



## The consumer is changing ... but perhaps not how you think

**W**HAT DO CONSUMERS want? At least in the United States, the short answer is that they want pretty much what they've always wanted—but they must navigate shifting marketplace and economic circumstances to get it, which sometimes prompts them to act in different ways from previous generations.

It may come as a surprise that the modern US consumer, by and large, is still spending on the same things that their predecessors did. An analysis of share-of-wallet data over a 30-year period revealed few significant shifts in spending across multiple categories—food, alcohol, furniture, food away from home, and housing—with changes being confined to a tight 1–2 percent range.

So, if people are buying the same things as they did 30 years ago, where has the widespread perception of change come from? According to our year-long study of US consumer demographics, spending patterns, attitudes, and preferences, what's really changing is a number of factors in the broader competitive marketplace and in the economic constraints consumers face.

Today's consumer is more diverse than ever in attributes such as race, ethnicity, education, income, and rural-urban residence. These demographic forces have led to increased fragmentation, with the so-called

Contrary to conventional wisdom, there's been no fundamental rewiring of the consumer. The modern consumer is a construct of growing economic pressure and increasing competitive options.

“average consumer” giving way to distinct subsets of consumers with increasingly varied needs. Meanwhile, thanks largely to technology, the barriers to entry for new marketplace players have sharply decreased, leading to the emergence of many smaller enterprises that are creating niche markets with more targeted offerings—and giving consumers a plethora of channels and options to choose from to meet their diversifying needs.

Another major factor driving consumer behavior is the greater financial pressure that many of today's consumers feel due to uneven distribution of income gains coupled with the rising cost of nondiscretionary purchases such as health care and education. Millennials, in particular, have been under financial strain, as many began their working lives during or soon after the Great Recession. Partially as a result, they appear to be deferring key lifecycle milestones, from marriage and children to homeownership, because of the need to play “catch-up” with their finances.

Even so, what mattered most to yesterday's consumer—great products, competitive prices, and convenience—still matters to today's, across age and income groups. Much-touted “millennial” attributes such as core values and personalization fall at the low end of the importance spectrum when it comes to making purchase decisions—even among millennials.

What this means is that the changing consumer can't be separated from the changing environment. They are two sides of the same coin: a reality that retailers and consumer product companies need to recognize to stay ahead of the curve. ●

To learn more, read *The consumer is changing, but perhaps not how you think* on [www.deloitte.com/insights](http://www.deloitte.com/insights)