
FACING FEAR

UNDERSTANDING ANXIOUS CONSUMERS



SPRING 2020



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INTRODUCTION

Fear is a powerful motivator. It's a fundamental emotion, part of human nature's survival instinct, that pushes people to be risk averse. It's also a frame of mind that colors how people perceive the world and their place in it, from immediate circumstances to future happenings. Fear makes people easy to manipulate into different patterns of thinking, voting, and buying, particularly if what's for sale might ease that fear.

Over the past several years in prior research and conversations with clients, we've observed that shoppers are becoming more anxious concerning their decision making. Endless choice and unlimited information had created an environment where shoppers were becoming increasingly particular with their decisions – spending more time researching than ever before and feeling more stressed out by purchases, large and small. More recently, we began to notice this trend affecting consumers overall, not just those in the decision process for a new car or pair of shoes. After digging in, our research reveals that US consumers today face a world ruled by a precursor to fear: uncertainty. Upheaval in our economic framework, social order, politics, and the ways in which we understand those situations has caused Americans to be more stressed, less fulfilled, and more skeptical than in recent years.

The COVID-19 global emergency has disrupted life and heightened anxiety across the world, but fear is not new to consumers. Our research, conducted between November 2019 and January 2020, demonstrates that the pandemic arrived as US consumers were already acting from a place of worry and concern.

Existing, systemic consumer fears related to affordable healthcare and economic wellbeing can only be exacerbated by a current situation defined by creeping disease and financial turmoil. They will remain after the pandemic has passed.

What led Americans to become so stressed out? How do those anxieties shape perceptions and behavior? What courses should brands chart to soothe these fears and keep customers happy in uncertain times?

This research explores the undercurrents of anxiety and fear that plague American consumers as they navigate foundational challenges, diving into the fears that keep us up at night. It takes a look at how perceptions vary across different segments of the population in an effort to explain how best to break through the uncertainty. We further examine how a fundamentally altered and fractured media landscape is impacting those perceptions and feeding division.

Consumers are operating from a place of insecurity, driven by long-running trends and emerging concerns. Brands and organizations need to adapt to this reality to maintain authentic, trusting and engaged relationships with consumers.

PERSONAL OPTIMISM & WIDER WORRY

Respondents view their immediate situation with much more optimism than they do the state of society. Among all respondents, 61% agreed with the statement that they “feel very satisfied” with where their life stands at the moment. They looked to the future with even more pervasive optimism, with 81% believing that their future will be better than their present situation. What is immediate is familiar and can be influenced, and that seems to make respondents feel better about where they are and where they can go.

That rosy, optimistic picture crumbled when respondents described their views concerning the macro-level issues facing society. Just 27% believed that the world is safer now than it was in the past, with only 34% expressing trust in government and 31% expressing trust in corporations. They held the country’s leadership in contempt, with just 17% of respondents thinking that those in power care about what is best for society. The sky-high optimism for respondents’

individual futures sharply contrasts with their views on the prevailing national and global trends: only 38% believed that the United States is headed in the right direction, with 30% saying the same about the world. America’s individualistic streak seems to give its people the hope that they can improve their lives, even if they increasingly view the deck as being stacked against their success as income and wealth inequality spiral and tougher economic times loom.

How this micro/macro dynamic plays out between segments of the population reveals several trends that illuminate just how differently some consumers feel compared to others. Disparate perceptions held by consumers of different genders, generations, racial backgrounds, and income levels underscore the need for brands to assess what it means to be a brand in an environment with declining trust, increasing inequality, and lower levels of optimism among many cohorts.

A NOTE ON INDICES:

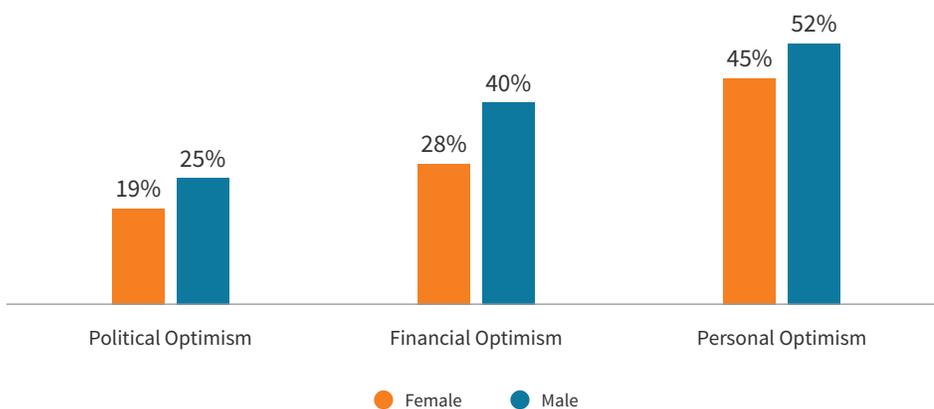
Throughout this paper, we’ll be using indices for financial, political, and personal fears. Using multiple items from our fear rating data, we calculated each respondent’s overall level of fear in that area. Respondents were categorized into three subgroups: optimistic, middle, and fearful.



THE GENDER GAP

The gender gap observed in so many other societal aspects extends to our fears. Women in America are more anxious than men, both in their immediate situation and when considering the wider world. Male respondents reported being more likely to feel enthusiastic, confident, and financially better off than they used to be. In contrast, women reported being more likely to believe that the financial system is stacked against them and that the world is less safe.

Optimism Indices by Gender



KEY QUESTION:

How is your brand supporting vulnerable or fear-prone populations such as women and moms? In what ways have you addressed their needs and provided comfort?

“Parenthood, something that unites the genders in a common experience and purpose, surprisingly further divided men and women.”

When attitudinal statements are compiled into indices measuring those with high levels of optimism across different sections of their lives, the contrast is clear: male respondents reported feeling more optimistic across all categories than their female counterparts did, particularly concerning financial matters. The gap is significant: male respondents were twelve

percentage points more likely to be highly optimistic about their finances than their female counterparts.

