EXECUTIVE SUMMARY

US

April 2015

AMERICAN LIFESTYLES 2015: THE CONNECTED CONSUMER – SEEKING VALIDATION FROM THE ONLINE COLLECTIVE

“Americans have endless choices to make on a daily basis and even the simple act of buying staple household products can be overwhelming to those who have yet to establish a routine or build brand loyalties. In a never-ending quest to buy the ‘best,’ consumers are looking to others’ opinions and experiences via online review sites to validate their choices – and to avoid feeling buyers’ remorse.

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America today

The people

The US accounts for about 5% of the global population and about 321 million people in 2015. Numbers increased, though at a much slower rate compared with global growth estimates and when compared to pre-recession years. The good news for population growth, however, is that the relatively large (and culturally diverse) Millennial generation is, in fact, having children. The actual number of births for 2013 is estimated to have increased for the first time since 2006.

Diversification and increasing multiculturalism continues. Non-Hispanic Whites account for the majority of the US population; however, their share is in decline while multicultural groups increase numbers more rapidly. A "majority minority" (when non-Hispanic Whites account for less than half the population) is expected by 2044.

The implications of shifting demographics go far beyond skin tone. The blending and borrowing across cultures will influence everything from food to music to politics. As diversity increases so might the expectation for increased acceptance and equality. However, it appears that the opposite may be the case as increased racial tensions have been at the forefront of the national conversation in the past few months.

The economy

In March 2015, the current bull market hit six years running, gaining more than 200% since it bottomed out in March 2009, making it the fourth-longest in history. While most of Europe struggles, the US economy is one of the only ones in the developed world that is growing.

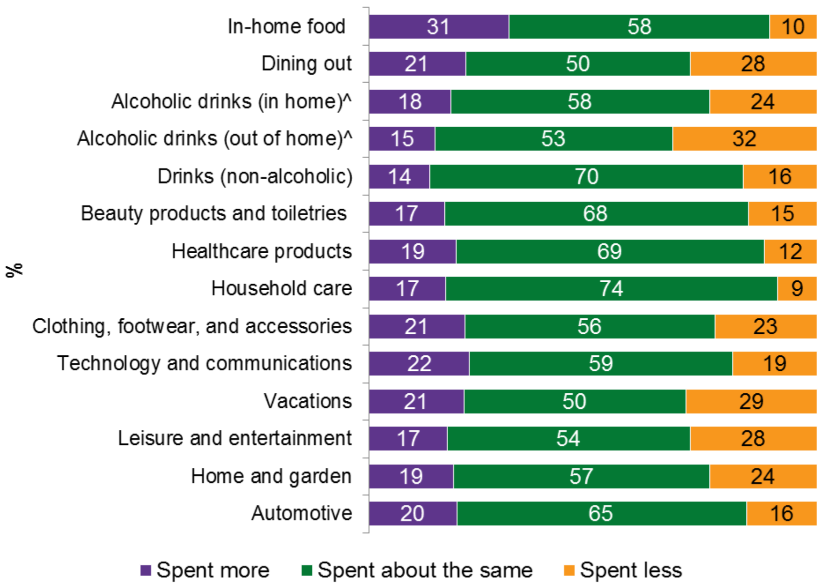
Unemployment also continues to improve. The jobless rate in February 2015 (5.5%) is at the lowest level since May 2008. When compared with Europe, the US jobs situation is better than all but Germany (4.7% unemployment) and Austria (4.8%) and is on par with the UK (5.6%). In January 2015, about one in 10 people across the 28-nation Eurozone block were out of work.

Similar to consumer sentiment (which has trended up over the last seven years), Americans are feeling more confident in their own personal financial situations and anticipate further improvement over the coming year. Household spending expectations have stabilized post-recession with about one in five planning on spending "more" month-over-month. These factors point to increased spending in 2015.

FIGURE 1: PERCEIVED CHANGES IN SPENDING IN 2014 COMPARED TO PRIOR YEARS, JANUARY 2015

"Thinking about your spending over the past year, would you say you have spent more, less or about the same in each of the following categories compared to your spending in prior years?"

Base: 1,358-1,975 internet users aged 18+ who use the products



^ among internet users aged 22+ who use the products.

Note: Data may not equal 100% due to rounding.

SOURCE: LIGHTSPEED GMI/MINTEL

The consumer

Stable spending perceived for most categories

Perceptions of spending are generally stable with, at a minimum, half who purchase in the category reporting they are "spending about the same" this year, compared to last year. However, people feel they are making noticeable cut-backs in indulgent categories such as dining out, alcohol, vacations, and leisure, indicating a continued perception of limiting non-essential spending – despite increasing expenditures in these areas which show otherwise.

