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The New Consumer in the Era of Mindful Spending





“We used to build civilizations. Now we build shopping malls.” — Bill Bryson

In 1928, on the cusp of the Great Depression, U.S. President Herbert Hoover spoke to an audience of advertisers and PR men about their role in society. Their vital task: to create desire and transform people into “constantly moving happiness machines.” These consumer “machines” were seen as the key to economic progress. The more people shopped and spent, the better off society would be. Why, it was a patriotic duty! In subsequent years, an entire culture was built around the promotion of shopping and spending—not just in the United States but in many developed countries. Glistening retail emporiums rose up on major thoroughfares, from London to Paris, New York to Amsterdam. Meanwhile, the new medium of television showcased aspirational consumer products on such programs as “The Price Is Right” and “Queen for a Day”; holidays became occasions on which to overspend and indulge; and, in the U.S. especially, credit became available for the asking.

By the first decade of the 21st century, Americans owned so much “stuff” they needed an extra 2.35 billion square feet of space outside their homes to keep it in. By 2009, one in ten U.S. households was renting a self-storage unit to hold the excess home furnishings, sports

equipment, bric-a-brac, and whatever else they could no longer fit into their homes but seemingly couldn’t live without. (This despite the fact that the size of the average U.S. home has more than doubled since the 1950s and now stands at around 2,300 square feet.) In the United Kingdom, shopping has become the top leisure activity and now accounts for 37% of all money spent in England. Where is all that money going? For starters, the average 30-something woman in the U.K. owns 21 handbags and adds a new one every three months, according to *The Independent*. Japan consumes luxury goods at around twice the rate of Americans, and as the middle classes have grown elsewhere in Asia, particularly in China and India, hyperconsumption has begun to follow. China is expected to become the world’s largest consumer market for luxury goods within five years, according to the Chinese Academy of Social Sciences.

Over the past few decades, profligate excess has become so ingrained in the more mature consumer cultures that an entire lexicon has sprung up to describe it. It includes such now-familiar terms as *big-box store*, *Black Friday*, *Cyber Monday*, *bling*, *door-buster*, *McMansion*, *mall rat*, *twofer*, *BOGO*, *shopaholic*, *affluenza*, *supersized*, and *warehouse club*. In the U.S.,

all this spending has resulted in a combined personal debt of \$2 trillion—approximately equal to the GDP of England—not to mention the 1,600 pounds of garbage per person being sent to landfills each year. That’s a whole lot of food wrappers, broken toys, and other detritus of 21st-century living.

The consumerist society promoted by Hoover and others is still in evidence all around us, yet there has been a change, a reversal of course, as evidenced by a new set of terms that has been sneaking into our vocabulary. Terms such as *carbon footprint* and *downsizing*, *ecotourism* and *ethical consumption*, *Fair Trade* and *food miles*, *frugalista* and *green collar*, *locavore* and *sustainable*. Ten years ago, many of these terms would have been unfamiliar—perhaps bafflingly so. Now they are in constant use and spreading widely in those markets that have engaged in hyperconsumerism long enough to grow tired of it.

What does this mean? It is the firmly held view of Euro RSCG Worldwide that what we are seeing is a shift historic in scope and with lasting implications. In the mature markets of the western world especially, we

are witnessing a broad and fundamental movement away from mindless hyperconsumerism and toward an approach that is at once more conscious and more satisfying—and certainly more sustainable. To ascertain the extent to which this shift has taken hold around the world, we undertook a major global study at the end of 2009 that included an in-depth survey of 5,700 adults in seven countries: Brazil, China, France, Japan, the Netherlands, the United Kingdom, and the United States. What we found is that, to one degree or another, people in mature markets have grown sick of excess, tired of the constant push to accumulate more. The purveyors of hyperconsumerism promised happiness and ease; instead we are seeing record levels of stress and anxiety. Large numbers of people are dissatisfied with the direction in which society is headed and with their own personal lifestyles. They still want MORE, but now they are defining that differently. Not more shiny trifles and mountains of disposable consumer goods, but, rather, more meaning, more deeply felt connections, more substance, and more of a sense of purpose. People are looking to live life in a way that offers longer-lasting satisfactions and pleasures than can be found at the mall.

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but now they are defining that differently.



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70%

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A Turning Point: The Upside of the Downturn

Even well before the recession, we were seeing signs of discontent being played out in positive ways. Once-fringe movements such as organic foods and recycling were becoming mainstream in mature markets, part of a growing consciousness about the impact our personal consumption choices are having on our bodies, other people, and the planet we share. Then along came the global downturn—a.k.a. the “Great Recession”—giving people an opportunity and added reason to stop and think, to consider and reassess their life and lifestyle choices. While the downturn has brought with it both real-time struggles and future-focused anxieties (Will I lose my job? Can I afford to retire?), it also has been perceived by many as a positive experience: **56%** of respondents to the New Consumer study agreed that the recession has served to remind us of what’s really important in life—and that that is a good thing. Even more surprisingly, around a third (**31%**) said the recession would end up being a good thing for their country, while a quarter (**24%**) said it would be a good thing for themselves and their families.