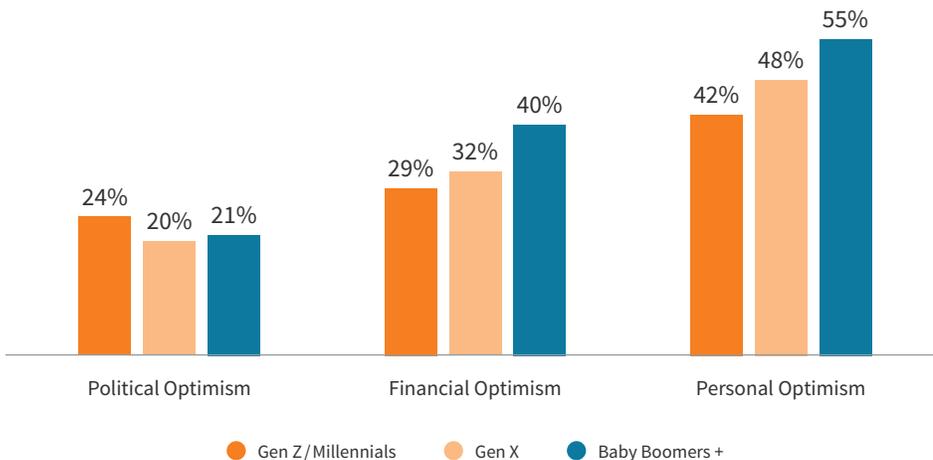
Parenthood, something that could, in theory, unite the genders in a common experience and purpose, further divided men and women. Respondents who are mothers were more likely than women overall to feel less confident and more fearful, while respondents who are fathers were more likely than men overall to take more confident stances. In sum, parenthood further alienates the genders from each other.

These differences, in gender and in parenthood, reflect the realities faced by women today. While gender dynamics have changed, women are still tasked with the [majority of household management](#) and emotional labor. This effect is enhanced by motherhood, as basic childcare and management tasks [disproportionately fall](#) on mothers. Mothers are further penalized at work: while fathers tend to have higher incomes and better employment outcomes, mothers may face [discrimination and judgment](#) in the workplace.

GENERATIONAL DIVIDES

Fears change with age as people enter new stages of life and look back on lived experience to inform their perspectives. Respondents' answers revealed several trends that reflect how they feel in their stages of life, but also displayed some contradictions and surprises.

Optimism Indices by Generation



KEY QUESTION:

How is your brand managing the pivot from addressing the needs of Boomers to the cultural expectations of younger generations? What areas of social action make sense for your brand and what are ways to begin testing or developing these positions?

Millennial and Generation Z respondents, or those born after 1980, were less likely than older counterparts to report optimism related to financial or personal issues but were most optimistic concerning political issues. They were less likely to feel satisfied with their lives and are less confident overall. They were more likely than their elders to believe that the financial system is stacked against their success with many carrying high levels of student debt. However, these younger respondents were also more likely than older generations to think that their future will be better. The resulting picture is one

of little enthusiasm for current circumstances or the prevailing societal trends, but pervasive optimism that better days lie ahead.

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Respondents aged 55 and above were more likely to be personally happy with their situation, but still viewed macro trends negatively. They reported higher levels of personal satisfaction and

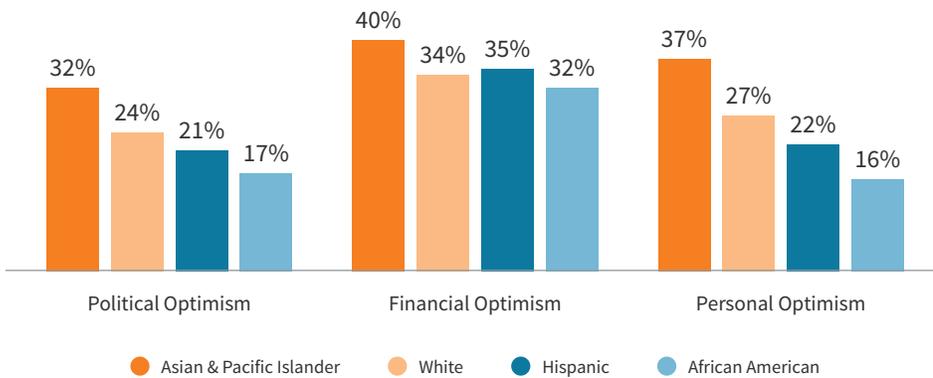
confidence. At the same time, they were more trusting of others than younger generations, but also more likely to think that the world is less safe than in the past. Further, they were less likely than younger cohorts to think the future will be better as they enter retirement.

For a further in-depth look into how different groups are feeling, we'll turn to a more complicated issue in American life: race.

RACIAL DISPARITIES

Race is a fundamental lens through which people experience life in America and perceive the world around them, revealing interesting trends. The data found that Asian American respondents showed the most optimism overall. Hispanic and African American respondents are less politically and personally optimistic than their white peers.

Optimism Indices by Race



KEY QUESTION:

How is your brand acknowledging the different realities faced by people of color?

African American respondents reported the lowest levels of optimism across the board, which may indicate much lower rates of satisfaction with their lives than other racial groups. Fewer than a fifth expressed a high degree of optimism concerning personal or political matters, and fewer than a third thought the same about financial issues. They reported finding it hardest to trust people and governments yet had the highest rate of trust in companies. Further, they were the least likely to believe that the world and US were headed in the right direction.

“Hispanic respondents were 5 percentage points more likely to think the US is heading in the right direction than they were to think that the world is headed heading in the right direction.”

At the other end of the scale, Asian respondents reported the highest levels of optimism across categories. More than any other racial group, they reported the highest rates of trust in government, feeling as though they've improved

financially, and perception that the financial system is not stacked against them. They reported believing that the world is headed in the right direction. That optimism is tempered, however. Asian respondents were most likely to feel that the world is less safe than in the past and that their future will not be better than their present.

In what may challenge some of conventional wisdom's assumptions, Hispanic respondents were 5 percentage points more likely to think the US is heading in the right direction than they were to think that the world is heading in the right direction, despite the [negative effects](#) stemming from a rise in anti-immigrant rhetoric in the United States since the 2016 election. Further, Hispanic respondents were one percentage point more optimistic about finances than their Caucasian peers, despite having a lower average household income.

The overall trend that sees Asian and White attitudes cluster to one end with Hispanic and African American sentiment on the other may also be reflective of these groups' general socioeconomic status: the average household income of Asians and Whites are closer, while the same can be said for Hispanics and African Americans. However, income appears to be a good indicator of optimism, regardless of race.

