



360
market reach

THE TOP 5 CONSUMER TRENDS THAT WILL SHAPE 2021

An informed look at consumer attitudes that will impact the new year





LOOKING AHEAD

As 2020 draws to a close, it's time to start looking at what the coming year will bring. Everyone is hoping the outlook will brighten for business, and for the world at large. And while there are many reasons to be hopeful, the truth is that — as it's been said — predictions are difficult, especially about the future.

But at 360 Market Reach, thinking ahead of the curve is what we do best. And over the past several months, we've been looking closely at how the consumer trends and attitudes that emerged during 2020 might evolve to shape our world in 2021.

Drawing on a wealth of data obtained through our ongoing consumer tracking studies, as well as our category-specific research conducted through our Health & Wellness, Travel and Luxury online communities, and through discussions with our research partners and clients about their outlook for next year, we've compiled the enclosed list of the Top 5 Consumer Trends that we expect will impact the market in the months to come — and beyond.

As we celebrate the end of a tumultuous and unpredictable year, we hope this report will give your business a dose of much-needed optimism, as well as a resource to help you prepare for opportunities on the horizon.

Best wishes for a brighter and more prosperous year to come,

Pat DePietto

President

360 Market Reach

TRAVEL & HOSPITALITY

WORKING FROM HOME BECOMES WORKING FROM ANYWHERE

The past year saw millions of people start working from home, for obvious reasons. It's a trend we expect to evolve even further in the new year. Just over half of those surveyed said they worked from home during 2020 specifically due to COVID-19, and a quarter don't foresee going back to work outside the home for at least another six months.

This has been a welcome change for many, with three in ten Americans saying it's been good for their morale and for their productivity. But despite the advantages of working from home – like reduced commuting stress and increased free time – many people feel that the lines between their home life and work life have become blurred.

Being remote requires different time management and communication skills, with kids, pets, roommates, and that pile of laundry always in the background. And using an ironing board for a makeshift standing desk only works for so long.

As a result, many Americans are seeking remote workspace options outside of their own four walls. More than half of Americans are already indicating they work remotely from a space other than a traditional home office, and many have a new confidence in their ability to work successfully from anywhere.

So, in 2021, look for more and more remote workers to expand their horizons, and start working from friend's houses, local hotels, and even vacation-like destinations. This is especially true for the \$150K+ income group as well as Millennials, half of whom say they can see themselves working from a destination location in 2021.

To support this work-from-anywhere desire, companies like Rent Café, an online apartment rental service, have begun promoting short-term leases in their top 10 cities for remote working. However, many workers may find an escape from the home office much closer to home, as local hotels have revamped their rooms into workspaces.

Some hotels have even developed new programs designed to appeal to remote workers, like Marriott Bonvoy's new Day Pass, Stay Pass and Play Pass packages that offer flexible options for guests seeking a one-day stay, extended overnight stays with early morning check in and evening checkout, or multi-day work and leisure destination getaways.

Not only do hotel rooms offer a clean, quiet and private workspace, many hotels are including access to amenities like their business center, pool and spa, helping remote workers enjoy a little mental and physical R&R, along with some peace and quiet.

As more and more workers opt to go remote, expect to see the trend toward destination workspaces accelerate, as hotels innovate outside the box to make up for lost tourist revenue.

50%

of millennials envision themselves working from a destination



RETAIL

ONLINE SHOPPING BECOMES AN IMMERSIVE VIRTUAL EXPERIENCE

Online sales were a critical lifeline for retailers during 2020, and there's no question that online shopping is more popular and vital than ever. But the trend didn't start with the pandemic. In fact, by September 2019, US store traffic was declining 6% year-over-year, and UK stores saw a decline in foot traffic over 50% between 2018 and 2019.

Now that most consumers are comfortable buying a wide variety of products from websites, look for online merchants to develop innovative new ways to differentiate their shopping experiences to stay ahead of the competition.

Expect online retailers to seek to emulate in-person shopping by offering new virtual shopping experiences, which have been trending for the past few years, and which we expect to really take off in 2021.