What our research has shown is that people have taken advantage of the downturn to consider moving down a new path, finding a better way forward in terms of how they consume and how they live their lives.

72% are making an effort to improve the way they live.

71% are trying to improve who they are as individuals.

50% are actively trying to figure out what makes them happy.

In their quest to improve themselves and their lives, many people are finding satisfaction in moving away from their former consumption behaviors in favor of a more mindful and considered approach. These people, whom we call the New Consumers, are creating a distinctly different form of consumerism that will have enormous implications for manufacturers and marketers going forward.

The Four Paradigms of the New Consumer

The changes we are seeing in consumers run far deeper than the contents of their shopping carts. This is a much more fundamental shift that is affecting not just what they buy, but also how they seek to live. Euro RSCG's study has identified four distinct yet interrelated paradigms underlying the new attitudes and behaviors we are seeing. Smart brands will speak to these paradigms in their product portfolios and their corporate and brand communications.

Paradigm 1. Embracing Substance

A paradox of modern consumerism is that even as those of us in the developed world have come to own more, we have had less. For a while, the implicit (and sometimes explicit) promises of consumerism were fulfilled; our purchases rewarded us with whatever we sought, be it status, sex appeal, comfort, beauty, or something else. And for a time that was enough, in no small measure because society filled in any gaps with culture, community, and common cause. Consumption was just one aspect of people's lives—and not a very important one. The problem with the modern version of consumerism (what we call *hyperconsumerism*, begun in earnest after World War II) is that it leaves room for little else. Consumption *is* the culture. As political theorist Benjamin Barber said in *U.S. News & World Report*, consumerism now “strives to be everything, to occupy all our time and space and push other things out. In this sense, it is both homogenizing and totalizing.”





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Across the markets we surveyed, people are fed up with a culture built on trips to the mall and hours spent parked in front of television and computer screens. Seven in ten global respondents (**69%**) worry that society has become too shallow, focusing on things that don't really matter. In the U.S., France, and the U.K., that figure rises to **79%**, **77%**, and **75%**, respectively. Six in ten (**60%**) believe society has grown intellectually lazy, while nearly seven in ten (**67%**) believe we have grown physically lazy. In both cases, the percentages are highest in the U.S. and U.K.

People perceive a loss of depth and meaning. They want more substance and the fulfillment that comes with it. And they want to feel connected to something more “real” than the artificial world that surrounds them. This means reconnecting with nature and with other people.

59% worry that society has grown too disconnected from the natural world.

51% are concerned that digital communication is weakening human bonds.

43% complain of not having enough close friendships—in keeping with other studies that have shown a precipitous decline in friendships and social interaction.

Humans are highly social animals who need the intricate ties of family and community to “feel right.” Modern society’s isolation and focus on the individual at the expense of communalism have created feelings of alienation. One result has been a heightened desire to connect with something “bigger than self”:

51% would like to be part of a truly important cause.

40% want to lead a more spiritual life, including a majority of respondents from Brazil (**64%**), China (**59%**), and the U.S. (**51%**).

30% seek to build a deeper connection with a religion or life philosophy.

This desire for belonging and involvement is all about feeling connected—about having some sort of purpose and role that goes beyond the trivialities of our day-to-day existences.

Paradigm 2. Rightsizing

British writer G. K. Chesterton said, “There are two ways to get enough: One is to continue to accumulate more and more. The other is to desire less.” The New Consumers have planted themselves firmly on the side of the latter.

For the past couple of decades, consumers have been confronted with an explosion of product choices in virtually every category. To take but one example, Tropicana Pure Premium Orange Juice now comes in 16 varieties, including such options as Low Acid, Antioxidant Advantage, and Calcium + Vitamin D. We are faced with so many choices that we are exhausted and overwhelmed. It’s a phenomenon addressed by Swarthmore psychologist Barry Schwartz in his book *The Paradox of Choice: Why Less Is More*, and it is causing what some are now calling “consumer vertigo.” We are so overwhelmed by the dizzying array of options before us that we grow increasingly anxious about our choices—sometimes choosing not to buy at all for fear we will make the wrong selection.

