

A "Slimming Down" Future Unfolding The US Consumer: More with Less

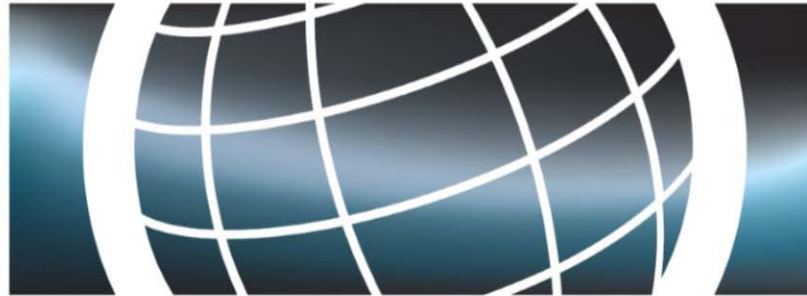
J. WALKER SMITH
The Futures Company

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MARKETING OUTLOOK FORUM: A GLOBAL PERSPECTIVE



Presented by the Travel and Tourism Research Association

A “Slimming Down” Future Unfolding The US Consumer: More with Less

Presented by: J. Walker Smith, Executive Chairman, The Futures Company

For more information, contact J. Walker at jwalker.smith@thefuturescompany.com

October 28-30, 2013 ~ The Drake Hotel ~ Chicago, Illinois, USA



A “Slimming Down” Future Unfolding

The U.S. Consumer: More with Less

J. Walker Smith

Executive Chairman

Travel & Tourism Research Association

October 28, 2013

the
futures
company

2006

2013

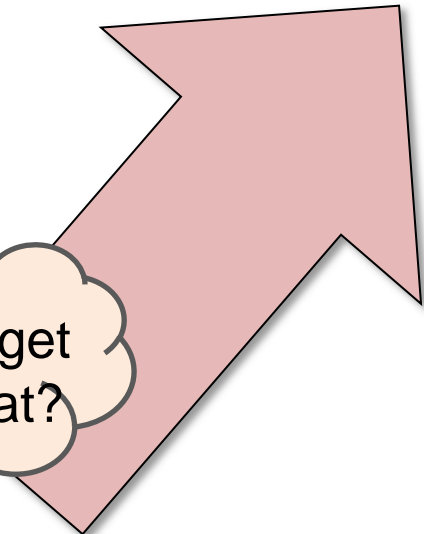
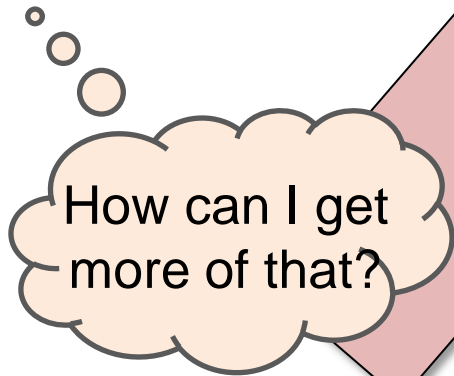
2020

Looking
Up

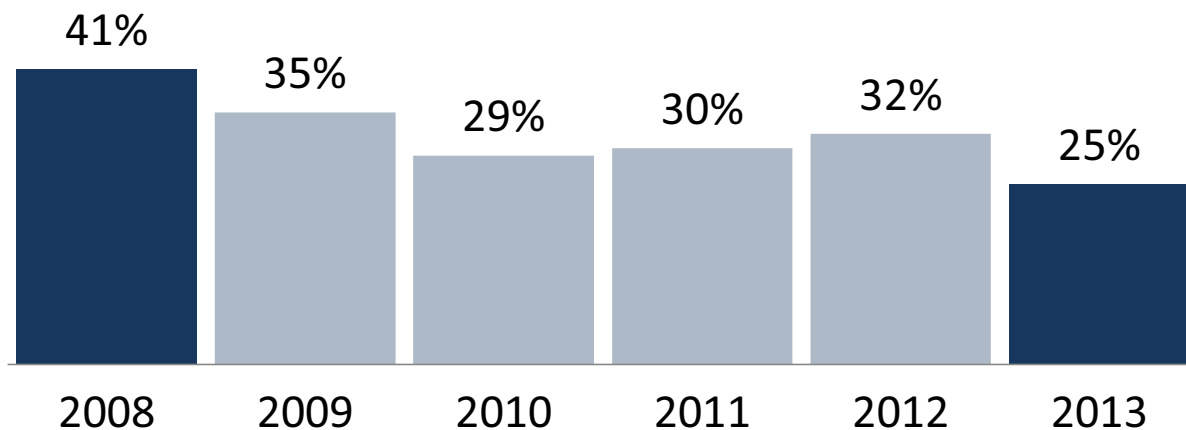
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Looking Up

Those
with
more.

