

5WPR

2nd
Annual

2021 Consumer Culture Report



INSIGHT INTO THE COMPLEXITIES OF THE MODERN CONSUMER'S MOTIVATIONS, INFLUENCES AND PURCHASING HABITS



INTRODUCTION

Consumers and brands faced a barrage of unexpected challenges in 2020, and we're all hoping 2021 is much kinder.

The Covid-19 pandemic has impacted most if not all sectors: from hospitality and entertainment venues struggling to trade normally for much of the past year, to brick-and-mortar retailers wrestling with an advanced shift towards online shopping.

Amid this uncertainty, it's vital for businesses to understand the changes coronavirus is influencing on consumer behavior. In this report, we compare customer journeys pre- and post-pandemic to pinpoint people's new motivations and habits and what this means for brands, regardless of their sector.

It's clear that the march of e-commerce is continuing to affect the sales funnel, and that there are huge differences in customer journeys from one demographic to the next.

In our 2020 report, we put Millennials in the spotlight. For this edition, we took a closer look at Gen Z (those aged 16 to 21 in our survey). There are around 70 million of them in the U.S. with combined spending power of \$150bn (Drapers/McKinsey & Co¹). It's fascinating to delve deeper into the demands and desires that determine their brand relationships, and see how they stack up against other age groups.

One thing is certain: – consumer behavior and the marketing industry that aims to shape it will continue to undergo seismic shifts this year. Smart brands crave knowledge to navigate changes to consumer culture.

As the shockwaves from the pandemic make people reassess their wants and needs, and ways to finance their choices, our insight will be critical to success.

¹ <https://www.drapersonline.com/insight/drapers-bespoke/gen-z-and-millennials-2020-report>

Change is the only constant

The challenging climate for brands and retailers with offline operations is laid bare by our research.

To begin with some good news: a quarter of all respondents strongly agree they missed in-store shopping during lockdown. This rises to 62% who strongly or somewhat agree they missed in-store shopping during lockdown, with a constant level of response across all age groups.

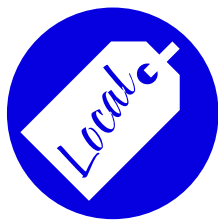
Moreover, almost two-thirds (65%) of all strongly or somewhat agree that they have adjusted their shopping habits to support local businesses during the pandemic. Nearly a quarter of all millennials strongly agree (23%). Only around 1 in 10 consumers strongly or somewhat disagree – although this rises to around 1 in 7 of Gen Z (14%).

But beyond that the picture is bleak for retail. On average, consumers are now spending more than half an hour longer per day shopping online than they did before the outbreak of Covid-19.

Strikingly, almost a fifth spend an additional 60 minutes or more daily, with 6% doing so for an extra three hours or more per day.

Millennials have, on average, added 46 minutes per day to their online shopping schedule, with 12% adding between three and four hours. This compares to an additional 43 minutes for Gen Z and 17 minutes for the oldest age bracket, 55+.

The shift to e-commerce has only been accelerated by the pandemic – particularly among younger generations. This is underscored by US Department of Commerce data which shows that in the first six months of 2020, consumers spent more than \$347bn online – an increase of 30% on the same period of 2019.



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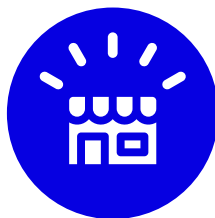
² <https://www.digitalcommerce360.com/2020/08/25/ecommerce-during-coronavirus-pandemic-in-charts/>

Our data indicates more difficult times ahead for brick-and-mortar retail. And conversely, that means even more opportunities for e-commerce.

Where consumers find new things to buy is a key factor. Almost two thirds (65%) strongly or somewhat agree that shopping online allows them to buy products from new or small companies they couldn't find in-store. For Gen Z that figure rises to 77%. This age group also ranked the highest "strongly agree" responses (32%). Just 6% of those asked were not in agreement.

Despite 50% of Gen Z turning to physical shops when discovering new brands, only 38% of overall respondents agreed that they prefer finding new products in-store. This is significantly lower than just a year ago, when 58% of the population preferred discovering new products in-store.

