



# Demographic, Economic & Cultural Shifts

## Family reshaping has diverse effects on how and what households buy

Demographic, economic and cultural factors are reshaping families. The family of the future will be significantly different to the family of the past and present. The change will occur across many levels, but it will be particularly noticeable in the demographic make-up of the family itself, its attitudes to consumption and lifestyle and the physical dwelling it inhabits.

Evolving attitudes towards consumption, mobility, sustainability, digitalisation, communication, healthcare and households will shift the goalposts on how brands should market and approach families of the future. Successfully identifying, analysing and acting on these changes is paramount to success in consumer markets. Future of the family analysis will enable companies to develop long-term strategies to win over new markets and stave off disruptive competitors that can grab market share.

The importance of the familial shift in society cannot be underestimated. It underpins the entire ecosystem of consumption, impacting almost every consumer segment across the globe. Not addressing these changes quickly enough could be catastrophic for a brand, as it risks targeting the wrong segments and becoming outdated with its methods. This analysis will shed light on what the future of the family looks like and how it impacts consumption, demand and demographics.

This analysis focuses on five main aspects of future of the family trends and their impact on broader segments of the global economy, consumer markets and lifestyles: Demographics, Generation Z, Evolving lifestyles, Sustainable living and Spending trends.

# Demographics

The traditional definition of a family- two adults and children -is transforming rapidly under evolving conditions. Modern definitions of a family can include unmarried couples raising children; gay and lesbian couples raising children; single parents having children without a partner to help raise them; people living together without marrying; both parents of young children working outside the home; and couples not ever having children. The primary demographic shifts in the family will be:

- The family is shrinking due to factors such as falling fertility rates, rising divorce rates, the decline of multi-generational families, and expensive real estate. Almost all countries will see a decline in children per household over 2000–2030. The decline will be stronger in developing countries(-33.8%) than in developed markets (-26.5%), as the number of kids is on average higher in developing households.
- The impact from the decline of the nuclear family (couple-with-children households) will be reflected in the rise of single-person and single-parent households. As fewer couples have children, the number of childless-couple households will surge worldwide, far outpacing growth in couple-with-children households.
- Increases in life expectancy are changing the structure of multigenerational families. Joint survivorship within and across

In 2000, the percentage of single-person homes was 13.6% and in 2030 it is projected to be 19.2%. In 2000, the average household size was 4.0 and in 2030 it is projected to be 3.4.



generations is resulting in extended periods where family support is required over a longer period.

- The transformation of the family is leading to the transformation of the home. Demand for small, hyperurban apartments is rising due to the surge in childlessness. A smaller family is creating more space for appliances and household goods in emerging markets.
- The break-up of the traditional family unit will have major consequences on the state, particularly in areas such as social welfare, labour markets, productivity and housing. Governments must prepare for a major cultural shift to avoid economic aftershocks.
- Urbanisation and immigration (both international and from rural to urban) is driving up real estate prices due to rising demand. More multiculturalism, new urban values and a different global outlook are expected.

## Impact on consumption

### The singleton surge

Single-person households spend more on housing than other cohorts. These households typically can only afford to rent rather than buy real estate. When they do purchase a home, the preference is for apartments rather than stand-alone houses. The increase in single-person households may help labour market mobility. With fewer attachments to property and free of marital responsibilities, singletons are more open to moving cities for work. This would make the labour market, particularly on an international level, more mobile than it is today.

Single-person homes must cope with limited or no informal personal care from partners. This gap in society would have to be replaced by paid-for personal care services, particularly health and nursing care, with a sizeable impact on the healthcare industry.

### Childlessness

The evolution of families into smaller entities, with fewer children or none at all, is a driving force for smaller homes in areas where real estate prices have surged. In megacities a rising number of childless couples and singletons are seeking greater urban convenience and access to amenities and careers despite cramped conditions and high rents.

The small family / household is thus creating a boom in apartments, which can be easier tailored to one or two inhabitants. Countries such as China, Brazil and the UK will see surging growth in apartments through to 2030. Other modular housing models,

like silos, container homes and micro-apartments, are set to expand rapidly as demand rises. The smaller-home phenomenon has expansive consequences for companies, including demand for small appliances, flatpack furniture, foldable goods and sport equipment and other products that cater to small spaces.

