

US Future Consumer Index 7: how to balance optimistic and hesitant consumers



By all accounts, consumers seem to be back. Airport lines are long, restaurant reservations are hard to come by, sporting event tickets are up for sale and stores are open for business. Americans' social appetites may be rising as fast as summer temperatures.

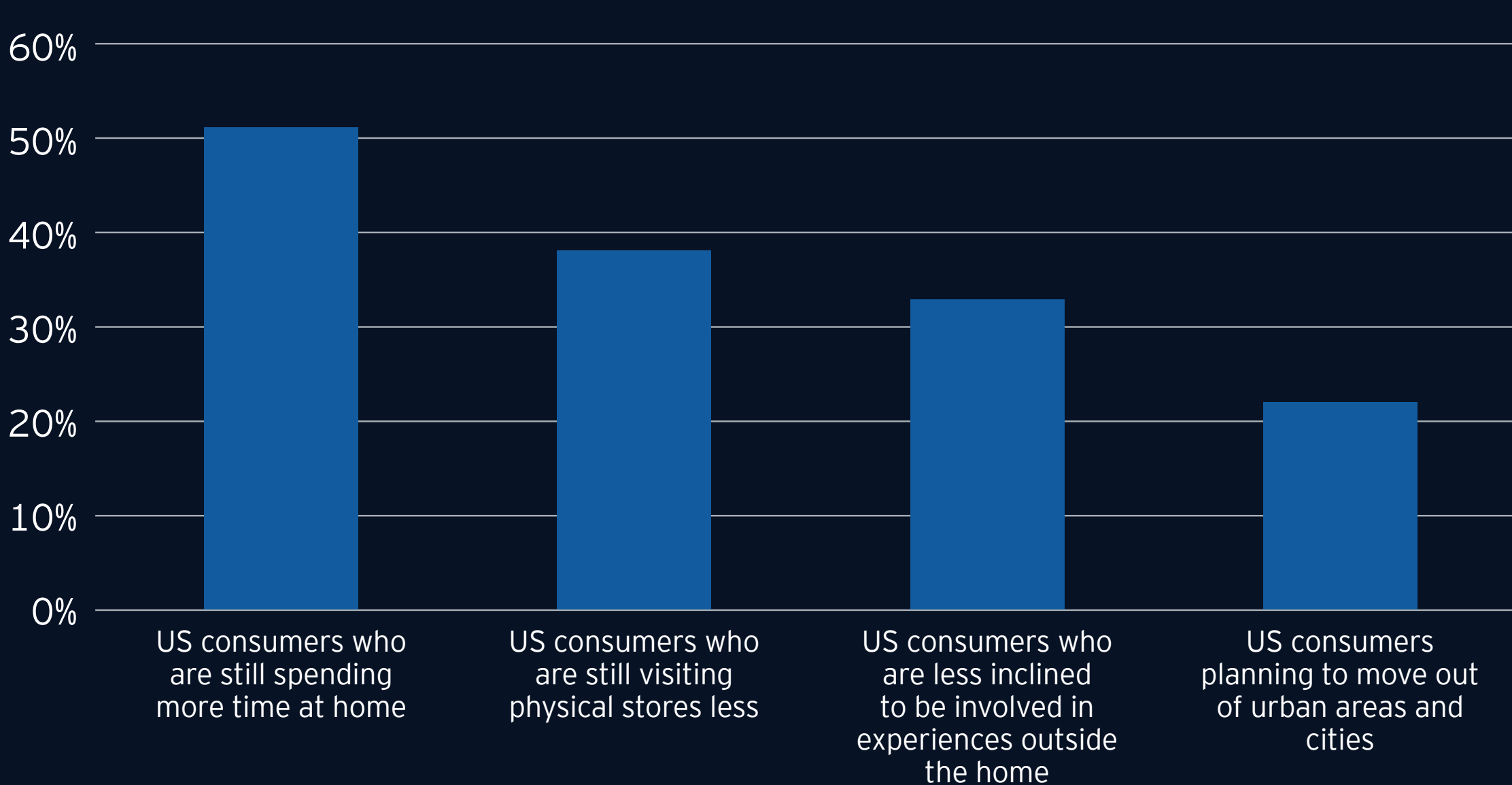
The latest US Future Consumer Index points to a definite optimism among American consumers. Almost one in five (19%) US consumers say the COVID-19 pandemic is not impacting their lives, and another 33% say the fear of COVID-19 will be completely gone within six months. Since May 2020, the number of consumers who say they are extremely concerned about the pandemic's impact on their freedom to enjoy life has decreased from 43% to 34%. Much like the baby boom of the earlier decades, are these sentiments the early signs of a consumer boom?

Almost. More than a year of anything can test resolve. While consumers are eager to get back to life as they knew it, there's still an air of hesitation.

