Medallia Market Research Suite
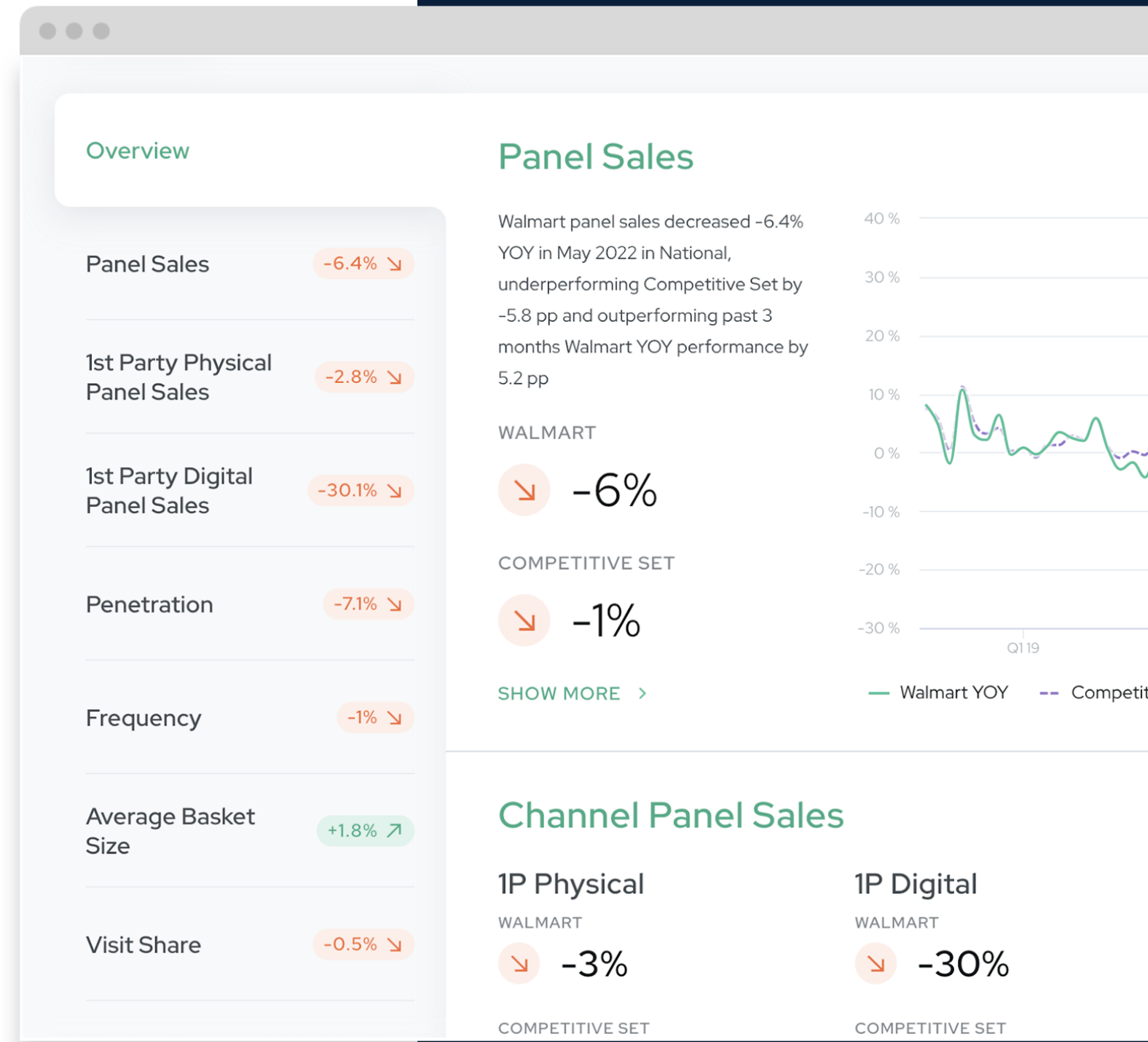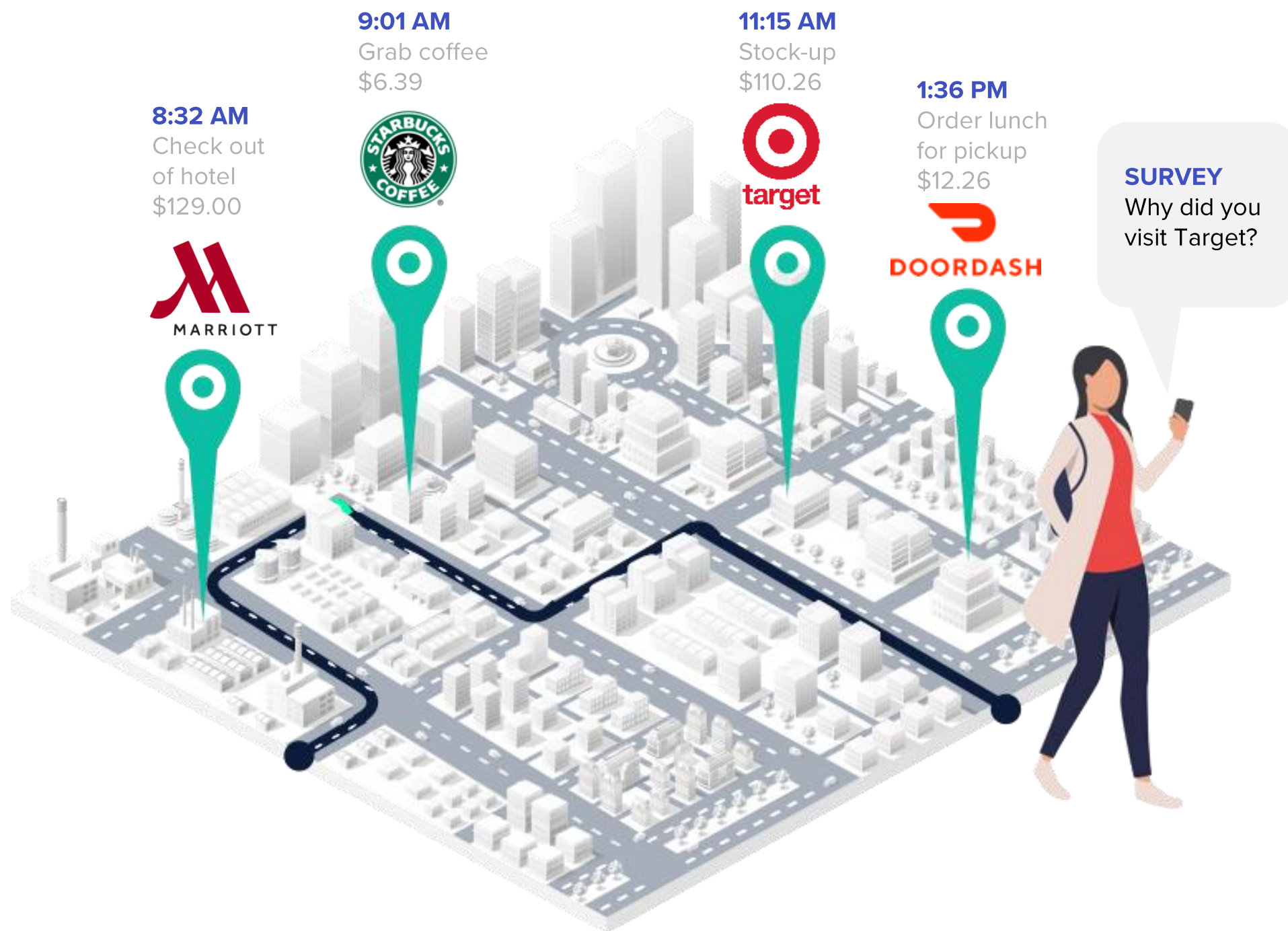
The Biggest Consumer Trends of 2023 (So Far)

Andrew Custage
Head of Insights,
Medallia Market Research

Real-world behaviors.
One-click analysis.

8:32 AM
Check out
of hotel
$129.00

9:01 AM
Grab coffee
$6.39

11:15 AM
Stock-up
$110.26

1:36 PM
Order lunch
for pickup
$12.26

SURVEY
Why did you
visit Target?

MARRIOTT

STARBUCKS COFFEE

target

DOORDASH

Overview

Panel Sales   -6.4% ↘

1st Party Physical
Panel Sales   -2.8% ↘

1st Party Digital
Panel Sales   -30.1% ↘

Penetration   -7.1% ↘

Frequency   -1% ↘

Average Basket
Size   +1.8% ↗

Visit Share   -0.5% ↘

Panel Sales

Walmart panel sales decreased –6.4%
YOY in May 2022 in National,
underperforming Competitive Set by
–5.8 pp and outperforming past 3
months Walmart YOY performance by
5.2 pp

WALMART
↘ –6%

COMPETITIVE SET
↘ –1%

SHOW MORE >

40 %
30 %
20 %
10 %
0 %
-10 %
-20 %
-30 %

Q1 19

— Walmart YOY   -- Competit

Channel Panel Sales

1P Physical
WALMART
↘ –3%

1P Digital
WALMART
↘ –30%

COMPETITIVE SET   COMPETITIVE SET

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Session Contents

The Biggest Consumer Trends of 2023 (So Far)

- Evolving Lifestyles

- The Economy's Effects on Shopper Mentality

- How Much has Consumer Spending Changed?

- How Shopping is Done in 2023

- Future Outlook on Consumer Spending

Evolving Lifestyles

People indicate a slight shift back to going into a workplace (vs. working from home)

Work changes in '23 (so far) vs. in '22

For you personally, how has each of the following compare in 2023 (so far) vs. this time last year (in 2022)? Select the choice that best applies

■ Less than in 2022   ■ More than in 2022

Net ppt difference

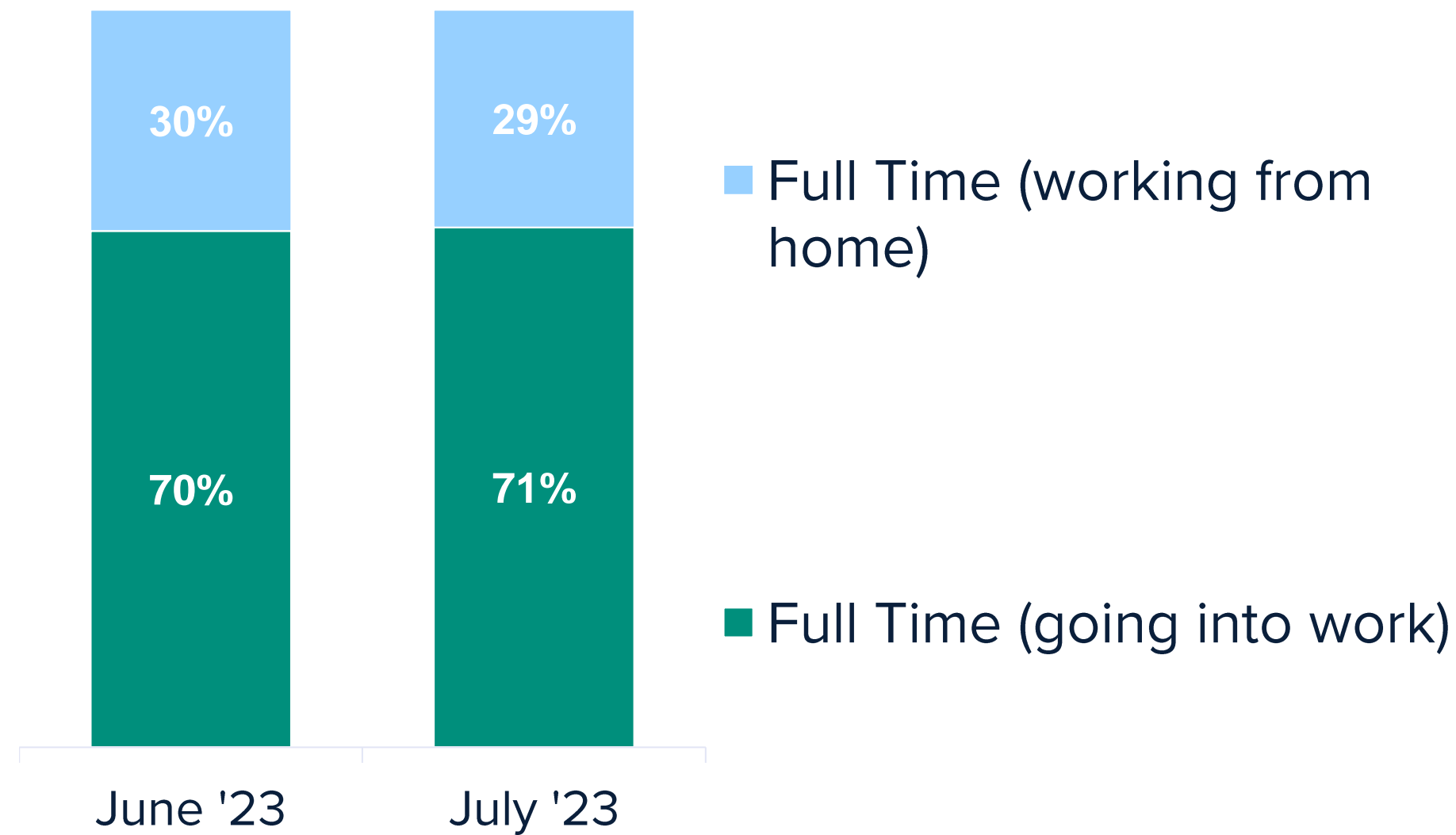|	Less than in 2022	More than in 2022	Net ppt difference
Amount of hours spent working at a job	-21%	21%	0ppt
Amount of money made working	-27%	22%	-5ppt
Amount of days spent working from home (vs. going into the workplace)	-19%	13%	-6ppt

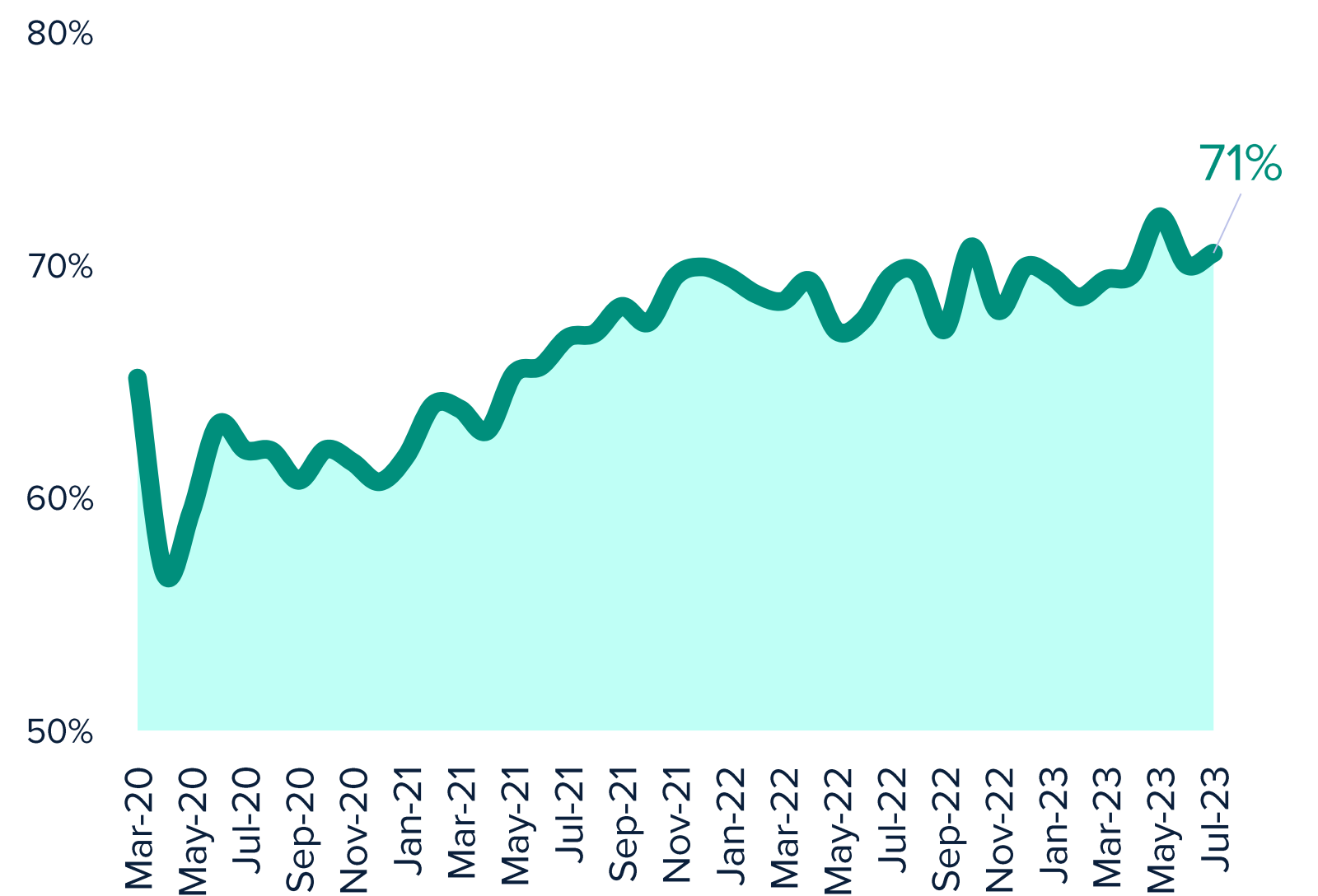# Of full time employees, the % going into work has continued to slightly creep up over 2023

