



Top 10 Global Consumer Trends for 2018

Emerging Forces Shaping
Consumer Behaviour

ALISON ANGUS

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Alison Angus

Head of Lifestyles Research

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INTRODUCTION

Which consumer trends will reign around the world in 2018?



With a stronger global economy, in 2018 consumer expenditure is expected to grow at its strongest rate since 2011. Yet shifting consumer attitudes and behaviours will continue to cause disruption for business in 2018, with mobile technology and internet accessibility playing a key role in shaping these changes.

Augmented reality is expected to go mainstream in 2018, enabling the merging of digital and reality. Technological advances are also giving consumers the opportunity to find out more about themselves and their origins, as DNA testing comes to the home.

The internet especially has increased awareness of global issues, inspiring consumers to pursue greater social responsibility. Younger consumers are embracing mindfulness and betterment, choosing clean living aimed at reducing harm to themselves, others and the world around them. Despite reaching its 10-year anniversary, the financial crisis continues to cast a shadow on consumer behaviour, with budget retailers thriving.

Consumers of all ages want and need less. Ownership is under question, and flexible, minimalist living is gaining popularity, with consumers sharing everything from clothing, household items and pets through to cars and living spaces. Rejecting commitment also plays out in the workplace, as consumers say no to corporate 9–5 jobs and instead choosing entrepreneurial lifestyles on the road. Distrust in business continues to escalate. Talking about sustainability and social responsibility is no longer enough, and in 2018 consumers will seek more radical transparency from brands.

The desire for uniqueness and true authenticity is driving customisation to a new level, with consumers becoming the creators in 2018, feeding into the design of products and becoming involved in the production process. Demand for truth is also contributing to an increase in modern activists. In 2017, the global rise of “#MeToo” campaigns on sexual harassment triggered a deeper call out culture, which will heighten in 2018, as support spreads across many global causes; the internet once more playing a pivotal role.

Overall, 2018 will see consumers continuing to question their values, priorities and purchasing decisions; deepening their engagement in the brands and issues that matter to them.

CLEAN LIFERS



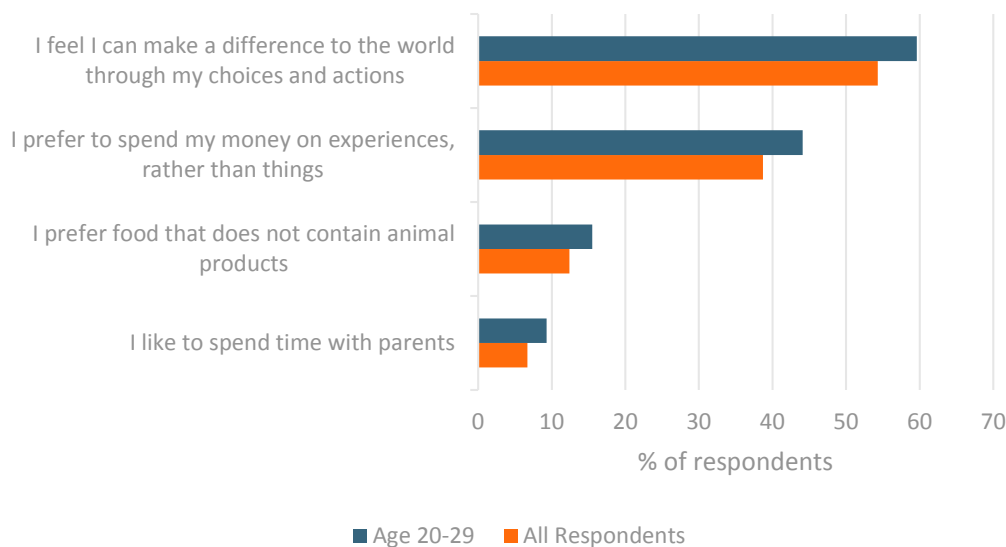
Consumers are adopting clean-living, more minimalist lifestyles, where moderation and integrity are key. Clustering around educated 20–29-year-olds, a new generation of “straight edge” consumers has grown up knowing deep recession, terrorism and troubled politics, and has a wider world view than previous generations. They have been shielded by affluent Generation X / Baby Boomer parents, and take more guidance from them; possibly resulting in lower self-confidence. They are keen to secure a more ordered existence for themselves.

Saying no...

Clean Lifers have strong beliefs and ideals. They are less tolerant, more sceptical. They feel they can make a difference, and this influences their spending choices. This means more saying no: no to alcohol; no to unhealthy habits; no to animal-based products; and, increasingly, no to unmeasured or uninformed spending. Their need to impress is less through ownership, and more through experiences they want to share.

Family and home are important to them. Some stay in the family home for longer, as the costs of setting up on their own in countries such as the UK and the US have become prohibitive.

Strong Beliefs and Preferences Among Consumers Aged 20–29



Source: Euromonitor International Global Consumer Trends Survey 2017

What consumers will be doing in 2018

Clean Lifers prefer to stay in and relax rather than hit a nightclub. Having been sheltered by the family unit, they enjoy spending time with them. A night out to a club is expensive, short-lived, and not particularly healthy or safe. Clean Lifers would rather spend their money on experiences, such as weekends away, festivals and restaurants, where they are able to chat with friends, or healthier social alternatives, such as hosting fitness class parties from yoga to high intensity workouts.

Clean Lifers are turning their backs on recreational drugs, abstaining from drinking or reducing their alcohol intake, becoming more minimalist in their spending choices, determined to lead responsible lives. The vegan movement is already in full-swing, and 2018 will see a further push by Clean Lifers to eradicate animal-based products from all areas of their lives. Clean lifers are hard core in their abstemiousness choices, be it veganism, avoiding alcohol or other lifestyle choices, but they are influential, and the trend will spread to others, who will dip-in. Clean Lifers are choosing to holiday with family, to take a “genervacation” not because they must, but because they want to. It is in part about finances and Boomer parents helping their cash-strapped kids. Even so, parents and children now have a lot more in common. Parents are travelling further and experiencing more. Their children want to experience it with them.

Genervacation
20–29-year-olds choosing to holiday
with family

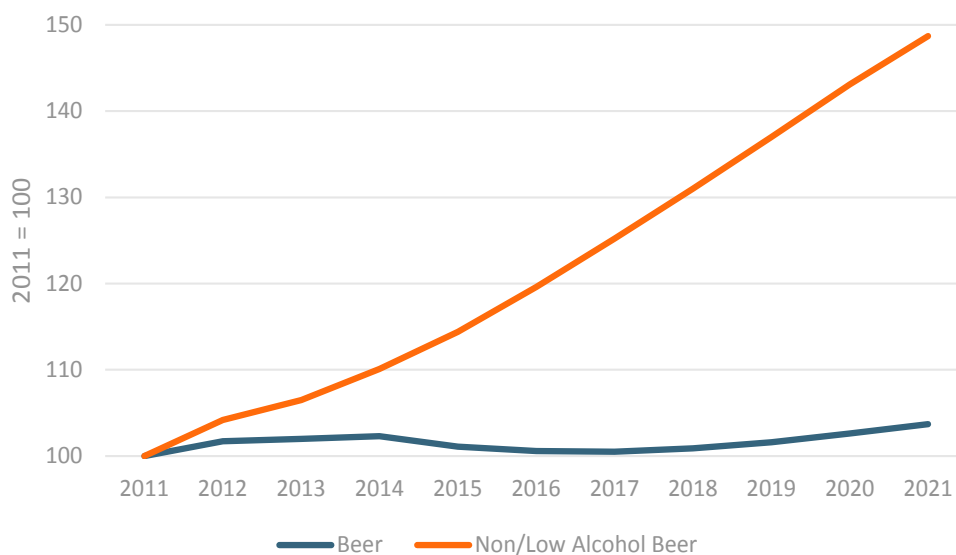
Response to Clean Lifers

These attitudes and preferences are major disruptors for businesses.

Abstinence, allied to the need to control image and body shape, is shifting the socialising landscape. From alcohol-free festivals and morning raves through to collective meditation events and fitness nightclubs, all are showing strong growth. One example is Daybreaker, which started in 2013 in a coffee shop basement in Brooklyn, following a group of clean-living friends' negative experiences in nightclubs. It promotes early morning sober fitness raves with, for example, yoga and abandoned dancing. It has connected so well with the growing clean-living generation that it is now operating across America, and rapidly expanding globally, including in the UK and Hong Kong.

