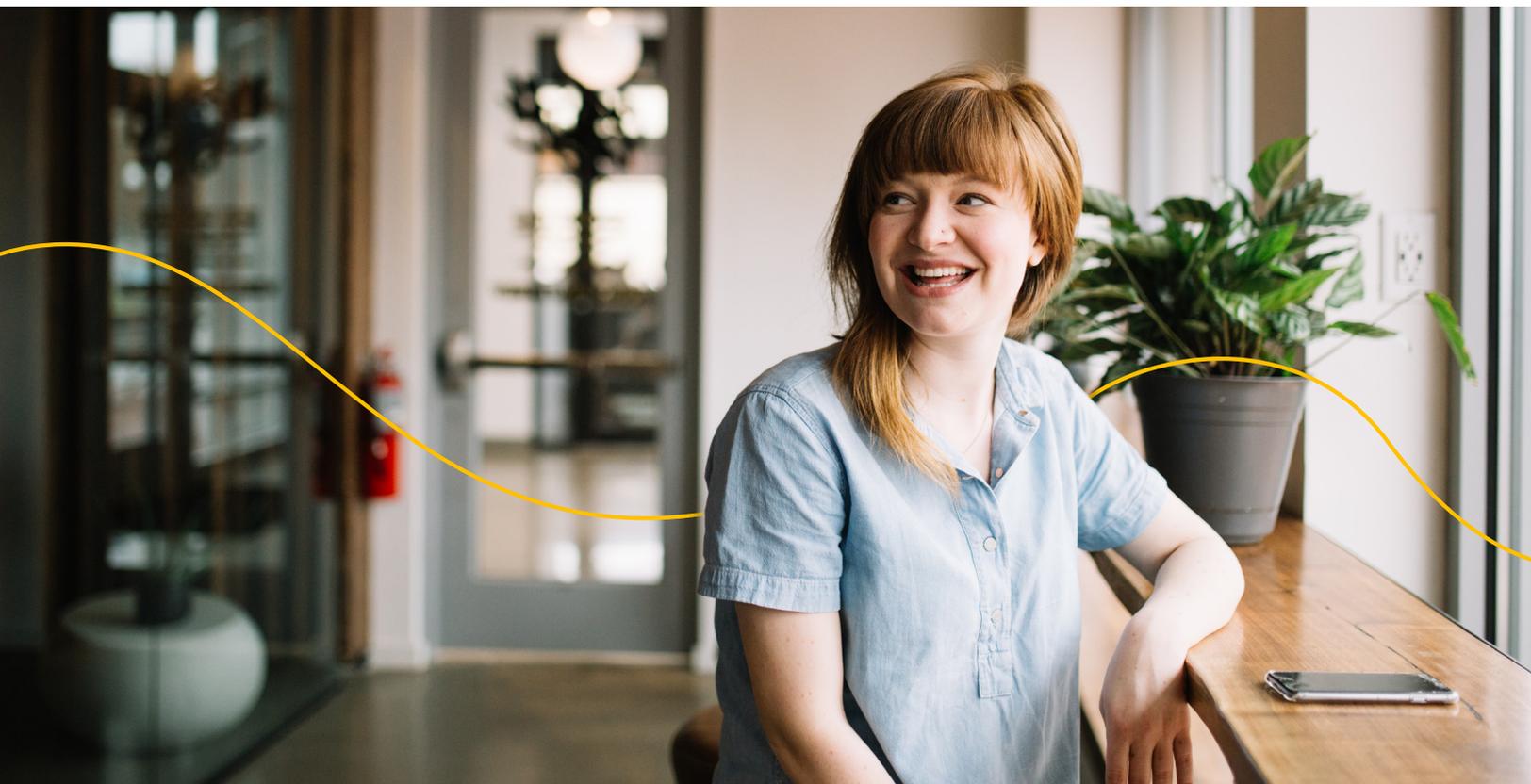


REPORT | STAGE 3 | SUMMER 2022

Consumers Unmasked

Designed to help lifestyle brands understand consumers attitudes and actions during and post-pandemic, the third installment in EPAM Continuum's 18-month, four-stage survey details quantitative findings, reviewing which habits are here to stay and why.



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1. FOREWORD

The pandemic changed consumers.

To understand how, EPAM Continuum launched **Consumers Unmasked**, a four-stage study, conducted over 18-months, exploring the changing shape of customer attitudes and behaviors across five key sectors – food, fashion, travel, fitness and home – in the United States, the United Kingdom and Germany.

Stage 3: Exploring Insights on a Broader Scale

Stage 3 shares the survey results of more than 3,000 shoppers to examine how the post-pandemic landscape is shaping consumer attitudes and behaviors.

Because the sample size and survey formats between our three surveys differ, we are not drawing direct comparisons. Taken together, however, they paint a picture of the current consumer mindset, helping us understand what factors are influencing consumer behaviors, and how those behaviors are translating into sustained actions.

The EPAM Consumer Council

Integral to this study is the EPAM Continuum Consumer Council – a group comprised of 71 Millennial and Gen-Z shoppers from each of our sectors. In our first qualitative report, the Council gave us insights into their mood as lockdowns eased in 2021.

In our second quantitative report, as confidence grew, the Council told us that convenience was the most important shopping consideration, ahead of delivery speed and discounts.

In this report, we continue to explore our consumers' buying habits by asking three key questions:

1. **Where has the needle settled in the balance between physical and online?**
2. **Does price still rule over brand ethics, sustainability and social responsibility?**
3. **How is loyalty changing and how has the pandemic affected this?**

AUGUST 2021

**Stage 1:
Qualitative Study**
with Consumer Council, 71 Millennial and Gen-Z consumers in the UK, the US and Germany

DECEMBER 2021

**Stage 2:
Quantitative Survey**
of 3,000 citizens in the UK, the US and Germany, including our Consumer Council

CURRENT STAGE

JUNE 2022

**Stage 3:
Quantitative Survey**
of 3,000 citizens in the UK, the US and Germany, including our Consumer Council

OCTOBER 2022

**Stage 4:
Qualitative Study**
with Consumer Council, 71 Millennial and Gen-Z consumers in the UK, the US and Germany

1. FOREWORD

The COVID-19 Picture

The highly transmissible Omicron variant drove a fresh wave of infections in early 2022, but the combination of high levels of vaccination, immunity attained from infection and a (relatively) milder variant meant the countries in our survey have been learning to live with COVID-19. As a result, restrictions have eased and, in many cases, been removed.

COVID-19 restrictions at the time of the survey (March 24 – April 4):

UK

No legal requirement to self-isolate when testing positive for COVID-19. Mask wearing in healthcare settings remain compulsory.¹

US

No legal requirement to wear masks or self-isolate for 91% of US states and counties, with a further 7% being advised to take precautions only if at high risk for severe illness. Masks were still required in healthcare settings, on public transportation and in transportation hubs through the spring of 2022.²

Germany

COVID-19 cases in Germany were increasing. Most federally-set restrictions in the country have expired, although masks remain compulsory in healthcare settings and on public transport. At state levels, authorities have used the “grace period” granted by the federal government to maintain a broader range of restrictions into spring 2022.³

New threats

The pandemic left a legacy of damaged supply chains and growing inflation, further compounded by the war in Ukraine and the knock-on effects for commodities and fuel. Although not explicitly referenced by consumers, there were already indications that their actions were beginning to be influenced by these factors and a potential “cost-of-living crisis.”

¹ <https://coronavirus.data.gov.uk/>

² <https://www.cdc.gov/coronavirus/2019-nCoV/index.html>

³ <https://ourworldindata.org/covid-vaccinations>





2.

Findings at a Glance

We asked our shoppers to tell us about their food, fashion, fitness, home and travel buying habits. Here, in summary, is what they told us.

2. FINDINGS AT A GLANCE

Sector Insights



Food

The surge in food app usage during the pandemic has continued. There are signs in some countries that the increasing cost of living is starting to impact eating out and takeaway spend.

Our survey found:

- Food delivery via app is now an embedded habit.
- Eating out and takeaway spend continues to accelerate in the US and Germany (53% and 40% Stage 3 versus 46% and 38% Stage 2). Acceleration has slowed in the UK (8% down in Stage 3).
- Money concerns appear to be having an effect (up 2% overall), particularly in the UK (up 6%).
- Speed and freshness matter more than price and discount.



Fashion

Price remains the most important factor, yet loyalty continues to be important for many consumers. How should retailers protect that loyal base as price pressures mount?

Our survey found:

- Fashion spend has accelerated, particularly in the US, where 50% are spending more than in the previous three months.
- Price is still key for fashion (at 46%, it was consumers' top factor), but style and quality should not be compromised.
- A quarter of consumers are still loyal to the brands they like.



Travel

The excitement to return to traveling is clouded for consumers by rising prices. Does service now become the new currency?

Our survey found:

- Intent to travel is on the rise (54% Stage 2 versus 65% Stage 3).
- Travel is consistent across demographic splits.
- Cost and ease of booking remain the decisive factors in travel company choice.



Fitness

As COVID anxiety falls, does the key to encouraging more consumers back to the gym lie in leveraging social connections?

Our survey found:

- Three in 10 stopped their gym membership as a result of the pandemic.
- Home exercise is the biggest cause of gym membership cancellation.
- Social needs are driving exercise outside of the home.



Home

Convenience, value for money and choice remain the most important factors for home purchases.

Our survey found:

- Home spending continues to rise (36% spending more overall; 16% less than in the three months prior to survey).
- Amazon continues to tighten its grip on the market.
- IKEA and Amazon remain the homeware "super brands."

Special Feature

As our study has progressed, we have added emerging areas of interest, covering gaming, metaverse and cryptocurrency.

Our survey found:

- Over a third (37%) of those who spend money on gaming say they spent even more in the last few months.
- Interest in purchasing virtual items and cryptocurrency is growing, but is polarizing.
- Consumers expect brands to keep pace with their technological demands.

**LEARN MORE IN-DEPTH
SECTOR INSIGHTS ON
PAGE 11**

Themes for a Fast-Changing World

Numerous sector-specific insights emerged from our survey. We also identified a number of themes that have the potential to affect every sector. These include:

1.

Speed of change now a trend in itself

Consecutive global events have made responding to change as challenging as it has ever been.

Recommendations:

- Look through trends to find not what will change, but what will remain.
- Unify in-store and online experiences by priming eCommerce platforms to provide cutting-edge experiences.

2.

“In the moment” loyalty means brands need to respond fast

Sentiment belongs “in the moment” and is strongly linked to current events.

Recommendations:

- Develop the organizational capability to be responsive, creative and fast acting.
- Personalize customer experiences to show how products fit customer needs.
- Connect experiences across channels; turn consumers into buyers with social commerce.

3.

Retailers need to respond to cost concerns

Value for money remains of greatest importance, but there is a clear shift toward low prices, particularly in the UK, as cost-of-living increases make an impact.

Recommendations:

- Brands not built on price should pitch quality, long-term cost effectiveness.
- Be transparent in pricing and vendor sourcing; make a case for price increases.
- Offer a broader variety of online products and smaller footprints in high-cost areas.

4.

COVID-19 no longer reigns but remains

Some COVID concerns remain in sectors such as travel, a finding seen most clearly in Germany compared to the US and UK. Overall, however, the shift toward “normality” has happened quickly.

Recommendations:

- Demonstrate understanding and empathy for consumers at both ends of the COVID-concern spectrum.
- Maximize flexibility to fulfill needs for each consumers’ individual situation.

5.

A genuine appetite for all things new

Consumers expressed genuine excitement and interest in the growth of the metaverse and cryptocurrencies.

Recommendations:

- Test adoption approaches to ensure the gap between consumer excitement/intent and brand purpose is not too great.
- Dig deeper into geo-demographic splits to support pilot and launch planning.

6.

Local rather than global creates opportunities for retailers

We are seeing increasing divergence in country-by-country behaviors – from gaming to attitudes to returning to the gym, sustainability and willingness to adopt cryptocurrencies and the metaverse.

Recommendation:

- Emphasize the local, not just in terms of product, but also in terms of communications, ratings and reviews.

2. FINDINGS AT A GLANCE

7.

Sustainability is moving from intent to action

Consumers speak about buying second hand, upcycling and repairing in a way they didn't in earlier stages of the study. These issues are growing in consumers' minds.

Recommendations:

- Think differently about what quality means in terms of length of use, durability and environmental friendliness to combat price incentives.
- Offer more rental, recycling and upcycling options.

8.

Shared values now offer a genuine opportunity to win

Consumers continue to place significant weight on the values and behaviors of the organizations they buy from.

Recommendations:

- Combine multiple variates (issues, sustainability, diversity) similar to Nike and Adidas.
- For brands moving toward sustainability, offer flexible options, like carbon offsets or different packaging.

9.

Subscriptions, challenging but worth pursuing

When consumers find themselves making choices regarding subscription services, those perceived as offering the greatest value will win out.

Recommendation:

- Leverage the combination of subscription and community (as Peloton has done) and apply to broader lifestyle subscription services.

GO MORE IN-DEPTH WITH EACH THEME ON PAGE 39



2. FINDINGS AT A GLANCE

How Are Our Consumers Feeling?

Most feel free and ready to return to normality.

We asked consumers to pick a character that best represented their feelings about returning to in-person experiences.

Across each of the territories in our study, the same three characters were the most popular choices (on the ledge, at the top of the tree and on the ground by the tree). Although there was some small variance in percentage terms, the relative order of those characters was also the same. The choices indicate optimism and a feeling that consumers had come through the worst of the pandemic. They could clearly see normality returning.

