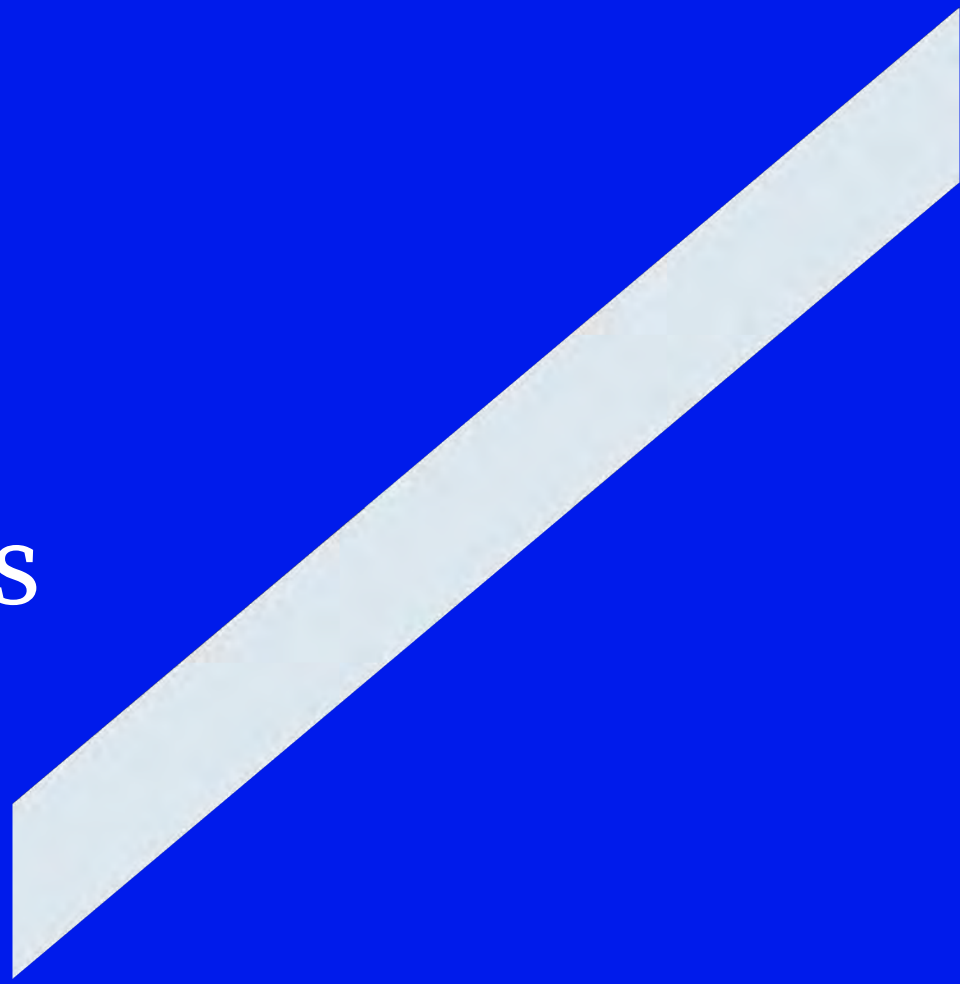




H/L presents: Key 2024 consumer trends

April 2024



A person wearing a black hoodie with a globe graphic on the back, dark pants, and a helmet is longboarding down a paved mountain road. The person is leaning forward, and their arms are outstretched for balance. The road curves through a mountainous landscape with green hills and rocky outcrops. The sky is overcast with grey clouds. The image has a motion blur effect, suggesting speed.

At H/L, Momentum drives everything we do

Our passion at H/L is to Make Momentum™ in all its forms—for our clients, for each other and our industry, and for the communities we call home.

Cultural and consumer trending observed by H/L Strategy + Insights team



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Director

Key trends shaping consumer + brand behaviors

1 **Consumer spending**
What happens next?

2 **The future is female**
...and the future is now

3 **AI's impact on brand trust**
Fakes overshadow truth for some brands

4 **The growing Polycultural segment**
Who are they and how can we reach them?

In general, how do we counsel our client brands to communicate in 2024?



Elevate consumer experience, not cost.

Take the opportunity to refocus on who your customers really are and what they really want from brands.

Invest in brand reputation.



