

Future consumer 2020

A WGSN Insight project

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Executive summary

As we enter the third decade of the 21st century, businesses will need to predict shifts within the market and their underlying cause to effectively plan and survive.

In this white paper, WGSN identifies three global drivers set to reshape the consumer landscape in 2020:

The new decade marks a tipping point in the racial, ethnic and religious profile of popular majorities.

The transformative force of 5G on mobile means m-commerce will dominate. Its take-up will accelerate mass adoption for augmented reality (AR) and virtual reality (VR) experiences, and further impact future consumer engagement.

Crowd-based capitalism will emerge as a force to be reckoned with, as more consumers use activism to ensure their money stays local.

What does this mean?

For consumers

Local priorities are shifting, as people feel that nation states and governments no longer have the trust or power to fix our modern world. From the rise of local crypto-currencies to corporate wealth care (companies' long-term action within the community), 2020 will see commercial growth closely aligned with the economics of caring.

People expect technology companies to be more ethical and responsible, especially when it comes to artificial intelligence (AI). Many experts believe 2020 will be the era of hybrid intelligence – human intelligence (HI) plus artificial intelligence.

Anxiety has reached critical mass and people will lean towards selective apathy to cope. More importantly, notions of perfection are being challenged, giving rise to apathetic subcultures and behaviours.

For business

White space opportunities abound around the new ethnic, racial and religious majorities, but brands will need to work hard to comprehend how they can be relevant to these consumers' values and lifestyles. WGSN expects new disruptor businesses to emerge both for and from these majorities that will challenge incumbents' market share.

Retailers, brands and service providers will need to redesign their assets to live on multi-platforms (mobile, desktop) and surfaces (smart glasses, VR screens).

Companies will need to act to embed their 'values' into the economic value chain at a local level, as this will be the difference between growth and stagnation in 2020. A growing number of consumers will be opting for brands that adopt sustained and measurable positive action within their own communities.