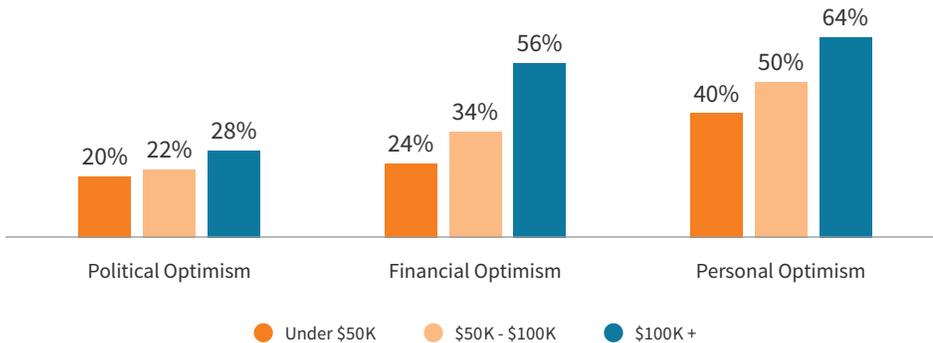


INCOME INEQUALITY

Income is a reliable predictor of how optimistic a given person will be across the issues surveyed. For every measured outlook statement, those with higher incomes were likely to take the more optimistic stance, especially when the question involves money. The issue on which those in all income brackets largely agreed was on the direction of the world: around seven in ten of all respondents viewed the world as headed in the

wrong direction. Another trend that emerges across all income brackets is that all respondents were more likely to be highly optimistic about their personal lives, while optimism dampens when respondents considered financial and political issues. That trend reflects our wider observation: people are more comfortable with immediate, seemingly controllable factors than they are with prevailing societal currents.

Optimism Indices by Income Bracket



“For every measured outlook statement, those with higher incomes were likely to take the more optimistic stance, especially when the question involves money.”

Respondents earning more than \$100,000 a year reported predictably high levels of financial optimism, supported by three out of every four saying that they were financially better off than in the past. At the same time, greater

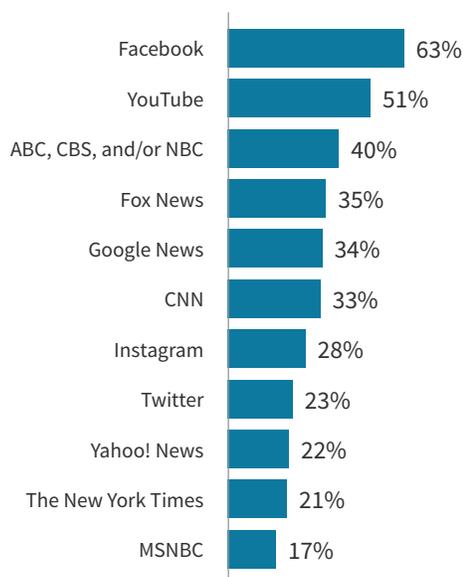
than two in five respondents in this income bracket believed that the financial system is stacked against them despite having achieved success economically.

INFORMATIONAL DIVIDES

As news cycles have accelerated and access to media has increased, consumers are inundated with more information at a faster pace. The democratization of information has led to consumers being able to pick and choose where they get their news. The choices they make both affect and reflect their fears, and the research's findings are clear: People's choices about where to consume news are reflected in the issues they most fear and their overall levels of anxiety.

Overall, the top news sources respondents consumed are the usual suspects: major networks, cable news, large publications, and major social media sites/aggregators.

Top News Sources Used



KEY QUESTION:

Different media channels have different audiences - what steps is your brand taking to optimize messaging for each audience?

“People’s choices about where to consume news are reflected in the issues they most fear and their overall levels of anxiety.”

A clear pattern emerged when data related to fear was cross-referenced with that of news consumption: a major divide exists between Fox News viewers and consumers who turn to every other traditional news source for their information. Across our indices of political,

personal, and financial fear, the two audiences reported different fear levels and prioritized different issues, reflecting the disparity in what those networks and newspapers prioritize in their coverage and how they frame the news.

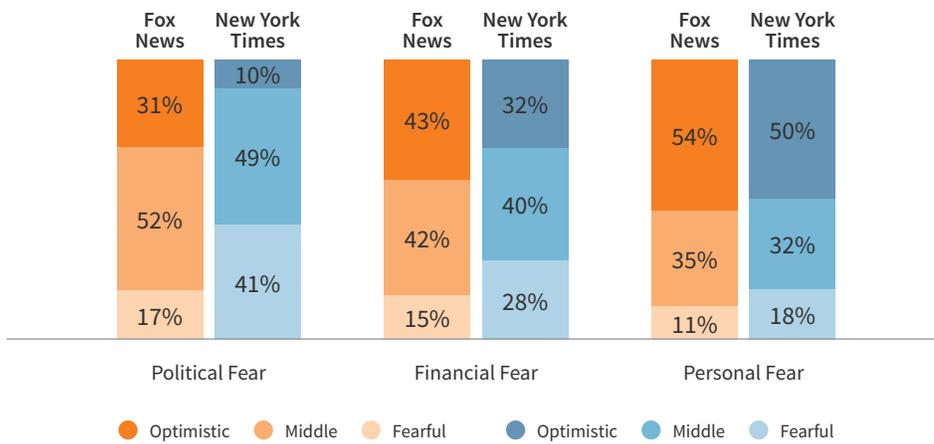
TRADITIONAL MEDIA: FOX NEWS VS. THE NEW YORK TIMES

Consumers who turn to either Fox News or the New York Times for their news illustrate this divide. To ensure a fair comparison, we excluded those that look to both sources. These two groups reported different overall levels of fear, depending on the issues being discussed. While Fox News viewers were significantly more positive about the political world than the overall population, those who read the New York Times were more than twice as likely to be highly fearful.

KEY QUESTION:

Traditional news sources are still key for reaching most consumers. How do their audiences differ by outlet?