Adding to this anxiety are the very real financial concerns that have been exacerbated by the downturn but were amply evident long before. The average U.S. household with at least one credit card has nearly \$10,700 in credit-card debt, according to CardWeb.com. This at a time when the cost of college and retirement is skyrocketing, a quarter of homeowners owe more on their mortgages than their homes are worth, and the unemployment rate hovers close to 10%.



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Total personal debt in the U.K. stood at £1,460 billion at the end of May 2010. In France, unemployment is near 10 percent, and the tax burden is among the highest in Europe.

Understandably, consumers are feeling the squeeze:

54% of the global sample feel more anxious than they did a few years ago.

38% worry about their own mental health, and **34%** worry about the mental health of their partner or spouse.

55% worry more about their future or that of their family than they used to.

56% often worry about money, and the same percentage have trouble saving as much as they would like.

In response to these financial pressures—and in response also to their growing concern over the environmental and social impacts of their purchasing choices—more and more people are opting to hop off the consumption treadmill, spending less time on accumulating things and more time enjoying the simpler pleasures of life. They are seeking to “rightsize” their consumption—buying and owning neither too much nor too little. It is a concept the Swedish know as *lagom*, roughly translated as “just enough.”

Importantly, the New Consumers are not viewing their attempts to downsize and simplify as a negative to be borne; rather, they welcome the changes and the lifestyle benefits “intelligent simplification” brings.

67% believe most people would be better off if they lived more simply.

46% wish their homes were less cluttered, and **50%** have thrown out or thought about throwing out lots of stuff to declutter their lives and homes in recent years.

41% have adopted or thought about adopting a “slower” lifestyle.

Whereas material possessions were long associated with the “good life,” now they are seen as an encumbrance by many who have carried the burden of hyperconsumption for too long. This is changing how people consume—including an upswing in recycling and DIY—and in how they view the “ideal” lifestyle: Whereas **70%** of the global sample claim to “respect/admire people who live simply,” only **19%** “respect/admire people who live a high-luxury lifestyle.” Consumer aspirations have been turned on their head.

Paradigm 3. Growing Up

We have heard much in recent decades about adolescence prolonged and adulthood delayed—described by such terms as *Peter Pan syndrome*, *boomerang generation*, *twixters*, and *twits* (teenage women in their 30s). Our own survey found that fully **48%** of the global sample agree that, even though they are adults, they don't always feel like real “grownups.” People in their 20s, 30s, and even 40s and 50s often feel less competent, grounded, and decisive than they expected to at their age. They want to feel more certain of themselves and more in control, and they are taking steps to make that happen, accepting personal responsibility and seeking to build individual competencies.

One way in which they are attempting to gain a sense of control is through their financial choices:

70% say saving money makes them feel good about themselves (though only **31%** have been able to put more into savings than they used to — likely thanks to the strains of the downturn).

38% (including **49%** of Americans and **52%** of respondents in Brazil) are deriving a sense of satisfaction from reducing their purchases during the downturn.

48% say they won't go back to their old shopping patterns even when the economy rebounds, and **43%** are committed to reducing their use of credit cards over the long term.

Part of being a grownup is taking responsibility for one's actions, and that includes owning up to the effects of one's personal consumption choices. The New Consumers take pride in “going green” and feel good about whatever steps they are able to take to reduce their carbon footprints:

64% say making environmentally friendly choices makes them feel good (versus only **30%** who say the same about buying luxury items).

54% are making an effort to buy fewer disposable goods, and **72%** feel good about reducing the amount of waste they create.

39% have started or thought about starting a home vegetable or fruit garden—a sign not only of their longing to reconnect with nature, but also of their desire for self-sufficiency and competence.

59%

worry that society has grown too disconnected from the natural world.





51%

are concerned that digital communication is weakening human bonds.

For the New Consumers, doing things for oneself—whether alone or in collaboration with others—offers a much-needed measure of control in a time of anxiety and uncertainty.

Paradigm 4. Seeking Purposeful Pleasure

Psychology spurs us to buy things we do not really need—such is the genius of modern marketing. Underlying our consumption choices is a desire to feel good, in body and/or spirit. What makes people feel good emotionally—happier, more satisfied—is now changing. Where many of us used to prize instant gratification and adhered to the credo of “More Is More,” the New Consumers are seeking more purposeful pleasures. Pleasures that are longer lasting and that offer deeper satisfactions. Many of these satisfactions are tied in to the above paradigms of embracing substance, rightsizing, and growing up. For creative marketers who understand these trends and motivations, the new quest for purposeful pleasure opens up exciting opportunities.

The New Consumers are savvier, more empowered, and more demanding than of old, and they have a veritable laundry list of things they take into consideration when shopping. These days, they are paying attention to everything from the economic and social impacts of the products they buy to their safety, design, and provenance. They are more risk aware, so they feel the need to be more vigilant, but they are also more cognizant of their capacity to influence the world—for good or ill—with their consumption choices:

72% are shopping more carefully and mindfully than they used to.