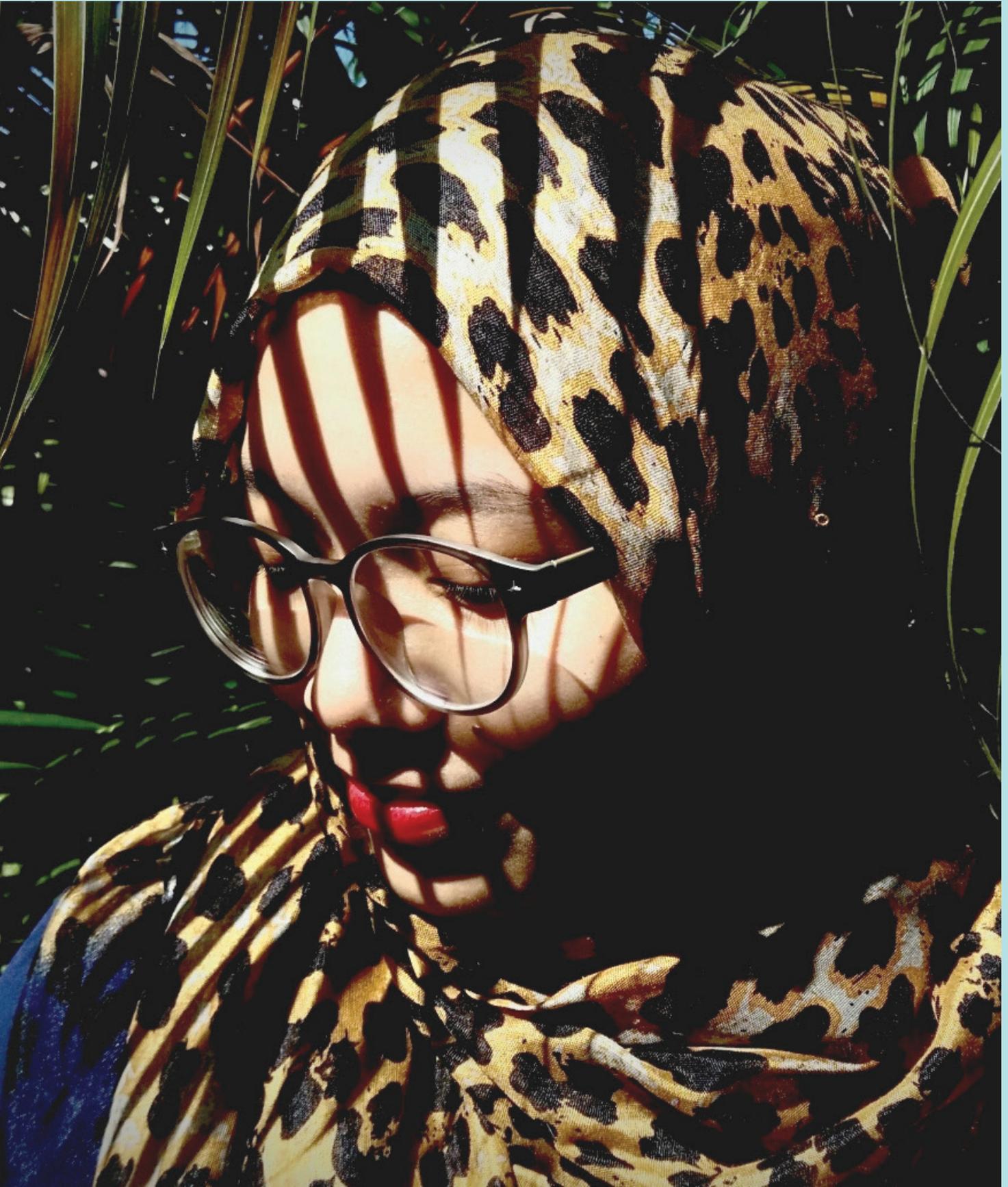
Global drivers

- New majorities
- 5G Force
- Crowd-based capitalism



Global drivers

New majorities



Racial and ethnic identifiers are shifting, and with it so are the voices of power. As more people vote with their dollars, connecting with these new majorities needs to be a priority, not an afterthought.

By 2040, Caucasians will be the minority in the United States

Globally, Generation M (Muslim Millennials) will force “soft cultural change by means of hard economics”, according to Shelina Janmohamed, author of Generation M. Projected to be a quarter of the world’s population (2.8 billion) by 2050, this group’s spending power cannot be ignored.¹

America’s identity is changing – by 2020, more than half of Americans under 18 will be minorities, and more whites will be ageing than will be born. The game changer? By 2040, Caucasians will be the minority.²

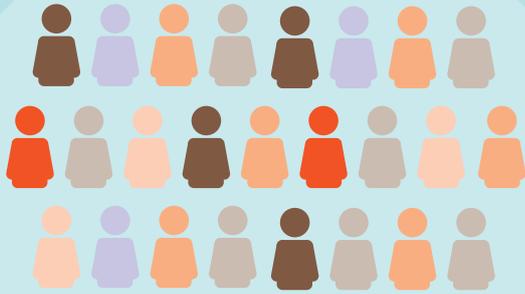
Europe grows more ethnically and racially diverse – interracial couples have increased year on year in England, Wales and France, while Italy has seen a 172% increase in multi-ethnic marriages since 2001, according to the Italian Institute of Statistics.

For business this means new lifestyle events to design for and market towards, too. In the US the Quinceañera (an Hispanic sweet 15 party) is an untapped market for apparel, food and beverage, and influencer industries. Other underserved opportunities? The two Eids and Ramadan celebrations for Muslims.

¹ “Why Muslims are the world’s fastest-growing religious group” by Michael Lipka and Conrad Hackett, April 6, 2017, Pew Research Center, Factank.

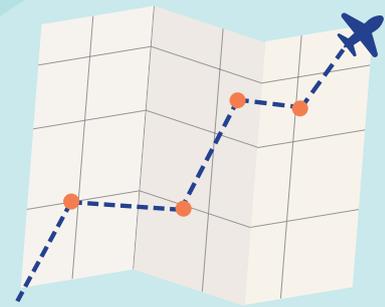
² “Minorities expected to be majority in 2050” by CNN, August 13, 2008.

Generation M



2.8bn

The projected population of Generation M by 2050 – a quarter of the world's population



\$300bn

Estimated travel spend by Muslim consumers by 2026. Their global beauty spend is projected to reach \$213bn by 2021³