### Rapid ageing

Demand for tailored housing and healthcare solutions is rising, made more pressing by the rising number of senior single-person households. One rapidly growing segment is modified housing, where technology is used to care for a senior. This can come in the form of smart sensors, stair lifts, emergency buttons, and other e-health solutions. Another growing trend is retirement homes and communities. Rather than the traditional elderly care-home, these are much more sophisticated independent houses and apartments located on a territory tailored for the elderly, with various social activities and healthcare options.

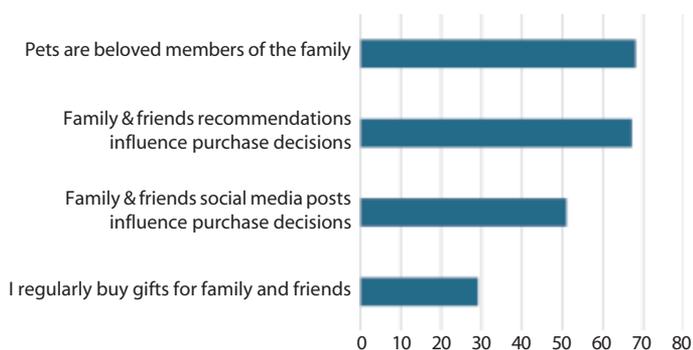
### What's next?

Cultural adaptation and corporate acceptance of new familial norms is expected. We will most likely see more fractal family units, higher rates of divorces, more focus on career and mobility among younger generations and a greater desire for independency among older generations. There is no one-fit-all marketing solution and we will probably see the rise of "hyperniche" brands catering to specific segments of the population.

## Changing consumer values re-defining family lifestyles

Changing consumer values and priorities are reshaping the family of the future. Today's more socially aware and eco-conscious consumers are challenging and reinventing traditional expectations regarding family makeup and lifestyle choices. The primary lifestyles shifts in the family will be:

### Family Attitudes and Behaviour



- Improving attitudes to equality and acceptance is leading to more diverse family types. Gender, culture and traditional expectations no longer dictate and anyone can be a partner or a parent or even choose to opt out completely. More same sex and multi-cultural families, as well as more singletons will rise.
- Family has evolved beyond traditional blood relatives and gender roles to much more inclusive family units, where anyone can belong, influence or take responsibility in day to day family life. Businesses can leverage opportunities by reaching out to a wider target audience.
- Families prioritise and make the most of their increasingly limited time together, as well as their financial investments as they look for better quality of life for all family members. They look to businesses to support their needs, offer unique experiences and value for money, creating a healthier future for everyone and making ethical choices.
- While technology is heavily criticised for disrupting family life, families are increasingly turning to technology to simplify their lives, stay in touch and spending more engaging and fun time together.
- With so much disruption in the world, as well as within families, modern families are keen to nurture their own family relationships, building strong bonds and creating a sense of belonging for all family members.



### Impact on consumption

#### Value and status

Products and services that make life easier, give meaningful experiences, help create strong emotional connections and support a healthy and ethical lifestyle are considered valuable by consumers. Value is placed on affordable but high quality, durable and multi-functional products that last longer and easily be repaired and re-purposed. Brands must listen and engage to align with evolving family goals and values. While price is important, the key criteria is investing in products and services considered worth the cost and which improve and connect family life.

47% of consumers like to be distinct from others. 58% of consumers seek curated experiences tailored to their tastes

## Health

Families create identity and status through their health image, from their eating habits and exercise patterns to the use of technology for health and safety. 64% of parents exercise weekly and 59% use an app or device to monitor fitness or health. However, according to Euromonitor's 2019 Health and Nutrition Survey, around 70% believe they and their children can improve their eating habits, especially at weekends.

## Family branding

Consumers are building unique family images, their own family brand that embodies how they live, what they consume and what they do. This 'brand image' demonstrates status, which is increasingly important to modern families. They record and share everything on and off line, from basic purchases to personalised moments. These consumers want to buy from brands that fit their ideals and lifestyles and invest in products and services that are unique to their family and individual preferences. They spend on products, services and experiences that differentiate them and help them to stand out, make a statement and that are made for them.