More than any other category, spending on in-home food is perceived to have increased versus prior years. This is likely representative of rising food prices associated with specific food categories (eg grain, red meat, pork), as the market value increased just 2% versus 2013. Other household essentials such as healthcare products and household care also received a greater share of "spend more" versus "spend less" responses. *(See Figure 1)*

More than half find online review content influential to their purchases

The internet has become a lifeline – so to speak. When faced with a difficult question – or product choice – it's often the first place many Americans turn to for research and opinions. Much like the long-running television quiz show Who Wants to Be a Millionaire, consumers are not on their own when making decisions and have a variety of "lifelines" available. Consumers can employ the process of elimination by excluding products with below-average ratings on review sites ("50:50"); user review sites provide a variety of opinions for consumers to consider ("Ask the Audience"); independent review sites offer unbiased reviews based strict evaluation criteria ("Ask the Expert"); and social media contacts are available to ask for advice or specific recommendations ("Phone a Friend").

Online reviews are influential, but personal recommendations from friends and family trump reviews from unknown contacts. The majority agree that they would try a product with negative online reviews, if recommended by someone they know. And although online reviews can influence purchase, consumers remain skeptical of those that look too good to be true.

About half of respondents agree that their online reviews influence others' choices, indicating that consumers may feel empowered by the reviewing process. Sharing opinions online can provide people with a sense that they have some stake in the success of a product or service that they love.

Online reviews can be a particularly powerful tool for marketers as reviews have the ability to impact consumers in early stages of the purchase cycle. Whereas pricing and distribution can influence decisions at the time of purchase, consumers likely seek out online reviews during the awareness and consideration phases. Bolstering review content can help marketers to ensure their product or service is added to a consumer's consideration set before they move forward with a purchase. *(See Figure 2)*

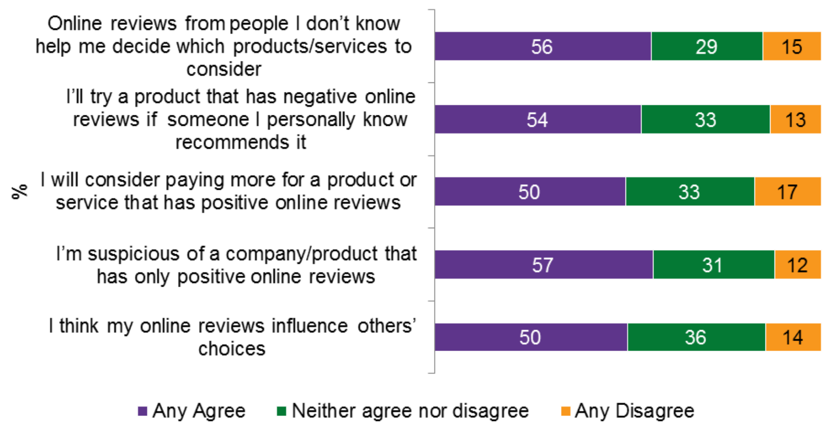
Consumers seek opinions across all categories

Overall, one and a half times as many people seek opinions before purchasing (69%) than post opinions after purchasing (43%). Young adults and high-household income consumers are the most likely engage in opinion seeking, along with social media users and those who own both a smartphone and a tablet. Those who are highly influenced by online reviews are likely to be opinion posters.

FIGURE 2: OPINIONS ABOUT ONLINE REVIEWS, INFLUENCE, AND TRUST, JANUARY 2015

"Please tell us how much you agree or disagree with each of the following statements."

Base: 2,000 internet users aged 18+



SOURCE: LIGHTSPEED GMI/MINTEL

Opinion seeking is the most common for experiential categories that can't be returned (eg, dining out, vacations, leisure and entertainment), and big-ticket categories such as technology and automotive.

Opinion seekers appear to be more confident in their spending this year compared to average, likely because opinion seeking is correlated with a higher household income and these consumers are able to consider other factors beyond lowest price in their purchase decisions.

When compared to the average, opinion seekers are more likely to agree that they are spending more this year. Brands that cultivate relationships with bloggers and that actively seek feedback from online influentials may stand to gain. Additionally, brands that cater to high-income individuals may want to increase attention on their review content. *(See Figure 3)*

User review sites just as popular as independent review sites…

User review sites and independent review sites are the go-to resources for product research, particularly in the vacation and automotive categories. Social media sites are used for recommendations on more every day and less-costly categories, such as in-home food and drink.

User review sites are preferred among 18-34s, while opinion seekers aged 35+ show a slight preference for independent review sites. Older consumers may feel that true expertise can be found more readily on independent review sites, where younger consumers may find value in crowd-sourced information.

