5W PR

3rd Annual

2022 Consumer Culture Report

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

Rise again: how and where consumer spending will bounce back in 2022

INTRODUCTION

With wary eyes firmly fixed on an uncertain future, consumers still want and need a wide choice of products and services in the new normal that awaits post-pandemic. Brands looking to win at the cash register must understand the emerging trends influencing buying behavior today and tomorrow.

As the world becomes increasingly digitized, consumers are being introduced to a dizzying array of new shopping experiences, from AI to shoppable social media content and Metaverse mall scapes.

It's hardly surprising, then, that consumers' habits are also evolving. Some of these changes have been predictable, while others have been considerably less so.

An example of a surprising shift in 2021 is the resurgence and newfound appreciation for brick & mortar shopping experiences. Perhaps more predictable has been the new consumer expectation around speed and convenience. These, as well as plenty of other findings, are revealed in the following pages.

This report shines a light on new and emerging consumer behaviors based on a wide-ranging survey of spending and saving attitudes witnessed throughout this past year. Our hope is that our findings will help brands gain more insight into how consumers are reacting to the societal and economic shockwaves of the pandemic, and how they can survive and flourish even in the toughest of times.

Consumer confidence: to spend it or save it?

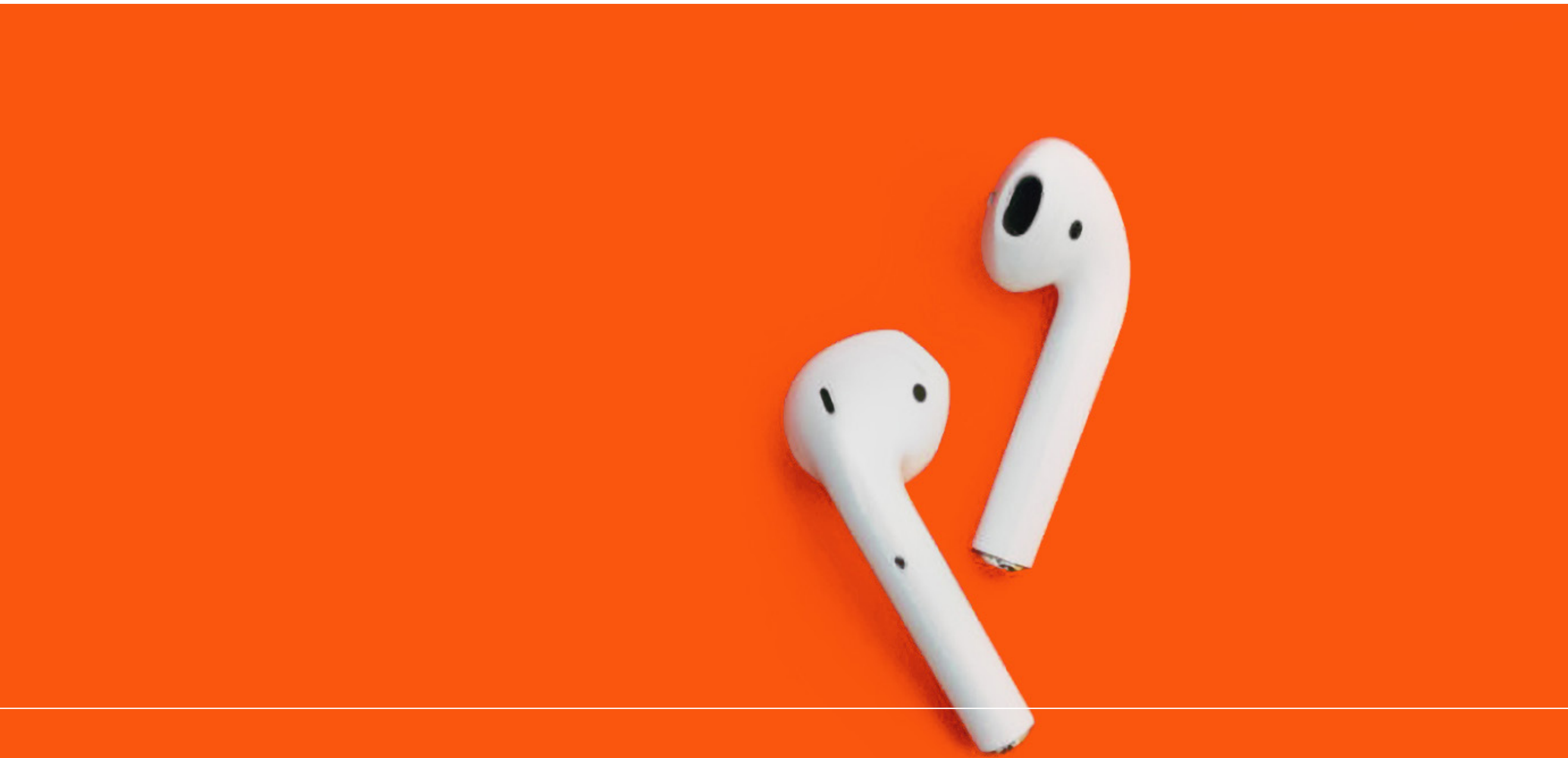
The need to stay on top of work and in touch with each other in a world made virtual by the pandemic has convinced many consumers that they can't scrimp on effective tech—the category was named the most likely splurge by all age groups. Getting and staying healthy was also important for most people we surveyed.