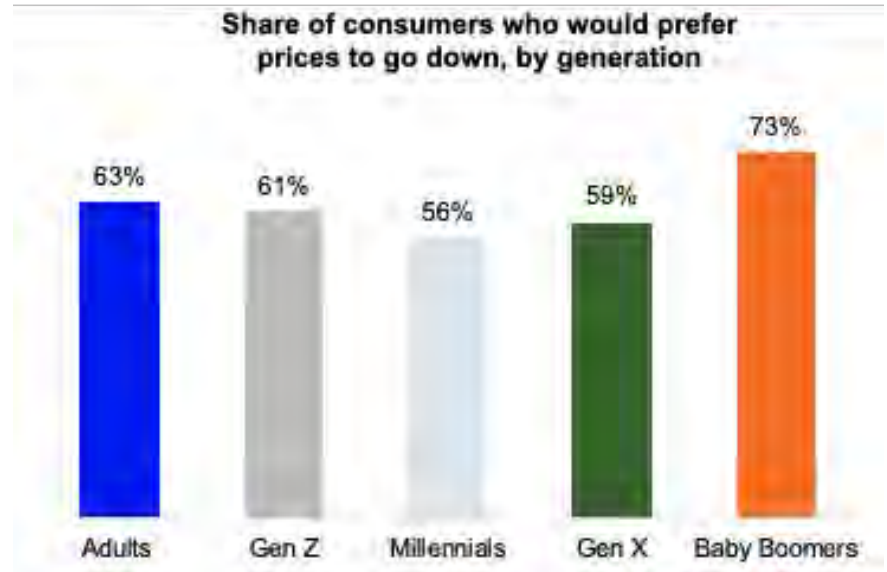
Consumer spending

What happens next?

Consumer spending

After some steady growth, signs of softening in 2024

- **Feel vs. real**—3% rate of inflation at end of 2023, vs. 9% at peak in 2022
- **Delinquencies** on credit card (8.5%) and auto loans (7.7%) **ticking up**
- Retail sales forecast to grow slightly, but less than 2023
- Most consumers would **rather see prices drop than their own wages increase**



Consumer spending

By the end of 2023, Americans needed an extra \$11,400 to afford the basics for the year, compared to January 2021

Source: Daily Express US: Americans now need to spend an extra \$11,400 each year just to afford the basics, 11/29/2023



Consumers are leveraging Buy Now, Pay Later (BNPL), but there may be consequences with “phantom debt”



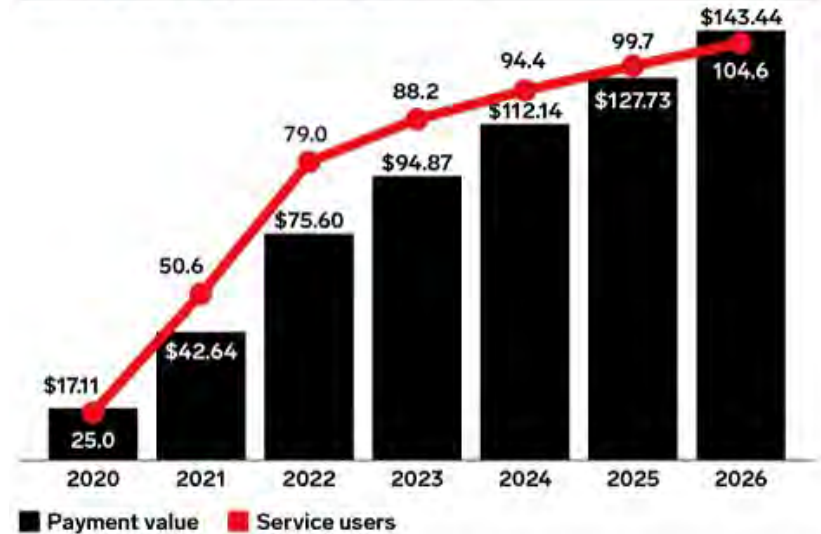
Consumer spending

US spending with BNPL could reach \$143B by 2026— +236% from 2021

And it's not just for retail items—**groceries'** share of BNPL orders grew 40%

US Buy Now, Pay Later (BNPL) Payment Value and Service Users, 2020-2026

billions of \$ and millions of users



Consumer spending

0% short-term interest rate + perceived payment flexibility make BNPL attractive

56%

of BNPL consumers say they prefer them to credit cards because they're easier to pay and offer more flexibility