There is still an opportunity to capture consumers' hearts and minds both in-store and online, but the latter is perhaps a safer bet at present and worthy of any brand wanting to garner attention. And that can make all the difference in persuading people to part with their precious cash or keep it in their pocket.



77%

of GEN Z strongly agree that shopping online allows them to buy products from new or small companies they couldn't find in-store



Consumer conundrum: spend it or save it

When they do decide to splash the cash, Gen Z prioritize electronics and technology (52%), followed by health and wellness (37%), and beauty, cosmetics & personal care (36%). They're still taking pride in their appearance even in an era of lockdown lifestyles and homeworking.

Gen Z has proven to be less interested in fitness, home goods & furniture, health & wellness, and travel & experiences, preferring to save in these categories. A possible hypothesis for this consensus is that younger consumers see these items as an expensive outlay or investment. In order for these categories to attract a younger audience, a new sales model or brand approach may be required to attract them.

Their choices can be understood by simply looking through the lens of coronavirus.

Due to the pandemic, spend in travel & experiences has dropped across all age groups in comparison to last year's data. These sectors face a battle to get back on people's radars and replace the new 'splurge segments' when life returns to normal.

In contrast, people are still willing to spend on dining out of home, which could eventually help that industry bounce back. The technology sector has also done well during the pandemic, as people have become more in tune with the news, and want to connect with their family and friends.

It's curious to note fitness was everyone's top savings segment despite general wellness concerns; and also that health and wellness only appeared in the top three splurges for Gen Z - not for older generations.

Overall, the categories that consumers are most likely to **splurge on are:**

	16 to 21	22 to 34	35 to 54	55+
Splurge #1	Electronics & technology	Electronics & technology	Electronics & technology	Electronics & technology
Splurge #2	Health & wellness	Travel & experiences	Travel & experiences	Travel & experiences
Splurge #3	Beauty/cosmetics & personal care	Dining out	Home goods & furniture	Home goods & furniture

And the categories that consumers are most likely to **save on are:**

	16 to 21	22 to 34	35 to 54	55+
Save #1	Fitness	Fitness	Fitness	Fitness
Save #2	Home goods & furniture	Clothing & fashion	Clothing & fashion	Clothing & fashion
Save #3	Travel & Experiences	Beauty, cosmetics & personal care	Beauty, cosmetics & personal care	Beauty, cosmetics & personal care

The age of shoppable social

We know online's influence is growing and has been heightened by the necessity of e-commerce shopping during lockdown. The question that now lies is how are social platforms influencing the consumer purchase funnel?

While a slim majority of consumers (54%) have yet to buy something they spotted on social media, well over half (58%) of Gen Z have done so, along with 55% of Millennials – and even 32% of consumers aged 55+. In our 2020 report, the total number of respondents who said they liked buying products promoted on social media was far lower (36%).

Almost a fifth of Instagram users (19%) say they have now bought directly from a brand's page at least once. 11% of Gen Z have done so multiple times, and even 5% of consumers aged 55+ have bought at least one product from the channel.



58%
of Gen Z have bought
something they spotted
on social media



Aside from YouTube, Instagram is the only channel among the top three channels checked multiple times daily by each age group (see chart).

TikTok's influence is also evident, even against a backdrop of uncertainty in the US during 2020. On at least one occasion, 1 in 10 consumers has bought a product they've seen on the channel. Gen Z is way ahead of the field: 28% of them have made a purchase once or more, with 8% of those buying multiple times.

More than a quarter of Gen Z (29%) use TikTok multiple times per day. This is in marked contrast to TikTok's performance last year when it was the least-used channel for all age groups. While it isn't yet Gen Z's top three channels checked multiple times per day (see chart) it will be interesting to see whether use of TikTok continues to rise over the next 12 months.

Turning to a comparison between 2020 and 2021 social media usage, the chart shows Facebook, Twitter, Instagram and Pinterest suffering a decline in overall respondents checking them multiple times per day. By contrast, YouTube is the big winner.

Facebook is certainly not as popular among Gen Z as other age groups, with only 21% of them checking it multiple times per day – 20 percentage points down on the average – and 27% saying they never check it. They're also turning away from Pinterest, but they check out YouTube, Instagram, Snapchat, TikTok and Twitter far more than older consumers.

