



COVID-19: The Generational Impacts on Affluent Consumers

An Ipsos Point of View



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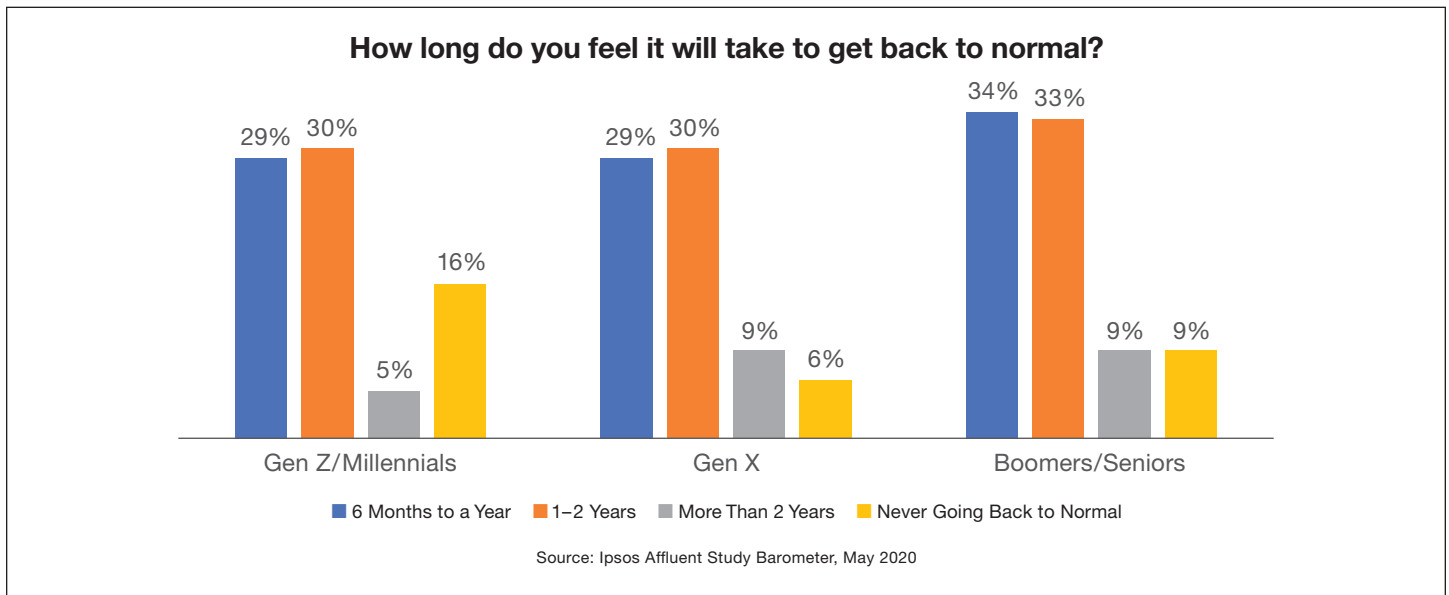
Six months into the pandemic we see that it is a historic life changing event. As a group, affluent consumers are better insulated against crisis, [quicker to bounce back](#) from economic downturns and generally more optimistic. However, the pandemic has exposed a sharp generational divide. Many Millennials in the U.S. should be entering their peak earning years. Instead, the combination of the 2008 financial crisis and coronavirus is a “double blow” that could amount to a permanent setback to the world views of younger generations.

“The Great Recession has really followed them for the past decade or so,” Federal Reserve Bank of St Louis policy analyst Ana Hernández Kent said in a report. “Even as of the fourth quarter of 2019, millennials were still below, in terms of wealth, where we would expect them to be based on older generations at similar ages.”

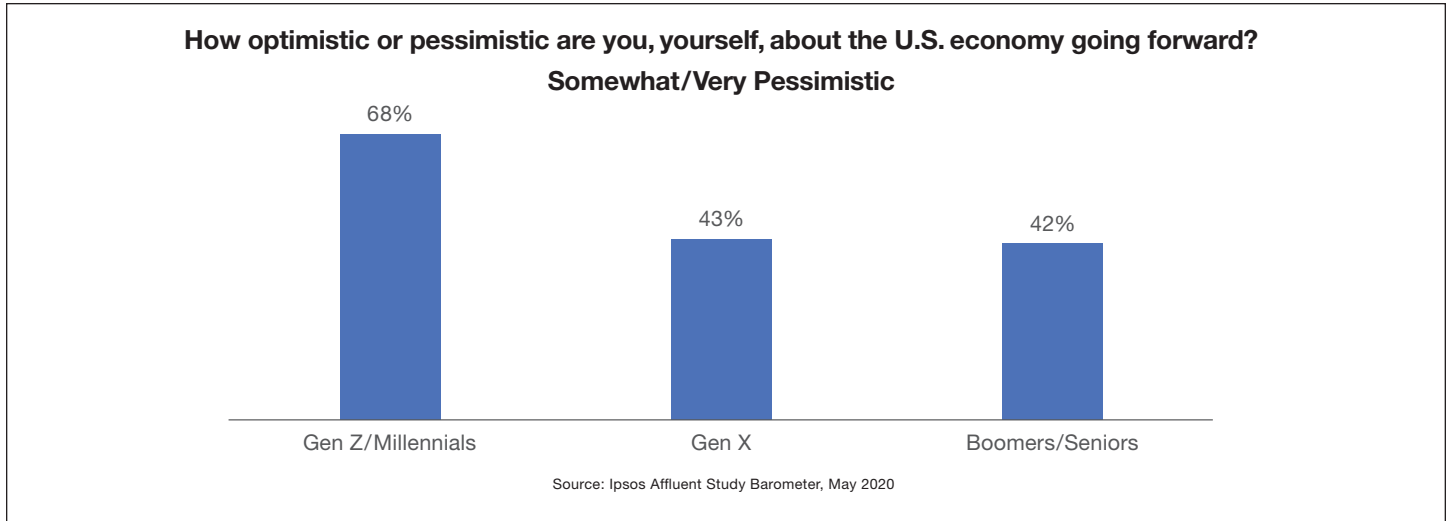
Let’s break down the Affluent consumer in terms of size by generations. The younger cohort, Gen Z & Millennials, comprise 32%. Generation X, the smallest generation demographically make up the largest share of affluent consumers at 39%. The older cohort, Boomers and Seniors are at 29%.

