

MARKETING

## Consumers moving from conspicuous to conscious consumption: Euromonitor

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*Consumers are collecting experiences over goods. Image credit: American Express*

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By 2030, 53 percent of all global spending will be allocated towards services rather than goods, as consumers' aspirations shift away from accumulating material possessions towards achieving simplicity.

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Driven by a combination of factors including ecological concerns, the rise of millennials and Gen Z consumers and changing values, more than 30 percent of consumers today say they prefer to spend their money on experiences rather than things. In a webinar from Euromonitor, analysts addressed three major megatrends that will shape consumer behavior in the coming decade, from connected consumers to the reinvention of shopping.

"Conscious consumption has replaced conspicuous consumption and is at the heart of changing values and priorities," said An Hodgson, head of income and expenditures at **Euromonitor**.

"Gone are the days of ownership as a status symbol," she said. "Status is now more aligned to how well a person lives, their health and more thoughtful, responsible and inclusive consumption.

"Consumers no longer tend to have deep relationships with the things they own, but instead find emotional attachments in experiences and achievements."

Trending topics

Euromonitor's presentation looked at five socioeconomic drivers of megatrends, or trends that will have a long-term impact.

"Today's environment of fast paced change makes it more challenging than ever for consumer-focused businesses to keep up with the competition, or even to stay relevant," said Sarah Boumphrey, director, economies and consumers at Euromonitor. "To stay ahead of changing consumer preferences, businesses must embrace megatrend analysis."

One of the key changes that companies should be mindful of is the rise of emerging markets. Developed economies are expected to grow only 17.5 percent between now and 2030, about half the growth that was seen before the financial crisis a decade ago.

By 2030, about three-quarters of total economic growth is expected to come from emerging markets. With this growth, consumers in these markets will gain purchasing power.

There is also a focus on Asia, with four out of the top five economies expected to be on the continent in the next decade. India's economy in particular will grow to be about 85 percent of the size of the U.S.' economy by 2030.



*India is a growing economic power. Image credit: Jimmy Choo*

Beyond geography, populations are shifting generationally.

Even though millennials will account for about 50 percent of luxury purchases by 2025, marketers should not discount the baby boomers yet.

The global population is aging, and by 2030 about 10 percent of consumers will be 65 or older. This trend is particularly pronounced in markets including China.

Beyond 2030, marketers should prepare to meet consumers' needs during a longer lifespan. Children born in that year will have a life expectancy of 74 years.

Gen Z will represent more than one-fifth of all consumers by 2030. This age group is more sophisticated and reserved than their predecessors, and they are also less interested in accumulation of goods.

Across age groups, ownership as a status symbol has gone out of fashion.

The rise of experiential spending has already been seen within the luxury business.

According to research from BCG and Altagamma, experiential luxury is eclipsing personal luxury goods, as spending on experiences grew 5 percent year-over-year to 590 billion euros, or \$663 billion, compared to personal luxury's 330 billion, or \$371 billion, up 3 percent from 2017 ([see story](#)).



*Consumers are favoring experiences. Image credit: Protravel*

While experience is toppling earlier notions around acquisition and the sharing economy makes it easier to opt out of ownership, cars are expected to stick around. Euromonitor forecasts that despite a slower growth rate in car ownership, there will still be 1.5 billion cars on the road in 2030.

Aside from value shifts, consumers' ecological concerns are also driving their minimalism. Rising population

density in urban areas and more visible effects of climate change are bringing these issues to the forefront.

Companies that take action, such as through sustainable packaging, play into consumers' desires to make a difference.

#### Connected consumer

Another megatrend driver is connectivity, as more consumers gain access to the Internet and smartphones. By 2030, about 99 percent of households are expected to have mobile phones.

Mobile services have democratized access to the Internet, connecting even remote areas.

Additionally, the number of people with Internet access has doubled during the last decade.

China is a case study in mobile penetration.

While mobile wallets in the West are focused primarily on payment, China's advanced consumer behavior with technology has led to sophisticated consumer-engagement tools, according to a report from Forrester.

WeChat's social gifting and augmented reality coupons on Alibaba's Alipay are a few of the tools consumers can leverage through mobile wallets that make the customer experience in China extremely advanced. Marketers should be prepared for this to be replicated throughout the world, as well as advancing beyond ([see story](#)).

Technology is changing how consumers shop, from the research to the purchase phase.

Consumers across all income levels are also time poor, leading to a rise in services that help them simplify and speed up tasks such as shopping.

According to an earlier webinar from Euromonitor, premiumization is taking hold of the retail and payment industries as consumers prioritize buying fewer, better things. In retail, this trend is manifesting in offerings such as expedited shipping and subscription replenishment, as shoppers shell out to make their lives easier ([see story](#)).

"Today, shopping has evolved beyond the transaction itself," Ms. Hodgson said. "It has become a journey, whose purpose is not just buying but relationship building before, during and after the purchase."