2025 Consumer Trends Webinar

01.15.2025 EVOLVING BEHAVIORS AND ATTITUDES

HARMELINMEDIA


2025 CONSUMER TRENDS
Bernie Shimkus
VICE PRESIDENT, RESEARCH
Sarah Gray
RESEARCH ANALYST

Media Trends Webinar:

Tues, Jan 28th

Dominant themes over time

2022

Omnichannel Shopping

Bifurcated Spending

Loyalty Challenges

Homebody Economy



2023

IMPACT

OF

INFLATION

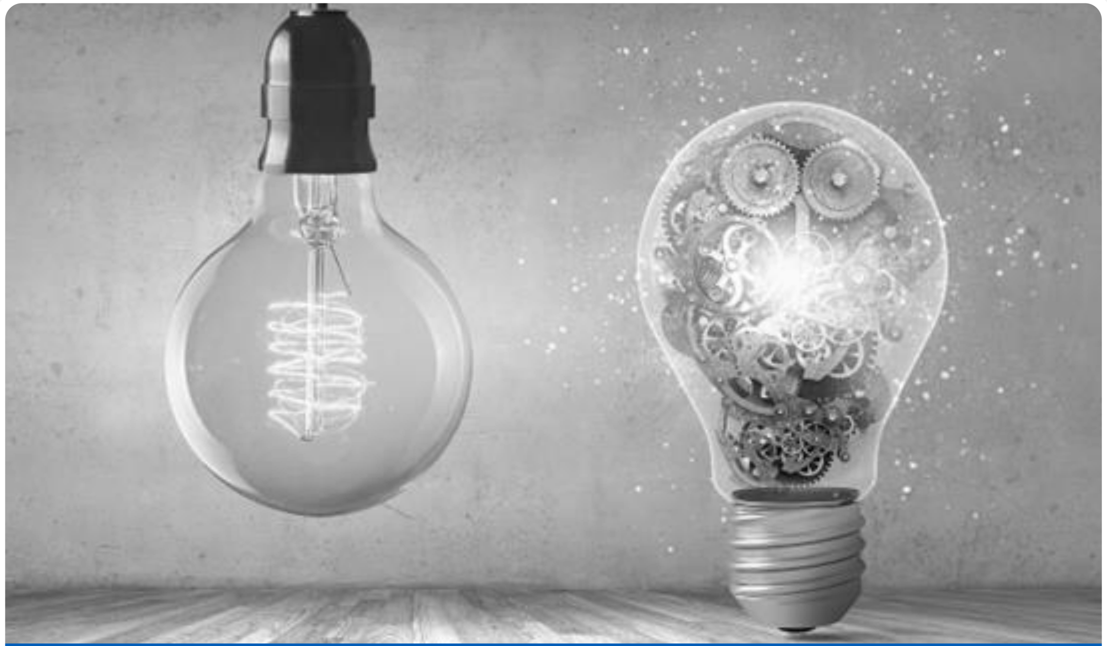
2024

Conflicting

Behavior

Paradox

What to expect heading into 2025?



'New' Behaviors or Attitudes?

Look at Existing 'Pieces' in a New Way

Four economic scenarios

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

Deloitte.

Soft landing accomplished?

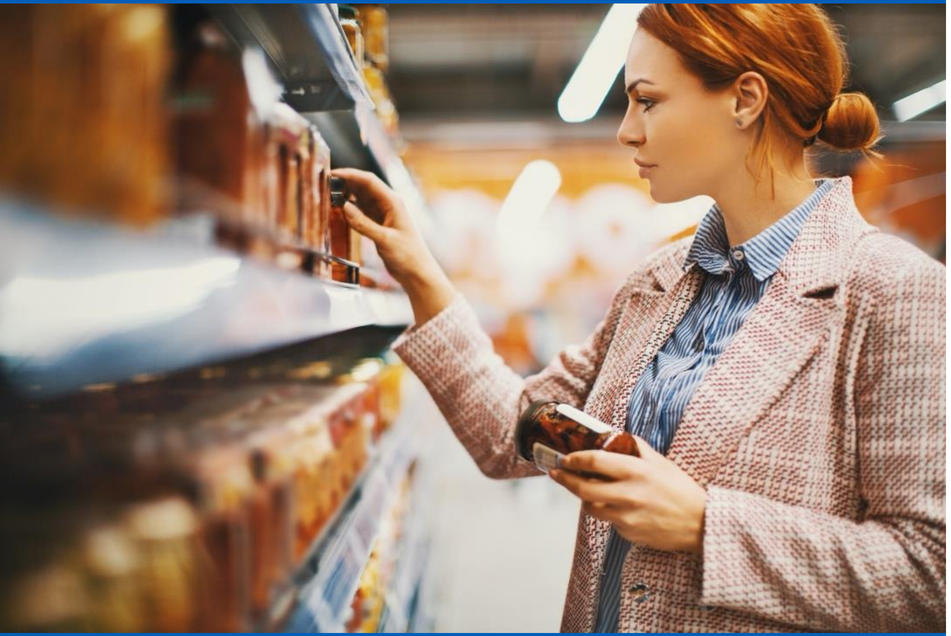
* Quarterly at seasonally adjusted annual rates

Sources: U.S. Bureau of Economic Analysis, U.S. BLS via STATISTA

Solid macroeconomic stats

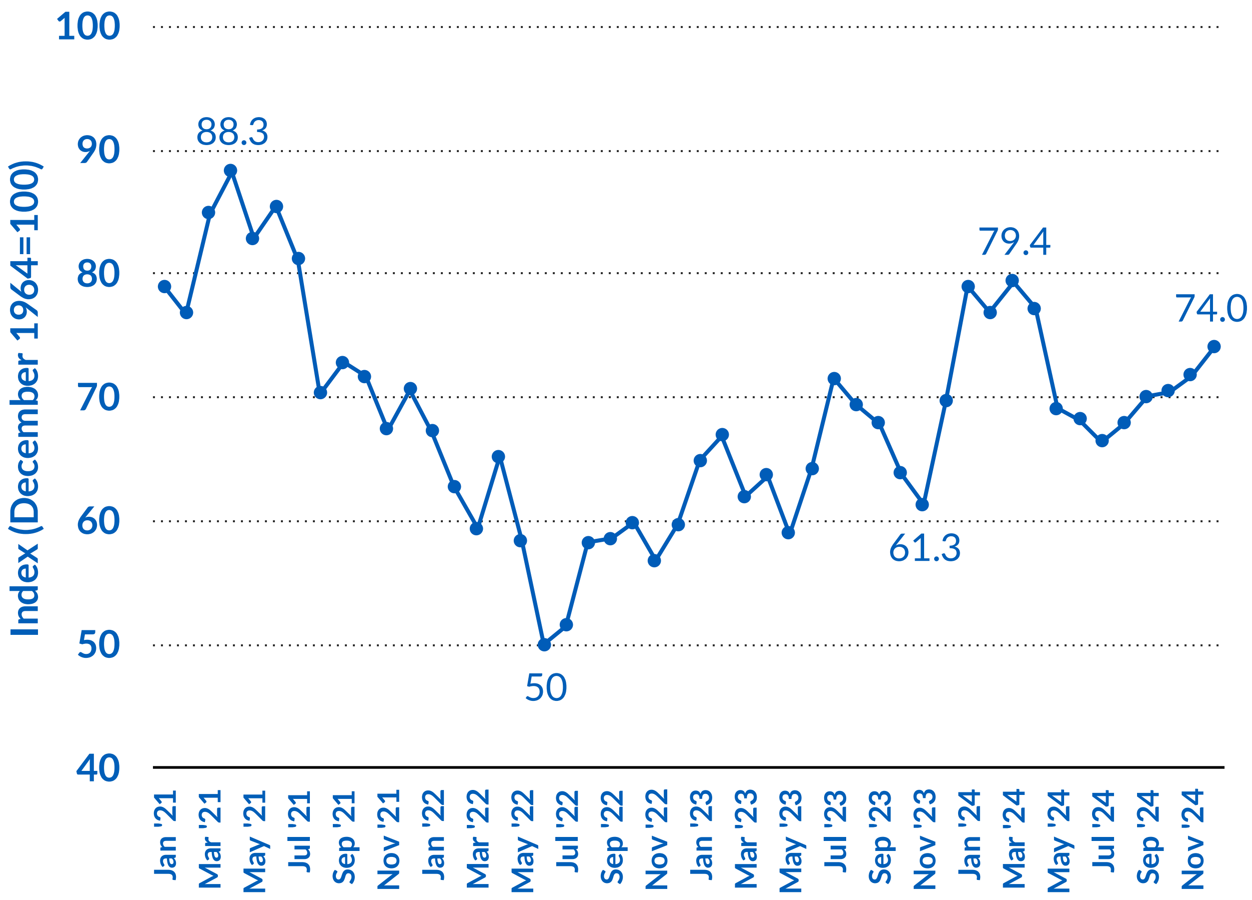
- Solid GDP growth over the past two years; + 2.8 % in Q3 2024
- Unemployment steady at around 4%
- Inflation approaching +2% target of Federal Reserve

Mixed mindset



‘Challenged’
but
‘Willing’

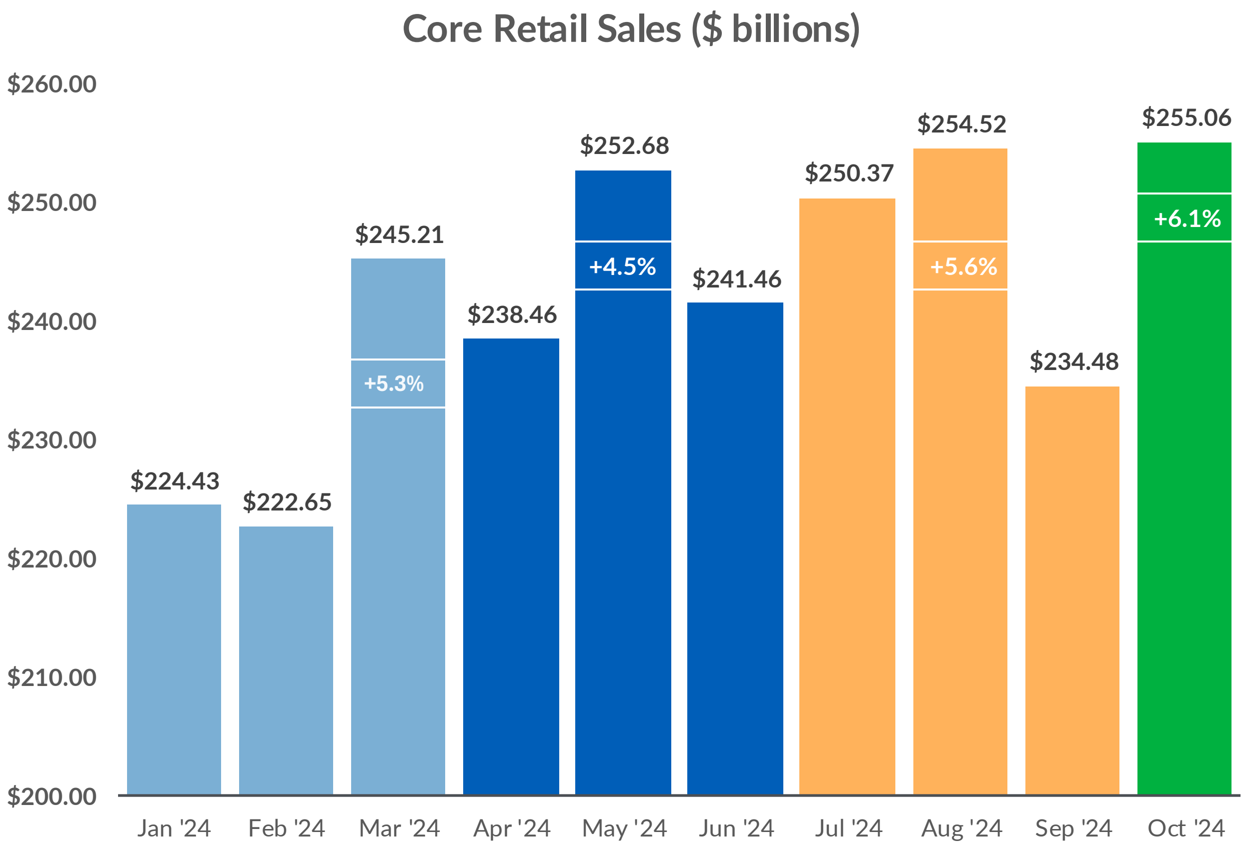
U.S. Consumer Sentiment Index 2021-2024



Source: University of Michigan (Institute for Social Research)

- Aug-Oct 2024 total sales up 2.3% over 2023
- NRF forecasts FY 2024 growth between 2.5% and 3.5%
- Non-store retailers up 7.0% in Oct '24
- Food services & drinking places +4.3% in Oct '24

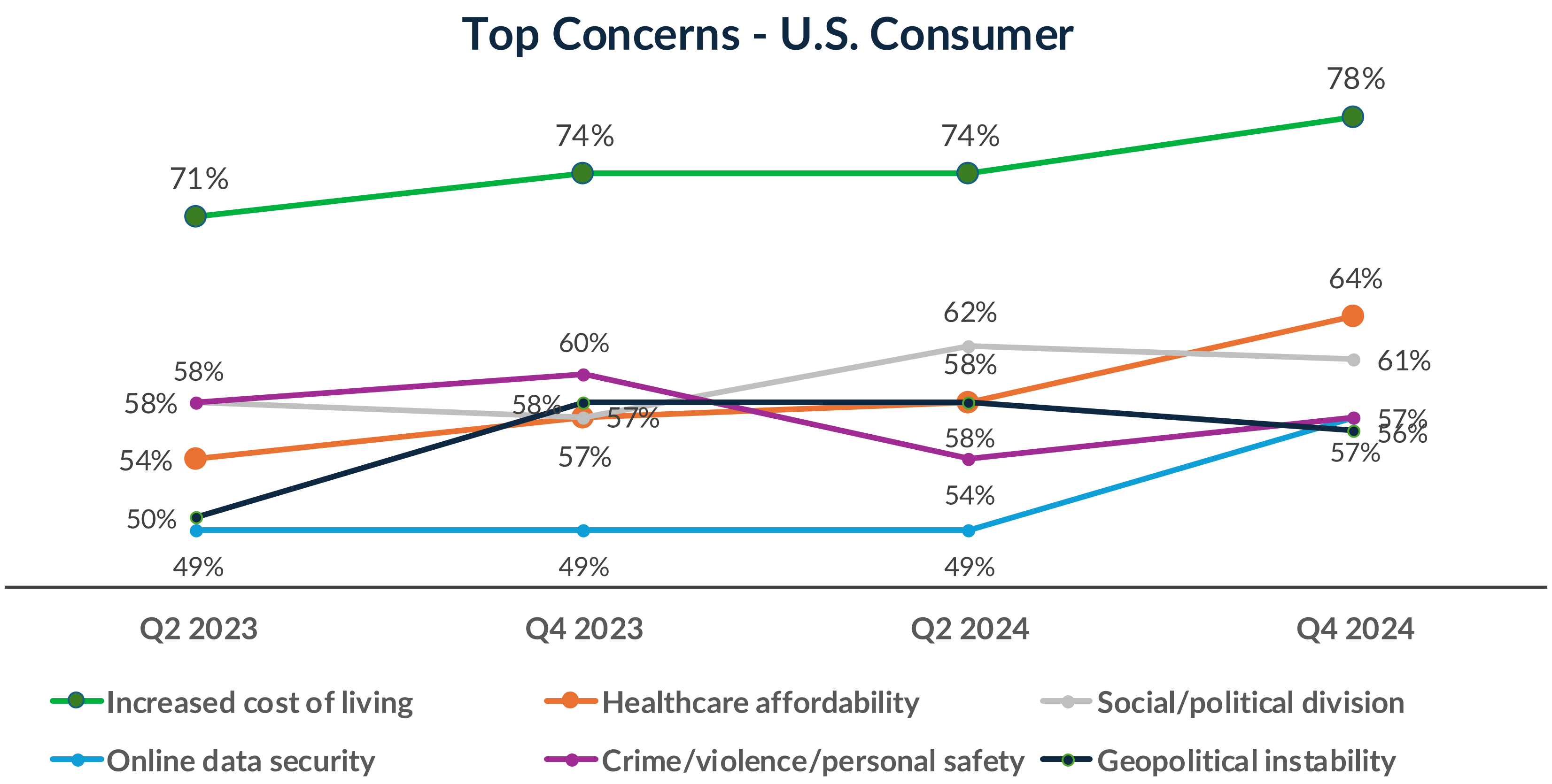
Steady consumer spending



Sources: Retail Dive calculations of Census Bureau Retail & Food Service sales; US Census and NRF

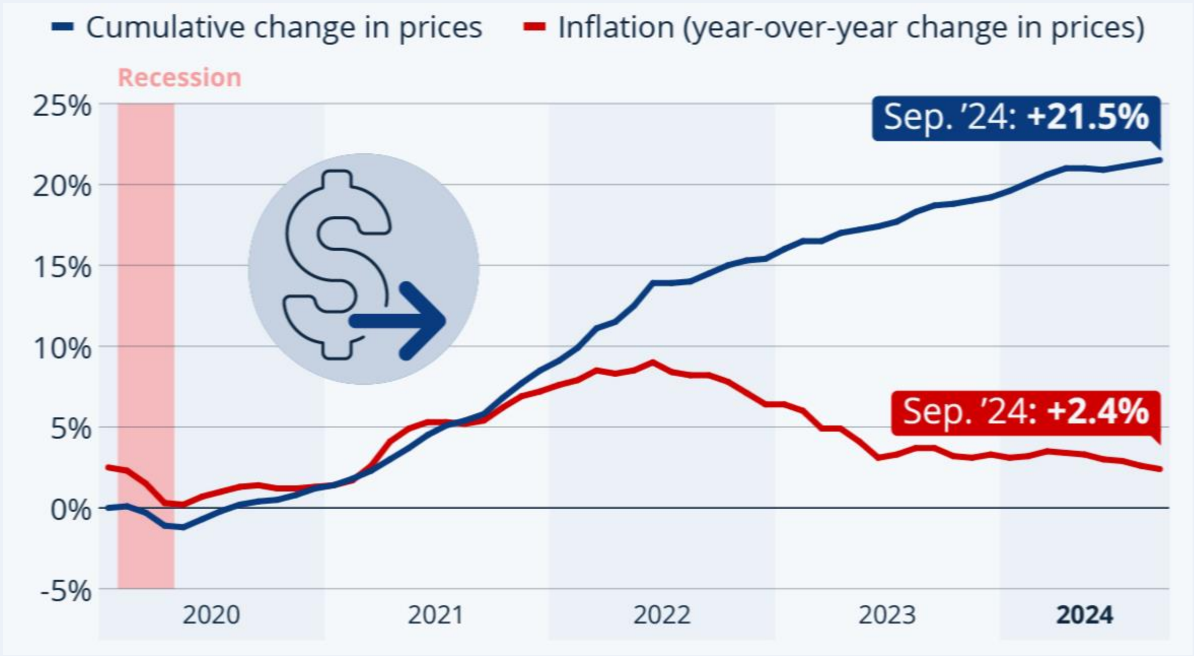
What's keeping consumers up at night?