## What's next?

The evolution of new family groups means businesses have to understand the different needs and priorities of the various group members. Companies need to demonstrate they are in touch with and represent diverse communities with narratives, products and services that appeal to multiple consumer types and 'family' members.

## Generation Z as Homemakers

By 2030, Generation Z, those born between 1995 and 2009, will be in their 20s and 30s and beginning to form families. Being the largest population segment worldwide, Generation Z will shape the future of the family, having an immense impact on household formation and consumption patterns. Key consumer profiles of Generation Z include:

- Following the Millennials, Gen Zers will further delay marriages and childbirth, resulting in a rise of smaller

## Family Attitudes and Behaviour

Gen Z Population	Share of Global Population (%)	Age (Years)	Median Age (Years)	
In 2018 <b>1.8 billion</b>	<b>24.1</b>	<b>9-23</b>	<b>14.5</b>	<b>By 2030, about 659 million household will be headed by Gen Z (aged 20-39)</b>
In 2030 <b>1.8 billion</b>	<b>21.3</b>	<b>21-35</b>	<b>27.4</b>	



households, with more consisting of one person or childless couples. Gen Z families will also be diverse and "untraditional," as this generation values equality and individuality. These factors will have wide-range impacts on numerous segments.

- Gen Z homemakers tend to be more ambitious in owning their homes, as they are attracted by the financial value that homeownership may offer. Gen Z homes are likely to be urban and spacious, with facilities and appliances offering personalised experiences at home. Smart homes tend to be a prerequisite for this generation and they will be a future driving force of this segment.
- Gen Z homemakers will tend to spend time on themselves and with their families, while they also see financial security as a priority. This generation's pragmatism and social-environmental consciousness will drive their family purchasing decisions, requiring brands to focus on quality, value, ethnicity and sustainability. There will be more opportunities for the sharing and circular economy, as Gen Zers may not want to own household durables, but still require access to them.

## Impact on consumption

### Home ownership

Businesses targeting future homemakers should be prepared to focus more on mature customers as Gen Z is likely to be aged over 30 when forming families and having children. Unlike Millennials who witnessed rocketed housing prices and became the "Generation Rent," Gen Zers will enter their adulthood at a time when rental could become unaffordable, particularly in large cities, while the housing markets will start to stabilise, making it more attractive to buy homes.

## Space

While Millennials may have popularised tiny homes and micro apartments, Gen Z is dreaming of more space, most likely because they enjoy spending time at home. Outside space is among the top preferences, while inside space could be in high demand by future Gen Z homemakers, as they would like to turn their home into an entertainment hub with, for example, interactive movies and games.

## Smart tech

By the time Gen Z starts to form their own families, smart home technology is likely to gain its breakout moment and become increasingly popular, as nearly half of global households would have access to broadband internet by 2030. Gen Z's digital prowess means smart technology would be a must for this generation's homes. Nevertheless, as Gen Zers are cautious spenders and would take smart appliances as a prerequisite, they will be less likely than Millennials and Generation X to spend a fortune on smart technologies for their home.

## Cautious spenders

Gen Zers are cautious spenders and this should be reflected in their future family financial planning. They will continue to put high importance on saving and investment. Financial products focussing on long-term investments, for example, should capture Gen Z homemakers' attention. The mortgage finance segment should gain stronger popularity among Gen Zers in developing countries, as urbanisation will continue to drive demand for housing. In developed countries, the desire for homeownership among Gen Z means they will be more likely put their money towards a downpayment savings fund than spend it on a dream wedding, shopping spree or vacation.

## International Gen Z's Preferred Features / Attributes for Home Care and Cleaning Products 2019



## What's next?

As Gen Z enters the workforce and begins to form a family, brands need to prepare for these future homemakers and the changes in the family landscape. Households headed by Gen Zers will reach 659 million by 2030, making it a significant family segment. Their income and spending power are also expected to be stronger and reach national average levels in many markets by 2030.