Full Time Employment Distribution by Week
% of Respondents, of those working full time

Full Time (working from home)

Full Time (going into work)

June '23: 30%, 70%
July '23: 29%, 71%

"Full Time (Going into Work)"
Trend by month, starting March '20

71%

80%
70%
60%
50%

Mar-20 May-20 Jul-20 Sep-20 Nov-20 Jan-21 Mar-21 May-21 Jul-21 Sep-21 Nov-21 Jan-22 Mar-22 May-22 Jul-22 Sep-22 Nov-22 Jan-23 Mar-23 May-23 Jul-23
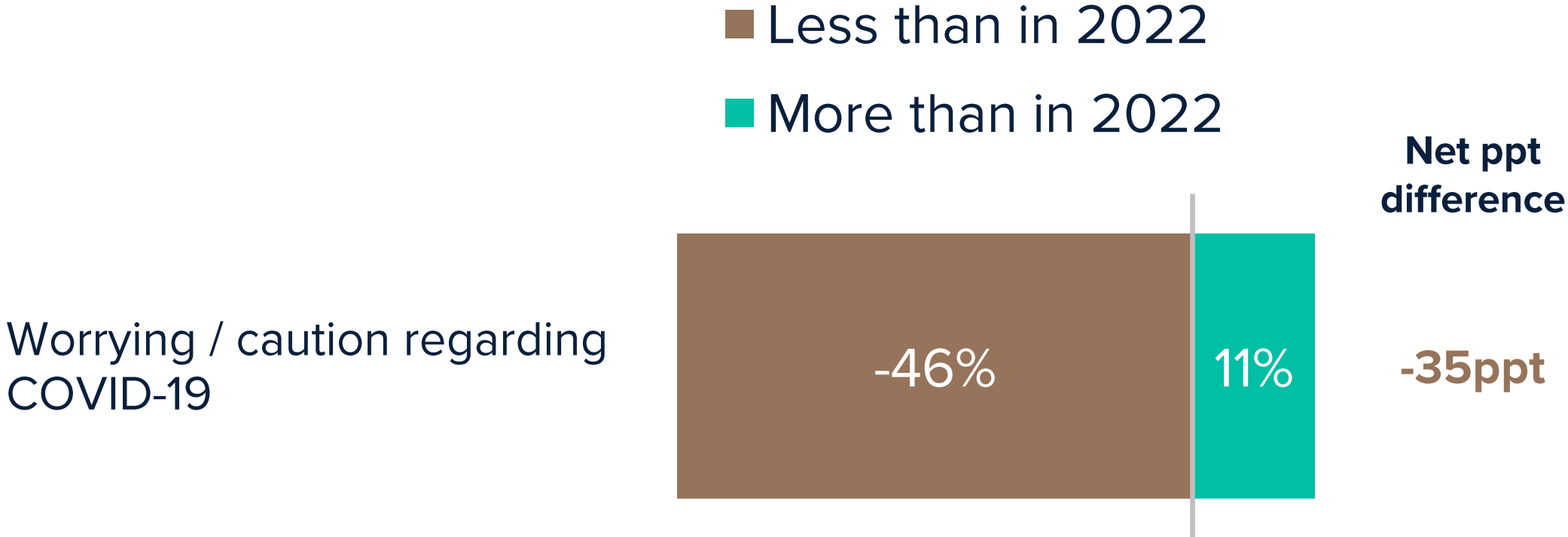
Concern over COVID has widely disappeared

"Safety precautions due to COVID-19 are non-existent in my daily life now"

48% Agree
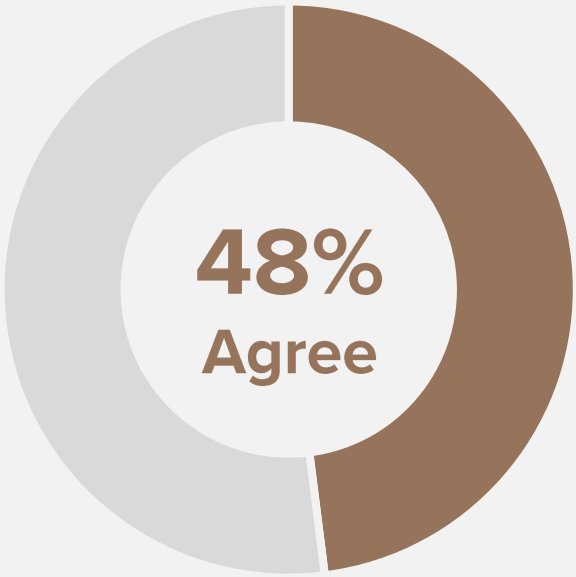
COVID Concern changes in '23 (so far) vs. in '22

For you personally, how has each of the following compare in 2023 (so far) vs. this time last year (in 2022)? Select the choice that best applies

■ Less than in 2022
■ More than in 2022

Net ppt difference

Worrying / caution regarding COVID-19

-46%   11%   **-35ppt**

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People report 2023 has had a reduced focus on healthiness, and more at-home vs. away from home leisure

Lifestyle changes in '23 (so far) vs. in '22

For you personally, how has each of the following compare in 2023 (so far) vs. this time last year (in 2022)? Select the choice that best applies

■ Less than in 2022   ■ More than in 2022   **Net ppt difference**

	Less than in 2022	More than in 2022	Net ppt difference
Amount of television / streaming content watched	-21%	26%	**+5ppt**
Amount of time on social media	-23%	24%	**+1ppt**
Healthiness of food consumed	-25%	21%	**-4ppt**
Amount of time exercising	-27%	21%	**-6ppt**
Amount of in-person events (e.g. theater, sports, concerts, etc.) attended	-35%	16%	**-19ppt**
Total amount of money spent on fun / leisure	-42%	16%	**-26ppt**

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Retail post-visit purchase logging corroborates the increasing indifference toward exercise, with sporting good / fitness item incidence down

Sporting Goods / Fitness Products: % of Retail Visitors Purchasing
US National; Retail Average by Quarter (among 20+ Retailers Tracked)

Q2 2023	
Total	3.25%
Walmart	2.68%
Target	2.04%

Legend:
— Walmart   - - Total   — Aldi   — BJ's Wholesale
— Costco   — Giant Eagle   — Hy-Vee   — Kroger
— Meijer   — Sam's Club   — Target   — Trader Joe's
— Whole Foods Market

Brand social media presence is increasingly important, even vs. last year

Generative AI tools may become the next frontier for product discovery as well.

"Social media is playing a bigger role in how I find out about products and brands now than it did a year ago"

41%
Agree
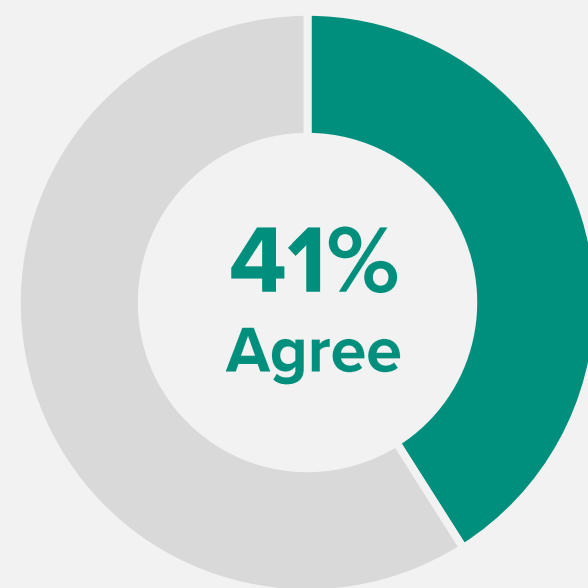
% selecting true, by statement

I have found out about a new product or brand by seeing content on Facebook — 42%

I have found out about a new product or brand by seeing content on TikTok — 35%

I have found out about a new product or brand by seeing content on Instagram — 33%

I have tried using an artificial intelligence tool like ChatGPT (for any reason) — 29%

I have tried using an artificial intelligence tool like ChatGPT for ideas / lists of things to buy or where to shop — 22%
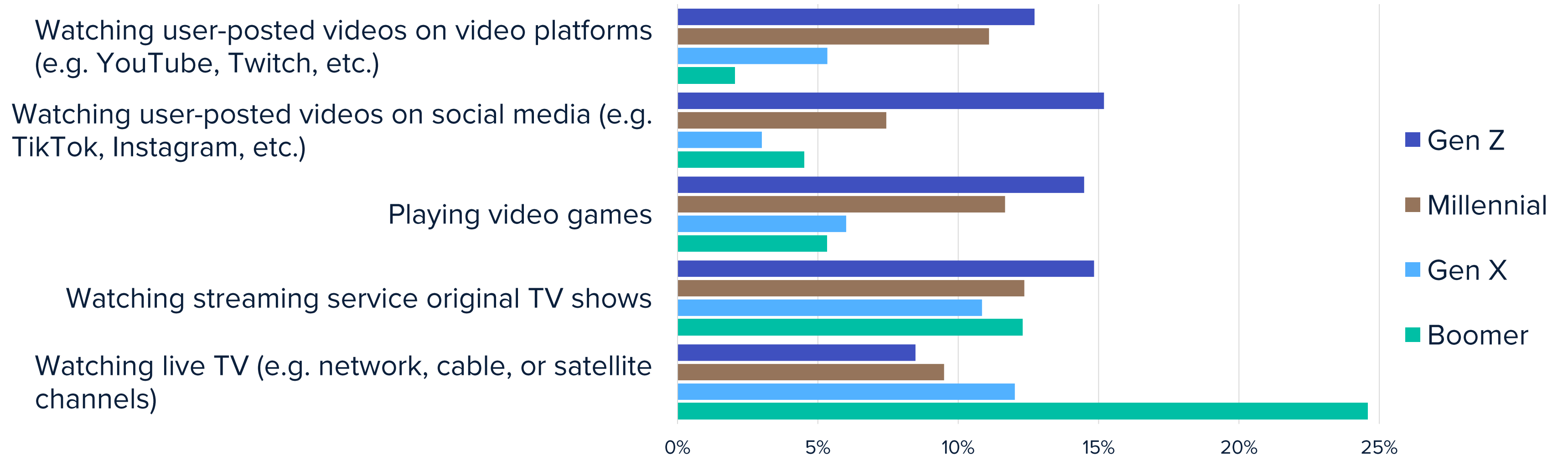
Reaching Gen Z means being visible on user-generated content platforms

They are more likely to spend 15+ hours per week on video platforms like YouTube, Twitch, or TikTok than watching regular TV.

% saying they average 15+ hours per week on given activity

For each of the following, select the choice that is your best estimate of how much time you spend per week on average.

Legend: Gen Z, Millennial, Gen X, Boomer

Categories (top to bottom):
- Watching user-posted videos on video platforms (e.g. YouTube, Twitch, etc.)
- Watching user-posted videos on social media (e.g. TikTok, Instagram, etc.)
- Playing video games
- Watching streaming service original TV shows
- Watching live TV (e.g. network, cable, or satellite channels)

X-axis: 0% 5% 10% 15% 20% 25%

The Economy's Effects on Shopper Mentality

Price is still top of mind when people choose what to buy and where to shop

It is more often cited as growing importance than other factors like convenience / experience or brand identity / social-consciousness.
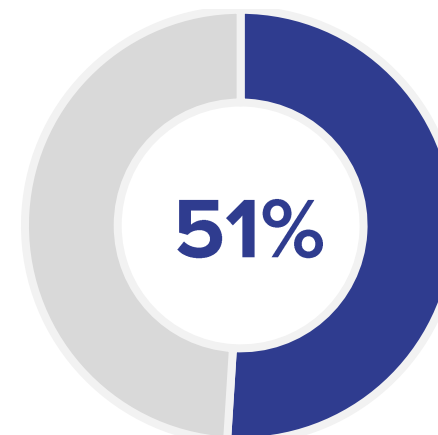
% Agreement re: retail drivers of choice

For each of the following, select the choice that best represents your feelings. % selecting 4 or 5 on 1-5 scale
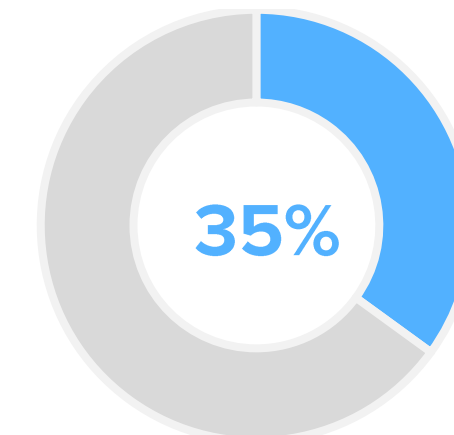
"**Price** of products is more important to me now than it was a year ago"

61%
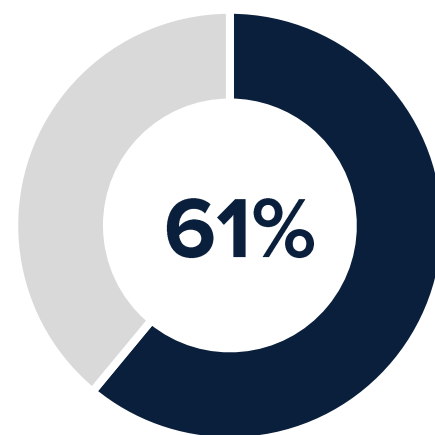
"**Convenience** of shopping (location, speed, experience) is more important to me now than it was a year ago"
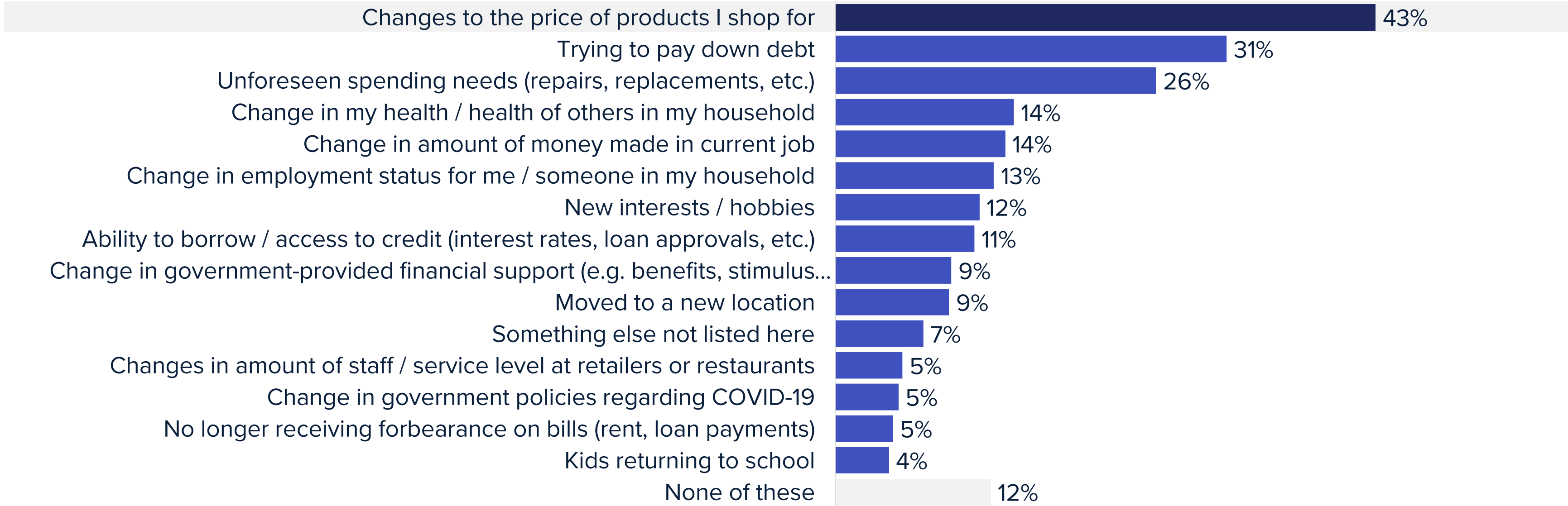
51%

"Brands that are **environmentally or socially-conscious** are a bigger factor in my shopping decisions now than they were a year ago"

35%

"Changes to the price of products" continues to be the top factor for household decisions...

Biggest factors affecting household purchase decisions
Which of the following, if any, have affected purchase decisions for your household the most over the last 3 months?

Factor	Percentage
Changes to the price of products I shop for	43%
Trying to pay down debt	31%
Unforeseen spending needs (repairs, replacements, etc.)	26%
Change in my health / health of others in my household	14%
Change in amount of money made in current job	14%
Change in employment status for me / someone in my household	13%
New interests / hobbies	12%
Ability to borrow / access to credit (interest rates, loan approvals, etc.)	11%
Change in government-provided financial support (e.g. benefits, stimulus...)	9%
Moved to a new location	9%
Something else not listed here	7%
Changes in amount of staff / service level at retailers or restaurants	5%
Change in government policies regarding COVID-19	5%
No longer receiving forbearance on bills (rent, loan payments)	5%
Kids returning to school	4%
None of these	12%

...but paying down debt is growing as a factor

"Changes to the price of products I shop for" has been stagnant in how often it is rated as a top factor, while "Trying to pay down debt" has grown heavily over 2 years.