These views are reflected elsewhere in the study. The majority felt more comfortable than they had at the time of our last survey across multiple scenarios:

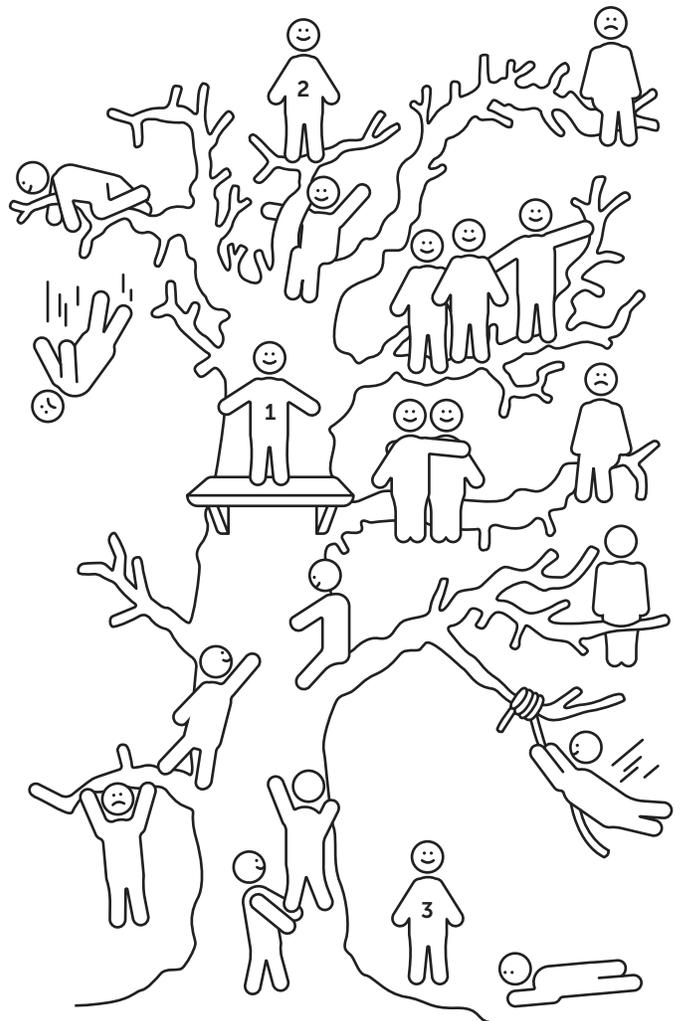
- 83% felt comfortable going to a shopping mall (up 4% from 2021)
- 83% felt comfortable eating in a restaurant (up 5% from 2021)
- 79% felt comfortable getting back to the workplace (up 3% from 2021)

Clubbing remained the area of greatest discomfort, although almost three in five (58%) felt comfortable in this environment, up 4% since the last survey. Gym-going represented the greatest divide between the countries in our survey. Almost three quarters (72%) of US respondents said they felt comfortable in this space, compared to 66% of UK and 58% of German respondents.

Similarly, 75% of UK respondents felt comfortable using public transport, compared to 66% of US and 60% of German respondents.

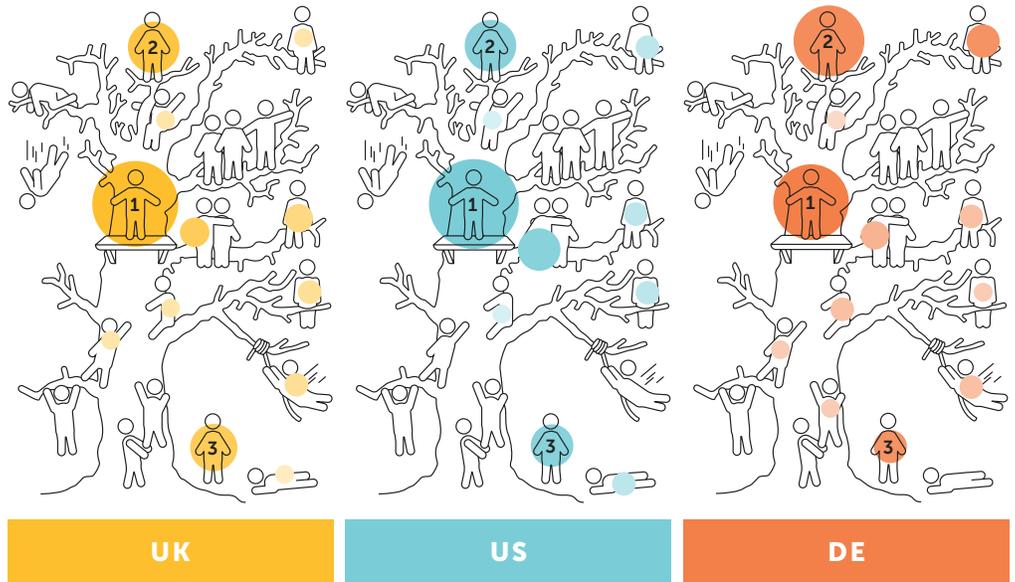
Most consumers said they felt happy (40%), excited (34%) and safe (25%) returning to shopping and hospitality venues. Just over one fifth (22%) said they now felt "free."

Not everyone was wholly positive, however. Eighteen percent of participants said they still felt a need for caution. A fifth of German respondents (20%) felt stressed about going back to shopping and hospitality venues.



*Blobtree.com

2. FINDINGS AT A GLANCE



Most selected characters:	What they said:		
<p>Middle of the tree on the ledge (1)</p> <p>What this indicates: Happiness was the overriding emotion. Things were not yet “normal” but there was appreciation of increasing freedoms, and of being “nearly there.”</p>	<p>“I feel more free - like I have finished going through something that was disturbing.”</p>	<p>“Feeling good and optimistic.”</p>	<p>“Happy because life is slowly coming back to normal.”</p>
<p>Stands at the top of the tree (2)</p> <p>What this indicates: The sense of being “finally free again” is a frequently expressed emotion. Some feel ready to plunge back into life.</p>	<p>“Because I’m not worried at all.”</p>	<p>“They look happy and proud and free.”</p>	<p>“Because I’m extremely excited to go back to normal life.”</p>
<p>Stands on the ground by the tree (3)</p> <p>What this indicates: Optimism and hope are mixed with a little apprehension. For some, there is a sense of caution. Some are enjoying freedom at a distance from others.</p>	<p>“I’m OK with it, but not rushing to do it.”</p>	<p>“Because I’m happy to go back to in person.”</p>	<p>“I’m watching and I’m happy that others enjoy it, but I’ll wait and see.”</p>

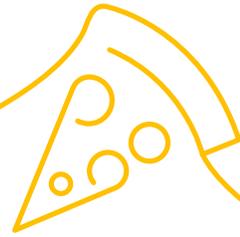


3. Spending Habits by Sector

We asked our shoppers to tell us about their food, fashion, fitness, home and travel buying habits. Their responses show how the big themes of our study play out in individual sectors.

3. SPENDING HABITS BY SECTOR

Food

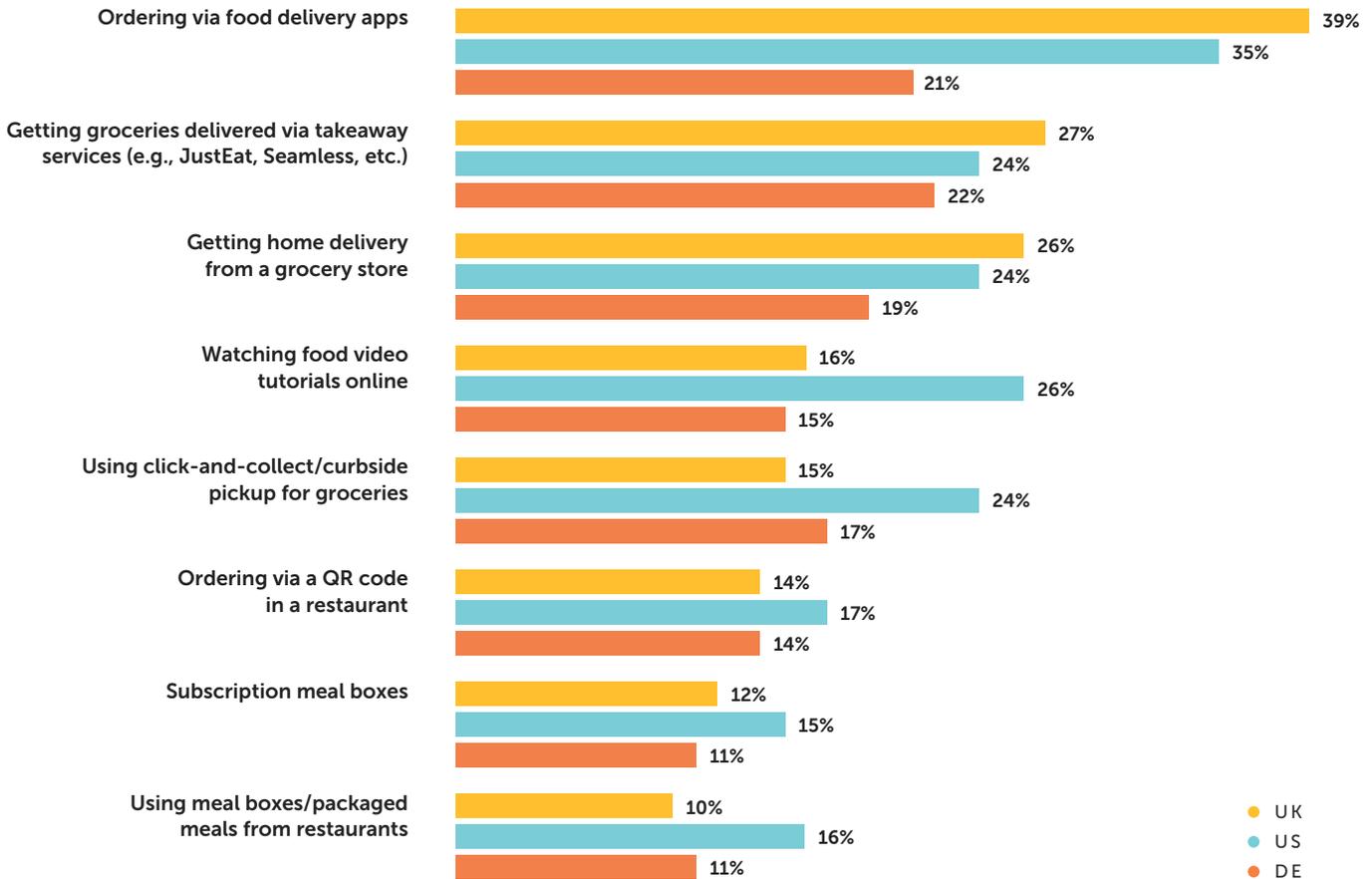


Food delivery via app is an embedded habit.

Stage 2 of our study highlighted the prominence of food delivery apps as our consumers' preferred way to purchase food. This trend has continued, with 32% of consumers now ordering via food delivery apps (although ordering via app in the UK and US is nearly double that in Germany).

Grocery delivery via takeaway service and from the grocery store increased in Germany and the US consistent with the last survey in the UK. For all countries, these remained the second and third most popular ways to order food.

Most popular ways to buy food



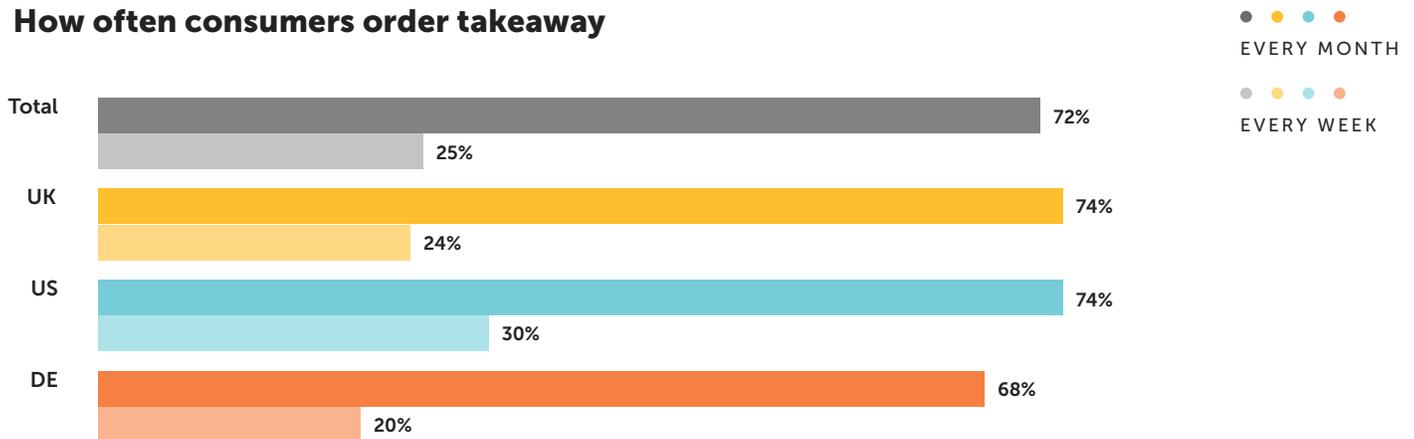
3. SPENDING HABITS BY SECTOR

Eating out and takeaway spend continues to accelerate in US and Germany, slows in the UK.

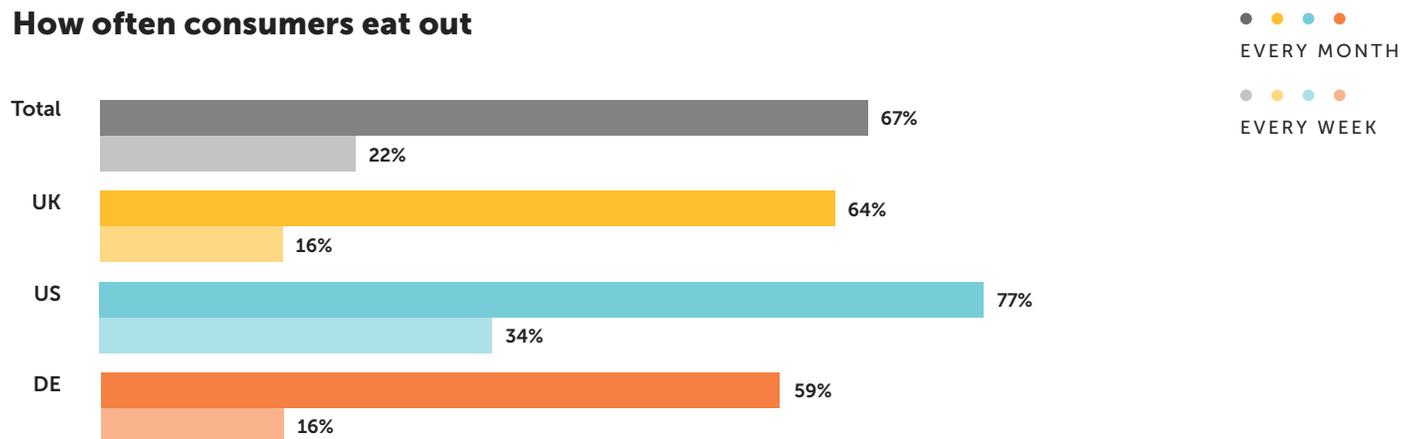
As COVID-19 restrictions and mandates lifted, we might have expected the post-pandemic acceleration in eating out seen in our last report to have subsided. In the UK, this is borne out, with 30% of diners (compared to 38% previously) spending more on eating out versus three months earlier. Takeaways, while more popular in the UK than eating out, also saw a slowing of spend, with 33% of consumers saying they were spending more than three months ago (compared to 41% previously).

