

essentials  
d\_stilled



A WHOLE *News* WAY TO GROW

A study by News Corp Australia's Growth Intelligence Centre in partnership with Verve Insights, on how Australians are choosing what they can and can't live without, and how brands can ensure they remain essential in 2023.

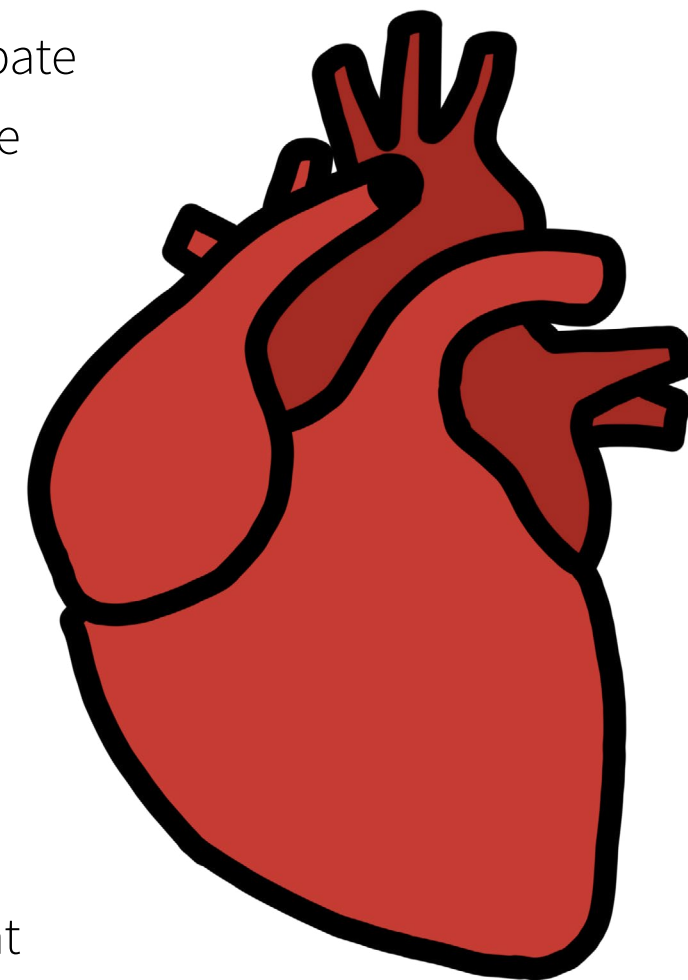


# Hearts are beginning to race...

Inflation in Australia is now higher than any point in the last 30 years. Subsequently, 9 in 10 Australians report that their day-to-day costs are rising and 8 in 10 anticipate they will change their spending habits in the next 12 months.

Given the magnitude of the seismic shifts caused by the pandemic, what we can't live without today will look very different to what it did yesterday.

This report explores the new essentials, and the cultural shifts that are driving consumer decision making in 2023, determining what they will and will not sacrifice, along with guidance for what these cultural shifts mean for brands.



67%

are in a worse financial position.

58%

are worried about their financial future.

42%

'feel hopeless'.

The pandemic disrupted supply chains, locked down bricks-and-mortar retail, and caused the inescapable sense of time being 'stuck' in groundhog day.

As a result, consumers have had their previously rusted-on brand-loyalties reset and explored or pursued alternatives driven by either necessity or novelty.

Engaging customers is more challenging than ever in this new environment and now is the time for brands to act to protect and grow their customer base.