With sobriety rising, there is frustration at the poor range of options in terms of low alcohol or non-alcoholic drinks, especially when socialising in bars and restaurants. The choice of carbonated drinks such as cola or traditional juices is limited, particularly for an increasingly sophisticated audience. There have been some developments in juices and mocktails from niche brands and bar operators. Diageo's acquisition of Seedlip, the world's first non-alcoholic spirits company, and Dutch brewer Heineken's launch of its namesake non-alcoholic beer, demonstrate that major companies see the importance of the clean-living trend and want to enter this space. This is against a background of global growth in sales of non-alcoholic beer.

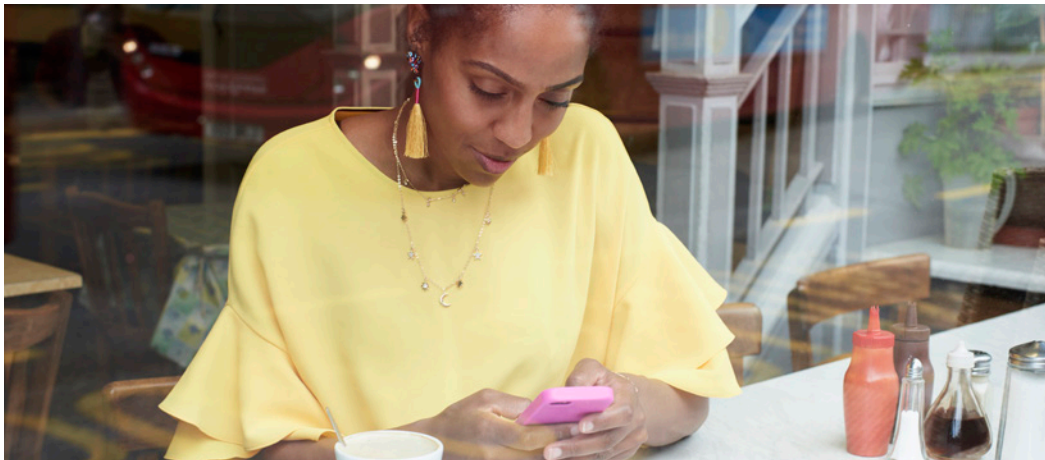
Growth Index of Global Volume Sales of Beer



Source: Euromonitor International

According to the Family Travel Association (FTA), multi-generational travel is the fastest growing segment for many travel companies. Operators and agents around the world are focusing on the trend. Scott Dunn a luxury travel company based in the UK, USA and Singapore states that this is the fastest growing area for them. HomeAway competes closely with Airbnb. Highlighting that their short-term rental properties tend to be larger and therefore the types of properties that are appealing for multi-generational holidays, they use the tagline ‘The whole house. The whole family. A whole vacation’.

THE BORROWERS



A new generation of community-minded sharers, renters and subscribers is reshaping the economy, making conspicuous consumption a thing of the past. Rejecting material goods in favour of experiences and a freer lifestyle, which has characterised the buying habits of millennials for the last few years, is a trend that continues to evolve and spread. It is now beginning to impact older generations: previously materialistic Baby Boomers are looking to downsize and simplify their lives. Sharing economy stalwarts such as Uber, Rent the Runway and Airbnb have entered the mainstream. Meanwhile, new, innovative start-ups continue to emerge to satisfy The Borrowers.

Access, not ownership

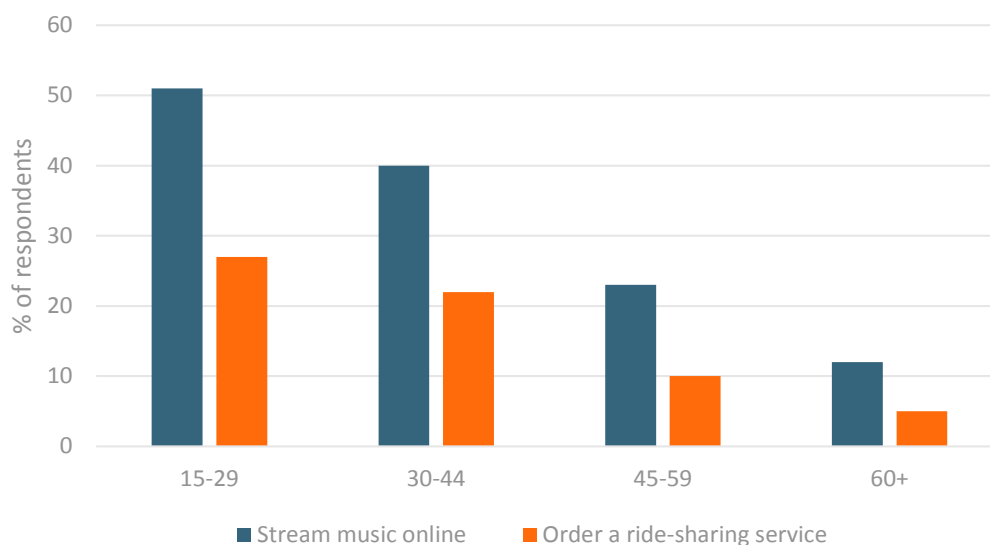
Cash-strapped consumers want more flexibility and freedom in their lives, and less baggage. Rather than aspiring to things, they favour minimalism and living for the moment. This means not being tied to possessions. The Borrowers want access rather than ownership, whether through sharing, swapping, renting or streaming.

Urbanisation is another key driver of this trend. An estimated 55% of the world's population were city-dwellers in 2017, up from 50% a decade earlier. Why burden yourself with a car or have to cram a multitude of belongings into a small living space, when you can use Lyft or SnapGoods?

The on-demand economy also provides consumers with additional revenue streams by sharing what they have, be it skills or goods. It has extended well beyond ride and home-sharing, to include all manner of services, from running chores (TaskRabbit) to renting out clothing, toys, tools, sporting equipment and even dogs (BorrowMyDoggy).

Euromonitor International data back up this trend: the percentage of consumers regularly using their smartphones to stream music rose from 31% in the 2016 survey to 36% in 2017, with much of the increase fuelled by younger age groups. The percentage regularly ordering a ride-sharing service rose from 14% to 19%, but was as high as 27% among those aged 15–29.

% of Respondents Using On-Demand Services via Mobile at Least Once a Week



Source: Euromonitor International's Global Consumer Trends Survey 2017

On-demand will continue to meet new needs

Affordability, convenience and sustainability are key factors in the growth of the sharing economy. People living hectic and increasingly mobile lifestyles continue looking for ways to cut costs, save time and live freely in a way that is also eco-friendly. A 2016 study of consumers across the US, India and Germany by BCG Henderson Institute found that the main drivers for using sharing services were economy, trust and access to peer ratings and reviews. When asked what attracted them to the sharing economy, variety, better quality and uniqueness were the most cited reasons.

In addition to making everyday tasks easier, sharing services are ideal for meeting short-term needs, such as designer clothing, baby products or maternity wear. A 2016 survey by shopping centre owner Westfield found that in the UK, 46% of millennials

were interested in renting goods. The most popular items to rent were exercise equipment (19%), cars (16%), consumer electronics (15%) and clothing (10%).

Technology is a driving force in the on-demand economy. The Borrowers—and Lenders—are always seeking more efficient ways to use and share services. They are now able to instantly summon a cab, find a holiday home, rent a garment, stream entertainment and pay for it all with the tap of a button. In emerging markets, where incomes are still low, but smartphone penetration is rising sharply, usage of sharing services is set to soar in 2018; from renting household appliances in India (Rentomojo) to bicycle-sharing in China (Mobike and Ofo) and car pools in Nigeria (GoMyWay).

Companies are rethinking their business models

While established players continue to thrive, many newer businesses are growing rapidly—especially in emerging markets (for example, Didi Chuxing in China and Ola in India). Moreover, start-ups continue to spring up in all markets. In November 2017, London shopping centre Westfield launched a pay-as-you-wear outfit rental service called Style Trial, to appeal to millennials' ethical and frugal sensibilities. The pop-up shop allows consumers to hire designer clothing and accessories for a week, which are loaned free by fashion labels, with all proceeds going to charity.

Big companies are being forced to rethink their businesses to adapt to the new Borrowers mindset. Some are embracing the sharing economy by sponsoring or investing in start-ups. Citibank is the lead sponsor of New York's bike-sharing service, Citi Bike. In 2017, Toyota invested in Southeast Asia taxi-hailing service Grab, Volkswagen in Israel's Gett and Jaguar Land Rover in Lyft.

CALL OUT CULTURE



Whether it is airing a grievance on Twitter, sharing a viral message or signing an e-petition, consumers are having their say.

“Hashtag activism”, while not new (the Twitter hashtag turned 10 in 2017), is rapidly gaining momentum as internet usage explodes and more people have access to social media. The global success of the #MeToo movement in the wake of recent sexual harassment scandals is testament to the growing empowerment of consumers, who use their collective voice to fight injustice and call brands to account.