The remaining top categories for splashing the cash were a mixture of home comforts designed to make time spent indoors more appealing; and social experiences, as we continue our attempts at returning to normalcy.

Despite widespread scientific advice about staying fit to fight the pandemic, and at a time when many people were unable to access gyms or even venture outdoors due to lockdowns, consumers were most likely to save money on fitness activities and equipment.

Other areas have yet to see a resurgence of splurging as people continue to feel their way into an uncertain future. These categories include cosmetic procedures, clothing & fashion, and travel & experiences.

The top splurges and saves of 2022 mirror our previous report in 2021, suggesting that as products in these areas continue to evolve, consumers will continue to spend.



Consumers named dining out (37%) the category where they spent most of their disposable income in 2021. This was followed by clothing & fashion (33%), and electronics & technology (32%).

Meanwhile, the latest results also revealed Gen Z to be the most selective group when it comes to spending disposable income, with more than four in 10 (42%) responding as such; while Millennials were the most likely to spend (38%).

MUST HAVE

58%

said knowing when they need something is their most important purchase driver

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

	16 to 24	25 to 34	35 to 44	45 to 54	55+
Splurge #1	Electronics & technology	Electronics & technology	Electronics & technology	Electronics & technology	Electronics & technology
Splurge #2	Health & wellness	Health & wellness	Home goods & furniture	Home goods & furniture	Health & wellness
Splurge #3	Clothing & fashion	Dining out	Dining out	Dining out / Health & wellness	Home goods & furniture

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

	16 to 24	25 to 34	35 to 44	45 to 54	55+
Save #1	Fitness	Fitness	Fitness	Fitness	Fitness
Save #2	Cosmetic procedures	Cosmetic procedures	Cosmetic procedures	Cosmetic procedures	Cosmetic procedures
Save #3	Dining out	Travel & experiences	Beauty & personal care	Clothing & fashion	Clothing & fashion

For consumers, purchase timing is more important than buying location. More than half (58%) said knowing when they need something is their most important purchase driver, compared to fewer than one in three (29%) for whom "where to shop" is the key motivator.

Rebuild: can brick & mortar make a comeback?

There are encouraging findings in our study for hard-pressed store owners who have experienced one of the toughest-ever retail periods.

More than half of all consumers (52%) agreed that they now prefer to find new products in-store rather than online. This rose to 56% of men, compared to 48% of women.

In our increasingly digitized existence, physical presence still has a strong pull for consumers who want to experience goods and services as a satisfying sensory experience, not a simple or sterile transaction. Almost half of the respondents (47%) suggested in-store experiences are what draws them in-store the most.

The brick & mortar bounce-back is also doubtlessly driven by the US Chamber of Commerce's findings that people are shopping locally in droves. A sense of community is crucial; 21% sought to shop as an activity shared with friends, while 23% wanted to tap into sales staff expertise.