## ...and hearts are up for grabs.

69%

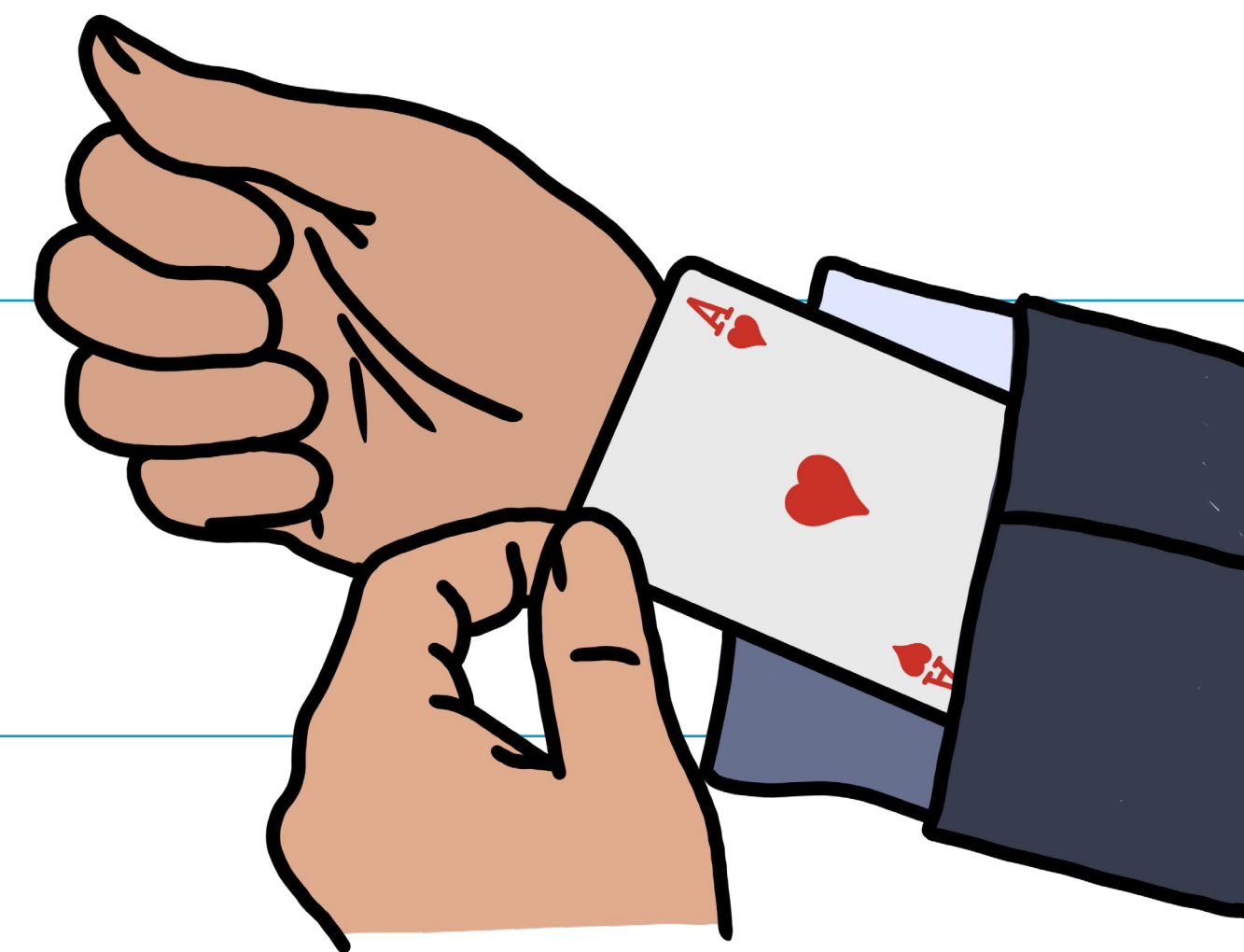
have changed their spending in the past 6 months.

77%

anticipate they will change in the next 12 months.

69%

anticipate they will need to dip into their savings.



A moment of reckoning  
is fast approaching...

44%

are not financially literate, likely  
impacting people's sense of control.



**Australians are underestimating their spending  
in 6 out of 8 categories, including dining out, travel  
and wellbeing.**

Pressure will continue to build, silently for many until a moment of reckoning at some point this year. A blunt reassessment of what is really important will be forced to follow.

Brands have an opportunity now to position themselves as essential in consumers' minds, leveraging their new paradigms and perspectives before the crunch.

# There are **four** cultural shifts that are the antidote to irrelevance, agnostic of industry, in the evolving dynamic of essentials.

## 1 ESCAPISM

As Australians grapple with cost-of-living pressure, they are seeking avenues to escape from the everyday, such as bingeing on streaming services, pursuing new hobbies, or simply indulging in a good book.



## 2 SHARED EXPERIENCE

As we have bounced back after some of the most isolated years in history, we are craving and prioritising shared experiences with friends, colleagues and loved ones. Dining out, travel, group exercise and major events are increasingly rationalised as 'essential'.