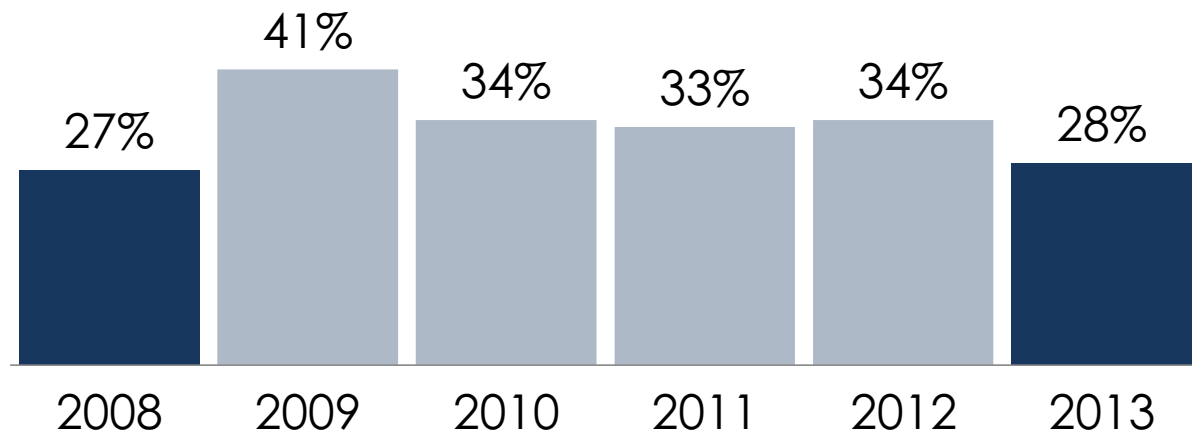


Worried about having enough money to put food on the table



SOURCE: 2013 U.S. YANKELOVICH MONITOR

Fear of losing job



SOURCE: 2013 U.S. YANKELOVICH MONITOR



Birth rate has
stabilized



Car sales at
pre-recession high



Housing market
improving

the
futures
company

2006

2013

2020

Looking
Up

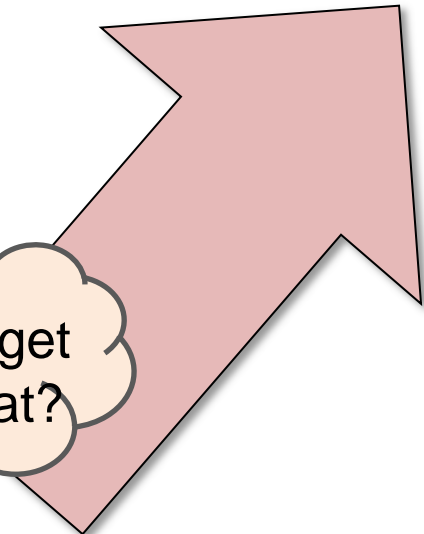
Looking
Down

the
futures
company

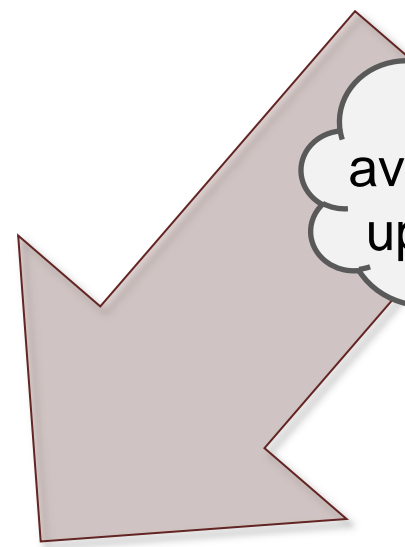
Looking Up

Those
with
more.

How can I get
more of that?



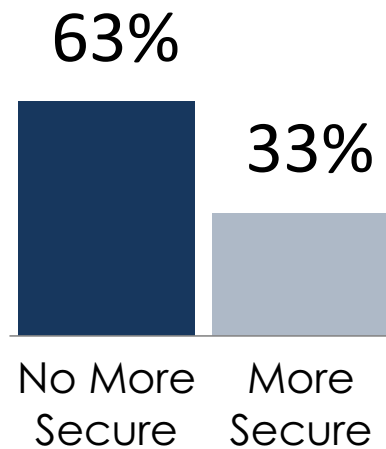
Those
with
less.



How do I
avoid winding
up like that?

Looking Down

Compared with before
financial crisis, U.S.
economic system is ...



How much recovered since recession ...	Partially	Hardly at all
Household incomes	42%	54%
Job situation	45%	52%
Real estate values	59%	33%
Stock market	53%	18%

<http://www.people-press.org/2013/09/12/five-years-after-market-crash-u-s-economy-seen-as-no-more-secure/>

Share of U.S. adults living in
middle-class households fallen ...

From 61% in 1970

To 51% in 2010

<http://economix.blogs.nytimes.com/2013/06/03/how-work-is-rebounding-or-not-globally/>

<http://assets.nationaljournal.com/Topline-Results.pdf>

59% ... concerned about falling
out of the middle class
over the next few years

Most important action to take to
ensure don't fall out of the middle class

35%

Spending wisely and
saving and investing
for the future

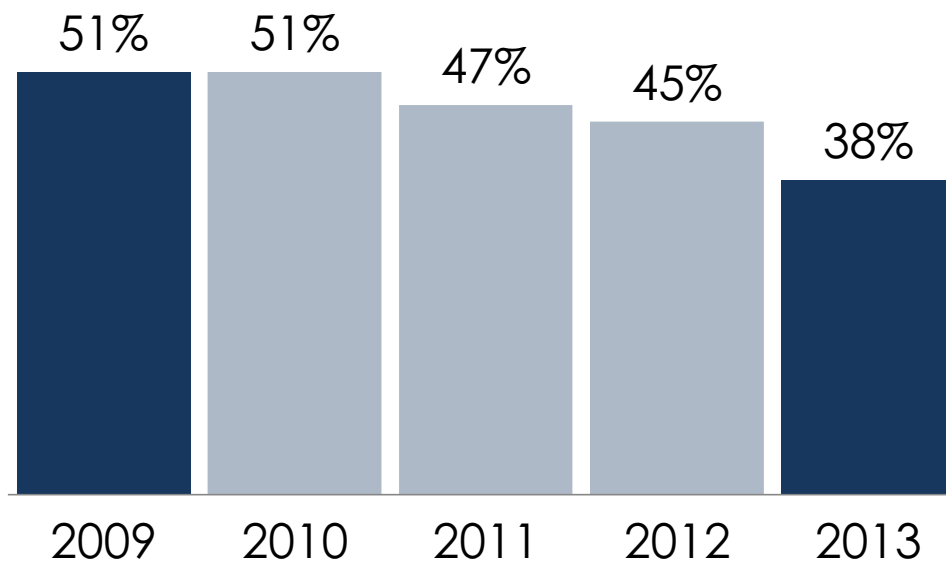
22%

Paying off debt
and not taking
on new debt

16%

Continuing
to work hard

Don't have as much discipline as I'd like
when it comes to how I spend my money



SOURCE: 2013 U.S. YANKELOVICH MONITOR

Not more
frugal

...

