

State of the Consumer 2023

Understand & Engage Today's
Top Consumer Segments

AI Powered Insights to Fuel
Decision-making & Ignite Growth

Table of Contents

Introduction

Resonate Data Uncovers Consumer Sentiment For Better Targeting

Audience Segmentation Beyond Demographics

New States of The Consumer

Revealing The Human Element

Three Nuanced Subsegments of the Cautiously Optimistic Consumer You Need to Know

Putting Resonate Data Into Action

The Real Story Behind Brand Loyalty

What's Next

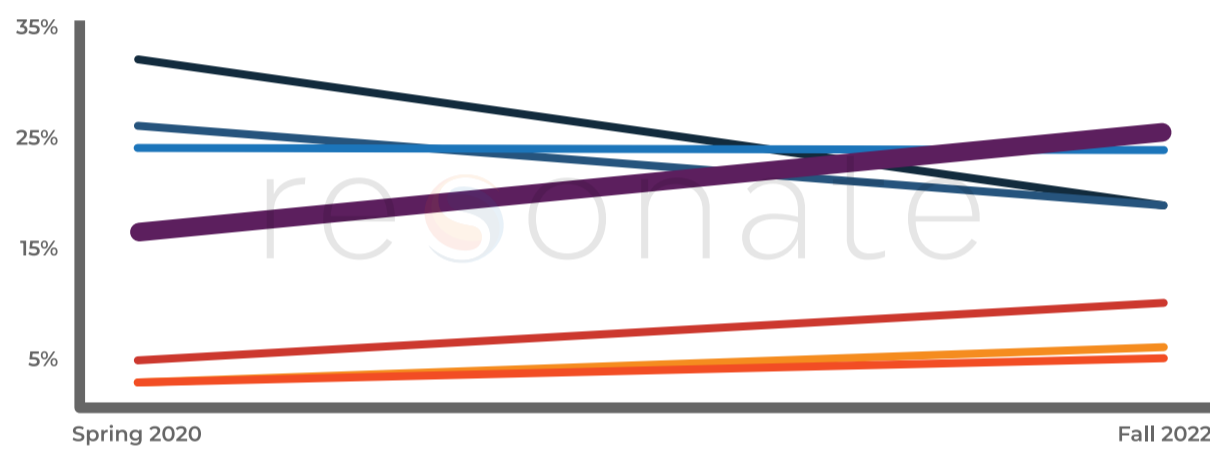


Get to know the critical consumer segments in your audiences as whole humans and learn how to use this understanding to uncover new opportunities to drive revenue in 2023. Learn the who, what, when, where, and, most importantly, the why behind consumers' decisions to buy, choose, support or abandon a brand or cause.

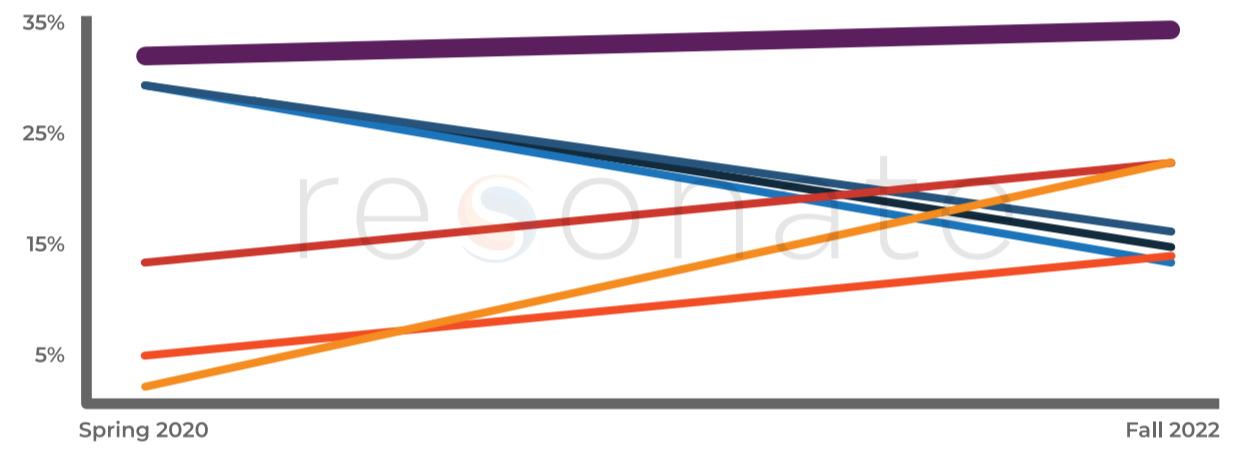
Introduction

The overwhelming nature of the recent past — and bouncing from one catastrophe to another — has created a state of what some are calling “permacrisis.” This baseline level of moderate anxiety continues to plague consumers, shaking their confidence and shaping their behavior and spending habits. At the onset of the COVID-19 pandemic, Resonate launched a new form of consumer research to capture the “pulse of the consumer.” Powered by the Resonate AI-Data Engine, this ongoing, constantly refreshed research gauges how recent and breaking events are impacting consumer sentiment, intent, preferences and behavior. This data has captured the evolution of the consumer through viruses, protests, politics, supply chain issues and war. Resonate has observed that a significant portion of the US consumer base remains in a permanent state of moderate anxiety due to these ongoing events.

Inflation Fears, Economic Concerns



Virus Exhaustion, Constant Health Concerns



(Source: Resonate Recent Events Consumer Flash Studies)



Understanding the nuances between consumer segments means the difference between acquiring new customers, retaining high-value customers or losing to your competitors. In a tough economy, every consumer acquired and retained counts, so a holistic picture of the customer is critical.