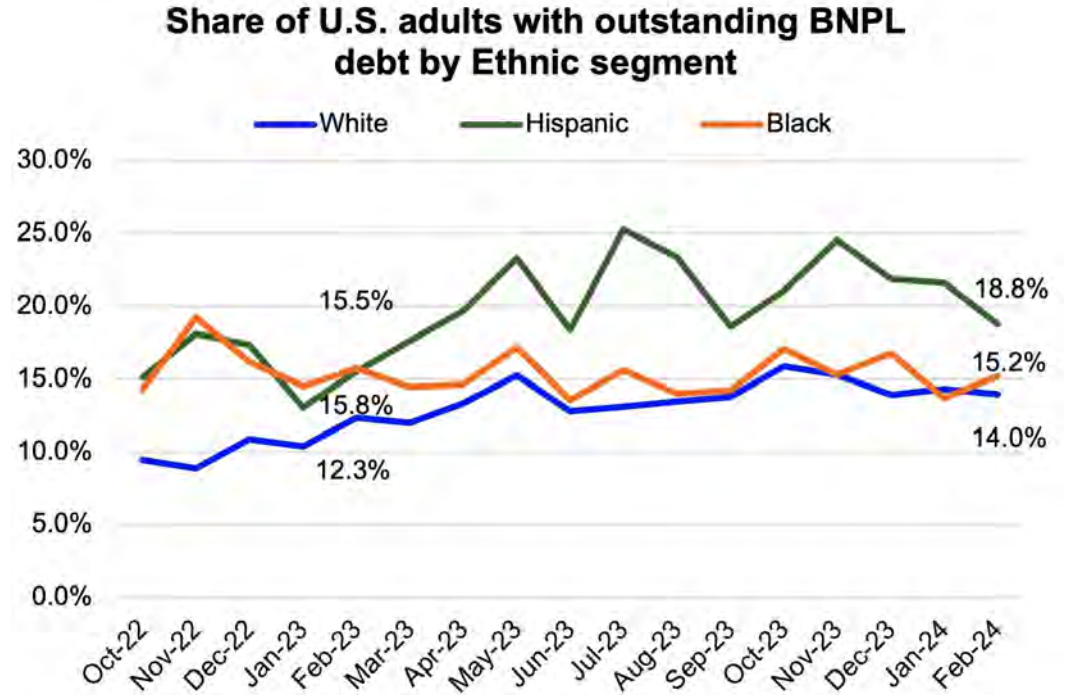
38%

of BNPL users say that these services will eventually replace their credit cards

The long-term effects of inflation haven't impacted all population segments equally

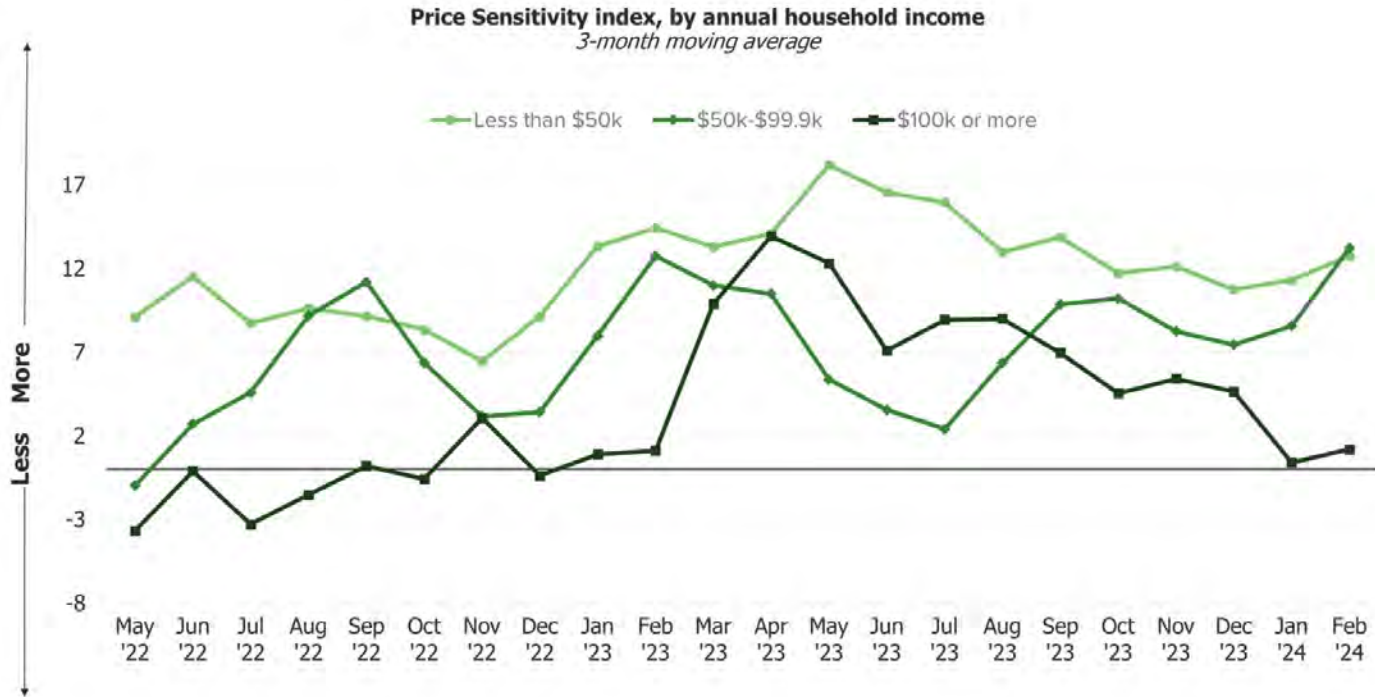


Who's using BNPL and how it's being used varies across segments



Consumer spending

Overall, the middle class is feeling a downward pull



Consumer spending

It's forcing us to
redefine our
wealth classes



The image shows a woman standing in front of a large screen. The screen is divided into two sections. The left section is titled "DINKs" with the subtitle "Dual Income No Kids" and features a photo of a couple with the text "We're DINKs". The right section is titled "HENRYs" with the subtitle "High Earner Not Rich Yet" and features a screenshot of a tweet that says "I'd settle for \$100k". At the bottom of the screen, there is a yellow text overlay that reads "By now, many of us have heard the terms".

