

CONSUMER TRENDS



TREND REPORT 2025

FORERUNNER

We're Forerunner.

Founded in 2012, Forerunner is the venture capital firm dedicated to the modern consumer and the ambitious teams redefining categories. We commit ourselves to understanding what people are doing and why, and how emerging technologies and business models can catalyze opportunities.

Through the trends and data explored in this Report, we aim to deepen our understanding of what drives consumers, including where we believe consumers are heading and **opportunity exists.**

Our approach to the report prioritizes Forerunner's unique consumer lens.



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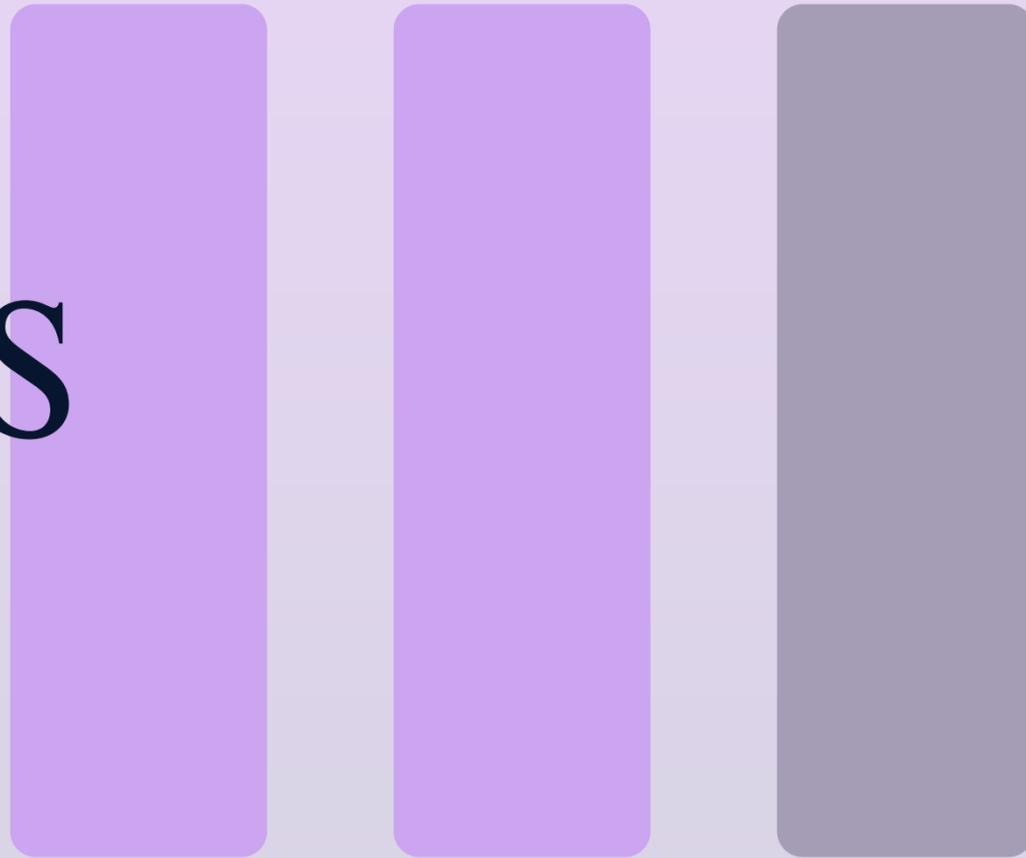


Intro

Forerunner's
market
lens



Consumers drive our economy



Consumers drive
2/3 of U.S. GDP \$

Source: White House, October 2023

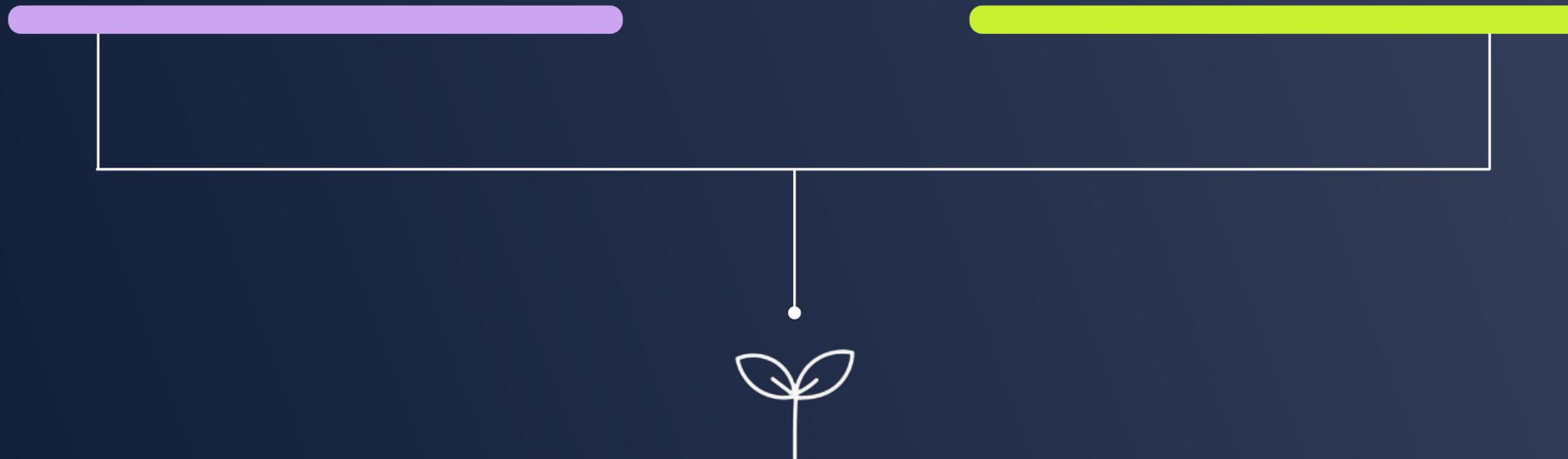
A white and blue supersonic jet, likely a Boom Supersonic aircraft, is shown in flight against a backdrop of a mountain range at sunset. The jet is angled upwards and to the right. The sky is a mix of orange, yellow, and blue. The mountains are silhouetted against the bright sky. The text is overlaid on the left side of the image.

At Forerunner, we obsess
over the **tailwinds**
driving consumers

and the **technological
shifts** underpinning
consumer adoption

When consumer
tailwinds

intersect with a
tech shift

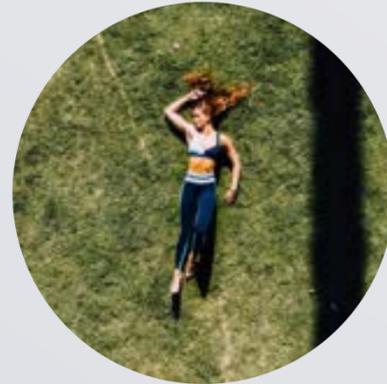


generational companies are built

In this year's report:

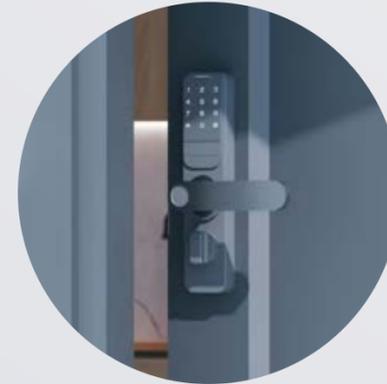
We discuss the latest developments of two tailwinds and one technological shift, including the potential upsides and downsides, the innovative companies spurring change, and open white space of opportunity.

TAILWINDS



Wellness

A long-running trend with accelerating tailwinds and comparatively lower digital penetration. The next cycle of innovation will move the category to a "buyer's market" and will be driven by consumer-directed spend and a desire for preventative and customized care.



Security

Consumers have shifted focus to basic safety and physiological needs as institutions and social safety nets have weakened. Enough has become enough for consumers, who largely believe we could be doing more from crime to job stability to natural disasters and more.

TECHNOLOGY



Gen AI

We're in the creative, messy phase of consumer adoption with clear signals of awareness and limited impactful uses cases. While the early cycle plays out, there is much conversation about what AI might displace, and less emphasis on the existing – and perhaps overlooked – attributes that matter more in the age of AI.

But first, let's check
vitals



Market Vitals

Market Vitals

Key income indicators were largely improved as we headed into 2025

Income

Economic Indicator	2024	YoY Trend	
Personal Income Growth Rate	7.8%		Up
Real Disposable Income Growth Rate	4.4%		Up
Median Wage Growth Rate	4.8%		Down
Unemployment Rate	4.0%		Up
Labor Participation Rate	62.6%		Flat
S&P 500 Return Rate	23%		Flat
Total Dollars of Personal Savings	-4.8%		Down
Personal Savings Rate	4.7%		Flat

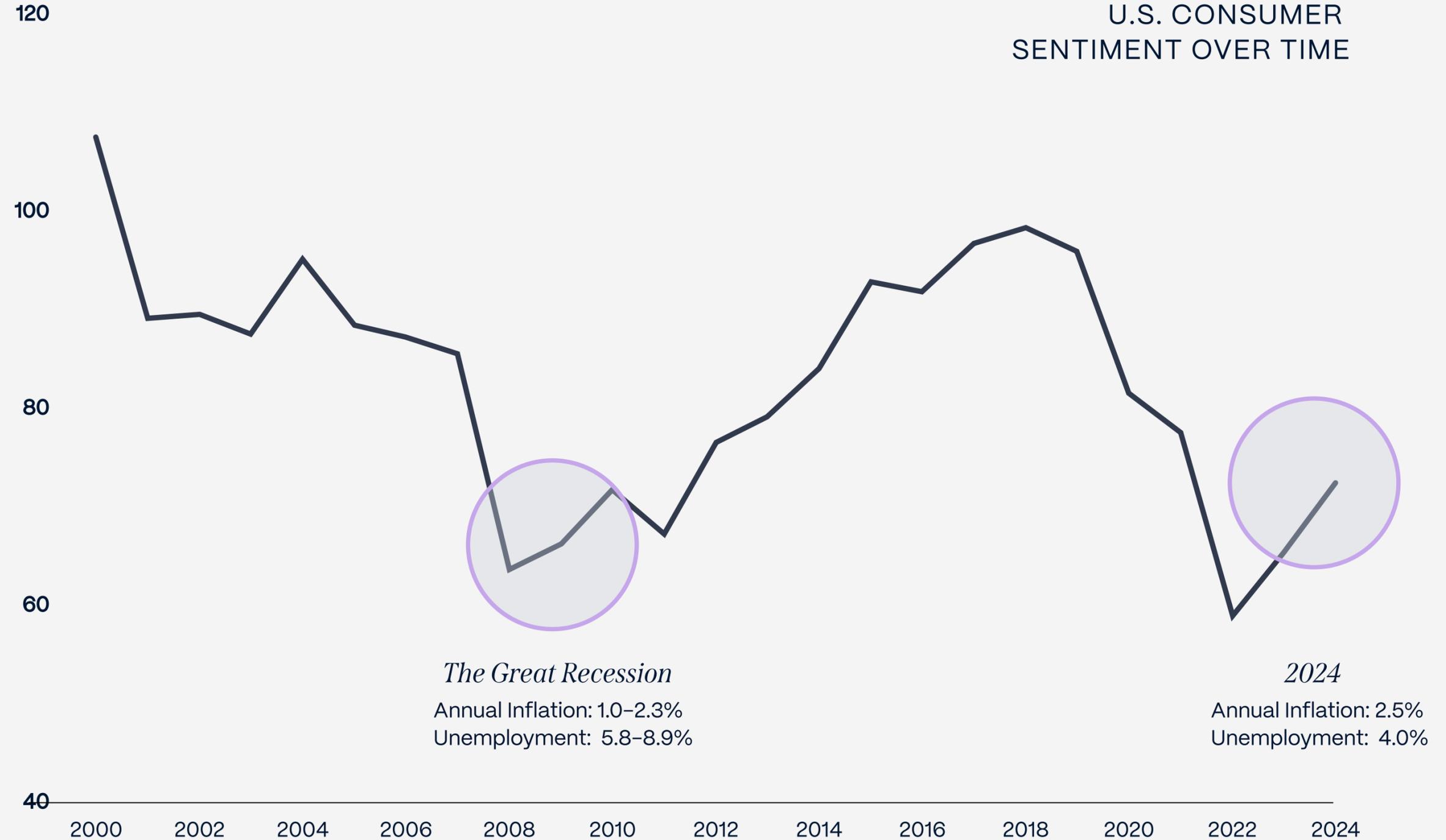
Market Vitals

We see key expense indicators, however, trending in a challenging direction

Expenses

Economic Indicator	2024	YoY Trend	
Real Personal Consump. Growth Rate	2.8%		Up
Advanced Retail Sales Growth Rate	2.3%		Flat
Ecomm Retail Sales Growth Rate	6.5% (Q3)		Down
Interest Payments Growth Rate	10.6%		Down
Inflation (PCEPI) Growth Rate	2.5%		Down
Debt Balance Growth Rate	3.9%		Up
30+ Day Debt Delinquency Rate	1.1%		Up
90+ Day Debt Delinquency Rate	-.24%		Up

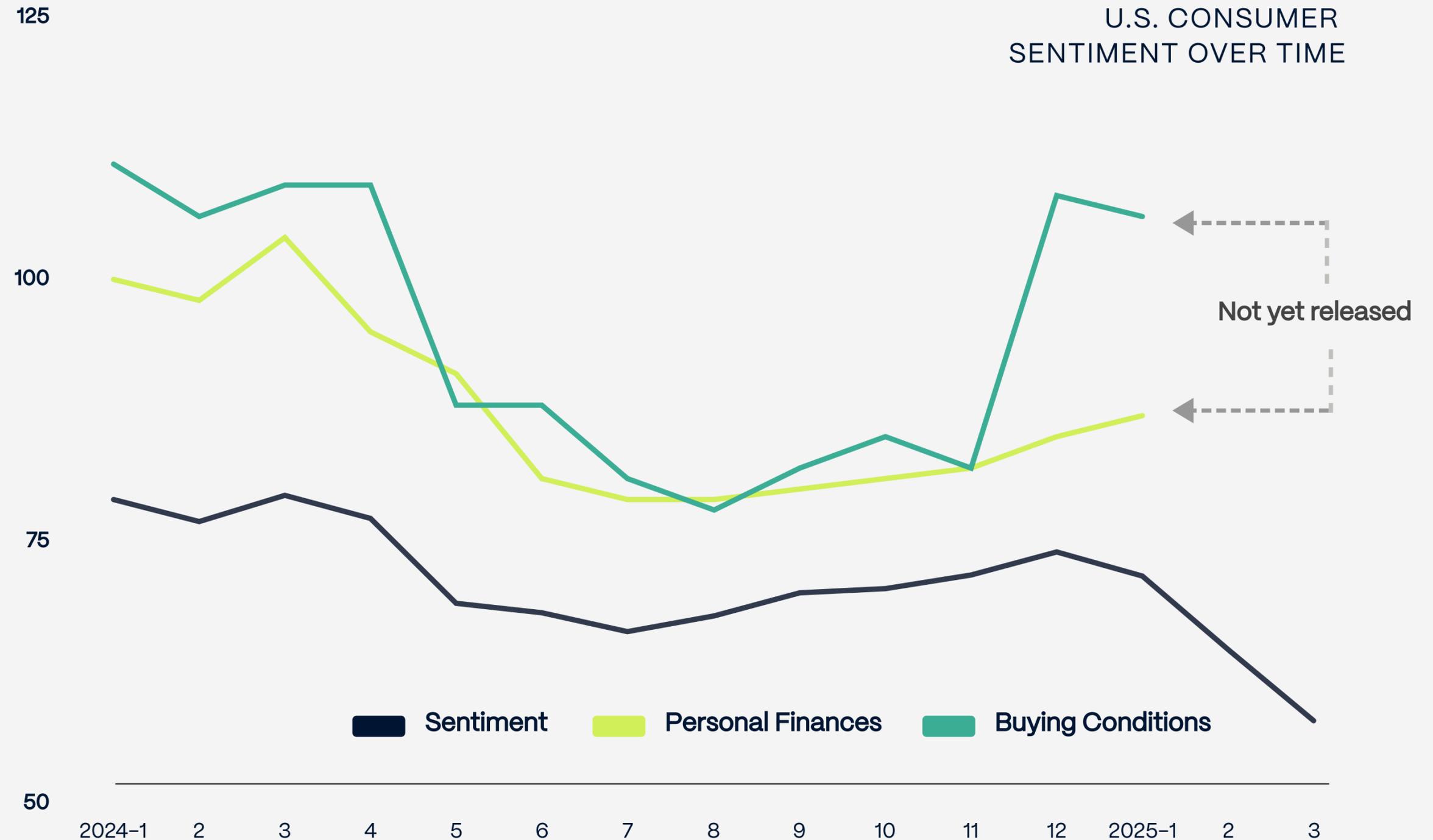
Annual upward trend in Consumer Sentiment tracks to (initial) hopes for interest rate and inflation relief



But zooming in on a monthly level:

Sentiment has been softening since the second half of 2024 as consumers understandably grew impatient with their finances and buying conditions

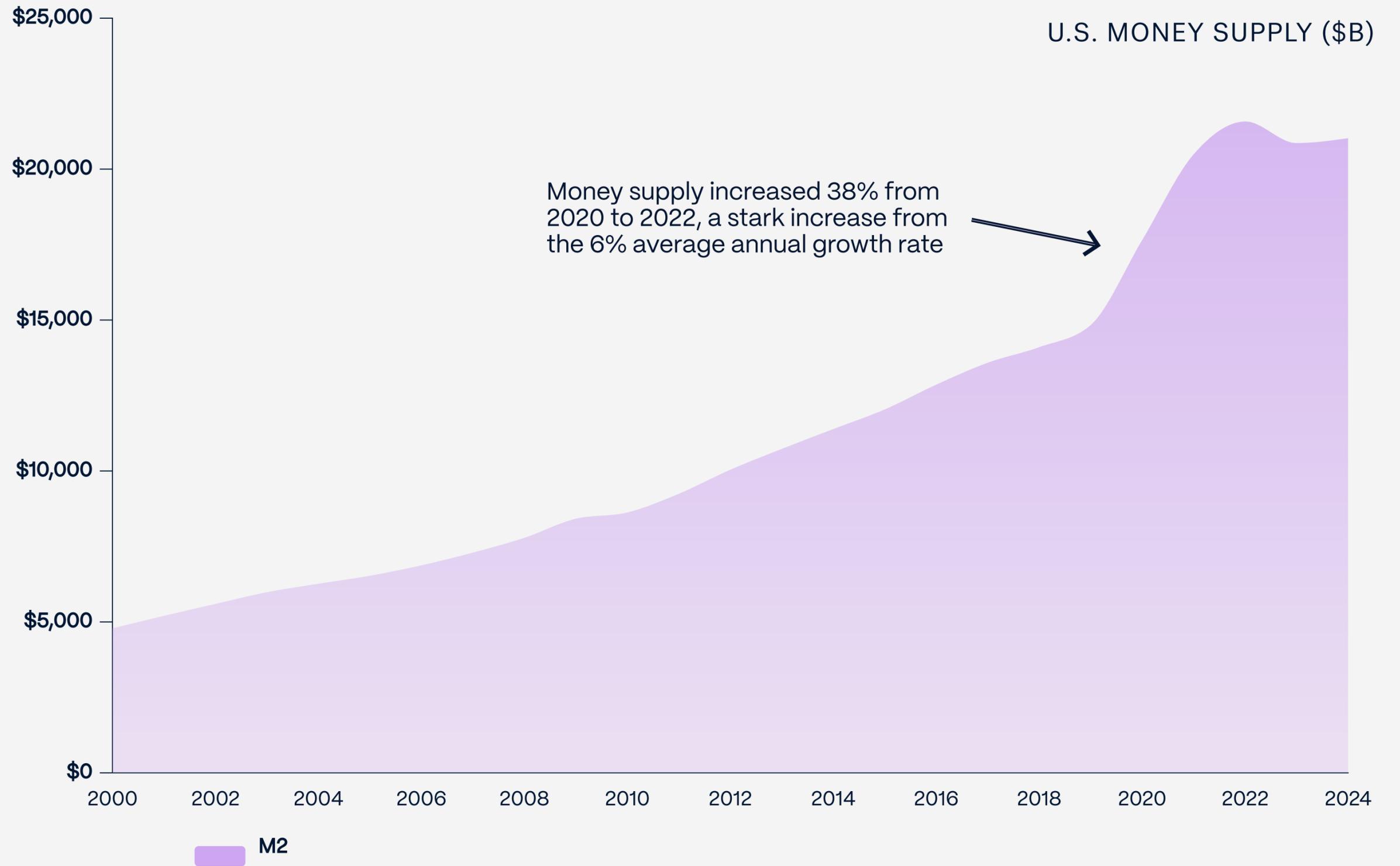
Consumer Sentiment is a combination of 5 questions and buying conditions and personal finance are two of those factors.



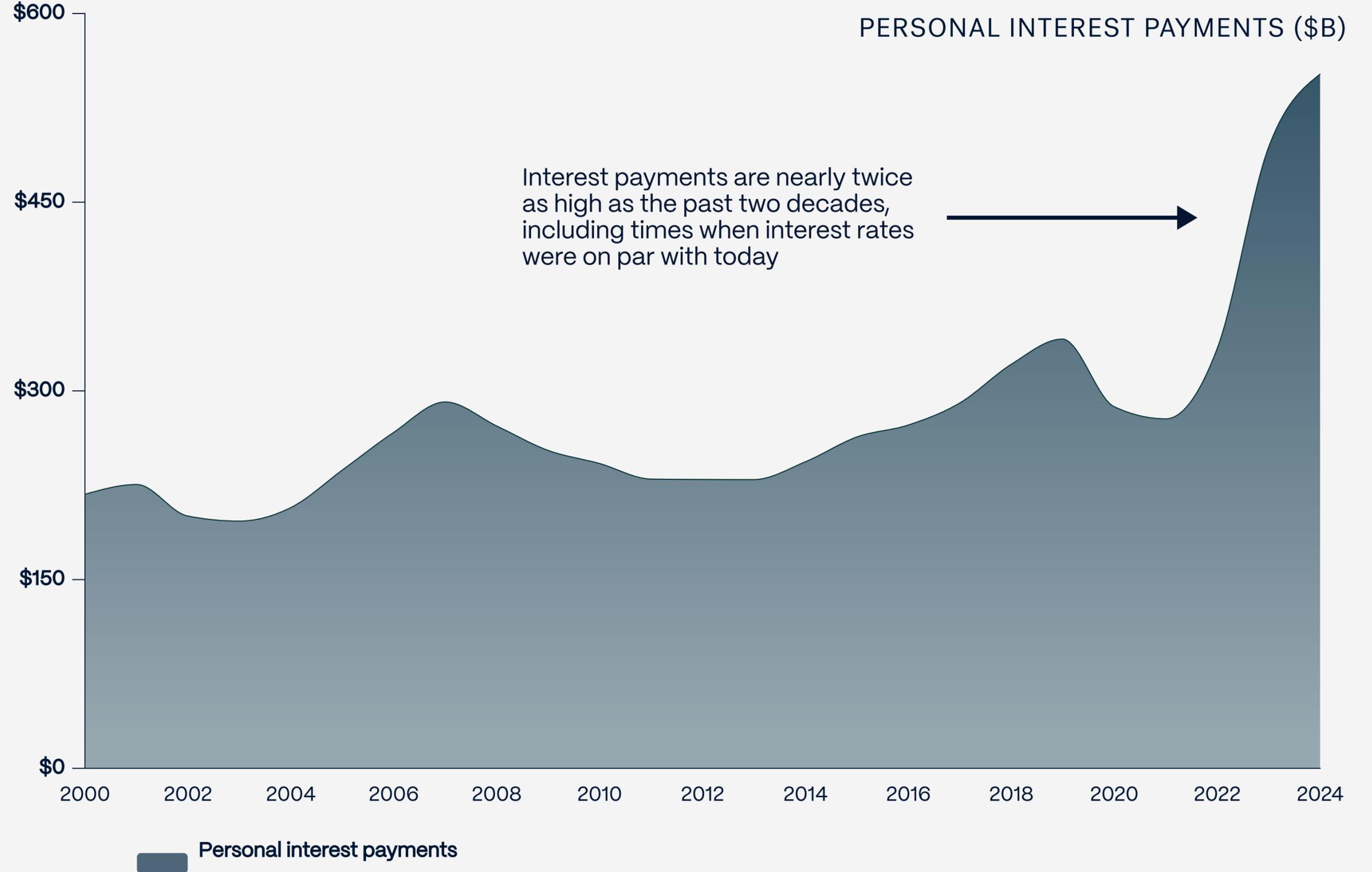
At this point elevated money supply from stimulus, quantitative easing and pandemic savings is no longer enough for consumers

M1 = Money in circulation plus checkable deposits

M2 = M1 + savings deposits (<\$100k) + money market mutual funds



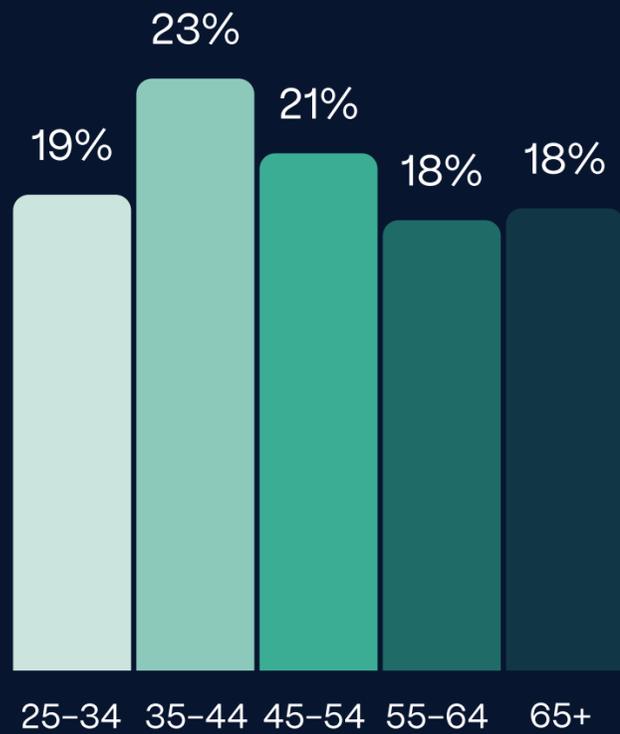
Consumers are looking for a lifeline as they arguably overextended themselves with personal interest payments



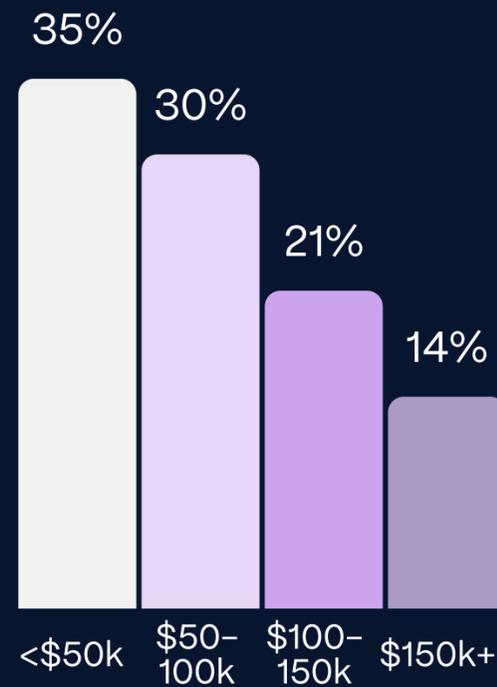
Consumer Vitals

The demographic data of our consumer survey

1,283 respondents



Age



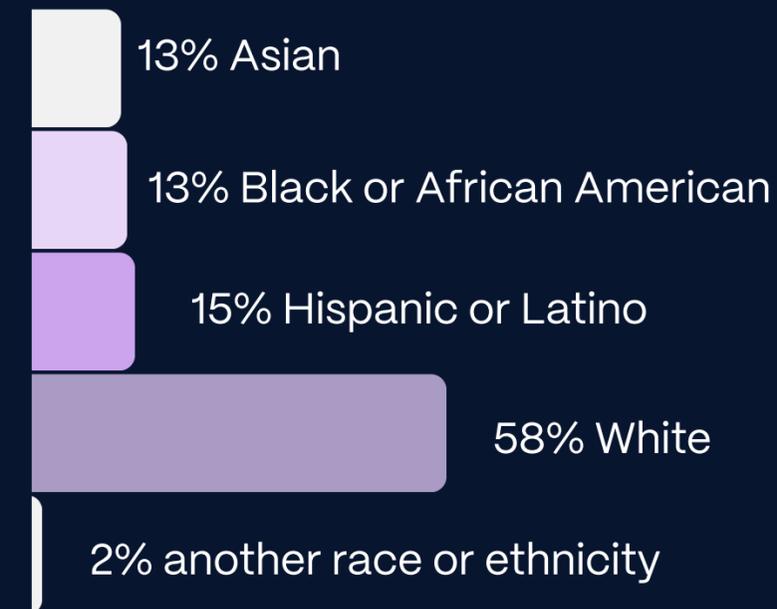
Household Income

Male
50%



Female
50%

Gender Identity



Race / Ethnicity

If you take out
the election,

2024
was a
middling
year



The words of the year
say it all



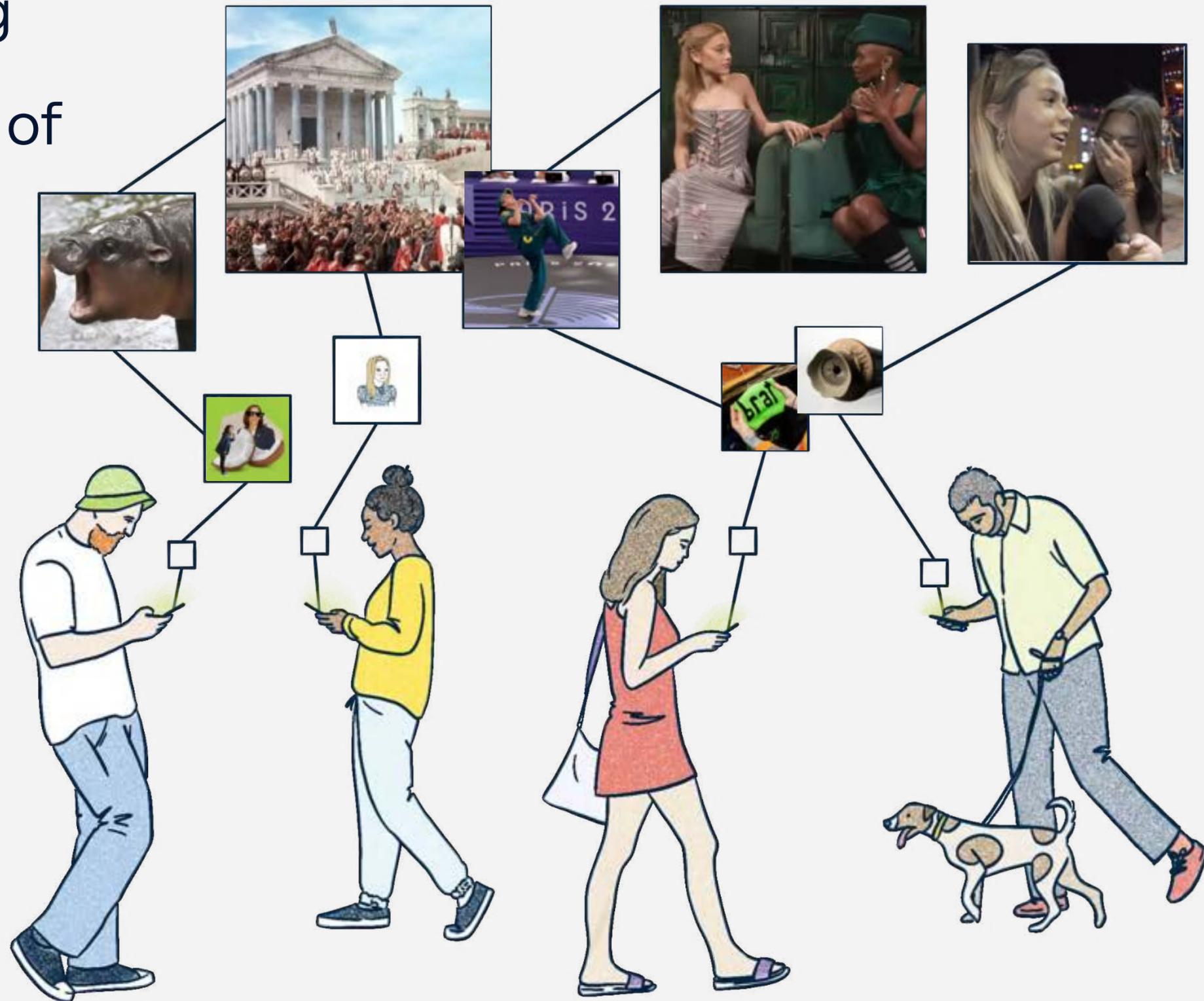
The midness shows up across

movies & TV



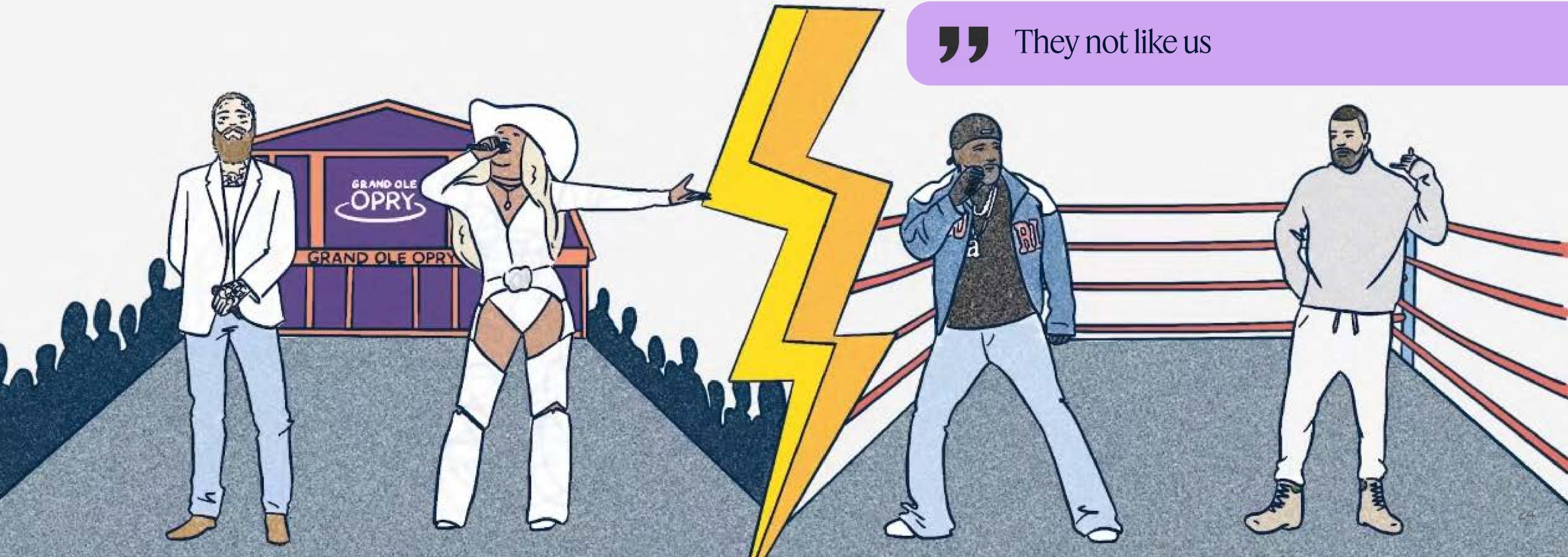
Amidst the evolving and somewhat puzzling landscape of

social memes

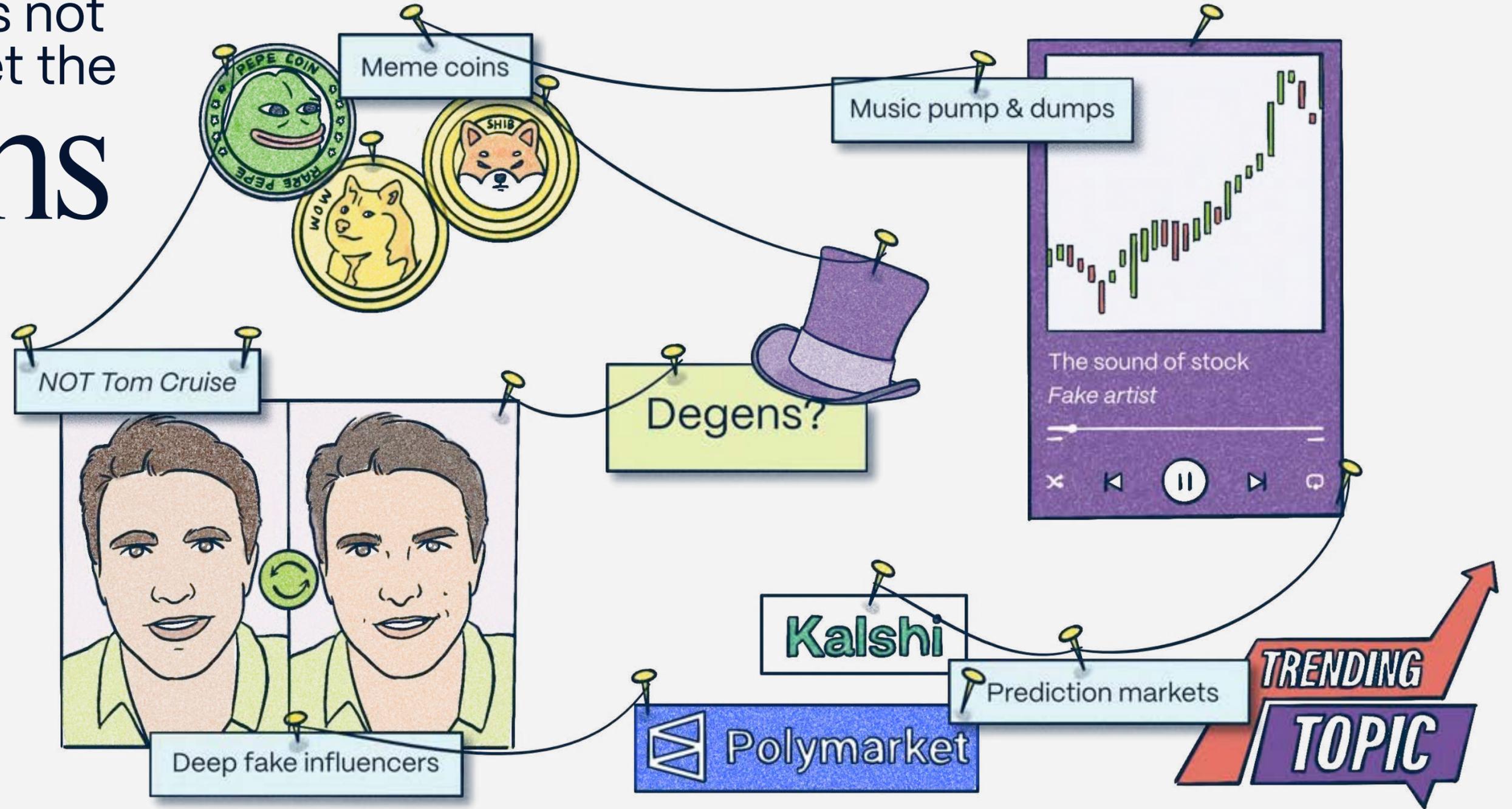


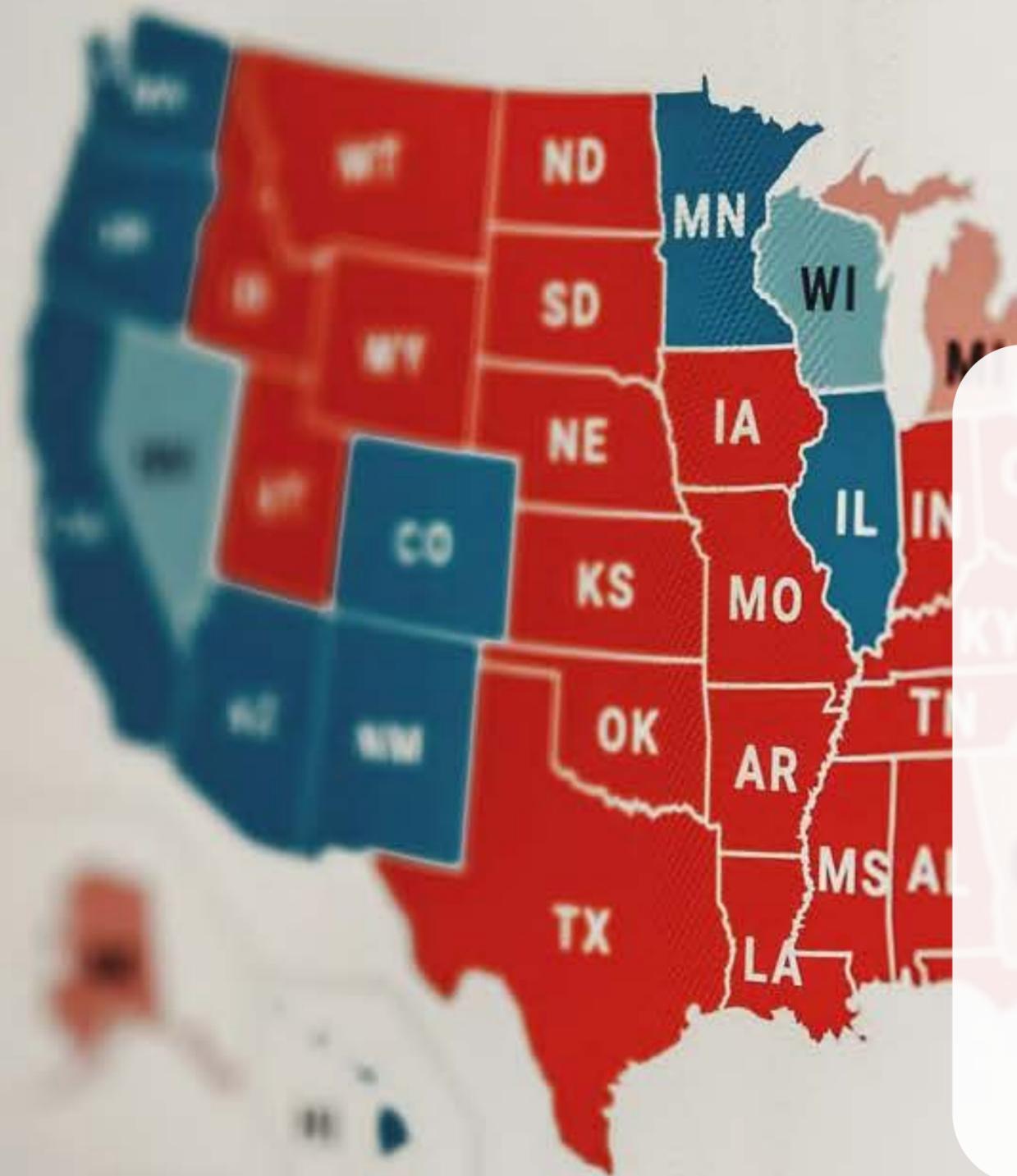
And in a dueling music industry

” They not like us



And let's not forget the degen





We can't talk about 2024 without talking about the election's impact.

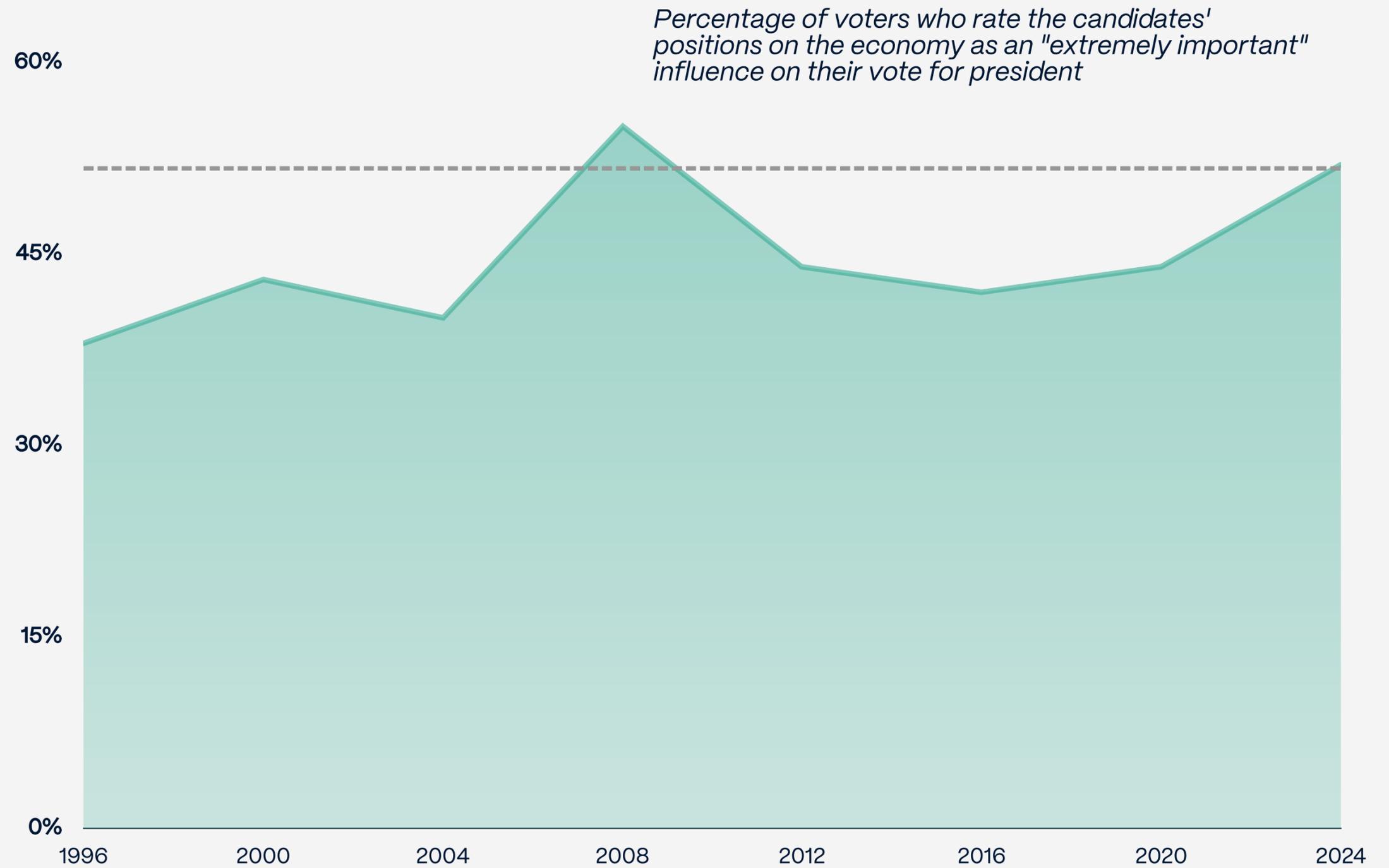


The post-election openness to

change &
challenging
status quo

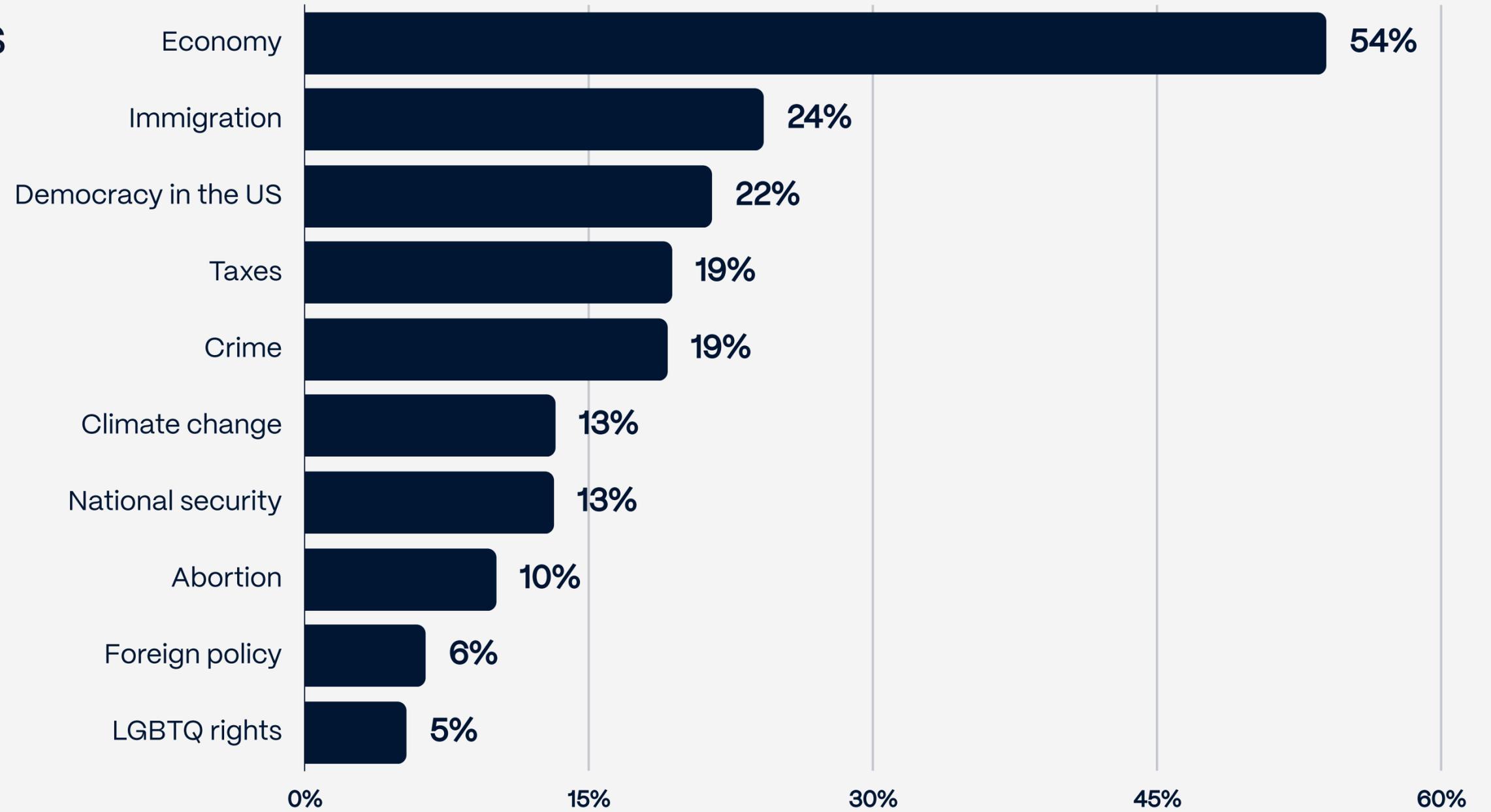
is palpable

The economy was the prevailing factor in the election to a degree seen only once in the last 8 elections



Four months after the election, the economy remains the primary priority for consumers

What governmental policies are most important to you today?
Select up to 2 that apply.



After a challenging 2024, consumer resilience underpins hopes for making progress toward financial goals

This year, which financial goals do you believe you will be able to make progress towards?

■ Believe will make progress in 2025

Last year, which financial goals were you able to make progress towards?

■ Made progress in 2024



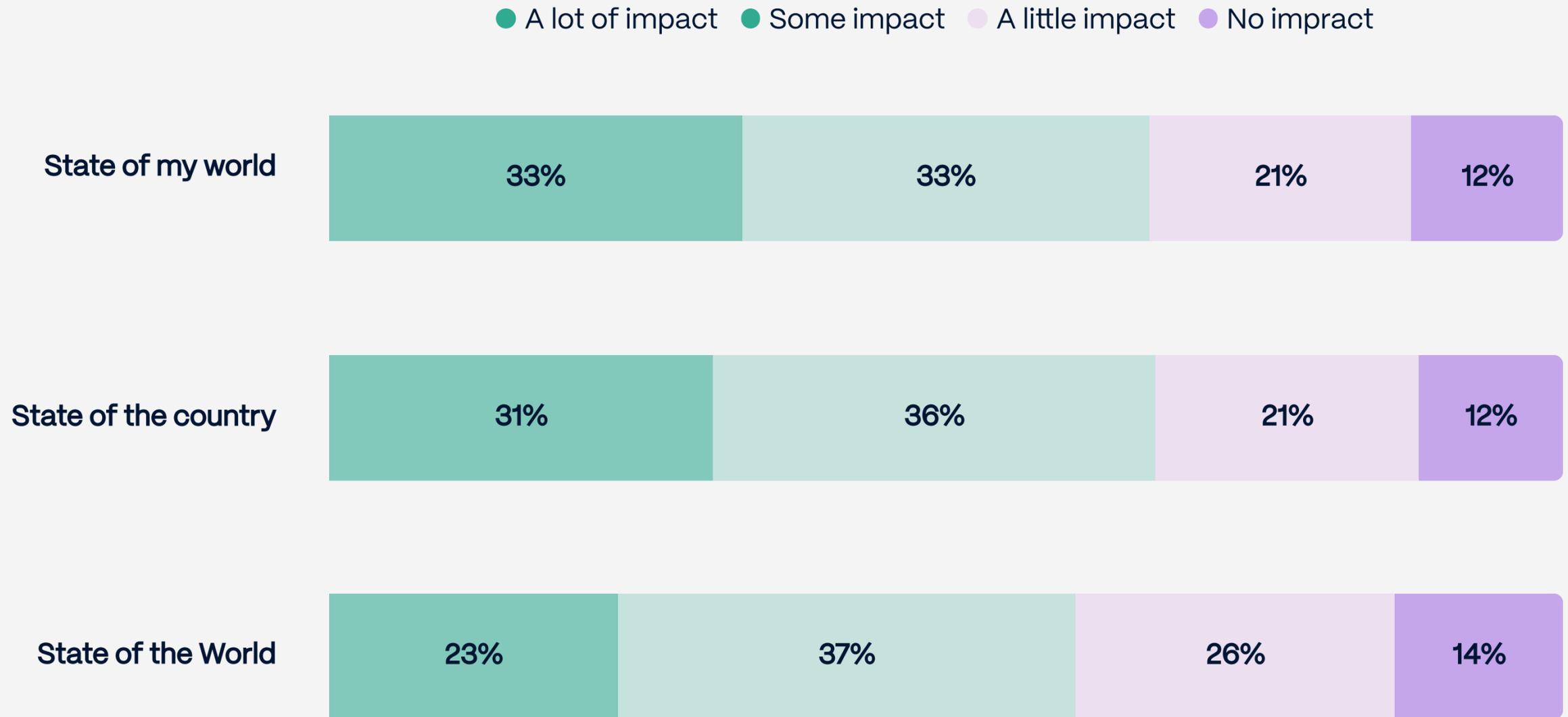
We're at a point where consumers
want to help themselves

before they
help others



'State of my world' and 'State of the country' is most likely to weigh on current sentiment

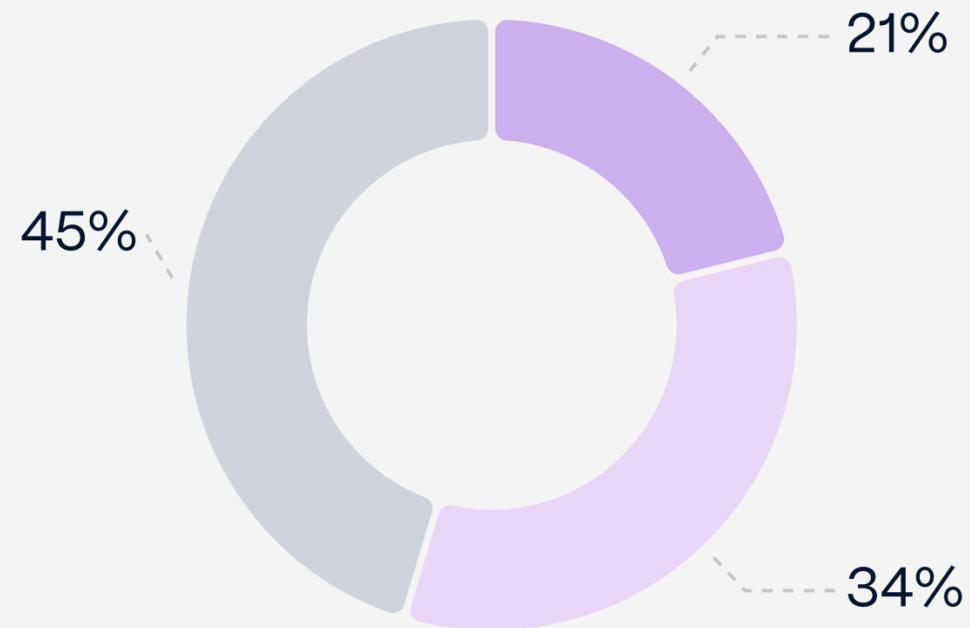
How much are the below impacting your current sentiment?



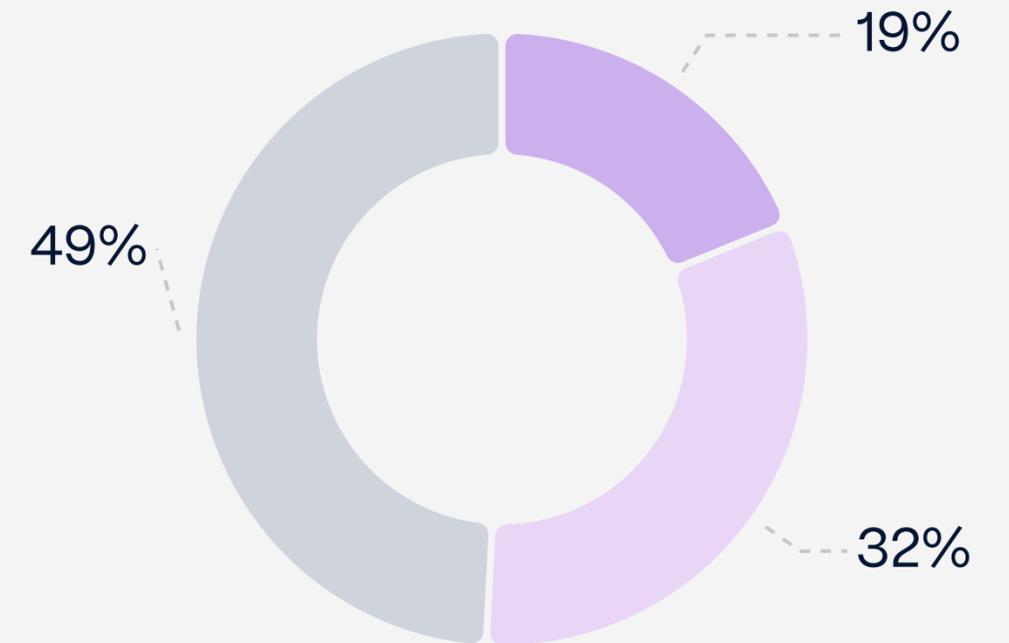
Over half of consumers feel overextended or see their finances as a balancing act with no improvement from last year

- Overextended
- Balancing act
- Stable

Which best describes your household finances last year?

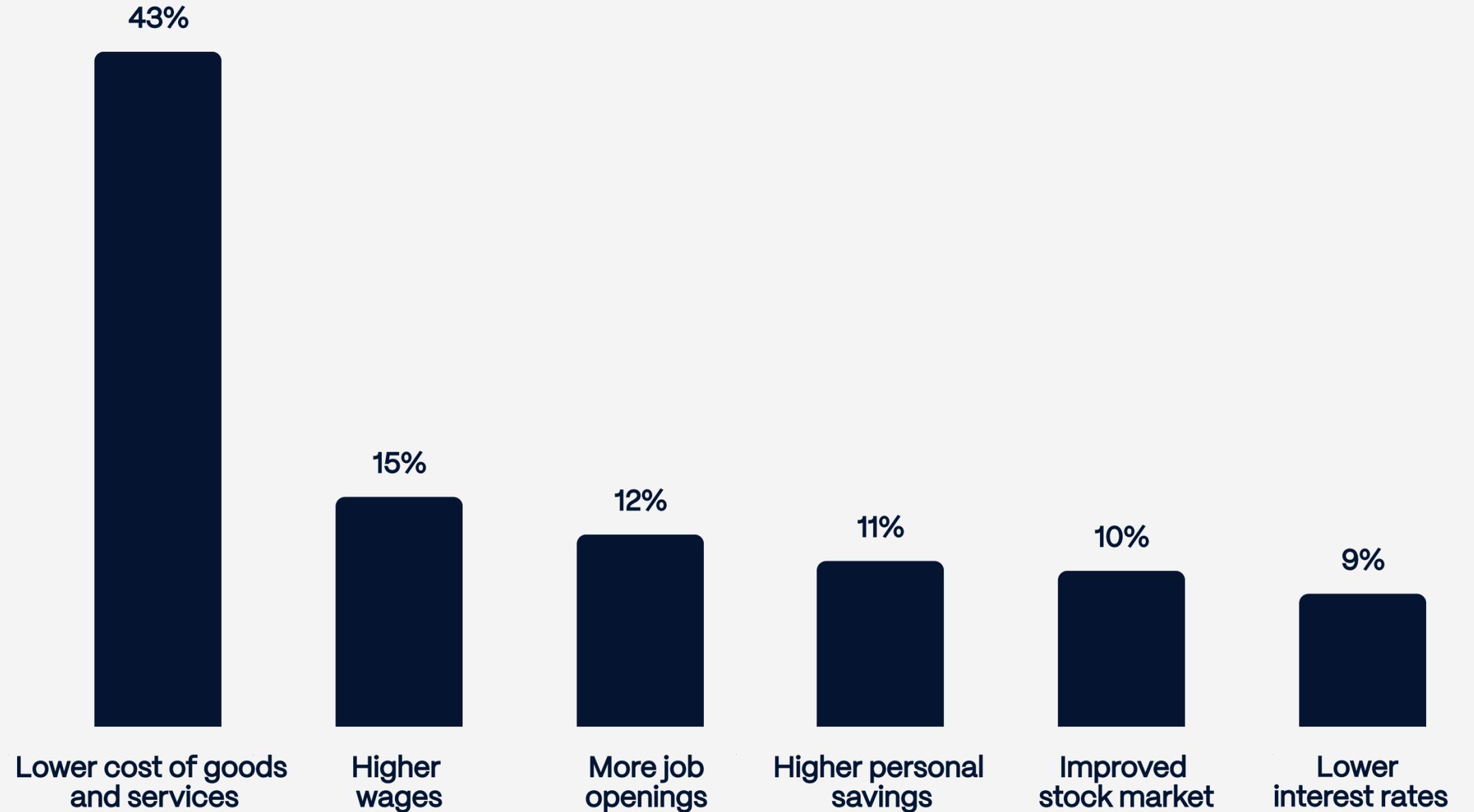


Which best describes your household finances today?