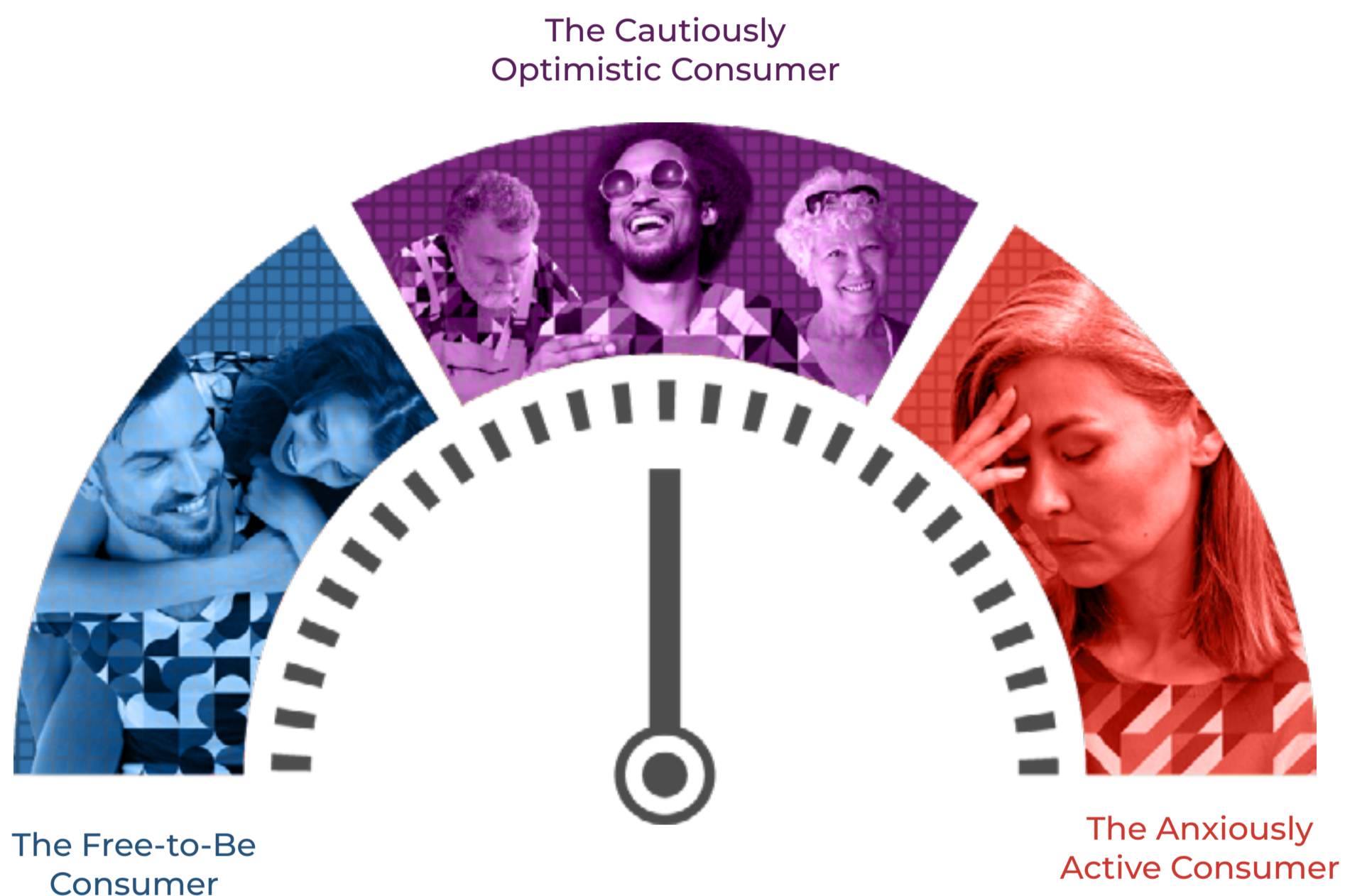
64%
of online US adults are anxious about the possibility of a recession.¹

2x
Consumers are twice as pessimistic about the economy today than they've been throughout the pandemic.²

72%
of consumers say external factors such as inflation, social movements and climate change are impacting their lives more than in the past.³

Resonate Data Uncovers Consumer Sentiment for Better Targeting

To help prepare you for success, we have tapped into the unparalleled Resonate, AI-powered data set. Leveraging cutting-edge data science and advanced modeling, we've segmented the consumer base into unique audiences according to their level of sustained financial and health-related concerns. These groups face varying levels of economic and health concerns that are currently a part of the American experience.



