

# *2024 Consumer Trends*

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01.11.2024

& MEDIA COST FORECAST

Media Trends  
Webinar:



Thu, Jan 25th

# Meet Your Presenters



## 2024 CONSUMER TRENDS



*Bernie Shimkus*  
VICE PRESIDENT, RESEARCH



*Gwen Lovekin*  
RESEARCH DIRECTOR



*Sarah Gray*  
RESEARCH ANALYST

# 01 INTRODUCTION/BACKGROUND

02 THE ECONOMY

03 HOLIDAY SHOPPING 2023

04 CONSUMER BEHAVIOR PARADOX

05 EVEN MORE BEHAVIOR TRENDS FOR 2024

06 TOP VALUES & CULTURAL TRENDS FOR 2024

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# Emerging to engrained behaviors from 2021-22

			
			
↓	↓	↓	↓
Omnichannel Shopping	Homebody Economy	Loyalty Changes	Bifurcated Spending



2023 Trends  
**INFLATION**

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# Economic scenarios - four options

<b>Soft Landing</b> Inflation reverts to the Fed target rate (2%) 	<b>Bumpy Landing</b> Inflation slowly falls but lingers above 2% 
<b>Hard Landing</b> Inflation falls below 2% target 	<b>Crash Landing</b> Inflation remains high 6% 

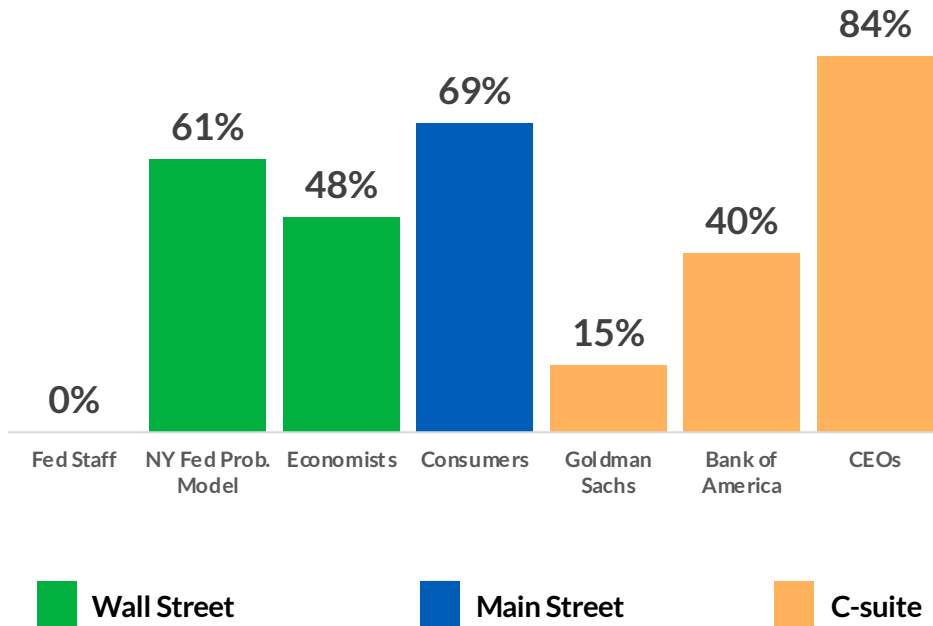
## Critical factors to watch:

-  Fed's actions with rates
-  Consumer spending
-  Labor market trends
-  Supply chain disruptions



## Divergent opinions

Estimated Probability in next 12 months



Source: Bloomberg Finance, via JP Morgan (Visual Capitalist)



# Recession?



YES

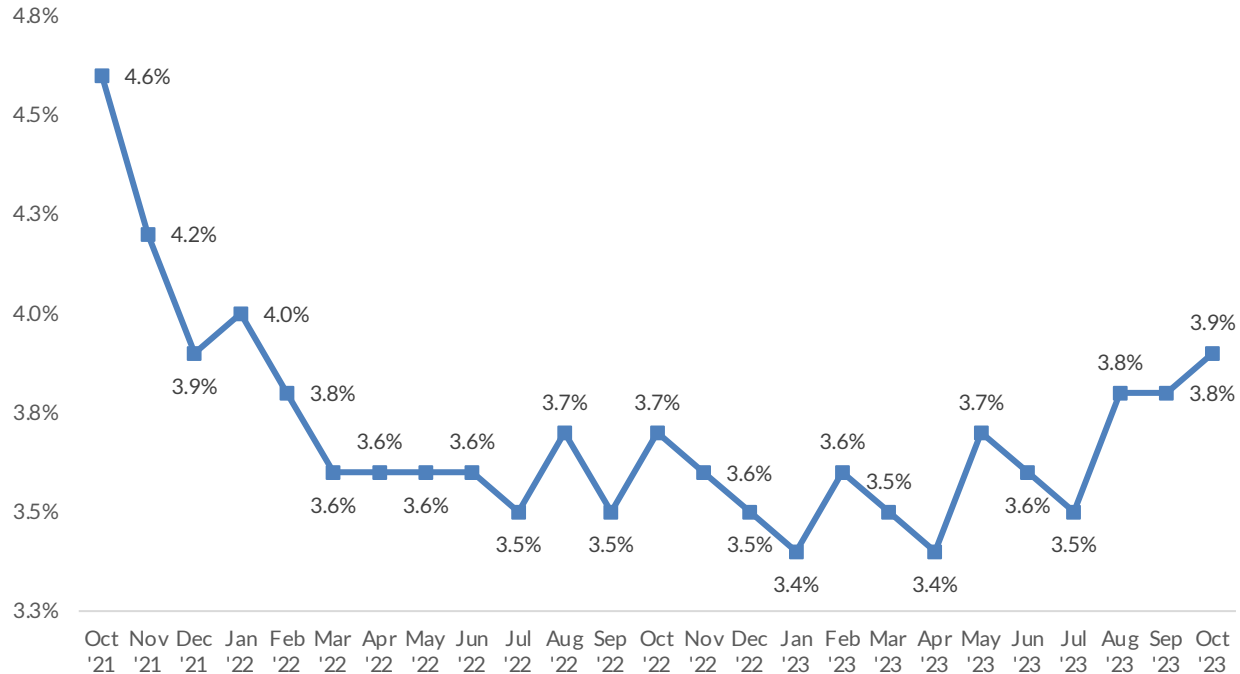
or



NO

# Positive economic indicators

Monthly Unemployment Rate  
2021-2023 seasonally adj.



Sources: Bureau of Labor Statistics,,



→ Unemployment rate remains relatively low (<4% overall)

→ Slight uptick in the 2<sup>nd</sup> half of 2023; and downward revisions in Aug & Sept for job growth estimates

# Positive economic indicators



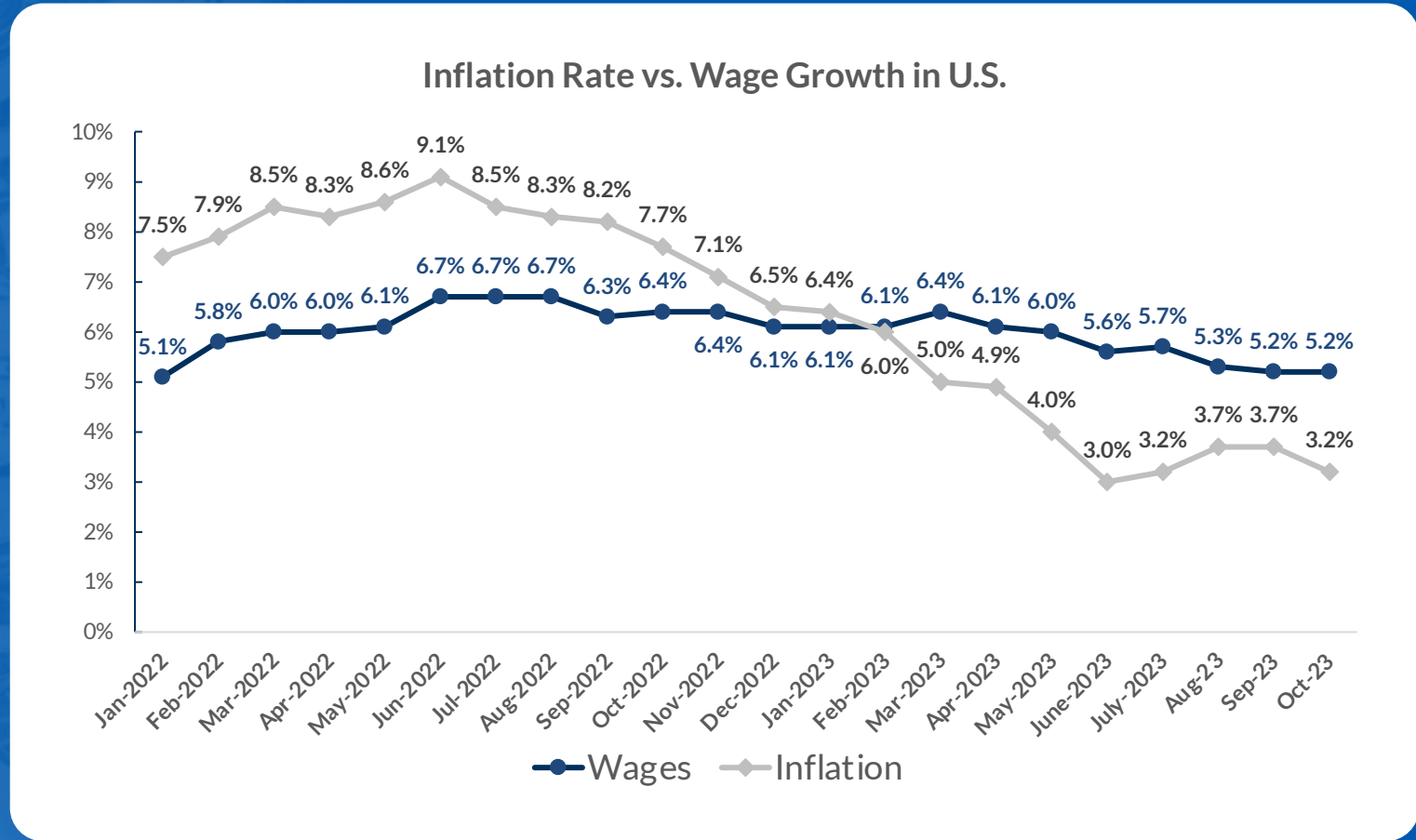
Inflation rate has fallen significantly from its peak



Est. wage growth has exceeded the growth in prices for much of 2023



Consumer spending buoyed by difference in these metrics



Sources: Bureau of Labor Statistics, Federal Reserve Bank of Atlanta, US Census

# Positive economic indicators



Annualized GDP growth accelerated to 5.2% in Q3 '23



Stagflation concerns eased for present time

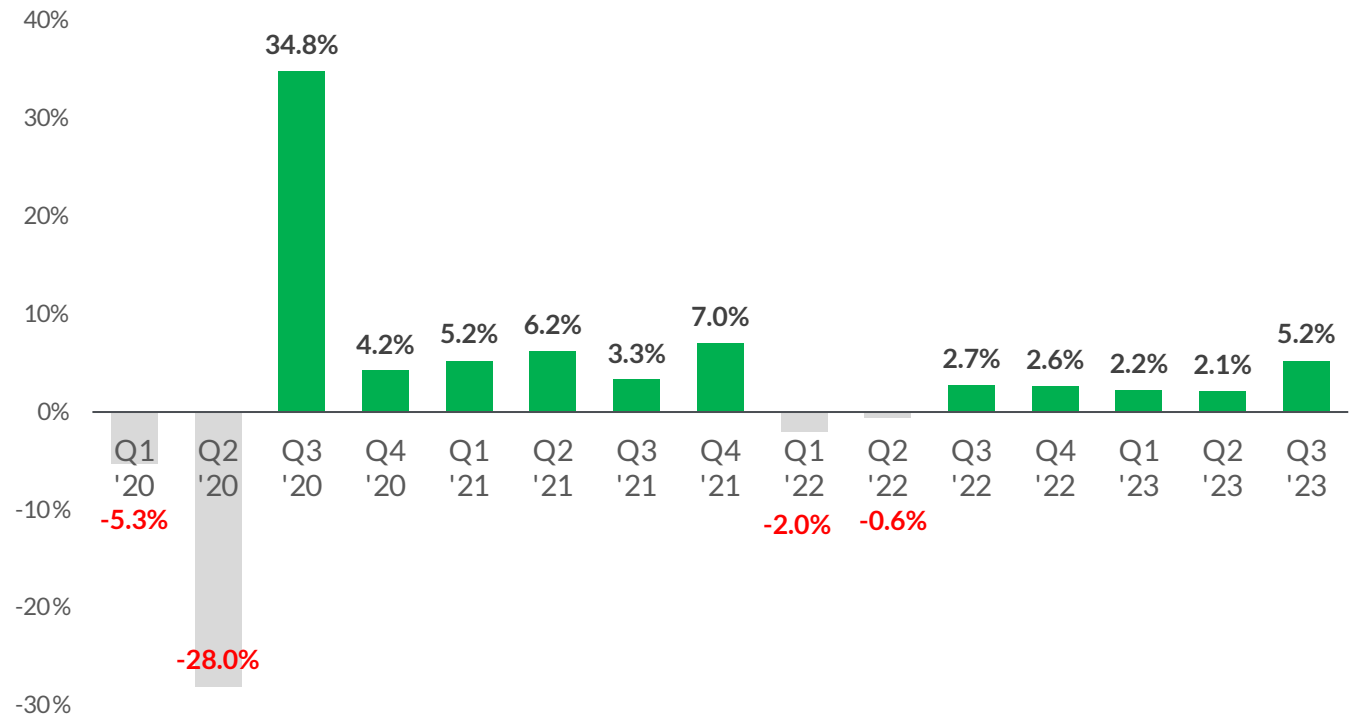


Data fuels hopes for ...