Top factors affecting household purchase decisions: trend
Which of the following, if any, have affected purchase decisions for your household the most over the last 3 months? Top 2

"Changes to the price of products I shop for" 43%

"Trying to pay down debt" 31%
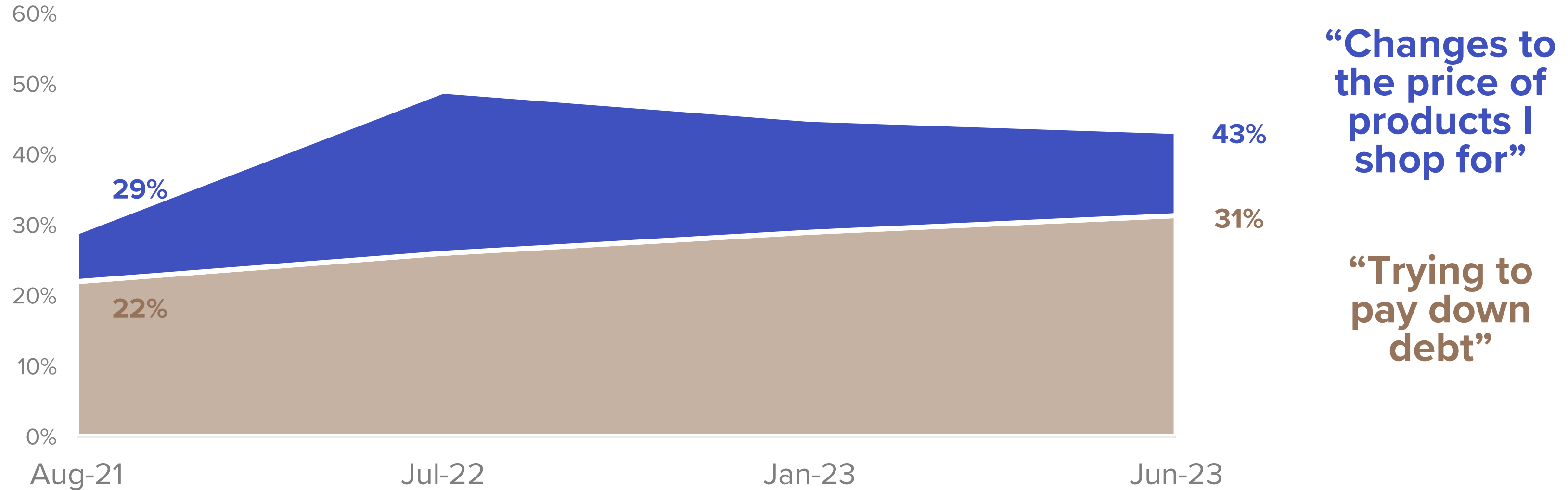
And promos / deals are growing as the specific way of drawing shoppers, vs. low base prices

Retail Drivers of Choice

% of Respondents, of those who in day prior to taking survey ate food originally sourced from a grocery / convenience / online retail store

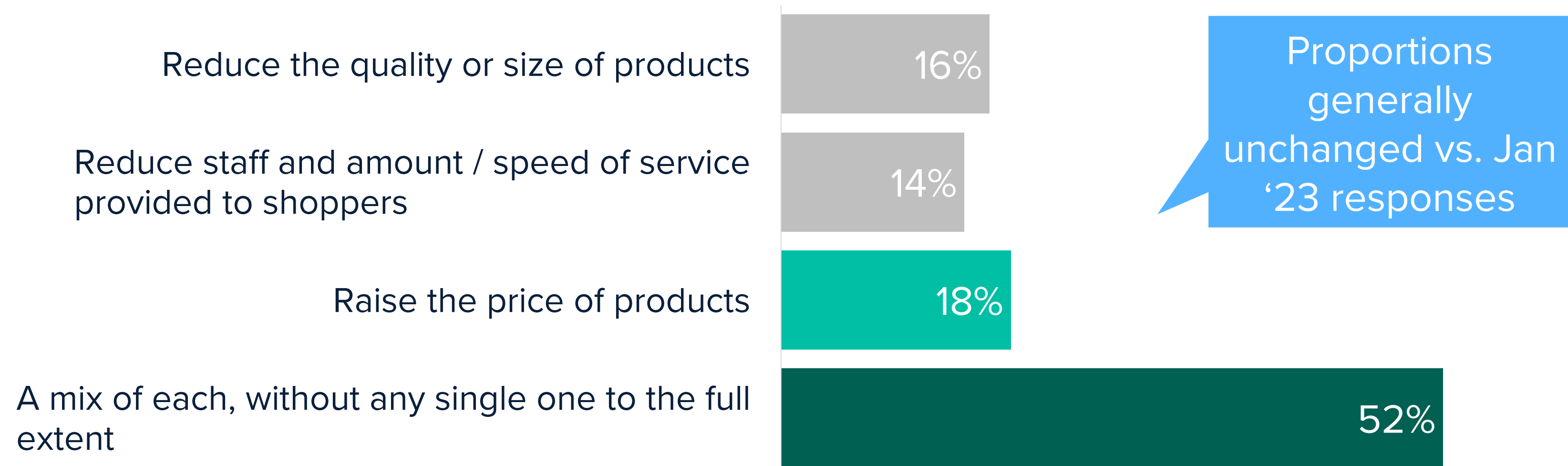| For food you ate yesterday, why did you choose the grocery / convenience store / online retailer that you did?	Jan '23	Feb '23	Mar '23	Apr '23	May '23	Jun '23	Jul '23	MoM Change	YoY Change
It was the closest location to me	36%	38%	36%	37%	35%	38%	37%	-1ppt	-4ppt
They have the best prices	35%	37%	35%	37%	37%	40%	36%	-4ppt	-1ppt
Loyalty / rewards program	22%	23%	23%	26%	25%	25%	23%	-2ppt	0ppt
I wanted to stock up on a lot of items, and this was the best store for it	20%	19%	19%	19%	19%	18%	19%	+1ppt	+1ppt
They carry products of the best quality	18%	17%	17%	17%	18%	17%	18%	+1ppt	+1ppt
I thought they would have the most things in stock	16%	16%	15%	15%	15%	15%	16%	+1ppt	-1ppt
I noticed specific advertising / promos / deals from them	10%	10%	11%	12%	11%	12%	12%	0ppt	+2ppt
I trusted their handling methods / cleanliness the best	9%	9%	9%	9%	9%	8%	10%	+2ppt	+1ppt
It had best service / staff	8%	9%	8%	9%	7%	8%	9%	+1ppt	0ppt
It had the method of getting the food I preferred (e.g. order-ahead, delivery, etc.)	9%	9%	8%	7%	9%	8%	9%	+1ppt	+1ppt
They were the only ones to carry the specific items I needed	9%	9%	10%	10%	9%	8%	8%	0ppt	-1ppt
I wanted to support a local business	8%	8%	7%	9%	8%	7%	7%	0ppt	-2ppt
They have special protocols I wanted (e.g. elderly-only hours, etc.)	5%	6%	5%	5%	5%	4%	6%	+2ppt	+2ppt
I wanted to support a business that cares about employees	3%	3%	2%	3%	3%	3%	3%	0ppt	0ppt

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Consumers do want price increases partially softened by quality / service reductions…

Less than 1 in 5 want higher prices without any change to the product / service.

How consumers want brands to respond to inflation

You may have seen over the past year that prices for products have gone up substantially. Assuming retailers also have higher costs which have forced them to raise prices, what would you most prefer retailers do in the current environment?

Reduce the quality or size of products	16%
Reduce staff and amount / speed of service provided to shoppers	14%
Raise the price of products	18%
A mix of each, without any single one to the full extent	52%

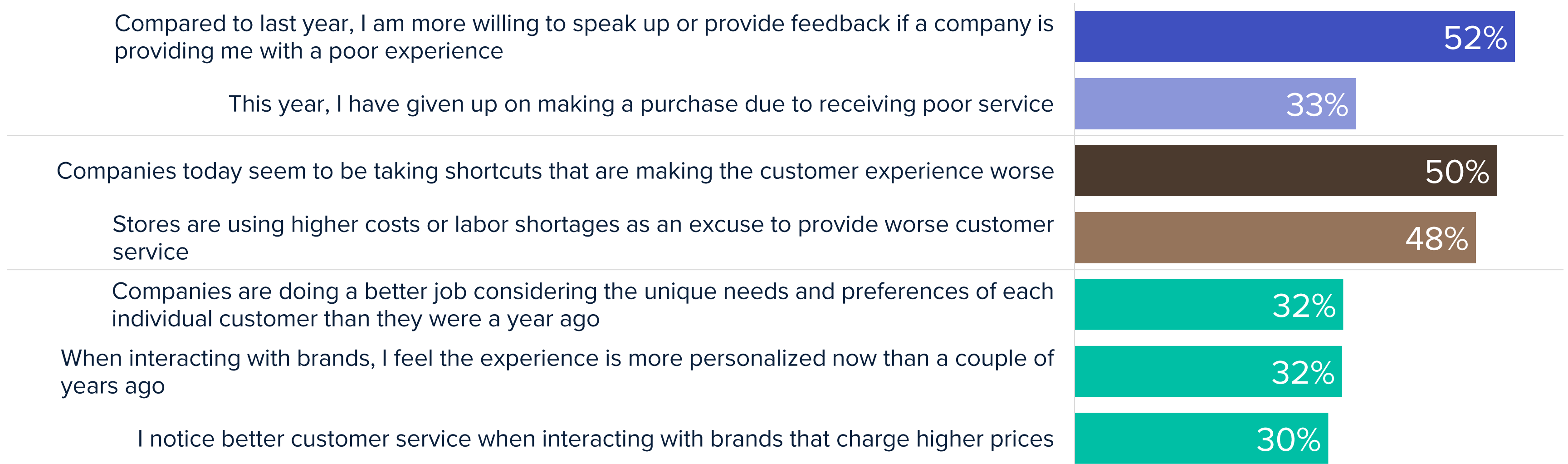Proportions generally unchanged vs. Jan '23 responses

...but this doesn't give brands a free pass on eroding customer experience

Larger proportions of shoppers have had skeptical or disappointed views on how brands have been treating them recently (and only a third having positive views).

% Agreement: the current state of the shopping experience
For each of the following, select the choice that best represents your feelings; % selecting 4-5 on a 1-5 agreement scale.

Statement	%
Compared to last year, I am more willing to speak up or provide feedback if a company is providing me with a poor experience	52%
This year, I have given up on making a purchase due to receiving poor service	33%
Companies today seem to be taking shortcuts that are making the customer experience worse	50%
Stores are using higher costs or labor shortages as an excuse to provide worse customer service	48%
Companies are doing a better job considering the unique needs and preferences of each individual customer than they were a year ago	32%
When interacting with brands, I feel the experience is more personalized now than a couple of years ago	32%
I notice better customer service when interacting with brands that charge higher prices	30%

How Much has Consumer Spending Changed?

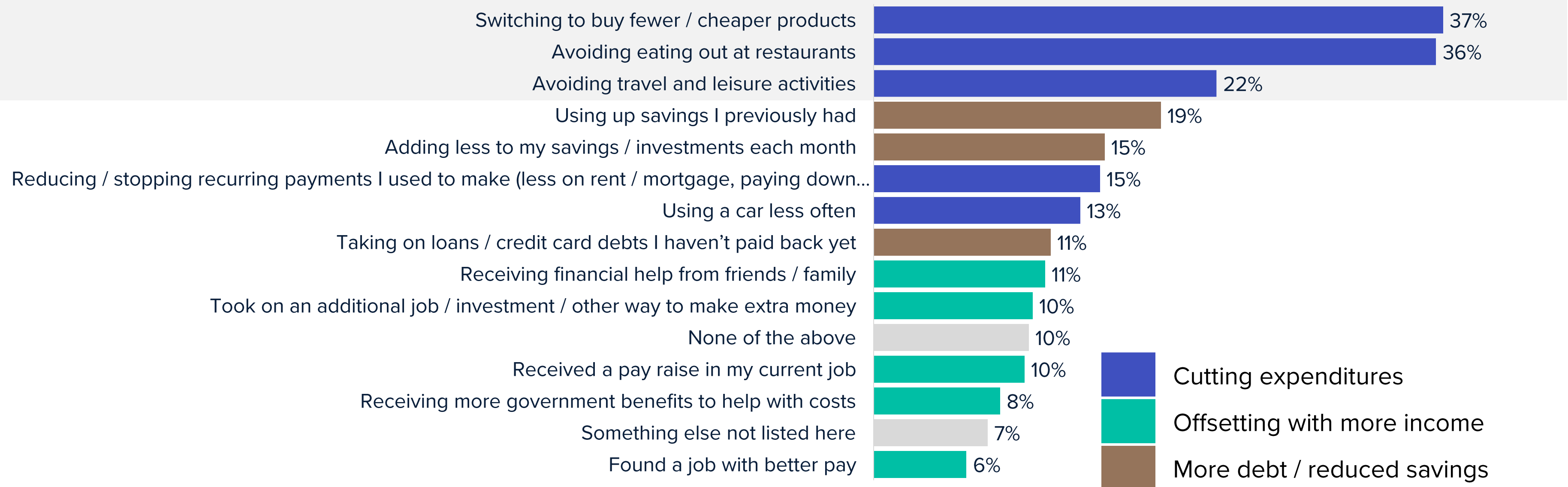# Consumers continue to say they've found where to cut expenses

Less common ways are through more income or more debt / reduced savings

How consumers say they are adapting to the challenges of inflation
Which of the following most describes how you personally have handled price increases over the past year?
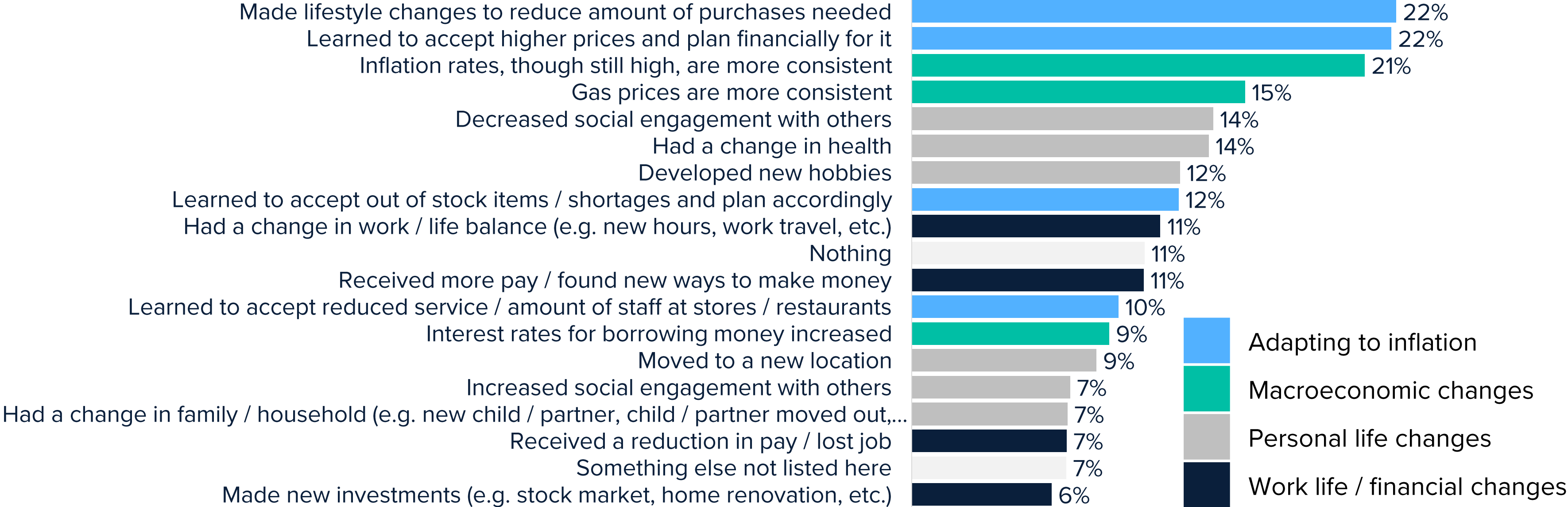Max 3 choices selected.

