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YES BUT

The resilient consumer: how companies can embrace human complexity to unlock value

Contents

The many faces of resilience

Despite continued economic pressures, many consumers are demonstrating strong levels of resilience, according to Accenture's 2023 survey of more than 10,000 individuals across 16 countries. However, resilience comes in many forms, reflecting both people's values and the rich contextual and complicated influences that shape their lives and their decision-making. And this complexity should matter enormously to companies today as they develop and revise their value propositions.

Consider: Consumers who demonstrate resilience are not naïve about the state of the world. Fifty-six percent expect the coming years to be a struggle, and 68% are more cautious about the decisions they make these days. Even so, 44% say that challenges in recent years have created opportunities for them, and 61% are trying new experiences or adopting new habits to improve their lives.

The world around us shapes what consumers think and do. And today's world is extremely volatile. Disruption is a constant drumbeat influencing people's attitudes and behaviors in profound and unexpected ways. Some consumers are hunkering down. Cutting back. Just trying to get by. Yet others are showing resilience—adapting to living with uncertainty on their own terms. Accenture's recent study illuminates the many faces of resilience and what's needed to meet—and even guide—their evolving needs.

Resilient consumers adapt to living with uncertainty on their own terms.


Yes I go to the supermarket to get my staples ***but*** I go to the farmers market for fresh produce

Understanding people to drive growth

Many companies struggle to keep up with consumers' rapidly changing and seemingly unpredictable behaviors. In fact, 95% of global executives think their consumers are changing faster than they can change their business.[2] **But when companies understand the different and even divergent ways that consumers are reacting to volatility with resilience, it gets easier to make sense of the seemingly conflicting signals they're sending—and to meet their needs.**

Gaining this understanding means moving beyond traditional segmentation strategies that organize consumers by category, brand, and occasion. Instead, companies should embrace life centricity, which essentially means seeing consumers as multi-dimensional humans whose beliefs and choices reflect the complex and colorful tapestry of their lives. Doing so clearly requires a shift in focus. But it also requires developing new processes that support that focus. Ultimately, it means creating an organization that can be as fluid as its customers and consumers. Most consumer companies lack the unified drive and capabilities to move so quickly. What's needed is a strategy we call Total Enterprise Reinvention.

Reduced to its essentials, Total Enterprise Reinvention involves building forward-looking capabilities that bring to life the aspiration of becoming a human-centered company. Facing out, consumers are enlisted as co-creators from the start, fostering two-way relationships that transcend transactions. The company understands consumers holistically, and that understanding evolves in real time. With that understanding, the company develops offerings that solve for the whole human being. Facing in, the organization truly becomes boundaryless; every member of the company knows how their day-to-day activities can best serve humans' holistic needs and wants.

Our modeling analysis predicts that companies who lead in life centricity will outpace their peers' growth rate by nine percentage points annually.

Siloes are broken; relevant information gets where it's needed without friction; collaboration across functions is finally fully possible.