Companies like Style.me are helping retailers create virtual experiences using plugins that let customers to create digital avatars of their bodies, allowing them to try on clothes and see how they might look in real life.

In 2021, we expect virtual shopping technology to become even more sophisticated, with the advent of 3D shopping and the inclusion a human component to enhance the experience. Companies such as HERO are connecting consumers in real time with in-store advisors for a one-on-one virtual shopping experience, letting them chat with store associates about brands and products, and even browse inventory via video.



RETAIL

ONLINE SHOPPING BECOMES AN IMMERSIVE VIRTUAL EXPERIENCE (CONT.)

The lines between in-store and online shopping will blur even more, with visualization and personalization being keys to consumer acceptance. Our research into potential virtual shopping experiences showed that 56% of consumers are extremely or very interested in a “virtual showroom” where they can view items online that are only available for purchase in stores. Then, if a shopper finds something they like, they can have the store hold it for in-store pick up, with no obligation to buy. This combines the experience of in-store shopping, which so many Americans are greatly missing, with the convenience and safety of online ordering.



In particular, online marketplaces that facilitate genuine human connections have a unique appeal to luxury consumers, who have begun seeking ways to replace the experience of international shopping. Companies like Artemest, which specializes in handcrafted luxury goods from around the world, have begun including photos and profiles of the artisans whose products they sell, enabling a more personal relationship between consumers and makers.

As technology grows ever more powerful, and as consumers become more comfortable with virtual shopping as an alternative to a trip to the mall, opportunities in this emerging space are likely to expand in the future.

SOCIAL AWARENESS

SOCIALLY CONSCIOUS SHOPPING

More and more Americans are looking at the bigger picture when choosing what products to purchase and what brands they support, and this trend in socially conscious shopping marks an important shift for businesses in all categories. These issues transcend traditional shopper considerations and are likely to play an even greater role in consumer behavior in 2021, as awareness of social issues continues to rise.

Nine out of ten Americans say they account for at least one social or environmental aspect of brand's reputation when making purchasing decisions. This can include anything from environmental consciousness to social justice to being a strong contributor to the local community and economy.

9 in 10

Americans say they are impacted by at least one social or environmental aspect of a brands



Overall, the two most important social factors that consumers find appealing about a brand are sustainability and helping the local economy, with sustainability being the single most important factor regardless of age, gender and income.

However, among different age groups and consumer categories, priorities differ. For Millennials and women specifically, promoting diversity is the top concern. Gen Z is most concerned with a brand's commitment to sustainability, speaking out against injustice and being an overall socially conscious company, while Boomers expressed the most interest in brands that support the local economy.

Among luxury consumers, 47% express socially conscious priorities, aligning with the statement "I prefer to buy luxury items from independent artisans versus luxury brands." That's a particularly interesting insight for luxury brands seeking to enhance their appeal to high-income consumers, since luxury shoppers can afford to prioritize their social concerns over other factors.

So, what's behind this emerging trend toward socially conscious shopping? A number of factors may be at play, from the uncertainty created by the pandemic to the influence of social media to the elevated awareness and vocal opinions of younger generations. Whatever the cause, it's a trend that is likely to shape consumer behavior in unexpected ways throughout 2021 and beyond, and it merits a closer look from any business when developing new products or marketing campaigns.

HEALTH & WELLNESS

BREAKFAST GOES BIG

It's said that breakfast is the most important meal of the day, and it makes perfect sense. A traditional breakfast delivers a balanced mix of protein and healthy nutrients that are the perfect fuel for a busy day. But time is often short in the morning, and it hasn't always been easy for everyone to prepare and enjoy a big breakfast.

That all changed during 2020, when millions began working from home. Without the pressure to get to the office, consumers had more time to eat a proper breakfast, and many discovered that quick, easy and healthy breakfast foods can also be satisfying for lunch, or even dinner.

As a result, we expect demand for breakfast solutions to expand in 2021, as consumer interest in high-protein, anytime foods continues to grow.