Switching to buy fewer / cheaper products	37%
Avoiding eating out at restaurants	36%
Avoiding travel and leisure activities	22%
Using up savings I previously had	19%
Adding less to my savings / investments each month	15%
Reducing / stopping recurring payments I used to make (less on rent / mortgage, paying down...	15%
Using a car less often	13%
Taking on loans / credit card debts I haven't paid back yet	11%
Receiving financial help from friends / family	11%
Took on an additional job / investment / other way to make extra money	10%
None of the above	10%
Received a pay raise in my current job	10%
Receiving more government benefits to help with costs	8%
Something else not listed here	7%
Found a job with better pay	6%

Legend:
- Cutting expenditures
- Offsetting with more income
- More debt / reduced savings

1st half of '23 has differed from '22 most through adapting to inflation + consistency

What made 1st half of 2023 different from 2nd half of 2022

If you had to compare the year 2023 so far to the final few months of 2022, what would you say have been the most important differences in your daily life during that change in time period?
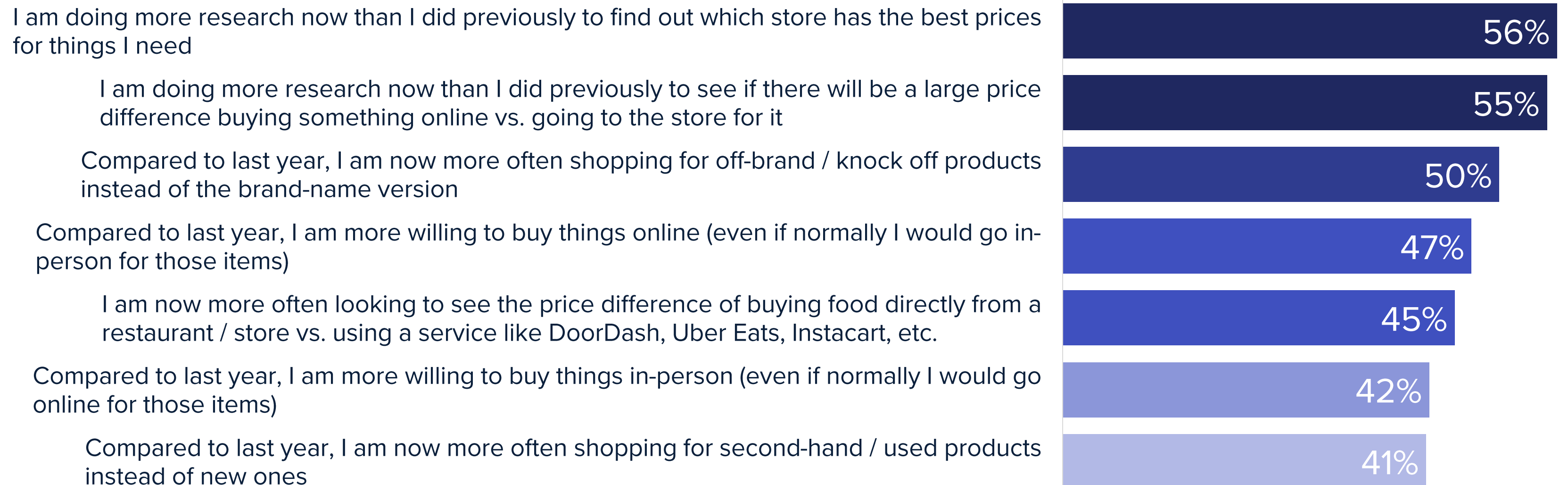
Category	%
Made lifestyle changes to reduce amount of purchases needed	22%
Learned to accept higher prices and plan financially for it	22%
Inflation rates, though still high, are more consistent	21%
Gas prices are more consistent	15%
Decreased social engagement with others	14%
Had a change in health	14%
Developed new hobbies	12%
Learned to accept out of stock items / shortages and plan accordingly	12%
Had a change in work / life balance (e.g. new hours, work travel, etc.)	11%
Nothing	11%
Received more pay / found new ways to make money	11%
Learned to accept reduced service / amount of staff at stores / restaurants	10%
Interest rates for borrowing money increased	9%
Moved to a new location	9%
Increased social engagement with others	7%
Had a change in family / household (e.g. new child / partner, child / partner moved out,...	7%
Received a reduction in pay / lost job	7%
Something else not listed here	7%
Made new investments (e.g. stock market, home renovation, etc.)	6%

Legend:
- Adapting to inflation
- Macroeconomic changes
- Personal life changes
- Work life / financial changes

Adaptation to inflation has driven a variety of shopper behaviors

Large proportions are turning to more substitutes and more price research.

% Agreeing with 2023 shopping behavior changes
For each of the following, select the choice that best represents your feelings; % selecting 4-5 on a 1-5 agreement scale.

I am doing more research now than I did previously to find out which store has the best prices for things I need	56%
I am doing more research now than I did previously to see if there will be a large price difference buying something online vs. going to the store for it	55%
Compared to last year, I am now more often shopping for off-brand / knock off products instead of the brand-name version	50%
Compared to last year, I am more willing to buy things online (even if normally I would go in-person for those items)	47%
I am now more often looking to see the price difference of buying food directly from a restaurant / store vs. using a service like DoorDash, Uber Eats, Instacart, etc.	45%
Compared to last year, I am more willing to buy things in-person (even if normally I would go online for those items)	42%
Compared to last year, I am now more often shopping for second-hand / used products instead of new ones	41%

But let's have proper context – total spending has held more steady than what shoppers claim

For a Retail average, both transaction volume and average spend per transaction are holding near flat year-over-year, with Txn volume actually seeing upward momentum as inflation cools down.

Retail Spend Drivers: Year-over-Year Trends

US National; Transactions based on combination of 20+ Retail Sectors (excludes cash)

Average $ per Transaction

Transaction Volume
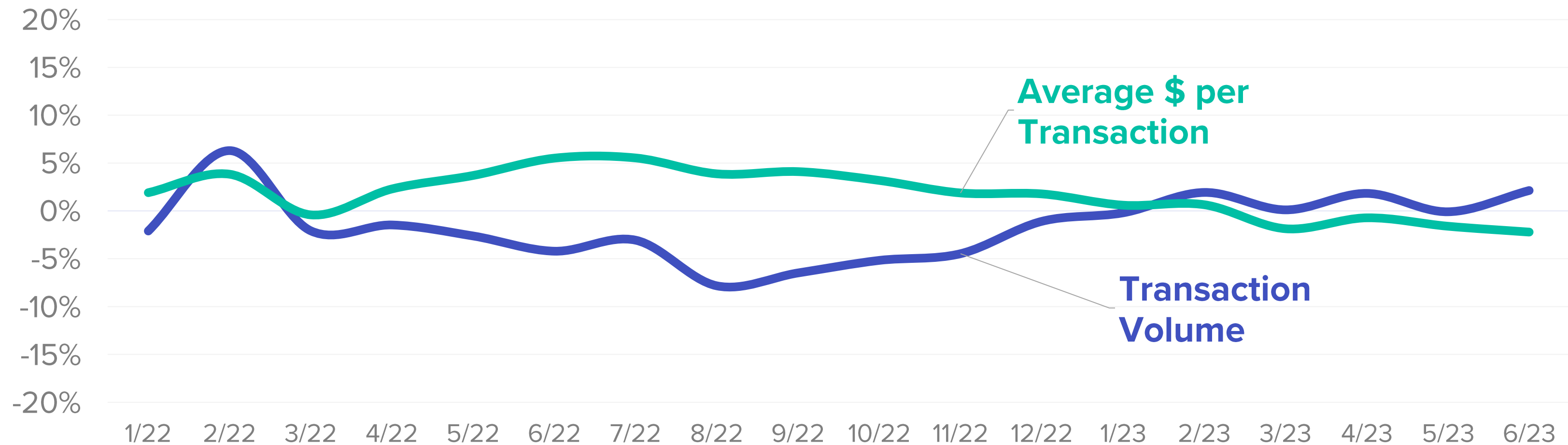
The nuances are in where - household essentials have sustained better than specialty retail

Consumers continue to prioritize the "need-to-haves" like food and household goods, over the "nice-to-haves" for leisure or products that can wait to be replaced.

Year-over-Year Panel Sales Trends by Retail Category

US National; Select Retail Categories; Relative % Change Year-over-Year Average for Jan-Jun Monthly

Category	Value		Category	Value
E-Com Only (e.g. Amazon)	+6%		Sporting Goods	-3%
Supermarket	+6%		Home Improvement	-4%
Club	+5%		C-Store (incl. gas)	-10%
Dollar	+4%		Furniture	-14%
Electronics	+3%		Apparel	-17%
Mass	+2%		Office Supplies	-18%
Drug	+1%			
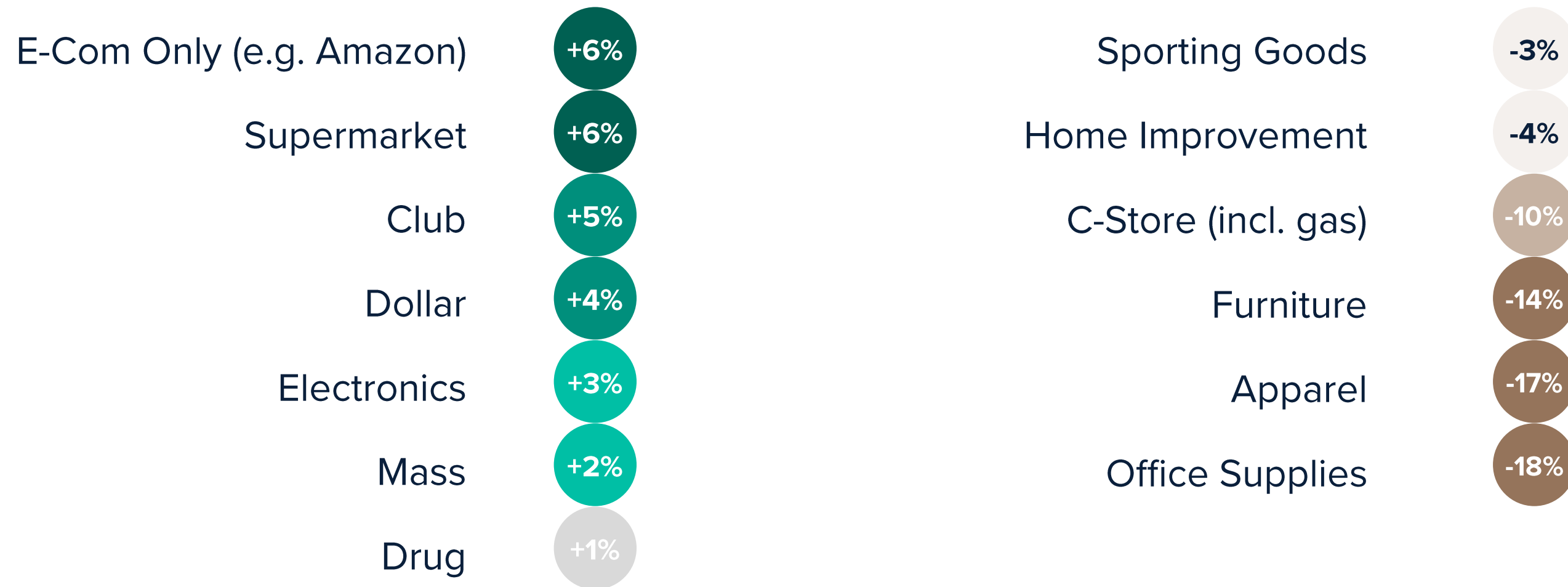
Consumers continue to shop at Amazon more and more, a continuing trend

Prime Day 2023 outperformed the equivalent period in 2022.

Amazon: Panel Sales by Week

US National; Index (100 = on par with week beginning 8/2/21)

> The Week of Prime Day outperformed the preceding 8 week average by 43% and the prior year's week (when Prime Day '22 occurred) by 12%

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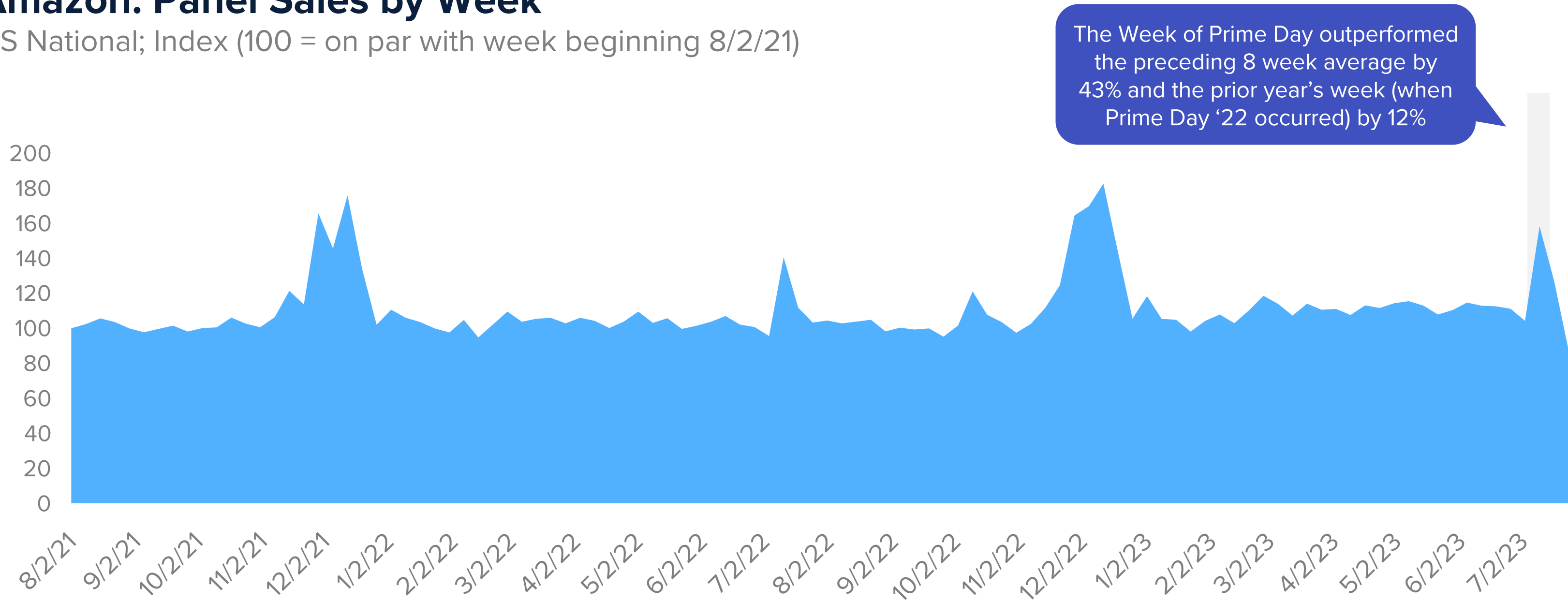
Lower income spending differently than higher income for some retail categories

Relatively higher income consumers haven't further increased spend on Club as much as others, but also haven't cut back as much on the "nice-to-haves" like Sporting Goods or Office Supplies.

Retail Panel Sales Change by Household Income
US National; Select Retail Categories Shown; Relative % Change vs. Month in Prior Year

Club | **Sporting Goods** | **Office Supplies**

Legend: <$40k | $40-60k | >$60k-80k | >$80k
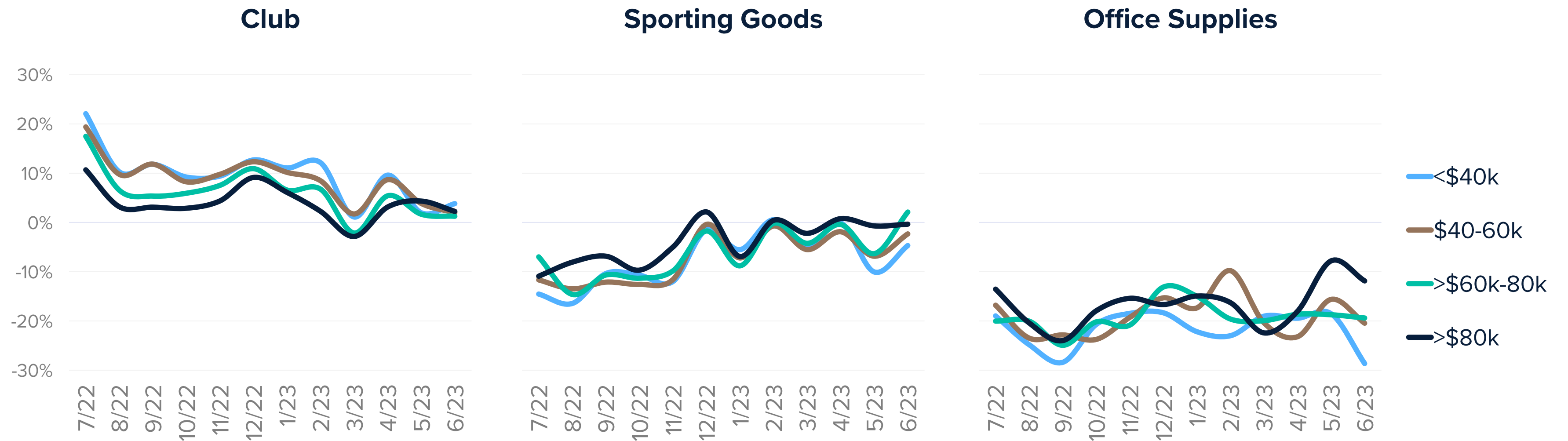
The share of stomach battle hasn't moved in favor of grocery (yet), despite claims of restaurant cutbacks

Proportions of spend going toward restaurant vs. grocery are within a percentage point of where they were in '21, and are still more toward restaurant than in '19.