69% claim to be smarter shoppers than they were a few years ago, while **63%** say they are more demanding.

54% are paying more attention to the environmental and/or social impact of the products they buy.

62% do lots of consumer research online.

51% are more interested today in how and where products are made.

57% say it makes them feel good to support local producers, artisans, and manufacturers, and **45%** say it's important to them to buy locally produced goods.

43% pay more attention to the color, feel, and overall design of products than they used to.

Beyond their focus on the products themselves, the New Consumers are also taking into account the companies behind the products. People are expressing a greater desire than in the past to feel connected with the companies with which they do business, and they are seeking out brand partners in which they can believe.

50% say it is more important to them today to feel good about the companies with which they do business, and **57%** prefer to buy from companies that share their personal values.

49% prefer to do business with companies that have a reputation for a purpose beyond profits.

65% believe they have a responsibility to censure unethical companies by avoiding their products, and a majority (**51%**) avoid shopping in stores that don't treat their employees fairly.

Key Takeaways for Brands

➤ Consumption Is More Multidimensional:

Shopping is no longer just about the product or service to be acquired. Instead, today's more mindful consumers view the purchase in light of multiple other considerations, including who makes it and whether the company is having a positive or negative impact on the broader world. To build trust and confidence, brands need to maintain open channels of communication regarding what they believe in and how they are behaving.

➤ The New Consumers Are Looking for Support from Their Brand Partners:

In the emerging culture of mindful consumption, people want to feel good about their purchase decisions. The most successful brands will help consumers make the "right" choices by giving them practical and emotional incentives to do so. "Doing good" should feel good.

People Feel Isolated and Crave Connections:

- Smart brands will promote and facilitate interconnectivity between consumer and brand, consumer and consumer, consumer and the broader community, consumer and vital causes, and consumer and the natural world. It is essential to help build connections that give people a sense of community and shared purpose.

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say the recession has served to remind people of what's really important in life—and that that is a good thing.



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are trying to improve who they are as individuals.



About the Study and the Book

The New Consumer study was created by Euro RSCG Worldwide and fielded by Market Probe International in October–November 2009 in seven markets: Brazil (n=700), China (n=700), France (n=700), Japan (n=700), the Netherlands (n=700), the United Kingdom (n=700), and the United States (n=1,500).

Complete findings of the study, including country and Prosumer-mainstream breakouts, are available to Euro RSCG Worldwide employees and clients through the agency's Knowledge Exchange.

Consumed: Rethinking Business in the Era of Mindful Spending

(Palgrave Macmillan, July 2010) is a book based on

the New Consumer study and written by two executives within Havas Worldwide: Andrew Bennett, CEO of Arnold Worldwide and Chief Strategy Officer of Havas, and Ann O'Reilly, Content Director of the Euro RSCG Worldwide Knowledge Exchange. Input was incorporated from strategy

and brand experts across the Euro RSCG Worldwide network. The book explores the changing consumer culture

and priorities, and examines how forward-thinking companies are responding to the new consumer paradigms

by rejecting excess and artificiality in favor of products and communications that offer authenticity, substance, and

interconnectedness—all values today's more mindful

consumer craves. The book also incorporates the

perspectives of corporate leaders in a variety of industries who share how they are recasting

their businesses and brands in order to prepare for the changes ahead. It provides real

direction for marketers and managers, giving them the knowledge they need to lead their

industries in the new economy.



Consumed will be released on July 12, 2010.

To order a copy, [click here](#).

About EURO RSCG Worldwide

KNOW is a publication of the Euro RSCG Worldwide Knowledge Exchange, a global initiative that pushes information and insights across the Euro RSCG network of agencies.

Euro RSCG Worldwide is a leading integrated marketing communications company and the world's largest advertising agency by global brands. It enjoys the unique distinction of being the only agency ever to have been named Global Agency of the Year by *Advertising Age* and Advertising Network of the Year by *Campaign* in the same year. Made up of 233 offices in 75 countries throughout Europe, North America, Latin America, and Asia-Pacific, Euro RSCG provides advertising, marketing services, corporate communications, and digital and social media solutions to global, regional, and local clients. Its client roster includes Air France, BNP Paribas, Charles Schwab, Citigroup, Danone Group, Heineken USA, IBM, Jaguar, Kraft Foods, Lacoste, L'Oréal, PSA Peugeot Citroën, Reckitt Benckiser, sanofi-aventis, and Schering-Plough. Headquartered in New York, Euro RSCG Worldwide is the largest unit of Havas, a world leader in communications (Euronext Paris SA: HAV.PA).