Hashtag activism

Empowered consumers using social media to highlight injustice and call brands to account

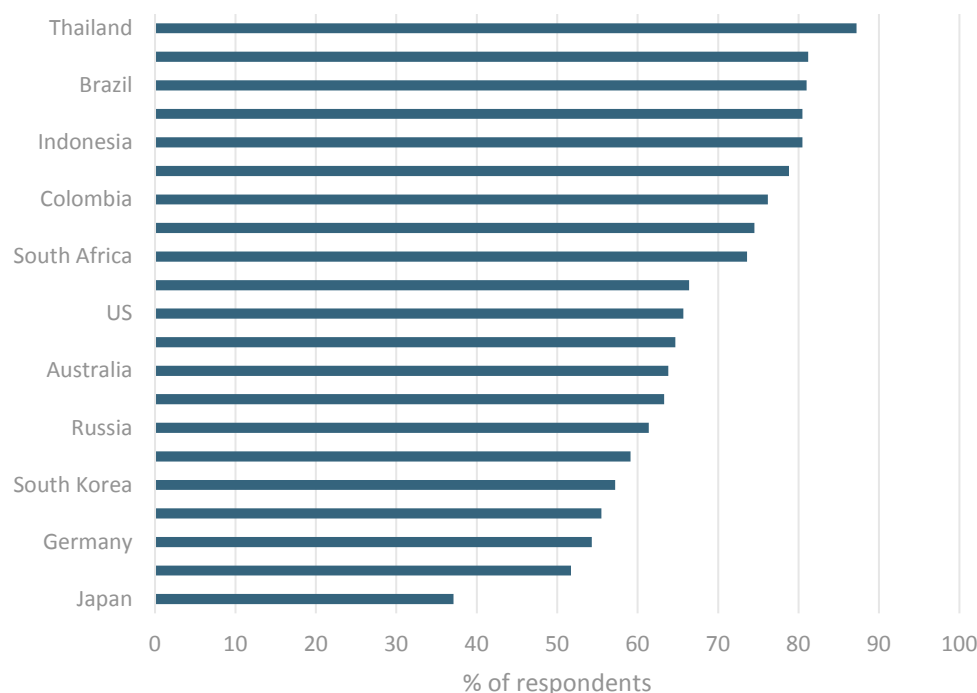
The rise of the activist consumer

The trend has been fuelled by a high degree of social unrest, combined with unprecedented consumer power. The #MeToo campaign proved a record show of female solidarity. Twitter reported the hashtag was shared a million times in 48 hours. On Facebook, there were more than 12 million comments and reactions in 24 hours. The hashtag spread to 85 countries, with versions including Italy’s #QuellaVoltaChe (“That Time When”) and France’s #BalanceTonPorc (“Grass Up Your Pig”). From standing with others during a tragedy (#JeSuisCharlie) to raising charity funds (#IceBucketChallenge) and protesting about specific issues (#OscarsSoWhite), social media is making it much easier for people to raise awareness, lobby for change and call out brands for malpractice. In 2017, Twitter users alone generated 125 million hashtags a day, with similar hashtags used on Instagram, Tumblr, Facebook and others.

Consumers are also using petitioning platforms, such as Change.org and Avaaz.org, to show their support for causes. A successful UK petition to end the Tampon Tax resulted in a government decision to abolish the tax by April 2018, and a promise by supermarket chains Tesco and Waitrose to cut the price of sanitary protection products by 5%.

The trend is likely to accelerate as more people come online with global internet use forecasted to reach 48% by 2018, up from 21% a decade earlier. Among Euromonitor International's survey respondents, 68% visited or updated social networking sites at least once a week in 2017, up from 66% the previous year.

% of Respondents Visiting or Updating Social Media at Least Once a Week



Source: Euromonitor International's Global Consumer Trends Survey 2017

Consumer opinions are far-reaching

While in the past, consumers may have felt powerless to stand up to brands on their own, social media has given them collective clout. A Sprout Social survey in 2017 found that 46% of US consumers voiced an opinion about a brand online. Also, when they saw a complaint on social media, 65% of consumers said they would research the brand before buying it, while 32% would reinforce the message by liking or sharing it. A poor brand response was most likely to lead to a boycott by the consumer (50%).

Not only are consumers utilising social media to highlight bad practices, they are voting with their wallets to force companies to take a stance on current issues, from refugees and climate change to transgender rights. According to a global Edelman survey in 2017, 57% of consumers either bought or boycotted brands based on their corporate values. With trust in public institutions at a low ebb, 51% of respondents said they “believe brands can do more to solve social ills than government”.

Business is responding

In response, marketers are being forced into greater interaction with customers in the public space—however big or small their grievance. They need to be prepared to face any social media backlash, however. A 2017 YouGov survey in the UK found that while 89% of marketers thought social media was giving consumers more power to effect change over brands, only 18% were confident they could “handle anything social media throws at them”.

In his book “Hug Your Haters”, Jay Baer claims that customer service is the new marketing. A quick and effective response by companies is crucial. Sprout Social cited the example of UK-based brewery BrewDog facing a social media storm after taking legal action against a family-owned pub for bearing the name of its popular gin, LoneWolf. However, the online vibe swiftly changed from “selfish and greedy” to “generous and humble” after BrewDog not only quickly issued an apology, but also revoked the lawsuit, paid all legal costs and invited the pub’s employees to visit its brewery and create their own gin.

In 2017, consumers forced a number of companies to pull their advertising from controversial tv programmes or unsavoury internet content. Also, in the US, the #GrabYourWallet campaign urged consumers to boycott Trump-related products and services; while retailer Target was the subject of a boycott over its bathroom policy. In the UK, the #StopFundingHate campaign led to Lego withdrawing its advertising from the Daily Mail newspaper.



IT'S IN THE DNA—I'M SO SPECIAL



People's growing curiosity about their genetic make-up—what makes them so special—and a rising interest in personalised health and beauty are fuelling demand for home DNA kits. Target consumers range from the “worried well” and those curious about their origins to hard-core fitness and nutrition fanatics. Companies such as 23andMe, DNAFit and AncestryDNA map genetic code via simple blood or saliva samples and explain what it all means. While still in its infancy, at USD70 million in 2015, Credence Research says the global market is burgeoning, and is expected to soar to USD340 million by 2022.

Genomics enters the mainstream

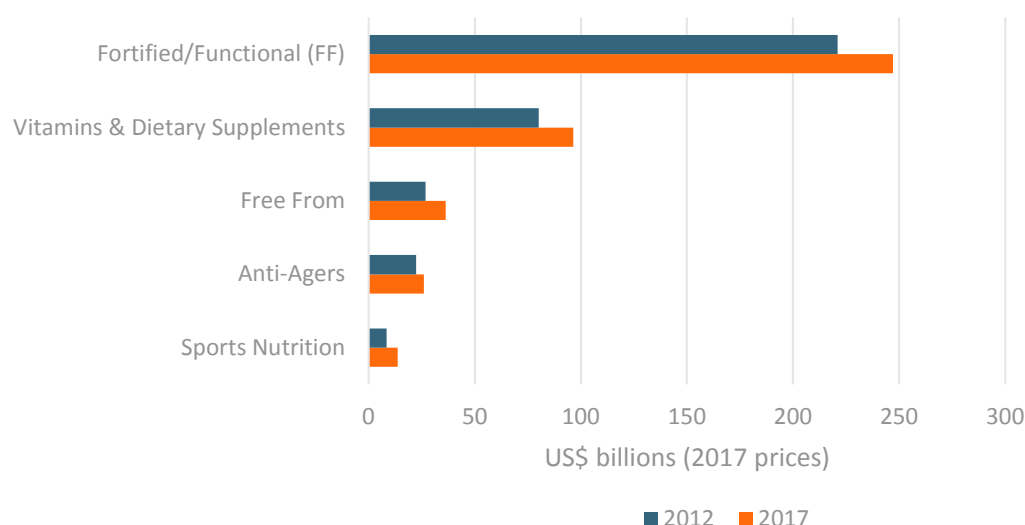
One of the biggest names in genomics—23andMe—has been around for over a decade, but has only recently become a household name. It has provided more than a million consumers with information about their ancestral roots and relatives, physiological traits and genetic risk of developing conditions such as multiple sclerosis, Alzheimer's and Parkinson's.