Fears by News Source



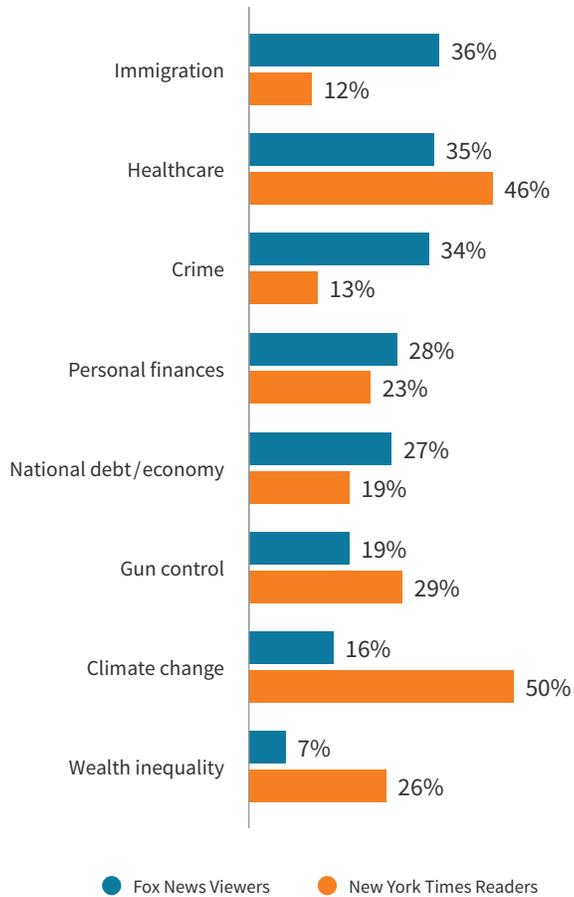
Financial fears follow a similar trajectory – Fox News viewers had much rosier views of their financial situations than New York Times readers. About half as many Fox News viewers were highly fearful about finances compared to New York Times readers.

Differences are less stark when it comes to more personal fears. While there does appear to be an overall optimism halo over Fox News viewers, they felt more similarly to New York Times readers about personal fears than they did concerning less immediate issues.

The divide becomes especially clear between these two groups when politically charged issues are discussed.



Top 3 Fears



While fears about personal finances and healthcare rank highly for both groups, other aspects of their fear priorities are quite different. Fox News viewers view immigration, crime, and the national debt as rounding out their top five fears. In contrast, climate change ranks as the top fear among New York Times readers while remaining a low priority for Fox News viewers.

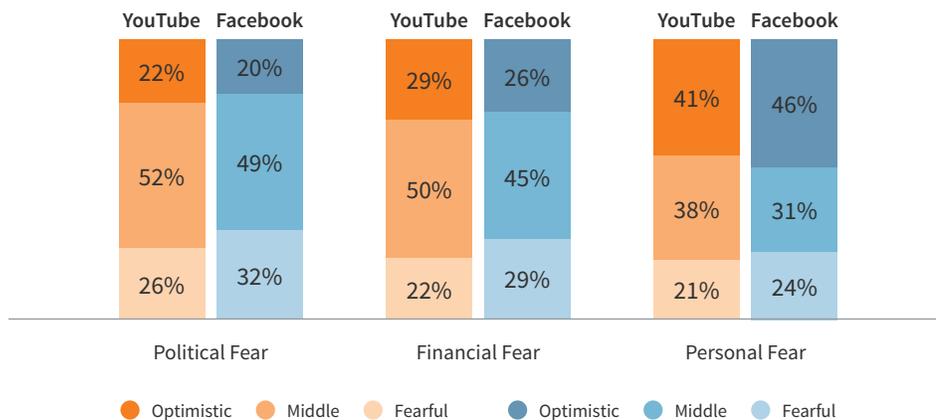
The divide isn't confined to traditional news sources, with social media networks ranking as some of the top outlets respondents regularly consulted.



SOCIAL MEDIA: YOUTUBE VS. FACEBOOK

To understand the social side of the informational divide, we looked at the two most cited sources for news: Facebook and YouTube. As with the above analysis, we looked at exclusive users, those that use either YouTube or Facebook but not both.

Fears by Social Platform



KEY QUESTION:

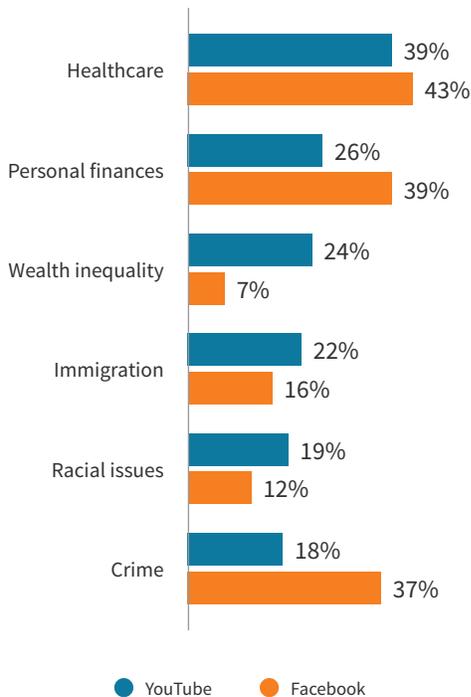
People turn to social media for information, but what information is being sought on each network?

When it comes to high-level anxieties, YouTube and Facebook users reported feeling similarly. While Facebook users were a bit more fearful in all categories, the differences are small. Both

YouTube and Facebook users fell between the optimistic Fox News viewers and fearful New York Times readers on political and financial fears, but they were more fearful than either at a personal level.

While overall fear levels are similar, when we look at specific fears among these two sets of users there's more differentiation.