In Germany, and most notably the US, spend on eating out continued to accelerate – 53% of US diners spent more in this survey compared with 46% in Stage 2. Dining frequency was highest in the US, with 34% of consumers eating out every week, more than double that in the UK and Germany. Takeaway spend saw a significant rise in the US (47% spent more in our latest survey, compared to 36% in Stage 2). Germany remained mostly unchanged, with only two percentage points difference between surveys – 45% said they were spending more in Stage 3 compared to 47% in Stage 2.

How often consumers order takeaway



How often consumers eat out

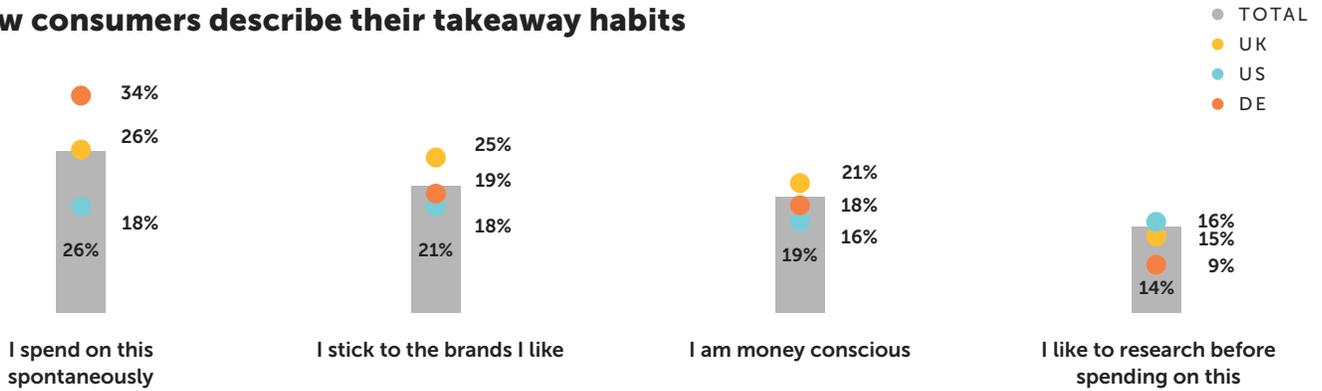


3. SPENDING HABITS BY SECTOR

Money concerns starting to impact?

Spontaneity remained the most common motivator behind our consumers' takeaway spend, but that spontaneity declined 3% since the last survey. On the increase was money consciousness, which grew 2% overall and 6% in the UK, an indication perhaps, of cost-of-living challenges starting to materialize for some of our consumers.

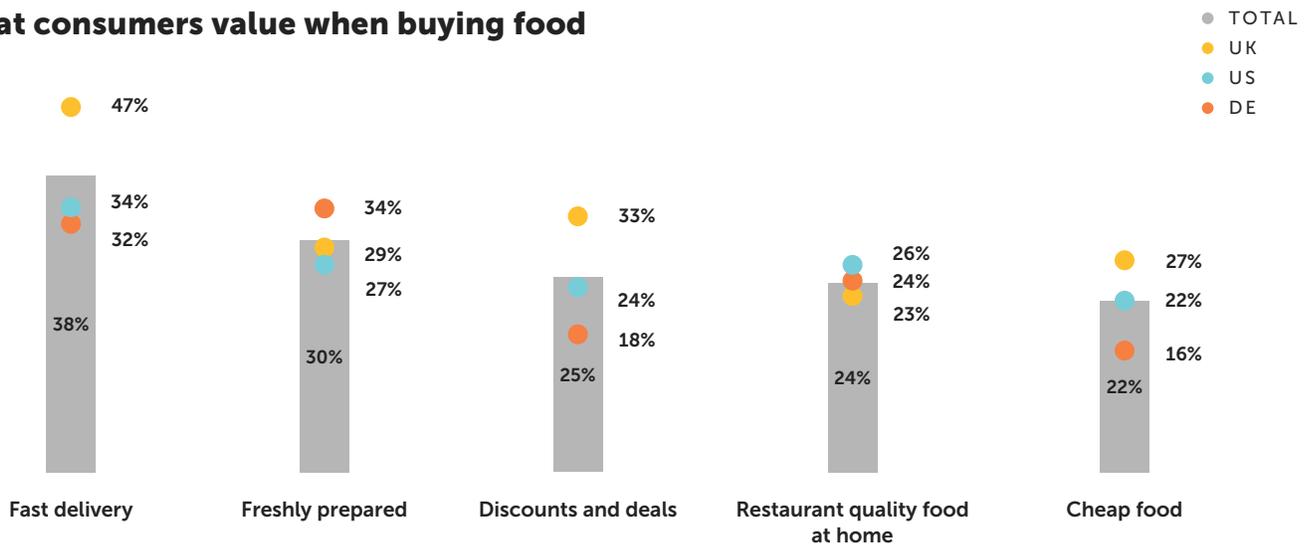
How consumers describe their takeaway habits



Speed and freshness matter more than price and discounts.

Overall, delivery speed and freshly prepared food were valued more than discounts, deals and cheap food. This was especially true for the US and Germany. Only in the UK did price and the availability of discounts and deals somewhat buck the trend, becoming the second most important factor behind delivery speed.

What consumers value when buying food



3. SPENDING HABITS BY SECTOR

From the Expert

Convenience versus rising costs will be the question.



The convenience factor looks set to remain, but with inflation, many people are paying more attention to their consumption and will be looking to cut back. Consumers will use a balancing scale for delivery fees versus the cost of gas and time to pick food up. Everything is about creating a value proposition. Whether dining out or cooking at home, brands have to market to that mindset. They must focus on what they bring to the table for both dine-in and off-premises programs.

—
Barbara Castiglia, Executive Editor, Modern Restaurant Management and host of The Main Course podcast



3. SPENDING HABITS BY SECTOR

Favored Brands

UK	US	DE
<p>Tesco "All the produce is fresh, and they have discounts within different brands and sections."</p> <p>Aldi "Better quality than named brands at a fraction of the price."</p> <p>McDonalds "They are giving back to the environment and working on green climate change and shrinking their carbon footprint."</p> <p>Heinz "They have been offering more plant-based and different products recently catering to everyone."</p>	<p>Tyson "This brand always makes great products."</p> <p>McDonalds "Because they've changed with the times and have helped those in need."</p> <p>KFC "It is quality and has great value."</p> <p>Starbucks "It always makes me feel better."</p>	<p>Edeka "Large selection and sustainable."</p> <p>REWE "Ja! from Rewe is a sustainable, good alternative to expensive brands."</p> <p>LIDL "Lower price increases than other brands."</p> <p>Alnatura "Emphasis is placed on organic food and sustainability."</p>

How Our Markets Differed



UK

The most money conscious about food spend.

Delivery speed substantially more important than in other markets.

Food discounts and deals mattered more than in the US and Germany.

The market most likely to stick to favored brands when eating out.



US

Eating out more than the UK and Germany (53% versus 30% and 40% respectively).

Significantly more likely to watch food video tutorials online than other markets (US 26% versus 16% UK and 15% DE).



DE

The market least comfortable with eating at a restaurant (76% versus 87% UK and US).

Food freshness most important.

Although growing, Germany remains the market least likely to order food via app.

3. SPENDING HABITS BY SECTOR

Fashion



Fashion spend has accelerated, particularly in the US.

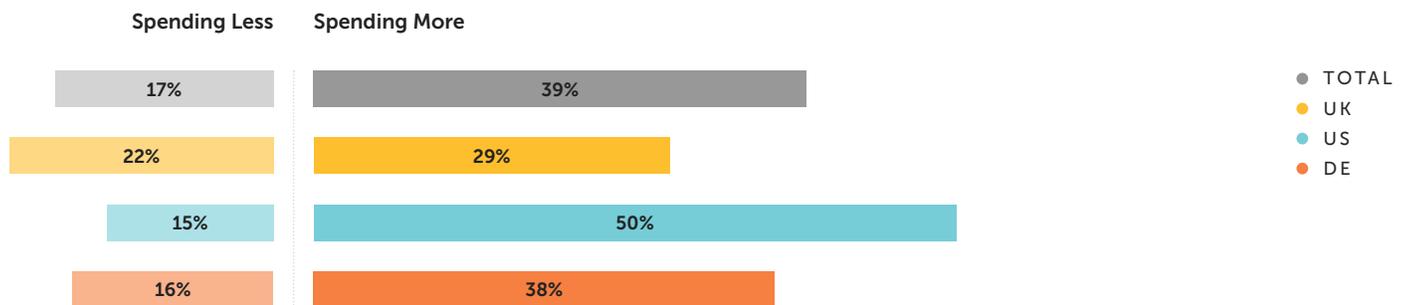
Half of our consumers (51%) spent money on fashion at least once a month, with almost one in 10 (9%) spending at least once a week.

Two-fifths (39%) of consumers said they were spending more on fashion than they were three months ago, rising as high as 50% for

US consumers and registering fewer (29%) UK consumers.

Four-fifths of respondents (83%) said they were comfortable with going to a shopping mall, a fact which likely contributed to the increasing spend.

Spending more/less on fashion than three months ago



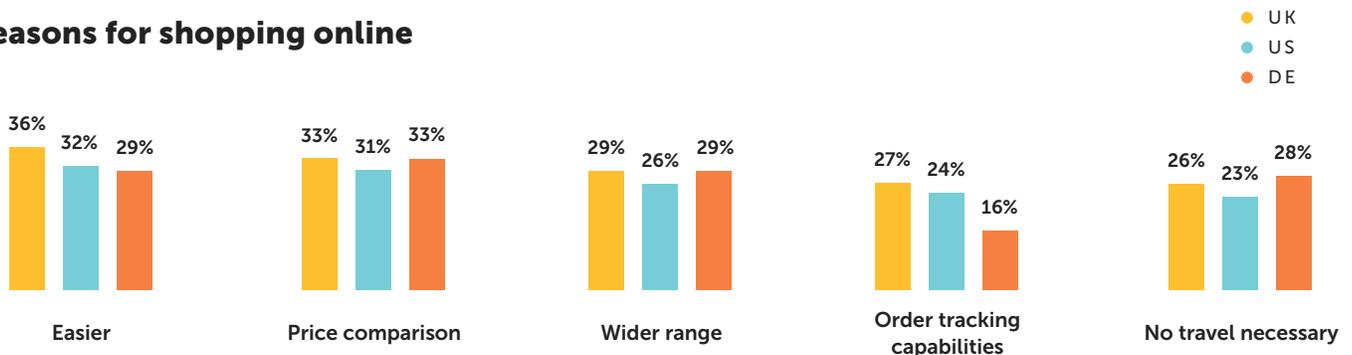
The level of comfort in returning to stores and malls also appears to be shaping hybrid shopping attitudes.

Consumers said the reasons they continued to shop online were the ability to compare prices (32%), ease of shopping (32%) and a wider range of products (28%). A quarter of respondents (26%) valued not having to travel to stores. While the majority felt confident going back, 10% said they still didn't because of COVID-19.

Consumers' top reasons for shopping in store were trying things on (39%), viewing products in person (36%) and the ability to touch items (31%).

Seventy-six percent of overall consumers said they would continue to shop both online and in-store (up 12% since 2021).

Reasons for shopping online



3. SPENDING HABITS BY SECTOR

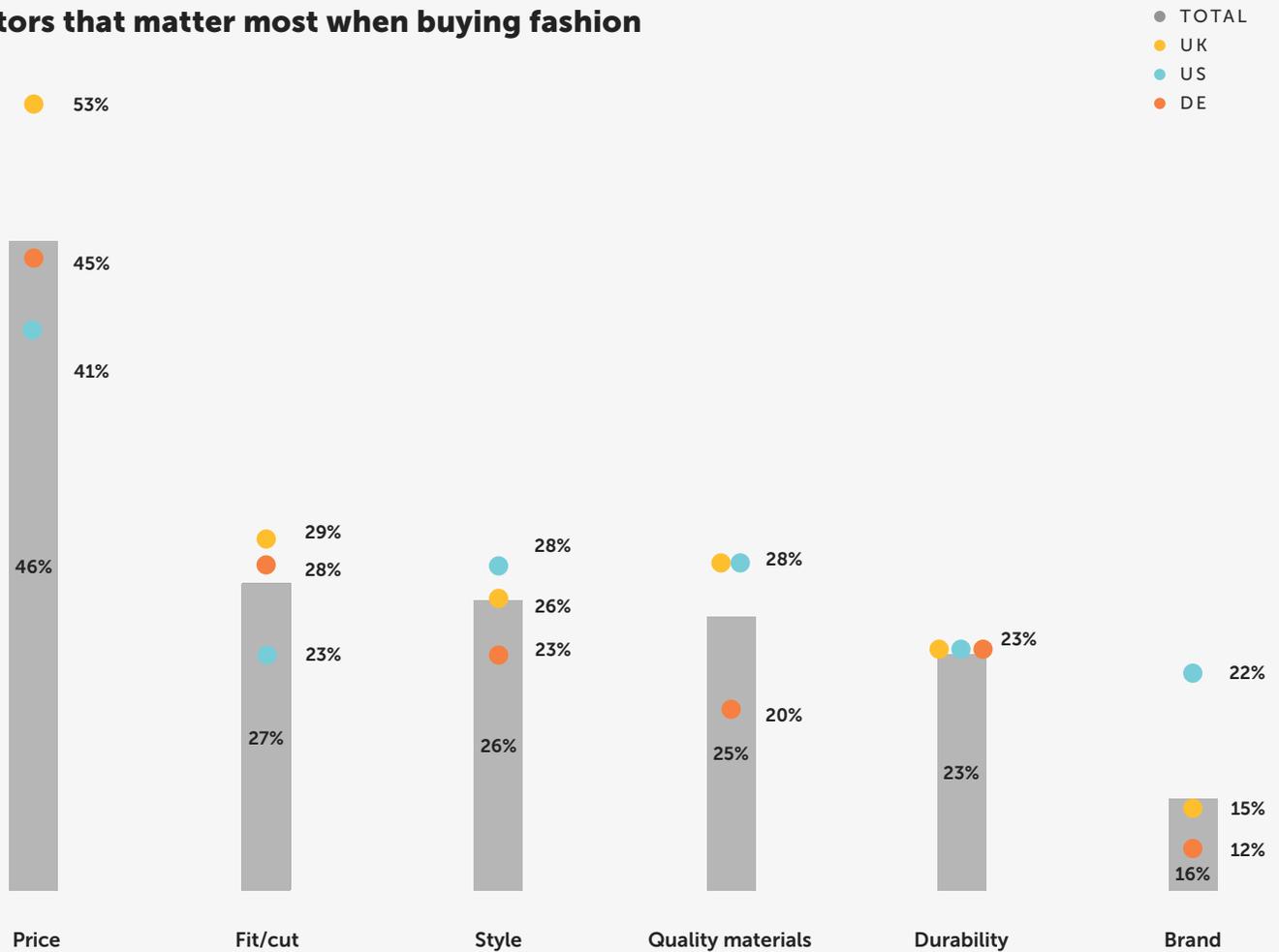
Price is still key for fashion, but style and quality should not be compromised.