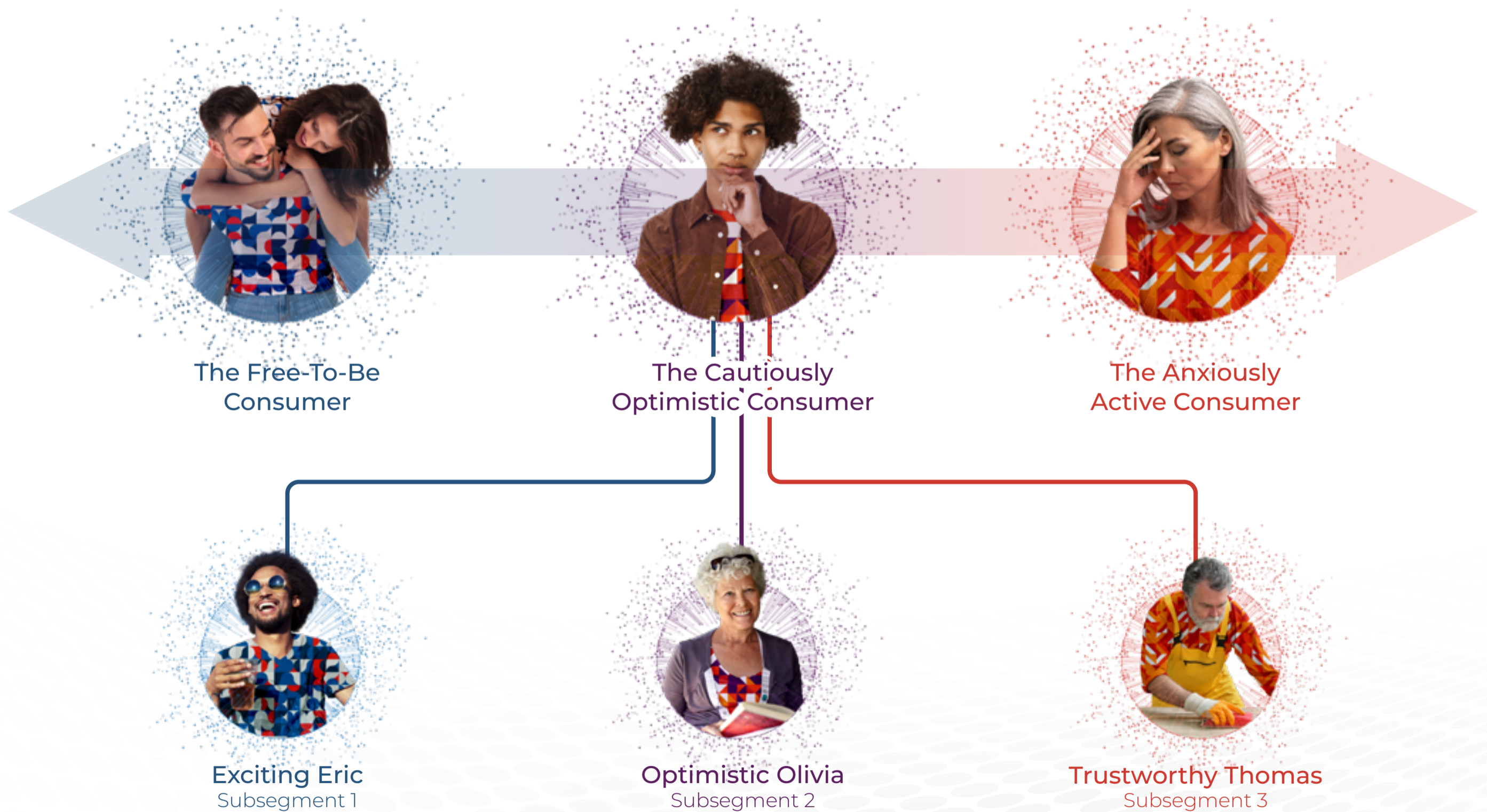
In this year's Resonate State of the Consumer report, get to know key consumer segments as whole humans and learn how to use this understanding to uncover opportunities to drive revenue. Unparalleled consumer data, like the data referenced in this report, is critical to successfully acquiring customers in a challenging market. It's equally as critical to building lasting relationships, accelerating upsell and preventing churn through a deeper, more meaningful understanding of dynamic consumers — an understanding that's only possible with Resonate data.

Audience Segmentation Beyond Demographics

Today, it tends to feel like we are more divided than ever. When it comes to certain topics or positions, there is strong polarization. However, we are more aligned than most would assume.

Conventionally, most segmentation approaches start with demographics. In the Resonate the State of the Consumer, we started with psychographics, specifically sentiment and attitudes impacted by the macro-environment, as the defining criteria. By this commonality, we were able to elevate a vital insight — levels of anxiety — which is incredibly useful in marketing strategy, from predicting behavior to informing offers and messaging. In fact, a wide range of consumers share the same anxiety levels. Had we started with demographics, we may have missed crucial data about today's consumers.

Consumers also are united by other, more resonant qualities. We will discuss the qualities that increase your ability to segment, target and understand your audiences to produce better results in the following sections. As we dive into the three overarching states of the 2023 consumer and even further into subsegments of the 'Moderate Middle,' you'll discover just how uniquely engaged your audiences are.



State of the Free-to-Be Consumer

Consumers Who Expressed Low Concern Related to The Economy and Their Health

Since the start of the pandemic, the Free-to-Be Consumer has been relatively unbothered by health concerns and a shaky economy. At first glance, these consumers may seem to be careless and carefree. However, Resonate insights uncover that they are internally motivated to succeed and live their best lives despite the global outlook.



Meet Leslie and Jim. They're a DINK (double-income-no-kids) late-millennial couple who you'll see during happy hour after work and at the club or bar on the weekends. As you read this, the fun-loving couple is planning their next road trip across America.

What's Next On Their Shopping List



Home Audio System



Fire Pits



Kitchen Furniture

What Drives Them to Buy

The Free-to-Be Consumer wants to enjoy life and is more likely to buy **TIME-SAVING** and **EXCITING** products and experiences, like VIP tickets to a show. They also are more likely to buy products that are **LUXURIOUS**, like a state-of-the-art audio system with all the bells and whistles. These unconcerned consumers care less about whether the products they buy are safe.

52% less likely to prioritize shopping at a retailer that cares about the environment than the Anxiously Active Consumer, who you will meet in the next section.

