



5WPR 2020 CONSUMER CULTURE REPORT:

Insight into the complexities of the modern consumer's motivations, influences and purchasing habits.

The Context:

There are many theories and models for predicting consumer behavior. One thing they all have in common is the need for some level of understanding around consumer motivations – those underlying thoughts, impulses and needs that drive decision-making. We know that motivations change with societal trends, and in our rapidly-evolving world of media, it is imperative to understand what consumers care about right now, and how they are influenced by the current cultural landscape.

This is where it gets tricky. Some motivations are explicit, rational

and easy to articulate, but most motivations aren't that straightforward and involve a mish-mash of emotions, values, latent beliefs and other subconscious forces that are difficult to express, let alone pinpoint.

The world of e-commerce has brought a whole new layer of complexity to understanding the purchase funnel, but has also created many opportunities. This is particularly true when it comes to leveraging social media and the unique set of influences that come along with it. As e-commerce grows, so does consumer spending overall. The fact of the matter is that it's

getting easier and easier to make purchases – and harder and harder to make good decisions. Millennials are at the center of it all. This generation now represents the largest proportion of the workforce in the U.S. and will soon overtake Baby Boomers to become the largest living population of adults, according to estimates from the U.S. Census Bureau.

Millennials are projected to spend \$1.4 trillion in 2020. As the biggest users of social media, and the most likely to make online purchases, this group is shaping the future of how we do business.

A photograph of a man with dark hair and a beard, wearing a white shirt, sitting on a grey couch. He is looking down at a laptop on his lap and holding a credit card in his right hand. The background shows a white brick wall and a dark wooden bookshelf with various decorative items like a white vase, a framed picture, and a small statue. The floor is made of dark wood planks.

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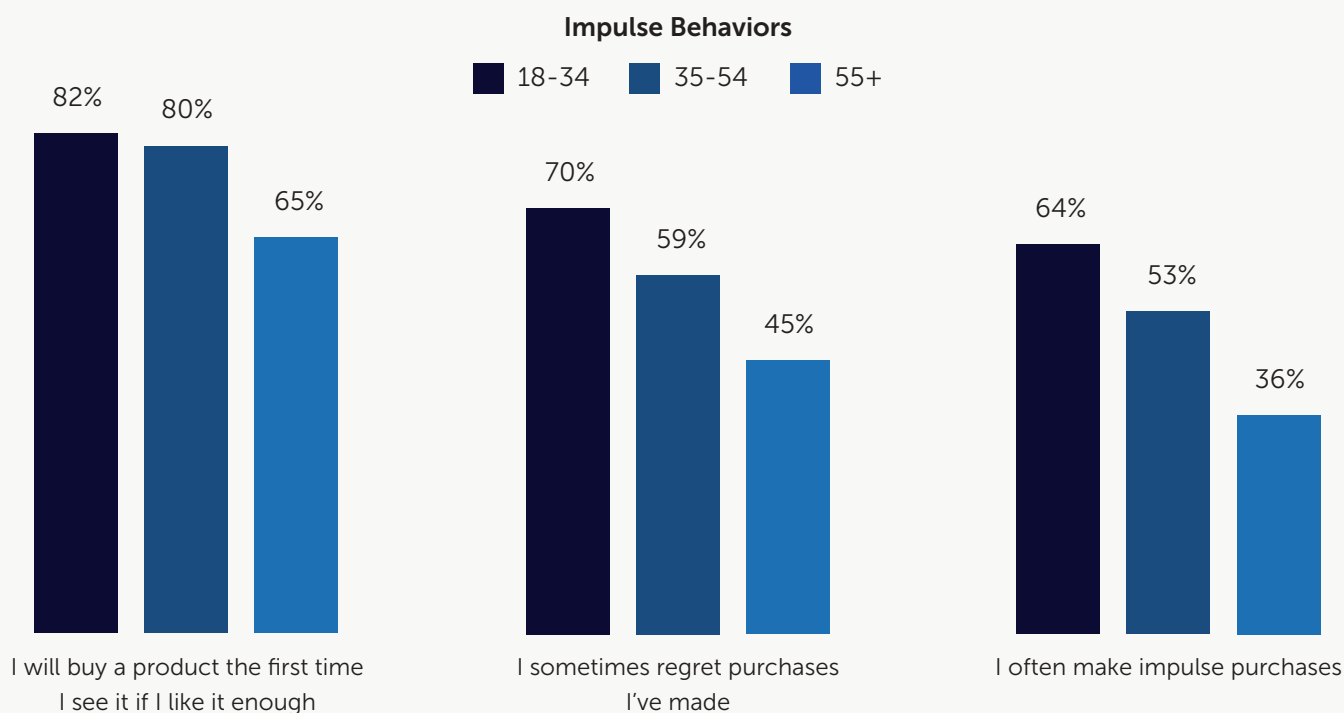
Satisfied or gratified – that is the question...