Overall, the most important factor when purchasing a fashion item was price (46%), followed by the fit/cut of the item (27%) and style (26%).

The consistency of results between Stage 2 and 3 is striking. The five most important factors in this current stage were the same from the previous survey, with near identical scores.

Around a quarter of consumers described themselves as money conscious (23%) when spending on fashion, and a fifth (21%) said they liked to research before spending. However, 17% of consumers allowed themselves to spend spontaneously on fashion.

Factors that matter most when buying fashion



3. SPENDING HABITS BY SECTOR

A quarter of consumers remain loyal to the brands they like.

Twenty-four percent of consumers said they stuck to the fashion brands and retailers they liked. One in eight (13%) only shopped with the brands and retailers they perceived to be best. For 13% of shoppers, the latest fashion trends were most important to them.

Big brand loyalty was strongest in the UK, where the bigger players were mentioned numerous times. In the US and Germany, a wider range of brands were mentioned less frequently.

Sportswear and lifestyle brand Nike was frequently mentioned across all three markets for its innovative branding and quality products. It was also the dominant brand in the fitness space.

From the Expert

Creating an experience to inspire continued customer loyalty.



The definition of customer loyalty needs to evolve beyond a transaction. Today's customer wants to feel understood by the brands they do business with. The brands we see most successful in building and maintaining customer loyalty, even through times of reduced spend, are the ones who engage their customers beyond a purchase. It's the brands who take the time to unify what they know about their customers - their preferences, habits and interests - and use that information to make their experience better.

A decrease in spend is going to affect many brands, there's no denying that, but the brands who have built authentic relationships with their customers will continue to be top of mind for them when they are ready to spend again.

—
Natasha Janic, Senior Product Marketing Manager, Loyalty Management, Salesforce



3. SPENDING HABITS BY SECTOR

Favored Brands

UK	US	DE
<p>Nike "Continuous innovation of products." "Has everything I need for working out/going out."</p> <p>Primark "They have a great range of clothes and home ware." "Always affordable."</p> <p>ASOS "Keep sharing new ideas and styles. Engaging with customers."</p> <p>Next "Good quality clothing – reasonably priced... clothing is true to size and lasts well."</p> <p>Zara "The brand just suits my body type well. It's always true to size, and I like the fit."</p>	<p>Nike "Products are made with quality materials, have good style and are innovative."</p> <p>Shein "They have good quality products at very good prices and offer many promotions, like free shipping."</p> <p>Gucci "Well made and luxurious." "They release cool things."</p> <p>Walmart "They have inexpensive clothing/shoes for me and my daughter, and a wide variety."</p>	<p>Nike "Shoes last a long time and are beautiful." "Good quality."</p> <p>H&M "Latest trends for good money." "Sustainable fabrics and fair conditions."</p> <p>Zara "Chic but affordable." "Trendy." "Stylish."</p>

How Our Markets Differed



Brand loyalty strongest in the UK.

The most price conscious fashion market (46%).

The market with the fewest consumers spending more on fashion over the past three months.



Spending significantly more on fashion (50%) in the past three months than other markets (UK 29% and DE 38%).

The least price conscious fashion market (41%).



The market where brand is least likely to be a buying factor (12%).

The market where animal welfare and social impact are most likely to influence buying decisions.

3. SPENDING HABITS BY SECTOR

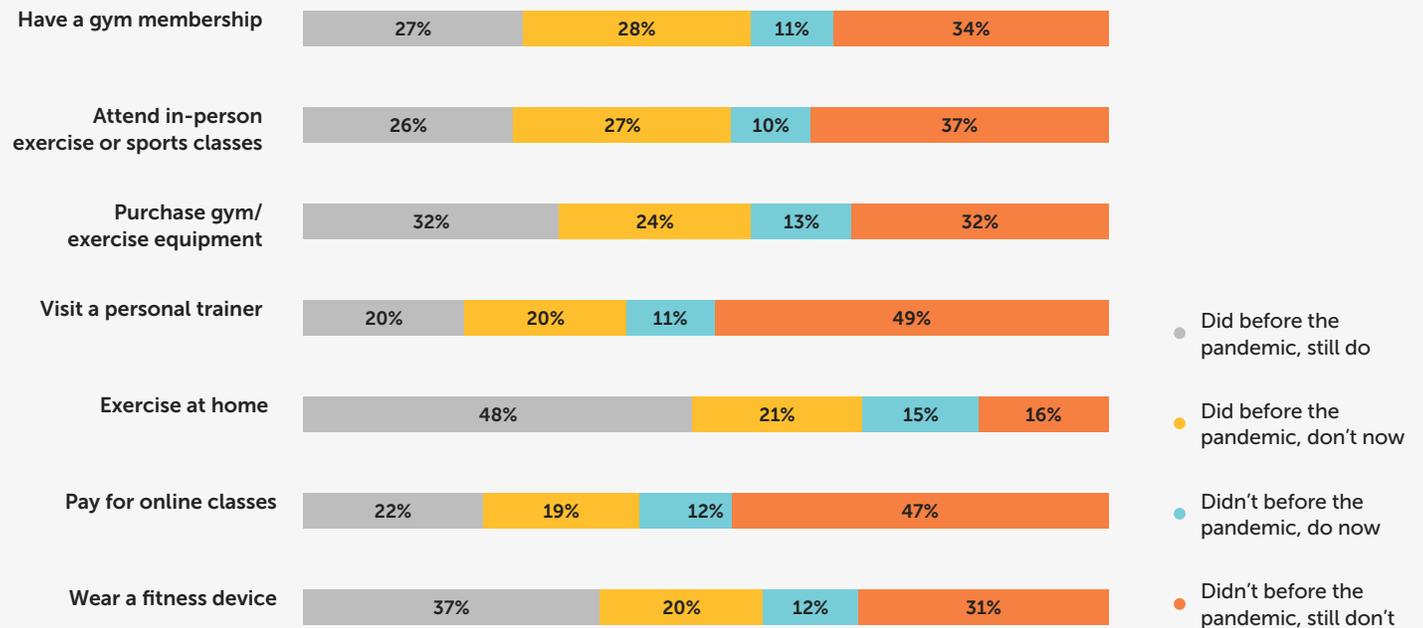
Fitness

Three in 10 stopped their gym membership as a result of the pandemic.

A gloomy, if not unexpected, picture for the fitness industry that emerged in Stage 2 of the study largely continued in Stage 3. Three in 10 (28%) consumers no longer had a gym membership, although an almost equal number maintained their membership during the same period. The 11% who started a new membership, having not held one previously, is an increase from the previous stage (up from 8%).

Though membership numbers continue to fluctuate, sentiments about returning to the gym are improving overall. Sixty-five percent of consumers felt some level of comfort in getting back to the gym, although there remains a significant difference between those most comfortable (the US at 72%) and least comfortable (Germany at 58%).

Shifts in exercise habits



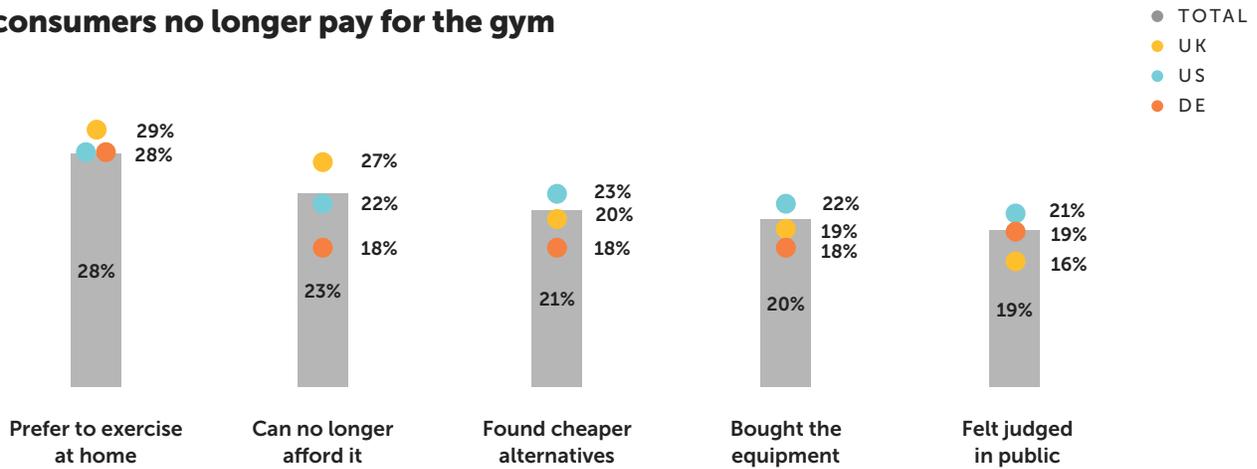
3. SPENDING HABITS BY SECTOR

Home exercise is the biggest cause of gym membership cancellation.

Consistent with results in Stage 2, home exercise was the most common reason given for consumers discontinuing their gym memberships, although numbers were down a little from the previous survey.

For a fifth of consumers (20%), the fact they bought the equipment needed was a big reason for ceasing their gym membership. For others, cancellation was more of a necessity, with almost a quarter (23%) saying they could no longer afford it and a fifth (21%) saying they had found cheaper alternatives. The affordability factor rang particularly true in the UK and US as compared to Stage 2.

Why consumers no longer pay for the gym

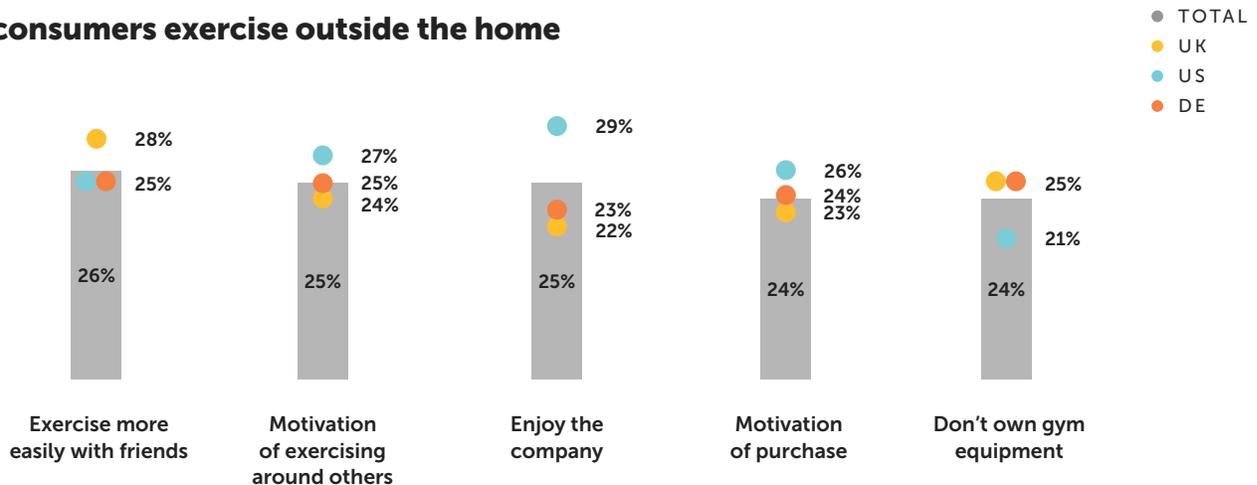


For those exercising outside of the home, the chief driver appeared to be social.

Over a quarter said they could exercise more easily with friends (26%). A quarter said they felt motivated by being around others. And, while a quarter of consumers in Germany and the UK said a lack of home equipment drove them elsewhere, in the US, the fact more people bought home equipment did not prevent them from also being the country most likely to head out of the home in search of social connection.

More pragmatically, 24% of consumers said paying for exercise motivated them to do it.

Why consumers exercise outside the home



3. SPENDING HABITS BY SECTOR

As with each of our study stages, Nike remained the standout “super brand” in the fitness space, mentioned heavily across each market.

Reasons varied, but included:

- Producing a range of comfortable, stylish, high-quality clothing
- Its vegan options
- Influencers and its position as a status symbol
- Support for diversity and inclusivity
“They are creating products for all people of all kinds of backgrounds.”
- Being vocal about social issues.
“[They’ve] shown support during the current Ukraine situation.”

From the Expert

The brands getting it right: Nike



Nike invested heavily in their Consumer Direct Acceleration (CDA) strategy pre-COVID, so they were already on track with investments on multiple sides. They invested heavily in skill sets both technology wise and mindset wise to leverage data in the broadest context, making decisions driven by this data, which was accelerated due to COVID.

The combination of training their people, as well as having the direct-to-consumer, digital and data-driven mindsets, is ensuring Nike’s additional market share boost compared to their competitors. Having the data and leveraging these insights in daily decision making, I believe is one of the biggest contributors to their successes now.