More
focused

the
futures
company

2006

2013

2020

Looking
Up

Looking
Down

Slimming
Down

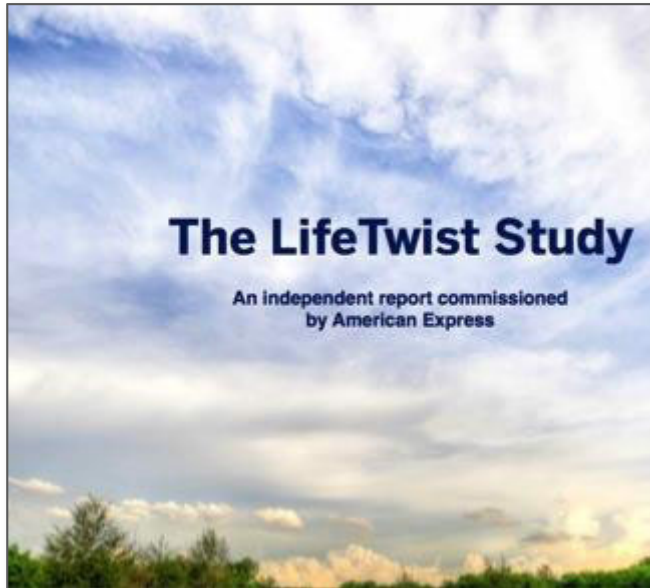
Slimming
Down ... Not
Starving

Live large. Carry little.

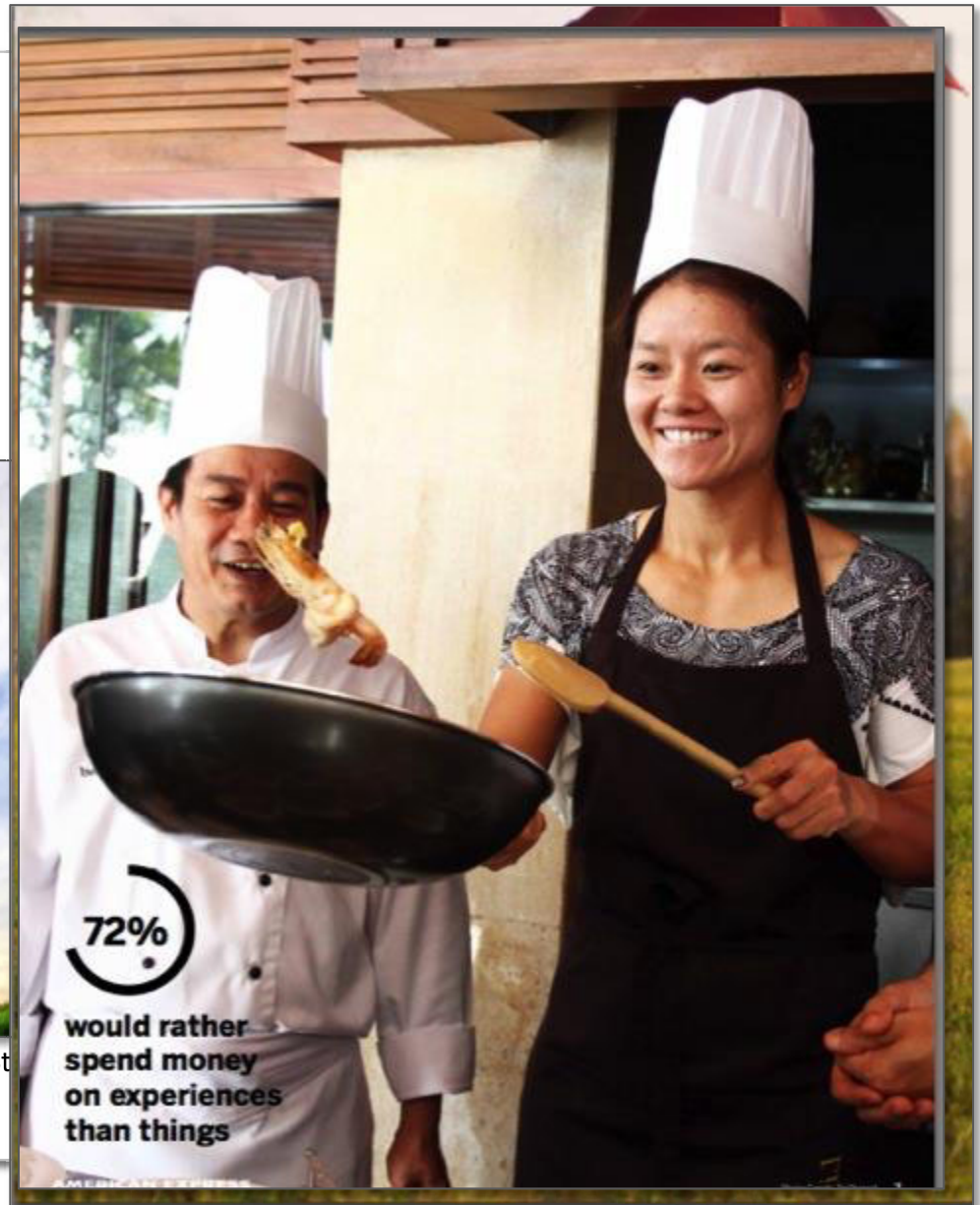
Slimming down ...

- Our **spending** preferences

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<http://about.americanexpress.com/tc/LifeTwistSt>



www.thefuturescompany.com/TTRA2013

#slimmingdown

@jwalkersmith

TRU Insight Study, 2013

Definition of Success

88% “Being debt-free”

86% “Decent amount of money”

36% “Making a lot of money”

57% of teens and 59% of twenty-somethings would rather have a low-paying job that they like than a high-paying job they don't like.

Threshold Earners



<http://theumlaut.com/2013/04/01/keynes-was-right/>



<http://theumlaut.com/2013/04/18/why-choosing-to-make-less-money-is-easier-than-ever/>

One of the frequent laments of the “great stagnation” era is that younger people today won’t do better than their parents. **It’s not clear, though, that we should want to.**

The American expectation that every generation must do better than the last is a **creature of historical trends**. Over the past 150 years, or about 6 generations, the average income in one generation has been about 60% higher than the average income in the prior generation. **But it almost *had to be given* all the low-hanging fruit lying around.**

Additionally, improvements in well-being were **very closely tied to wealth**. After all, material comforts such as indoor plumbing were what improved one’s standard of living. This meant that **leisure had a very high opportunity cost**.