A new wave of companies aims to provide I'm So Special consumers with genetic findings related to their general health, fitness and nutrition. The likes of FitnessGenes, DNAFit, Orig3n and Nutrigenomix identify genes that affect muscle mass, endurance, fat burning ability and metabolism. They can tell how well consumers tolerate caffeine, and whether they are likely to be lactose-intolerant or deficient in certain types of vitamins. Some offer personalised training and nutrition plans based on their findings. Others combine genetic testing with other methods to give a better overall picture of health. Habit's home kit includes several other assessments in addition to DNA testing, to measure how the body metabolises fats, carbohydrates and proteins, and puts together tailored reports for each customer.

Some companies and apps act as aggregators and interpreters of results. Fuel is a personalised meal delivery service that uses uploaded genetic information to craft an individual meal plan, and can also be integrated with a fitness tracker or smartwatch. Beauty is another area in which genomics has made an entrance. UK company Geneu, which believes that skin ageing is 60% influenced by genes, offers customers a same-day DNA testing service from Selfridges in London. It is then issues them with a personalised prescription for anti-ageing serums formulated based on their DNA and lifestyle questionnaire.

Global Sales in Selected Health and Beauty Categories 2012 / 2017



Source: Euromonitor International

Consumers are keen to unlock the mystery of their genomes

Most consumers were unaware of genetic testing when 23andMe launched a decade ago, but the market is fast becoming mainstream, thanks to falling prices, better marketing and distribution and positive regulatory changes. A US-based survey by UBS found that by 2017, only 13% had already taken a genomics test, but a further 25% said they planned to do so in the next 12 months.

DNA testing appeals to consumers' increasingly health-obsessed and self-centric sensibilities. Customers range from those with a genuine concern about their risk of developing certain inherited diseases (such as BRCA1 / BRCA2, associated with breast and ovarian cancer), to those who merely want to discover new relatives or make lifestyle improvements based on the health findings.

Growth is global, with competition in the largely unregulated Chinese market particularly intense. However, although costs are coming down, the price of DNA kits

is still beyond the reach of many. Consumers are also deterred by concerns over their data privacy; while others have yet to be persuaded of the efficacy of such tests.

How consumer genomics will evolve

The consumer market still faces hurdles, such as country-specific regulations and the industry's still limited knowledge of the effect of most SNPs (single nucleotide polymorphisms—DNA sequence variations). For the time being, companies will need to be clear and upfront with consumers about the limitations of findings, or risk losing their trust. However, things are improving on the regulatory front. In the US, the FDA issued a landmark decision in 2017 to reverse its ban on 23andMe marketing its disease risk screening directly to consumers. This is likely to open up the consumer base considerably, in what is already the world's biggest market for DNA testing.

With the market continuing to evolve, it is likely to be characterised by further innovative start-ups. For example, in 2017, Helix launched the first online genetics marketplace. I'm So Special customers can gain access to emerging vendors such as: SlumberType, which links DNA to sleep patterns; EmbodyDNA, by the popular weight-loss app Lose It!; and Vinome, which picks wine for customers based on their genes. In the UK, café chain Vita Mojo creates meals based on customers' DNA profiles.

ADAPTIVE ENTREPRENEURS

Consumers are increasingly seeking flexibility in their lifestyles, and are prepared to take risks. Millennials especially have an entrepreneurial nature, shifting away from the “traditional” 9-to-5 career towards one that affords more freedom. Euromonitor International’s 2017 Global Consumer Trends Survey shows that nearly 50% of respondents across all generations aspire to being self-employed. Taking out Baby Boomers, amongst which this desire is lower, this aspiration increases to 56%, clearly showing the growing trend towards this Adaptive Entrepreneurial lifestyle.

Rejection of traditional working patterns

Adaptive Entrepreneurs point to several factors in their rejection of traditional jobs and companies. For instance, wages are stagnant, increasing by 1% or less in many Western economies, such as the US, Germany, the UK and Japan, between 2011 and 2016. Youth unemployment has also reached an all-time high in many countries.

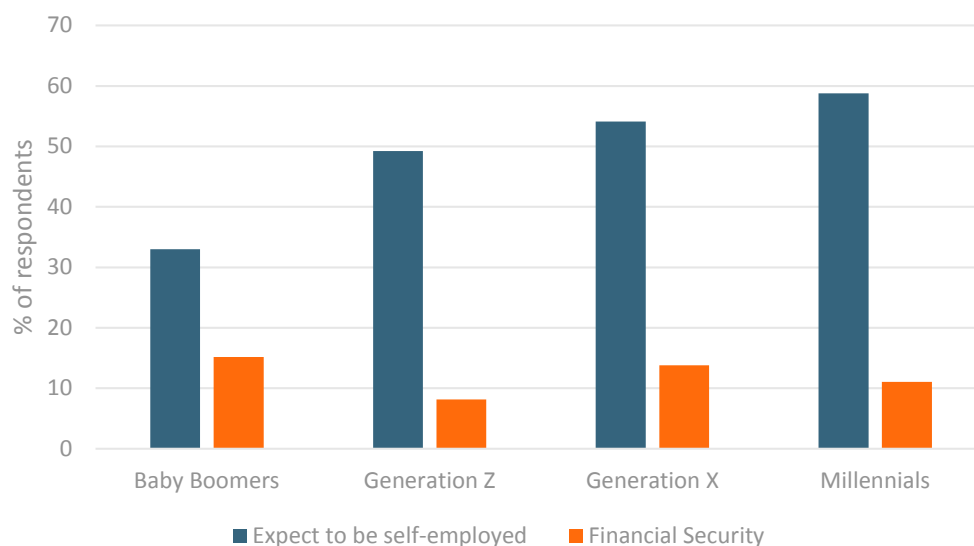
Unemployment rate of 25–34 years old in 2017 (% of economically-active population)

Country	2017
Italy	17.0%
Brazil	12.7%
France	11.3%
Saudi Arabia	10.3%
India	5.8%
Indonesia	5.2%
Germany	4.7%
USA	4.6%
United Kingdom	4.2%
Mexico	4.1%
Japan	3.9%
China	3.8%

Source: Euromonitor International

The shift in the priorities of Adaptive Entrepreneurs is directly linked to a change in values. In 2018, these consumers will be attracted towards alternatives that allow more flexible, adaptable and personalised experiences, and not just potential financial gain. They want a lifestyle they can build themselves, and align with their personal interests and passions.

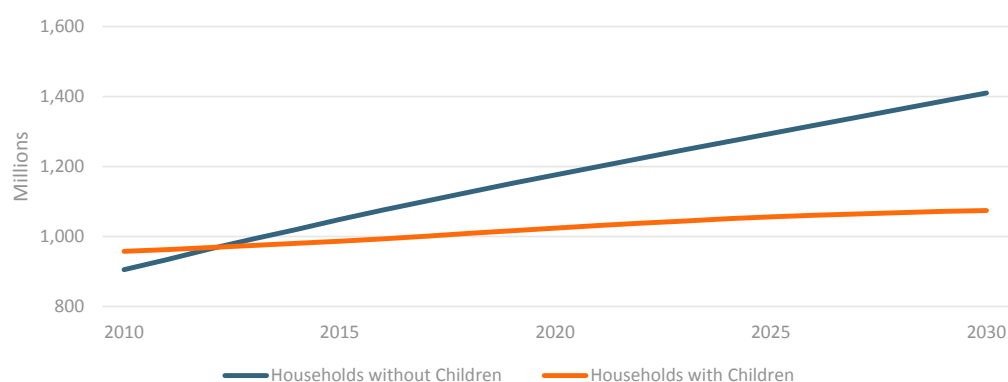
Importance of Being Self-Employed vs Financial Security



Source: Euromonitor International's Global Consumer Trends Survey 2017

We also see a marked delay in larger life goals, such as owning a home or having children. This delay chimes with the new generation of Adaptive Entrepreneurs. They do not have the reliable incomes of those who work 9-to-5, but would rather take risks early on in life, and delay these traditional life events.

Number of Global Households by Composition, 2011–2021



Source: Euromonitor International

The internet is crucial for Adaptive Entrepreneurs

Macroeconomic factors and lifestyle shifts are pushing Adaptive Entrepreneurs to rethink and look for alternative ways to work and earn a living. The biggest driver has been the proliferation of the internet as a flexible platform to sell, communicate, review and network without borders or boundaries.



While start-ups hold substantial risk, the upsides are attractive to Adaptive Entrepreneurs, who are disillusioned with the traditional economic model. Their online lifestyles mean they are knowledgeable and savvy, well-connected and technically confident. The tech industry, grown to be dominated globally by Apple, Google and Amazon, is the guiding star of the Adaptive Entrepreneur.

The entrepreneurial spirit impacts across industries. Within health and wellness, small start-up companies have been outperforming the major players. Kuli Kuli, a US-based company specialising in tea, vegetable powders, energy shots and snack bars based on the new superfood moringa, received an investment of USD4.3 million in January 2017 from the Kellogg's venture capital fund. This is demonstrative of the impact that a small company can have.