A great deal of time and effort is spent understanding customer satisfaction, but are brands focusing on the wrong thing? Should they be focused on understanding consumer gratification instead?

We've all heard about "instant gratification" (the desire to experience pleasure or fulfillment without delay) and "delayed gratification" (resisting the temptation of an immediate reward in preference for a later reward). However, the subject of gratification has new weight in today's world where consumers are bombarded with intelligent advertising nearly every moment they spend

online. What unique challenges does this pose for the generation that spends the most time online – Millennials?

As it turns out, resisting temptation of online purchases is a daily battle for Millennials – more than four-in-five (**82%**) of whom will purchase an item the first time they see it if they like it enough. They also are more likely to make impulse purchases and to regret purchases they've made when compared to older generations.



82%

of Millennials will purchase an item the first time they see it if they like it enough



However, if your brand or category is considered to be “commoditized” or lacking in experiential qualities, then consumers are more likely to save on your products in favor of splurging on other products that deliver higher levels of gratification. Given the tension between instant

and delayed gratification that most consumers are constantly faced with – along with practical financial limitations – the tendency is to become frugal and buy less expensive options as opposed to splurging and buying the best they can afford.

The categories that consumers are most likely to **SPLURGE** on are:

	18-34	35-54	55+
#1 Splurge	Travel/Experiences	Dining Out	Dining Out
#2 Splurge	Dining Out	Snacks	Travel/Experiences
#3 Splurge	Electronics/Tech	Travel/Experiences	Snacks

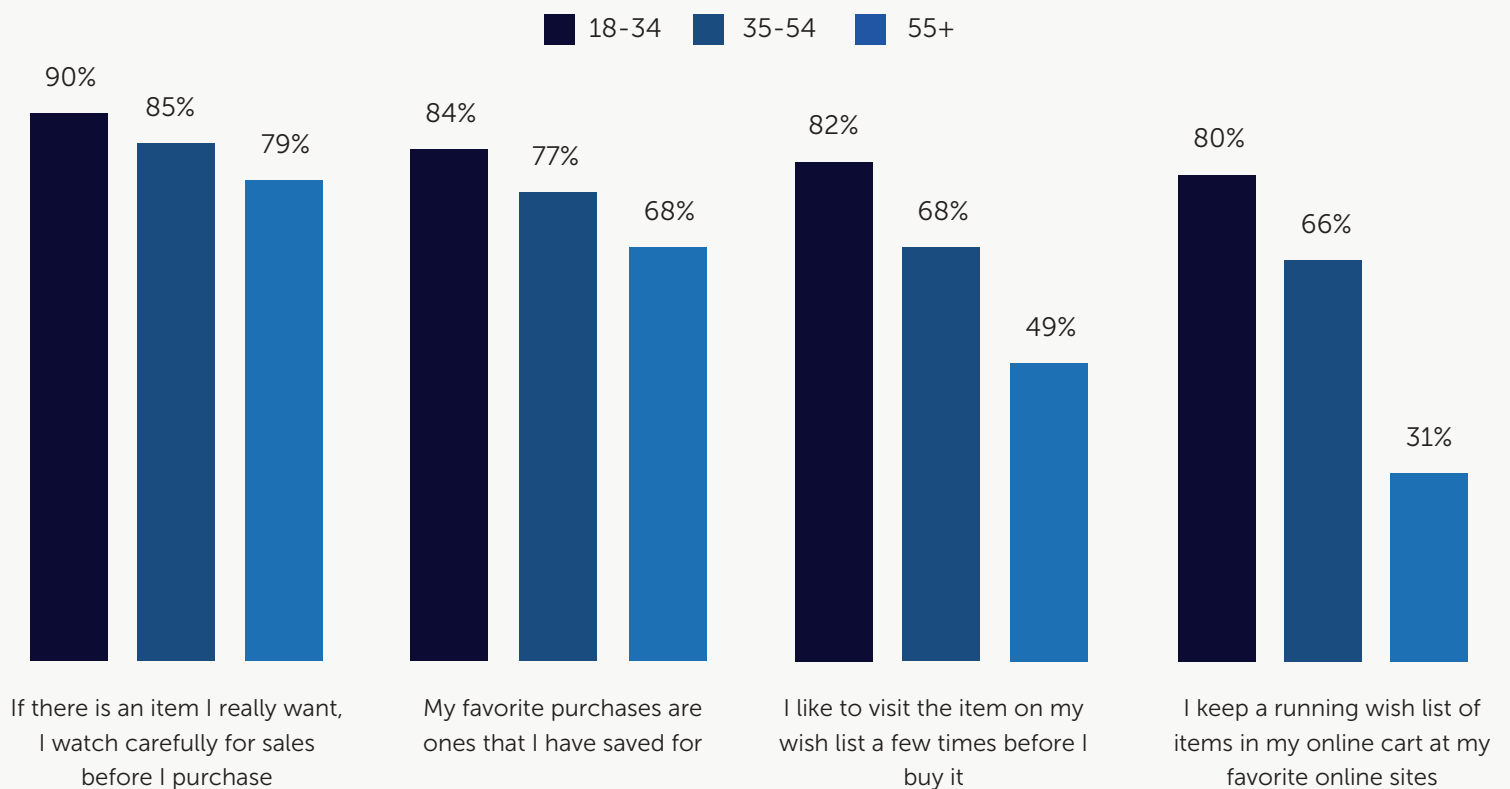
The categories that consumers are most likely to **SAVE** on are:

