A person in a white lab coat is sitting at a desk, using a laptop. Their right hand is holding a credit card. The background is blurred, showing other people in a clinical or office setting. The overall tone is professional and clean.

# The New Budget Conscious Consumer

M E D / A H U B

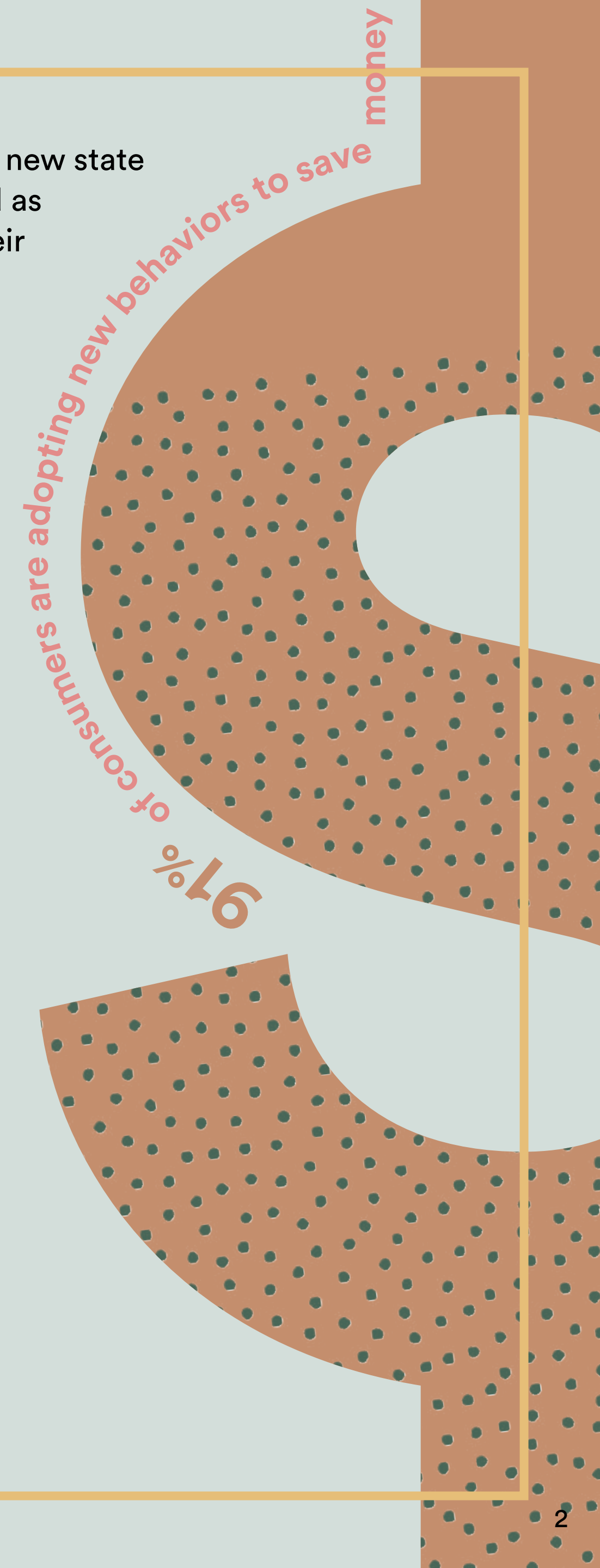
With the economy transforming overnight, consumers across the board are, of course, cutting spend and reevaluating budgets to adjust to the new state of the state. In fact, in a response to the financial challenges of COVID-19, **91% of consumers are adopting new behaviors to save money.** And as budget consciousness rises, brands are forced to pivot. In the wake of the 2008 financial crisis, this looked like fast-food chains diversifying their menu to capture a range of price points- with McDonald's launching its dollar menu, and newcomers challenging category norms by cutting out middlemen and going DTC- with Warby Parker and Dollar Shave Club flipping their respective categories on their heads. And those brands who were unable to change, and change quickly, to capture the new priorities of frugal consumers, went under (think Borders, Blockbuster).

While 2008 offers marketers a roadmap for what an earth-shattering recession can do to business, COVID-19 has had unique effects on the consumer that moves beyond what we saw just over a decade ago. While price is rising as a major deciding factor for consumers as they turn inward and evaluate their own spending as a result of COVID-19, *quarantine* in conjunction with a recession has bolstered new consumer priorities beyond price even for, and especially for, the most price-sensitive consumers coming out of the pandemic.

Among those who are embracing frugality as a result of COVID-19, an empowered consumer is rising: moving beyond the cliched, coupon-cutting consumer, the new budget conscious shopper is one that has doubled down on their values, and is reevaluating the brands that are truly worth spending on. This mindful approach to spending is dominated by new priorities- switching to brands that match their financial needs, values, and digital lifestyle. They are owning creativity as they make their new reality work for them- turning to digital moments of inspiration and solution as they move throughout the concurrent pandemic and recession, lifting up brands that do the same. With this, they are flipping the script on the brands that matter most- ready to embrace new brands that step up in innovation, and leaving brands that can't move as quickly as they are.

And as values among budget consumers shift along with the pandemic, we are seeing their make-up transform as well. Moving beyond the stereotypical older, female budget shopper cutting coupons, we are seeing a more diversified consumer rise. Men are becoming more budget conscious as we move throughout the pandemic, shifting this tribe to be more dual-gendered than its traditional female skew. As schooling and childcare complicates an already stressful path, millennial parents are doubling down on their finances and embracing the budget lifestyle. And, most surprisingly, consumers across income brackets are represented within this budget conscious group, with just over half of budget conscious consumers earning over \$100k per year. This demographic shift in those looking to save necessitates a refreshed deeper dive into the mindset of budget conscious consumers, as the group grows and transforms along the path of the pandemic.

Mediahub spoke to 1000 shoppers in June 2020 to better understand the shifts in priorities that will shape consumers as COVID-19 continues to evolve, and uncovered a new budget conscious consumer that is rising as we move into the future.