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Original audio

morningbrew That should cover almost everybody

@macyagilliam

#businessnews #personalfinance #wealth #business

53m Reply

eglahh Im the first job big city so im broke person 😞😞

9h Reply

tm.morton LRBGPIF – Looks rich, but gets paid in favors

9h Reply

mikeyp171 @juliekratchick

150,108 likes
December 6, 2023

Log in to like or comment.

And Gen Z is especially feeling the pinch

18% vs. **43%**

of Gen Z who save think their current funds could cover their basic living expenses for 6 months+

of Boomers who save think their current funds could cover their basic living expenses for 6 months+

“Marketers will indeed continue to shift their focus to younger consumers as Gen Z claim their significance as a trendy and highly important target group... Here at Mintel, we expect to see more advertisements targeting middle-aged consumers as brands devote resources to targeting older Millennials.”

Mintel

Consumer spending

Even brands typically associated with youth are expanding their audiences

Disney:



Jan. 2024

Hasbro:



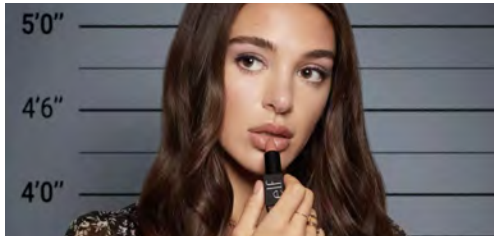
Oct. 2023

Brands that elevate
experience—without sacrificing
affordability—will win



Consumer spending

Elevating experience—including the satisfaction of dupes



e.l.f.

Saw sales soar by leaning into the “dupes” trend thanks to strong spending from Gen Z and Millennials. They’ve also continued to seek out unexpected but like-minded brand partnerships.



Consumer spending

What it means for our client brands

BNPL is becoming an attractive option to stretch consumer dollars for both needed expenses and entertainment—but with unknown risks.

Inflation has hit some generations and segments harder than others. Take a critical look at who you're targeting and representing.

Elevating experiences without elevating costs will be relished by consumers.

The future is female

...and the future is now

The future is female—and the future is now

Female consumers flexed their spending power in 2023



\$5 billion

Eras Tour impact
to US economy



\$4 billion

Beyoncé Renaissance Tour
impact to US economy



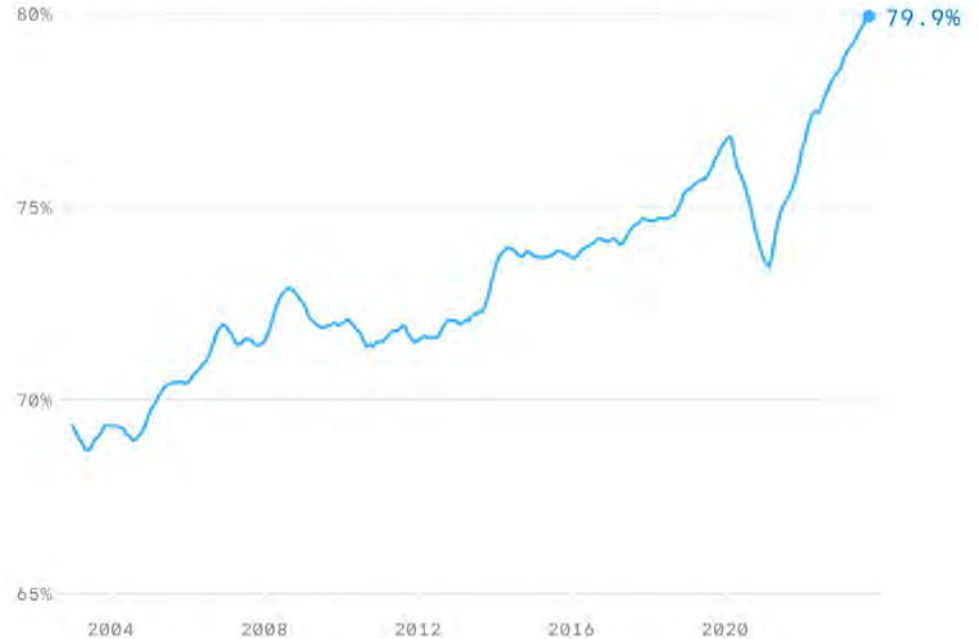
\$636 million

Barbie movie revenue, PLUS impacts to
WB, Mattel, Birkenstock, paint suppliers

The future is female—and the future is now

Employment of women 25-54 with a college degree has soared over the past 20 years