	18-34	35-54	55+
#1 Save	Health/Wellness	Home Goods/Furniture	Clothing/Fashion
#2 Save	Home Goods/Furniture	Clothing/Fashion	Personal Care
#3 Save	Beauty/Cosmetics	Shoes/Accessories	Beauty/Cosmetics

The key is to remember that we're all human. Sometimes we're driven by our whims and wants, and other times our rational decision-making processes come into play. To a certain extent, we have all become savvy shoppers and have learned to walk the gratification tightrope by

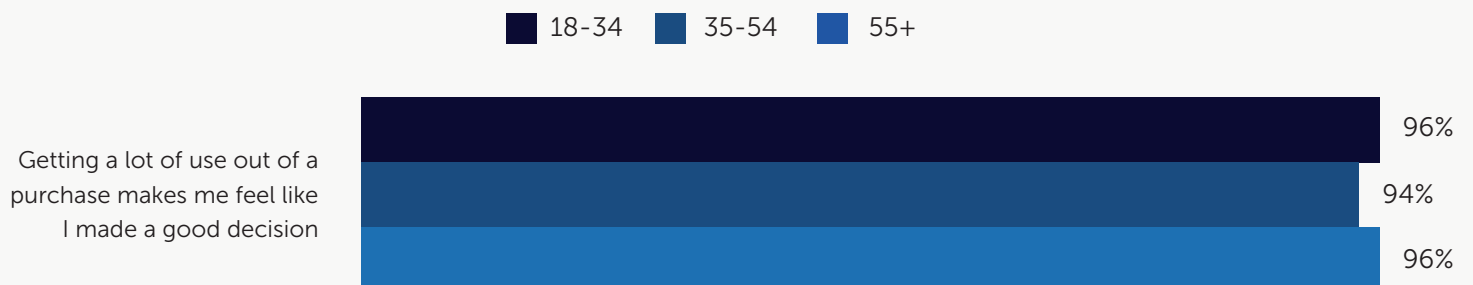
working the system and leveraging tools that allow us to balance our impulses with our pocketbooks. Wish lists and shopping carts that "remember" our selections have helped consumers delay gratification while still fulfilling that need for discovery and spontaneity.