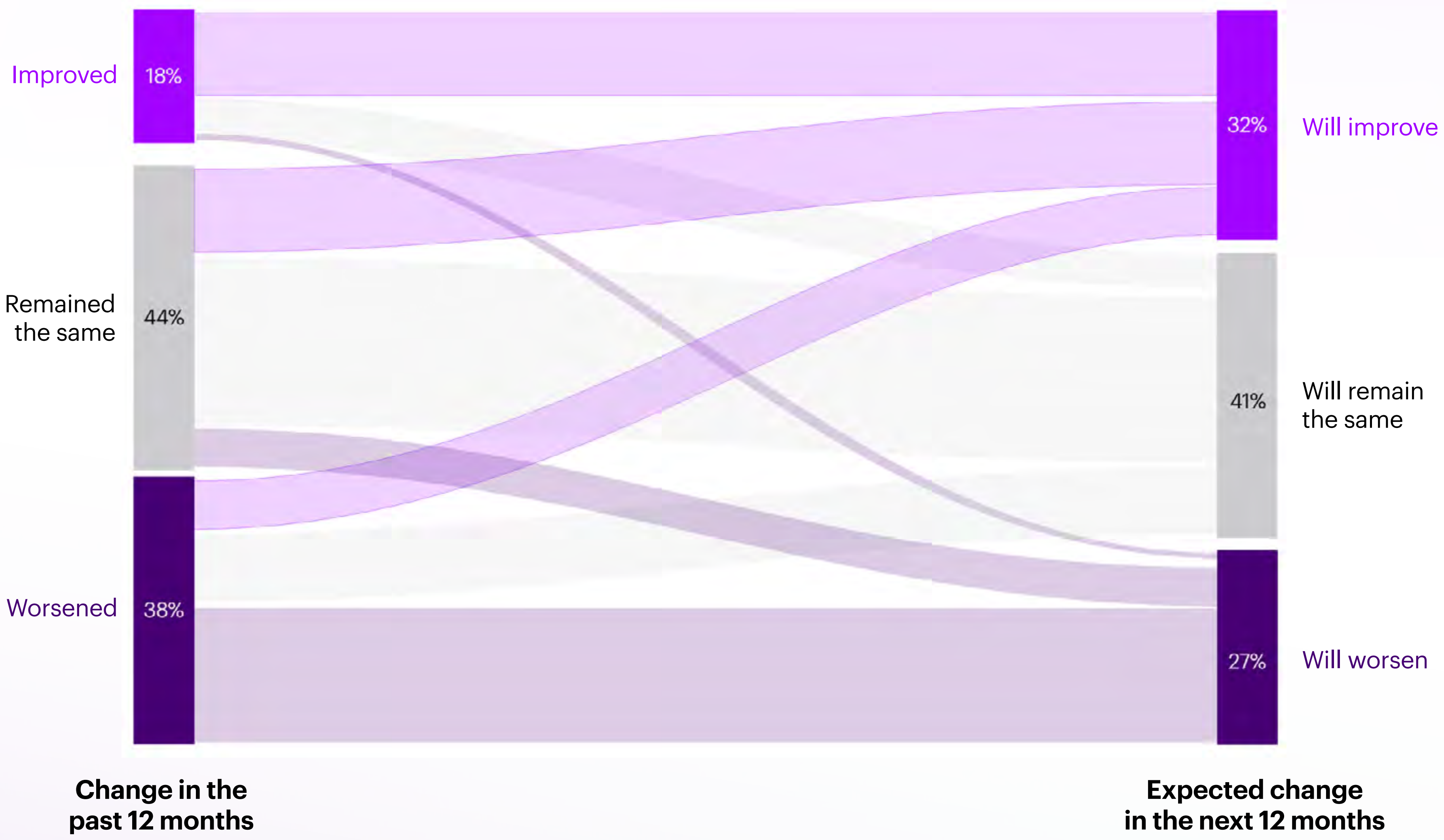
First, however, it's important to examine the context at a more granular level. What's really going on with consumers today? Why is their decision-making increasingly complex, and in what ways?

The roots of resilience

What's behind the pockets of consumer resilience that we are seeing?

Confidence in a better financial future.