Women ages 25-54; Monthly rolling 12-month averages, January 2003 to October 2023



The future is female—and the future is now

More flexible work arrangements are key for women in the workforce

- **1 in 5** women said flexibility has helped them stay in their jobs and avoid reducing their work hours
- Work-life balance is **the top reason** women would take another job—and it's more important than a big salary boost or job security



The future is female—and the future is now

Brands are tapping into the rise of women entrepreneurs



The future is female—and the future is now

Latinas are closing the gap in entrepreneurship

- There are now **over 2 million Latina-owned businesses**, representing 14.3% of women-owned and 42.3% of Hispanic-owned businesses
- Between 2019 and 2023, Latinas grew business revenues 17.1% vs 12.1% for all women-owned businesses



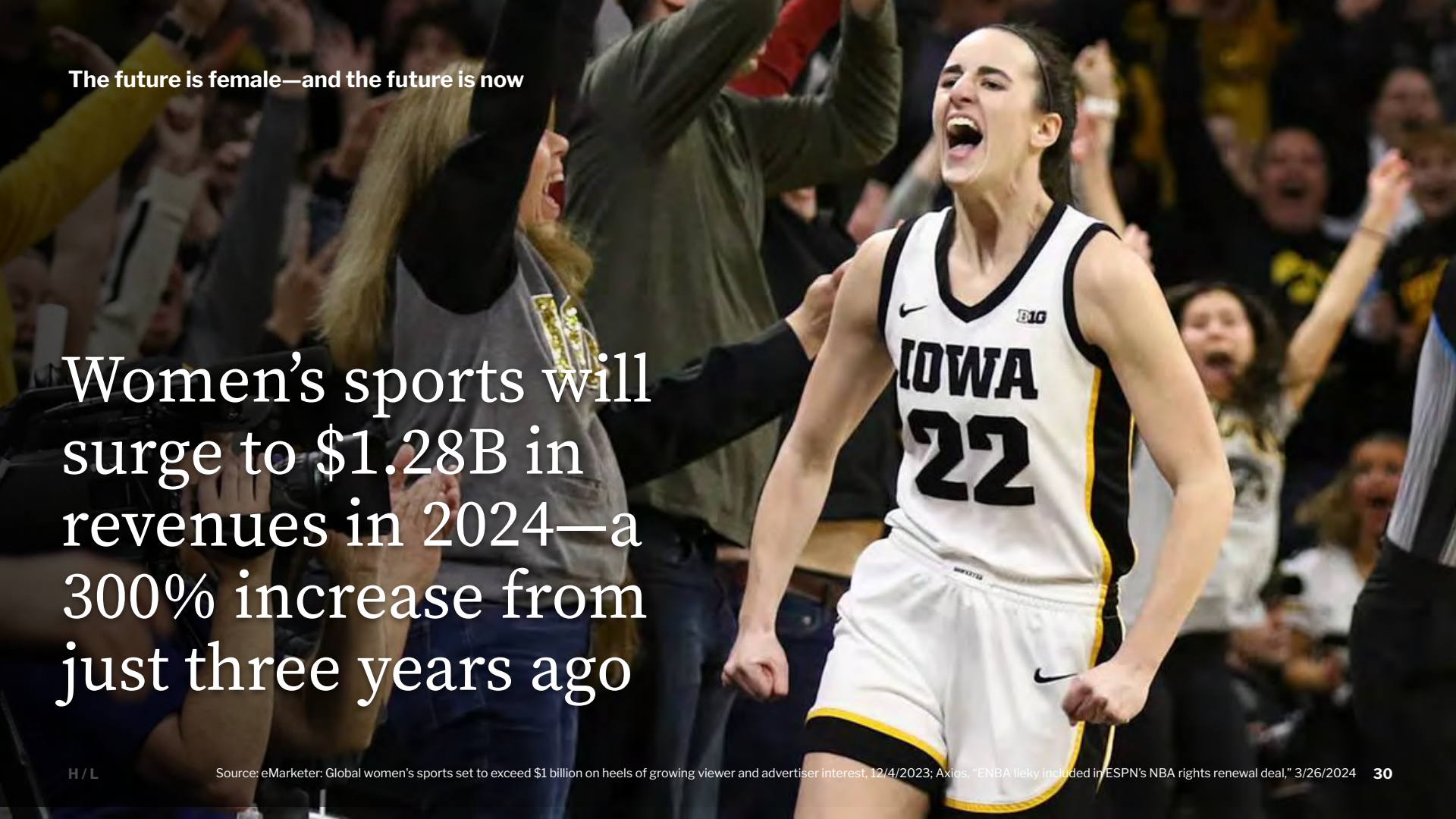
“There was no clean beauty brand that was authentic and outwardly speaking to the Latina community, despite our spending power. And there was no clean beauty brand that understood how different we all are, how three-dimensional, and that didn’t lump us all together.”