Our research shows that breakfast adoption has been strongest among Millennials, with half incorporating large breakfast options into their daily diet. But the trend extends to consumers across all segments. We found that in 2021, 3 out of 5 U.S. consumers intend to eat their ideal breakfast more regularly than they did in the past.

3 out of 5

U.S. Consumers intend to eat their ideal breakfast more regularly than they did in the pre-COVID-19 world.



HEALTH & WELLNESS

BREAKFAST GOES BIG

However, the ideal breakfast is different for each consumer, and with companies developing innovative new products for 2021, there will be more options than ever in the market. Look for increased interest in a variety of food categories, including:

IMMUNITY BOOSTING FOODS

52% of consumers say have been eating healthier during 2020, and more than 4 in 5 expressed interest in foods with immunity boosting ingredients, vitamins and minerals. We see signs that this interest will continue to grow.

MEATLESS OPTIONS

More and more Americans are turning to meatless options to be healthier and feel better. We are seeing a downward trend in Americans who consider themselves omnivores, down to 70%, with a corresponding increase in consumption of plant-based products and meat alternatives.

One in five Americans are eating less meat than they used to, likely thanks to the improved quality and variety of meatless alternatives in the market. Millennials and Gen X have shown a particularly strong trend toward a plant-based diet, specifically nut- and seed-based foods, and we expect this to translate into breakfast options like plant-based bacon and sausage in 2021.

FROZEN OPTIONS

During the pandemic, 2 out of 5 consumers said they've been purchasing more frozen, ready-to-eat meals, and 2 out of 3 purchased frozen breakfast items. Key attributes driving this trend are the minimal prep time required for frozen foods (55%), the wide variety of frozen options (55%) and long storage life (43%).

As consumers grow accustomed to relying on convenient frozen options for meals at home instead of going out to eat, look for the popularity of frozen foods to continue to rise next year.

CARRY OUT & DELIVERY

The trend toward breakfast foods even extends to take-out orders. As restaurants have adapted to the new "curbside" business model, they have expanded their menus and hours to appeal to as many customers as possible. And the data shows that lots of consumers are now getting their breakfast to go.

For example, Tastewise AI reports a 291% year-over-year increase in the popularity of breakfast meal kits, and Grubhub reported a 270% annual increase in orders for chorizo breakfast burritos, one of the highest increases for any breakfast, lunch or dinner food.