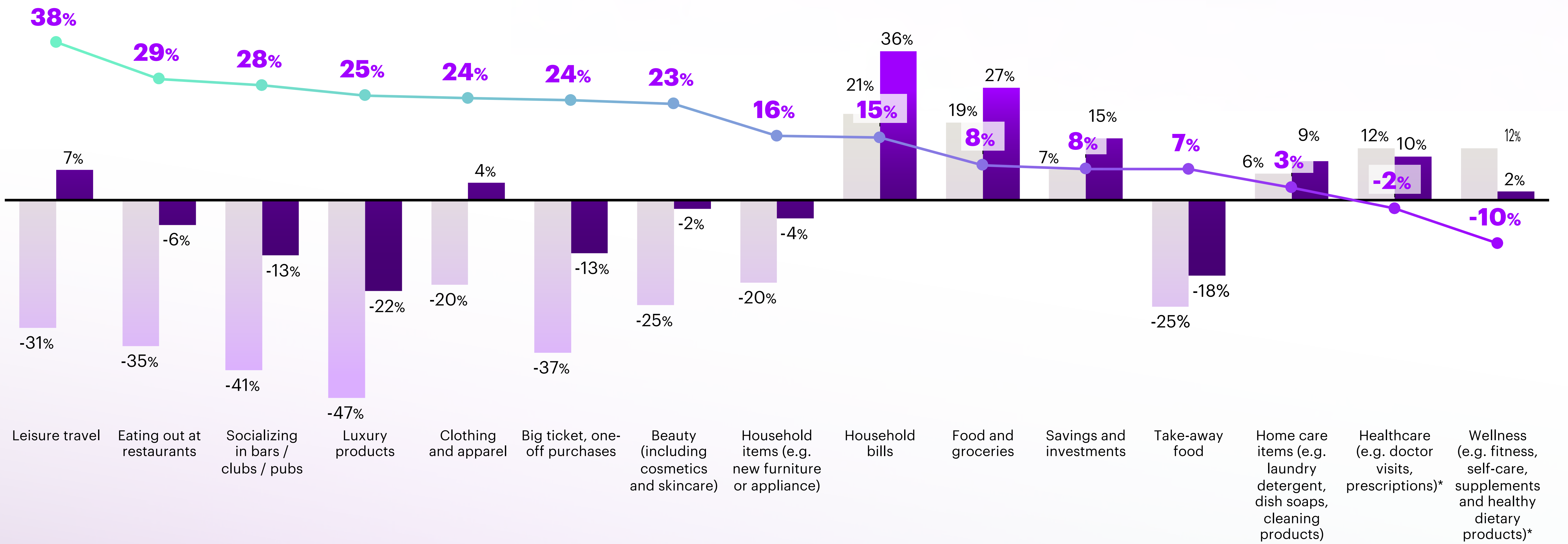
While significantly more individuals saw their disposable incomes decline over the past 12 months, consumers see sunnier days ahead. 73% expect their disposable incomes to remain the same or increase in the next 12 months.



Disposable income change and expectations
% of respondents who experienced disposable income change in the past 12 months and expected change in the next 12 months

Strong intention to spend across categories.

While it would be natural for consumers to be in "fight or flight" mode and cut back on discretionary spend, in 13 of 15 consumption categories, they plan to spend more (or pull back less) compared to last year.



*Healthcare and Wellness combined under "Health & fitness" in 2022 and separated in 2023