\$327bn

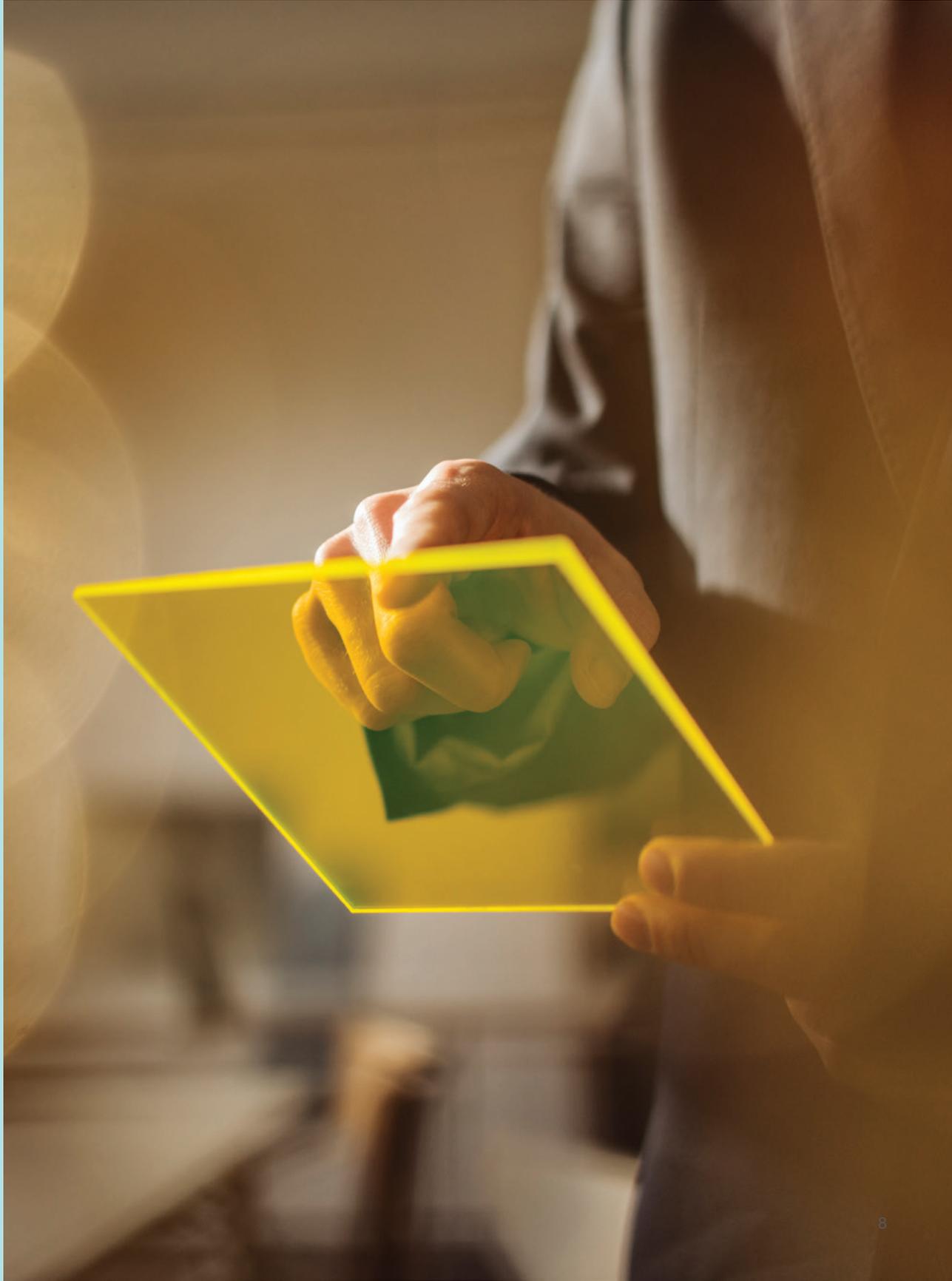
Projected spend by Muslim consumers on apparel by 2019⁴

³“State of the Global Islamic Economy” by Thomson Reuters, October 2016

⁴“State of the Global Islamic Economy” by Thomson Reuters

Global drivers

5G Force

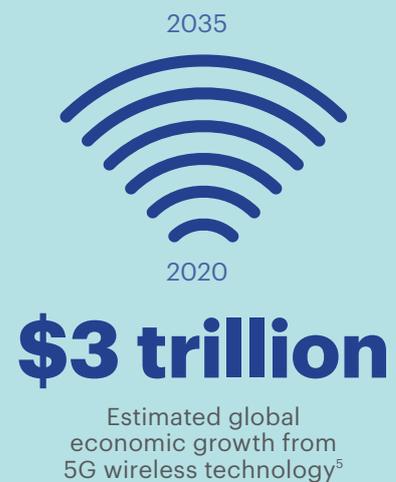


Move over e-commerce, by 2020 m-commerce (mobile commerce) is set to make up half of all online purchases, with projected global sales reaching \$250bn, according to the 2017 UPS Pulse of the Online Shopper study.

This new network means seamless connectivity: ultra-fast, ultra-reliable and able to increase the speed of mass adoption for industries, including augmented reality, connected vehicles and the Internet of Things (IoT). With Gartner predicting that there will be 20.4bn connected things by 2020, this network can't come soon enough. Asia and the US will begin the 5G rollouts in 2018, with Europe and LATAM following suit in 2019 and 2020.

On the whole, payment optimisation is paramount. Companies that invest in mobile wallets may gain market share from Gen Z, whose uptake will accelerate us into the cashless world we've been hearing about for years.

For those investing in branded apps, the experience is essential, otherwise it's a hollow logo on a home screen that will be deleted. Finding the purpose of the app beyond the shopping cart is a necessity.



Global drivers

Crowd-based capitalism



Let's face the facts – the sharing economy is here to stay and continues to disrupt. Estimated to grow to \$335bn globally by 2025, this peer-to-peer marketplace is set to further impact the traditional corporate-centred economic model.