—

Rad Parvin, CEO at Just-BI and Vice President Data and Analytics, EPAM Continuum



3. SPENDING HABITS BY SECTOR

Favored Brands

UK	US	DE
<p>Nike "[They are] trying to embed sustainable practices into their business and always being innovative and dynamic in terms of researching new materials and trying to target different audiences with unorthodox advertising and interesting sportswear."</p> <p>Peloton "Their adverts are constantly on and they look like a trusted brand."</p> <p>Adidas "One of the best fitness brands in the UK, providing sustainable and durable items."</p>	<p>Nike "Because I see a lot of influencers wearing them."</p> <p>Peloton "Making a community for people working out together."</p> <p>Adidas "Fits well and helps make a workout easier."</p>	<p>Nike "Good design, durable, popular (status symbol)."</p> <p>Adidas "Clothing made from sea plastic."</p> <p>Decathlon "Good value for money."</p>

How Our Markets Differed



Most likely to cite affordability for a reason to stop paying for a gym membership.



Most likely to have stopped going to the gym because they bought the equipment they need.

Most likely to have found cheaper alternatives to a gym membership.

Most likely to enjoy the culture of classes and the company at the gym.



Least likely to cite affordability for a reason to stop paying for a gym membership.

Least likely to feel comfortable going into shared spaces.

Most likely to feel judged exercising in public.



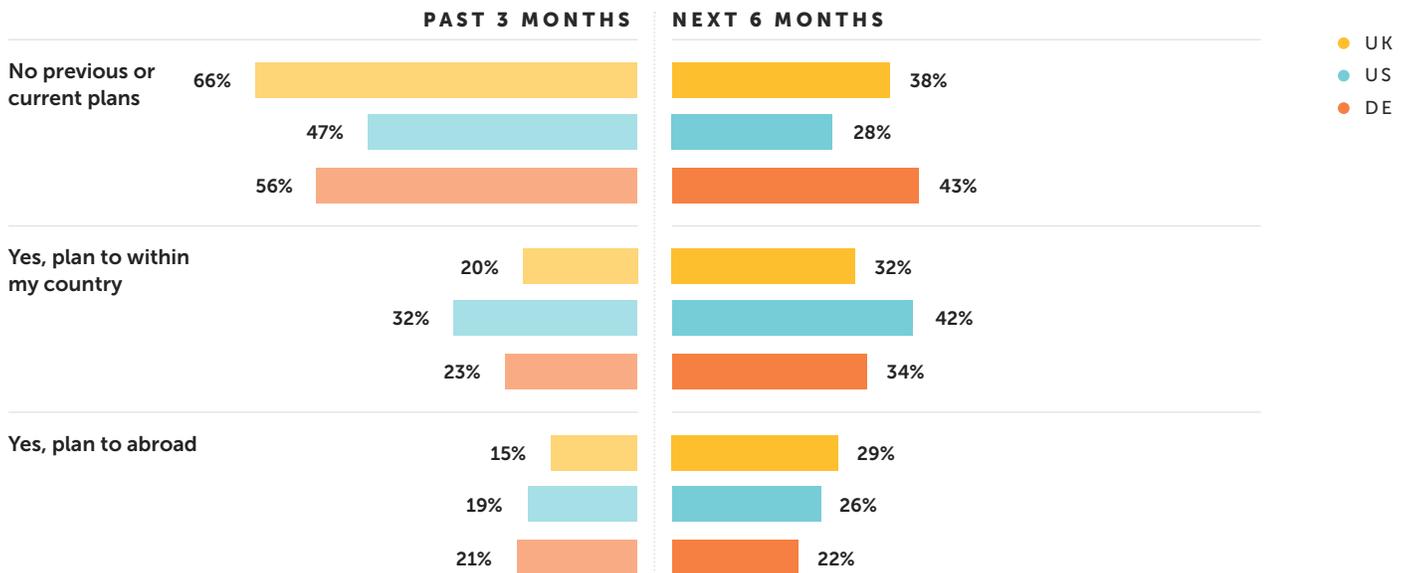
Travel

Intent to travel is on the rise.

The latest survey showed a slight drop in travel over the past three months compared to the previous stage of the study. This may be because the last stage coincided with the end of 2021's peak holiday season.

Easier to interpret are plans for the coming six months, which showed an increased intent to travel (65% this time versus 54% last time). Plans for domestic and international travel increased across each country. Overall, 36% planned to travel abroad, a sharp increase from 19% in the last survey. The same proportion were planning to travel domestically.

Travel plans (% of all respondents)



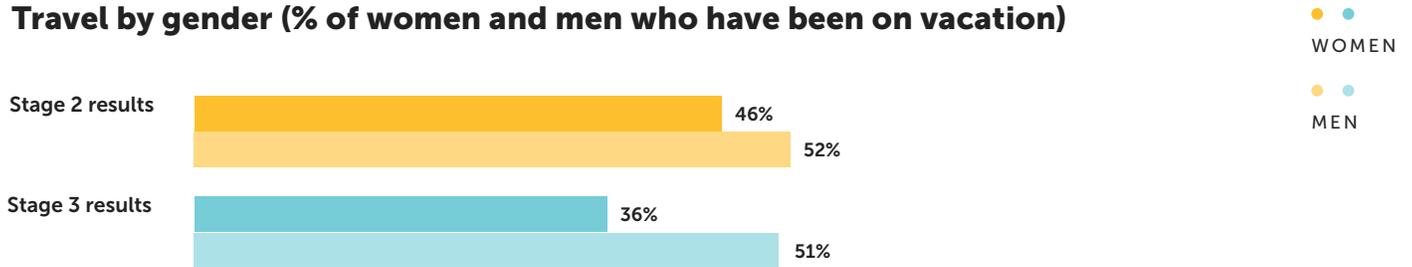
The demographics of who is traveling.

Half of US adults went on vacation in the three months prior to survey, compared to two fifths of Germans and just a third of those in the UK. Young adults in the US were the most likely to travel - 49% compared to 33% in the UK and 40% in Germany.

Following the pattern of the previous stage, consumers identifying as men were more likely to have been on a holiday than those identifying as women.

3. SPENDING HABITS BY SECTOR

Travel by gender (% of women and men who have been on vacation)



From the Expert

Women more hesitant about traveling.



Why do we continue to see significantly more men traveling than women? Our Adobe Digital Insights travel research from late Q4 2021 showed the risk tolerance of men overall was higher compared to women, and this was reflected across a variety of dimensions from traveling by airplanes, planning more road trips and being more likely to travel despite the [COVID] variant.

- 55% of men felt safe traveling by airplane versus women who indexed at 35%
- 38% of men were planning more road trips while women decreased to 27%
- Overall, men were also more likely to travel despite the [COVID] variant at 29% versus 16% for women.

—
Julie Hoffmann, Global Head of Industry Strategy – Travel, Hospitality and Dining, Adobe



3. SPENDING HABITS BY SECTOR

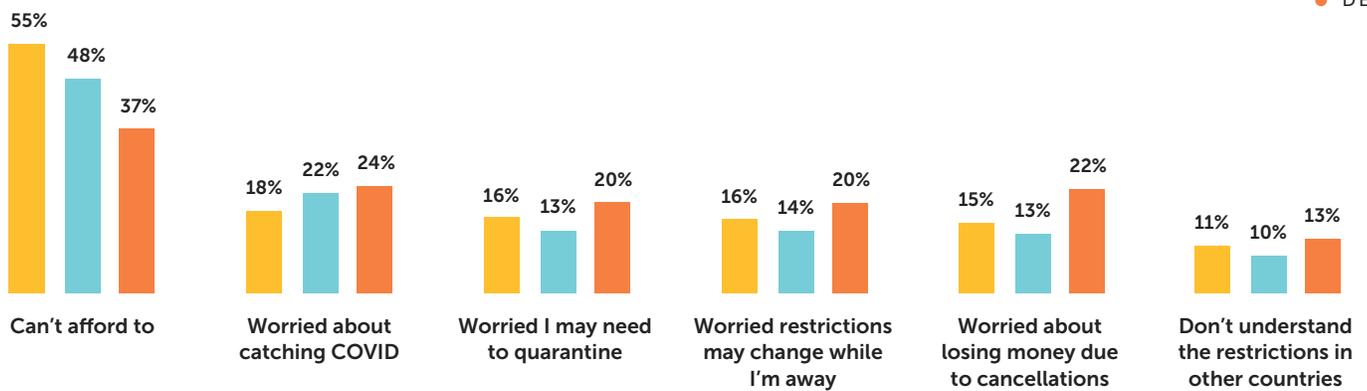
Cost a growing barrier for travel plans.

Among those not planning to travel in the next six months, cost was the main factor for 47% of consumers. In the UK, this figure rose to 55%, a significant increase on the 44% who mentioned cost concerns in the last survey.

Generally, women remained significantly more likely to say they could not afford travel compared to men (50% versus 35% in Stage 2; 52% versus 33% in Stage 3).

Reasons for not going on vacation

● UK
● US
● DE



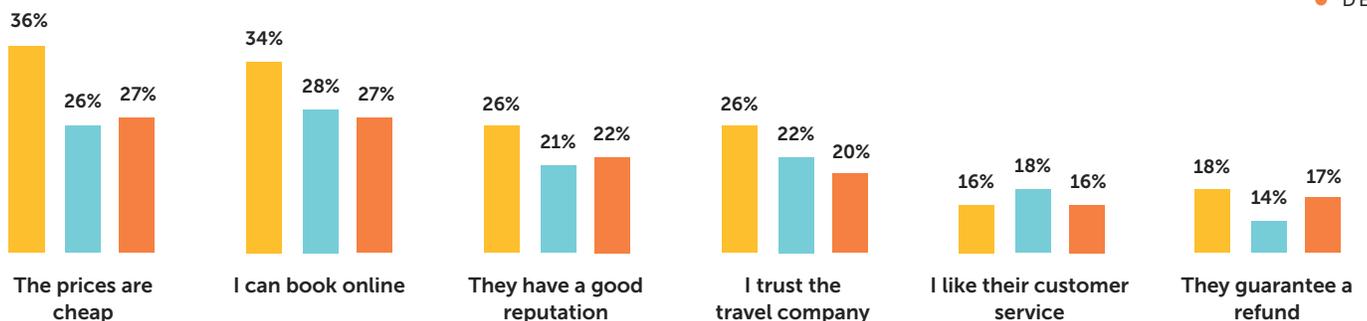
Cost and ease of booking still the decisive factors in travel company choice.

Consumers placed price, online booking and reputation as the three most important factors when choosing a travel company. This is consistent with findings at Stage 2, but beneath the surface, things are changing.

For the US and Germany, price, online booking and reputation all dropped in percentage terms, even if their relative importance remained unchanged. In the UK, however, price saw a clear rise in importance, matched by an equally steep increase in the perceived importance of company trust.

Reasons for choosing travel companies

● UK
● US
● DE



3. SPENDING HABITS BY SECTOR

From the Experts

Demand for travel is up but so are prices.

“ Currently there’s a huge surge in demand for travel, especially to European destinations [from the US] this summer. Patience has waned with COVID and people who have been primarily concerned with physical health are now thinking how best to nurture their mental health.

Traveling with family and friends helps to get back to some sense of normalcy where you can start living and creating memories again. The demand is so strong that we’re close to pre-COVID sales at this point. Even immunocompromised travelers are approaching us to book safer travels away from the masses, like sailing trips in the Caribbean or a private villa in Tuscany.

Although UK consumers in particular may want more low pricing, we can expect pricing to be much higher in all sectors, from flights, to hotels, to touring. All consumers should expect to pay more these next two years as demand for travel continues to surge and the hospitality industry bounces back.

—
Steve Jermanok, Co-founder &
Travel Advisor, ActiveTravels

Service is the new travel currency.

“ With shifting travel trends, agility has become the new normal, but service has not caught up to the need. We are seeing breaks in the experience inhibiting success. Fragmented systems and teams eliminate the ability for brands to automate for the new service economy and win back the hearts and minds of travelers. Service will be the new currency with mature brands netting eight- to 10-times increases in revenue, average order value and conversion if they scale and mature their personalization efforts to one-to-one.

—
Julie Hoffmann, Global Head of Industry
Strategy – Travel, Hospitality and Dining, Adobe



3. SPENDING HABITS BY SECTOR

From the Expert

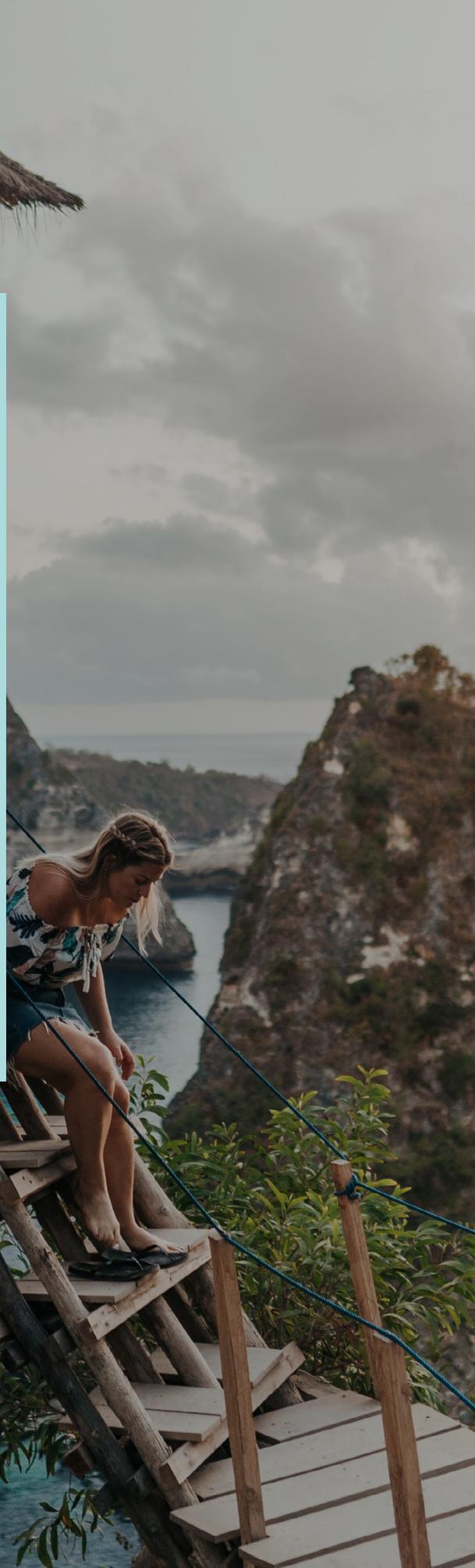
The brands getting it right: Airbnb



The expectation of digital availability informs the urgency for travel and hospitality providers to leverage and evolve their digital presence. The ease of planning a trip, ease of purchase, transparency of experiences from other guests, seamless checkout and flexible cancellation/refund policies lead to a lower barrier of entry for bigger commitments and a base for better understanding of planning and spending habits. Airbnb was well positioned to capitalize on those shifting behaviors of consumers and the mindsets of the contemporary traveler in a post-COVID era.