Expected net change in category spend, 2023 vs. 2022

Expected net change in category spend in the next 6-12 months

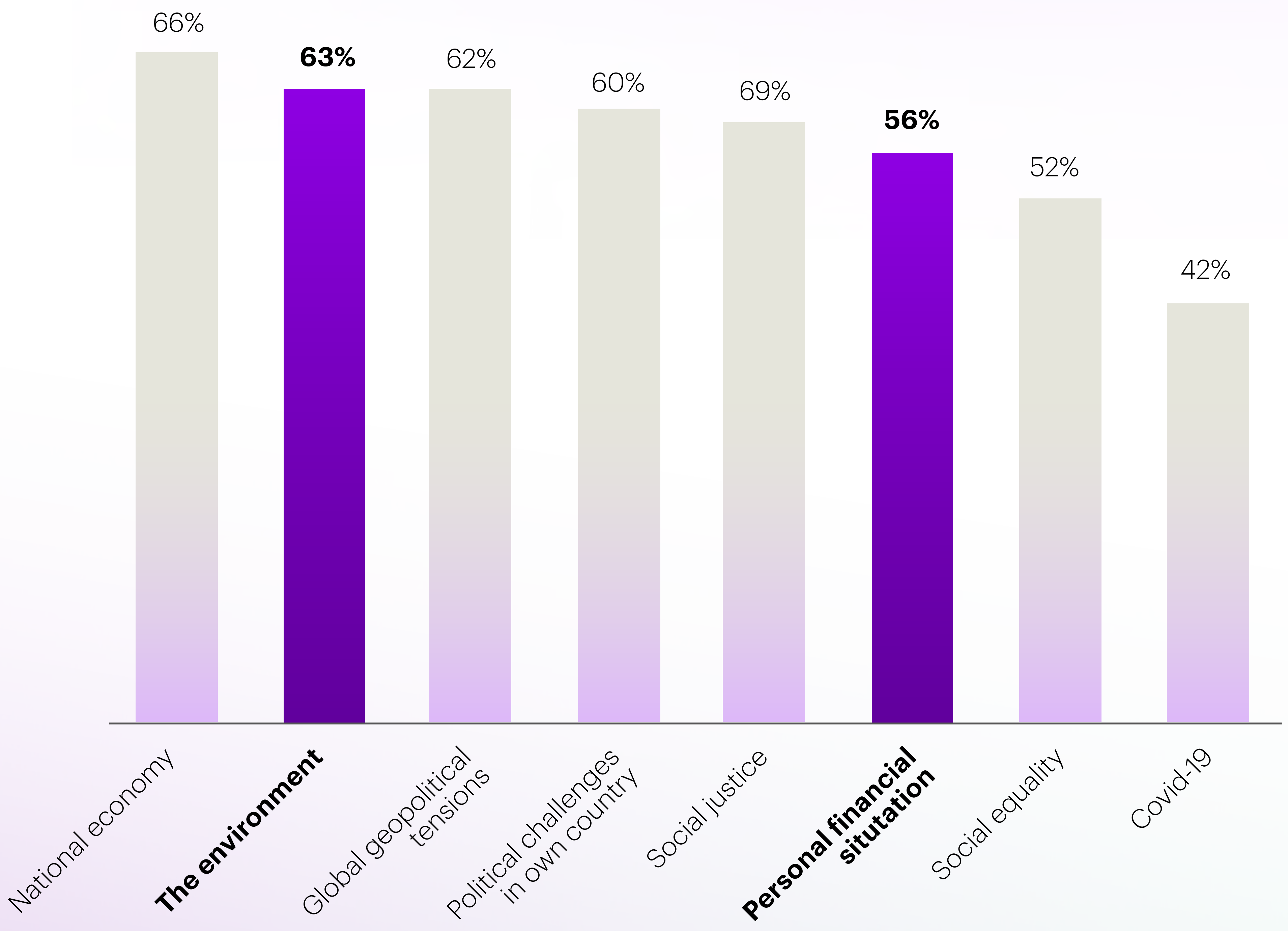
(% expecting to increase category spend – % expecting to decrease category spend)

Unwavering concern for the environment.

Despite uncertainty and the cost-of-living crisis, consumers continue to focus on our planet. The environment is their second biggest concern after the national economy and ahead of their personal financial situation.

Top consumer concerns

% of respondents concerned or very concerned about outlook over the next 6-12 months




Yes, I'm building my savings ***but*** I'm going to enjoy a mini-break

Knowing the nuances

Our analysis has uncovered a new way to look at segmentation, which can help companies understand consumers as real people. We uncovered four consumer mindsets based on the positivity of their outlook on the future and how much they are taking control of their lives amid uncertainty. Developing the mindsets against beliefs and attitudes provides a life-centric view of consumers – and illustrates the different ways their behaviors are resilient.

These mindsets solve for the nuances of how consumers expect to live and spend. This insight goes well beyond traditional demographic segmentation. It includes forces that shape consumers' attitudes as well as the attitudes themselves—such as how disposable incomes have changed, how they expect incomes to change going forward, and how long they expect this period of uncertainty to last.

Taking a closer look at category spend by mindset demonstrates how human attitudes translate into specific purchasing behaviors. For example, consumers who are **Living in the Moment** or **Seizing Opportunities** are more optimistic about the future. Their disposable incomes have improved or remained stable. They expect them to stay this way and plan to increase or maintain spend on most categories.

On the other hand, consumers who are **Getting Focused** or **Freezing** are pessimistic about the future. Their income has declined, and they expect it to either continue to decline or stabilize. They are discerning with their spend and intend to continue spending only in priority categories. Interestingly, Getting Focused consumers still see traditionally discretionary categories like savings and investments, leisure travel and at-home entertainment as essential, despite feeling financial strain. Conversely, Freezing consumers experience more financial pressure, focusing spending on non-discretionary categories and pulling back elsewhere.

We encourage companies to form a holistic understanding of their consumers through a life-centric lens instead of relying on traditional demographics.

