



# A Year in Review: The Ever-Changing 2020 Consumer, and Planning for 2021

As we close the year and enter a period of new restrictions and uncertainty, marketers must understand how best to consider what we've seen in 2020 – and how it will impact the attitudes, behaviors, and needs of the 2021 consumer.

**At Toluna/Harris Interactive and KuRunData, we've run a Consumer Barometer study every two to three weeks since March to better understand consumer changes as they unfolded.**

---

2020 was a year unlike any other. But as we move on to 2021, it's clear that the consumer has forever changed. This makes it more important than ever to gather real-time insights – over time – as the market continues to evolve.

Read on to discover macro trends and their impact in key areas.

# COVID-19, economic concerns, and social issues have rapidly impacted the attitudes and behaviors of the 2020 consumer.



In 2021, we can expect to see many brands invest in improving their image and parent company brands. Why? Because...

- ▶ Consumers feel many brands were slow to react to COVID-19 impacts, and value brand trust more than ever.
- ▶ More than half of people report they are more likely to buy from brands that show consumer support, and value inclusion and diversity.
- ▶ It's not enough to simply show support. Consumers must specifically understand and believe in a brand's efforts before buying in.

# Trend: Brand switching and “trading down” are common.

Brands have catching up to do to keep consumers loyal and keep them from “trading down” in light of financial concerns.

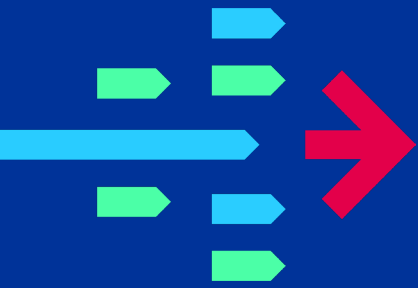
**In terms of consumer loyalty, brand switching has increased. According to our Global Barometer study,**

**59%**

of consumers report that they're more open to trying a new brand than they were before COVID-19.

Consumers have or expect to trade down, and 59% report purchasing lower cost or private label brands to save money given current financial concerns.





# Key Takeways

- ▶ Brands can prevent switching by considering their approach to brand advertising, and how their core values are communicated to consumers. Further, we'll see brands communicate more about the steps that they're taking to support consumers worldwide.
- ▶ Local brands may find a competitive edge, and can expect to see a renewed focus in many cases. More than 60% of consumers report that they'd like to purchase locally to know that their purchase has a local benefit, and where they came from.
- ▶ Finally, in some cases, brands have found 'loyalists' emerge. As consumers trade down in favor of price and availability, there are many that remain loyal. Keep them loyal.

# Trend: Consumer spending is changing, and they're saving more.

23%

Job security is a global concern, with 23% of people are worried about their jobs. Levels of concern are highest in Asia Pacific.

Consumers feel stressed about job security and finances. As a result, we're seeing that **close to 40% of people worldwide have changed the way that they spend – and save – money.**

40%

## **We expect this changed view to continue into 2021 in several key ways:**

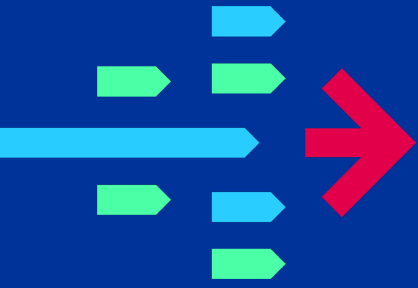
- ▶ Not only do people plan to save more, but we expect a renewed focus on budgeting.
- ▶ Many consumers will trade down, looking at “contender brands” for household staples.
- ▶ We’ll also see cautious spending this holiday season.

## **Finally, two larger themes have emerged from the massive spending shift in 2020:**

- ▶ Consumers have become less “consumerist” as they have fewer opportunities to make purchases.
- ▶ The level of savings consumers need to feel comfortable about their future has increased.



