How the Shift in Consumer Sentiment Could Impact Your Holiday Season

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Introduction

Industry experts share their findings from the Alchemy Worx Consumer Survey.

Brands have struggled for more than a year under the cloud of a global pandemic to maintain sales and retain customers. In the United States, as the widespread availability of safe and effective vaccines spurs reopening, brands find themselves facing a new kind of consumer – one that is eager to return to some semblance of normality but is still wary of spending. While some consumers plan to ramp up spending over the next six months with 32% planning to travel and 46% considering a purchase for someone else, more than half (51%) continue to focus on essential purchases only.

What's more, after long periods of lockdown, many consumers have had time to re-evaluate their brand relationships with nearly three in ten (27%) planning to avoid brands that they consider unethical or not sustainable.

Against this conflicted backdrop, it is imperative for brands to re-evaluate everything they think they know about their customers so they can position themselves for success in the upcoming holiday season. Alchemy Worx commissioned a consumer survey to help.

The Survey

Alchemy Worx teamed with YouGov® in early June 2021 to conduct a survey with a view toward understanding the key factors currently motivating consumer spending behavior and brand interactions. The results comprised the "2021 Consumer Spending Snapshot," highlighted in an **Alchemy Worx blog on June 29**.

In a nutshell, the survey revealed changing perceptions among consumers across generations regarding spending, highlighted motivations driving the types of products or services they may purchase and uncovered some startling sentiments about the brands with which they interact.

For Alchemy Worx, the findings reinforced the importance for brands to embrace audience management in order more fully understand and act upon the preferences, priorities, and activity of their entire audience in order to drive brand loyalty. However, we want to provide as broad a view as possible, so we asked some industry thought leaders to offer their takes.

Skip to Survey Panel Insights

The Panel

Alchemy Worx convened a panel of marketing experts to review and offer insights on the survey results. The panel included:

Dela Quist MODERATOR

Alchemy Worx

Mr. Quist is the founder and CMO of Alchemy Worx. He is an internationally renowned email marketing thought leader who uses innovative data analysis to challenge many of the myths and preconceptions in the industry. He pioneered email as a marketing channel as one of Excite's first European directors in the 1990s. Mr. Quist has served as a member of the UK DMA's Email Marketing Council and chair of the EMC's Benchmarking Hub. He has also served on the executive management group of the IAB and on the steering committee of Future of European Advertising Stakeholders (FAST).

Dr. Ada Barlatt

OperationsAlly

Dr. Barlatt is the founder and Chief Analytics Officer of OperationsAlly, a Toronto-based consultancy that helps businesses turn their email marketing data into meaningful and actionable insights. Dr. Barlatt served as an Adjunct Assistant Professor, Department of Management Services, at University of Waterloo for twelve years. She holds a PhD, Industrial and Operations Engineering from University of Michigan and a BS, Industrial and Systems Engineering from Rutgers University.

The Panel

Komal Helyer

Pure360

Ms. Helyer is Vice President of Marketing at Pure360 where her focus is on market positioning, market growth strategies, and customer lifecycle marketing. Ms. Helyer has worked with some of the world's leading brands including HSBC, Carphone Warehouse, Black & Decker, and First Direct, helping them get the best results from their email and digital marketing. She sits on the DMA Email Council, the Chair of the Learning & Communications Hub and an awards judge including the DMA Awards & E-Commerce Awards. Ms. Helyer was named Corporate Woman of the Year '19 at the Business Women Excellence Awards and was awarded a Top 50 CX Star accolade in 2021.

Andrew Kordek

iPost

Mr. Kordek is Vice President of Customer Engagement at iPost. He has more than 30 years of experience in sales and marketing with the last 21 focusing on digital channels. Mr. Kordek was Co-founder and Chief Strategist of Trendline Interactive, a full-service email marketing agency serving the needs of Fortune 1000 organizations. He was instrumental in growing the agency from 3 to almost 200 employees. Mr. Kordek's vast experience makes him a sought-after public speaker and author on the topic of digital marketing.

Chad S. White

Oracle Marketing Consulting

Mr. White is Head of Research at Oracle Marketing Consulting where he leads research and content marketing for the team of 500+ consultants and service specialists. He is the author of "Email Marketing Rules" and more than 3,000 posts and articles about email marketing trends and best practices. Mr. White has served as lead email marketing researcher at four of the largest email service providers—Oracle, Responsys, Salesforce, and ExactTarget—as well as at Litmus and the Direct Marketing Association. A former journalist at Condé Nast and Dow Jones & Co., Mr. White has been featured in more than 100 publications, including The New York Times, The Wall Street Journal, and Advertising Age. He was named the Email Experience Council's 2018 Email Marketer Thought Leader of the Year.

