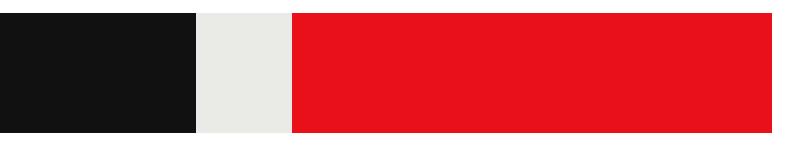
A timeline of how consumers have adjusted to inflation in 5 charts

Article



For almost two years, consumers and businesses have battled the effects of inflation. Let's rewind to see how we got here ... and take a peek at what's ahead.

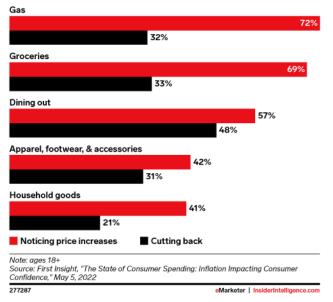
March: Inflation rears its head





US Adults Who Have Noticed the Impact of Inflation vs. Are Adjusting Their Spending in Response, April 2022

% of respondents



Though inflation had been steadily creeping up throughout 2021, it reached a boiling point in March 2022, when the consumer price index hit a 40-year high. Prices would climb again later in the year.

At this point, many consumers began noticing price increases at the store, at the gas pump, and at the dinner table. But in most categories, only about a third (or less) adjusted their spending in response. Still, concerns about the economy began to surface, with over half (57%) of consumers reporting they were worried about whether they would lose their job or income security due to inflation.

May: Starting to feel the burn





Categories in Which US Adults Are Reducing Spending Due to General Rising Prices, May 2022 % of respondents

Dining out				51%
Clothing				47%
Toys, hobbies, gifts				47%
Travel				47%
Entertainment				46%
Food delivery			37%	
Household items			37%	
Home improvement projects			35%	
Gas		33	\$%	
Groceries		30%		
Streaming services/subscriptions		30%		
Personal care items	26%			
Source: CivicScience as cited in company art	ticle, May .	31, 2022		
275838		eN	Aarketer Insid	lerIntelligence.con

By May, consumers began cutting back on discretionary categories like dining out and clothing. But less than a third said they cut back on gas, groceries, or personal care items.

Interestingly, consumers were hesitant to cut down on streaming services/subscriptions, despite the fact that other entertainment options were among the top five categories where spending was reduced.

July: Prime saves the day?





Impact of Inflation on Purchase Decisions for Amazon Prime Day 2022* According to US Digital Buyers

% of respondents

Bought something I've been waiting to buy at a low	ver price	33%
Passed on an item that was a great deal but not a r	ecessity	
		28%
Compared prices from other retailers to find the be	est deal	
	22%	
Stocked up on items that were on sale		
17%		
Didn't buy something I was planning to buy		
13%		
Switched to a different brand		
5%		
Bought a smaller size of something than I normally	would	
5%		
None of the above—it had no influence		
16%		
Note: n=6.065; *July 12-13, 2022		
Source: Numerator, "Amazon Prime Day 2022 Recap Report	," July 25, 2022	
277186	eMarketer Inside	rIntelligence.com

Though inflation had started to cool in July, consumers were still feeling the pressure. Some even started to curb spending on groceries and gas, despite the fact that they were ranked as high spending priorities.

In hopes of drawing shoppers in with deals and discounts, Amazon held its first Prime Day event in July. During the two-day event, which was its biggest yet, a third of consumers reported buying something they have been waiting to purchase at a lower price. Nearly as many (28%), though, passed on an item that was a great deal but not a necessity, another sign consumers buckled down on spending.

Sales from Amazon's second Prime Day event in October were also dampened by rising prices; nearly 80% of shoppers said that inflation impacted their choices.

It wasn't just consumers feeling the pinch. July was the worst month for ad spending since July 2020, declining 12.7% year over year. (Spoiler alert: It hasn't gotten much better.)

August: Getting priorities straight



Recent* Changes in Household Spending According to US Adults, Aug 2022

% of respondents

Spent more on groceries and less on experiences	
	65%
Spent less on experiences, e.g., travel, dining out	
	59%
Started saving more of income, specifically to have	a safety net
	43%
Started saving more of income, specifically for futur 38%	e indulgence
Postponed/skipped a big-ticket product purchase, renovation	e.g., home, car, home
33%	
Canceled online subscription services	
30%	
Canceled streaming subscription services	
29%	
Postponed/skipped needed home/car repairs to say 28%	ve money
Postponed/skipped medical treatment due to cost	
Been unable to afford rent/mortgage payments	
20%	
Gotten a raise	
19%	
Canceled club/gym memberships to save money	
16%	
Lost a job (including getting laid off or furloughed) 14%	
Note: n=1,119 ages 18+; *in the past 6 months Source: Ipsos, "Coronavirus Consumer Tracker," Aug 5, 2022	
277490	eMarketer InsiderIntelligence.com

Rising prices of food, shelter, and medical services drove the consumer price index up again in August, though gas prices started to ease, giving consumers a little reprieve.

Predictably, a majority of consumers reported spending more on groceries and less on experiences. Additionally, 43% of consumers said they began saving more income in order to have a safety net, showing consumers were less than confident about their economic futures.

September: Value above all





Actions US Grocery Buyers Have Taken to Save Money at the Grocery Store, Sep 2022

% of respondents

Purchased items that are on sale more often than	l did before
	59%
Started buying fewer grocery items	
	44%
Used more coupons	
	44%
Switched to a store brand (private label)	
	43%
Switched to a less expensive name brand	
	38%
Began shopping for groceries at a less expensive	store
29%	
Started buying more items in bulk	
28%	
Signed up for a free loyalty program	
20%	
Signed up for a paid membership program (e.g., A	mazon Prime, Costco, or
Walmart+)	
9%	
Note: in the past two months	
Source: "The Insider Intelligence Grocery Survey" conducted Sep 27, 2022	d in Sep 2022 by Bizrate Insights,
278265	eMarketer InsiderIntelligence.com

Though many retailers have suffered from the pullback in consumer spending, some have come out swinging, particularly in the grocery category.

Discount retailers like Dollar General and Dollar Tree have seen an influx of consumers who are looking to get more bang for their grocery buck. Walmart, too, reports that nearly 75% of its grocery share in the third quarter came from households making more than \$100,000 annually.

October and beyond: Cautious optimism

While still high, inflation has begun to level out, but consumers are still holding tight onto their wallets as we enter the holiday season.

When asked how inflation will impact holiday shopping plans, a third of consumers said that it wouldn't change anything, according to TransUnion. For those that are adjusting their spending, most plan to buy fewer gifts with less money, though more practical gifts and cheaper versions of gifts are also ways shoppers will keep costs down.

Recession fears persist among many financial analysts and consumers alike. Even if inflation eases, how long will it take for consumer spending to return to somewhat normal levels?



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