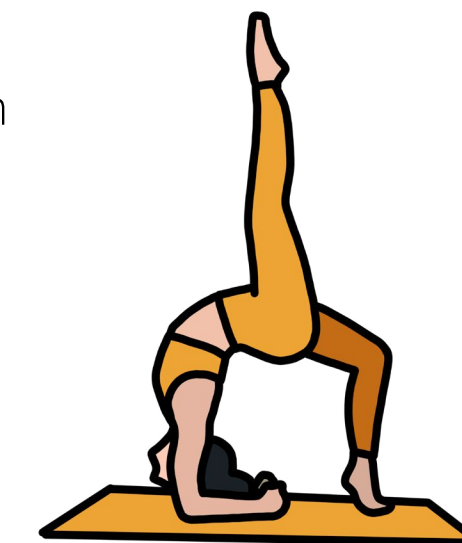
## 3 MICRO MOMENTS

Australians faced with decisions on where to cut back are rationalising smaller, more affordable indulgences in their everyday that deliver pleasure or joy, whether it be a favourite coffee, sweet or savoury treat, or even an affordable beauty treatment.



## 4 BEING WELL

The pandemic has thrust on us a confronting realisation of our vulnerability and fragility. As a result, for more Australians than ever before, nourishing our mental and physical well-being is now 'essential'. Activities and products that contribute to a sense of well-being will be the winners.



# How did we get here..?

News Corp Australia’s Growth Intelligence Centre partnered with Verve Insights Oct-Dec 2022 to explore the following avenues in determining the emergent themes identified as ‘essential’ for consumers in the current economic climate.

### CULTURAL LANDSCAPING

Comprehensive scan exploring cultural trends, applying behavioural science principles, to determine emergent influences.

### SOCIAL LISTENING

Using Social Listening & advanced AI, we monitored various social channels to understand how attitudes and beliefs are evolving.

### QUALITATIVE ANALYSIS

Interviewed a broad variety of Australians on how they are rationalising their purchase decisions in the current economic climate.

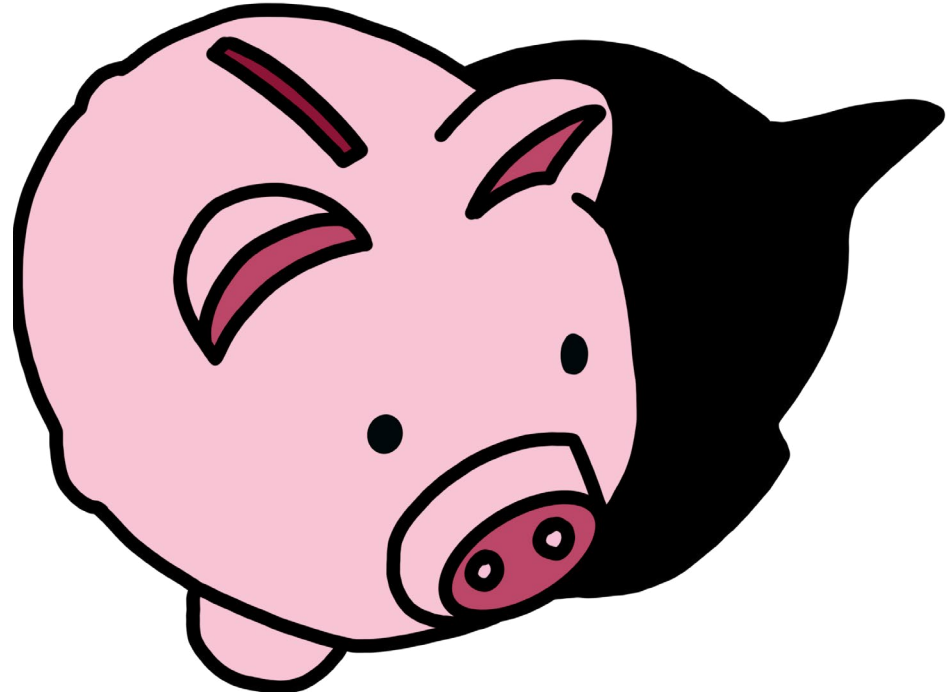
### QUANTITATIVE ANALYSIS

Surveyed 2,003 Australians, understand en masse, to explore further, and at scale, the trade-offs being made in the face of rising fixed costs.