How to Reach the Free-to-Be Consumer

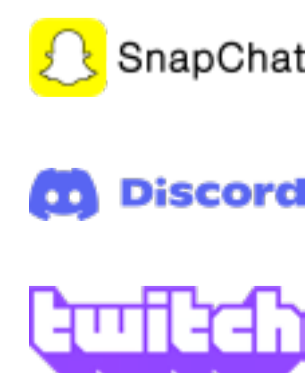
Top Networks



Top Streaming Channels



Top Social Channels



State of the Anxiously Active Consumer

Consumers Who Expressed Large Concern Related to The Economy and Their Health

Unlike the Free-to-Be Consumer, the Anxiously Active Consumer has been plagued with concerns about the state of the world. But don't think they're waiting on the sidelines for change. They're holding corporations accountable and aligning their spending to brands that align with their social causes.



Meet Martha, an affluent retiree committed to leaving the world a better place than the one she inherited. She's actively involved in conservation efforts and wants to participate in climate change initiatives.

What's Next on Their Shopping List



Health and Beauty



Pet Supplies



Gardening & Outdoor

What Drives Them to Buy

The Anxiously Active Consumer is laser-focused on making the world a better place, which is why this segment is more likely to buy products that **SUPPORT SOCIAL ISSUES** and are **ETHICALLY SOURCED** like t-shirts made from recycled materials for an upcoming protest. Because they are also very concerned about their well-being, they are more likely to buy **HEALTHY** products and care less about whether the purchase saves them time or not.

The Anxiously Active Consumer is **45% more likely** to pay extra for a product from a brand that aligns with an issue they care about than the Cautiously Optimistic Consumer who you will meet in the next section.

How to Reach the Anxiously Active Consumer

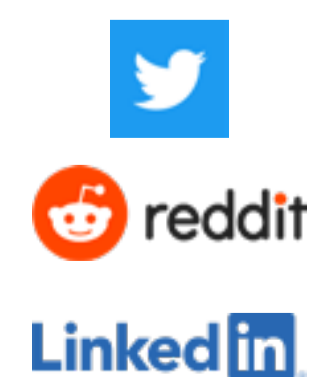
Top Networks



Top Streaming Channels



Top Social Channels



State of the Cautiously Optimistic Consumer

Consumers Who Expressed Moderate Concern Related to The Economy and Their Health

Here is where we find the largest portion of the US consumer — in a state of “permacrisis,” constant moderate worry. Or it could be labeled as a state of “semi-optimism,” depending on how one looks at it. The Cautiously Optimistic Consumer is tepid about most things. They are riding the waves of change as best as they can.



Meet Joe, a Gen Z-er born into a world in disarray. He started college during the pandemic and had to quickly navigate a fast-changing, uncertain world and has grown up hyper-connected.

What’s Next on Their Shopping List



Video Games



Gaming Consoles



Entertainment Room Furniture

What Drives Them to Buy

The Cautiously Optimistic Consumer relies on previous experience for purchases and is more likely to buy products that are **FAMILIAR**. This segment seeks out products that are **GOOD-LOOKING** and boost their self-esteem, as well as products that are **HEALTHY** and grow their well-being. They aren’t as worried about the purchase being one-of-a-kind or energy efficient.

Want to know who the Cautiously Optimistic Consumer is in your audience? Resonate can infuse any audience with Resonate Elements data and deliver it your ecosystem CRM, CDP or data lake, or you can access enriched data in the Resonate Ignite Platform.

How to Reach the Cautiously Optimistic Consumer

Top Networks



Top Streaming Channels



Top Social Channels



Revealing The Human Element

To drive more personalized marketing that accelerates growth, brands need to get at the why that drives consumers to act. Resonate data is continuously updated, powered by AI and includes thousands of robust insights on the US consumer, revealing the who, what, where, when and how behind consumer decisions. But there's so much more.

The Human Element is what makes Resonate data different. It's a dynamic, proprietary, 360-degree view of a person that combines core attributes, like demographics and psychographics, with the values that drive them to choose, support or protest and the motivations that inspire their loyalty or abandonment of a brand. These personal values help determine what informs a person's decisions and have been found to be cross-culturally stable, won't change over time and have been proven to be consistent with purchase outcomes. It's the why that develops unbreakable consumer relationships and sparks true love of brand.

Resonate data illuminates important psychographic nuances in demographically similar audiences. For example, a bank institution's data may present two customers as millennial moms who work full-time and have a household income of \$150K. But, when enriched with the Resonate Elements data set, the bank learns critical insights, such as one mom is about to start a small business while the other is about to renovate her family home. With this richer understanding, bank marketers can tailor their offers, personalize the customer experience and inform their overall strategy.

Profile of Bank Customer A

Gender: Female
Children: Yes, 1
HHI: \$150k+



Profile of Bank Customer B

Gender: Female
Children: Yes, 1
HHI: \$150k+



Working on Home Improvements

Driven by:
A Devotion to God and Romantic Love

More likely to Support Green Companies

Considering Switching Banks Based on:

- Mobile Banking
- No Minimum Fees or Balances
- US-Based Service



Starting a Small Business

Driven by:
Proving Competence and Expressing Individuality

More Likely to Follow Social Media Influencers

Considering Switching Banks Based on:

