

Future Consumer

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Global

HSBC 2019 NY GEMs Investor Forum panel takeaways

- ◆ Asian consumers in general and Asian women in particular are key drivers of consumer trends
- ◆ This panel discussed new consumer trends such as “casualization” and the growing prominence of ESG issues
- ◆ Younger consumers often have clearer spending priorities than older consumers

HSBC's 2019 NY GEMs Investor Forum took place from 10-11 June. Keynote speakers and panellists shared their expertise on macro, regulatory and industry themes. [Click here for reports from the conference, including key takeaways from the various panels.](#)

Below is a summary of the “Future consumer – women, Asian, young – the WAY to go” panel discussion. Speakers were:

- ◆ Gustave Maisonrouge, Co-Founder, Maison Atia
- ◆ Katie Harris Storer, Vice President, The Carlyle Group
- ◆ Paul Zimnisky, Founder, Paul Zimnisky Diamond Analytics
- ◆ Tessie Petion, Head of ESG Research, Americas, HSBC Global Research
- ◆ Moderated by Erwan Rambourg, Global Co-Head of Consumer & Retail Research, HSBC Global Research

The panel discussed the increasing importance of Asian consumers and the fact that women have a growing role in consumer decisions and various new consumer trends, such as “casualization”, the growing prominence of ESG issues and substitutes for “natural products” such as lab-made diamonds and faux fur, are emerging consumer trends driven by young people.

Asian consumers and Asian women in particular are key drivers of consumer trends, and young people that come with a different set of values and ideas are key in this process too. There was discussion about how the typical future consumer is female, young and Asian. Female labor participation rates are rising in large parts of the world and the female-male wage gap is narrowing. Over 80% of consumer spending in the US is driven by women. But the future is also Asian. Two-thirds of big spenders are Asian. And the future is, by definition, young. Younger people smoke less, live healthier lifestyles and increasingly identify as vegetarians. Thus, there is an evolution in consumer demand.

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A first discussion point is in how far are ESG issues important for consumers? Surveys suggest that female consumers are more interested in ESG issues when shopping and consuming than men, so there is a change in the buyer profile that drives ESG issues in consumer industries (see [HSBC's US Holiday Deluxe survey](#), 3 December 2018). Surveys also show that younger consumers are willing to spend more on a product that has an ESG angle than older generations. Interestingly, the ESG issues that are of importance differ by country. For example, in the US 73% of men were interested in electric vehicles, but it's only c50% for women, as the sector's marketing is driven by male triggers such as speed and technology. In China, the adoption of electric vehicles is driven by elements of pride in local brands.

An interesting trend is the casualization in fashion. This is visible in luxury, fashion and other discretionary items. In addition, there are now smaller, fast-growing "digital native" brands that are differentiated and often have a strong emotional link to consumers. Their growth is often enhanced by adopting an omni-sales channel approach eventually, i.e. they start online and end up having a brick and mortar footprint.

In the diamond industry, there is something similar happening, and that is the emergence of laboratory-made diamonds. This is partly driven by new technologies that have developed in the past few years that allow for the production of these diamonds. At the moment, these represent only 5% of the total diamond market. These lab-made diamonds have benefits for the environment – mining is not required – but what is sometimes ignored is that large amounts of energy are required to produce these diamonds. And the price difference between "pure" natural products and man-made products can be significant too. This trend could be disruptive to the existing high-end jewelry brands.

The underlying trend is that younger generations might have a more limited budget, but have different kinds, and sometimes clearer, priorities than older generations. They might be willing to spend more for sustainability, and prefer to ride share rather than buy a car. They might be more willing to cut expenditure elsewhere to be able to purchase a luxury handbag, for example. Key here too is that younger people, especially those with a new job or those building relationship networks, want to "fit in". Luxury allows them to "fit in".

Related HSBC research

[Spotlight: Asia Demographics: And how to make money from it](#), 23 April 2019

[Spotlight: Future Consumer: Women, Asian, Young – the WAY to go](#), 2 April 2019

[Who cares wins: The future consumer and the rise of ESG themes](#), 25 February 2019

[ESG and luxury consumers: HSBC's US Holiday Deluxe survey](#), 3 December 2018

Disclosure appendix

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