

Point of View



Trends Shaping the New Consumer

An Ipsos Reid Point of View – Summer 2009



Ipsos Reid

Introduction

In a paper issued in June entitled *Living in Turbulent Times – Canadians and the Recession*, Ipsos presented a picture of a consumer in a pessimistic frame of mind. Pessimism brought on by worries over household debt and job loss, both of which are affecting spending patterns in fairly predictable ways – fewer big ticket and luxury items, more modest vacations, eating out less frequently and placing a greater emphasis on price, but not at the expense of value. In the same way that the Great Depression and the two World Wars defined their generations, this recession and its resulting widespread pessimism are creating trends which are influencing a New Consumer and transforming the nature of business and the consumer model.

Ipsos' global Trend Observer research annually uncovers today's trends and predicts their evolution into the future. The most recent study describes a number of trends – some emerging, some strengthening, some returning and some weakening – which are influencing the consumer of today. These trends are vital to marketers to consider as they update strategies, redefine tactics and design messages and communications to connect with the New Consumer.

The Ipsos Trend Observer is a global study involving extensive interviews with young 'trailblazers' who are role models for their peers, as well as social leaders with their fingers on the pulse of society and experts on the cutting edge of their individual fields of endeavour. What the study reveals is that around the world, paradigms are shifting and the consumer model and consumers' values are changing.

The New Consumer has re-evaluated individual and societal roles and has decided to 'reboot' and start over. No longer content to leave it to institutions to repair what they see as the system's shortcomings or failures, they are leading the way and taking charge in projects of personal environmentalism and spiritualism, and are seeking value for their hard earned dollar in imaginative ways. They are taking this opportunity to do away with artificial and manufactured needs, rediscover the true value of things and live new experiences. They are conspicuously green, consuming in different ways – looking for tangible ways to indulge on a dime

instead of a dollar, to share and swap as opposed to buy, to reuse and exchange instead of dispose – and are not shy about letting people know they are doing it. They choose to do their business with suppliers who authentically share their values of social and environmental responsibility, and they understand that the internet has empowered them with an unprecedented voice, reach and potential for participation in product or service development. They expect their suppliers to listen to their voice.

Seventeen Trends in Four Major Mindsets

The Trend Observer research has identified seventeen trends to watch which can be grouped into four major non-mutually exclusive mind sets: (1) I Lead The Way, (2) Reboot (3) Response-Ability and (4) Fading Bling.

I Lead The Way

For this consumer, 'taking charge' is the emerging ethos. There is an increase in the desire to live new experiences or find a way to live the fantasy of starting over and gain new perspectives through experimentation. More and more city dwellers are taking control of their own resources including food and energy, and bookstores are full of books documenting the experiences of individuals who radically changed their lifestyles 'just to see how it feels.' Rather than looking to government or other institutions to fix the system's problems, an increasing number are effecting change as individuals, sometimes using rogue methods, and are mobilizing other like-minded individuals through social media to do the same. The control ethos extends to commerce as well, where individuals now are empowered with so much information that they set the buying agenda – where to buy, what to buy, who they choose to supply them and increasingly, how much to pay.

The four trends in this emerging mindset are:

- I experiment
- I am independent
- I have impact
- I set the agenda

React, Respond, Reboot

The desire for meaning and to start over by rebooting is growing stronger and along with it, there is a re-evaluation of the style of consumption. The idea of value is changing and consumers are spending more time looking for goods and services which match their new definition of value, often expressed in terms of the 'deal'. Attitudes towards consumption and the consumer model itself are changing, and individuals are changing how they relate to material goods. Maintaining the lifestyle to which they have become accustomed is important, however doing so by spending less and by renting or sharing as opposed to buying, is becoming more popular. Environmental concerns have moved from the planetary to the personal. Individuals' actions in this regard are now motivated not only by their broader concerns for the wellbeing of the environment, but for personal satisfaction, health and wellness. They are looking for guidance and leadership on how to make daily life more eco-friendly. And like comfort food, they are seeking solace in familiar classics, or updated versions of them. All of this driving (or perhaps driven by) a quest for more spirituality and meaning in everything in the everyday.