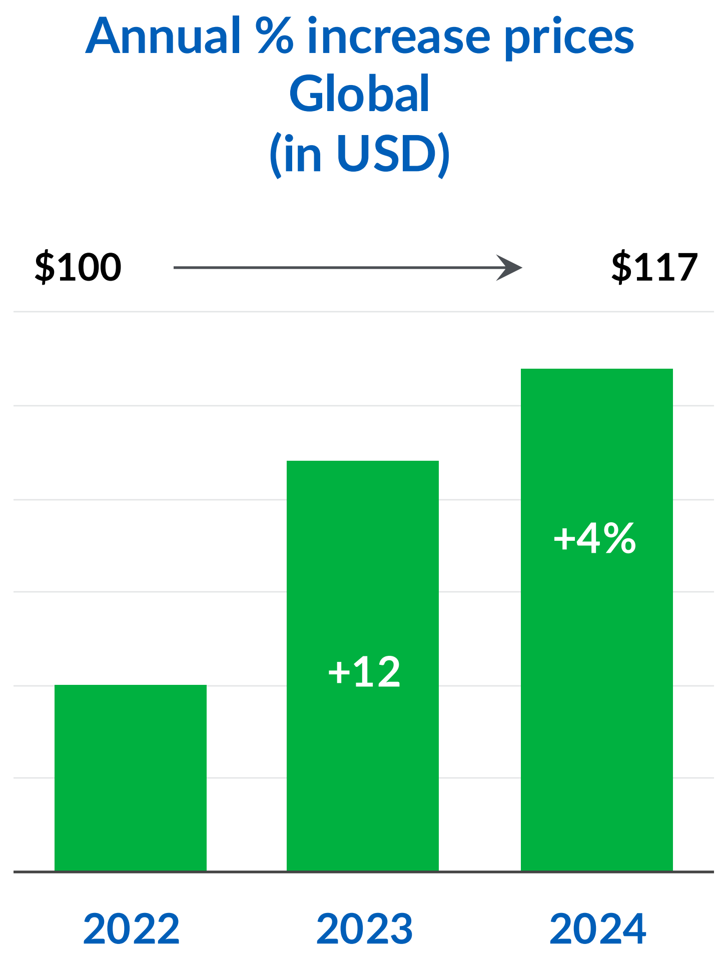
Concerns Top The Charts



Source: Gartner Consumer Omnibus Survey Q2 2023 – Q2 2024/ Gartner Cultural Attitudes and Behavior Survey 2024

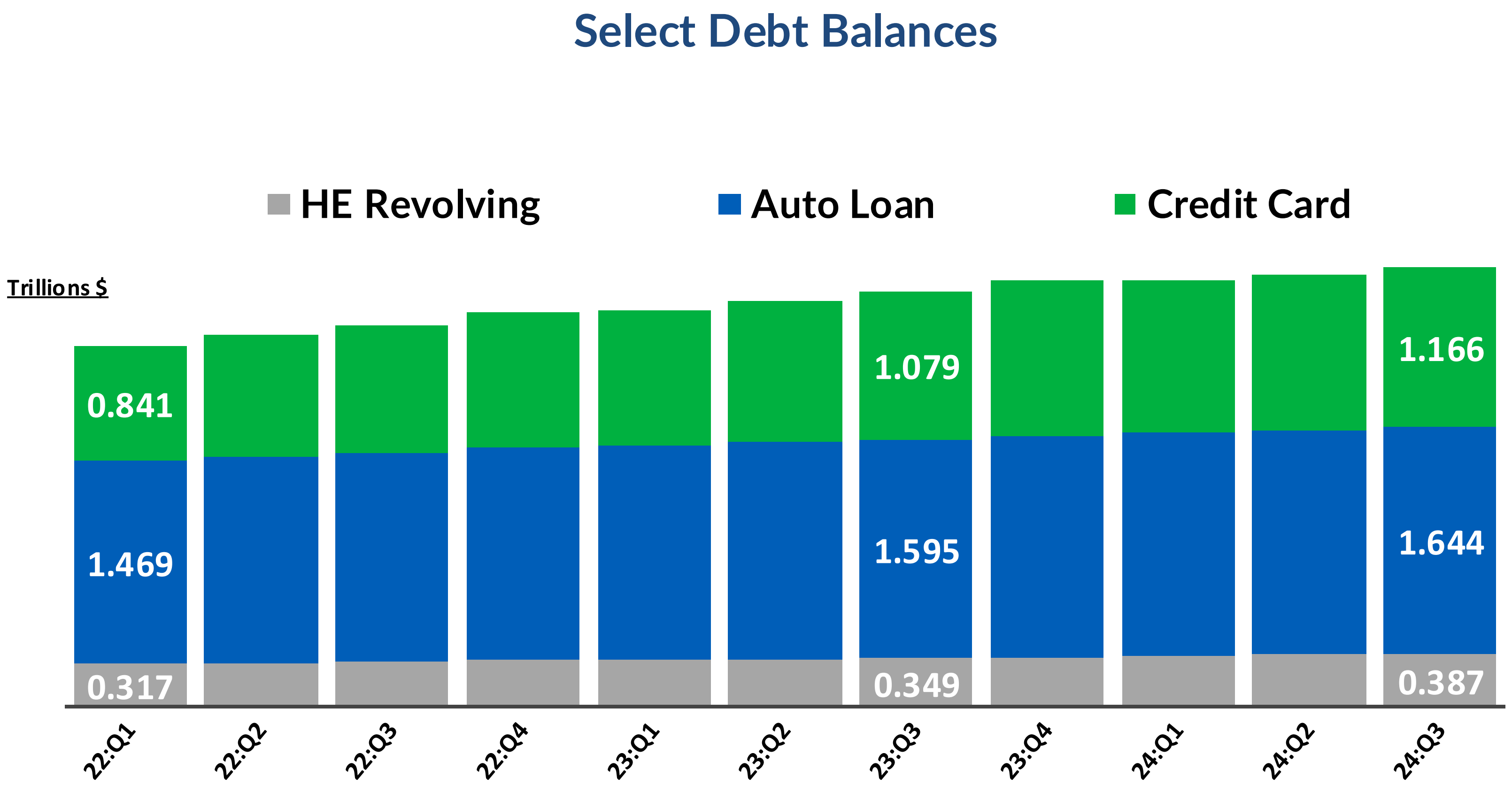
Inflation may be lower . . . but HIGH prices remain





Sources: US Bureau of Labor Statistics; NIQ2024 Mid-Year Consumer Outlook

Spending 'financed' largely by adding debt

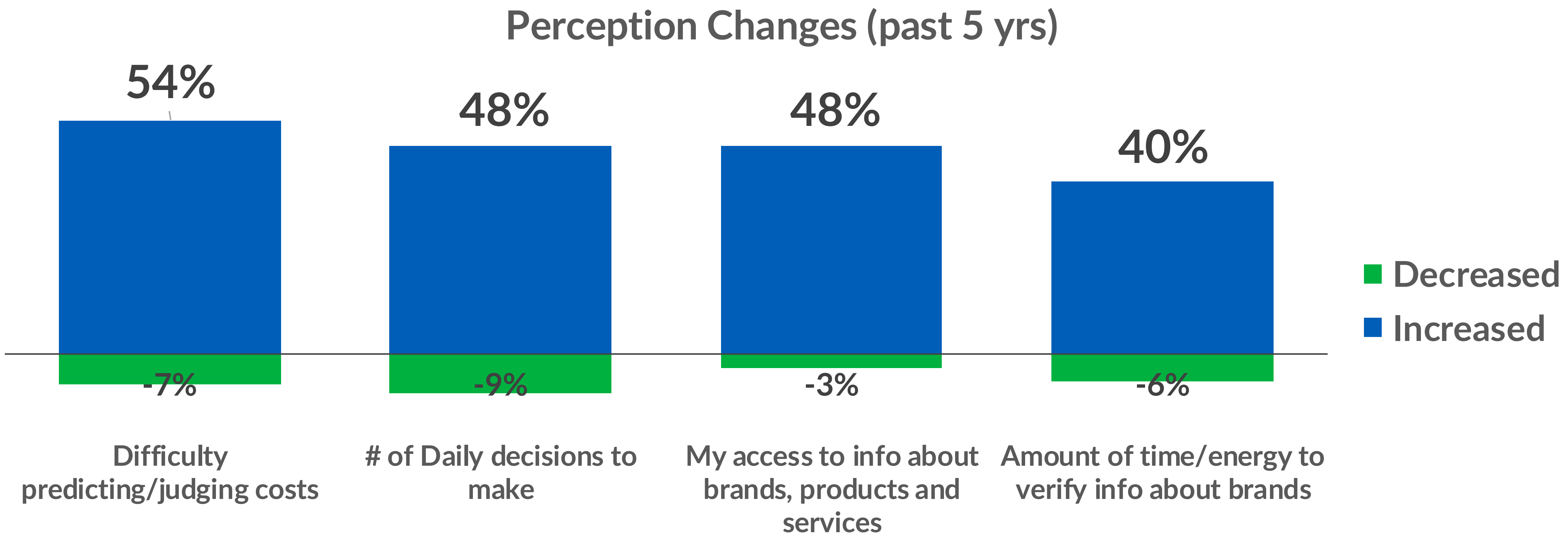


Credit card debt UP $87 billion Y-o-Y (+8% jump)

Source: New York Fed Consumer Credit Panel/Equifax

Inflation's on-going 'wake-effect'

Decision making has become more-difficult



Source: 2024 Gartner Consumer Cultural Attitudes and Behaviors Survey

Purchase 'decisioning' continues to evolve

'Splurging' AND
'Trading down'

Prioritized
'Value'

Discount means more than 'price'

Affordable + *NEW* — 67%

Likely to change or try a new brand with lower price

Affordable + *Sustainable* — 70%

Purchase a product that is energy efficient or lower cost to run

64%

Would purchase a product that has innovated to make it as affordable as possible

Would purchase a product that has innovated to make it as affordable as possible

Affordable + *Healthy* — 67%

Switch to a cheaper medicinal alternative of equal quality

Affordable + *Homemade* — 45%

Use natural ingredients or food products as substitutes

Source: Nielsen IQ2024 Mid-Year Consumer Outlook

PRICE
remains the foundation of decisions, but consumers are open to

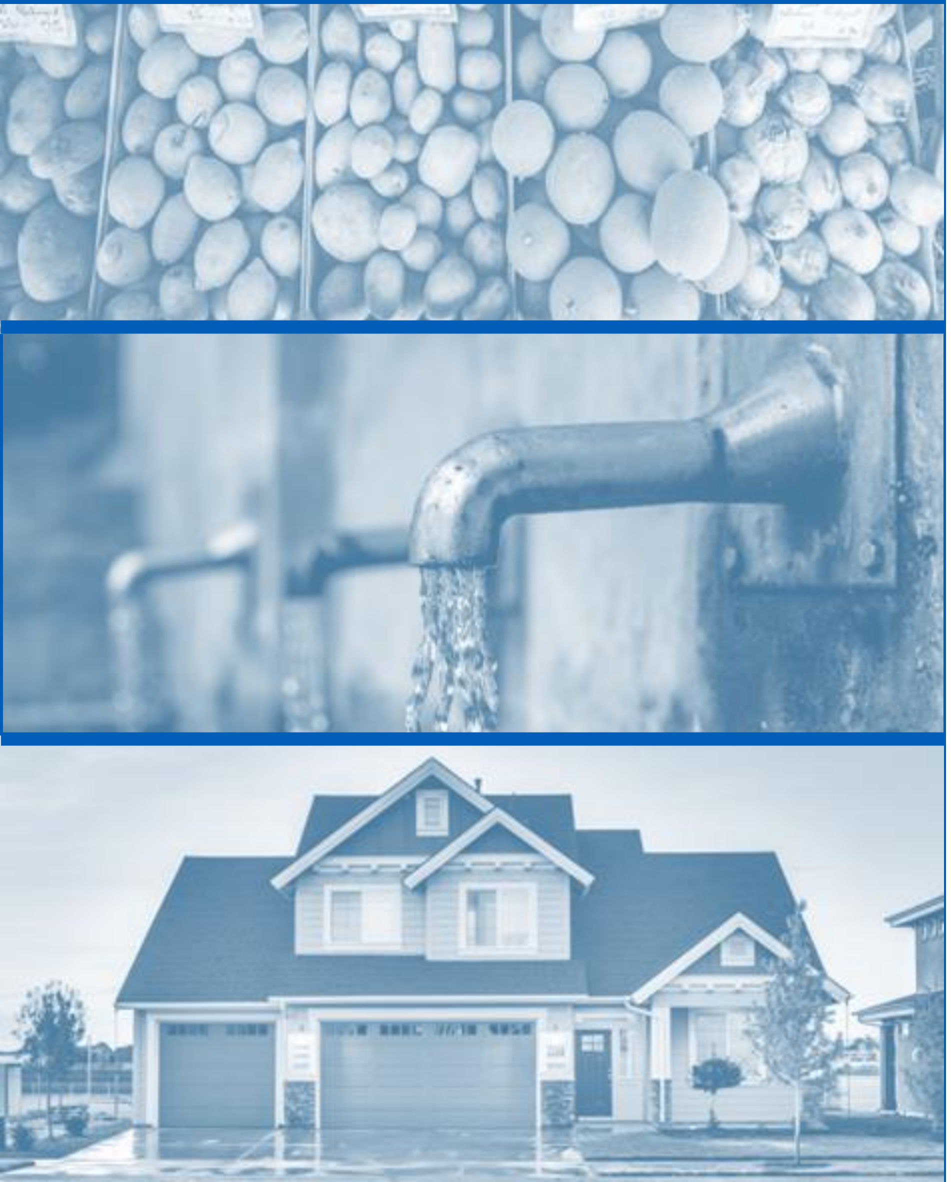
HYBRID
approaches to getting value for their money

Consumers continue to think 'broadly' & 'emotionally'