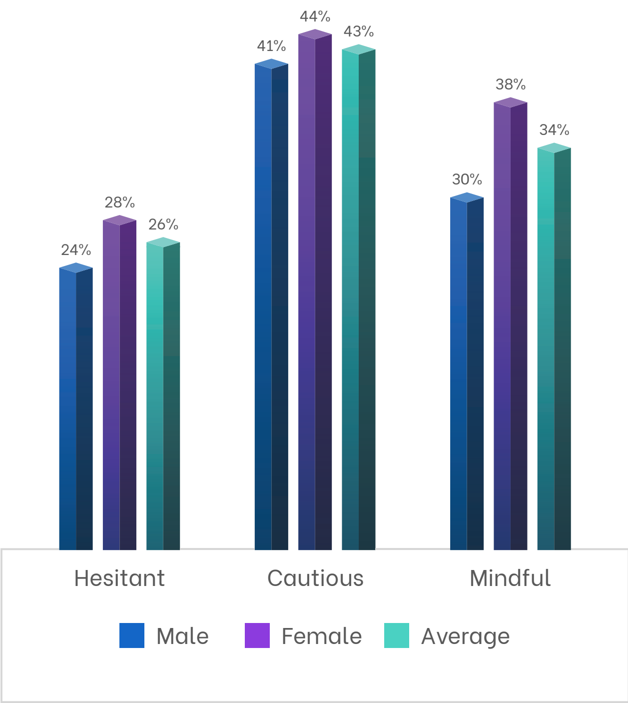
Spending Right Now

We asked consumers to describe their feelings towards spending money right now. The prevailing responses across age-groups were Cautious (38-49%), Mindful (30-37%), and Hesitant (25-29%). The same held true across genders: Cautious (43% Average, 44% Female, 41% Male), Mindful (34% Average, 38% Female, 30% Male), and Hesitant (Average 26%, Female 28%, Male 24%).

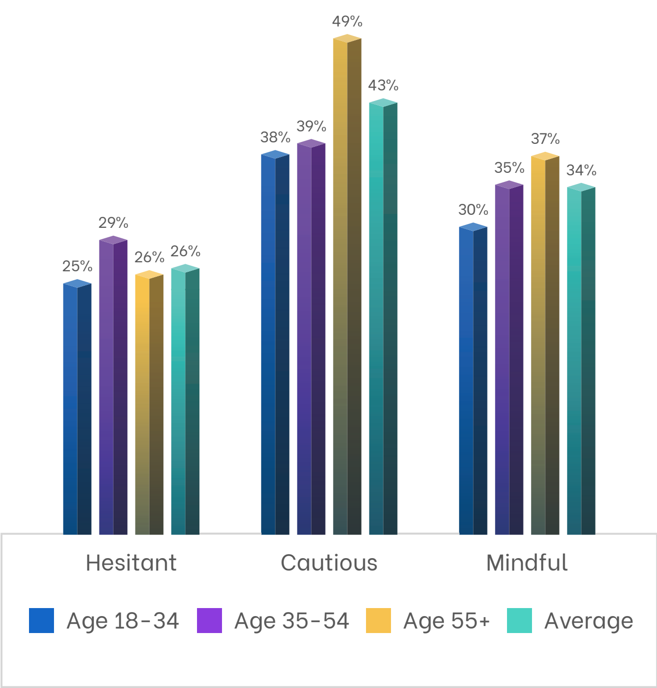
SURVEY QUESTION:

Which, if any, of the following describe your feelings towards spending money right now? Please select all that apply.

- Optimistic
- Excited,
- Eager
- Hesitant
- Cautious
- Mindful
- Nothing
- Scared
- None of these



Top 3 Results by Gender



Top 3 Results by Age

Spending Right Now

Andrew Kordek offered a view that factored in the psychology of wants and needs.

“Pandemic or not, a considerable amount of psychology is factored into people who want vs. need to spend money. Spending habits often defy economic theory and, in some cases, transcend age groups, race, social status, and even gender.

“Consumer spending habits are primarily based on the accumulation of rules that we have built over our lifetime. However, two factors that can heavily influence the decision to spend money are our experience with the brand and being able to help affect that experience. As consumers, we entrust our opinions with the brand to help personalize our interactions for the long-term relationship.

“It is widely thought that if we have both, there is a greater chance that we would be inclined to break the rules and spend.”

Komal Helyer went further with the psychological analysis, citing Maslow.

“The issue can be framed in terms of Maslow’s Hierarchy of needs, developed in the 1940’s by Abraham Maslow to explain human behavior. In or out of a crisis this methodology can explain why consumers behave as they do. And it’s very interesting to see this research reinforce the messaging behind the approach by Maslow.

“Maslow describes human needs as a ladder:

1. **Physiological Needs** – Basics such as food, water, clothing and shelter
2. **Safety and Security** – Including health, employment, property, family and social stability
3. **Love and Belonging** – Encompassing friendship, family, intimacy, sense of connection
4. **Self Esteem** – Which can include confidence, achievement, gaining the respect of others
5. **Self-Actualization** – At this stage humans are seeking morality, creativity, and exploring their inner potential.

“As you realize each stage you seek the next, but the bottom 2 or 3 must always be fulfilled and in times of a crisis they become the most important needs to fulfil. No one needs to be reminded of the toilet paper wars, or the run on food, face masks and antibacterial lotions as consumers shifted priorities to keep fed, safe, healthy and clean.

“When we take a look at what drives purchases, Maslow’s hierarchy of needs is represented in the data with over 51% of consumers still focused on purchasing essentials, proving that in a crisis, consumer behavior reverts to the first 2 or 3 stages of the pyramid of needs.”