Soft Landing



### U.S. real GDP growth



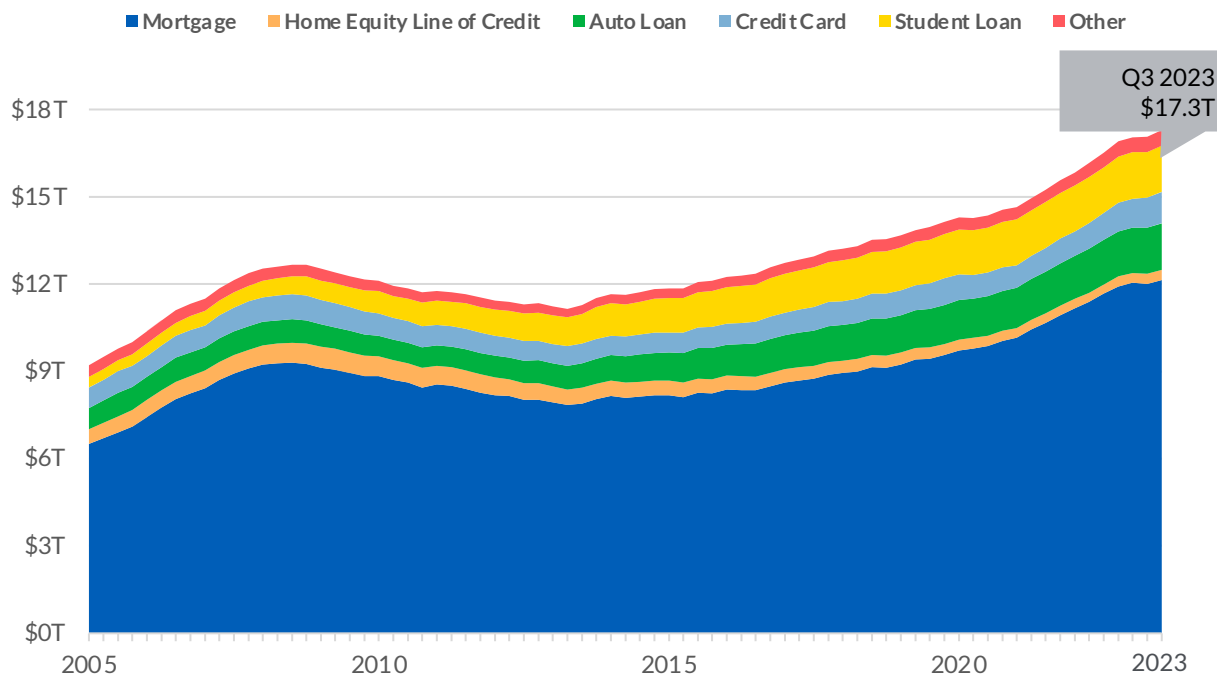
Sources: Statista / Bureau of Economic Analysis

# Negative indicators - DEBT



## U.S. Consumer Debt Climbs to \$17.3 Trillion

Total household debt balance in the United States, by category



Total HH debt increased **\$228 billion** (+1.3%) in Q3 2023

Credit card balances increased **by \$48 billion to \$1.08 trillion**; +4.7% for quarter

Mortgage balances rose by **\$126 billion**

Auto loan balances up **\$13 billion**

Sources: New York Fed Consumer Credit Panel/Equifax; via Statista, November 2023





As of Sept, **3%** of outstanding debt in some stage of delinquency



Approx. **8%** of credit card balances transitioned into severe delinquency (90+ days)

## Negative Indicators DELINQUENCIES



**7.4%** of auto loan balances transitioned into severe delinquency



**116k** consumers had a bankruptcy added to their credit report in Q3 2023

# Spending weakening

Despite strong Q3 performance, Walmart executives have noted **weaker** sales in most recent weeks

Sales at Target **fell** 4.9% in Q3, and they expect sales to decline in Q4 by 'mid-single digits'

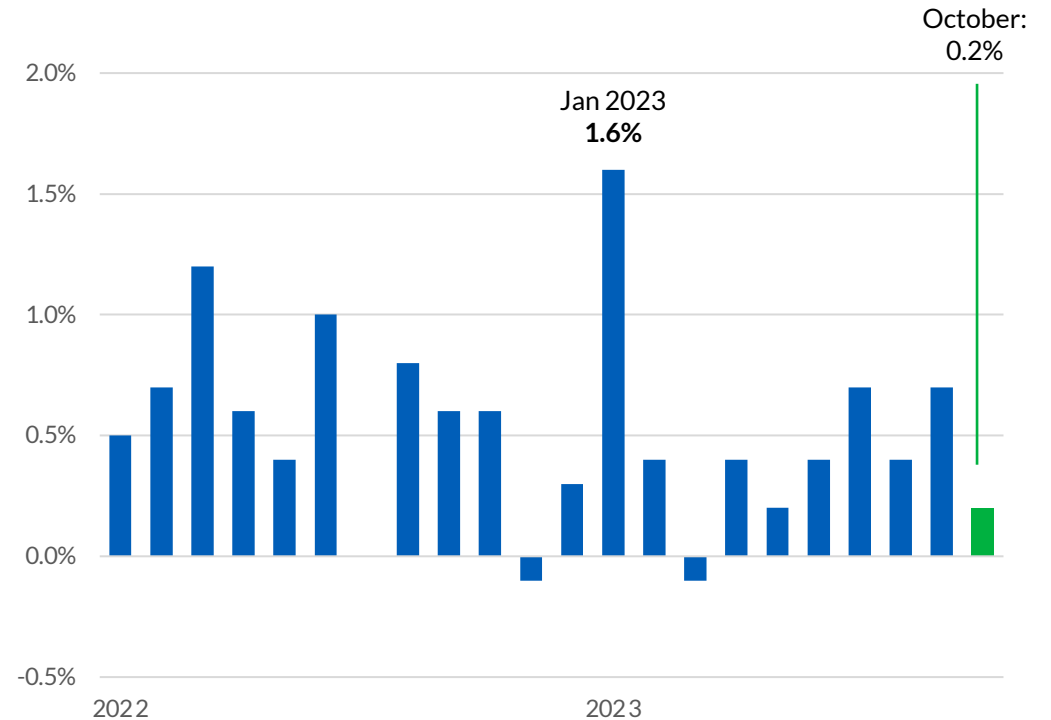
Total consumer spend rose just 0.2% in October; down from 0.7% in Sept.

Spending more on services (e.g. travel) while cutting purchases on goods (esp. cars)

Sources: WSJ, US Commerce Department



Overall consumer spending, change from a month earlier



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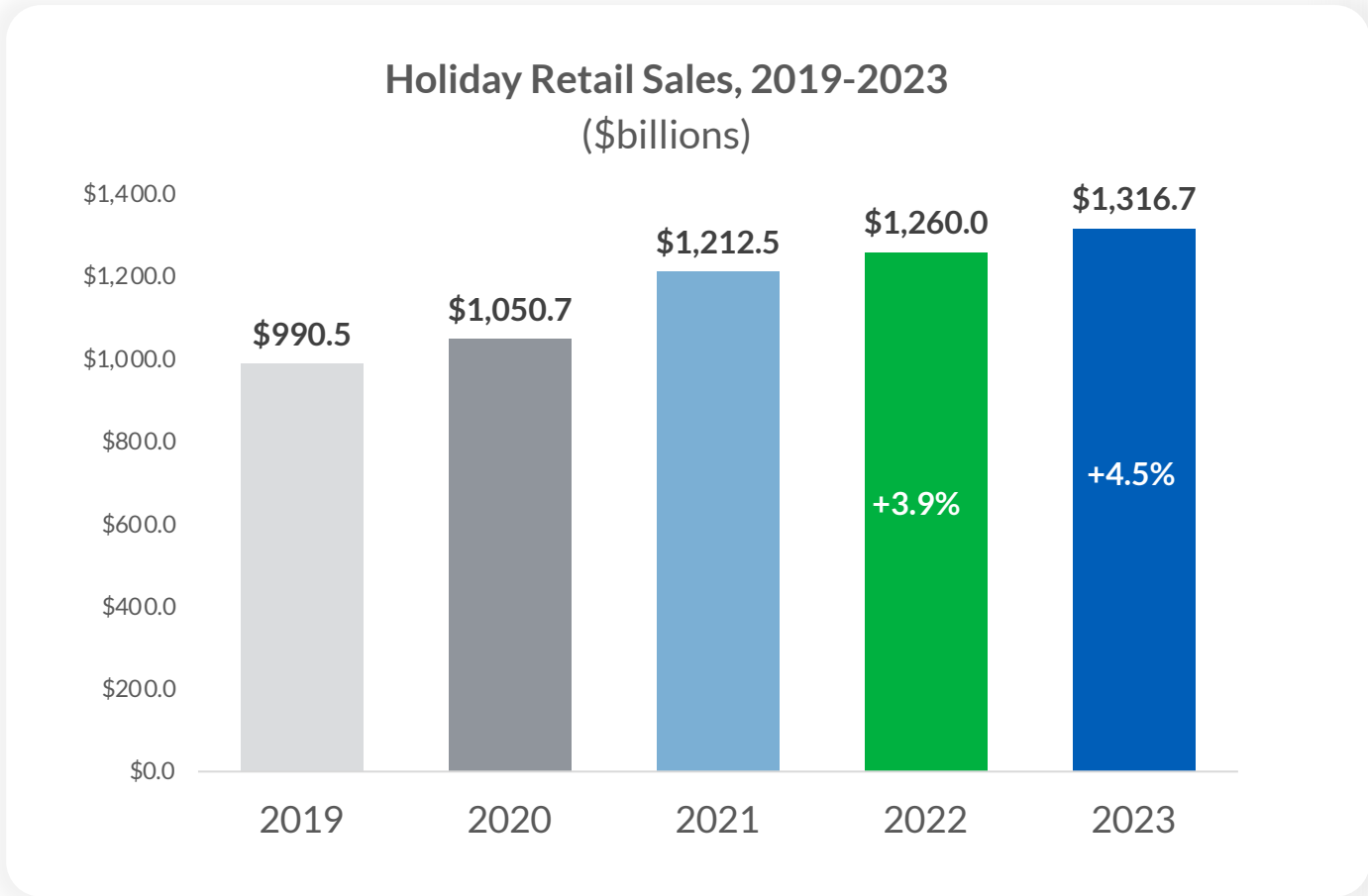
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# Strong holiday sales forecasts

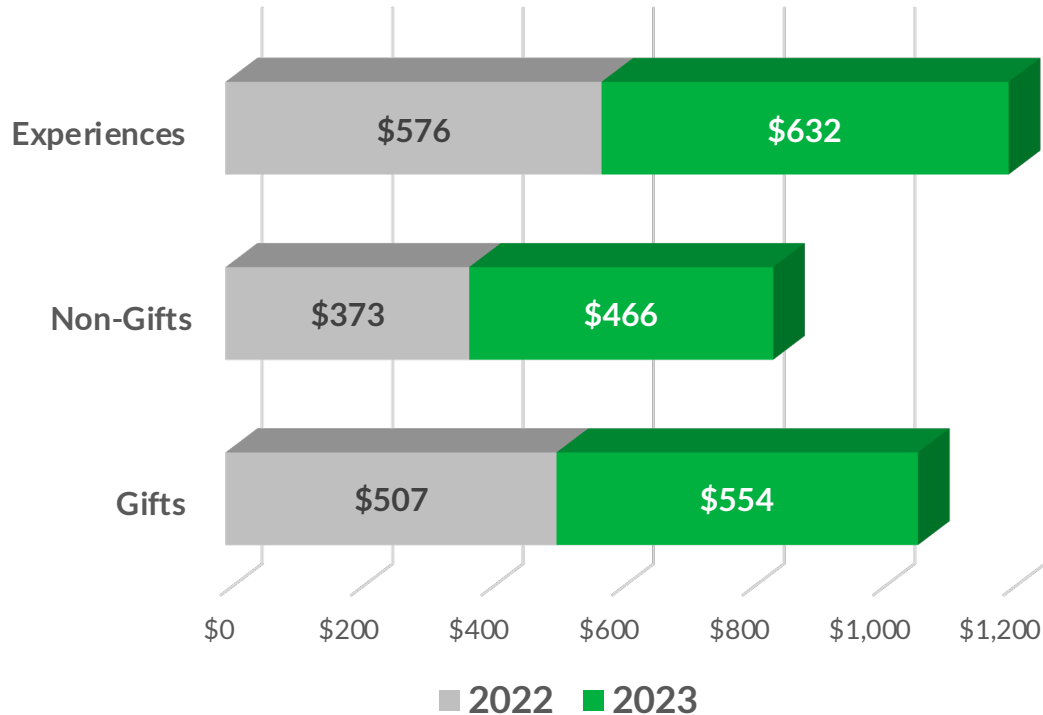


- Year-to-year growth is estimated to come in at **+3.5% to +4.6%**
- Total holiday spend could reach **\$1.54 to 1.56 trillion**
- eCommerce sales growth to exceed in-store retail growth  
**- 11.3% versus 4.5%**
- Just **25%** of people expect to spend more in 2023