52%
prefer to find new products in-store rather than online

Consumers are effusive in their commentary about in-store shopping, praising:

"Being able to see, feel, touch and try on things."

"I'm better able to determine quality."

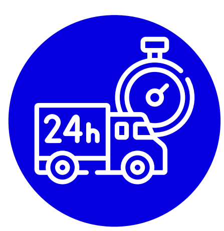
"Finding unexpected new items."

"It's much easier when you can see it."

"Getting things instantly rather than wait for shipping."

As we saw earlier, this latter point shows timing is crucial for consumers. Further evidence of the need for speed is revealed by the 61% of consumers who agreed they are more likely to shop from an e-commerce store offering same-day shipping; near-instant delivery is fast becoming a key trade battleground.

Of course, while physical store owners will delight at these findings, **e-commerce is booming too**. This year, the rise of the omnichannel retail approach to sales and marketing has been vital for ongoing success.



61%

are more likely to shop from an e-commerce store offering same-day shipping

In uncertain times, focus on the immediate future

Enticing consumers back to physical spaces will remain as important as solidifying the online sales boom in 2022, as people continue to prioritize safety.

This sentiment is revealed in the belief among an overwhelming majority (84%) that retail outlets' safety measures are important, compared to just 16% who claimed this didn't really bother them. Perhaps unsurprisingly, those aged 55+ (90%) said COVID-19 mitigation was vital to them continuing to shop in-store.

84%
believe a retail outlets' safety measures are important

One of 2021's biggest revolutions, was the widespread adoption of al fresco dining. Still, many consumers still need to be convinced by this option, with 46% saying they have not yet eaten outdoors.

It's interesting to note that among people who are keen on outdoor dining, almost half (48%) of them plan to continue doing so during the colder months of 2022, compared to around a third (33%) who are more reluctant.

This insight is important for hospitality companies when set against the evidence seen earlier that many age groups are splurging on dining out. In fact, as the table below shows, this category leads the way when we quizzed consumers about where they plan to allocate the bulk of their disposable spend in the year ahead:

Areas where disposable income are most likely to be spent in 2022:

	Overall %	16 to 24	25 to 34	35 to 44	45 to 54	55+
Dining out	33	28	32	33	33	36
Travel & experiences	29	26	24	31	29	33
Clothing & fashion	27	35	34	29	30	19
Electronics & technology	26	27	33	35	31	16
Health & wellness	22	18	27	25	19	22

The march of the conscious consumer

With global green summit COP26 fresh in memory it's important to note that a majority of consumers describe themselves as having their own sustainability agenda.

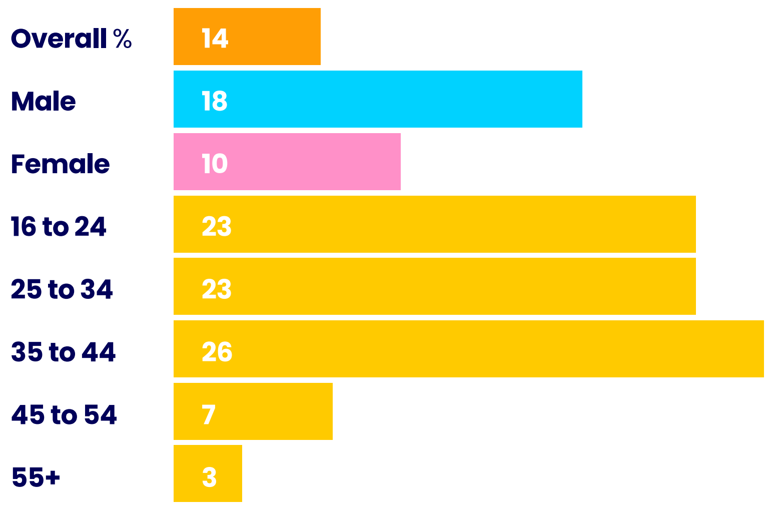
When asked to state how often, when purchasing, they first research the ethical and sustainable nature of brands and their supply chains, an incredible 71% of them stated they do this at least occasionally.