Today, however, we are in a position to derive much of our happiness from pursuits internal to our minds. We do this by blogging, watching *House of Cards* on Netflix, listening to a symphony from iTunes, tweeting with friends and acquaintances, seeing their pictures on Facebook or Path, and learning and collaborating on Wikipedia. **As a result, once one secures a certain income to cover basic needs, greater happiness and well-being today can be had for virtually nothing.**

What is the point, then, of doing materially better than one’s parents?

**I'm gonna pop some tags
Only got twenty dollars in my pocket
I - I - I'm hunting, looking for a come-up
This is awesome**

...
**What you know about rockin' a wolf on your noggin?
What you knowin' about wearin' a fur fox skin?
I'm digging, I'm digging, I'm searching right through that
luggage**

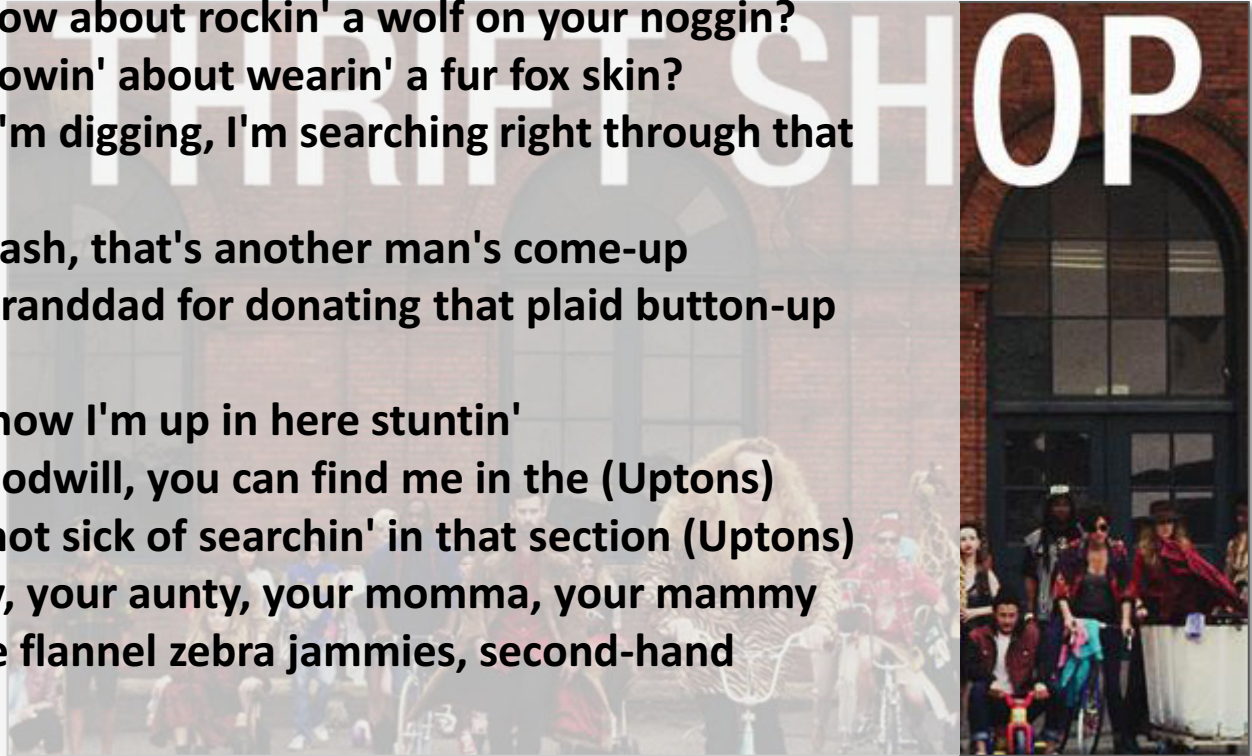
**One man's trash, that's another man's come-up
Thank your granddad for donating that plaid button-up
shirt**

**'Cause right now I'm up in here stuntin'
I'm at the Goodwill, you can find me in the (Uptons)
I'm not, I'm not sick of searchin' in that section (Uptons)
Your grammy, your aunty, your momma, your mammy
I'll take those flannel zebra jammies, second-hand**

...

**I wear your granddad's clothes ('kay all right)
I look incredible (now come on)
I'm in this coat**

From that thrift shop down the road (let's go)



Ever placed your cell phone on your bed
or next to your bed while sleeping?



Pew Research Center, 2010

Thought-Starters

- Prioritization

Slimming down ...

- Our **spending** preferences
- Our **ownership** yen

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*Avis to buy ZipCar,
enter car-sharing
business*



Travel like a human.