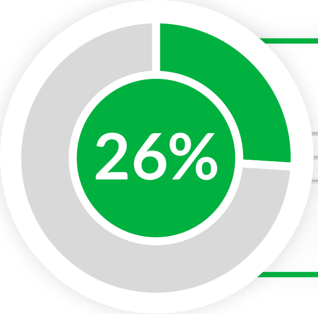
Business-defined
CATEGORIES

Consumer-defined
WANTS / NEEDS

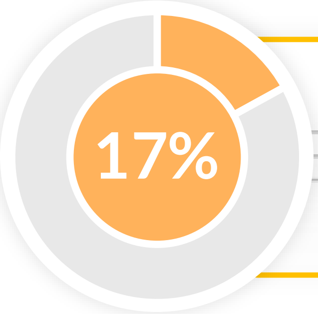
Traditional needs



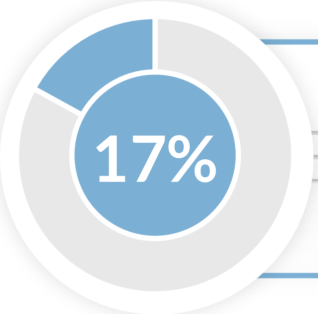
'Needs' now defined by individuals



of consumers say their annual VACATION is a must-have

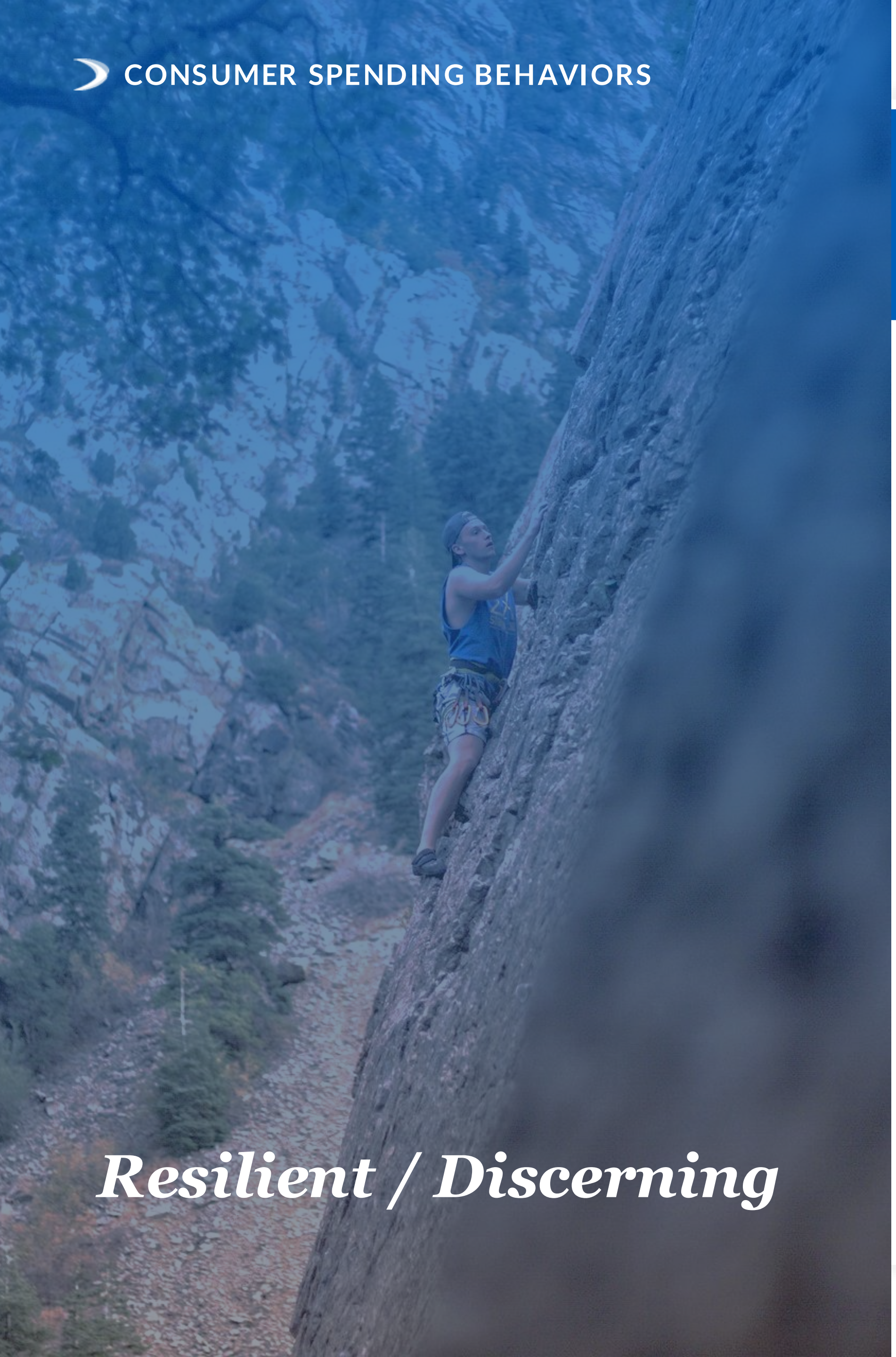


of consumers view ENTERTAINMENT activities as a must each week



of consumers say their go-to SNACKS are a necessity on their grocery list

Source: Kearney, May2024 Analyzing consumer spending behavior



Resilient / Discerning

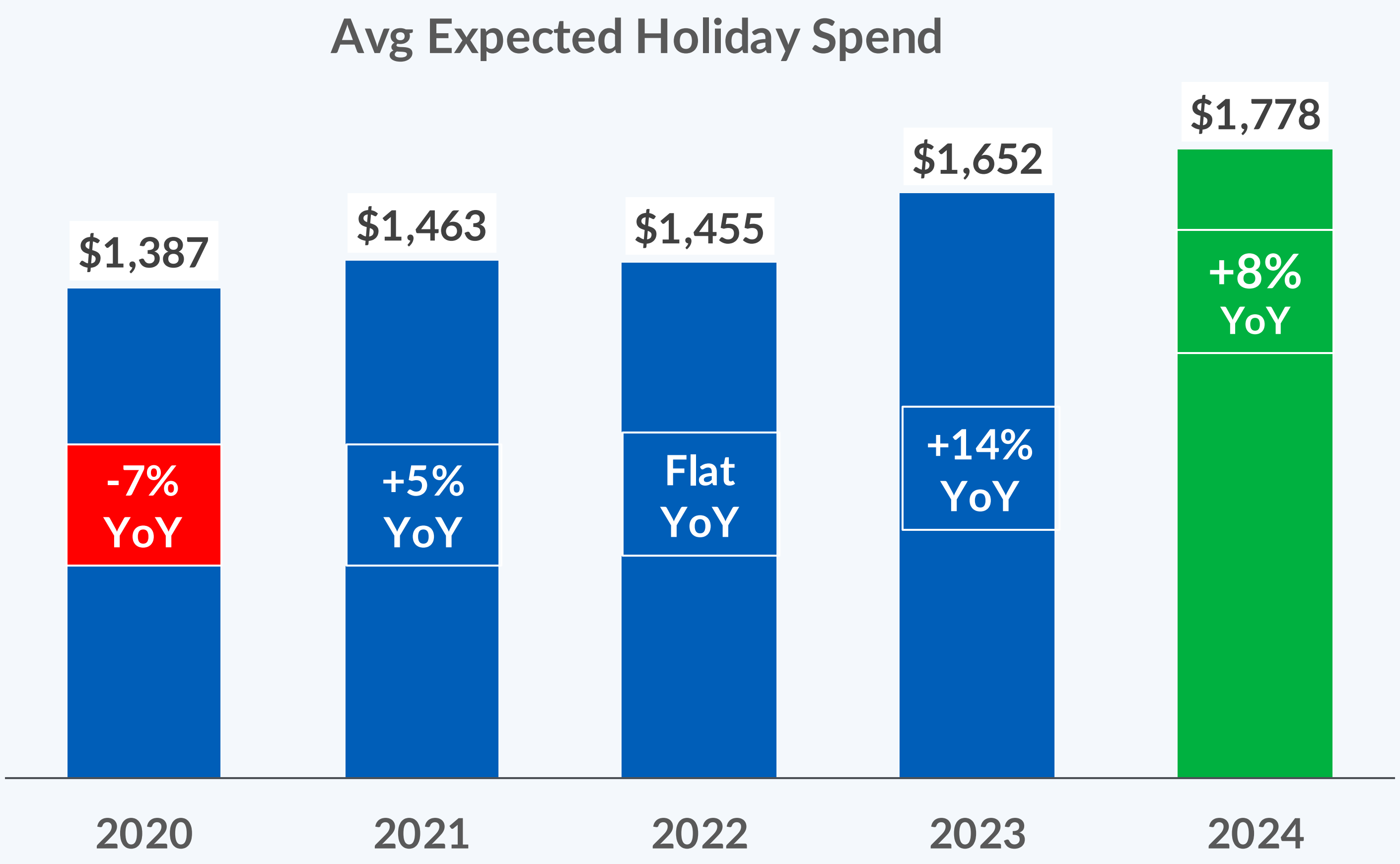
Key Takeaways

‘Wiser wallets’ / ‘Prudent Purses’

- Connect the priorities of your target audience to your value proposition to demonstrate credible value
- Prioritize the fundamentals of the consumer-brand relationship
- Demonstrate the same loyalty you expect from your customers
- Stick with it – frequent changes in advertising can confuse consumers and devalue a brand’s message

Holiday Spending

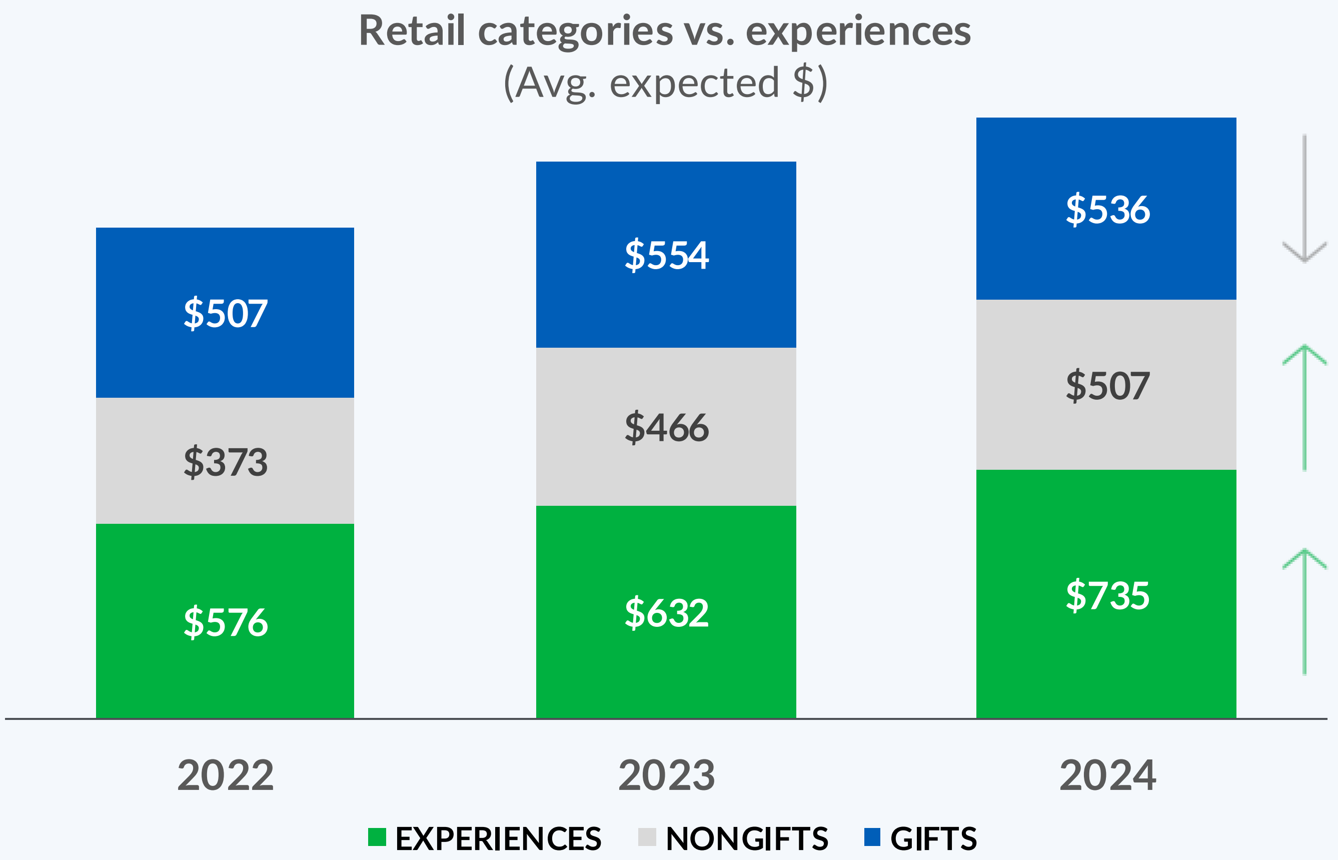
Overall outlook – 'Merry & bright'



- Optimism and experiences to drive holiday spend
- More than 4 in 10 (43%) expect the economy to improve in 2025
- 7 in 10 are baking in higher retail prices
- 75% plan to shop during at least one major promotional event

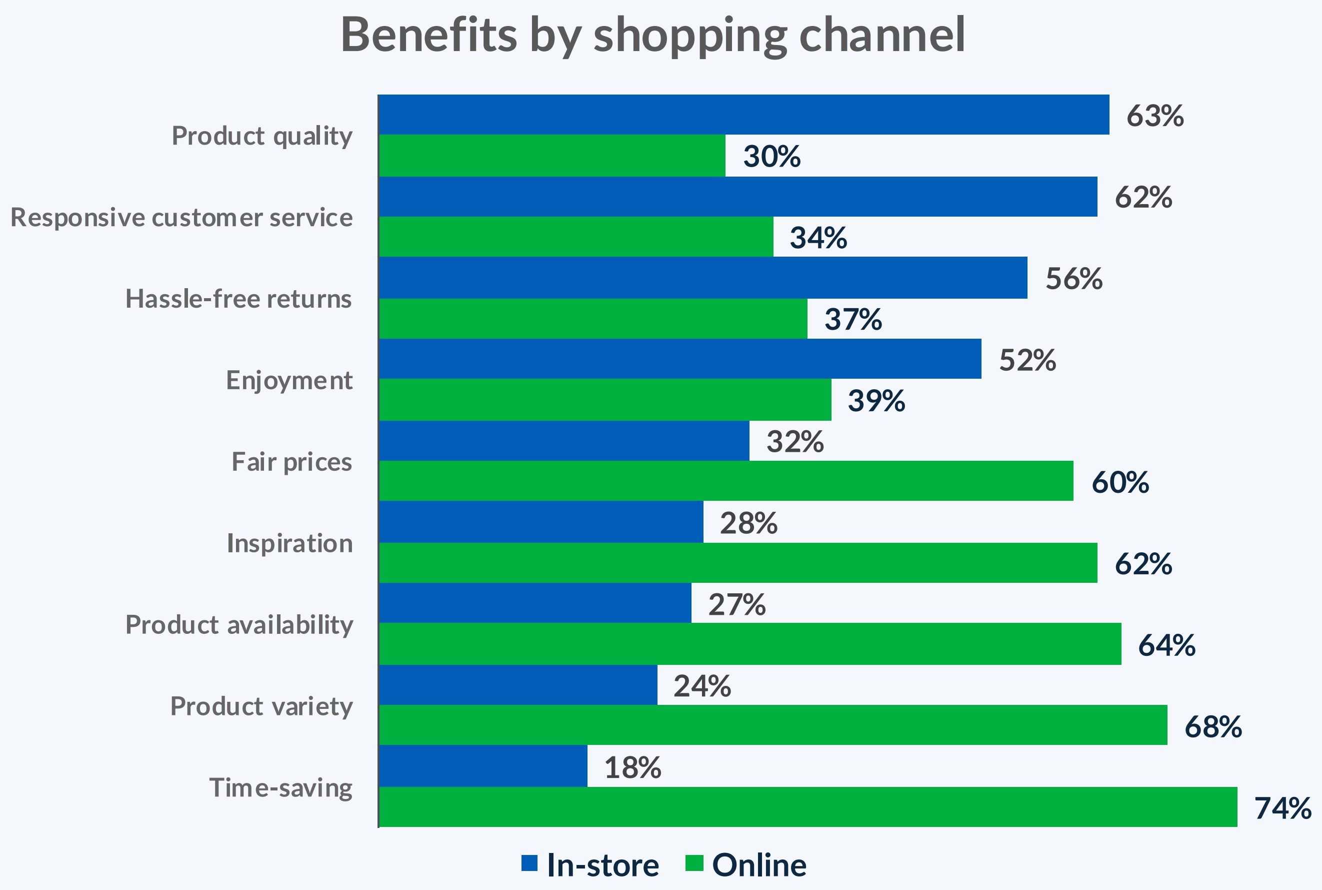
Source: Deloitte, 2024 Holiday Retail Survey

Experiences trump Gifts in '24



Source: Deloitte, 2024 Holiday Retail Survey

Shopping channel 'surfing' the norm



Source: Deloitte, 2024 Holiday Rxetail Survey

Vs.

In-store wins on . . .

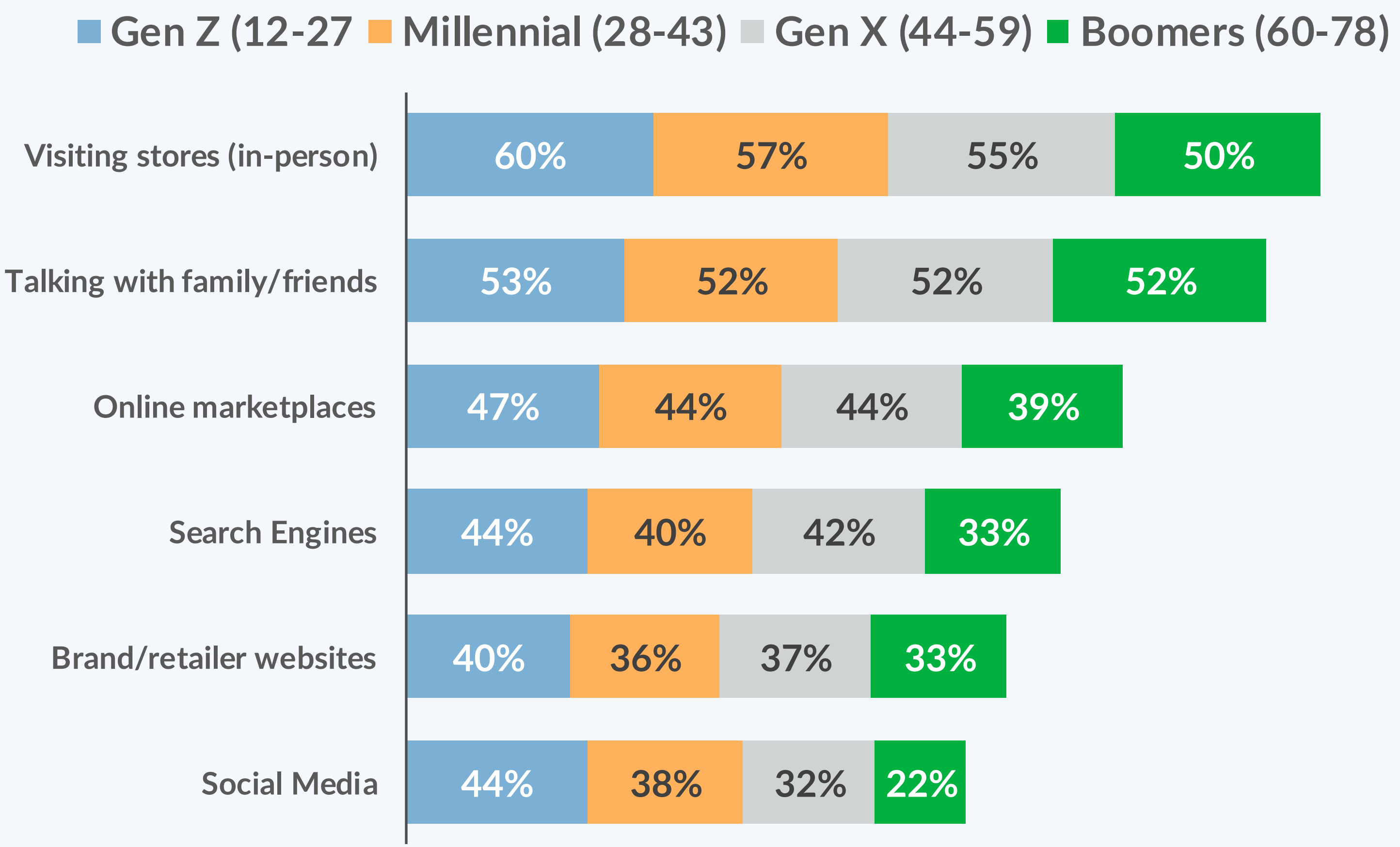
QUALITY & OVERALL EXPERIENCE

Online exceeds on . . .