Processing COVID-19, Shared Experience, Unique Perspectives

Each generation has experienced and processed the pandemic differently. Nearly three quarters (73%) of Gen Z/Millennials say they are “extremely or moderately concerned about COVID-19.” This is in contrast to only 53% of Gen X and 66% of Boomers/Seniors. Gen Z/Millennials are more likely than other generations to feel that things are “never going back to normal.”



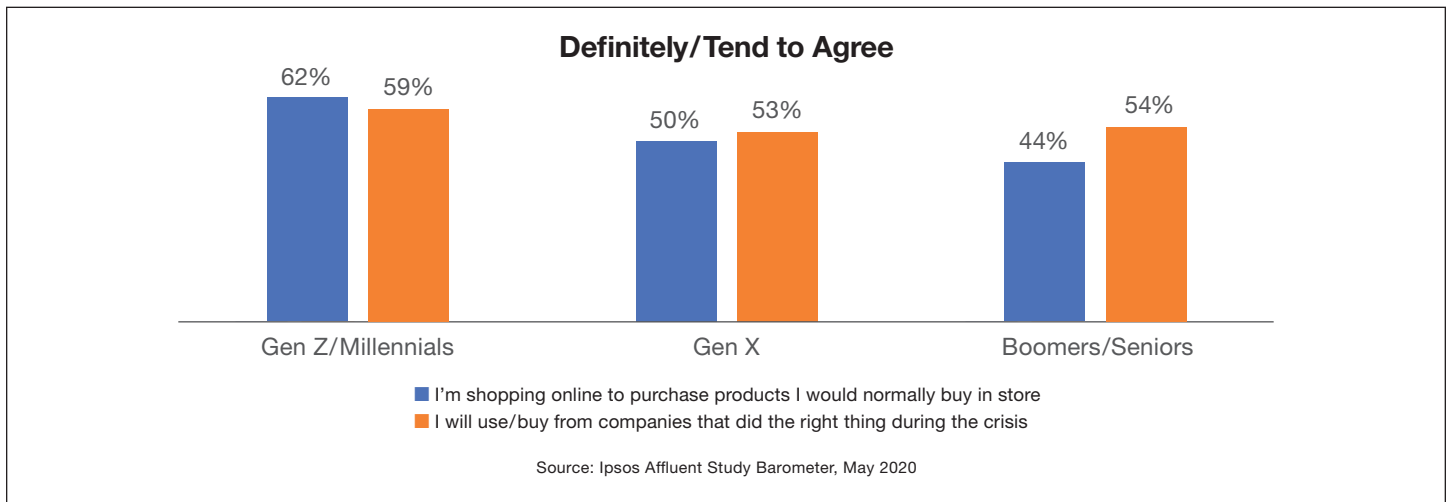
We also see this pattern in terms of attitudes towards the U.S. economy. The younger generations are more likely to have a pessimistic view.



Openness to Spending and Change

During the pandemic, the youngest affluents are most likely to have cut back their spending. Over half (56%) of affluent Gen Z/Millennials said they were spending less, compared to 44% of Gen X and 41% of Boomers/Seniors. That’s leading to pent up demand. They are more apt to agree that they are likely to buy new smartphones, fine jewelry and watches, video game consoles and laptops. They are also more open to making lifestyle changes such as changing jobs or careers.

Gen Z and Millennials are also purchasing differently. They are more likely to buy from companies that “Did the right things during the crisis” and “Shop online to purchase products they would normally buy in-store.”



Reaching Them Where They Are

Creating connections is hard in a fragmenting media landscape, so it's important to reach these consumers on platforms that have a larger share of their attention. Not surprisingly, the younger affluent cohort leads in increased media usage across various devices and platforms. Gen Z and Millennials are using streaming services such as Netflix and Hulu more than affluent consumers overall. They also over-index in usage of streaming music, digital newspapers, video games and social media.

Tailored Messaging

Given these variances within generations, how should brands respond? Will general messaging suffice, or should you speak directly to each group? The short answer is, nuance is critical. The younger generation is more attuned to how brands address larger social issues within or outside of the context of their products and services. On the other hand, older generations prefer a more functional approach. Finding the right balance between both is essential.

As an illustration, Millennials and Gen Z are more likely than affluent consumers overall to buy from companies that show them “How they helped during COVID-19,” and brands that “Show me how things will be going forward.” For Boomers, “Focus advertising on products not on COVID-19” and “Moving on from COVID-19 advertising” are important.

Summary

As the pandemic continues, it's important to understand that the future is not just about going back to normal. The younger generation, even those who are affluent, are acting differently now and see the future differently. Given that younger generations will shape the post-pandemic world, it is critical to monitor their changing sentiments.

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GAME CHANGERS