Seizing the moment

Letting go

Taking control

Living in the Moment (11%)

Resilient by accepting the lack of control over circumstances and choosing to enjoy life now

Demographic factors

Age:
Youngest

Income level:
Skew lower

Unseen forces

Disposable income trajectory:
Has and will remain stable

Uncertainty:
Life is back to normal

Seizing Opportunities (28%)

Resilient by exercising control over lives by taking advantage of opportunities presented by recent volatility

Demographic factors

Age:
Skew younger

Income level:
Skew higher

Unseen forces

Disposable income trajectory:
Has been stable, will improve

Uncertainty:
Life is back to normal

Freezing (25%)

Resilient by feeling powerless over circumstances and bracing for hard times ahead

Demographic factors

Age:
Oldest

Income level:
Skew lower

Unseen forces

Disposable income trajectory:
Has and will decline

Uncertainty:
Uncertainity for >2 years

Getting Focused (36%)

Resilient by exercising control over lives in preparation for difficult times ahead

Demographic factors

Age:
Skew older

Income level:
Skew middle

Unseen forces

Disposable income trajectory:
Has declined, will stabilize

Uncertainty:
Uncertainity for >2 years

Bracing for impact

Seizing Opportunities	Living in the Moment	Getting Focused	Freezing
Savings & investments	Savings & investments	Household bills	Household bills
Food & groceries	Household bills	Food & groceries	Food & groceries
Household bills	Food & groceries	Savings & investments	Home care
Leisure travel	Clothing & apparel	Home care	Healthcare
Clothing & apparel	Healthcare	Healthcare	At-home entertainment
Wellness	Restaurants	Leisure travel	Savings & investments
Healthcare	Leisure travel	At-home entertainment	Leisure travel
At-home entertainment	At-home entertainment	Wellness	Clothing & apparel
Home care	Beauty	Clothing & apparel	Beauty
Beauty	Household	Beauty	Wellness
Restaurants	Home care	Household	Household
Household	Wellness	Restaurants	Restaurants
Big ticket, one-off purchases	Socializing in bars/clubs	Big ticket, one-off purchases	Socializing in bars/clubs
Socializing in bars/clubs	Big ticket, one-off purchases	Socializing in bars/clubs	Big ticket, one-off purchases
Take-away food	Luxury products	Take-away food	Take-away food
Luxury products	Take-away food	Luxury products	Luxury products

Increase or maintain spend

Decrease spend

Net change

Ranking of category spend based on expected net change in category spend, by mindset
Expected net change in category spend in the next 6-12 months (% expecting to increase category spend – % expecting to decrease category spend)

From human values to consumer trends

These consumer mindsets are so useful because they surface how people are living (and spending) with their values. And this view reveals three surprising consumer trends—and how nuanced they are across the types of consumer resilience.

01
Travel

Taking trips to find human connection

02
Premiumization

Spending more on what matters to me

03
Sustainability

Caring for the planet without breaking the bank

Yes, costs are rising ***but*** I deserve a treat

01. Travel
Taking trips to find human connection

Months of being grounded during the pandemic had a profound impact on consumers, reminding them that travel is more than just the trip. It is about human connection. Even after a year of strong growth for the travel industry, 71% of consumers plan to sustain or increase their current spending on leisure travel in the next year, even while limiting spending across most discretionary categories. This signals that consumers see travel as an essential part of their lives.

Not surprisingly, consumers who are Living in the Moment are the most likely to choose more expensive travel options, contributing to the boom in luxury travel. They are less likely to have next year's trips scheduled as they typically book last minute. This group and consumers who are Seizing Opportunities are the most likely to have planned luxury trips and wellness retreats. For those in search of "ultra-luxury", their plans often reflect the desire to have once-in-a-lifetime trips that are authentic, immersive and personally enriching[3].

While consumers who are Freezing are the only mindset that doesn't plan to spend more on leisure travel in the near future, they aren't staying home. They're resilient. They refuse to lose out, and fully intend to travel just as much as they did last year. How? These consumers expect to travel smart, keeping spend in check with less expensive domestic travel options and non-city destinations like the beach, countryside and mountains.