Sources: eMarketer, Sept. 2023, Deloitte: Holiday Retail Sales, Sept 2023

# What are shoppers buying?

YoY Growth in Average Expected Holiday Spending



Sources: Deloitte 2023 Holiday Retail Survey; Samba TV H2 2023 Holiday Report

## The holiday is “me-time” this year with self-indulgence and memorable gifting:

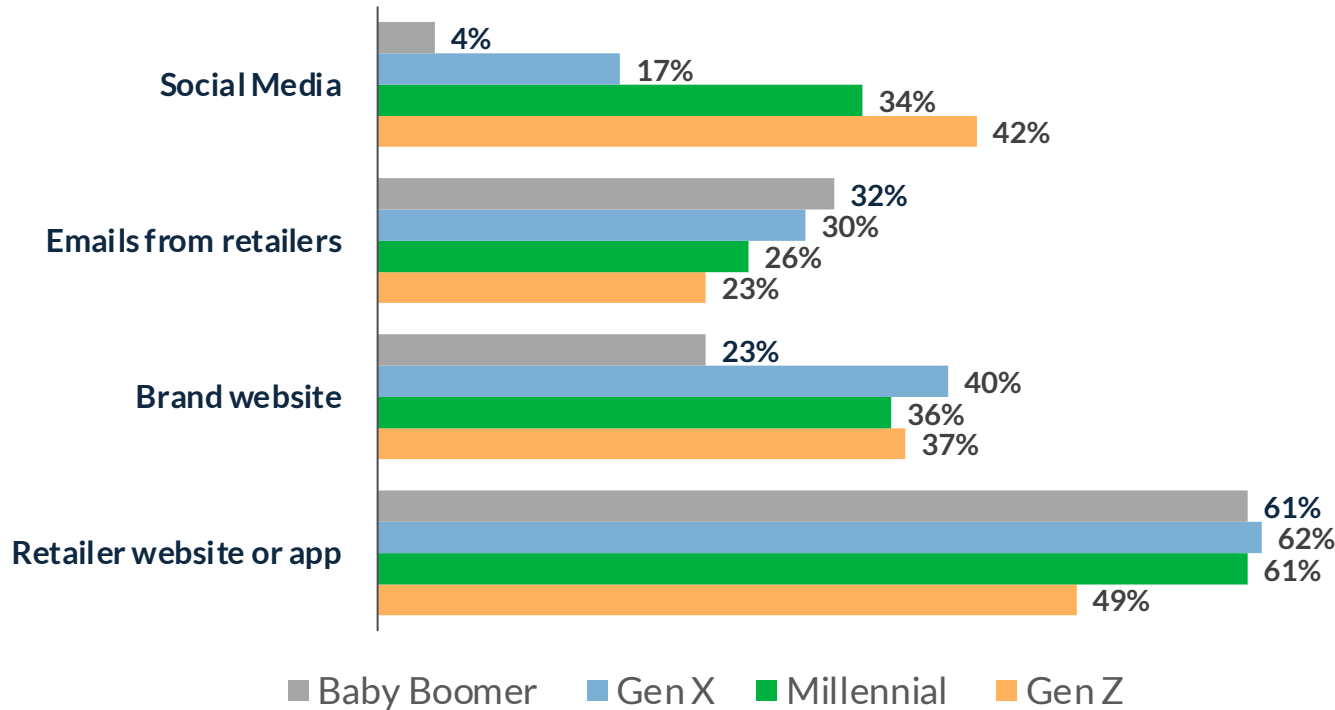
The average shopper will spend almost \$300 on the “big” gift.

- **\$295** on “treating themselves.”
- **\$299** on children.
- **\$197** on significant others

# Shopping - generational differences



Holiday Shopping Research Plans by Channel



All generations are searching for better prices and promotions this year in their research, with a 7% increase from 2022.

Only ¼ of consumers plan to shop online more this year than last

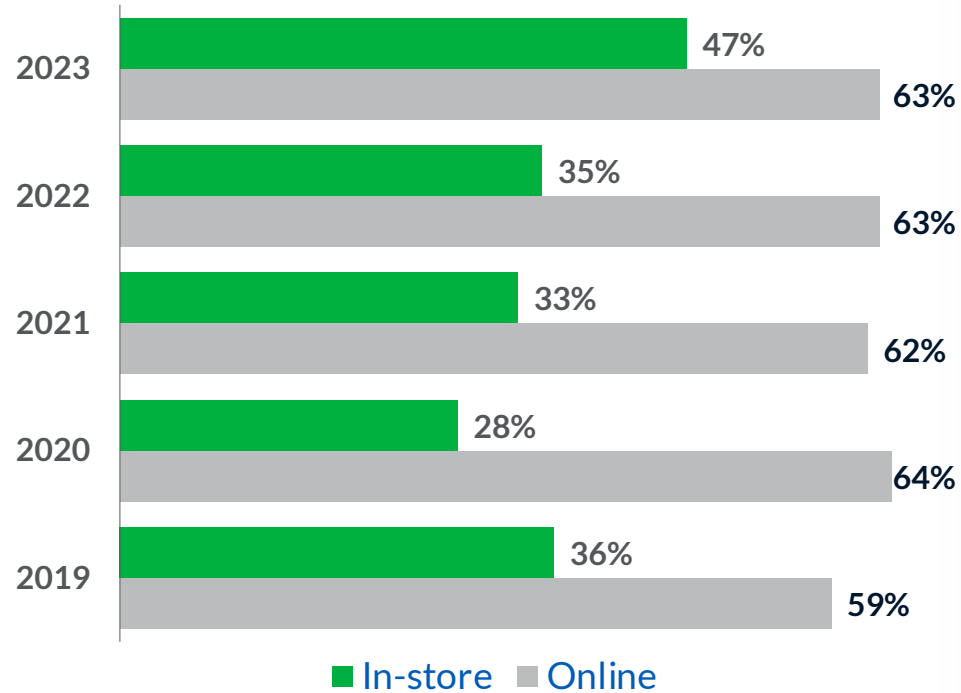
Retailer websites and in-store browsing are the most important research channels

Consumers are emphasizing the importance of omnichannel experiences more than ever in their search

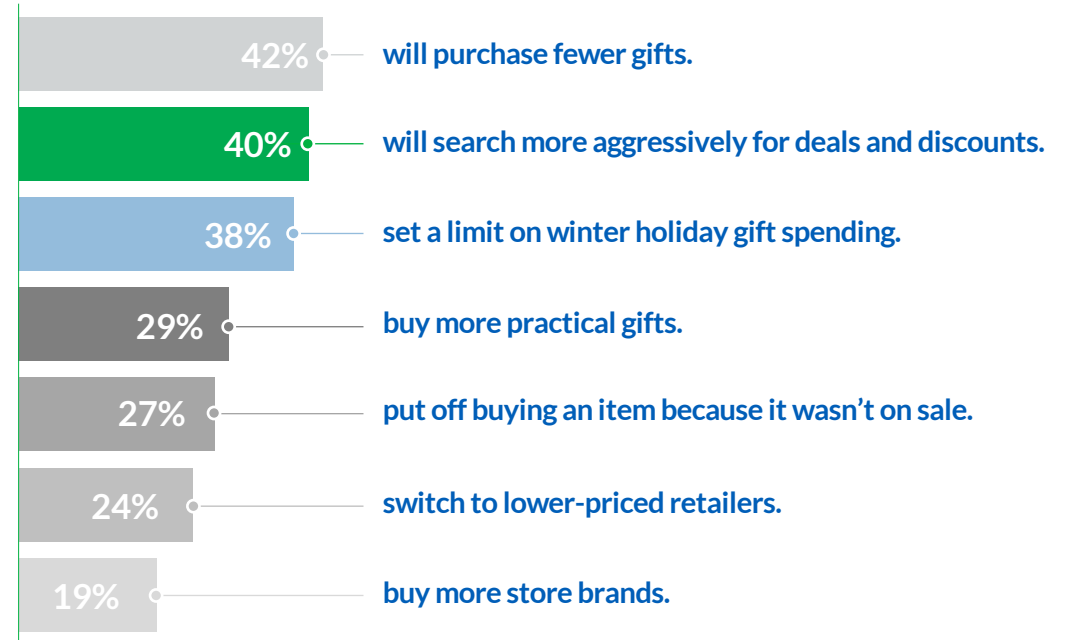
Sources McKinsey, US holiday shopping 2023: Consumer caution and retailer resilience

# Shopping behavior trends

## Omnichannel is norm



## Financial pressures having an impact



Sources: Deloitte 2023 Holiday Retail Survey; Mintel Winter Holiday Shopping US 2023 report



# Shoppers are embracing new technology



## Tech Assisted Shopping is On the Rise

53%



of consumers use virtual interactions with customer service agents.

51%



utilize AI gift recommendations.

37%



purchase items resulting from browsing/testing via metaverse platforms.

33%



search for a product before purchasing. 33% utilize AI "virtual try on" tools

33%

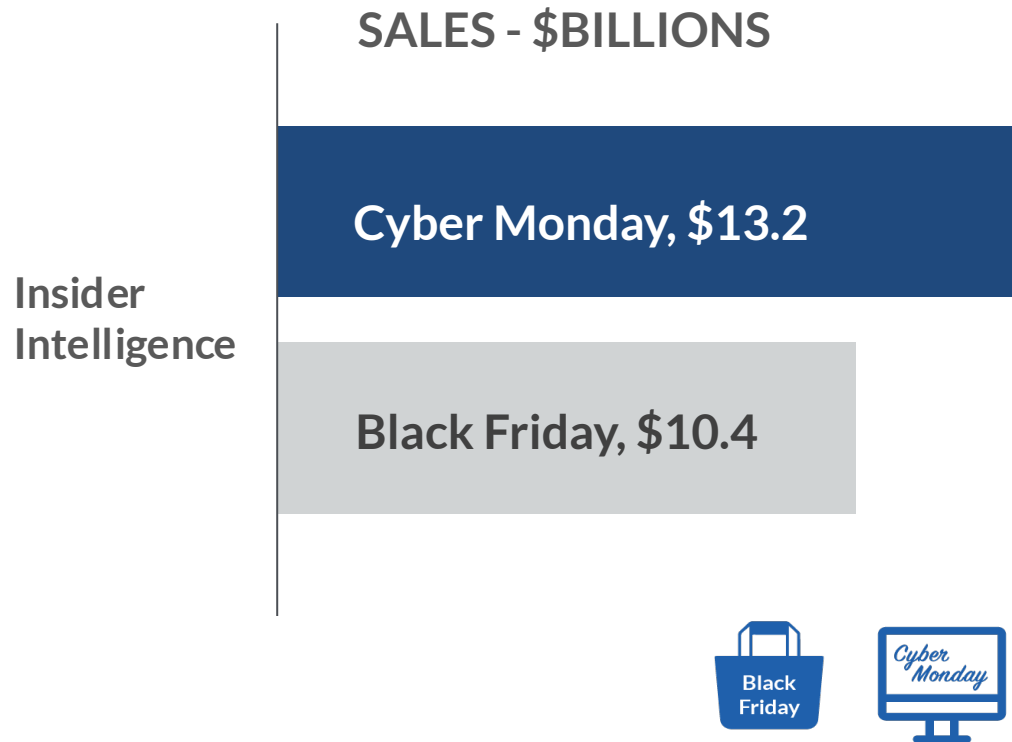


utilize AI "virtual try on" tools

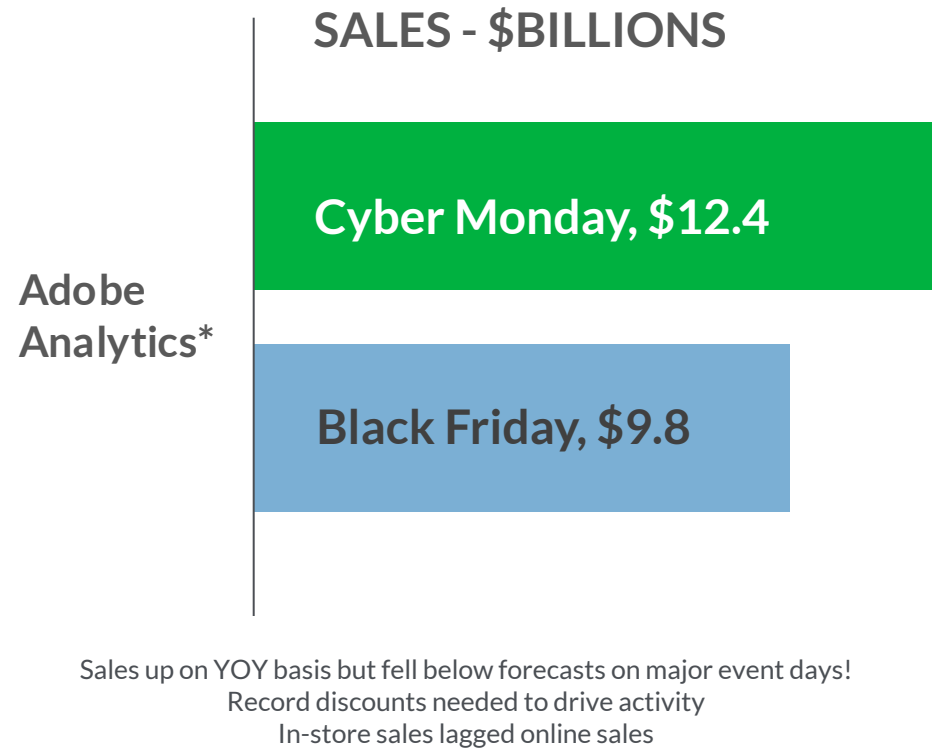
Sources: PwC 2023 Holiday Outlook Trends



# Spending forecast



# Spending reality



Sources Insider Intelligence / eMarketer Forecast-June2023, Adobe Analytics - Nov. 28th, 2023

## *Strong sales 'delivered' among online shoppers*



- Shoppers spent \$222.1 billion online from Nov 1<sup>st</sup> through Dec 31<sup>st</sup>, a record for ecommerce
- Spending 'eased' a bit in December compared with November; up 3.7% YoY in Dec. vs. 6.0% YoY for Nov.
- BNPL usage hit an all-time high this season, adding an estimated \$16.6 billion in sales
- Discounts also set records in 2023
  - ELECTRONICS peaked at 31% off list prices
  - Discounts on TOYS topped at 28%
  - APPAREL reached 24% in markdowns
- Mobile shopping overtook desktop accounting for 51.1% of online sales

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# THE CONSUMER BEHAVIORS PARADOX



## *Mixed consumer signals*

More than HALF of consumers ...