The six trends in this strengthening mindset are:

- Active consumer
- Consume differently
- 'Green' partners
- Time tested
- Connected @...
- Every day spirituality

Response-Ability

A sense of caring responsibility is returning and with it a move back to the values of prudence and 'careful management.' Money is now viewed as a tool to achieve a more balanced life, rather than the end in of itself. The New Consumer is looking for quality as an investment, to buy less but buy better, and rejecting the system of planned obsolescence. Quality is an assurance of safety. A renewal of collective values and sharing is making a comeback – but the collective 'barn raising' of yesterday is not the way of today.

Enabled by the global reach of the internet and other innovative technologies, the New Consumer is fulfilling her need for affiliation via a plethora of 'instant virtual' communities of anonymous individuals – both corporately and organically formed.

The four trends in this returning mind-set are:

- Essential matters
- Quality sense
- Me and mine first
- New Communities

Bring The Bling.

Perhaps not surprisingly, in the wake of the recession, glitter and flash have moved out of the luxury market. What was chic yesterday seems to be in poor taste today with discretion and sobriety the new catch-words. The New Consumer is searching for the 'right size' and the balance between economy, ecology and health. However, the notion of luxury isn't gone, it has just downsized with smaller (and more highly valued?) versions of the prize to be had.

The three trends in this declining mind-set are:

- Reluctant ostentation
- Shrinking supersize
- Little luxuries

And So?

This paper has described the trends shaping the New Consumer. Some emerging, some strengthening, some returning and some waning. They are trends which are shaping the way we think, act and look at the world. They have or will touch all aspects of our lives, influence consumption, seed product development, create new service deliveries, define marketing strategies and spawn advertising campaigns.

The next paper in this series, entitled *Beyond The Recession – Marketing to the New Consumer* will suggest some considerations for marketers as they design strategies, plans and tactics for the New Consumer.

For more information, call Ipsos at 416-324-2900, visit www.ipsos.ca or contact your Ipsos client service representative.

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Appendix

Ipsos Trend Observer

Ipsos Trend Observer is a unique study among a segment of cutting edge young adults in Europe, North America and the Far East. This study comprises a series of in-depth interviews among individuals who are employed in artistic and creative fields. These opinion leaders and very early adopters often set the pace for future consumption trends among a much wider group of consumers.

Ipsos Shopper Insight

Ipsos has also developed research tools designed to provide insight into consumer behaviour in a real life environment. This type of research provides vital information about the moment of truth during shopping occasions. We have used an effective three-stage process to develop shopper insight research: an initial workshop to identify key research requirements, research design and implementation and then a final workshop to convert the outputs into actionable strategies.

New Canadians Research

Immigration has been a key component to past economic development in Canada. As the business cycle moves towards recovery and growth, newer Canadians will continue to play a key role in the business strategies of many companies such as banks, tele-communications firms, manufacturers, retailers and other service providers. Ipsos has completed numerous research studies among first generation Canadians and offers a suite of syndicated studies specific to new Canadians.

Internet and Technology

Compared with the citizens of many other countries, Canadians make extensive use of technology such as broadband Internet access. Ipsos has been tracking Canadians' use of online services and other technologies for well over a decade, through syndicated and proprietary research. In addition, we use technology to gather research learning, through online surveys and custom online panels. The latter includes a large number of proprietary panels developed for a diverse set of companies; Ipsos refers to these as Interactive Panels or 'IAF.' These panels typically are used to canvass quick turnaround opinion among specified groups of customers or individuals with a common characteristic or product/service use.

Green Marketing

Green marketing has been a focus for many companies in Canada. While there has been speculation that the recession would limit or halt green marketers' activities, Ipsos recent research suggests that segments of the Canadian market have ingrained preferences in support of environmental causes and 'green friendly' products and services.

About Ipsos Reid

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