The takeaway. Whether consumers want a trip of a lifetime at a five-star resort or a cheap weekend with friends in a secluded cabin, specific offers and experiences are what captures people's desire to travel.

On trend

Retail meets off-the-beaten path travel

Walmart and Getaway, a hospitality company that offers back-to-nature escapes, launched a general store concept for consumers traveling to remote locations away from cities. The mini-retail shops carry seasonal items and quintessential traveling accessories. The ready availability of supplies can enhance the travel experience while providing Walmart an opportunity to connect with consumers in a completely different dynamic.[4]

Yes, I buy store brands ***but*** not for everything

02. Premiumization
Spending more on what matters to me

Given the uncertain economy, consumer companies are closely tracking the viability of premiumization. After all, consumers have largely been buying more budget and private-label brands. Store brands in the United States gained share of sales from name brands in the year ending October 2022, after losing share for the prior two periods.[5]

A traditional demographic analysis based purely on income levels suggests that consumers may view the price of premium brands as too steep for their wallets right now. Even high-income consumers indicate that they plan to limit their spending on premium brands.

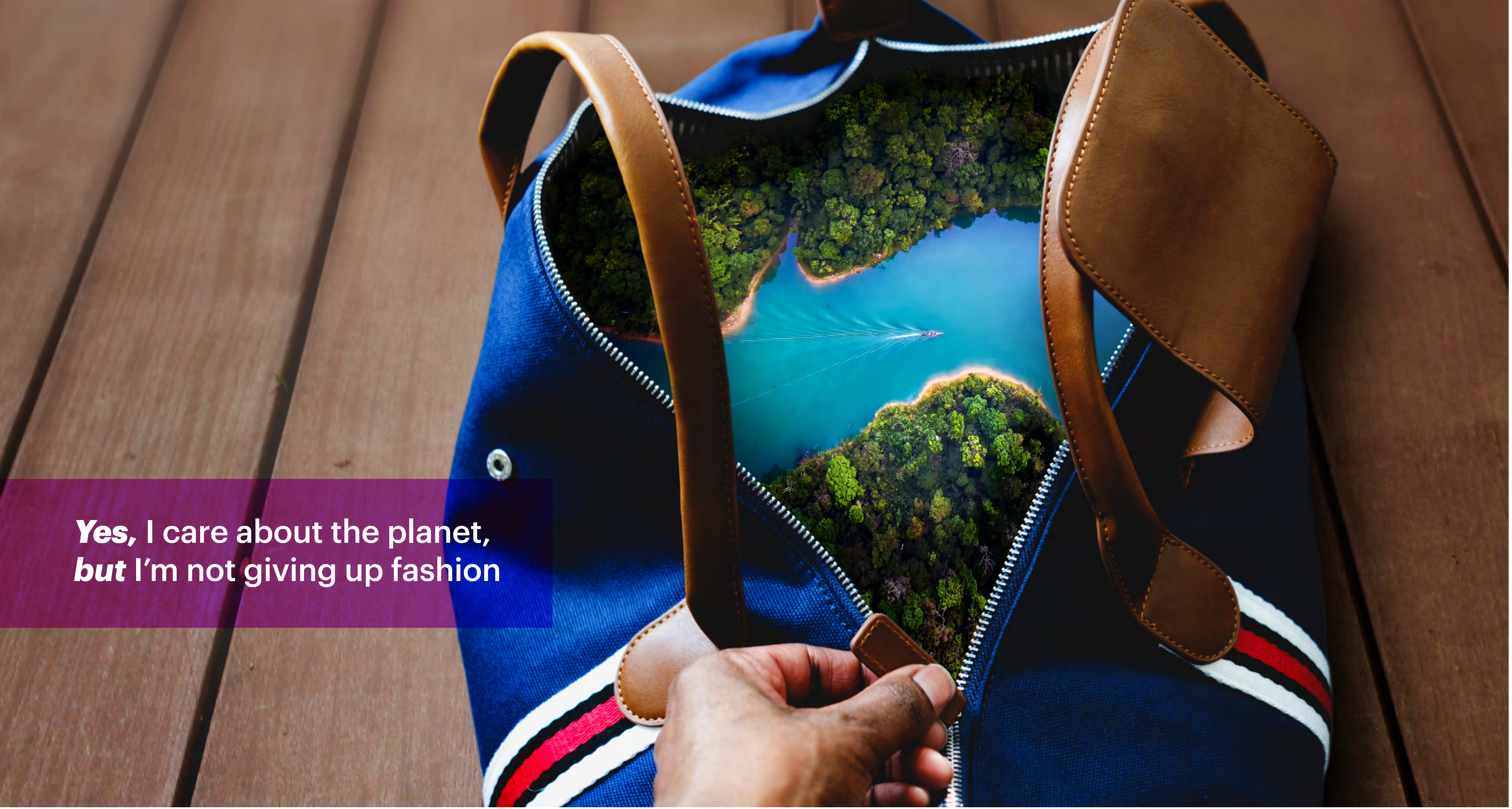
However, a human view of consumer resilience reveals what traditional demographics miss. Consumers Living in the Moment plan to spend more on premium brands in the next year. They are most likely to trade up on alcoholic beverages, fresh foods and special occasion or "nice-to-have" clothing. Even beyond this group and more universally, trading down can mean buying premium brands for use at home, versus more expensive out-of-home consumption.