# Meet the New Budget Conscious Consumer

## Demos

Millennials

Dual gender

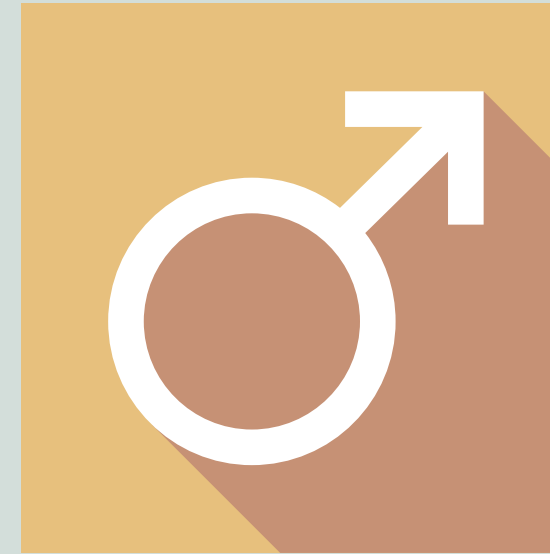
19% Hispanic

67% are parents

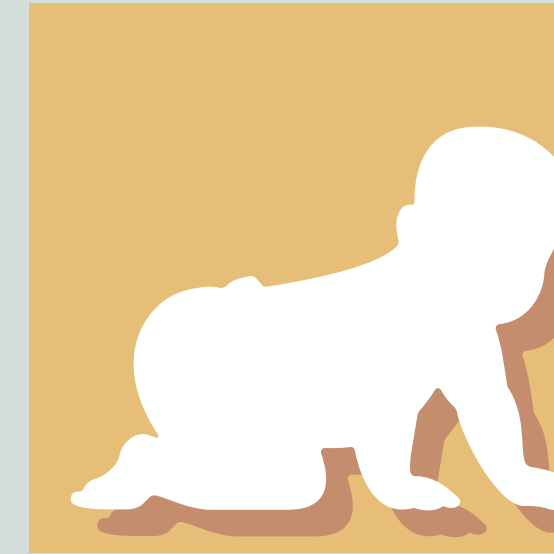
51% make \$100k+

31% live in a multi-generational household

Since January 2020, the Budget Conscious consumer has evolved, welcoming in:



**14%** more men



**60%** more parents



**59%** more \$100k+ earners

A diverse group of consumers tied together by their newfound focus on simplifying their lives in the name of frugality, budget conscious consumers are growing as a result of the cultural forces of COVID-19. These consumers, with a rising focus on mindful spending, represent a group that is 42MM strong, and are leading a cultural force that is rewriting the rules of what it means to be a budget-conscious shopper.

They are cheating on their favorite brands

They are shifting from value shoppers to values shoppers

They are embracing creativity as a form of wellness

They are becoming their own influencers

They are turning resale into the new sample sale



# They are cheating on their favorite brands

Budget conscious shoppers have been forced to reevaluate how and where they shop as they face growing financial stress due to job loss and a weakening economy, with 50% having decreased household discretionary spending due to COVID-19. But even beyond these financial stressors, budget conscious shoppers are more willing to cheat on their favorite brands because of changing habits and greater expectations, sending brand loyalty to new lows: they are 37% more likely to have switched from their primary brand to a new brand across industries since the beginning of the pandemic than gen pop. These consumers are quick to switch to brands that have adapted to the crisis: They're 45% more likely to have left their old stores in favor of those known for treating their employees well during the crisis. And as eCommerce dominates, budget conscious shoppers are keenly aware of the lack or presence of digital offerings: 21% say they switched because their primary store had poor online and delivery options. This group is also 15% more likely to say now is the time to trial new stores and styles as they reset their routines. Budget shoppers are seeking newness and discovery out of necessity, but also out of curiosity. While brand action, online and delivery options, and variety have been especially relevant to the quarantine experience, shoppers will more and more see them as essential even once the pandemic is over, gaining positions as permanent shopping priorities.

## Why have you recently switched or started shopping at new fashion, beauty, or retail stores?

	Index	%
I'm trying to shop at stores that are known for treating their employees well during these times	145	17%
My primary store(s) did not have a decent online offering or delivery service	133	21%
The new store had better online options	129	20%
Now is the time to trial new stores, styles, and fashions	115	14%
I started shopping at a new store that took a stand for a cause or something I believe in	107	14%
My primary store(s) are out of stock of a lot of items	106	40%
I was looking for a store that offered curb-side pick-up	101	19%
My primary store(s) were not open	98	23%
I moved to a store closer to home / work	96	23%
My primary store(s) were not perceived to be safe	92	18%
I found a store that offered similar products at cheaper prices	91	21%

## What brand have you recently started using/purchasing because of the innovative or compassionate way they respond to the outbreak and why?



# They are shifting from value shoppers to values shoppers

Traditionally, price-sensitive consumers have been viewed as “single-issue shoppers”, with price as the primary driver of purchase decisions. But as consumers embrace essentialism and cut their spending, the modern budget shopper that is emerging from the pandemic has a more complex view of what “value” means: The budget conscious shopper ties together brand values and brand value, making brand activism a major piece of their decision, especially with the rise of the Black Lives Matter movement this summer. **We found the most budget-minded consumers are prioritizing company values-** 81% agree that they need to see more brand action addressing current issues, and 66% will become loyal based on how the company responds to racial injustice.



And they are actively incorporating their values into their purchasing decisions, **even at the height of the pandemic and during massively challenging financial times.** In fact, they are more likely to switch to a new brand because of their response to COVID and to the BLM movement. **68% have tried a new brand because of their response to the Black Lives Matter movement-** displaying that especially amidst a global crisis, values are a driving purchasing factor for the budget conscious consumer.