Delaying Behaviors



So, what is "optimal gratification"? In other words, what types of purchases bring the most joy with the least regret? One thing all generations agree on nearly

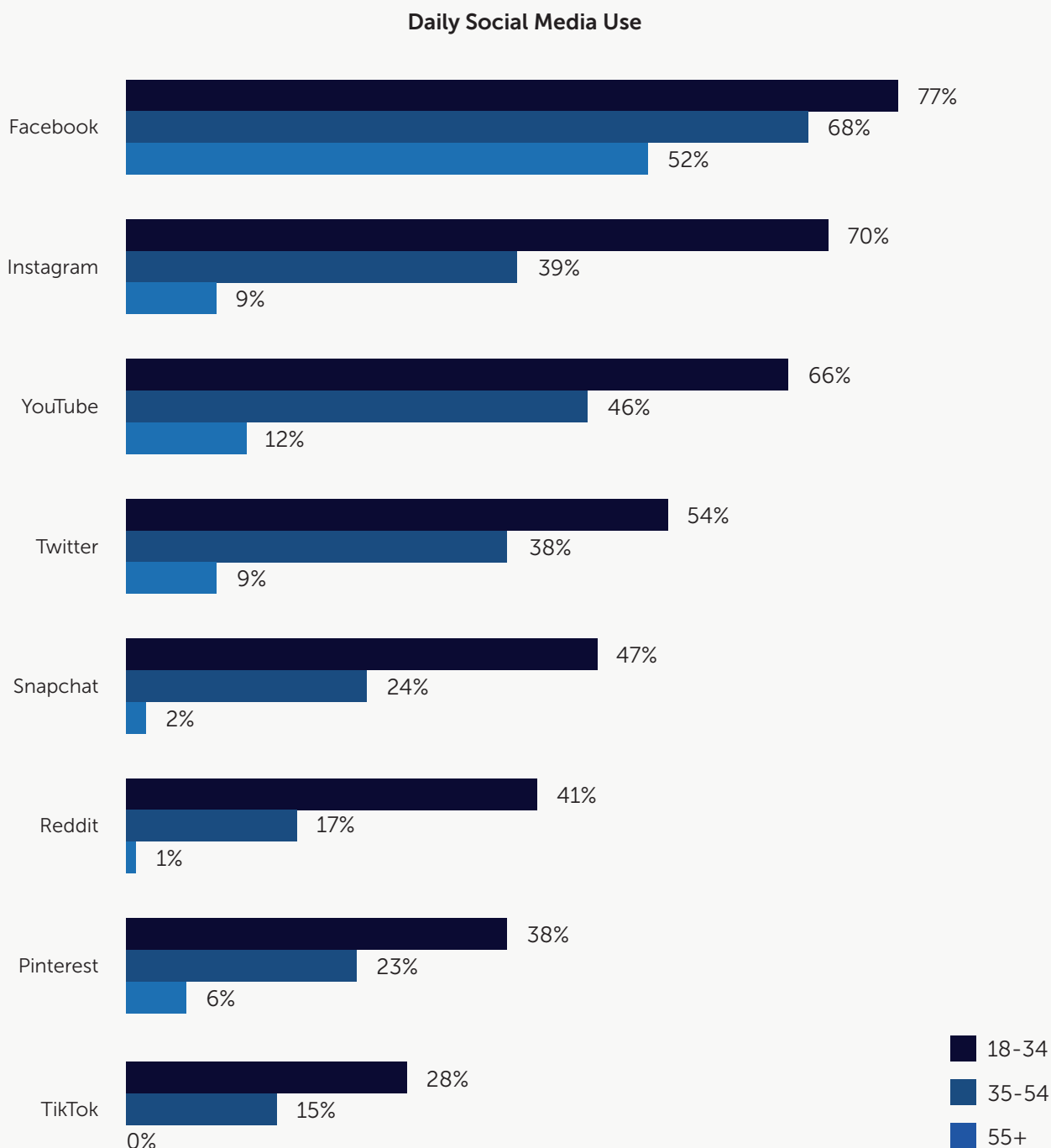
universally is that a good purchase decision comes from getting a lot of use out of a purchase.



Social Influencers or Socially Influenced?

It's true that social media is the domain of the young – more than half of whom are on some form of social media every day and often multiple times a day. While Facebook still dominates across all age groups, the daily