### TRANSACTIONAL ANALYSIS

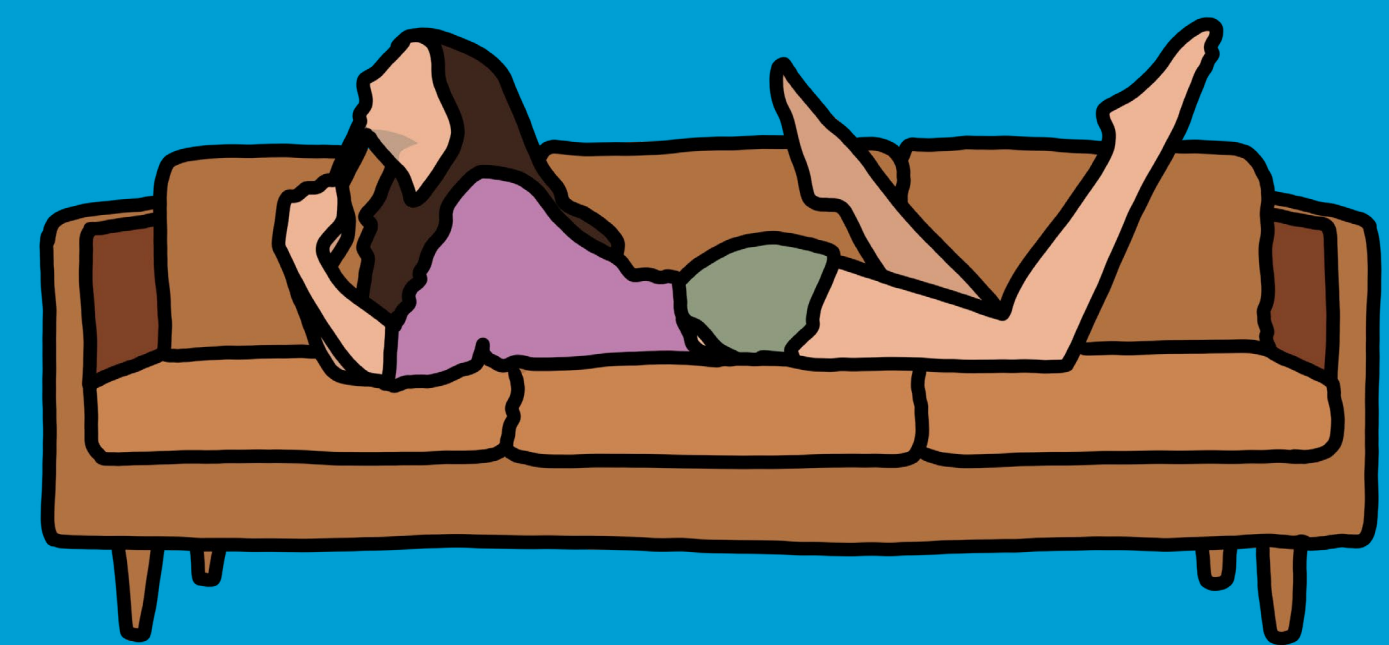
We then triangulated this with their transaction data to identify discrepancies in claimed and actual spend.

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# What is 'Escapism'?

Brands should recognise the opportunity they provide to consumers to switch-off (or switch-on) and step-away from the day-to-day pressure of the current economic climate.





# Escapism

Escapism can manifest as self-suppression or self-expansion and we see evidence of both. Self-suppression occurs when one immerses themselves in an activity to avoid negative emotions, whereas self-expansion is focused on immersion to create positive experiences.

TV subscriptions are opiates to those seeking self-suppression and are proving incredibly resilient as spend is stable despite consumers claiming to spend less.

Travel is the most popular self-expansion investment with overseas being a clear priority. Spend on travel has increased through the CoL crisis and 76% of travellers will continue to spend on travel in the next 12 months.



# 9 in 10

of TV subscribers will continue to spend despite the CoL crisis.

# >50%

will spend at least the same or even more on TV subs in the next 12 months, regardless of age, household composition or income.

# 77%

of Australians planning a domestic holiday in the next 12 months agree that they are simply trying to find joy in the everyday.