—

Daniel Smythe, Vice President of Retail and Hospitality Consulting, EPAM Continuum



3. SPENDING HABITS BY SECTOR

Favored Brands

UK	US	DE
<p>TUI "Gorgeous hotels, great service, amazing company."</p> <p>Ryanair "Really cheap flights."</p> <p>British Airways "Treated staff fairly during COVID."</p> <p>Jet 2 "Respectful during pandemic with refunds."</p> <p>Airbnb "They are hosting Ukrainians for free."</p>	<p>Expedia "Tons of deals on hotels, rental cars and flights."</p> <p>"I've flown back home for a decent price and have accumulated enough points for greater flight perks next time."</p> <p>Trivago "Has the best prices."</p> <p>Southwest Airlines "I recently went on a flight with them and the service was spectacular."</p> <p>Airbnb "The many ways it has been helping Ukraine since the Russian invasion and the many ways they've been supporting people during the pandemic."</p>	<p>Booking.com "Good offers and payback points."</p> <p>TUI "High-quality travel offers at fair prices."</p> <p>Lufthansa "Always pleasant to fly with them."</p> <p>Ryanair "Super cheap."</p>

How Our Markets Differed



UK

Least likely to be able to afford a vacation.
Least likely to have been on vacation in the past three months.
Experienced the biggest drop in domestic travel.



US

Most likely to have been on vacation in the past three months.
Most travel by young adults.
Most likely to be traveling domestically in the next six months, but least likely to be traveling overseas.



DE

Most likely to plan a vacation overseas (43% versus 38% UK and 28% US).
Most likely to be able to afford a vacation.
Most likely to cite COVID-19 concerns as a reason for not traveling.

3. SPENDING HABITS BY SECTOR



Home

Home spending continues to rise.

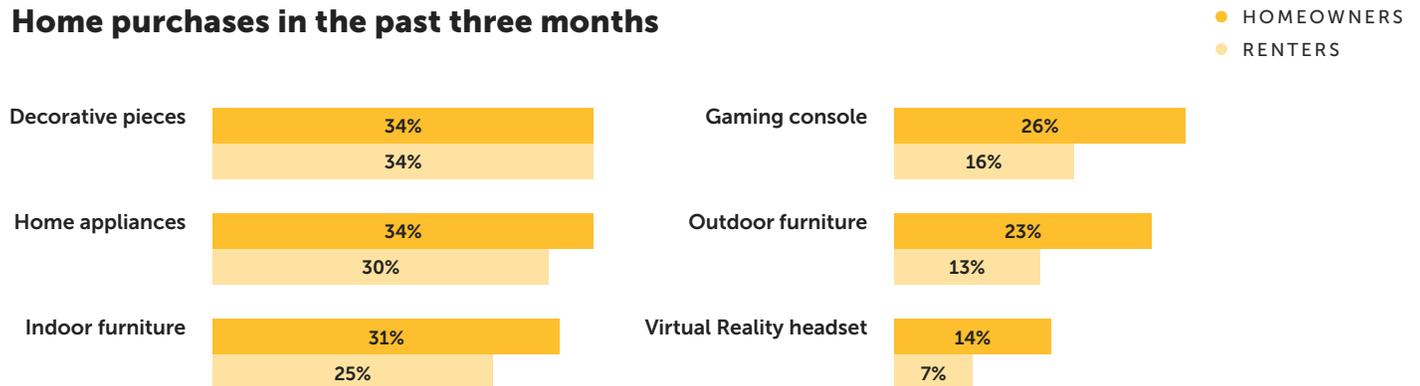
Consumers spent more on home furnishings than they had in the prior three months. Overall, 33% said they were spending more, 18% said their spend was less. Again, the UK saw a less positive picture, with only a two-point difference between those spending more and those spending less. In the US, the gap was 27 percentage points.

Spending trends in the past three months



Three quarters of Gen Z consumers (74%) bought a home item in the three months prior to the survey, most notably decorative pieces (34%), home appliances (32%), furniture (28%) and gaming consoles (20%). Those owning a home were much more likely to have purchased homeware (81%), compared to a still significant 70% of renters.

Home purchases in the past three months



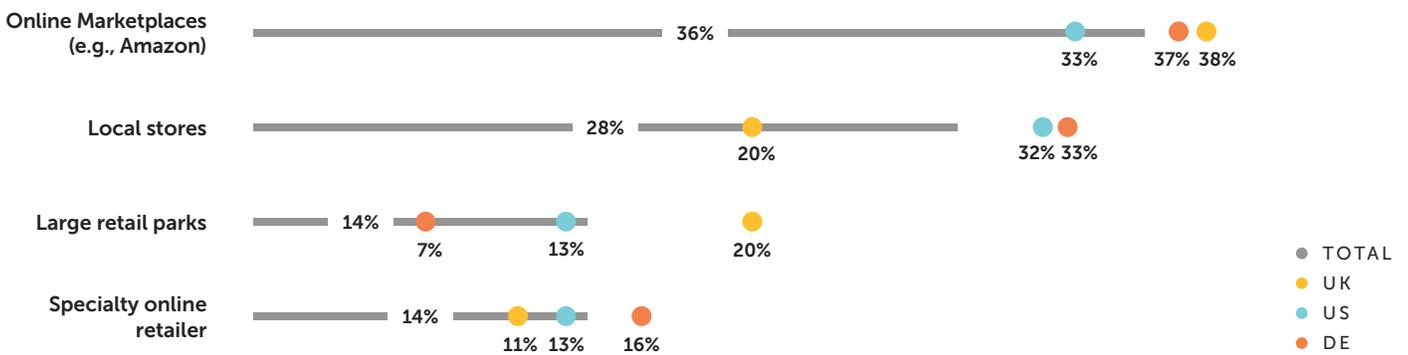
3. SPENDING HABITS BY SECTOR

Amazon tightens its grip.

Online retailers led the way for home purchases, followed by local stores. The UK was a bit of an outlier compared to the US and Germany in this category, with spending in large retail parks equaling the spend in local stores.

Online Marketplaces, large retail parks and online specialists saw small increases overall, matched against their Stage 2 results, while local stores fell back marginally.

Where consumers buy most of their household items

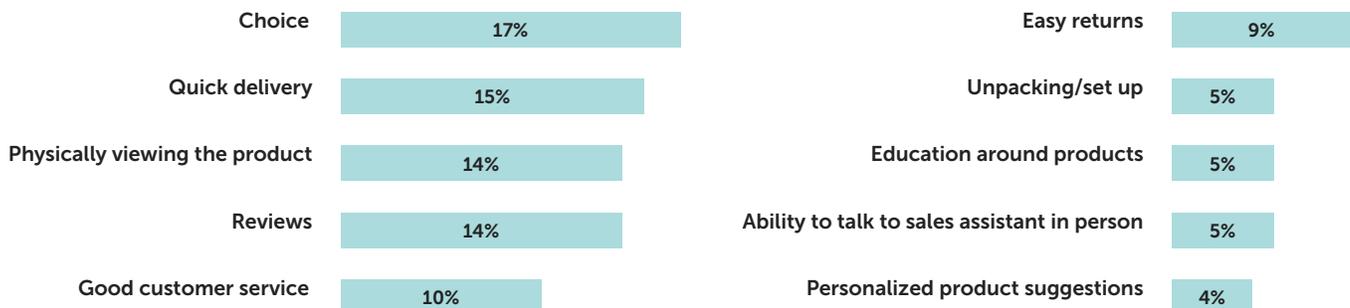


Choice matters most.

Consumers chose to buy homewares online for convenience (43%), value for money (35%), choice (34%) and deals (32%). Those preferring to shop with local retailers also chose convenience and value for money as their top responses (38% and 29%), though low cost (24%) and more enjoyable shopping experience (26%) were also notable.

Choice remains the element consumers value most when making a home purchase, consistent with Stage 2. The value consumers placed on being able to physically view a product dropped by three percentage points, moving from second to fourth in terms of importance between the second and third surveys; it was the only significant shift since Stage 2.

The factors that matter most when making a home purchase



3. SPENDING HABITS BY SECTOR

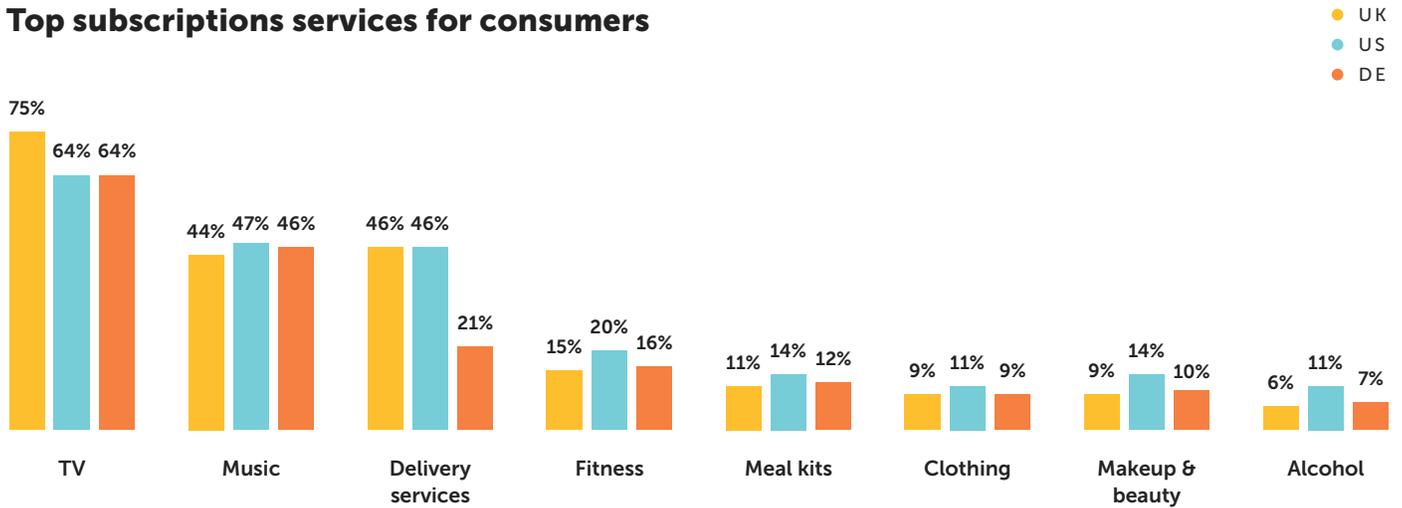
Subscriptions in the home

Following the trends in Stages 1 and 2, streaming services were by far the most common subscription services.

Two thirds of our consumers held at least one subscription TV streaming service (e.g., Netflix, Prime Video), rising as high as 75% in the UK.

Overall, 71% of consumers spent at least once a month on music or TV streaming, with the UK being the most streaming-friendly population (76%) and Germany the least (65%).

Top subscriptions services for consumers



IKEA remains a homeware "super brand."

Heavily mentioned across each of our markets, IKEA's success appears to be based on a combination of value for money, customer support and a move to more sustainable products.



3. SPENDING HABITS BY SECTOR

From the Expert

The brands getting it right: Amazon



The one reason why consumers tend to go to Amazon is because it never fails. One of the things that we see is the dichotomy between the preference to stay niche and support local businesses, whilst facing an increase in the cost of goods. Which means that they go to marketplaces because in the end, the price is what's going to matter most for a consumer.

—

Pierre Kremer, Portfolio Head, Retail and CPG,
Digital Engagement Practice, EPAM Continuum



Amazon have kept an exemplar brand in this space due to their consistent ability to innovate in category after category and the fact that their head start on others accumulates. They compete in an entirely different way than most hierarchical, bureaucratic firms.

—

Rita McGrath, Professor at Columbia Business School, and author of Seeing Around Corners



3. SPENDING HABITS BY SECTOR

Favored Brands

UK	US	DE
<p>Argos "Lots of variety and cheap compared to IKEA."</p> <p>B&M "Cheap and decent quality for the price."</p> <p>Dunelm "Great range of products well priced, never fail to come out of the shop with things we never realized we needed!"</p> <p>John Lewis "Always likes to help customers, and offer great quality products."</p> <p>IKEA "Permanent low prices and good quality basic pieces that are timeless."</p>	<p>Home Depot "Because it provides high quality product with good price." "I have always shopped there."</p> <p>HomeGoods "Very fair prices on foods and décor."</p> <p>IKEA "Because you can actually see the products in an interesting experience, and they also donate to good causes and try to be sustainable."</p>	<p>IKEA "Always new things that correspond exactly to my style." "Always a nice experience."</p> <p>Depot "Good quality at low prices."</p>

How Our Markets Differed



Most likely to shop at a large retailer.
Most likely to have spent less on homeware in the past three months.
Significantly more likely to value choice than Germany and US.



Most likely to have spent more on homeware in the past three months.



Most likely to shop local.

Special Feature | Gaming

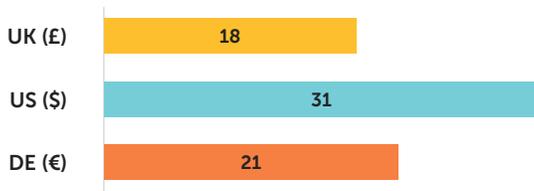
The US spends more money and time on gaming than the UK and Germany.

Over a third (37%) of those who spend regularly on gaming said they were spending more at the time of the survey than in the previous three months; only 16% spent less. The most notable increase in spending was in the US, where nearly half (48%) noted they were spending more than in the previous three months. Comparatively, the UK and Germany spent 26% and 36% more on the pastime in the past three months.

Eighteen to 23-year-olds were the most likely to play video games (87%), followed by 24-29-year-olds (81%) and 30-34-year-olds (78%). Women were three times more likely than men to say they do not spend any time playing video games in a typical week (24% versus 8%).