The significant gap between user review sites and social media sites (70% versus 37%) indicates that people believe that opinion posters on review sites have some degree of knowledge or expertise. (See Figure 4)

…but independent review sites are perceived as more trustworthy

Independent review sites are considered the most useful and the most trustworthy. User review sites are perceived to be nearly as useful as independent review sites – but not nearly as trustworthy.

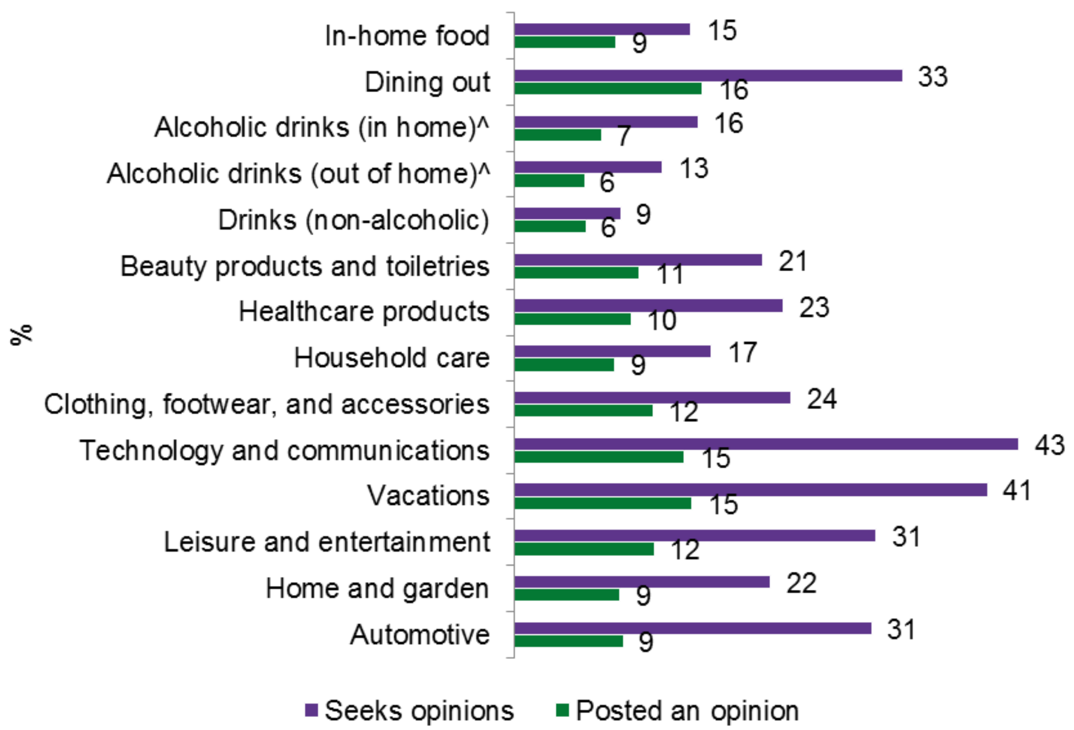
However, online chatter reveals that “trust” registers similarly for top user review sites (TripAdvisor, Yelp) as it does for Consumer Reports. It appears that a lack of engagement (or, lack of familiarity) may be causing consumer hesitancy to trust user reviews, rather than actual experience. User review sites can emphasize the high levels of confidence people place in the consumer-driven online review platforms to entice skeptics.

Amazon.com (49%), TripAdvisor (24%), Consumer Reports (23%), and Yelp (20%) are the top online review sites used. (See Figure 5)

FIGURE 3: SEEKS OPINIONS BEFORE PURCHASING AND HAS POSTED AN OPINION ABOUT A PURCHASE, JANUARY 2015

“Thinking about your purchases across the following categories, do you seek out opinions from others before purchasing? Have you posted an opinion online about a purchase you have made?”

Base: 1,358-1,975 internet users aged 18+ who use the products (seeking opinions)/2,000 internet users aged 18+ (posts opinions)



