

Viva the Vital

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Age of Responsible Consumerism Begins

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Christmas, as Charlie Brown has long understood it -- and the Grinch, too, ever since his heart grew three sizes that fateful day -- isn't about the presents: It's about so much more.

We're seeing the evidence in family rooms across America. Consumers of all ages are deciding that happiness on Christmas morning can't be found in a big box store, and it can't be wrapped up in pretty paper. Buying and owning more stuff provides no lasting satisfaction -- only bigger credit card bills and a shriveled savings account. Americans are craving what money cannot buy: the rewards of friendship, family, community and spirituality. Mass consumerism by the masses is dead.

Welcome to the dawn of Responsible Consumerism -- arguably the most profound shift in American values since the 1960s.

We saw this seismic shift coming a generation away. Members of both the G.I. and Silent generations, those now ages 63 and older, led the way by reducing their own consumption of goods and services as they grew older. Their desires shifted as they reached 50 and then 60: fewer material goods, more enriching experiences. Fast on their heels comes the largest, wealthiest and most important demographic group America has even seen. Boomers, raised in front of television sets, a target for marketers from age five upward, are now reaching 60 at the rate of one every eight seconds.

That's right. The generation that put the mass into consumption is now at the stage of life where people naturally shift focus from the material to the ethereal. What's fascinating (or worrisome, if you're in a retail or consumer-products business) is that the impact of this shift on America's consumption-driven economy is just beginning.

But wait, there's more: This shift away from spending by our largest demographic group coincides with a larger societal trend towards sustainability. Consumers of all ages are thinking more about the environmental impact of their purchase behavior and consumption patterns. In a national study we conducted among all adults in late summer, before the economic meltdown, 80% of all consumers told us they think or act in a "green," or environmentally responsible fashion. Green is mainstream, and here to stay. Today's consumers want to be responsible in their consumption. They crave "sustainability," not planned obsolescence. They focus increasingly on "needs" and not "wants."

One last ingredient to this perfect storm: the worst recession since the Great Depression. Put all three trends in a blender and the future for marketers is grim indeed. Mass consumption, the underpinning of the American economy since 1946, is dead, dead, dead.

The Reach of Responsible Consumerism

Baby Boomers have dominated the consumer market in America for the last 40 years. They may be getting older but they haven't finished dominating. The McKinsey consulting firm recently advised companies to plan on Boomers ruling the economy until 2016, which is when younger households will finally surpass Boomer households in buying power. We've long predicted that Boomers will spend time and money pursuing their own vitality (hence, *Viva the Vital*) as they pass through their remaining midlife years and reach old age and beyond. Now we believe this quest for vitality will operate with a new filter: frugality and responsibility.

The economy is already feeling the effects as individual Boomers curtail spending and place more emphasis on saving. The impact of this new frugality will spread far and wide as Boomers decide that a 3,000-square-foot house meets their needs as well as a McMansion, that a three-year-old car will serve as well as a brand new one, that the neighborhood swimming pool gets the kids just as wet as the country club's, and that most of the presents under the Christmas tree are unwrapped and forgotten by New Years Day. The retail sector will contract, and consumer products manufacturers will, too. Sales tax receipts will tumble, governments will wrestle with revenue shortfalls and services will be curtailed. The global economy will suffer a wrenching restructuring -- Chinese toy manufacturers are experiencing mass layoffs -- as frugality and responsible consumerism take root across America.

Government leaders are panicking as they find it unaccountably difficult to re-stimulate the old consumption-based economy. Can you say bailout? But poll after poll shows that less than 50% of the population support such actions, suggesting that Americans are ready for our economy to be reshaped into something more financially and environmentally sustainable. What's to come -- an energy economy? A green economy? Or a global economy? We don't know. But we do know consumers have moved and smart marketers will need to get busy to determine the new destination.

By luck or brilliance, we think Wal-Mart will thrive in this Responsible Consumer future: The company's current tagline, "Live better, save more" almost captures the mindset completely -- which is more along the lines of "spend less, live smarter." For Boomers, we think the immediate priority will be to act frugally, in consumption and savings, and only then on being vital.

The future of consumerism won't be built on buying more but getting more out of what we buy. And one role model will be Linus, Charlie Brown's young friend who acted responsibly and got a lifetime of value from his blanket.