52%

have participated in a Black Lives Matter protest, 19% higher than gen pop, and 73% believe brands should as well, 11% higher than gen pop



53%

of those who are aware of the boycotts care and support brands joining the boycott.



60%

are more likely to become loyal to a brand if they treat the environment well, and 65% will become loyal to a brand if they source their products ethically and sustainably, 14% higher than gen pop.

They are gravitating towards brands that offer American made clothing, local brands, small businesses, Black-owned businesses, sustainable clothing, and charitable brands

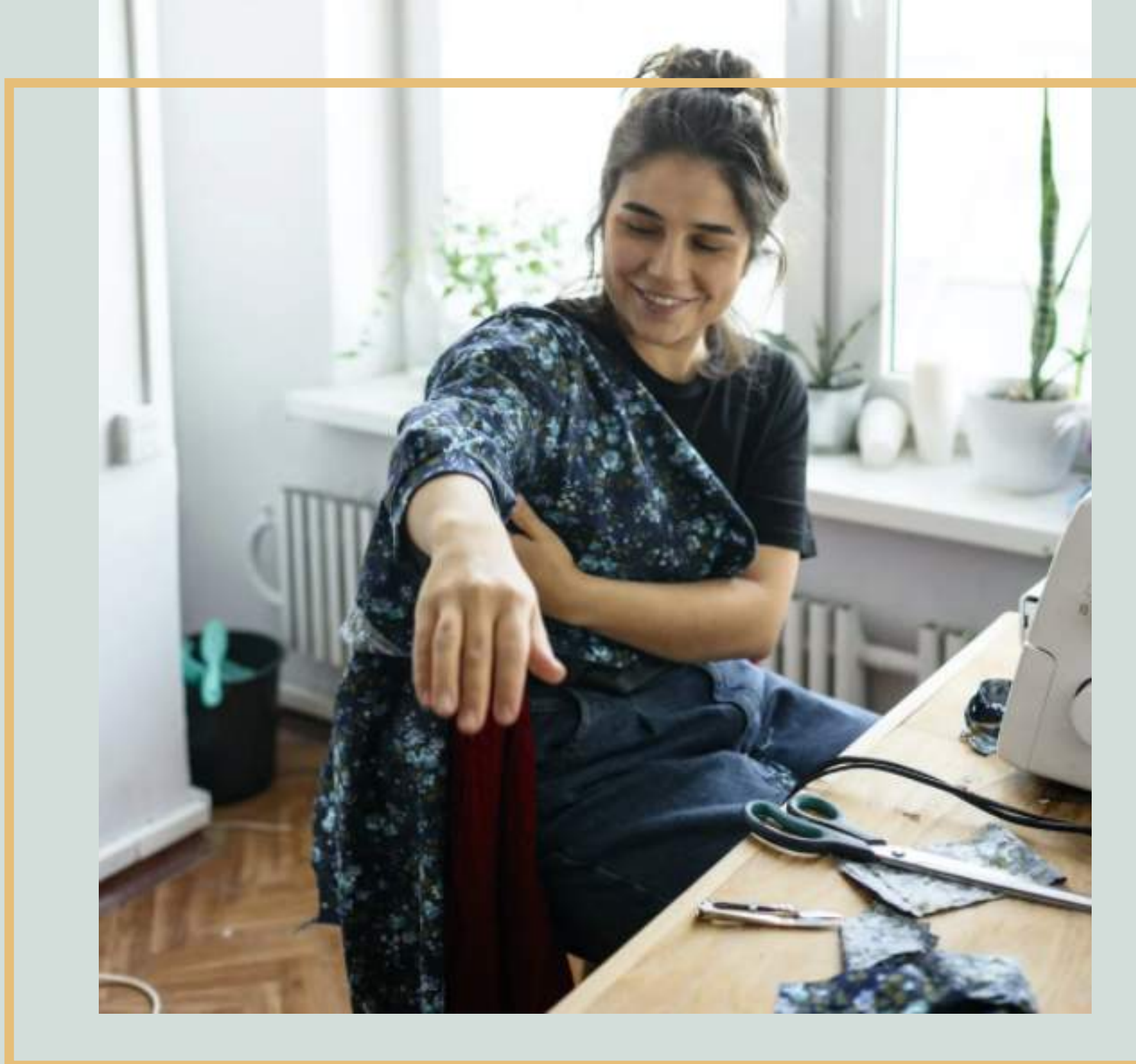
They're celebrating and advocating for brands who are taking concrete action: from increased transparency (Levis), to political activism ( Ben & Jerry's) and support of Black-owned businesses (Postmates)

For this group of consumers, trust is everything. 80% say that trusting a brand is more important than ever coming out of quarantine. And once your brand earns that trust- they'll act as a mouthpiece for you: **63% are vocal about the brands that take action**, and they are 19% more likely to pride themselves in sharing their opinions with friends. So as you digest the rise of the budget-minded consumer, understand that this is not a time to fall back on promotions strategy and deals without also doubling down on brand activism and purpose. As these budget consumers open their search to new brands, **use this moment to create real traction among new consumers.**

# They are embracing creativity as a form of wellness

As routines transformed overnight, consumers have been forced to rapidly adapt their lives to the virus. And they are embracing new, innovative ways to dive deeper into culture, with plans to continue their quarantine routines even once the virus subsides: **almost 1 in 5 budget conscious shoppers are embracing creativity as they move throughout quarantine**, and 23% hope to continue to explore creative expression post-quarantine. In a time of constraints, it's no surprise that consumers' resourcefulness and creativity are being activated, especially as quarantine amplifies their new and existing passions. Although it's often been out of necessity, creativity has emerged as a form of wellness and coping as consumers look for joy and stimulation in new outlets.