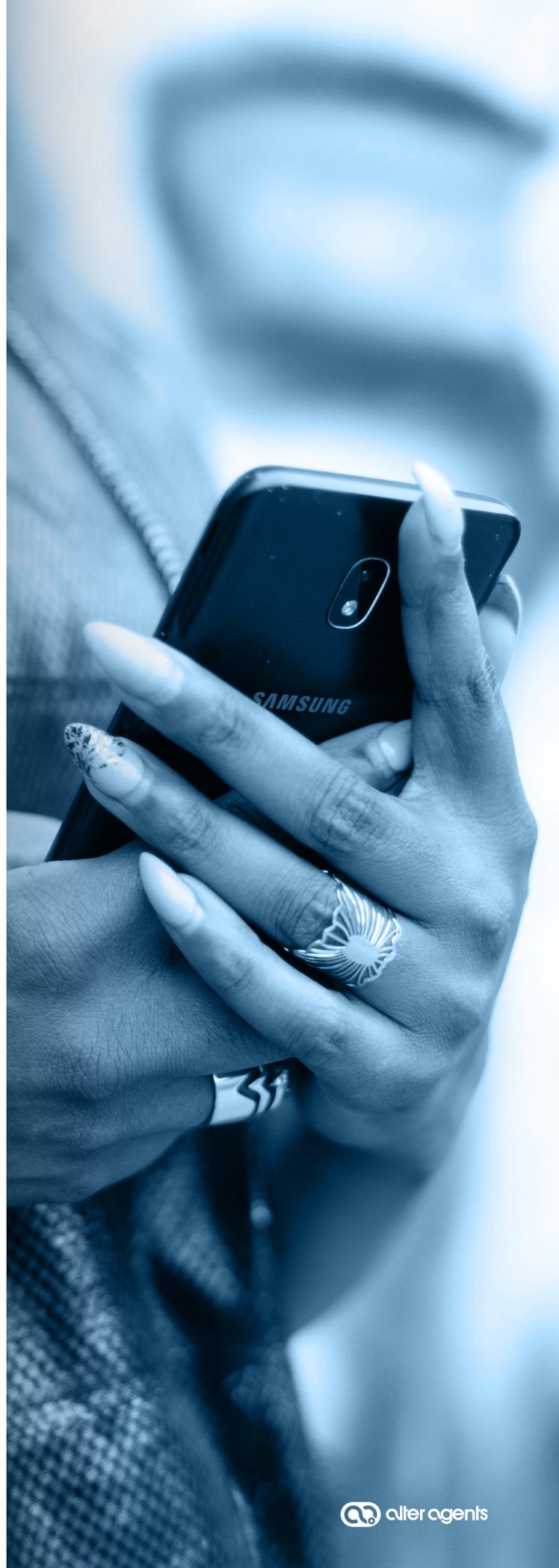
Top 3 Fears



Following the overall trend, healthcare ranked as the top worry for both groups, followed by personal finances. Facebook users were much more concerned about crime than YouTube users, while YouTube users were more concerned about racial and wealth inequality. Some of this may be linked to age – YouTube users skew somewhat younger than Facebook users. However, the mean age of YouTube users in our sample was 40, and for Facebook it was 44, so age is only part of the story.

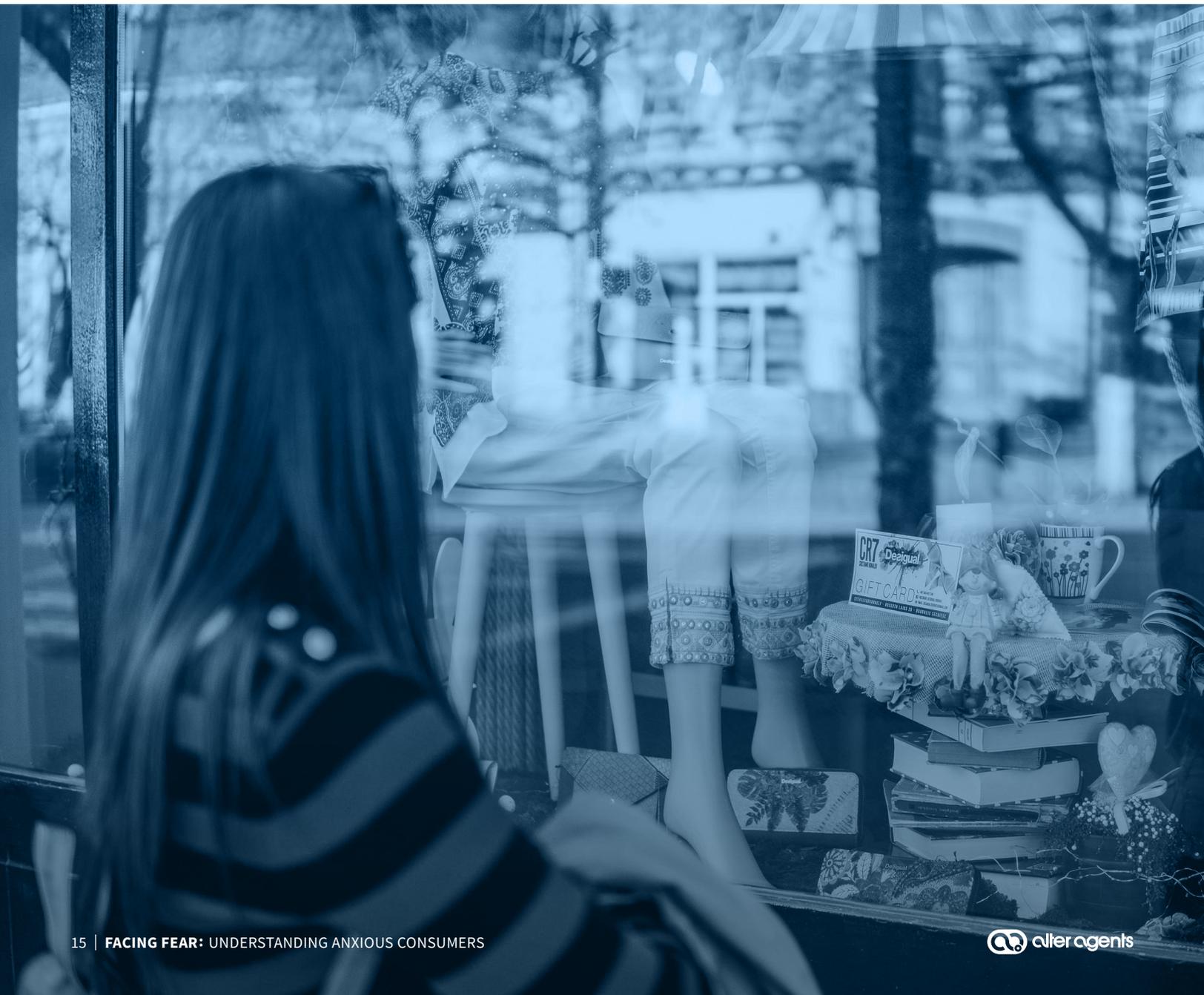
While differences between ideologically disparate publications like Fox News and the New York Times are easier to predict, the big difference between YouTube and Facebook on crime and inequality is surprising. YouTube users placed more priority on inequalities impacting society on a broad level, while Facebook users appear more worried about the threats in their own neighborhoods.