Why Consumers Are Considering a Purchase

We asked consumers to think about their preferred brands then tell us what motivates them to make a purchase. ‘Essentials’ was the top response with an average of 51% across age groups citing it. Consumers aged 65+ were most devoted to ‘Essentials’ at 64%, with aged 35-54 at 51% and aged 18-34 at 36%. ‘Essentials’ was the top choice by gender as well with 53% of Females and 49% of Males choosing it.

The second most popular response was a ‘Readiness to replace old/outdated products or brands.’ Consumers aged 18-34 (24%) and aged 35-54 (28%) led the way while those aged 65+ were more cautious (19%).

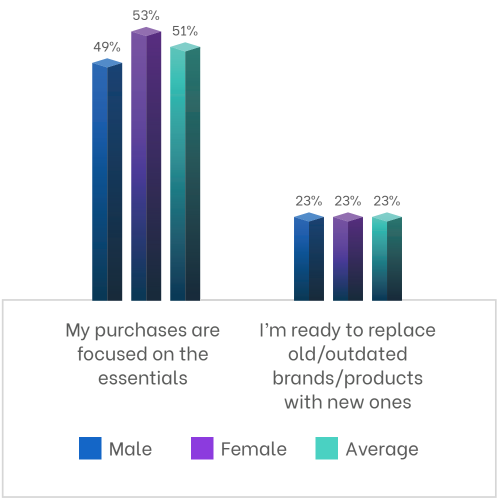
When it came to gender, ‘Essentials’ was once again the top choice with 53% of Females and 49% of Males (Average 51%) citing it as their motivation. Both genders agreed on their second choice with 23% of each noting ‘Readiness to replace old/outdated products or brands.’

SURVEY QUESTION:

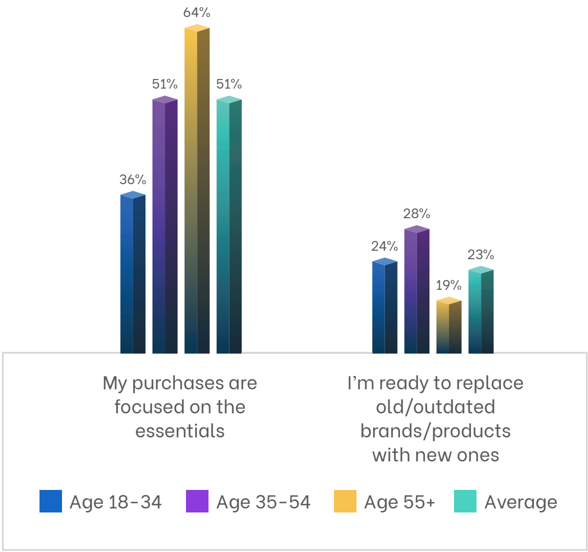
Think about the brands you purchase from/want to purchase from. Which, if any, of the following do you agree with when it comes to why you are making a purchase? Please select all that apply.

- I’m feeling pressure to keep up with current trends
- I’m feeling pressure to keep up with friends and family
- I’m buying things it feels like I have to buy, but don’t necessarily want
- I’m finally ready to make a big purchase I’ve been thinking about
- My purchases are focused on the essentials
- I’m ready to replace old/outdated brands/products with new ones
- I’m spending my stimulus check or tax refund
- It was recommended to me on social media
- I received an email promotion about it
- It was recommended to me via SMS (i.e., a brand’s text communication)
- None of these

Why Consumers Are Considering a Purchase



Top 2 Results by Gender



Top 2 Results by Age

Chad S. White was dialed-in on the differences in motivation between age groups.

"The survey highlights some of the stark differences between younger and older consumers right now. In terms of purchase behaviors, for example, 64% of people 55 and older say their purchases are focused on the 'Essentials,' compared to just 36% of those Age 18-34. So, the older someone is, the more cautious they're being about spending money right now.

"Some of that difference is driven by younger people feeling much more social pressure to buy things. For instance, 18-34-year-olds are more than twice as likely as older groups to say they want to buy products because they're 'feeling pressure to keep up with current trends' or 'feeling pressure to keep up with friends and family.' They're also more than twice as likely to say they want to buy a product because it was 'recommended to on social media' [Age 18-34: 14%; Age 35-54: 4%; Age 65+: 1%]."

Komal Helyer picked up on peer group pressure among younger cohorts.

"Whilst those aged 55+ spending decisions are focused on 'Essentials' (64%), the younger cohort are less focused just on 'Essentials' (36%). We can also see that for the aged 18-34 group the need to look good amongst their peers (Stage 4 of Maslow's Hierarchy: Self-esteem) is important to them, with many feeling more pressure to keep up with trends (10%) and their friends and family (10%) compared to those aged 55+ who feel little or no pressure to keep up with trends (0%) or their peers (1%)."

What Are You Planning to Do Over the Next Six Months? (Into November 2021)

We asked which sort of activities consumers were planning to do over the next six months. Travel – either to see family and friends or for vacation – were at the top of every age group's list with average scores of 35% and 37% respectively. This was to be expected given the pent-up desire to get out and about after lockdown. But life changing events such as weddings and baby showers, moving into a new place, or starting a new job or side hustle figured prominently – especially among the 18-34 age group.