Spinlister

YBUY

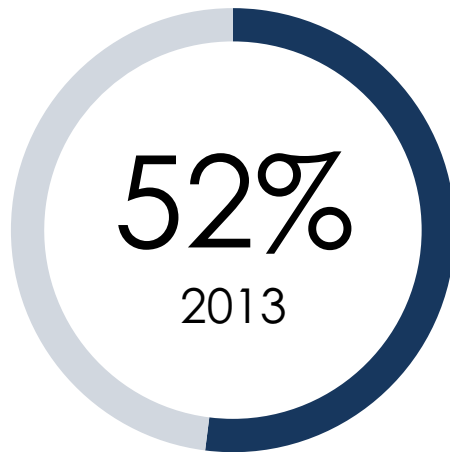


RelayRides

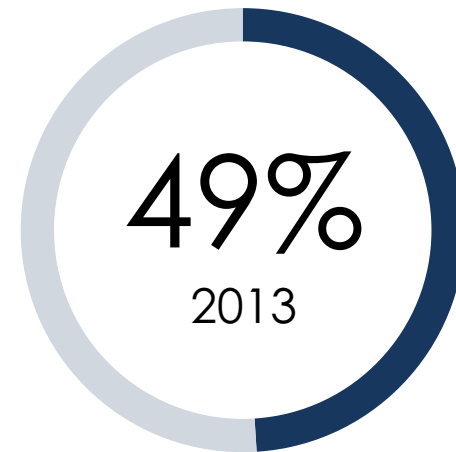
Neighbor-to-Neighbor Carsharing

thrēdUP

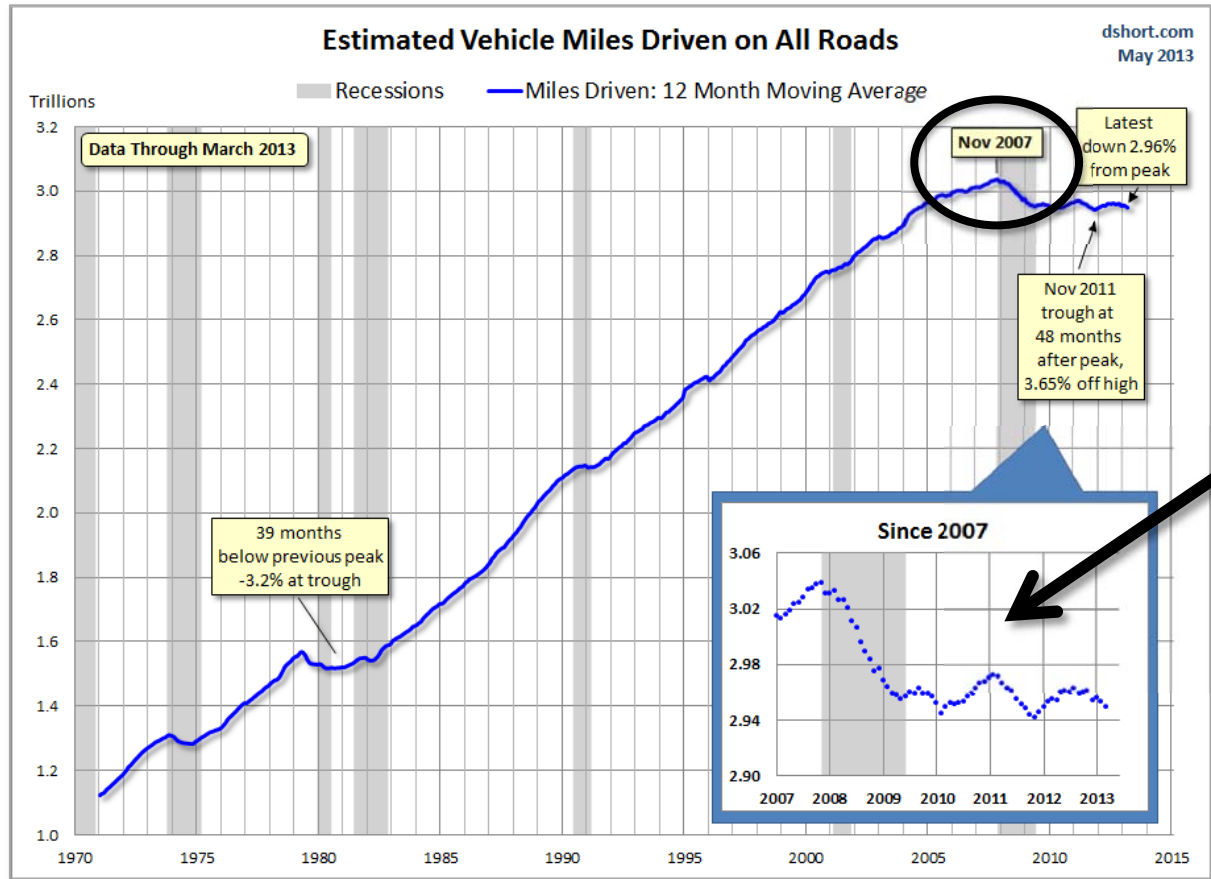
Have rented, leased or
borrowed traditionally owned
items in the past 2 years



Plan to rent, lease or borrow
these types of items in the
next 2 years



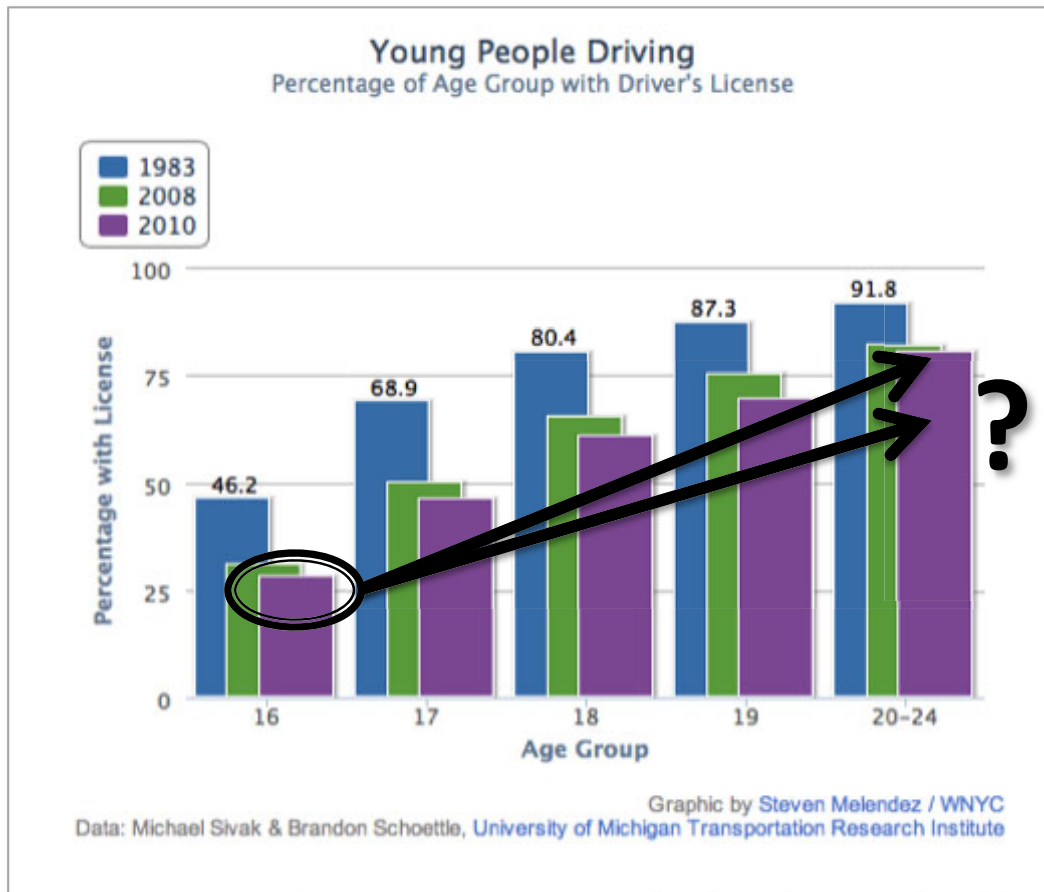
SOURCE: HARRIS INTERACTIVE



<http://www.advisorperspectives.com/dshort/charts/indicators/miles-driven.html?miles-driven.gif>

“I don’t think car-buying for Millennials will ever be what it was for Boomers.”