**For holiday and beyond, we'll see fewer impulse purchases – though we continue to see people investing in home improvements, and more stable, longer-term investment strategies.**



# Key Takeaways

- ▶ Consumers have become slightly less 'consumerist' as there have been fewer opportunities to make purchases, in addition to a new desire to save. Fewer impulse purchases will be made.
- ▶ The level of savings consumers need to feel comfortable about their security has increased and likely will remain higher than ever for quite some time.
- ▶ Financial institutions will help consumers to do more online and look to improve the customer journey.
- ▶ Providers will look to understand how the needs of the market have changed and develop new propositions or adapt existing ones to meet these needs.

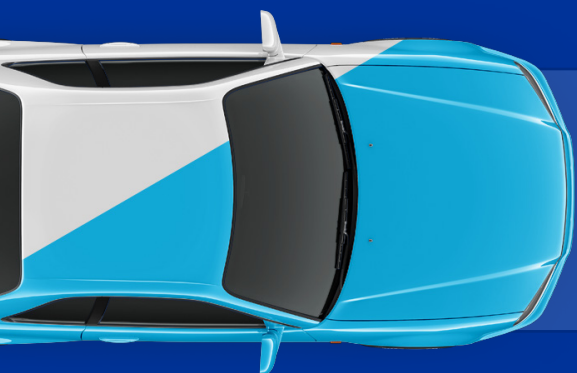


# Trend: The automotive industry is down, but not for long.

A lack of job security and financial stability have people delaying large purchases that require financing. **Automotive sales are expected to be down in 2020 overall, with upwards of 20% \*(and as high as 54%) of consumers delaying their new car purchase.**

Interestingly, we've seen pockets of demand emerge and expect a few bright spots in 2021. As automotive dealers clear their inventory (which may have decreased as a result of production COVID-19 production delays), and financing becomes more attractive, we'll see many consumers making automotive purchases. This is specifically true of...

- ▶ Wealthier, more financially secure consumers
- ▶ Those who have moved from the city to suburb
- ▶ People less willing to take public transportation due to safety concerns

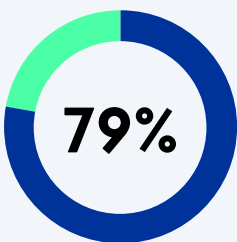


## Key takeaway:

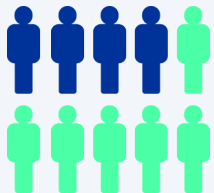
**As a result of these consumer shifts, we'll see areas of opportunity for automotive makers as we enter 2021.**

# Trend: Working and learning have changed.

Many of us are still working from home. Globally, **more than 1 in 2 people reported working from home over the course of the pandemic, up from 6% typically.** This seismic shift has had a ripple effect on the way that we engage with co-workers, and how we spend our time.



of those that work from home would like to continue to do so. They have found they have more time to spend with family, they can exercise more frequently, and work longer hours to get more done.

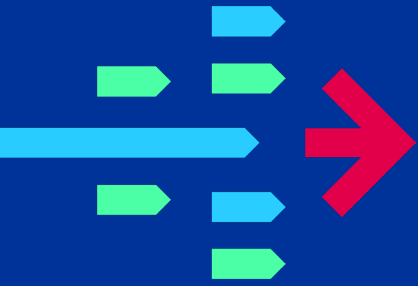


**4 in 10**

report being more effective at work than they were at the start of the year.

Working from home has impacted industries large and small, from retail and fashion local restaurants. But we've seen bright spots in the areas of home office, technology, the build-out of more reliable connectivity, and home improvements.

Children have a profound impact on the home office environment. Not only are some at home doing schoolwork –which requires additional bandwidth – but they're doing so with new technology. Those with children have made new investments in online learning, and this market is expected to increase as home schooling and distance learning continue worldwide.