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Say they live paycheck to paycheck

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Can't afford a \$1,000 emergency

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Express ongoing concerns about inflation



And YET ...

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US retail spend has continues to grow

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Retail foot traffic is up

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Restaurant spend is up (but stabilizing)

## *Today's consumers . . .*

**... live in a world of  
'AND', not 'OR'**

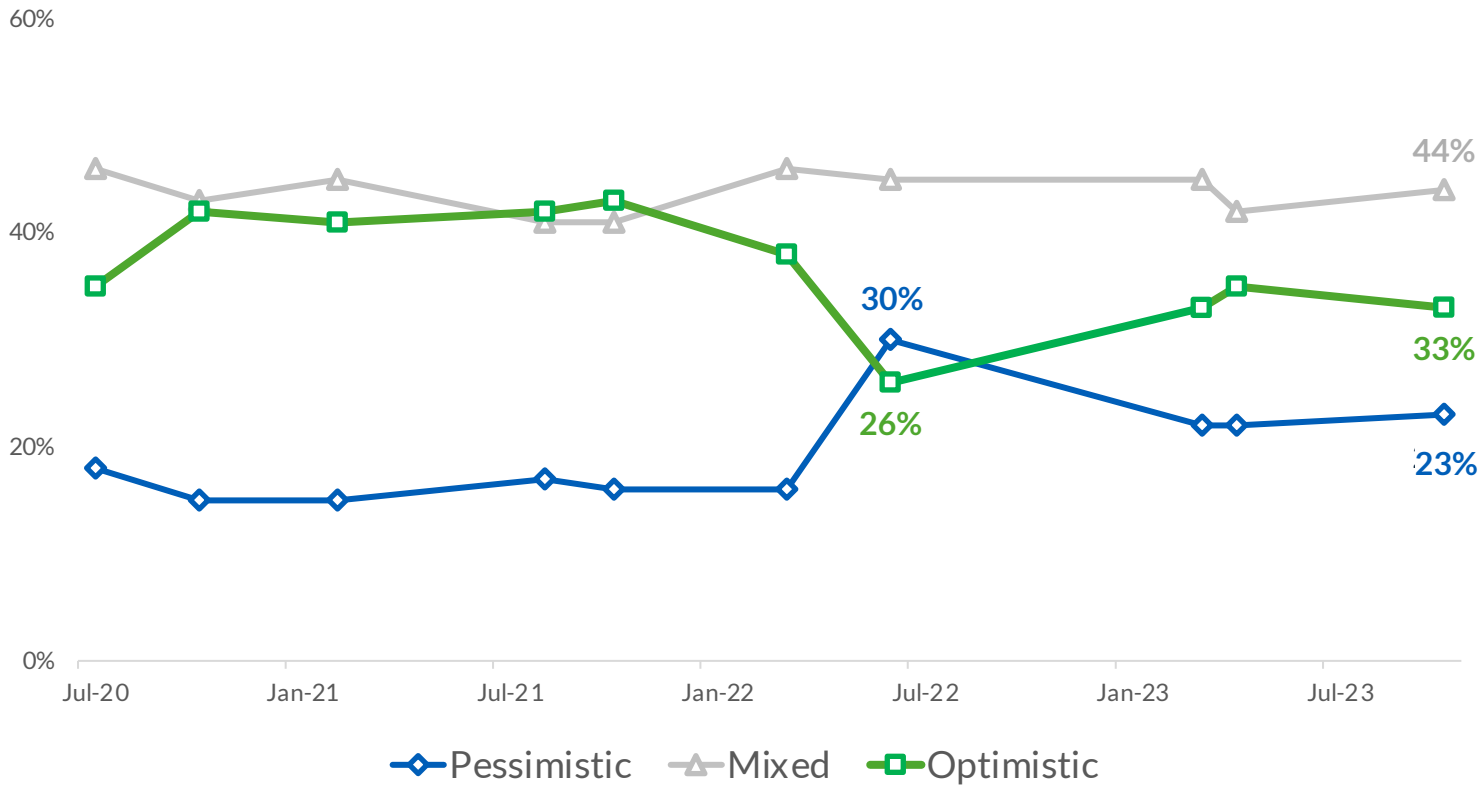
## *Four behavior examples*

1. Feeling more stable (slightly) **AND** concerned about inflation
2. Splurging selectively **AND** trading down
3. Saving on food purchase **AND** spending in restaurants
4. Prioritizing sustainability **AND** affordability

Source: McKinsey, October 2023

# Feeling 'Stable' and 'Concerned'

Confidence level in US economic conditions, % of respondents



One-third of US consumers feel optimistic

80% report seeing more stability in prices

53% remain worried about future price rises

Ability to make ends meet is still the top concern for 27% of consumers

Source: McKinsey, October 2023



# 'Splurging' AND 'trading down'



40% intend to 'splurge' in coming months

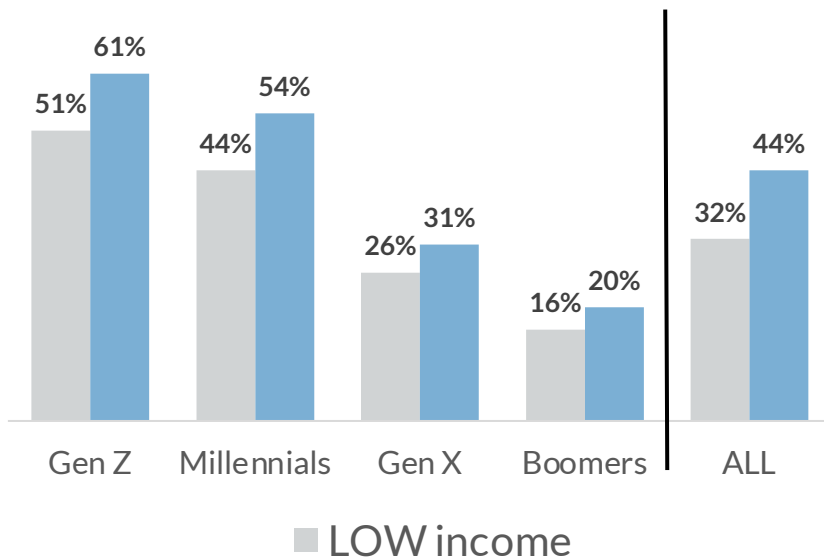
Splurge intentions higher among GenZ and Millennials

79% adopted trade-down behaviors

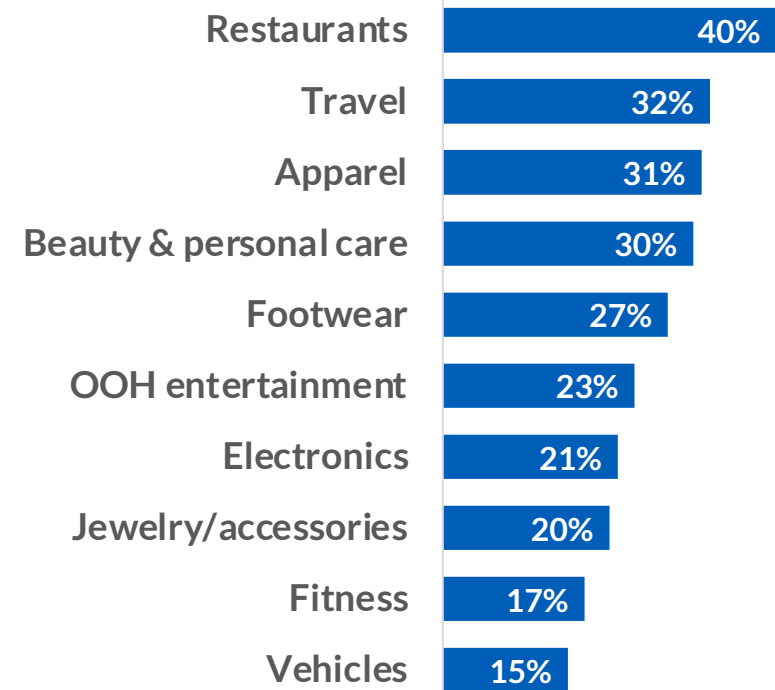
38% shopping at lower-priced retailers



## Intent to splurge, by generation



## Intent to splurge, by category



Source: McKinsey, October 2023

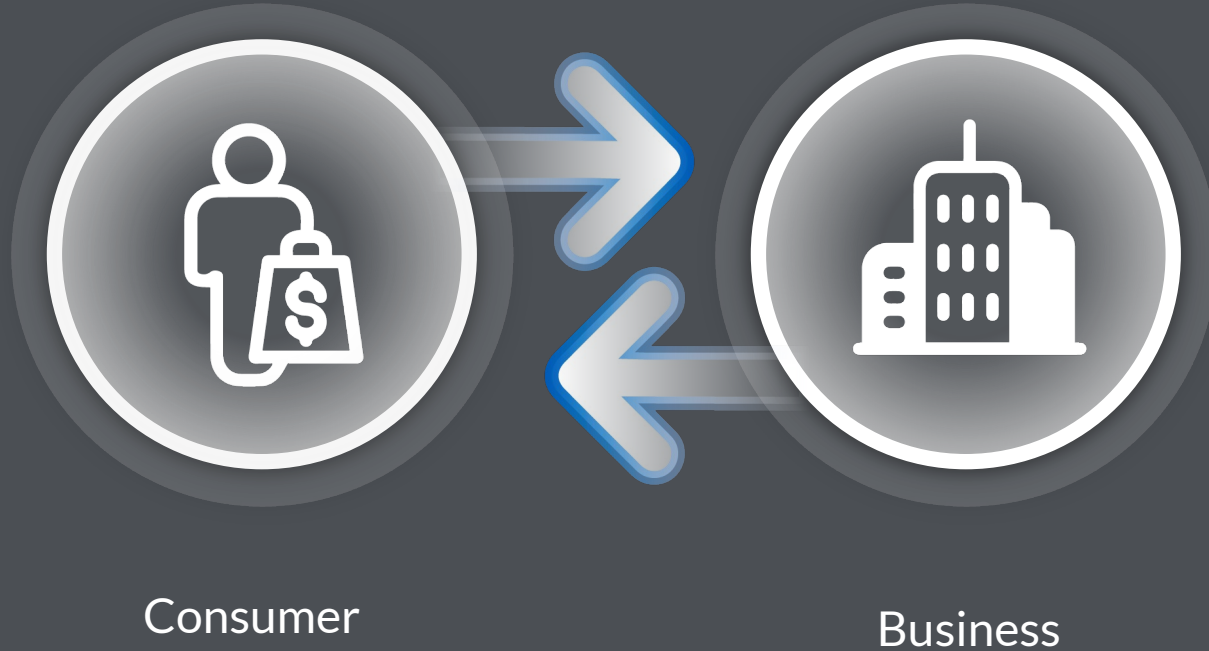


## *Prioritizing 'Sustainability' AND 'affordability'*

- ▶ 45% of US consumers prioritize ESG factors when making purchases
- ▶ Fair-trade practices and recyclability are priority attributes
- ▶ Only **15%** of consumers are willing to pay a premium for items with ESG-claims

Source: McKinsey, October 2023

# Business category definitions at ODDS with consumers' views



Source: Kearney Consumer Institute, Q3 2023

Business and media define a category as

Consumers define it as...