# Escapism - What this means for brands?

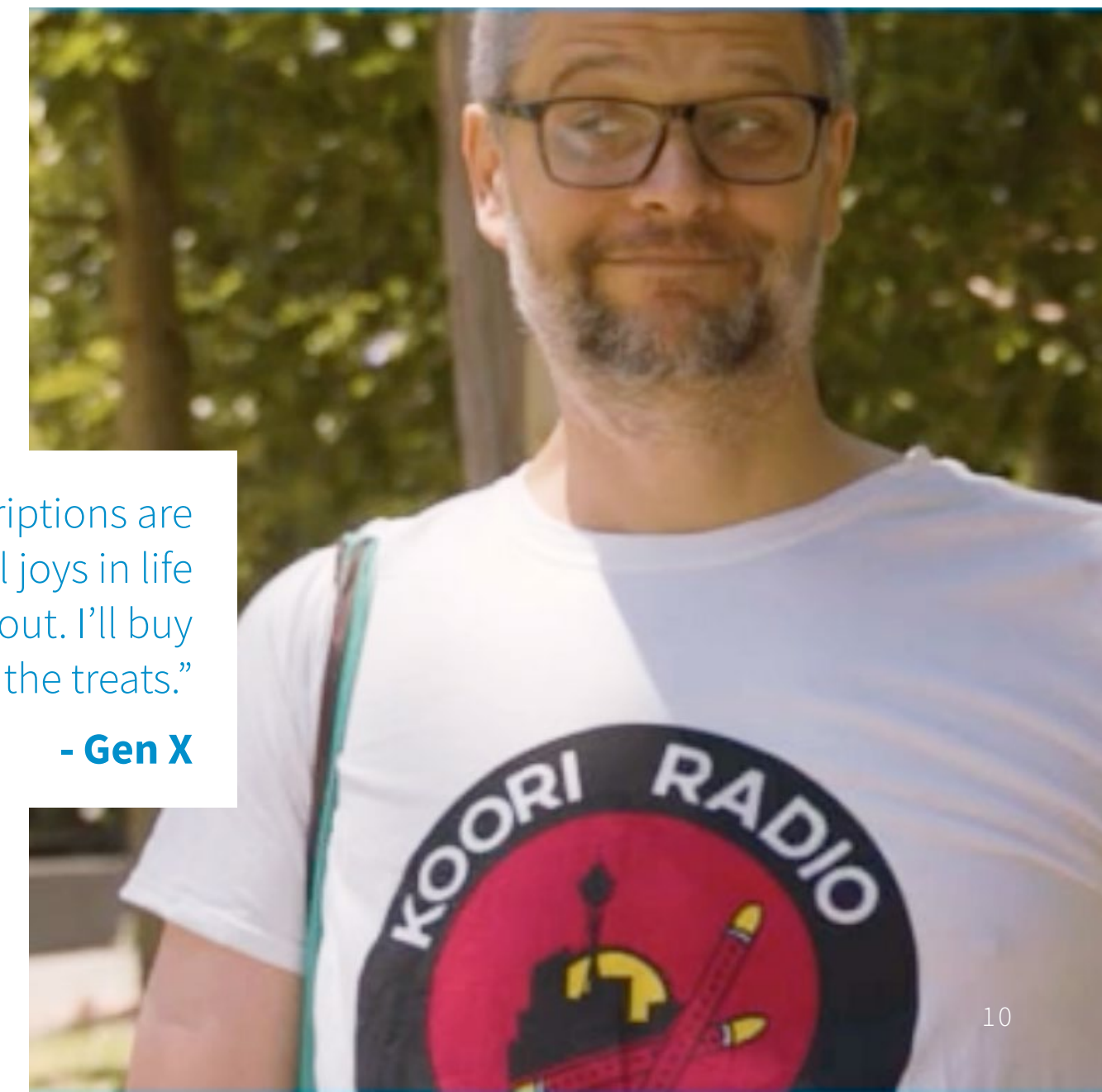
Brands that appeal to a need for self-suppression or self-expansion can transcend their category to be included in the new mental model of essential.

## WHAT ARE CONSUMERS LOOKING FOR?

- Consumers are looking for a combination of empathy and opportunities to be distracted from the here and now.
- Additionally, brands that appeal to optimism, growth and immersion in new passions or pursuits will appeal to the self-expansion needs also present in those seeking to 'escape.'

“Little treats and TV subscriptions are important. These are small joys in life that I don’t want to go without. I’ll buy cheaper toilet paper but keep the treats.”

- Gen X



# What is 'Shared Experience'?

Brands should emphasise the moments where their products or services can re-unite Australians with their loved ones, either just around the corner or half-way around the globe.



# Shared Experience

After years of pandemic enforced isolation and social restriction, Australians are prioritising activities that will help them create these experiences and as a result strengthen or even rebuild their relationships.

This is most evident in the travel category, where social media mentions have rebounded to pre-pandemic levels and spend has increased throughout the CoL crisis.

But for those feeling the pinch, there are alternatives. For example, we have seen social mentions of Netflix Watching Parties overtake Yoga Mats for the first time since the pandemic wind-down in 2021.