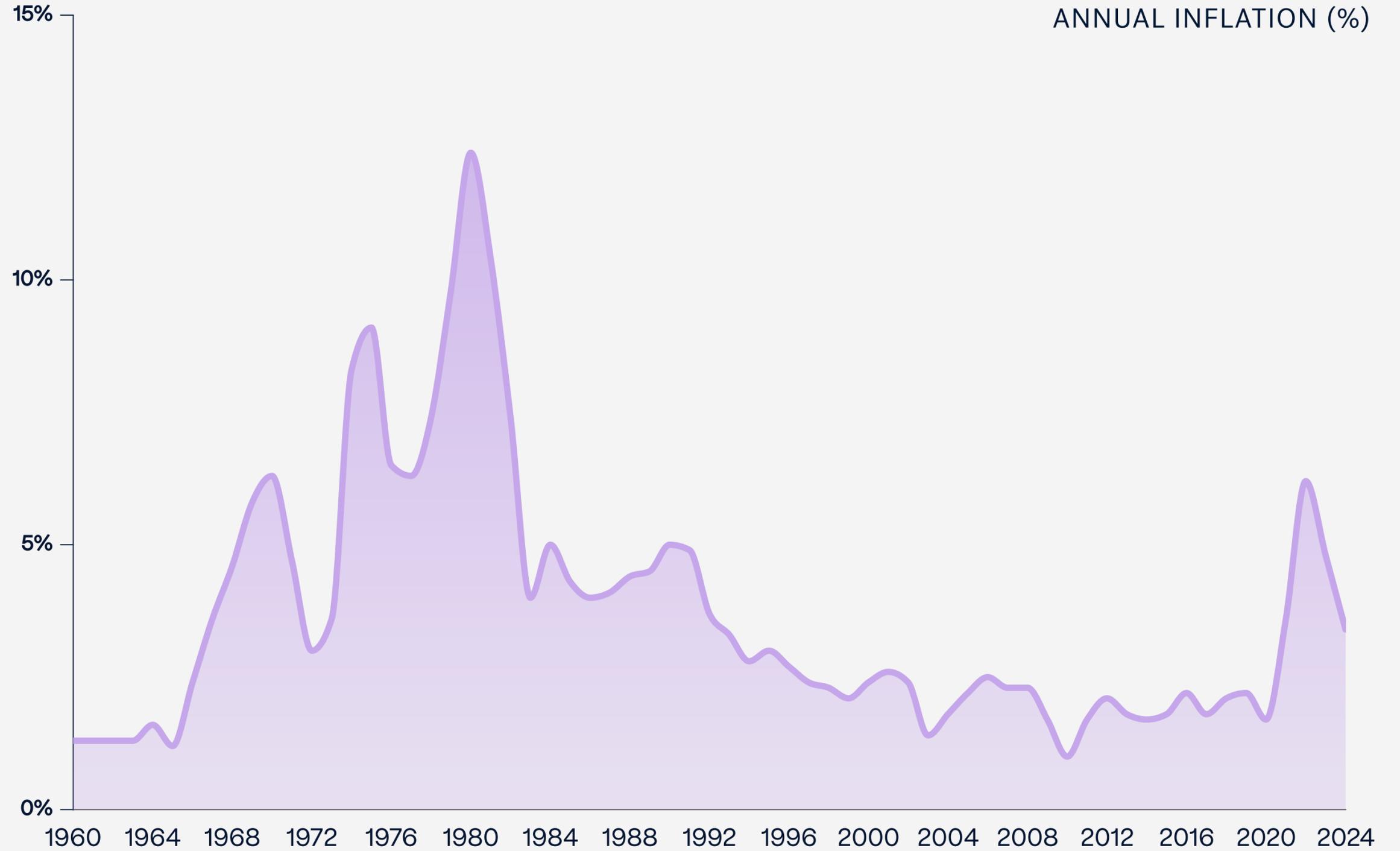


Lower cost of goods and services is the top economic priority with interest rates fading to the background

When it comes to the economy, which is most important to you?

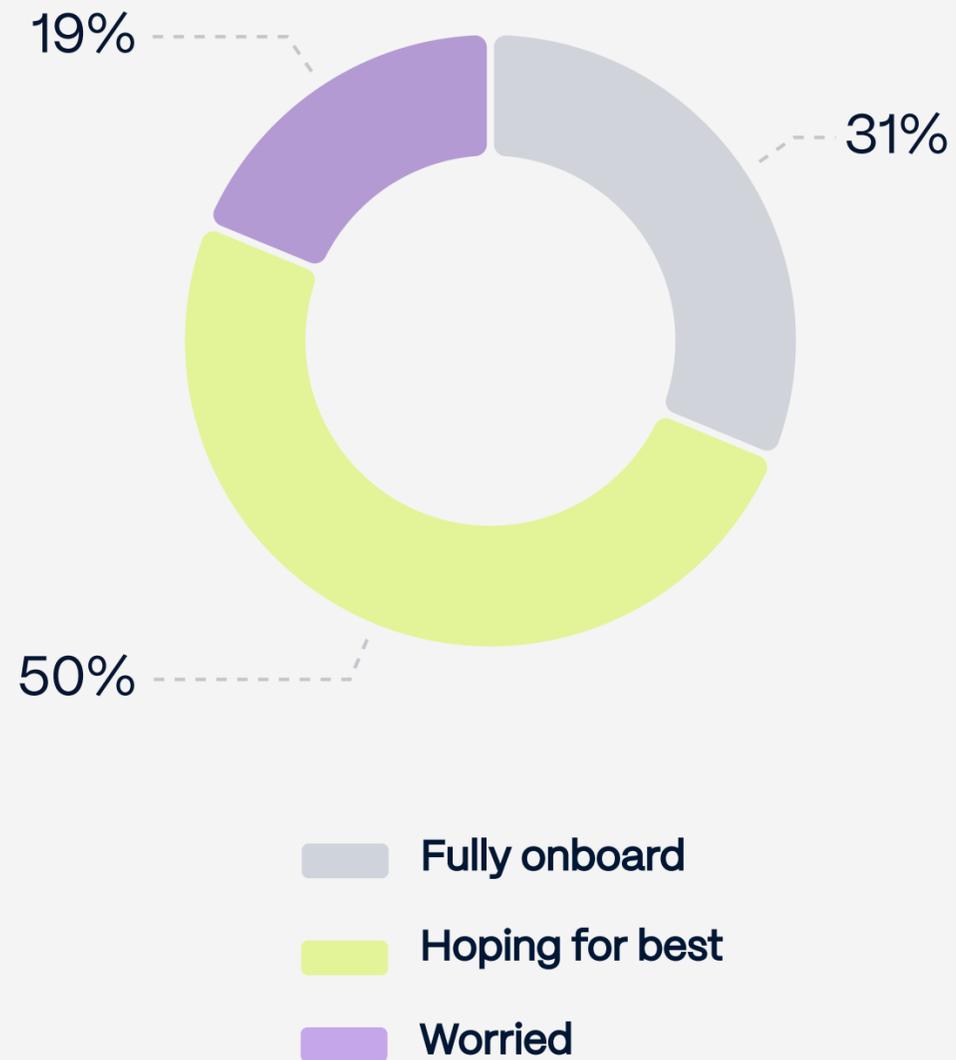


Realistically, consumers need more time to adjust to today's prices — since 1960 we've never had deflation

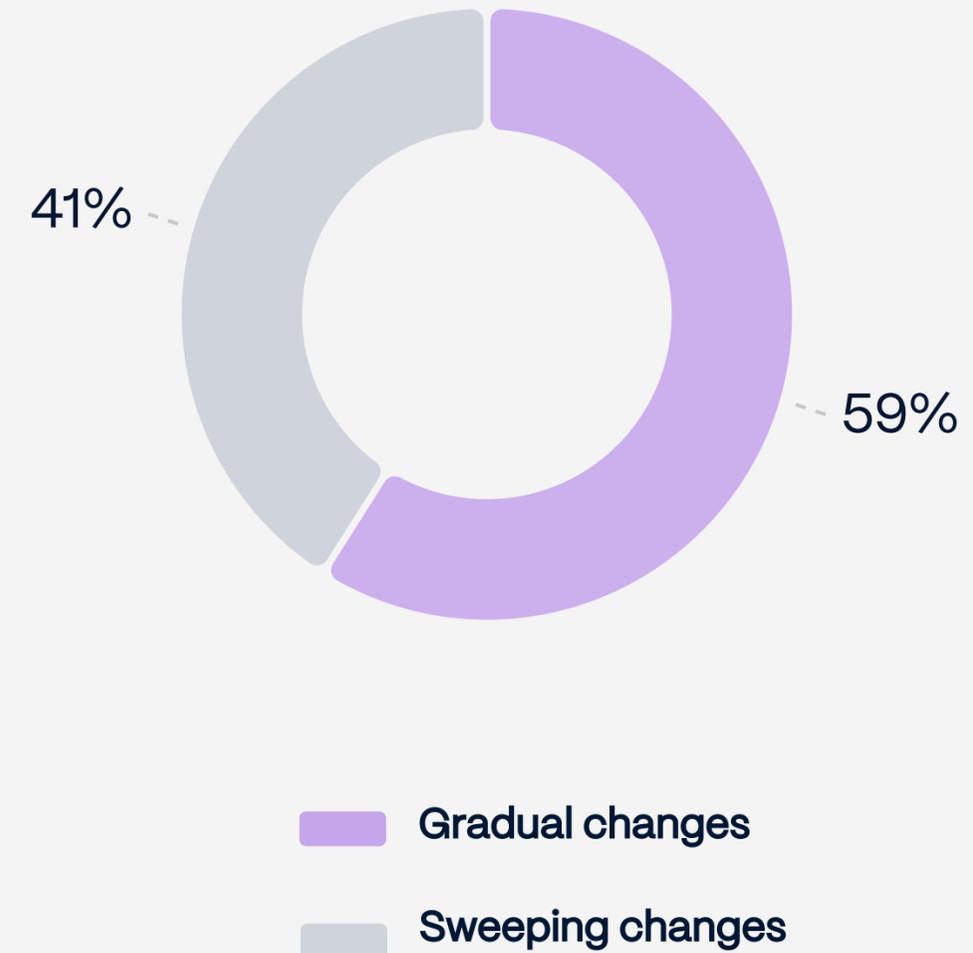


As the administration enacts policy, consumers remain cautiously optimistic with a preference for gradual change

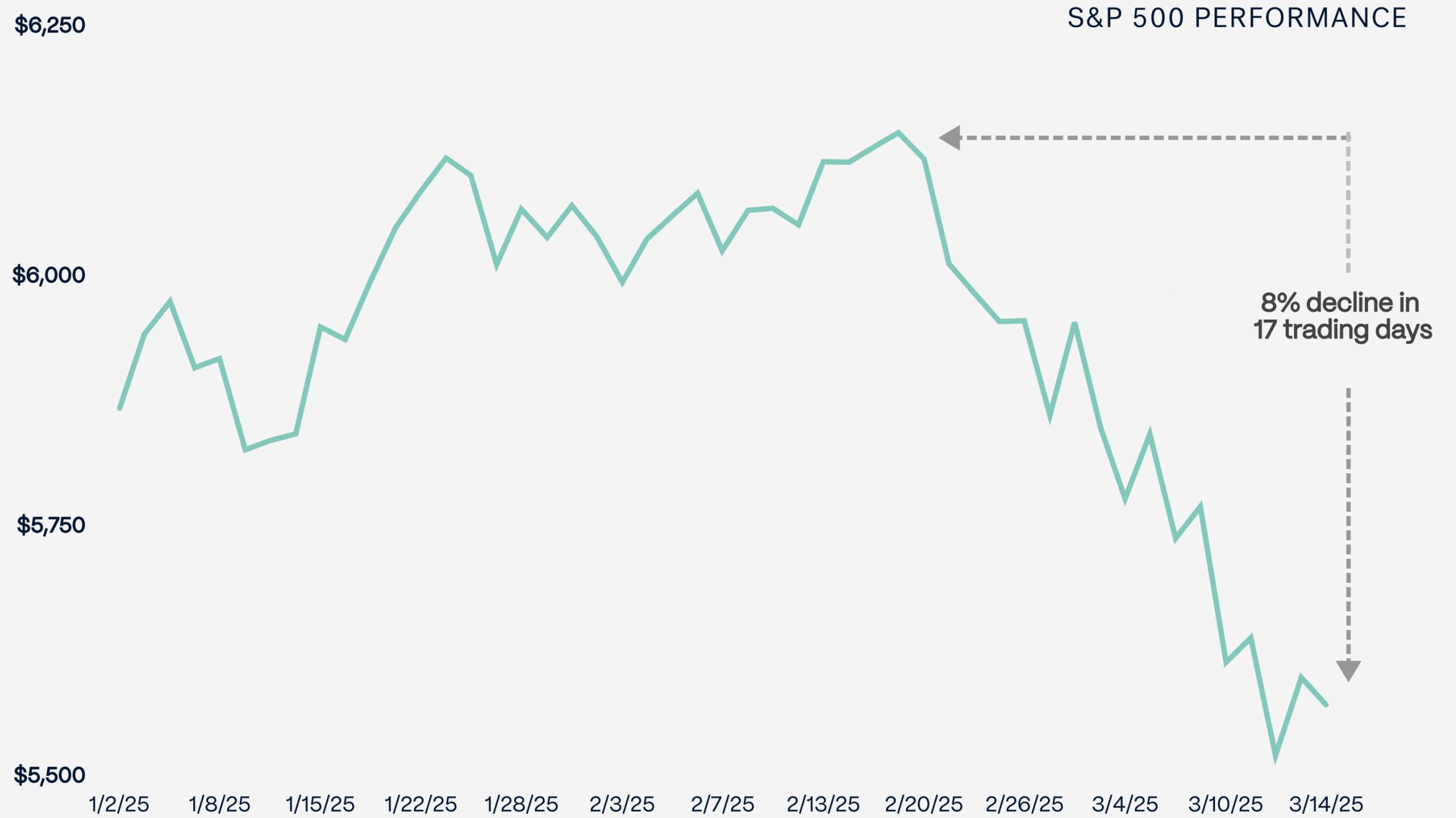
What best describes your approach to the direction of the country over the next 4 years?



When it comes to the direction of the country, which would you rather at present?



However, amidst a flurry of rapid change, potential for a recession has markets and consumers on edge





Spotlight

TAILWIND

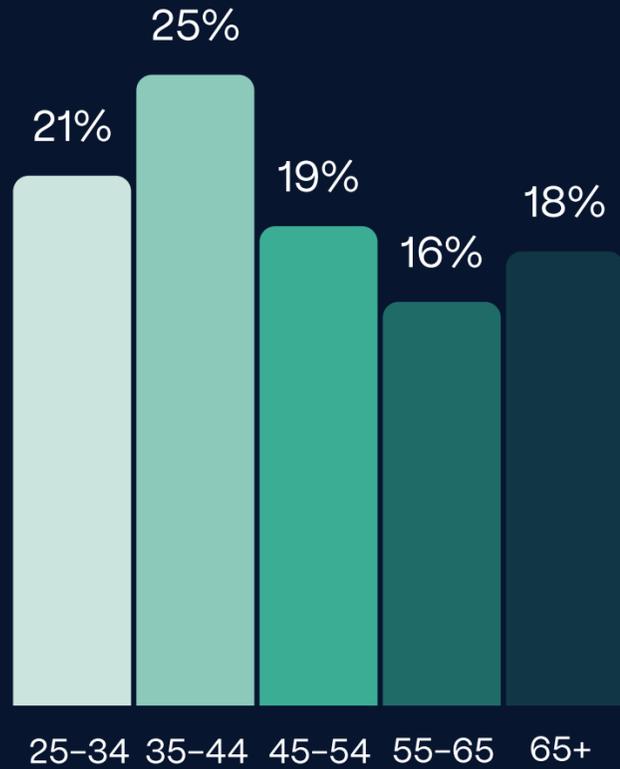
Wellness

Establishing a 'buyer's market' in consumer health

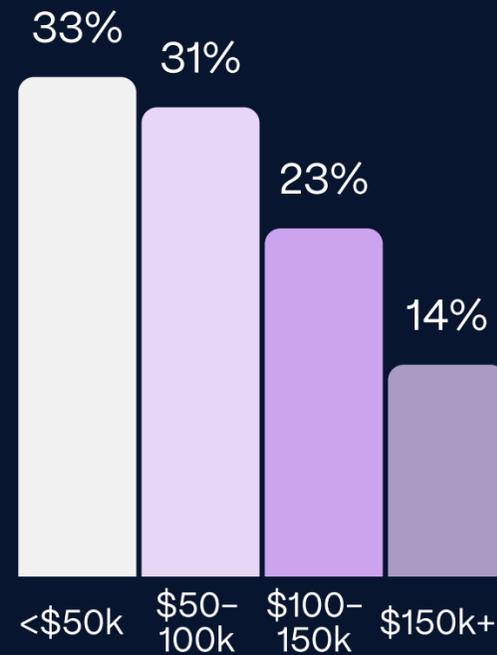


The demographic data of our consumer survey

1,214 respondents



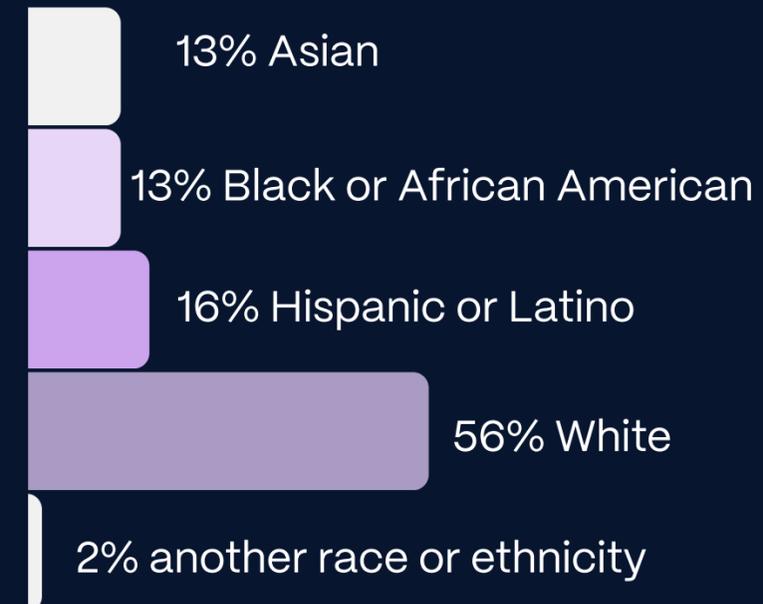
Age



Household Income



Gender Identity

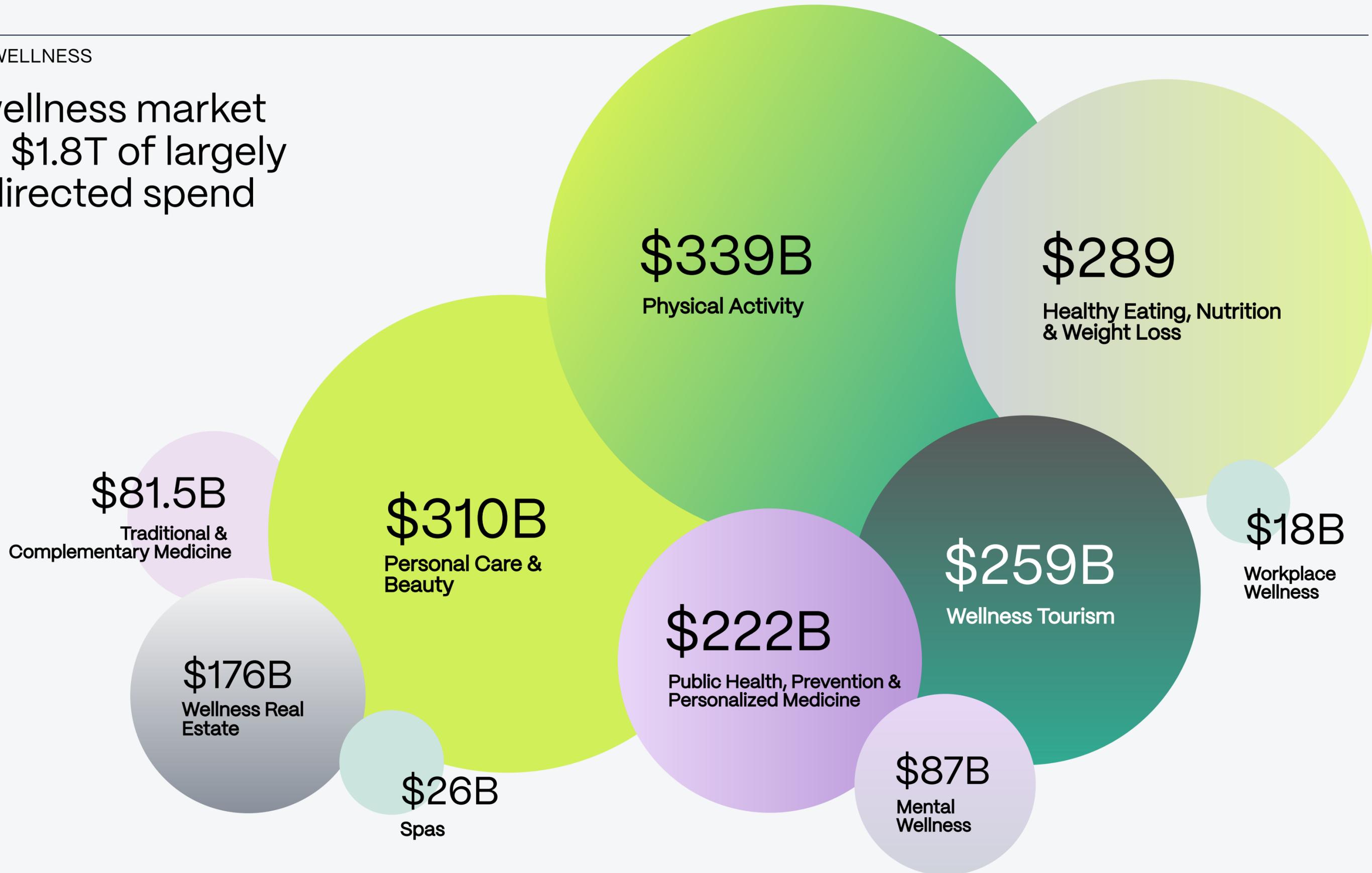


Race / Ethnicity

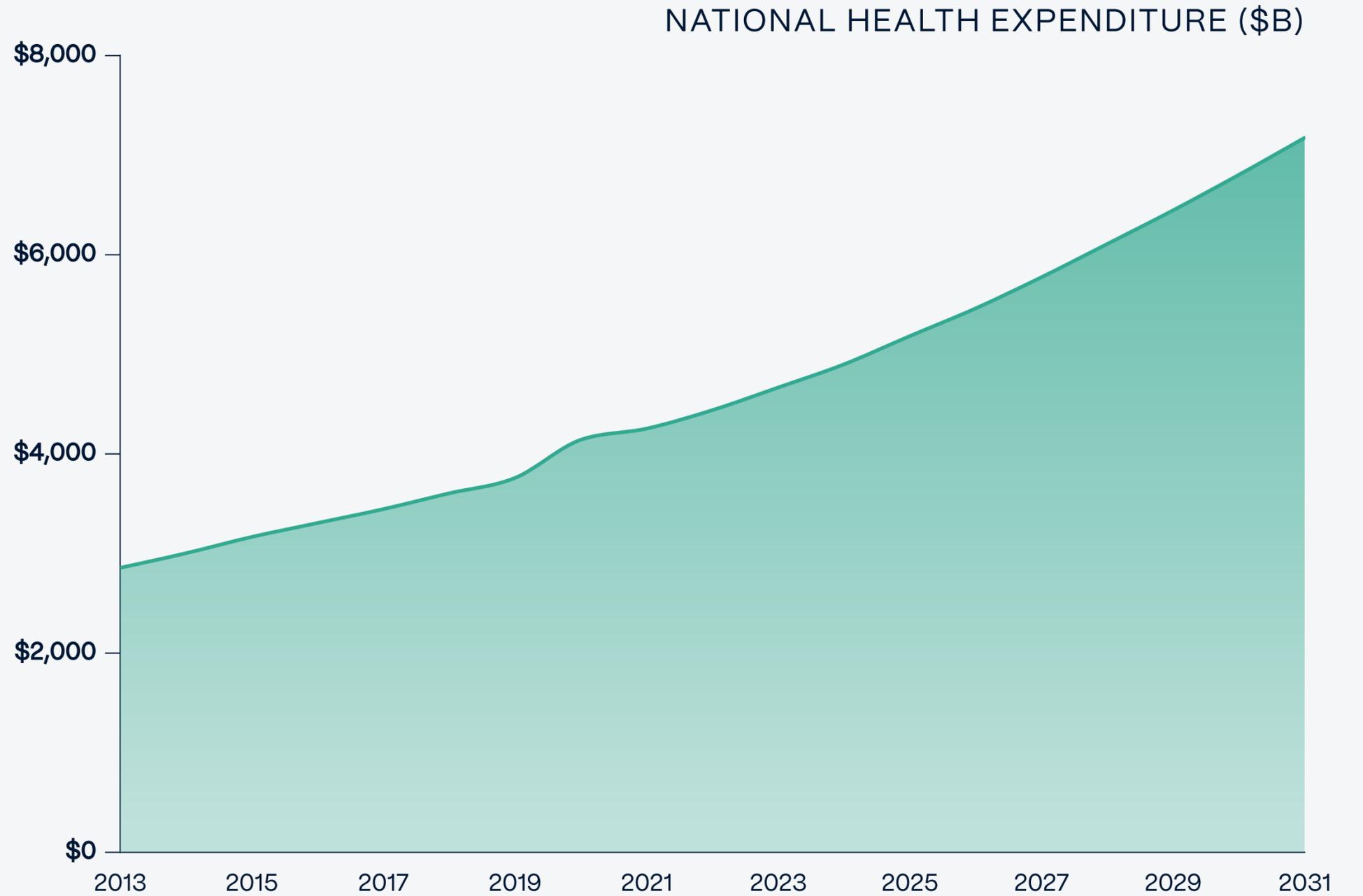
Wellness has reached
mainstream



Today, the wellness market has reached \$1.8T of largely consumer-directed spend



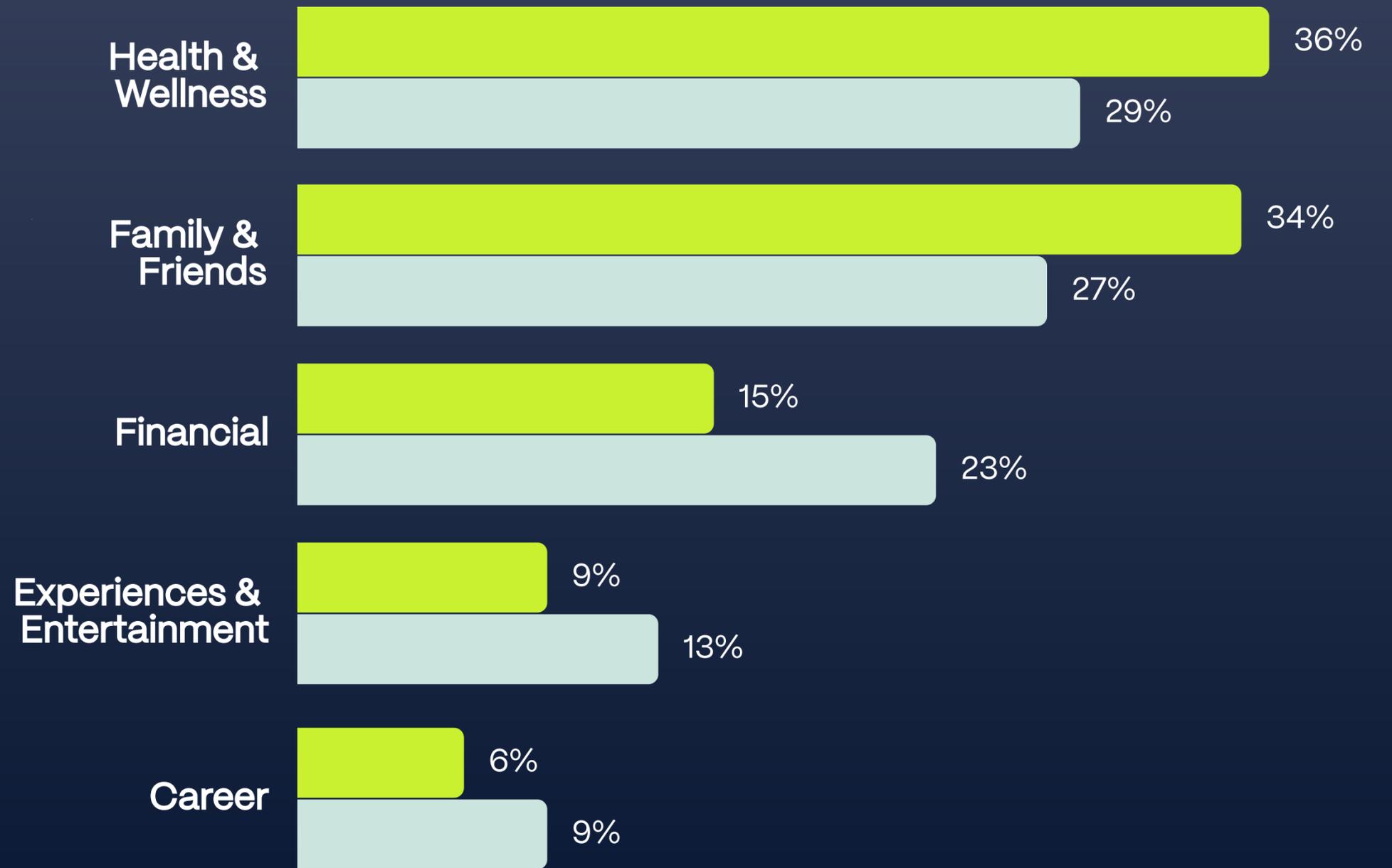
This spend is **on top of**
\$4.9T of largely insurance-
directed healthcare spend



Over 65% of consumers report health and wellness as the most or second most important life goal

Most Important
Second Most Important

Please rank the following life goals in order of priority.

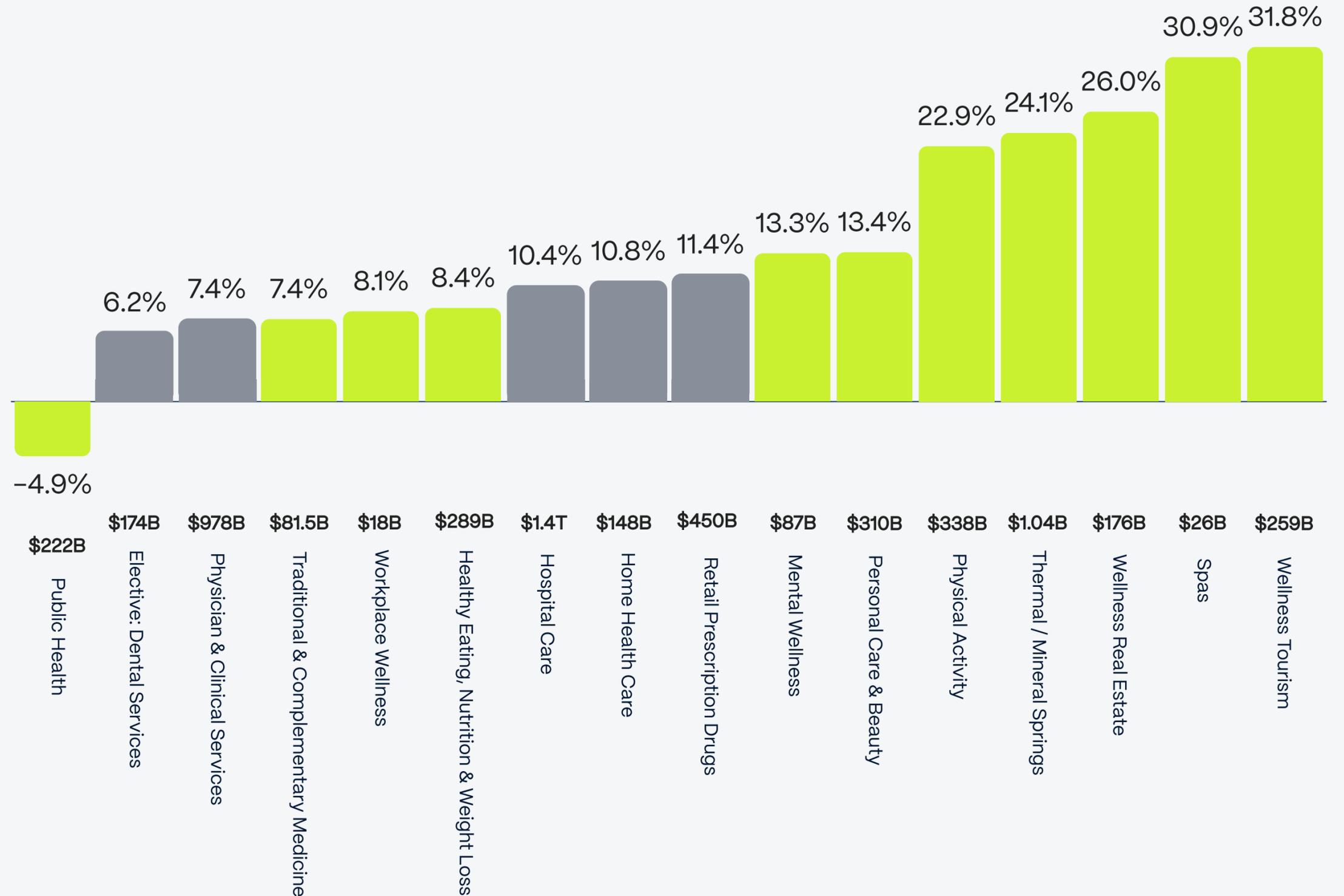


This shows in:

Annual growth of wellness and health categories far outpacing 2.4% GDP growth

Healthcare
 Wellness

ANNUAL MARKET SIZE GROWTH (%)



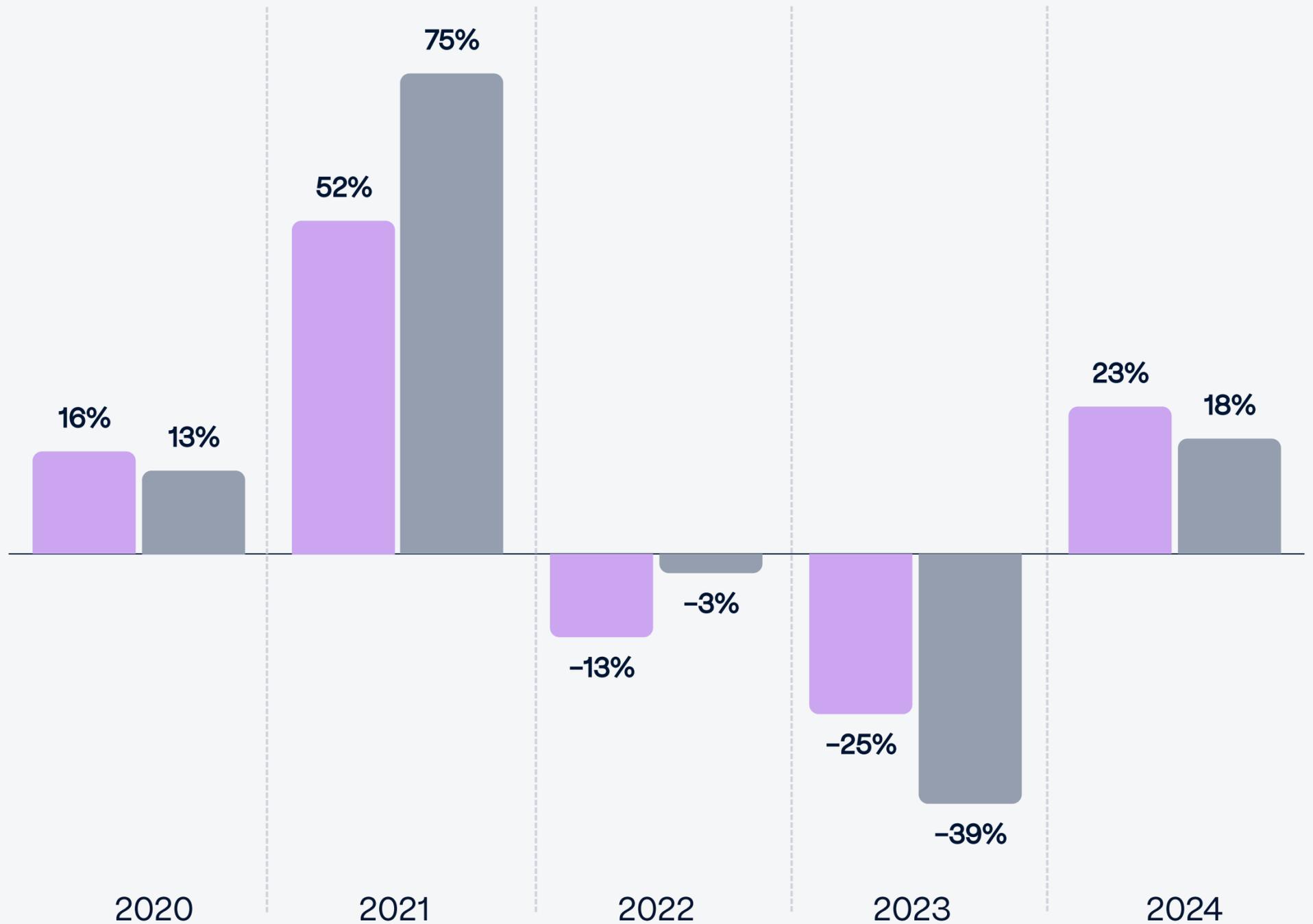
Sources: CMS, 2023; Yahoo Finance, 2024

This shows in:

Early-stage dollars raised by health companies outperforming the market for the first time since 2020

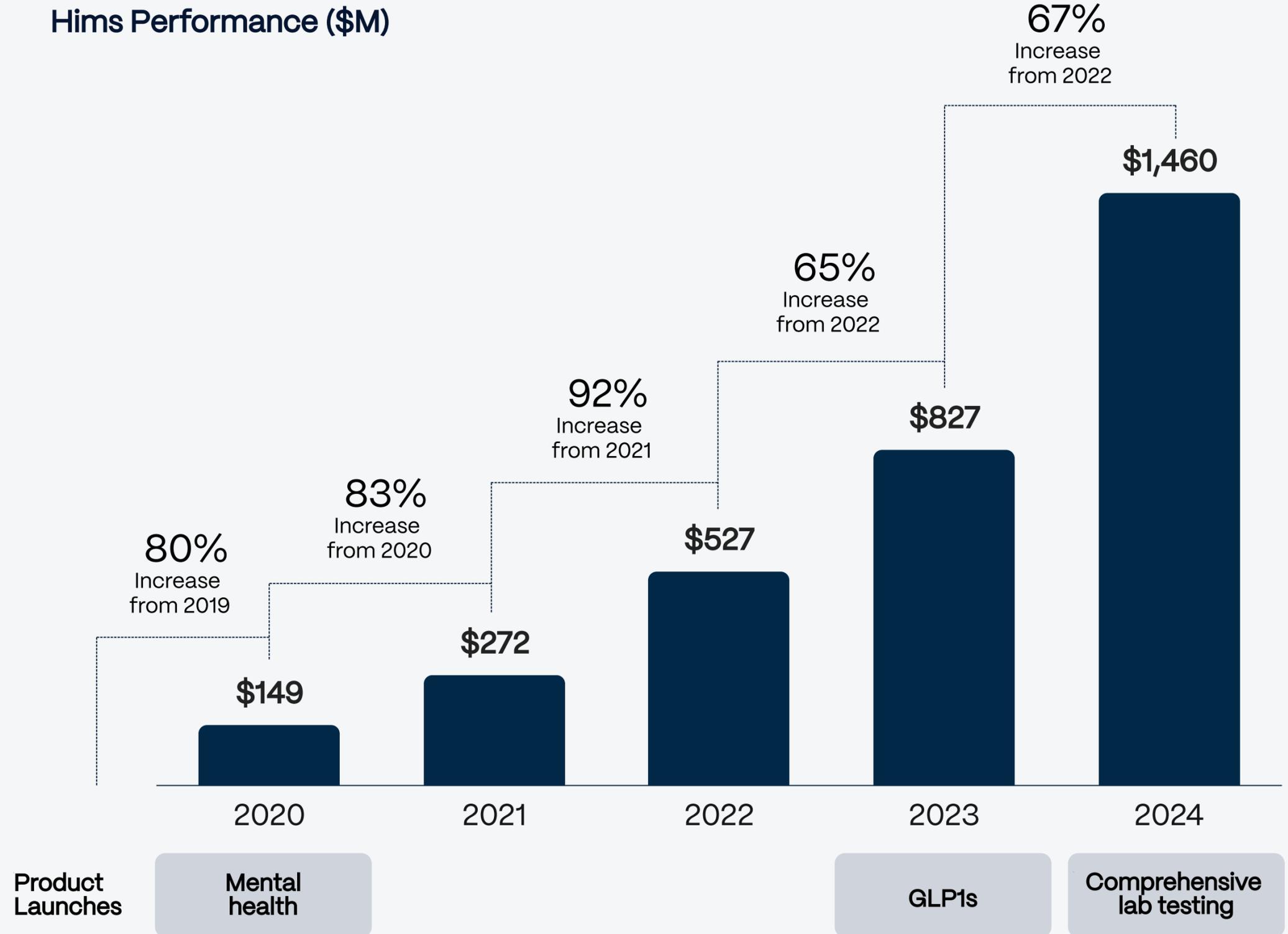
Health
Broader Market

Seed & Series A Market Performance: Healthcare vs. Broader Market



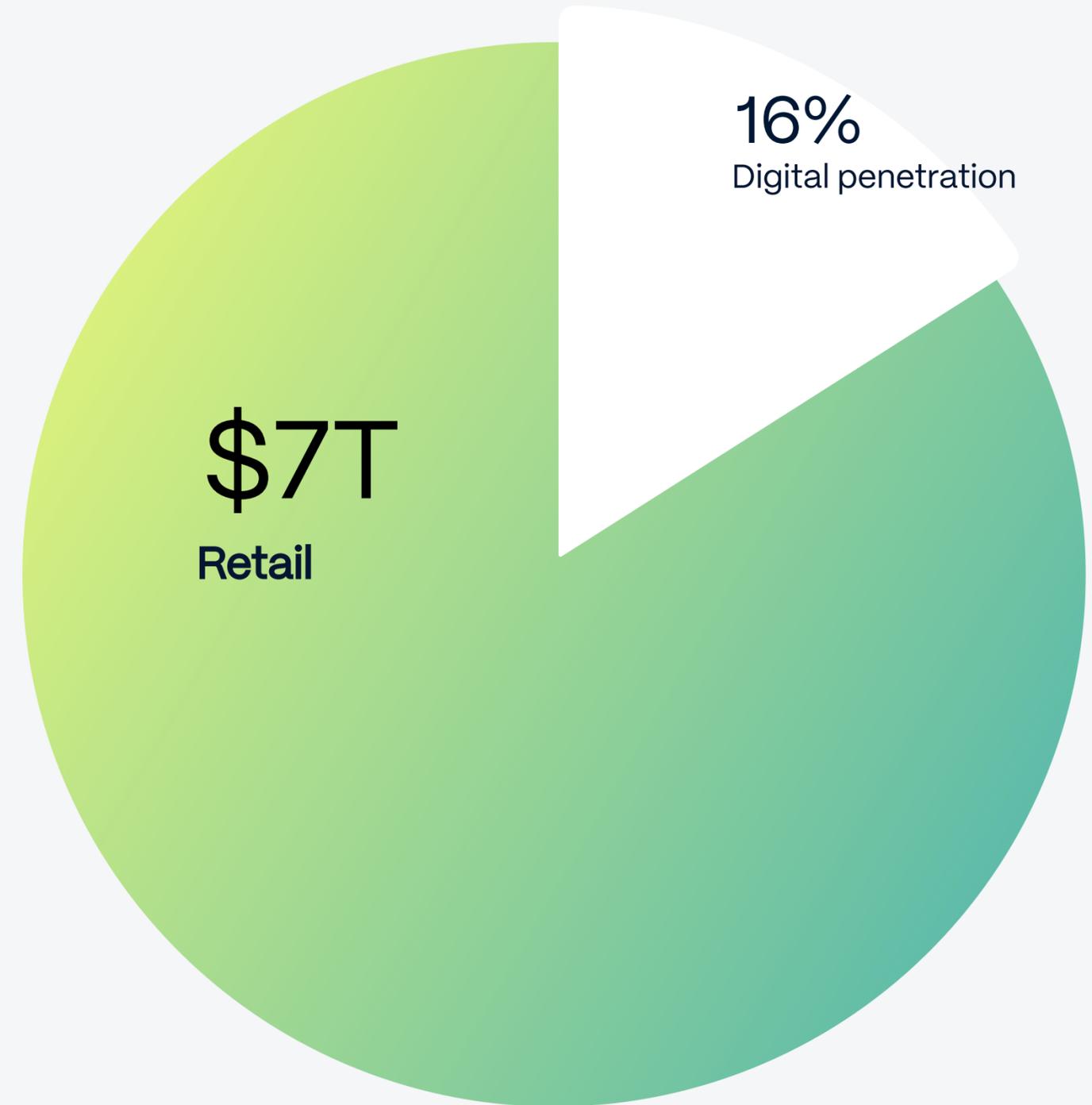
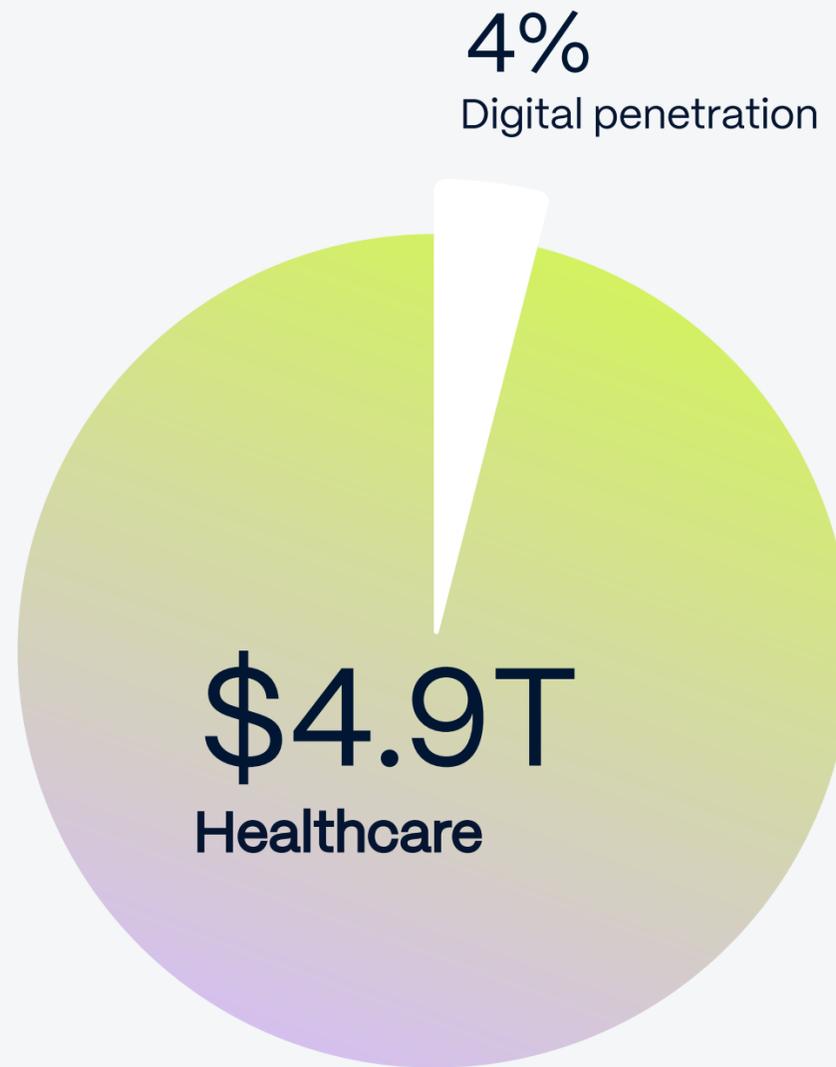
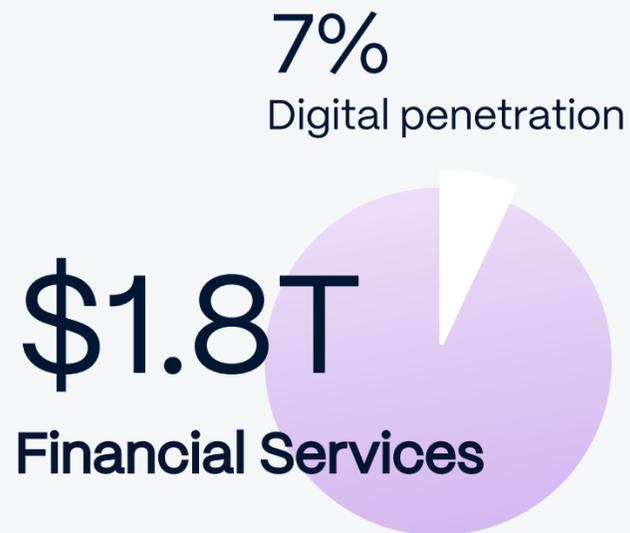
And this shows in:

The breakout growth of companies like Hims, a leading consumer-directed spend health platform



So why are we
talking about a
decade-old, well-
known trend
now?

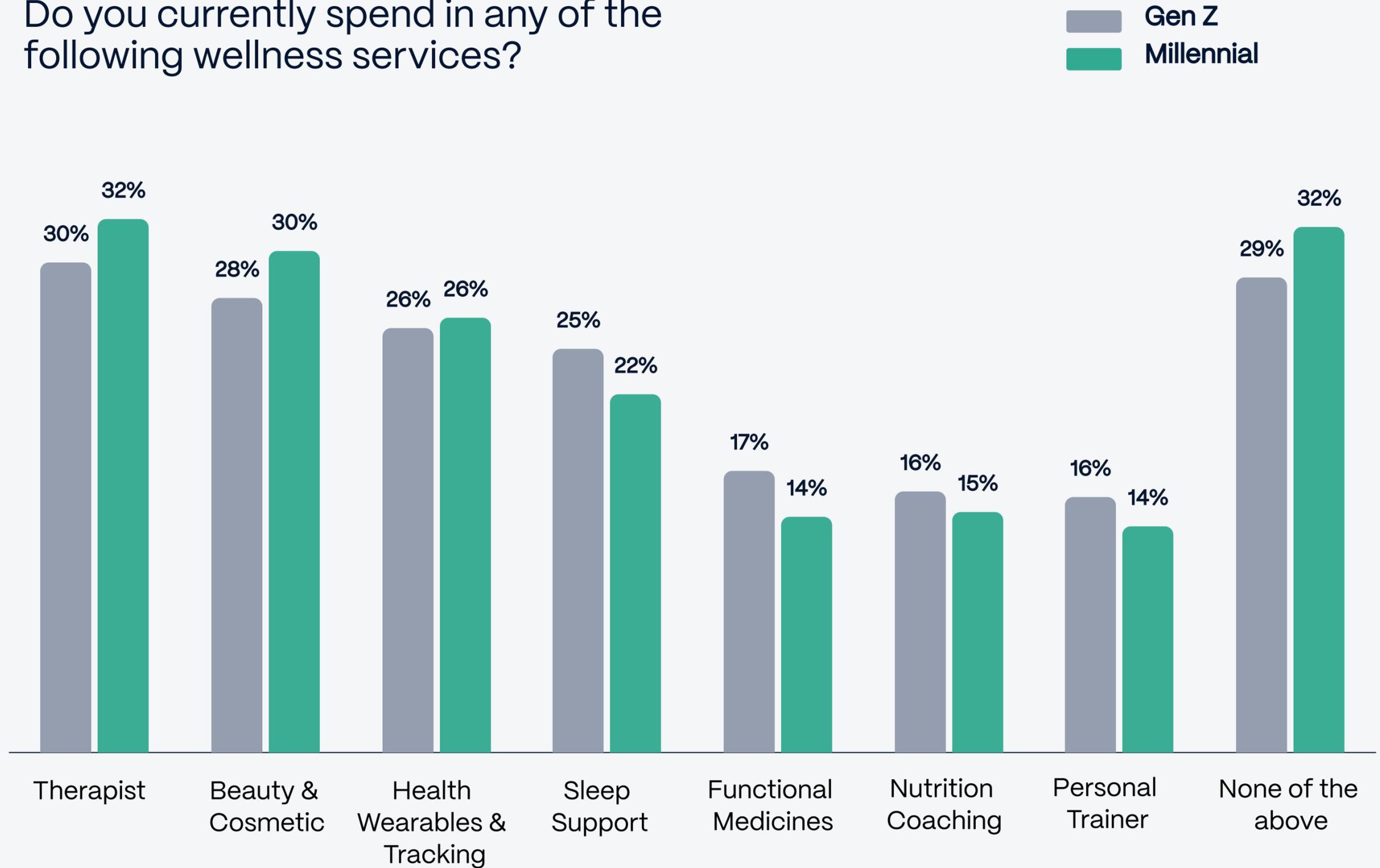
Digitization of health and wellness spend has only scratched the surface and lags behind other categories



Gen Z interest in wellness matches Millennials.

And Gen Z will have more spending power over the next decade.

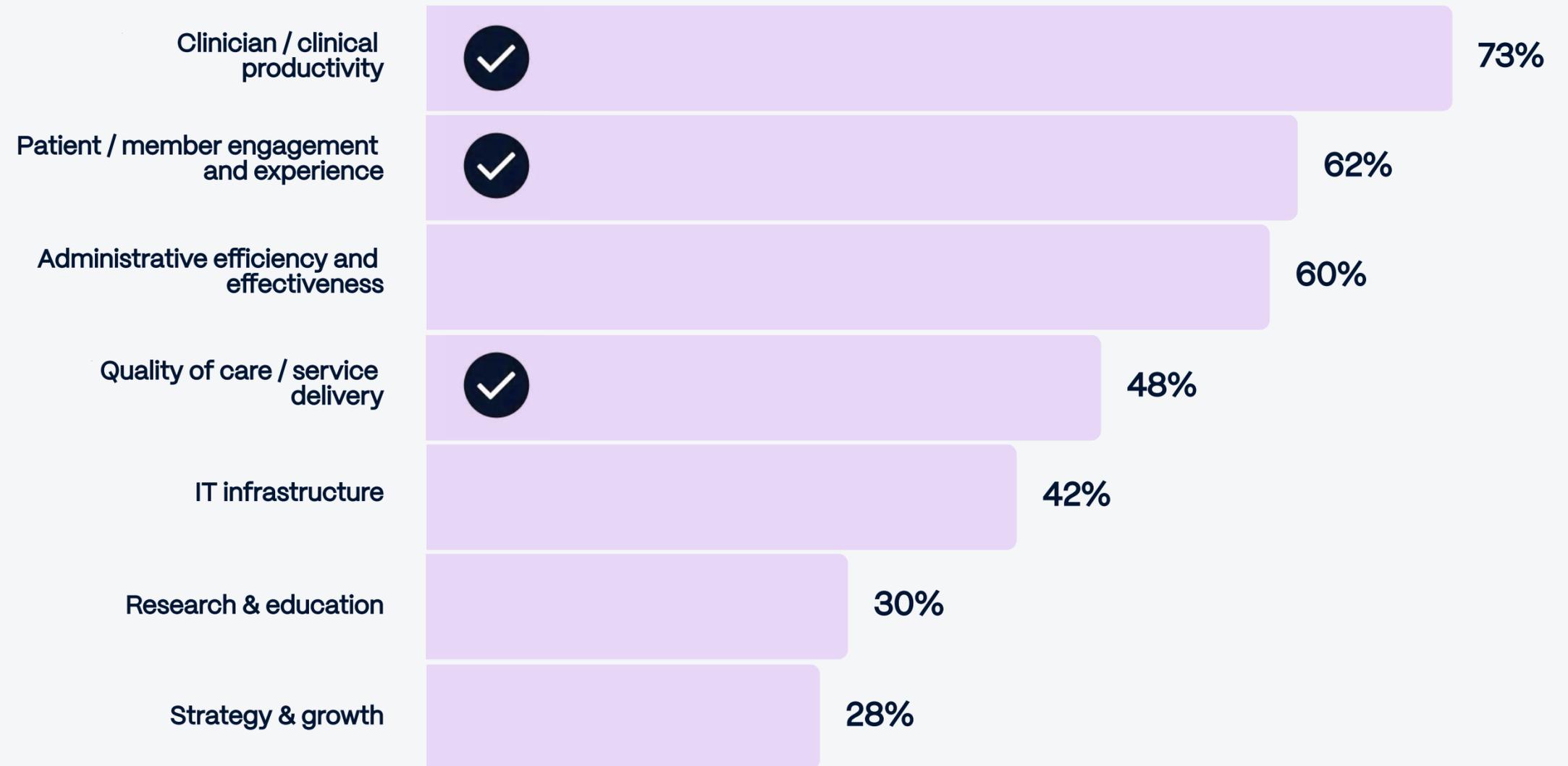
Do you currently spend in any of the following wellness services?



Health professionals believe AI will have the most impact on patient-facing areas

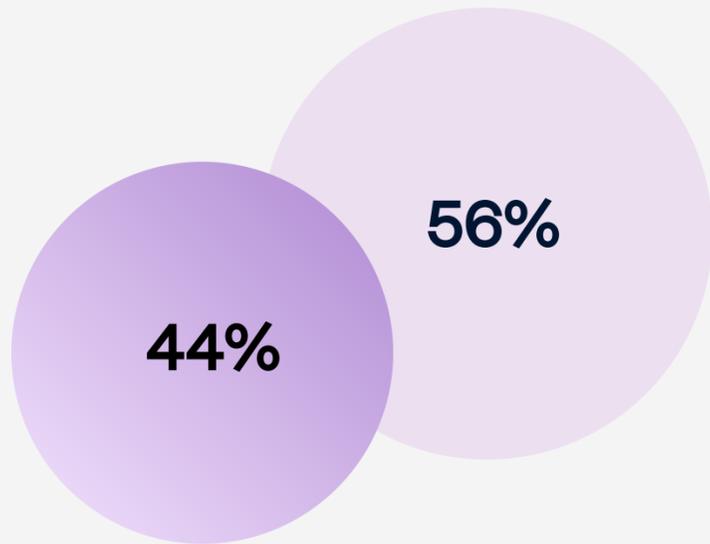
What areas in healthcare do you believe will benefit the most from AI?

■ Patient-facing

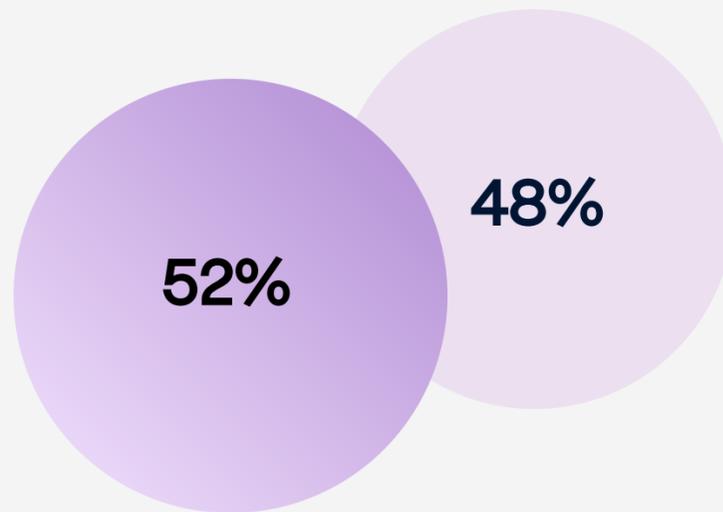


There's already openness to AI mental health therapy with interest reaching over 50% when cost saving and experience benefits are explained

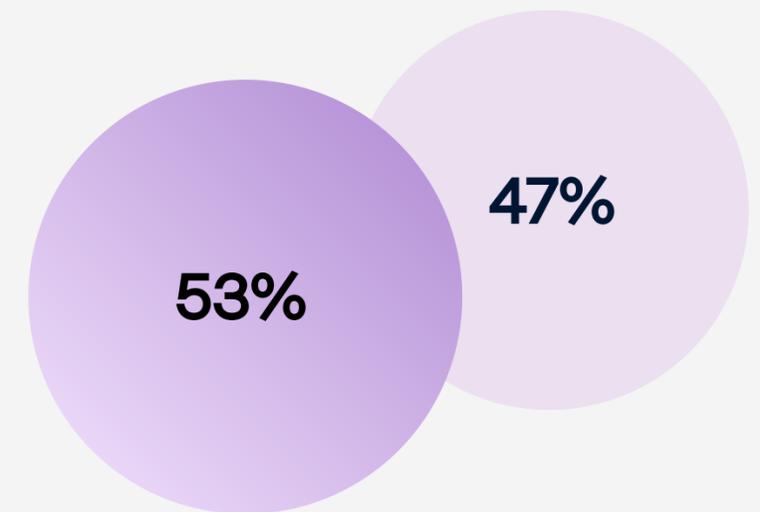
Yes No



Would you be open to using an AI Therapist?



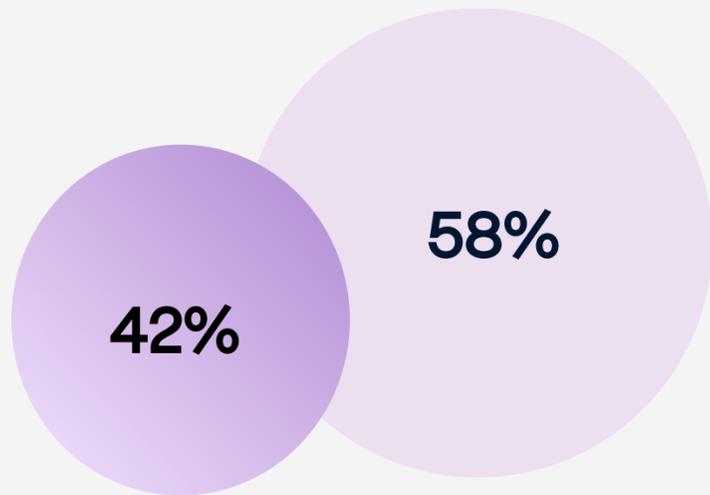
What if it was significantly cheaper than meeting with a human therapist?



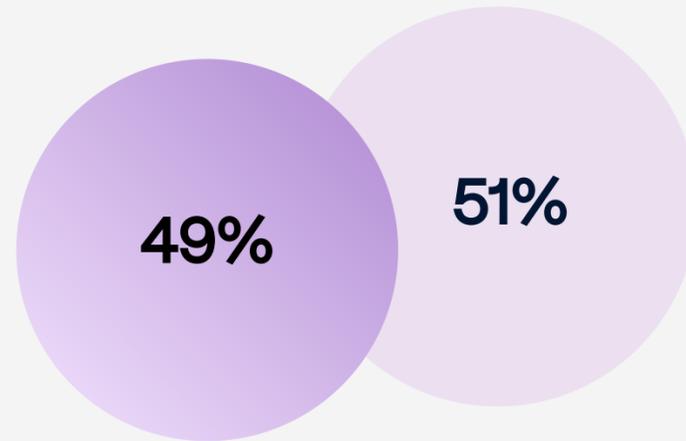
What if you could have sessions more often and at any day or time?

As well as openness to AI primary care with interest also reaching over 50% when cost saving and experience benefits are explained

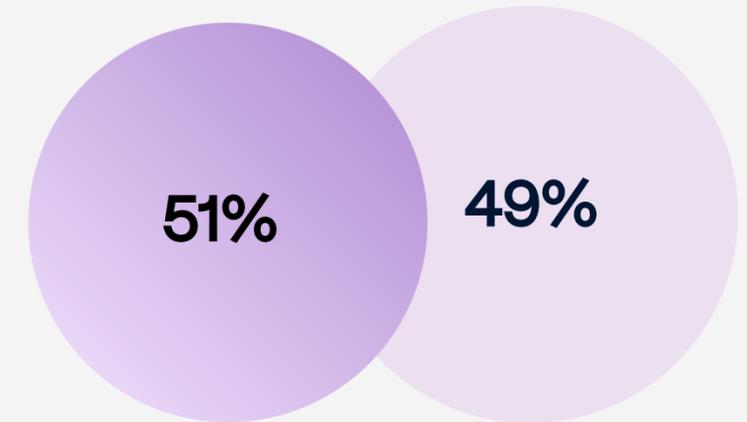
Yes No



Would you be open to using an AI Primary Care Doctor?