Restaurants



Entertainment



Apparel



Shopping



Home Decor



Relaxation



Makeup



Self-care



*Neat & tidy categories don't always work*





**‘Consumers think about spend **BROADLY** and **EMOTIONALLY**, making justifications and trade-offs across their wallet’**

*- Kearney Consumer Institute*

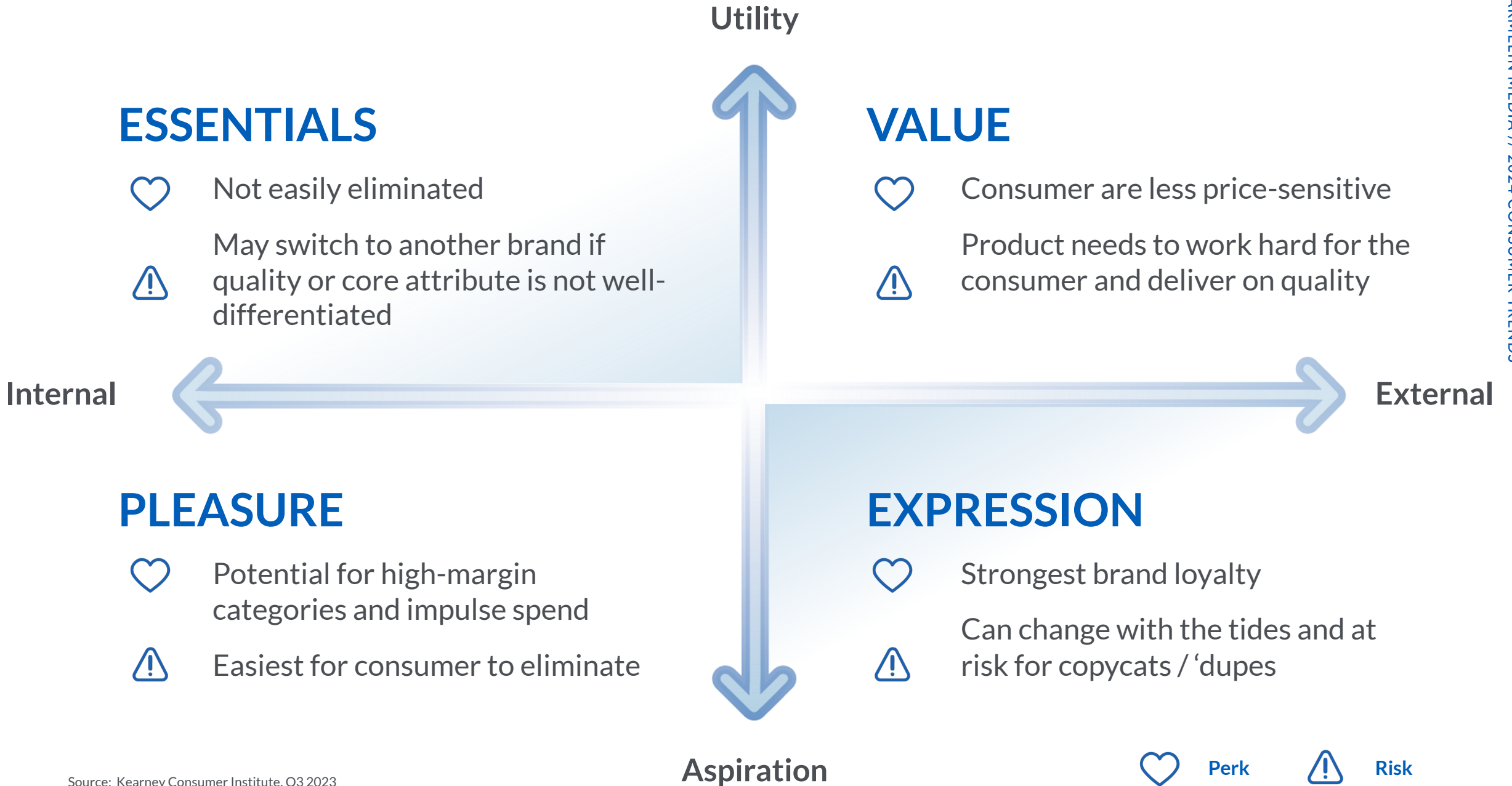
# Consumer motives vary by purchase



## FOUR KEY MOTIVES

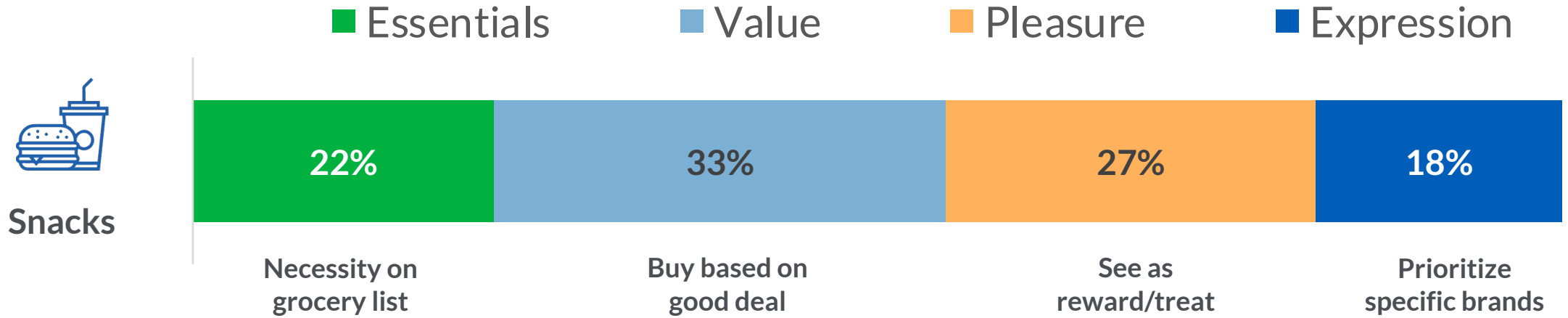


Essentials	Necessary of functional	1
Value	Investment in quality, product that works hard, potential value	2
Pleasure	Reward/treat, “retail therapy,” shopping as fun	3
Expression	Communicating or projecting externally, including ego, style, and values	4



Source: Kearney Consumer Institute, Q3 2023

# Consumer motives assessment - continuum



Source: Kearney Consumer Institute, Q3 2023



**Connect the ECONOMIC with the  
EMOTIONAL to assess how consumers are  
prioritizing and shifting spend**

*- Kearney Consumer Institute*



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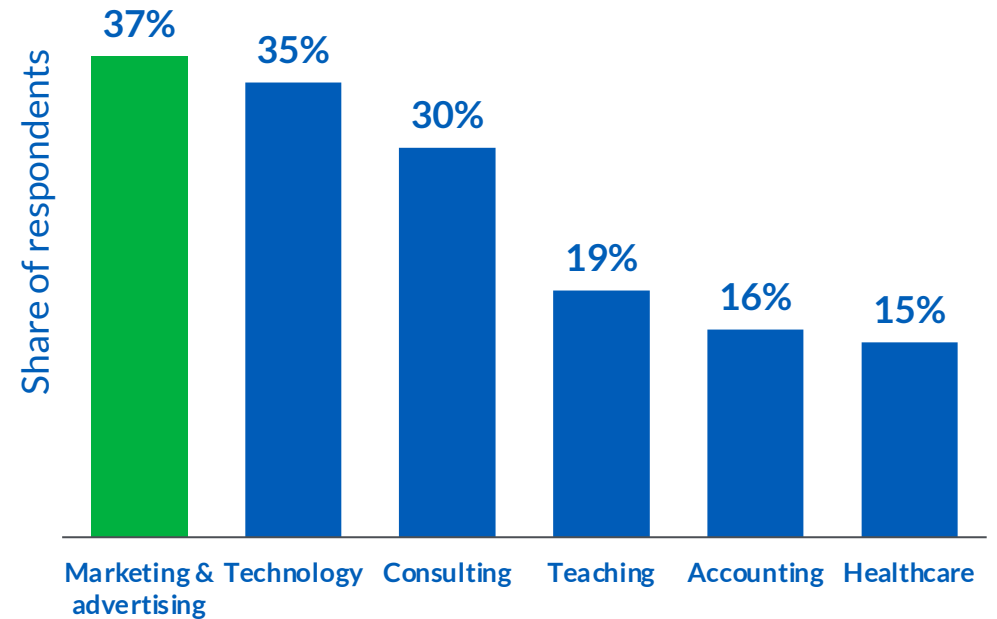
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# 1. AI / ChatGPT

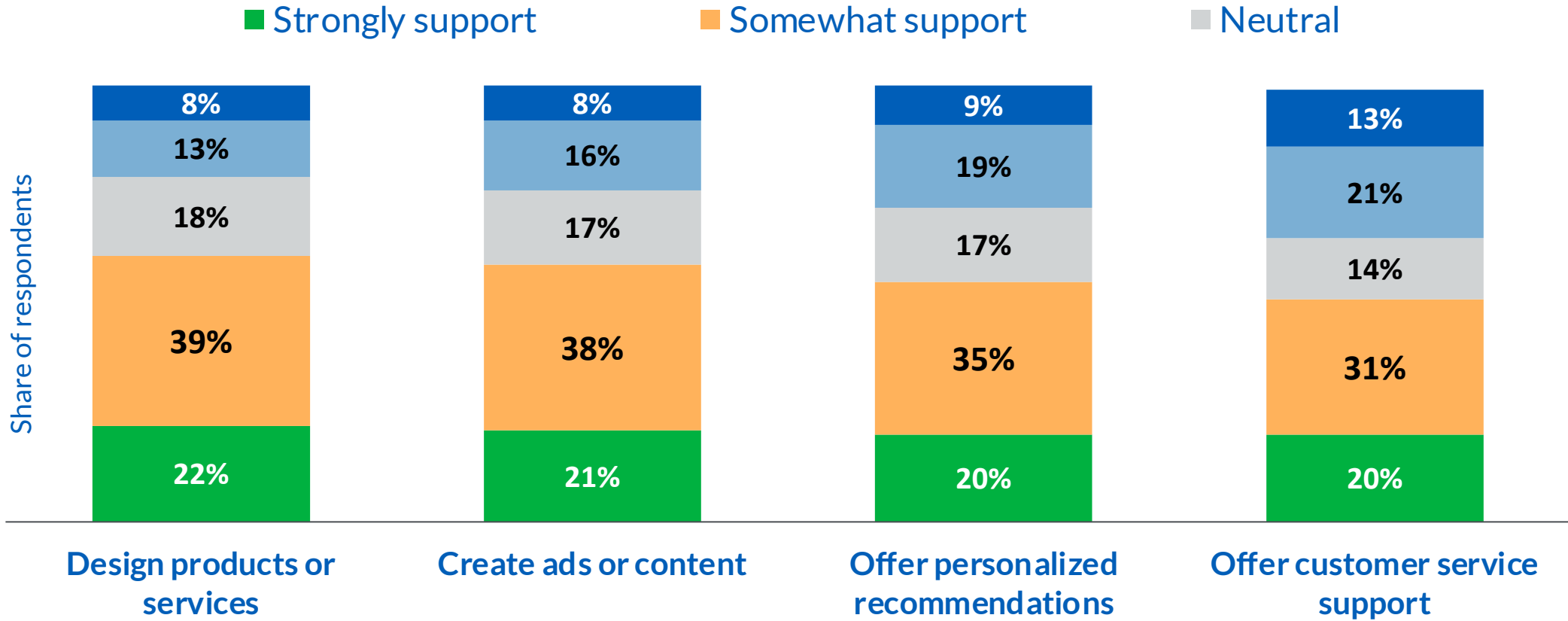
## Rate of adoption/ by industry



Source: Fishbowl, February 15, 2023, via Statista.

# Attitudes Toward Brand Usage of AI

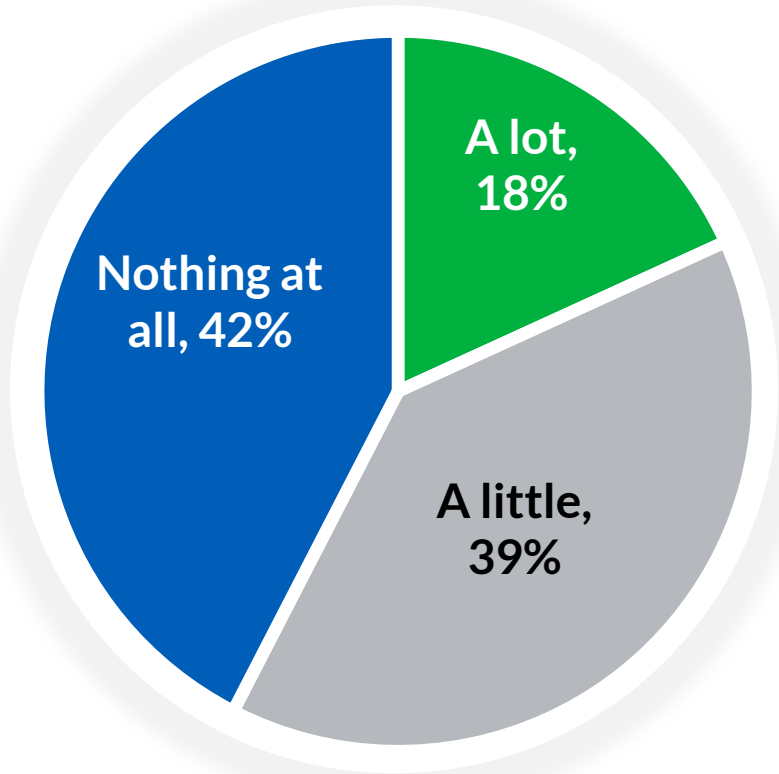
- More support than opposition, but varies with application



