Consumer Trends
2022
The New Consumer
Coefficient Capital
The New Consumer

→ Launched in 2019 by longtime business journalist Dan Frommer

→ Exploring how and why people spend their time and money

→ Reporting, analysis, and research for anyone who cares what’s next

→ newconsumer.com
Coefficient Capital

→ Launched in 2018 by Franklin Isacson and Andrew Goletka

→ Investments in digitally powered consumer brands

→ Focus on transformational consumer shifts

→ coefficientcap.com
Coefficient Capital Portfolio

NOM NOM — Personalized pet nutrition
JUST SPICES — Cooking solutions for the new consumer
hydrant — Sustainable, functional hydration
Hawthorne — Personalized men’s personal care
Haus — Direct-to-consumer low-alcohol spirits
THE ORIGINAL OATLY! — Global plant-based dairy leader
MAGIC SPOON — Low-carb breakfast innovator
HODINKEE — Content-driven marketplace
SESAME — Direct-to-patient healthcare
Consumer Trends Report

→ Our goal is to highlight the profound changes in the consumer landscape and what matters most for the years ahead

→ Special thanks to Earnest Research for consumer data: earnestresearch.com

→ View the latest and our previous reports: newconsumer.com/trends
Consumer Trends Survey

→ We’ve now conducted three surveys of 3,000+ US consumers, most recently in late 2021

→ Focus on how the consumer is evolving and which COVID-era behaviors are here to stay

→ Powered by Toluna, “delivering real-time consumer insights at the speed of the on-demand economy” tolunacorporate.com
2020 shocked the system.
In 2021, we acclimated.
US consumer activity stabilized near normal despite the Delta variant wave

Reported COVID-19 cases

Delta variant wave

Retail and recreation mobility vs. baseline

Aug. thru Oct. avg.: -5.4%

E-commerce, as a proportion of retail sales, returned to its old growth curve

E-commerce share of US retail sales, seasonally adjusted

Peak lockdown: Retail closures, unprecedented e-commerce adoption
Reopening

Data: US Census Bureau, The New Consumer analysis
A logistics and supply chain meltdown caused chaos for global trade.

Freight rate per 40-ft. container in USD

Data: Drewry World Container Index
Online ad pricing re-accelerated, adding cost complexity to e-commerce growth

Change in digital ad pricing observed by Common Thread Collective’s network of e-commerce merchants

Restaurant dining is almost back to normal in the US

OpenTable seated diners change vs. 2019 ‘normal’

Nov. avg.: -6.5%

Data: OpenTable. 7-day average, same weekday.
But attitudes around work have changed: Most office workers still haven’t returned.

Office occupancy in major US cities, weekly average

Beginning of December:
- Dallas metro: 52%
- Top 10 metros: 41%
- New York City metro: 37%

Data: Kastle
88% of US consumers say **they believe they should have the right to work remotely if technology and the nature of their work permits it.**

This is consistent across genders, COVID-19 vaccination status, and broadly across income groups.
Americans quit their jobs this year at record rates

Americans who quit their jobs per month


The ‘Great Resignation’

Peak COVID-19 lockdown
Uncertainty is reality: Consumers expect longer pandemic disruption — from new variants or whatever’s to come.

Respondents who believe COVID-19 will disrupt their life for more than 6 months

Data: Cowen
It’s too early to tell what the new Omicron variant will mean — for the pandemic and for the consumer

91% of US consumers say they’re aware of the new COVID-19 Omicron variant in our early-December 2021 survey

Among those aware of the Omicron variant:
- 22% say they scheduled or received a vaccine or booster shot in the past week
- 15% say they canceled a social obligation
- 13% say they canceled a personal trip or vacation
- 7% say they canceled a business trip

Data: Consumer Trends Survey, powered by toluna®
A new consumer:
Consumers have acclimated to COVID-imposed systems. How do they think? Where does that lead us?
Gen. Z and Millennials, ages 10 to 40, represent ~40% of the US population...