PRICING, AVAILABILITY & CONVENIENCE

13% plan to buy gifts on SOCIAL MEDIA

Shopping channel 'surfing' differences by generation

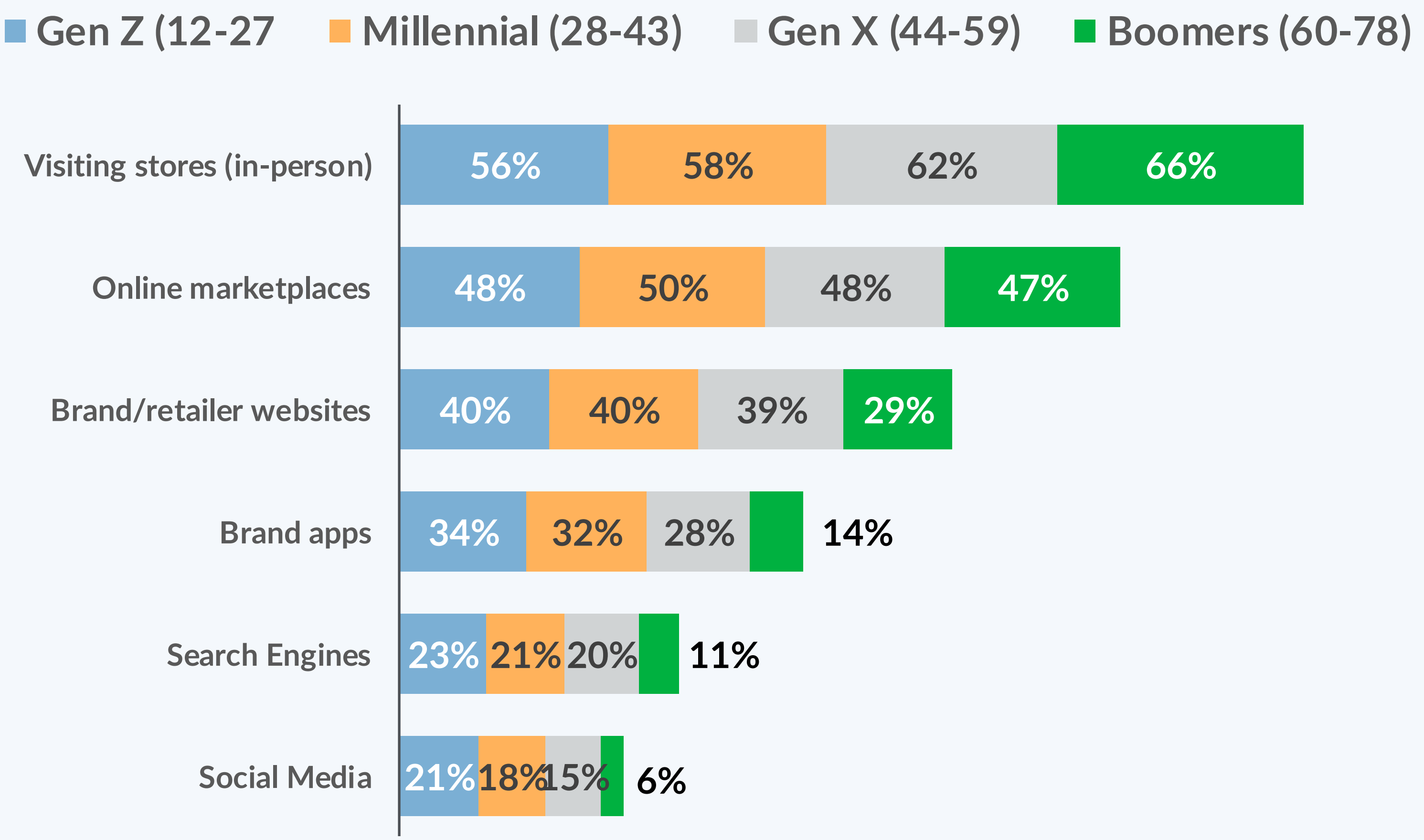


'DISCOVERING'

- Visiting stores is the top channel across all
- WOM is still key
- Search & Social higher among younger groups

Source: PwC Holiday Outlook 2024

Shopping channel 'surfing' differences by generation



'PURCHASING'

- Search & Social DROP noticeable for all
- Brand/retailer apps used extensively by younger generations
- Search & Social higher among younger groups

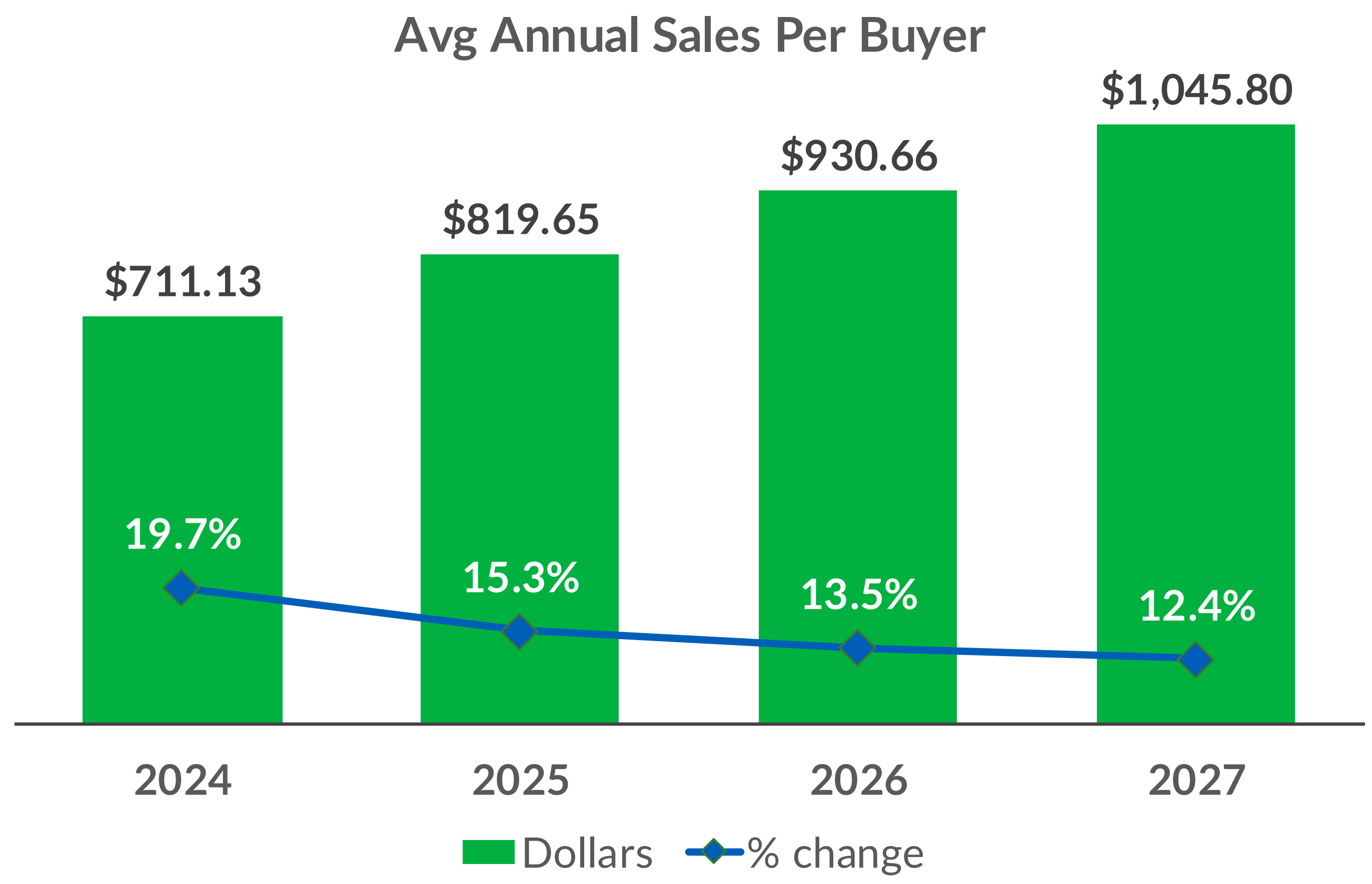
Source: PwC Holiday Outlook 2024

Further expansion of 'always shopping' trend

In-Store	Livestreaming
Online	Subscription
Social	RMNs

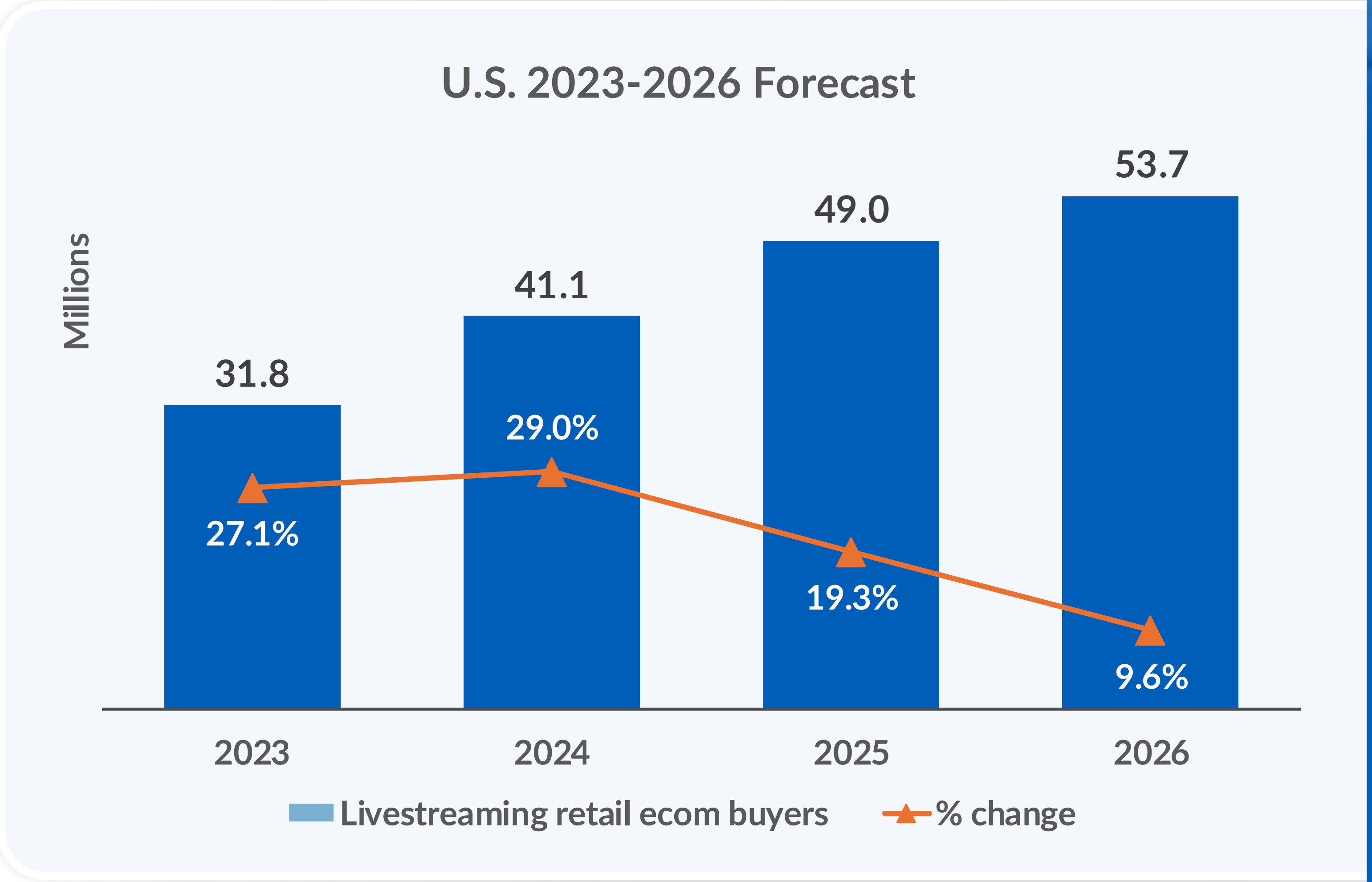
Social commerce – expected growth

- Total sales forecast to reach $71.6 billion in 2024
- Annual growth between 16-20% through 2028
- # of social commerce buyers in 2024 to top 100 million
- 46% of social network users making a purchase in ‘24
- Social commerce penetration up to 35% of total U.S. Population

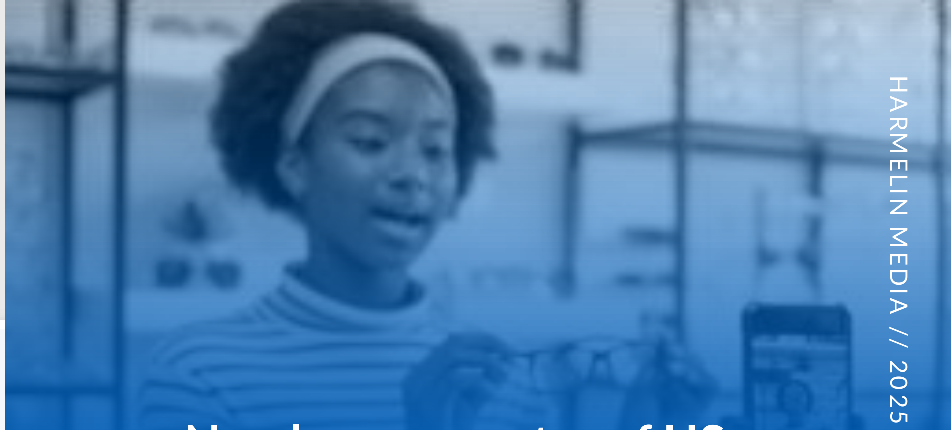


Source: eMarketer, October 2024

Livestreaming retail ecommerce buyers



Sources: eMarketer, October 2024; Bizrate Insights August 2024



- Nearly one-quarter of US Adults made a purchase through a social platform (TikTok, YouTube, etc.)
  - **43% of 18-34 yr olds**

- 10% made purchase on livestream on a shopping website
- 12% through a connected TV platform (Peacock, Roku, Prime Video, etc.)
  - **20% of 18-34 yr olds**

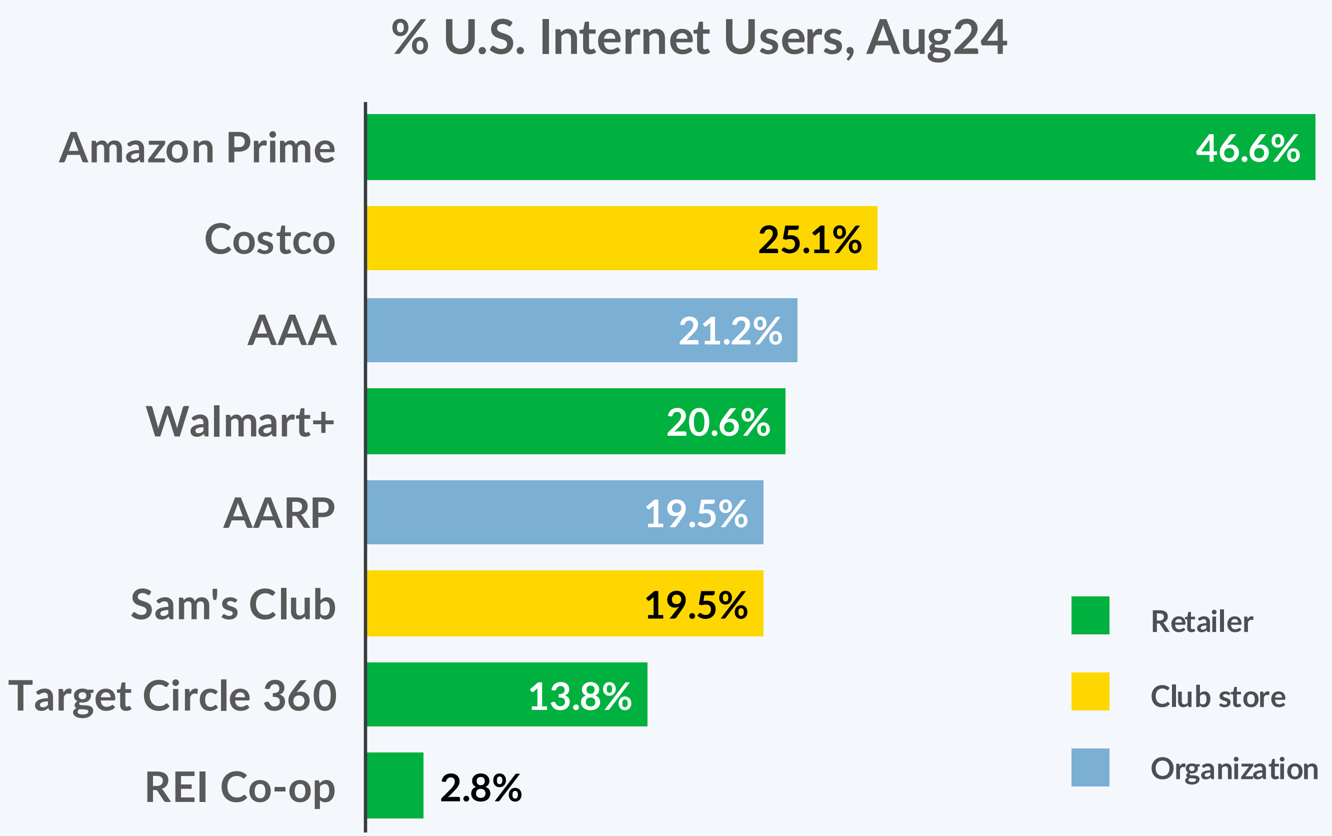
Amazon still dominant player in membership space

Strong growth by other retailers / companies

- Costco +15% in 2024; 56 million members
- Walmart+ forecast to grow +12% in 2024; 32 million