– Sheryl Connelly, Head of Global Consumer Trends at Ford

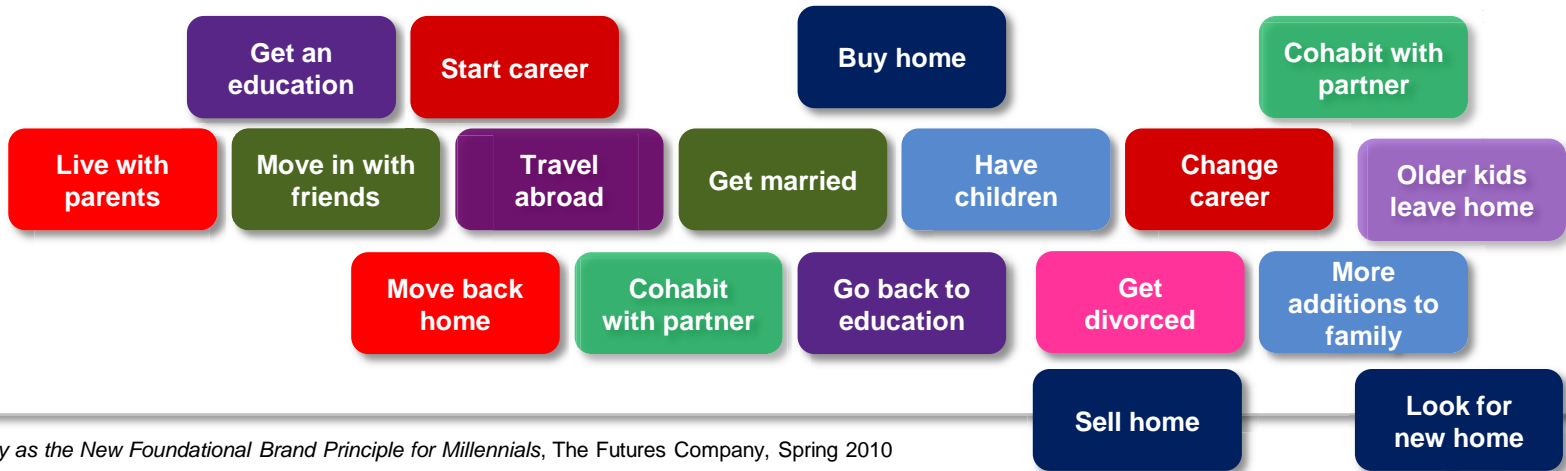


<http://www.wnyc.org/blogs/transportation-nation/2012/jul/20/percentage-of-young-persons-with-a-drivers-license-continues-to-drop/>

Traditional
linear
lifestage
trajectory



Possible
Millennial
Trajectories

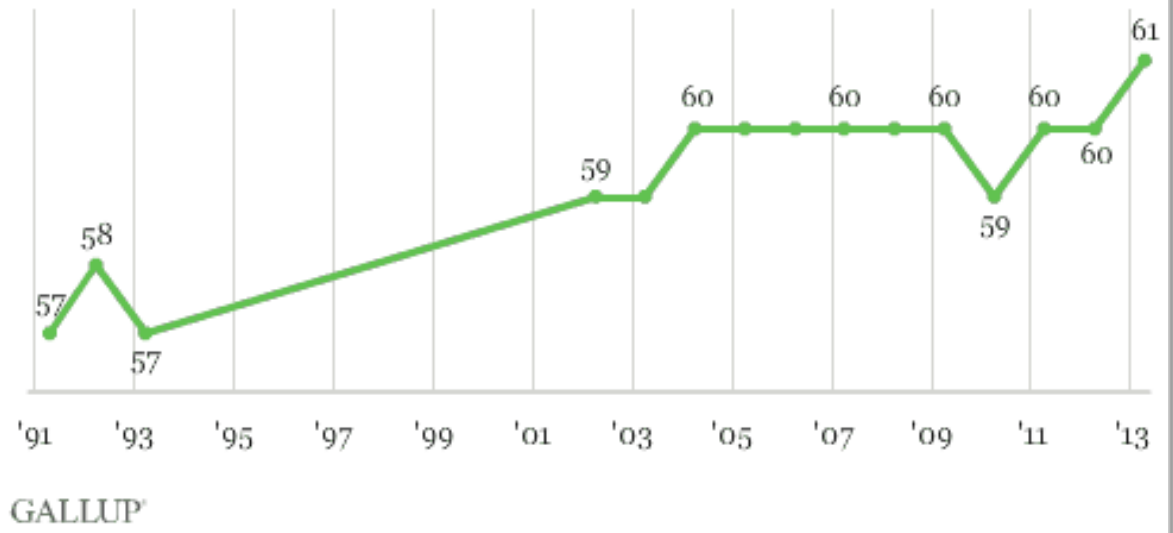


Source: *Fluidity as the New Foundational Brand Principle for Millennials*, The Futures Company, Spring 2010

At what age did you retire?