Monthly gaming by the numbers

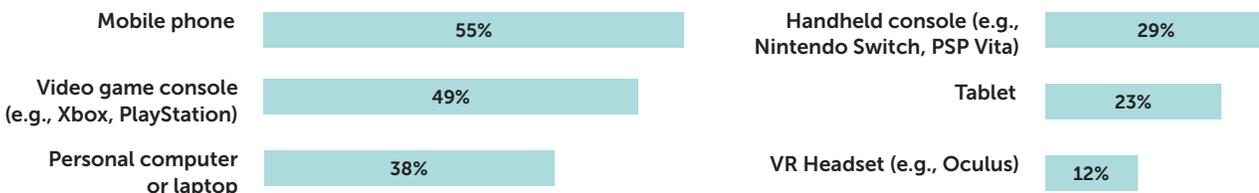
Money spent:



Time spent (hours):



Top devices used for gaming



From the Experts

Social connection through gaming

“Currently, there are about three billion gamers worldwide, with \$180 billion generated in 2021 by the industry. Video games have become a major form of socialization, competing with social networks like TikTok, Instagram, Snapchat and Facebook. Players come for the content (events, shows, eSports), but they stay for the social connections fostered through shared gaming experiences. Personal expression and identity have become vital for players. Gaming is the ultimate source of entertainment and a baseline of virtual worlds as the metaverse grows.

—
Vitalii Vashchuk, Director of Gaming Solutions,
EPAM Continuum

Consumers enter the metaverse

The latest stage of our study marked the first time consumers were asked about their attitudes toward the metaverse, purchasing virtual items and using cryptocurrency. Although the picture is not universal, many more consumers are excited by the possibilities than not. This is especially true in the US.

Looking at tech in a more general sense, the results are even less equivocal, with 60% of consumers feeling brands need to keep pace with their own expectations of tech. In this, Germany remains slightly less tech-enthusiastic of the three markets.

Although a majority of consumers are not yet demanding the ability to pay by cryptocurrency, 40% of shoppers are interested in the prospect. The overall positivity toward cryptocurrency is driven by US men, with evidence of growing gender and cross-demographic interest. US women were more or equally as excited as both genders in Germany and only marginally below men in the UK (54%), indicating a growing cross-demographic appeal.

From the Experts

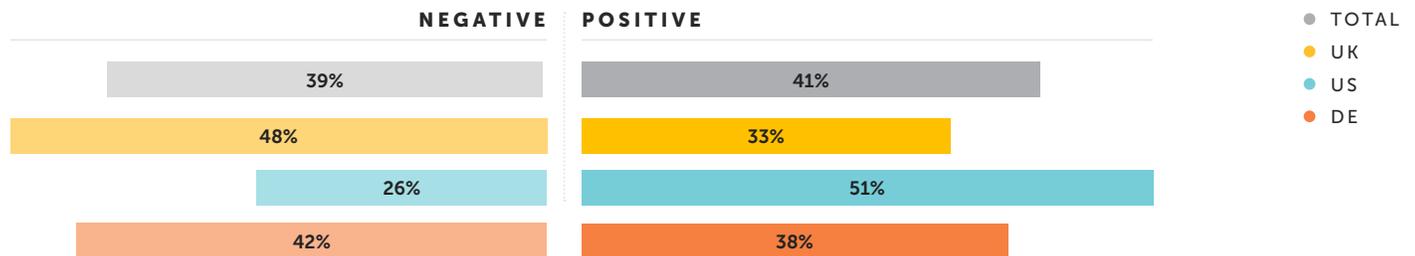
The metaverse is blending virtual and real-world communities.

“ We often talk about people-first or consumer-first strategy, but ultimately, we have to view the metaverse through the lens of community. We’re already walking this path on social media, which is really about social communities and shared interest in the virtual world. The next phase will not be about sharing videos or photos but sharing experiences, in real time. The space where genuine, real-world friendships extend into the virtual world—that’s where opportunity resides.

We should also note that virtual experiences really accelerated during the pandemic and consider the effect this may have for events. Will Coldplay ever tour again? They might not need to.

—
Alexander Van Gestel, Vice President of Consumer Products, EPAM Continuum

Consumers’ intention to pay by cryptocurrency



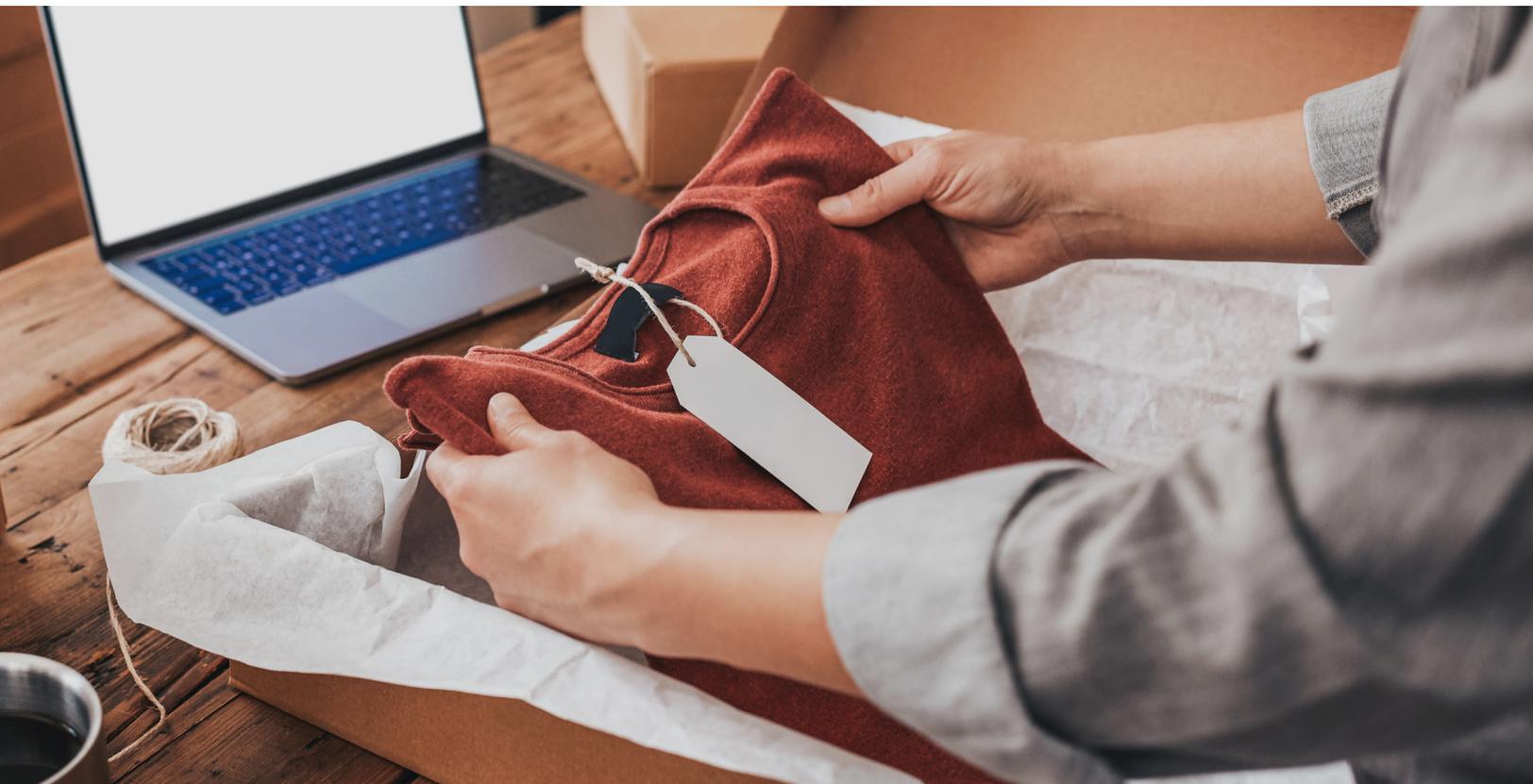
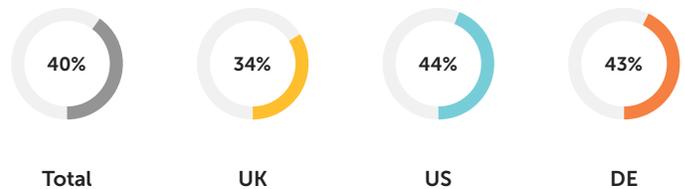
Non-streaming Subscriptions

Spend on food, fashion and fitness subscriptions lags some way behind streaming services, with 40% of our consumers paying for such services at least once a month. While the UK was the region most likely to spend on a monthly streaming subscription, consumers in the country are least likely to spend on food, fashion and fitness subscriptions.

Men were more likely to have a fitness subscription than women (25% versus 14%). US consumers were the most likely to subscribe to fitness (20%), clothing (19%), makeup/beauty (14%) and alcohol (11%) services.

Of those that used any subscription service, 41% did so for convenience. Thirty-nine percent liked the value for money of the service. Other notable reasons for choosing a subscription service included flexibility (33%), being able to try new products or see new content (27%), and the fact that their existing subscription made them more likely to use the service (23%).

Spending on non-streaming subscription service at least once a month



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5.

Themes for a Fast-Changing World

5. THEMES FOR A FAST-CHANGING WORLD

1.

Speed of change now a trend in itself

Consecutive global events – a pandemic, war in Ukraine, the cost-of-living crisis and more – have made responding to change as challenging as it has ever been. Much of consumer behavior exists in the overlaps of these events, and it's not easy to unpick individual threads from the broader tapestry.

WHAT SHOULD BRANDS DO NEXT?

The key is to look through the trends to find not what will change, but what will remain. It is appropriate, given Amazon's continuing strong performance in our study, that this echoes Jeff Bezos' oft-quoted statement that brands should "build a business strategy around the things that are stable in time."

In the case of Consumers Unmasked, the elements that are clearly sticking include

- Online ordering and delivery innovation
- Hybrid online and in-store shopping experiences
- Developing a "local feel"
- Importance of value for money
- Importance of sustainable and ethical business practices
- Ensuring that brand values are transparent, authentic and mean something – brands need to be able to respond to current world affairs



2.

“In the moment” loyalty means brands need to respond fast

The latest stage of Consumers Unmasked indicates that loyalty toward brands that were supportive in the pandemic has decreased while there is notable positive sentiment toward brands supporting Ukraine.

This suggests that consumer sentiment belongs “in the moment” and is strongly linked to current affairs.

A company’s personalization and content strategy is a strong way of influencing loyalty in order to augment the “in the moment” sentiment.

From the Expert

Personalized, connected experiences are the expectation

“ Personalization is key in maintaining and growing loyalty, especially when consumers feel pressure to cut spending. Consumers in the fashion sector are heavily influenced by their own personal styles, and when brands can personalize the customer experience to show how their products fit into what their customer is looking for, it adds another level of connection that drives not only purchases, but loyalty. Additionally, today’s consumer is no longer content simply just making purchases online at their favorite retailer’s website, they expect personalized, connected experiences that allow them to switch seamlessly from one channel to another, including their social media channels. By engaging followers and turning them into buyers through social commerce, fashion brands can maintain and grow loyalty with customers by giving them an experience they can’t get anywhere else.

—
Kelly Goetsch, Chief Strategy Officer at commercetools

From the Expert

Removing challenges to improve loyalty

“ Too many retailers deliver a bad experience or don’t realize how challenging it can be to do business with them. In order to keep a loyal customer, they have to deliver a complete experience to shoppers. That means getting rid of frictions and annoyances and make buying the brand as habitual and seamless as possible.

—
Rita McGrath, Professor at Columbia Business School, and author of Seeing Around Corners

WHAT SHOULD BRANDS DO NEXT?

Brands need to set themselves up to be able to systemically respond to our fast-changing world. They need to enable the organization to be creative and fast acting as world events continue to unfold.

Airbnb: Set up to respond to sentiment

Airbnb has been lauded not only for its support for Ukraine, but for the fact that hardwired into the business is its ability to respond, giving it a consistent way to behave when supporting people in times of crisis. It’s a part of the [brand’s story](#) and is embedded in its identity.



3.

Retailers need to respond to cost concerns

Earlier stages of Consumers Unmasked found value to be the overall dominant factor rather than price alone, although price was always an important element in consumer value calculations.

Value for money remains of greatest important to consumers, but the latest survey shows a marked shift toward (low) price in the UK where 81% felt it was the most important factor, up from 72% in the last survey. Although not yet playing through in Germany (where price importance has remained stable) and the US (where 67% felt price was most important compared to 72% in 2021), the UK may simply be the first of our territories to experience the impact of the cost-of-living increases.

From the Expert

Transparency in the face of rising costs.

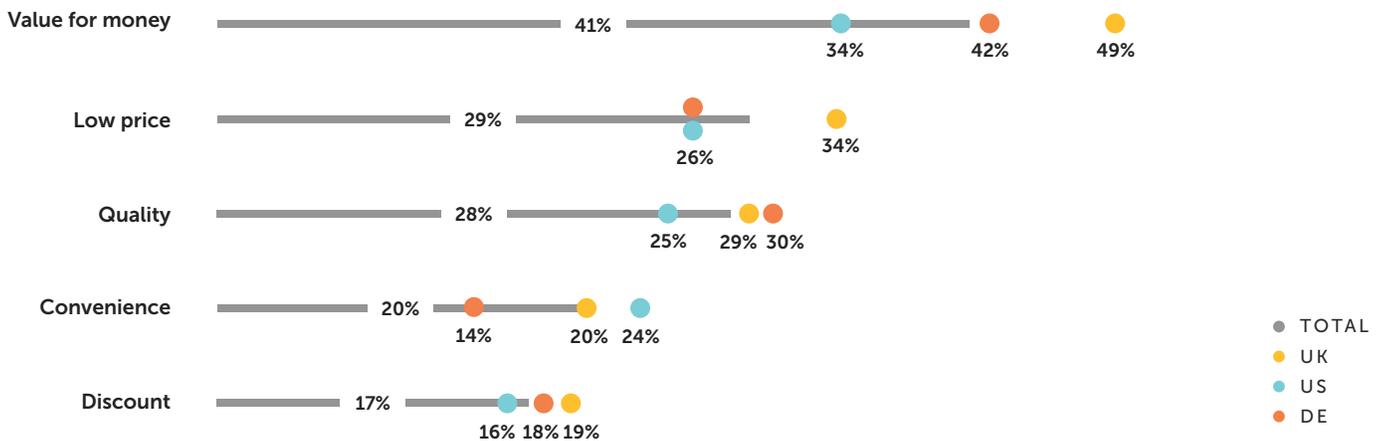
“ As brands look to respond to the rising costs of living, they should be transparent in their pricing and vendor sourcing. For example, if they raise prices, they must show their customers that these are legitimate and necessary for operations, rather than just responding to market shifts and doing what everyone else is doing. Especially in the food sector, they should opt for more cost-effective packaging and allow for a broader assortment of products online, which allows them to shrink their physical store footprint for high-cost-of-living areas.