HEALTH & WELLNESS

FUNCTIONAL COMFORT FOODS

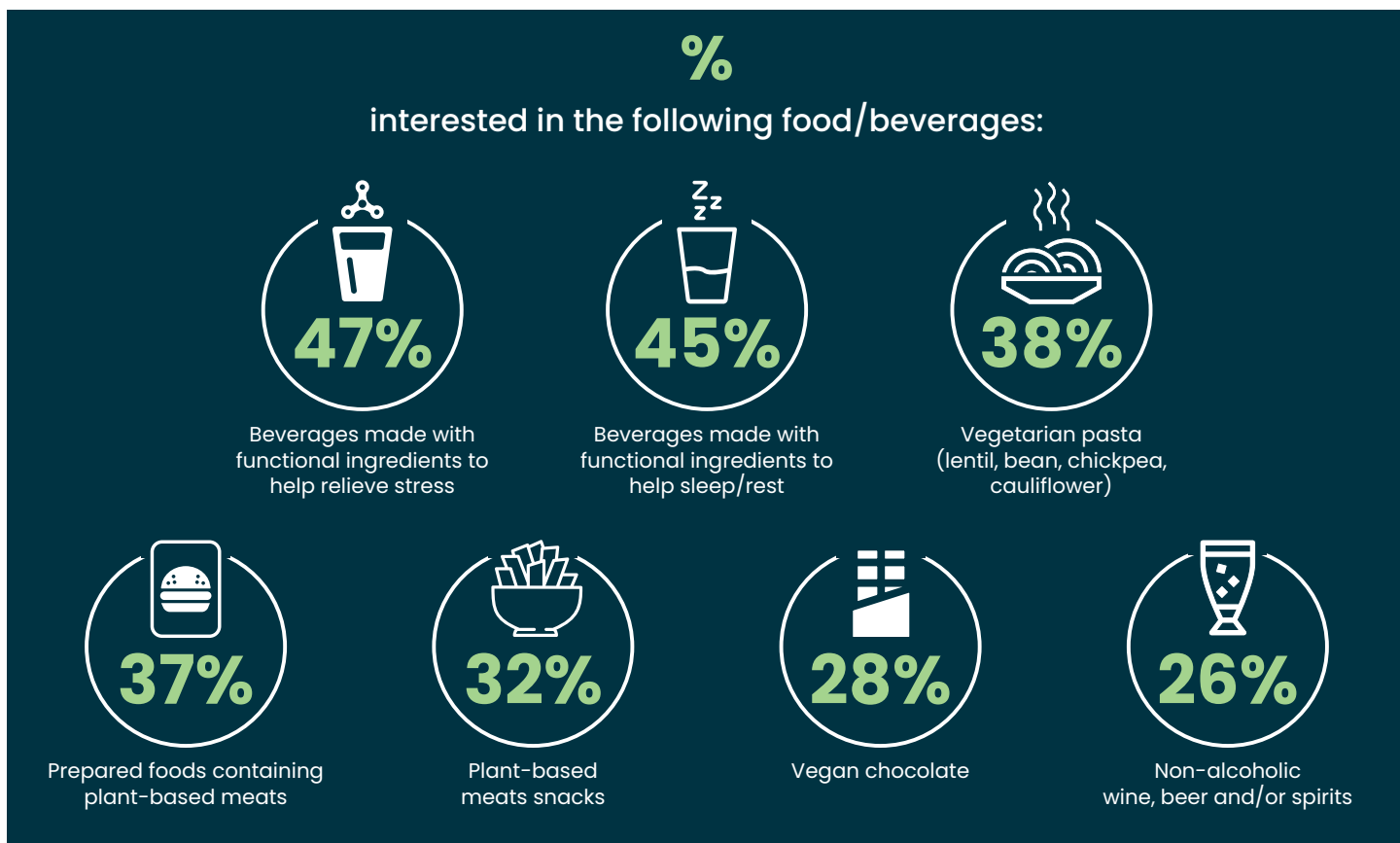
Amid the uncertainty of 2020, many consumers stockpiled their traditional comfort foods to make sure they always had a supply of their favorites on hand. But “comfort foods” are often high in fat, sugar and calories, so we also saw rising consumption of foods and beverages that are far from the healthiest options available.

As consumers see the effects of all those calories on their waistlines, expect the comfort food trend to slow in 2021. In its place, many consumers will begin seeking healthier options that still satisfy their hunger for emotional well-being.

Consumers surveyed expressed rising interest in foods that are both good and good for them. This includes beverages made with functional ingredients to help relieve stress (47%) or help them sleep (45%). Consumers are also turning to vegetarian pasta made from beans or vegetables (38%), prepared foods containing plant-based meat alternatives (37%), plant-based meatless snacks (32%), vegan chocolate (28%) and non-alcoholic beer, wine and spirits (26%).

The consumer desire to combine comfort with health benefits will also drive growth in products like lightly alcoholic beverages such as hard kombuchas and hard coffees, which offset the guilt of drinking alcohol with perceived health benefits.

Overall, we expect consumers to seek to balance their emotional hunger with their healthy impulses in their product choices during 2021, creating intriguing opportunities for product innovation.



THINKING AHEAD

The tumult of 2020 will have far-reaching long-term effects on consumer behavior in 2021, and likely for years to come. And as always, 360 Market Reach will be watching closely, listening to what consumers have to say, and helping our clients navigate these uncertain times through timely research and relevant insights.

We hope this report helps you get off to a successful start in the new year.

If you have any questions, or you'd like to learn how your business can benefit from our research services, please contact :

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