The takeaway. Data-driven pricing strategies and marketing programs for premium products grounded in the context of people's purchasing choices are essential to deliver products at the right price.

On trend

A premium shot of sales growth

Global spirits leader Diageo reports that 71% of its organic net sales growth over the last year came from "premium plus" brands like Don Julio and Johnnie Walker.[6] Its introduction of Don Julio Rosado tequila—designed for people who want a smooth tequila in the daytime—is just one way the company is catering to a wider range of occasions as part of its premium strategy. Between FY19 H1 and FY23 H1, sales of the company's "Super premium +" portfolio grew 84% – far above its overall company growth of 36%.[7]


Yes, I care about the planet,
but I'm not giving up fashion

03. Sustainability
Caring for the planet without breaking the bank

It's easy to assume that consumers stop making purchasing decisions based on their commitment to sustainability when money is tight. However, 83% actually increased their sustainable shopping in the last 12 months. This sustainable shopping is integrally linked to value: Consumers are buying only what they need, taking their own bags to the store, focusing on quality goods that will last longer, repairing or upcycling what they have, and choosing reusable or refillable products.

The survey results highlight the dynamic relationship between sustainability and affordability that gets to the heart of consumers' resilience in this area. For 44%, saving money is the most important motivation for sustainable purchasing.

Twenty-seven percent of consumers say that making environmentally-conscious choices is their top motivation. And 21% are equally motivated to purchase by saving money and making environmentally-conscious choices.

Consumers are shopping sustainably in ways that align against their specific mindsets. Those who expect their disposable incomes to improve are the most likely to do things like buy quality goods that last longer, buy recycled/refurbished, buy reusable/refillable, consolidate deliveries and take their own packaging to store.

Accenture Research analysis reveals a relevancy gap between how organizations think they should encourage consumers to be sustainable and how people actually define, connect and act sustainably.[8]

Those who expect their incomes to decline are the most likely to buy secondhand and accept a lower quality, appearance or selection for sustainability reasons (like minimizing food waste.)

Despite their behavior changes, consumers think the environment is largely out of their control. Only 18% feel they have more control over their environmental footprint than they did before the pandemic. Consumers with higher-control mindsets (Getting Focused and Seizing Opportunities) are the most likely to feel this way.

The takeaway. For sustainable changes to take hold, companies will need to enable consumers to make changes that align with both their values and life circumstances beyond their wallets.

On trend

Style that's good for the planet

Coach's Coachtopia circular craft brand includes bags and ready-to-wear products that use repurposed and renewable materials. Coach worked with activists, artists and designers to develop the products and messages. The first drop sold out in 48 hours. The second drop sold out, too.[9]

Tapping into life forces

As important as it is to understand consumers through the lens of how they live, most companies don’t (and can’t) do this. Identifying pockets of resilience and acting on them with relevant offerings that drive growth requires different ways of thinking and working. Here are the fundamentals for getting started.