Media outlets are providing a new space for Adaptive Entrepreneurs to thrive. Kickstarter, the internet crowdfunding platform, enables budding entrepreneurs to connect directly with consumers to fund their business ideas instead of through traditional funding methods such as venture capital. Television programmes such as Shark Tank and Dragons' Den have propelled small businesses to popularity, further pushing the once aspirational goal of "starting your own business" into a mainstream ambition.

Adaptable consumers, adaptable brands

Risk-seeking entrepreneurs will not be attracted to the same brands or marketing techniques that dominated in the past. They will favour products enhancing their adaptable work and personal lives.

One example of a service catering to entrepreneurial consumers is Remote Year—a company providing access to work and travel; an enabler for breaking out of traditional 9-to-5 office jobs and travelling the world. Participants must already have a flexible job arrangement, such as their own business. The growth in the popularity of Remote Year and others, such as Hacker’s Paradise and We Roam, throughout 2017, is creating “digital nomads”—independent entrepreneurs looking for flexibility.

Co-working spaces are growing globally at a staggering rate. A 2017 study published by real estate firm Jones Lang LaSalle noted that the co-working industry in India is expected to receive USD400 million of investment by 2018, and to grow 40–50% from 2017–2018. Innov8 is an Indian company, founded in 2015, which saw major expansion in 2017. It opened new spaces in both Mumbai and Bangalore providing free internet, refreshments, nap rooms and shared social spaces.

Innov8 and other co-working companies, such as WeWork, are responding to the increasing demand for more flexible, adaptable and fun working environments. Traditional businesses leveraging historical prestige will find their marketing push towards this disruptive generation fall flat in 2018. Adaptive Entrepreneurs are not brand-defined—they want to take risks and remain distinctly independent.

VIEW IN MY ROOMERS



In 2018, View in My Roomers will be connecting perception and reality, merging digital images with physical space. Consumers will be able to visualise products before they try or buy, both in-store and online.

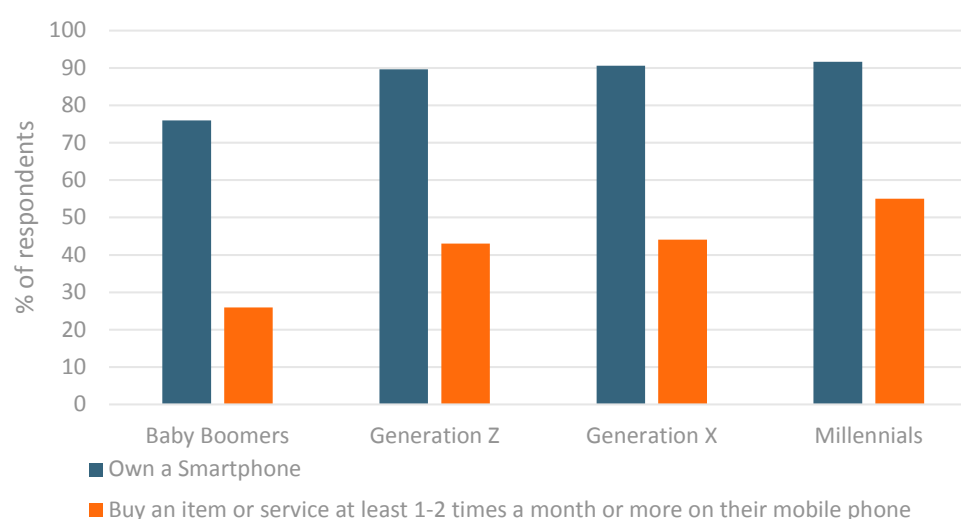
The arrival of even more sophisticated smartphones in 2017 gives View in My Roomers access to greater functionality, including augmented reality (AR) technology. AR has a wide range of applications in industries and has a great deal of potential in the mainstream consumer space. Consumers are already using AR to try on beauty products or access tutorials at Urban Decay or Sephora. IKEA Place, an AR app, enables consumers to see true-to-scale 3D models of IKEA furniture in their rooms whilst Dulux Visualiser enables consumers to see how their walls would look painted in their colours.

According to a study amongst 15–69-year-olds, conducted by Ericsson ConsumerLab across France, Germany, Italy, Japan, South Korea, Spain, the UK and the US, 25% of early adopters believe consumers will be exploring travel destinations through AR by 2018.

The use of AR technology on sites such as Snapchat, for Facebook stories and in games such as Pokémon Go has fostered awareness of the potential capabilities. View in My Roomers want AR incorporated more widely to create immersive experiences. According to a survey conducted by LEK Consulting, 80% of respondents were keen to use AR technology to visualise products digitally in their homes.

The rapid uptake of high-performance phones is expected in 2018, as more consumers upgrade and smartphone makers race to incorporate AR technology into their new generation devices.

Smartphone Ownership and Purchase Usage



Source: Euromonitor International Global Consumer Trends Survey 2017

Bridging the gap between perception and reality

Internet shoppers able to have a “real” view and dispel any uncertainty may be more likely to proceed with purchases. Consumers can be prone to abandon purchases, particularly for big-ticket items. SalesCycle’s Q3 2017 Remarketing report states that the global cart abandonment rate for this quarter was 78.4%; up 1.5% on the previous quarter. One of the reasons is that consumers struggle to see if a product is what they really want.

For items such as clothing or accessories, consumers who are undecided on what size or colour to buy, often order multiple options and then return the unwanted items. This is a frustrating way to shop, and costly for businesses. AR improves the consumer experience, providing a more lifelike view of the items and facilitates operational efficiencies for businesses by potentially reducing return rates.

Euromonitor International forecasts that global internet retailing value sales will increase by a further 13% (in US dollars) in 2018. Online captures consumers' interest with the convenience of the hassle-free, anytime, anywhere shopping they crave. The ability to see and touch products before buying is a bonus. This is in part why the in-store shopping experience remains appealing. In 2017, 88% of global sales in value terms were still made in-store.

Shopper Preferences



Source: Euromonitor International Global Consumer Trends Survey 2017

Note: Refers to % of respondents who agree or strongly agree with the statement

Try before I buy

In 2018, View in My Roomers will increasingly look for immersive “try before you buy” online shopping experiences, bringing the benefits of in-store shopping into the home.

More retailers are releasing apps for their online shops, due to pressure from customers for more streamlined mobile shopping. Those that incorporate AR technology should expect an uplift in online traffic. View in My Roomers will use apps enabling them to design and decorate rooms without the need to measure rooms or try paint colours on walls before making choices.

Consumers will look for AR apps that test cosmetics in a selfie-style format, try on clothes in digital dressing rooms and choose glasses frames from the comfort of their sofa. To be able to capture and share their purchases or get feedback online from peers adds a further “wow” factor to the process.

AR retailing rolls out

In 2018, AR-enabled devices will go mainstream. Apple released its ARKit and Android its new ARCore app in 2017. Retailers are using these to launch their AR platforms.

IKEA entered the AR technology space in 2017, launching its IKEA Place app to give consumers online shopping with “real” visibility of many of its furniture products in their homes.

Clothing companies have incorporated AR online shopping apps. Gap’s Dressing Room app allows consumers to choose clothing from its online store and see how it looks on models using generic sizes. In the future, movement towards real body sizing, possibly using online mannequins, will give a more realistic experience for View in My Roomers.

In November 2017, Amazon introduced an online real-life product visualisation app called AR View. As these corporate giants make this investment, more companies are expected to follow suit. Companies will also benefit, gaining further insight into and unique data on View in My Roomers’ homes, body types and sizes; not just their buying preferences and habits.

SLEUTHY SHOPPERS



With further political upheaval in 2017, consumers' crisis of trust is deepening, and leading to greater emotional involvement and action. Sleuthy Shoppers are investigative consumers. Sceptical of mass-produced products and the motivations of the companies that create them, tired of empty rhetoric and soothing words of assurance, they are taking action to find out more. Now, if companies do not provide tangible proof of their practices, Sleuthy Shoppers will turn to independent online sources for information.