Share of Wallet: Restaurant vs. Grocery

US National; % of Panel Sales on Categories, by Month

Grocery

Includes Supermarket, Mass, Drug, Dollar, Club, C-Store, and Grocery-focused 3PO Platforms

Restaurant

Includes Limited and Full Service Chains plus Restaurant-focused 3PO platforms
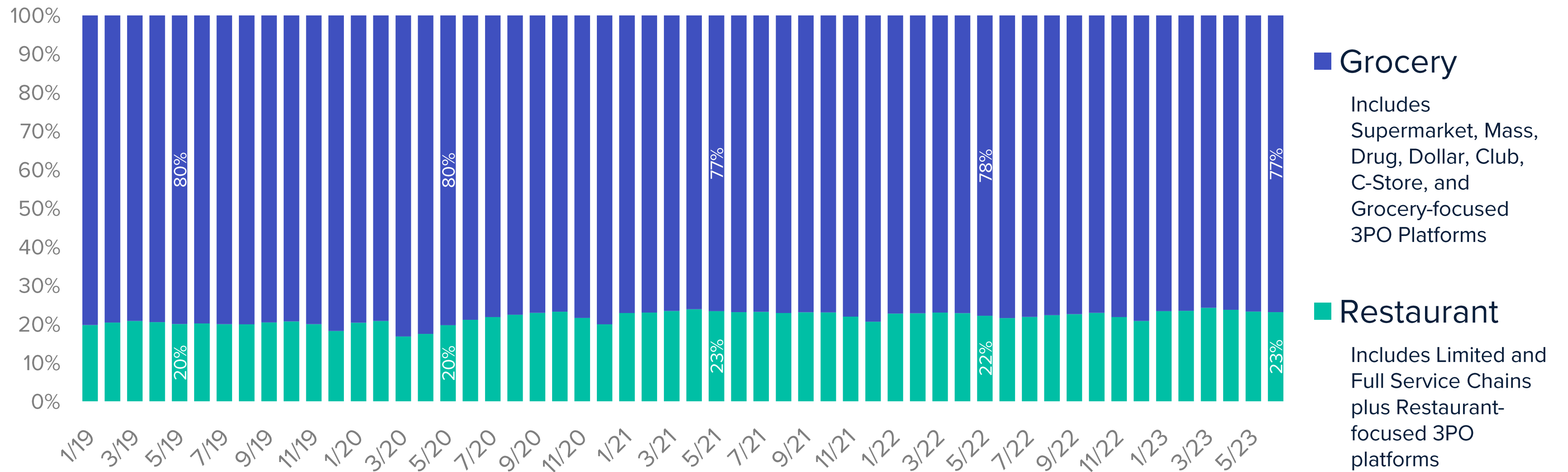
The restaurant market is surprisingly stable too - seeing way less volatility brand-by-brand compared to '21 and '22

A much smaller proportion of the top 100 restaurants (by 2023 sales to-date) are seeing swings in sales year-over-year outside of a + / - 10% range.

Top 100 Restaurants: Year-over-Year Panel Sales Change
US National; relative % change in time period vs. equivalent period in prior year

Jan-Jun
2021

Jan-Jun
2022

Jan-Jun
2023

-60%   -40%   -20%   0%   20%   40%   60%   80%   100% or higher

Based on Sense360 Credit / Debit Transaction Panel of 5M+ US Consumers
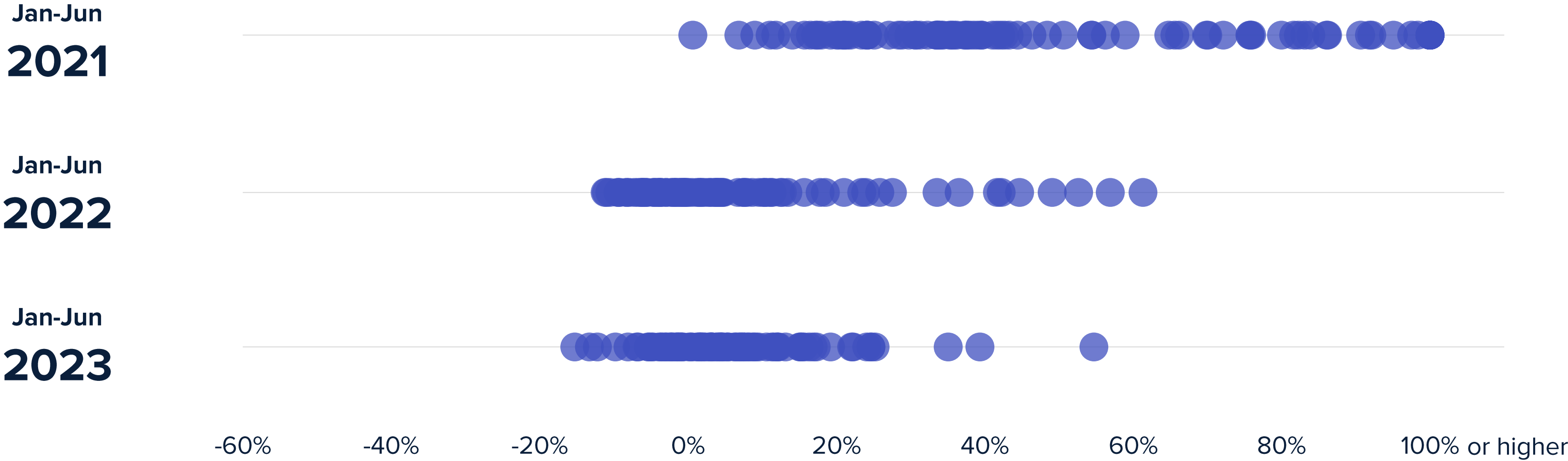
Year-over-Year Panel Sales Change: Restaurant Categories

US National; Relative % Change Monthly Average Jan – Jun '23 vs. '22

Category	Change
Quick Service	+9%
Fast Casual	+8%
Frozen Desserts	+5%
Family Dining	+3%
Casual Dining	+2%
Pizza	-1%
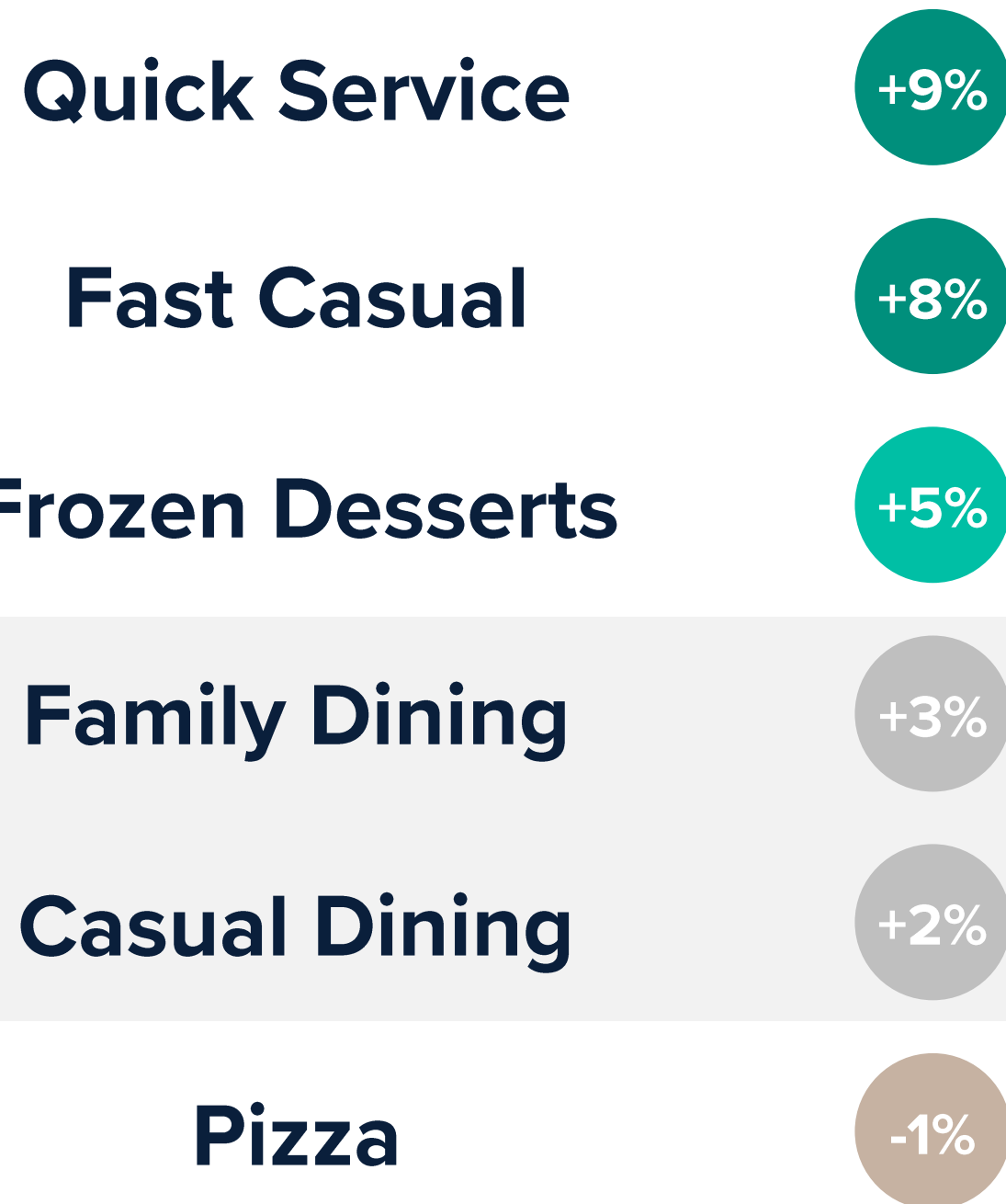
Limited Service Restaurants are generally outperforming Full Service, reflective of consumer trade-downs

Pizza may be feeling the pain of delivery labor shortages, trend reversion after success in the pandemic, and sticker shock for a menu that caters more to larger party sizes instead of individuals.

Based on Sense360 Credit / Debit Transaction Panel of 5M+ US Consumers. Excludes travel aggregators

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Despite persistent inflation and labor shortage narratives, average NPS score has been unchanged year-over-year for both limited service and full service restaurants

Net Promoter Score (NPS) by Quarter, Restaurant Category Averages
US National; Likelihood to Recommend (0-10 scale) proportion selecting 9-10 minus proportion selecting 0-6

29 Full Service Restaurants

22 Limited Service Restaurants
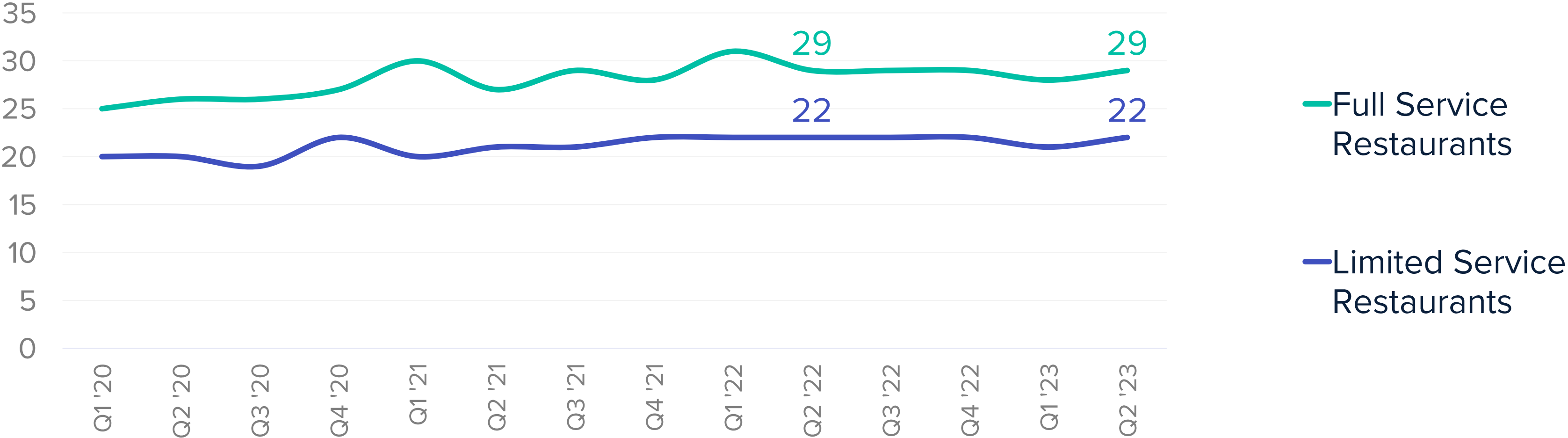
Brand Perceptions are far more consistent and unchanged than what was the case last year. Far fewer attributes have 2+ percentage point movements

Limited Service Restaurant Average Ratings by Attribute: Year-over-Year Change

US National; percentage point change in time period vs. equivalent period in prior year

"is affordable" change in 2022 (only attribute trending down)

Q2 '22 vs. '21

-4ppt -3ppt -2ppt -1ppt 0ppt 1ppt 2ppt 3ppt 4ppt

"is affordable" trend unchanged in 2023

Q2 '23 vs. '22

-4ppt -3ppt -2ppt -1ppt 0ppt 1ppt 2ppt 3ppt 4ppt
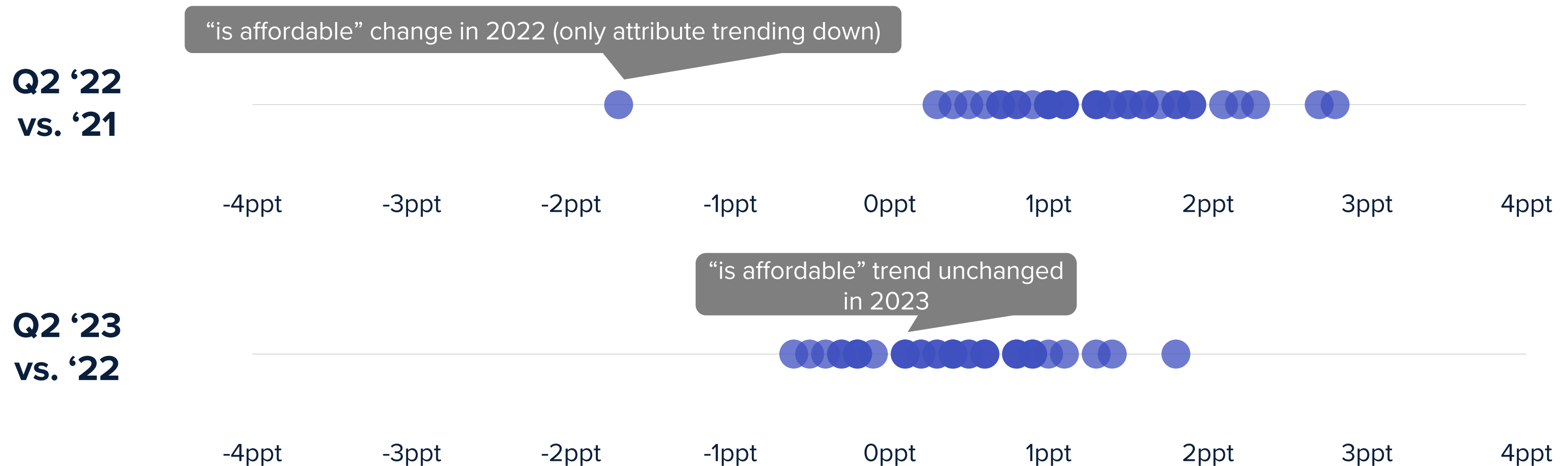
Year-over-Year Panel Sales Change: Travel / Hospitality

US National; Relative % Change Monthly Average Jan – Jun '23 vs. '22

Cruises   +72%

Airlines   +1%

Hotels   -3%
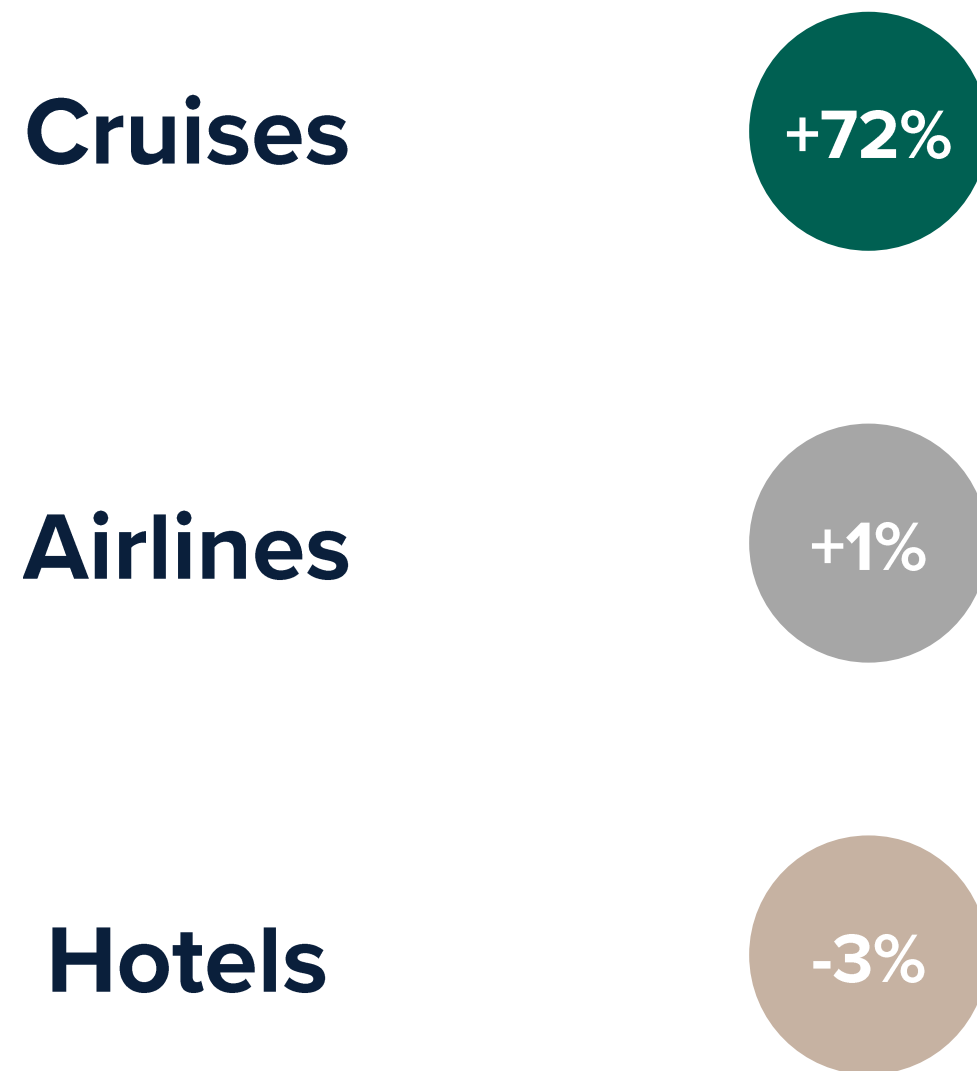
What about Travel?