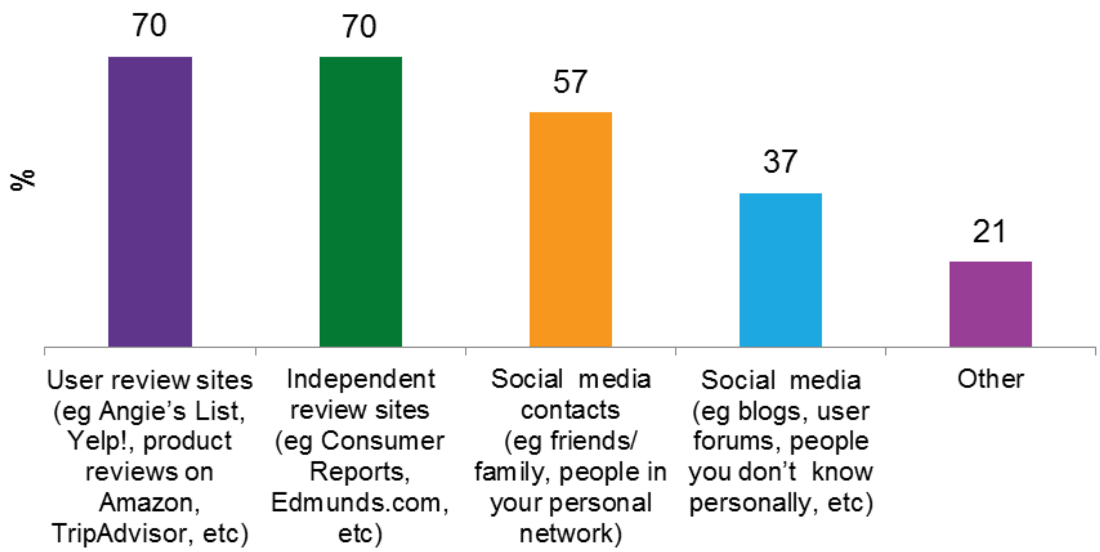
^ among internet users aged 22+ who use products.

SOURCE: LIGHTSPEED GMI/MINTEL

FIGURE 4: WHERE OPINIONS ARE SOUGHT BEFORE PURCHASING, JANUARY 2015

"You mentioned that you seek out opinions from others before purchasing in these categories. Please indicate the types of sources you have used."

Base: 1,376 internet users aged 18+ who use any product and seek out opinions before purchasing

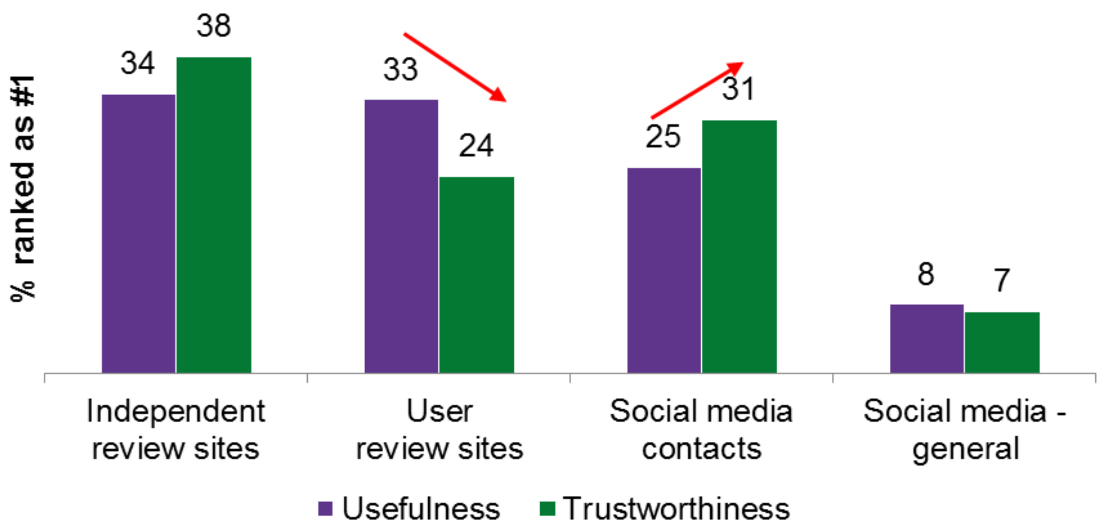


SOURCE: LIGHTSPEED GMI/MINTEL

FIGURE 5: REVIEW SITE USEFULNESS AND TRUSTWORTHINESS, JANUARY 2015

"For each of the following types of review sites/sources, please rank them in order based on how useful and how trustworthy they are. If you are not familiar with/have not used these, please rank them based on how you think they would compare." [% ranked as #1]

Base: 2,000 internet users aged 18+



SOURCE: LIGHTSPEED GMI/MINTEL

WHAT WE THINK

"Opinion seeking before purchasing is more common among younger consumers than it is among older age groups. Greater comfort with technology and mobile device ownership are factors contributing to younger adults' urge to seek information via review sites. In addition, many younger consumers have yet to establish routines for household purchases as they have not yet been in the position to be responsible for a household. As the Millennial and iGeneration strike out on their own and consider new product categories for the first time, product reviews and opinions from "people like me" will be especially influential.

Opinion seekers are more likely to indicate they are "spending more" on common consumer categories this year compared with prior years. And, since a majority agree they would pay more for a product or service that has positive online reviews, this supports that brands should monitor popular review sites to ensure their product or service is added to a consumer's consideration set before they move forward with a purchase.

PUBLISHED BY

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