Estimated US population by generation

...and they’re entering their prime spending decades

Avg. annual expenditures per consumer unit, by age group

- Under 25
- 25-34
- 35-44
- 45-54
- 55-64
- 65 and older

More Gen. Z consumers say they feel most like themselves ‘online’ than ‘offline’

Percentage of responses by generation:
Where do you feel most like yourself?

Data: Consumer Trends Survey, powered by toluna®
People still mostly meet their closest friends offline — but that’s changing

Percentage of responses by generation:
Where did you meet your closest friends?

Data: Consumer Trends Survey, powered by toluna®
About half of US consumers say they’re active members of a community

Is the community primarily offline, online, or a mix of both? That depends on their generation

Data: Consumer Trends Survey, powered by toluna®
Most Gen. Z and Millennial consumers say they consider themselves a ‘gamer’

Percentage of responses by generation:
Do you consider yourself a gamer?

Data: Consumer Trends Survey, powered by toluna®
Consumers broadly have feelings about brands’ responsibilities — but also understand profits are important.

- 64% agree brands should be about something more than profit.
- 62% agree brands have a responsibility to have a positive impact on the environment.
- 58% agree they understand brands need to focus on profit as a priority.
- 54% agree brands have a responsibility to make people’s lives better.

Data: Consumer Trends Survey, powered by toluna®
Millennials want to feel closer to brands than other generations — even Gen. Z

Percentage who ‘somewhat’ or ‘strongly’ agree: I want to feel personally close to the brands I buy

- Gen. Z: 44%
- Millennials: 55%
- Gen. X: 43%
- Boomers: 27%

Data: Consumer Trends Survey, powered by toluna®
“I want brands I buy to speak to me like I’m their best friend”
“Somewhat” or “strongly” agree:
- Gen. Z: 42%
- Millennials: 51%
- All others: 31%

“I want brands that make me feel like I’m part of a community”
“Somewhat” or “strongly” agree:
- Gen. Z: 46%
- Millennials: 55%
- All others: 31%

“I care about the people behind the brand, not just the brand itself”
“Somewhat” or “strongly” agree:
- Gen. Z: 43%
- Millennials: 56%
- All others: 30%

“If brands do not take a stance on important social issues, I will not buy from them”
“Somewhat” or “strongly” agree:
- Gen. Z: 32%
- Millennials: 42%
- All others: 19%
Roughly one third of Gen. Z and Millennial consumers say they think gender is fluid

Percentage of ‘Yes’, ‘No’, and ‘I do not understand the question’ responses by generation: Is gender fluid?

Data: Consumer Trends Survey, powered by Toluna®
‘Non binary’ fashion posts on Instagram are steadily increasing

Instagram ‘non binary’ fashion posts, indexed to Jan. 2020

Data: Social Standards
COVID-19 is the biggest problem in the US right now — followed by climate change

Percentage of responses: What’s the most important problem in the US right now? (Choose up to three.)

- **COVID-19**: 45%
- **Climate change / environmental concerns**: 37%
- **High cost of living / inflation**: 33%
- **Government / poor leadership**: 31%
- **The healthcare system**: 26%

Data: Consumer Trends Survey, powered by toluna®
Sustainability:
Consumers say they care about the environment. Enough to change the way they live and shop?
Sustainability and social responsibility is a growing narrative for corporations

Mentions of ‘sustainability’ on earnings and investor calls

Data: Bloomberg
More than half of consumers say they recycle — almost 20% say they compost

Which do you do for sustainability or environmental reasons?

- Recycle: 57%
- Resell or donate my used clothes: 44%
- Reuse glass jars and bottles: 36%
- Limit single-use plastic or paper items: 28%
- Buy fewer clothes: 27%
- Buy secondhand items instead of new: 27%
- Limit car travel: 26%
- Compost: 18%
- Plant trees: 18%
- Limit air travel: 15%
- Use public transportation: 13%
- Eat a plant-based diet: 12%

Data: Consumer Trends Survey, powered by toluna®
Some ‘sustainability’ behaviors appear inconsistent by generation

Which do you do for sustainability or environmental reasons?