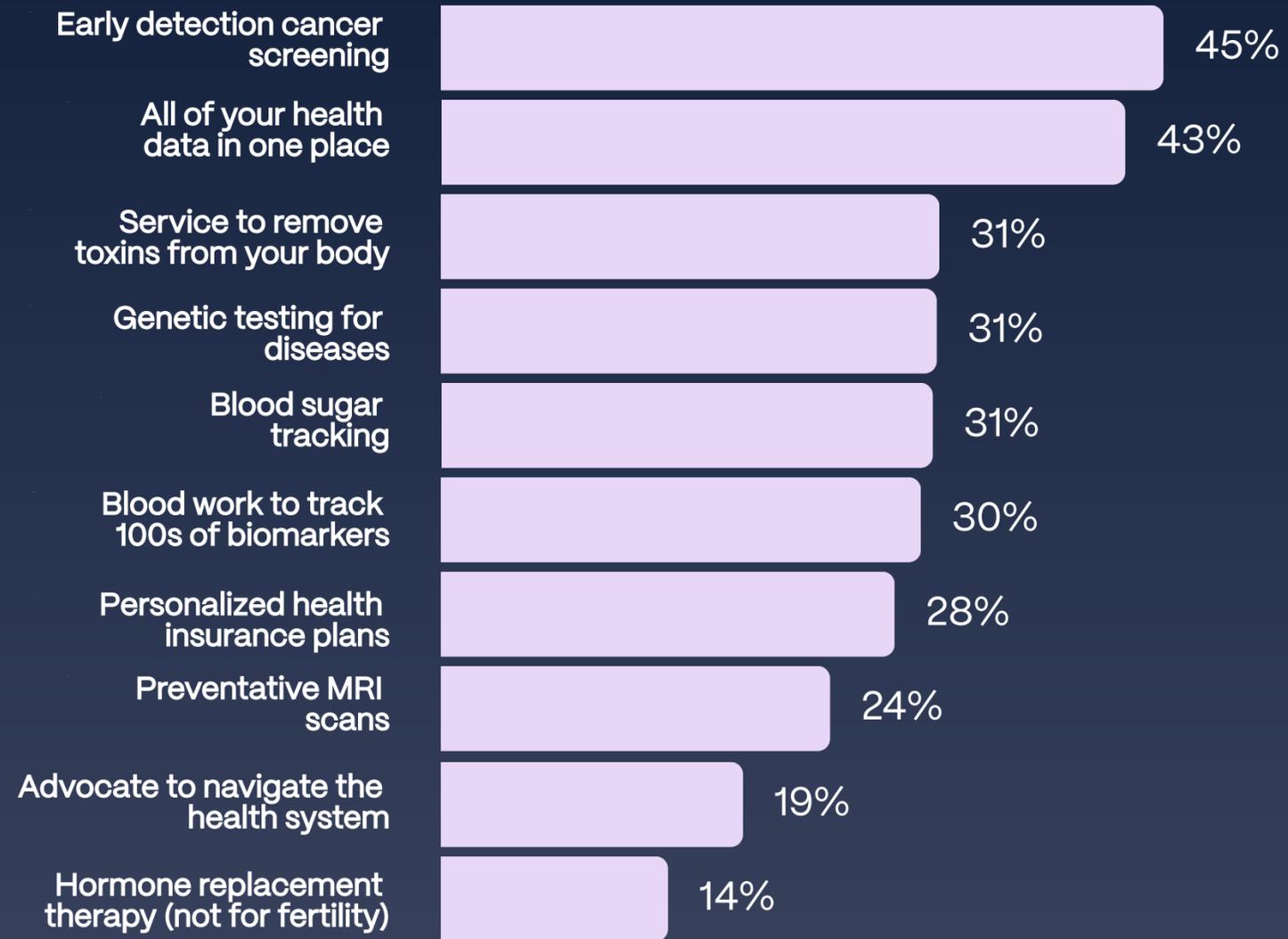
What if it was significantly cheaper than meeting with a human doctor?



What if you could have appointments more often and at any day or time?

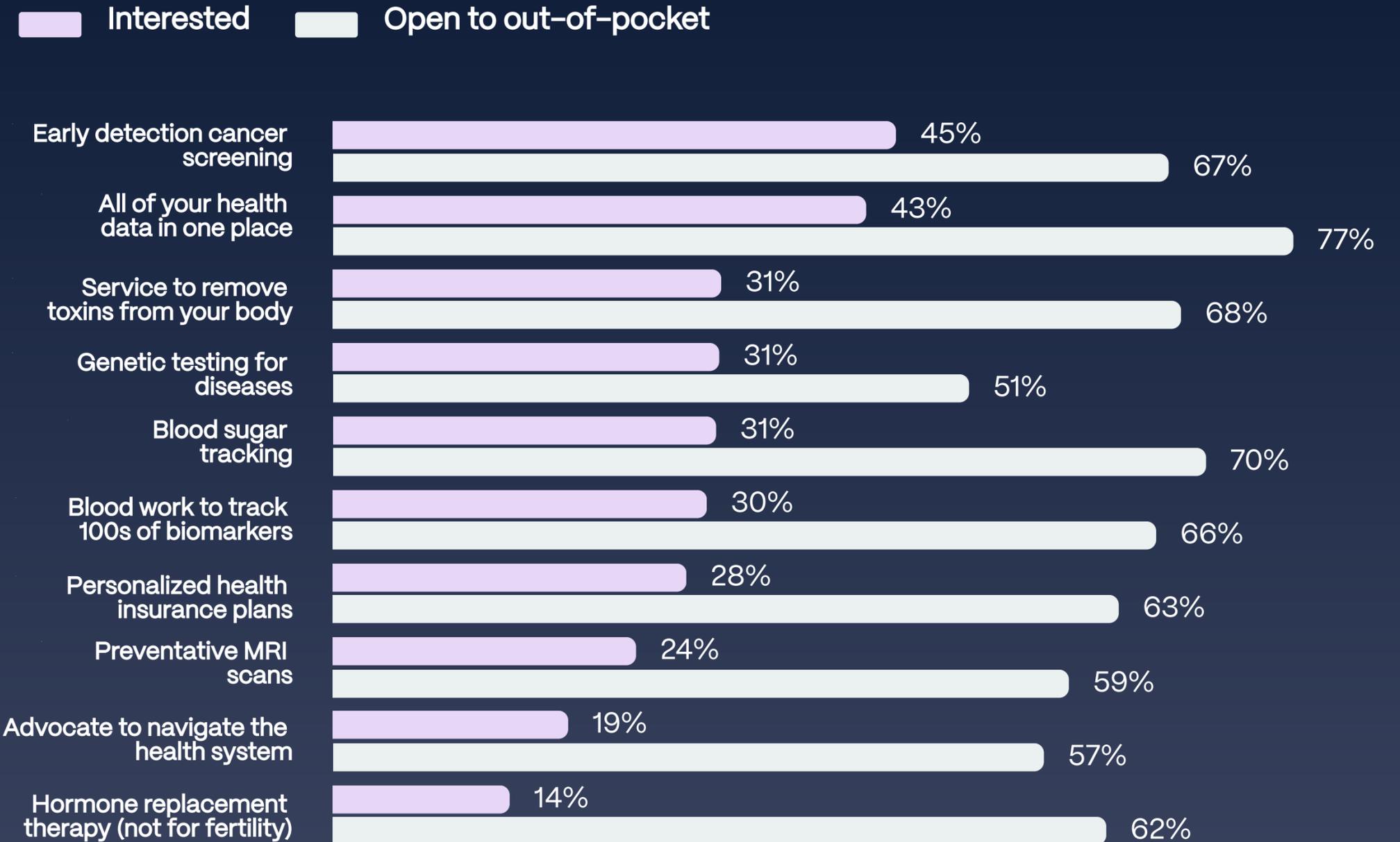
Interest in proactive health has reached critical mass across traditionally reactive offerings

When it comes to your health, which of the below would you be interested in using? Select all that apply.



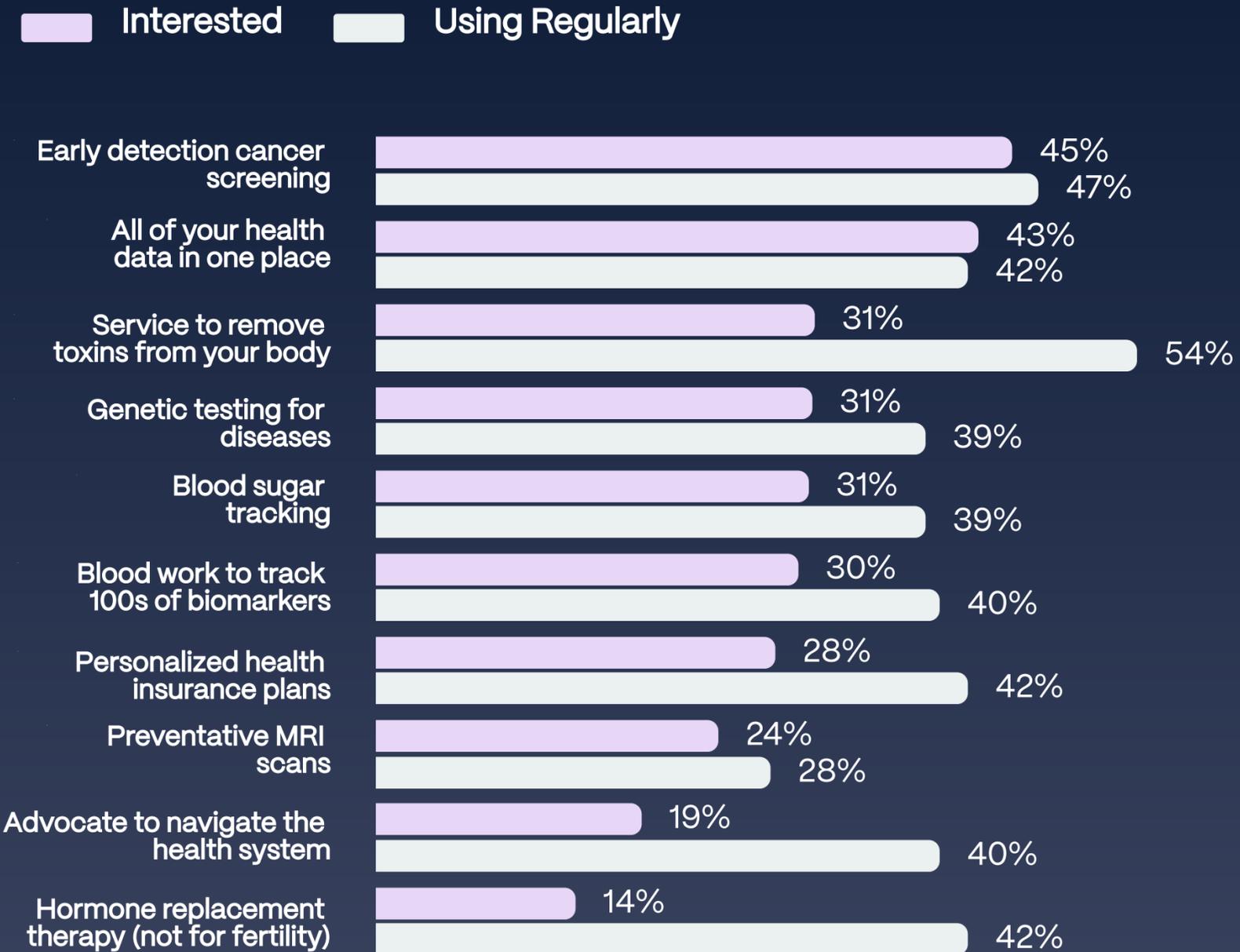
A significant portion of interested consumers are open to paying out of pocket for the products and services

When it comes to your health, which of the below would you be willing to pay out-of-pocket for (no insurance coverage)? Select all that apply.



A majority of interested consumers would be open to using the products and services regularly over time

Which of those would you be interested in using regularly over time? Select all that apply.

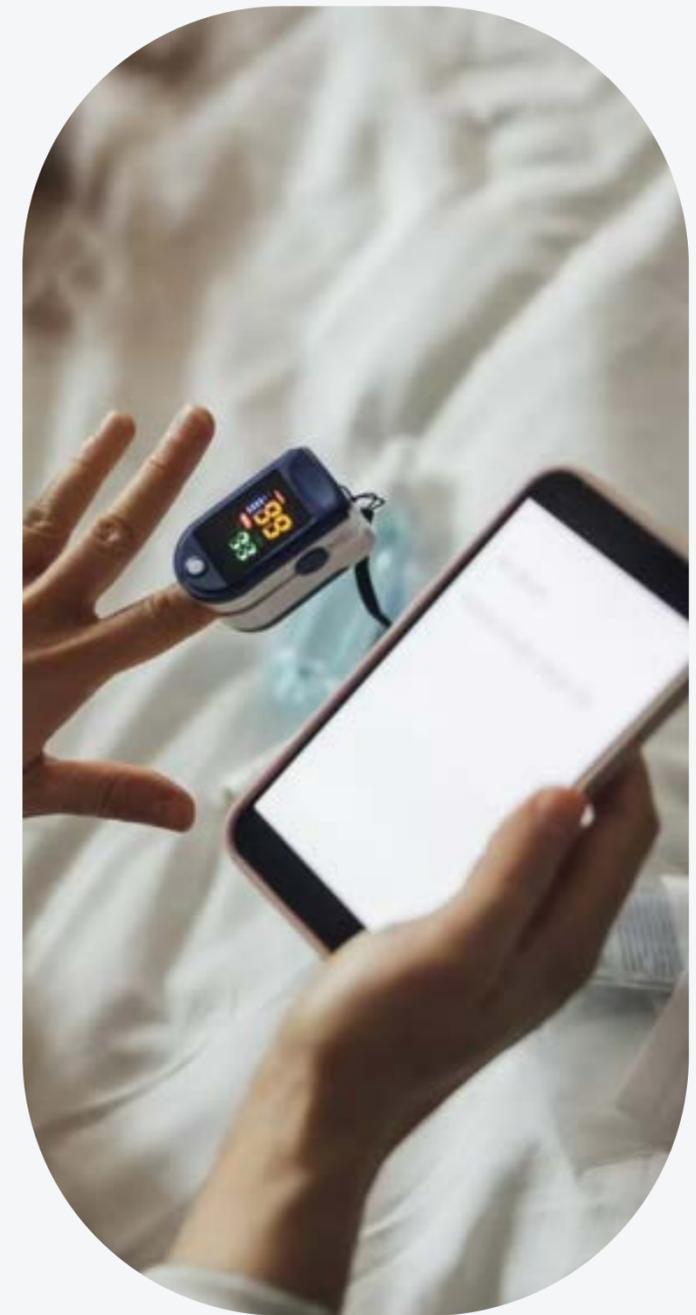
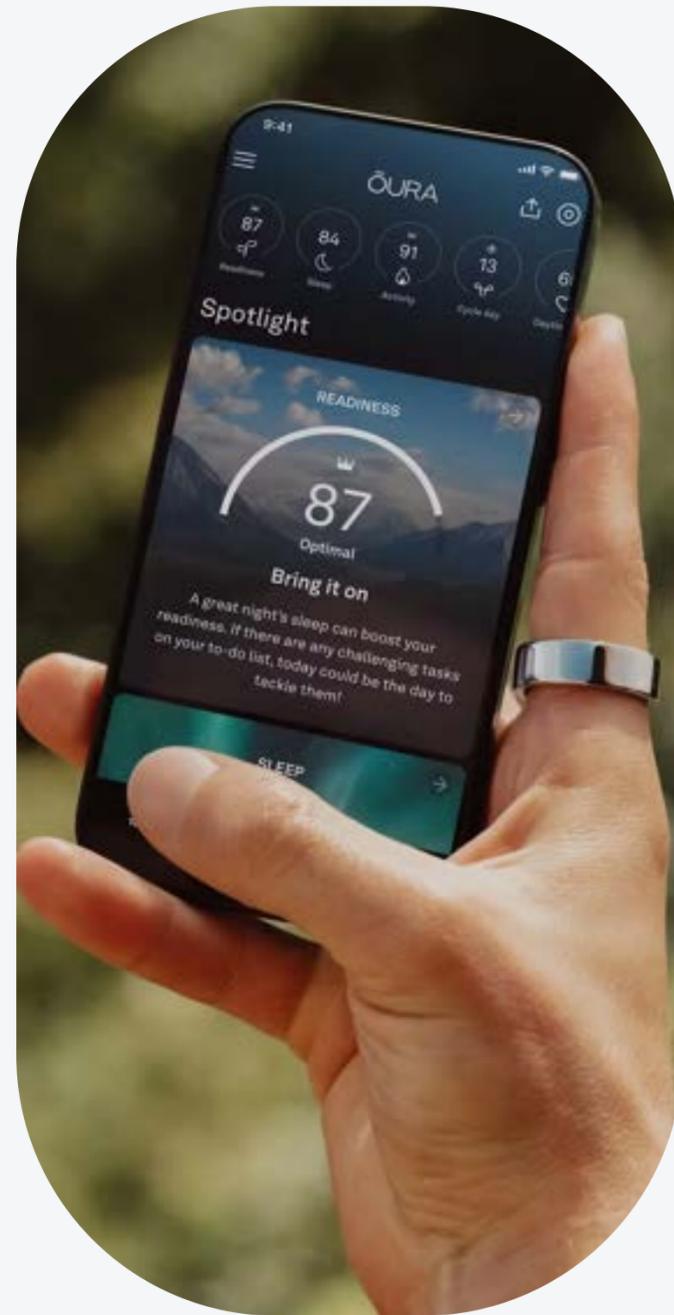


Consumers are ready for a 'buyers market'.

The health system has not evolved to meet their needs.



Imagine a future where consumers are in complete control of their health & wellness





What's needed for a
'buyers' market' to
become reality?

Imagine

healthcare becomes
consumer-driven & decentralized



Universal health passport

Individuals own and control their full medical records, stored in a secure universal health passport that integrates all their data (medical history, device data, genetic insights, lifestyle tracking).



Buyer's market

Patients can freely choose their providers, treatment options, and wellness strategies without interference from insurers, hospital systems, or government mandates.



AI-driven health assistants

Routine care is delivered via AI-driven health assistants (capable of diagnosing and managing many conditions with oversight from human doctors when necessary).



Transparent marketplaces

Healthcare marketplaces exist where people shop for providers, procedures, and treatments—comparing options based on price, quality, and patient reviews (like shopping on Amazon).

Imagine

a transparent,
pay-as-you-go system



Transparent pricing

No more opaque billing codes or surprise medical bills. Instead, pricing is upfront, and bundled into all-inclusive services (e.g., a flat price for a knee surgery or an annual health plan covering all check-ups and treatments).



Real-time health financing

Patients can greater ability to save and spend HSA / FSA dollars, potentially with the ability for all health expenses to be tax deductible. Patients have access to zero-interest microloans for larger medical expenses.



Customized insurance

Customized health insurance plans (ICHRA), risk is managed through personalized health savings models and in some cases community-based health pools where groups share expenses.

Imagine hyper personalized preventative & at-home care



Early disease detection

Continuous health monitoring via wearables and testing to help prevent disease before it starts.



Data, data, data

Biometrics, genomics, and lifestyle data enable highly personalized treatment plans tailored to an individual's unique biology.



At-home care

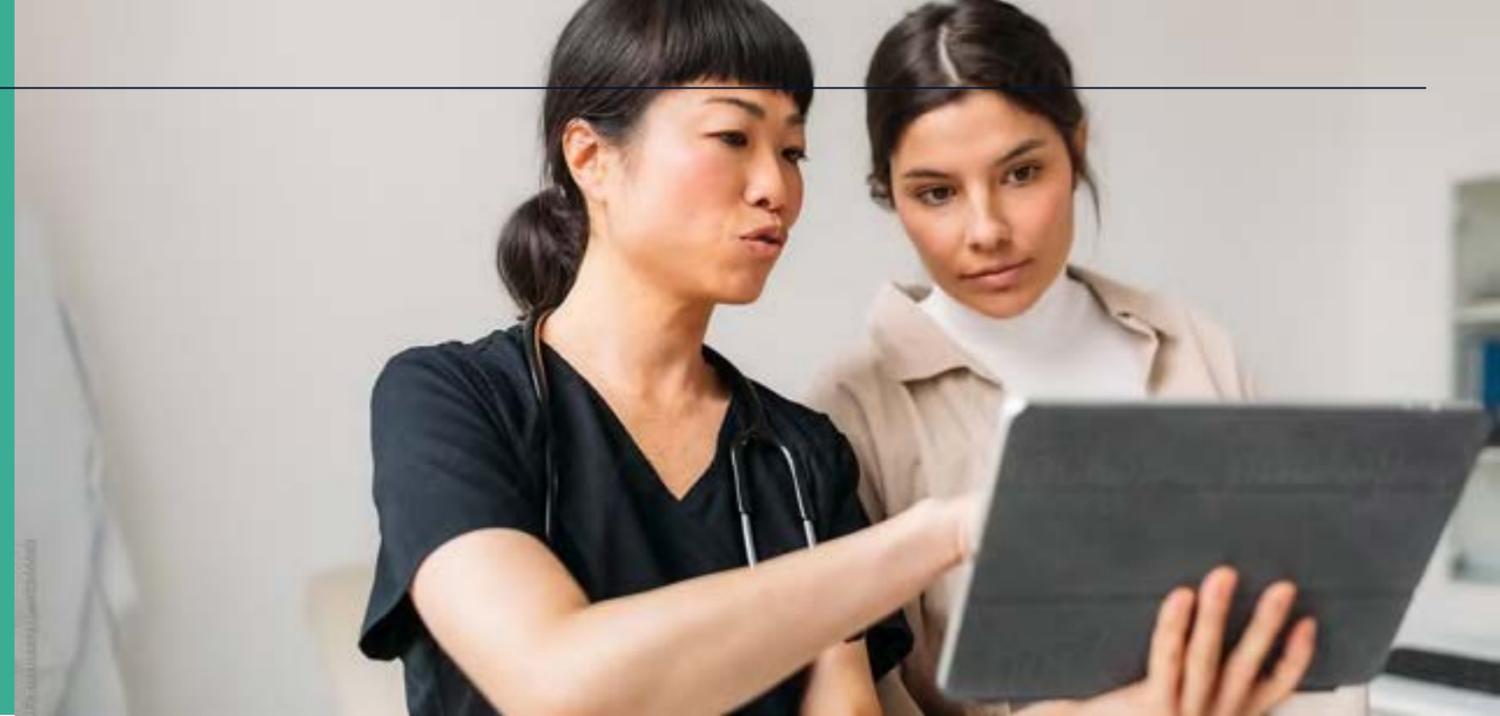
Instead of going to clinics or hospitals for most care, patients receive medical attention at home through remote diagnostics, smart medicine dispensers, and mobile health units.



Customized therapeutics

Consumers are able to find the medication and dosage that's right for them based on biomarkers.

Imagine a radically different role for doctors & hospitals



Doctors

Hired directly by patients or community health groups, no longer controlled by large hospital systems or insurers.



Hospitals

Primarily handle trauma, surgery, and advanced disease management, while most healthcare is managed outside of hospitals through digital platforms, local clinics, and AI-driven diagnostics.



Alternative medicine

Fully integrated into mainstream healthcare choices (including regenerative medicine, longevity-focused care, and biohacking)



Pharmaceuticals

Shift from being dominated by massive corporations to a direct-to-consumer model, where patients can purchase medicines transparently and even participate in clinical trials without needing doctor approval.

As consumers gain control, a healthy mix of investment opportunities exist across new and existing consumer-directed spend

Net new spend: products and services consumers did not spend on before

OURA

8 EIGHT SLEEP

superpower

Solace

Function

prenuvo

Accessibility to existing spend: products and services that consumers already spend on

hims

Fay

growththerapy

Headway

THATCH

Talkiatry



While select companies can capture insurance-directed spend, more near-term investment opportunity exists in consumer-directed spend

Insurance-directed spend:

Products and services that are largely covered by insurance



Fay



Headway

Solace

THATCH

growththerapy

Talkiatry

Consumer-directed spend: Products and services not covered by insurance, though do accept HSA / FSA

ŌURA

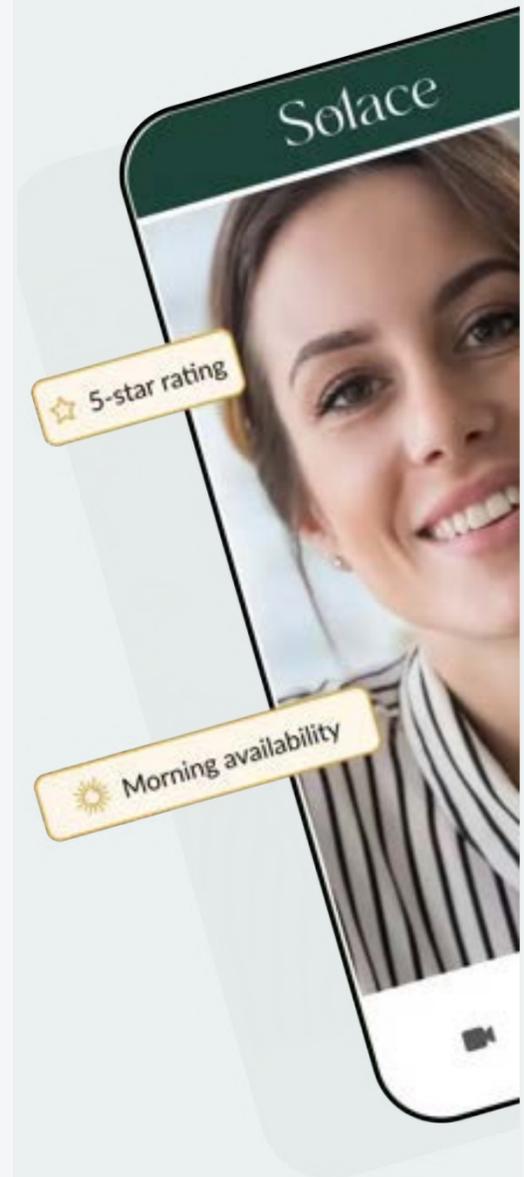
8 EIGHT SLEEP

superpower

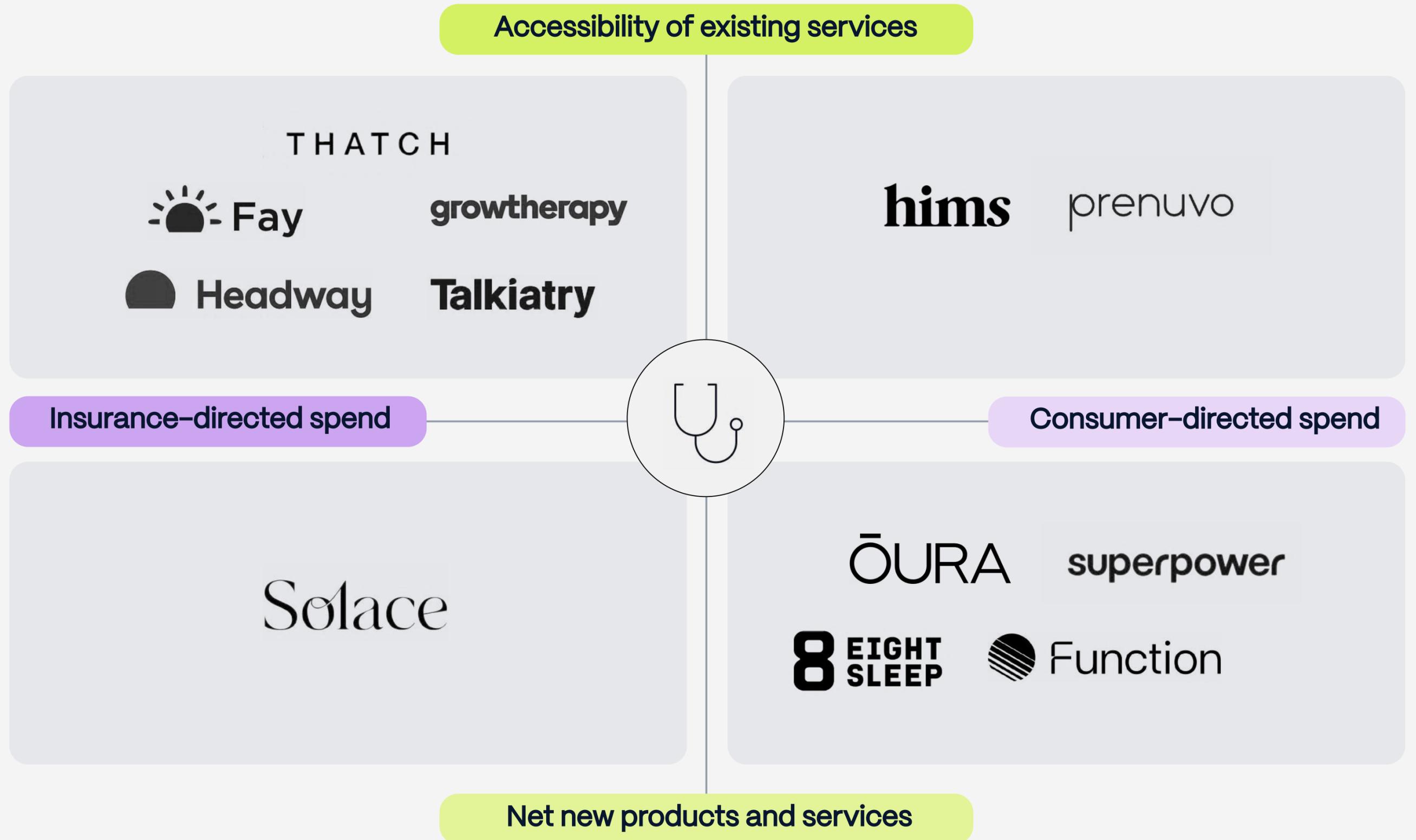
hims

Function

prenuvo



Health and wellness opportunity framework

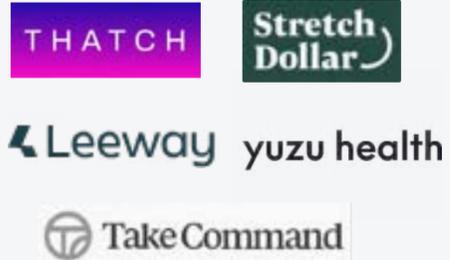


Sample health and wellness companies

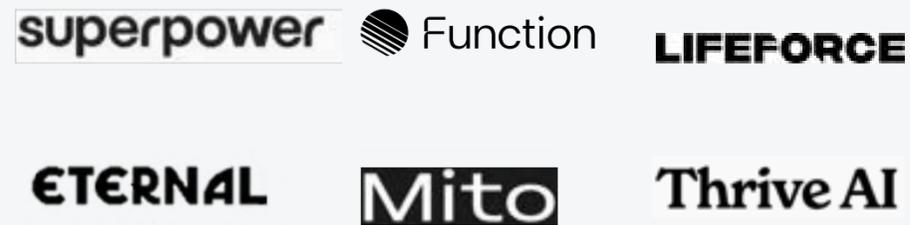
Customized Benefits & Spend

ICHRA

HSA / FSA



Preventative Care



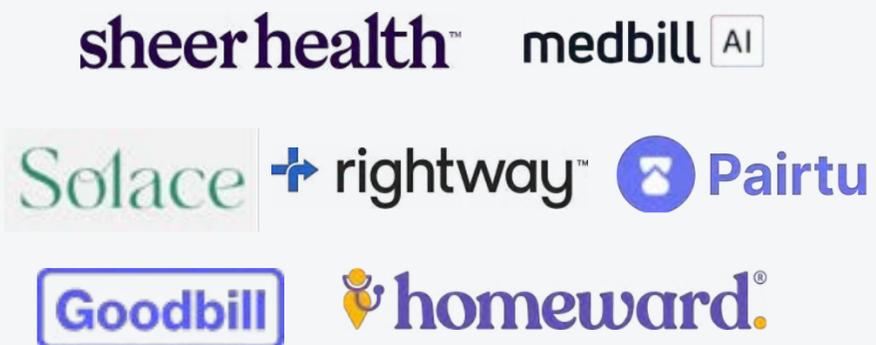
Early Detection & Treatment

Detection

Treatment Trials



Advocate & Navigation



Access to Care

Primary Care

AI Therapy



Also looking for..

Payor Reimbursement for AI-led care

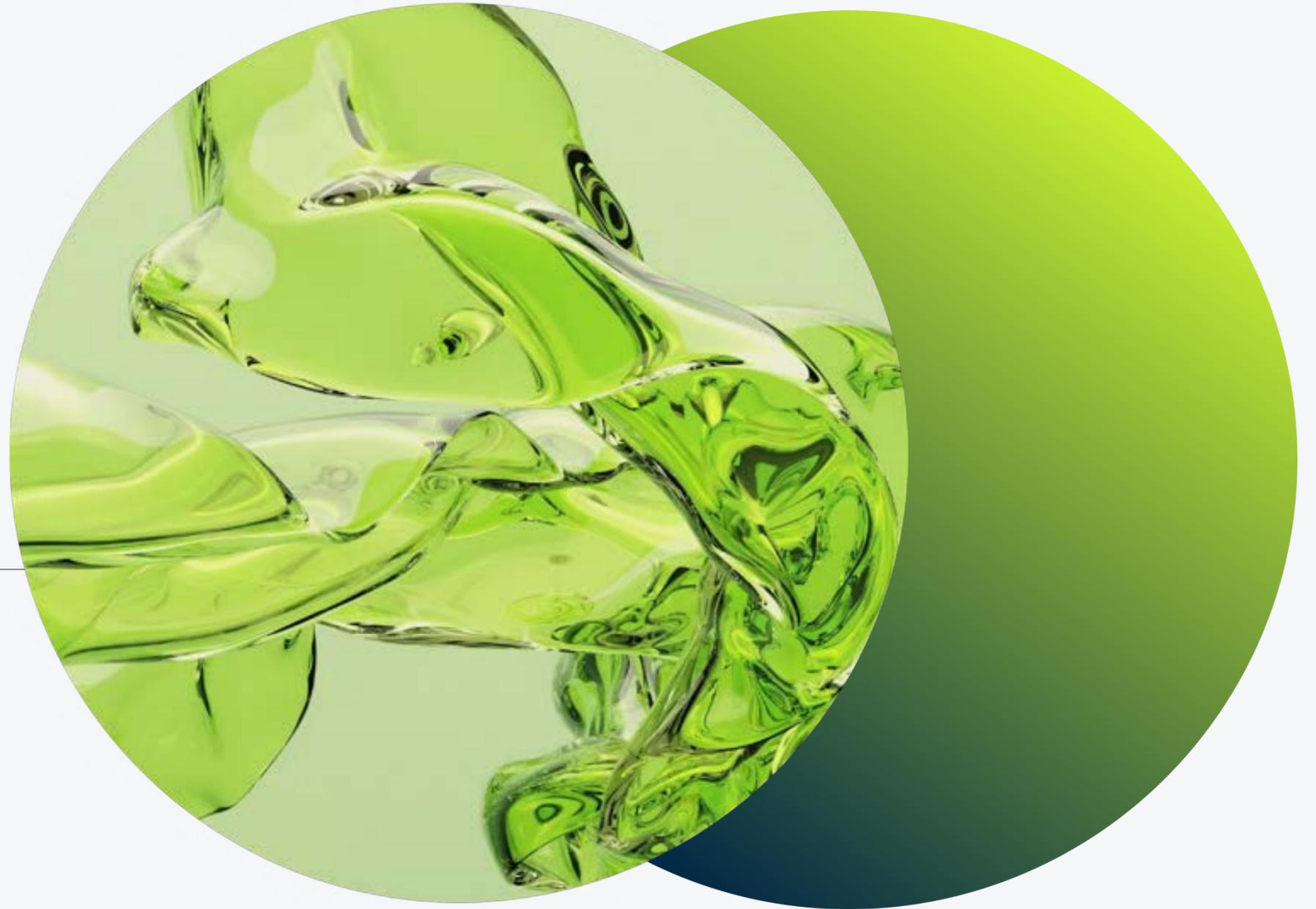
Medical tourism marketplace

Access to precision medicine

TECHNOLOGY

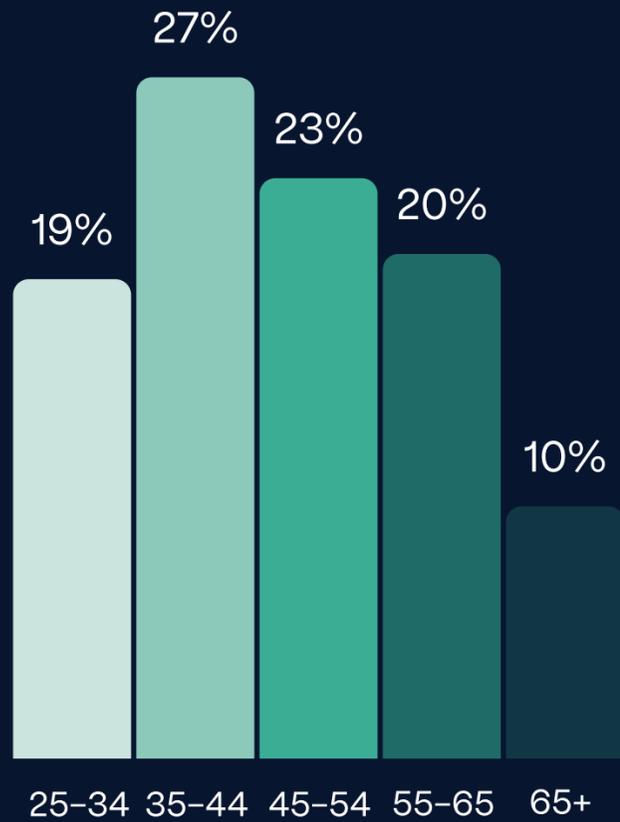
Generative AI

AI will change where
advantages lie

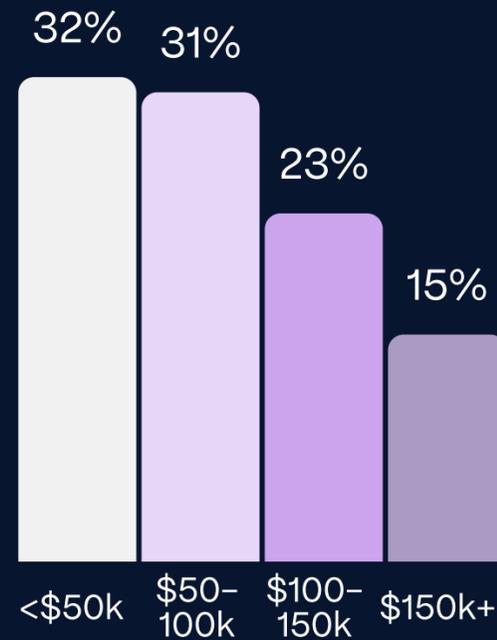


The demographic data of our consumer survey

1,428 respondents



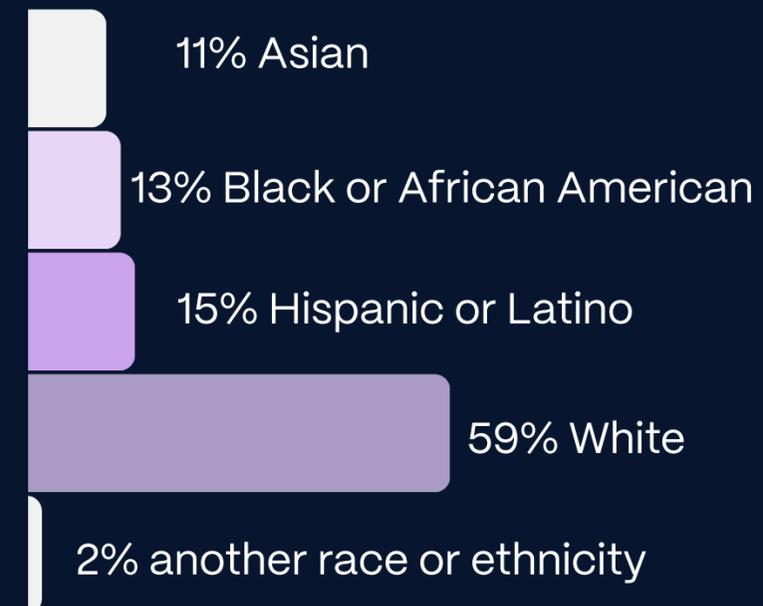
Age



Household Income



Gender Identity



Race / Ethnicity

As impressive
as the

AI fever pitch
has been...

We're still in the
messy,
creative
stage of AI



On the technical front, AI developments the past year did not disappoint

To name a few.....

2024

Q2

- Nvidia reaches \$3T market cap
- Anthropic launches Artifact
- Microsoft launches Copilot+
- OpenAI launches GPT4o
- Apple Intelligence launches

Q3

- OpenAI launches o1
- OpenAI launches Search GPT
- Google launches NotebookLLM

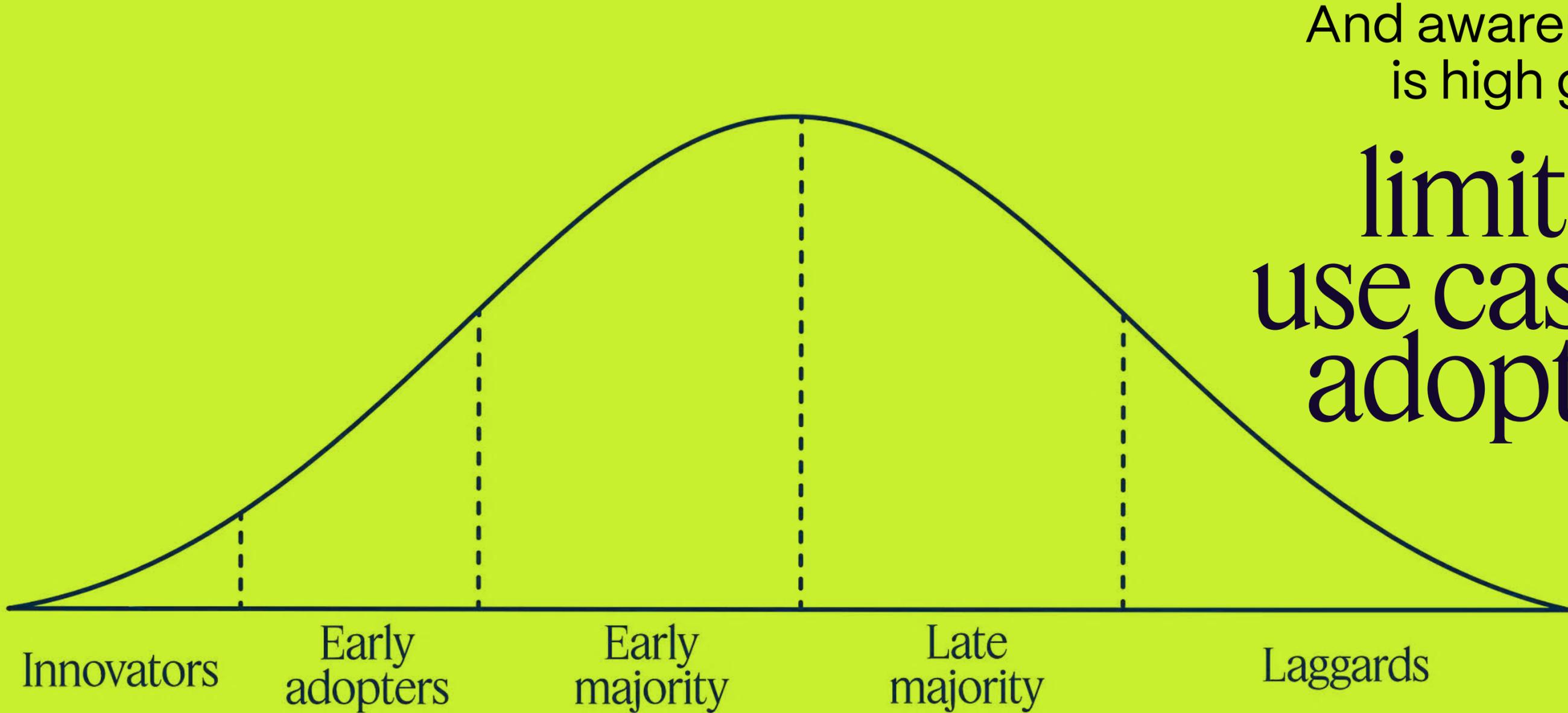
Q4

- OpenAI launches Sora
- OpenAI launches ChatGPT Pro
- Anthropic launches Computer Use
- Google launches Deep Research

2025

Q1

- DeepSeek R1 launches
- \$500B Stargate initiative announced
- OpenAI launches Operator
- OpenAI launches Deep Research
- Google launches Gemini 2.0
- Perplexity launches Deep Research
- Anthropic launches Claude 3.7
- xAI launches Grok 3

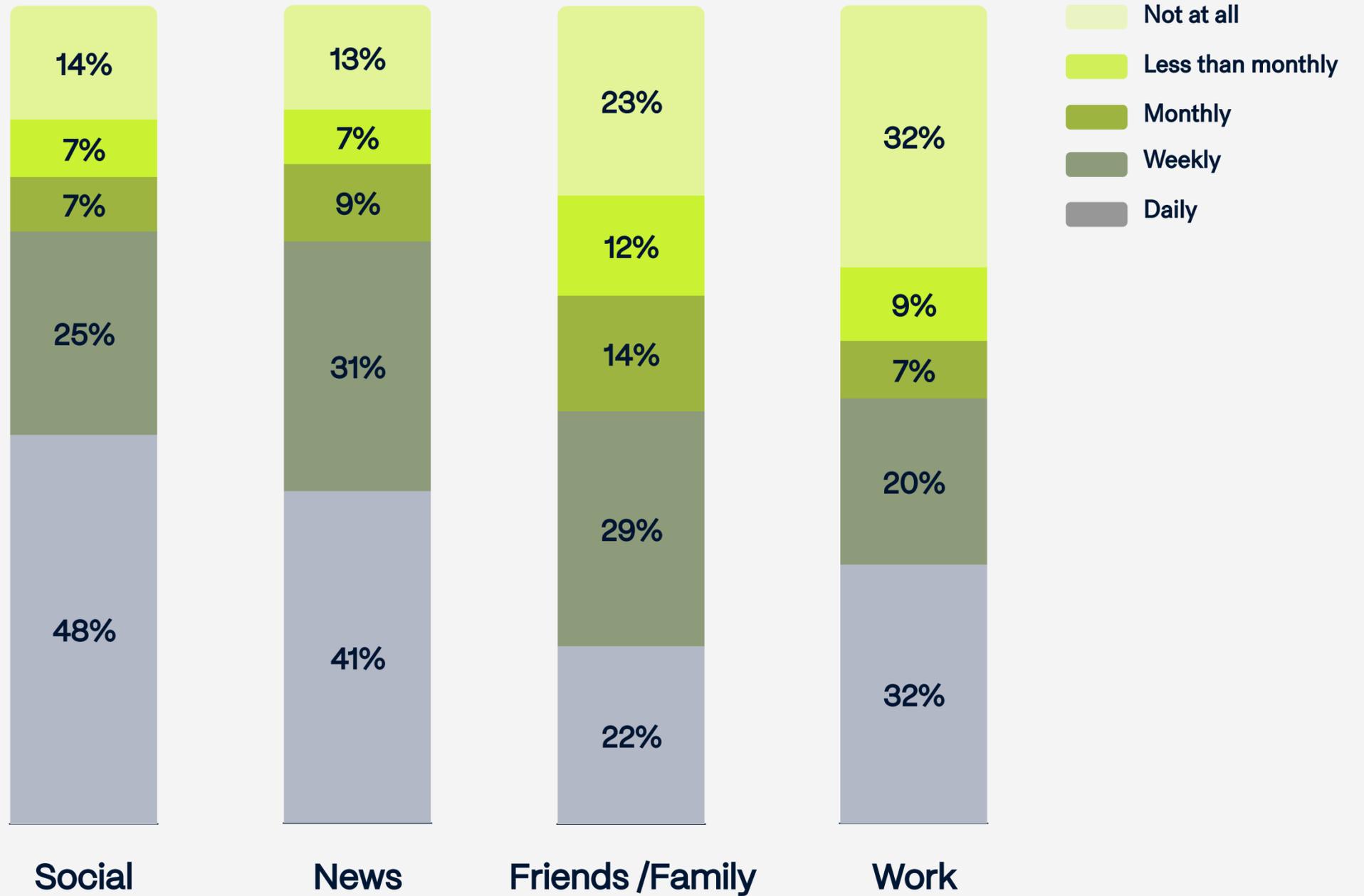


And awareness is high given

limited use cases adopted

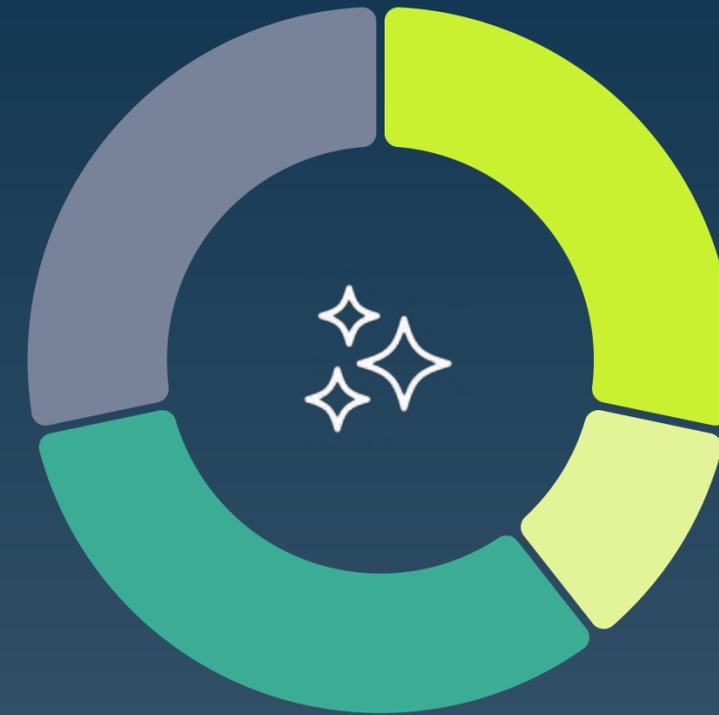
Consumers report at least weekly touch points with AI across many facets of life

How often does the topic of AI come up in your life?



In fact, over 70% of consumers are engaging with AI, with personal use cases outweighing professional

Where do you use AI today? Select all that apply.



- Personal (33%)
- Work (7%)
- Personal & work (32%)
- Not yet part of my routine (28%)

Over 50% of consumers have an AI chat app on their smart phone, and of those that do **over 50% use the chat app as their default for search**

Do you have an AI chat app? If yes, which one do you have?

- Don't have an AI chat app
- ChatGPT
- Gemini
- Copilot
- Perplexity
- Claude



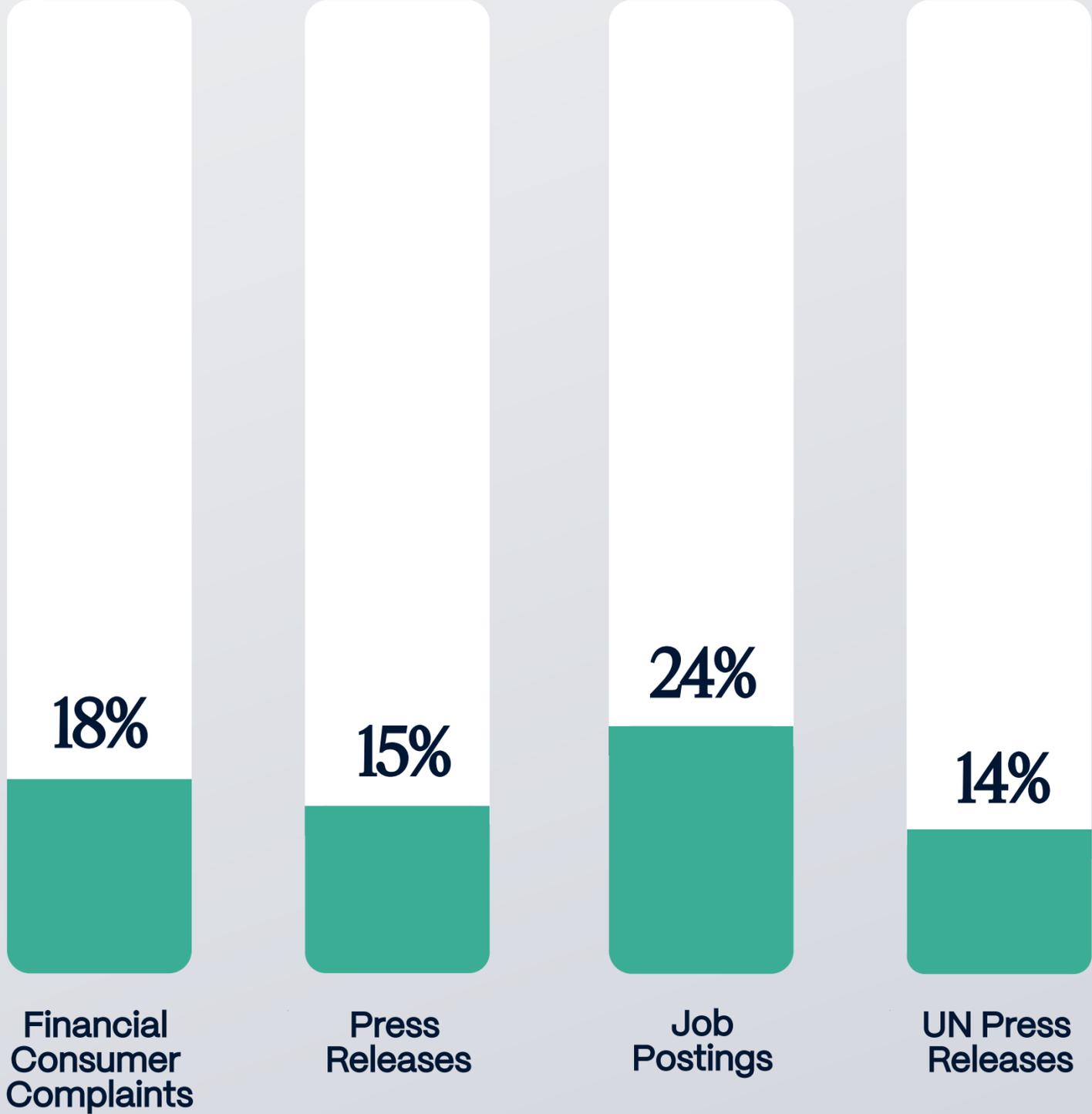
Is your AI chat app your default for Internet search? In other words, do you use the AI chat app instead of going to Google (or another search engine)?