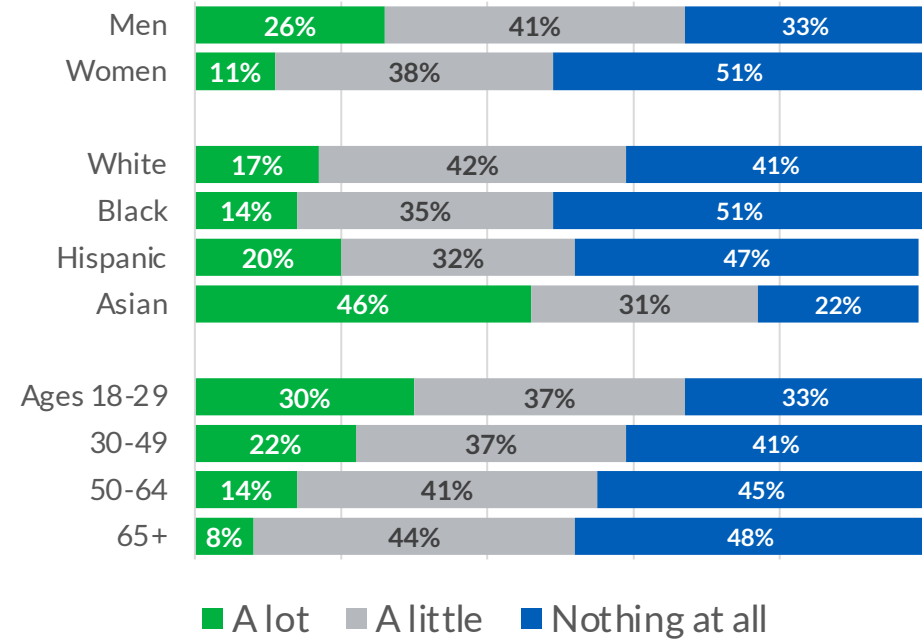
Source: Dentsu, Toluna survey March 2023

# Public awareness of AI/ChatGPT lags ad industry

U.S. ADULTS 18+

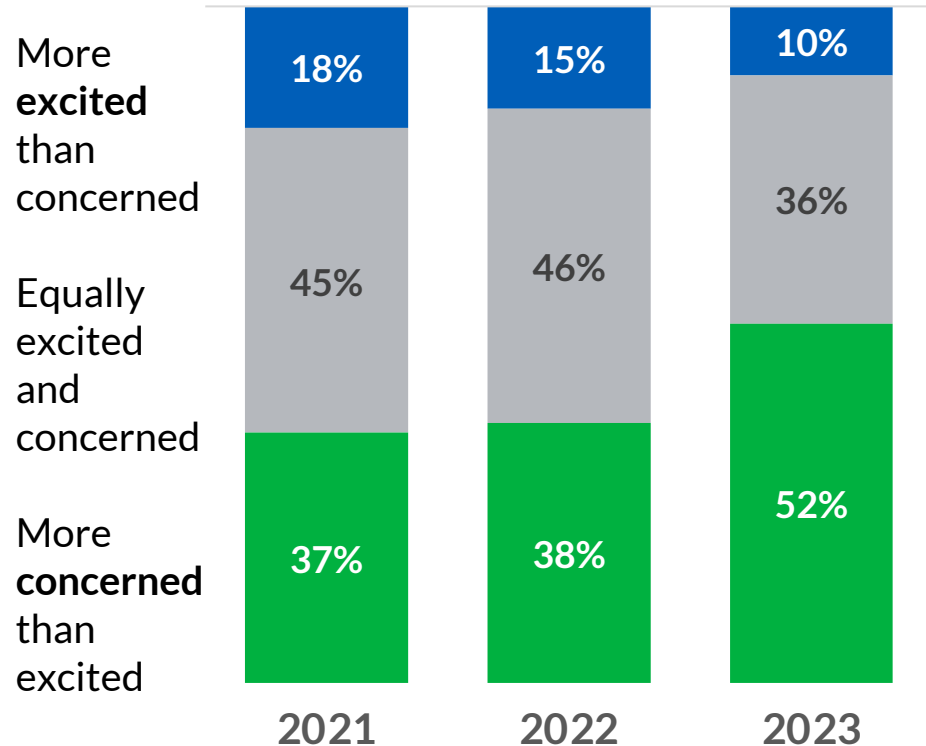


% who have heard of ChatGPT



Source: Dentsu, Toluna survey March 2023

## % of U.S. Adults who say . . .



## Growing concerns about AI

Overall, 52% of Americans feel more **concerned** than excited about the increased use of AI

Concern outweighs excitement across **all** major demographic groups

People's anxiety has **grown** along with awareness





70% say they have little to no trust in companies to make responsible decisions about AI

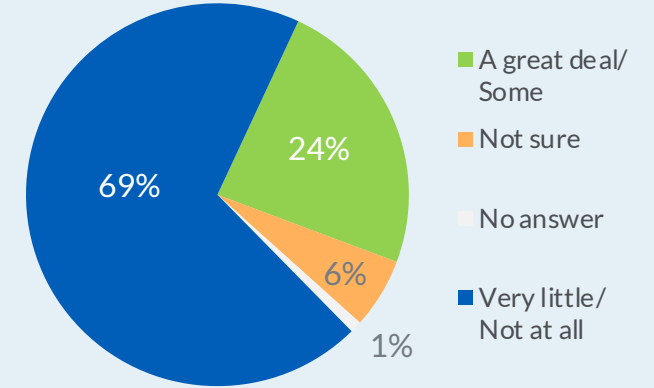
81% believe information collected will be used in ways they are not comfortable with

80% say AI will be used in ways that were not originally intended

Source: Pew Research Center October 2023

## An issue of TRUST

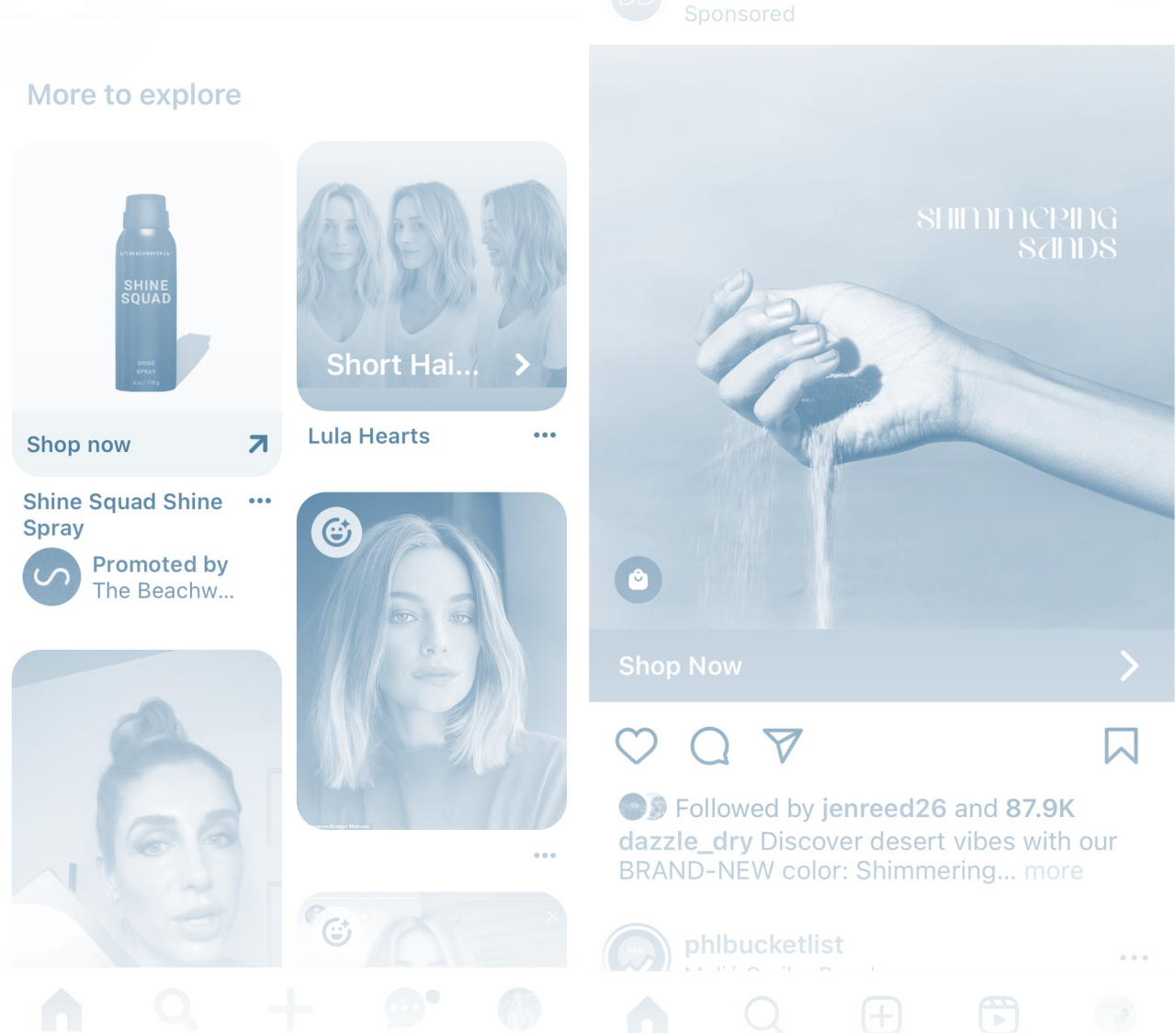
Among those who have heard of artificial intelligence, % who say they trust companies to use AI responsibly...



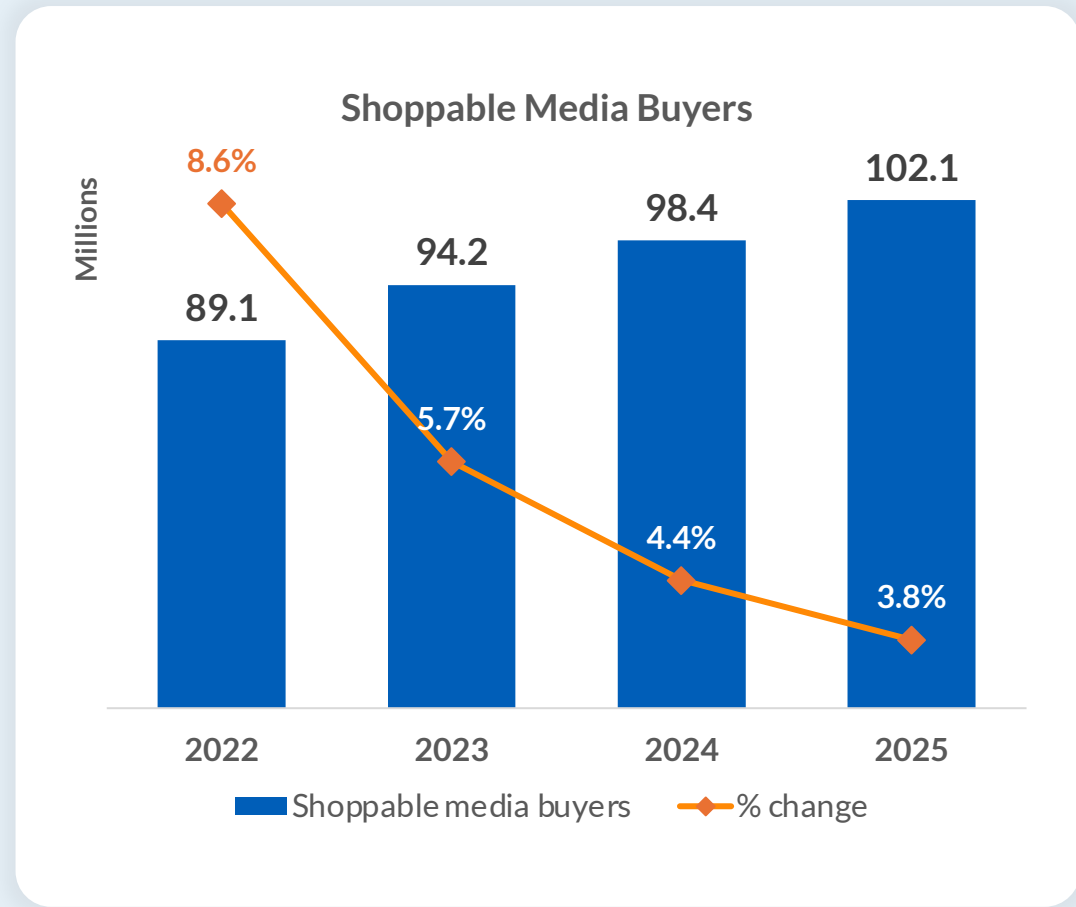
Among those who have heard of AI, % who say that as companies use AI to collect and analyze personal information, this information will be used in ways that...