SURVEY QUESTION:

In the next 6 months (i.e., by early November 2021), which, if any, of the below are you planning to do? Please select all that apply.

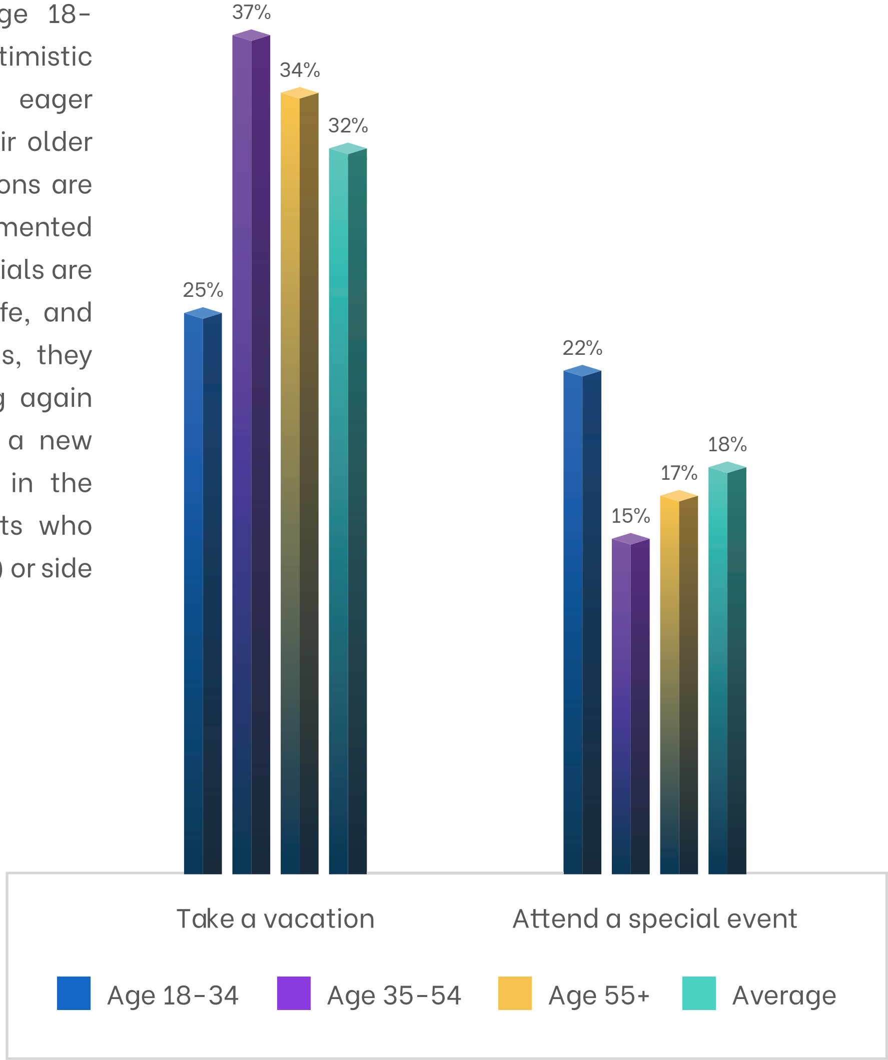
- Travel to see family/friends
- Take a vacation
- Attend a special event
- Buy or move into a new place to live
- Start a new business
- Start a new side hustle
- Start a family
- Start a new job
- Take care of an elderly family member
- Pay off credit card debt
- Pay off student loan debt
- Be fully vaccinated
- None of these

What Are You Planning to Do Over the Next Six Months?

Komal Helyer reflected on the need to consider the current state of consumers when making offers related to future purchases, as well as the wildcard that is age.

"As marketers we need to remember that many consumers are still suffering the fallout from the pandemic. Across the world we're still in a rollercoaster of lockdowns, new variants and waves, causing loss of jobs and therefore income to spend. It's no wonder consumers are wary. We need to ensure we reflect this in our messaging and tone.

"There is a potential nuance – and that is age. The data shows very clearly that those Age 18-34 are much more optimistic (18%), excited (18%) and eager (13%) in comparison to their older cohorts. Whilst generalizations are dangerous, it has been documented that most Gen Z and Millennials are desperate to get on with life, and whilst they will be cautious, they will want to start spending again as they resiliently develop a new normal. This can be seen in the numbers of younger cohorts who are out looking for jobs (23%) or side hustles (18%)."