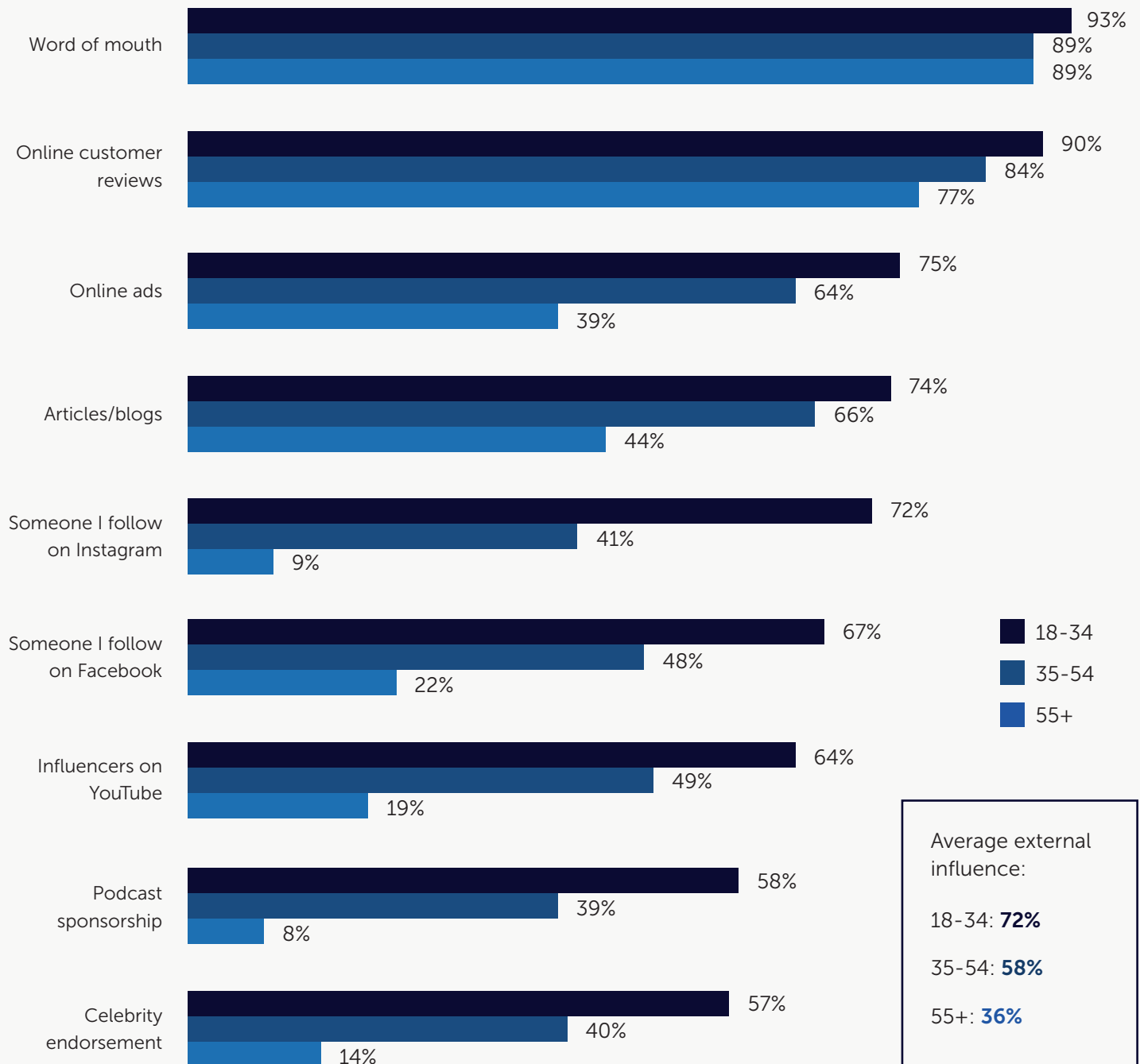
Instagram user is significantly younger. In fact, all other social media platforms show much higher daily usage among 18-34 year-olds compared to older generations.



What is the real role of social media when it comes to purchase decisions among Millennials? We often think of Millennials as influencers who are casting their spell on older generations through their pervasive online presence. But are Millennials the influencers or the influenced? Seventy-two percent of Millennials are influenced by