Airline and Hotel travel spend is roughly flat, despite consumer claims of cutbacks

Cruises, though a small part of the total industry, continue to recover from pandemic lows and are far up in '23 vs. '22.

Based on Sense360 Credit / Debit Transaction Panel of 5M+ US Consumers. Excludes travel aggregators

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Many American still are, or will be, traveling in 2023. But they're trying to do it more frugally

Travel in 2023

% responding yes; among travelers, % citing ways travel will differ from prior years

"Do you expect to, or have you already had, a travel vacation at any point in 2023?"

48%
Yes
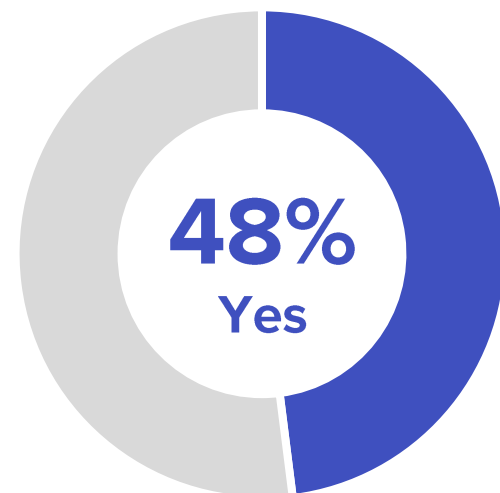
What do you expect will make, or has made, 2023 travel different from 2022, if anything?

Top 3 differences, out of 11 choices:

I will be planning a trip that will cost less money than what I would normally spend — **23%**

I will be traveling for a shorter number of days than what I normally would do — **22%**

I will be staying in a different type of accommodation (e.g. hotel, Airbnb, friend / family home) than what we normally do — **21%**

As of a summer early pulse, holiday travel is expected to be *slightly* higher than '22 levels

Holiday travel last year vs. planned this year

Which best describes how you spent December holidays (e.g. Christmas, Hanukkah, etc.) in '22? / will spend in '23?

	How people spent 2022 Holidays	2023 Holiday expectations	change
Host in own home	37%	36%	**-1ppt**
Someone else's home nearby	24%	24%	0ppt
Did not celebrate	13%	11%	**-2ppt**
Traveled by car to another city	16%	16%	**+1ppt**
Traveled by plane to another city	6%	8%	**+2ppt**
Traveled by train/bus to another city	4%	5%	**+1ppt**
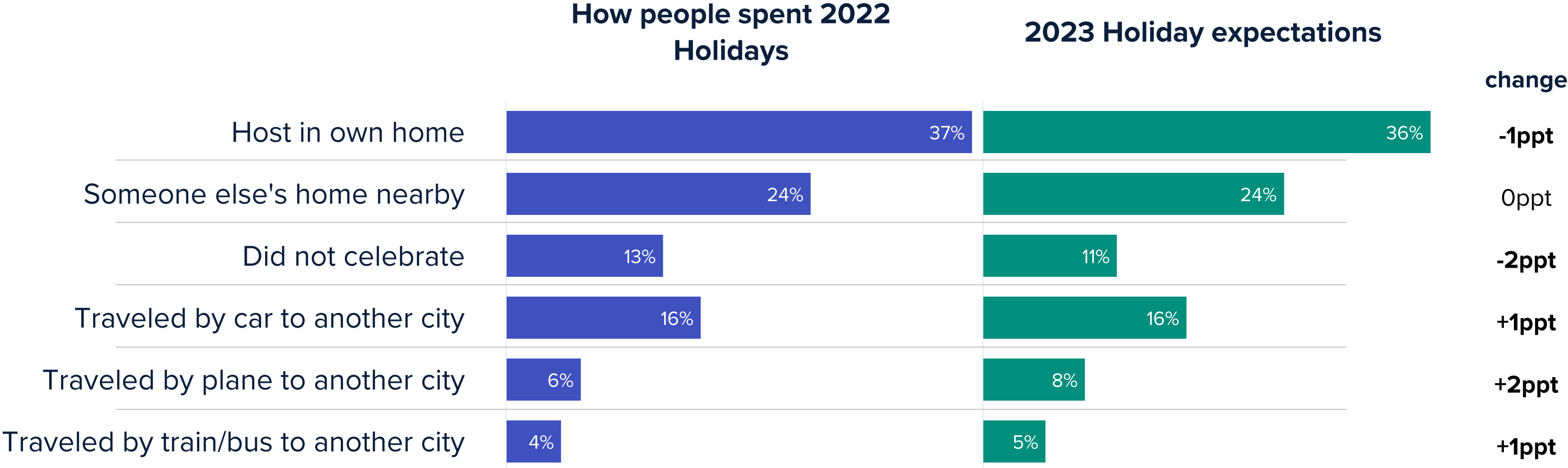
How Shopping is Done in 2023

A sizeable minority of the population is showing how fintech / payment trends are affecting their behavior

2023 Banking / Payments Behaviors

For each of the following statements, select what best applies to you. % selecting "True"

"Flexibility of **payment options** (e.g. digital wallets, buy now pay later, etc.) has caused me to **choose one store over other** this year"

34%
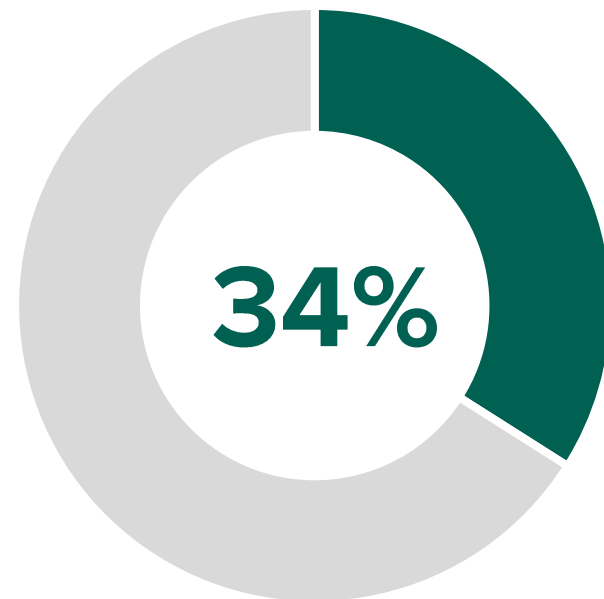
"This year, I have **moved money** into an account that pays me a **better interest rate**"

29%
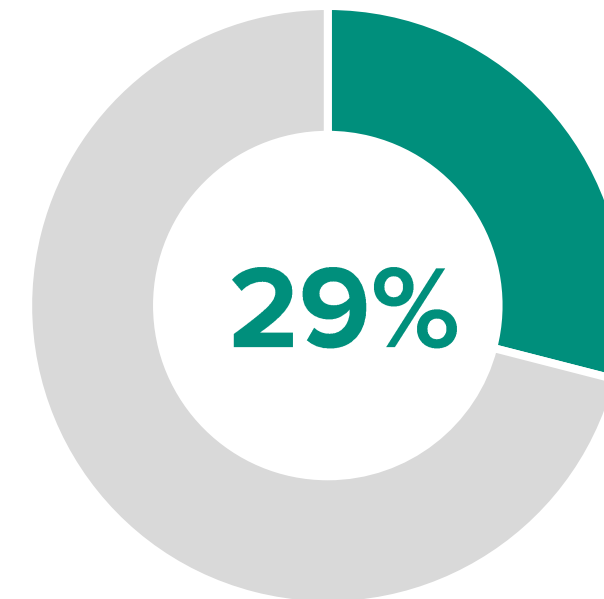
Buy Now, Pay Later continues to grow in use, though not at its astronomical pace in '20-'21

Leading platforms like Klarna and Afterpay still are holding on to a more than tenfold growth level vs. four years ago.

Spend on select BNPL Platforms

Indexed Sales by Quarter (100 = On par with Afterpay in Jan 2019)

Klarna

Afterpay

These two platforms combine to have **+19%** growth vs. June '22 and **+1700%** growth vs. June '19

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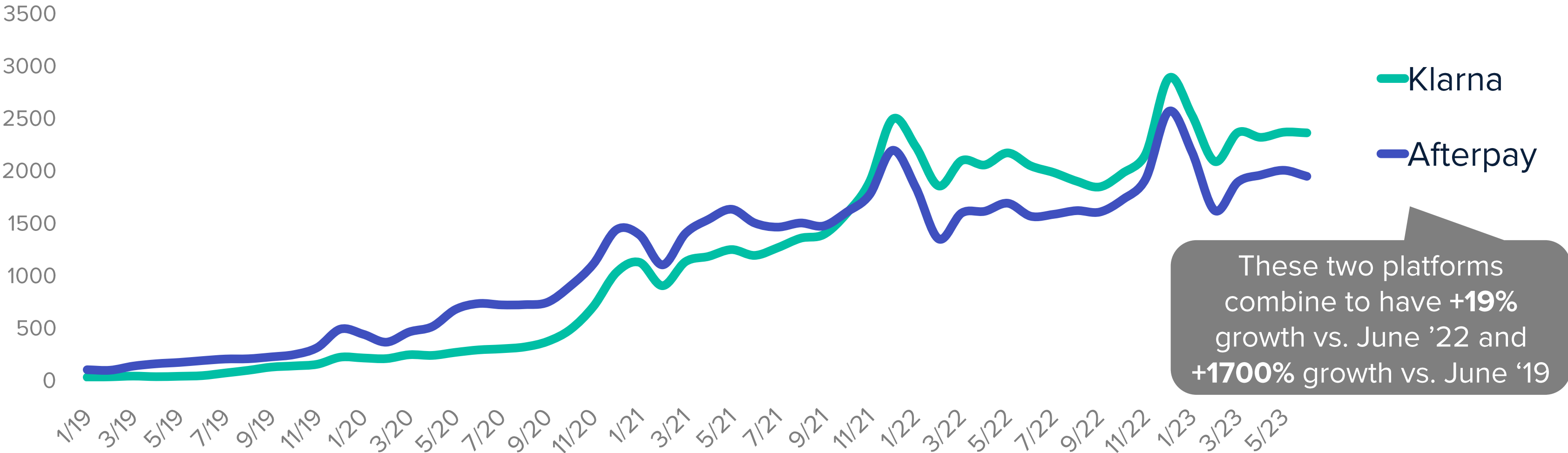
Omnichannel paths are still common for big retail events

For many retail categories, barely more than half of shoppers will have a solely in-person journey on events like Black Friday or Cyber Monday.

Likely shopper journey paths for BF / CM shopping, by product type

For the types of items you expect to shop for on Black Friday / Cyber Monday this year, how do you think you will shop for each of them? Select the choice that best applies

Legend:
- Browse and buy in-store
- Browse online and buy in-store
- Browse and buy online for in-store / curbside pickup
- Browse in-store and buy online for delivery
- Browse and buy online for delivery
- Other

Categories (top to bottom):
Gift cards, Jewelry, Food / beverage, Personal goods, Clothing / apparel, Home appliances / tools, Toys, Sporting / fitness equipment, Electronics, Entertainment content, Automobile, Other category not listed here, Events / experiences, Subscription services, Travel

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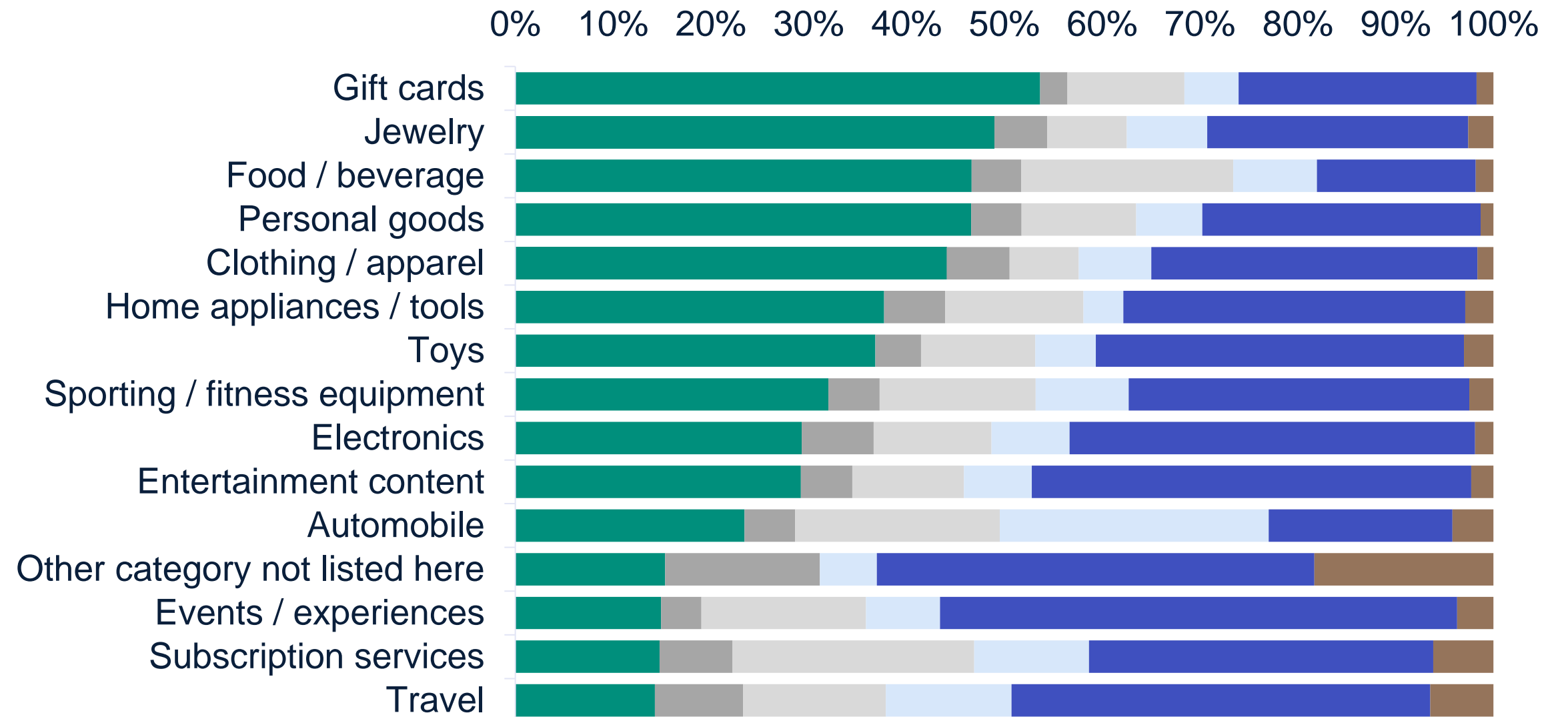
Digital purchase adoption still growing, but slowly compared to last year

For examples retailers below, the proportion of spend coming through their digital channels (vs. in-person) continues to grow above 2019 levels but is behind temporary heights in 2020 due to COVID.