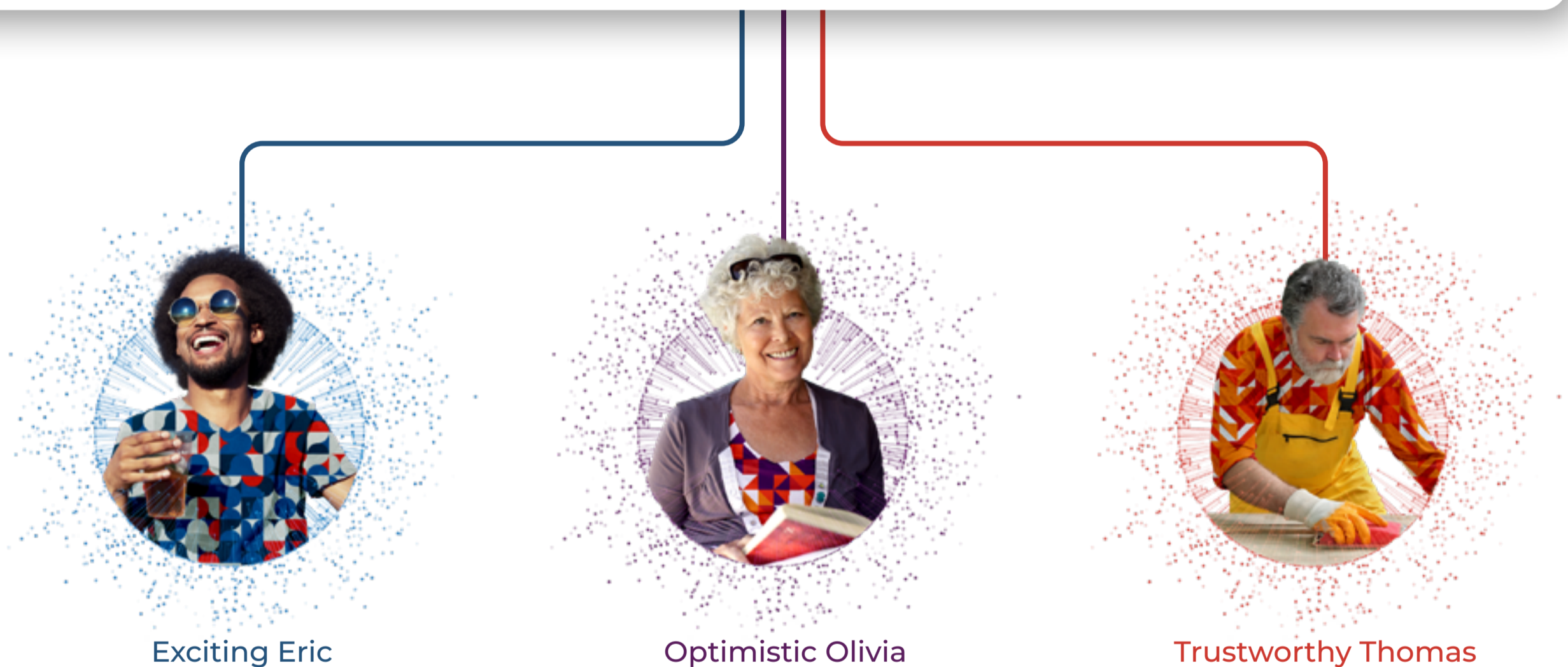
- Branch Location
- Interest Rates
- Loan Availability

Three Nuanced Subsegments of the Cautiously Optimistic Consumer You Need to Know

American consumers seem to be divided on everything from politics and social issues to influencers getting cancelled and which legacy Nikes are the best. Despite those divides, we have found that we're all more alike than you would think.

While the Free-to-Be and Anxiously Active Consumers have very clear differences in personal values, the Cautiously Optimistic middle shares a set of common personal values and motivations behind their decisions to buy, choose, support or abandon a brand or cause. If you look more deeply to truly understand this "Moderate Middle," you will find important differences that will inform how you attract, engage and persuade them.

We uncovered and will explore 3 subsegments of this Moderate Middle of the Cautiously Optimistic Consumer segment:



Ways they are demographically similar, yet uniquely driven



What is on their shopping lists



What are their behaviors and preferences



Where and how to reach them with the right message

Meet "Exciting Eric"