- Yes (54%)
- No (46%)

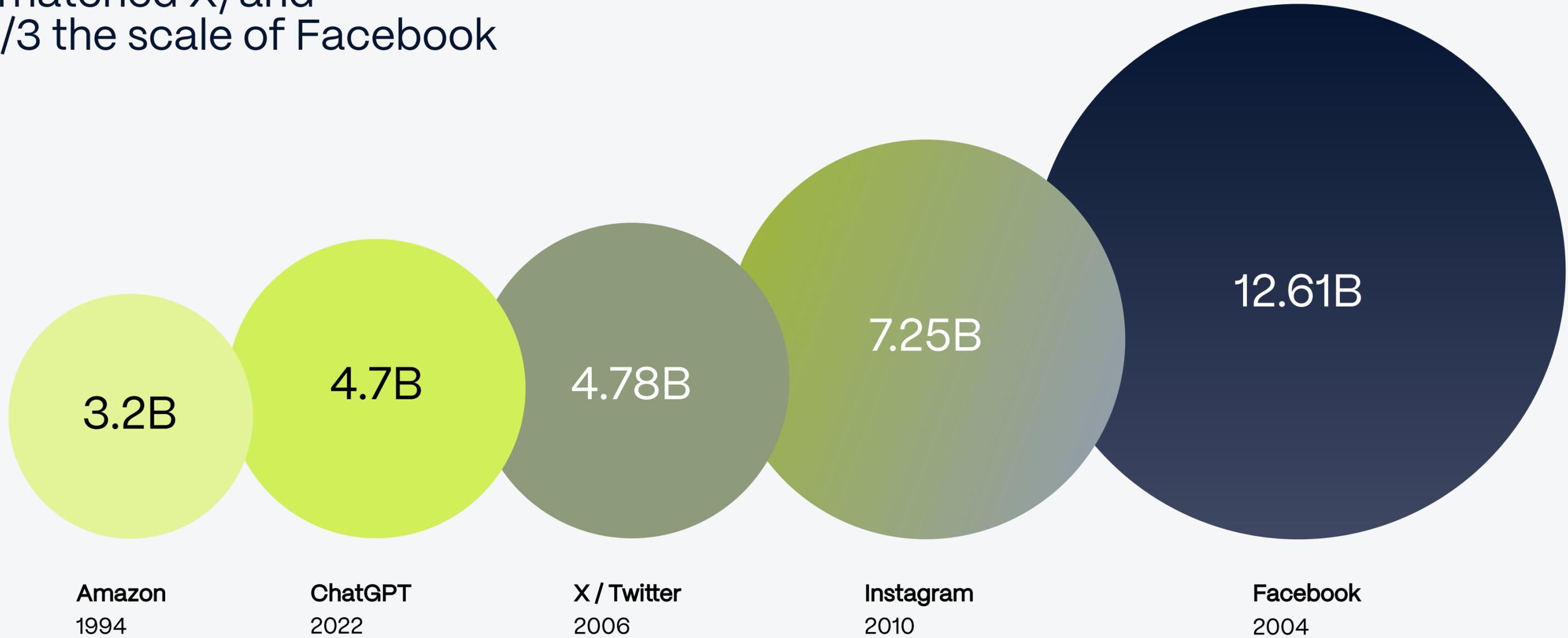
And we're seeing AI writing show up materially across categories

Percentage of __ showing signs of LLM writing in September 2024



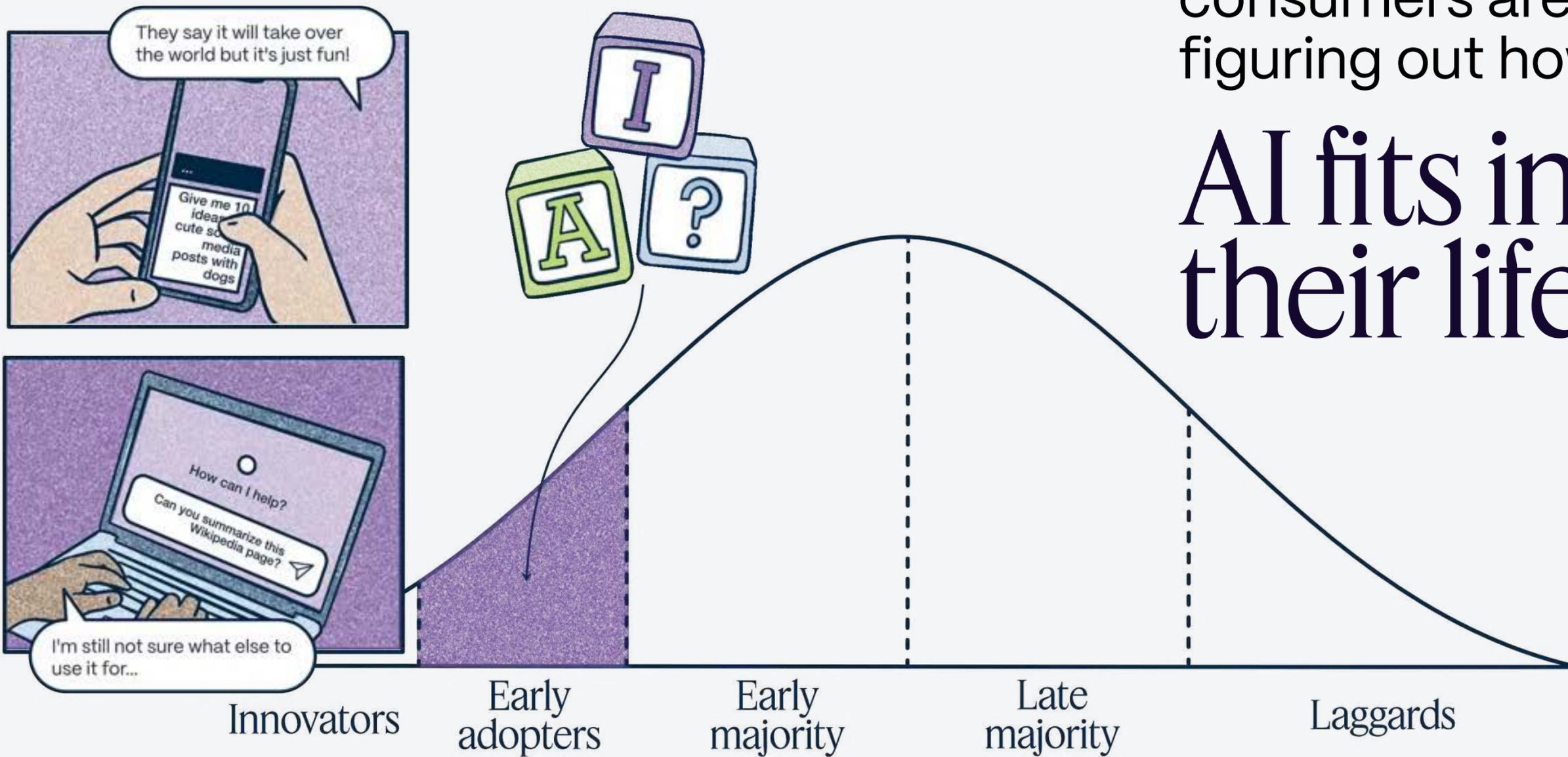
As a result, in just over 2 years, ChatGPT traffic has surpassed Amazon, matched X, and reached 1/3 the scale of Facebook

TOTAL VISITS (B)

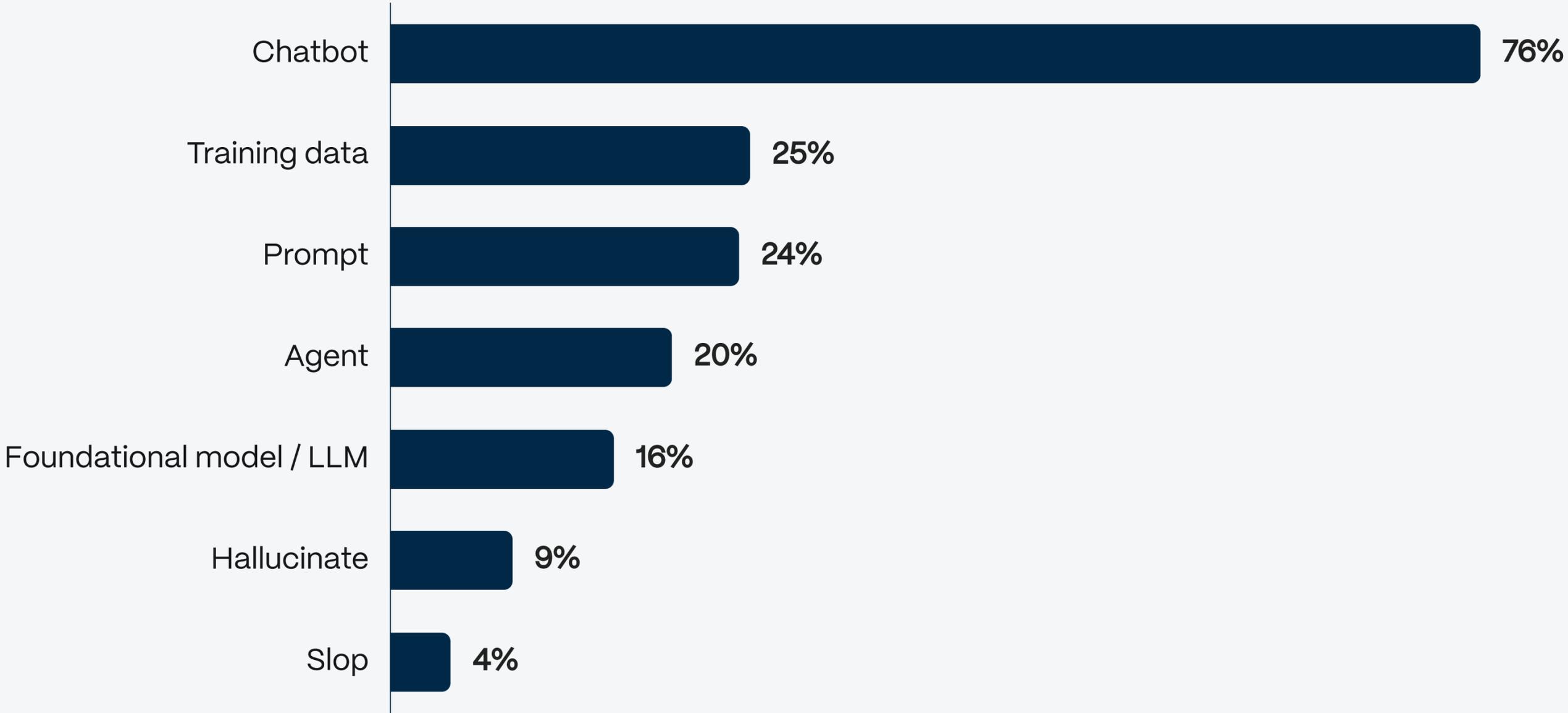


While interest is high,
consumers are early in
figuring out how

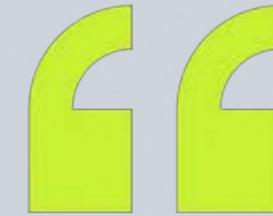
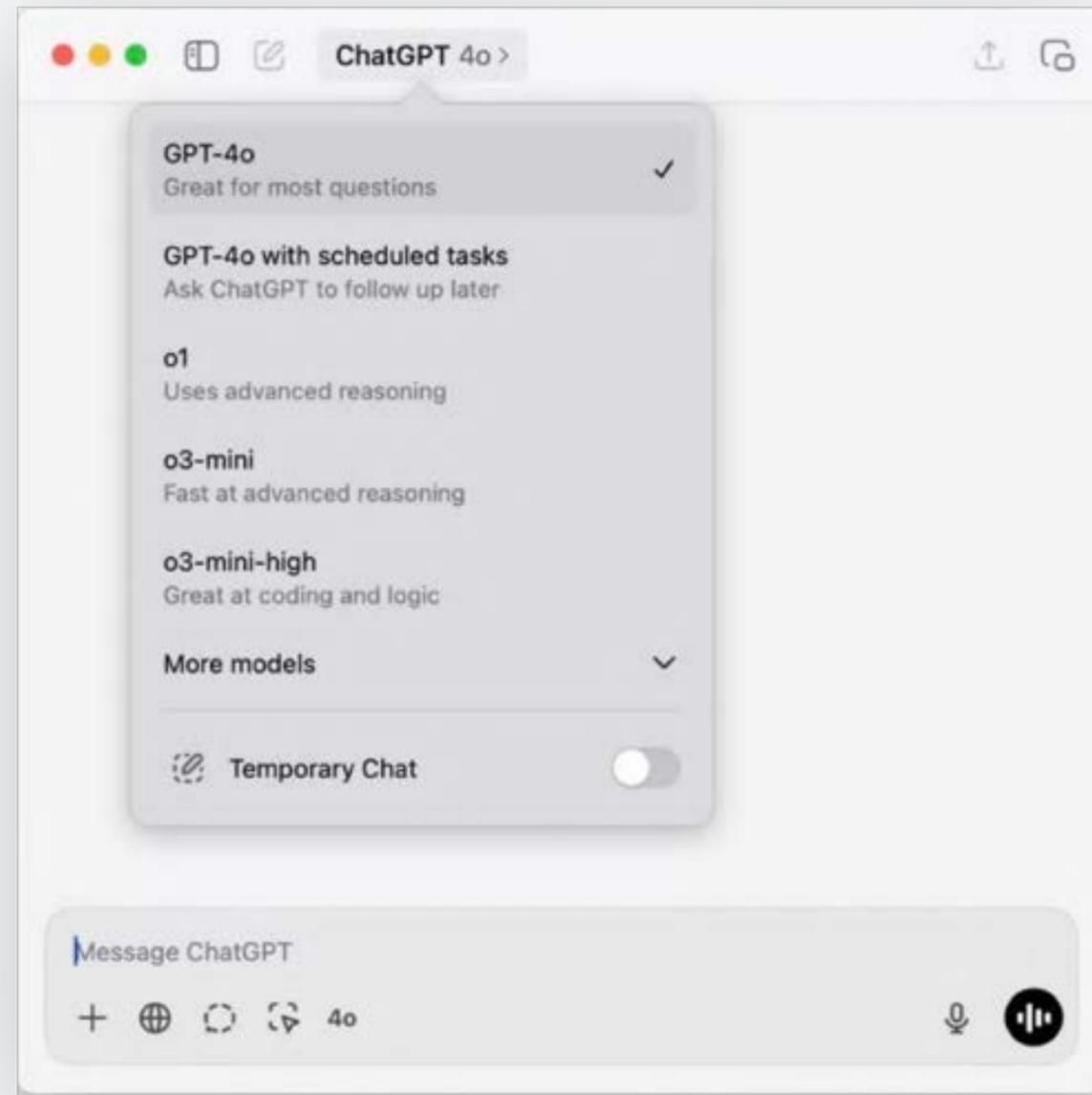
AI fits into
their life



Familiarity with AI terminology is nascent



Model proliferation can confuse consumers

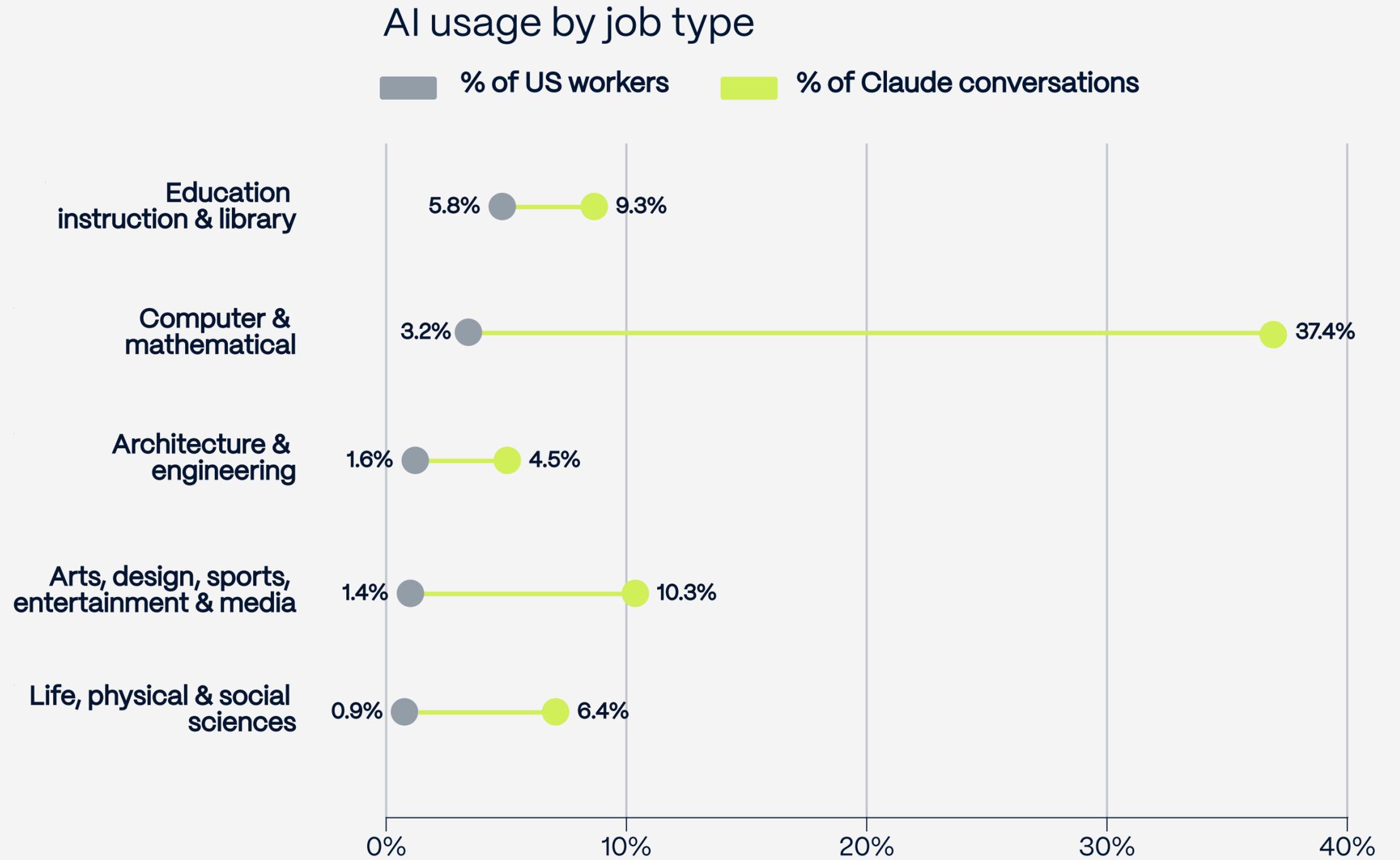


A top goal for us is to unify o-series models and GPT-series models by creating systems that can use all our tools, know when to think for a long time or not, and generally be useful for a very wide range of tasks.



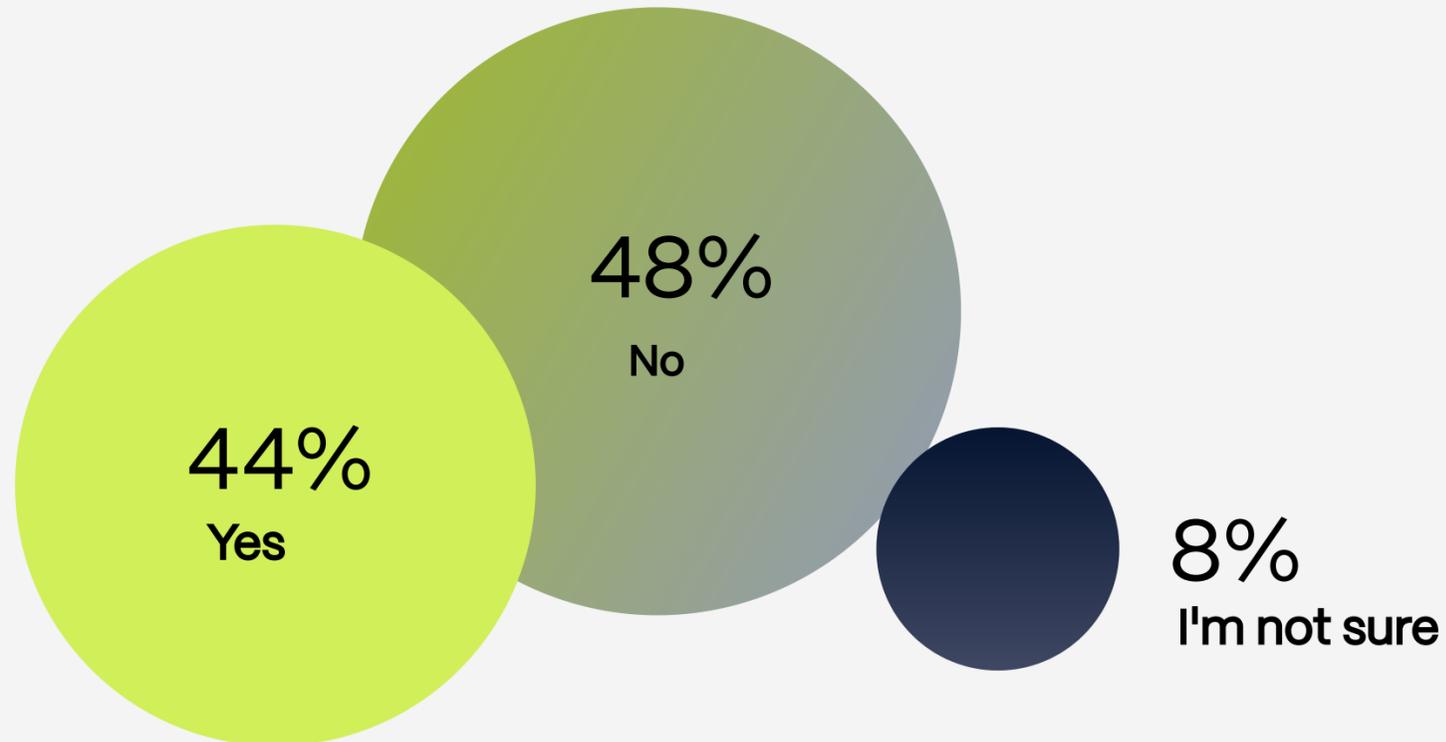
Sam Altman
OpenAI, CEO

Anthropic's Economic Index Report shows five job types make up over 50% of Claude usage and only 13% of the workforce

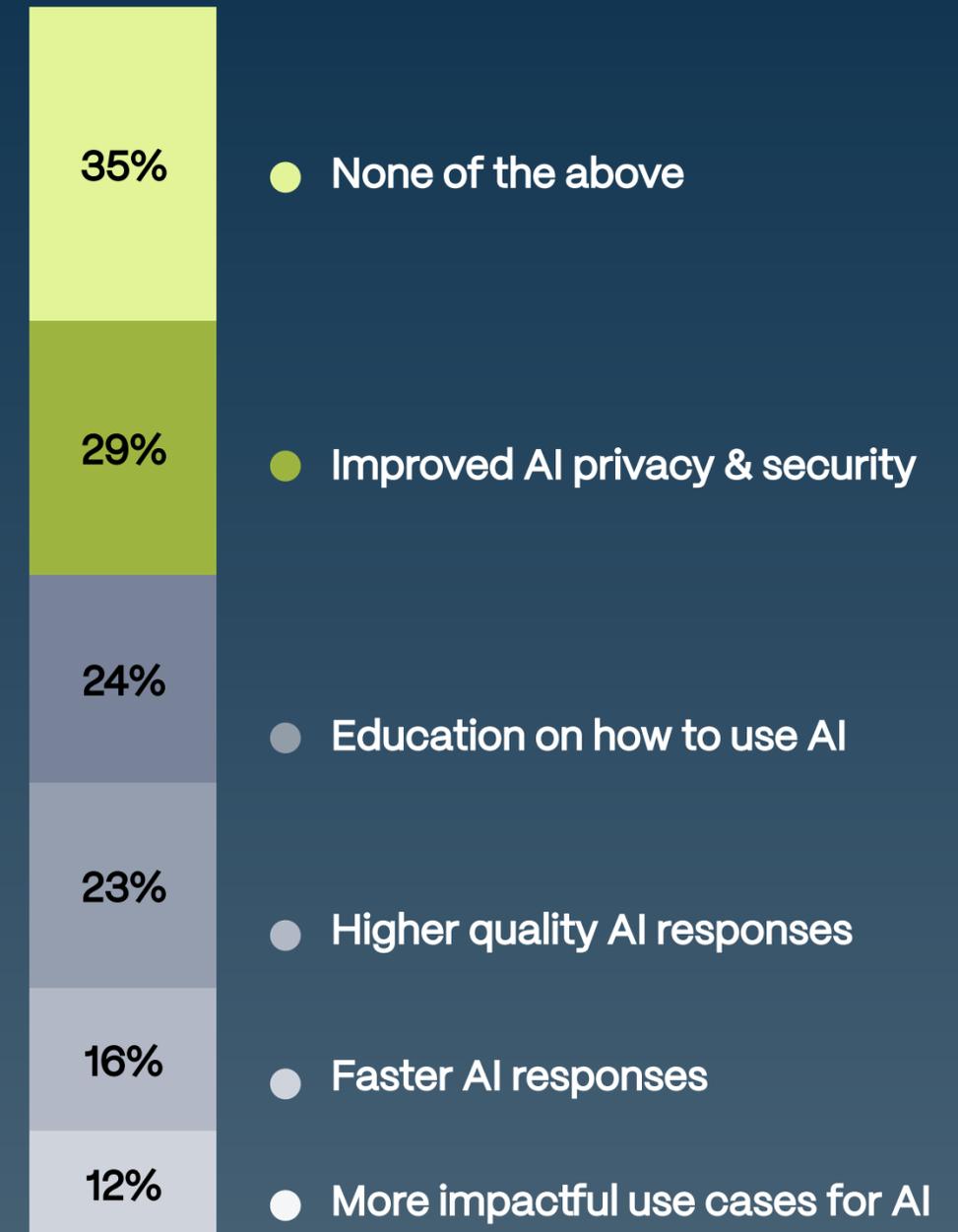


Almost half of consumers have not activated the AI features on their phone with more education and security needed

Have you activated the AI features available on your phone? Apple Intelligence, Galaxy AI, or Gemini.

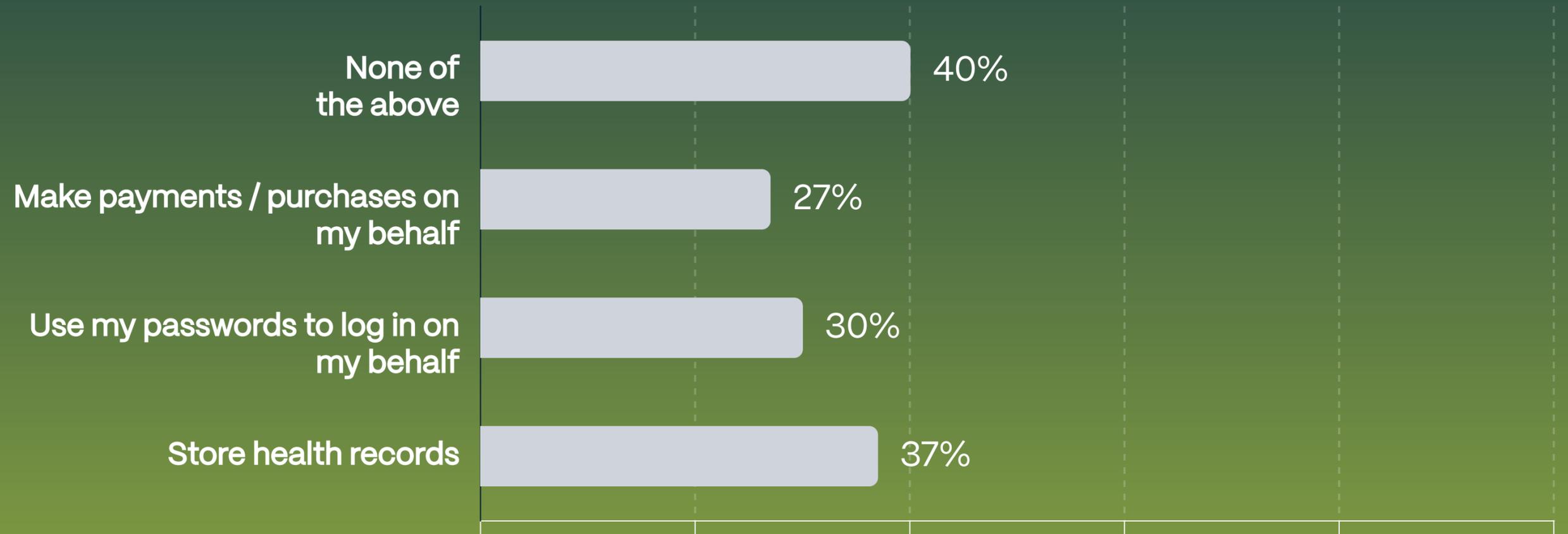


What would get you to activate the AI features? Select up to 2 that apply.



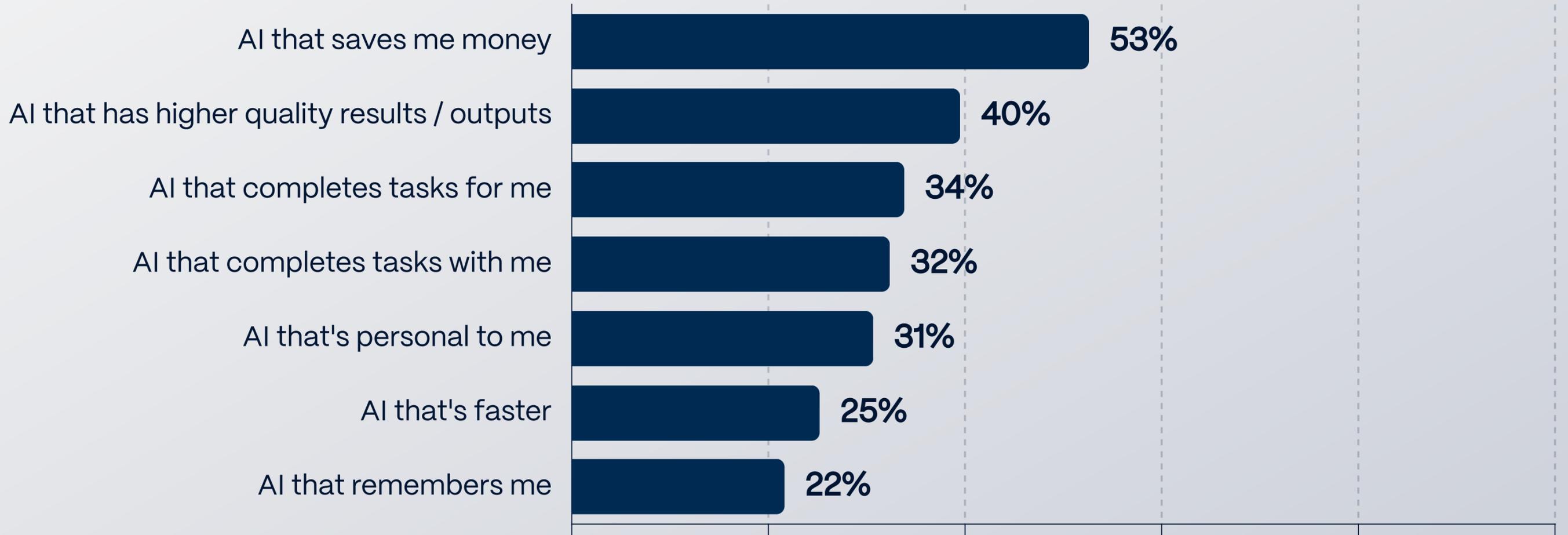
Consumer hesitations hold for unilateral actions with sensitive information

Which would you be open to allowing AI to do for you? Select all that apply.

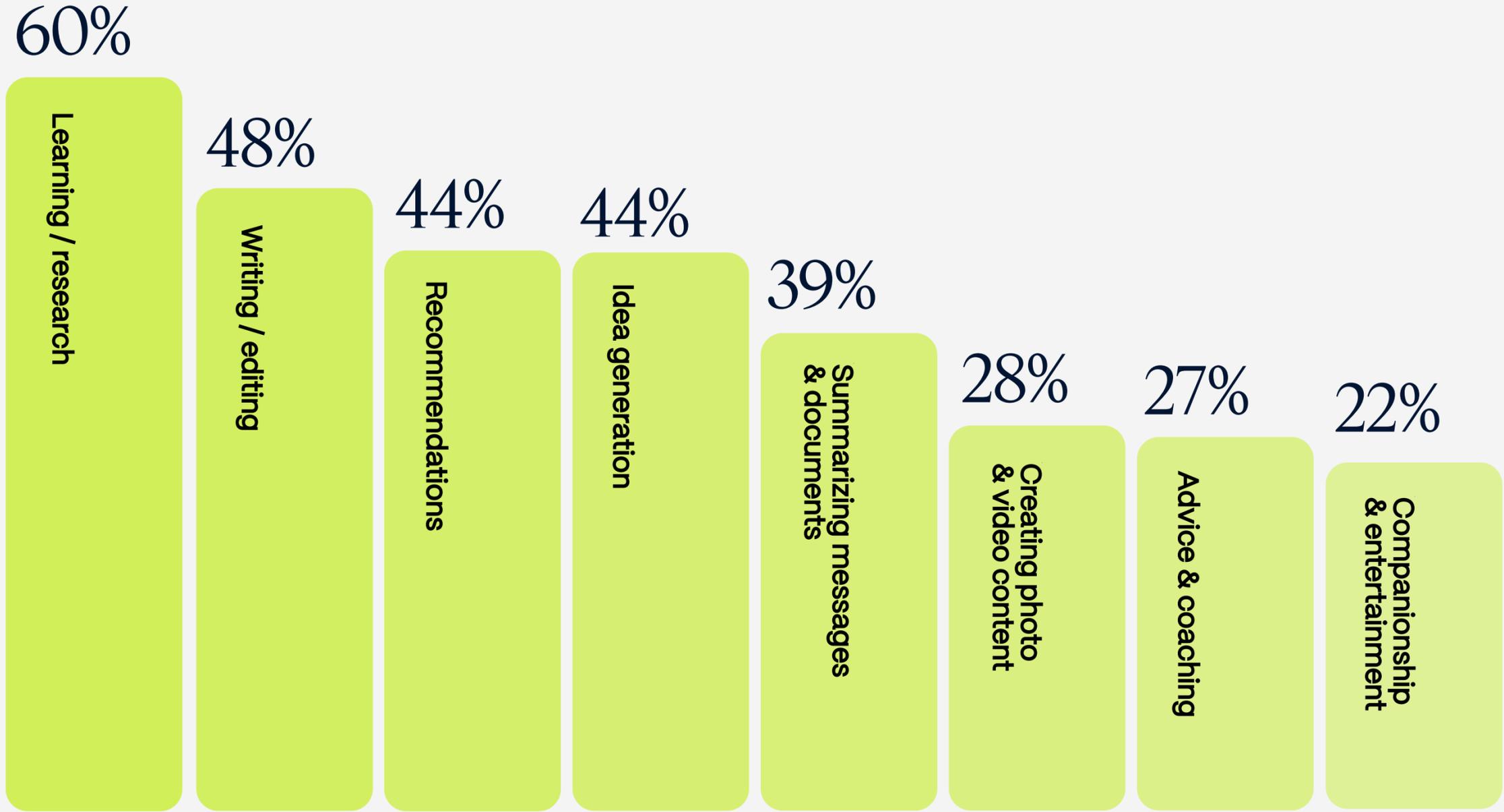


And consumer willingness to pay aligns most closely with savings

Which would you be willing to pay more for? Select all that apply.



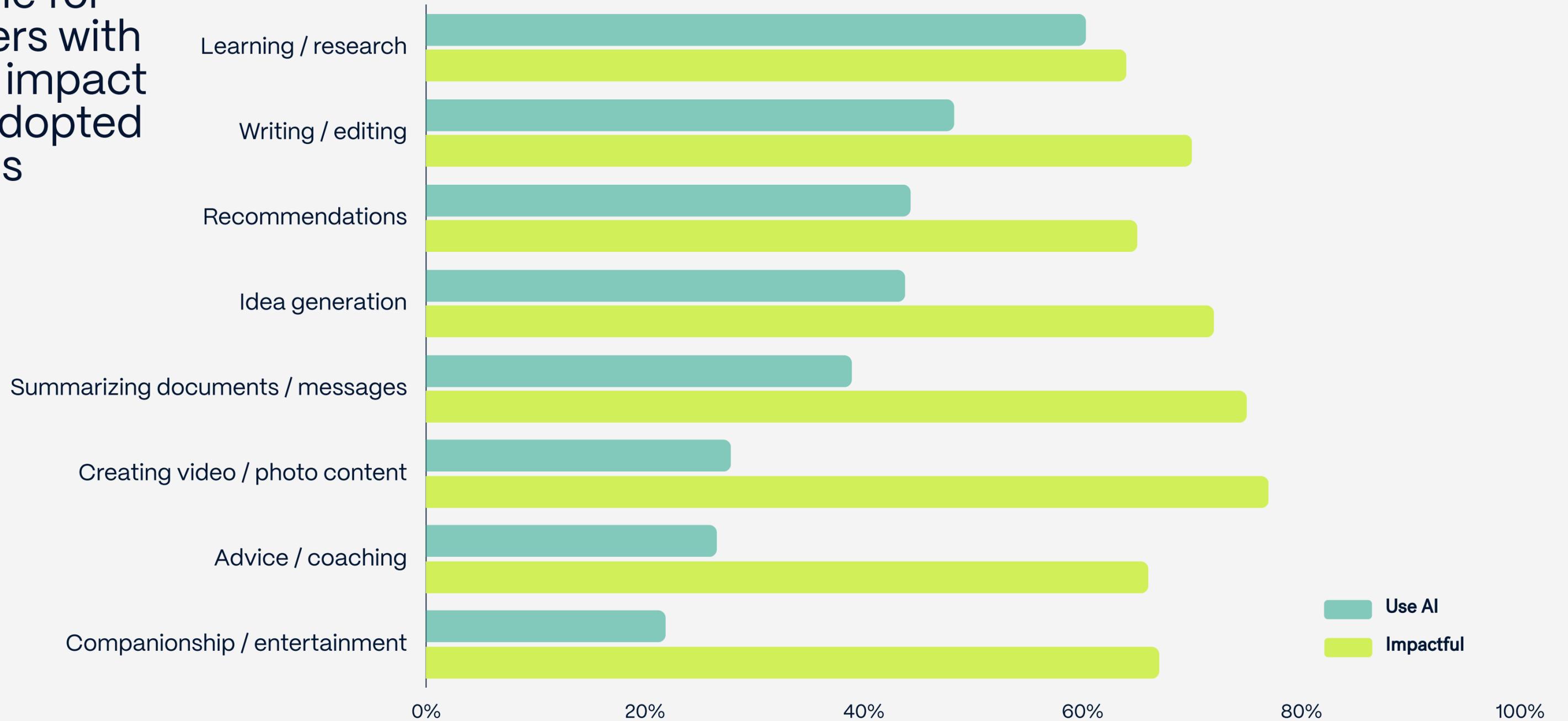
Straightforward, low risk use cases are expectedly more common



How do you use AI in your personal or work life?
Select all that apply.

And they are already moving the needle for consumers with outsized impact on less adopted use cases

How impactful have the personal and work AI use cases been for you?

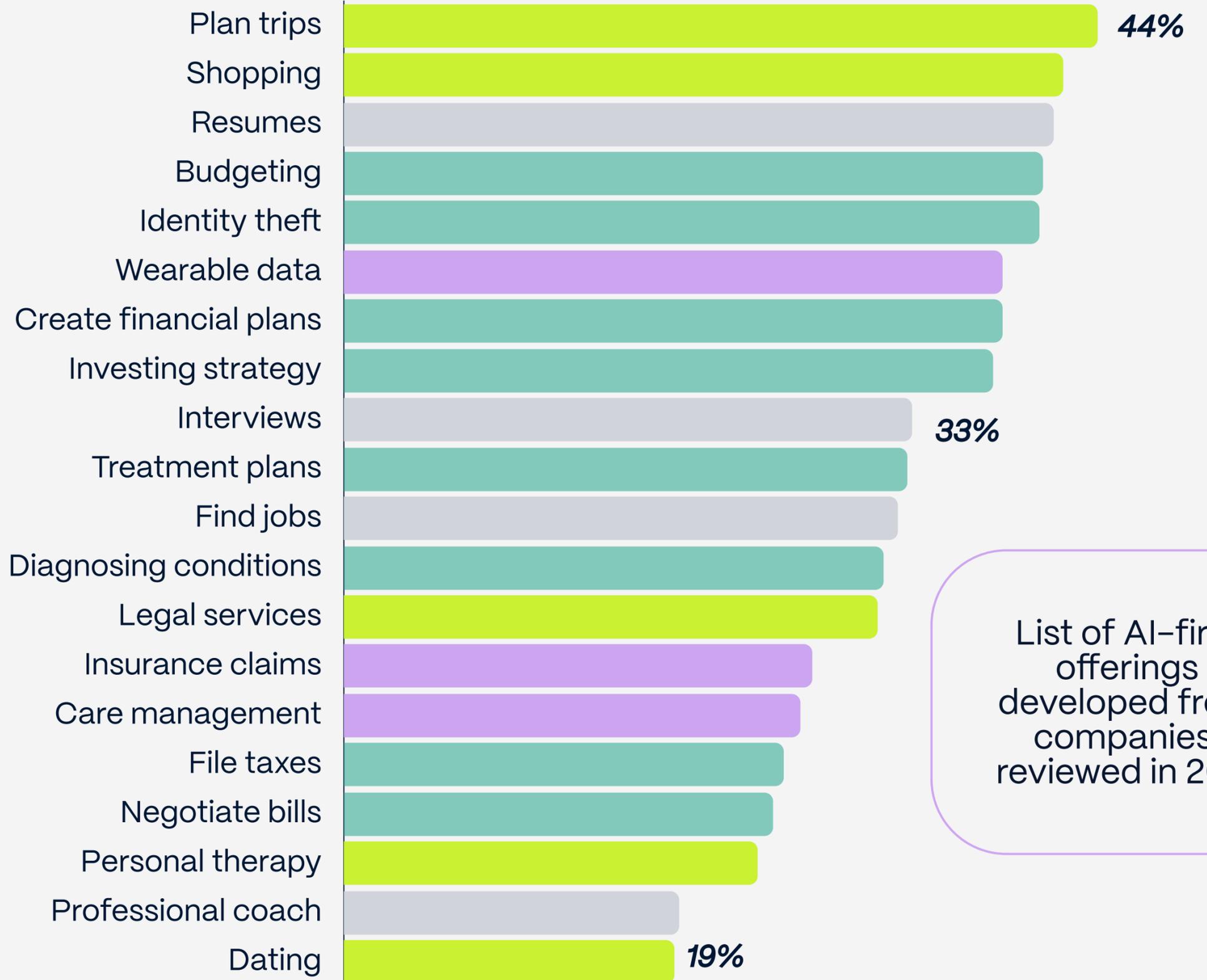


If you get even more specific, consumer interest in AI offerings spans across categories

Which of the below would you be interested in using AI for? Select all that apply.

% RESPONDENTS

- Career**
- Finances**
- Health**
- Personal**



List of AI-first offerings developed from companies reviewed in 2024



The best technical
innovations

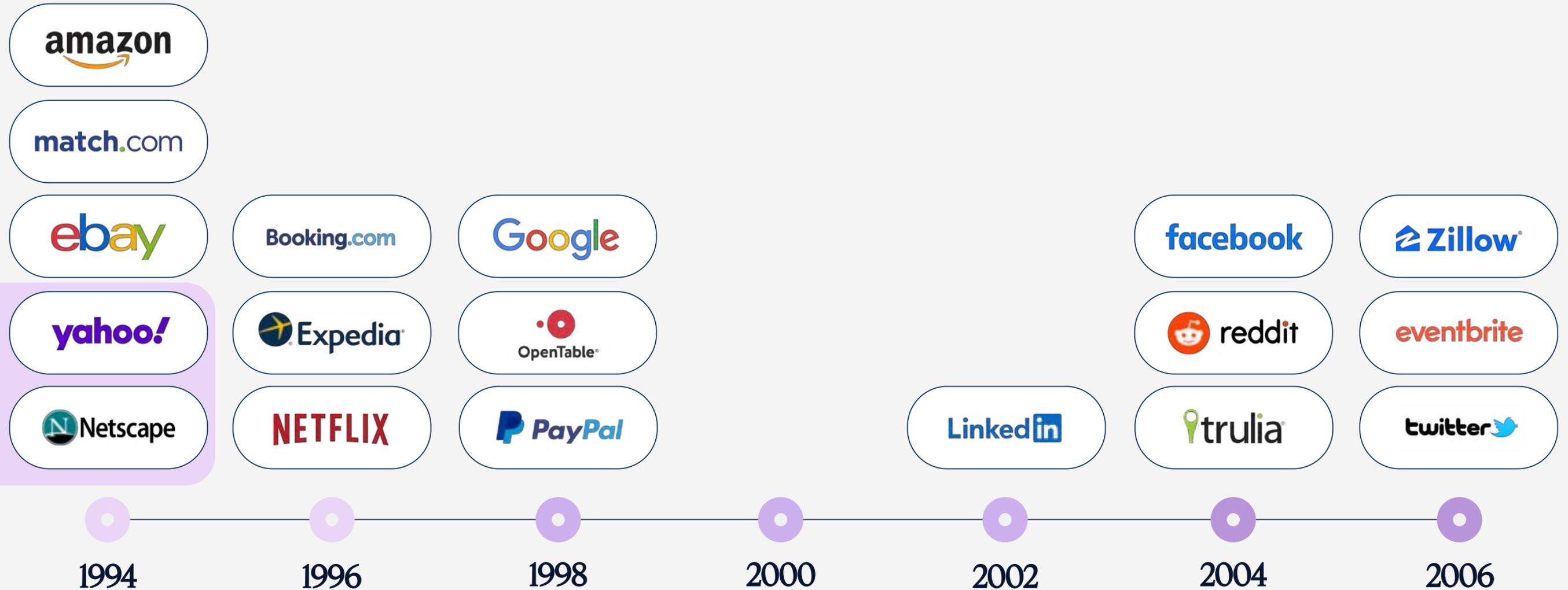
take time to
shape new
behaviors

Internet Winners Launched Throughout the Decade Following Yahoo! & Netscape

Early frontrunners

Later-stage winners

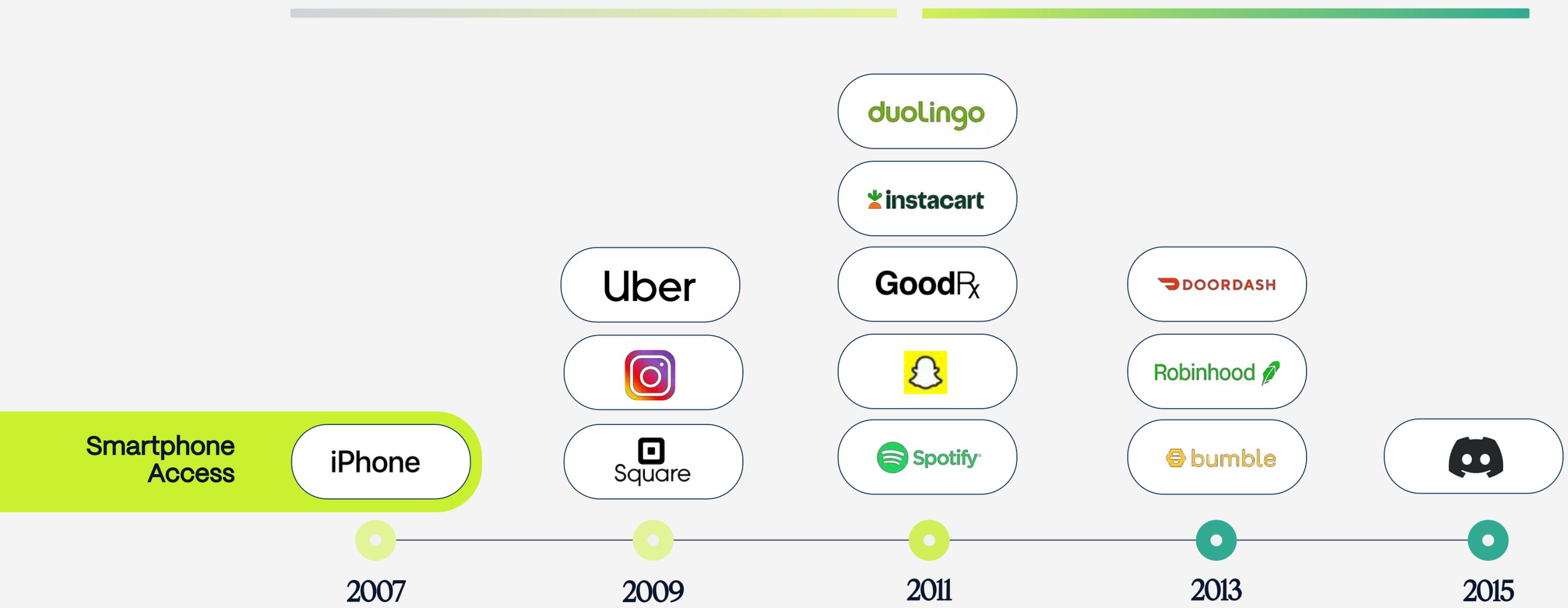
Internet Access



Likewise, **Mobile Winners** Launched Throughout the Decade Following the iPhone

Early frontrunners

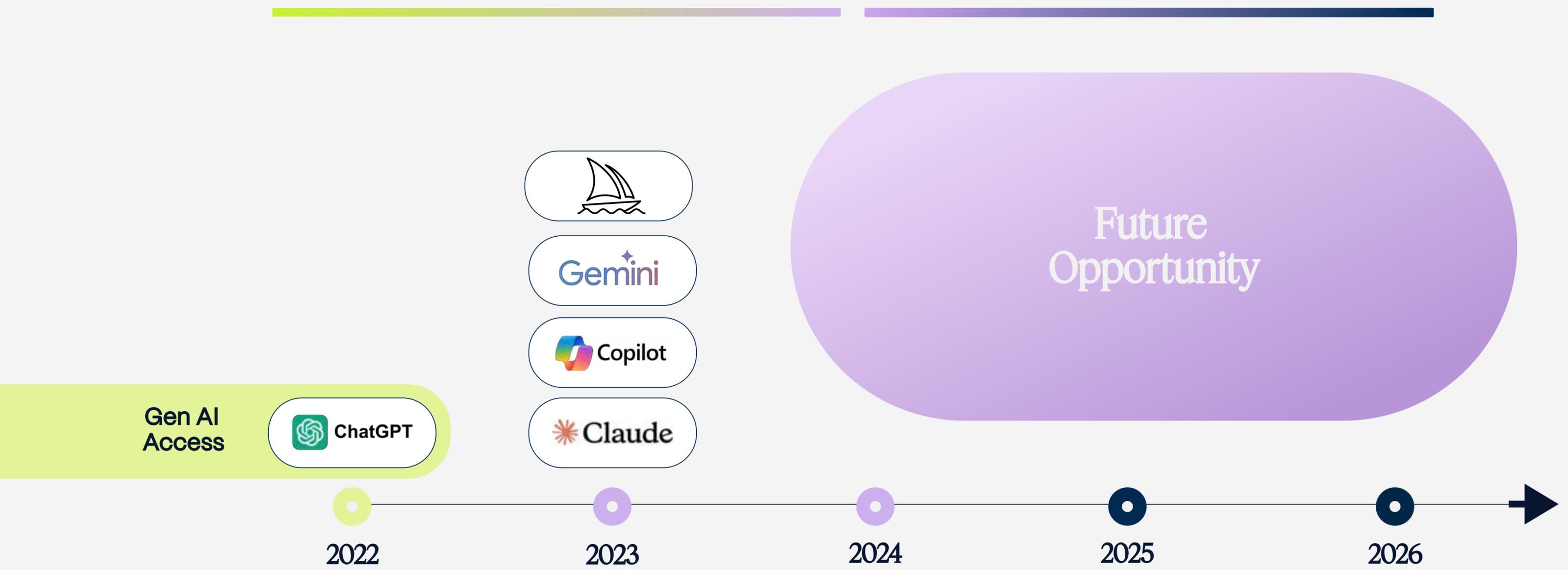
Later-stage winners



Gen AI Started 2 Years Ago With ChatGPT and Will Unfold in the Years Ahead

Early frontrunners

Later-stage winners

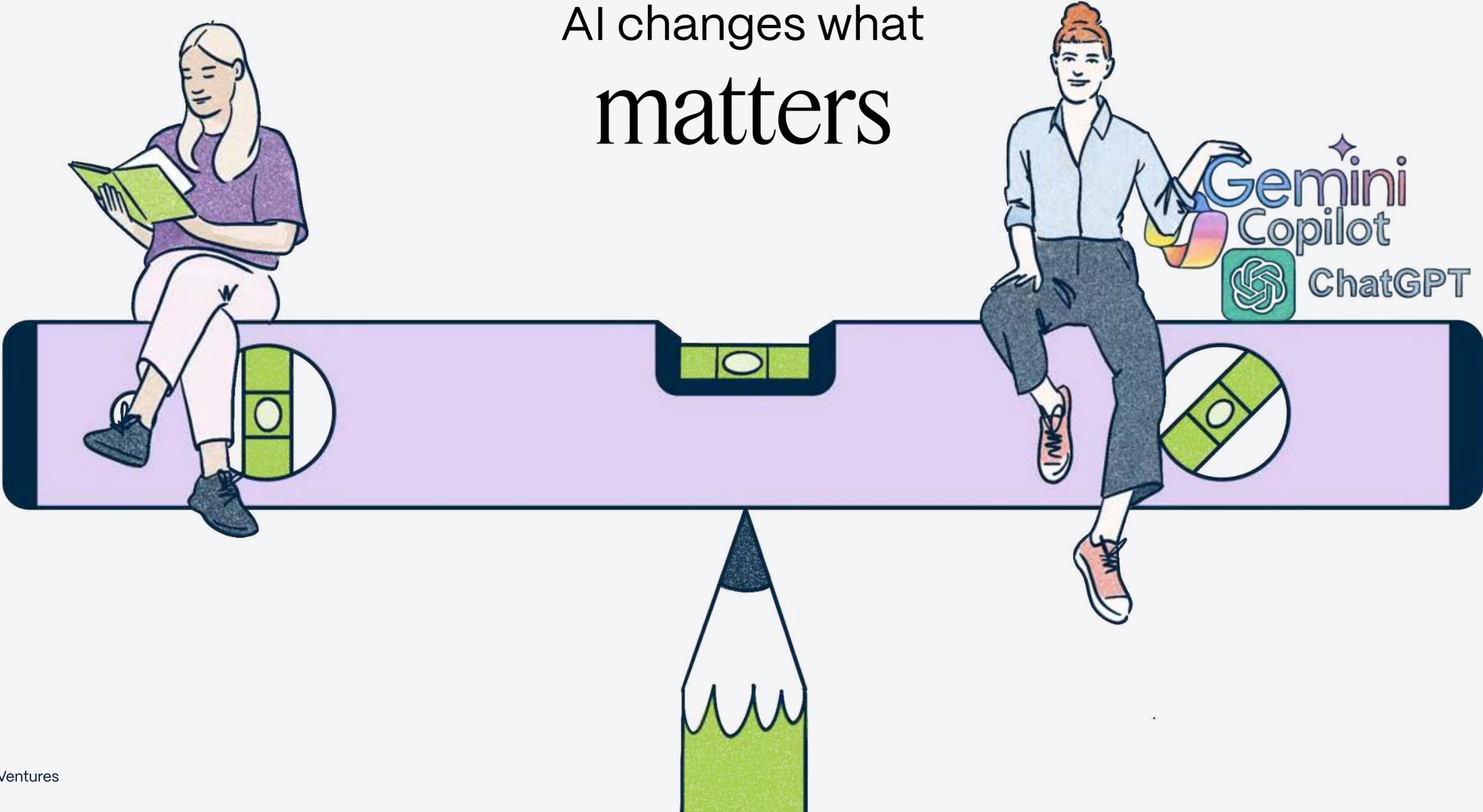




Consumer
investment
opportunities
are emerging
in real-time

What has
caught our eye
so far in the creative, messy stage?

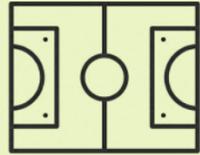
AI changes what matters





What can AI change?

AI will introduce new paradigms



A head start becomes less important.

AI levels the playing field, reducing advantages tied to wealth, geography, or prior education.



Reputation and trust grow in importance.

With widespread access to AI, people and organizations that can build strong communities and credibility will have an edge.



Creativity, judgment, and emotional intelligence become key differentiators.

When AI handles routine tasks, human ingenuity and relationships will drive success.



Personal adaptability and AI fluency

become essential. The ability to integrate AI tools effectively will separate leaders from followers, even if AI is available to everyone.

Imagine...



Potential to equalize



What then matters



Health

Affordable, personalized care, continuous monitoring, mental health

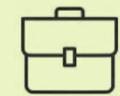
Lifestyle choices, longevity & biohacking, trust



Education

Personalized and adaptive learning, knowledge access

Intrinsic motivation, soft skills, synthesize and apply knowledge



Work

Credential bias, freelancers, decision-making, language barriers

Personal brand and reputation, problem solving, ability to influence



Finance

Financial planning, movement of capital, algorithmic investing

Patience, risk tolerance, networks & access

Already, 25% of the latest YC companies have 95% of their codebases generated by AI

AI isn't just replacing skills—it's redefining what strengths matter.

What Mattered Before



What Mattered After

Multilingual Fluency → Cultural Intelligence & Adaptability

- Before:** Speaking multiple languages was a competitive edge.
- After:** AI translation commoditizes language, making cross-cultural fluency and adaptability the differentiator.

Physical Strength → Problem-Solving & Systems Thinking

- Before:** Manual endurance powered industrial work.
- After:** Automation takes over physical tasks, shifting the advantage to optimizing, troubleshooting, and integrating AI-driven processes.

Navigation Skills → Decision-Making & Context Awareness

- Before:** Strong map-reading determined efficiency.
- After:** AI navigation handles logistics—human advantage lies in adaptive decision-making and situational awareness.

Handcrafting → AI-Augmented Creativity & Design Execution

- Before:** Fine motor skills and craftsmanship defined quality.
- After:** AI-powered production lowers execution barriers—creativity, taste, and design vision drive differentiation

What does
this mean for
opportunities
best suited
for AI

today

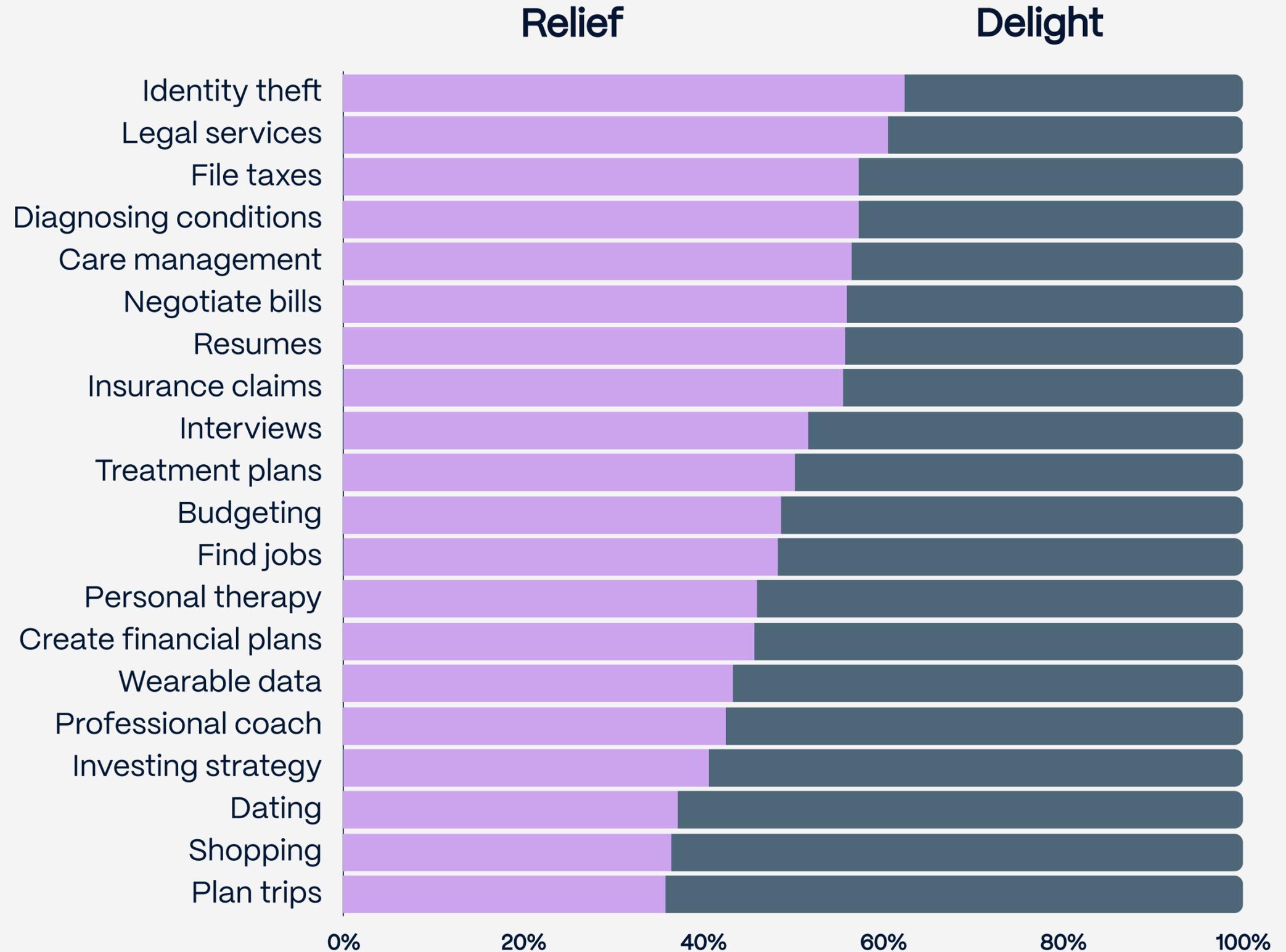
and in the
future?



Last year, consumers believed they would feel relief for 75% of AI tasks — this year, consumers see a balance of relief and delight opportunities

What do you imagine feeling if you used AI?

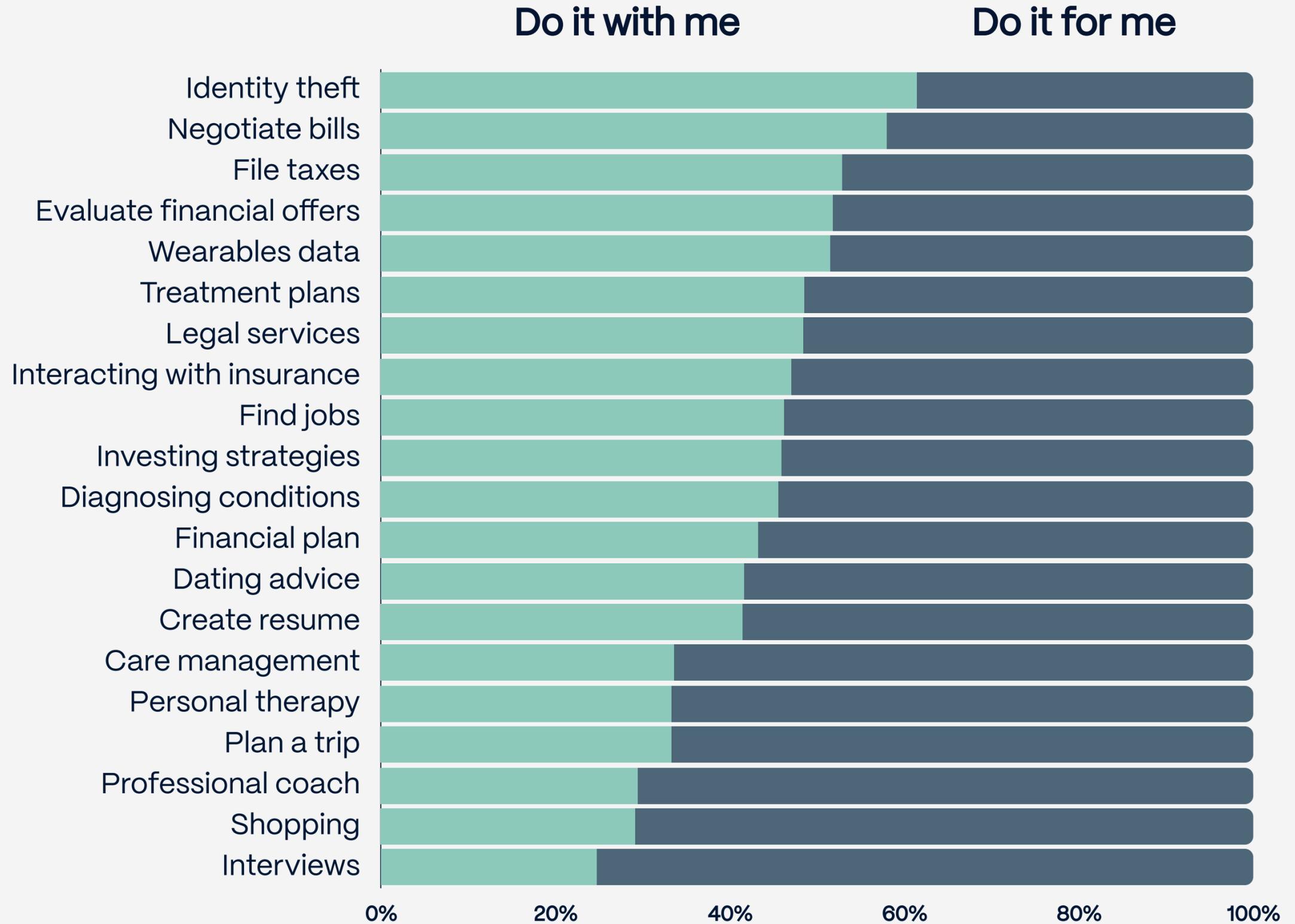
- Relief
- Delight



While we originally thought most consumer AI offerings would shift from "do it with me" and "do it for me"...

Which would you prefer when using AI?

% RESPONDENTS



Hesitation around
"do it for me"
comes from the
risk of falling asleep
at the wheel



The impact of Generative AI on critical thinking: self-reported reductions in cognitive effort and confidence effects from a survey of knowledge workers



Why great AI produces lazy humans



The dangerous impact of AI on decision making



Impact of artificial intelligence on human loss in decision making, laziness and safety in education



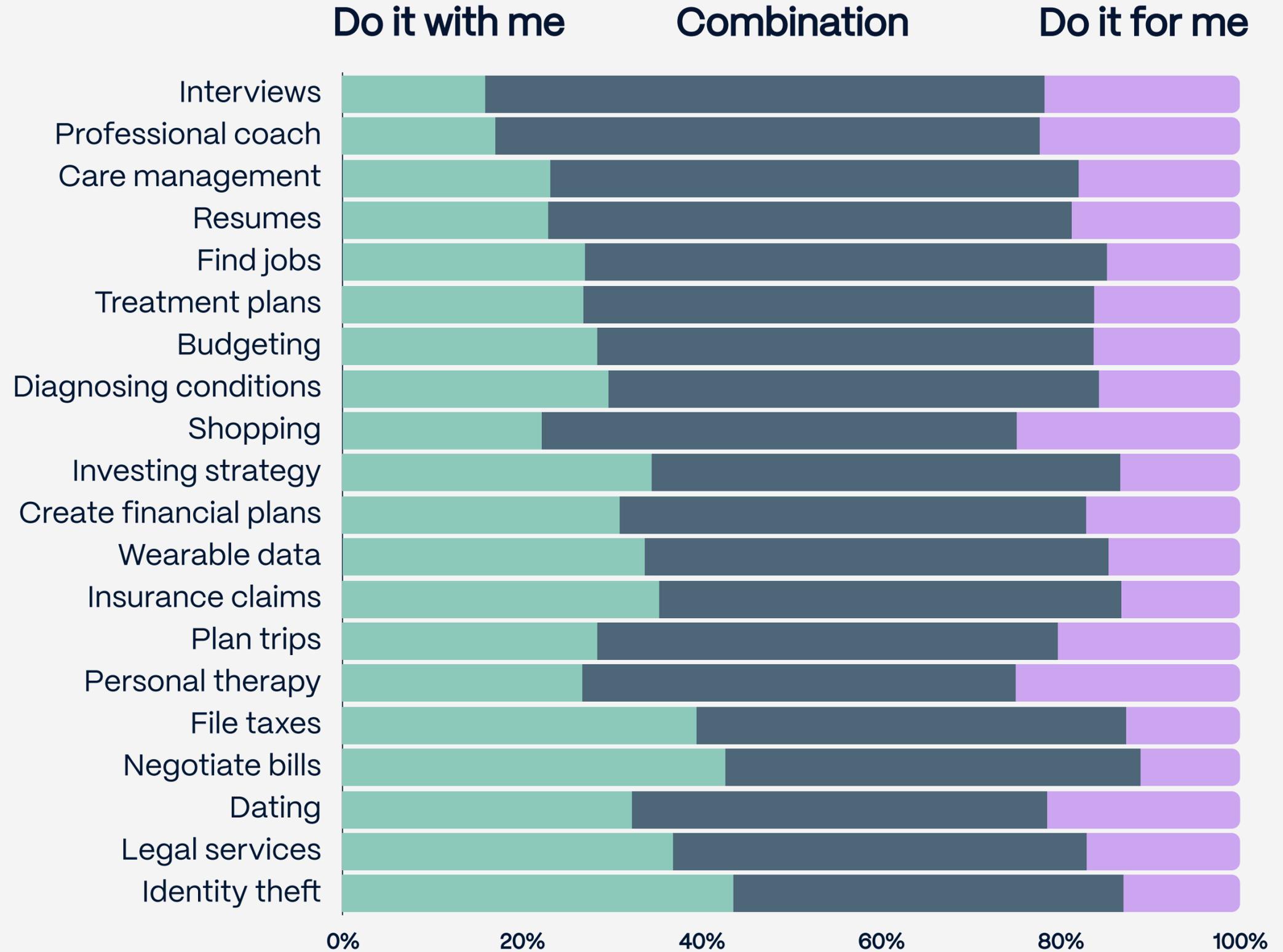
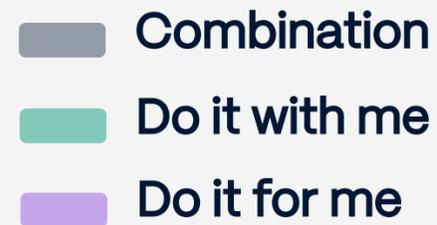
Here's why AI may be extremely dangerous—whether it's conscious or not



We now believe most consumer AI offerings should blend "do it for me" with "do it with me"

Which would you prefer when using AI?