Of that figure, around one in seven (14%) profess to check out brands' environmental chops every time they buy a product or service. A further 27% usually do this, with another 30% investigating sustainability standards occasionally.

When it comes to supporting self-stated purpose-driven brands, consumers most strongly favor small and local businesses (see page 5) (46%); charitable organizations (32%) such as Made in the USA and Veteran support; and environmental protection & sustainability (31%).

More than a fifth of consumers (21%) prefer to purchase from minority - and Black-owned businesses and are most likely to search for and find information about these brands by using social media (39%). Consumers also rely on word of mouth (32%) and publications, broadcast media and blogs (21%).

I research ethical and sustainable standards each time I purchase



71%

of consumers check brands' green and ethical values before buying

Further trends
in shopping and shipping

1. Feasible fees

Brands will be keen to know how much consumers would pay for same-day shipping:

How much are you willing to spend for same-day service
(means in US$)

Overall %	6.78
Male	7.93
Female	5.64
16 to 24	8.83
25 to 34	8.94
35 to 44	9.19
45 to 54	6.59
55+	3.74

2. Passive patrons

More than four in 10 (43%) consumers found themselves shopping while also engaged in other tasks—from watching TV to participating in a Zoom call—with 67% of Gen Z, and 48% of men doing this at least once in 2021.

43%

of consumers found themselves shopping while also engaged in other tasks

3. Droppable shoppable

While it's on the rise, shoppable social media content isn't yet for everyone. 62% of women and 51% of men would not purchase through a social platform. The highest inclination (55%) was apparent among consumers aged 35 to 44.

4. AI gains altitude

Artificial Intelligence (AI) is already being used by 37% of consumers for at least some of their online purchases, suggesting it's a growing area of e-commerce that brands should embrace. Furthermore, 50% told us they use interactive chat, 43% indulge in voice search and 37% turn to reverse image search.

