

**ANALYST REPORT** 

## U.S. Consumer Spending Report

Consumers Reshuffle Spending Toward Discretionary Categories

**NOVEMBER 2021** 



#### **ABOUT THIS REPORT**

Morning Consult's monthly U.S. Consumer Spending Report provides a detailed assessment of consumption patterns reported by consumers across a variety of categories of goods and services.

Businesses and investors rely on this report to understand emerging trends in consumer demand and shopping patterns across demographics.

The report draws on Morning Consult Economic Intelligence, a high-frequency, global economic dataset reflecting more than 11,000 daily economic surveys across the 15 largest global economies.



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**SECTION 1** 

## OCTOBER SPENDING SUMMARY

Product shortages and accelerating inflation continued to suppress spending in October, prompting households to reallocate spending toward services and other less vulnerable categories.

Total average spending remained flat in October, but consumers reallocated budgets in favor of discretionary categories. After displaying frugal tendencies during the previous month, U.S. adults reversed course in October, diverting spending away from staple categories such as groceries and increasing purchases in travel categories, apparel, alcohol and restaurant meals.

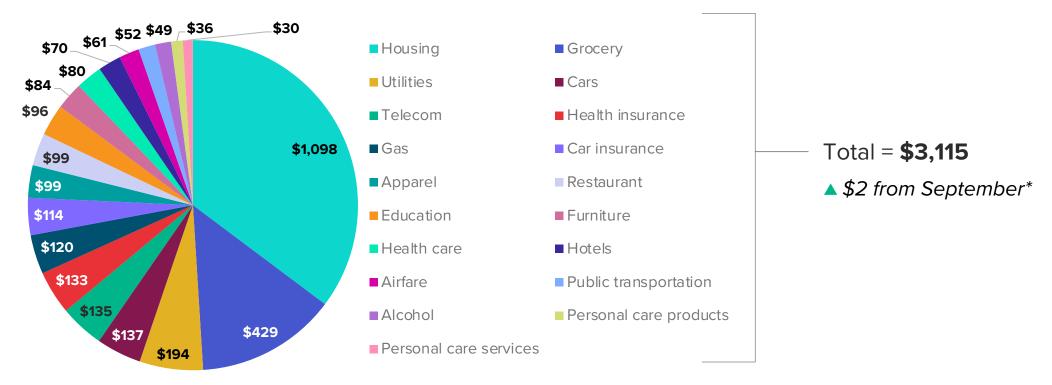
Supply chain disruption persists across multiple categories, potentially driving more spending toward services rather than goods. Categories experiencing the most acute shortages, such as groceries, housing and cars, had some of the most pronounced reductions in spending last month. As certain goods become more expensive and harder to find, more U.S. adults appear to be

forgoing those purchases in favor of more readily available categories. Furthermore, as pandemic concerns ease, a growing share of household spending is likely to be allocated to services.

Consumers say they plan to spend more in November — and improving labor metrics suggest they'll be able to do so. As the holiday season approaches, U.S. adults anticipate their spending will increase over the next month. Last year, consumers said they spent 0.8% more in November than they did in October. While reported monthly income did not increase last month, rising employment and higher wages should facilitate growth in household spending through the end of 2021.

# U.S. adults allocated about 35% of monthly household expenditures to housing in October, and about 14% went toward grocery purchases