% RESPONDENTS

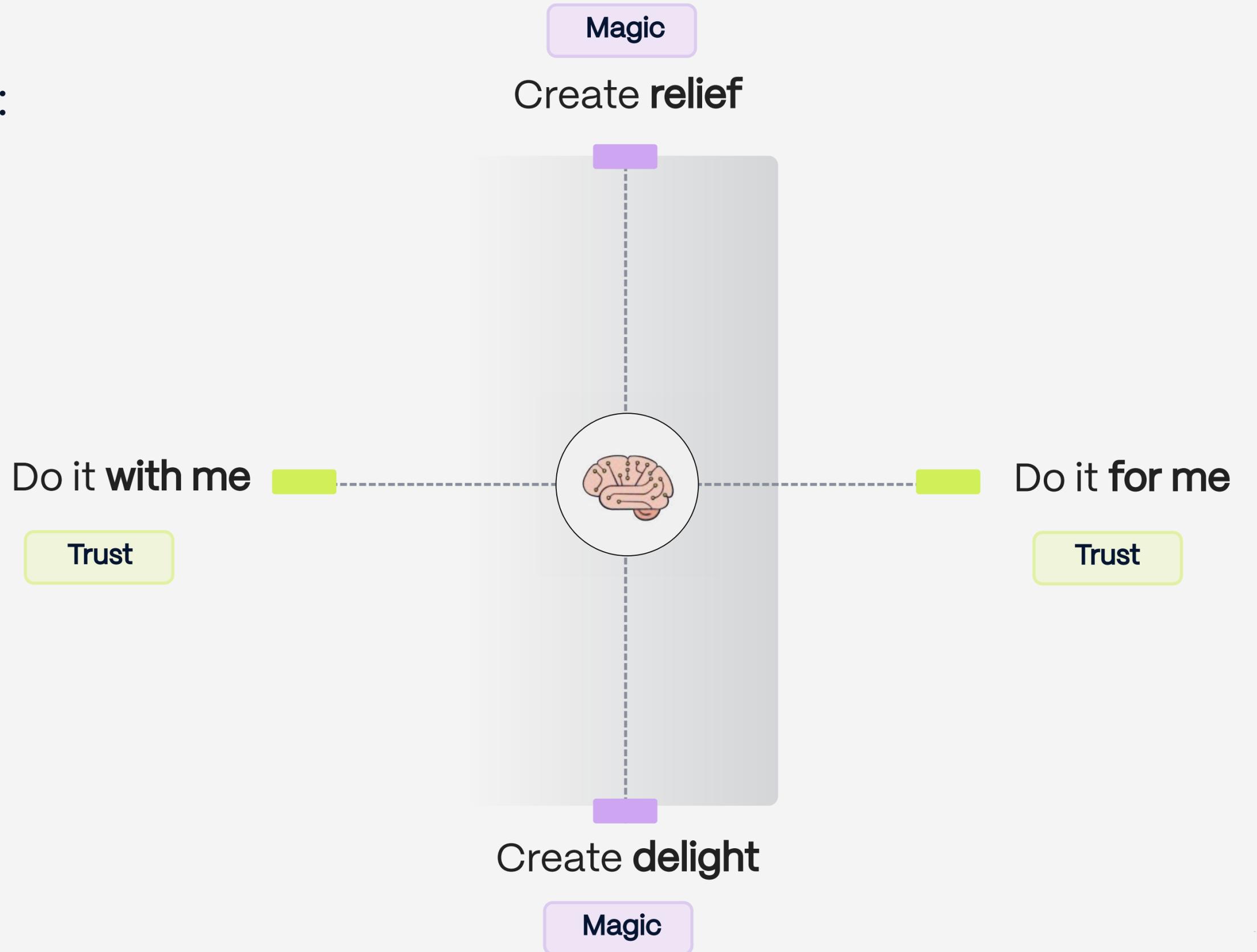


Anthropic's Economic Index Report validates the reality and importance of balance

Percentage of conversations with Claude that involved augmentation versus automation



We stand by the powerful place AI has to build from: creating relief and delight between "do it with me" and "do it for me"

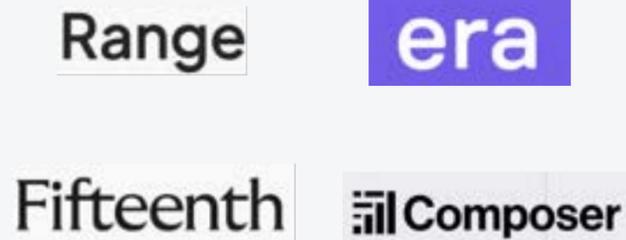


Sample AI companies

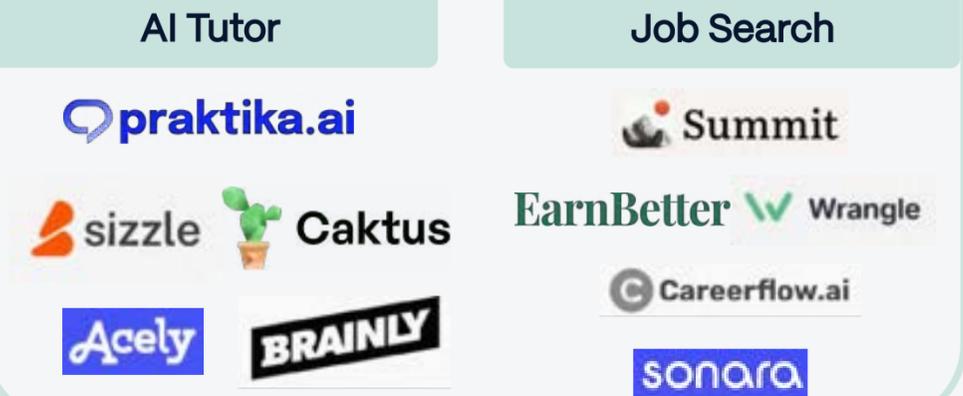
Health



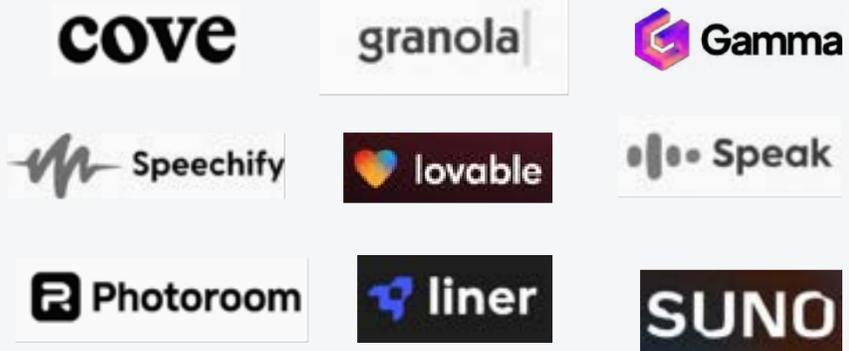
Finance



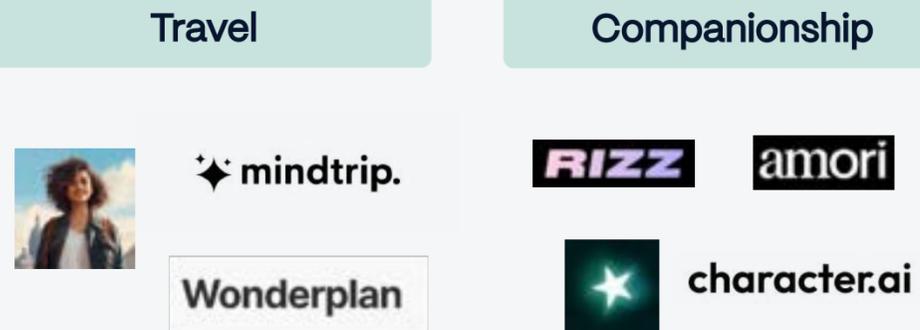
Education & Career



Productivity



Social & Entertainment



Commerce



TAILWIND

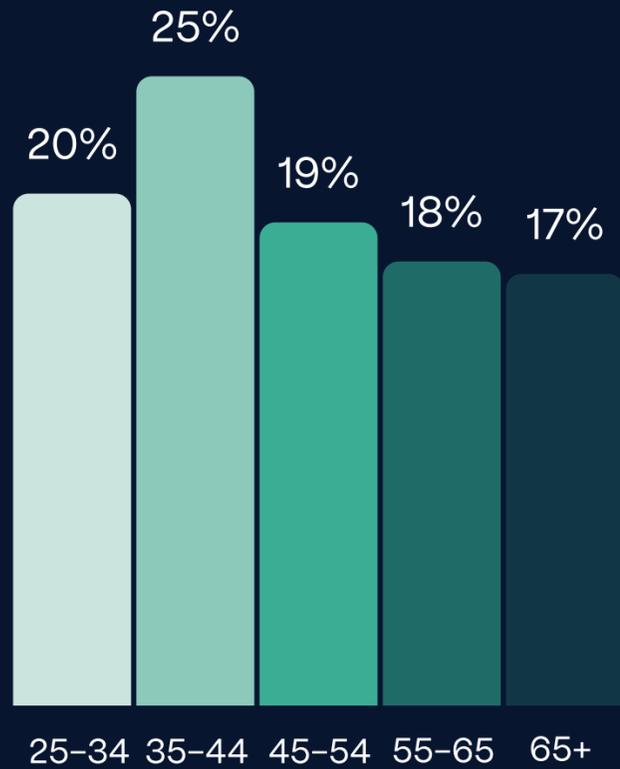
Security

Seeds of hope in an increasingly trying world

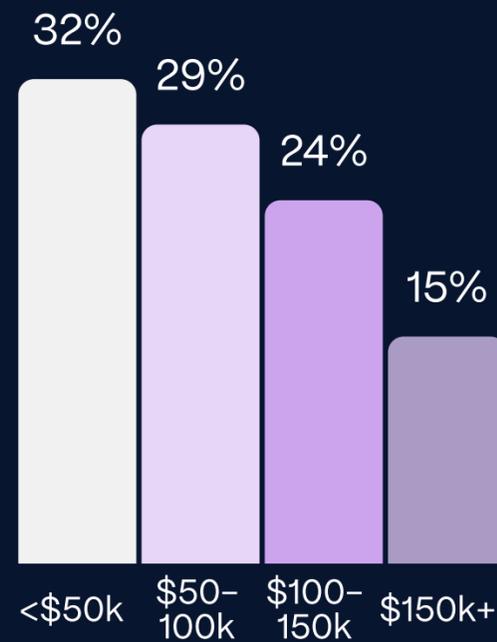


The demographic data of our consumer survey

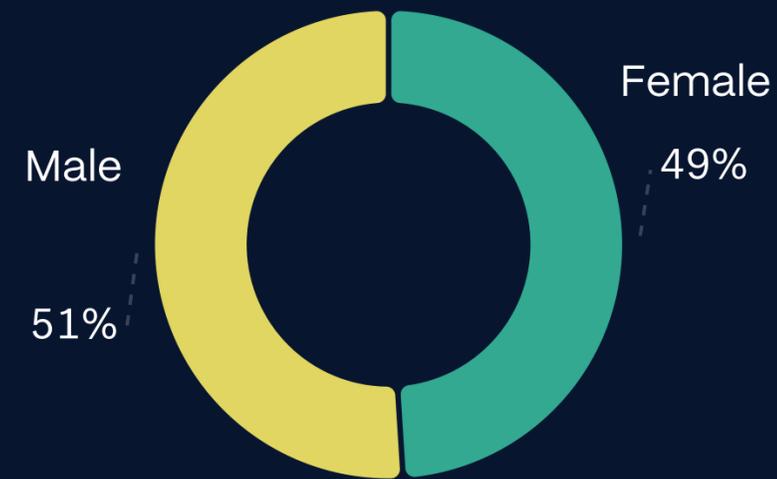
1,227 respondents



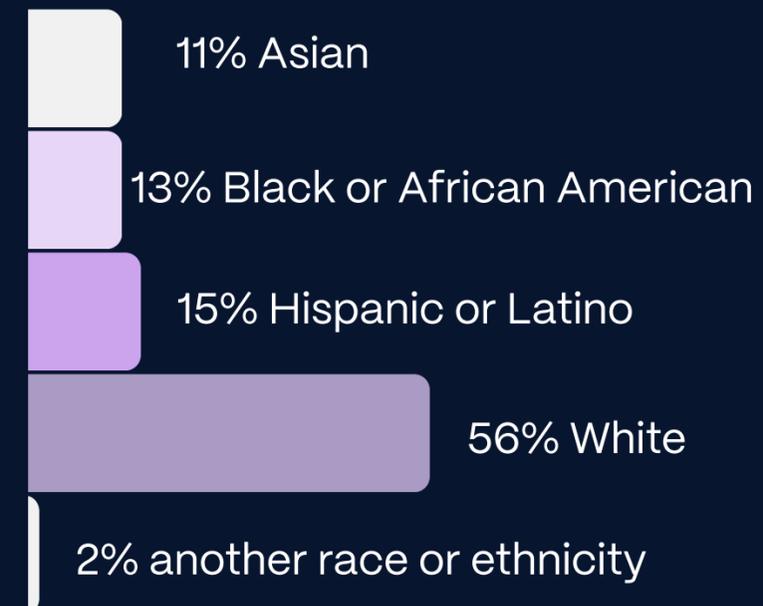
Age



Household Income



Gender Identity



Race / Ethnicity

In the face of



Inflation



Interest rates



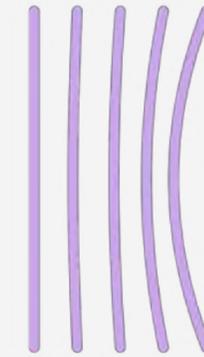
Covid-19



War



Political
tension



consumers
demonstrated

resilience

Looking past the challenges and taking an aspirational approach to

higher-level needs...



But
enough
looks to be
enough





...and we are seeing
a shift in focus to

basic needs



Safety and physiological concerns have reached a tipping point — there's a diverse range of topics weighing on consumers



Safety Needs

Free from fear and threat

- **Personal security:** physical and digital
- **Employment:** income and job stability
- **Health:** access to services and rising costs
- **Property:** insurance denials or loss of coverage



Psychological Needs

Biological components for human survival

- **Air:** natural disasters
- **Water:** drought
- **Food:** unaffordable post-inflation spike
- **Reproduction:** sexual health and rights

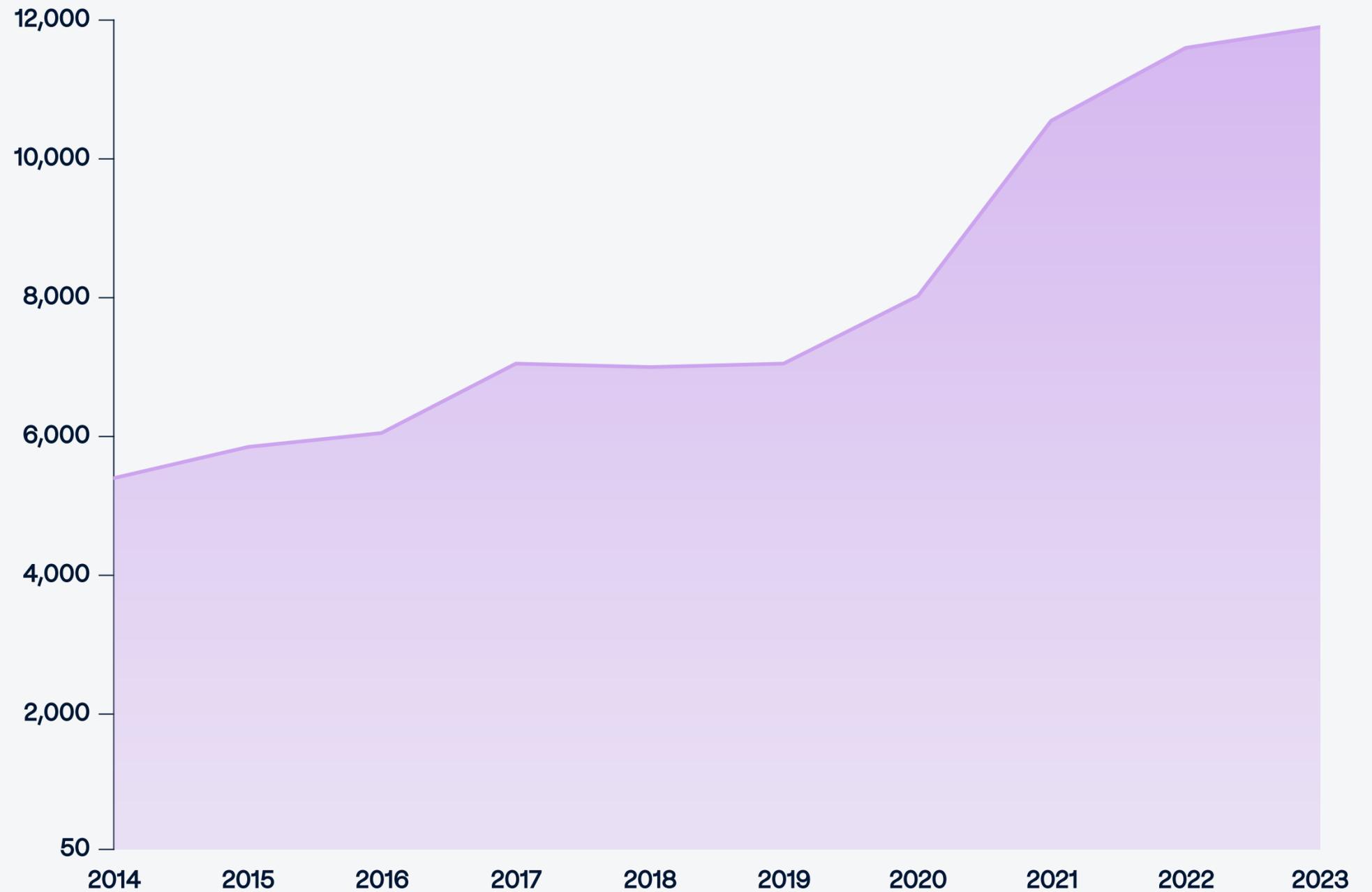
Safety needs



Personal security:

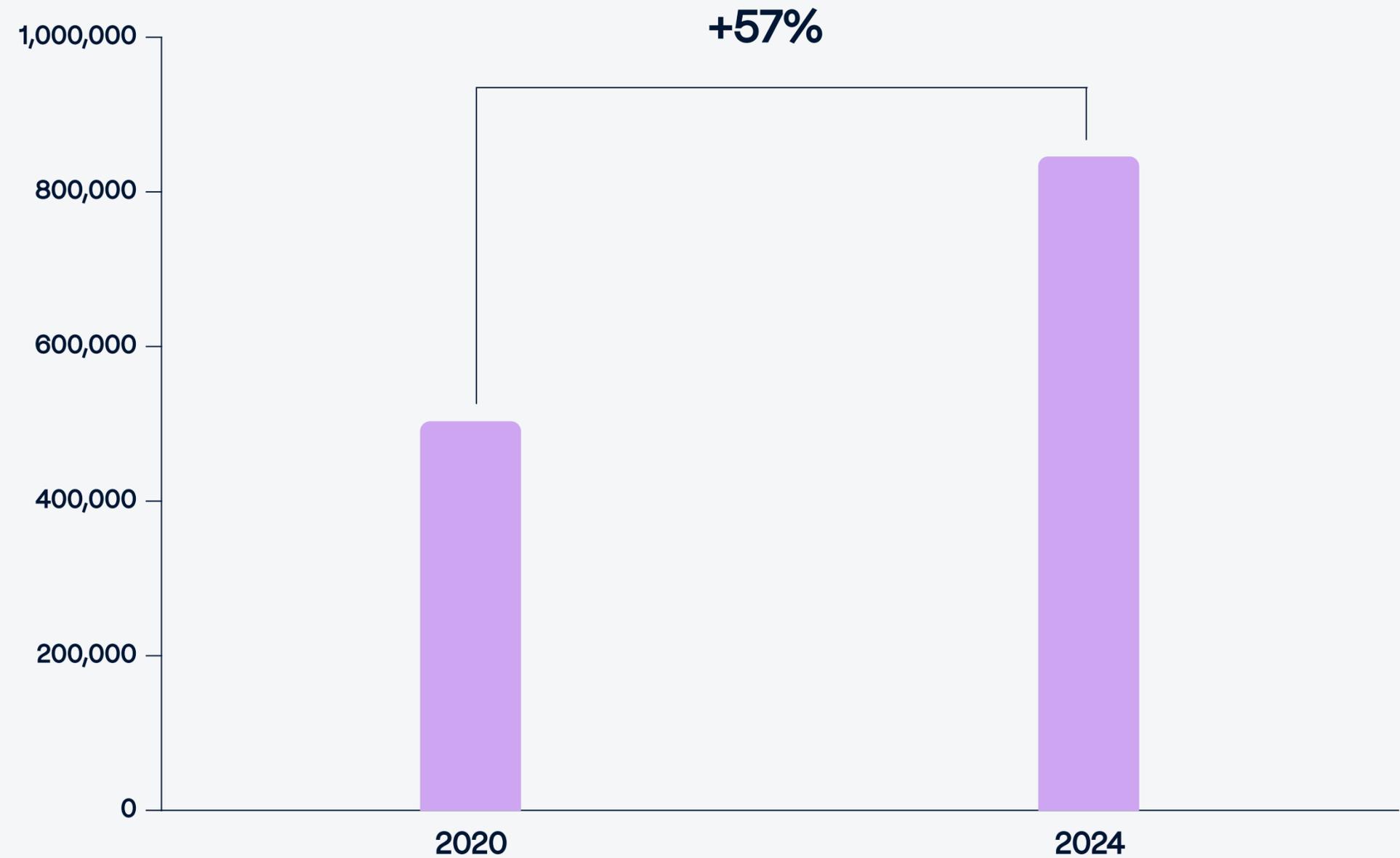
Reported hate crime incidents have doubled over the past 10 years

FBI: REPORTED HATE CRIME INCIDENTS



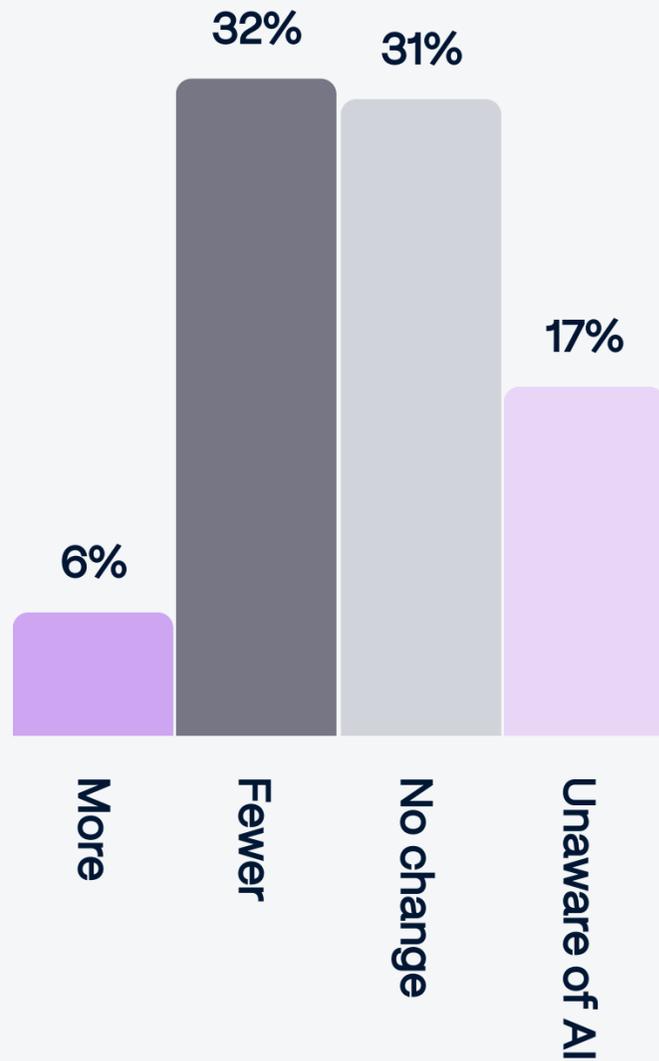
Personal security: Reported fraud incidents increased 57% in four years

FTC: REPORTED
IMPOSTER SCAM FRAUD

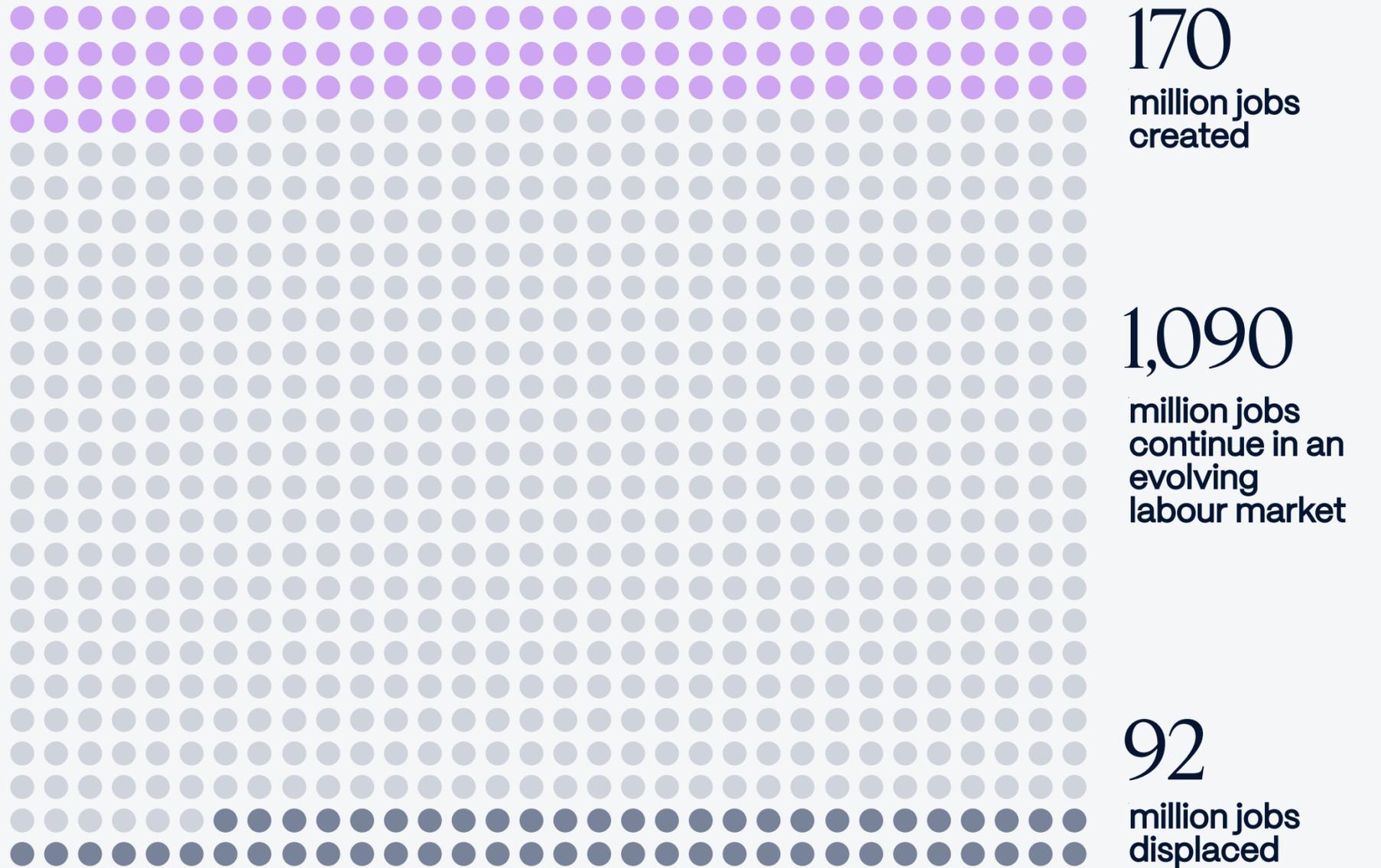


Employment: When it comes to AI's impact on jobs, there's a gap to close between mainstream consumer opinion and experts

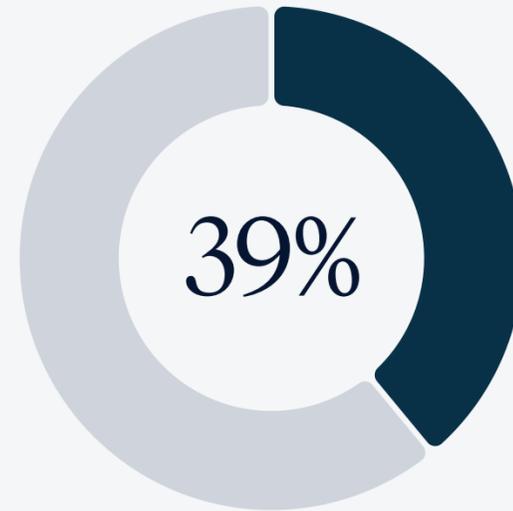
% of workers saying AI will lead to __ job opportunities for them in the long run



Total projected job growth and loss from AI



Employment: If we do see job growth, it will come with significant change



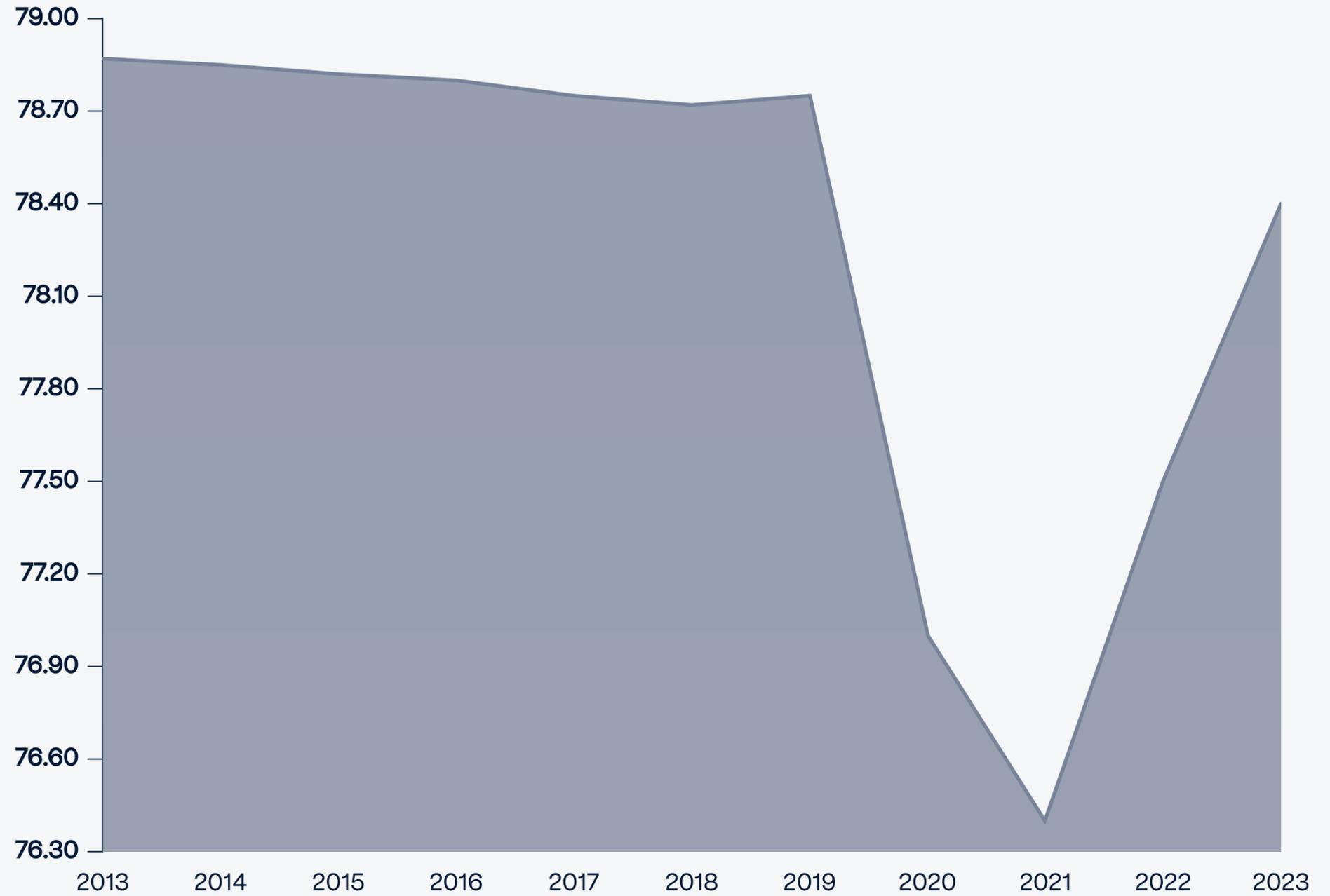
Employers expect 39% of key skills required in the job market will change by 2030



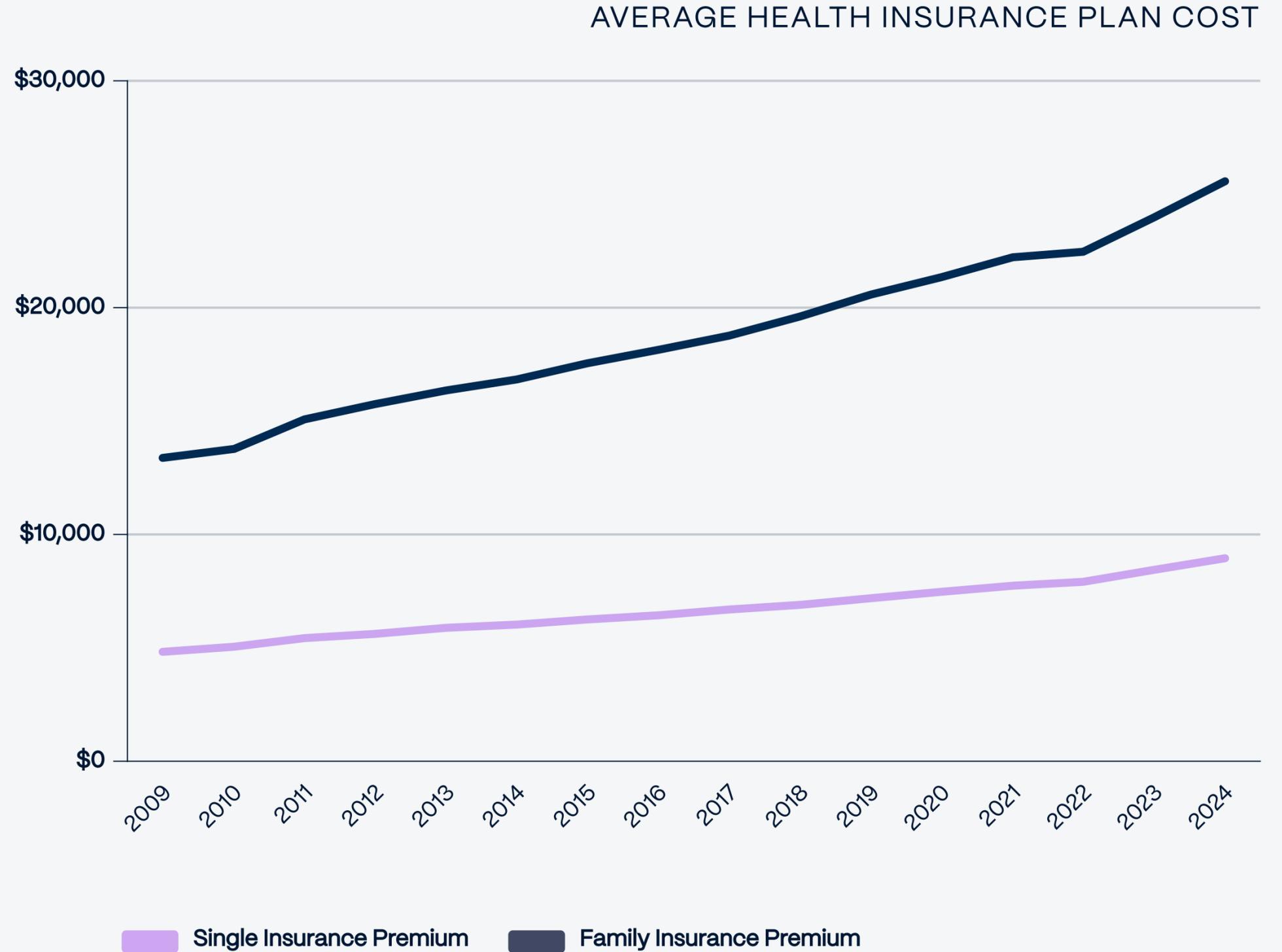
According to McKinsey's James Rappaport, as many as 375 million workers globally might have to change occupations soon to meet company needs

Health: Life span held flat for the past decade despite advancements in care and medicine

LIFE EXPECTANCY TRENDS IN THE US (AGE)

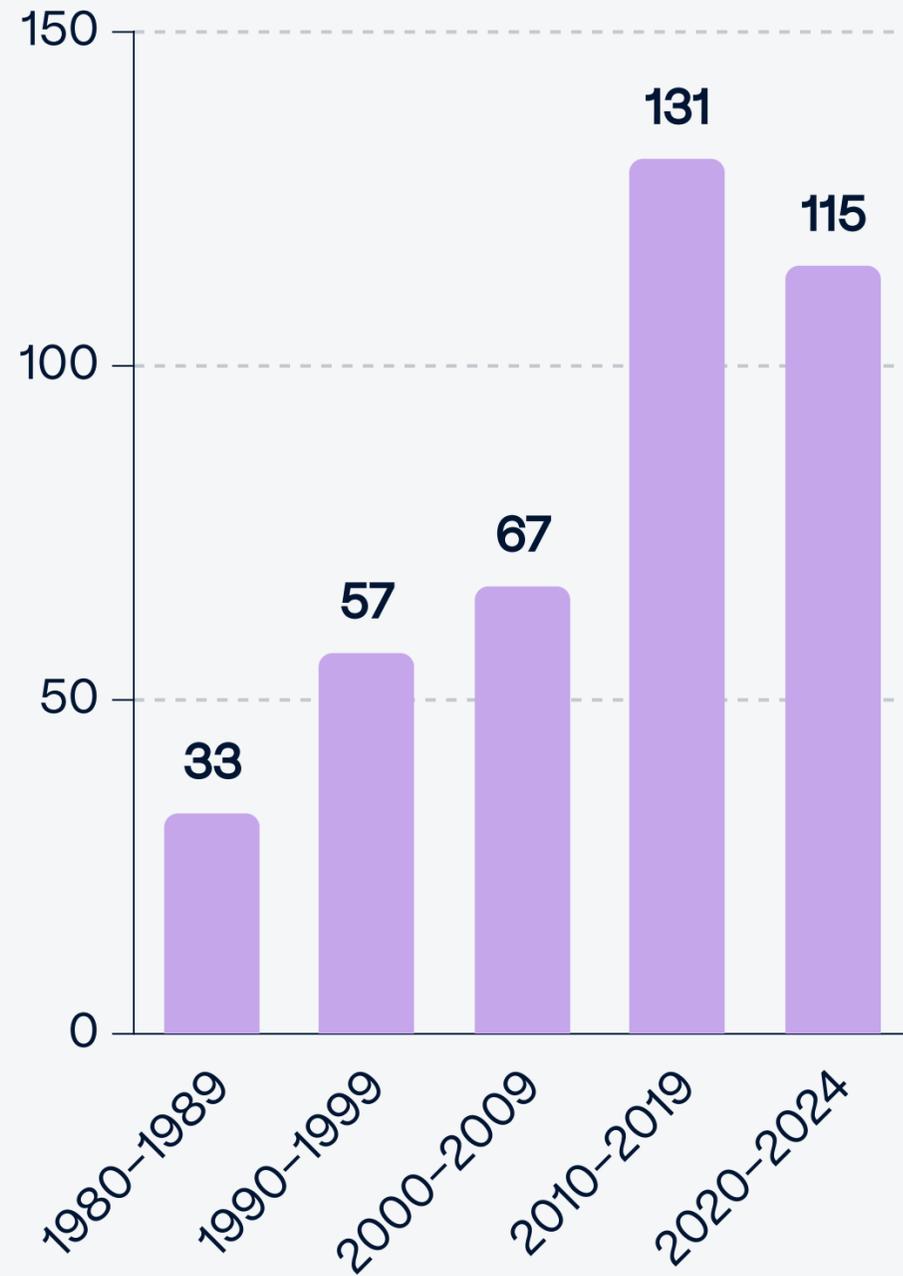


Health: While health insurance premiums doubled over past decade — to the tune of \$26k per family in 2024



Property: Costly natural disasters are on pace to more than double 2010s and more than quadruple 2000s

BILLION DOLLAR+ NATURAL DISASTERS



ANNUAL NATURAL DISASTER COST (\$B)



Physiological needs

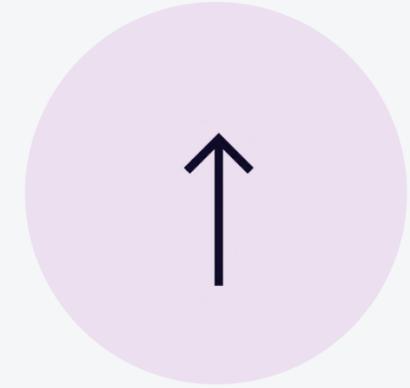


Air: Over a quarter of the country lives in a county with year-round particle pollution



90.7M

people live in one of the 119 counties where year-round particle pollution levels are worse than the new national air quality limit

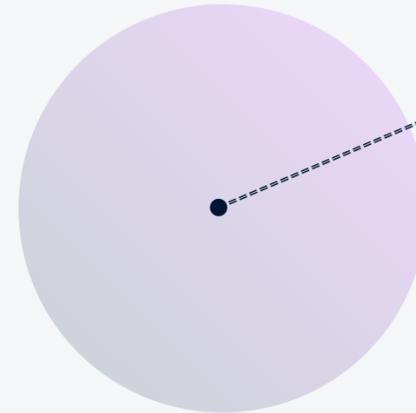


71.9M

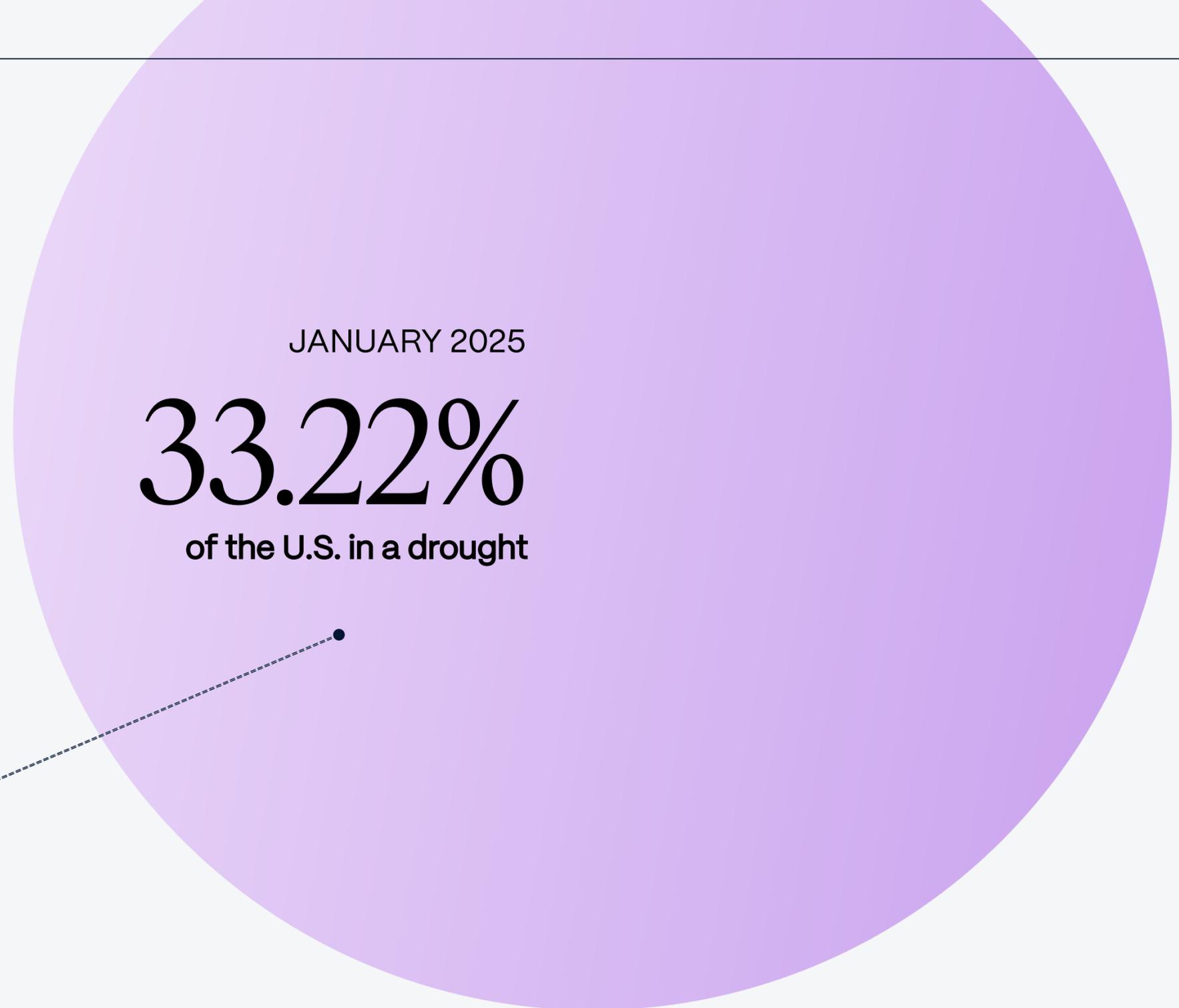
increase compared to last year

Water: The percentage of Americans living in a drought quadrupled since 2020

JANUARY 2021
7.8%
of the U.S. in a drought



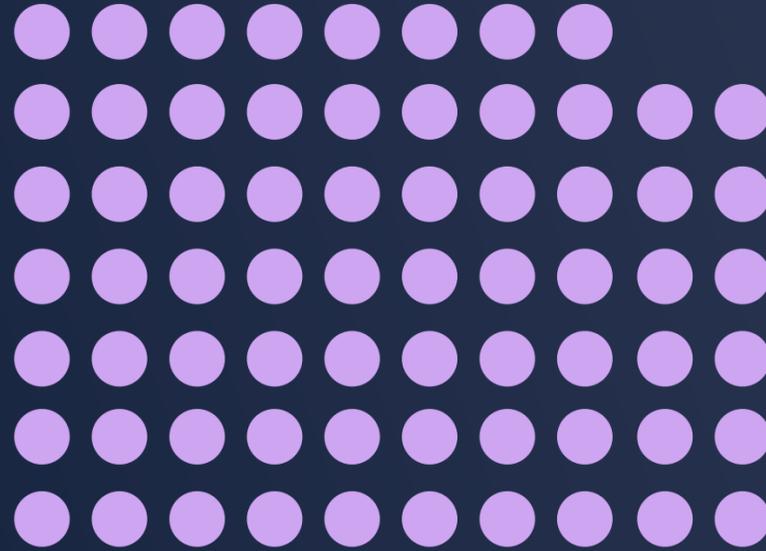
JANUARY 2025
33.22%
of the U.S. in a drought



Food: 58% increase in monthly grocery costs since 2019

\$680

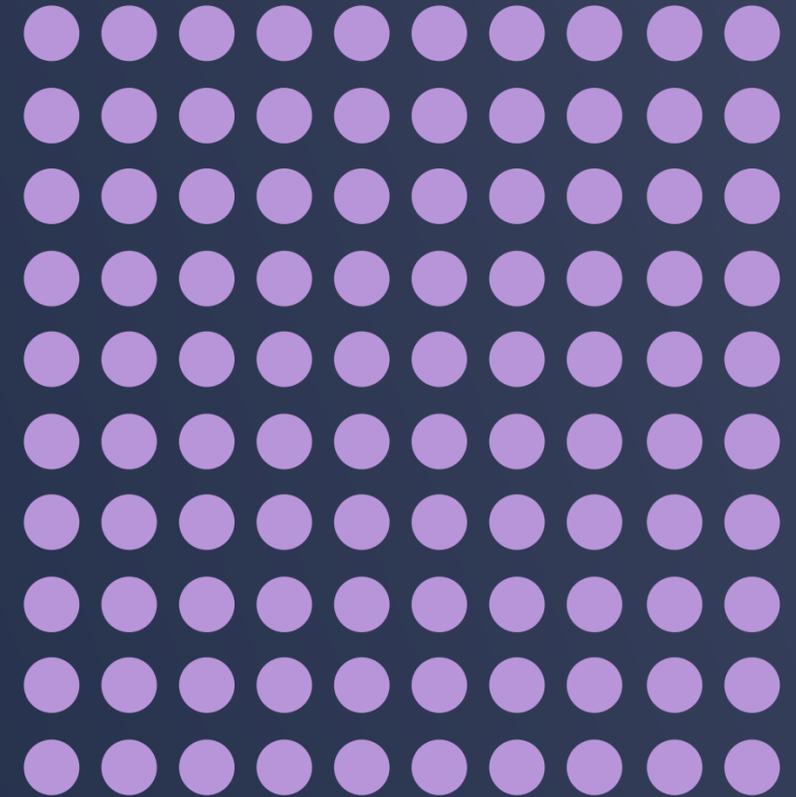
per month on groceries



2019

\$1,080

per month on groceries

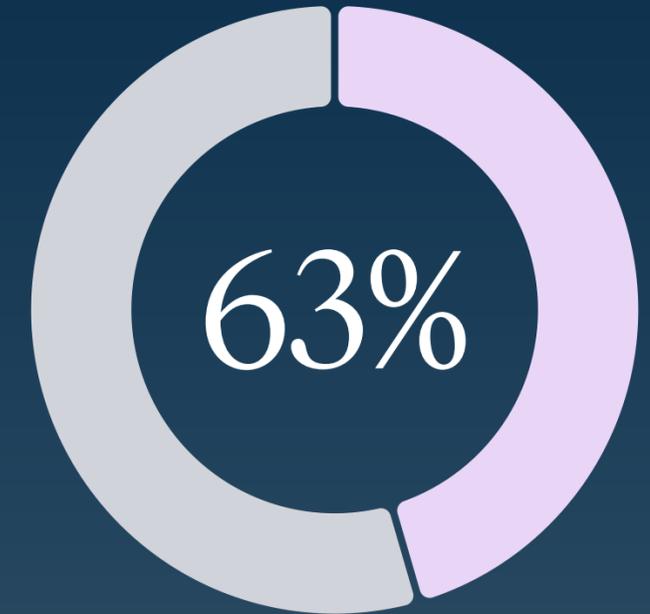


2024

Reproduction: Despite near super-majority support for abortions, more than half of Americans live in states with at least a 6-week ban



Live in states with a total or 6-week abortion ban



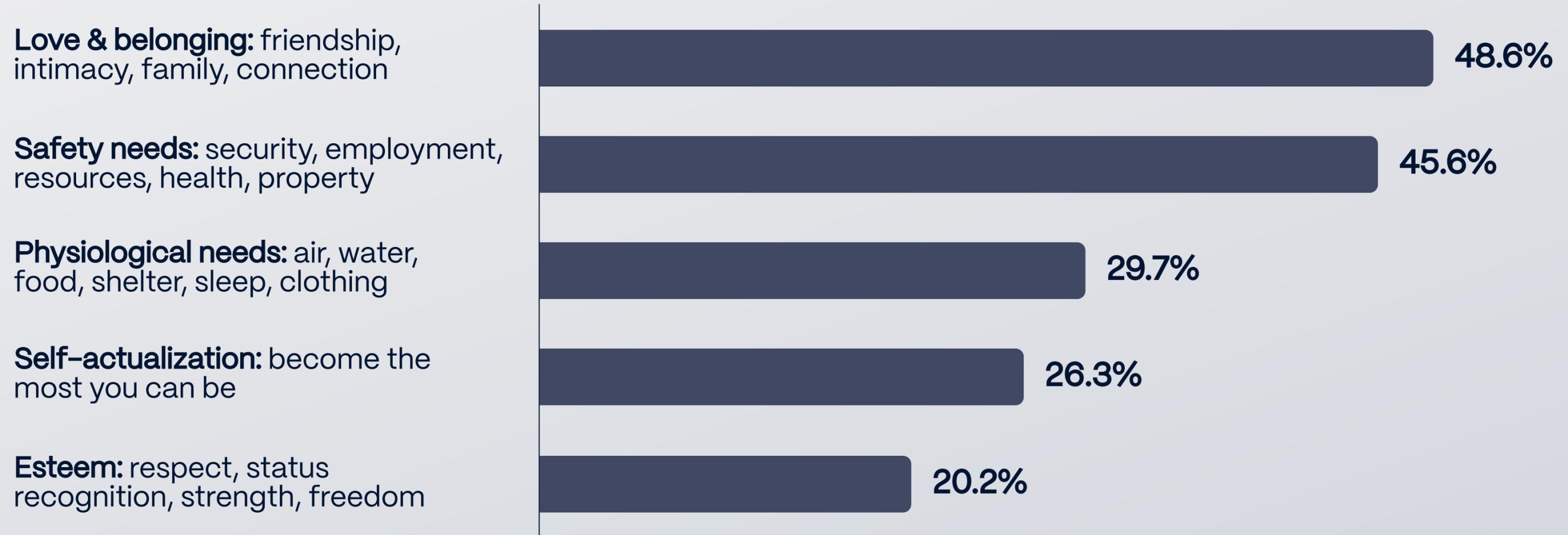
believe abortion should be legal in all or most cases

Consumers are
concerned



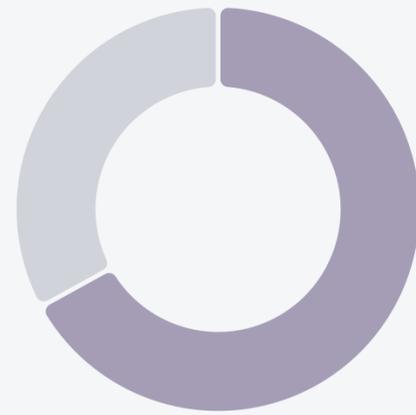
Safety and physiological needs are top of mind for consumers

Which of the below best describes your priorities in 2025? Select all that apply.



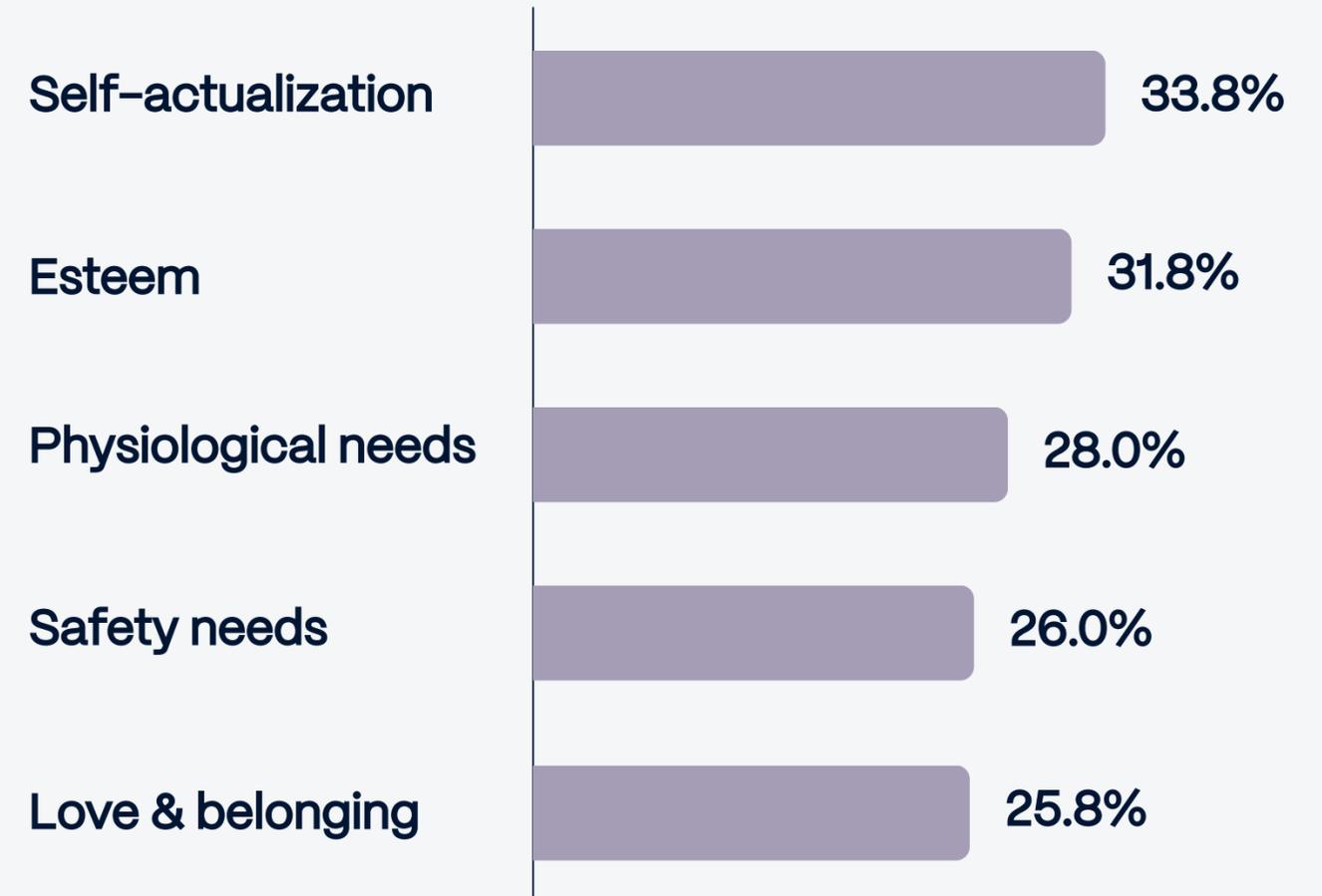
Self-actualization and esteem as priorities are trending down

Thinking back to the past few years, would you have made the same priority selections?



Yes (67%)
No (33%)

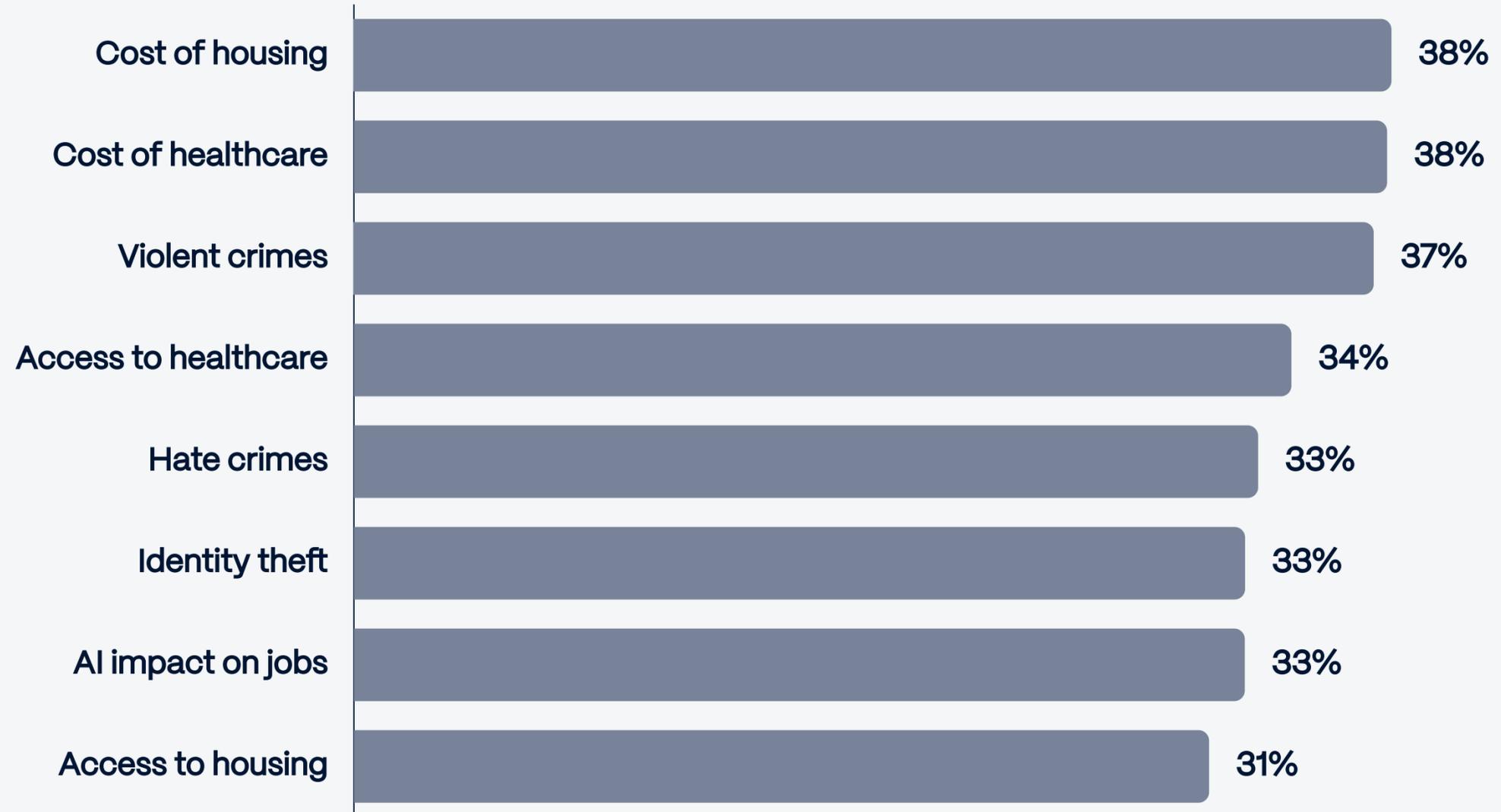
If no, which of the below would you have said were highest priority for you in 2024? Select up to 2 that apply.



Safety topics come up at least weekly for over a third of consumers

How often do the below safety topics come up in your life?

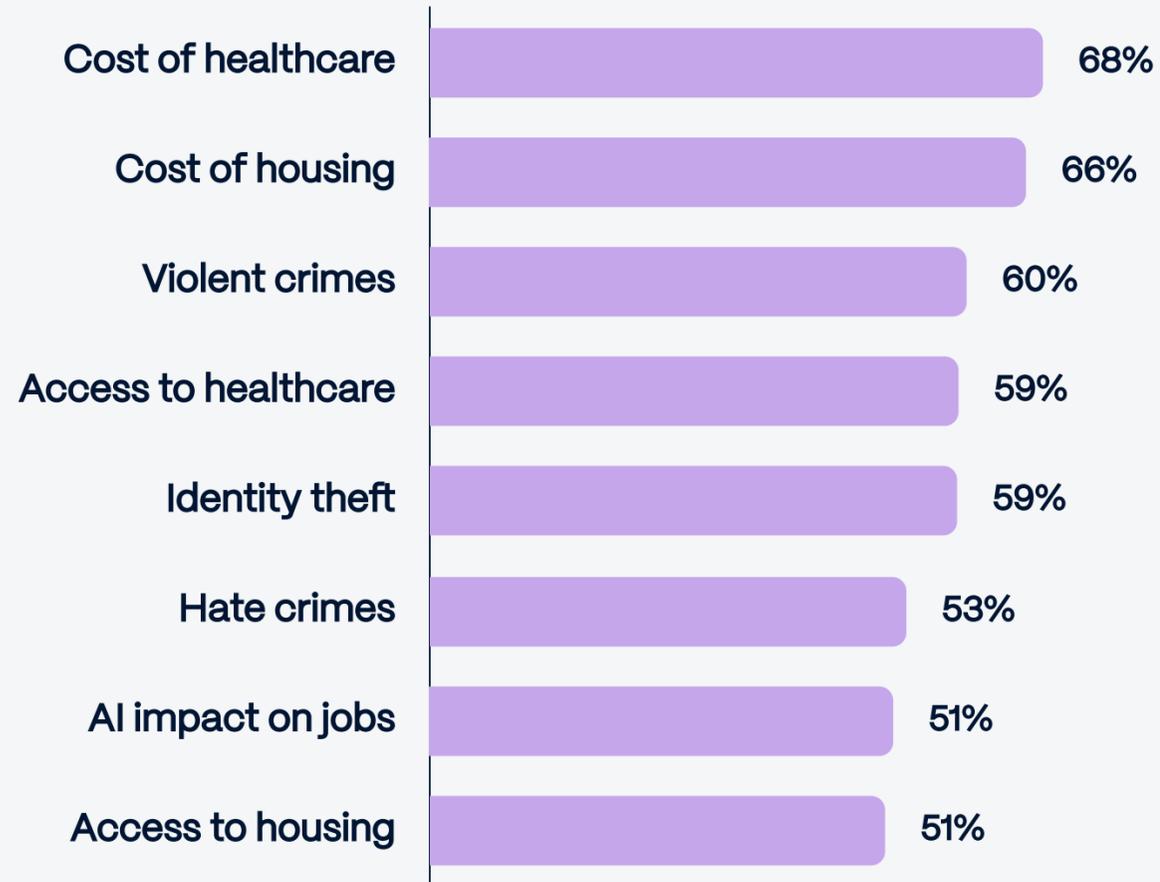
■ Daily + Weekly



In the face of supply shortages and rising costs, consumers report having the greatest concern for meeting their healthcare and housing needs

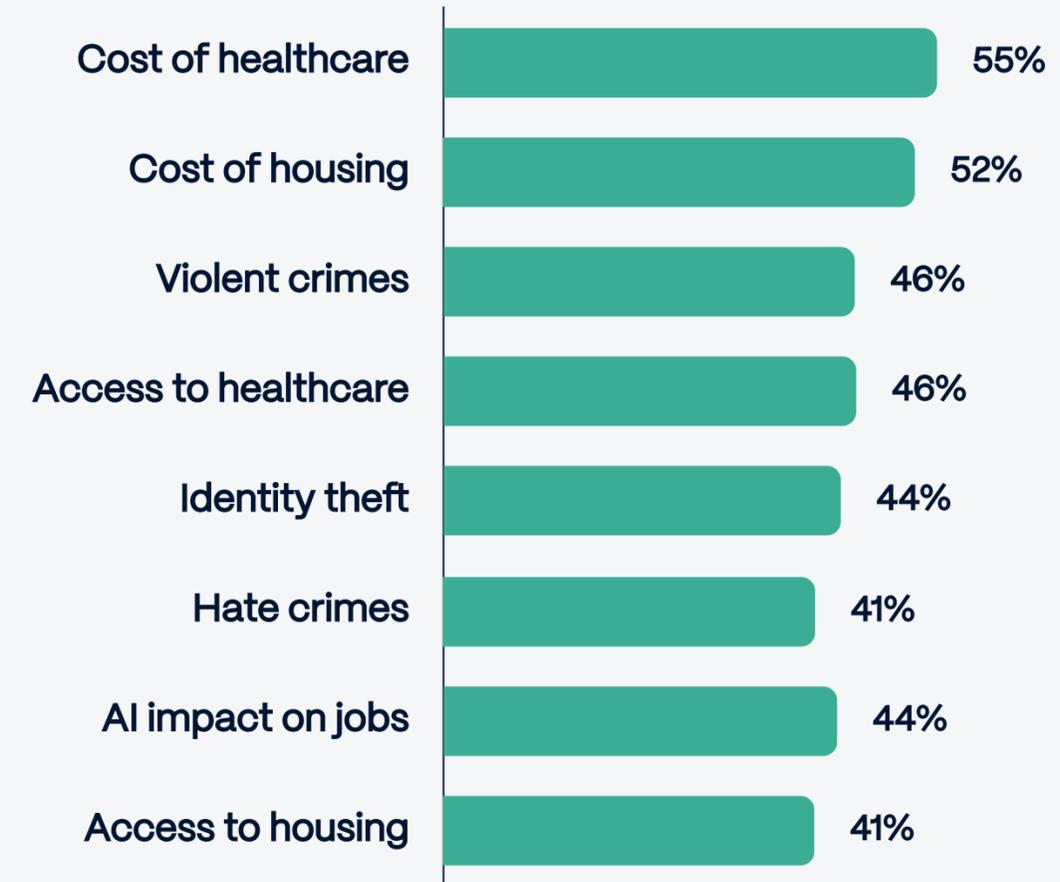
When it comes to safety needs going forward, how concerned are you about the below?