Among adults who are retired

■ Average age



<http://www.gallup.com/poll/162560/average-retirement-age.aspx>

Thought-Starters

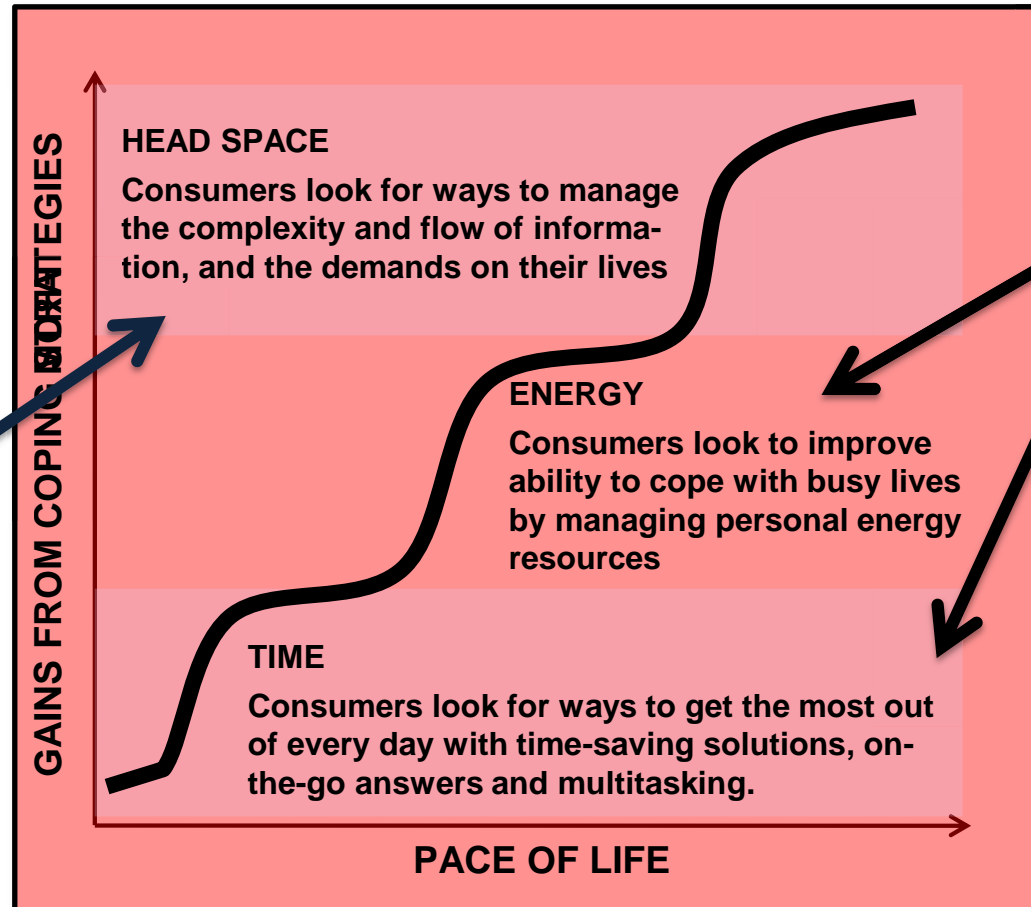
- Prioritization
- Fluid (not fixed)

Slimming down ...

- Our **spending** preferences
- Our **ownership** yen
- Our **information** intake

**Doing
it all**

**Doing
it well**



Every task is now a form of play

Steve Jobs'
true legacy



Thought-Starters

- Prioritization
- Fluid (not fixed)
- Streamline

Slimming down ...

- Our **spending** preferences
- Our **ownership** yen
- Our **information** intake
- Our circles of **connection**

Local Flavor

- Agritourism
- Farmers markets
- Craft beers
- Community newspapers
- Hyper-local news
- Moving less
- Local provenance
- Local ingredients
- Giving back to local community

Only Social Networks Closest to Us



Our friends



Our interests

The Kinship Economy

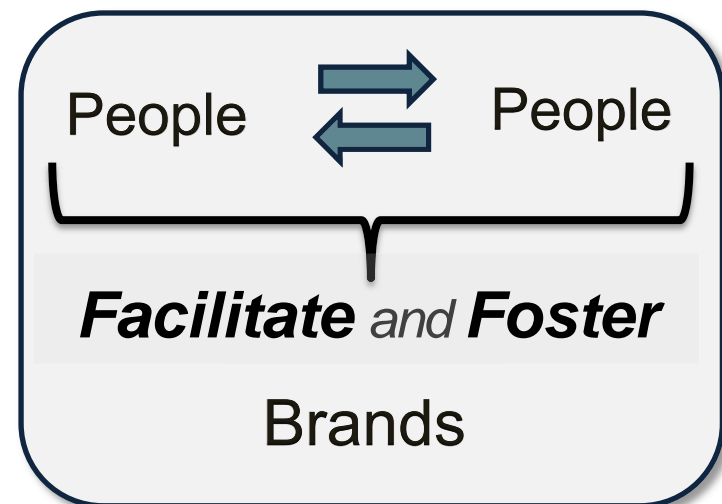
Used to be...

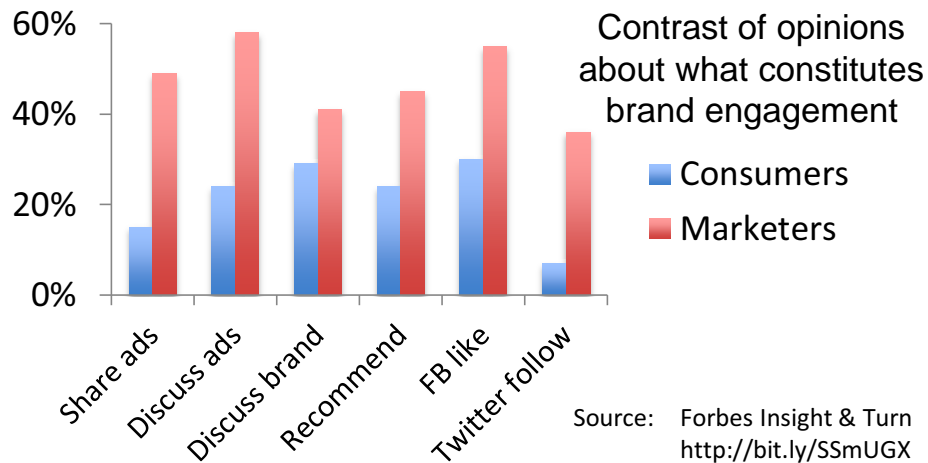
Brand-Centric



Must also be...