## Trends in Consumer Spending

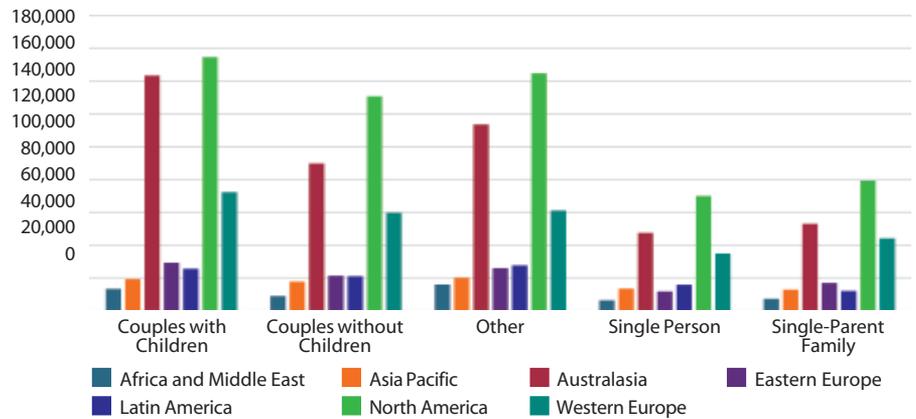
The reshaping of the future family is having diverse effects on how and what households buy. Key spending trends:

- Single-person homes have the weakest purchasing power of all household types. They do not have the potential to generate multiple income streams as couple households do and do not have the same access to state subsidies and welfare opportunities as single-parent homes do. As such, they have low per household spend and a low growth in this spend is expected through to 2030.
- While single-parent households on average have the lowest annual per household spend globally, their expenditure levels are growing rapidly. In addition, they have the added benefit of being the most likely household type to receive tax breaks, subsidies and other benefits from the state, thus providing them an additional boost for expenditure.
- Since couple-without-children households are far more likely to be in a situation with a dual income compared to other household types - or even if there is only one income, there is no added financial responsibility of children - they are able to spend more. This is vital for brands to understand and do more to target niche products at this particular demographic.



- Couple-with-children households will see the slowest growth over 2019–2030 of all household types. This demographic is responsible for both the largest share of total household expenditure globally and the largest average household spend in most regions. This makes the traditional household still arguably the most important demographic for companies.

**Average Annual per Household Expenditure by Household Type by Region in Real Terms: 2030**



## Impact on consumption

### Singleton spending

Even though single-person homes will expand their expenditure at the slowest rate through 2030, the sheer increase in their total number offers a lucrative and under-penetrated opportunity. Segments ranging from real estate, digital commerce and food to vacations and healthcare are all set to be disrupted by growing demand stemming from single-person homes. This demographic already has a major share in advanced economies and is the fastest growing in most emerging countries.

### Single parents

However, this demographic has very specific needs. Gyms with a children’s play area or hotels with daycare services are some examples of services that can pull in the single-parent market. Single parents often find the additional cost of owning a big-ticket item like a car unaffordable. However, a rising number of mobility services like car sharing and ride-hailing apps offer a cheaper and more flexible alternative to expensive car ownership. Single-parent households, especially in urban areas, are a major market for mobility trends.

### Childless couples

Couple-without-children households have more disposable income, because they do not have the added expenses that come with children. Whether by choice or circumstance, the lack of dependents in the household can allow for more income to be put toward savings or to be spent on other interests. Costs for food, clothing, and long-term education associated with raising one or more children are eliminated from the home. The availability of more disposable cash creates the possibility for further exploration of investment

opportunities. The money that might have been spent on children could be put into stocks, bonds or other investment vehicles.

### Couples with children

Emerging markets have only recently started to embrace mainstream family-based brands, such as Lego toys and children’s retailers like Mothercare. This trend will only accelerate. Over 2019-2030, couple-with-children households in emerging countries will see the fastest growth rates in per household spend. In particular, segments such as children’s education, healthcare and toys are booming in Asia Pacific and the Middle East.

