give this response the top rating (46%) in terms of how closely it resembles their definition of word of mouth.

Definition of "word of mouth"	% of consumers
You're informed about a product or service by a friend or family member you know in real life	71%
You're informed about a product or service through customer reviews or testimonials	68%
You're informed about a product or service on social media by a video made by a user that organically made its way onto your social media feed	55%
You're informed about a product or service on social media by a verified user (Influencer or user with checkmark)	47%
You're informed about a product or service on social media by a recognizable celebrity	36%

A high percentage of consumers also believe that being informed through customer reviews or testimonials also resembles their definition of word of mouth.

Consumers do also say that social media content generated by users, influencers and celebrities resembles their definition of word of mouth. However, this is less likely to be the case for consumers as the sources of information become less 'like them'. This may be because as sources' fame grows, consumers assume they will have been paid by brands to promote products and services, therefore making the information provided less impartial, perhaps even less trustworthy.

Word of mouth and social media

Breaking this data down by age, reveals some interesting comparisons between attitudes towards social media across the age groups.

Whilst overall consumers were most likely to say that being informed about a product or a service by a friend or family member, they know in real life resembles¹ their definition of word of mouth, this is not necessarily the case for all age groups. In fact, for those aged 25-34 (65%) and 45-54 (72%), word of mouth is most likely to equate¹ to being informed by customer reviews and testimonials, which was ranked second overall.

However, it’s the 16-24 age group that completely bucks the overall trend as they are most likely to say being informed about a product or service on social media by a video made by a user that organically made its way onto their social media feed resembles¹ (67%) their definition of word of mouth. High percentages of consumers aged 25-34 (64%), 35-44 (60%) and 45-54 (59%) say the same. However, there is a notable drop off in the percentages of consumers aged 55-64 (46%) and 65+ (40%) who also think user generated content resembles* their definition of word of mouth.

	16 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65+
You’re informed about a product or service by a friend or family member you know in real life	61%	62%	64%	71%	83%	81%
You’re informed about a product or service through customer reviews or testimonials	60%	65%	62%	72%	72%	75%
You’re informed about a product or service on social media by a video made by a user that organically made its way onto your social media feed	67%	64%	60%	59%	46%	40%
You’re informed about a product or service on social media by a verified user (Influencer or user with checkmark)	44%	54%	54%	48%	42%	42%
You’re informed about a product or service on social media by a recognizable celebrity	38%	45%	48%	36%	29%	25%

Meanwhile, consumers aged 25-34 (54%) and 35-44 (54%) are the most likely of the age groups to say information coming from social media verified users resembles¹ their definition of word of mouth, while those aged 55-64 (42%) and 65+ (42%) are least likely.

Similarly, consumers aged 25-34 (45%) and 35-44 (48%) are the most likely of the age groups to say content coming from recognizable celebrities resembles¹ their definition of word of mouth, while those aged 55-64 (29%) and 65+ (25%) are much less likely.

What these findings indicate is that while information from sources on social media are a less potent way for brands to persuade consumers to purchase from them overall, these forms of word of mouth are still particularly valuable for those wishing to target younger consumers.



Word of mouth and brand awareness

Our research shows that word of mouth and brand awareness go hand in hand.

Overall, the findings demonstrate to brands the importance of covering all bases when it comes to the ways they share word of mouth, as different age groups have their own preferences for where this information comes from.

This information being shared from a variety of sources, whether that’s people we know or social media stars and celebrities, contributes to what we think of today as ‘brand awareness’.

We often hear companies say that brand awareness is too tricky to measure.

However, when we think of brand awareness as the result of sharing word of mouth, it becomes much easier to quantify. After all, brands can easily measure the reach of word of mouth shared through customer reviews and social media content, which in turn can give them a strong indication of brand awareness.

Notes

¹Respondents were asked to rate each of the definitions of word of mouth from 1-5, where 1 = most resembles and 5 = least resembles their own definition. To achieve our rankings, the percentages of respondents who rated each of the definitions 1-3 (i.e. resembles) were combined. We then used these percentages to rank the definitions according to how likely respondents are to say that the definition of word of mouth resembles their own.

In-store vs. E-commerce shopping

Brands’ fight to keep their stores open will wage on in 2024.

In this section, we’ll be looking at some of the ways brands can make sure their brick-and-mortar stores can continue to be a valuable and profitable part of their business for years to come.

Our findings on consumer associations with shopping reveal that there is plenty for brands to be hopeful about when it comes to the in-store shopping experience.

The key point to make here is that healthy percentages of brands’ potential customer bases think of shopping as an enjoyable experience. It’s this enjoyment factor that brick-and-mortar stores are especially well-positioned to deliver.

In fact, almost 2 in 5 (37%) consumers say that shopping is an activity they enjoy doing alone for personal enjoyment or leisure,

while almost 3 in 10 (28%) say they think of shopping as a social activity they enjoy with friends and family.