The factors that influence how anxious consumers are touch on every demographic aspect of their identity and also draw roots in the channels through which they consume news and information. Where does all of that connect with how those consumers connect with brands and make purchases? It bleeds into consumers' Shoptimism.



FEAR & SHOPTIMISM

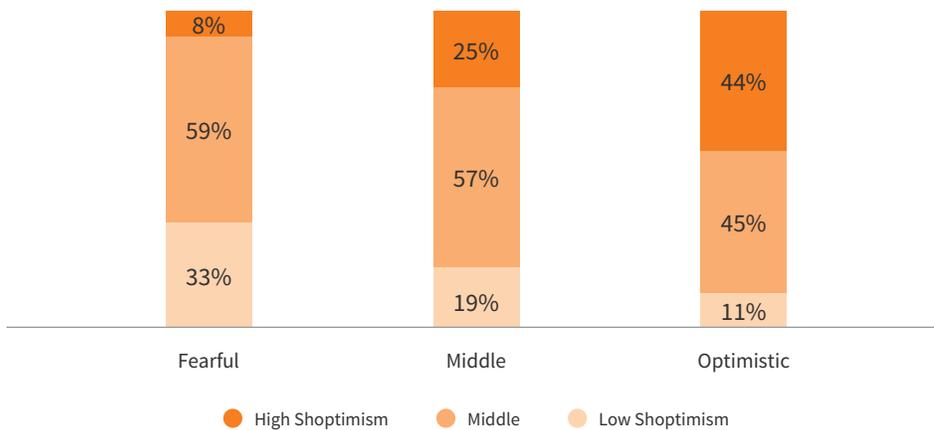
Underlying anxieties around political, financial, and personal lives are driving big differences in how consumers shop. Respondents who are less fearful overall displayed more *shoptimism*, meaning they reported finding shopping more fun and less stressful, and they're more emotionally invested in their shopping choices. This is especially linked to financial fears, but personal and political fears also play a major role. Respondents indicated that most have no trouble shopping, but certain fears and demographic breakdowns heavily influence how they do it.



FINANCIAL FEARS DRIVE SHOPPING ATTITUDES

Unsurprisingly, the biggest fear factors influencing shopping attitudes are financial.

Shoptimism by Financial Fears



KEY QUESTION:

In what ways can your brand mitigate these trends by addressing economic concerns of consumers with lower trust and higher fear?

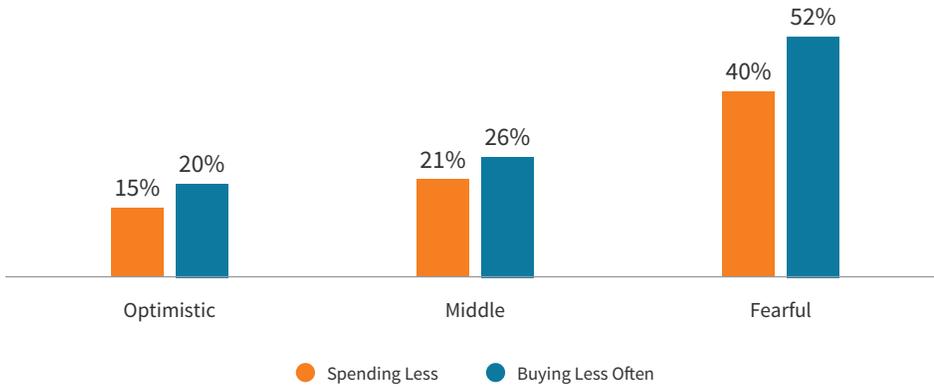
The data shows a clear, linear relationship between financial fears and shopping attitudes. As people become less fearful about their financial future, they're more positive about shopping.

Financial Fear and Shoptimism



Financial fears aren't just driving shopping attitudes. They're also affecting how much and how often consumers are shopping. Those who reported feeling more fearful also said they are spending less money and buying less often.

Spending/Buying Less Often by Financial Fears



Financial fears are driving consumers to make cuts to their spending. Those high-fear respondents were twice as likely to report cutting back on purchases compared to less fearful consumers.

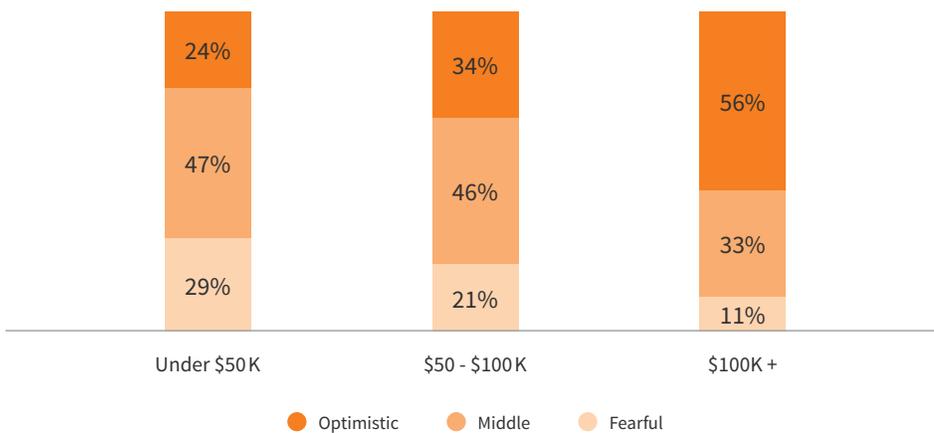
There's a similar effect on spend frequency. Among those with high levels of financial fear, over half are cutting down on how often they

make purchases, compared to just one fifth among those with low financial fear. As stock values drop and our economy heads towards a possible recession due to a global pandemic, it's likely that this fearful group will continue to expand.

While financial fears are highly correlated with income, it doesn't tell the whole story. Fearful people

are more likely to have incomes under \$50,000, but there are still plenty of higher-earners who are taking a fearful stance toward their financial future.