Travel-related Results

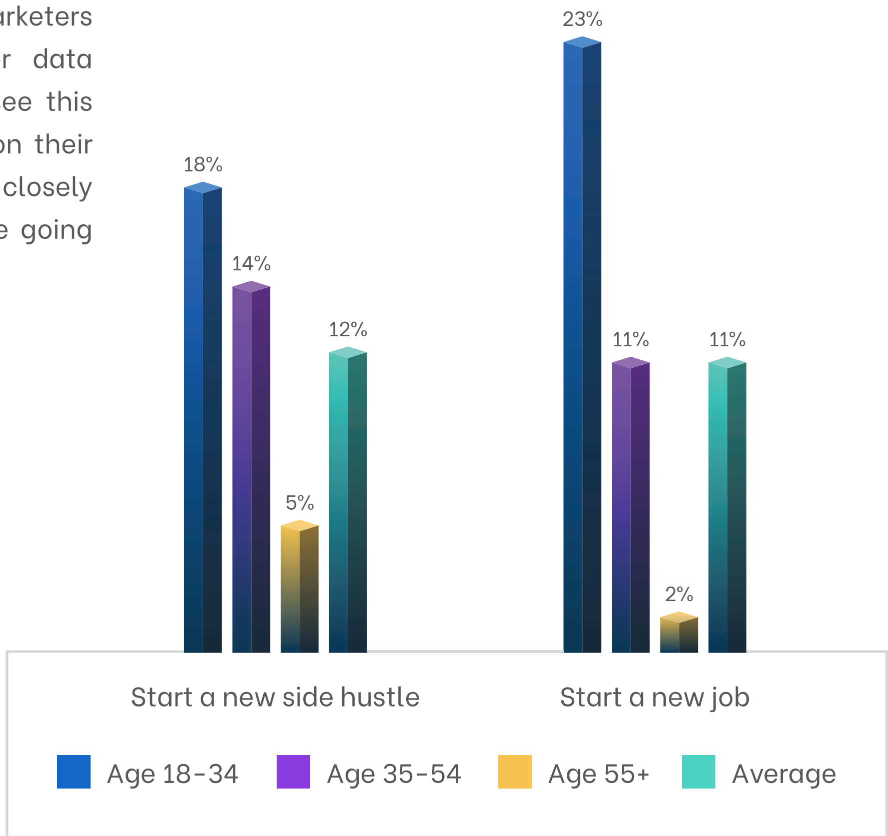
What Are You Planning to Do Over the Next Six Months?

Andrew Kordek viewed consumer planning responses as a call to action for marketers.

“You really have to dig deeper to understand the sentiment of both your target and loyal customers. Feedback is more essential than ever before – not just asking for it but acting upon it. Brands should survey their customers more often to ensure they’re sending the right offers – ones that accurately reflect the state of their customers whether they’re a younger person taking advantage of the hot job market to earn more disposable income or an older person more interested in paying off credit card debt.”

Ada Barlatt expanded on Kordek’s recommendation.

“I think we could take it a step further by not just telling marketers to collect more consumer data but encouraging them to see this as an opportunity to position their products or services more closely to what their customers are going through right now.”



Job-related Results

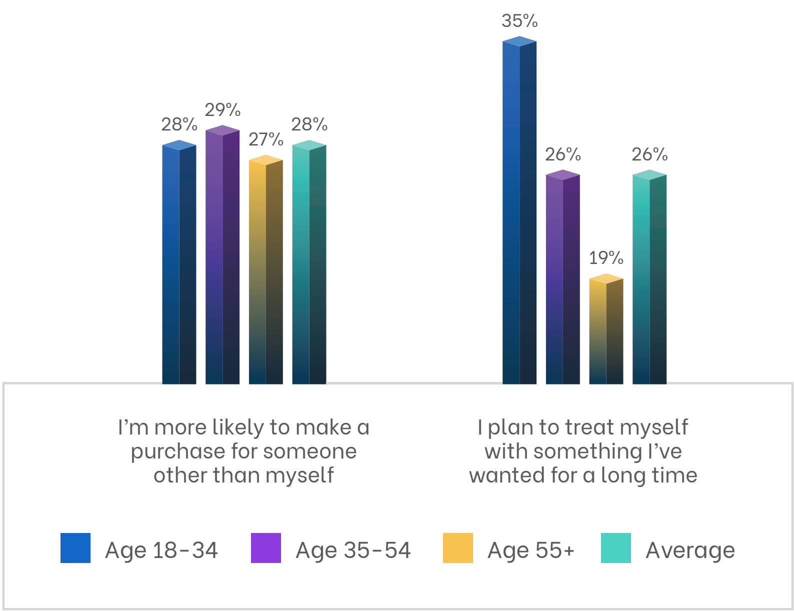
Thinking About Purchases Over the Next Six Months (Into November 2021)

We asked consumers to consider the factors that might impact their purchases over the next six months heading into the holiday season. 'Purchasing something for someone other than myself' with an average of 28% across age groups was followed closely by 'Treating myself to something I've wanted for a long time' at 26%. Looking a bit deeper, consumers expressed a willingness (16% average) to avoid brands that were not ethical or sustainable.

SURVEY QUESTION:

Think about the purchases you plan to make in the next 6 months (i.e., by early November 2021). Which, if any, of the following do you agree with? Please select all that apply.