Retail Membership revenues estimated at $37.3 billion

Retail Club Memberships



Sources: eMarketer citing comScore, August 2024; eMarketer forecasts

Raised expectations extend well-beyond channel options

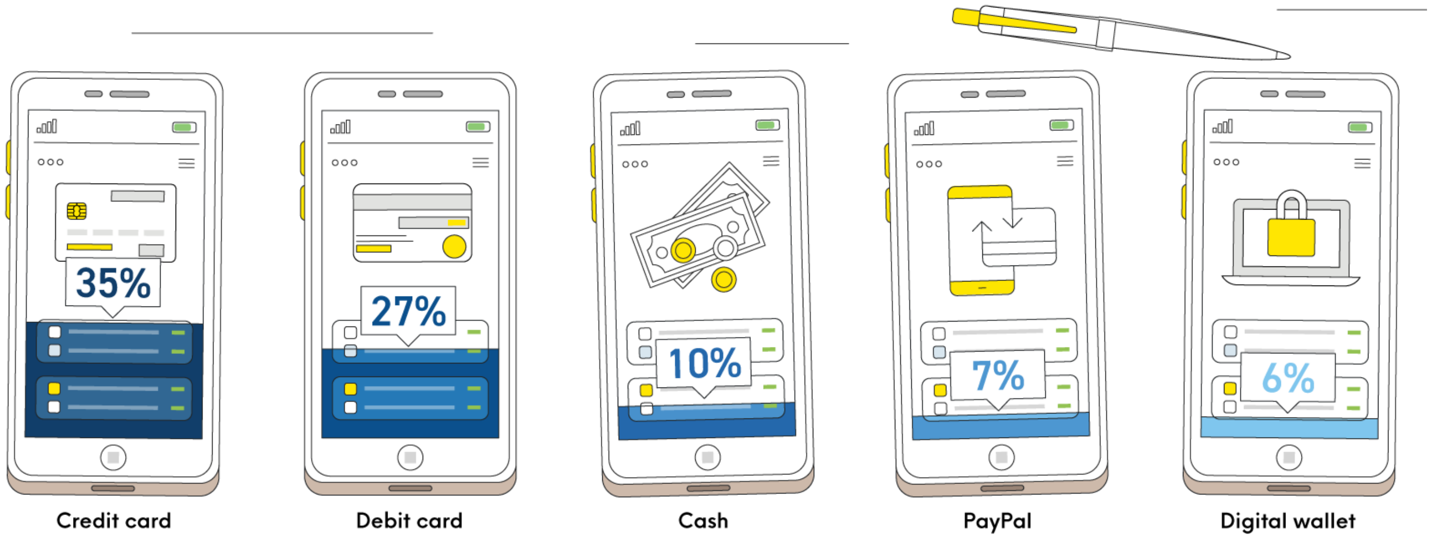
PAYMENTS & DELIVERY

AUTHENTICITY & TRUST

SERVICE & EXPERIENCE

Preferred payment options

#1 ranked option among card owners, % of consumers 2024

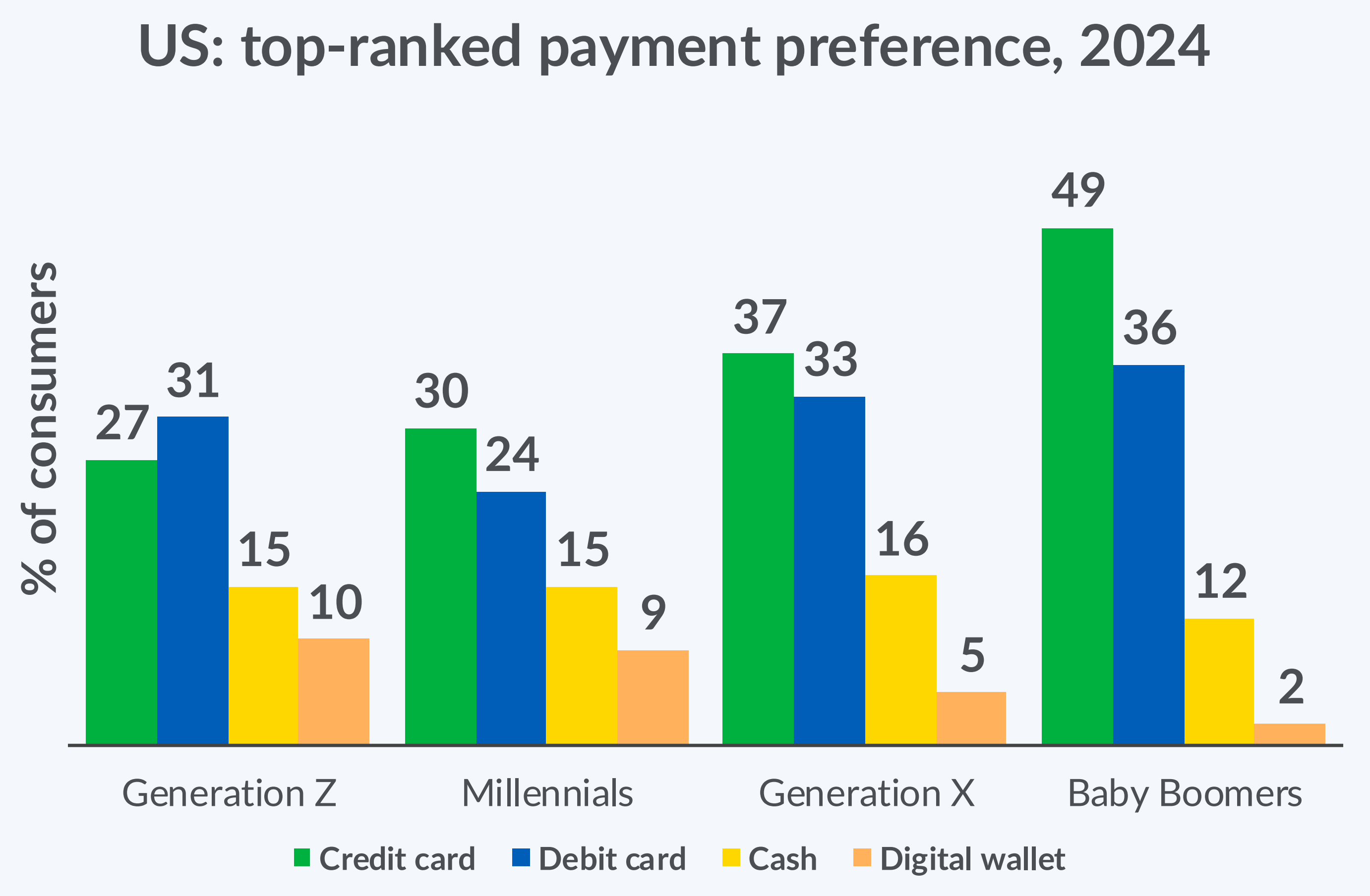


Source: Kantar Profiles/Mintel Payment Preferences Report, June 2024

- Credit still ‘tops’ among card owners
- 27% of consumers don’t own a credit card
- Debit cards usage far less-polarizing
- Digital wallets/P2P options have more-appeal with younger & Hispanic consumers

- Debit cards preferred by Gen Z, along with P2P options
- Debit cards also favored by African-American and Hispanic card holders
- More than 80% from ALL generations believe there will always be a need for cash

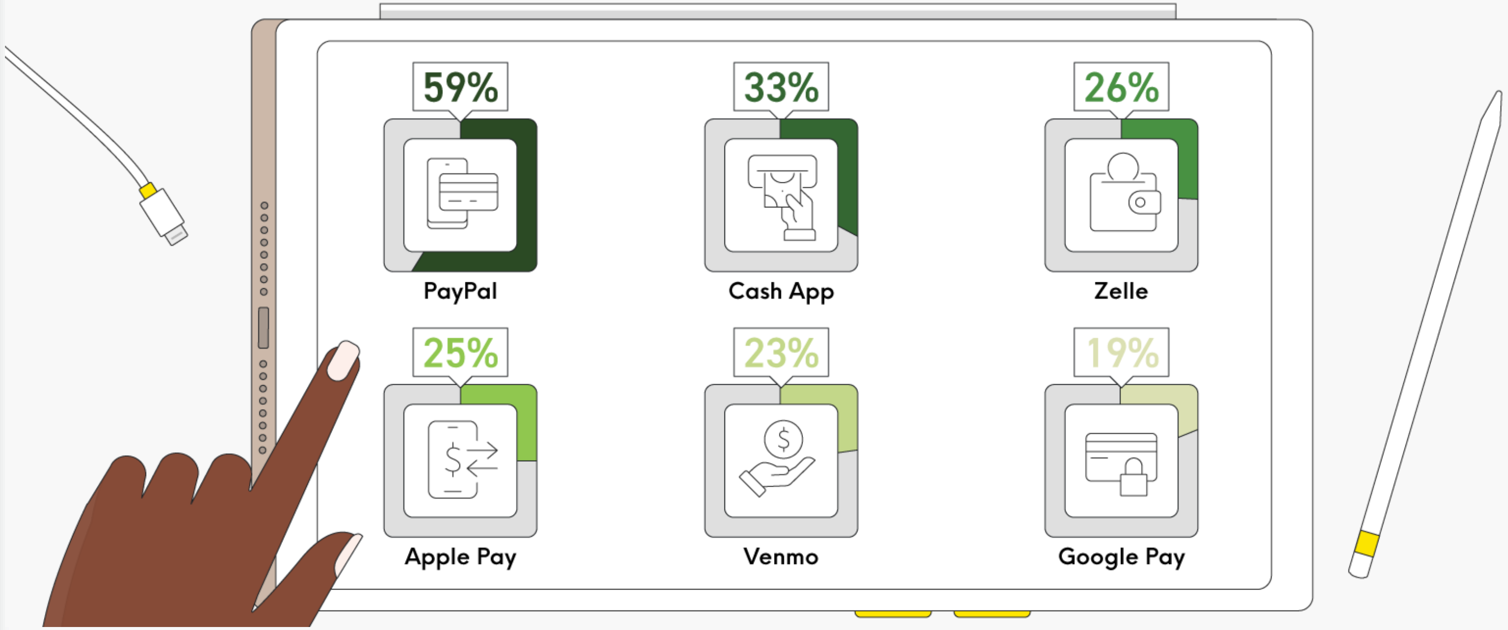
Preferences by generation



Source: Kantar Profiles/Mintel Payment Preferences Report, June 2024

Digital - P2P payment method usage

US: digital payment usage in the past year, % of respondents, 2024



PayPal remains #1

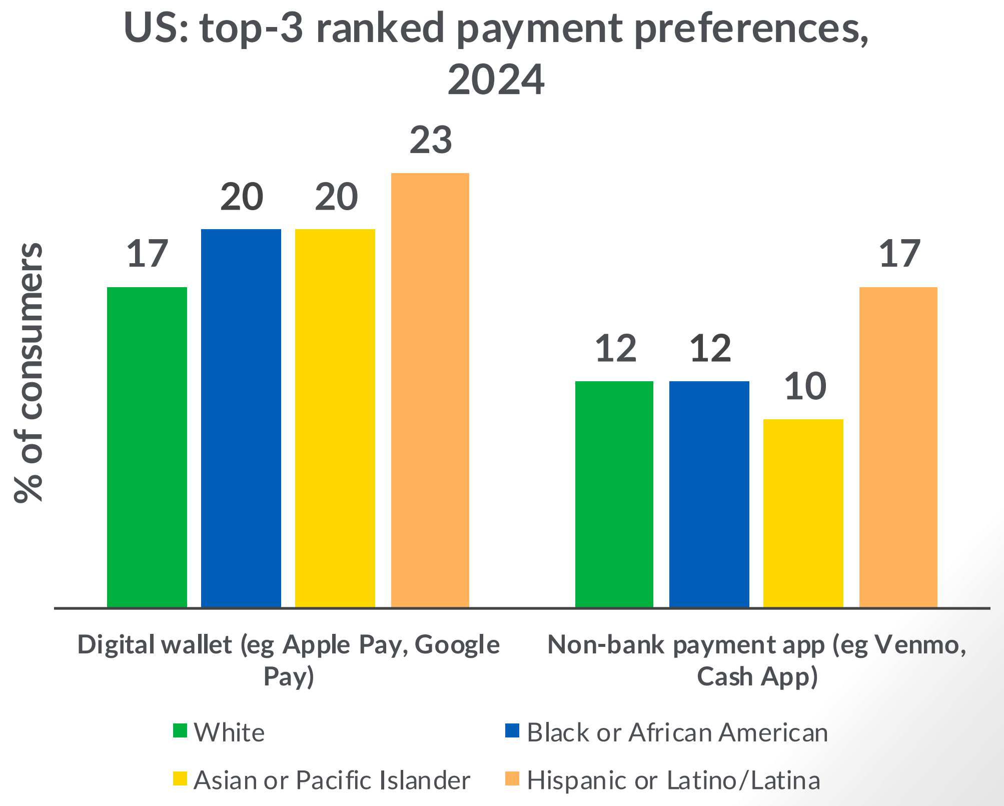
(more-trusted than many banks)

Cash App grows & strengthens position

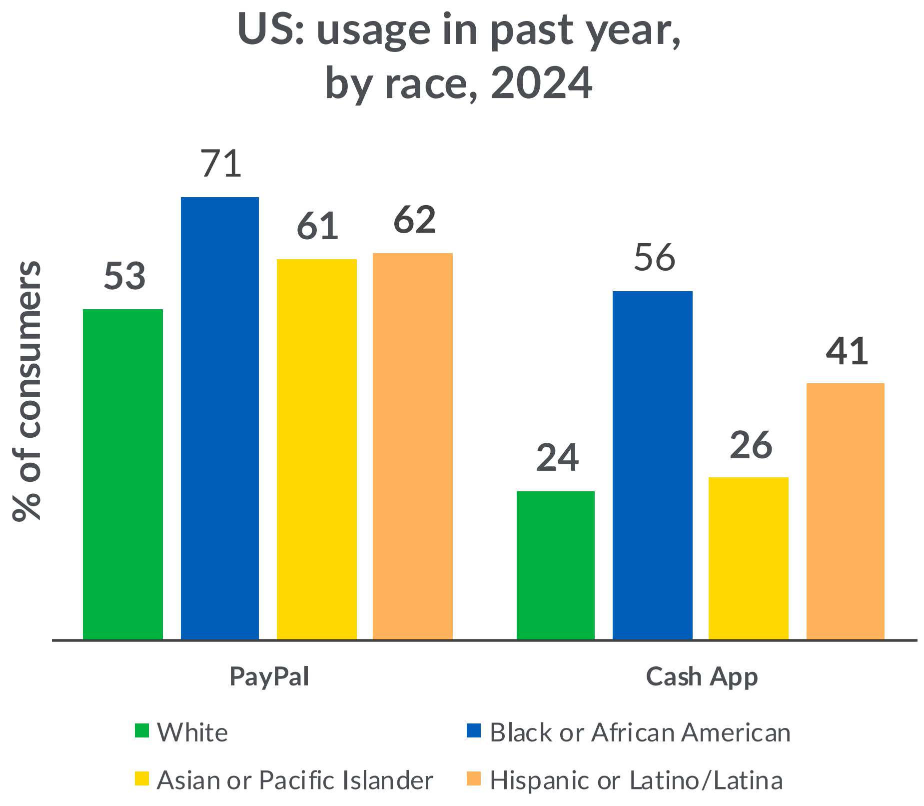
+12 pct points since 2021

Source: Kantar Profiles/Mintel Payment Preferences Report, June 2024

Usage by Race / Ethnicity

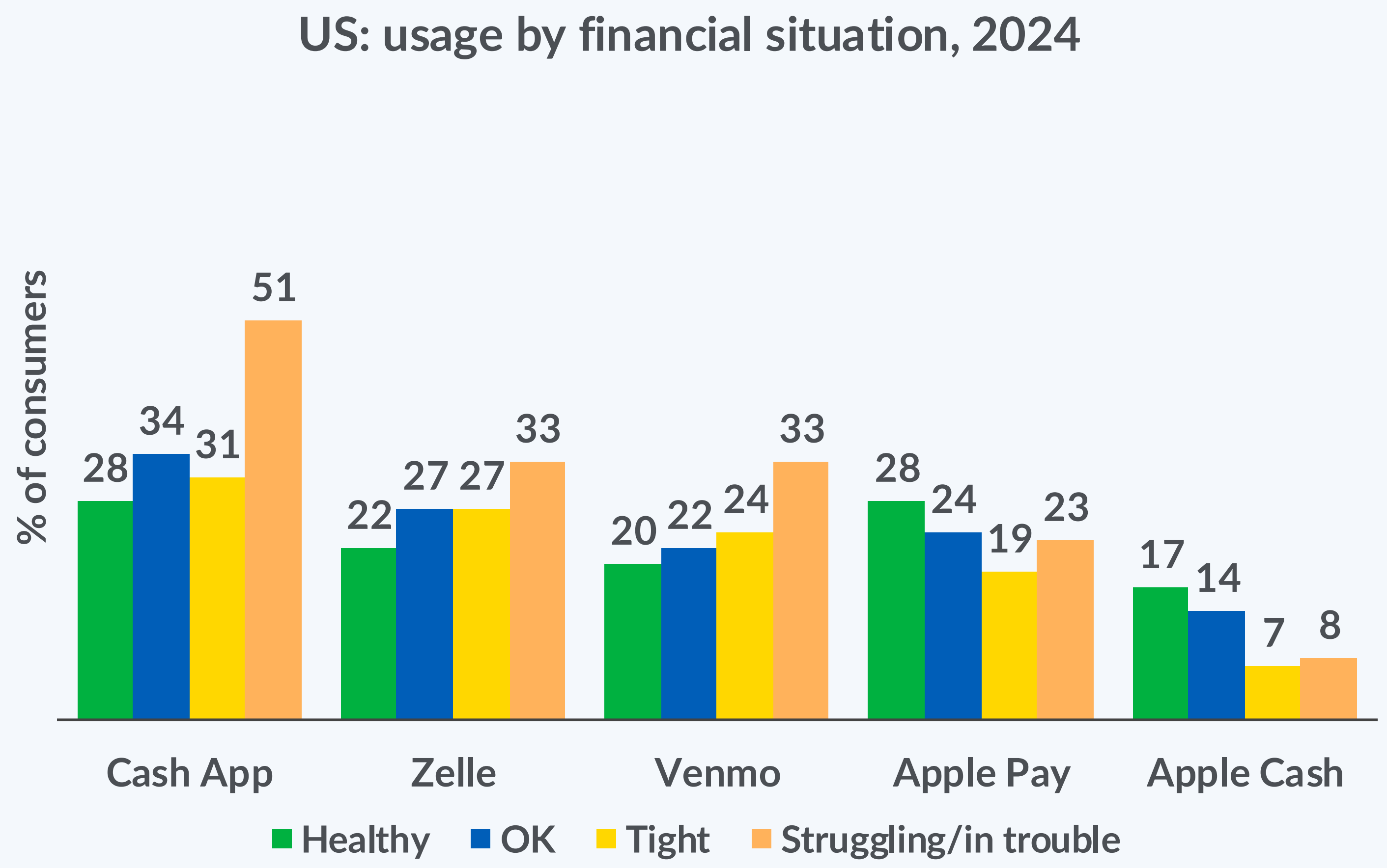


Top digital options (any use)