## Which of the following categories are you passionate about?



☰ 🔍 JWANDERSON 🛒

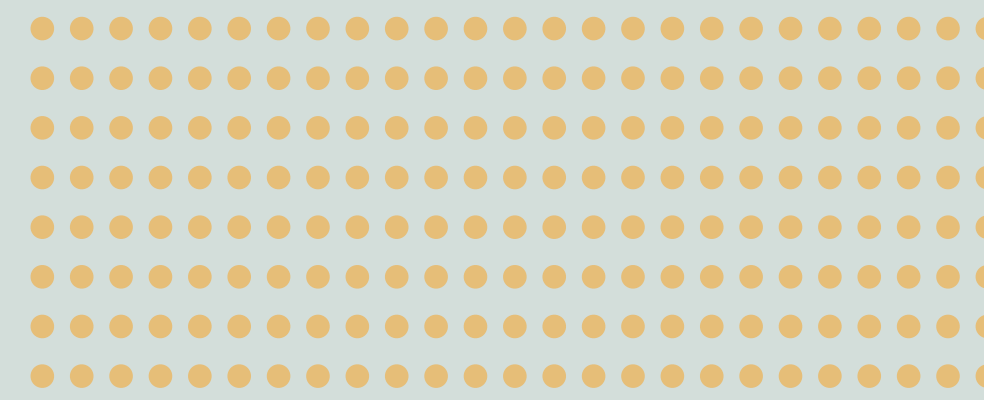
JW Anderson Colour block Patchwork Cardigan / Knit Pattern

A gift from Jonathan to all our TikTok Cardigan fans: "I am so impressed and incredibly humbled by this trend and everyone knitting the cardigan. I really wanted to show our appreciation so we are sharing the pattern with everyone. Keep it up!" x - Jonathan

[Click to download HERE](#)

While creative expression is taking many forms, from emulating TikTok challenges to gardening at home, an innovative approach to life in quarantine has specifically impacted the way consumers are shopping as their traditional brick-and-mortar habits are disrupted: **while 55% miss browsing for unexpected items during quarantine, 45% have found other ways to curb their shopping appetite.** Taking production into their own hands, a large number of Harry Styles fans crocheted and shared their own imitations of the singer's pricey JW Anderson cardigan on TikTok, garnering millions of views. This resourcefulness led to the brand sharing a pattern on their website, opening up the possibilities for creation and personalization even more. We see these expressions of creativity and variety in what consumers are searching for online. Among many others, Pinterest reported that searches for Y2K outfits are up 669%, thrifted wedding dresses are up 41%, and ocean trash art is up 39% as consumers look around them for inspiration, rather than turning to traditional consumption and purchasing cycles. With more inventive consumers than ever, brands can celebrate and nurture shoppers' creativity and reimagine bespoke experiences that engage even the most budget-focused consumers, using their diverse passions as a way in.

# They are becoming their own influencers



Consumers are increasingly relying on each other and becoming the authorities at every stage of the shopping journey, from inspiration to purchase. In turning to each other, they're looking past the "influencer" and shifting the power over to themselves: 71% say they have a great deal of experience in beauty and 80% say their friends/family trust their advice on style/fashion. And they're taking their passions a step further, with more than three quarters of budget shoppers saying they like to share their opinions about products and services on social media as peer-to-peer influence and trust grows rapidly.

As budget conscious shoppers rise as influencers in their own right, they are turning to peer driven platforms for inspiration. While Instagram is their most frequented social media, Twitter, TikTok, and Reddit are growing places of influence as budget shoppers gravitate towards these peer-friendly platforms for reviews and discovery. It's on these platforms they're seeing and sharing the ingenuity of their peers that they can rework for themselves. The virality and community of everyday people on Twitter is opening it up as a source of inspiration for these shoppers. Almost 1 in 5 find beauty tips on Twitter, 24% higher than gen pop, and they're 16% more likely to get home decor ideas from Twitter. In addition to beauty and home, they're more likely than gen pop to discover new music and get health and wellness inspiration from Twitter. The bookmarked thread is acting as the new shopping cart.

And they're exploring even more on uber-niche and personal platforms. They're 10% more likely to discover new cities and countries without having to travel on TikTok, and they're 31% more likely to get product recommendations on Reddit. Platforms that celebrate real and everyday people will be crucial as consumers claim their influence and find new style and shopping visionaries. Just as budget conscious shoppers are owning and controlling their finances even more, they're taking control of the purchase journey: 44% use filters or augmented reality to try out new looks and products on Instagram and 22% have purchased beauty or fashion products on social media. Reaching consumers within their peer-to-peer communities and equipping them with tools for inspiration and trial allows brands to become an organic piece of the new tutorial, driven by the authority of peers, rather than brands themselves.