## 2. Always shopping . . .



## . . . leads to an expansion of shoppable media



Source: Insider Intelligence / eMarketer, Sept. 2023

## OTT partnerships / integrations

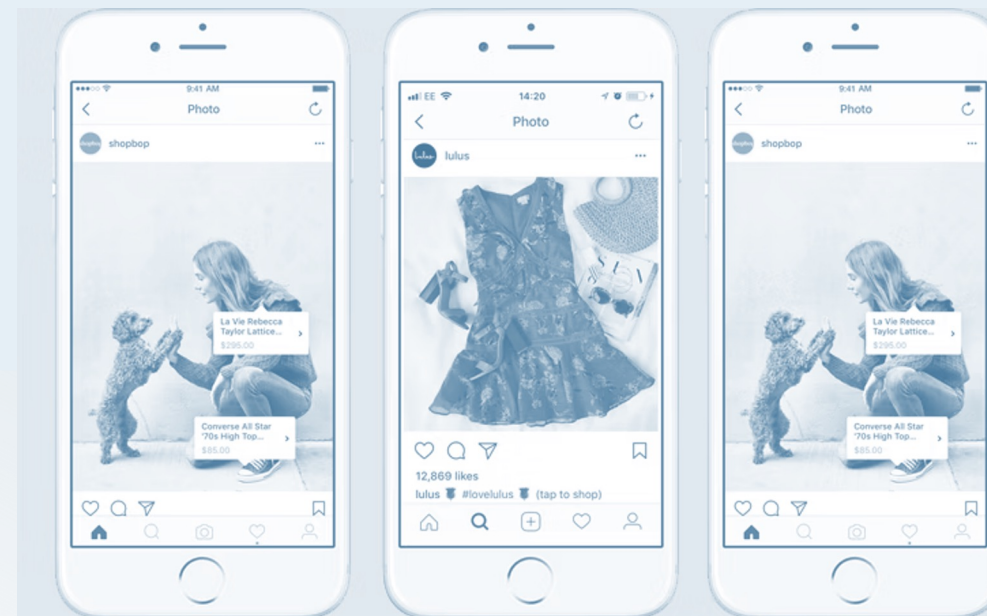
**Roku / Shopify** have partnered to offer shoppable CTV ads

**Walmart** collaborations with Roku, **NBCUniversal** (Peacock & Bravo)

**Vizio** and **Home Depot** launched a shoppable content series "*Merry & Bright*"

**Target** expanding its **Roundel** (RMN) with a focus on shoppable media and CTV connections

**Anthropologie** and **Pinterest** hosted a pop-up Holiday Showhouse with QR codes leading to shoppable boards



## Shoppable Media Options



**TikTok Shop**

### 3. Buy now, pay later (BNPL)

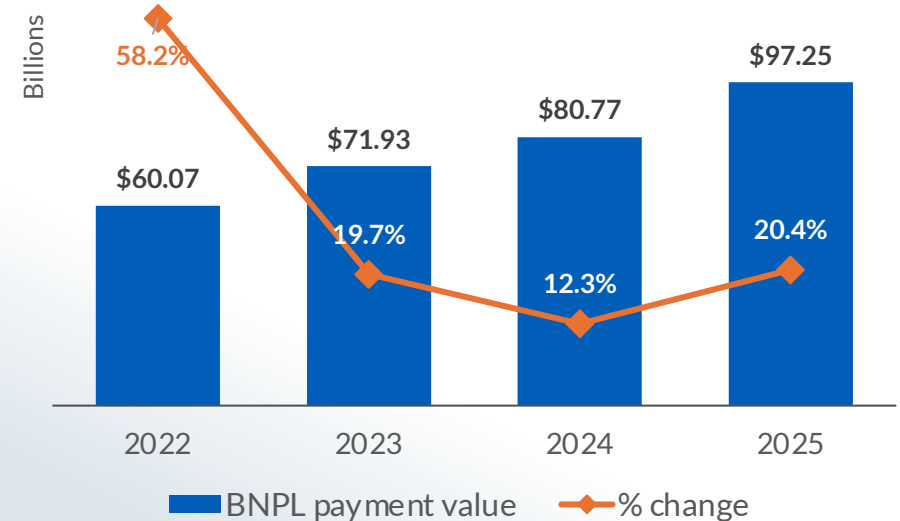
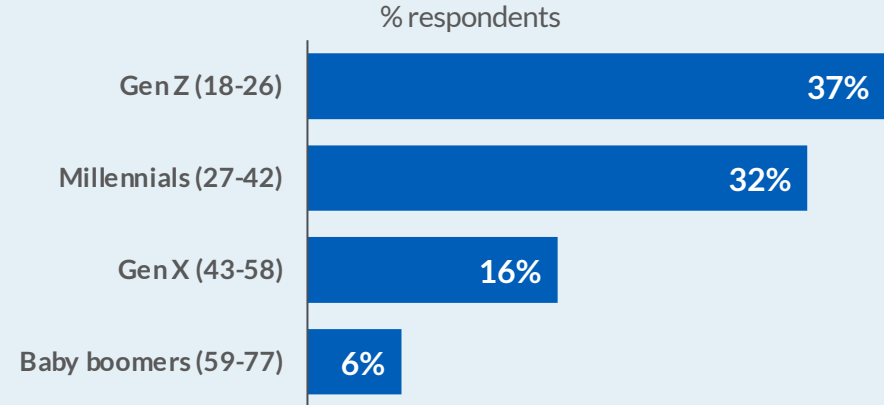
#### How does BNPL work?

'Buy now, pay later' divides your total purchase into a series of equal installments, with the first due at checkout.

The remaining payments are billed to your debit, credit card or bank account until your purchase is paid in full.

Plan can come with interest and fees, though some, depending on the provider, charge neither.

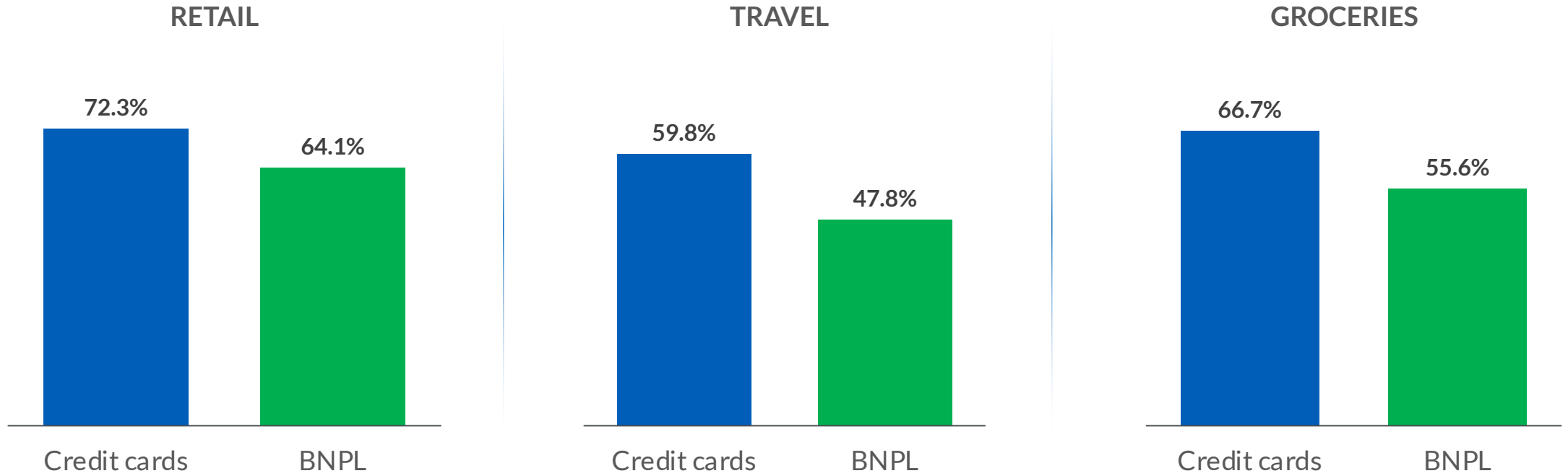
### BNPL users / value



Sources: Insider Intelligence / eMarketer, Sept. 2023; Morning Consult blog, 9-26-23

# BNPL product purchases

Product types purchased with deferred payment plan  
(% of active Credit vs BNPL users)

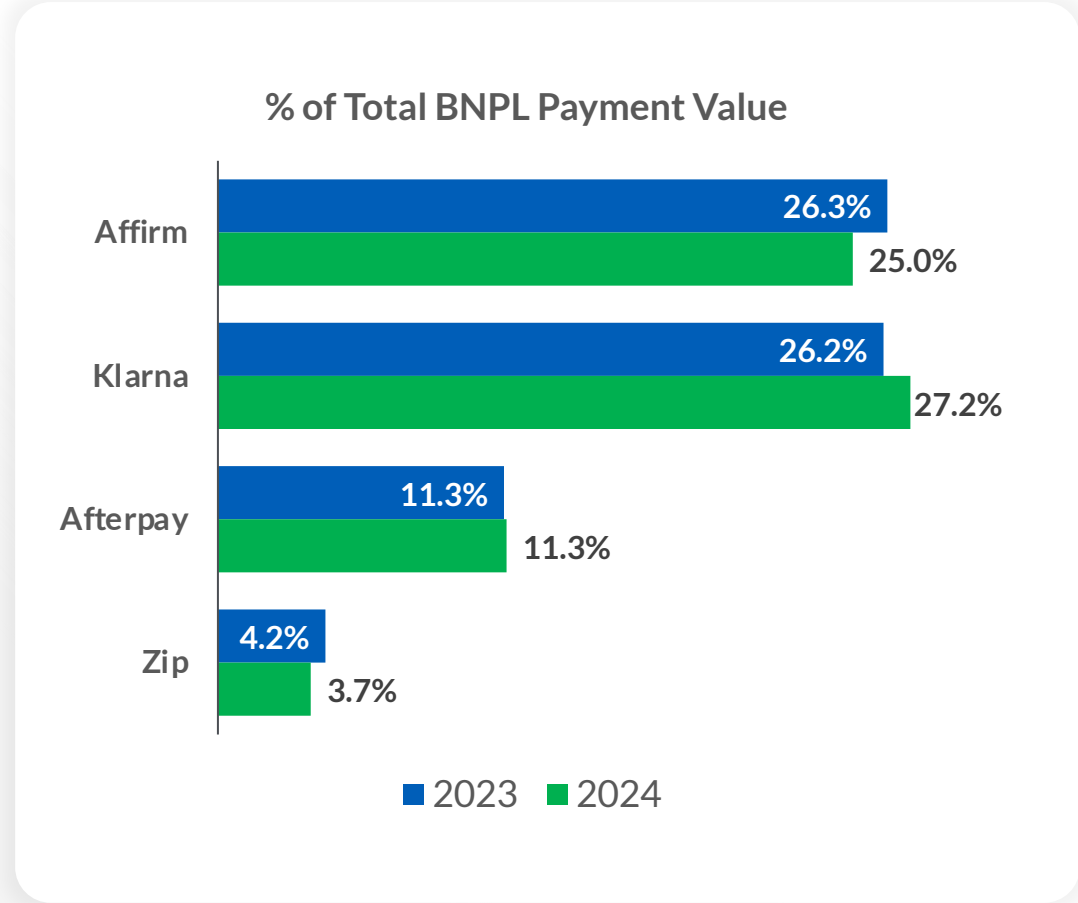
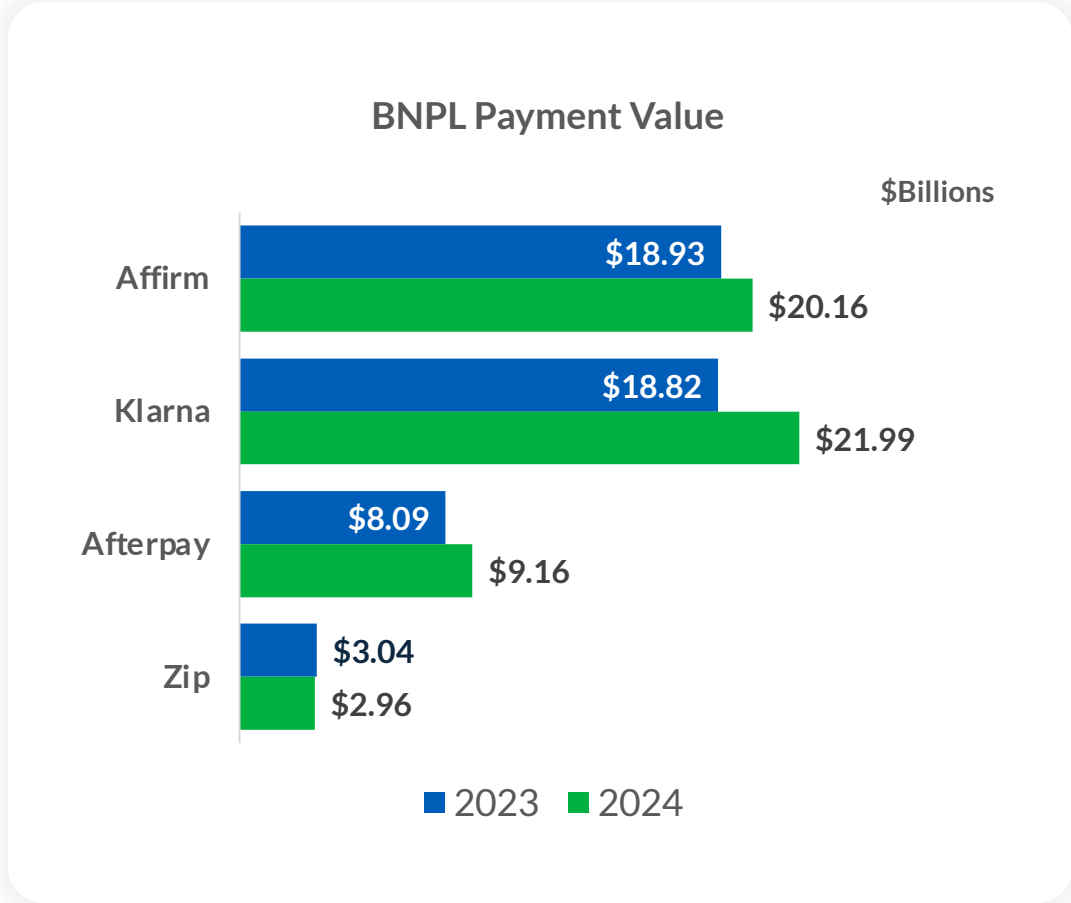