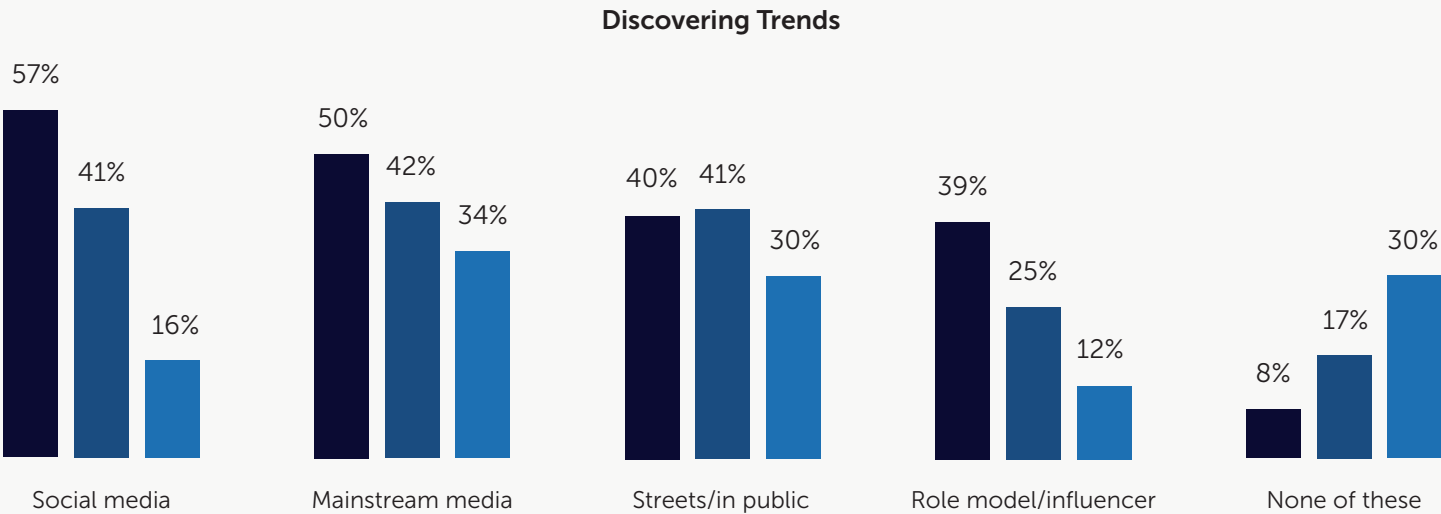
external sources – whether that be articles and blogs, Instagram personas or celebrity endorsements. Older generations are less influenced by external sources – with the notable exception of “word of mouth” and “online customer reviews,” which are both highly influential.

Influence on Purchase Behavior



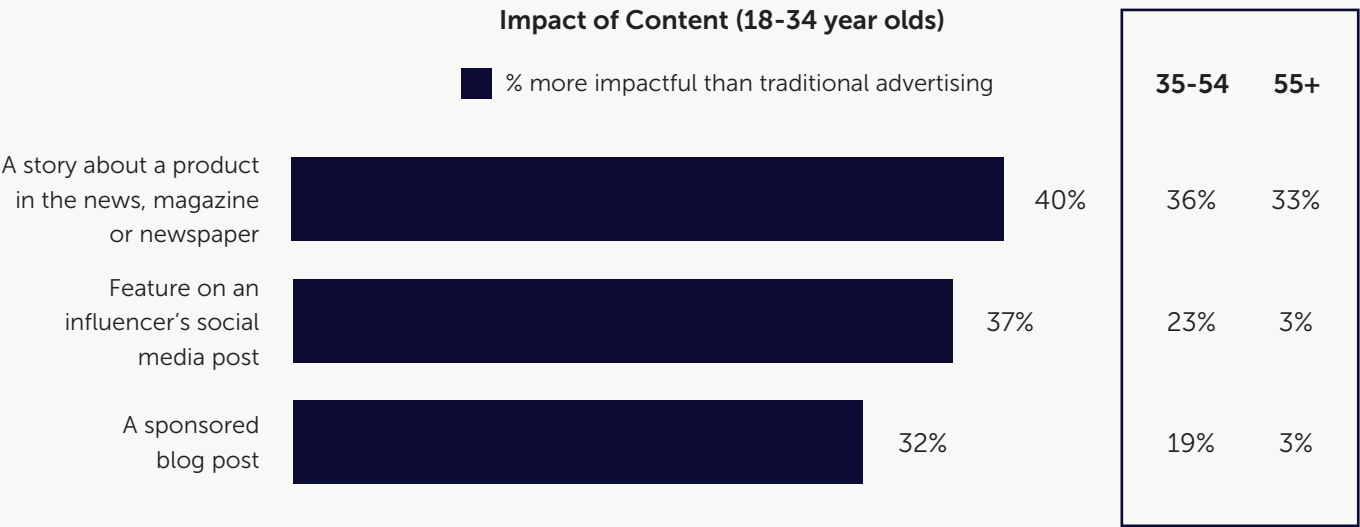
But Millennials aren't victims of social influence – they are active participants in it – driven by an interest in trends and a desire to be "in-the-know". This generation of consumers actively seeks out information that is

relevant to their lives from a variety of sources, especially social media, which trumps traditional mainstream media as their primary means of determining what's new and trendy.