Cautiously Optimistic Subsegment 1



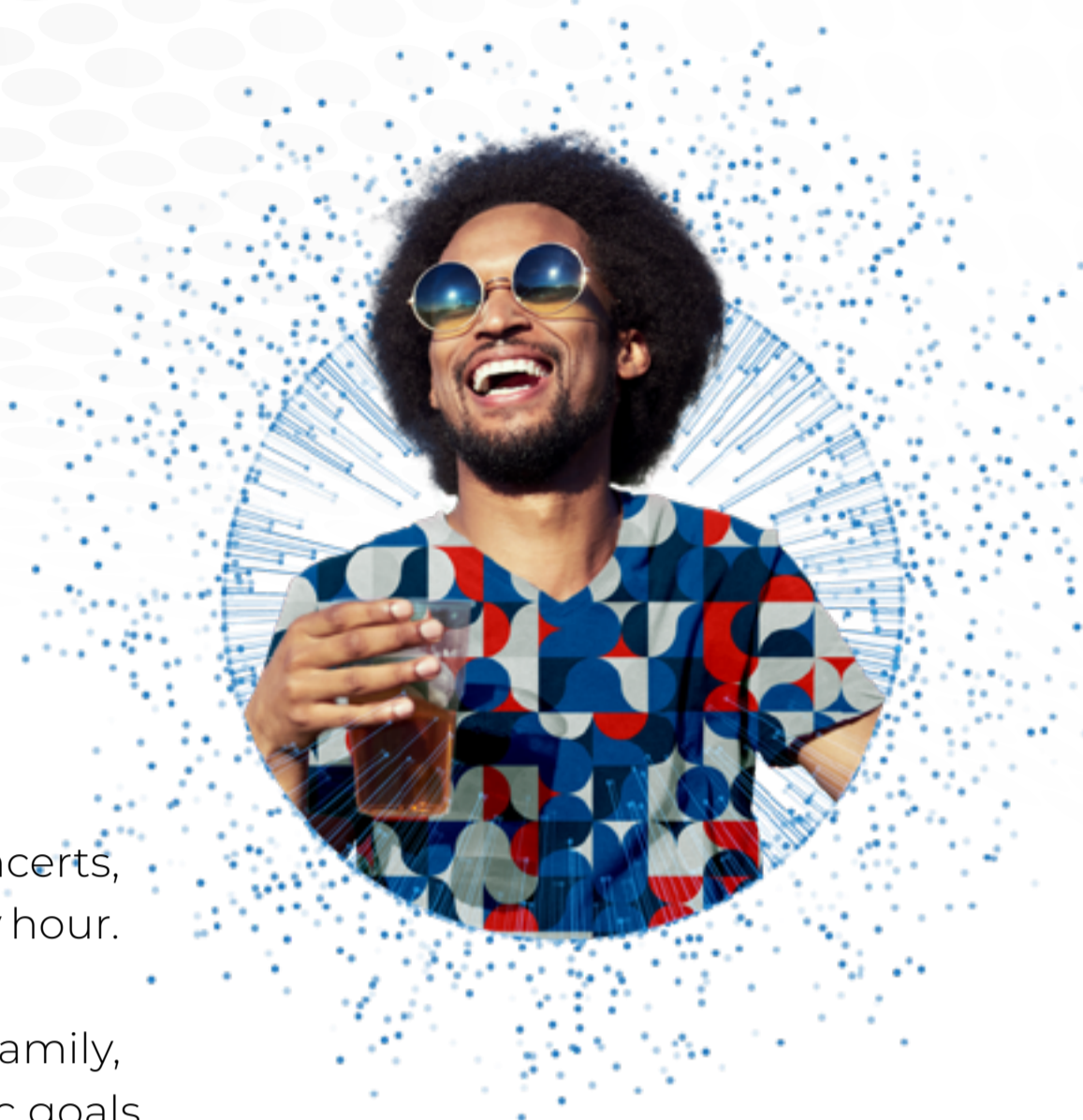
54% are male



12% have a household income of \$150K+



40% have children under 18



He values living a life full of excitement, enjoying life's pleasures and acquiring wealth and influence.



His hobbies include attending music festivals and concerts, going out to the club and stopping by the bar during happy hour.



His daily routine includes being physically active with his family, working out at least twice a week and crushing his athletic goals.

Exciting Eric is an active Zillennial with a zest for life who enjoys going to bars and concerts. He's an up-and-coming professional and the Cautiously Optimistic Consumer most likely to be on the hunt for a new job. Eric is both very fiscally and socially liberal and uses his time and energy to actively support causes he cares about by taking to the streets — whether it's volunteering for a cause or charity or attending a rally or protest.

What Drives Him to Buy

Exciting Eric values novelty and enjoying life's pleasures and is, therefore, more likely to purchase products that are **LUXURIOUS** and **UNIQUE**. Since 40% of this subsegment has children, he's also more likely to buy **FAMILY-FRIENDLY** products. Eric cares less about the comfort of a product that is familiar or dependable.

What's Next on His Shopping List



Computers & Smartphones



Video Games



Kids/Baby Things

How to Reach Exciting Eric

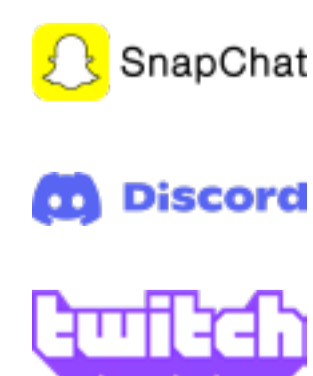
Top Networks



Top Streaming Channels



Top Social Channels



Meet "Optimistic Olivia"

Cautiously Optimistic Subsegment 2



51% are female



25% have a household income of \$25-50K



64% do not have children under 18



She values the freedom to determine her own actions, caring for nature and caring for her family and friends.



Her top hobbies include gardening, following her favorite TV shows and eating high-protein foods.



Her daily routine includes drinking coffee regularly and making healthy homecooked meals.



Optimistic Olivia is a happily retired empty nester and full-time plant mom. A big nature lover, she regularly buys green products. However, Optimistic Olivia is somewhat socially and fiscally conservative and less likely to partake in environmental actions like buying green carbon credits or criticizing unethical companies.

What Drives Her to Buy

Optimistic Olivia's shopping list is all about the home, and she is looking for products that are **DURABLE** and **PRACTICAL**. But she also wants the frills and is more likely to buy products that are **LUXURIOUS** and will splurge on the highest-quality bed sheets. She cares less about whether the purchase is the best-looking or most fun to use.

What's Next on Her Shopping List



Home Goods & Furnishings



Garden/Outdoor



Bedding

How to Reach Optimistic Olivia

Top Networks



Top Streaming Channels



Top Social Channels



Meet "Trustworthy Thomas"

Cautiously Optimistic Subsegment 3



51% are male



22% have a household income of \$50-75K



65% do not have children under 18



He values being a reliable person, obeying the law and fulfilling his obligations, as well as caring for his friends and family.



His hobbies include working on home improvement, entertaining family and friends at home and playing the lottery.



He dedicates time every day for prayer, and he eats with his family at least four times a week.

Trustworthy Thomas is currently filling his free time with home improvement projects. He'll do business with honest companies that price products fairly and have truthful ads. Thomas is part of the most socially and fiscally conservative segment of Cautiously Optimistic Consumers and believes in defending traditional marriage and supporting pro-life issues.