Ann Dunning
Co-founder of Vamigas

The future is female—and the future is now

An explosion in expanded revenue
and interest in women's sports





The future is female—and the future is now

Women's sports will surge to \$1.28B in revenues in 2024—a 300% increase from just three years ago

The future is female—and the future is now

Star players redefining perceptions of women's pro team sports

“During his freshman season on the Valparaiso baseball team [Adam] Brauch said his teammates teased him for watching [Caitlin] Clark’s games on bus rides. By his sophomore year, the teasing had stopped. Now, Brauch’s connection to Clark is a badge of honor.”

– *Wall Street Journal* interview with Clark’s childhood teammates



The future is female—and the future is now

The largest-ever institutional investment in women's pro sports

- Bay FC's launch day party in March 2023: 500 people expected; 5,000 showed up
- \$125M invested to start up the team, including a \$53M franchise fee—**10x higher than previous NWSL franchise fees**



The future is female—and the future is now

Leveling the field on media/sponsorship investments

- Women's Sports Club—a JV between Ally Bank and Sports Innovation Lab “exists to showcase the business potential of women's sports... and to accelerate the commercialization of one of the world's most undervalued assets.”
- Last month, **WPP's groupM committed to doubling its annual media investment in women's sports** including the creation of a dedicated marketplace

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SPORTS INNOVATION LAB'S
Women's Sports Club

POWERED BY

ally EA SPORTS Google Morgan Stanley GLOBAL SPORTS & ENTERTAINMENT SCRIPPS SPORTS TRAILBLAZING SPORTS GROUP



Investing
in women's
sports

The future is female—and the future is now

Advertising during women's sports is paying off

- EDO found TV ads that ran during women's sports saw **double-digit YOY improvements in ad effectiveness**
- **Ads featuring women athletes had higher engagement than the average ad for the same brands**, in categories ranging from sportswear (e.g., Puma, Nike, Adidas, Vuori) to insurance (e.g., State Farm)
- Last month, **WPP's groupM committed to doubling its annual media investment in women's sports** including the creation of a dedicated marketplace

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“Naturally, the growing interest in women's sports presents a major opportunity for TV advertisers.”

Laura Grover

SVP, Head of Client Solutions, EDO

The future is female—and the future is now

Unfortunately, there's one recent development that shirks this broader trend...

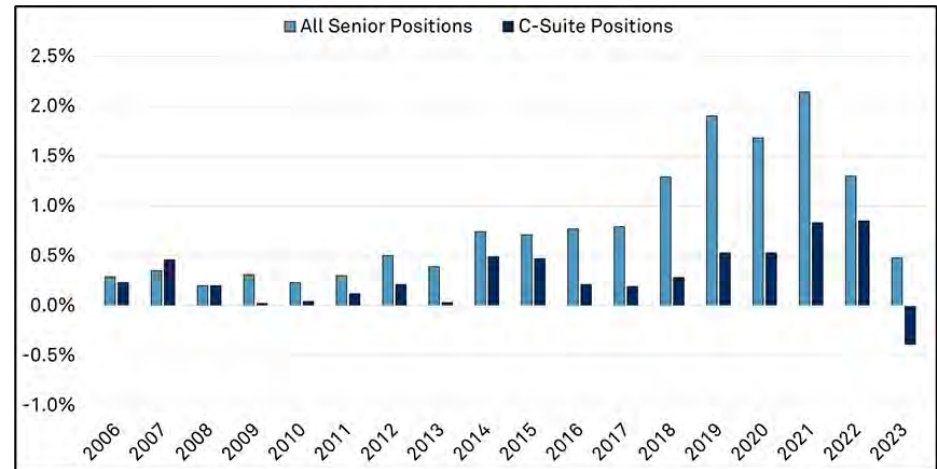


The future is female—and the future is now

Leadership roles at publicly traded companies take a dive

- **The number of women in C-suite roles decreased in 2023**—the first time this has happened since 2005
- S&P Global Market Intelligence **now forecasts gender parity as late as 2042**—potentially seven years later than previous estimates 🧑‍💼🧑‍💼🧑‍💼

Year-on-Year Growth in Women's Representation among Senior Leadership Positions in S&P Global Total Market Index Firms



The future is female—and the future is now

What it means for our client brands

In 2023, female-led brands' impact to a sluggish economy was undeniable—and will continue in 2024.

Latinas are a particular entrepreneurial group to continue watching in 2024.