- I'm more likely to make a purchase for someone other than myself
- I plan to treat myself to something I've wanted for a long time
- Make an impulse purchase just because it's summer
- Do a bit of drunk shopping
- Avoid brands that aren't ethical / sustainable (i.e., aren't good for the environment)
- Buy from brands with diverse models and embrace representation
- Spend more from at stores that dedicate product/shelf
- None of these



Desire to Gift Others and Self

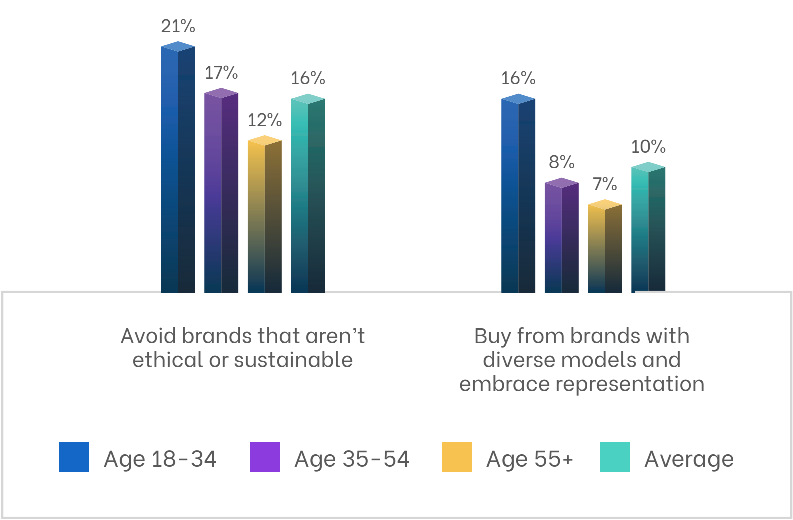
Thinking About Purchases Over the Next Six Months

Komal Helyer saw cause for optimism in the responses.

"When thinking about purchases planned for the next 6 months what's interesting is that all age groups plan to make purchases for others (28%) and treat themselves (26%). Whilst weighted more to the younger group this is true for all ages. This shows some consumer optimism as more people are vaccinated and we a collective hope for a bright future. We also see all responders thinking about the higher stages of the hierarchy of needs of self-esteem and self-actualization, where the data shows that consumers will actively avoid brands if they don't support their views on ethics & sustainability (16%) and diversity (10%)."

Chad S. White highlighted the importance of brands' social values to younger consumers.

"Beyond purchase intent, younger consumers are also much more likely to be drawn to brands because of the social values exhibited by the company. For instance, 18–34-year-olds are more than twice as likely as older consumers to say that they plan to buy from brands with diverse models and embrace representation. They're also significantly more likely to say that they'll avoid brands that aren't ethical or sustainable."



Impact of Ethics and Diversity on Brand Consideration

Which Fails Would Impact Your Brand Loyalty?

When asked what sort of negative experiences (fails) would impact their loyalty to a brand or retailer, consumers called out some of the usual suspects:

"Receiving communications after opting out" (Average 39% across age groups)
"Receiving Too Many emails" (Average 35% across age groups)
"Items arriving late" (Average 34% across age groups)

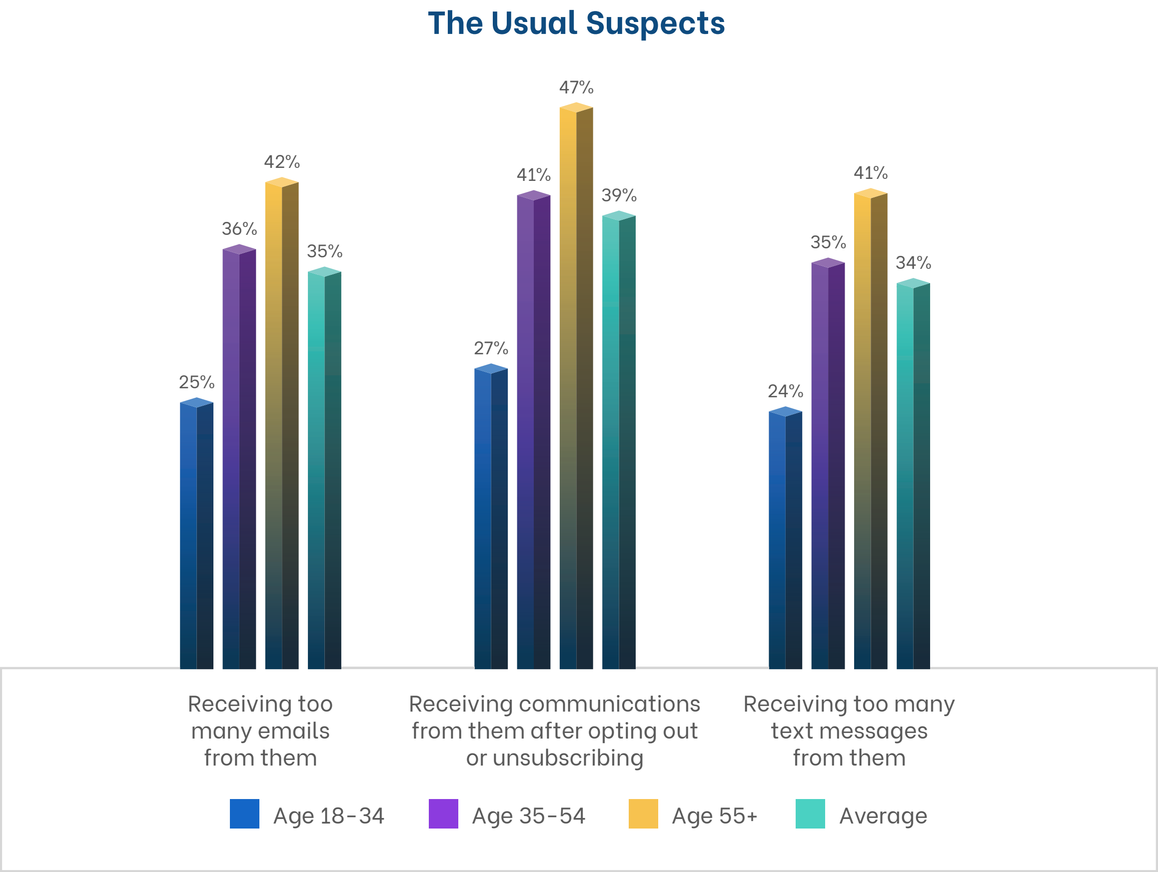
But there were other cautionary tales related to personalization in areas such as "Receiving recommendations for products already purchased," "Being asked to rate a product before receiving it," and "Wrong name or personal information in messages."