—
Jen Jones, Chief Marketing Officer, commercetools

WHAT SHOULD BRANDS DO NEXT?

For brands not traditionally built on price, the next year will need to be one of making the case for quality and overtly illustrating the long-term cost effectiveness of their products, as well as supply chain transparency.

Most important factor for consumers when deciding who to spend money with



4. COVID-19 no longer reigns but remains

The worries that were seen so clearly in earlier stages of the Consumers Unmasked study have largely dissipated. Some concern remains in sectors such as travel, a finding seen more in Germany than the US and UK. Germans are, for example, much less comfortable going to the gym (58%) compared to the UK (66%) and US (72%).

Overall, however, the shift toward normality has happened quickly. In Stage 2 of this study, for example, COVID concerns and trust in travel companies had become as important as price. Now, cost and ease of booking are the decisive factors.

From the Expert
Flexibility continues to be in demand.

“ Pandemic-induced trends will certainly remain, however, as consumers have more flexibility in their options (i.e., buy online, pick up in-store, curbside), consumer buying preferences become more of an issue of convenience rather than customer/worker safety. As food brands look to make sure they're meeting their customers' demands, they should maximize flexibility, as customers can now think about variables such as, "What's the fastest or cheapest option?" or "Should I pay extra to prioritize my delivery?". This will depend on their individual situation, rather than something impacting consumers across the board.

—
Jen Jones, Chief Marketing Officer, commercetools

WHAT SHOULD BRANDS DO NEXT?

Although much reduced from our previous stages, a significant number of consumers continue to have COVID-related concerns. While planning for a post-COVID world, brands should continue to demonstrate understanding and empathy for consumers at both ends of the COVID-concern spectrum.

5. A genuine appetite for all things new

Consumers expressed genuine excitement and interest in the growth of Web3 and the metaverse, specifically cryptocurrencies, non-fungible tokens (NFTs) and Play-to-Earn games. While the desire to pay by cryptocurrency is not yet overwhelming, its popularity, particularly in the US, has led to positive responses outnumbering those that are negative.

From the Expert
Consumers and brands bonding in the metaverse.

“ Metaverse is about community engagement and investing in a strong digital presence. It will fuel new economies and next-generation commerce within interoperable ecosystems aimed at building communities. This is where Gen Z, Gen Alpha and, to a certain extent, digital-savvy millennials, are looking to bond with brands beyond the transaction.

Web3 also gives people property rights through NFTs on Blockchain, which basically means the ability to own a piece of the next iteration of a decentralized web. For brands, content creation is one area to focus. As an example, Ralph Lauren on Roblox is leveraging historical catalogs, digitizing past collections and making money from this.

—
Ward De Kruiff, Head of Metaverse Practice, EPAM Continuum

WHAT SHOULD BRANDS DO NEXT?

Attitudes toward emerging technology, along with other themes such as sustainability, all point to what we have discovered over the course of producing this series – there is a gap between interest, excitement, and intent. Brands need to ensure they know what consumers are actually ready to buy.

Our research reveals clear geo-demographic differences in attitudes. As brands look to test their approaches to the metaverse, NFTs, crypto and more, they should dig deeper into these geo-demographic splits to support pilot and launch planning.

6.

Local rather than global creates opportunities for retailers

Stage 3 of our study has shown a greater divergence of views than in previous stages. This follows an expected trend away from globalization toward more of a local focus in the months and years ahead.

One clear point of difference in this stage is the number of data points that indicate cost issues hitting the UK psyche first. Undoubtedly, these cost-of-living challenges will eventually impact the US and Germany in the months ahead, given the global nature of many of the issues surrounding the cost-of-living crisis – from energy costs and raw material supplies, to inflation.

Brands should consider the geographical differences impacting each sector of the study. Gaming, for example, as well as interest in the metaverse and cryptocurrency are much stronger in the US. It's a similar story with sustainability and the attitude to returning to the gym.

The study shows there is an opportunity for brands to leverage these differences by leaning into the local behaviors, services and reliability of information to help foster a sense of trust and intimacy between brand and consumer.

WHAT SHOULD BRANDS DO NEXT?

Emphasize the local, not only in terms of product (although that will be important to maintaining control over the cost, availability and delivery times), but also in terms of communications, ratings and reviews to build trust.



THANK YOU
for shopping
LOCAL

7.

Sustainability is moving from intent to action

You can almost feel the conflict in consumers' attitudes toward sustainability. Value and price still dominate. Compared directly, price (72%) beats sustainability (28%). Yet another view emerges from the data. Consumers are speaking about buying second hand, upcycling and repairing in a way they didn't in earlier stages of the study.

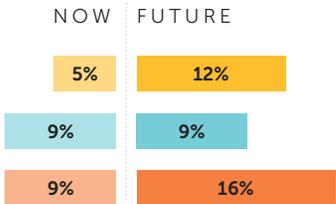
Over the next 12 months, more than two fifths of consumers (42%, up 3% since 2021) intend to buy more second-hand goods. Almost half (48%) said they will buy sustainably where possible. And whether driven by conscience or economic reality, an additional 47% of consumers anticipate repairing and upcycling their existing products instead of buying new ones, with a fifth (19%) stating they plan to do this more over the coming year.

WHAT SHOULD BRANDS DO NEXT?

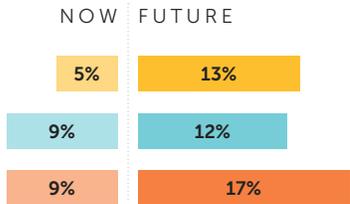
A key dynamic that brands should be considering is how to demonstrate what quality means. This is about demonstrating affordability and value over pure price, emphasizing a focus on quality, durability and environmental friendliness to combat fast fashion incentives. Another option may be building a marketplace that provides upcycle and repair programs for certain brands. It shows a commitment to the longevity and even improvement of existing products.

Sustainable sourcing and social responsibility are becoming more important for some, now and in the future.

Is it important that the product/offering is sustainably sourced?

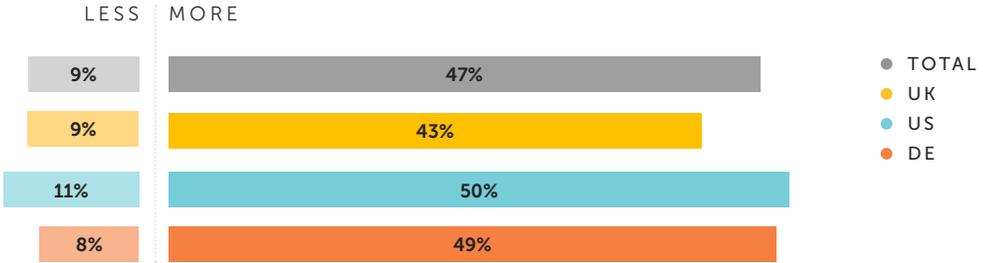


Is social responsibility important?



- UK
- US
- DE

Consumers' intention to repair/upcycle over the next year



8.

Shared values now offer a genuine opportunity to win

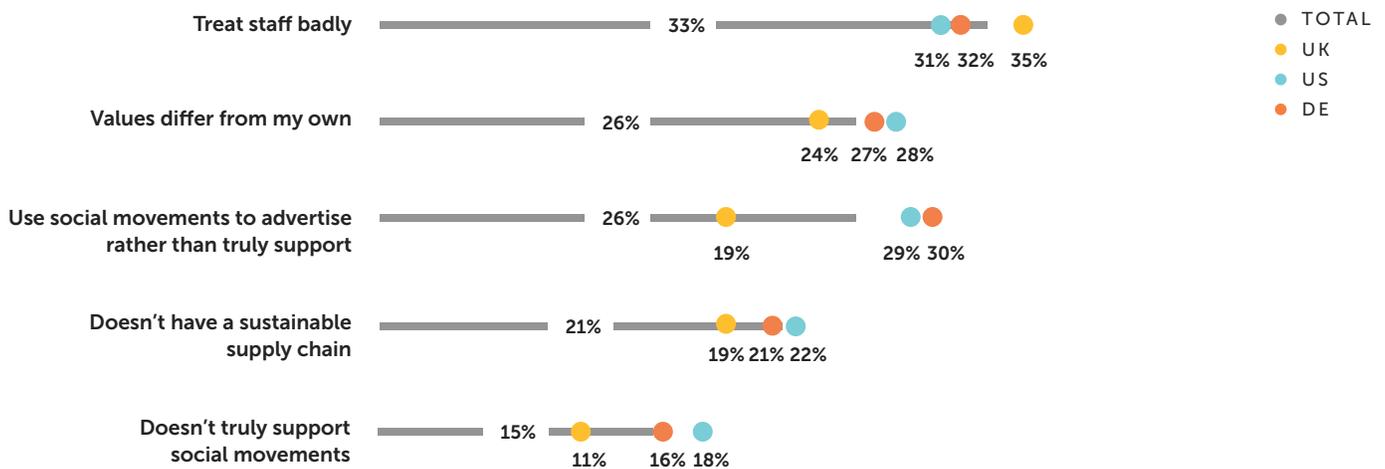
Consumers continue to place significant weight on the values and behaviors of the organizations they buy from. It's clear that treating staff badly and paying lip service to causes without following through can dramatically affect customer sentiment. A third of consumers said they wouldn't buy from brands that treat staff badly, a figure identical to Stage 2, indicating an attitude now well embedded.

For brands trying to balance sustainability with price and value considerations, the opportunity lies in integrating the two. As Jen Jones, CMO, commercetools, puts it, "Allowing customers to choose to pay for carbon offsets, choosing to forgo packaging (skip the plastic, discount for bringing their own bag), or choosing a more sustainable option, will be well received by their like-minded customers and make a significant impact on the brand's sustainability initiatives."

WHAT SHOULD BRANDS DO NEXT?

This presents genuine opportunities for businesses to differentiate and win customers, community, social media accolades and more. The positive sentiment toward Airbnb's support for Ukraine and the ability of Nike and Adidas to combine multiple variates (issues, sustainability, diversity, product range), serve as powerful examples.

Factors that would make consumers stop buying from a brand



9.

Subscriptions, challenging but worth pursuing

At the time of our latest data sample, the cost-of-living crisis was just starting to impact subscriptions. We can see some early indicators that subscriptions, most prominently television, will continue to see attrition. There are a number of other (non-cost-related) possible reasons for this: oversupply and competition, the post-COVID return to work, bundling of subscriptions with other services, such as with phone contracts.

This should not cause brands to believe subscriptions won't be an important ingredient moving forward, but price sensitivity is going to drive behavior for a period of time. Where consumers find themselves having to make choices with continuing subscription services, those perceived as offering greatest value will win out.

From the Expert

Convenience driving demand for subscription services.

“ Having the products consumers want, delivering faster and cheaper is what drives subscription services. By having a higher volume of products in stock and a self-sufficient supply chain, Amazon is the first choice of consumers when deciding where to make a purchase. They allow consumers to shop faster and cheaper by having a subscription service.

—

Pierre Kremer, Portfolio Head, Retail and CPG, Digital Engagement Practice, EPAM Continuum

WHAT SHOULD BRANDS DO NEXT?

The combination of subscription and community offers a particular opportunity for brands. Our survey shows how effective Peloton has been in combining the two, demonstrating that people are willing to invest in specific subscriptions that match their lifestyle (meal kits, clothing, beauty and alcohol). They may not have enjoyed the stellar success of entertainment streaming yet, but such models are worthy of further exploration for brands.



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6.

Conclusion

Wrapping Up Stage 3

Consumers Unmasked was conceived because we knew the impact of COVID-19 would give rise to a set of unprecedented behaviors. Rather than a static report, we wanted to study those behaviors over a period of time to apply understanding to the ongoing changes. Now at Stage 3, the importance of a longitudinal study has borne out.

What is striking is the rapid disappearance of COVID-19 from people's day-to-day decision making. That is not to belittle the cost and impact of the pandemic on so many lives.

We are largely back to doing what we do best – socializing. The pent-up demand to return to social settings has been clear throughout the duration of Consumers Unmasked. As wariness has dissipated (in most, if not all areas), so consumers have grasped their freedoms. They've spent more on eating out together. They've booked (or are planning to book) vacations. In the US, they have shunned the at-home fitness equipment they bought during the pandemic in preference for working out together.

It is a reminder that, however else they attract consumers, a key success factor for brands is to connect at a human level and provide them with an informed, personalized experience to reinforce loyalty.

Big questions remain regarding how hybrid our in-home and out-of-home lives will be. This is particularly true as it pertains to work.

Some of the early predictions of working from home as the norm have given way to a more balanced view and, in some cases, a concerted full return to the office mentality. For some demographics, the prospect of returning to in-person/in-office work will be appealing. For others remote work has become a more permanent part of their lifestyle choices.

These fundamental differences in beliefs and attitudes are perhaps one of the most consistent trends we can derive from these reports.

COVID-19 has fractured previous normative behaviors that were readily accepted by society en masse. Ironically, given its profound effect on our freedoms, the pandemic has created more choice in how people live their lives. In response, brands need to be able to deal with consumers in an even more segmented way than they have previously.

On top of this, attitudes to the metaverse and cryptocurrency, point to a future of continual waves of high impact and fast-paced change, for which brands will need to develop resilience and systematic ways to manage through.

On the specific point of being able to react to fast-paced change, this stage of Consumers Unmasked paints a picture of a predominantly happy consumer. Emerging from two years of pandemic, our consumers are feeling free and ready to return to normality. We are, however, beginning to see signs of cost-of-living pressures impacting purchasing behaviors.

Brands need to be able to take everything learned about consumer behavior through the course of these reports and translate these learnings into factors that will support consumers through some difficult months ahead. There is an opportunity to develop deeper and more meaningful connections that are not merely about discounts. They are about demonstrating a deep and personalized understanding of individual consumers, rewarding loyalty, providing moments of joy, showing the power of community and harnessing innovative partnerships.

We hope you enjoyed both the big themes and small insights found in Consumers Unmasked Summer 2022.

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Register [here](#) to follow **Consumers Unmasked** and receive regular updates from our ongoing study.



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to accelerate breakthrough thinking into meaningful impact.

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