Traditional advertising still has its place. This is especially true among older generations who, unlike Millennials, are much more likely to be impacted by traditional ads than by sponsored blog posts or features on an influencer’s social media post. When it comes to sponsored content, the key is authenticity. Sponsored content about a brand

that comes off as legitimate news or relevant storytelling is more likely to have an impact compared to traditional advertising across all generations. The most important thing to note is that news articles about a product are still the most impactful when it comes to purchase decision making.



The fact is, no one lives 100% of their lives online – and no one makes 100% of their purchase decisions online either. Even among Millennials – the leaders in online shopping – 68% say they prefer finding new products in store to finding them online (significantly higher than older age groups at 54%).

To illustrate this point, let's take the beauty category as an example. When it comes to discovering new products and brands, brick-and-mortar retail is still at the top of the list across all age groups – Millennials included – beating out ads and influencers on Instagram, Facebook and YouTube.

Thirty-eight percent of Millennials typically learn about or discover new beauty products/brands they want to try in-store while only 34% cite Instagram ads and 32% cite Facebook or YouTube ads. The lesson is clear – omni-channel marketing is critical in the purchase journey, and retail still plays an important role in the discovery stage.

Furthermore, 94% of those who claim to have been influenced by someone they follow or ads on Instagram, have followed through and taken action as a result. Approximately one in three went all the way to purchase an item they saw via an influencer or ad on Instagram.

Instagram Engagement & Impact

Base: Those influenced by Instagram



94% have taken at least one of these actions

68%

say they prefer finding new products in store to finding them online

In fact, a wide range of content on Instagram is thought to be influential – not only posts by a friend or someone known personally, but also those who are more removed and celebrities. Sponsored posts and non-sponsored

posts have similar levels of influence, suggesting a huge opportunity for brands to connect with their audience on this platform.

Influence of Instagram Content On Purchase Decisions

Base: Those influenced by Instagram



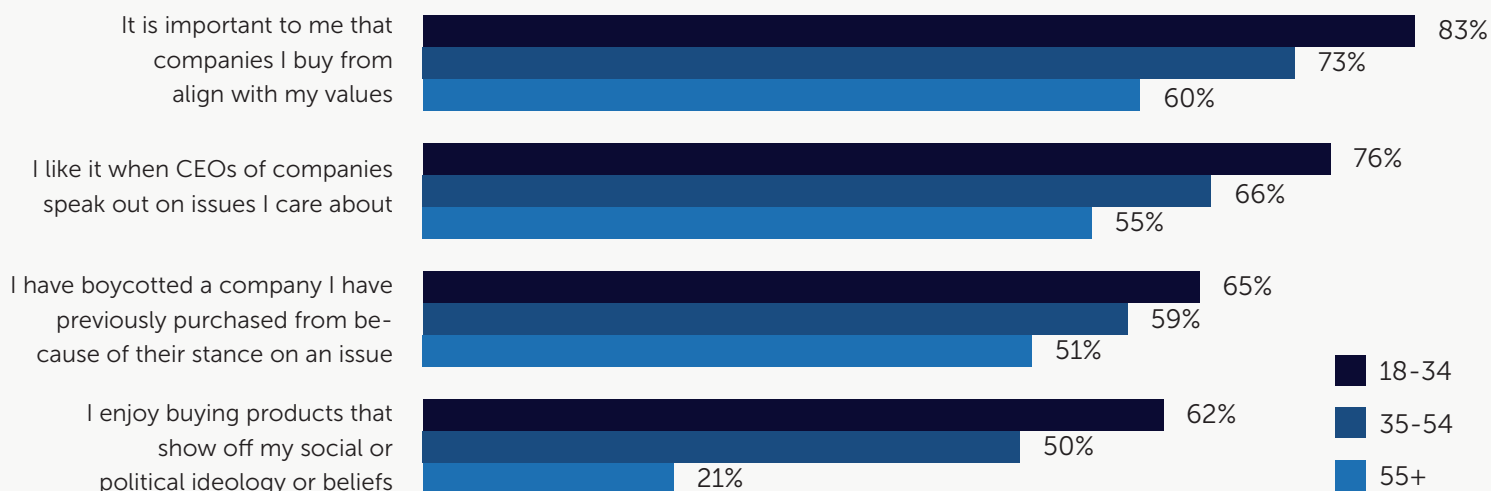
Leaders or Followers?