#### Average reported spending in October by category, U.S. adults

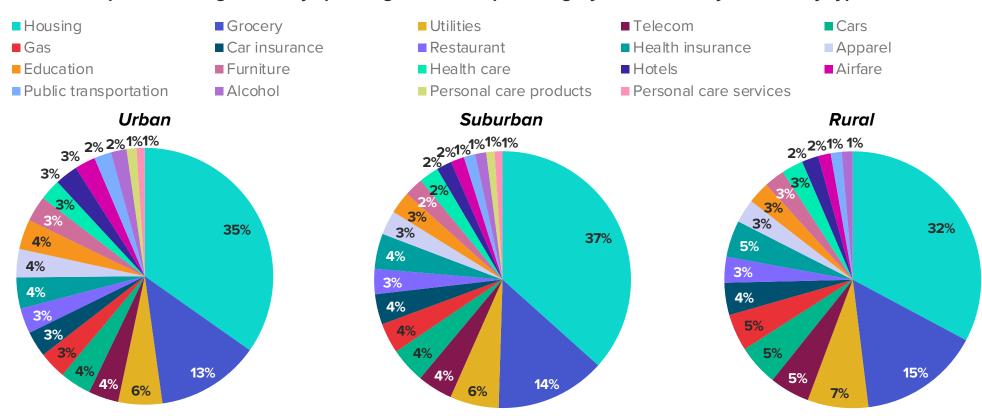


Source: Morning Consult Economic Intelligence

\*Month over month comparison of total spending excludes personal care categories, which were added in October

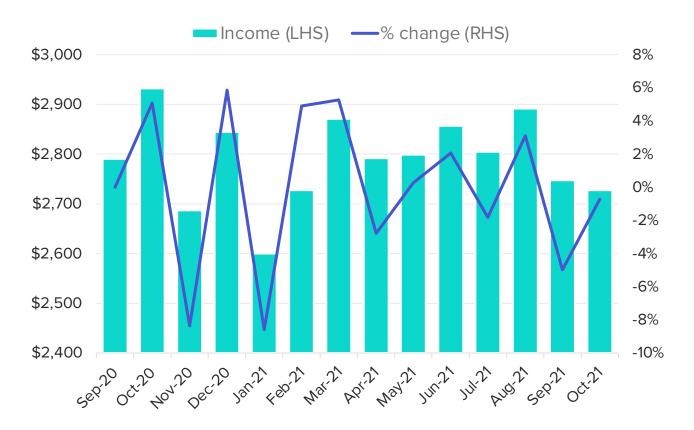
Urban adults spent less on car-related costs than those dwelling outside cities did, while adults living in suburbs allocated a relatively larger share of wallet to housing

#### Reported average monthly spending in October per category, U.S. adults by community type



### Monthly reported income stabilizes in October

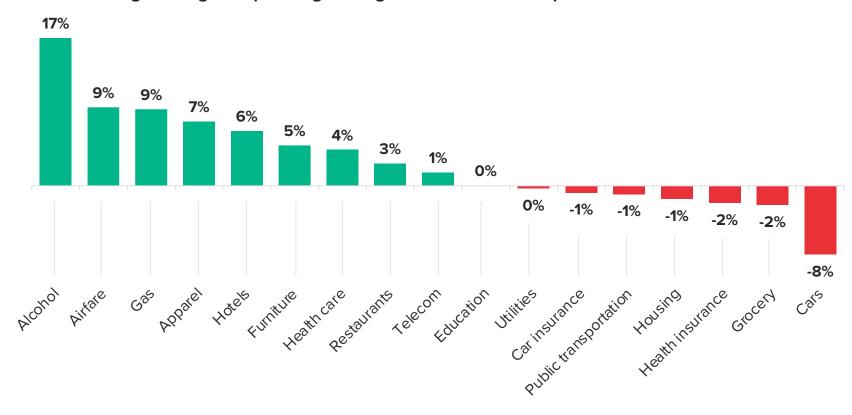
#### Average reported income, U.S. adults



- Reported income levels remained subdued in October, despite signs of a strengthening labor market that would indicate that more adults are starting to earn paychecks, and for higher amounts.
- Job switching continued to rise in October, potentially leading to gaps in employment and temporary lost pay. Over time, however, the increased incidence of job switching will likely drive up wages and incomes.
- Although income was higher a year ago than the level reported this October, month-to-month volatility has lessened over the past 6 months as a larger share of adults start to rely on wage income rather than lump-sum government transfers.
- Income and spending tend to be highly correlated: As the holiday season approaches, consumers are expecting to spend more in November — and will need a concurrent uptick in income in order to comfortably afford it.