### What’s next?

Households made up of couples without children will on average have the highest annual per household spend globally through to 2030. Without children and with a dual income potential, this household type can afford to spend more. The single-parent family will remain the lowest spending household type through to 2030. With only one income source and children to support, single-parent homes have to live frugally and are typically unable to outspend other household types.

**Top 10 Countries by Couple-Without-Children Household Annual Expenditure: 2030**

Rank	Country	Real US\$ per Household
1	USA	137,119
2	Switzerland	110,378
3	Hong Kong, China	102,563
4	Australia	90,382
5	Norway	85,546
6	New Zealand	85,241
7	Israel	84,967
8	United Kingdom	77,770
9	Denmark	74,273
10	Finland	71,934

**Top 10 Countries by Couple-Without-Children Household Expenditure Growth: 2019-2030**

Rank	Country	Real % Growth
1	Bangladesh	88.7
2	India	82.8
3	Myanmar	80.0
4	Uzbekistan	75.8
5	Laos	70.4
6	Georgia	70.2
7	Philippines	69.7
8	Vietnam	64.8
9	Sri Lanka	63.0
10	China	62.2

# Sustainable Households

Ecological trends and lifestyle changes are creating a “greener” world overall, ensuring that future households are living in a much more sustainability-focused world. Key sustainability trends of future families:

- A rising number of single-person homes are better equipped to lead sustainable lives, but smaller homes are also contributing to more waste. While urbanisation improves access to sustainable lifestyles, it also creates major challenges like overcrowding and pollution.
- In emerging and frontier markets, improving access to water, sewage and electricity is enabling households to lead a more sustainable, clean lifestyle. Households in Africa and Asia are set to make major leaps in accessibility to facilities and utilities over the next 10 years.
- With rising energy prices in most countries, households are turning to energy-efficient products and renewables as cost-saving devices. Energy efficiency increased by 11.8% globally over 2013–2018. There will be a significant rise in off-grid energy consumption and adoption of energy-saving smart devices.
- Developers are increasingly using “greener” materials when building housing units, while the global growth in smaller, modular housing units is helping lessen the carbon footprint. But smaller households increase per capita demand of household durables and smaller pack sizes, generating more packaging and food waste.
- Retailers offering sustainable household goods designed for longevity, reparability, shareability and recyclability are embraced by homes. Re-using and recycling as an ethos among consumers are becoming ever-more important.
- Growing demand for electric vehicles, car subscription services, desire for public transport and cycling in urban areas are all factors that are changing how households view car ownership and car spaces.

## Impact on consumption

### Green mentality

An ecosystem of “global greening” will create an echo chamber whereupon households are keen to jump on the energy-efficiency bandwagon. Similarly, brands and companies targeting households are chasing the “green” and “energy efficiency” tags

as badges of social responsibility. While high-income households, regardless of the location, are adopting sustainable consumption practices at home, more price-sensitive households are likely to be affected by the intention-behavior gap.

### Emerging catch-up

Households in emerging and frontier markets will be able to increase sustainability levels significantly as household infrastructure, namely, electricity, sewage and water, improves over the next ten years. Access to water enables flush toilets and sewage networks for homes, decreasing pollution risks from food and human waste. Sustainability in wealthy markets like Saudi Arabia and the UAE is also impacted by poor access to water resources.



### Energy-saving tech

Energy efficiency has will not just become a lifestyle choice for households, it will become an economic necessity. The vast majority of countries globally saw an increase in energy prices over 2013–2018. Consumers are thus turning to renewables and smart home products that can deliver cost-savings.

### Mobility

Lifestyle changes have occurred that have promoted consumers to opt for other forms of mobility, such as public transit, cycling and electric vehicles. Living closer to work, the sharing economy and less emphasis on family life have resulted in a reduced need to own a car. Demand for garages, parking spaces and other vehicle-associated structures and services within or nearby a household will decline in the future.

### What’s next?

Households of the future are likely to face global challenges such as climate change, pollution or water scarcity, impacting the way they live at home. With households consuming large amount of natural resources like food, energy, water and other materials to produce household goods, optimizing the use of these resources is key to achieve a sustainable growth. ■

Source: Euromonitor International