56% say the way they live has changed significantly

50% say life will remain significantly changed even after the COVID-19 pandemic

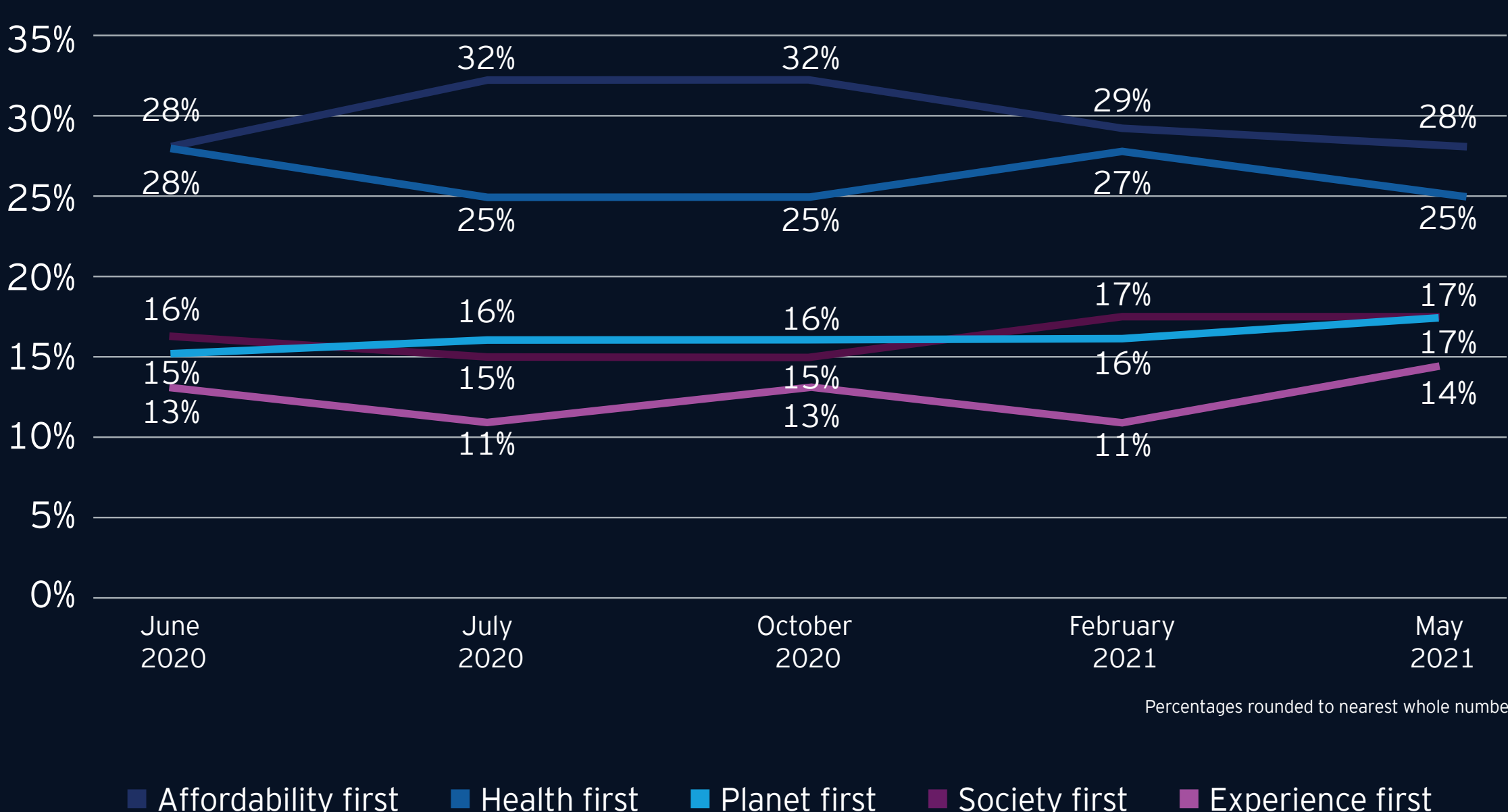
How so?



For retailers and consumer packaged goods (CPG) brands, this means catering to each consumer wherever they are on the scale of hesitant to optimistic. The world may be reopening, and many consumers are out and about, but many still are reorienting themselves to a life of normalcy. Companies must balance consumers who may still prefer the safety and comfort of online with those returning to brick-and-mortar locations who are seeking experiences.

This reality also is true of long-term priorities.

Affordability first and health first remain the largest segments of future consumers. Over the last several months, however, immediate concerns about finances and health and safety have started to balance out with other priorities. Issues like the environment, societal change and experience are no longer on the backburner.



Four areas for companies to address consumers' hesitant optimism

1. Scenario planning

This summer could bring quite the rise in consumerism in an economy injected with stimulus money and pent-up consumer demand. But we can't be sure how long a consumer boom will last or just how big it will be – is it just a short reaction to a newfound freedom? Retailers and CPG brands will need to scenario plan the various possibilities for consumer demand over the next several months to understand the implications for inventory, supply chain, staffing and beyond.

2. Consumer data

Consumers now have different priorities and behaviors, so retailers and CPG brands cannot treat them all the same. Companies will need to be much more intentional about how they look at their consumer holistically – not just how they shop and buy, but how they live, what they care about and how their purchase decisions are driven by the most important parts of their lives, including the societies where they live, their finances and families. A 360-degree view of the consumer is necessary to provide value in the right place and at the right time.

3. Price

Though consumers are getting back to life as they knew it, the price sensitivity brought on by the last year will not dissipate overnight. Consumers will still be discerning about the cost of the products they buy. Retailers and CPG brands must consider their pricing strategy, optimized product mix and balance consumers' price needs with their expectations for service and convenience. Companies must consider price as a value-driver and relationship-builder.

4. Purpose

With more than a third of consumers identifying as "Planet first and Society first," an environmental, social and governance (ESG) strategy has never been more important. Consumers are becoming more aware and purpose-oriented, and the companies that follow suit will be positioned best for continued growth.

66% of consumers agree that CPG brands must behave ethically and in line with community expectations

More consumers are likely to purchase from companies that look after their employees, have a positive impact on society and actively engage in the community. Companies must become purpose-driven and transparent. That's what creates trust with consumers. Consumers want to know what's happening behind the curtain and understand the values of the companies they buy from, as well as what products they make and sell.



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About the survey

The seventh edition of the EY Future Consumer Index is based on a survey of respondents in the US, Canada, Brazil, the UK, France, Germany, Denmark, Sweden, Finland, Norway, Italy, Spain, India, UAE, Saudi Arabia, China, Indonesia, Japan, Australia and New Zealand in May 2021. Of those, the article above focuses on the 1,001 US respondents.

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