While the pervasiveness of social media might lead one to think that today's consumers are literally all "followers", the truth is that they have also raised the bar for transparency and social responsibility – and are forcing brands to state their purpose and then walk the walk. This shift is coming largely from the younger generations.

Eighty-three percent of Millennials say it's important for the companies they buy from to align with their beliefs and values. Needless to say, these consumers have high expectations of the brands and companies they deal with.

Not only do they purchase products that demonstrate their social or political beliefs, but a whopping two in three have boycotted a company they previously purchased from because of its stance on an issue. And it's not just the marketing and advertising that comes under scrutiny. More and more, governance is playing a significant role in reputation, brand perceptions and now – purchase decisions. CEO and senior executive salaries have long been under scrutiny, but now, so are their values, actions and beliefs.

Alignment with Values (% agreement with each statement)



83%

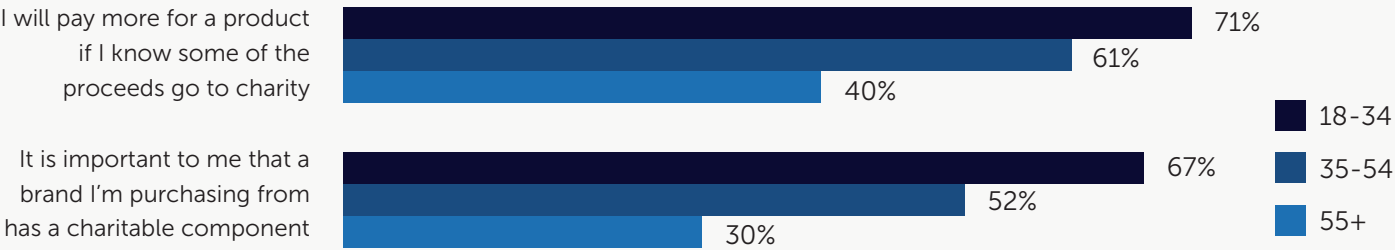
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It is clear that Millennials put their money where their heart is and they expect brands and companies to do the same. It has become a given that successful companies should be good corporate citizens and “give back” through

charitable contributions and partnerships. A higher brand purpose isn’t just nice to have for this generation – they are increasingly expecting and demanding it.

Giving Back (% agreement with each statement)



So What?

What does this all mean for your brand and how can you start to implement these insights on consumer culture into your communication and marketing plans?

It is important to recognize there are a number of factors driving purchasing behavior and a key factor is

brand affinity. Brands that achieve a high level of “purchase success” have connected with their customers in the right place and drive them to purchase through messaging that is authentic and speaks to their core beliefs. Some ideas to leverage these takeaways include:

1. Showcase customer reviews that talk about how much use they got out of the item (i.e., how they didn't know what they ever did before getting that beard trimmer or how that moisturizer has become part of their daily routine.)
2. Tell stories (visual or otherwise) about the experiential value of the product beyond the dollar value (i.e., how that dress was perfect for the holiday party and they ended up having the best night ever.)
3. Validate that even something bought on a whim can become a favorite – indulging the splurge mindset.
4. Give options for “now” or “later” purchases – including payment plans and watchlists.
5. Take the regret out of impulse purchases through easy return policies.
6. Keep in mind that the future is social and that social is not one thing – it comes in many shapes and there is likely to be something new on the horizon that will launch a whole new set of influencers into the market.
7. Facebook reigns supreme as the most used social media platform. Furthermore, the trio of Facebook, Instagram and YouTube will offer the most bang for your buck across all age groups (let's not forget that Boomers still have a lot of money to spend!) so investing in content on these sites is still powerful.
8. Don't forget about retail as brick-and-mortar still has a role to play in the purchase funnel.
9. Allow opportunities for discovery, sharing and conversation.
10. Know your customer – what do they think, feel, and believe, and how can your brand purpose motivate them to engage with you?
11. Stories about a product in the news, magazine or newspaper still remain the most impactful in making purchase decisions when compared to traditional advertising.

5W Public Relations
230 Park Ave, 32 Floor
New York, NY, 10169
info@5wpr.com
212-999-5585