*Shared activities like sports memberships, group fitness are some of the most resilient non essential categories that people will continue to spend on.*

# 2 in 3

Australians are prioritising spending time with friends and family in 2023, this is particularly emphasised for older generations.

# 82%

of households with children intend to travel domestically in the next 12 months.

# 72%

of Australians planning a domestic holiday have seeing friends and family as a priority.

# Shared Experience - What this means for brands?

Brands that align to creating positive shared experience will stand out through the CoL crisis as consumers look for ways to deepen their personal relationships.

## WHAT ARE CONSUMERS LOOKING FOR?

- Cost-effective ways to connect with loved ones and friends in more authentic and safe environments (eg. takeaway on the beach instead of expensive fine dining experiences).
- Creating a sense of community and appreciation for shared moments within their day-to-day lives, despite the economic pressure.
- Enabling opportunities for shared positive experiences with other like-minded individuals via events or similar initiatives (eg. park run).



“I want to have money for going out and travel... I’ll shop for less material stuff and live a minimalist life so I can spend on experiences.”

- Millennial

# What are 'Micro Moments'?

The crisis is increasing the cognitive load of day-to-day decision making and forcing consumers to make difficult trade-offs. To cope, they are taking advantage of smaller indulgences or micro-moments, wherever possible.



# Micro Moments

This is resembtant of the famous ‘Lipstick Effect’ which manifests as consumers spending more on less costly indulgences, such as lipstick, as they forego larger expenses.

In a post-pandemic world, this means being able to continue to justify the once-a-week treat from your favourite local bakery, enjoying your morning coffee on the train, or maintaining your more affordable beauty appointments wherever possible.



# 90%

of Australians will continue to spend on treats and snacks in the next 12 months.

# 88%

of Australians will continue to go out in the next 12 months, however only 30% will spend the same or more, indicating a shift to more cost-effective going-out options.

# Coffee

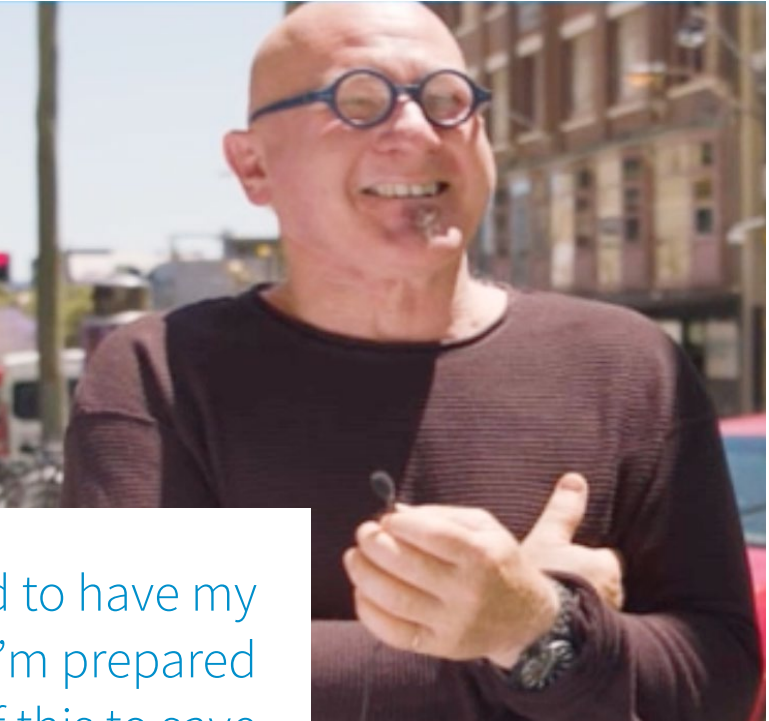
is one of the most resilient micro moments that people will continue to spend on.

# Micro Moments - What this means for brands?

Brands can leverage this shift by looking to offer consumers a joyous and affordable moment to indulge within their everyday. Aligning to this need, enables brands to become essential in the hearts and minds of customers.

## WHAT ARE CONSUMERS LOOKING FOR?

- Consumers are looking to brands to provide them permission to indulge in a moment of joy, albeit on a budget.
- Providing suggestions or ideas on new moments of guilt-free fun that doesn't break the bank.
- Helping them to feel connected to a community that empathises with their situation and permits them to find that moment, guilt-free.



I need to have my chocolate. I'm prepared to do all of this to save money so that I can have things like that."

- Gen X



"We will go to the pub for a meal as a treat."

