

# More consumers are struggling to keep up

## Article

**The situation:** Economic uncertainty is weighing on a sizable segment of US consumers.

- **Almost two-thirds (65.5%) of adult Gen Z consumers**—people who are 26 and younger—**were living paycheck to paycheck in March**. That's up eight percentage points from a year earlier, [per](#) a survey conducted by LendingClub and Pymnts.com.
- **Personal finances are a major source of stress for 51% of lower-income households in the US**, [per](#) a The Associated Press-NORC Center for Public Affairs Research poll.

- **Americans are carrying more debt than ever before.** Consumer debt hit a record high of \$4.82 trillion in February, [per](#) a new report from the Federal Reserve.

**A tough environment:** Consumers are struggling to keep up as prices continue to rise. The personal consumption expenditures price index excluding food and energy was 4.6% in March, down a tick from February, [per](#) the US Commerce Department.

- While the unemployment rate is at a historically low 3.5%, 74% percent of Gen Z and 62% of millennials are worried about their employment, [per](#) a McKinsey survey conducted in February.
- The economic climate has driven 81% of low-income respondents to change their shopping behaviors. Those shifts include trading down to private label goods, altering the quantity or pack size of what they purchase, and switching retailers to find lower costs.

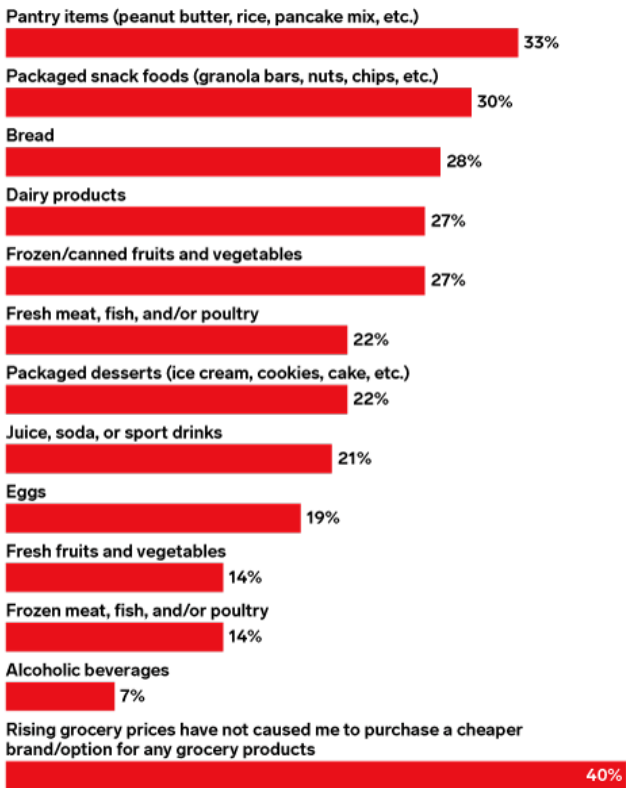
**Finding an opportunity:** Companies can build loyalty (and acquire new customers) by providing ways to help consumers save.

- **Dollar General** is [expanding its selection](#) of private label candy, snack, pet food, perishable, and healthcare offerings to give shoppers more value (and lift margins).
- **Domino's** is revamping its **Piece of the Pie** loyalty program to “add more value and rewards” for both delivery and carryout customers, said CEO **Russell Weiner**, during the company's earnings call. That's important as the company saw its same-store carryout business grow 13.4% year-over-year in Q1 as customers look to save on delivery fees by picking up their orders (it also ran promotions that incentivize customers to carry out their orders by offering a \$3 “tip” they can use on a future purchase).
- **Instacart** [added](#) more discounting and price-centric features, including a “Stores to Help You Save” section that helps consumers find value-driven retailers that offer in-store perks. It also added the ability to apply merchants' loyalty programs via shoppers' Instacart accounts, targeted sale offers based on their previous purchases, and discounts for larger purchases.

**The big takeaway:** Loyalty can quickly wane in the current economic climate if consumers feel they get a better deal elsewhere, which is why retailers that serve lower-income consumers and younger adults should look for ways to demonstrate value.

## US Grocery Buyers Who Purchased a Cheaper Brand/Option due to Rising Grocery Prices, by Product, Sep 2022

% of respondents



Source: "The Insider Intelligence Grocery Survey" conducted in Sep 2022 by Bizrate Insights, Sep 27, 2022

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