Relationship-Central





“The IBM Institute for Business Value found that 60-65% of business leaders...believe...consumers follow their brands on social media...because they want to be a part of a community. Only 25-30% of consumers agree. The top reason consumers follow a brand?
To get discounts.”

Source: blogs.forbes.com, 12/4/12
<http://onforb.es/S7VM8P>

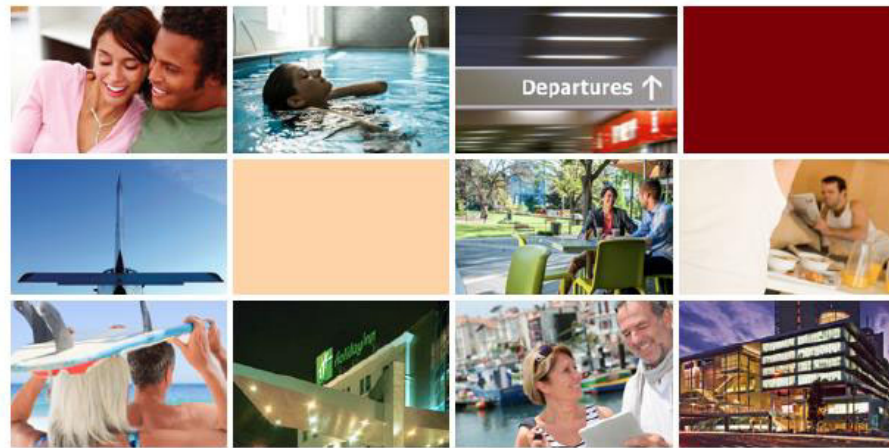
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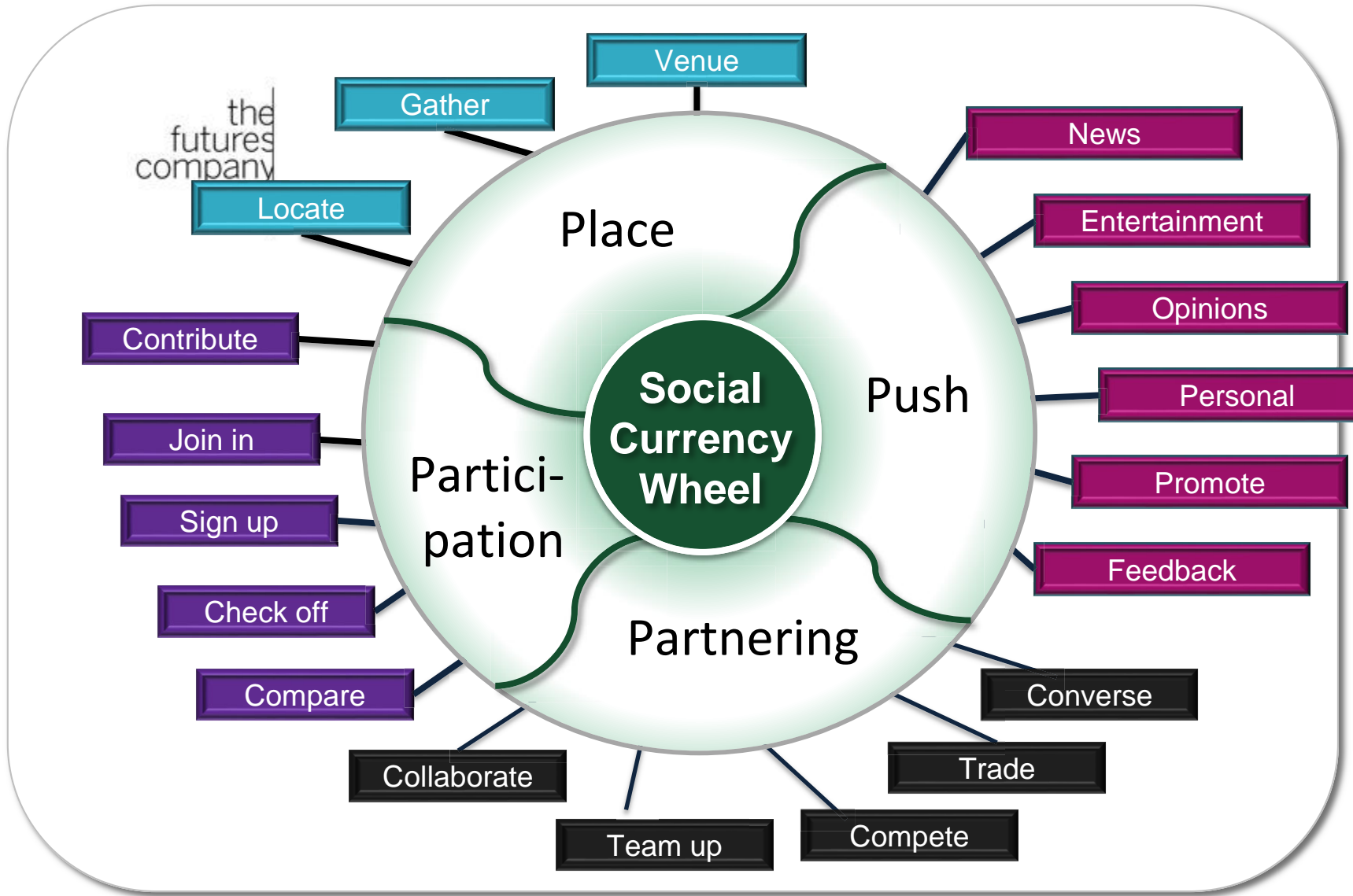
"We know we're not the center of your life, but we will connect you to what is."

Bank of America 

The new kinship economy: From travel experiences to travel relationships



http://library.the-futures-company.com/ihg/client_upload/file/The_new_kinship_economy.pdf



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Place



Push



Partici-
pation



Partnering



<http://www.nedap-retail.com/fashion/intelligent-mirror>



<http://www.ditto.com>

Thought-Starters

- Prioritization
- Fluid (not fixed)
- Streamline
- Social currency

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A “Slimming Down” Future Unfolding

J. Walker Smith
Executive Chairman

Thank you!