Reframe consumer understanding

Think about the human being – not the consumer, traveler or shopper

Consumer companies should reframe consumer understanding and center on unique needs and lives rather than on industry lines, categories and sweeping demographic segments. Doing this is 100% non-negotiable for being life-centric and relevant. The key is to see people's multifaceted lives by analyzing first- and zero-party data to get closer to consumers on an ongoing basis. Keeping pace with—and even anticipating—how they will evolve takes real-time advanced analytics and the know-how to make the most of it.

Delta's rollout of a new digital experience for mobile devices is an effort to enhance the travel experience and understand consumers beyond who they are as travelers. By building an ecosystem of brands that surround the travel experience, Delta envisions a future where travelers enjoy a seamless and connected journey. Loyalty members can use the platform to not only keep track of their current itinerary, but also make plans for when they arrive, such as reserving a table for dinner. The company plans to partner with more brands to deliver more destination-specific content and experiences, improving the platform based on what they learn from and about consumers.[10]

Redefine the boundaries

Defy convention, making bold moves that break down barriers to fulfill human need first

With a life-centric understanding of consumers, companies have the insight—and the permission—to break free from the constraints of industry, category and product boundaries. They can look beyond the core. Explore adjacencies. Develop powerful partnerships. All to meet consumers where they are. This "freedom" exposes opportunities that only become clear when boundaries and conventional thinking fade away. These are often the best places to develop offerings that solve consumer problems and deliver value.

This is just what Albertsons Companies did in launching Sincerely Health™, a digital health and wellness platform designed to expand the company's role in health and wellness beyond that of a traditional grocery store or pharmacy. The platform is designed to help people make informed choices about their wellbeing. It's backed by science and built with healthcare providers, insurance companies and technology companies. Members who set and meet health goals can receive grocery coupons and discounts. At the same time, Albertsons can meet unmet needs by developing a better understanding of consumers' holistic health goals, behaviors and purchase patterns. This insight can inform decisions from product assortment, marketing and promotions to new business models.[11]

Reinvent the organization

Connect everything—and everyone—with a common purpose that focuses on human need

Reframing consumer understanding and recreating offerings is only lip service without the organizational muscle to make them a reality. Total enterprise reinvention is required. The company—every employee in every function—should organize around the purpose of fulfilling people's needs. Shared metrics that reflect this purpose should connect different functions, align incentives and simplify ways of working. A strong digital core is essential to truly understand human needs and translate this insight into actions that provide people with what they want, when and how they want it. At scale. Finally, a continuous feedback loop is non-negotiable for companies to keep up with how quickly humans and their needs change—day to day, and even moment to moment.

When Nestlé Purina wanted to understand consumers as "pet parents" rather than as "people who buy pet food," the entire organization got involved. Teams across R&D, product and service offerings, data and experience each had a distinct and complementary part to play. As a result, the company is able to orchestrate a multi-faceted and complete solution that ranges from pet food to veterinary services – all linked by data. Think of it as a comprehensive approach to develop a holistic understanding of pet parents' needs and desires.[12]

The world is unpredictable, but consumer behaviors don’t have to be

Keeping up with the many forms of human resilience is consumer companies’ greatest challenge. It can be their greatest opportunity too. It’s a powerful chance to boost relevance, growth and competitiveness in a topsy-turvy world. Seizing this advantage means understanding consumers as real people—seeing and solving for all the beautiful mess of everyday life. It’s possible by continually reinventing the enterprise to respond to who humans are, how they live, what they need and how fast they change.

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About the research

Accenture's Consumer Pulse Survey 2023 offers insights into consumer outlook, sentiment and behaviors. This year's survey is relevant to all consumer industries but is focused on consumer goods, retail, and travel. Accenture surveyed a representative sample of 10,100 consumers from 16 countries: Australia, Brazil, Canada, France, Germany, India, Italy, Japan, Mexico, Saudi Arabia, Singapore, Spain, Sweden, United Arab Emirates, the U.K., and the U.S. The survey was conducted online and targeted consumers who have made purchases for their household in the past six months. The survey was conducted in 15 countries between March 2 and 22. It was conducted in Japan between April 21 and 28.

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