Technology

## Coronavirus: Influencers' glossy lifestyles lose their shine



@jzaee\_

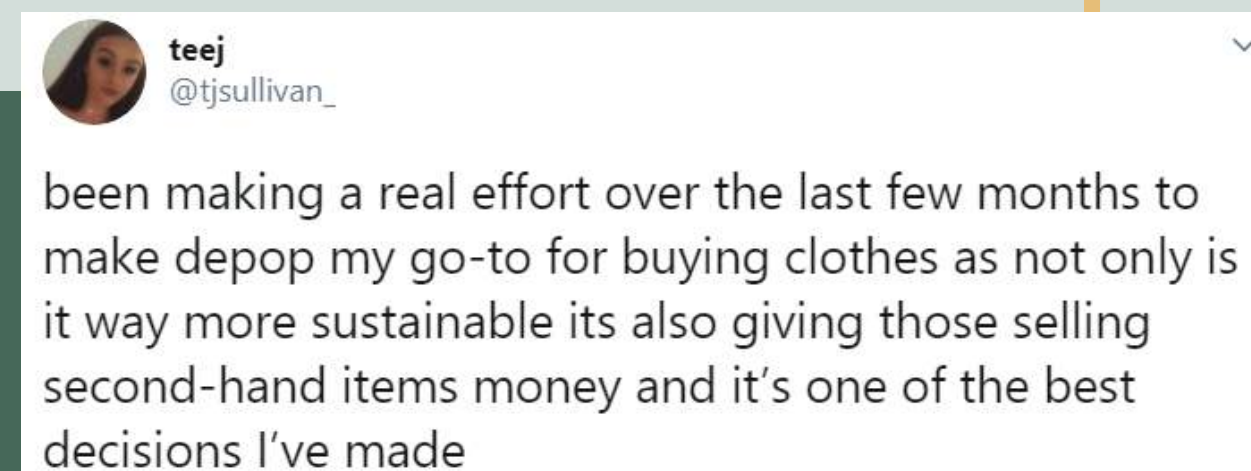
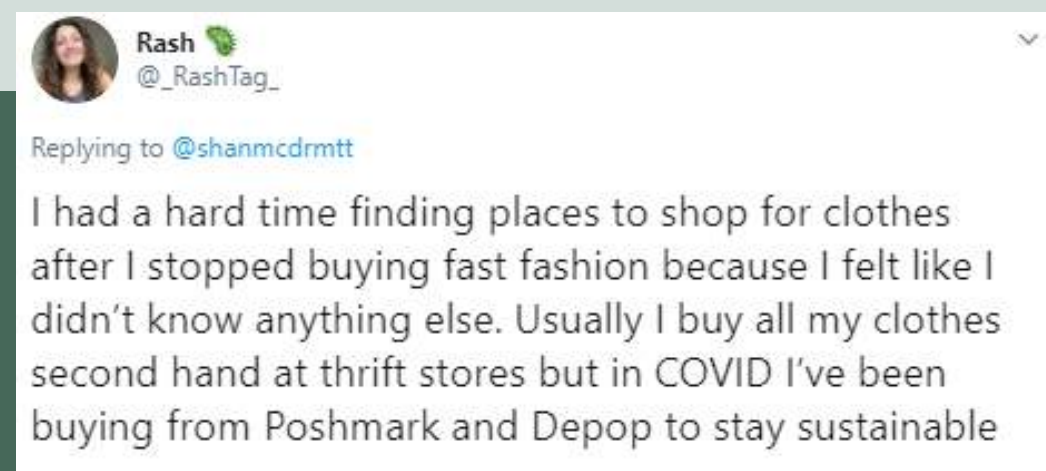
can we make a thread for black owned businesses ?  
drop your websites below or instagrams 🥰