### Consumers reallocated spending in favor of discretionary categories last month

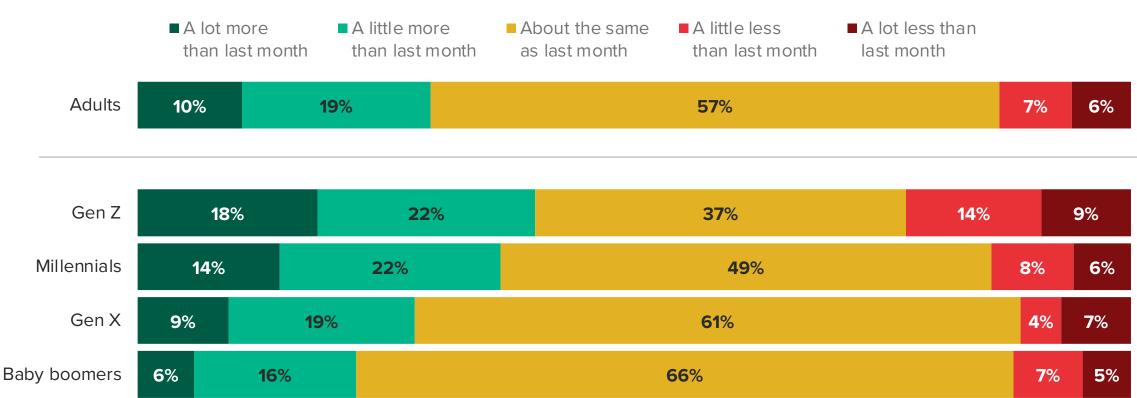
#### Percentage change in spending among U.S. adults from September to October 2021



- Total average spending remained flat from September to October, but shifts across categories signal a slight reversal from the frugality displayed during the prior month.
- Consumers on average increased outlays on discretionary categories such as travel, restaurants, apparel and alcohol, while reducing spending on household staples like groceries, housing and cars.
- Many of the categories benefiting from the spending shifts are generally less likely to be impacted by <u>supply chain</u> <u>disruptions</u>, suggesting consumers may be redirecting spending away from hard-to-find goods and toward more readily available products.

Adults overall are more likely to anticipate spending a higher amount in November than they did in October, with younger consumers tending to expect more variable spending **in general** 

#### Respondents' estimate of November spending relative to October spending, by generation





1

Spending declined as home prices increased.

Spending on housing fell 1.5% from
September to October as homes
grew increasingly unaffordable,
prompting a slight uptick in
evictions among homeowners and
renters who are struggling to make
payments. Moves also increased,
potentially indicating a rising share
of adults seeking more affordable
housing situations.

2

Urban residents are anticipating rising home values in cities.

Not only were city-dwelling adults the only community type to report an increase in housing spending in October, but expectations for future housing prices in urban areas grew to their highest level of the year.

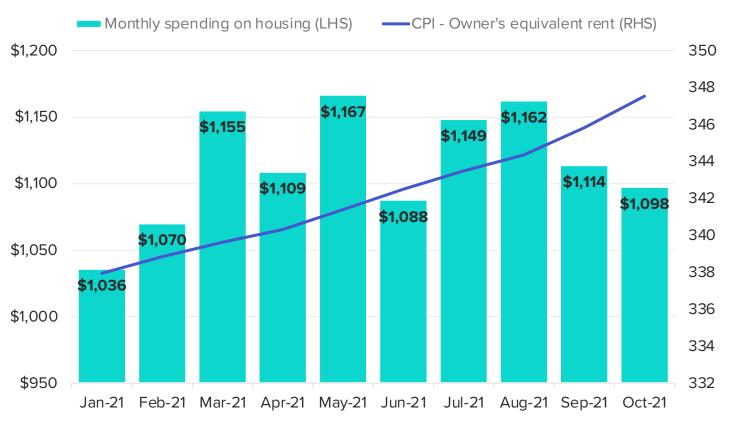
3

Higher prices may be drawing more sellers, adding much-needed supply to the market.