- Gen X



"If things were super desperate, I'd cut the extras but you need a little bit of joy in life. You can do this and eat out without breaking the budget."

- Gen Z



# What is 'Being Well'?

Brands have an opportunity to tie their product or service to their potential consumers' sense of self-care and their pursuit of simply feeling good.



# Being Well

Covid forced us to reevaluate our personal wellness and drastically changed our related habits. For most, being well has now emerged as not only a top priority, but one with an expanded definition that incorporates all aspects of one's psychological, emotional and physical wellbeing.

The motivation to be well is also now deeply intrinsic. Australians are motivated to be well for themselves and will actively prioritise anything that supports that mission.

From a category perspective, we see that gym memberships and supplements are the most resilient essential categories and that spend on wellbeing has increased since the beginning of the CoL crisis.



After the pandemic, being well is the number one priority for Australians across all generations and income levels.

78%

will continue to spend on health and wellbeing in the next 12 months.

82%

Zoomers and Millennials in single households with no children will be investing the most in being well, with 82% continuing to spend on it in the next 12 months.

After a Covid-related dip, the amount of money spent on wellbeing has been increasing since September 2021.

# Being Well - What this means for brands?

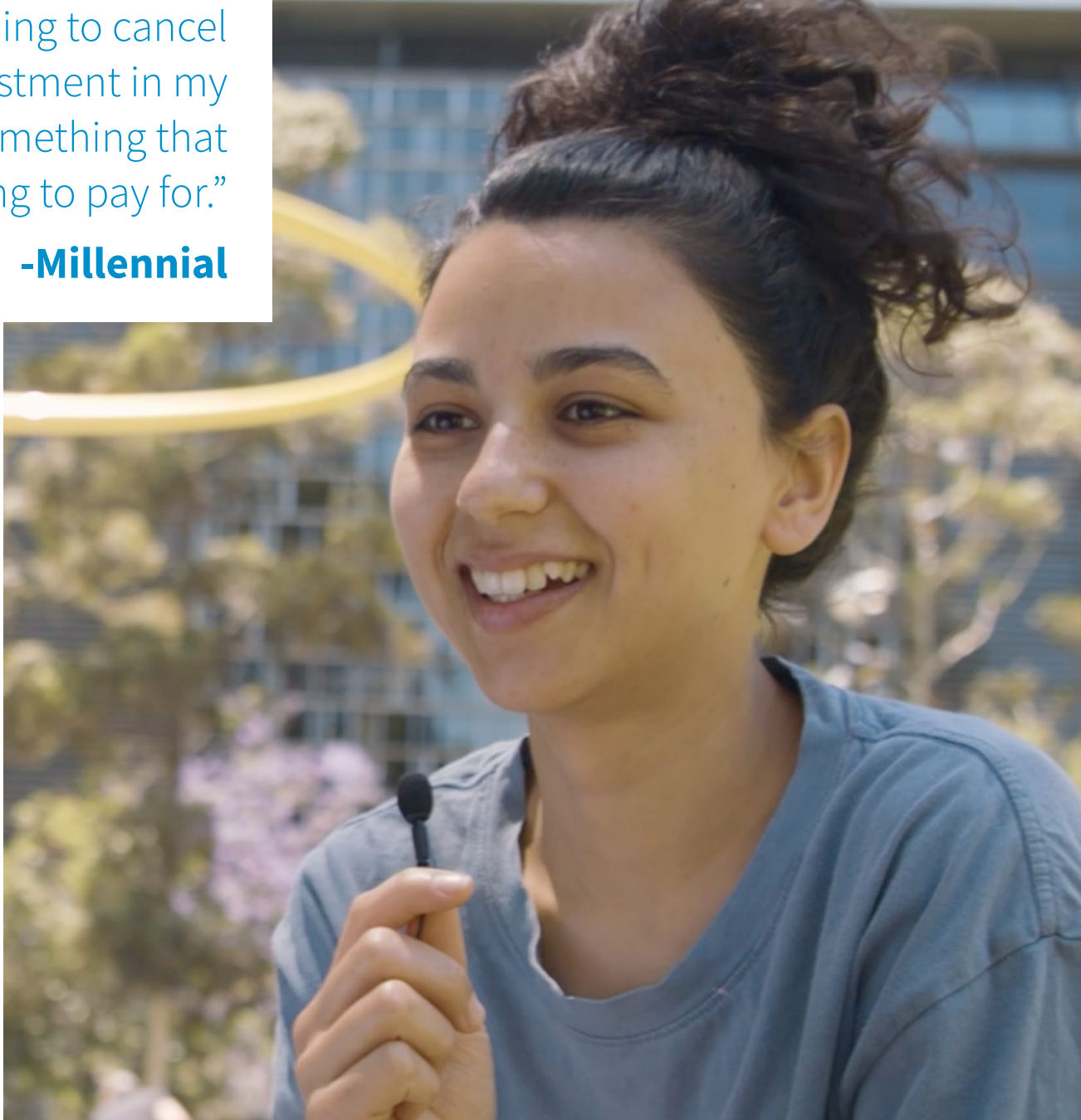
Being well is a powerful driver of choice that also attracts a 'wellbeing premium' which consumers are not only willing to pay, but consider an essential investment.