Women's sports sponsorships are taking off and brand engagement is soaring. Don't be left behind.

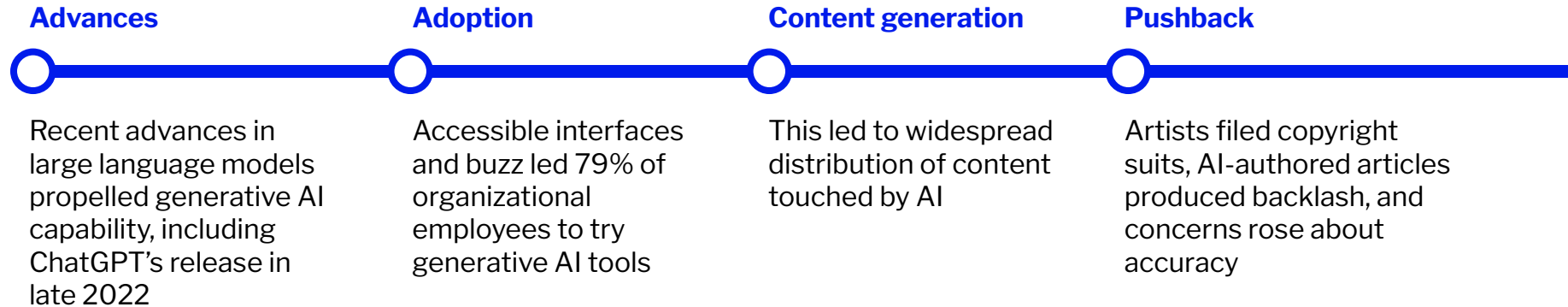
AI's impact on brand trust

Fakes overshadow truth for some brands

A large crowd of people is gathered for a protest, many holding signs that say "SAG-AFTRA STRIKE!" and "ON STRIKE!". The scene is outdoors, with trees and buildings in the background. A metal barricade is visible in the foreground.

Every technology brings good and bad. We're not here to comment on that—just to consider the increasing impacts to brand health and brand safety.

Since 2022, rapid developments + perceptual shifts with AI



AI's impact on brand trust

AI can create confusion

- While some consumers are skeptical (38%), fearful (24%), and confused (15%), 53% believe AI will have a positive impact on their personal lives over the next year
- Some inaccuracies are easily spotted and dismissed, but others are creating confusion



Past brand misinformation has lingered

- Even without AI, urban legends and myths have created **lingering problems for brand reputation** and safety perceptions
- While faked images are not new, advances in AI create opportunities for faster and more convincing misinformation



Fake images and audio are already stoking outrage

- Fake images of Donald Trump and recordings of Joe Biden are adding confusion to an already divisive election year
- **Images that shock and surprise are more likely to be remembered and shared**, and have already been used to further political agendas
- In a year when media costs are at a premium, we're now vying for attention against carefully crafted AI, too



Brand reputation will become more important than ever

- Those who have a solid foundation are best positioned to weather an AI crisis
- Strong brands are more resilient following other crises, such as recessions
- Trusted brands retain loyal customers when they have negative one-off experiences (or encounter negative disinformation)



AI's impact on brand trust

Brands can still see some benefits from AI

People are more supportive of AI that enhances, rather than replaces, human decision-making



AI's impact on brand trust

What it means for our client brands

Assume your brands will be impacted by disinformation.

Build a strong brand with a clear identity to weather the storm of AI-powered misinformation.

Communicate transparently how your brands will use AI and in ways that enhance (vs. replace) human decision-making.



The growing Polycultural segment

Who are they and how can we connect with them?