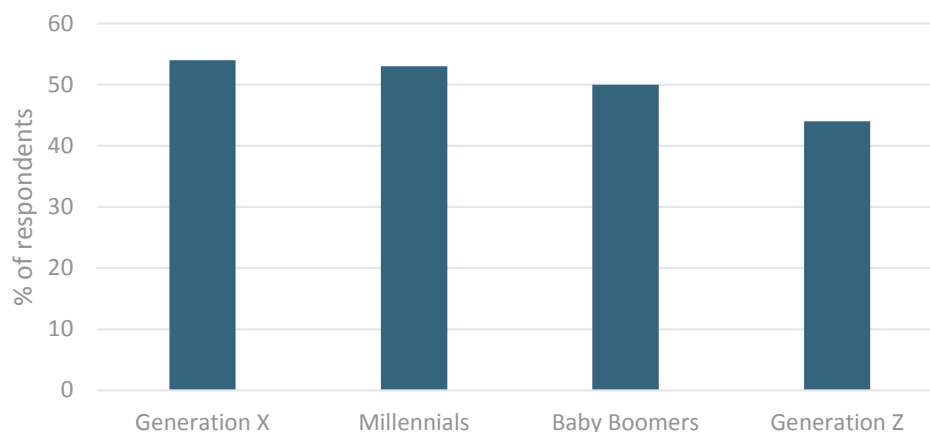
The proof is in the details

Survivors of the recession and recent traitors to materialism, Sleuthy Shoppers span from Gen X to Gen Z, but are serious about the causes in which they believe. This intensity extends to their view of the companies they buy from, or even work for, and every company is judged as either a friend or an enemy to their cause.

When every purchase is a statement, nobody is afforded the luxury of sitting on the fence. Today, it is no longer sufficient merely to respond to consumer feedback, or to take a stance on an issue: companies must provide proof. Sleuthy Shoppers have unlimited information at their fingertips, and can effortlessly investigate companies of interest. To build trust, companies must offer detailed evidence, preferably with pictorial or video support, on their supply chain and labour practices. Accompanying third-party certification is even better.



Respondents That Only Buy from Companies and Brands They Trust



Source: Euromonitor International Global Consumer Trends Survey 2017

Note: Refers to % of respondents who agree or strongly agree with the statement

Unveiling the full product journey

For Sleuthy Shoppers, the case to be solved starts at the head of the supply chain. They investigate the full production process, from material / ingredient sourcing to production and distribution, along with information on all parties involved along the way. Detailed evidence of business practices allows Sleuthy Shoppers to understand the full history behind product development and production. In turn, this knowledge and interaction allows them to feel closer to and more comfortable with the end product.

Large corporations may have seen recent success with faux artisanal products that tie products back to original recipes, flavours and stories through clever marketing. However, Sleuthy Shoppers are past this, and now conduct more prolonged investigations to unveil the full product journey. They look for evidence of Fair Trade procurement, environmentally-friendly production, fair wages, FSC-certified paper packaging and energy-efficient distribution. They would ideally like to understand—preferably through video evidence—all the poignant, tangible steps of the product's journey. Sleuthy Shoppers are no longer just buying a product, they are buying its entire history and everything that it represents.

Businesses become vulnerable

Companies and brands are beginning to understand that Sleuthy Shoppers' path to purchasing starts far ahead of the transaction process. The best way to build trust is to be vulnerable and truly showcase the history of the product and the experiences of the people who made it.

Once trust is established, Sleuthy Shoppers are likely to become loyal customers. This can be seen in craft beer. Originally focused on small-batch production, an explosion of the craft beer scene resulted in a plethora of microbrewers and a focusing of interest on local brews at the expense of those with broader distribution. Recognising this shift in attention, brewers opened local brewpubs to more easily reveal their production process and form relationships with drinkers. The success of this model is so great it is now shifting to coffee, whereby Starbucks recently began testing the new concept of roasting coffee beans on-site in selected cafés.

Without the ability to form in-person relationships, companies are producing visual evidence of processes to allow for virtual public inspection and show they have nothing to hide. French supermarket chain Super U's 2017 campaign uses Snapchat stories to demonstrate the freshness of its fish, chronicling the journey from fishing boat to fish counter. Snapchat Stories' 24-hour lifespan confirms that the fish is fresh by proving it takes less than a day to get the fish on the shelves.

Sleuthy Shoppers favour companies that are honest and real. UK-based ethical clothing company Phannatiq launched its online traceability and transparency project "This is how we do it!" in September 2017. This allows customers to see how its clothes are made, right from the sourcing of the materials and the use of local resources through to final production and distribution. Being a company with ethical as its USP, this additional transparency is a must-have for Sleuthy Shoppers, and shows a way forward for all companies.



I-DESIGNERS



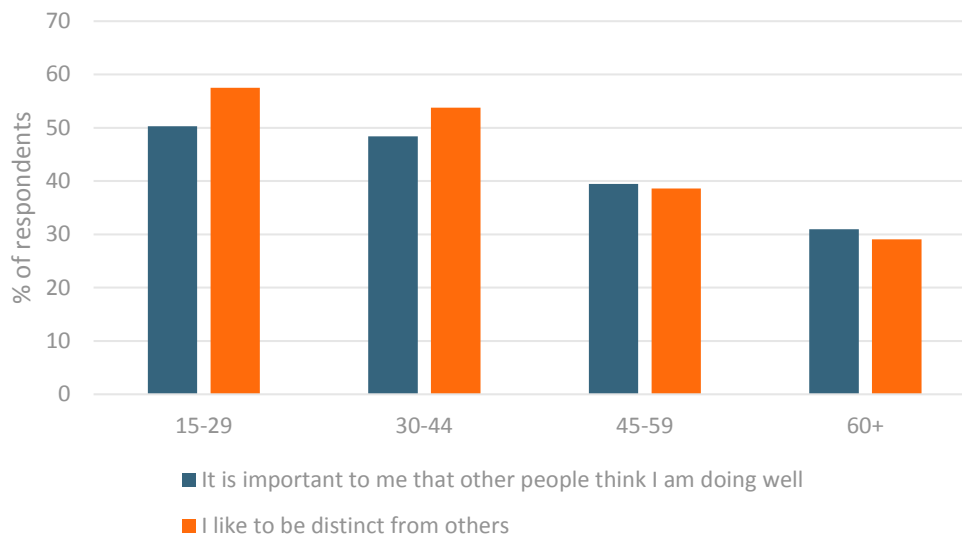
The lingering impact of the global financial crisis has encouraged prime, working-age older Millennials and Gen X-ers to re-evaluate their spending habits. Simultaneously, the rise of the sharing economy, with pioneers such as Uber and Airbnb, is eroding their desire to own goods (see The Borrowers trend). The shift in focus from possessions to experiences is changing purchasing patterns, and driving buyers to connect with the product creation process. For some, merely to own is unrefined, but I-Designers, participating in creation, design and build, are seen as sophisticated connoisseurs.

Making it mine

The movement towards more holistic and mindful happiness and accomplishment means that purchasing is taking on greater significance. I-Designers are judged not just on their choices, but also on the care with which they make them. Social media flaunting of purchases is perhaps tacky, but it is compelling, even glamorous, to show “how I made it mine”. The ongoing desire for personalisation is meshing with the yearning for authenticity to create true next-generation customisation.

In their latest manifestation, I-Designers are assuming the role of creators: not just customising mass-produced products, but shaping them to their individual preferences before production. Consumers have long looked to choose between different colours, patterns and details, but I-Designers bring this to a new level. I-Designers want to exhibit their creativity. Instead of choosing something that is the same but different, they want to create something for themselves with which they personally connect, something that is truly unique—just like them.

Respondents Wanting to be Distinct and Considered by Others to be Doing Well, by Age



Source: Euromonitor International Global Consumer Trends Survey 2017

Note: Refers to % of respondents who agree or strongly agree with the statement

Let me get my hands dirty...but make it easy

I-Designers are not the niche cohort that frequents designers / makers or programmes their own electronics on Arduino; rather, they are a far broader segment of consumers looking for just enough involvement to end up with a truly personal product. I-Designers are not looking to build from scratch, but want the tools and pieces they need to create. Some consumers, however, get the opportunity to be involved in a small part of the production process, even if that is just polishing the final item when it comes off the production line. Empowering consumers in such a way is important for future loyalty.

