American Consumers in 2020

Description: American Consumers in 2020 offers a comprehensive view of the future in order to provide marketers and retailers with a vision of what American consumers will look like, how much they will have to spend, how they will be shopping and what they will be buying in 2020. The report presents a plausible scenario of how American consumers will evolve and the economy will unfold over the next five years so that marketers can align their current strategies to meet the challenges of the future.

Although the Great Recession officially ended five years ago, the American economy has failed to achieve the robust growth experienced in the aftermath of the economic downturns experienced in previous decades. As a result, The author expects that American marketers and retailers in 2020 will find themselves operating in an economy reflecting the "new normal" of modest growth forecast in 2015 by agencies such as the Federal Reserve and Congressional Budget Office.

Yet, according to national Online Consumer Survey data, as American consumers look ahead five years from now, they have a much less dystopian vision of the future than might be expected, given the harsh realities many have faced in recent years. For example, only a small minority expect that global warming will make life harder in five years. While most doubt that the American economy will be in good shape five years from now, they are optimistic about their own job prospects and overall personal financial situation.

The report highlights a series of challenges that marketers and retailers need to understand so they can convert them into opportunities in 2020. For example, as a result of demographic changes, marketing strategies tied to the needs of traditional two-parent-with-children households will be increasingly outmoded. The youth market will shrink and the spending power of older consumers will grow. Retailers will be forced to find ways to deal with a shrinking middle class created by a deeply entrenched two-tier economy, frugal spending habits instilled by the Great Recession and the growth of the sharing economy that will entice more consumers to rent or re-use products rather than buy new ones.

Technological change on both the shopper and retailer side of the shopping equation will result in a dramatic shift in the options available to consumers as they shop and pay for what they buy in brick-and-mortar stores in 2020. Virtual reality, 3D printing, beacon technology enabling hyper-personalized in-store messaging to shoppers' smartphones and wearables allowing hands-free payment are just a few of the innovations that will be on the way to changing the in-store shopping environment by 2020. At the same time, brick-and-mortar retailers will be under increasing competitive pressure from online retailers that are able to meet the demands of customers ordering up products for same-day delivery. In 2020 brick-and-mortar retailers will face a significant problem in attracting shoppers, especially Millennials, unless they implement technological innovations creating a shopping experience that integrates in-store and online shopping.

Scope of the Report

This report forecasts how the American economy will perform and envisions how the American consumer will behave in 2020. It includes an analysis of the trends likely to shape the demographic profile of consumers in 2020, a review of the factors that will influence the magnitude of consumer spending in 2020, an assessment of how consumer spending patterns are likely to change between 2015 and 2020, and a projection of shifts in the shopping and retailing environment that are likely to occur by 2020.

Methodology

Consumer data in this report come from two primary sources. The first source is the national Online Consumer Survey conducted in August 2015. These surveys reflect a panel of 2,000 U.S. adults (age 18+) that is balanced to the national population on the primary demographic measures of gender, age bracket, race/ethnicity, geographic region, marital status, presence or absence of children in the household and household income.

Another source of consumer data in this report is the Simmons National Consumer Study (NCS) for Winter
2014—which was fielded from February 2014 through March 2015—and Spring 2005 (for trend analysis tables) from Experian Marketing Services. On an ongoing basis, Experian Marketing Services conducts booklet-based surveys of a large and random sample of consumers (approximately 25,000 for each 12-month survey compilation) who in aggregate represent a statistically accurate cross-section of the U.S. population.

U.S. Government sources include the Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, Federal Reserve System, including the Atlanta and St. Louis regional Federal Reserve Banks, and the General Accountability Office. The report cites surveys and studies conducted by a wide range of private sector organizations and is also based upon data collected from a wide range of industry sources, including company websites, trade publications, business newspapers and magazines and consumer blogs.

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