- **Gen. Z and Millennials**
  - Eat a plant-based diet: 18%  
  - Drive an electric or hybrid car: 14%  
  - Rent items instead of buying them: 13%  
  - Purchase carbon credits: 11%  
  - Recycle: 43%  
  - Resell or donate my used clothes: 30%

- **Everyone else**
  - Eat a plant-based diet: 5%  
  - Drive an electric or hybrid car: 6%  
  - Rent items instead of buying them: 1%  
  - Purchase carbon credits: 0.3%  
  - Recycle: 75%  
  - Resell or donate my used clothes: 67%
Sustainability isn’t (yet?) a top priority when it comes to purchasing decisions.

Percentage of US consumers ranking each item as a ‘top three’ purchasing priority:

- **Apparel**
  - Price / value: 72%
  - Product quality: 64%
  - Product fit: 63%
  - Design / looks: 37%
  - Brand name: 26%

- **Beauty**
  - Price / value: 77%
  - Product efficacy: 51%
  - Brand name: 36%
  - Sustainability: 17%

- **Cleaning products**
  - Price / value: 77%
  - Efficacy: 66%
  - Non-toxic ingredients: 51%
  - Brand name: 40%
  - Sustainability: 23%

- **Furniture**
  - Price / value: 66%
  - Comfort: 61%
  - Product quality: 60%
  - Design / looks: 41%
  - Brand name: 21%

- **Beverages**
  - Product taste: 76%
  - Price / value: 74%
  - Brand name: 42%
  - Ingredients: 36%
  - Health benefits: 28%

- **Packaged food**
  - Price / value: 73%
  - Taste: 70%
  - Ingredients: 46%
  - Health benefits: 37%
  - Brand name: 31%

Data: Consumer Trends Survey, powered by toluna®. Among those who have purchased in the category.
But sustainability is already a ‘top three’ purchasing priority for some people

Percentage of US consumers ranking sustainability as a ‘top three’ purchasing priority, by category:

- Cleaning supplies: 23%
- Baby food: 22%
- Beauty: 17%
- Furniture: 14%
- Apparel: 12%
- Packaged food: 12%
- Beverages: 11%
- Pet food: 8%

Data: Consumer Trends Survey, powered by tolna®. Among those who have purchased in the category.
Grocery stays online: Checking in on the shift to digital in the trillion-dollar grocery industry.
Restaurant spending took back the lead after a grocery-dominant pandemic year

US monthly food sales

Data: USDA
Online grocery got a huge pandemic boost and has maintained most of it

Online share of US grocery spending — Earnest Research

Data: Earnest Research
Most online grocery shoppers still prefer the change, as it’s become a habit

Percentage of US consumers who say they’ve shopped for groceries online more during COVID-19

- Nov. 2020: 30%
- Jul. 2021: 41%
- Nov. 2021: 42%

Percentage who say they prefer it compared to their previous grocery shopping behavior

- Nov. 2020: 45%
- Jul. 2021: 61%
- Nov. 2021: 60%

Data: Consumer Trends Survey, powered by toluna®
The grocery shopper of the future plans to spend an impressive amount online.

Percentage of US consumers who say they plan to do 50% or more of their grocery shopping online over the next 12 months.

- Overall: 45%
- Gen. Z: 56%
- Millennials: 62%
- Gen. X: 45%
- Boomers: 26%

Up from 16% in our July 2021 survey.

Data: Consumer Trends Survey, powered by Toluna®
E-commerce has leveled the playing field for smaller brands

Share of CPG sales by brand size in 2020

<table>
<thead>
<tr>
<th>Brand Size</th>
<th>In-store</th>
<th>E-commerce: Home shipment</th>
<th>E-commerce: Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Label</td>
<td>20%</td>
<td>3.2%</td>
<td>20%</td>
</tr>
<tr>
<td>Extra Small</td>
<td>8.2%</td>
<td>35.5%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Small</td>
<td>13.8%</td>
<td>30.5%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Medium</td>
<td>18.5%</td>
<td>11.7%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Large</td>
<td>39.5%</td>
<td>19.1%</td>
<td>31.4%</td>
</tr>
</tbody>
</table>

Data: IRI, via Benedict Evans
Expect more changes to this slide as e-commerce adoption drives innovation

What’s a grocery store?