Source: Kantar Profiles/Mintel Payment Preferences Report, June 2024

Digital payment options



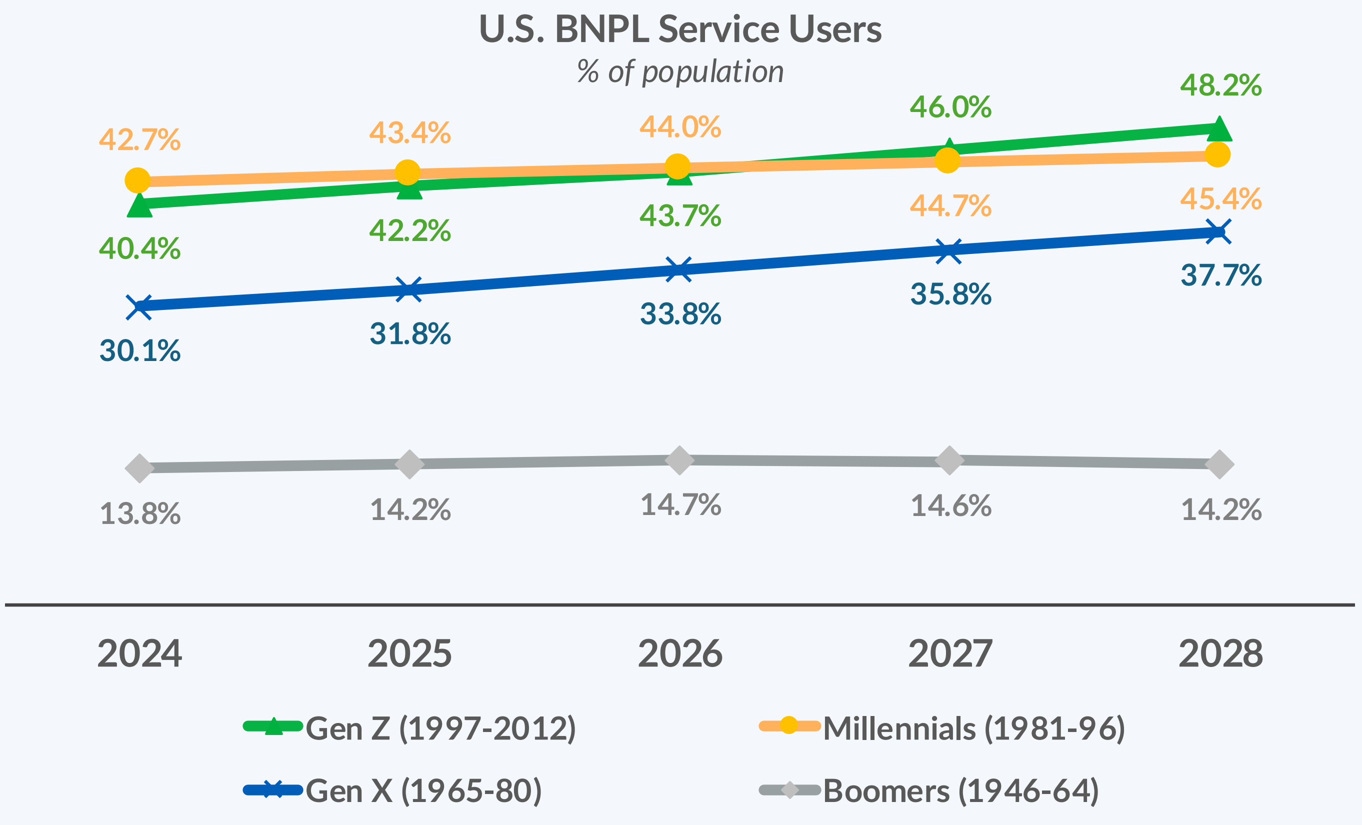
Source: Kantar Profiles/Mintel Payment Preferences Report, June 2024

- Several digital payment providers used by at least 1/3rd of consumers in tighter financial situations
- Apple's P2P options had high growth on a Y-o-Y basis, with notable appeal among more financially healthy subset
- Parents are prolific digital wallet and payment app users

Buy now, pay later

- BNPL growth is tapering, 6.9% in 2024 versus 17% in 2023
- Total BNPL users estimated at 91.5 million for 2025
- Current users making larger & more frequent purchases

Gen Z adoption driving user growth



Source: eMarketer forecasts, August 2024

Continued BNPL growth may be limited

Flexible Enough?

19%

agree that BNPL financing is more flexible than traditional payment methods

Provider Agnostic

15%

would prefer to use a BNPL service through their financial provider rather than a retailer

Want Options

59%

Of shoppers will abandon their cart if preferred payment method isn't available

Sources: Kantar Profiles/Mintel Payment Preferences Report, June 2024; PayPal 2024

Delivery - how quickly *and* conveniently *can I get it?*

Need for speed & convenience continue to grow

- More than **7 in 10** shoppers consider delivery speed to be crucial to making a purchase
- **SAME-DAY** delivery option is now an expectation of any ecommerce brand
- Over **HALF** of Gen Z and Millennials willing to pay *extra* for same-day delivery
- Nearly 3 out of every 4 consumers (74%) want **MULTIPLE** delivery options

Sources: Parcel.com article, Aug. 8th, 2024; Sifted.com, Delivery Preferences Survey June 2024

Additional delivery-related expectations

69% — I like when companies use sustainable packaging

63% — I would like to be able to schedule an exact day / time for delivery

57% — I would like to establish & receive tracking updates on my deliveries

32% — I expect my delivery to be made securely

Source: Mintel – Shipping, Delivery & Pick-up Report, 2023

Positive delivery experiences drive repeat sales

7 out of 10

consumers said that a good delivery or packaging experience has led them to

purchase again

from a brand

Sources: Sifted.com, Consumer Home Delivery Preferences Survey June 2024

Evolution of consumer attitudes on two 'Ps'

Personalization & Privacy

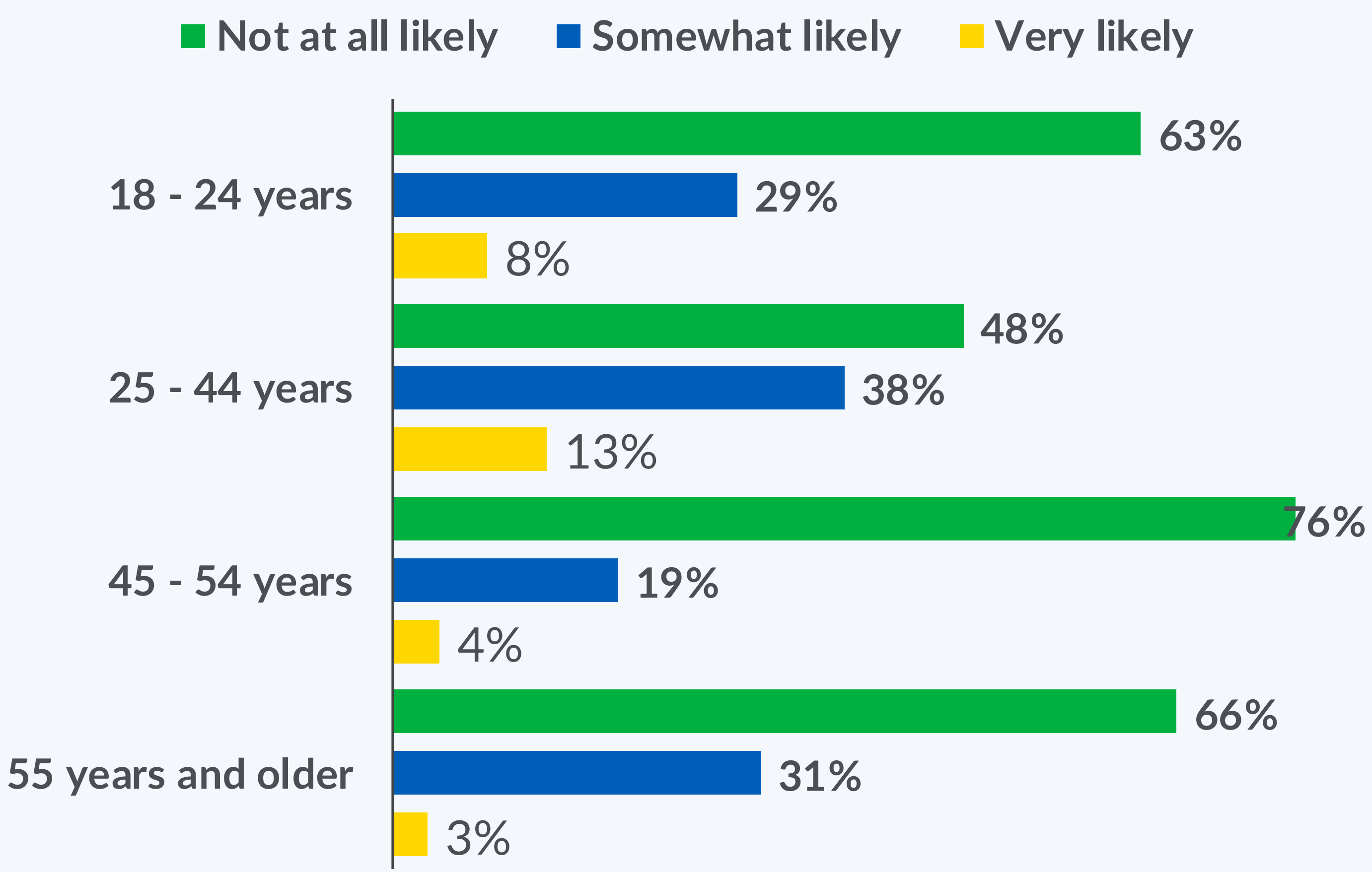
Authenticity & Trust

Data security remains job #1

. . . with Transparency at #2

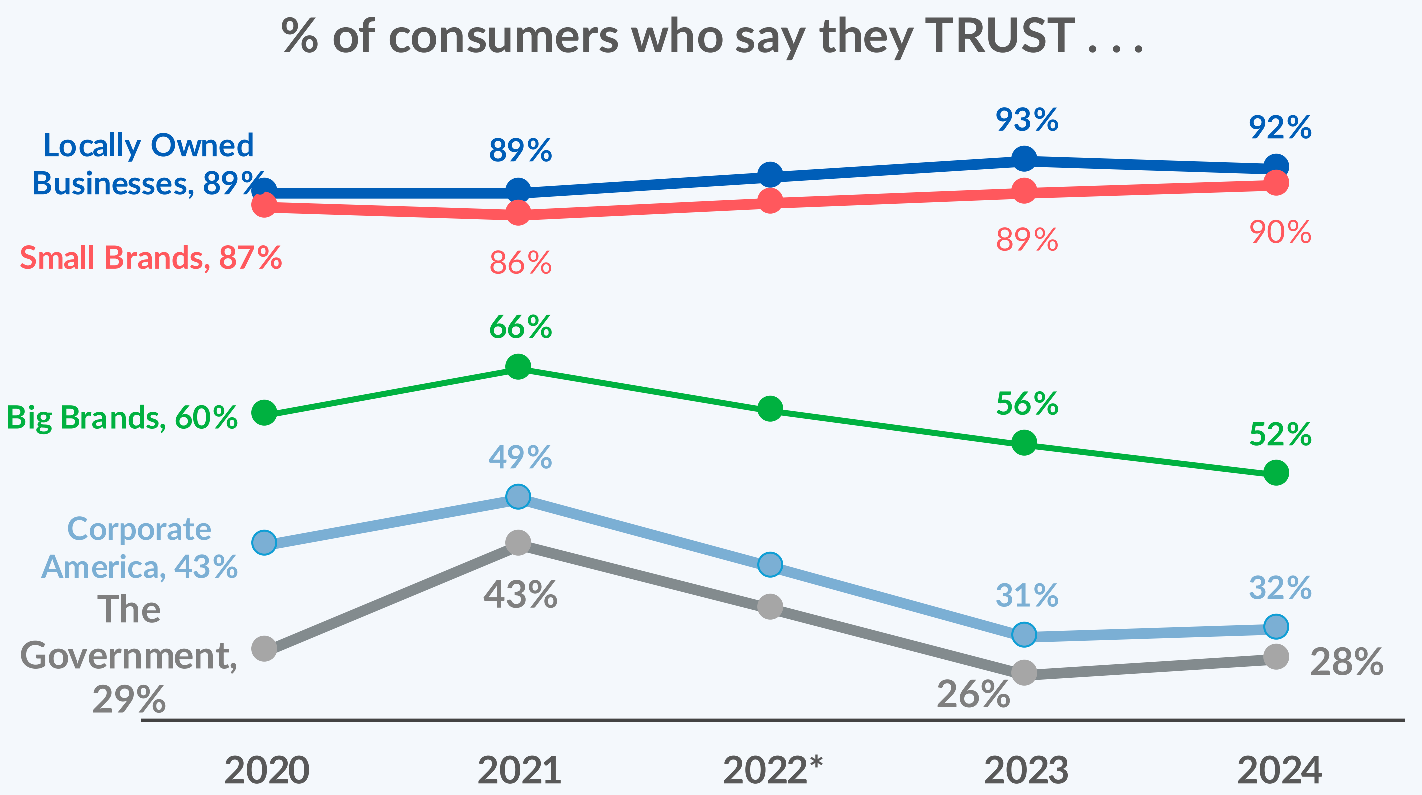
Key to earning/keeping trust

Share of adults in the U.S. trusting companies with one (1) data breach experience 2024



Sources: CivicScience via STATISTA

Trust in big brands has fallen precipitously



* Data not surveyed in 2022, line imputed using average from 2021 and 2023

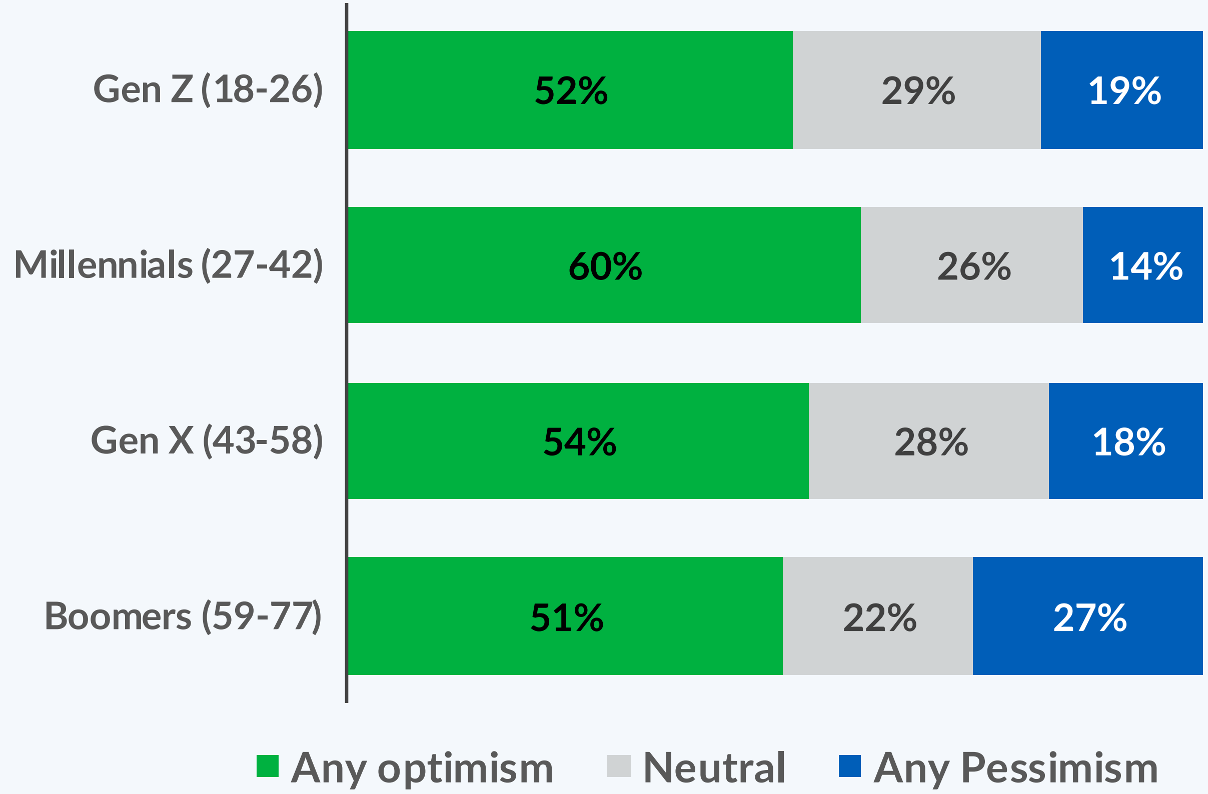
-14 pct points since '21 for BIG BRANDS

Source: Gartner, 2020-2024 Consumer Values & Lifestyle Surveys

Overall perception of AI

More positive than negative . . .

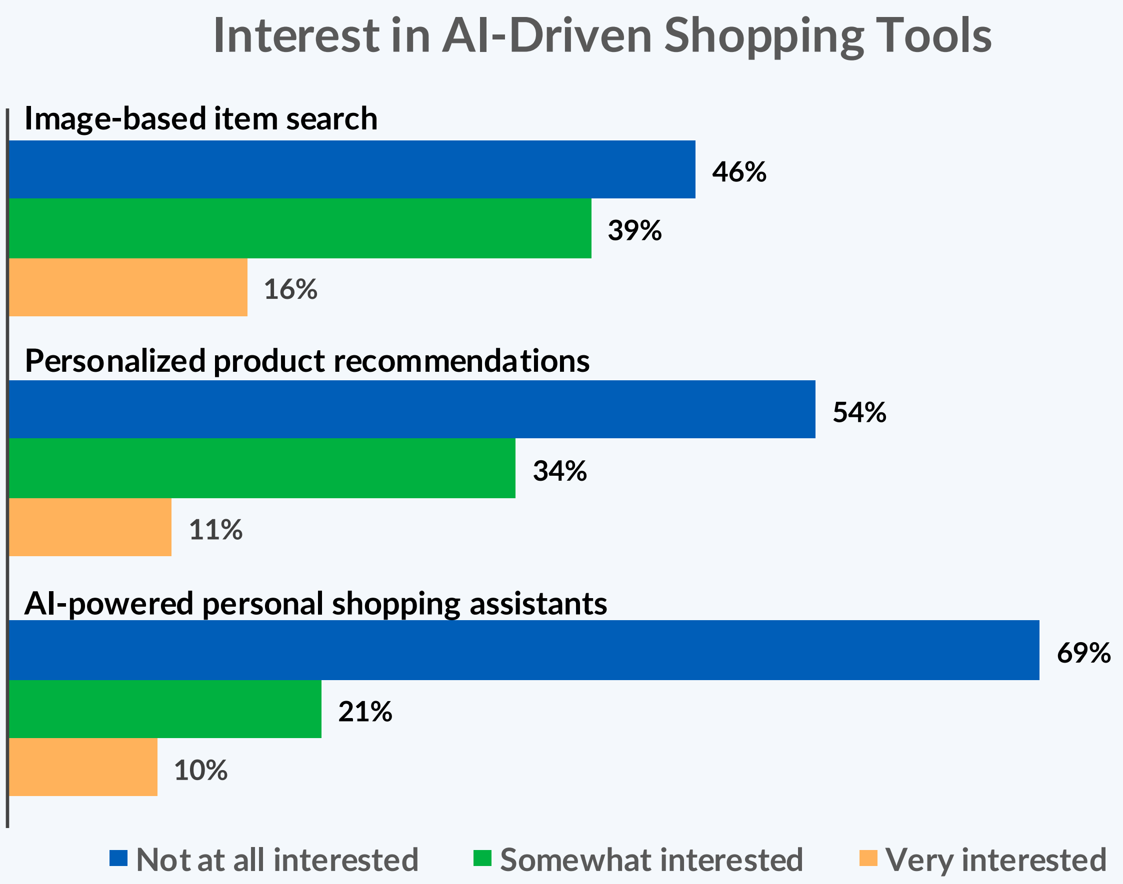
Feeling about the future of AI, U.S. Adults