## WHAT ARE CONSUMERS LOOKING FOR?

- Assurance that a product or service is essential for some aspect of their wellbeing, even if that is simply 'feeling good'.
- Appreciate that the definition of health and wellness has broadened and more divergent, however empathy and compassion are more important than ever to connect with consumers.

"I joined the gym this year. I guess it is more on the expensive side, but I don't think I'm going to cancel it because it's an investment in my health. So that's something that I'm willing to pay for."

**-Millennial**



"I also won't cut back on the gym budget unless I have to, because it's time I take for myself."

**- Gen Z**

"I always say meditation saved my life, it's like I need it to be calm. So I really notice when I don't do it now. So yeah, I tried to do that everyday and I think I will probably continue."

**- Millennial**



*The essential themes are universal but their manifestations are personal.*

While the four themes exist universally, their manifestations are deeply personal and we can see this in how they present across four generational personas.



# Adventurous Zoomer

Adventurous Gen Z's are entering adulthood after years of being shut off from the world. They are keen to make up for lost time, and focused on socialising and traveling.

1

## ESCAPISM

Gaming, Bingeing a series;  
Travel planning

2

## SHARED EXPERIENCE

Twitch; Overseas travel;  
Netflix watch parties

3

## MICRO-MOMENTS

Going out, Treats & snacks

4

## BEING WELL

Meditation;  
Gym Memberships



93%

will continue spending on going out  
(41% the same or more).

46%

will continue to spend the same  
or more on international travel.

# Mortgaged Millennial

Mortgaged Millennials are feeling the pinch. Housing affordability and CoL pressure are creating anxiety as they also transition from couples to families.

**1 ESCAPISM**  
Gaming; Reading;  
Bingeing a series

**2 SHARED EXPERIENCE**  
Domestic travel;  
Netflix watch parties

**3 MICRO-MOMENTS**  
Beauty products,  
Takeaway coffee, Treats  
& snacks

**4 BEING WELL**  
Yoga, Gym memberships,  
Supplements



88%

will continue to spend on subscription TV (52% the same or more).

60%

will spend the same or more on wellbeing.

# Empty X Nesters

Gen X's Empty Nesters are under pressure as their young, adult children fly the coop but need support setting up their lives and making up for experiences they delayed throughout the pandemic.

1

## ESCAPISM

Puzzles, Mobile phone games; Bingeing a series

2

## SHARED EXPERIENCE

Coffee with friends, Domestic travel

3

## MICRO-MOMENTS

Beauty Products, Going out, Takeaway coffee, Treats & snacks

4

## BEING WELL

Yoga, Gym memberships, Supplements



68%

of Gen X agree that they will focus on finding ways to enjoy each day.

92%

will continue spending on treats and snacks.

# Recently Retired Boomers

Recent retirees are starting to question their decision to leave the workforce as they see their buying power and investments diminish.

**1 ESCAPISM**  
Puzzles, Bingeing a series,  
Travel planning

**2 SHARED EXPERIENCE**  
Driving to the beach on the  
weekends, Domestic travel

**3 MICRO-MOMENTS**  
Coffee & cake in a cafe,  
Treats & snacks

**4 BEING WELL**  
Park run, Gym memberships;  
Supplements



77%

of Boomers agree that seeing friends  
and family will be a priority.

50%

will spend the same or more on  
domestic travel without a flight.



Fortune will  
favour the brave...

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the growth  
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Brands are being made to re-audition for their consumers' hearts and minds, contact **News Corp Australia** to learn more on how to make sure your brand is **part of the new essential**.

Contact a News Corp Representative Today  
[NewsampAccessSession@news.com.au](mailto:NewsampAccessSession@news.com.au)