Financial Fears by Income



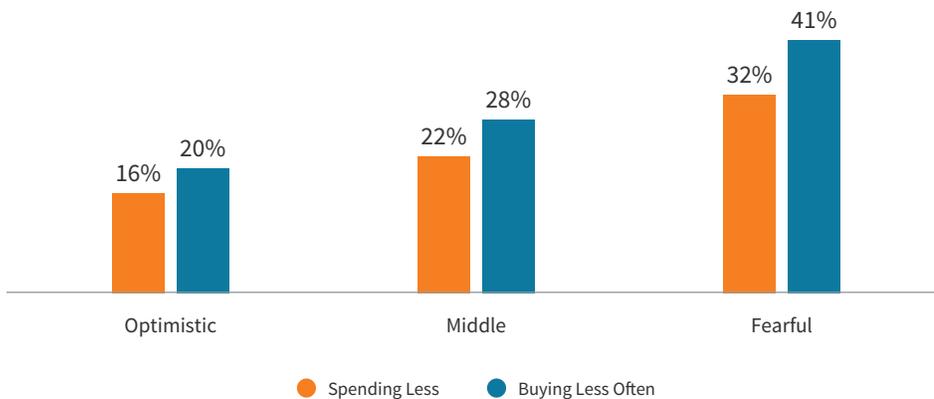
When it comes to financial fears, absolute income numbers don't tell the whole story. Many people in seemingly comfortable financial situations are still feeling as if the situation is precarious.

SHOPPING ATTITUDES AND NON-FINANCIAL FEARS

Financial fears may be the strongest driver of spending, but other fears are also affecting how people shop and spend. Both macropolitical and personal fears also drive

down spending levels and spend frequency, suggesting that both global and personal anxieties are driving consumption choices.

Spending/Buying Less Often by Political Fear

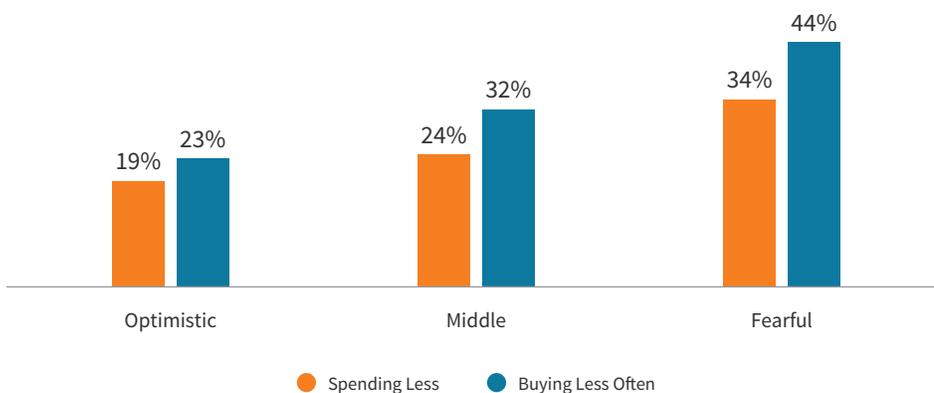


On both spend level and spend frequency, those with high levels of political fear are twice as likely to cut their spending than those with low levels of fear.

A more pessimistic view of the world and a generalized sense of unease and distrust is making them cautious about when and how they spend their money.

Similarly, personal fears are also driving shopping behaviors, suggesting that a sense of safety and security help consumers feel comfortable making purchases.

Spending/Buying Less Often by Personal Fear

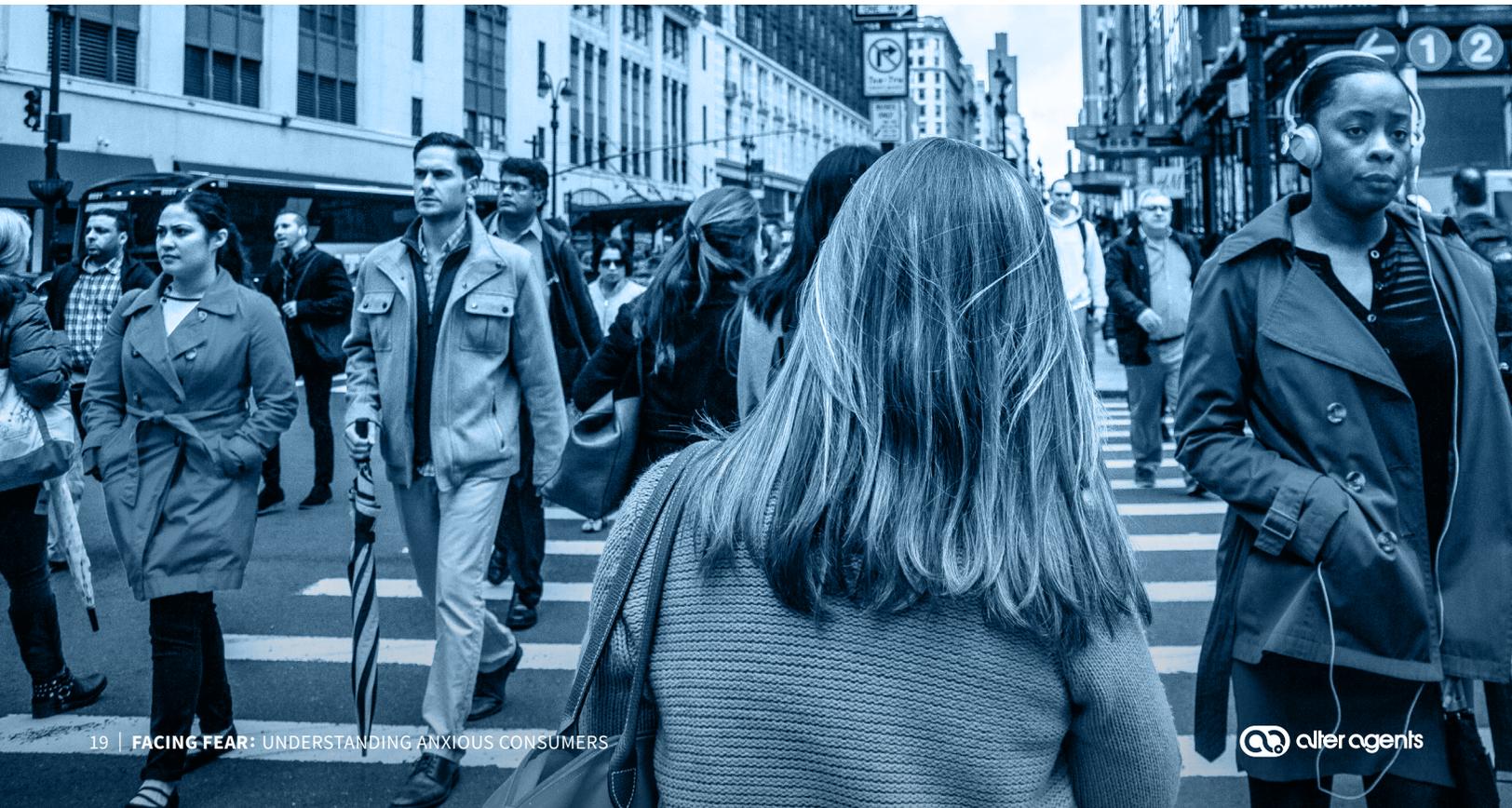
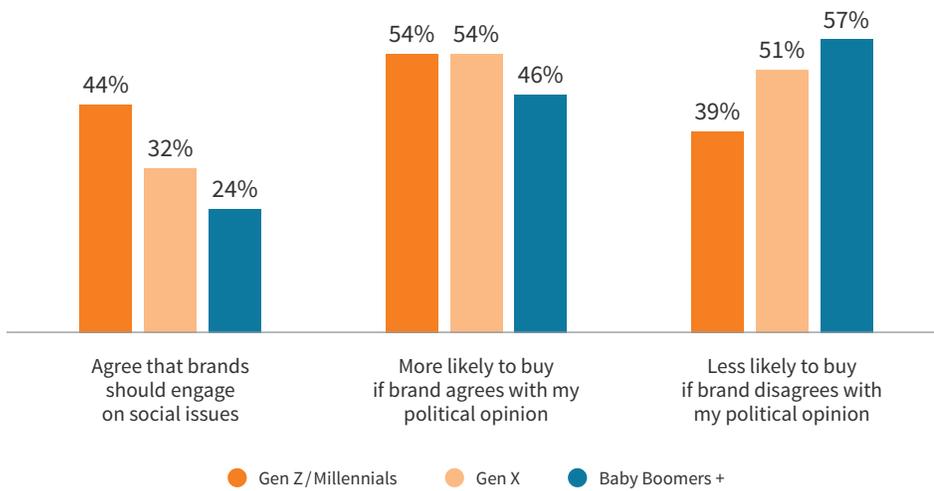