12:21 AM · Jul 27, 2020 · Twitter for iPhone

45 Retweets and comments 81 Likes

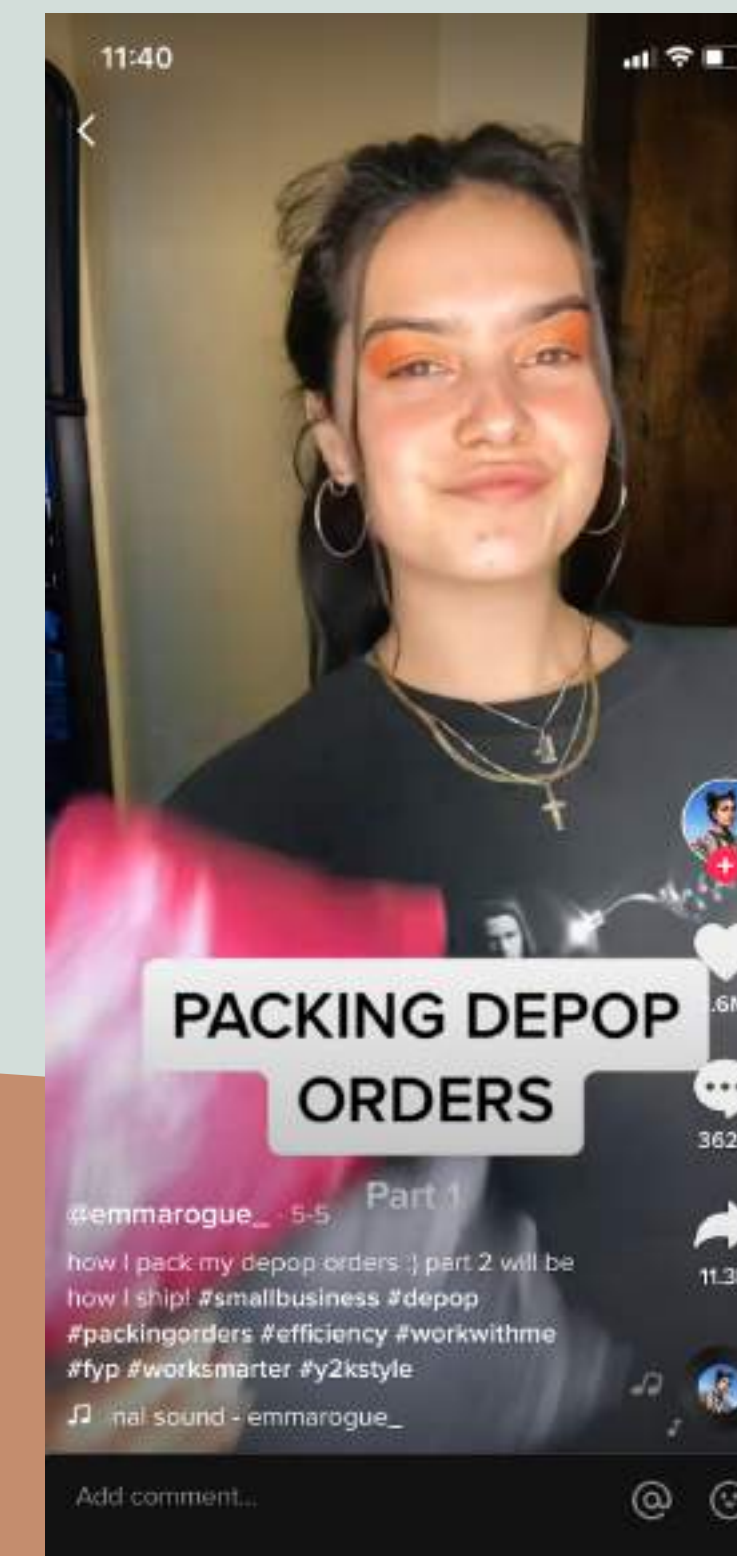
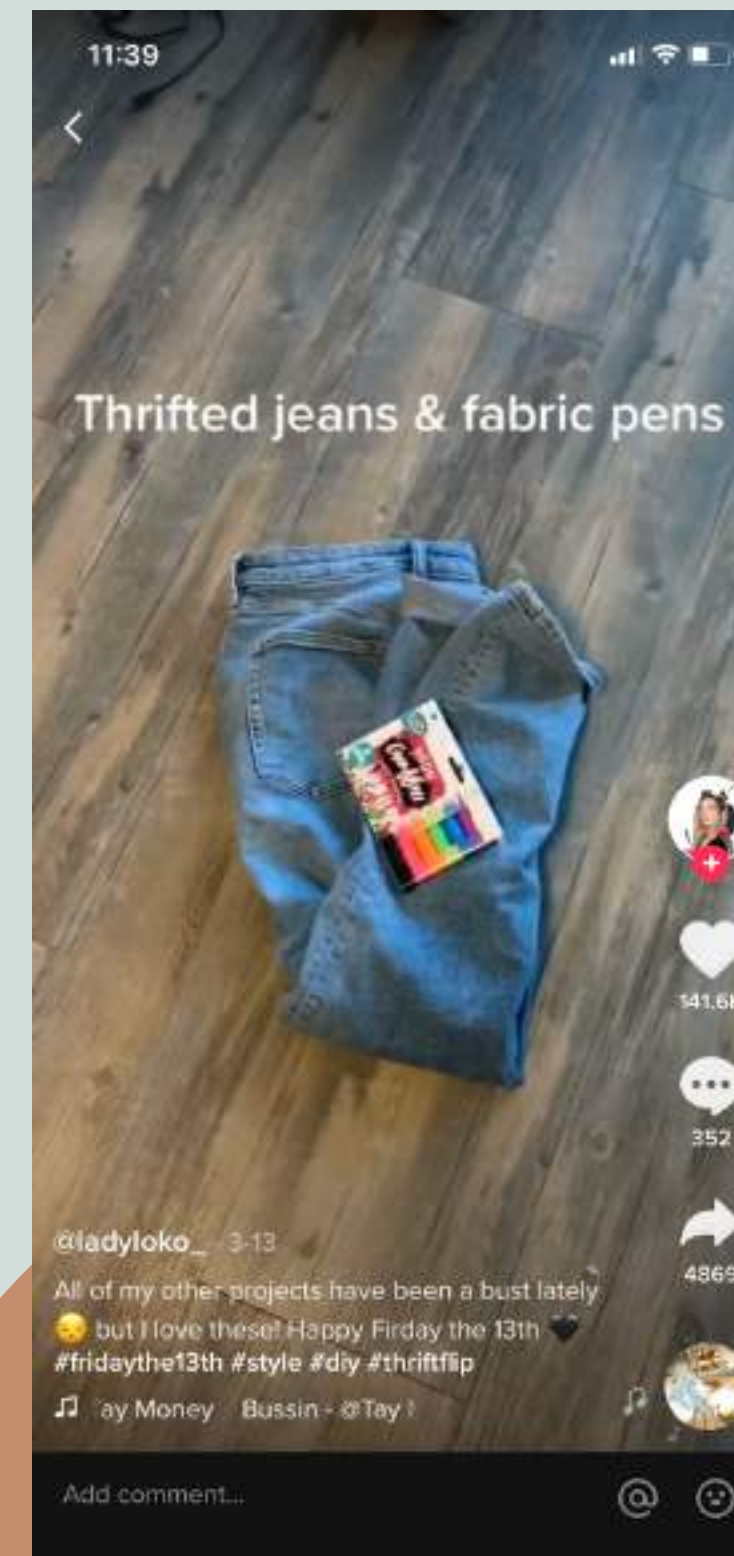
# They are turning resale into the new sample sale

While designers abandon the fashion calendar, consumers are simultaneously withdrawing from the structures of retail as well. With platforms like Depop, everyday consumers are becoming the merchandisers of clothing and curators of style. Like a communal closet, peer-to-peer selling, buying and trading are giving consumers greater agency and newness in their shopping exploration.



Of course, this move towards retail has been gaining momentum over the past year. The resale market grew 25x faster than the overall retail market last year. But it specifically found new meaning during the COVID pandemic as consumers paired down their belongings, doubled down on frugality, and looked for new outlets for expression. Sales on resale platforms like Poshmark have **grown 50% year over-year from mid-April into May** as resale became the new limited release in quarantine. Resale platform Stockx saw their most successful buying months of all time in May and June 2020, even as the economy was tanking. And more consumers are entering into the resale market as sellers themselves, with the number of listings on resale platform Depop growing 150% since April.

The budget conscious consumer emerging from COVID-19 is embracing the opportunity to turn shopping and selling into a sustainable, self-expressive outlet. Thrifted pieces are becoming canvases for creators looking for new outlets of creativity on platforms like TikTok, and running a Depop store has become the new summer job for many Gen Z- who are sharing their growing businesses on TikTok as a form of promotion and connection. And as they grow followings and find community within digital retail platforms, 28% of budget shoppers plan to do more shopping on Buy/Sell/Trade marketplaces and a quarter plan to shop resale sites more post-COVID.