Very concerned + concerned



When it comes to safety needs, how does your concern level going forward compare to the past few years?

Increasing



Physiological topics come up *even more often* than safety topics

How often do the below physiological need topics come up in your life?

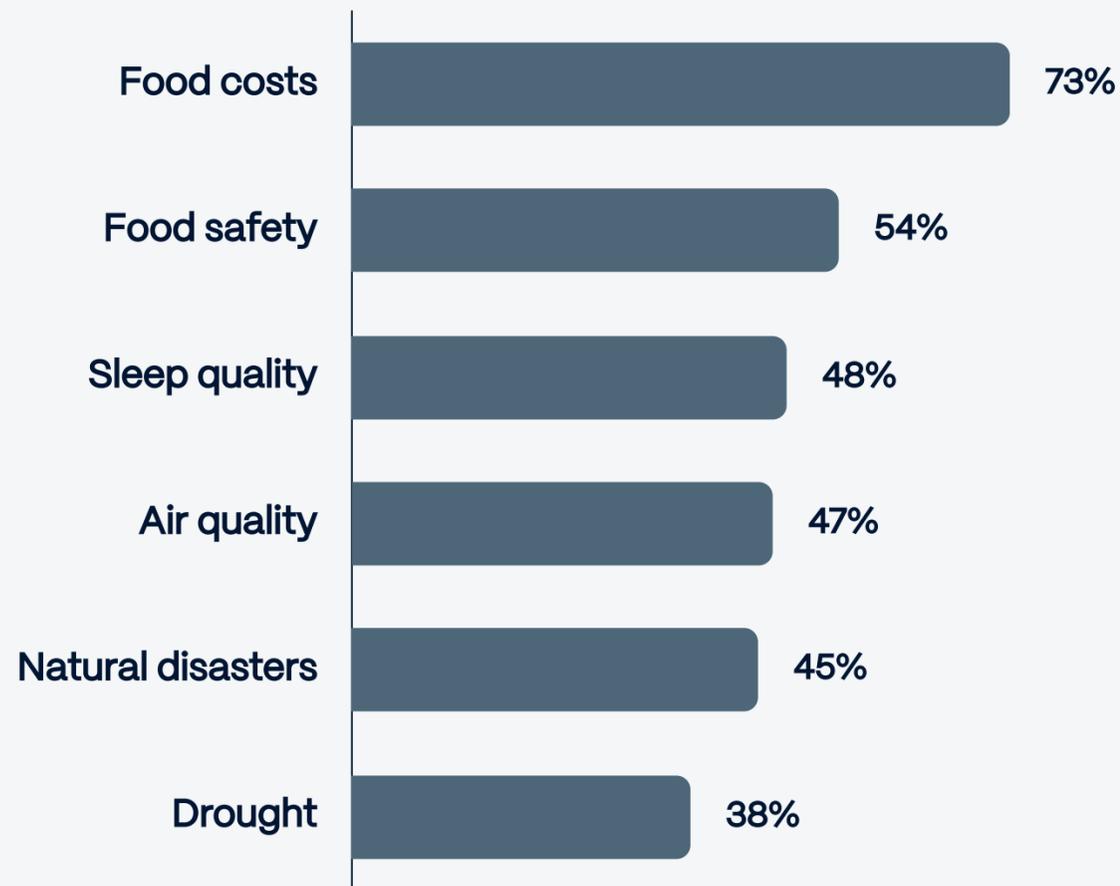
■ Daily + weekly



On heels of food price inflation and bird flu, consumers report having the greatest concern for food costs and safety

When it comes to physiological needs going forward, how concerned are you about the below?

Very concerned + concerned



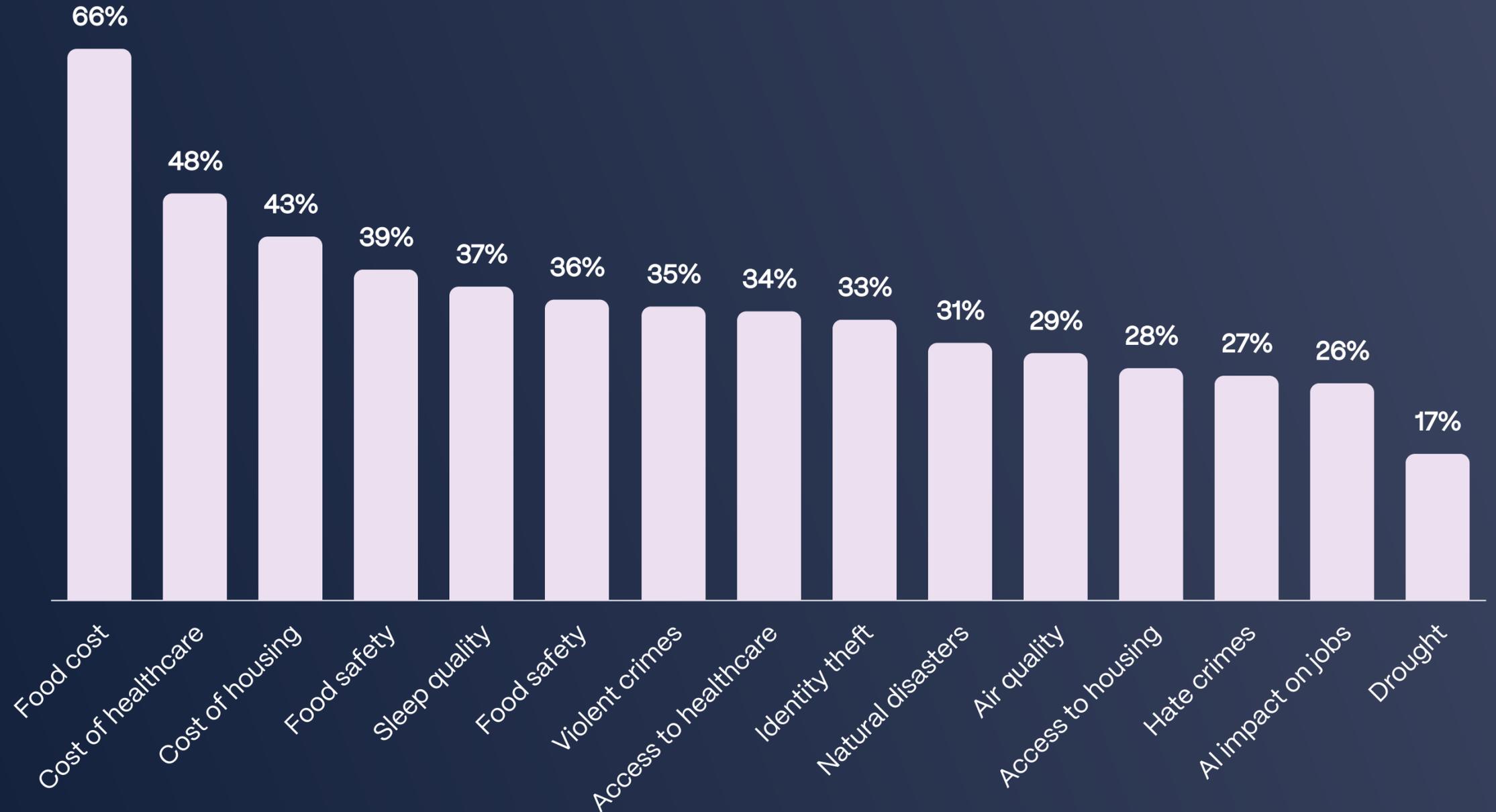
When it comes to physiological needs, how does your concern level going forward compare to the past few years?

Increasing concern



Nearly a third of consumers anticipate most topics of concern will change their purchase decisions and priorities

Which of the below will change decisions you make going forward? Select all that apply.



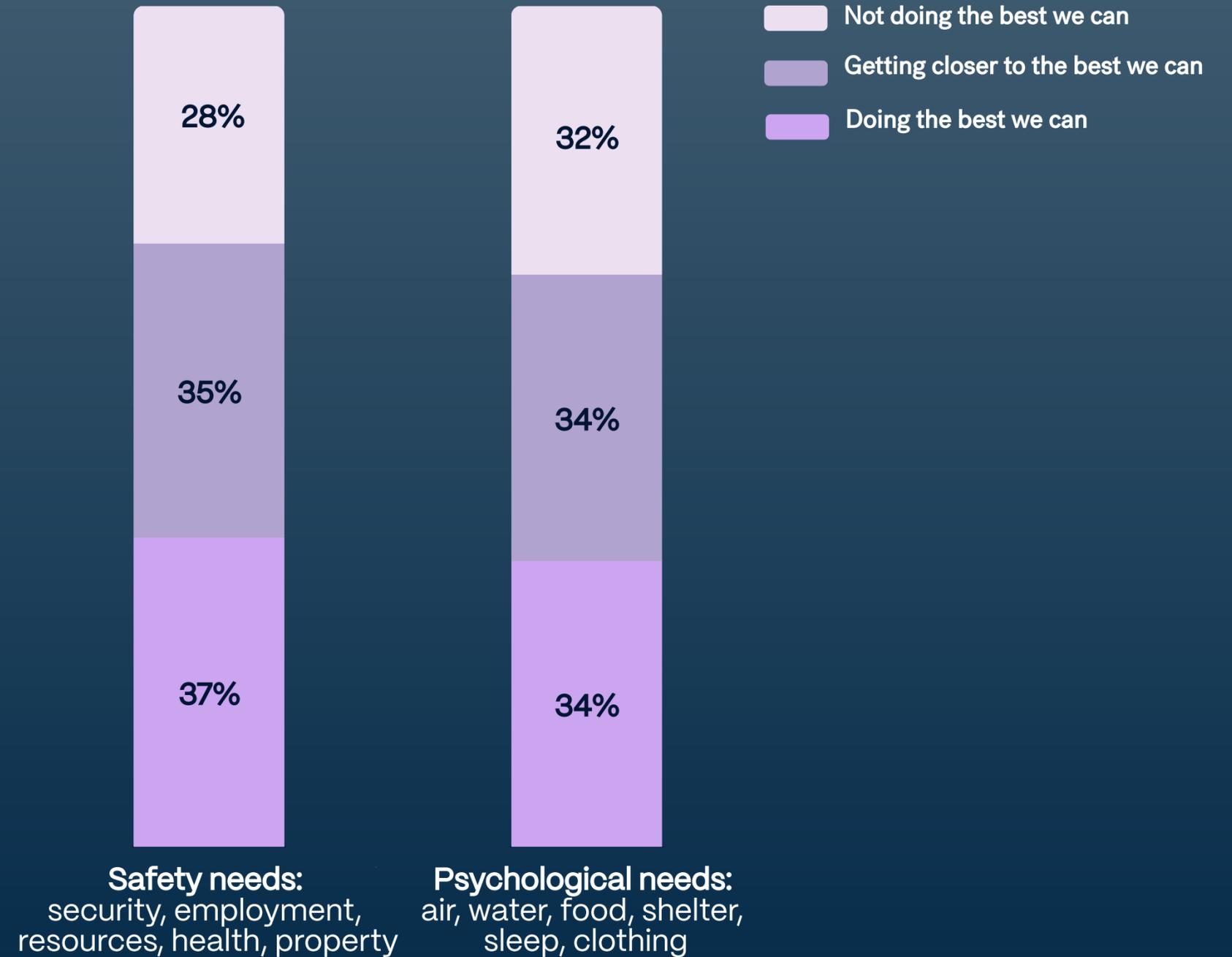
Consumers
reject the idea

that this is
the best we
can do



Over 60% of consumers believe we can do more

Which best describes your perspective on efforts the country is taking to address your needs?



While consumers are

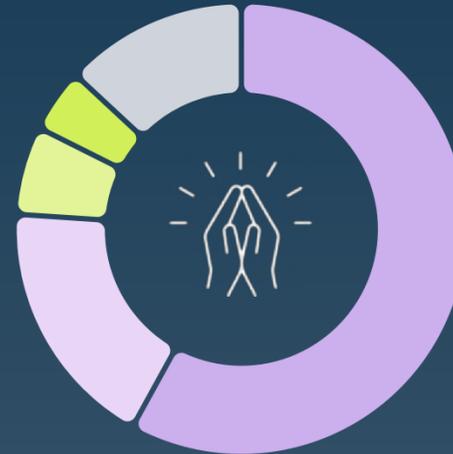
waiting for
change



Religion and faith are showing signs of resurgence after decades of decline

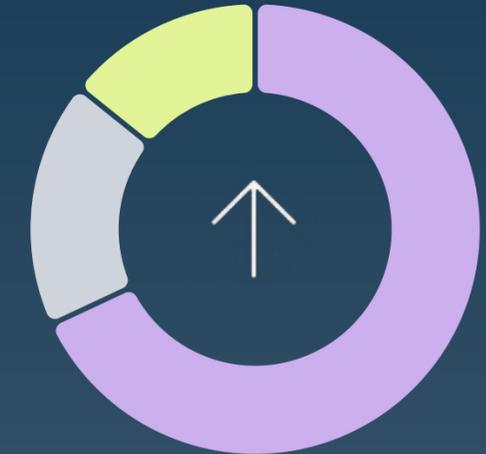
Consumers report praying frequently with plans to pray even more in the upcoming year

Do you pray regularly?



- Yes, daily (58%)
- Yes, weekly (18%)
- Yes, monthly (6%)
- Yes, only for significant holidays (5%)
- No (13%)

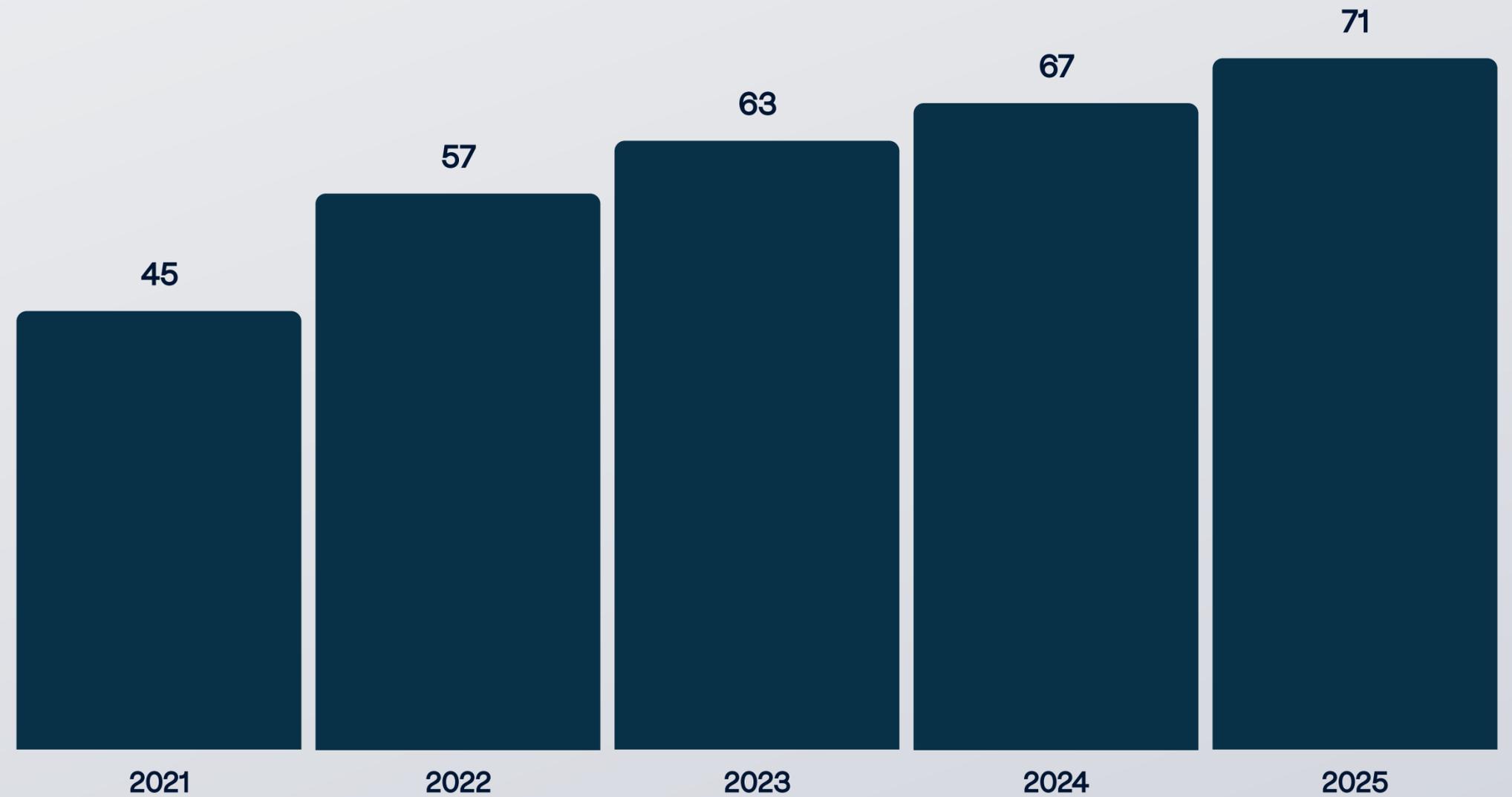
Do you plan to pray more often this year?



- Yes (68%)
- No (17%)
- I'm not sure (14%)

For example, search traffic for "religion" has steadily increased the past four years

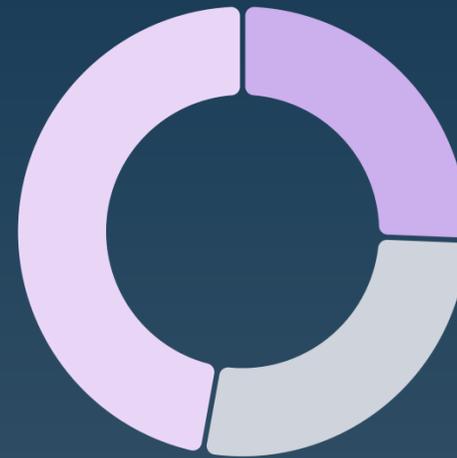
INDEX OF GOOGLE SEARCH TRAFFIC FOR "RELIGION"



In a trying and changing world, consumers are turning to religion for purpose and stability

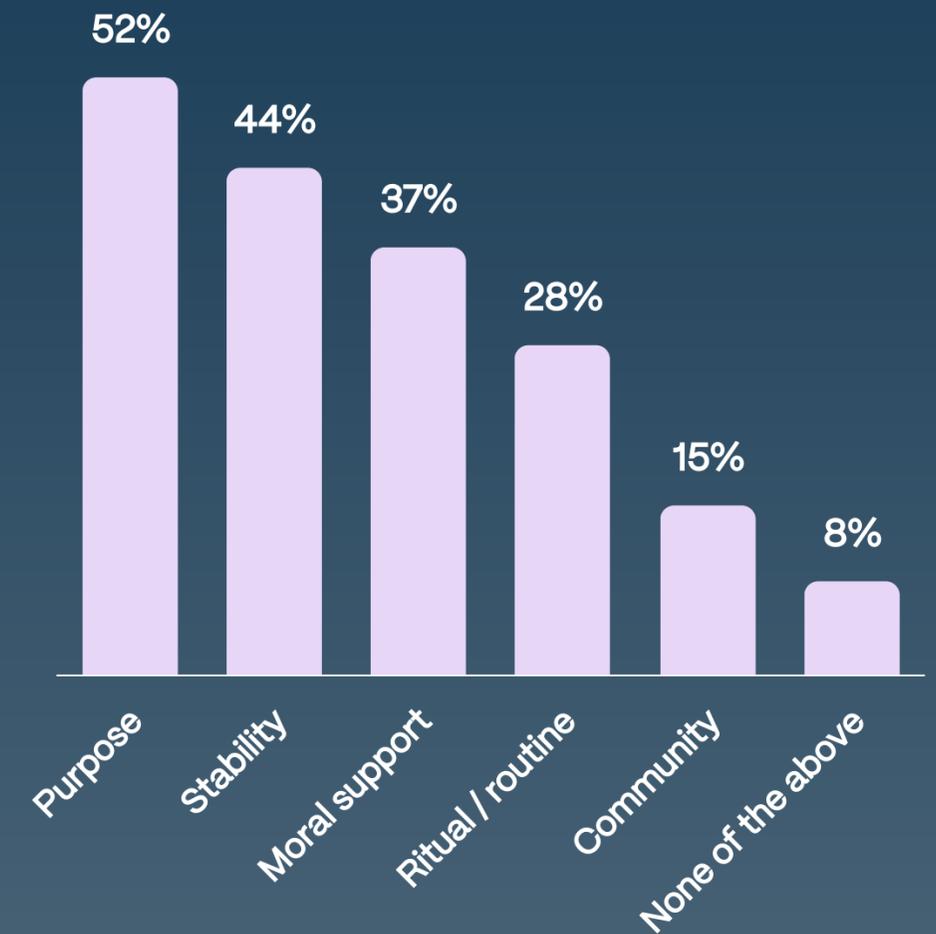
Consumers hope to find purpose, stability, and moral support when praying

Which best describes why you plan to pray more often this year?



- State of the global world (25%)
- State of the country (27%)
- State of my individual world (47%)

Which best describes what you get from praying? Select up to 2 that apply.





Where are
there seeds
of hope
(and opportunity)?

Early examples show how AI has already moved the needle

HEALTHCARE



AI-powered telemedicine systems reduced the need for in-person visits by up to 40% for patients in remote areas, allowing them to have their wearable data analyzed remotely.

JUDICIAL SYSTEM



Recidivism was about 14% when both AI tools and judges recommended alternative punishments, compared to 26% when judges ignored AI recommendations for alternatives.

EDUCATION



New randomized, controlled trial of students using GPT-4 as a tutor in Nigeria. 6 weeks of after-school AI tutoring = 2 years of typical learning gains, outperforming 80% of other educational interventions.

EMPLOYMENT



The consultants who scored the worst when we assessed them at the start of the experiment had the biggest jump in their performance, 43%, when they got to use AI. Top performers saw a 17% improvement.

Imagine

education that prepares for soft and technical skills



Apprenticeships

A proven hands-on path to learning and skill development that deserves a broader and scaled programs. Apprenticeships can set individuals up for success and close the talent gap.



Reputation & Trust

With widespread access to AI, individuals that learn to build strong communities and credibility will have an edge. People will still play a role in an AI-powered world.



Creativity & Judgment

When AI handles routine tasks, human ingenuity will drive success. Individuals in touch with a sharp imagination and a discerning eye can become known for stand-out taste.



Adaptability

The ability to integrate AI tools effectively will separate leaders from followers, even if AI is available to everyone.

Learning & Career: Targeted apprenticeship programs are moving the needle

IBM APPRENTICESHIPS



As of 2024, IBM has hired over 1,000 from the "New Collar" apprenticeship program with 90% of graduates converting to full-time IBM employees. IBM reports investing \$250 million through 2025 to expand these programs.

AMAZON CAREER CHOICE PROGRAM



Since 2019, over 2,100 front-line Amazon employees have received 500,000+ hours of technical training and career coaching. Outcomes have been impressive – participants saw wage increases ~68% higher per person compared to similar training programs.

NORTH CAROLINA APPRENTICESHIPS



North Carolina's state apprenticeship program placed 4,990 new apprentices in FY2024, a 45% jump over the prior year, as manufacturers and other employers invest in building talent through apprenticeships

APPRENTICESHIP GROWTH



In fiscal year 2024, there were about 680,000 active apprentices across the United States, a 114 percent increase over the count in fiscal year 2014 (nearly 318,000 active apprentices)

Imagine efficient and customized healthcare



Early disease detection

Continuous health monitoring via wearables and testing to help prevent disease before it starts.



Data, data, data

Biometrics, genomics, and lifestyle data enable highly personalized treatment plans tailored to an individual's unique biology.



At-home care

Instead of going to clinics or hospitals for most care, patients receive medical attention at home through remote diagnostics, smart medicine dispensers, and mobile health units.



Customized therapeutics

Consumers are able to find the medication and dosage that's right for them based on biomarkers.

Health: Breakthroughs in AI are demonstrating ability to improve health outcomes

AI STROKE DIAGNOSIS



At Adventist Health Rideout in California, implementing the Viz.ai stroke triage platform cut the door-in-door-out transfer time for stroke patients nearly in half – from an average of ~202 minutes down to 109 minutes

AI DRUG DISCOVERY



In 2024, the Nobel Prize in Chemistry was awarded to scientists for their pioneering work in using AI to design proteins that can accelerate the discovery and development of new therapies for challenging diseases.

AI SEPSIS DIAGNOSIS



Prenosis' Sepsis Immunoscore, the first FDA-approved AI diagnostic test for sepsis helps doctors diagnose infections and predict which patients are most likely to progress quickly with severe cases in the next 24 hours.

AI CANCER DIAGNOSIS



Northwell Health, New York's largest health care system, uses an in-house AI tool to proactively analyze images of patients' MRIs and CT scans for evidence of pancreatic cancer. Tool has decreased the time to treatment by 50%

Imagine

technology-driven solutions for the most basic needs



Home insurance in high risk areas

No more opaque billing codes or surprise medical bills. Instead, pricing is upfront, and bundled into all-inclusive services (e.g., a flat price for a knee surgery or an annual health plan covering all check-ups and treatments).



Early and accurate forecasts for natural disasters

Patients can greater ability to save and spend HSA / FSA dollars, potentially with the ability for all health expenses to be tax deductible. Patients have access to zero-interest microloans for larger medical expenses.



Trustworthy food safety

Customized health insurance plans (ICHRA), risk is managed through personalized health savings models and in some cases community-based health pools where groups share expenses.

Home, Food, & Air Safety: AI advancements are solving for shortcomings of once reliable systems

KIN'S RISK MODEL



Leveraging a data-driven platform, Kin offers home insurance in high-risk states like Florida and Louisiana. By utilizing AI to evaluate property risks, Kin has expanded coverage to areas often underserved by traditional insurers.

AUSTIN FIRE DETECTION EFFORTS



In 2024, Austin Energy partnered with Pano AI to deploy AI-powered 360-degree cameras across a 437-square-mile area. This system rapidly identifies wildfires, enabling swift responses from first responders.

NATURAL DISASTER MOONSHOT



Bellwether, an Alphabet moonshot project, uses 600 layers of geodata and 20 years of historical data to determine the probability of natural disasters in minutes. Insurance companies use Bellwether to evaluate damage extents and calculate insurance needs effectively.

MICROSOFT'S FOOD SAFETY MEASURES



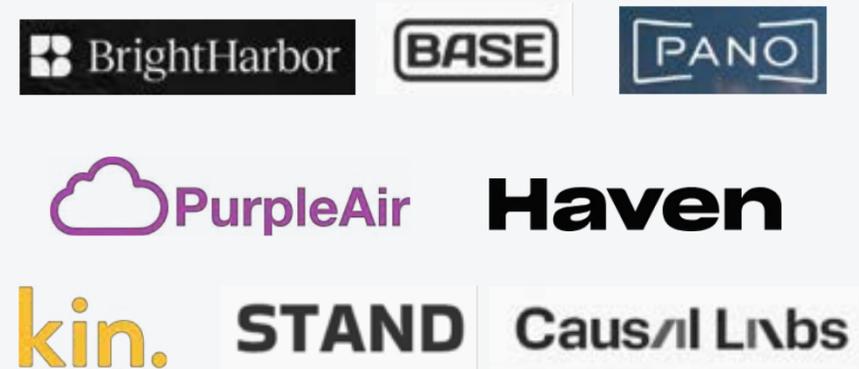
Microsoft's initiatives in 2024 demonstrated that generative AI could forecast potential contamination events, allowing producers to implement preventive measures before issues arise. This proactive approach enhances food quality and reduces the incidence of foodborne illnesses.

Sample Security companies

Learning & Career



Home

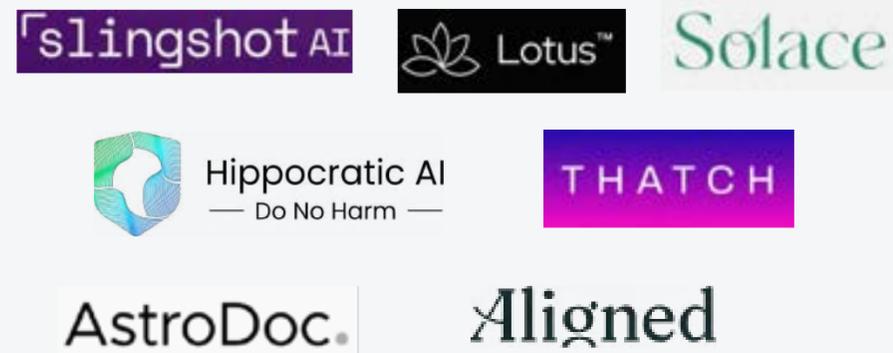


Health

Early Detection & Treatments

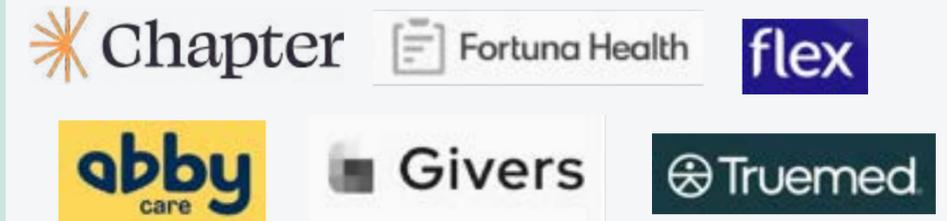


Care Access & Customization



Government Benefit Access

Health



Food



Other

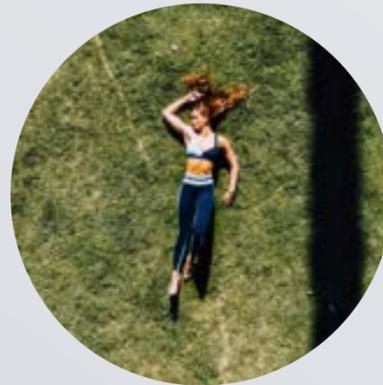


Summary



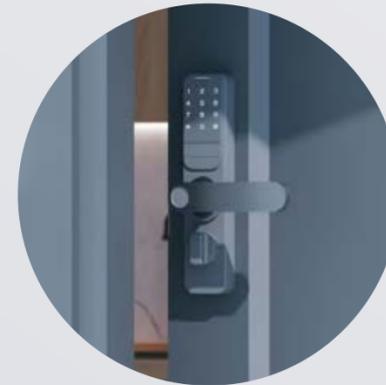
Summarizing this year's report:

TAILWINDS



Wellness

The next cycle of innovation will move the category to a "buyer's market" and will be driven by consumer-directed spend.



Security

Consumer focus on safety and physiological has reached a tipping point and will impact how consumers make decisions.

TECHNOLOGY



Gen AI

From education to work to finances, and health, AI will change what matters and where advantages lie for consumers.

Appendix



Digital engagement

Internet Penetration

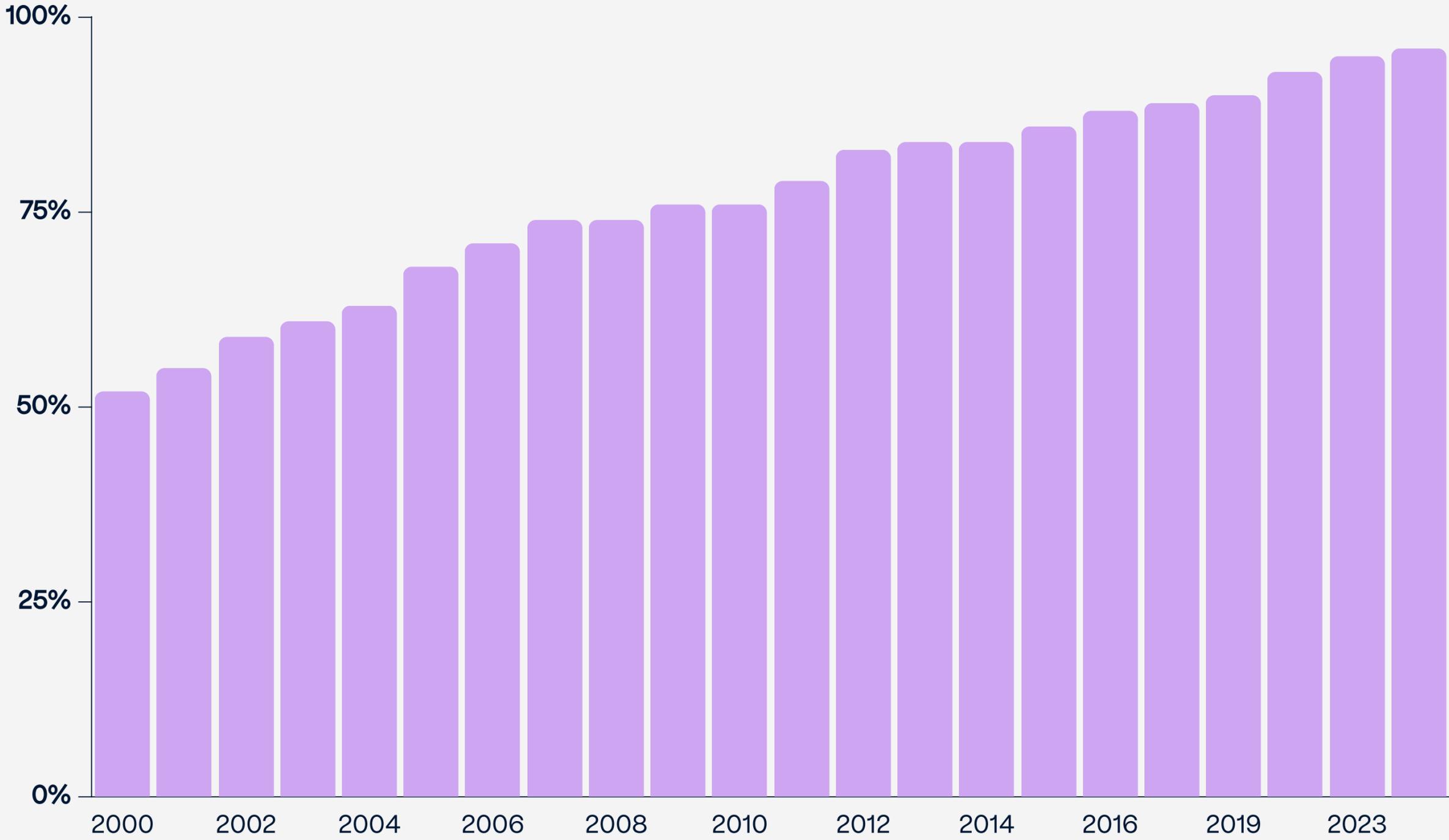
Smartphone Penetration

Time Spent on Devices

Social Media Usage

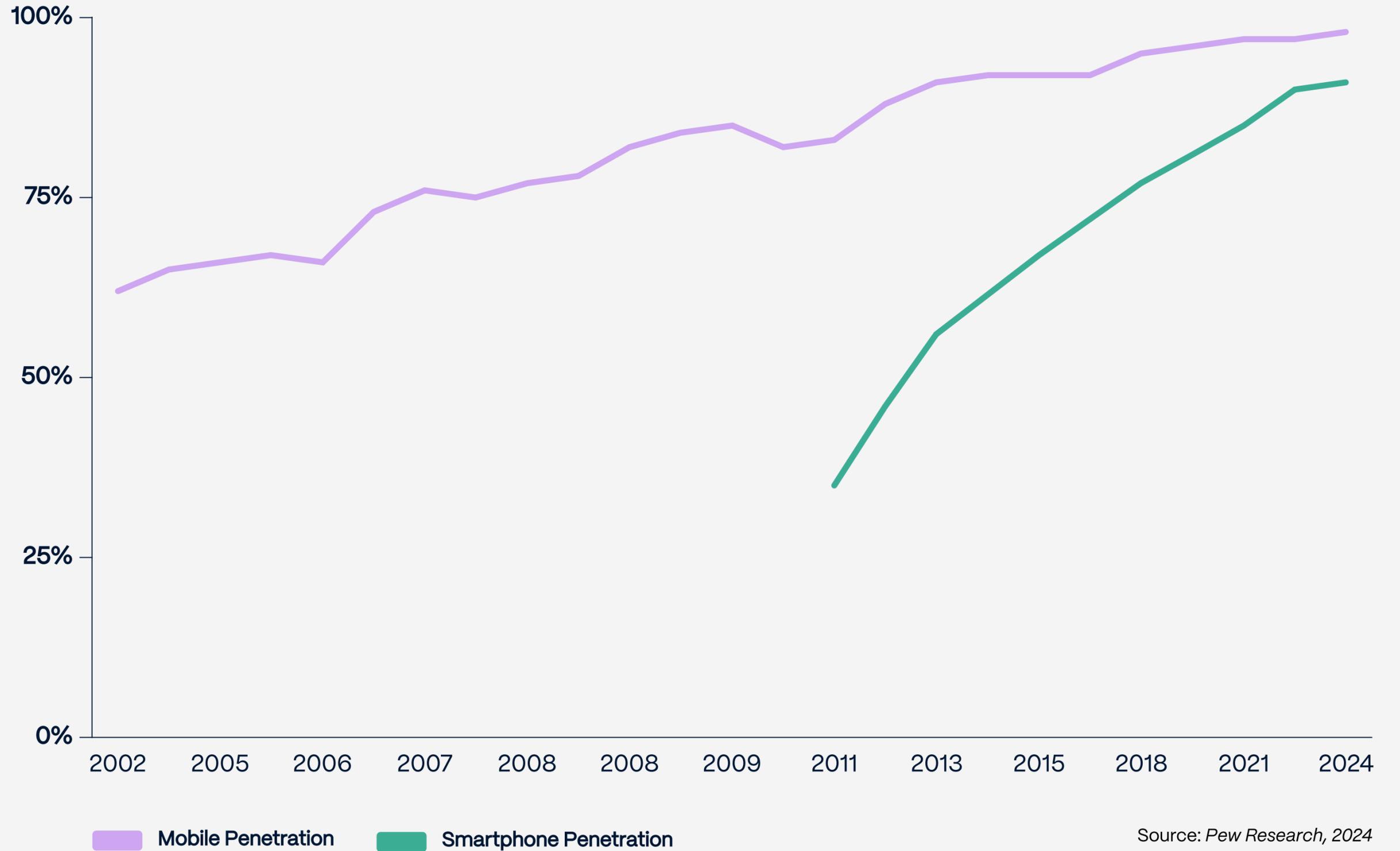
Video Usage

Internet Penetration



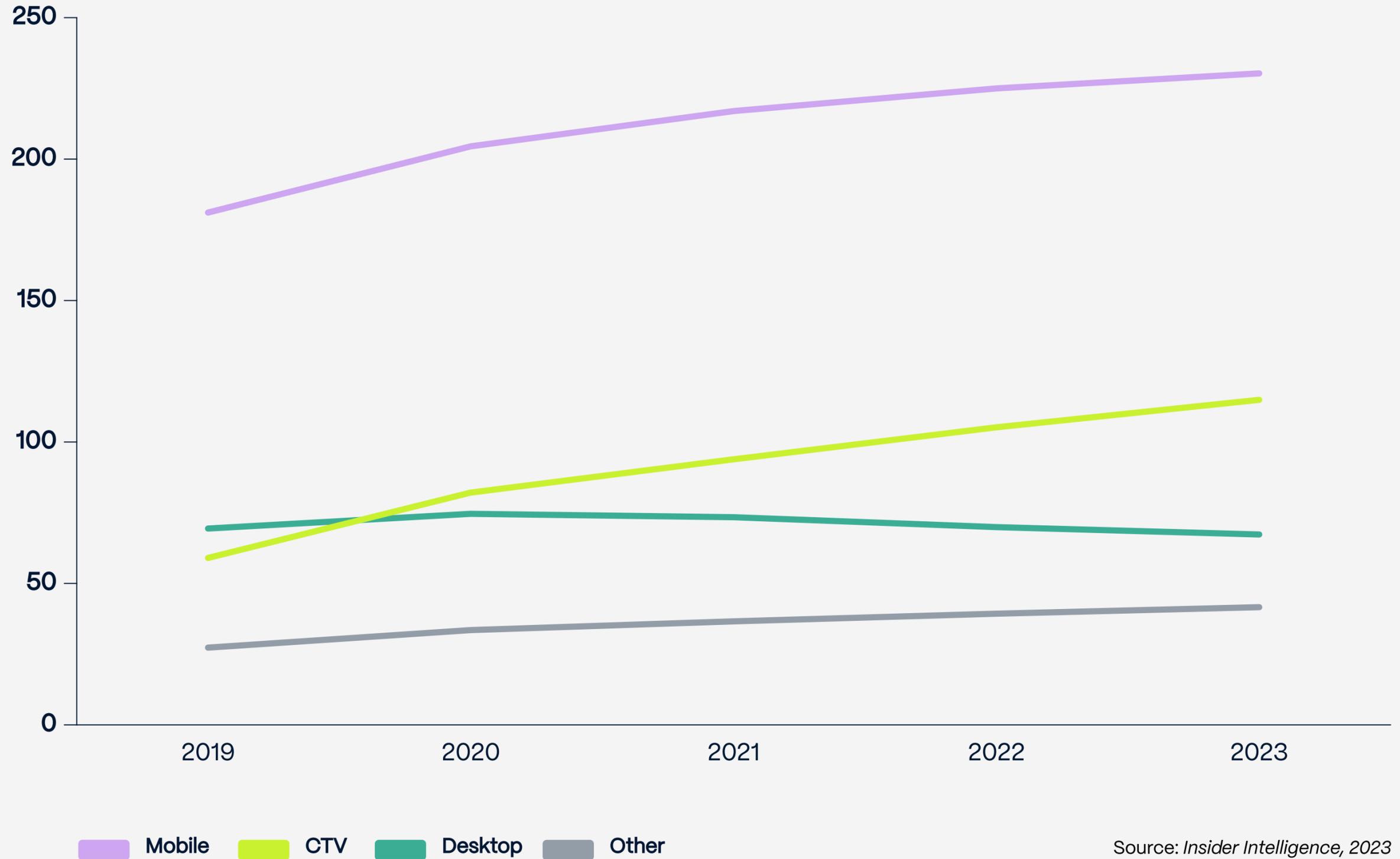
Source: Pew Research, 2024

Smartphone & Mobile Penetration



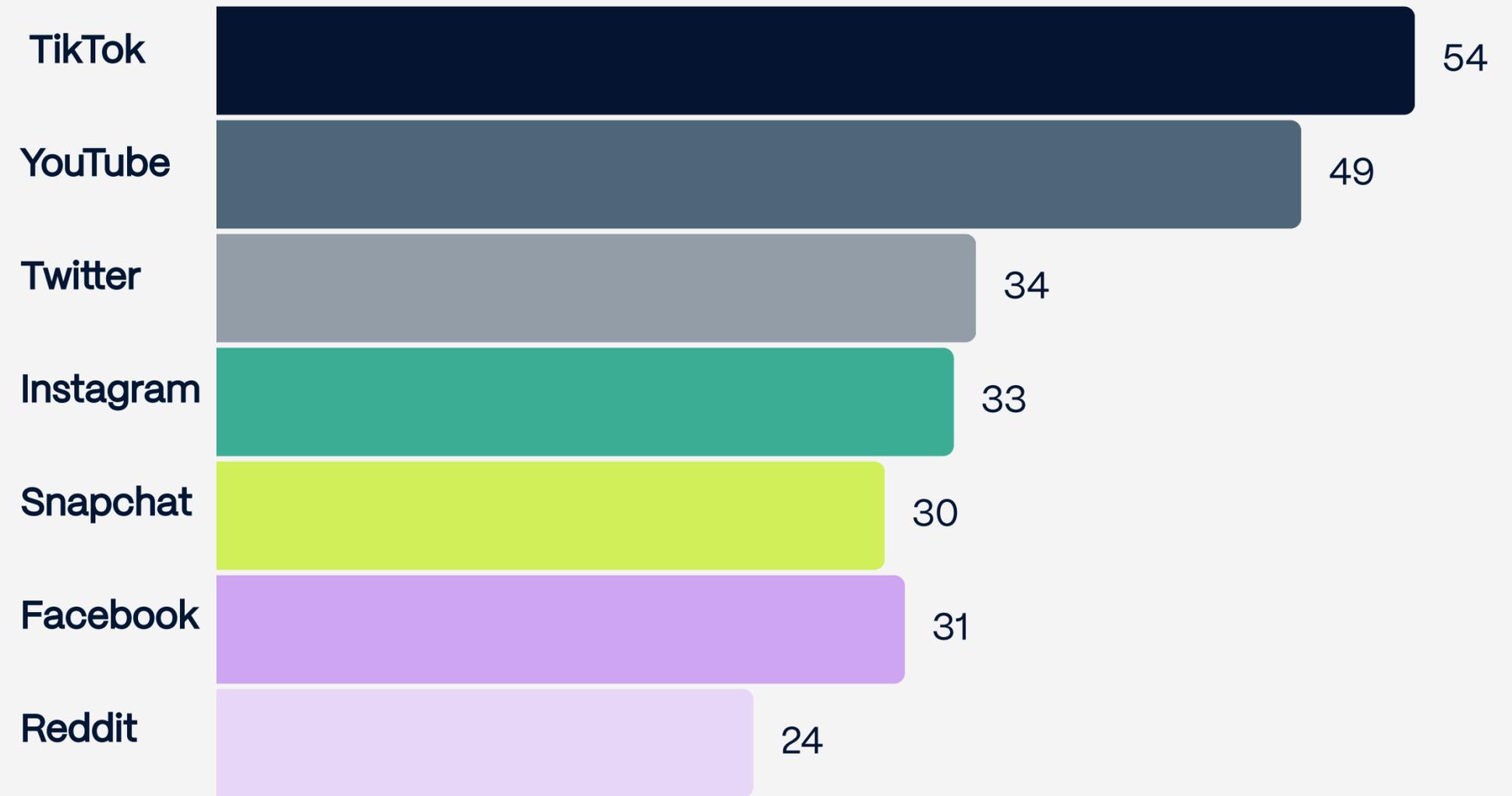
Source: *Pew Research, 2024*

Average Minutes Per Day by Device



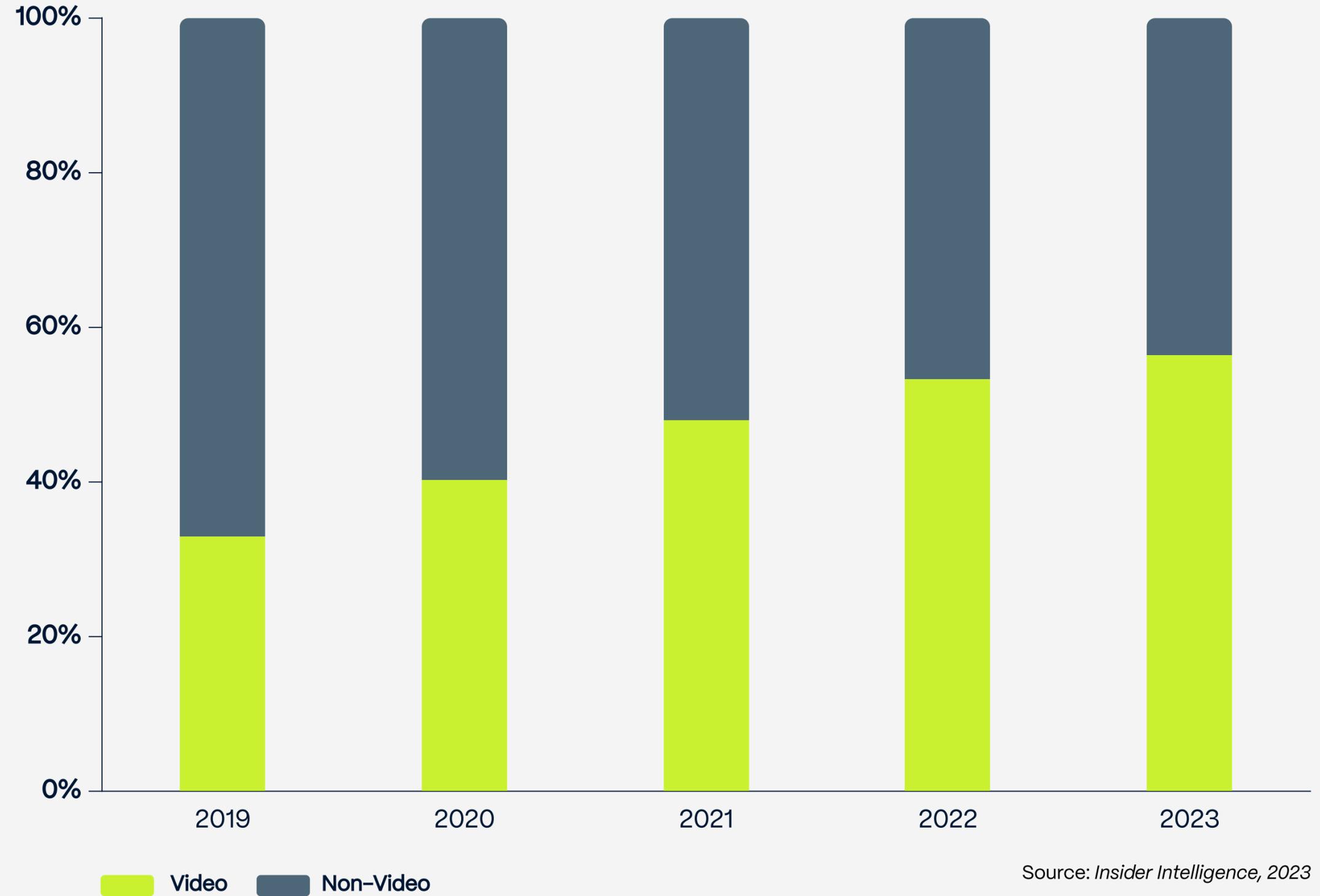
Source: Insider Intelligence, 2023

Average Minutes Per Day By Social Media Platform



Source: Insider Intelligence, 2023

Video Share of Average Daily Social Media Time



Source: Insider Intelligence, 2023

Dollars in

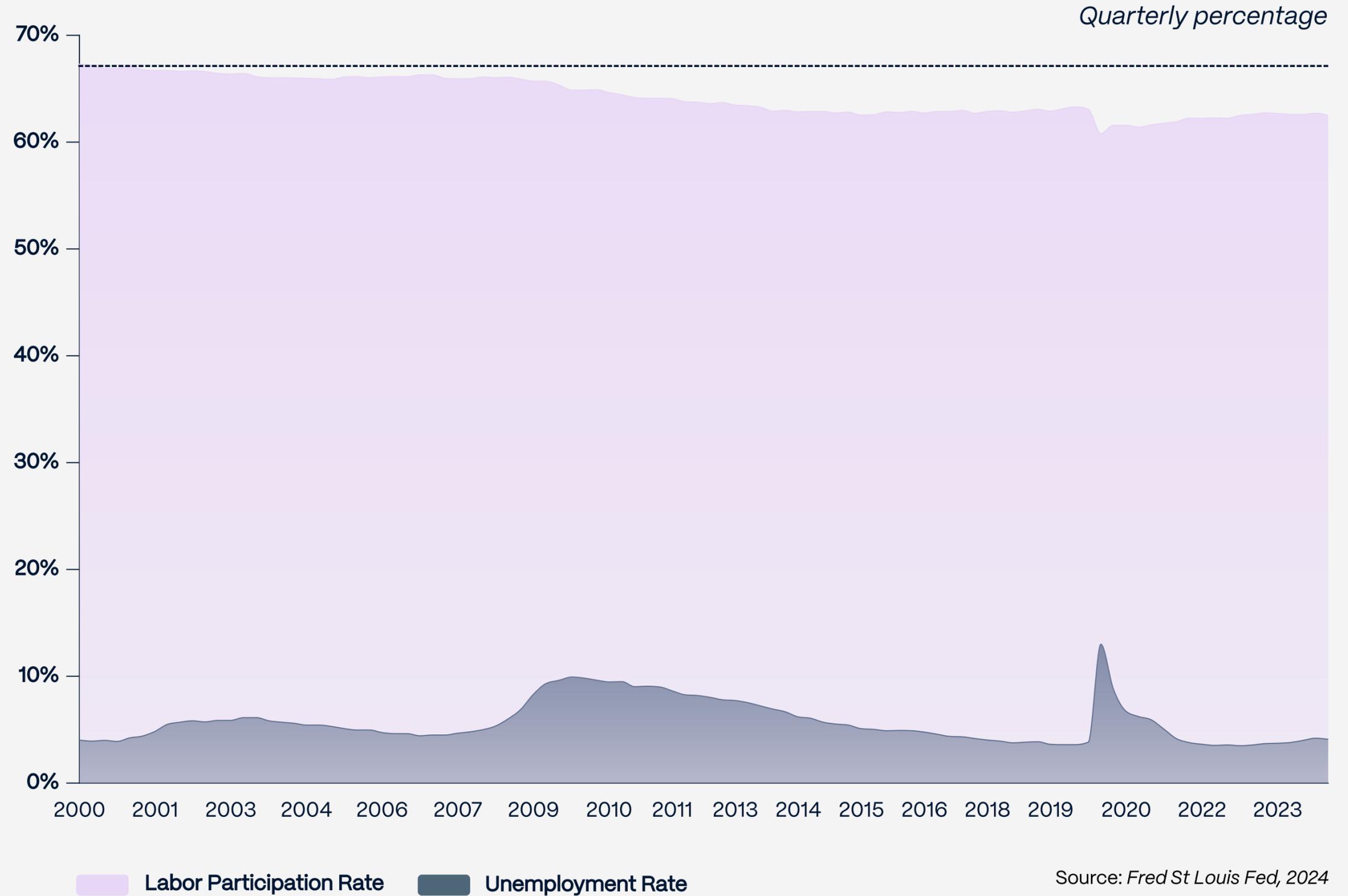
Jobs

Wages

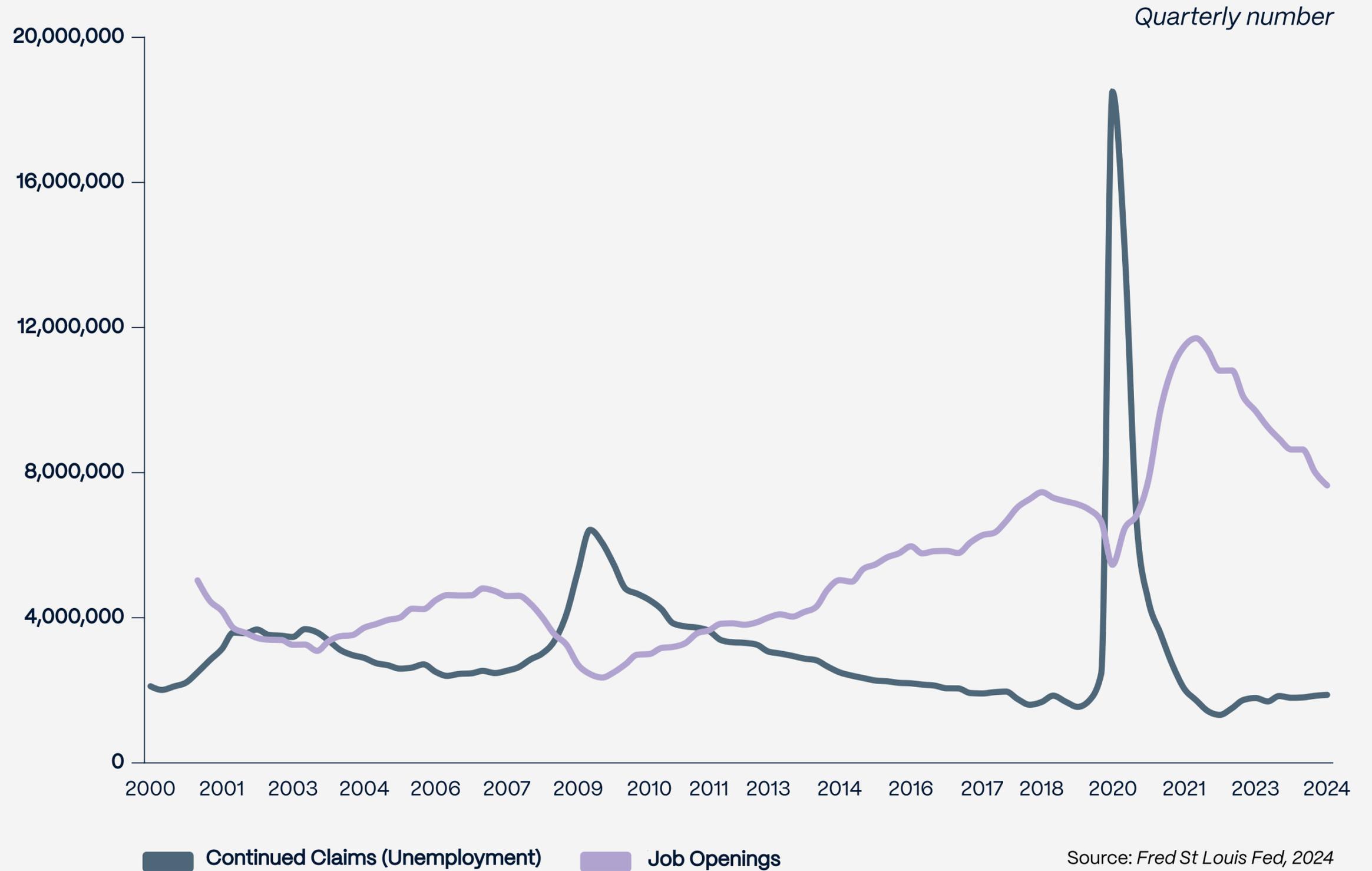
Income

Savings

Labor Participation Rate & Unemployment Rate



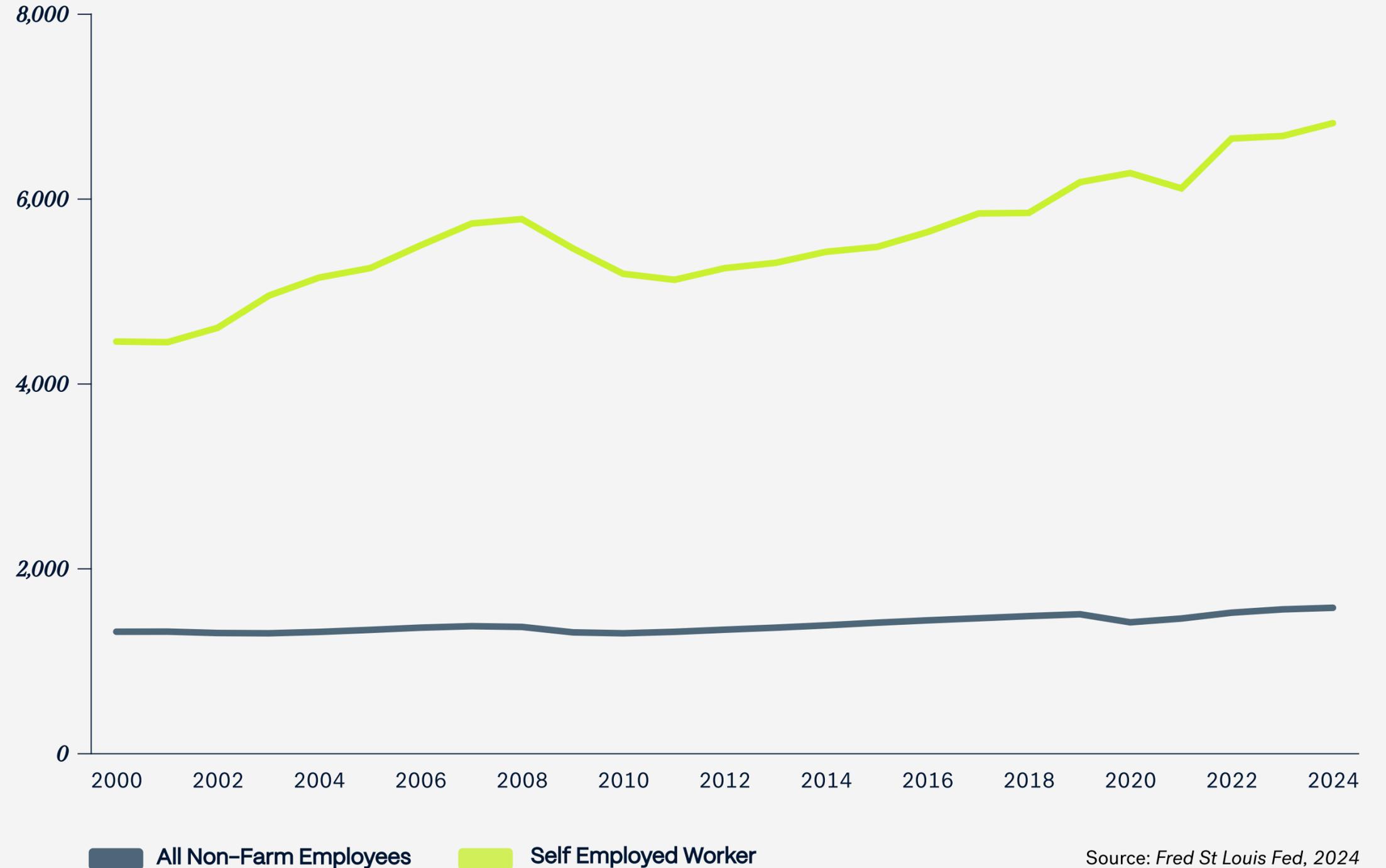
Continued Claims & Job Openings



Source: Fred St Louis Fed, 2024

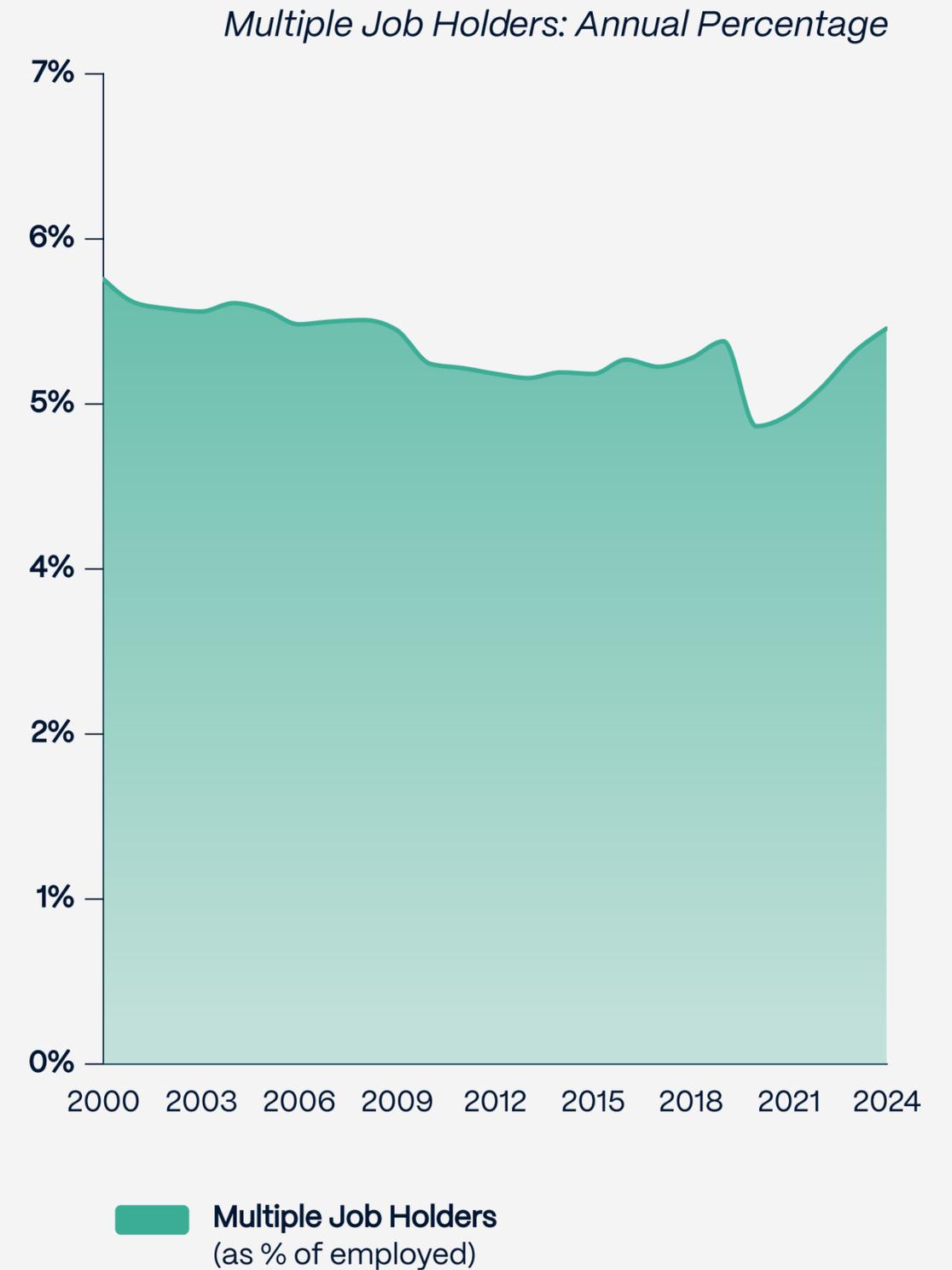
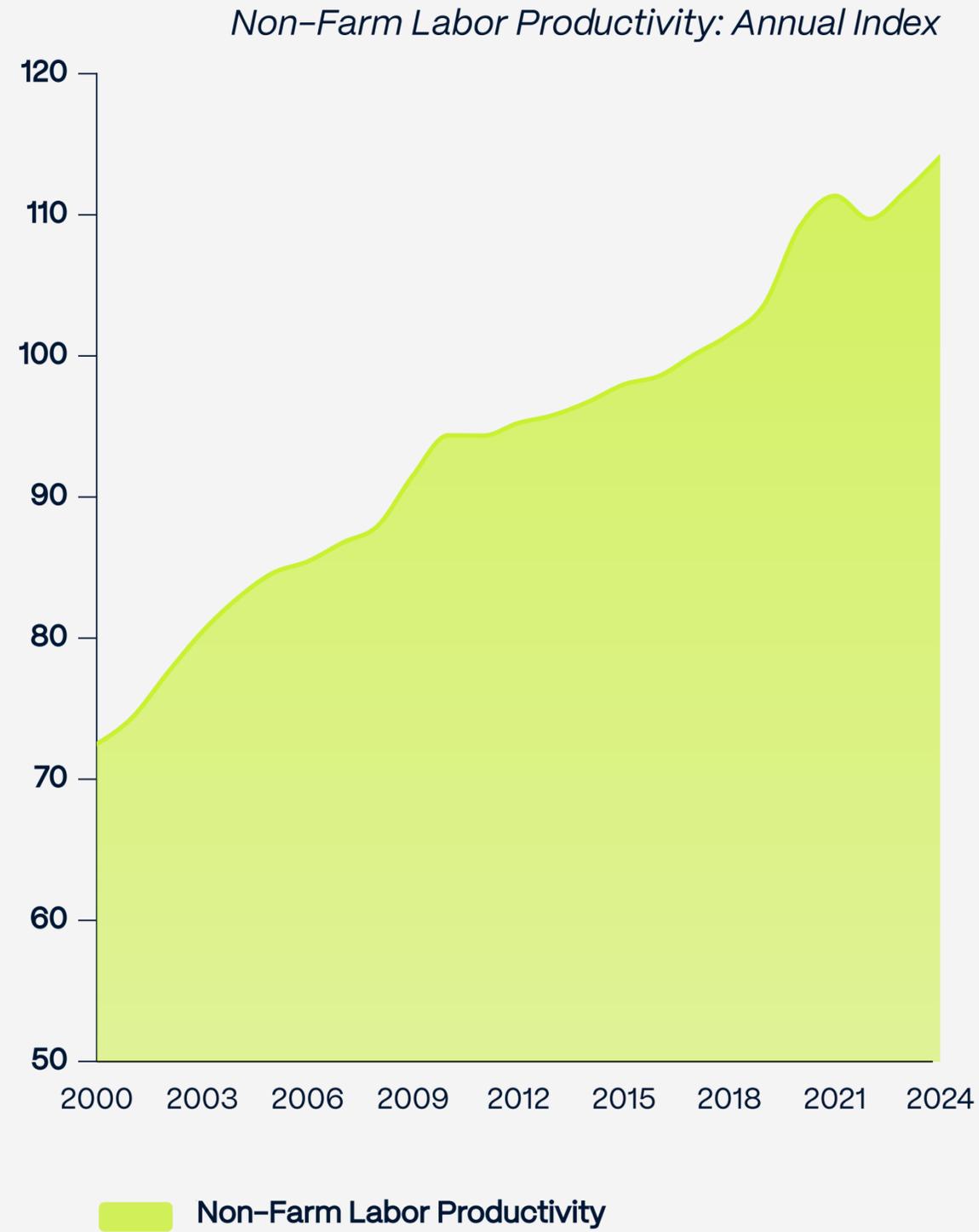
Incorporated Self-Employed Workers & All Non-Farm Employees