The chart below reveals highest and lowest usage by channel across age groups.

	16-21	22-34	35-54	55+
Most used	YouTube	YouTube	Facebook	Facebook
	Instagram	Facebook	YouTube	YouTube
	Snapchat	Instagram	Instagram	Instagram
	TikTok	Snapchat	Twitter	Twitter
	Twitter	Twitter	Snapchat	Pinterest
	Facebook	TikTok	Pinterest	Snapchat
	Reddit	Pinterest	TikTok	Reddit
Least used	Pinterest	Reddit	Reddit	TikTok

An impulse culture

Understanding more about what tips consumer interest into a sale is vital.

Nearly half of Gen Z consumers have an impulsive streak, with 47% of them agreeing overall they often make purchases on the spur of the moment. This drops through the age groups to 28% of 55+ respondents, 53% of whom strongly or somewhat disagree. Since our previous survey, the proportion of people prepared to admit they are impulse buyers has dropped from 50% to 38%.

Interestingly, though they profess to being the most impulsive, Gen Z also love a bargain. Four-fifths of them strongly or somewhat agree they watch for sales of an item they desire before buying it. Overall, 76% of consumers would do the same – although this has dropped from 85% in 2020.

Meanwhile, younger consumers are less prone to delayed gratification. 11% of Millennials say they always 'buy at first sight' if they like a product, with 8% of Gen Z agreeing. This is true of just 3% of respondents aged 55+. Four out of five Millennials always or sometimes buy at first sight, with 77% of Gen Z doing the same.



47%
of Gen Z consumers have
an impulsive streak



Beware a brand boycott

Engaging consumers is one thing, but changing their hearts, minds and financial decisions is another.

A majority of consumers think brands they buy from must share their values. Overall, 51% agree – dropping from 71% in 2020 – and just 15% disagree. Gen Z shows the most passion: a fifth strongly agree. This sentiment decreases with age to 12% of those aged 55 and over.

Despite inherent indifference in those responses, consumers are more activist when it comes to brands that upset them. Although there has been a decrease in the amount of people overall who have previously abandoned a brand due to its particular stance on an issue – from 58% in 2020 to 43% this year – 55+ consumers are now unforgiving.

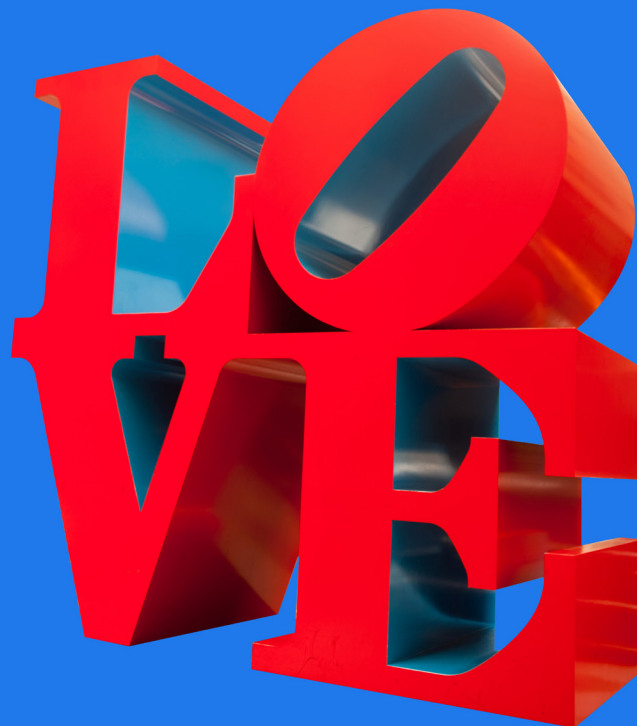
48% of them have boycotted a business compared to 45% of Gen Z and 39% of Millennials. At a time when consumer tempers could be wearing thin, it's useful for brands to be aware they must tread carefully – or suffer the consequences.

Meanwhile, older folk are far more likely to make utilitarian purchases than revel in the style of their choices. Just 12% of those aged 55+ strongly or somewhat agree they enjoy buying products to display social and political beliefs. It's a bigger deal for Gen Z, who rank top on this factor with 36% agreeing overall.