SURVEY QUESTION:

Which, if any, of the following "fails" (i.e., negative experiences) would impact your loyalty towards a certain brand, retailer, etc.? Please select all that apply.

- Receiving recommendations for products I have already purchased or don't need anymore
- Lying about sales or stock level to try and convince me to make a purchase
- My name or information was wrong on messages a brand sends me
- Being asked to rate an item purchased before receiving it
- Having a confusing system to purchase items over social media
- Items arriving so late that you forgot you purchased them
- Starting a purchase on my phone and the cart not carrying over to my desktop
- Receiving too many emails from them
- Receiving communications from them after opting out or unsubscribing
- Receiving too many text messages from them
- None of these

Which Fails Would Impact Your Brand Loyalty?



Chad S. White zeroed in on personalization.

"When asked about actions that would negatively impact their loyalty toward a brand 18% said 'my name or information was wrong on messages a brand sends me.' It's certainly a fair expectation that when a consumer shares their name or other information directly with a brand that it be accurately reflected back to them in their email messages.

"However, consumers also acknowledged that they expect brands to react to their product purchases and browsing behaviors. For example, 15% said 'receiving recommendations for products I have already purchased or don't need any more' would negatively impact their loyalty toward a brand. That rose to 21% among 18–34-year-olds, indicating that younger consumers are even more aware of tracking and have higher expectations.

"Consumers have even higher expectations when it comes to brands paying attention to their email engagement and aligning that with the number of emails they receive. For instance, 35% said 'receiving too many emails' from a brand would negatively impact their loyalty. That rose to 42% among those 55 and older.

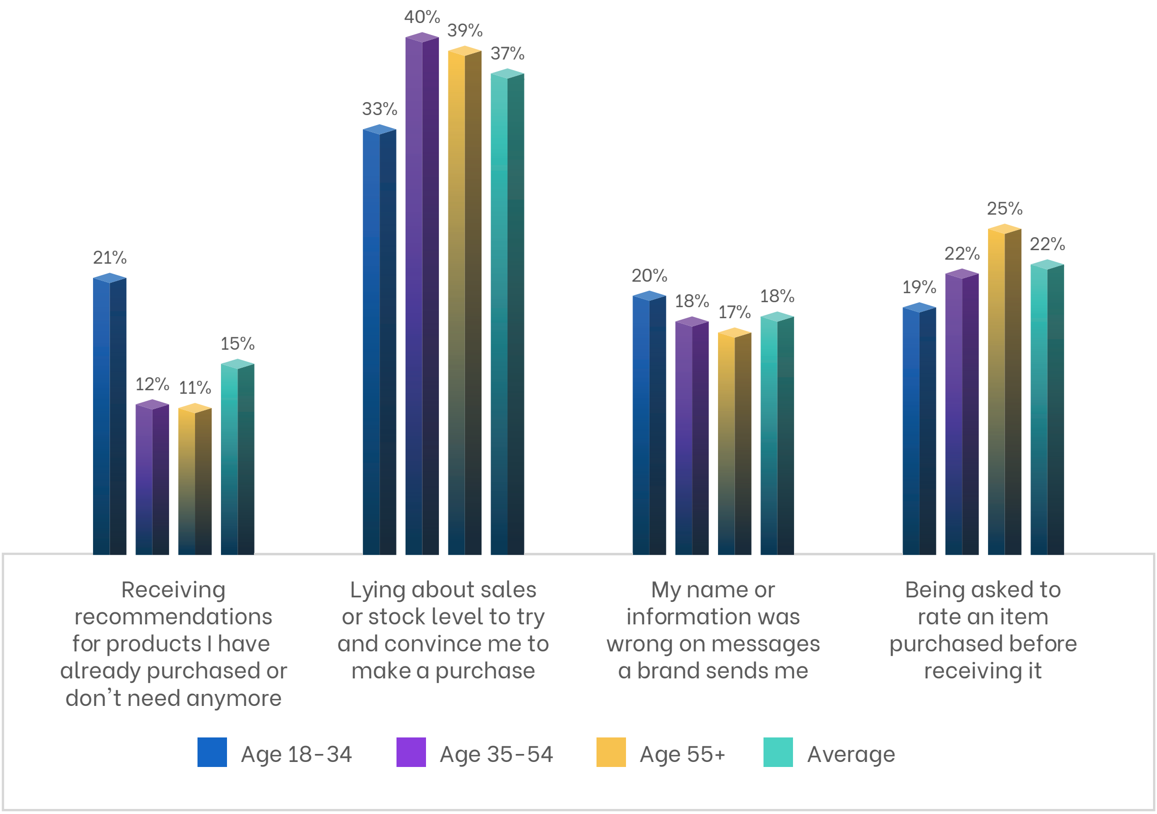
Which Fails Would Impact Your Brand Loyalty?