Trade marketplaces and a quarter plan to shop resale sites more post-COVID. This movement towards thrift and resale has of course adapted to the pandemic as IRL shopping was stunted, but this shift to digital resale will outlast the pandemic: **1 in 5 consumers plan to continue to shop resale digitally post-quarantine.**





# Looking Ahead

Here are six takeaways to keep in mind when reaching the new budget conscious consumer

1

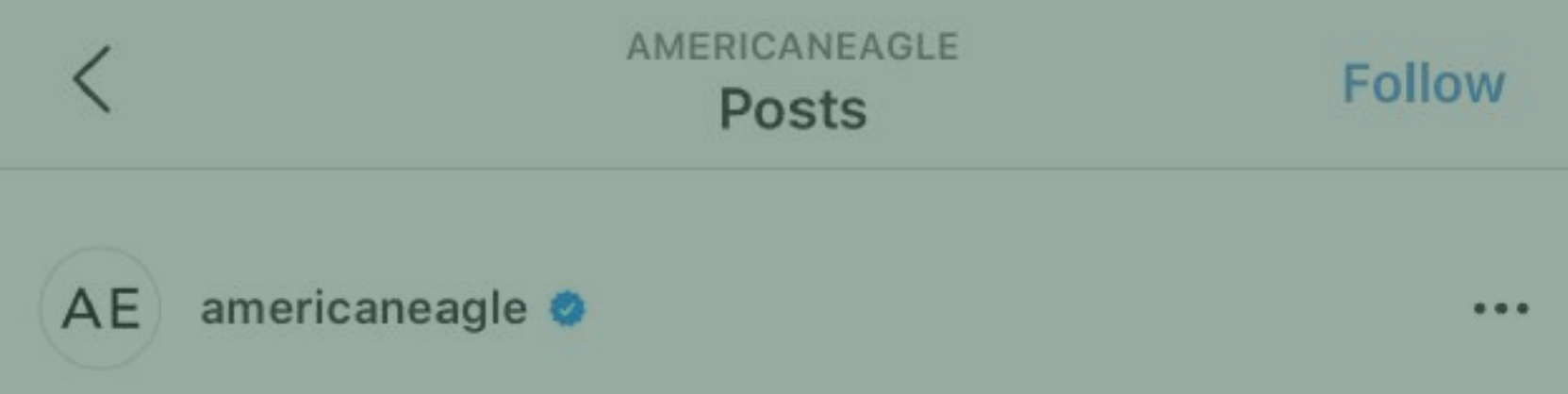
## Meet the New Budget Conscious Consumer

No consumer has been completely immune to the effects and changes brought by the pandemic. And the value of their wallets weighs especially heavy on many of them and the way they shop continues to shift as they face financial uncertainty and examine their beliefs and passions. It is no longer enough, or accurate, to rely on the idea of a siloed budget consumer group when executing plans and messaging during tough economic times. Leave behind the stereotypes of a frugal shopper being gendered or limited to specific income brackets. While you reconsider how budget-aware and frugal shoppers behave, remember first that who they are has expanded to include high-earners, men, and a large portion of parents. As you expand your mindset of who the budget shopper includes, partnerships and promotions must take into account these shifts, too, knowing that the pandemic has flipped the definition of a budget shopper on its head.

2

## They are cheating on their favorite brands

As budget conscious consumers buck traditional consumption and embrace a more mindful approach to the brands they purchase, earning their loyalty will be a bigger challenge than ever. As we look ahead, consumers' shopping will continue to shift and brands will need to be agile in adapting to budget-sensitive strategies and innovations in retail. So when shifting to honor the rising budget conscious consumer, be willing to flip traditional strategies on their head to match their rapidly changing lifestyle. Though price of course drives this consumer, digital innovation is pulling them to new brands. Embrace innovation in your category, transforming the online experience to match the look and feel your IRL activations bring to the brand. Speed, ease and creativity should drive your digital presence as consumers shift to the brands that are embracing new trends. From delivery partners like Postmates to digital shopping experts like Shopify- create new partnerships to get your brand up to speed. And as consumers continue the move to mobile shopping, explore new tech offerings to bring your brand experience to their front screen- like Burberry creating a mini platform within Wechat to allow shoppers to book a fitting room, earn "social currency" to be used towards unique rewards, and even create an avatar for themselves, to merge the IRL and mobile shopping experience.



67%  
of ALL Americans  
are in support of  
voting from home\*

\*Voting from home is commonly  
referred to as vote-by-mail

Source: HeadCount/Wall Street Journal/NBC

3

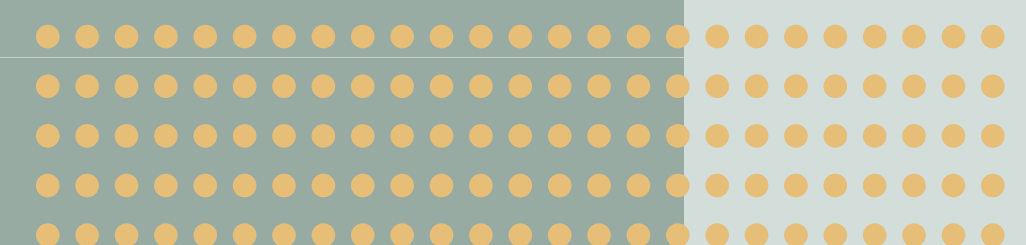
**They are shifting from value shoppers to values shoppers**