Supply remains tight for housing, with 44 percent of U.S. adults who looked for housing reporting difficulty finding it. Housing scarcity has driven up prices to the point that more homeowners appear interested in potentially selling over the next year, adding much-needed supply to the market.

### Average housing payment amounts declined in October as evictions ticked higher

## Average monthly spending on housing vs. housing consumer price index (CPI), U.S. adults

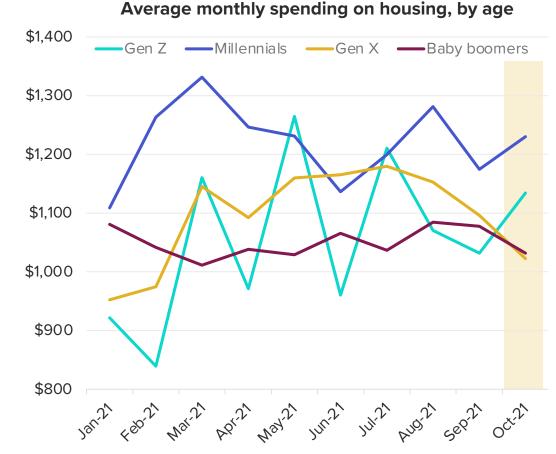


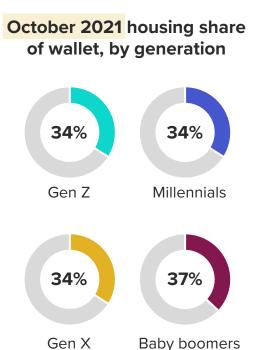
- U.S. adults reported slightly lower spending on housing payments in October, as decreased affordability led to an uptick in missed payments the prior month, resulting in more evictions.
- The share of adults who said they moved grew to 2.4% from 2.1% in September. The increase in moves was driven by higher-income and older consumers, whose housing costs fell, potentially suggesting an uptick in empty nesters who are downsizing.
- The pace of home price inflation accelerated from September to October, jumping 0.5% over the month to a pace of 3.1% year-on-year growth. Over time, the higher prices are likely to result in higher monthly payments.
- Inventory is likely to remain tight over the next few months as supply constraints limit construction and prospective buyers continue to outnumber those planning to sell.

Source: Morning Consult Economic Intelligence, Bureau of Labor Statistics

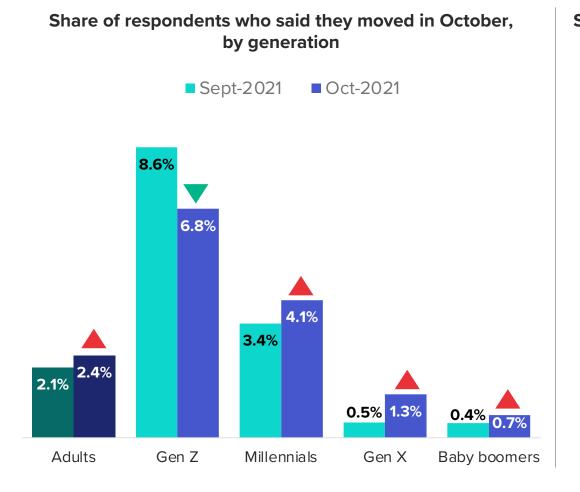
## Younger consumers paid higher housing costs last month, while Gen Xers and baby boomers reported a decline

- In October, millennials maintained their position as the age group paying the most for housing each month.
- Gen Z spending on housing has fluctuated the most so far this year, reversing a twomonth slide to reach its highest level since July.
- Housing spending by Gen Xers extended its downward slide to a third consecutive month, dragging average monthly spending to its lowest level since February.
- Baby boomers and Gen Xers reported an increase in evictions in October, leading some to record zero housing costs for the month and dragging down the average payment amount.