I-Designers do not want excessive complexity or too-steep learning curves. However, they also draw inspiration from television shows such as *Grand Designs*, which feature unusual and fantastical home makeovers, so a process which is too simple or lacks flexibility will make the experience feel gimmicky and over-directive. Instead,

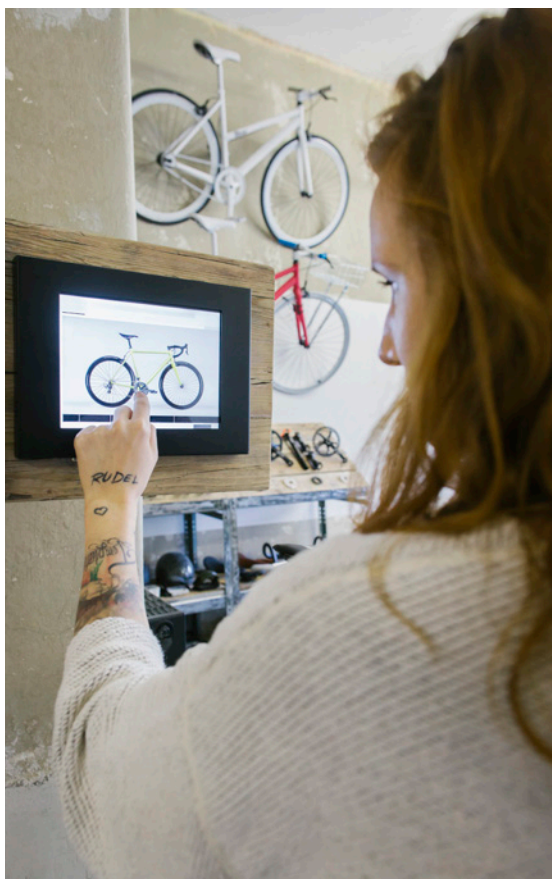
I-Designers require varying levels of complexity and difficulty to give both first-timers and seasoned designers a fulfilling experience.

Making it easier to be creative

Businesses are giving consumers the tools and knowledge to be creative and to share their creations. LEGO Ideas is a co-creation platform allowing fans to submit their own designs for new LEGO sets. To be successful, creators must gather the backing of 10,000 supporters, at which point the proposal is sent for review by LEGO's own designers and marketers. Successful projects then go into production and are sold globally, with the creator given recognition as the designer, and also receiving a share of royalties.

Meanwhile, technology companies have been applying this creator concept to services ranging from Instagram filters to customising photo albums, creating books and wedding invitation designs. Even more impressively, Pinterest's customisation design references provide users with the tools to make professional, highly customised drawings and designs.

However, applications in the consumer goods world must mix creative experience and technology. The best manifestation is Mon Purse, which allows customers to design every part of a handbag from scratch, using a digital interface on the company's website or via a screen in a department store. The designer can create items ranging from wristlets to satchels, and has control over the colour and texture of the leather, hardware and personal monogram. The key, however, is that the design process has been simplified through the provision of some classic bag designs which provide a clear aesthetic to follow, and algorithms are run to make sure colours and patterns do not clash. In the end, the I-Designer is virtually guaranteed to end up with an item that is both fashionable and very much reflective of his or her personal style.



CO-LIVING



The Co-Living trend has blossomed amongst Millennials and the over-65s in the residential space. It is a form of housing where residents share living space and a set of interests and values. The trend stems from hyper-urban hubs that have embraced the sharing economy as a lifestyle choice. In its most basic form, co-living sees people share spaces and mutual facilities to save money and inspire collaborative ideas or provide comfortable, more acceptable living conditions.



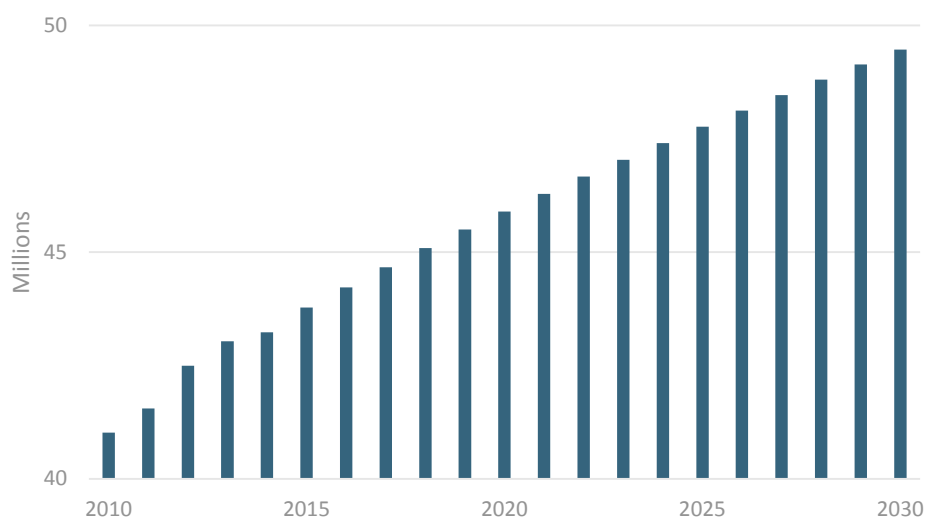
The trend originated from the basic premise of student housing, driven by the rising cost of real estate in urban centres. Co-living communities typically provide short-term accommodation and host various events for their inhabitants. They may consist of students, entrepreneurs, artists or even Baby Boomers, who find themselves mortgage-free with no familial responsibilities; able to downsize, move around and live out their older years in the way that suits them best.

Real estate disruption

The sharing economy phenomenon has already made a mark in areas such as cars, clothing and general peer-to-peer platforms (see The Borrowers trend), so it is no surprise that real estate has become the next focus for disruption. The world of start-ups and venture capitalists has become big business, and co-living has become the alternative accelerator ecosystem for smart minds and out-of-the-box thinkers.

Millennials are much less attached to fixed belongings such as vehicles, houses and clothing than previous generations. They are more flexible, mobile and adventurous. In real estate, this has translated into greater demand for rentals rather than mortgages amongst this demographic. In the US, for example, the Millennial generation has fuelled the demand for rental apartments. This is particularly important, since following a rise in the birth rate and immigration, Millennials now outnumber Generation X, those born between 1965 and 1979.

Rented Households in the US: 2010–2030



Source: Euromonitor International from national statistics

Co-living in 2018

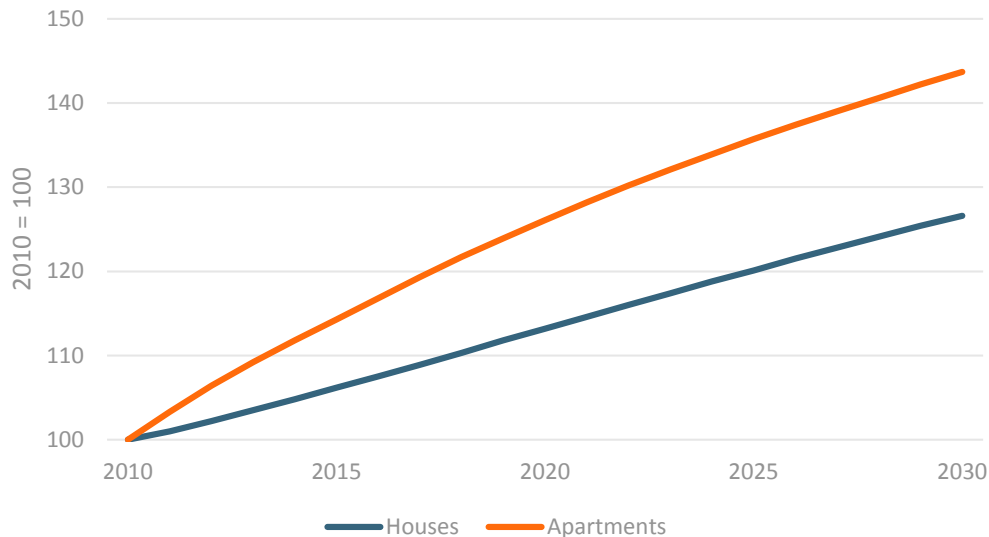
Markets with progressive start-up landscapes and high rents are amongst the most fertile spots for co-living arrangements. This includes Asian urban hubs such as Hong Kong and Singapore where real estate prices are amongst the highest in the world. In Hong Kong, for example, housing prices have almost doubled since 2010, according to the Euromonitor International's House Price Index.

Some consumers will therefore be looking to co-living as a way of cutting costs and renting cheaper accommodation, with the added bonus of a more social and productive environment. However, co-living remains a niche trend, centred on

advanced urban hubs. It remains some way off from being a mainstream movement. Demand for small urban rental spaces and student homes housing more young professionals is one way the trend will manifest in 2018.

In response to the co-living trend, developers are further motivated to build more modular units in the form of apartments, which are expected to expand in number much faster than houses as dwellings.

Global Growth in Apartments and Houses: 2010–2030



Source: Euromonitor International from national statistics

There is also growing potential for co-living amongst the elderly, since it offers the social interaction, environmental sustainability and accessible design required for this demographic. The challenge in widespread adoption for this target group is the perceived image of shared accommodation, with many older people preferring to maintain their independence. However, given that many Baby Boomers were so in favour of communal living in their own youth, co-living is not unfamiliar.

Business is responding to co-living opportunities

Businesses have started aggressively pursuing co-living opportunities to be ready for disruption in the medium term.