Incorporated Self-Employed: Annual Number (thousands)
All Non-Farm Employees: Annual Number (hundreds of thousands)



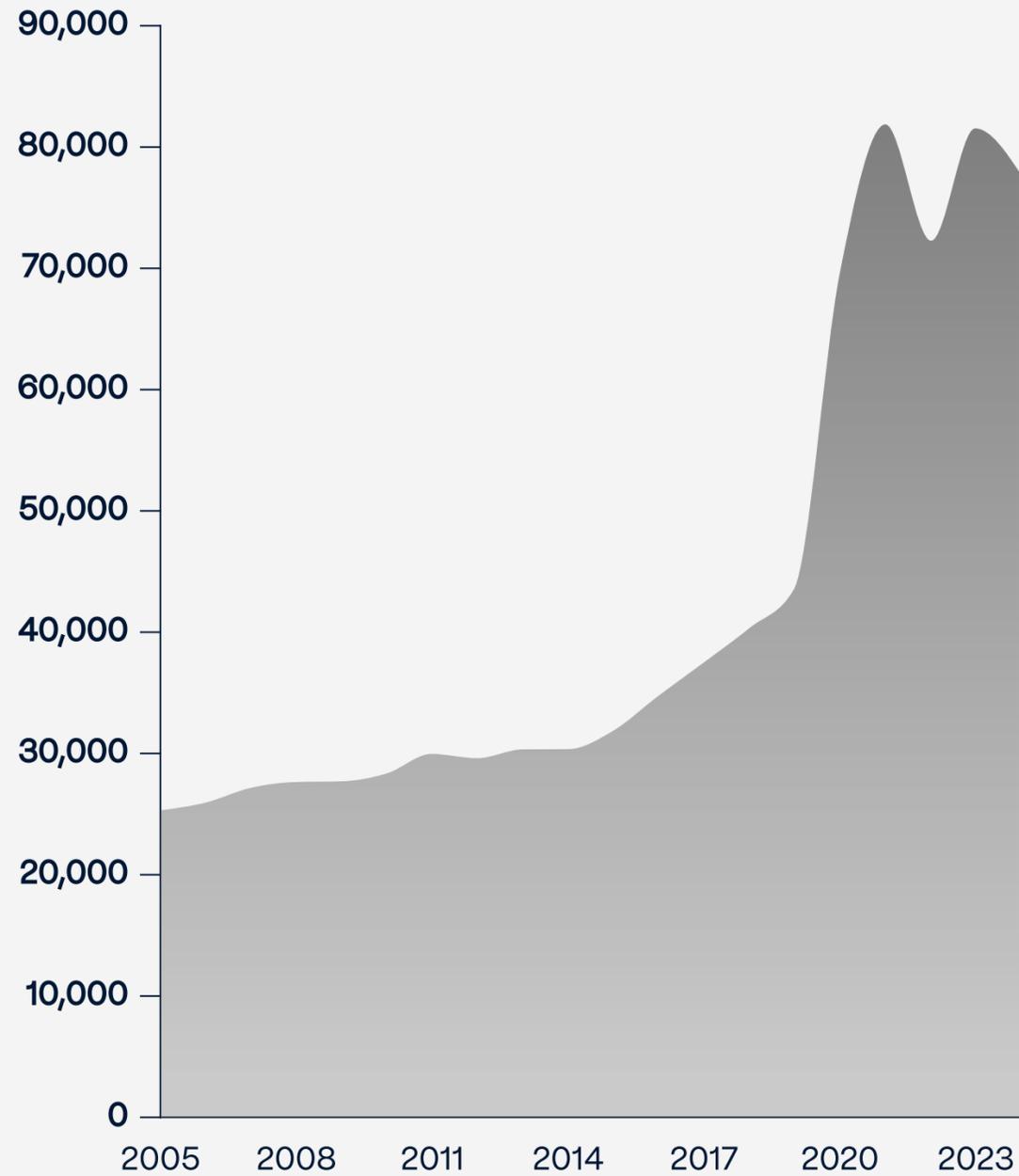
Source: Fred St Louis Fed, 2024

Non-Farm Labor Productivity & Multiple Job Holders



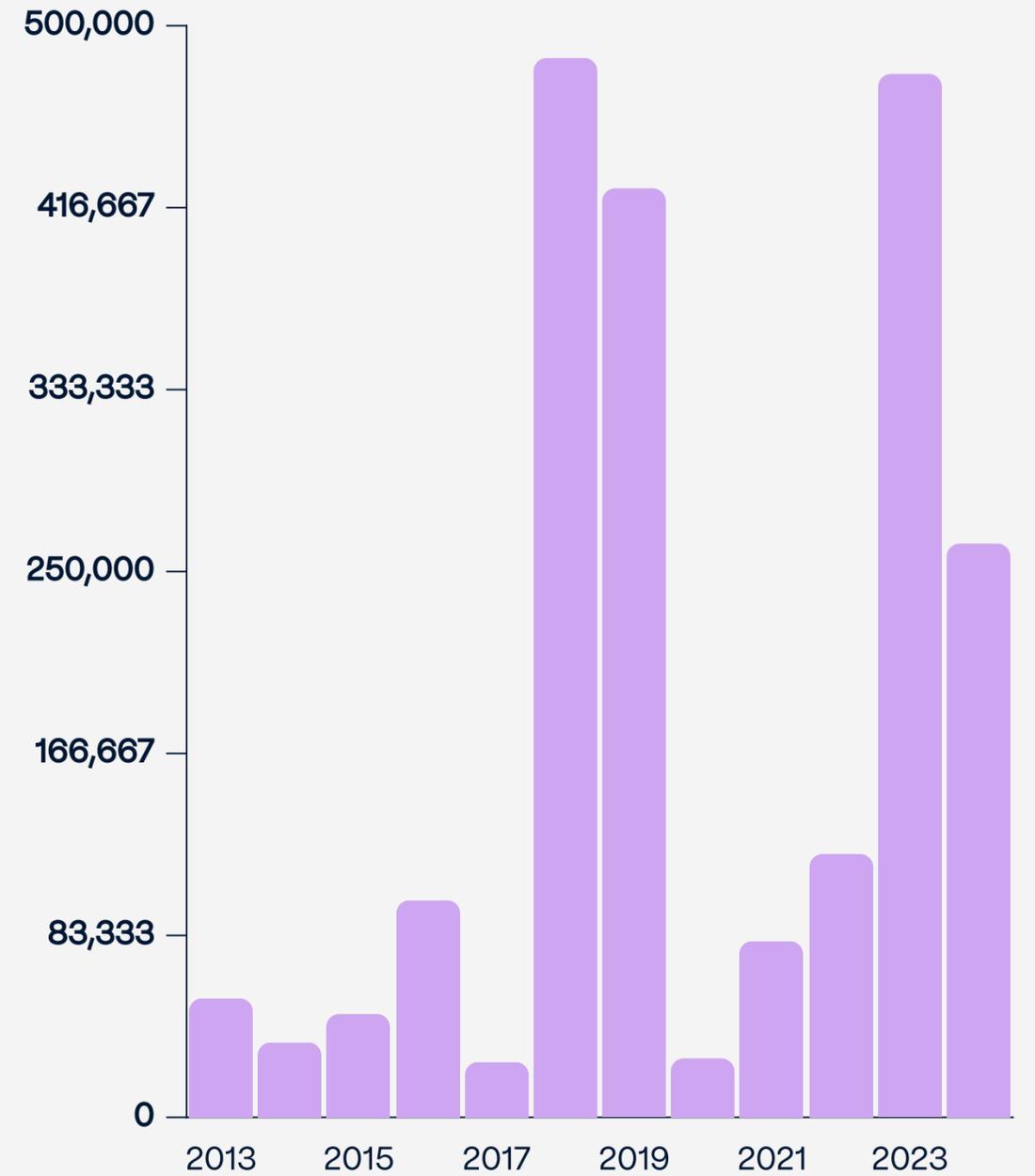
Business Applications & Work Stoppage

Business Applications: Annual Number



Business Applications

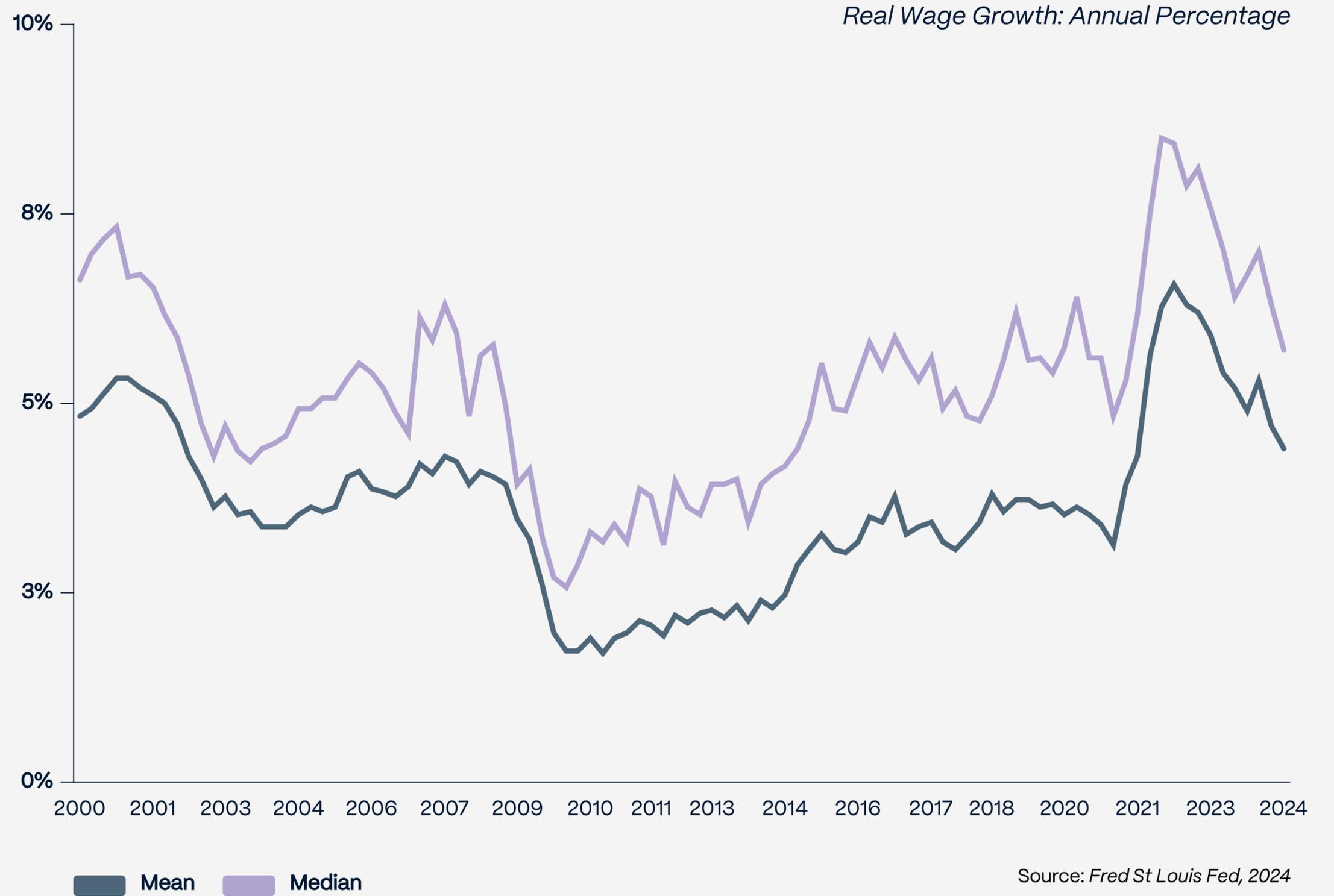
Work Stoppage: Annual Number



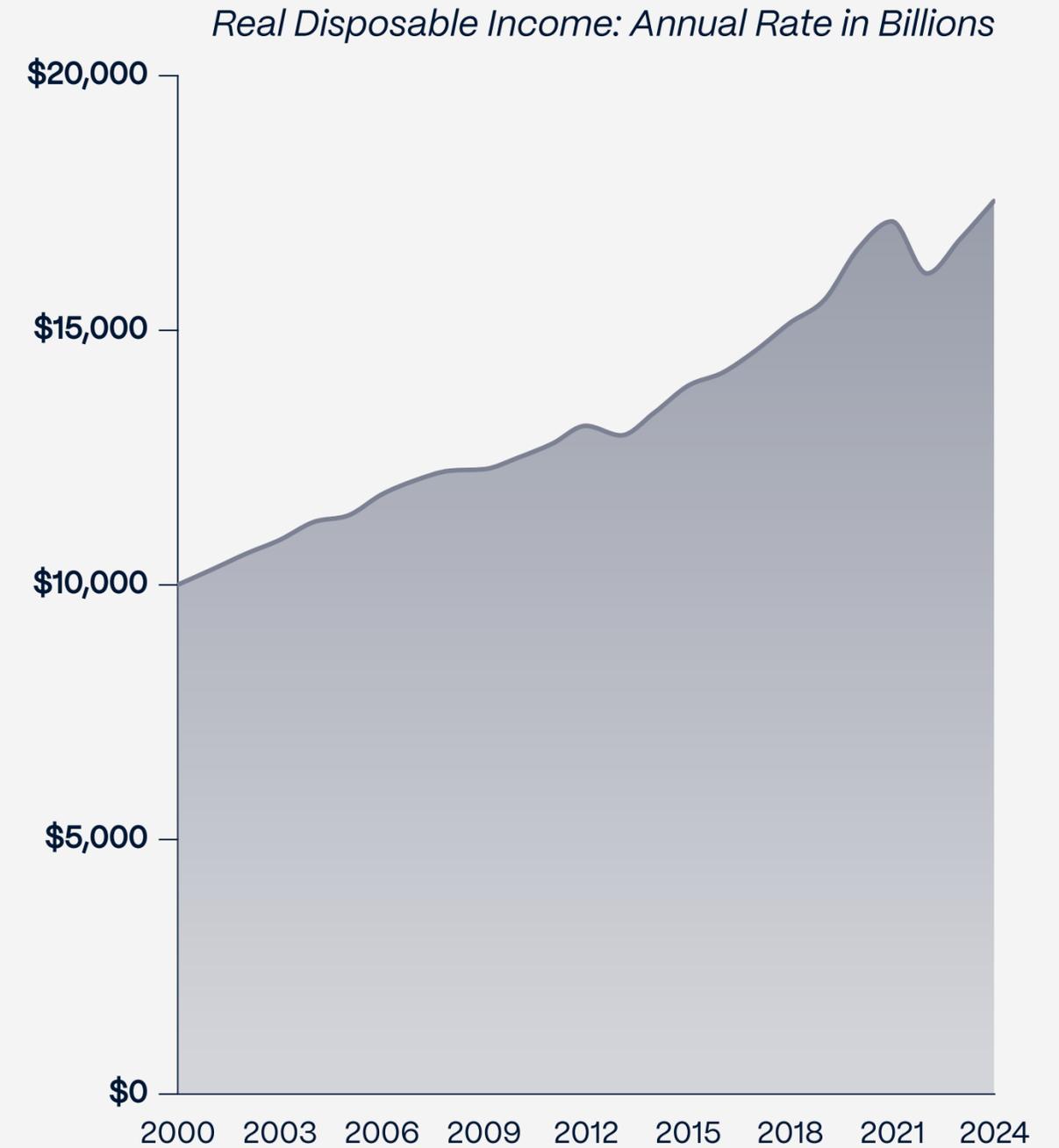
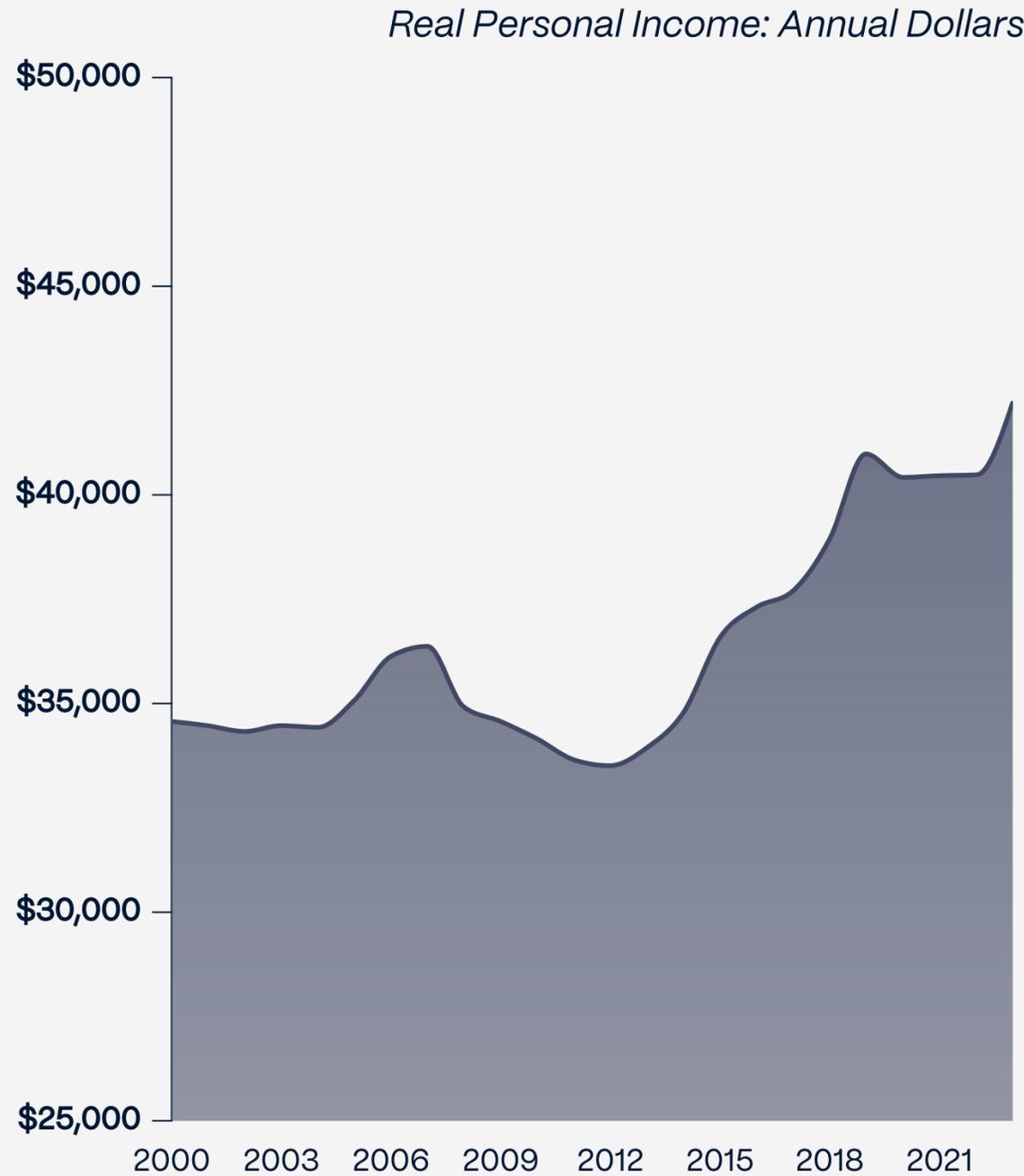
Work Stoppage

Source: Fred St Louis Fed, 2024

Real Wage Growth



Real Personal Income & Real Disposable Income



Real Disposable Personal Income (per person)

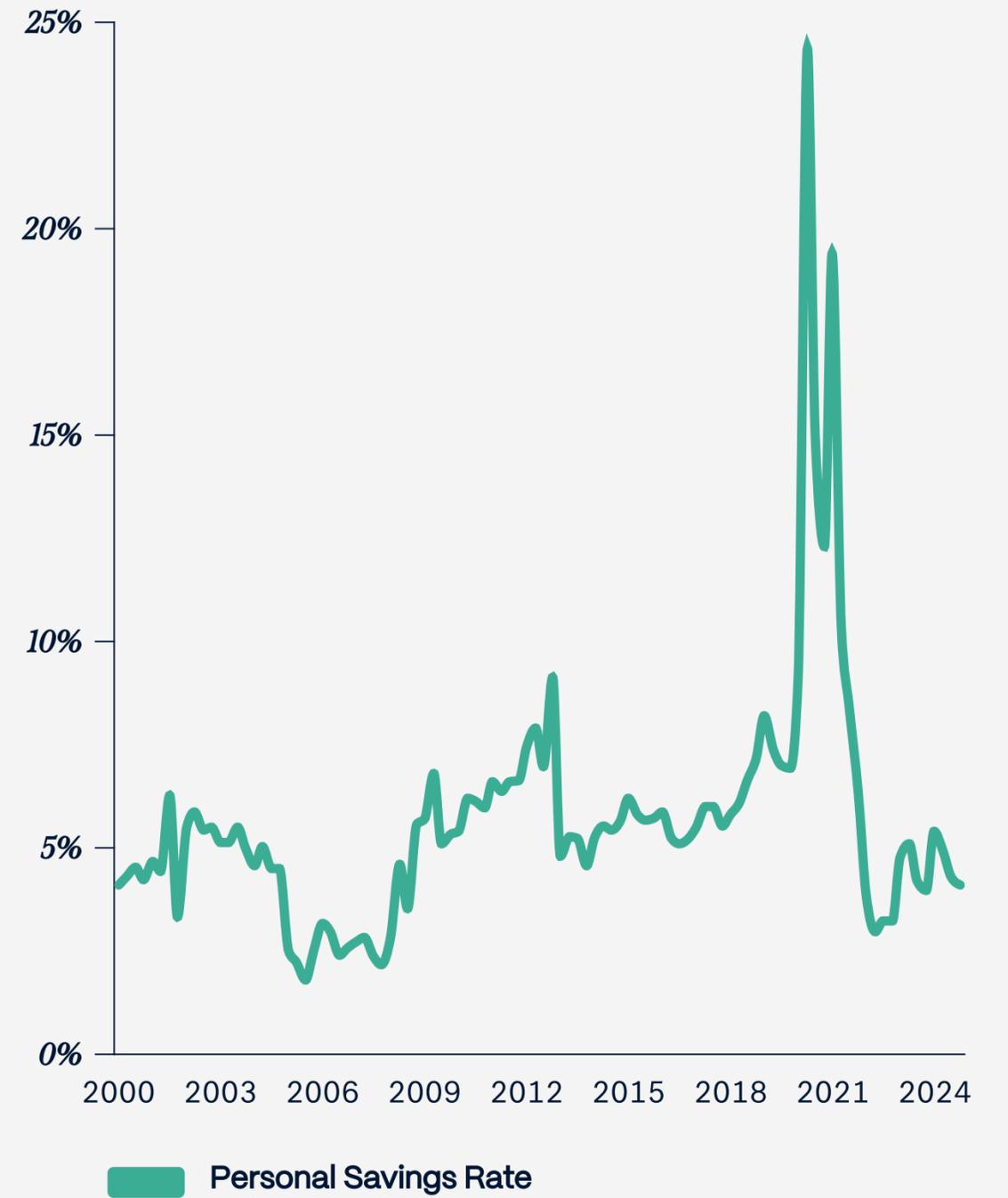
Real Disposable Income (aggregate)

Personal Savings & Personal Savings Rate

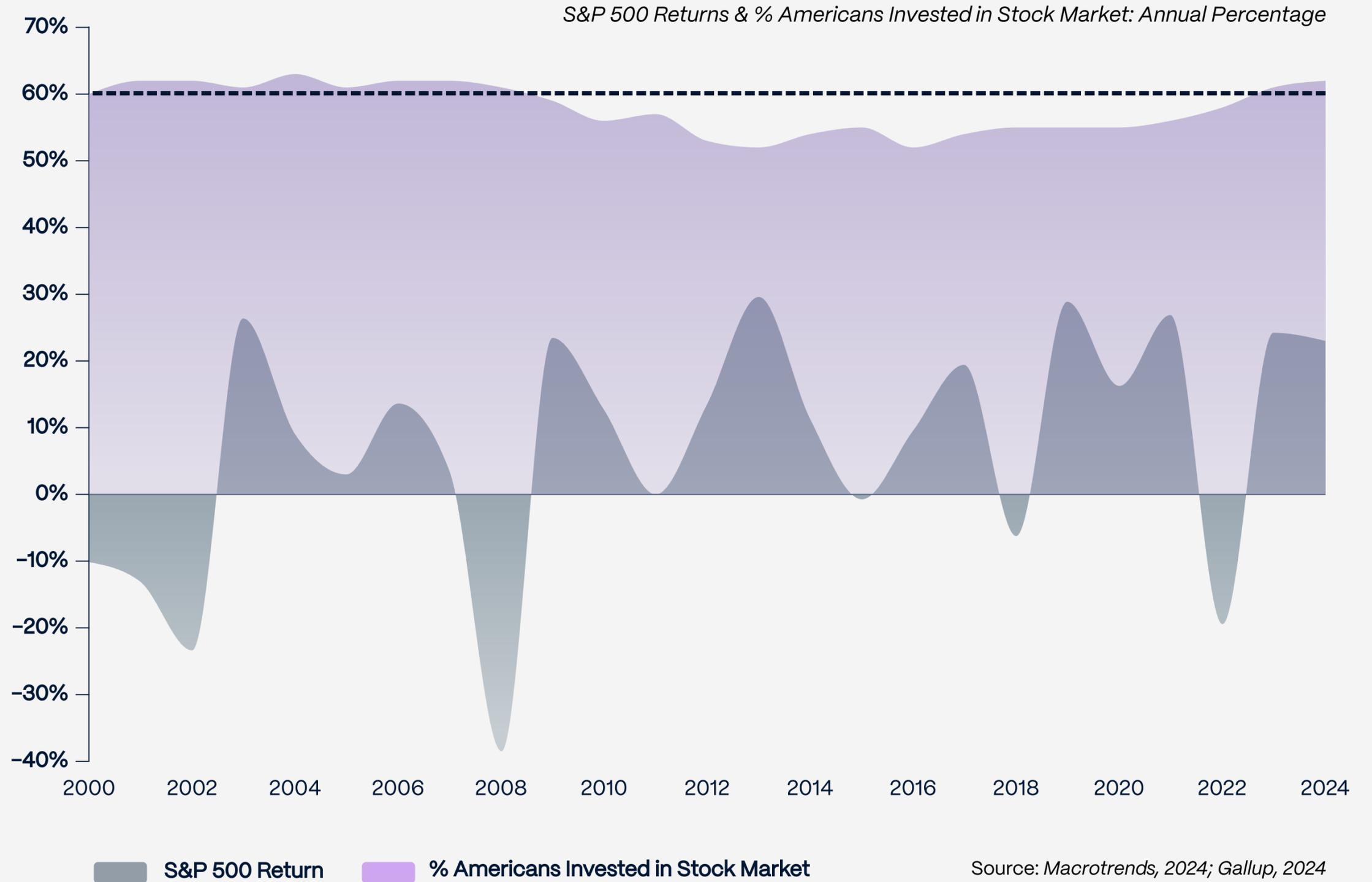
Personal Savings: Annual Rate in Billions



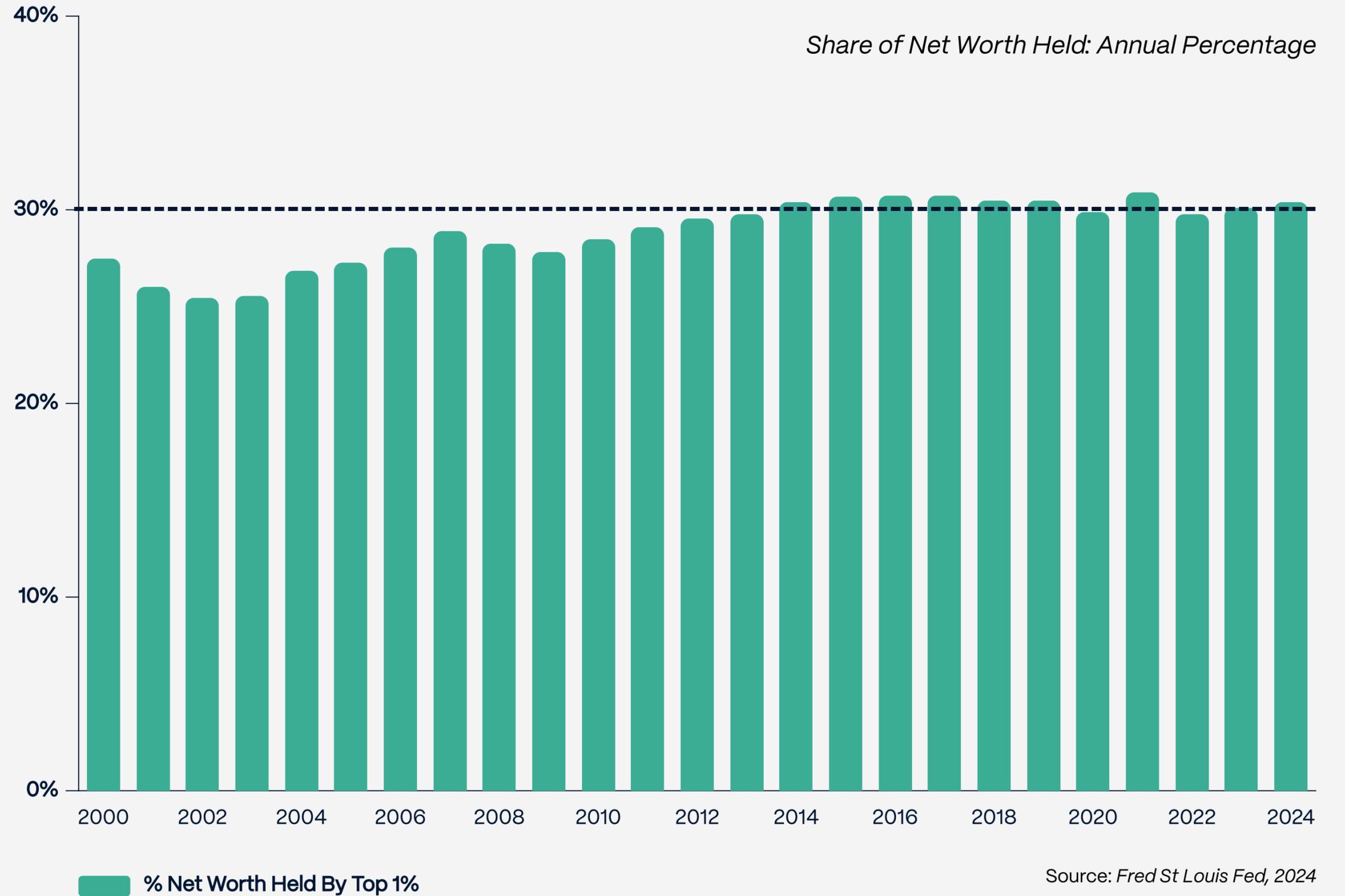
Real Disposable Income: Annual Percentage



S&P 500 Return & Percent Americans Invested in Stock Market



Share of Net Worth Held By Top 1%



Dollars out

Personal Consumption

Retail & Ecomm Sales

Financial Obligations

Debt

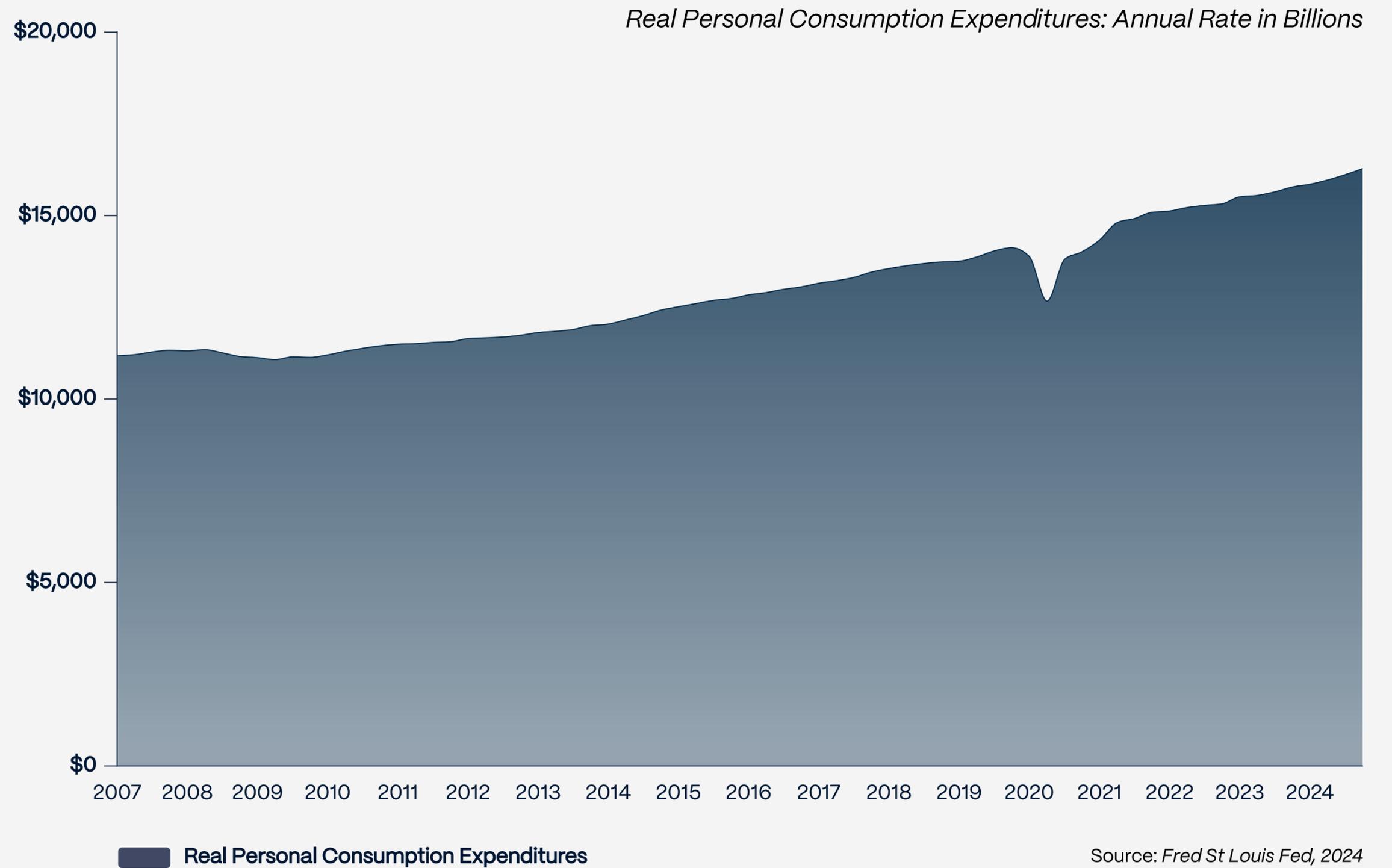
Taxes

Interest Payments

Inflation

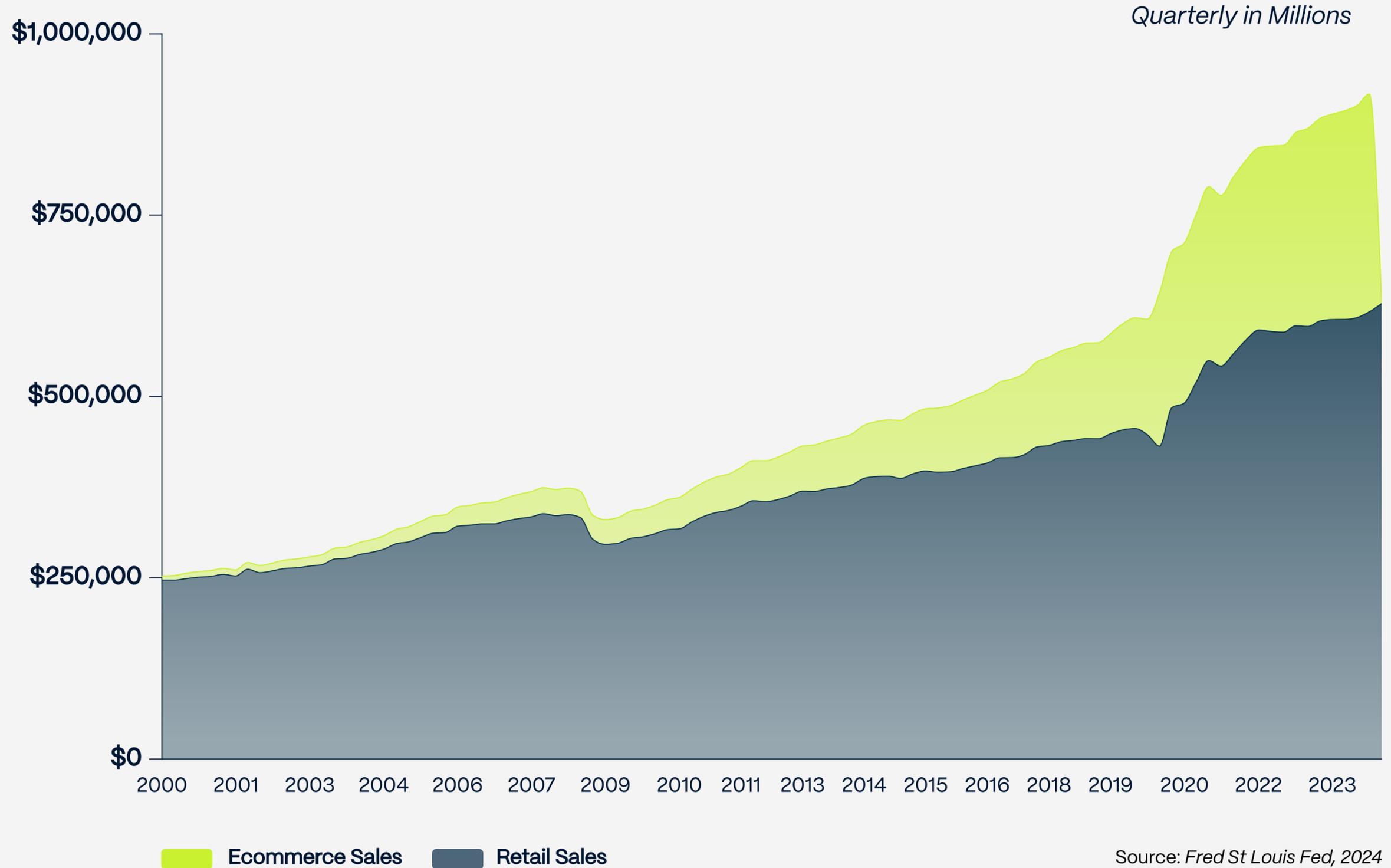
Home Ownership

Real Personal Consumption Expenditures



Source: Fred St Louis Fed, 2024

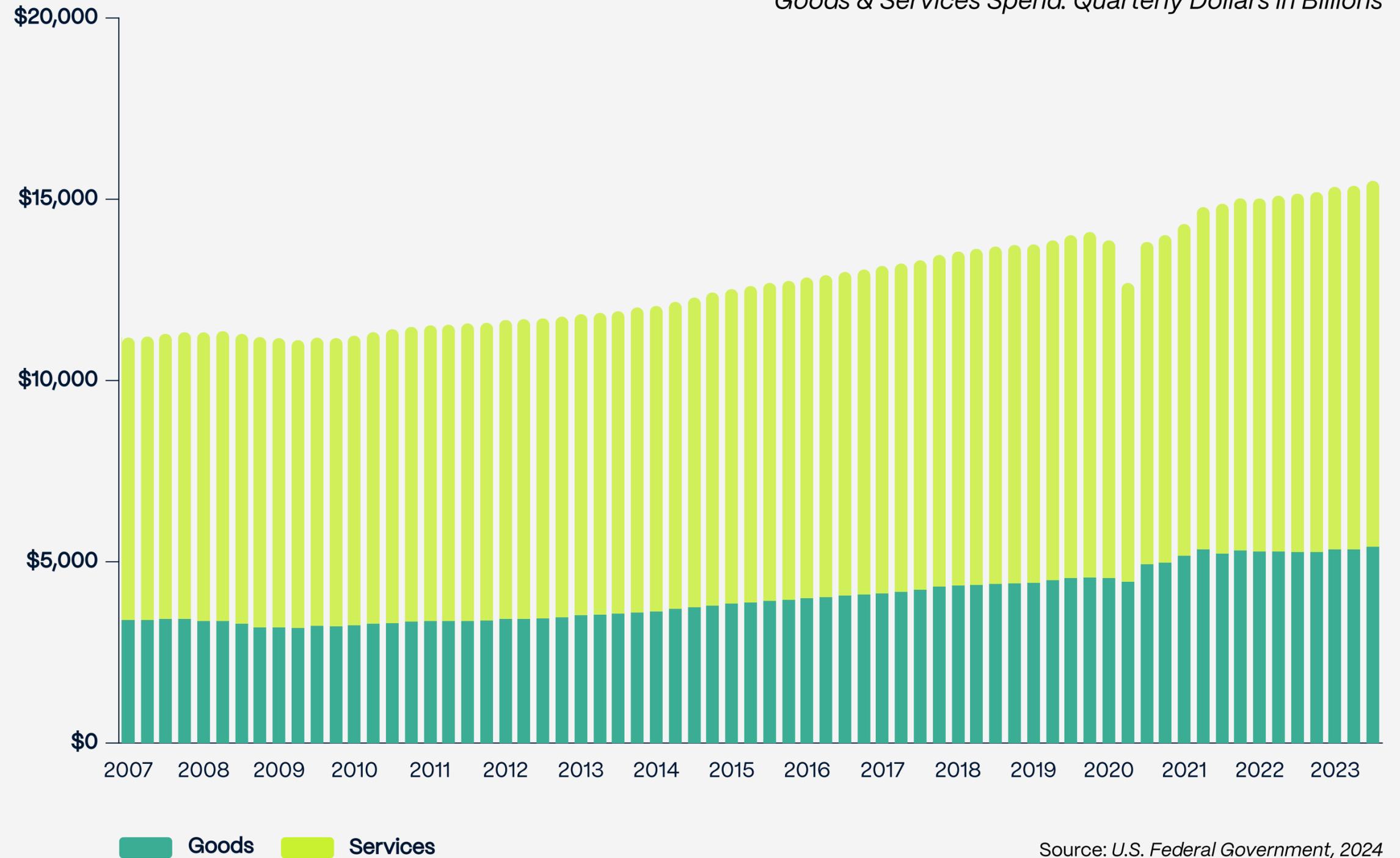
Advanced Retail Sales & Ecommerce Retail Sales



Source: Fred St Louis Fed, 2024

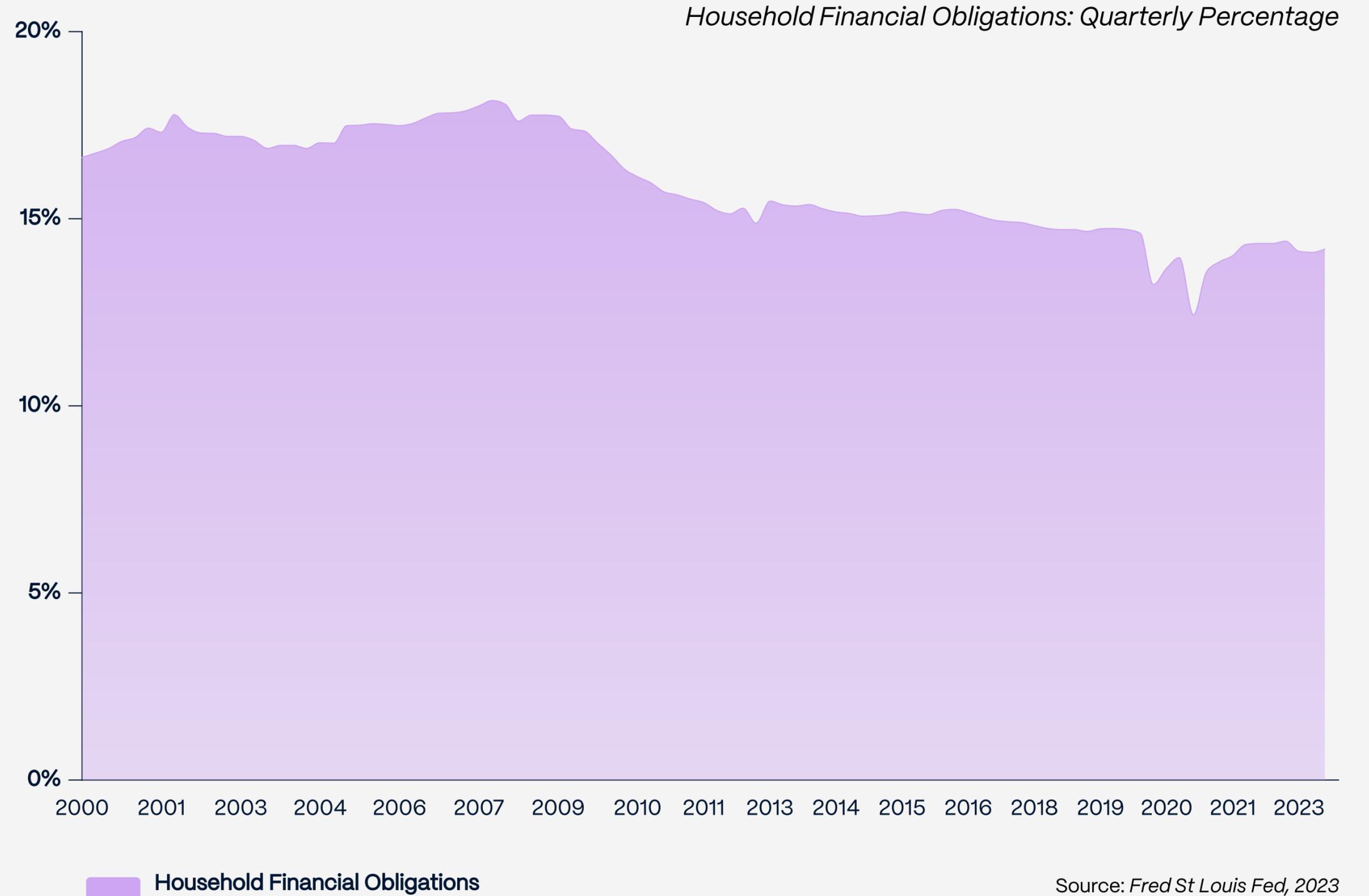
Goods & Services Spend

Goods & Services Spend: Quarterly Dollars in Billions



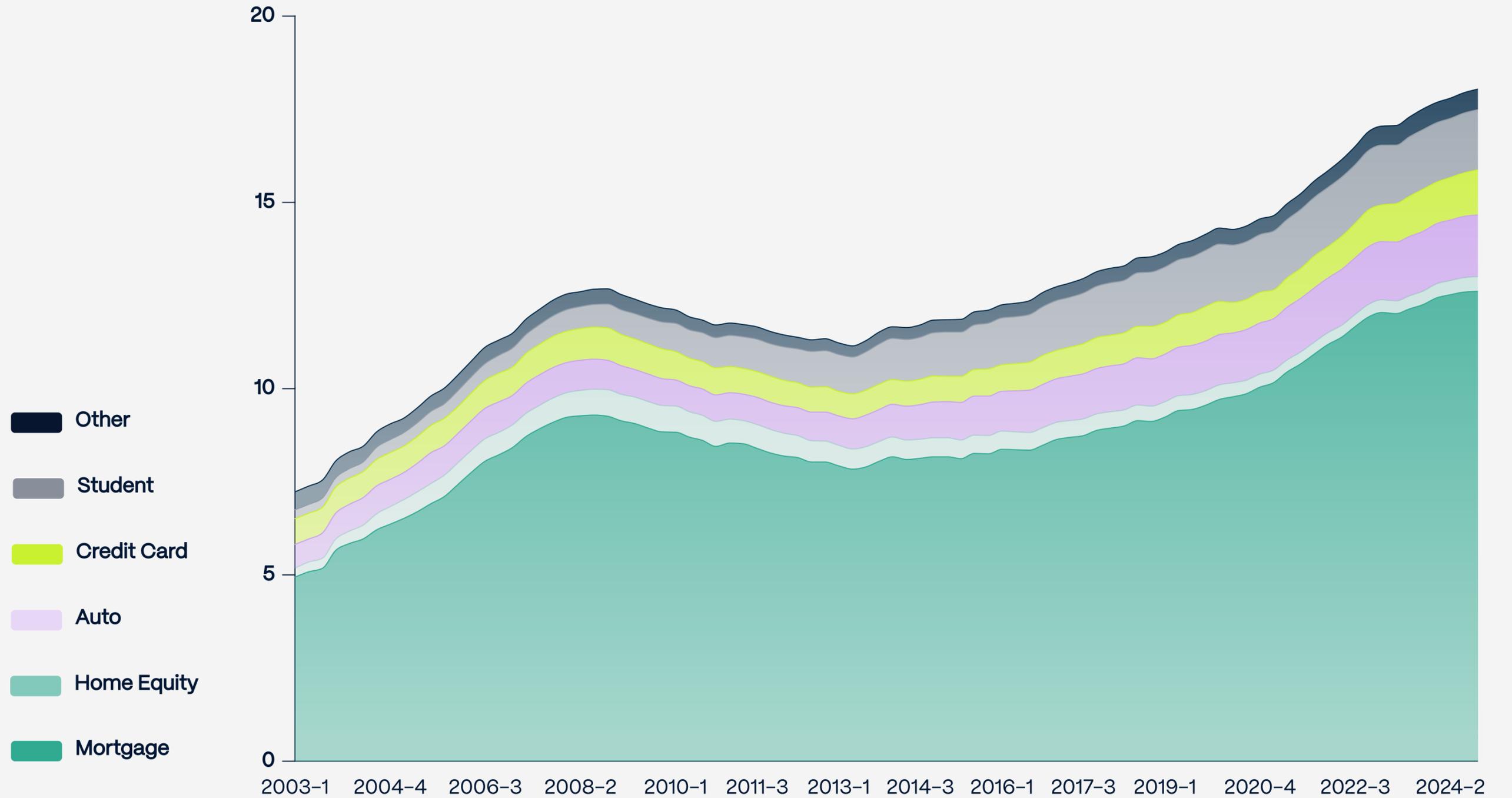
Source: U.S. Federal Government, 2024

Household Financial Obligations as % of Disposable Personal Income



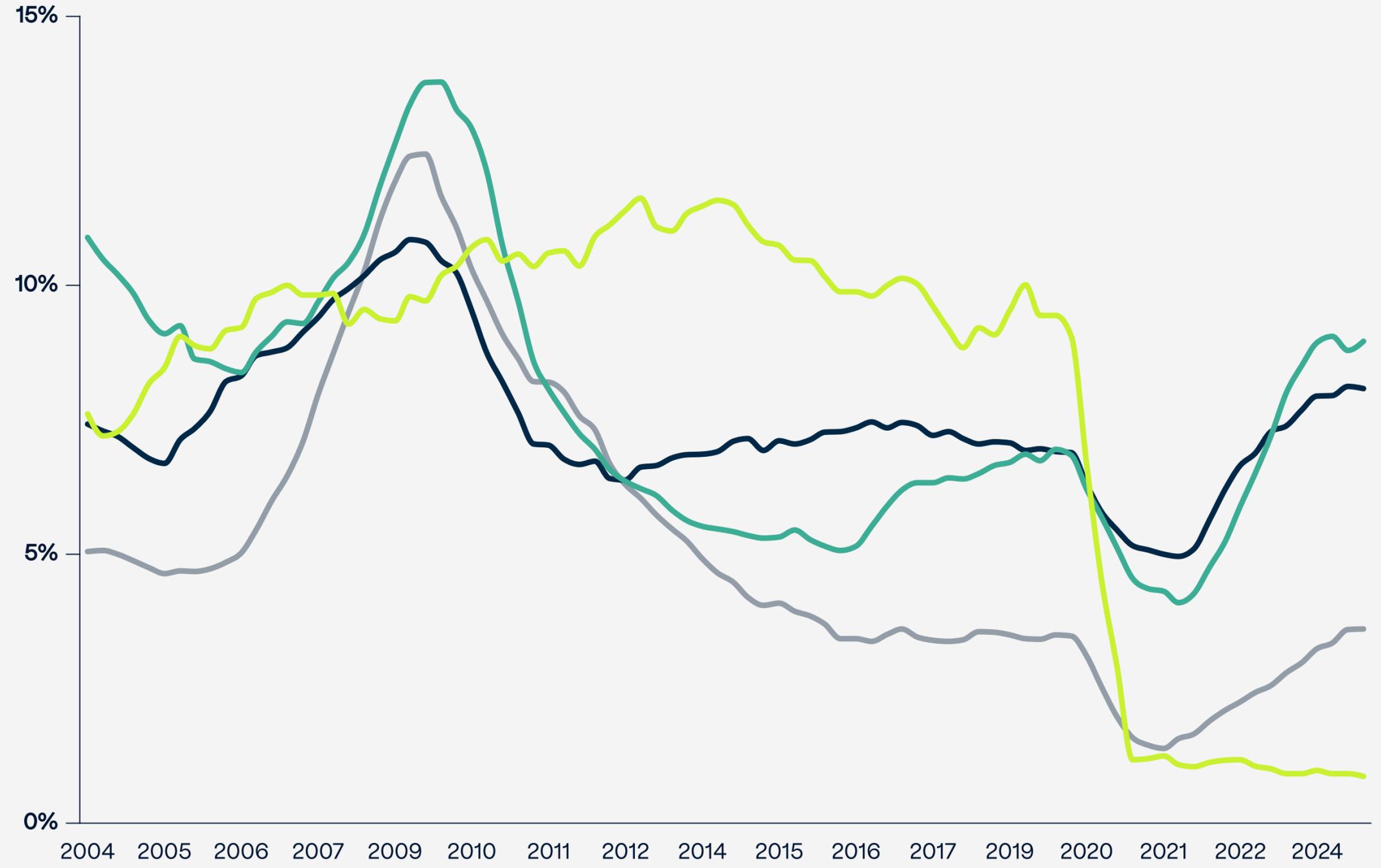
Source: Fred St Louis Fed, 2023

Debt



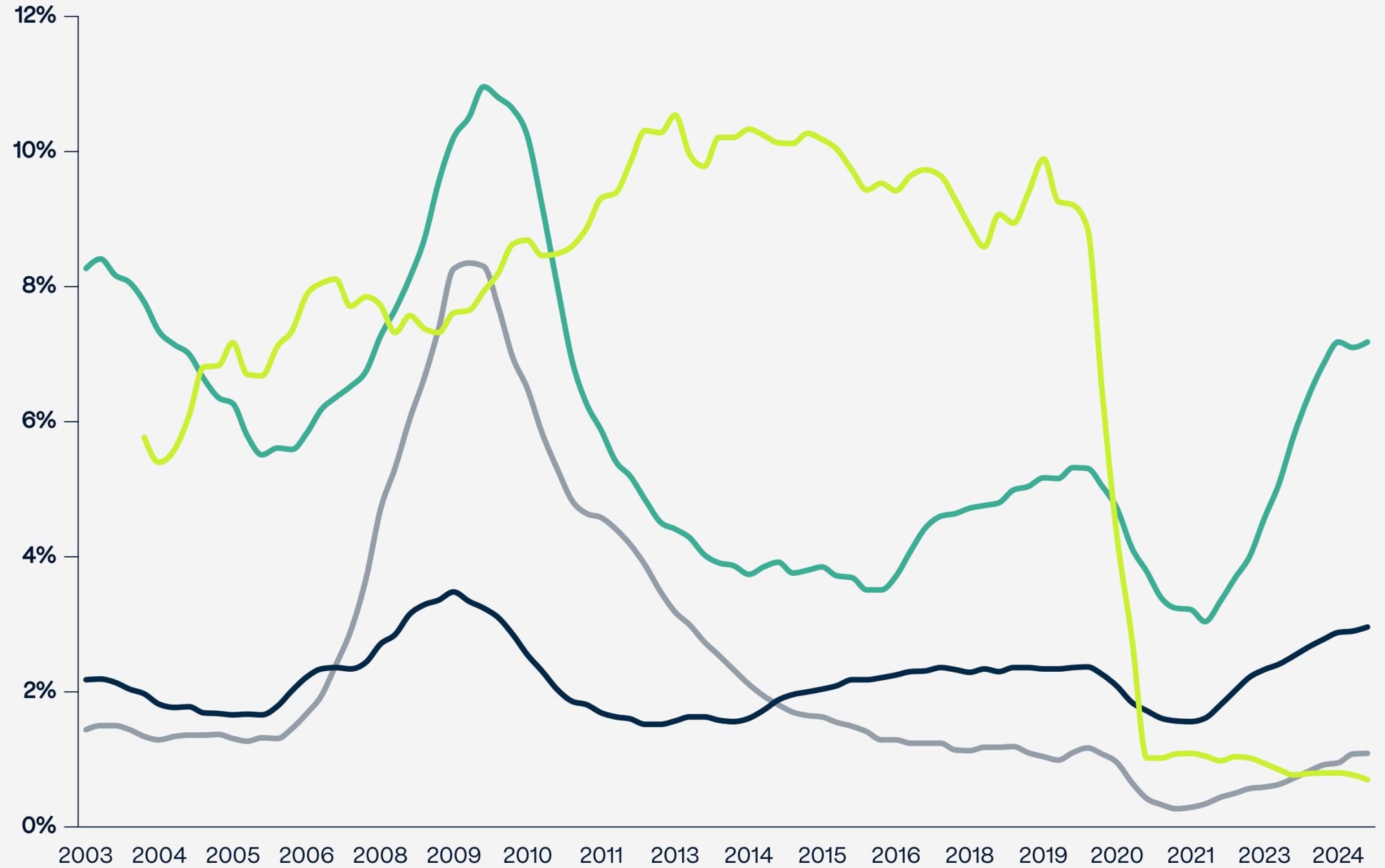
Source: Fred St Louis Fed, 2023

New Delinquent Debt (30+ days): Mortgage, Auto, Credit, Student



Student debt Credit debt Auto debt Mortgage debt Source: U.S. Federal Government, 2023