Ada Barlatt noted the difference in attitudes towards some of the basic "fails" between younger and older consumers.

"In looking a bit deeper, there is an interesting trend across age groups. For example, the percentage of respondents over 55 that selected 'receiving communications from them after opting out or unsubscribing' as a 'fail' (47%) was larger than the percentage of those aged 35-54 (41%) and aged 18-34 (27%).

"There was a similar trend with 'receiving too many emails': aged 55+ (43%), aged 35-54 (36%), aged 18-34 (25%) and 'lying about sales or stock level to try and convince me to make a purchase' aged 55+ (33%), aged 35-54 (40%) and aged 18-34 (39%).

"This can be helpful as you reflect on the ages of the people on your list (and in your target market). The survey data seems to indicate the older the target market the more sensitive to the frequency of messages, the truthful-ness of those messages as well as the expectation to stop receiving messages after unsubscribing."



Personalization Failures

Summing Up

Our panel of experts wrapped up their analysis of the survey responses by offering some final thoughts and a few words of encouragement.

Chad S. White reiterated the importance of examining your audience's behavior across key age groups to develop successful segmentation and content strategies.

"These survey results highlight some of the divergent behaviors and values across age groups. Marketers should examine the behavior of their own audience and run tests to determine the right segmentation and dynamic content strategies so that each of the demographic groups that they serve receive messaging that's in line with their needs, desires, and values."

Ada Barlatt encourages marketers to look beyond the usual trend indicators to consider a broader set of behavioral factors.

"Often marketers talk about trends in demographics - which does tell part of the story. However, I encourage you to also consider the influence of other factors - like where people are spending their time on the internet and past buying behavior - have on your subscribers' expectations for communications from your company and brand.

"Using analytics to study subscribers' past behavior can help identify patterns and indicate future actions or intentions. These types of analyses and predictive models are an exciting opportunity for the email marketing industry!"

Summing Up

Andrew Kordek reminded us of the importance of experience on engagement and ultimately brand loyalty.

“The data in the survey, especially around question six and fails, leads me to believe that email can play an essential role in impacting a positive or negative experience when it comes to people who want to buy from you. While this report skews towards B2C, a tremendous amount of the data captured can cross over in the B2B side because the psychology of spending and interacting is still prevalent.

“You have a small window to map out the most critical touchpoints of your customer experience. These touchpoints include things like sign-up, email journeys, and post-purchase or conversion communication. The goal is to find out what levers have the most significant influence and then engaging the entire marketing department in what you can do better.

“A good experience leads to trust, and trust leads to loyalty.”

Komal Helyer got the last word, pointing to personalization as the key to a brighter future for marketers.

“As we can see from the data – there isn’t a broad-brush approach that we can apply to our marketing efforts. A one-size-fits-all is archaic and isn’t representative of our customer base.

“We must embrace personalization – whether you apply that based on persona or needs is up to your business requirements. But what’s certain is that if you don’t it will have an impact on how well you serve your customer and the success of your business.

“The democratization of marketing technology means that well planned strategies can be executed with the help of your technology and agency partners. The future is bright, if you get it right.”

Survey Methodology

The survey was conducted using an online interview administered to members of the YouGov Plc panel of individuals who have agreed to take part in surveys. Emails were sent to panelists selected at random from the base sample. The responding sample was weighted to the profile of the sample definition to provide a representative reporting sample. The profile is normally derived from census data or, if not available from the census, from industry accepted data.

YouGov plc made every effort to provide representative information. All results were based on a sample and are therefore subject to statistical errors normally associated with sample-based information.

All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 1270 adults. Fieldwork was undertaken between 19th - 20th May 2021. The survey was carried out online. The figures have been weighted and are representative of all US adults (aged 18+).

About Alchemy Worx and YouGov®

Alchemy Worx

Alchemy Worx is a full-service international digital marketing agency focused on audience management and retention strategies for more than 115 brands, such as Universal Music Group, Sirius XM and Disney. Taking a "test and learn" approach driven by the data, Alchemy Worx offers comprehensive guidance for mid-size and enterprise brands on email communication, SMS/text message marketing, data analytics, strategy, testing, customer acquisition and social media. It has helped customers increase revenue by up to 80% from email marketing alone in the first 12 months together.

The Alchemy Worx team is comprised of executives with extensive experience in business and retail, supported by a fresh group of international voices committed to working alongside their clients to craft comprehensive marketing campaigns. Headquartered in New York, it has offices across the globe in London, Atlanta, San Diego, Chicago, Sydney and Manila.

YouGov®

YouGov® is an international Internet-based market research and data analytics firm with a proprietary panel of over 11 million registered members. The company has operations in Europe, North America, the Middle East and Asia-Pacific.