Campus Hong Kong operates a large co-living facility in the city state, having converted almost 50 one-bedroom apartments into four-bed dormitory rooms. In Singapore, Ascott, a hotel chain owned by one of Asia's largest real estate companies, CapitaLand, unveiled the lyf brand in 2016, which is a focused co-living project in partnership with Singapore Management University. The project is expected to expand to China, which

has become a major co-living hub in its own right. The You+ International Youth Community already offers rooms to young people in Guangzhou and Beijing.

Perhaps the most well-financed example of a corporate co-living undertaking is WeLive, the dedicated division of US real estate company WeWork, valued at around USD20 billion today. WeLive recently opened its first living spaces in Washington D.C. and New York City. According to the company's financial documents, WeLive is expected to generate 21% of WeWork's revenue by 2018.

For older consumers, a number of co-living villages have sprung up. One example is Ashby Ponds in the US, which is a retirement community focused on creating a social cohabiting space for Baby Boomers. The residence offers apartments and houses, and many amenities on-site. The aim for these type of communities is to avoid an institutional image, and instead sell the idea of fun ageing. There is growing demand for this type of co-living for older generations globally. In Europe, these communities are well-established in the Netherlands, and in London, Older Women's Co-Housing (owch) completed its co-housing community for women over the age of 60 in 2017. 20% of US-based start-up Ollie's co-living spaces are rented by consumers aged 50 years and over.

Opportunities in co-living lay in further augmenting and revolutionising how individuals and companies look at working spaces. For example, Beijing-based real estate start-up 5Lmeet recently opened a centre in Beijing which includes an open office and amenities such as a gym, restaurants and an event space. The basic concept for the future is to create a type of "public library" for work, with easily accessible technology and like-minded individuals. As the number of freelance workers continues to rise globally, and as the bring-your-own-device (BYOD) market continues to grow, demand for affordable cohabitation spaces will only rise.

THE SURVIVORS



10 years on from the credit crunch which heralded the start of the Great Recession, the frugal mindset of consumers remains entrenched. Despite improving economies, rising incomes and falling unemployment, the gap between rich and poor is highly visible, and those caught between low pay / meagre state benefits and high living costs are still struggling to cope with austerity. Those at the bottom of the pyramid remain mired in poverty, with many relying on foodbanks, second-hand items and value-based retail formats to make ends meet. Precarious employment means many others, not traditionally classified as poor, find themselves struggling to cope.

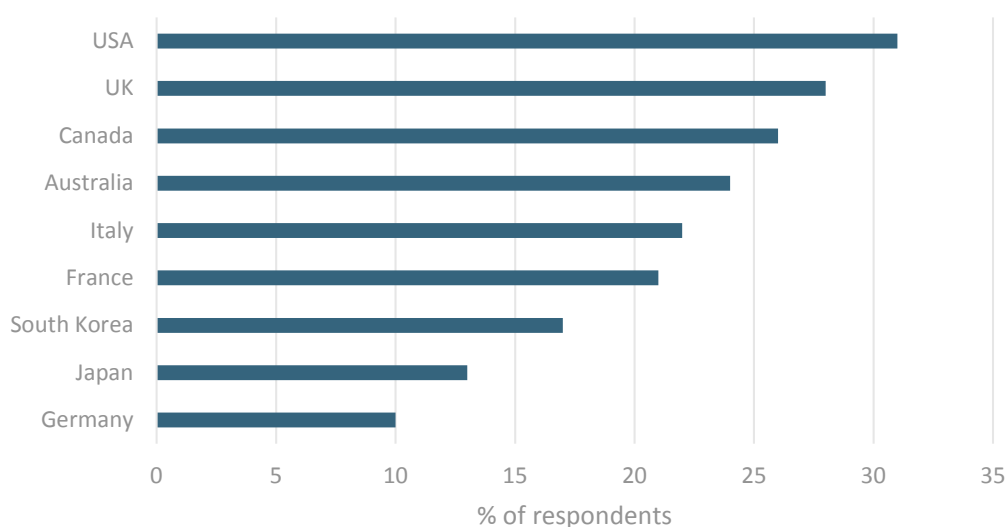
Impact of austerity on the poverty-stricken

In developed markets, there were almost 30 million low-income households with an annual disposable income of below USD15,000 at Purchasing Power Parity (PPP) in 2016. In Spain, these amounted to 10% of all households (versus just 3% in the UK). In the US, there were 9.9 million low-income households. In Japan, the number shot up by 26% from 2011 to 2016.

Those experiencing food insecurity, including many with irregular incomes, the elderly, single parents and asylum seekers, are supported by a growing number of charity-run foodbanks and other forms of food assistance. In the US, the Feeding America network of 200 foodbanks distributes donated food to more than 43 million people in need. There are around 800 foodbanks in Canada, 1,000 in Germany and 2,000 in both France and the UK. UK operator the Trussell Trust reported a 7% rise in foodbank users in the year to April 2017. An Oxford University study found that in the previous 12 months, 50% of foodbank users had gone without heating for more than four days, 50% could not afford toiletries and 20% had slept rough.

Foodbanks are on a mission to make their offer healthier and reduce their reliance on non-perishable foods. Feeding America is sourcing a greater amount of produce from farmers' surplus crops. In France, a new law in 2016 forced supermarkets to donate any unsold food, and to allow the hungry to take it from their bins.

Low-income Respondents Intending to Increase Visits to Discount Stores in the Next 12 Months



Source: Euromonitor International Global Consumer Survey 2017

Note: Refers to % of respondents with an income between US\$0–20,000 who agree or strongly agree

Consumers flock to deep discounters

Consumers have responded to austerity by making greater use of the growing number of resale shops, grocery discounters and value-based retailers. The latter keep costs very low by buying in bulk directly from factories and purchasing surplus stock. By catering to the poverty-stricken or price-sensitive, deep discounters are amongst the only retailers that have proved resilient to the rise of internet retailing, and are a disruptive force in retail. Male Japanese workers have reportedly been flocking to 100-yen shops (such as CanDo) for everything from cheap wine and sushi to ties, socks and work tools.



A 2017 Morgan Stanley study found that most Dollar Store shoppers had household incomes of under USD50,000, and were unlikely to shop online, with 73% of customers using them to buy daily necessities rather than leisure products.

In Europe, “social supermarkets” have emerged, which sell food with expired best-before dates, incorrect labels or damaged packaging at discounts of up to 50%. Danish supermarket Wefood opened a second outlet in 2017, while one UK equivalent, Nifties, opened a website following the success of its store. Operators such as Pret a Manger deliver their unsold food to shelters across the UK through a volunteer network.

According to the UK's Office for National Statistics, second-hand stores—charity shops especially—were a strong driver of retail growth in 2017. In the US, the traditional thrift store market is reportedly growing by 8% annually.

The retail industry responds

Value-based retailers are responding by expanding aggressively. The global expansion of grocery discounters such as Aldi and Lidl are well-documented, but discount variety stores are also doing very well. Daiso had 2,800 stores in Japan and over 4,000 stores worldwide by 2017; while in the UK, B&M is one of the fastest growing retailers, reaching a total of 533 outlets in 2017, as well as 73 Jawoll and Hafu stores in Germany. Former “one-price” retailers such as Poundland are moving to a multi-price format to give them more flexibility in the face of such competition.

In response to the dynamism of the resale market, UK high street retailers such as Game and Urban Outfitters are incorporating second-hand offerings into their retail operations, with both featuring dedicated second-hand areas.

In North America, dollar stores are one of the fastest growing areas in retail. By 2017, Dollar General had over 13,000 stores and Family Dollar / Dollar Tree over 14,000. These chains are expanding their reach, and have recently begun to target cash-strapped Millennials. Dollar General's new DGX concept has a smaller format and faster checkouts, and offers take-away food and an expanded health and beauty section.

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ABOUT THE AUTHOR



ALISON ANGUS

Head of Lifestyles Research
Euromonitor International

[Twitter](#) | [Connect via LinkedIn](#)

Alison Angus is Head of Lifestyles at Euromonitor International, a global strategic market intelligence company. Alison focuses on understanding consumer behaviour, attitudes and shifting trends; interpreting these into informative and useful insights to support strategic planning for businesses.

Alison has worked in research for nearly 20 years, covering a wide range of industries, from fast-moving consumer goods such as food, drink and beauty products, to home entertainment and electronics, as well as service sectors, including consumer finance and retailing. She brings extensive knowledge and expertise on research and analysis techniques and methodologies, managing projects, and producing informative and insightful analysis.

CONTRIBUTING AUTHORS



DAVID HSU Consultant

STEPHEN KENDALL Consultant

PAVEL MARCEUX Households Specialist

HELEN ROBERTS Consumer Trends Specialist

Editor

GINA WESTBROOK Consumer Trends Director