Proportion of Spend from Digital Channels, Select Retailers

% of First-Party (non-Third Party Delivery) Spend through Digital Channels (e.g. App, Website, etc.) and not In-Person at Point of Sale. Excludes Cash.
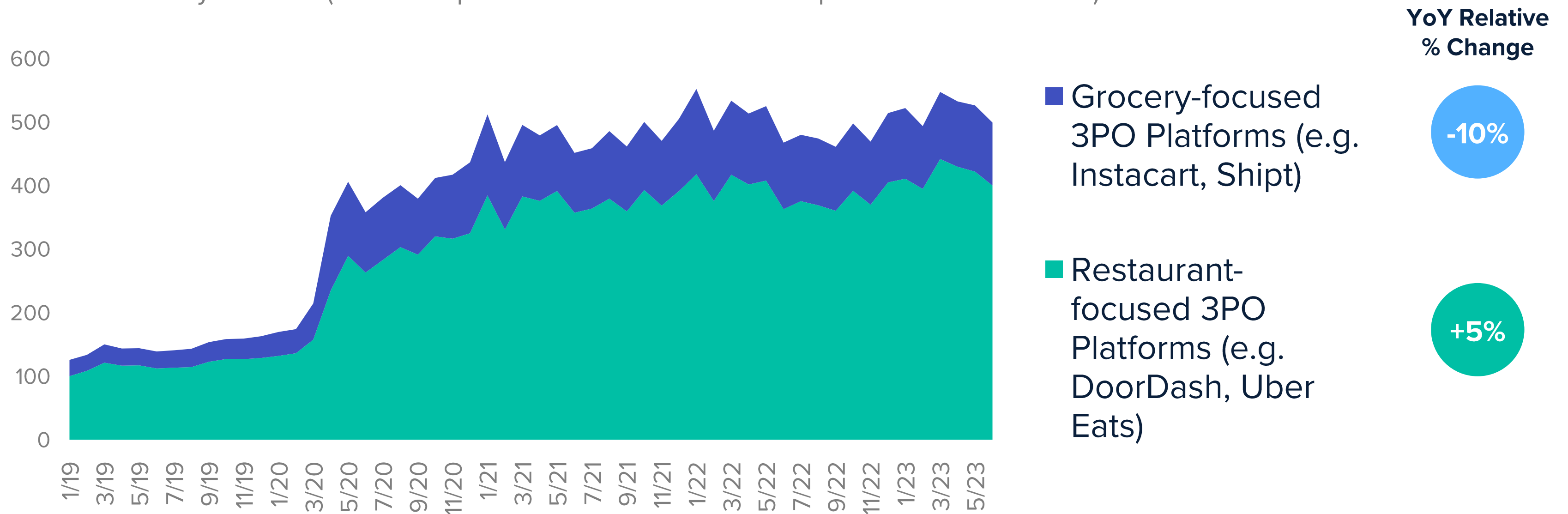

YoY Relative % Change

- Best Buy **+2%**
- Target **+1%**
- Bass Pro **+3%**

Based on Sense360 Credit / Debit Transaction Panel of 5M+ US Consumers (non-standard, custom metric subject to restatement)

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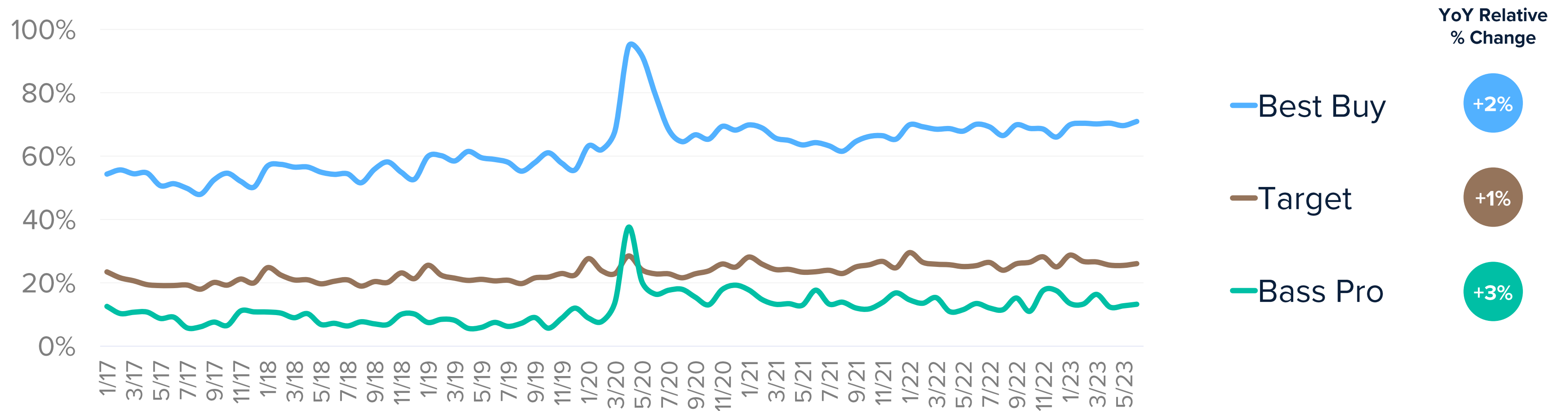
Food ordering is still holding steady despite consumers saying they're cutting back

Total spend on 3rd parties is close its highest levels ever (even including pandemic heights). Restaurant-focused platforms are faring better than grocery ones.

Spend on Food / Bev 3rd Party Ordering Platforms

Indexed Sales by Quarter (100 = On par with restaurant-focused platforms in Jan 2019)

YoY Relative % Change

- Grocery-focused 3PO Platforms (e.g. Instacart, Shipt) — **-10%**
- Restaurant-focused 3PO Platforms (e.g. DoorDash, Uber Eats) — **+5%**

Smaller party sizes for food ordering have remained

The average order was for a larger number of people in 2020-2021 (likely due to more sheltering at home), but this trend has returned to pre-pandemic values.

Party size of food delivery order: % for 1-2 people

For how many people was that most recent order?

58%

58%

56%

46%

1P Phone: 53%
1P Digital: 53%
3P Digital: 62%

Q1 2019   Q3 2021   Q3 2022   Q2 2023
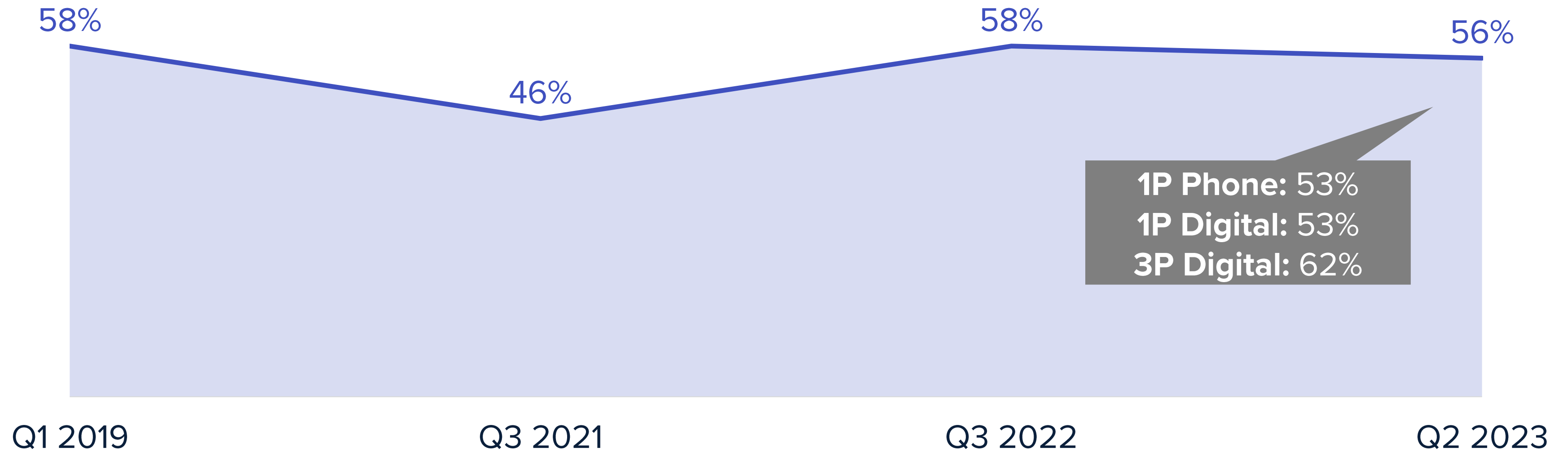
Quick to-go / pickup orders are slightly shrinking as a % of limited service restaurant visits

They make up 7 fewer percentage points of restaurant visits than they did in Q2 2020 at the height of COVID social distancing.

Quick Service / Fast Casual Restaurant Visits: % 20 Minutes or Under

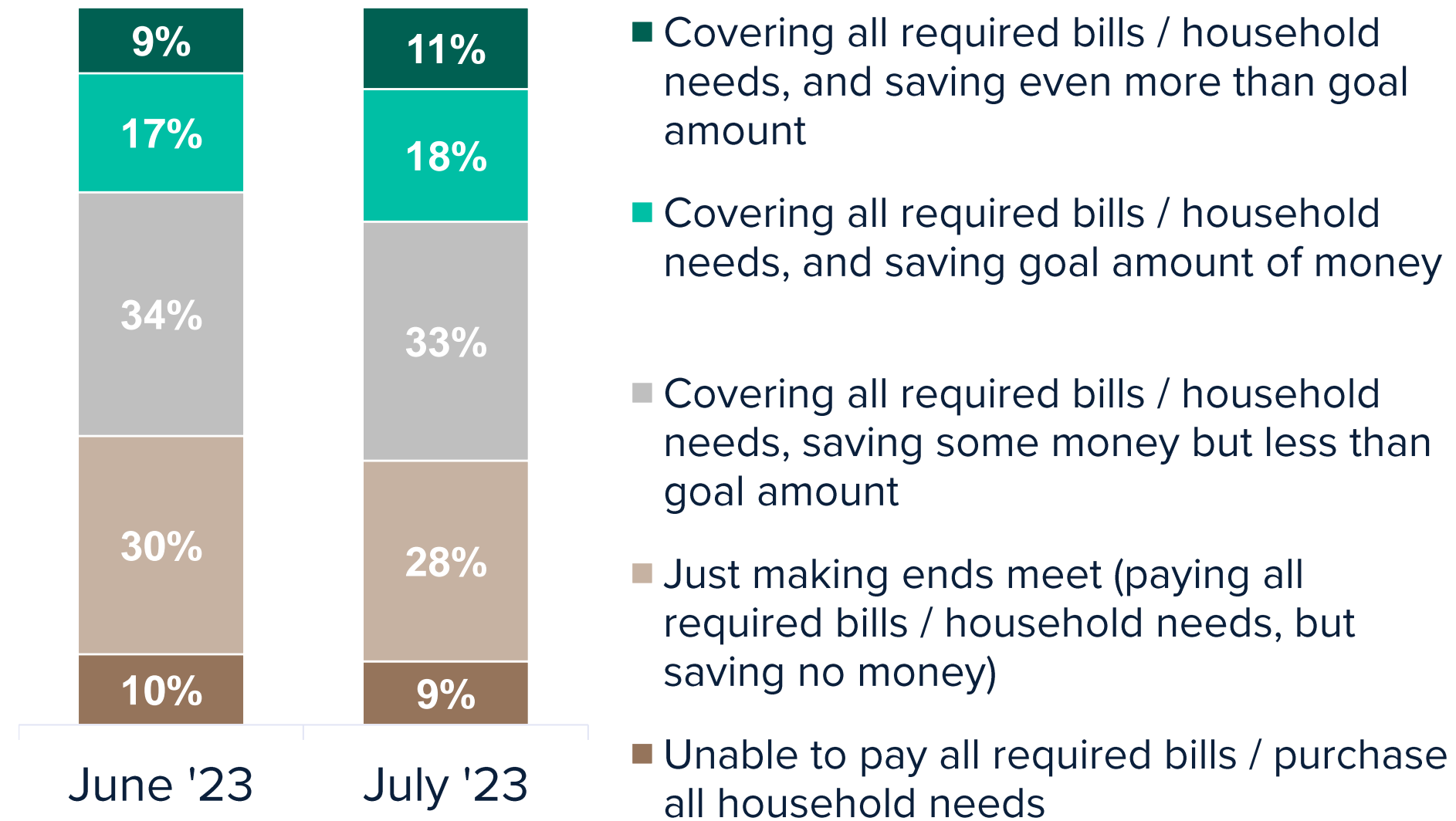Distribution of visits based on time duration (in-person restaurant visits only, excluding delivery)

74% — Q2 2020
68% — Q2 2021
70% — Q2 2022
67% — Q2 2023
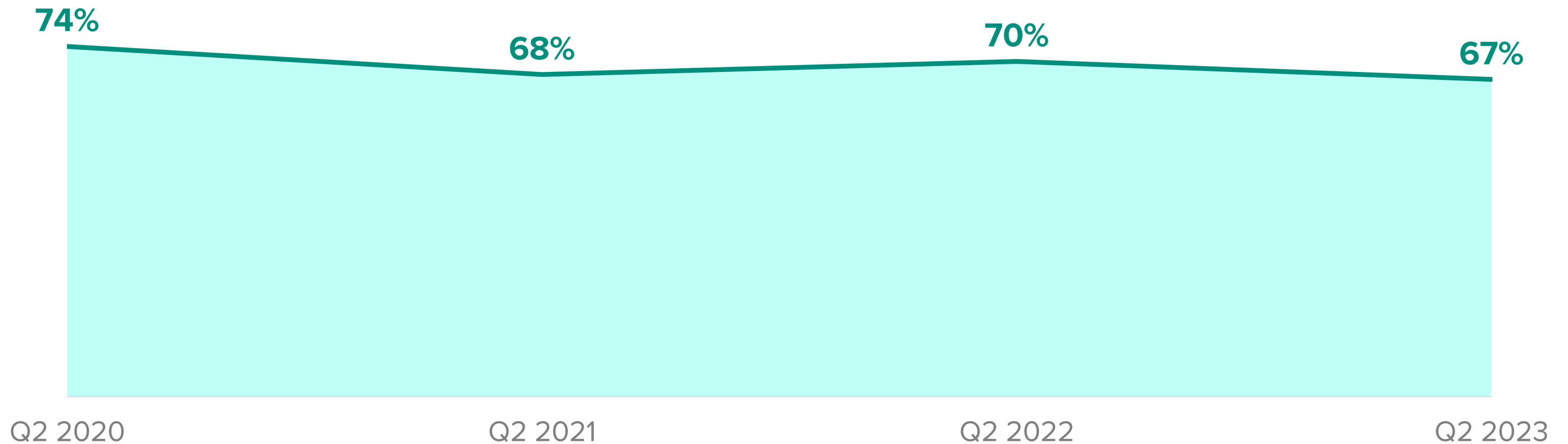
Future Outlook on Consumer Spending

Many households are struggling financially, but it doesn't seem to be getting worse over time

## Which of the following best describes the financial status of your household?
% of Respondents

- Covering all required bills / household needs, and saving even more than goal amount
- Covering all required bills / household needs, and saving goal amount of money
- Covering all required bills / household needs, saving some money but less than goal amount
- Just making ends meet (paying all required bills / household needs, but saving no money)
- Unable to pay all required bills / purchase all household needs

Grouped: "Just making ends meet" or "Unable to pay required bills"
Trend by month, starting August '22

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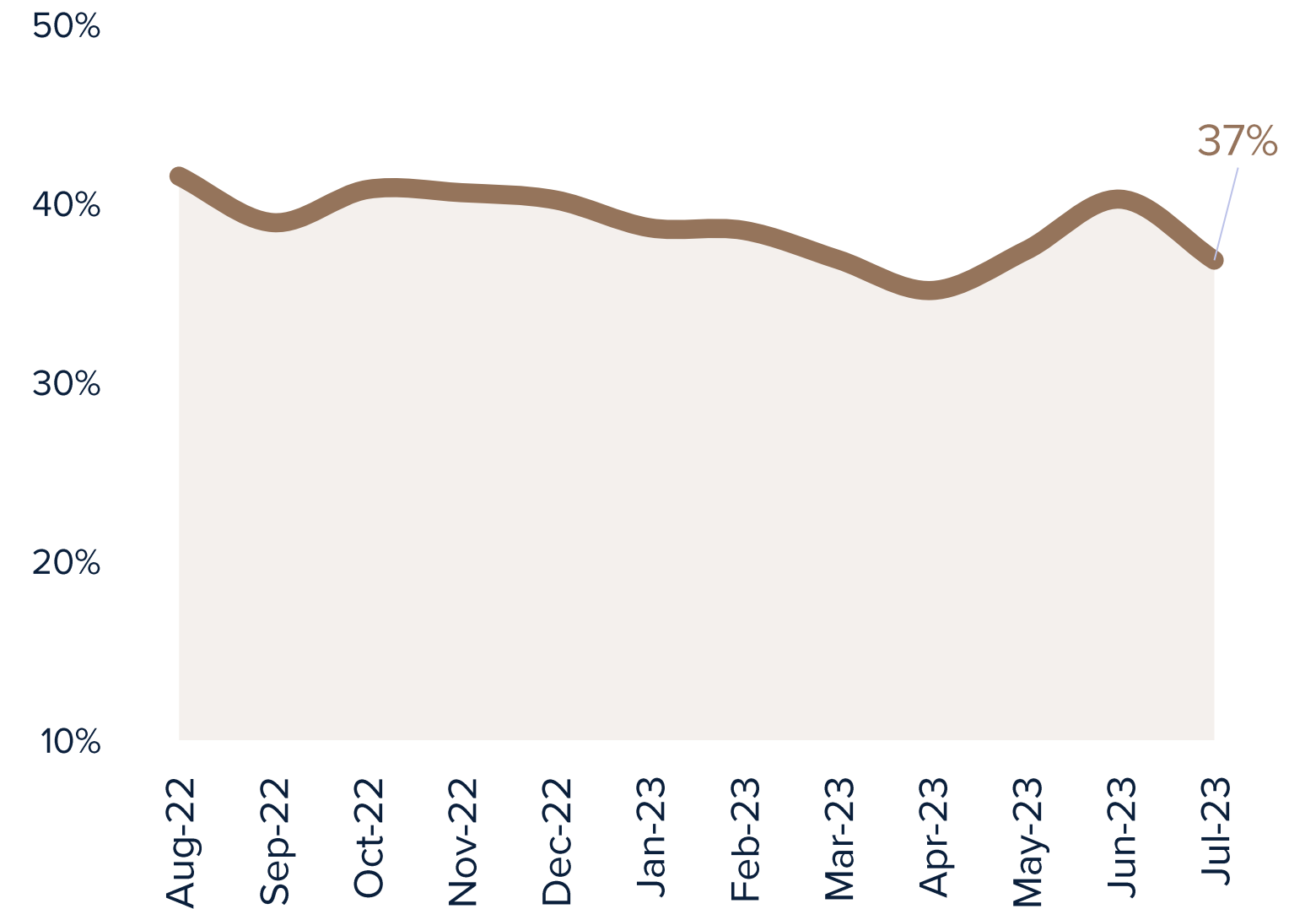
People have concerns over the economy itself...