15-minute delivery  Meals and kits  Delivery apps  Internet-native grocers  DTC brands

NEW
15-minute grocery delivery is coming next — but is it a brand or a feature?

→ Investment in ultra-fast grocery startups exploded in 2021, with launches in top global cities

→ Gorillas recently raised a ~$1 billion funding round, led by a strategic — Germany’s Delivery Hero

→ DoorDash launched DashMart this month in NYC

→ Instacart is reportedly planning a 15-minute-delivery pilot with partner grocers

Sources: TechCrunch, Delivery Hero, DoorDash, The Information
Grocery’s e-commerce share is projected to double in the next five years.

E-commerce % of US grocery sales forecast

Data: Mercatus / Incisiv
Fitness stays home:

Gyms are back. Sort of.

What happens to the digital fitness boom?
Peloton’s growth — and engagement — have decelerated after a monster year.
Gym traffic hasn’t fully recovered — digital is still almost half of fitness spending

US gym traffic and online fitness share — Earnest Research

Home fitness preference remains strong — and winter is coming

90% of consumers who switched to exercising more at home during COVID-19 say they have stuck with it.

65% of consumers say they prefer it. That’s about the same as when we polled last November. (Millenials, however, are less enthusiastic than they were a year ago.)
Home fitness is still the story, but most people want at least some gym access.

Expected fitness routine split over the next 12 months:

- 100% at home, 0% in gym/studio: 41%
- 75% at home, 25% in gym/studio: 28%
- 50% at home, 50% in gym/studio: 18%
- 25% at home, 75% in gym/studio: 8%
- 0% at home, 100% in gym/studio: 5%

Data: Consumer Trends Survey, powered by Toluna®
Equinox customers Pelotoned in lockdown — they’re back to spending at Equinox

Data: Earnest Research. Monthly share of fitness spending among Equinox customers.
Digital money:
Increasingly mainstream
and not going away
GameStop was the meme of the year — millions played ‘stonks’ with Robinhood

Most Americans are aware of Bitcoin — 9% say they invested within the past year

Percentage of responses:
I have heard of investing in...

Among those aware, % who invested within the last year

Among all responses, % who invested within the last year

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Percentage of Responses</th>
<th>Among those aware, % who invested within the last year</th>
<th>Among all responses, % who invested within the last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>69%</td>
<td>13%</td>
<td>9%</td>
</tr>
<tr>
<td>Bitcoin</td>
<td>65%</td>
<td>19%</td>
<td>13%</td>
</tr>
<tr>
<td>Bonds</td>
<td>59%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Collectible items</td>
<td>39%</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>Other crypto</td>
<td>34%</td>
<td>16%</td>
<td>5%</td>
</tr>
<tr>
<td>Options</td>
<td>24%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>Shares in collectibles</td>
<td>22%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>NFTs</td>
<td>20%</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>Ethereum</td>
<td>19%</td>
<td>21%</td>
<td>4%</td>
</tr>
<tr>
<td>DAOs</td>
<td>6%</td>
<td>23%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Data: Consumer Trends Survey, powered by toluna* This slide has been updated.
Crypto investors see it as an investment — and also the future of money

Percentage of responses: Why did you choose to invest in crypto? Pick one.

- To make money (as an investment): 39%
- I think it's the future of money: 28%
- It is a safe place to store my money: 14%
- I use it to purchase products: 11%
- I don't trust the government: 8%

Data: Consumer Trends Survey, powered by toluna®
Crypto is limited as an offline currency, but digital use cases are emerging

Percentage of responses: Have you purchased something using cryptocurrency?