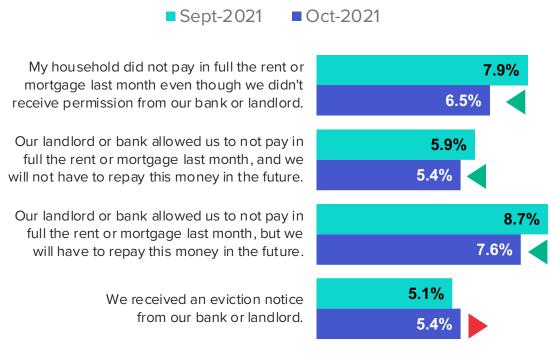




### Moves increased and evictions rose slightly in October, while missed payments declined



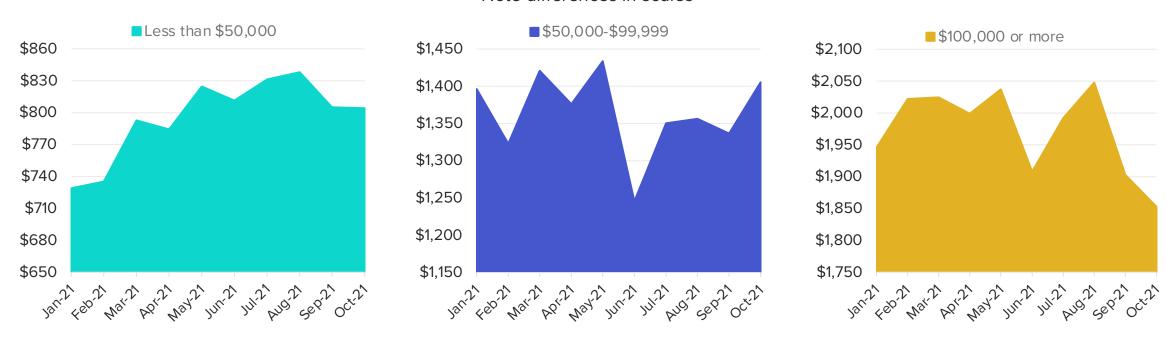
## Share of respondents who said they missed payments in October, U.S. adults



Higher-income consumers spent less on housing, freeing up space in budgets to distribute across other categories

#### Average monthly spending on housing, by income

Note differences in scales

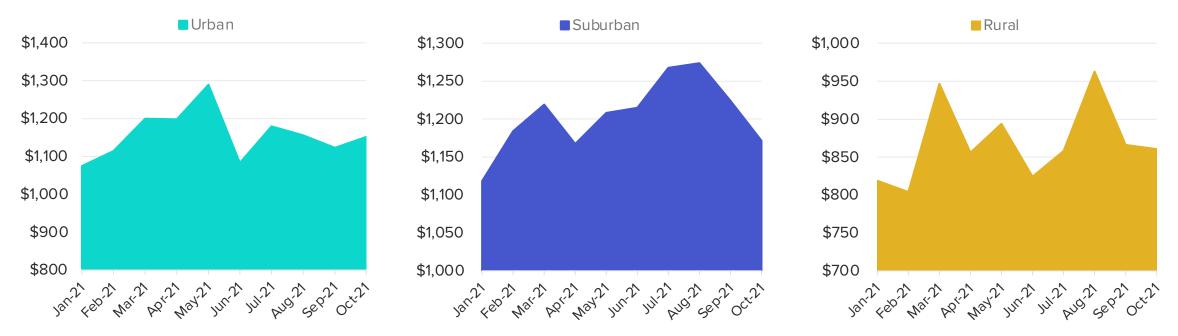


- Households earning more than \$100,000 per year reported a steep drop in housing payments, with the average amount paid by this group in October falling to its lowest level of the year.
- For middle-income earners, monthly housing payment amounts increased, though those earning under \$50,000 per year remained the only group who paid considerably more in October than they had at the start of 2021.