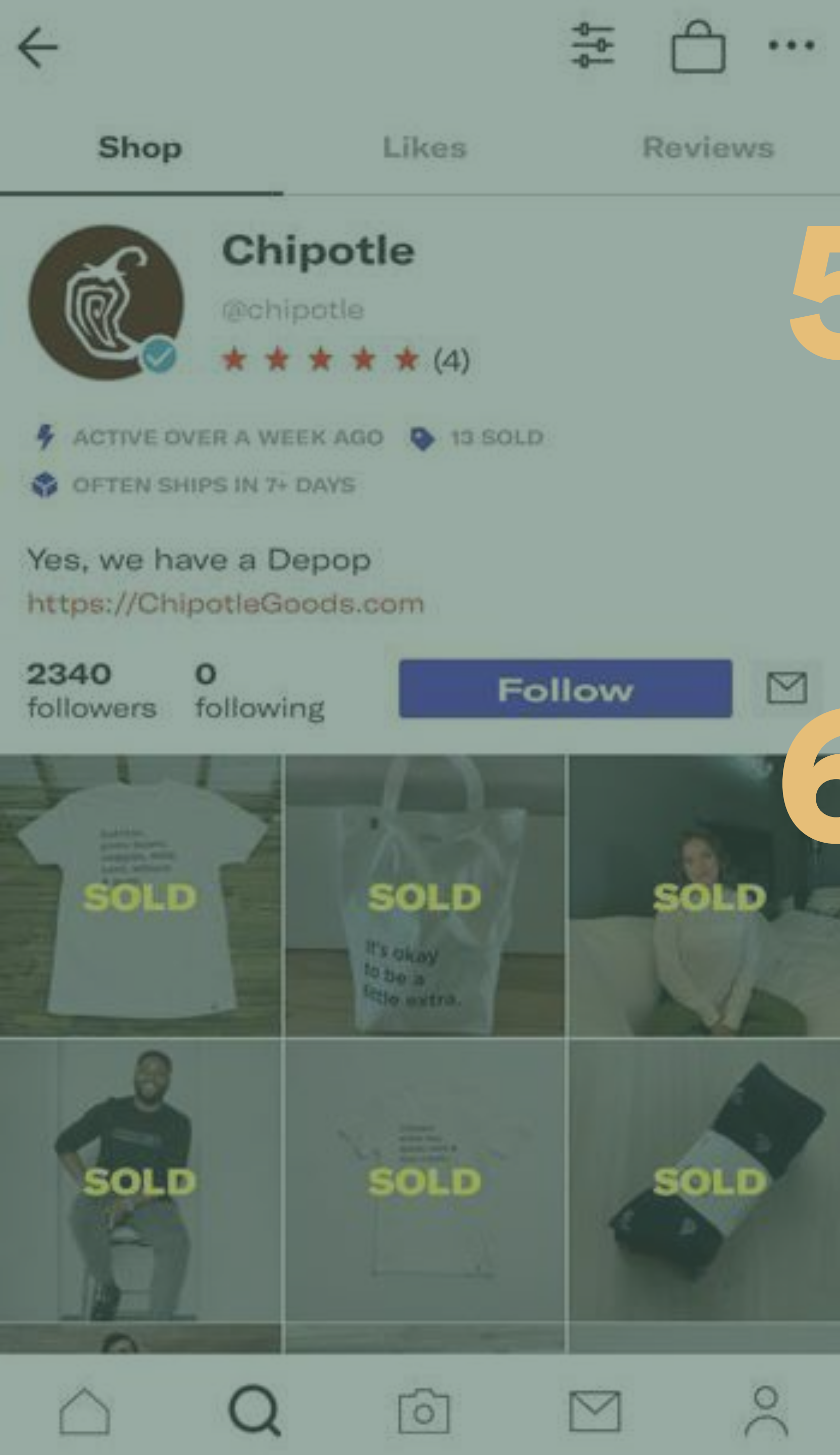
It's time for brands to redefine what they believe "essential" means to consumers. The pandemic and racial injustice reckoning have forced them to spend more deliberately and purposefully. For consumers, a brand's action and activism is just as important as the deal in calculating the worth of their purchases. Just as a brand can no longer separate itself from issues facing society, more than ever, consumers know that their purchases can have greater meaning. As brand values rise as a key indicator of value for even the most frugal consumers, it's time to double down on your brand's purpose, even and especially amidst a recession. To reach the budget conscious consumer, consider how you can move beyond purely price-driven promotions as we move into BTS and holiday shopping. From diversity within your organization to a social-justice mindset when it comes to your partnerships and your use of profits, consumers will be looking for brand action concurrently as they embrace new deals.

4

**They are embracing creativity as a form of wellness**

Much of the conversation around retail and innovation centers brands and companies, but what the pandemic has shown us on a macro level is that it's consumers who are leading the way. As consumers look to maximize their resourcefulness and originality as their new go-to hobby, be the brand that unlocks their creativity, giving them opportunities for expression. Offer content like color wheels and design inspiration they can lean on in jumpstarting their wider explorations. Tap into their interests and partner with passion-focused platforms like Spotify, Airbnb, Strava, Twitch and Letterboxd. Embrace mixing and matching, as they build their looks from your brand, but also other retailers and inspiration sources. Rethink the digital shopping journey and give consumers more outlets to exercise their originality through rising platforms. Create challenges and moments on niche or emerging platforms and apps that celebrate the unique ways they're wearing your product. And while TikTok acts as a strong starting place, begin testing organically on rising video platforms like Likee or LitPic.





5

### They are becoming their own influencers

The peer-to-peer relationship is more important than ever as getting to their front screen is less and less about clout. Boosted by the realities of the pandemic, the authenticity and diversity of their peers has knocked the traditional influencer off its pedestal. Your consumers are inspired and stimulated by each other. Recognize them as the tastemakers of culture and activate their expertise by reaching them with their communities on Twitter and Reddit. Through polls and threads, these are your must-have focus groups for creating new product lines or deciding new colorways. Create resources of connection through Twitter lists or subreddits that consumers can follow to crowdsource inspiration and explore together.

6

### They are turning resale into the new sample sale

With resale rising and capturing the momentum of frugal shoppers looking for an outlet for their creativity, brands have the opportunity to find new connection points with their consumers. The rise in resale among budget consumers puts the onus on brands to step up their sustainability, frugality and creativity within the walls of the brand as consumers themselves drive the movement towards vintage and second hand clothing. To meet consumers within this trend, ideate on new ways to disrupt the traditional product lifestyle- buying back old models of your products or turning your physical stores into recycling centers for their leftover clothing. Consider what it looks like to use social as an opportunity to connect with consumers who have embraced resale as their newest model of shopping- with Depop as the latest social platform to build a presence on, Snapchat as a medium to launch your latest line (a la Ralph Lauren) and even Thredup as the latest collaboration go-to.