50%
use interactive chat for at least some of their online purchases

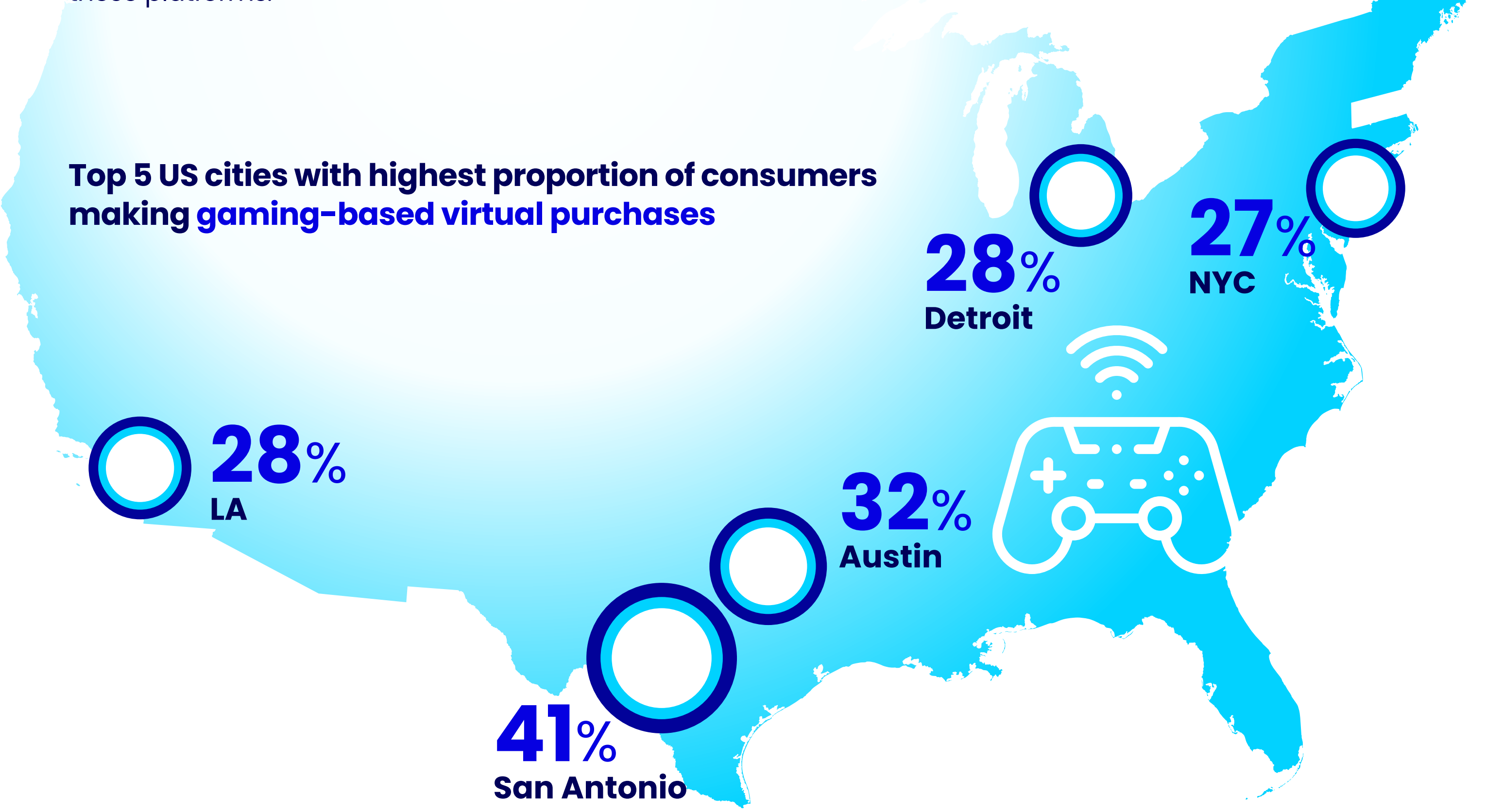
5. Luxury goods for all

Of the 32% of consumers who take advantage of installment paying options, 62% are inclined to purchase luxury goods or services using this method.

6. Gaming wins

Some 42% of respondents said they enjoy seeing their favorite brands on gaming platforms; more than a fifth (21%) have made virtual purchases via these platforms.

Top 5 US cities with highest proportion of consumers making gaming-based virtual purchases



What next?

We've unearthed some fascinating insights into current consumer culture, the driving forces behind purchasing decisions 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:

1 **The Wholistic Shopping Experience.** In-person shopping is not a dying trend as once believed, but consumers are expecting more from their visits and options at every stage, from exclusive in-store offerings to events and activations.

2 **Convenience is King.** Brands need to embrace the idea that from browsing to shipping, shoppers want what they want, exactly when they want it. A frictionless, omnichannel strategy is no longer a luxury. It has become an expected experience and consumers are willing to pay top dollar for it.

3 **A More Inclusive Luxury.** No longer reserved for the few, flexible no-interest payment plan options have made what was once unattainable, completely possible for more consumers.

4 **Values Over Value.** Consumers seeking price value while shopping, have been replaced by consumers demanding values and actions that are in line with themselves. Transparent and honest corporate communications will keep consumers coming back.

5 **Game On.** Understanding how and where younger consumers are discovering and consuming brands is the key to a long-term marketing and retail plan. Future generations will soon expect their favorite brands to meet them on the gaming platforms where they already are.

6 **Customer Service Comeback.** A mostly unaided online shopping environment has left many consumers yearning for more personalized guidance and advice. From AI-advice options to skilled in-store salespeople, customer service is back.

7 **Safety First, and Forever.** Consumers' expectations around safety and sanitization are here to stay. What once seemed like a short-term initiative has now been fully adopted into our lives. Resist the urge to scale back on safety measures as the pandemic marches on.

8 **Small and Mighty.** Consumers remain committed to shopping local and shopping small. If you are a small business, now is the time to shout it from the rooftops. If you're a larger vendor, think of tactics to incorporate your community into your marketing, and find ways to work with and lift up the little guys—it will pay you back in spades.

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The research was conducted by Censuswide, with 2,002 respondents aged 16+ across the USA between 18.11.21 and 22.11.21. The survey was conducted from a nationally representative of American adults. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles.