



With a stronger global economy, in 2018 consumer expenditure is expected to grow at its strongest rate since 2011. Yet shifting consumer attitudes and behaviours will continue to cause disruption for business in 2018, with mobile technology and internet accessibility playing a key role in shaping these changes.

Augmented reality is expected to go mainstream in 2018, enabling the merging of digital and reality. Technological advances are also giving consumers the opportunity to find out more about themselves and their origins, as DNA testing comes to the home. The internet especially has increased awareness of global issues, inspiring consumers to pursue greater social responsibility. Younger consumers are embracing mindfulness and betterment, choosing clean living aimed at reducing harm to themselves, others and the world around them. Despite reaching its 10-year anniversary, the financial crisis continues to cast a shadow on consumer behaviour, with budget retailers thriving.

Consumers of all ages want and need less. Ownership is under question, and flexible, minimalist living is gaining

popularity, with consumers sharing everything from clothing, household items and pets through to cars and living spaces. Rejecting commitment also plays out in the workplace, as consumers say no to corporate 9–5 jobs and instead choosing entrepreneurial lifestyles on the road. Distrust in business continues to escalate. Talking about sustainability and social responsibility is no longer enough, and in 2018 consumers will seek more radical transparency from brands.

The desire for uniqueness and true authenticity is driving customisation to a new level, with consumers becoming the creators in 2018, feeding into the design of products and becoming involved in the production process. Demand for truth is also contributing to an increase in modern activists. In 2017, the global rise of “#MeToo” campaigns on sexual harassment triggered a deeper call out culture, which will heighten in 2018, as support spreads across many global causes; the internet once more playing a pivotal role. Overall, 2018 will see consumers continuing to question their values, priorities and purchasing decisions; deepening their engagement in the brands and issues that matter to them.

Clean Lifers - Consumers are adopting clean-living, more minimalist lifestyles, where moderation and integrity are key. Clustering around educated 20–29-year-olds, a new generation of “straight edge” consumers has grown up knowing deep recession, terrorism and troubled politics, and has a wider world view than previous generations. They have been shielded by affluent Generation X / Baby Boomer parents, and take more guidance from them; possibly resulting in lower self-confidence. They are keen to secure a more ordered existence for themselves. Clean Lifers have strong beliefs and ideals. They are less tolerant, more sceptical. They feel they can make a difference, and this influences their spending choices. This means more saying no: no to alcohol; no to unhealthy habits; no to animal-based products; and, increasingly, no to unmeasured or uninformed spending. Their need to impress is less through ownership, and more through experiences they want to share. Family and home are important to them. Some stay in the family home for longer, as the costs of setting up on their own in countries have become prohibitive.



Clean Lifers prefer to stay in and relax. They would rather spend their money on experiences, such as weekends away, festivals and restaurants, where they are able to chat with friends, or healthier social alternatives, such as hosting fitness class parties from yoga to high intensity workouts. The vegan movement is already in full-swing, and 2018 will see a further push by Clean Lifers to eradicate animal-based products from all areas of their lives. Clean lifers are hard core in their abstemiousness choices, be it veganism, avoiding alcohol or other lifestyle choices, but they are influential, and the trend will spread to others, who will dip-in. Clean Lifers are choosing to holiday with family, to take a “genervacation” not because they must, but because they want to. It is in part about finances and Boomer parents helping their cash-strapped kids. Even so, parents and children now have a lot more in common. Parents are travelling further and experiencing more. Their children want to experience it with them.

The Borrowers

A new generation of community-minded sharers, renters and subscribers is reshaping the economy, making conspicuous consumption a thing of the past. Rejecting material goods in favour of experiences and a freer lifestyle, which has characterised the buying habits of millennials for the last few years, is a trend that continues to evolve and spread. It is now



beginning to impact older generations: previously materialistic Baby Boomers are looking to downsize and simplify their

lives. Sharing economy stalwarts such as Uber, Rent the Runway and Airbnb have entered the mainstream. Meanwhile, new, innovative start-ups continue to emerge to satisfy The Borrowers. Cash-strapped consumers want more flexibility and freedom in their lives, and less baggage. Rather than aspiring to things, they favour minimalism and living for the moment. This means not being tied to possessions. The Borrowers want access rather than ownership, whether through sharing, swapping, renting or streaming. Urbanisation is another key driver of this trend. An estimated 55% of the world’s population were city-dwellers in 2017, up from 50% a decade earlier. Why burden yourself with a car or have to cram a multitude of belongings into a small living space, when you can use Lyft or SnapGoods?

Affordability, convenience and sustainability are key factors in the growth of the sharing economy. People living hectic and increasingly mobile lifestyles continue looking for ways to cut costs, save time and live freely in a way that is also eco-friendly. While established players in this market continue to thrive, many newer businesses are growing rapidly, especially in emerging markets. Moreover, start-ups continue to spring up in all markets. Big companies are being forced to rethink their businesses to adapt to the new Borrowers mindset. Some are embracing the sharing economy by sponsoring or investing in start-ups.

Call Out Culture - Whether it is airing a grievance on Twitter, sharing a viral message or signing an e-petition, consumers are having their say. “Hashtag activism”, while not new (the Twitter hashtag turned 10 in 2017), is rapidly gaining momentum as internet usage explodes and more people have access to social media. The global success of the #MeToo movement in the wake of recent sexual harassment scandals is testament to the growing empowerment of consumers, who use their collective voice to fight injustice and call brands to account. The trend has been fuelled by a high degree of social unrest, combined with unprecedented consumer power. Consumers are also using petitioning platforms, such as Change.org and Avaaz.org, to show their support for causes. The trend is likely to

accelerate as more people come online with global internet use forecasted to reach 48% by 2018, up from 21% a decade earlier.

While in the past, consumers may have felt powerless to stand up to brands on their own, social media has given them collective clout. A Sprout Social survey in 2017 found that 46% of US consumers voiced an opinion about a brand online. Also, when they saw a complaint on social media, 65% of consumers said they would research the brand before buying it, while 32% would reinforce the message by liking or sharing it. A poor brand response was most likely to lead to a boycott by the consumer (50%). Not only are consumers utilising social media to highlight bad practices, they are voting with their wallets to force companies to take a stance on current issues, from refugees and climate change to transgender rights. According to a global Edelman survey in 2017, 57% of consumers either bought or boycotted brands based on their corporate values. With trust in public institutions at a low ebb, 51% of respondents said they "believe brands can do more to solve social ills than government".



In response, marketers are being forced into greater interaction with customers in the public space, however big or small their grievance. They need to be prepared to face any social media backlash, however. A 2017 YouGov survey in the UK found that while 89% of marketers thought social media was giving consumers more power to effect change over brands, only 18% were confident they could "handle anything social media throws at them".

Adaptive Entrepreneurs - Consumers are increasingly seeking flexibility in their lifestyles, and are prepared to take risks. Millennials especially have an entrepreneurial nature, shifting away from the "traditional" 9-to-5 career towards one that affords more freedom. Euromonitor International's 2017 Global Consumer Trends Survey shows that nearly 50% of



respondents across all generations aspire to being self-employed. Taking out Baby Boomers, amongst which this desire is lower, this

aspiration increases to 56%, clearly showing the growing trend towards this Adaptive Entrepreneurial lifestyle. The shift in the priorities of Adaptive Entrepreneurs is directly linked to a change in values. In 2018, these consumers will be attracted towards alternatives that allow more flexible, adaptable and personalised experiences, and not just potential financial gain. They want a lifestyle they can build themselves, and align with their personal interests and passions. A marked delay in larger life goals, such as owning a home or having children is also foreseen. This delay chimes with the new generation of Adaptive Entrepreneurs. They do not have the reliable incomes of those who work 9-to-5, but would rather take risks early on in life, and delay these traditional life events.

Sleuthy Shoppers - With further political upheaval in 2017, consumers' crisis of trust is deepening, and leading to greater emotional involvement and action. Sleuthy Shoppers are investigative consumers. Sceptical of mass-produced products and the motivations of the companies that create them, tired of empty rhetoric and soothing words of assurance, they are taking action to find out more. Now, if companies do not provide tangible proof of their practices, Sleuthy Shoppers will turn to independent online sources for information.



Survivors of the recession and recent traitors to materialism, Sleuthy Shoppers span from Gen X to Gen Z, but are serious about the causes in which they believe. This intensity extends to their view of the companies they buy from, or even work for, and every company is judged as either a friend or an enemy to their cause. When every purchase is a statement, nobody is afforded the luxury of sitting on the fence. Today, it is no longer sufficient merely to respond to consumer feedback, or to take a stance on an issue: companies must provide proof. Sleuthy Shoppers have unlimited information at their fingertips, and can effortlessly investigate companies of interest. To build trust, companies must offer detailed evidence, preferably with pictorial or video support, on their supply chain and labour practices. Accompanying third-party certification is even better.

For Sleuthy Shoppers, the case to be solved starts at the head of the supply chain. They investigate the full production process, from material / ingredient sourcing to production and

Store experience and brand loyalty overtake price, according to survey

A new retail model is developing, according to a consumer survey from ForeSee, a firm that measures the customer experience. The poll of over 40,000 shoppers found that consumer preference for a particular retailer is a key factor in where people decide to shop.

Nearly 45% of buyers across channels said their most recent purchase was driven primarily by retailer preference, and more than 75% shop at a preferred set of retailers, regardless of prices.

Customer experience is at the heart of the brand promise. There is an incredible opportunity for retailers to benefit from the growth in channel surfing, new concepts that truly integrate store and online models, and to ride the wave of the retail renaissance that is lifting the whole sector.

When it comes to housewares/home furnishings, 54% said loyalty programs are very important in their purchasing decisions. Survey respondents named Williams-Sonoma and Bed Bath & Beyond as their preferred destinations.

Other findings:

- Just 6% of shoppers selected an item primarily because of price vs. retailer preference.
- Overall environment and experience as well as findability rank as the top priorities for both in-store and digital purchasers.
- 25% of shoppers that start in store check out a digital channel during their buyer journey, while 35% that start in a digital channel go to a store during their purchase process,
- 61% place a high importance on BOPIS (buy online/pickup in store) availability.
- 58% relied on BOPIS during the recent holiday season, up from 25% the year before.
- 54% won't buy from an online retailer that charges for returns, and only 25% said making online returns is an easy process.

distribution, along with information on all parties involved along the way. Detailed evidence of business practices allows Sleuthy Shoppers to understand the full history behind product development and production. In turn, this knowledge and interaction allows them to feel closer to and more comfortable with the end product. Large corporations may have seen recent success with faux artisanal products that tie products back to original recipes, flavours and stories through clever marketing. However, Sleuthy Shoppers are past this, and now conduct more prolonged investigations to unveil the full product journey. They look for evidence of Fair Trade procurement, environmentally-friendly production, fair wages, FSC-certified paper packaging and energy-efficient distribution. They would ideally like to understand, preferably through video evidence, all the poignant, tangible steps of the product's journey. Sleuthy Shoppers are no longer just buying a product, they are buying its entire history and everything that it represents.

I-Designers - The lingering impact of the global financial crisis has encouraged prime, working-age older Millennials and Gen X-ers to re-evaluate their spending habits. The shift in focus

from possessions to experiences is changing purchasing patterns, and driving buyers to connect with the product creation process. For some, merely to own is unrefined, but I-Designers, participating in creation, design and build, are seen as sophisticated connoisseurs. The movement towards more holistic and mindful happiness and accomplishment means that purchasing is taking on greater significance. I-Designers are judged not just on their choices, but also on the care with which they make them. Social media flaunting of purchases is perhaps tacky, but it is compelling, even glamorous, to show "how I made it mine". The ongoing desire for personalisation is



meshing with the yearning for authenticity to create true next-generation customisation.

In their latest manifestation, I-Designers are assuming the role of creators: not just customising mass-produced products, but shaping them to their individual preferences before production. Consumers have long looked to choose between different colours, patterns and details, but I-Designers bring this to a new level. I-Designers want to exhibit their creativity. Instead of choosing something that is the same but different, they want to create something for themselves with which they personally connect, something that is truly unique, just like them. I-Designers are not looking to build from scratch, but want the tools and pieces they need to create. Some consumers, however, get the opportunity to be involved in a small part of the production process, even if that is just polishing the final item when it comes off the production line. Empowering consumers in such a way is important for future loyalty. I-Designers do not want excessive complexity or too-steep learning curves. However, they also draw inspiration from television shows such as Grand Designs, which feature unusual and fantastical home makeovers, so a process which is too simple or lacks flexibility will make the experience feel gimmicky and over-directive. Instead, I-Designers require varying levels of complexity and difficulty to give both first-timers and seasoned designers a fulfilling experience.

Co-Living - The Co-Living trend has blossomed amongst Millennials and the over-65s in the residential space. It is a form of housing where residents share living space and a set of interests and values. The trend stems from hyper-urban hubs that have embraced the sharing economy as a lifestyle choice. In its most basic form, co-living sees people share spaces and mutual facilities to save money and inspire collaborative ideas or provide comfortable, more acceptable living conditions. Markets with progressive start-up landscapes and high rents are amongst the most fertile spots for co-living arrangements.



The Survivors - 10 years on from the credit crunch which heralded the start of the Great Recession, the frugal mindset of consumers remains entrenched. Despite improving economies, rising incomes and falling unemployment, the gap between rich and poor is highly visible, and those caught between low pay / meagre state benefits and high living costs are still struggling to cope with austerity. Those at the bottom of the pyramid remain mired in poverty, with many relying on foodbanks, second-hand items and value-based retail formats to make ends meet. Precarious employment means many others, not traditionally classified as poor, find themselves struggling to cope.



Consumers have responded to austerity by making greater use of the growing number of resale shops, grocery discounters and value-based retailers. The latter keep costs very low by buying in bulk directly from factories and purchasing surplus stock. By catering to the poverty-stricken or price-sensitive, deep discounters are amongst the only retailers that have proved resilient to the rise of internet retailing, and are a disruptive force in retail. Male Japanese workers have reportedly been flocking to 100-yen shops (such as CanDo) for everything from cheap wine and sushi to ties, socks and work tools. A 2017 Morgan Stanley study found that most Dollar Store shoppers had household incomes of under USD50,000, and were unlikely to shop online, with 73% of customers using them to buy daily necessities rather than leisure products.

According to the UK's Office for National Statistics, second-hand stores, charity shops especially, were a strong driver of retail growth in 2017. In the US, the traditional thrift store market is reportedly growing by 8% annually. The retail industry responds Value-based retailers are responding by expanding aggressively. ■

Source : Euromonitor