What Drives Him to Buy

Trustworthy Thomas values reliability and is, therefore, more likely to purchase products that are **TRUSTWORTHY** and **DURABLE**, like his new, top-rated lawn mower with an extended warranty. He's also more likely to buy products that are **REWARDING** but is less interested in the products being unique or energy efficient.

What's Next on His Shopping List



Home Improvement



Pet Supplies



Outdoor Furniture

How to Reach Trustworthy Thomas

Top Networks



Top Streaming Channels



Top Social Channels



Putting Resonate Data Into Action

Marketing to Trustworthy Thomas Throughout the Customer Lifecycle

How to Acquire

A dog toy brand enriches its first-party CRM data with Resonate data, finds Thomas in its target audience and learns that he typically buys pet supplies at big-name stores (Petco, PetSmart and Walmart) where their products are sold. The brand then incorporates messaging that mentions where to buy their toys into their paid social ads on Instagram and Facebook — two of Thomas' top-used social media networks.

How to Grow

Now that the dog toy brand has successfully turned Thomas into a happy customer, it can use Resonate attributes to find upselling opportunities. They learn that Thomas just adopted a new puppy to keep his older dog company, making him the perfect prospect for the brand's new line of dog training toys. Because the Resonate data also shows that Thomas loves watching dog videos, the brand can create a series of training tutorial videos to add even more value to Thomas' experience.



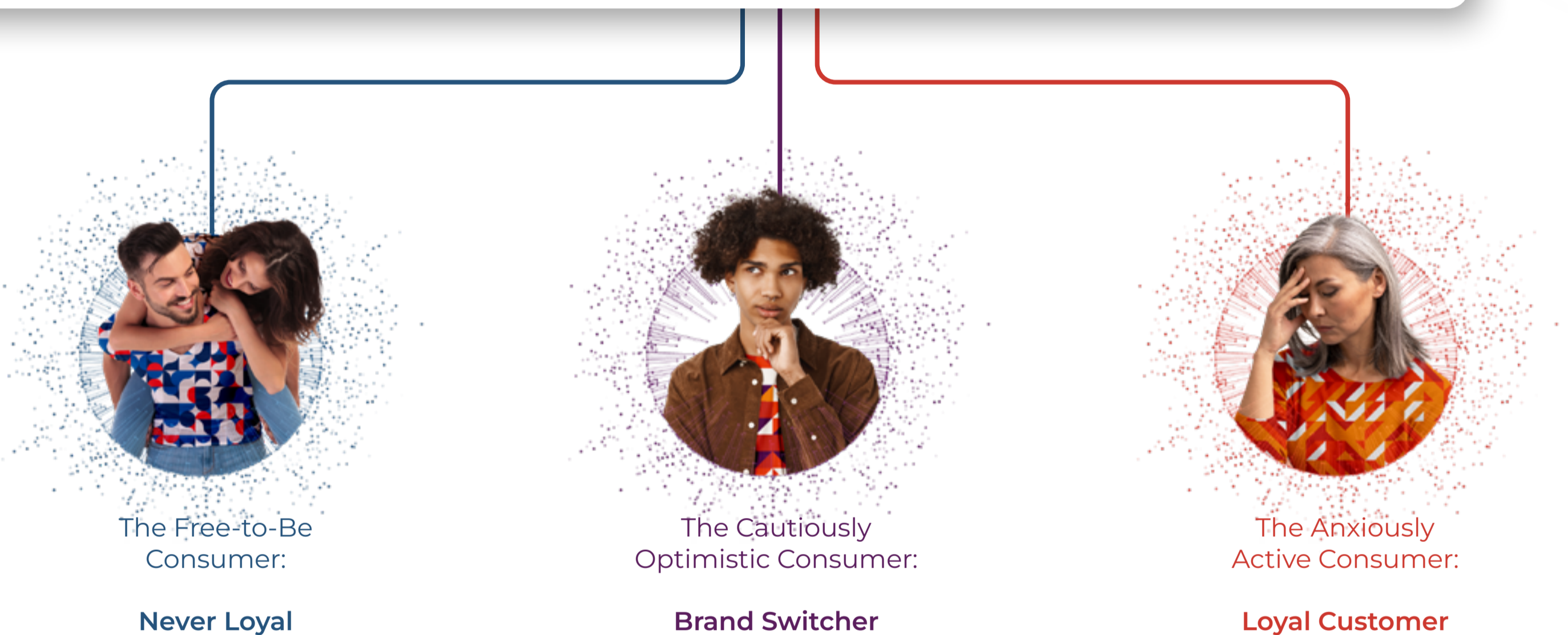
How to Retain

Thomas' go-to dog toy company uses Resonate data to learn that his top considerations when buying pet products are that they are durable and safe — two qualities the company rigorously tests for in production. With this new information, the dog toy brand includes messaging stating the fact that it tests dog toys in a way that simulates pets' behavior and is held to federal standards for children's toys.

The Real Story Behind Brand Loyalty

Brand loyalty was up for grabs before the pandemic and the economic and political turmoil of recent years. However, these events have led consumers to judge loyalty through the lens of their values and other purchase drivers. They are making decisions based on whether brands meet their expectations better than the next brand or not — and only the brands that understand individual customers at their core and create personalized, relevant experiences that keep them coming back will win their repeat business.

When asked “*whether they were loyal to brands 12 months ago and have since abandoned that loyalty,*” the State of the Consumer segments each consider themselves to be:



Consumers focused on survival aren't focused on exploring new brands; they want something reliable. On the other hand, younger audiences — like Exciting Eric — and more trusting audiences — like Trustworthy Thomas — are interested in innovative products. If brands can improve loyalty by offering meaningful value to consumers, then it's possible to keep customers' patronage during times of reduced — or more intentional — spending.