- Yes, online goods: 25%
- Yes, physical goods: 17%
- Yes, both physical and online goods: 15%
- No: 42%

Data: Consumer Trends Survey, powered by toluna®
NFT/web3 services like NBA TopShot can break through — but it’s still early

NBA TopShot daily users

Peak volume: $48 million on Feb. 21
Peak users: 187k on May 7
Last 30 days: 123k users, 3.8 million transactions, $24 million in volume

Data: DappRadar
Looking ahead:
What matters?
If 2020 shocked the system, and 2021 was a year of acclimation, 2022 is a year of opportunity.
We’re entering the golden era of Gen. Z brands, by and for digital natives

Percentage of responses by generation:
Where do you feel most like yourself?

Data: Consumer Trends Survey, powered by toluna®
Sustainability is not *the* consumer behavior when it comes to making purchases. But it’s increasingly *part of* the consumer behavior.
Sustainability is already a ‘top three’ purchasing priority for some people

Percentage of US consumers ranking sustainability as a ‘top three’ purchasing priority, by category:

- Cleaning supplies: 23%
- Baby food: 22%
- Beauty: 17%
- Furniture: 14%
- Apparel: 12%
- Packaged food: 12%
- Beverages: 11%
- Pet food: 8%

Data: Consumer Trends Survey, powered by toluna®
Design accordingly.
E-commerce, as a share of total US retail sales, has stabilized.

Still...
~$300 billion (annualized) has moved online in the past two years

US e-commerce sales, trailing 12 months

End of Sept. 2019: $556 billion

End of Sept. 2021: $850 billion

The shift to online grocery has also stabilized. But we believe shopping habits have permanently changed.
The grocery shopper of the future plans to spend an impressive amount online.

Percentage of US consumers who say they plan to do 50% or more of their grocery shopping online over the next 12 months.

Data: Consumer Trends Survey, powered by toluna®

Up from 16% in our July 2021 survey.
In this trillion-dollar market, these shifts remain *underrated*.
The future of fitness still looks like a hybrid digital and gym combination.
Home fitness is still the story, but most people want at least some gym access

Expected fitness routine split over the next 12 months

- 100% at home, 0% in gym/studio: 41%
- 75% at home, 25% in gym/studio: 28%
- 50% at home, 50% in gym/studio: 18%
- 25% at home, 75% in gym/studio: 8%
- 0% at home, 100% in gym/studio: 5%

Data: Consumer Trends Survey, powered by toluna®
It’ll be years before fitness clubs fully recover.

One question is whether a single company — Peloton, a gym brand, or something new — will own the hybrid subscription.
Inflation stands to be a significant issue for the consumer in 2022, as both prices and costs rise.
Most Americans say they think prices have ‘increased a lot’ this year

Percentage of responses: How, if at all, have prices for everyday goods changed over the past six months?

- Prices have increased a lot: 58%
- Prices have increased a little: 33%
- Prices remain the same: 8%
- Prices have decreased a little: 0.7%
- Prices have decreased a lot: 0.2%

66% among rural consumers
Wages are tracking inflation — making it potentially longer term, but lower impact.

Year-over-year US inflation and wage growth

We’re also in the middle of an unresolved change in attitudes and structures around work.
88% of US consumers say **they believe they should have the right to work remotely if technology and the nature of their work permits it.**

This is consistent across genders, COVID-19 vaccination status, and broadly across income groups.
With record openings, most think now’s a good time to find a quality job — particularly higher earners

Percentage of responses by household income bracket

<table>
<thead>
<tr>
<th>Income Bracket</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>63%</td>
</tr>
<tr>
<td>&lt; $25K</td>
<td>48%</td>
</tr>
<tr>
<td>$25-50K</td>
<td>57%</td>
</tr>
<tr>
<td>$50-75K</td>
<td>57%</td>
</tr>
<tr>
<td>$75-100K</td>
<td>64%</td>
</tr>
<tr>
<td>$100-150K</td>
<td>69%</td>
</tr>
<tr>
<td>$150-200K</td>
<td>72%</td>
</tr>
<tr>
<td>&gt; $200K</td>
<td>63%</td>
</tr>
</tbody>
</table>

Data: Consumer Trends Survey, powered by toluna*
Special Thanks:
Nadia Govotsos
Arpon Ray
Natalie Borowskĩ
Andrew Goletka
Franklin Isacson

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