. . . but also question AI-generated results and hesitant to share personal data with AI tools

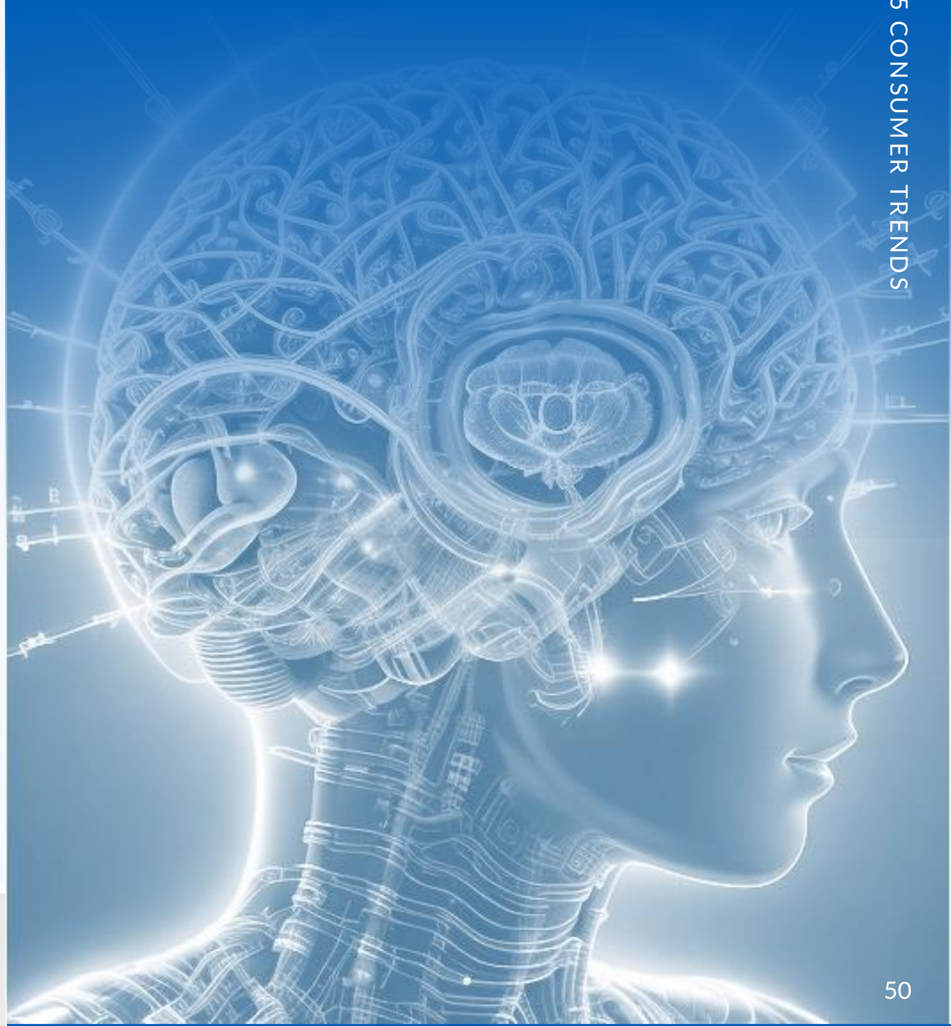
Sources: eMarketer & ThinkNow Research, October 2024

But many remain 'ambivalence'



Sources: eMarketer & CivicScience, Oct. 2024

AI Over-hyped?

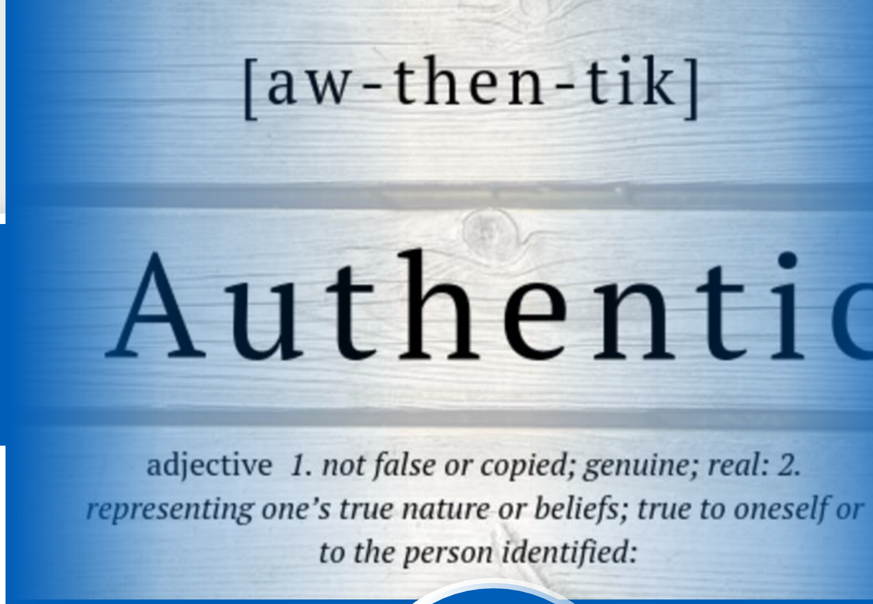


What consumers are looking for

In 2025, authenticity and brand trust will be crucial in decision making.

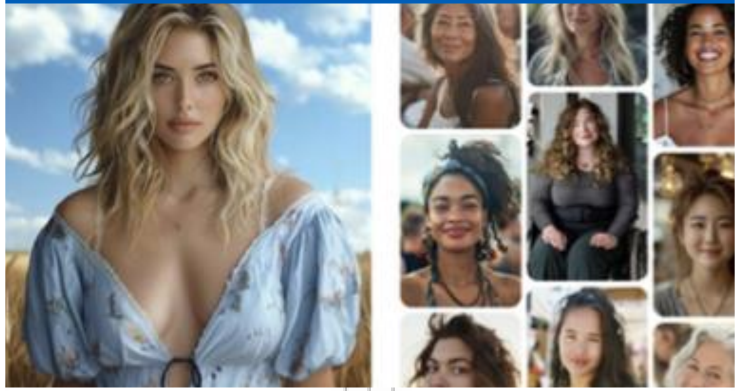
Consumers seek out brands that:

- Demonstrate genuine values & concerns
- Engage in transparent, two-way communication
- Deliver on commitments
- Build real connections with customers



Brand examples – authentic / appropriate AI applications

DOVE

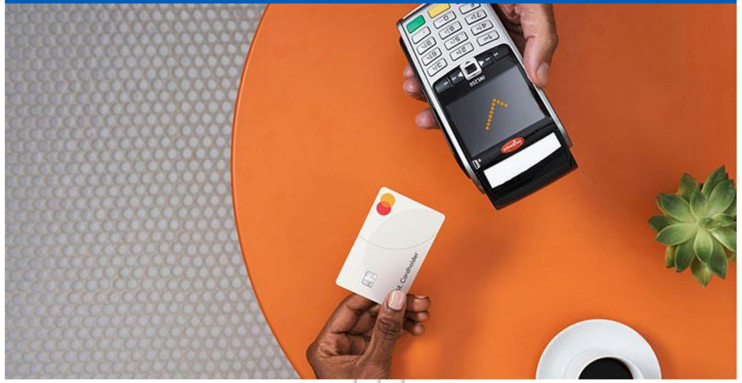


Dove pledged to never use AI-generated images of women in a ds as part of its ongoing efforts to combat biases—a stance that reinforces the brand's commitment towards promoting real, inclusive beauty.

TARGET

Target announced the rollout of Store Companion, a new generative AI tool for associates to help answer questions, train new members and improve store operations. The chatbot is designed to assist retail employees and improve efficiencies.

MASTERCARD



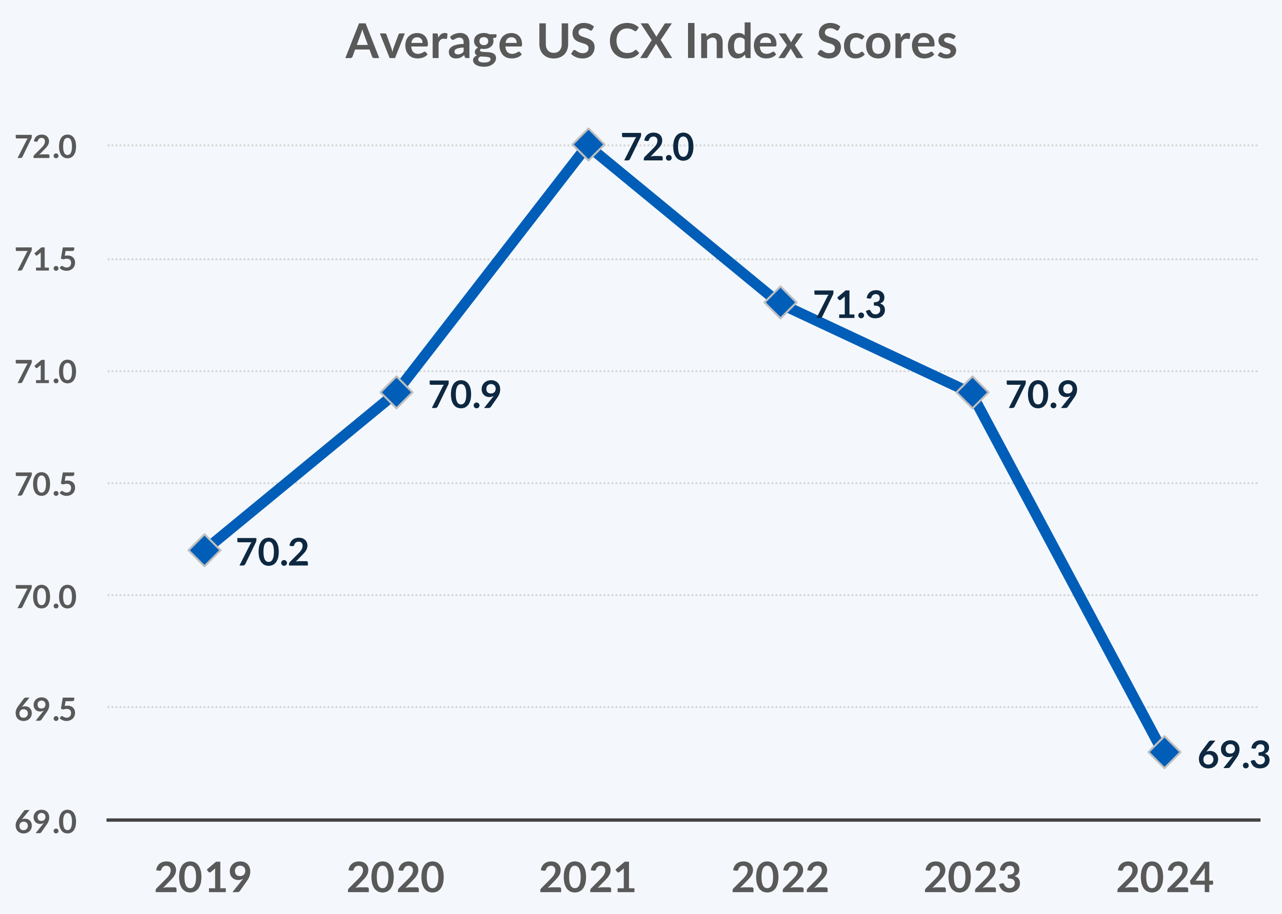
Mastercard uses generative AI to expedite and enhance fraud detection. The company's tool scans transaction data and flags patterns to spot compromised cards. Mastercard's technology increases the speed at which scams can be identified while protecting customers.

Sources: Euromonitor International, Top global consumer trends 2025

Service & Experience

All-time LOWS in customer experience (CX)

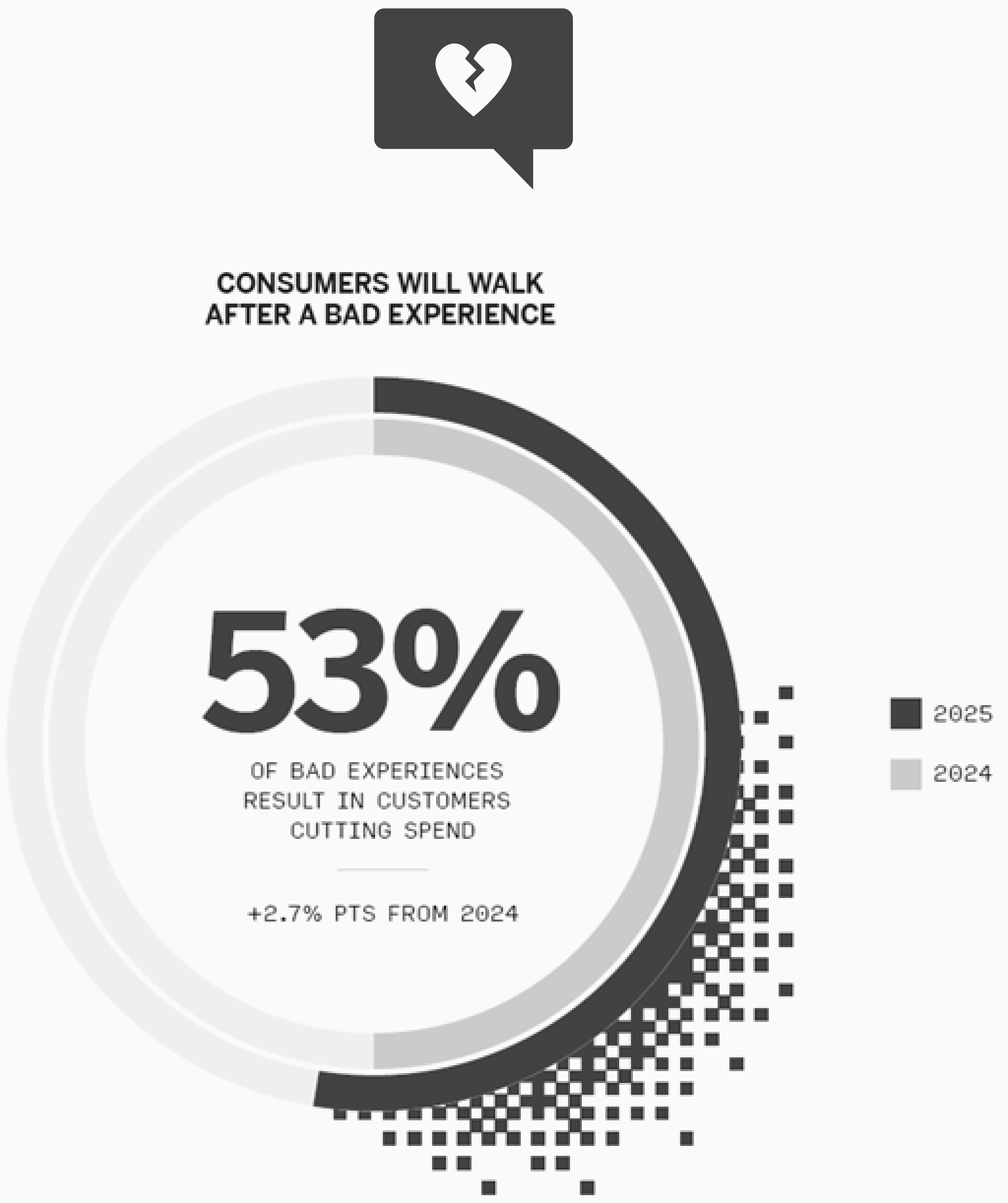
Tech & data / experience disconnect



Source Forrester, Customer Expereince Benchmark surveys, 2019-2024

Importance of CX to customers

- 80% customers value their experience with a company as much as the products or services bought
- Nearly two-third (65%) of consumers have switched brands due to poor CX
- Over 70% will tell six or more people if they have had a satisfying experience
- Six out of ten consumers expect companies to tailor experiences based on collected data



Sources: Fluentsupport.com, 50+ Customer Experience Statistics You Must Know in 2025; Qualtics 2025 Consumer Trends

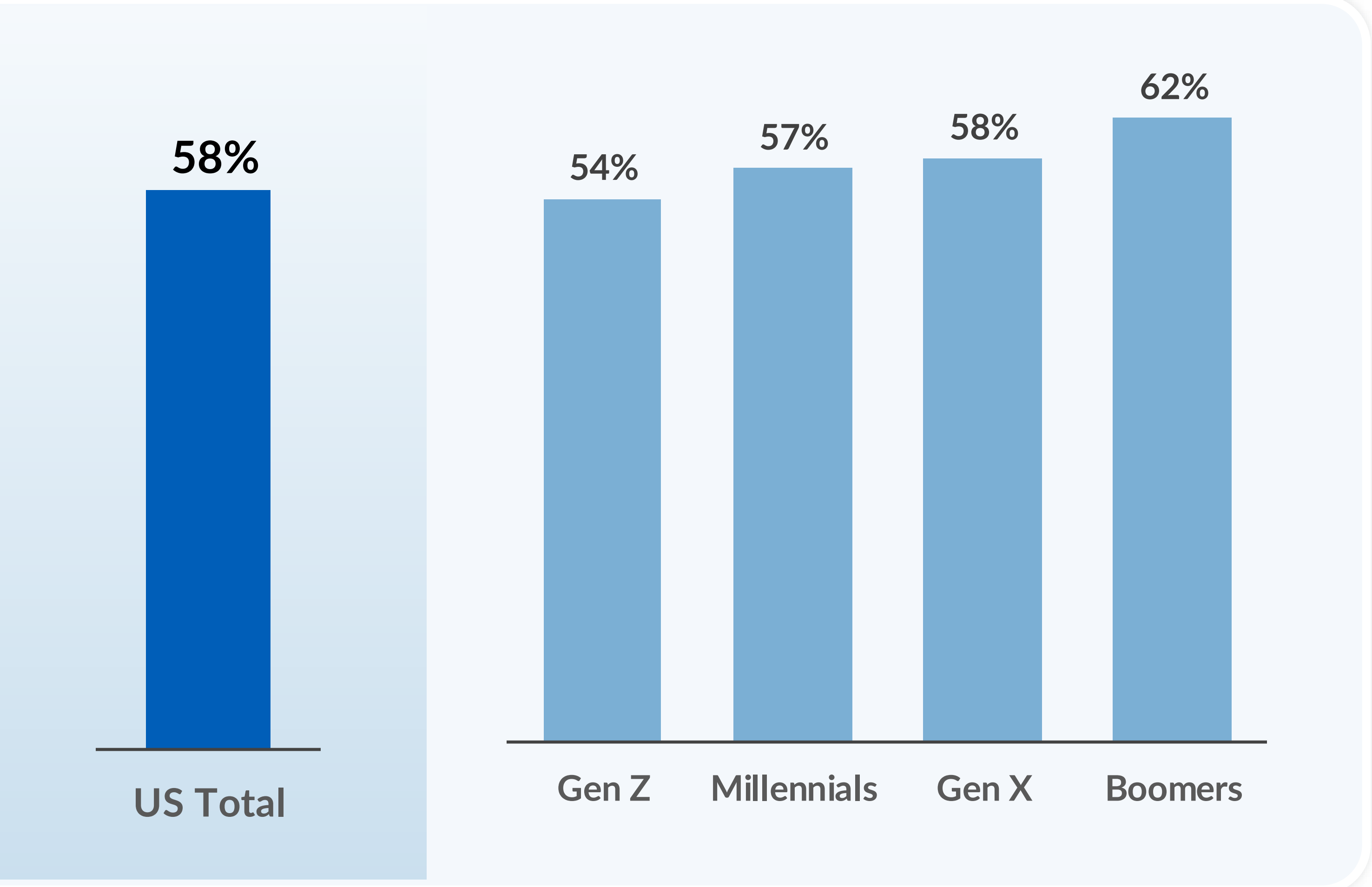
More than HALF are feeling misunderstood