While there is still a strong correlation between reduced spending and personal fear, this effect is smaller than for financial or political fears. Personal fears certainly have an impact on shopping, but personal optimism and enthusiasm don't drive spending at the same level as financial and political optimism.

AGE IMPACTS HOW SHOPPERS VIEW CORPORATE SOCIAL ACTION

Age also plays a significant role in determining shopping attitudes when considering how consumers respond to brands that take positions on social or political issues. Younger respondents have a stronger positive reaction to brands embracing their positions, while older consumers are more likely to punish brands that take positions they disagree with.

Generational Attitudes Towards Corporate Social Action



HOW SHOULD BRANDS RESPOND?

A key takeaway from this research into fear and shopping is that external factors are often driving consumers' purchasing decisions. Brands have often focused on the ability of their products to bring personal fulfillment or empowerment by freeing up time or making lives easier. While these are useful messages to send to consumers, finding ways to speak to broader fears offers an opportunity for brands to position themselves as heroes, providing ways to quell anxieties. We offer the following suggestions for brands seeking to best position their marketing in a time where consumers face uncertainty:

- > Start by **acknowledging that consumers' fears are a reality** that they must face. Consider assembling creative, marketing, and product leaders to evaluate how a brand and its products can address consumers' fears.
- > Younger consumers increasingly expect companies to **take stands on social justice issues**. Depending on your business vertical, explore what social justice issues are of importance to the community you serve. Start by talking to employees about what matters to them. Then expand with conversations with customers to identify the right social justice topics for your brand to explore addressing.
- > **Talk about fear** with your customers and **don't leave it out of your research**. It's powerful and drives a lot of decisions. If you don't understand how your customers are feeling in a broader sense, you could make a decision that is out of step with what they need and causes more harm than good.
- > Stay up to date on how people's **perceptions and circumstances are changing**. Gone are the days where a segmentation could last ten years before needing to be refreshed: our world is turning too quickly for that.
- > **Be a voice of comfort and confidence**. Whether giving people more information or taking action on issues your customers care about, demonstrate that you are in this with them and here to support them.
- > Provide as much in-depth information as possible to **make consumers feel empowered**. They are hungry to know more - and the more anxious they are, the more they want to know.
- > Consider what actions your company can take to **be a part of larger solutions** that meet the needs of your community and society and put those into action today. Be bold and authentic about telling your customers about what you're doing and why.

CONCLUSION

As 2020 dawned, American consumers were anxious and faced a raft of personal and public challenges that stem from systemic issues in the American economy and social structure. While maintaining characteristic optimism for the future, they were fearful that the country's current problems were not being properly addressed and turned to different clusters of sources to inform their understanding of the world. Those fears shaped their attitudes towards their personal consumption and shopping, with clear divides along the lines of gender, income, and race. Then COVID-19 arrived.

The ultimate fallout from the global challenge that we are facing now won't be known for a while. Once the pandemic is tamed, there will remain plenty of work to do to reestablish normalcy, restart lives, and reignite the full economy. Absent tectonic shifts in how the country operates, consumers will still face the same factors that underpin the anxiety they feel, and brands will need to address them.

Until then, we hope that this research into the underlying societal trends that have shaped how US consumers feel will lead to a better understanding of their needs and the helpful role companies and brands can play in boosting morale and activity during this challenge and rebuilding confidence once it has passed.





ABOUT US

Alter Agents is a full-service strategic market research consultancy reimagining research in the age of shifting decision making. We curate leading edge technologies and current methodologies to deliver insightfully designed research projects geared towards challenging issues. Our team strives to be a candid partner to our clients and works hard to deliver and support insights your organization can leverage far into the future.

If you'd like to talk about our research or see what we can do to support your team, please reach out!

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METHODOLOGY

In November of 2019, Alter Agents conducted a 12-minute online survey with 1,002 adult US respondents aged 18-65, gathering a representative sample of the US population. We augmented this with 100 additional respondents each among African American, Asian American, and Hispanic/Latino respondents in order to have a readable base size for analyzing data by ethnicity.