36%

of Gen Z enjoy buying products to display social and political beliefs



With trends like these

With new products constantly hitting the market, how do consumers find them and turn them into a trend?

Just 12% of Gen Z claim they can't spot a trend, compared to 45% of those aged 55 and over. Gen Z's trendspotters mainly rely on mainstream media (57%) and social platforms (54%) to keep up. These are popular methods among all those who want to keep their finger on the pulse of what's hot, with 39% overall turning to traditional media and 31% social.

Both channels retain the top spots from our 2020 surveys and, together, news articles, features and social posts can form a powerful and persuasive force in the purchase funnel.

Turning to how consumers learn about new products specifically, 49% still find them in-store, while 48% rely on word of mouth and 41% social media.

These factors switch for Gen Z with social media scoring 70%. Just 18% say they find new things to buy in mainstream media compared to 34% of 55+ consumers.

Meanwhile, just 11% of consumers agree their favorite purchases are worn or used by famous figures, although this rises to 21% of Millennials and 16% of Gen Z.

In the 2020 report, 19% of respondents said they found influencer marketing more impactful than traditional ads and 36% said they had bought something an Instagram influencer recommended.

It seems these figures are in decline. Is the age of the influencer coming to an end?



What next?

We've unearthed some fascinating insights into current consumer culture, purchasing preferences and choice of communications channels. But what should brands do with this information?

Here are some thoughts to take away and leverage, which we'd be pleased to discuss further:

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- 1 **Continue to invest in your online experience:** Due to the pandemic, consumers are spending more time at home, and investing in technology that speeds up access to innovative products, services and information even further. Thanks to this, consumers are certain to continue spending a greater amount of time online shopping.
- 2 **Don't be afraid to change the channel:** Gen Z consumers are discovering trends and brands through social. Don't be afraid to explore new platforms like Instagram and TikTok; but if you show up, show up prepared. The young audiences engaging on these platforms want authenticity. Brands have been called out for trying to sell product rather than genuinely trying to engage with the audience.
- 3 **Going small can be a big move:** Covid-19's impact on small business is making consumers take notice and act. From bookstores to beauty products, Gen Z and Millennials are shopping with small and local brands more than ever before. This provides a new opportunity for retailers to speak to target groups with a clear and relevant message.
- 4 **Rethink your influencer strategy:** Traditional influencer engagement that looks and smells like a paid partnership is quickly losing relevancy. The most powerful partnerships will be those that are equally beneficial for both brand and Influencer, and that result in a product or content that is authentic and easily shared.
- 5 **Reimagine brick-and-mortar:** Retail has taken a hit during Covid-19 and until more shoppers feel comfortable heading back to physical stores, retailers will need to rethink how they make good use of their available square feet. If it's not being used for selling, can it be a showroom, inventory holding for same-day delivery, or a safe brand experience?
- 6 **Find a cause and commit:** Social movements sweeping parts of the country have caused Gen Z consumers to shop with their conscience in great numbers. To this shopper, trends mean nothing if brands don't use them to make what they do – and the world – better. But be ready to put your money where your mouth is. This generation shares more than any other, and brands have been boycotted for being disingenuous in their words and actions.
- 7 **Help consumers add to cart, wherever they are:** Social media discovery and impulse shopping will only continue to grow. Frictionless purchase paths and seamless returns mean that this consumer is ready to buy on sight, without hesitation. Retailers that make this process the easiest experience possible will ultimately win.
- 8 **Rebuild relevancy:** Buyer behavior and priorities have shifted along with new pandemic consumer needs. Brands will need to find creative ways to make product offerings that have been deprioritized newly relevant for consumers.
- 9 **Content still matters, but make it quick:** Consumers still want brands to provide them with engaging content, but they are being presented with much more information to process on an hourly basis. That means a brand's content must be as impactful as possible in a timeframe that is fast enough to compete with a myriad of other demands on people's attention.
- 10 **Create a two-way dialogue:** Gen Z and Millennial consumers are not content with having brands speak at them. They want to be included in the conversation. Successful brands are listening to customers, responding in real-time and even asking consumers to be a part of key decisions and product offerings.