# Key Takeaways

- ▶ Educational technology, platform-based approaches, and supplemental instruction are on the rise. There's expected to be a focus on addressing the educational divide that exists as a new area of opportunity.
- ▶ The importance of relationships and family togetherness has been reignited as people spend more time at home, with children at home for longer periods of time.
- ▶ Finally, businesses too are benefiting from lower-cost rentals and consolidated workspaces. Fewer employees are traveling, and productivity remains high. While the longer-term impact to corporate culture and innovation remains to be seen, there are corporate advantages.

# Trend: Consumers are more mobile, and on the move.

While many are moving from cities to avoid stricter lockdowns, some are moving for other reasons, including cities that can no longer offer nightlife, culture, and excitement. They're also taking advantage of the ability to relocate since they're no longer tethered to an office.

We've also seen new and younger populations taking advantage of low interest rates and investment opportunities by buying homes.

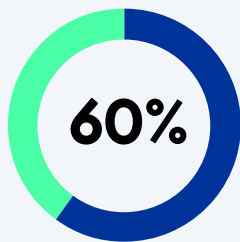
## Key Takeaways

- ▶ We expect new home buyers to present local opportunities. We expect to see a renewed sense of community, and local retail shopping and dining where it's possible and safe.
- ▶ We're also predicting automotive sales increases as we're seeing a new group who've moved from the city into the suburbs needing to purchase cars.



# Trend: CPG/FMCG is experiencing growth, but we're seeing caution from consumers.

In 2020, people have been making brand trade-offs and evaluating the brands they've been forced to try, in many cases related to supply shortages or shopping constraints.



**Upwards of 60% report having to try a new brand in 2020 that they wouldn't have otherwise.**

As many consumers look to purchase based on value, price promotions have been effective. We've seen people return to preferred brands based on availability, but choosing to save money in areas where they're less loyal.



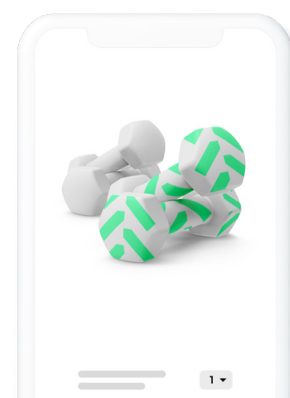
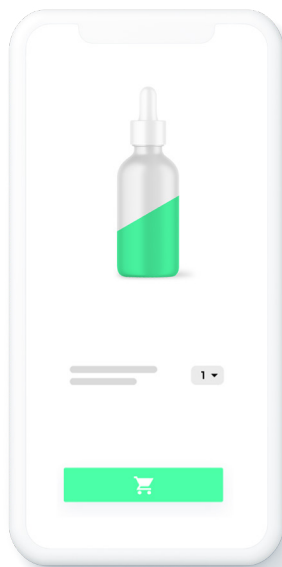
## A few key trends emerged in 2020 that we expect to stay through 2021:

### Self Care

Consumers are prioritizing self-care in ways that range from spending more on vitamins to purchasing low-cost, feel-good products like sleep aids and skincare. These “bright spots” are often trade-off purchases for higher cost luxury purchases they once made, or replacement purchases for treatments that have been delayed or are less frequent.

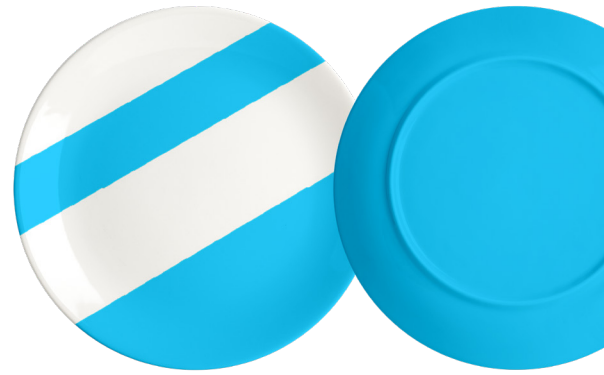
At-home treatments and products marketed as “easy” and “for home use” have trended positively. This is true of haircare, facials, and nail care.