1 in 5 rate their level of concern as the highest possible, while under 1 in 10 rate their feelings as the most optimistic.

Feelings on state of economy by end of 2023

How do you feel about the future state of the economy by the end of this year (2023)? 0 = very concerned, 10 = very positive / optimistic.

Bar chart:
- 0 - very concerned: 21%
- 1: 5%
- 2: 8%
- 3: 10%
- 4: 9%
- 5: 15%
- 6: 7%
- 7: 9%
- 8: 5%
- 9: 2%
- 10 - very positive / optimistic: 8%
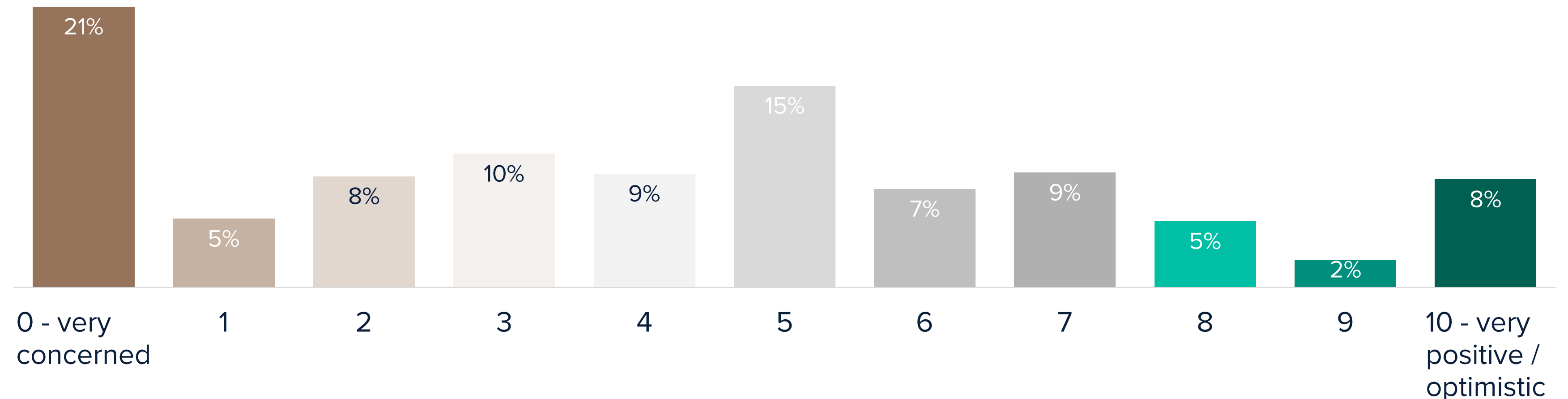
...but are still personally optimistic about their finances by the end of '23

Expectations, whether hopeful or backed by a plan, are more likely to have boosted savings and lower debt compared to vice versa.

By end of '23: expected savings

What best describes the amount of money you expect to have in your savings by the end of 2023, compared to now?

Less than now **25%**

The same as now **44%**

More than now **31%**

+5ppt savings
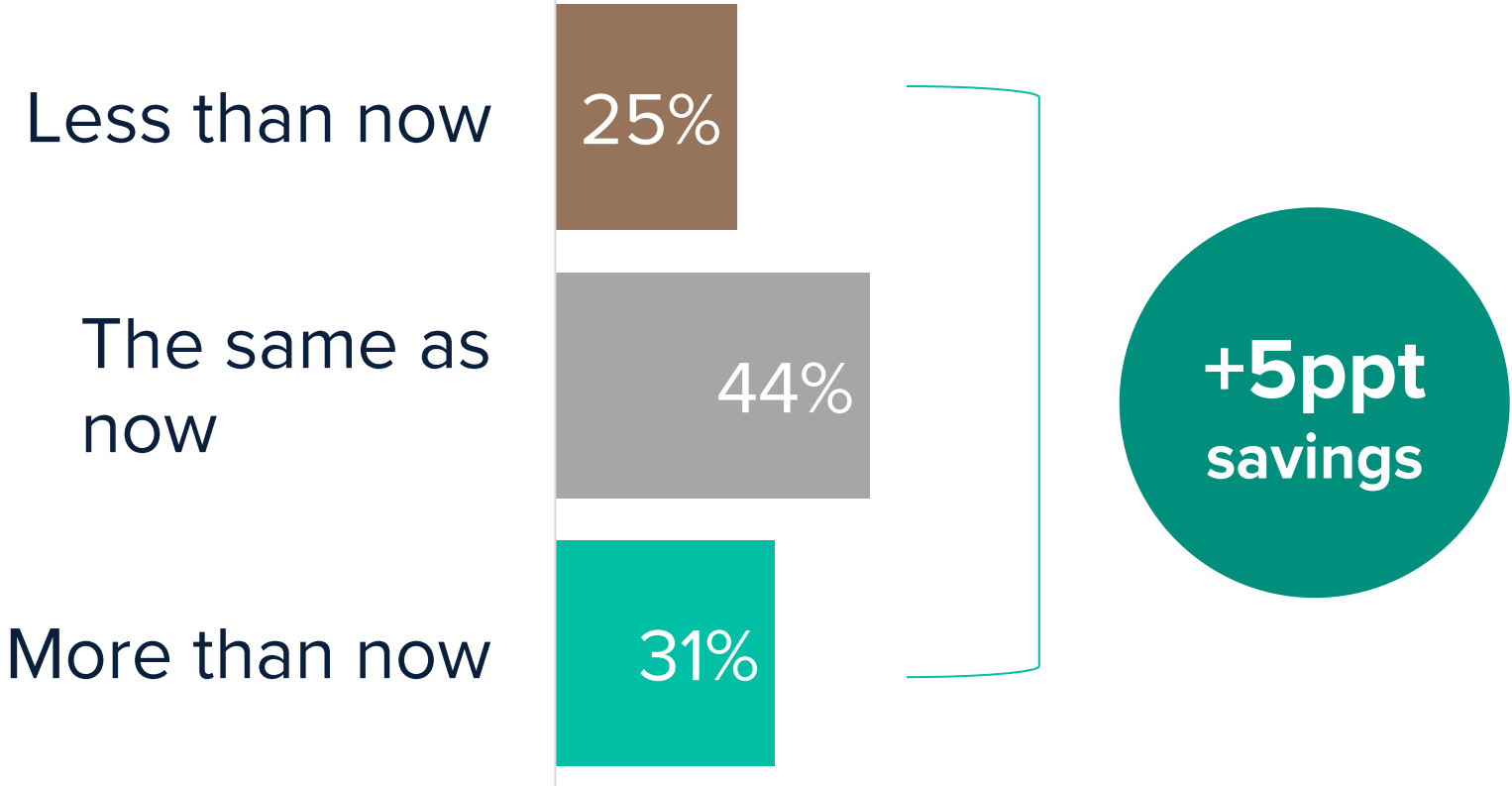
By end of '23: expected debt

What best describes the amount of outstanding debt you expect have by the end of 2023 (e.g. credit card debt, loans not yet paid off, etc.), compared to now?

Less than now **33%**

The same as now **48%**

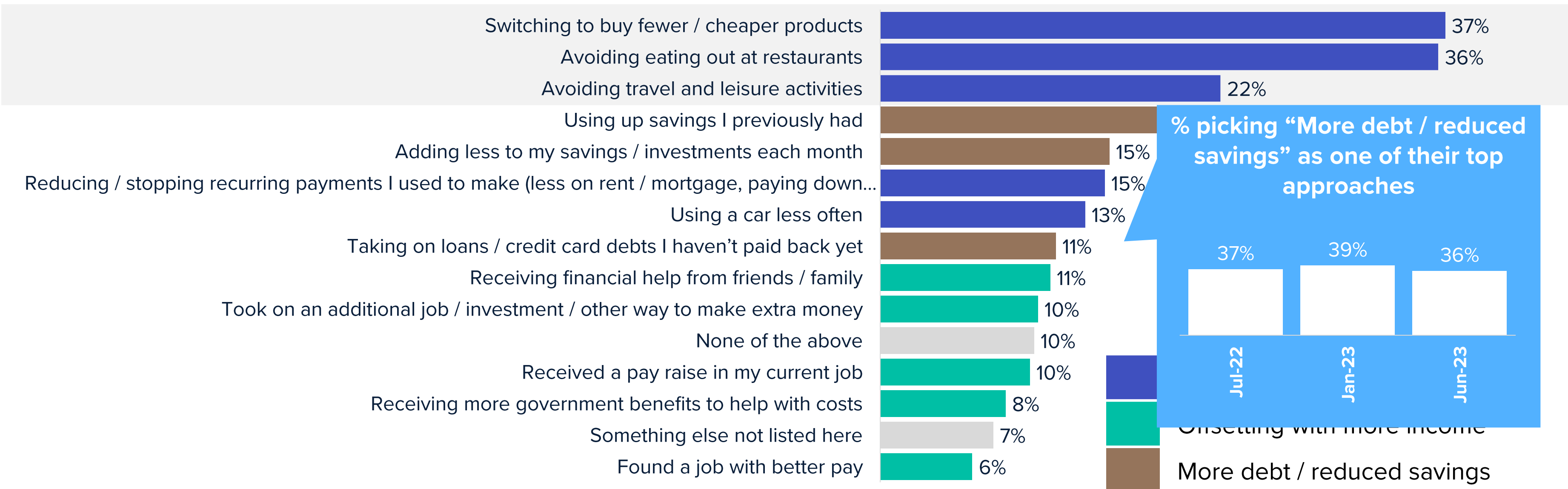More than now **19%**

-14ppt debt
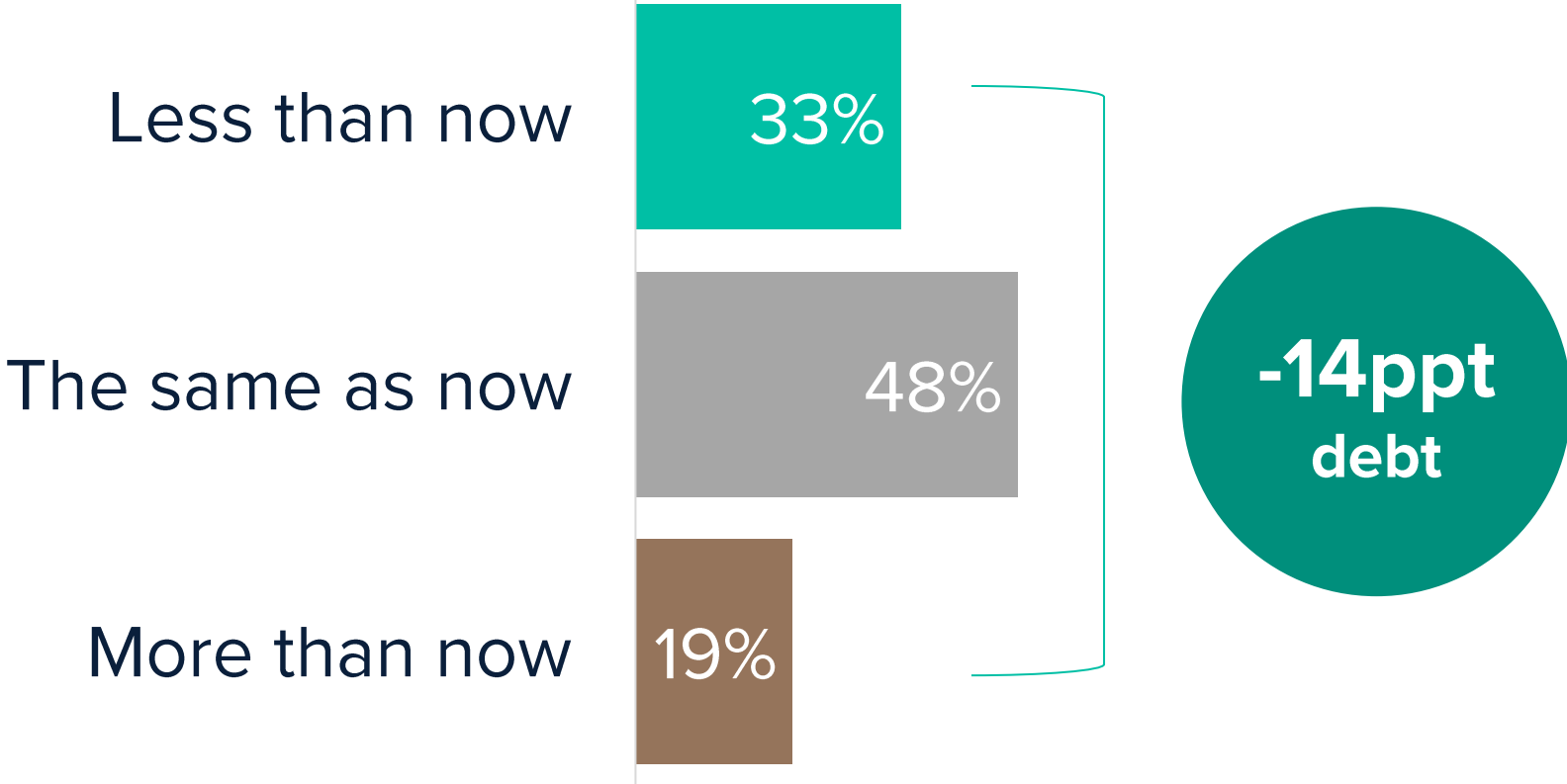
And unsustainable debt / reduced savings, though present for some, isn't a growing habit

How consumers say they are adapting to the challenges of inflation
Which of the following most describes how you personally have handled price increases over the past year?
Max 3 choices selected.

Response	%
Switching to buy fewer / cheaper products	37%
Avoiding eating out at restaurants	36%
Avoiding travel and leisure activities	22%
Using up savings I previously had	
Adding less to my savings / investments each month	15%
Reducing / stopping recurring payments I used to make (less on rent / mortgage, paying down…	15%
Using a car less often	13%
Taking on loans / credit card debts I haven't paid back yet	11%
Receiving financial help from friends / family	11%
Took on an additional job / investment / other way to make extra money	10%
None of the above	10%
Received a pay raise in my current job	10%
Receiving more government benefits to help with costs	8%
Something else not listed here	7%
Found a job with better pay	6%

% picking "More debt / reduced savings" as one of their top approaches

Jul-22	Jan-23	Jun-23
37%	39%	36%

Offsetting with more income

More debt / reduced savings

Recap

The Biggest Consumer Trends of 2023 (So Far)

- Major themes for consumer behavior of 2023 (so far) can be first analyzed with the context of how lifestyles and households have evolved over the past year. In this area, some of the biggest trends include slight, but noticeable, changes in the form of more often going back to the workplace instead of working from home, and more often turning to at-home forms of leisure / content viewing (especially the ever growing time spent on social media platforms like TikTok).

- The resulting effects have been said by consumers to be changes to how they discover new products, and also reduced focus on things like exercise / healthy eating habits as both increased mobility for work commutes and reduced COVID concerns are playing a role.

- The other obvious major factor in consumer behavior continues to be attention on inflation. Many households still express difficult financial circumstances, but the rate of this is not growing and consumers show optimism about their own financial situations in the future. They also cite increased attention toward paying down debt, but it isn't affecting their stated price sensitivity in the process (nor are a larger % saying they are turning to debt / reducing savings to get by). Still, newer payment methods or money management decisions continue to emerge, with Buy Now Pay Later continuing to grow (but not at as fast a rate as 2020-2022) and about 1 in 3 consumers saying they have moved money to new bank accounts to get paid more interest.

- Despite consumers saying they are further cutting back on non-essential expenses, behavioral data is mixed. Restaurant (vs. Grocery) consumption remains stagnant, as does delivery vs. in-person use and 3rd Party vs. 1st Party ordering platform use. Travel and Hospitality spend is also not in major decline. Consumers, however, have demonstrated for retailers a prioritization of the "need-to-have" essentials from large format stores and a reduction in spend toward the presumed non-essentials like apparel, furniture, office supplies, and sporting goods.

- This more broadly fits the theme of 2023 consumer behavior, which is one of more consistency and stability than the major swings driven in prior years during the pandemic. Nuanced shifts in what categories are winning / losing, and which brands are doing well exist more so than a blanket trend of cutbacks driven by inflation. As the inflation trend has decelerated, and little evidence exists of worsening household ability to spend, subtle shifts and nuanced performance is likely to be the case through the rest of the year.

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Questions?

Contact us at
briefings@medallia.com

Thank You

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