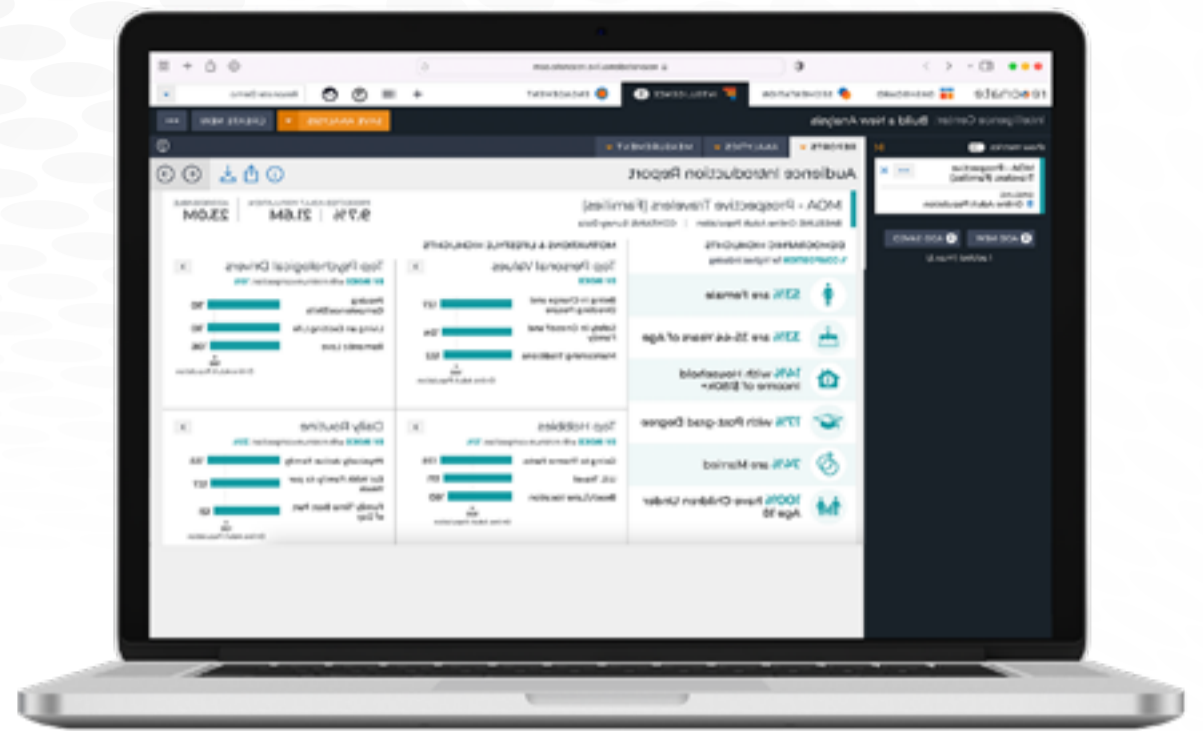
But how does it play out with the three Cautiously Optimistic segments?

- ✘ Less likely to be brand curious in 2023: **OPTIMISTIC OLIVIA**
- ✔ More likely to be brand curious in 2023: **ENTHUSIASTIC ERIC AND TRUSTWORTHY THOMAS**



What's Next

In 2023, brands and agencies have the ability to enhance their understanding of critical customer segments with more robust, actionable insights that keep up with today's evolving consumer. Resonate puts relevant, privacy-safe consumer data at your fingertips. Enrich your first-party data (or any data) with the Resonate Elements data set to complete the story of your customers in your own ecosystem or onboard your data into the user-friendly, AI-powered Resonate Ignite platform — where you can discover, analyze and activate at scale across all channels. The opportunity to leverage the proprietary, privacy-safe Resonate data is endless.



Are you ready to reveal these segments in your customer base? Get the data you need to unlock increased revenue and drive greater brand loyalty. Let's get started today.

Resonate continues to track these consumer segments and will update you on the latest trends and how those impact messaging, strategy, offers and more. Follow us on social for the continued evolution of the 2023 State(s) of the Consumer.

1. Proulx, M. (2022). Recession Fears Transcend the US Culture War. Forrester. Retrieved from <https://www.forrester.com/blogs/recession-fears-transcend-the-u-s-culture-war/>.

2. Charm, T., Saavedra, J. R., Robinson, K., & Skiles, T. (2022, August 16). The Great Uncertainty: US consumer confidence and behavior during inflationary times. McKinsey. Retrieved from <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/the-great-uncertainty-us-consumer-confidence-and-behavior-during-inflationary-times>.

3. Shah, B., Barton, R., Van der Ouderaa, E., & Björnsjö, A. (2022). (rep.). The human paradox: From customer centricity to life centricity. Accenture. Retrieved from <https://www.accenture.com/us-en/insights/song/human-paradox>.

ABOUT RESONATE

Resonate is a pioneer in AI-driven consumer data and intelligence, delivering deep, dynamic insights, activation and analysis in an easy-to-use SaaS platform. The Resonate proprietary, privacy-safe data set includes more than 14,000 fresh, relevant data points that describe more than 230 million individual US consumers. Hundreds of companies use Resonate to drive better marketing strategy and execution fueled by a better, more comprehensive understanding of their customers and prospects that extends beyond traditional demographics, psychographics and behavioral data to uncover why consumers choose, buy or support certain brands, products or causes. Empowered with unparalleled technology to drive insight into action, leading brands, agencies and organizations use Resonate to identify, engage and analyze these audiences, driving growth and increasing customer lifetime value. Headquartered in Reston, Virginia, Resonate is privately held and backed by ZMC, please visit www.resonate.com.

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