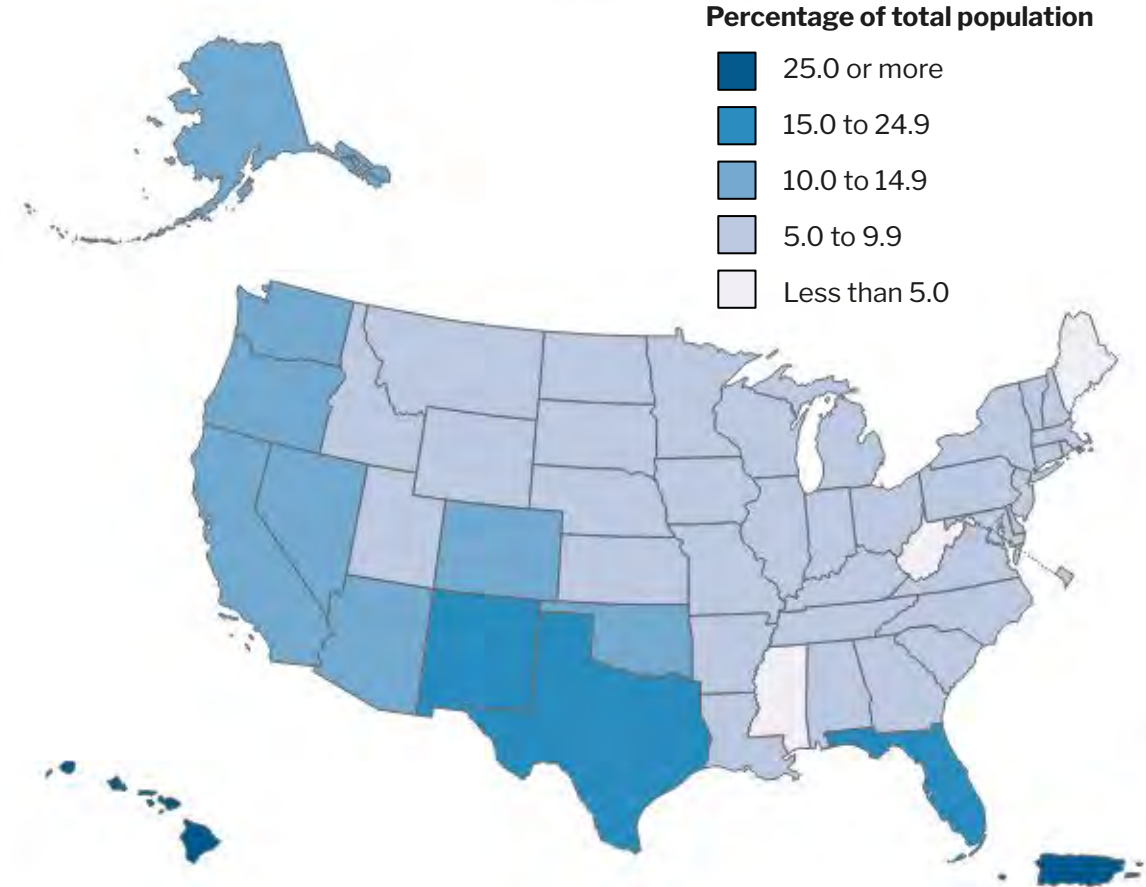
Polyculturals are the growing segment of people who embrace more than one racial or ethnic identity and move between these groups with fluidity.

The growing Polycultural segment

Polyculturalism is on the rise

276%

increase in people identifying
as more than one ethnicity,
race, or cultural background
between 2010 and 2020



The background image shows a crowd of fans at a Dallas Cowboys game. In the center, a man is wearing a large, blue and white sombrero with "COWBOYS" and a star logo on it. He is wearing sunglasses and has his mouth open in a cheer. He is also wearing a blue and white jersey. Other fans in the background are wearing white jerseys and blue hats, some with the Cowboys logo. The scene is brightly lit, suggesting an outdoor stadium setting.

The growing Polycultural segment

Polyculturals live a 200% experience

“I can be 100% American and 100% Latino at the same time. I don’t have to give up any part of my culture in order to become more American. I am bilingual and bicultural, and my duality is a part of my reality every day.”

Felipe Korzeny

Professor Emeritus and author of Hispanic Marketing

The growing Polycultural segment

Polyculturals
embrace *all* of
their individual
identities



The growing Polycultural segment

Brands have to put in the work

“Cultural fluency is **understanding storytelling and picking the right people to tell those stories.**” —Jo Franco, author of *Fluentish*



The growing Polycultural segment

Americans crave more content storylines *outside* of their own cultural identities

- Nearly 75% of 13- to 49-year-olds watch content **featuring a cast and themes outside of their own culture**
- Six in 10 people ages 13 to 49 **watch shows in a language they don't speak**



The growing Polycultural segment

Our industry continues to under-represent the multicultural majority (41% of Americans)

Percent of non-White actors in TV and digital video ads:

34.4% vs. **27.5%**

In 2021

In 2022

The growing Polycultural segment

What it means for our client brands

Don't assign a single cultural experience to an individual that may live a 200% (or more!) experience.

Show audiences that you understand their experiences of moving between cultures fluidly.

Trust your audience to connect with intersectional stories, even when it doesn't perfectly map onto their identity.

Wrap-up

Elevate consumer experience, not cost.

Take the opportunity to refocus on who your customers really are and what they really want from brands.

Invest in brand reputation.



Wrap-up and Q+A

1 Consumer spending

What happens next?

- Beware credit overextension
- Elevate experiences, not costs
- Diversify targets

2 The future is female

...and the future is now

- Appeal to women's priorities
- Plan for the rise of entrepreneurs
- Capitalize on sports sponsorships

3 AI's impact on brand trust

Fakes overshadow truth for some brands

- Build brand identity
- Be transparent
- Enhance, not replace, human decisions

4 The growing Polycultural segment

Who are they and how can we reach them?

- Tell unique stories
- Connect across cultures
- Trust your audience

Thank You.

