

population is expected to decrease from over 50 percent of the nation's population to just 44 percent, and no ethnic group is predicted to have a majority share of the U.S. population. The population of those who identify as two or more races is projected to be the fastest growing over the next five decades, with the Asian population and Hispanic population being the second and third fastest-growing groups. By 2060, more than one-quarter of the U.S. population is projected to be Hispanic.⁵

• **Women in the Labor Force.** Since the 1960s, American women have increasingly participated in the labor force and the gender pay gap has decreased. In 2011, 40 percent of households with children reported that the mother was the primary breadwinner. While the proportion of women in political and business leadership positions has risen, it remains small compared to that of their male counterparts.⁶

• **Shifting Family Structures.** The marriage rate has been declining for decades, and the number of households with two-parents is declining in the United States. Simultaneously, divorce, remarriage, and cohabitation rates are increasing. The stereotypical roles of mothers and fathers are converging, in part because of the rise in the proportion of breadwinner mothers.

• **Decreasing Middle Class.** In 2015, the number of middle-class U.S. adults fell to 50 percent, while the lower and upper classes expanded. The income gap between middle- and upper-class Americans has also widened. In 1970, the wealthiest households held 29 percent of the U.S. aggregate household income; today, they hold 49 percent.

• **Boomerang Generation.** 29 percent of young adults have moved back in with their parents.⁷ This delays young adults' need to purchase their own homes, contributing to U.S. homeownership rates in 2016 being at an all-time low.⁸

Figure 5.1 Demographic Trends Important to Customer Behavior

Cultural Trends

The cultural values underlying a market vary according to the unique history of a geography, which can be a region, country, state, or city. As customer behavior arises from this cultural soup, it is important that a business stays abreast of foundational and changing cultural trends for the markets it serves. Consider the cultural values of a country. According to the Hofstede cultural values measure, there are six dimensions of culture on which countries differ:

- **Power Distance:** Societal comfort with unequal distribution of power between members of society.
- **Individualism versus Collectivism:** Degree to which people primarily identify as individuals or as members of groups
- **Masculinity versus Femininity:** Societal preference for achievement, competition, and toughness versus cooperation, caring, and quality of life
- **Uncertainty Avoidance:** Level of discomfort with the unknown and ambiguity
- **Long-term versus Short-term Orientation:** Preference for maintaining traditions and norms versus comfort with change
- **Indulgence versus Restraint:** Societal acceptance of people's desire to enjoy life and have fun.

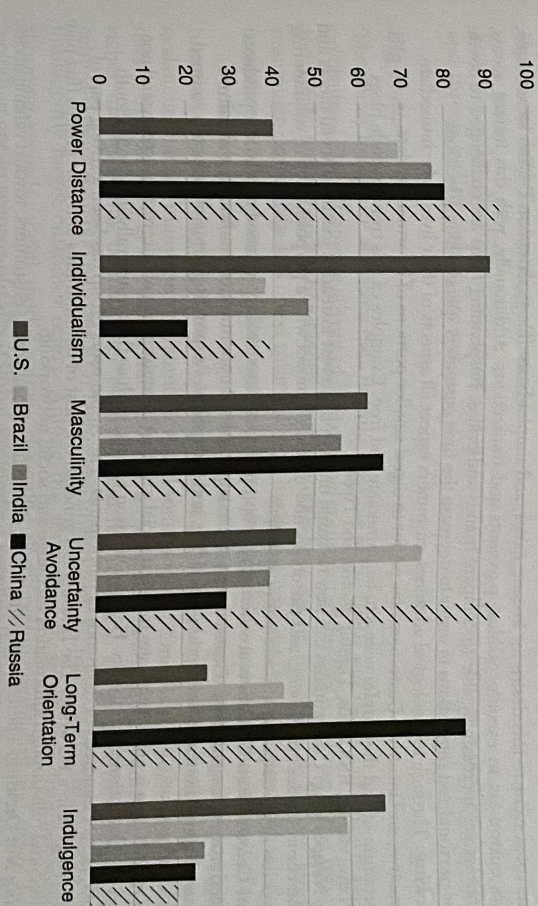


Figure 5.2 A Comparison on the United States and BRIC Countries on Hofstede's Cultural Values

Figure 5.2 shows how the U.S. and BRIC countries compare on these values. In addition to these foundational cultural values, cultural values change over time. Consider, for example, the trends in Figure 5.3.⁹

- **Me Nation.** Consumers see themselves as the center of attention and crave self-expression and individuality. Those who previously admired celebrities, for example, now desire to become them, leading to a rise in the number of YouTube stars, reality shows, and talent competitions. Responsive firms offer products that can be hyper-personalized, as customer demands are satisfied through this type of engagement with brands.
- **Power Play.** Customers want to introduce fun, spontaneous aspects into their routine. Retailers are applying game mechanics, such as challenges, achievements, and rewards in order to engage customers. Responsive firms reward customers who frequently purchase with free products or encourage customers to visit their social media platforms to receive discounts.
- **Visualization.** Customers demand immersive experiences through interactive visual content. Examples of this include the Facebook Live feature, Google Hangouts, viral sharing of photo-shopped images with Tumblr, and Pinterest's online pinboard. Taste for aesthetically pleasing designs is critical in many categories where customers seek a beautiful look to go with strong functionality.
- **Transparency.** Customers desire transparent and genuine experiences and want to have control over their lives. They are increasingly choosing to purchase products that align with their values, so firms must communicate details of their production processes, ethics, sustainability, and product quality in a manner that is easily accessible. One example of a response to this trend is TOMS One for One shoe donations, which communicate through social media, shop online, or use GPS trackers whenever and wherever they want.

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