Another promising finding is that although consumers are more likely to say they prefer to browse for items online (51%), a sizable 39% do say they prefer to browse for items in-store.

The question for brands is, how do they capture these groups of consumers?

The chart on the next page highlights the in-store experiences brands can offer to entice consumers to shop-in-store instead of online.

In-store experience

% of respondents

Exclusive in-store deals	52.32%
Exclusive in-store products	43.94%
Instant gratification	31.82%
Aesthetic / store is set up as an experience or destination (think mural walls / Instagrammable)	21.40%
Personal Shopper/Stylist	21.25%
Influencer events	16.81%

Exclusive in-store deals (52%) and products (44%) come out on top. Meanwhile, around a fifth of brands’ customer bases would be tempted by aesthetics (21%) or a personal shopper/stylist (21%) offering.

It is also worth brands noting that consumers prefer shopping in-store at department stores that stock multiple brands (49%) over shopping from singular brand retailers (22%).

Winning over the youngest consumers

Consumers aged 16-24 appear to have the hardest time determining what they associate with shopping. In fact, they are the group most likely to not associate shopping with any of the definitions we provided (10%).

Not only are they just as likely to think of shopping as an activity they enjoy doing alone for personal enjoyment or leisure (37%) as they are to think of it as a social activity (37%), but they are

also just as likely to say they prefer browsing in-store (43%) as they do online (43%).

What this implies is that the youngest group of consumers are still defining their shopping personas and are not yet set in their ways when it comes to shopping habits. There is therefore a big opportunity for brands to win this age group over.



According to our findings,

the top 3 ways

brands could consider enticing this age group to shop in-store are:

- 1 Exclusive in-store deals (46%)
- 2 Exclusive in-store products (40%)
- 3 Aesthetics / store is set up as an experience or destination (39%)

What Next?

We’ve revealed some fascinating insights into the current consumer landscape, from rising interest in spending against ongoing buzz around inflation, to generational preferences that result in sales. But what should brands do with this information?

Here are some thoughts to consider, and ideas to leverage, which we would be happy to apply in a brainstorm with your brand.

5WPR

3 Park Avenue, Floor 19
New York, NY 10016

212.999.5585

info@5wpr.com

1

Here, There, Everywhere

With word of mouth and customer review emerging as powerful drivers for consumer purchases, the comprehensive brand experience has never been more important. Brands must excel at every touchpoint to provide a seamless customer journey from browsing to checkout, as well as providing exceptional customer support and engaging social media and email marketing experiences.

2

A Tailored Fit

Diverse definitions of ‘word of mouth’ and generational variances in spending habits reinforce the importance for brands to tailor communications to their specific audiences. This is a crucial step in creating meaningful connections and experiences, rather than just making sure your brand is noticed.

3

Feed the Feeds

At the same time, with consumers being bombarded with content across a multitude of channels, it’s vital to secure your brand’s presence on their feeds. While paid advertisements might not be the most compelling content driving immediate purchases, establishing brand awareness feeds into the more impactful content, like word of mouth, that does drive sales.

4

Micro Influence, Macro Impact

Good news for brands hoping to maximize their modest budgets, younger consumers value the opinions of micro influencers over the opinions of macro influencers and celebrities. While there is a right time and place to collaborate with everyone, establishing connections with the right micro-influencer in your niche can still yield the desired results for your brand.

5

Personal Investments

Consumers are more inclined to spend more on products that enhance their lives – making it easier, better, and healthier. Tailor your brand and product communications to showcase how easily they integrate into the consumer’s lifestyle, ultimately enriching their experience.

6

Intention into Action

In non-tangible goods categories such as travel and experiences, consumers may be spooked by soaring prices and ongoing buzz around inflation. Although they express a desire to spend, they hesitate when it’s time to purchase. Beyond aspirational marketing, brands need to clearly articulate the mental and emotional benefits of an experience for the consumer (see personal investments above).

7

Exclusive Engagement

From a solo activity to an experience shared with friends, a considerable number of consumers still express a preference for in-store browsing. This creates both a challenge, and more importantly, an opportunity for brands to enhance their in-store experiences. Rest assured, shoppers are eager to visit you in person, but it’s on you to create a compelling reason for them to do so.

8

Untapped Youth

The youngest consumers are still defining their shopping identities, presenting a unique opportunity for us to shape their preferences during this formative period. Whether it’s the choice between in-store and online, splurging or saving, these consumers are coming into disposable income for the first time in their lives, unveiling untapped possibilities for brands to actively engage with these consumers.

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The research was conducted by Censuswide, an independent market research consultancy, with a nationally representative sample of 2,005 US consumers between the 28th and 30th of November 2023. Censuswide

is a member of the British Polling Council, and abides by and employs members of the Market Research Society. All survey panelists are double opted-in, in line with MRS code of conduct and ESOMAR standards.