Welcome to crowd-based capitalism – a new economic model that will have long-term effects on government regulation, civic planning, the future of work and regional growth.

For countries in the midst of economic uncertainty, the sharing economy is a source of steady income.

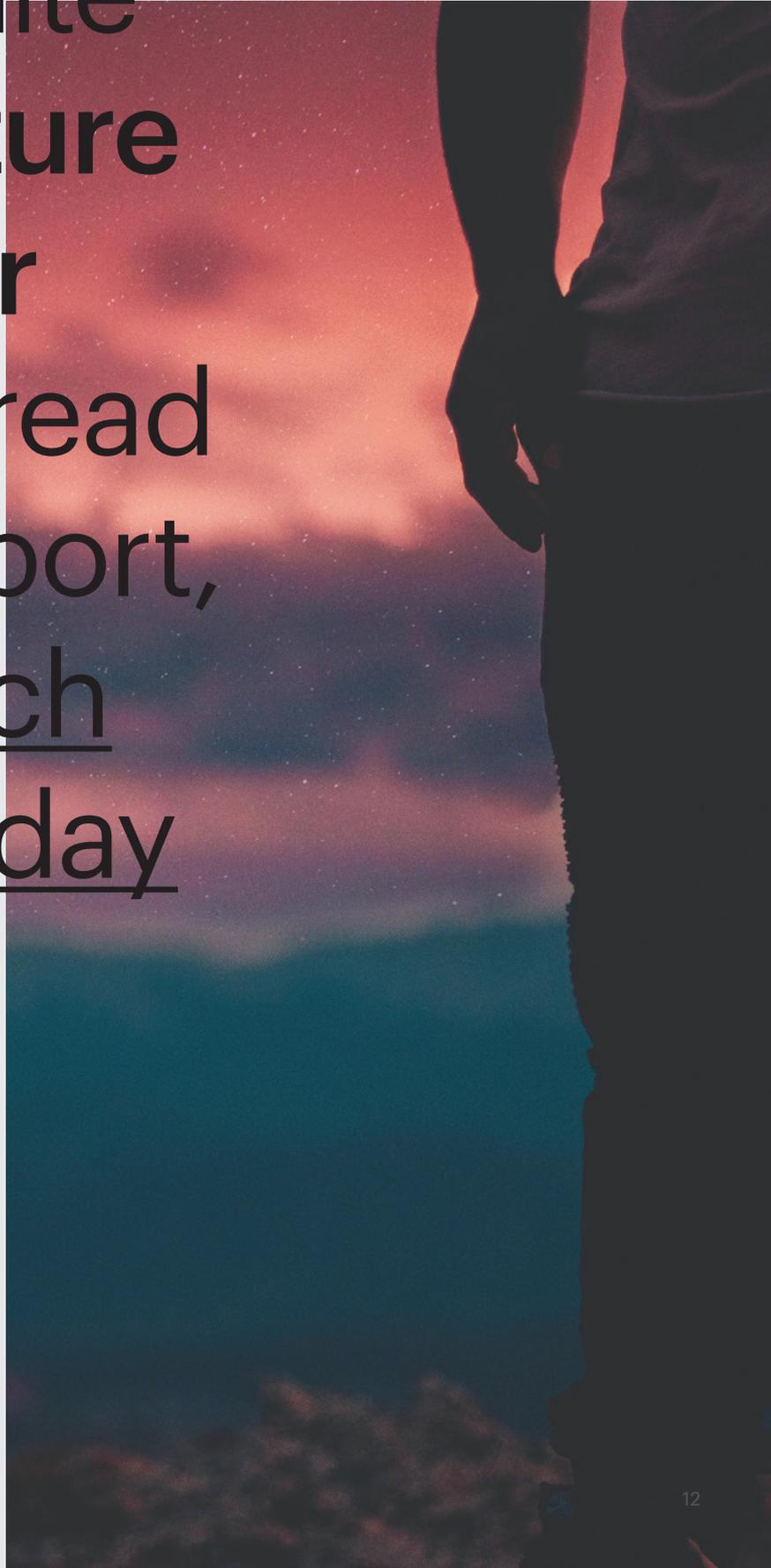
\$335bn

Estimated value of the sharing economy by 2025⁶

While there is an upside to crowd-based capitalism (job creation, disposable income, money added to local economies and environmental factors), there are proponents against the swift rise and adaptation; namely fluctuating wages for skilled workers, unethical behaviour by sharing economy executives and the struggle for companies to keep long-term employees in the 'gig' economy.

What does this mean for 2020? Companies need to understand the new workplace priorities (flexible hours, mobile offices) and whitespace opportunities for strategic partnerships (on-demand partnerships, third-party distribution and growth areas for physical advertising).

This is a
sample of the
WGSN white
paper, **Future
Consumer
2020**. To read
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