Impulse purchasing is down, as many don't visit stores or browse the way they used to, so lower volume products have suffered immensely.



## Home cooking and eating

Consumers are eating out less and home for more meals than ever before, which means healthy snacks and meal options have experienced higher volume sales. From soup and canned goods to yogurt and easy meals, people are buying more than ever.



## Sustainability and focus on a healthy planet

At the height of the pandemic, many were in favor of products that provided the highest level of virus protection as opposed to worrying about environmental impacts. But that has since shifted. Consumers have a renewed focus on the environment.

## Key Takeaways

- ▶ In 2021, consumers will spend on FMCG/CPG products, and brands must ensure they're in touch and presenting brand messages that resonate.
- ▶ We expect that FMCG/CPG companies are laser-focused on solving distribution and e-commerce challenges. Brands that fail to consider e-commerce and new ways to get their products to consumers will suffer long-term consequences.

# Trend: People are spending money on themselves where it counts.

From health and fitness to entertainment and travel, consumers are increasingly investing in themselves.



## What we're seeing in Health and Fitness

- ▶ The 2021 consumer is ready to commit to at-home fitness and exercise. Peloton, the Mirror, and many other home-based gyms that were on the decline or experiencing flat growth before the pandemic have had a resurgence.
- ▶ As local gyms faced with continued restrictions, today's consumer is spending money on multiple forms of fitness, from streaming solutions to in-home gadgets.
- ▶ This generation is accustomed to engaging in exercise in multiple forms – from classes to subscription to fights the tendency to get bored.





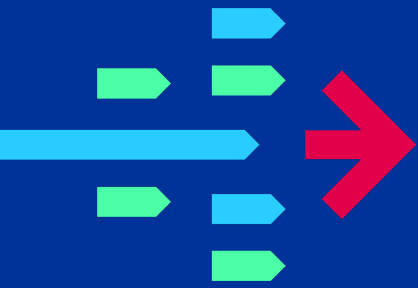
## What's trending in Entertainment

- ▶ With more time on their hands, we're seeing people engage in new forms of entertainment across the board. From reading to traditional and online gaming, they're willing to invest in new ways. The momentum for gaming will continue to grow, with the injection of enthusiasm, new games and spend generated by new hardware.
- ▶ We've seen apocalyptic impacts on the entertainment industry from movie theater closures to delayed premieres, but the industry has found new ways to engage consumers, deliver content, and provide entertainment. Consumers still need entertainment in a time of uncertainty, and will continue to invest in forms, both old and new.
- ▶ Although we still saw increased viewing of broadcast TV after the initial growth caused by lockdown, it's expected that this will reduce going forwards.

## What's happening in the Travel Industry

- ▶ As we gear up for December holidays that will follow a period of lockdown for consumers, we expect to see people celebrate closer to home, with smaller groups of family and friends. Airlines and holiday destinations will take another hit.
- ▶ While there are few bright spots as it relates to travel, we're seeing a renewed interest in closer-to-home destinations, outdoor camping, and for some, camper or van rentals and outdoor gear.





# Key Takeaways

- ▶ As with home improvements, there's a continued opportunity for expansion in the health and fitness category.
- ▶ We see areas of opportunity for entertainment streaming, and a likelihood these subscriptions will continue. Platforms and games that can be played with others are especially popular, and will continue to be. Gaming consoles and mobile gaming have become a new means of bringing people together.
- ▶ Fortunately for the travel industry, while travel is less possible, the desire for travel remains for many. More than 70% report looking forward to making holiday plans in 2021. The desire to travel remains, and consumers will prioritize travel when the opportunity presents itself.

# Many have said that 2020 has accelerated cultural changes that would have otherwise happened; just at a slower, less concentrated pace.

We're seeing a new consumer emerge in 2021. One that has turned back time in some ways, and accelerated it in others. The 2021 consumer is more wired and technology-focused than ever before. They're savvy shoppers who value personal connection, family, and self-care.

**To a healthy and prosperous 2021!**

Thank you.