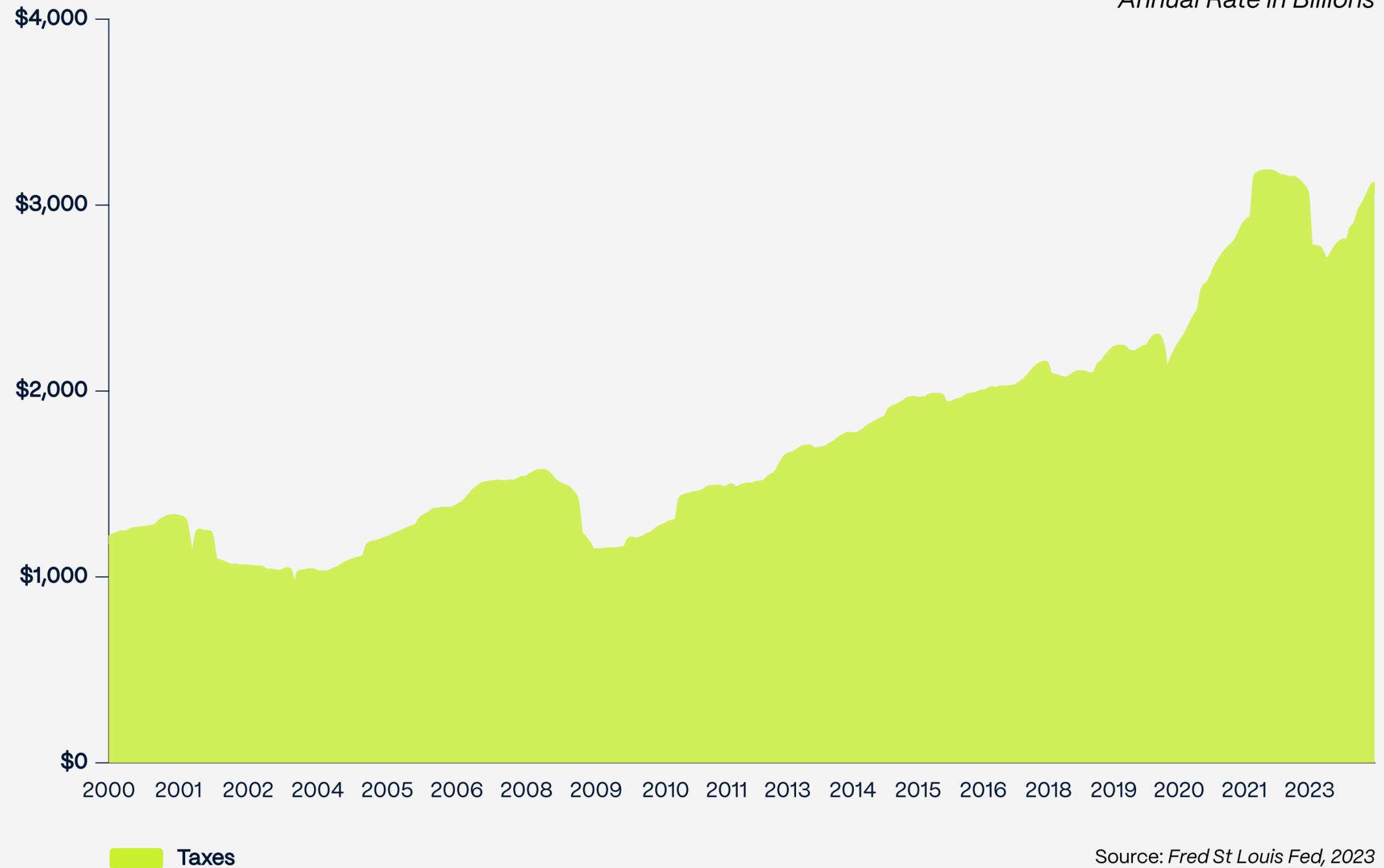
New Seriously Delinquent Debt (90+ days): Mortgage, Auto, Credit, Student



Student debt Credit debt Auto debt Mortgage debt Source: U.S. Federal Government, 2023

Taxes

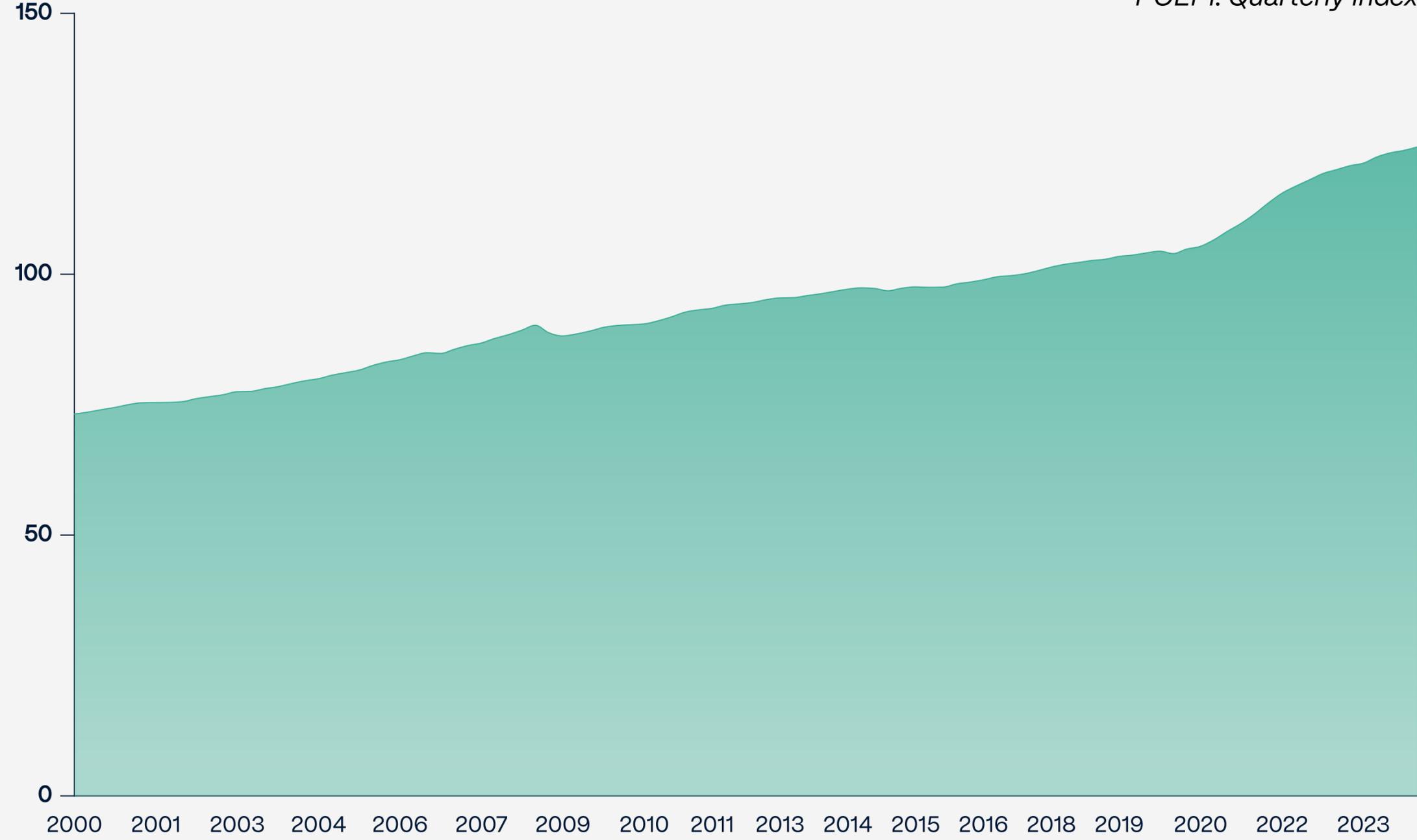
Annual Rate in Billions



Source: Fred St Louis Fed, 2023

PCEPI

PCEPI: Quarterly Index

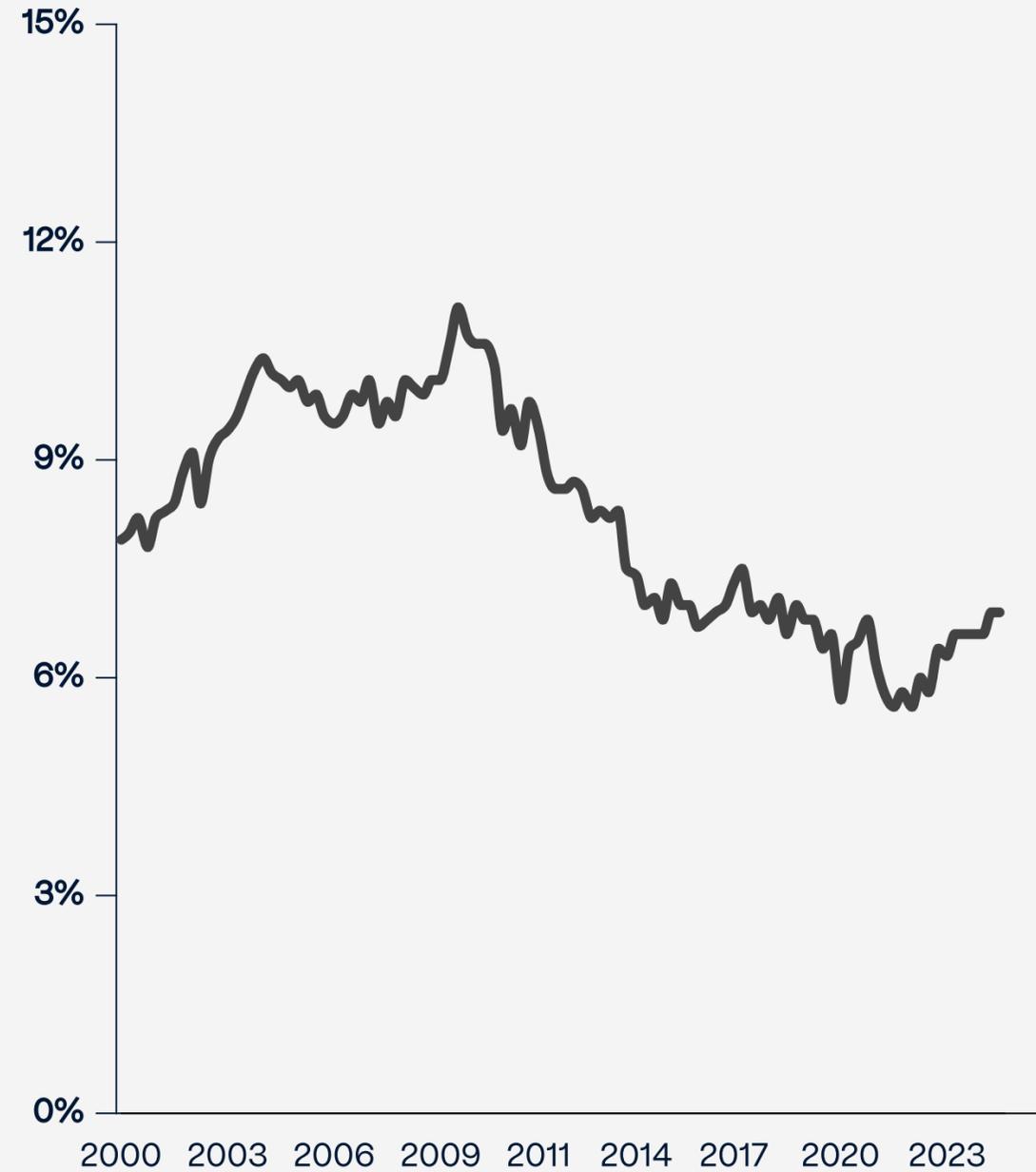


PCEPI Index

Source: U.S. Federal Government, 2023

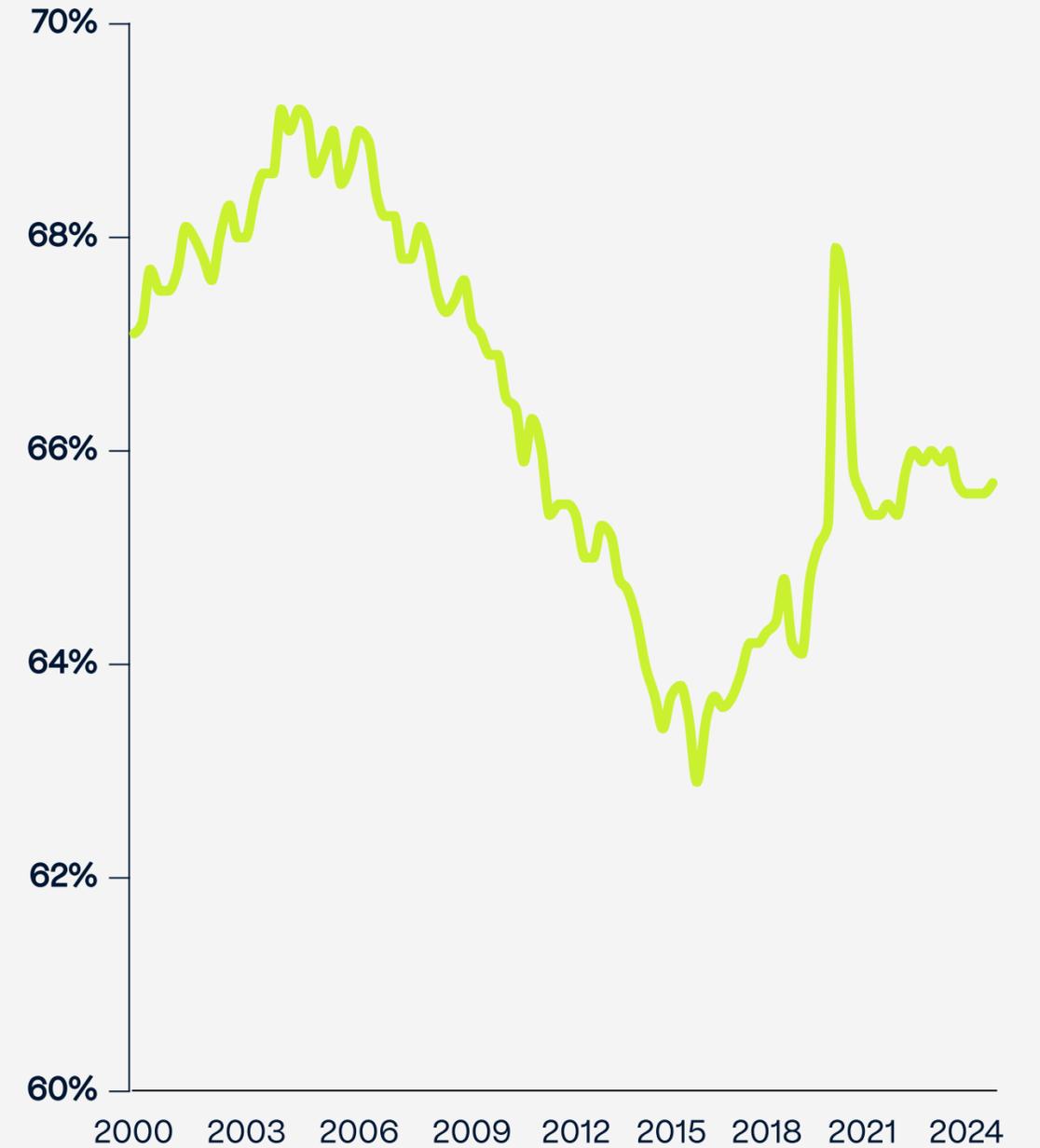
Rental Vacancy Rate & Homeownership Rate

Rental Vacancy Rate: Quarterly Percentage



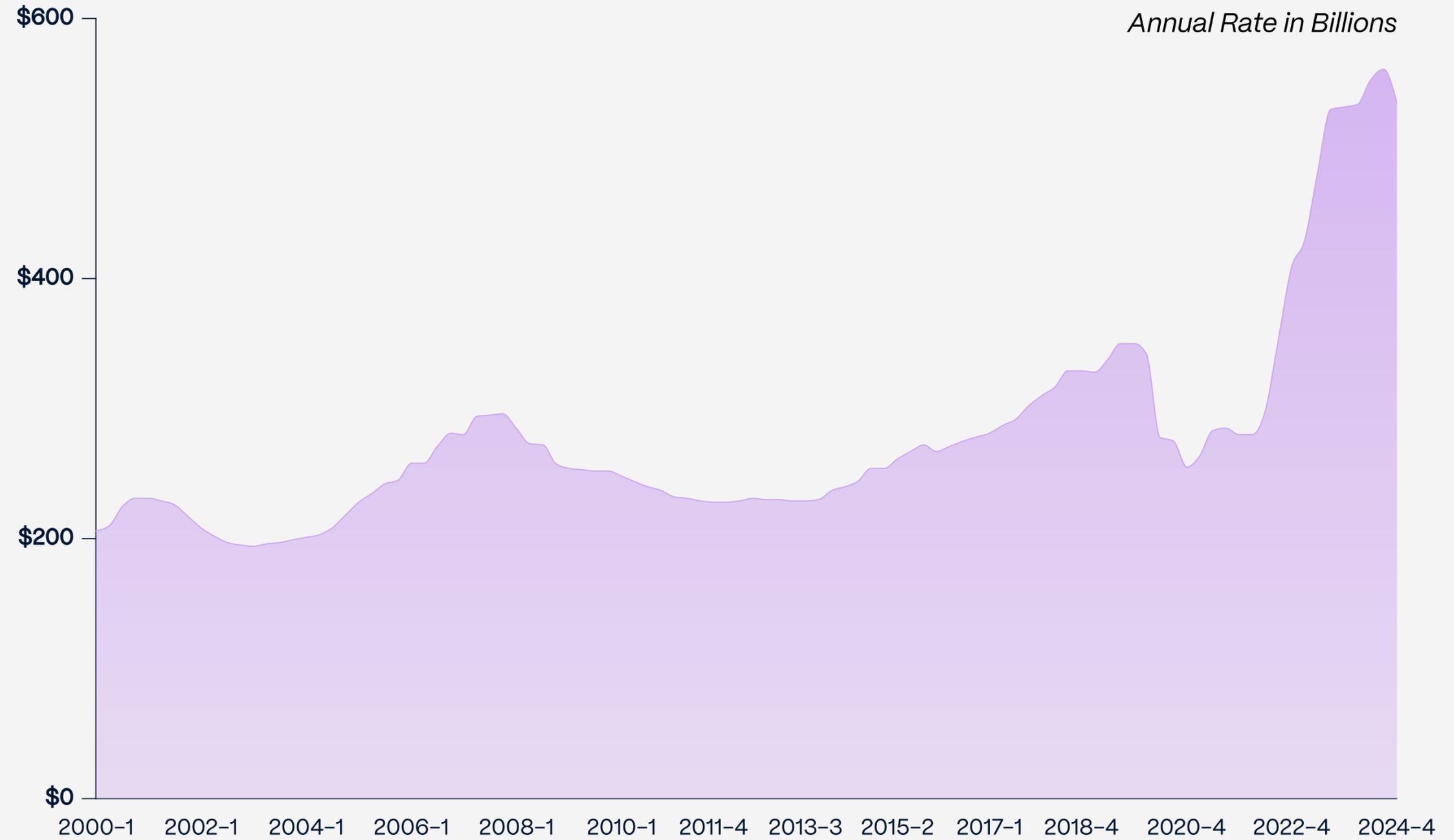
■ Rental Vacancy Rate

Homeownership Rate: Quarterly Percentage



■ Homeownership Rate

Personal Interest Payments



Personal Interest Payments

Source: Fred St Louis Fed, 2023

Mindset & Macro

M1

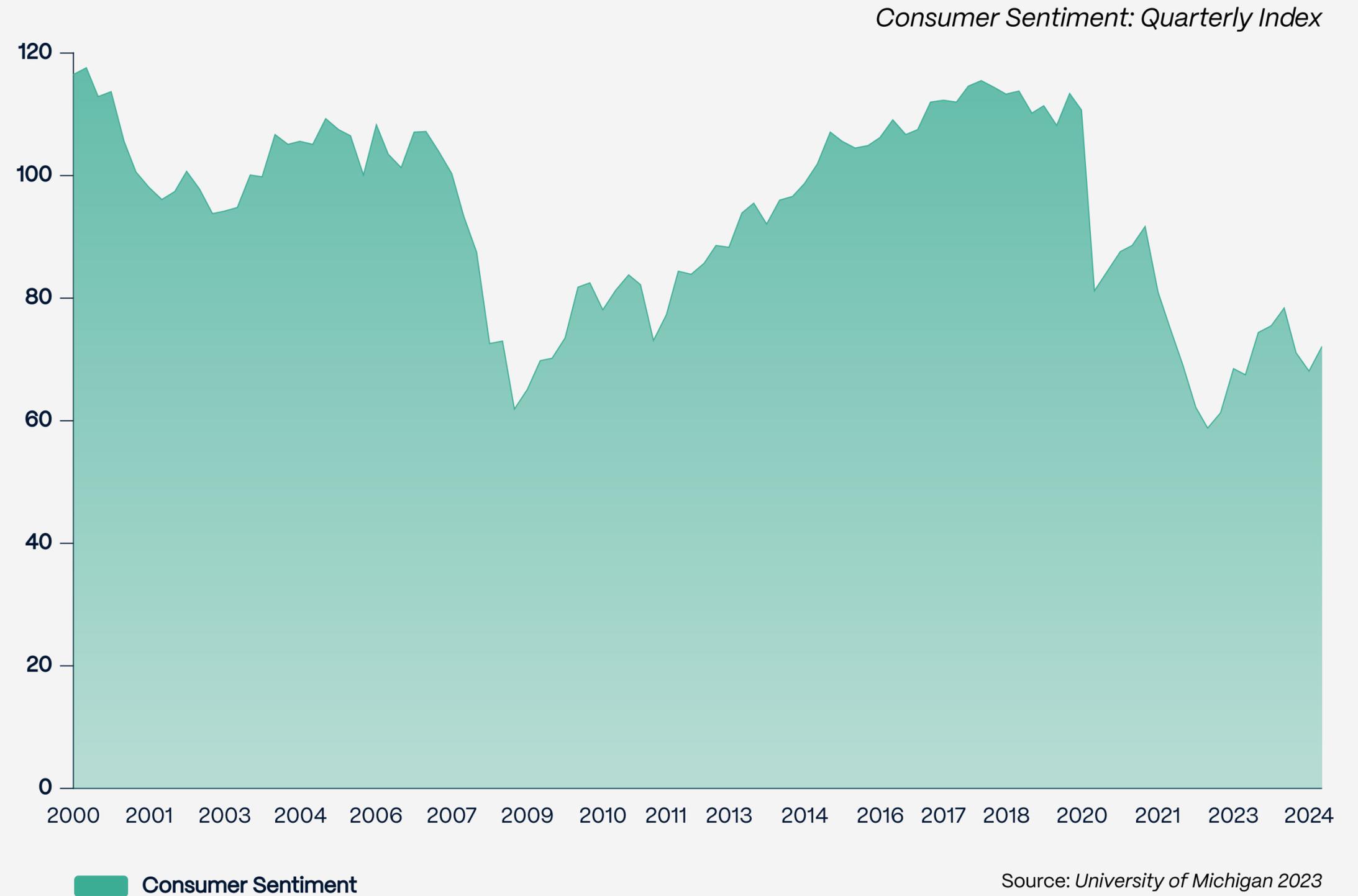
M2

GDP

Imports

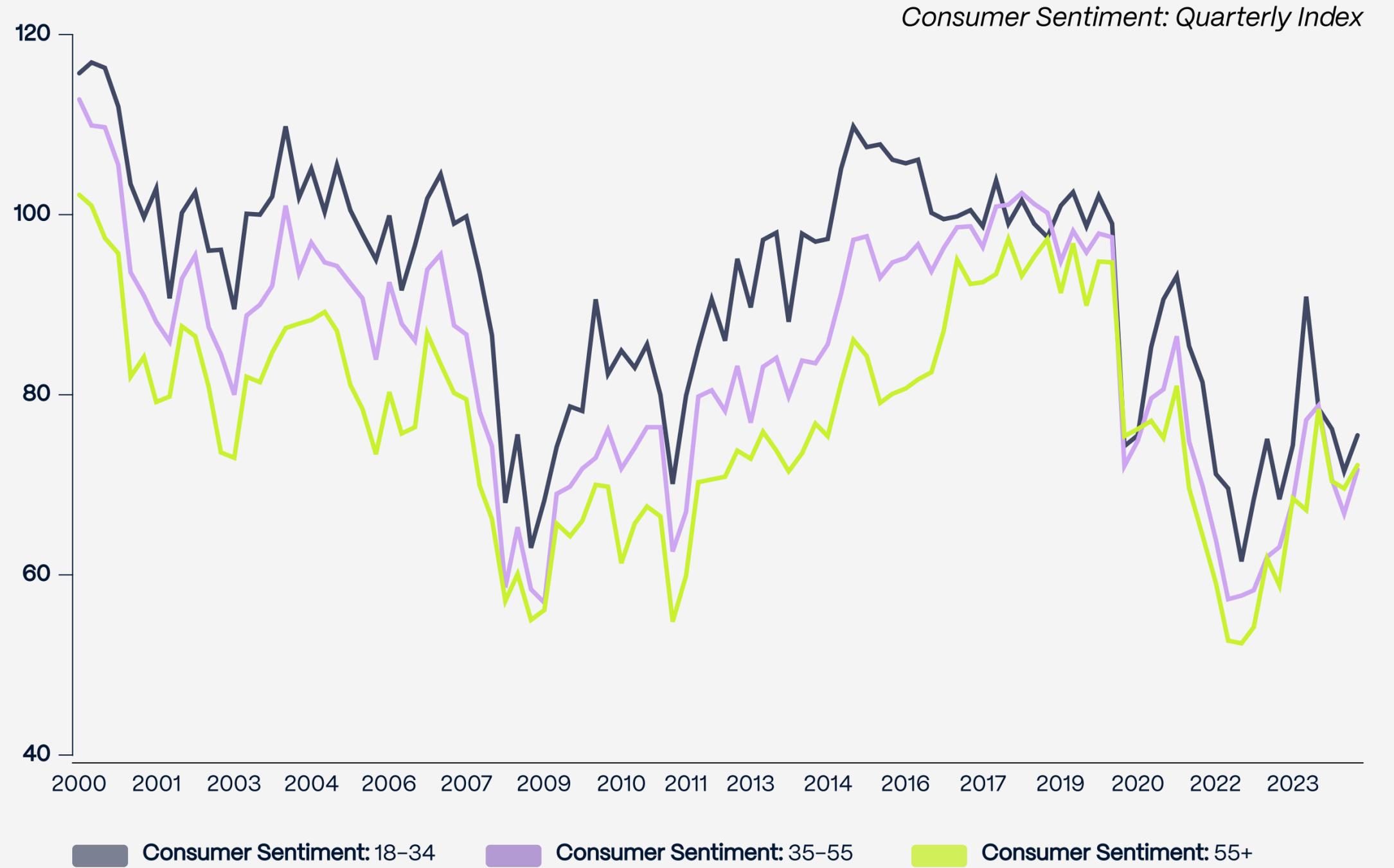
Exports

Consumer Sentiment Index



Source: University of Michigan 2023

Consumer Sentiment Index by Age



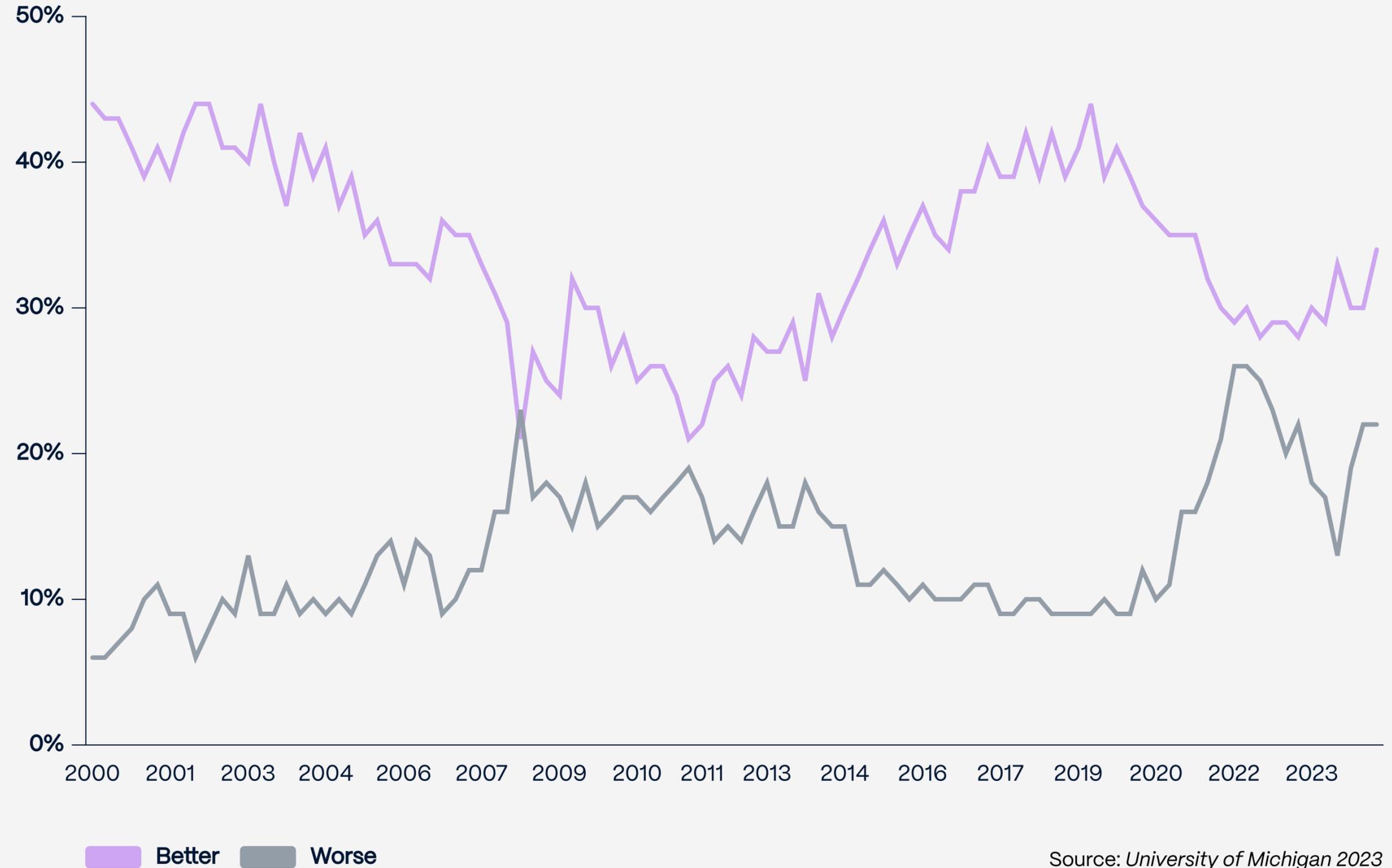
Current Finances vs. Year Ago

Current Finances vs. Year Ago: Quarterly Percentage



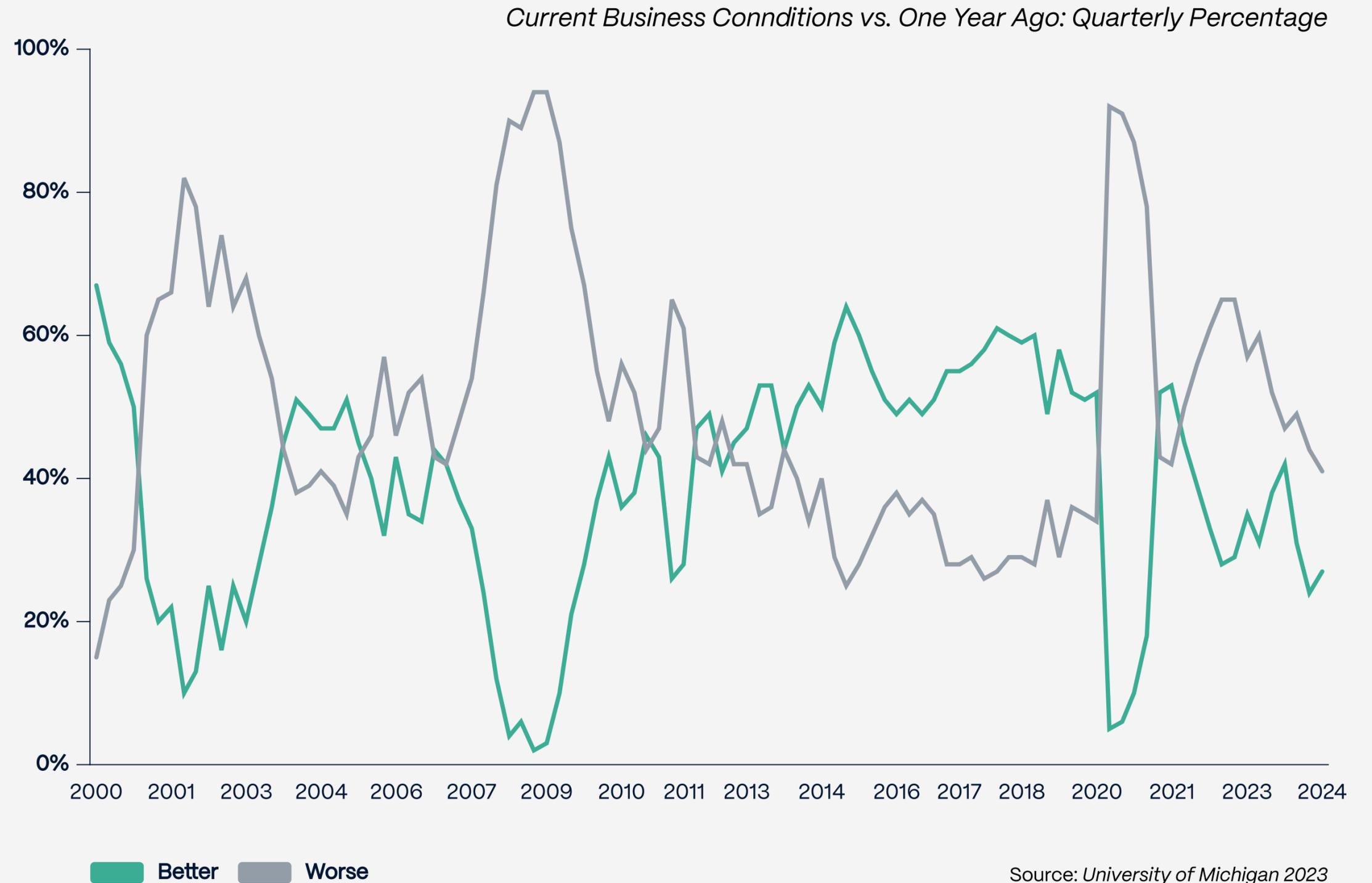
Expected Change in Finances in a Year

Expected Change in Finances in a Year: Quarterly Percentage



Source: University of Michigan 2023

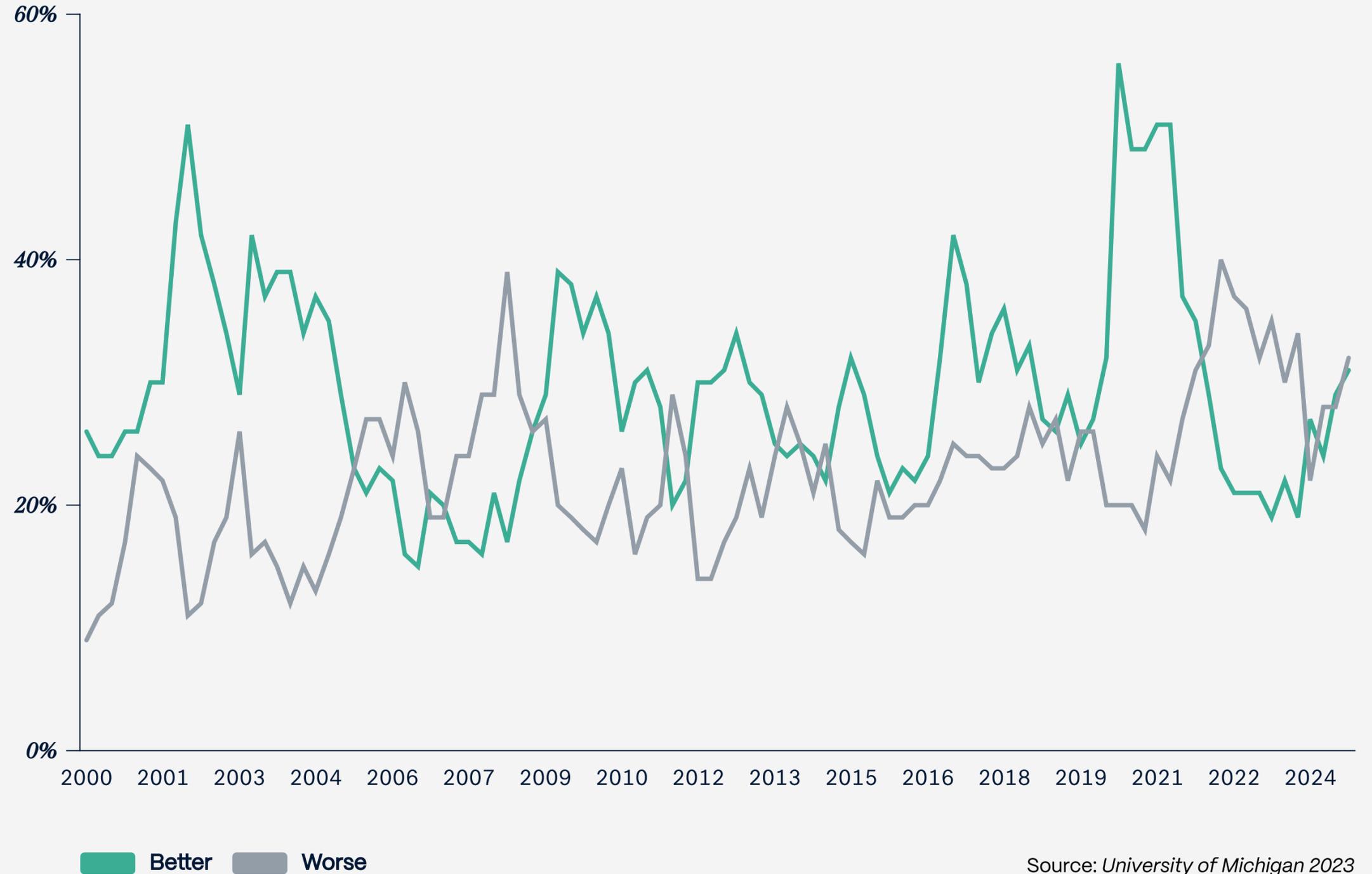
Current Business Conditions vs. One Year Ago



Source: University of Michigan 2023

Expected Business Conditions in One Year

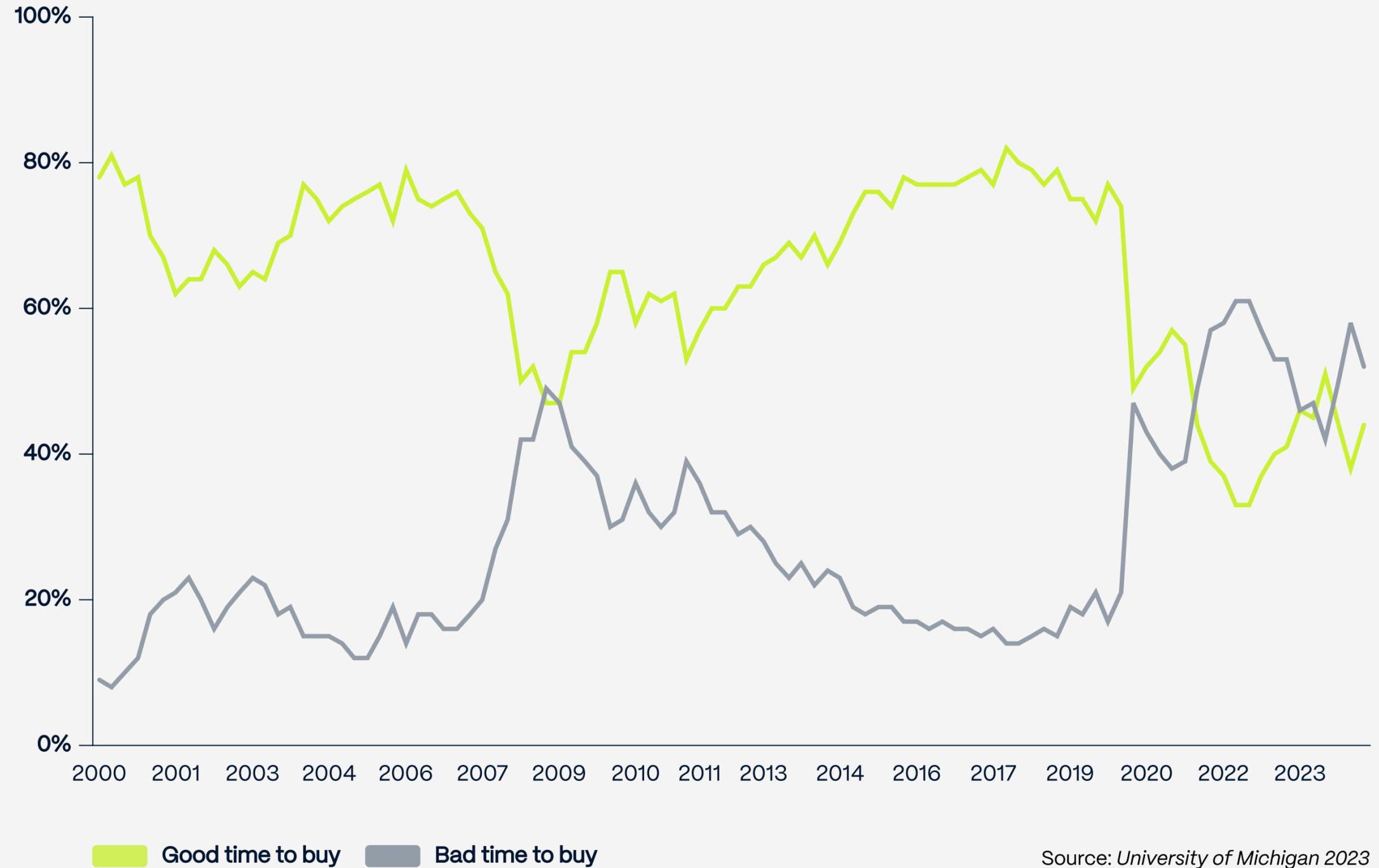
Expected Business Connditions vin One Year: Quarterly Percentage



Source: University of Michigan 2023

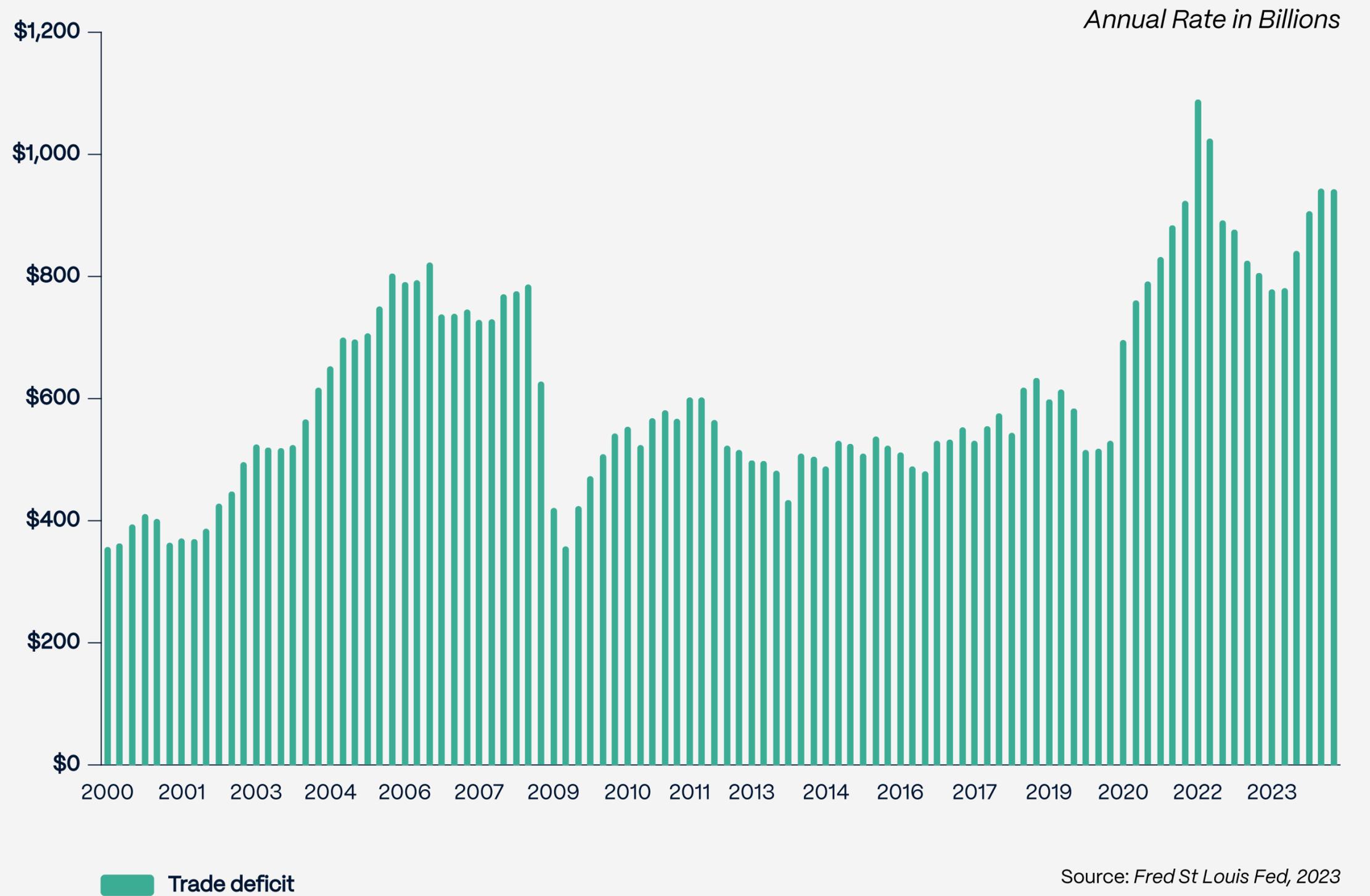
Buying Conditions for Large Items

Buying Conditions for Large Items: Quarterly Percentage



Source: University of Michigan 2023

Trade Deficit (Imports – Exports)

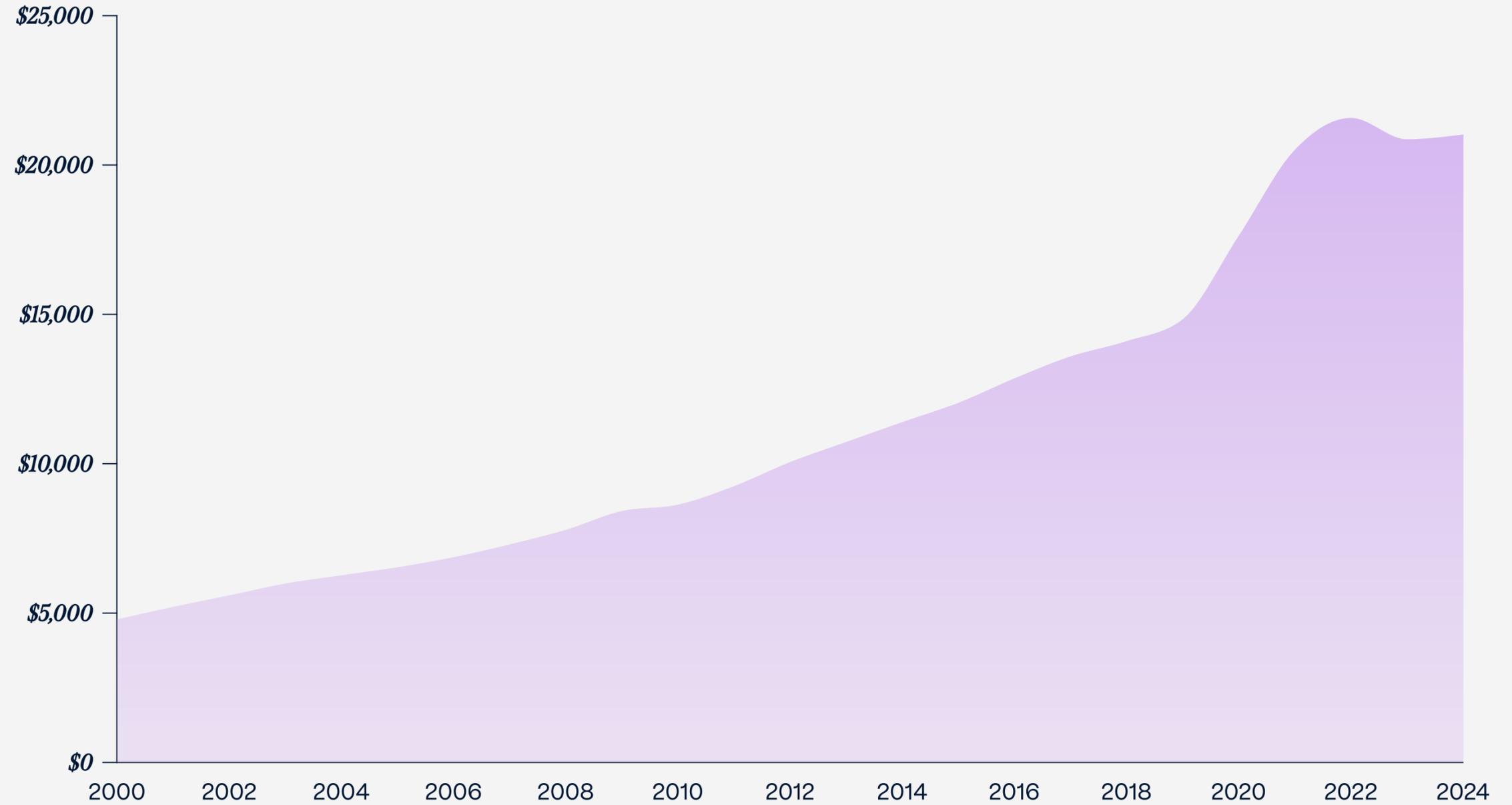


Source: Fred St Louis Fed, 2023

M2

M1 = Money in circulation plus checkable deposits
M2 = M1 + savings deposits (<\$100k) + money market mutual funds

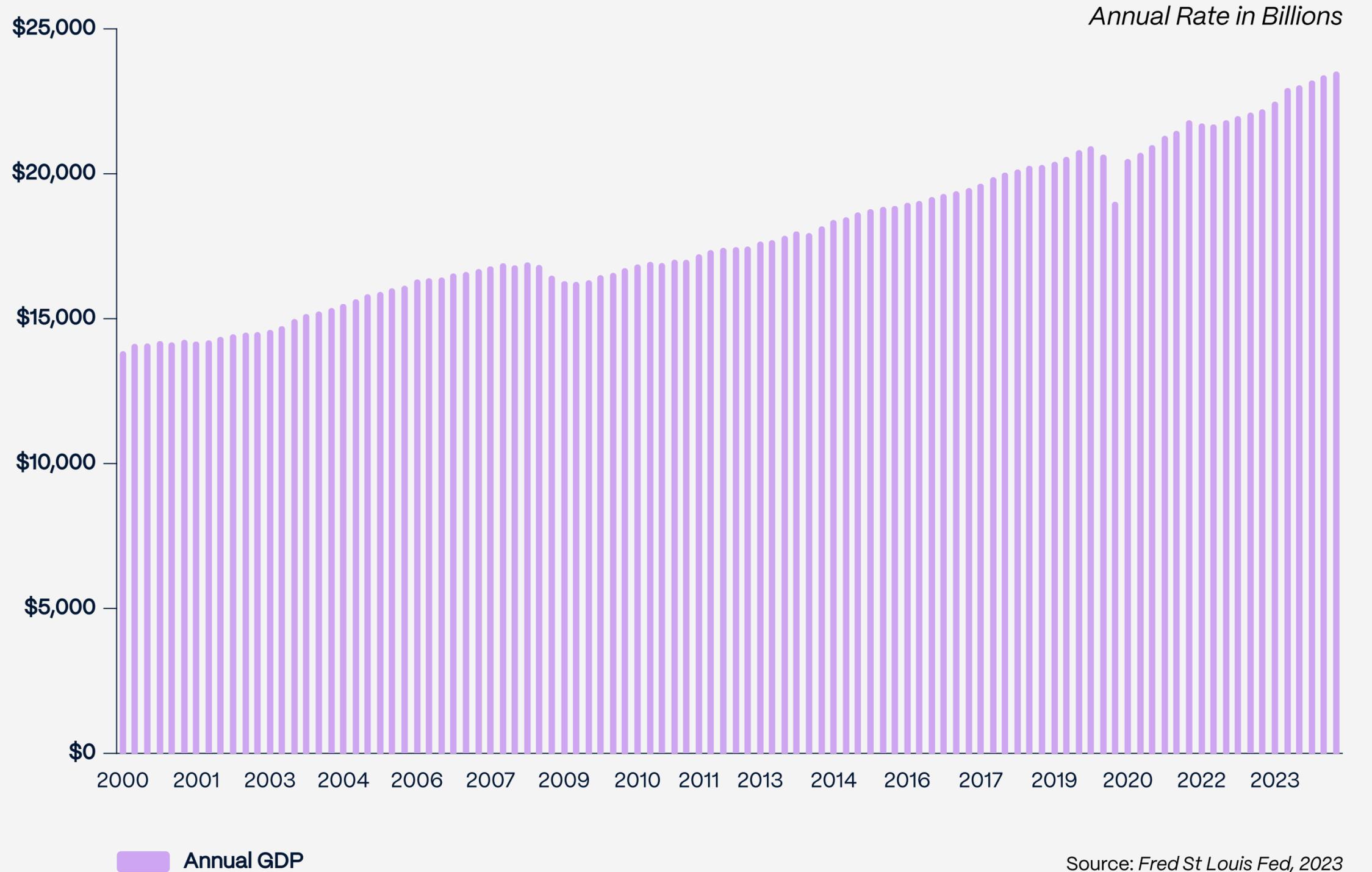
M2: In Billions



 **M2**

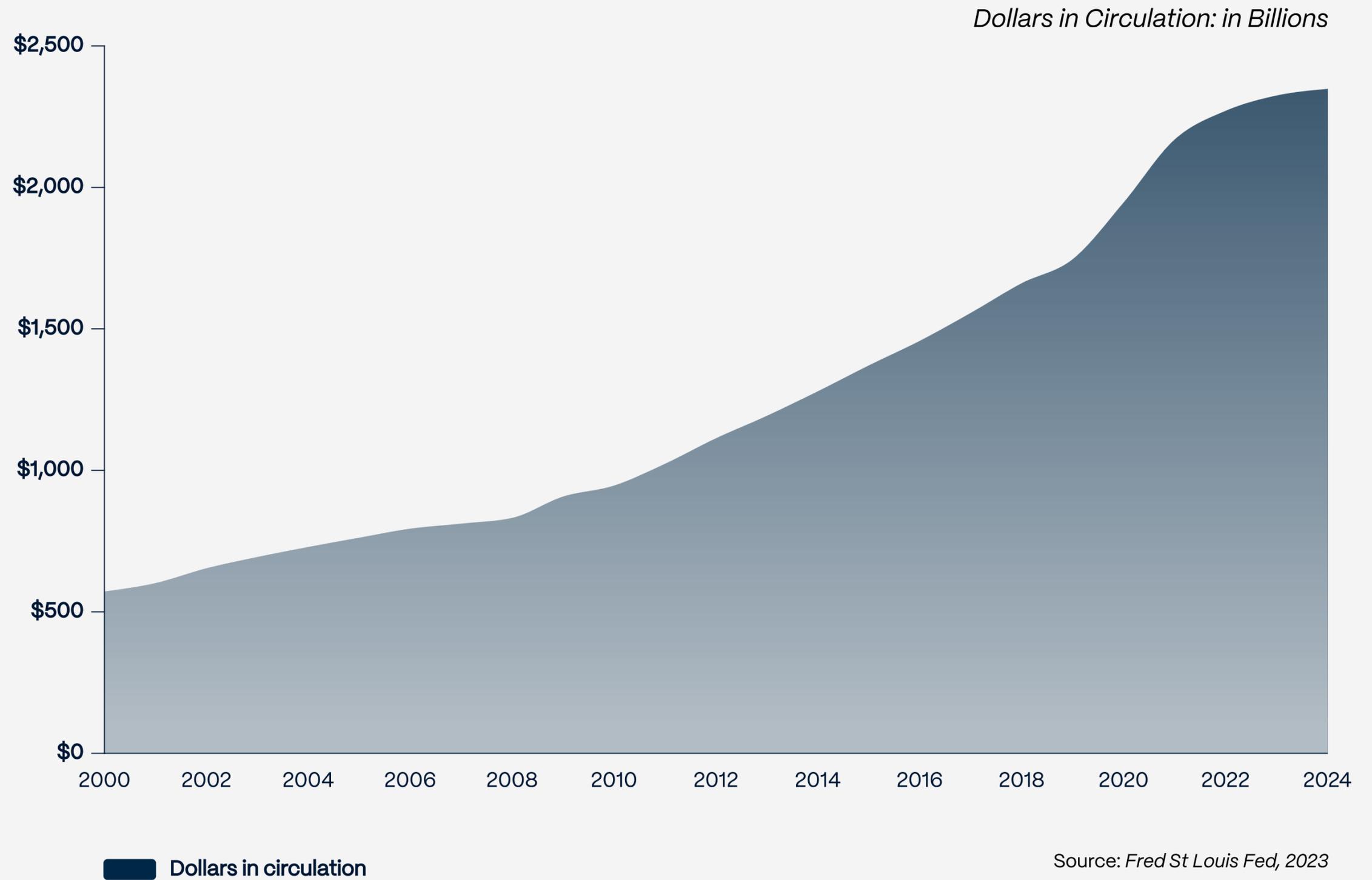
Source: *Fred St Louis Fed, 2023*

Real GDP



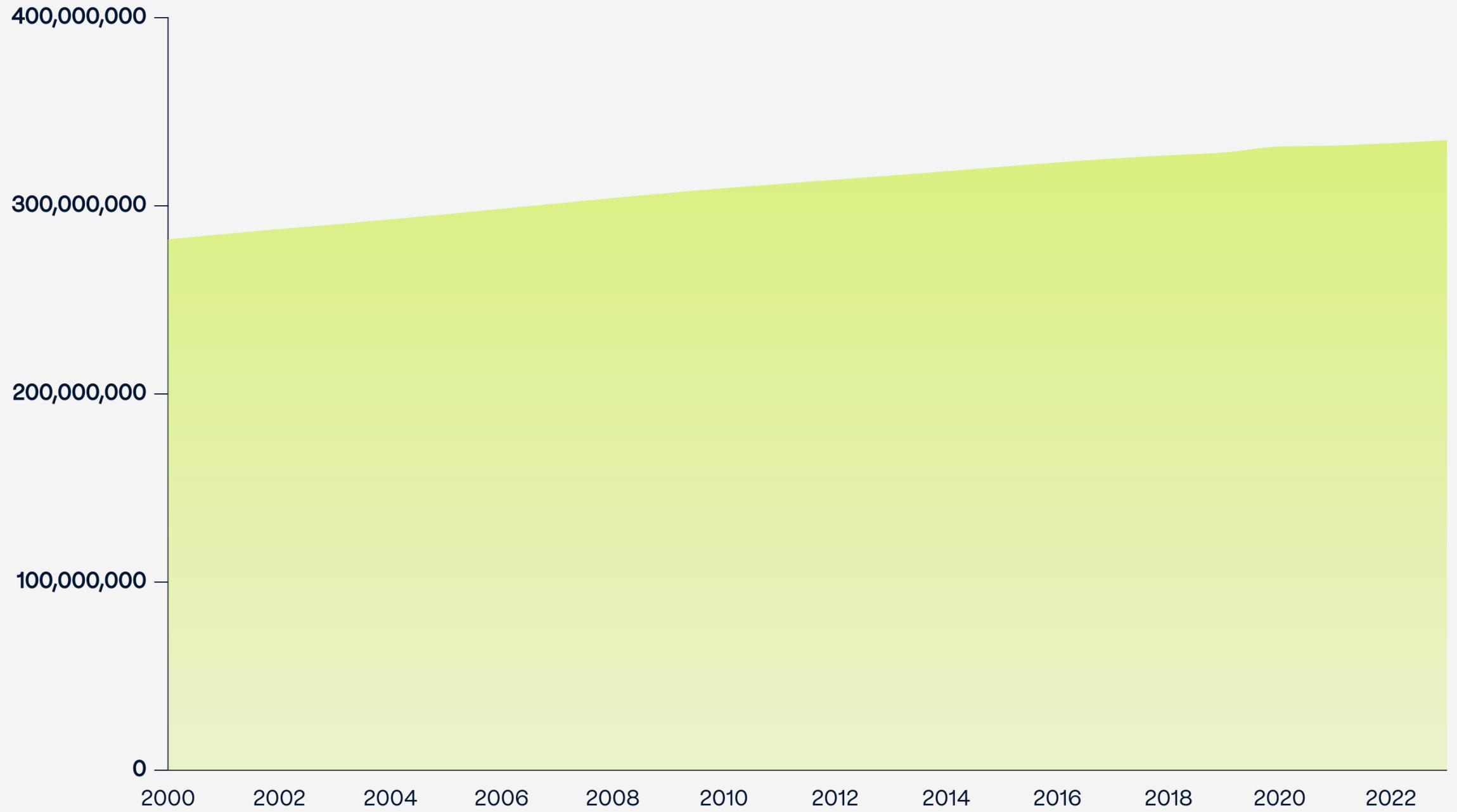
Source: Fred St Louis Fed, 2023

Dollars in Circulation



Source: Fred St Louis Fed, 2023

US Population



■ U.S. Population

Source: *Fred St Louis Fed, 2023*