= 10% of ALL consumers

Source: PYMNTS, August 2023



# BNPL companies



Source: Insider Intelligence / eMarketer, July. 2023

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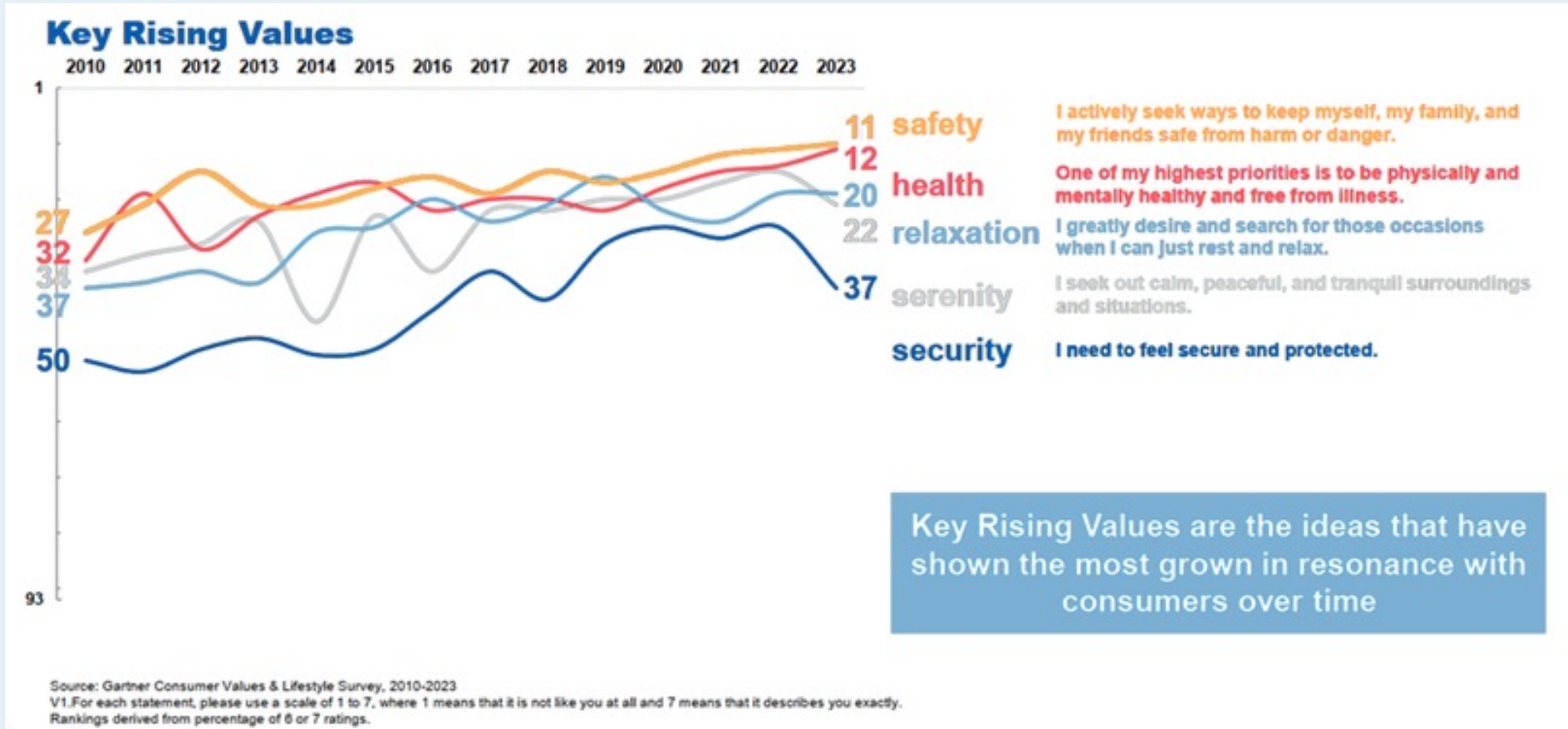
# Top Values for 2023-24 among U.S. Consumers

Rank out of 93 values

1	2	3	4	5
loyalty	equality	success	courtesy	authenticity
 I am an extremely loyal person when it comes to people, places, institutions, and things that I respect and value.	 I strongly believe that all people should have equal opportunity and equal access in all areas of life.	 I feel better about myself when I succeed or achieve a goal.	 I am always polite and respectful in my behavior and expect the same courtesy from others.	 Being genuine and authentic is extremely important for me and for the things and people in my life.
 +1	 -1	 +2	 0	 -2

Source: Gartner, The Top U.S. Consumer and Cultural Trends in 2024 webinar, NOV22

# Consumer Values : most UPWARD movement



## *U.S. Consumers Values have stabilized*

Number of spiking values (i.e., values that spiked up or down by ten or more rank positions year over year)

Average Wave



4

Last Year



16

This Year



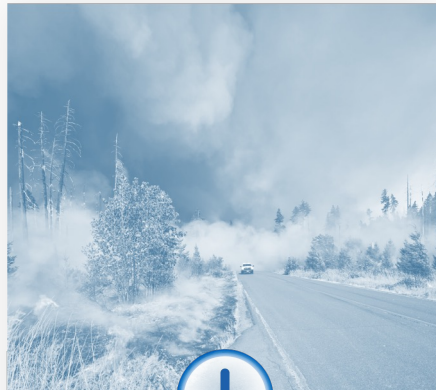
1



# Top US Consumer Cultural Trends for 2024



**RESIGNED  
TO AI**



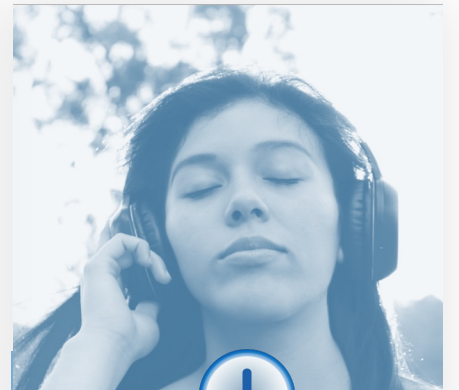
**DISASTER  
DISTRESS**



**ACTIVIST  
RIGHT**



**BOY/GIRL  
BINARY**

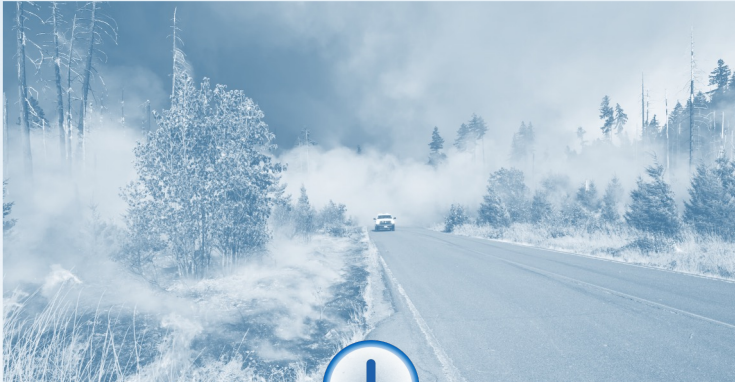


**FOCUS  
ENABLEMENT**



## RESIGNED TO AI

ChatGPT and similar apps offer consumers a hands-on experience of AI. Familiarity is breeding ambivalent acceptance



## DISASTER DISTRESS

Wild, unprecedented events are shaping consumers' physical, emotional and financial security



## ACTIVIST RIGHT

Conservative consumers embrace consumer-activist tactics once the preserve of the left

### VALUES

**Reality / Safety /  
Wisdom**

**Safety / Trust /  
Security**

**Belief / Confidence /  
Populism**

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## After Revisions Big 4 Forecast Drops to +4.3% for '23

Big 4 worldwide ad consensus effective December 6, 2023

	2022	2023	2024	2025	2026	2027
Dentsu	+8.1%	+2.7%	+4.6%	+4.2%	+4.3%	NA
GroupM	+7.6%	+4.6%	+6.7%	+4.2%	+7.1%	+4.1%
Magna	+6.6%	+5.5%	+7.2%	NA	NA	NA
Zenith	+7.3%	+4.4%	+4.8%	NA	NA	NA
Consensus	+7.4%	+4.3%	+5.8%	+4.2%	+5.7%	NA

2023 consensus falls 1.1%

2024 consensus drops from +7.1% original prediction from January

2024 will include “big media moments” with Olympics and elections aiding boost.

Source: Dentsu, IPG Mediabrands' Magna, Publicis Media's Zenith, WPP's GroupM most recent forecasts/updates. Consensus = simple average of year-over-year percent changes via Media Post

## US Media Ad Spend Forecasters Not Aligned in Edits

Big 4 U.S. ad consensus effective December 6, 2023

	2022	2023	2024	2025	2026
Dentsu	+12.9%	+2.2%	+5.7%	+4.4%	+5.3%
GroupM	+9.1%	+2.0%	+7.5%	+0.9%	+8.3%
Magna	+7.2%	+3.6%	+8.4%	NA	NA
Zenith	+11.6%	+4.5%	+5.7%	NA	NA
Consensus	+10.2%	+3.1%	+6.8%	+2.7%	+6.8%

GroupM decreases US predictions citing rise in interest rates as biggest economic factor

Magna revised US outlook upward for '23 and '24

Source: Dentsu, IPG Mediabrands' Magna, Publicis Media's Zenith, WPP's GroupM most recent forecasts/updates. Consensus = simple average of year-over-year percent changes. \*2023 = Zenith's June 2023 update. 2024 = Americas, US per se.



# U.S. Forecast by Channel

	1Q23	2Q23	1H23	FY23	PREV	FY24	PREV
All Media (excl. CE)	1.4%	4.4%	2.9%	5.2%	4.2%	5.6%	5.0%
All Media (incl. EC)	0.3%	3.9%	2.1%	3.4%	2.5%	8.0%	7.3%
<b>Traditional Media Owners</b>	<b>-6.0%</b>	<b>-4.1%</b>	<b>-5.0%</b>	<b>-3.6%</b>	<b>-3.2%</b>	<b>-2.0%</b>	<b>-1.5%</b>
National TV	-3.9%	-4.4%	-4.2%	-3.9%	-3.9%	-3.2%	-2.2%
of which Linear Networks	-4.6%	-8.2%	-6.3%	-7.0%	-6.0%	-6.6%	-5.9%
of Which AVOD, CTV FAST	0.1%	13.8%	7.1%	11.7%	7.2%	11.3%	14.3%
Local TV	-9.2%	-5.1%	-7.4%	-5.3%	-5.0%	-3.7%	-4.1%
Audio	-3.6%	-3.9%	-3.8%	-2.6%	-1.7%	1.3%	1.6%
Publishing	-13.3%	-6.8%	-10.0%	-7.3%	-5.5%	-3.5%	-2.6%
OOH	0.6%	2.5%	1.6%	4.2%	3.4%	5.3%	4.6%
Cinema	-1.2%	-3.2%	-2.4%	21.3%	42.6%	17.8%	12.0%
<b>Pure Play Digital Media</b>	<b>5.6%</b>	<b>8.7%</b>	<b>7.2%</b>	<b>9.6%</b>	<b>7.9%</b>	<b>9.8%</b>	<b>8.7%</b>
Social Media	7.4%	12.0%	9.8%	13.4%	8.4%	10.9%	7.2%
Search/Commerce	6.5%	8.6%	7.6%	9.8%	9.7%	9.9%	9.8%
Short Form Digital Video	0.7%	7.5%	4.2%	5.9%	4.3%	9.1%	9.7%
<b>Direct Mail</b>	<b>-3.1%</b>	<b>-4.2%</b>	<b>-3.6%</b>	<b>-3.0%</b>	<b>-3.7%</b>	<b>-4.2%</b>	<b>-4.5%</b>

2023 growth estimated at 5.2%

Estimates revised upward for both '23 and '24

Due to digital media owners like

Google

Meta

Amazon

Source: Magna US Ad Forecast, Sept 2023

# Borrell Predicts 4.4% Growth in US Ad Spend in 2024

Borrell & Associates early forecast predicts \$157.1B in 2024

Digital to grow 6% (down from 7.1% projected in 2023)

Non-digital advertising formats forecast to grow just 0.4%, after a 4.9% decline in 2023

Media growth for the year includes:



Digital Video  
9.3%



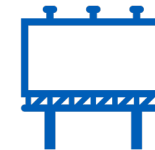
Local Broadcast TV  
9.0%



Paid Search  
8.0%



Audio  
7.7%



OOH  
3.4%



Cinema  
2.0%



Direct Mail  
1.7%

Source: Borrell via MediaPost Sept 2023

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- 02 THE ECONOMY
- 03 HOLIDAY SHOPPING 2023
- 04 CONSUMER BEHAVIOR PARADOX
- 05 EVEN MORE BEHAVIOR TRENDS FOR 2024
- 06 TOP VALUES & CULTURAL TRENDS FOR 2024
- 07 MEDIA COST FORECASTS
- 08 QUESTIONS**



# *Final questions?*

*(MediaTrends@Harmelin.com)*

Media Trends  
Webinar:



Thu, Jan 25th



*Thank you*

# About us



Harmelin Media specializes in full-funnel performance media and marketing solutions and has more than 40 years of experience helping clients navigate the rapidly changing, increasingly data-driven media landscape. The firm has grown with a diverse client roster including many Fortune 500 companies across an array of industries and is now one of the largest independent media service firms in the United States.

Harmelin's expertise is in managing massive client and campaign data sets to develop strategic, innovative executions that generate immediate growth and long-term return on investment. We accomplish this through our proprietary technologies and data platforms, all while maintaining a long-term focus and operating with 100% transparency. Our approach has resulted in unprecedented retention rates with both employees and clients.

Harmelin's current media billings exceed \$900 million across all brand, demand and performance channels. We are a Google Premier Partner, Meta Business Partner and proud members of the ANA and IAB.

For more information, please contact [info@harmelin.com](mailto:info@harmelin.com) or visit [www.harmelin.com](http://www.harmelin.com).