&

that companies don't always focus on the 'basics'

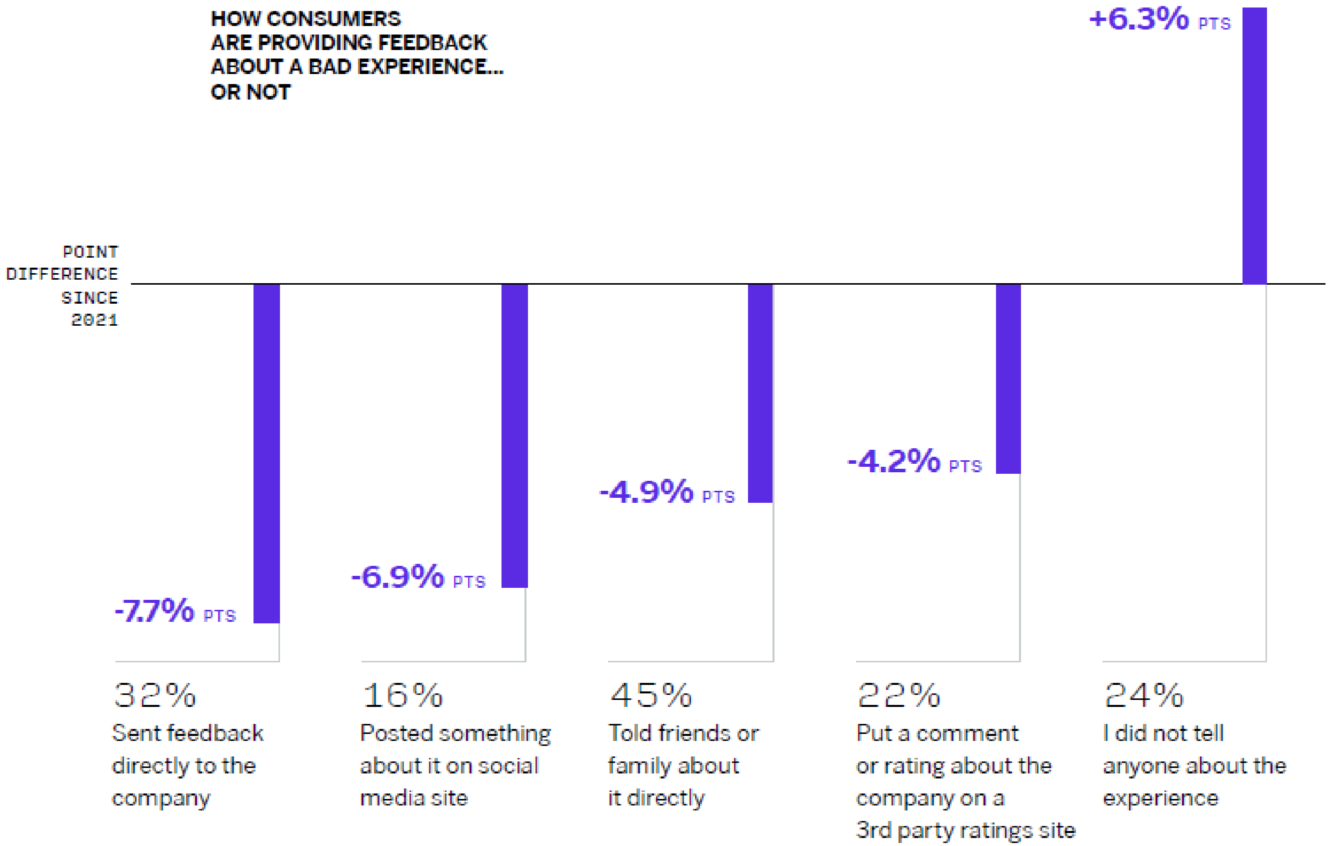
Wide "Gets me" gap among consumers

"Most companies trying to sell me their products and services don't really understand my preferences and needs as a consumer."



Source: Gartner Consumer Values and Lifestyle Survey 2024

Gathering feedback more difficult



Source: Qualtrics 2025 Consumer Trends

Consumers saying less

- Only 16% use social media to provide feedback
- Just 22% on a 3rd party review site
- Nearly one-quarter say nothing

Health and Wellness has always been 'trending'

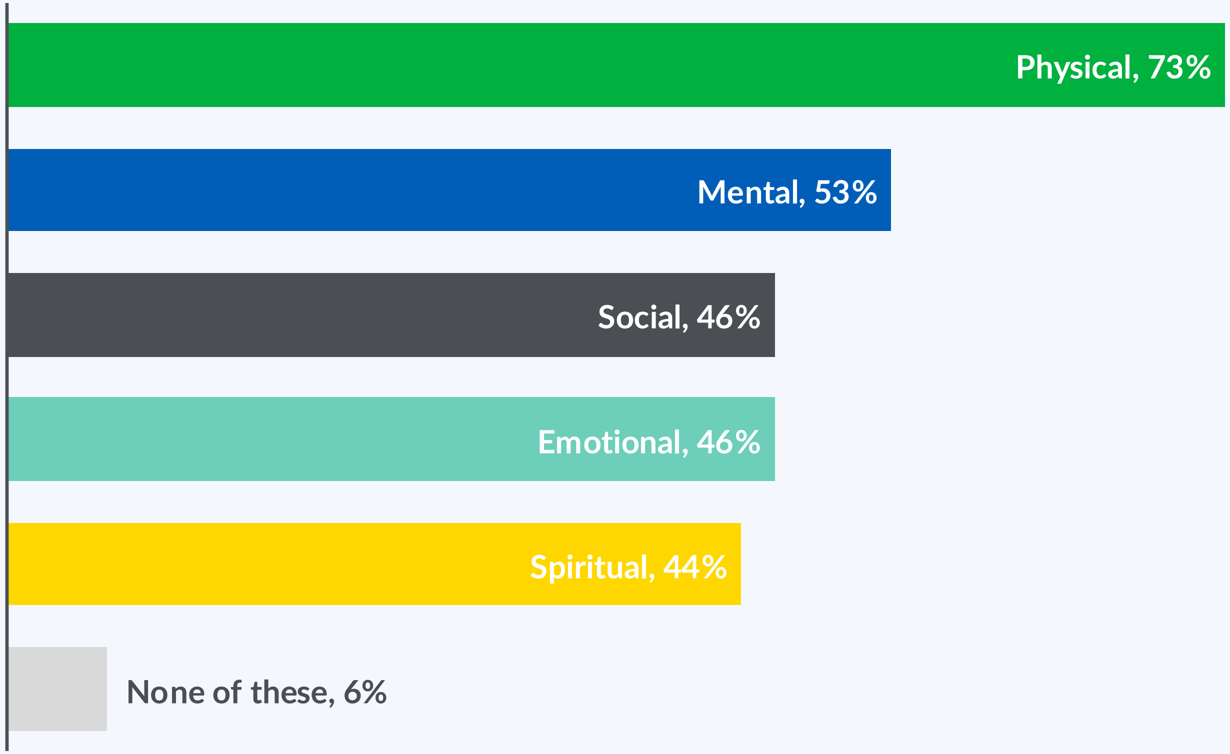
1940s – 50s	1980s	2000s	2020s
Food groups established, rise in processed and fast food, initial concerns about heart disease	War on 'fat', increased attention on obesity and diabetes; growth of aerobics and group fitness classes	Obesity epidemic, war on sugar, introduction of 'superfoods', genetics analyses, mental health discussions accelerate	COVID-19 disruption; growth in digital health tools and prioritized nutrition, discussions on health access and mental wellness; beauty as health

Source:Kearney Consumer Institute, 'The blur of health and wellness' Q3 2024

Consumers continue to claim HEALTH as a top priority for 2025

Consumers intend to improve . . .

Areas of Wellness Focus, % of Consumers



Source: Mintel, Tech & Wellness 2024

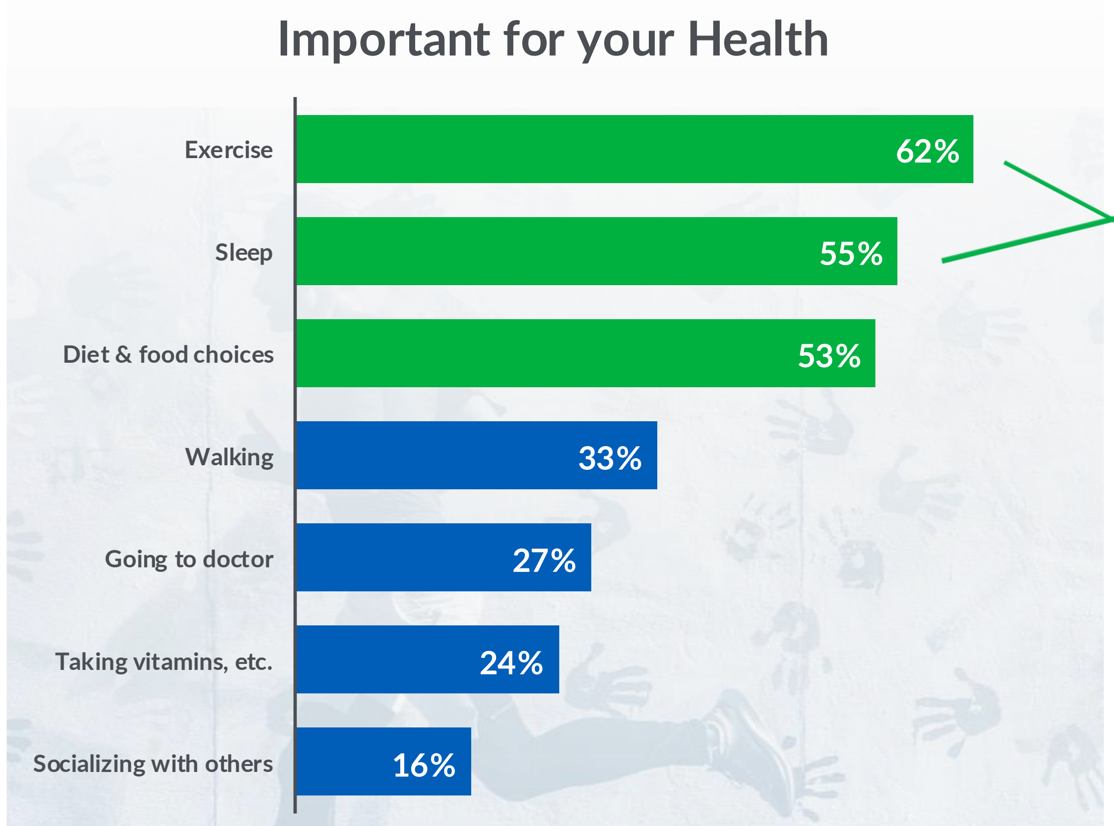
Health is a REALITY & an ASPIRATION

76% Of consumers say they already live a healthy lifestyle

89% Say they want to be even healthier

Source: Kearney Consumer Institute, 'The blur of health and wellness' Q3 2024,

Sometimes hard to maintain health 'priorities'



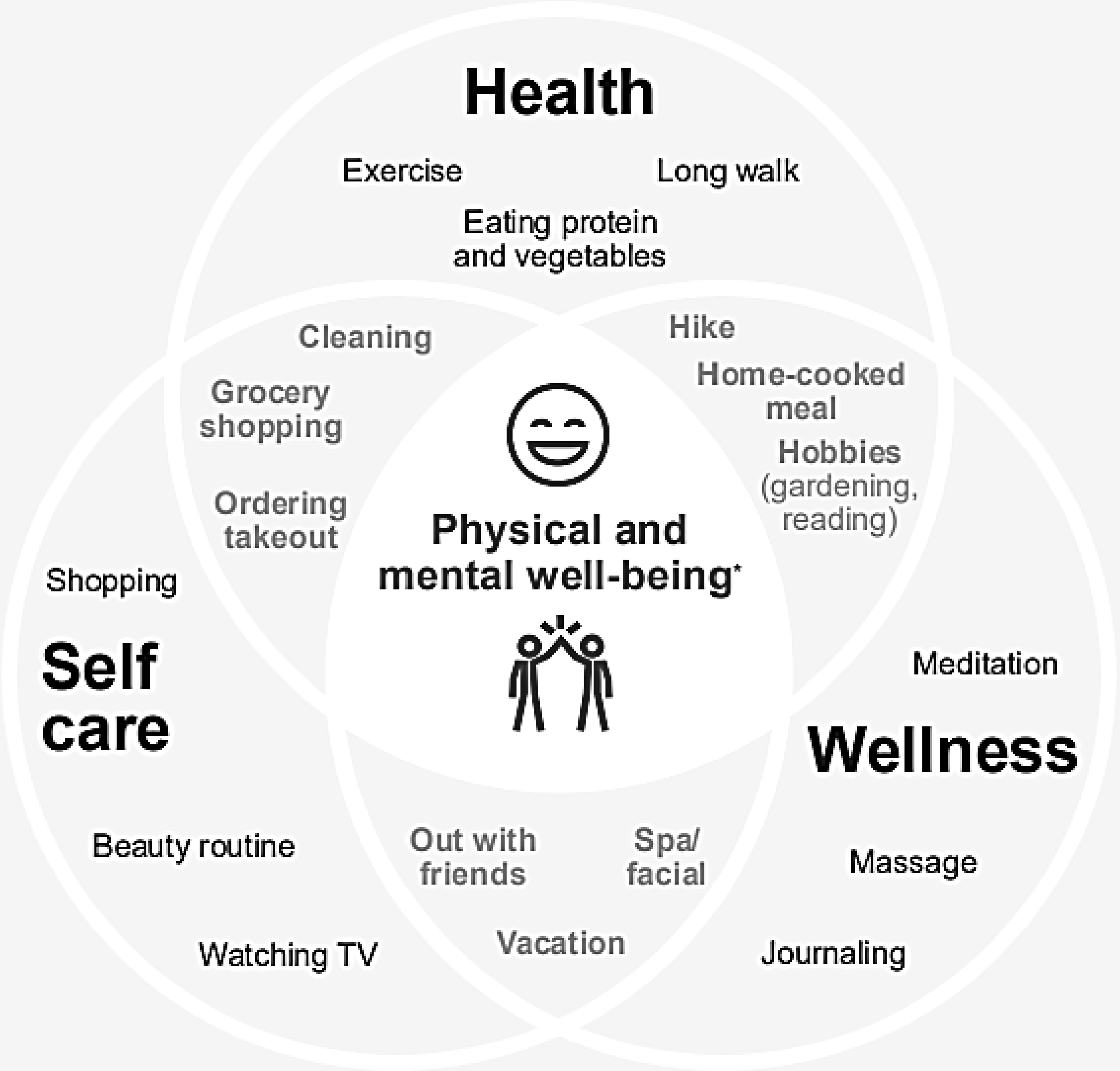
Source: Kearney Consumer Institute, 'The blur of health and wellness' Q3 2024

Health 'matrix'

Definition of 'Health' continues to EVOLVE

Mental and Physical health can be AT ODDS

Health is part of an overall LIFESTYLE



Source: Kearney Consumer Institute, 'The blur of health and wellness' Q3 2024,

Key Takeaways

Change the health conversation by asking questions

- How do your customers define ‘health’?
- What are the health trade-offs or rationalizations your consumers make?
- How are consumers looking for health from your brand, if at all?

Five values that matter in 2025

Consistently important	
Loyalty	I am an extremely loyal person when it comes to people, places, institutions, and things that I respect and value.
Authenticity	Being genuine and authentic is extremely important for me and the things and people in my life.
Equality	I strongly believe that all people should have equal opportunity and equal access in all areas of life.
Responsibility	I always take responsibility and accountability for my actions.
Courtesy	I am always polite and respectful in my behavior and expect the same courtesy from others.

Becoming more important	
Safety	I actively seek ways to keep myself, my family, and my friends safe from harm or danger.
Health	One of my highest priorities is to be physically and mentally healthy and free from illness.
Relaxation	I greatly desire and search for those occasions when I can just rest and relax.
Serenity	I seek out calm, peaceful, and tranquil surroundings and situations.
Diversity	I am always open to ideas, people, and cultures that are different from my own.

Five values that matter in 2025

Becoming less important	
Belief	My beliefs give me strength and comfort.
Identity	Everything that I do, say, feel, and think reflects my identity or who I am.
Duty	I believe it is my duty to fulfill my obligations to family, friends, community, and country.
Freedom	I need to have the freedom to say or do what I want without restrictions.
Thrift	I regularly work to be thrifty and not waste money, time, or resources.

Notably divisive	
Sustainability	I strongly believe that people and businesses should use our planet’s resources responsibly to sustain current & future generations.
Patriotism	I am very proud of and actively support my country.
Inclusion	I believe equal consideration and inclusion of others advances the culture.
Diversity	I am always open to ideas, people, and cultures that are different from my own.
Duty	I believe it is my duty to fulfill my obligations to family, friends, community, and country.

Please send questions to MediaTrends@Harmelin.com

Thank you

HARMELINMEDIA

Design templates

Modify if needed

Label

Brief explanation of the label

Label

Brief explanation of the label

Label

Brief explanation of the label

Label

Brief explanation of the label

Text	Text	Text	Text	Text

Text	Text	Text	Text	Text	Text