## Adults living in urban areas were the only group to report higher housing payments in October than in September

#### Average monthly spending on housing, by community type

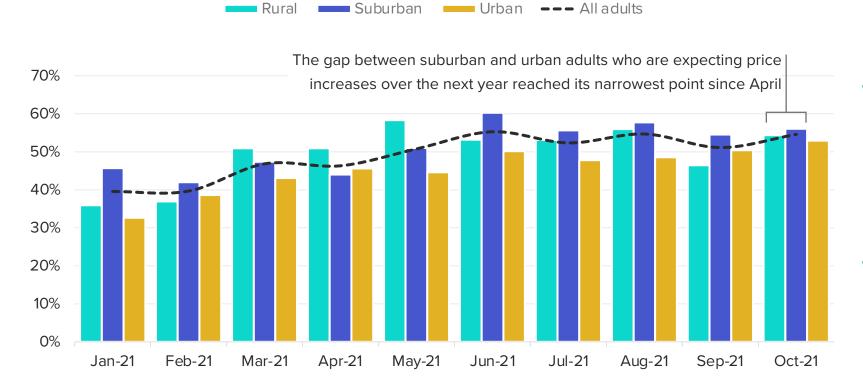




- Adults living in cities said they paid 2.5% more for housing in October than they did in September as the continued decline of COVID-19 cases helped boost prospects for real estate values in high-density urban areas.
- Suburban adults reported the steepest decrease in monthly housing payments, with spending dropping to its lowest level since April, while rural households registered only a slight decline in payment amounts.

### The gap between price expectations among urban and suburban adults narrowed

Share of U.S. adults who expect housing prices to increase in the next 12 months, by community type

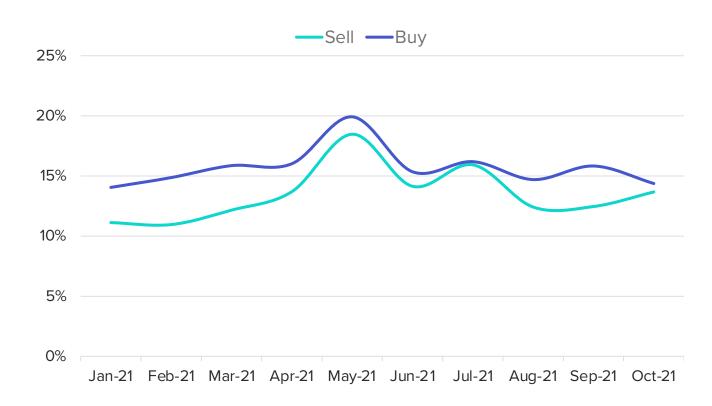


- The share of adults expecting price increases for housing over the next 12 months increased across all community types, rising from 51% in September to 55% in October among adults overall.
- After trending gradually higher from January through June, price expectations have fluctuated within a narrow band over the past 5 months, signaling that consumers may be anticipating some stabilization in the rate of housing price growth.
- City-dwelling adults were the only community to register their highest price expectations of the year last month, as the waning impact of the delta variant bolsters the urban real estate outlook.

# The gap between those intending to buy and those planning to sell homes narrowed in October as rising price expectations lure additional sellers — and discourage buyers

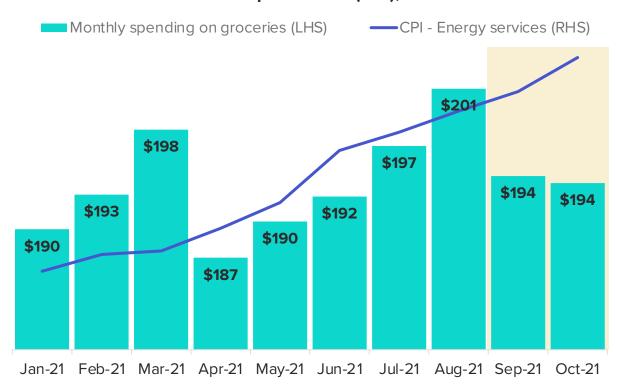
- Buying and selling intentions have mostly fluctuated in tandem this year, with the share of potential buyers remaining higher than the share of sellers since the start of the year.
- In October, buyers and sellers moved in opposite directions:
   The share hoping to buy decreased while planned sellers increase, moving closer to equilibrium.
- Finding available and affordable housing has been a significant challenge for potential home buyers this year, with prices continuously increasing and supply persistently tight.
- Markets are capable of self-correction, and the latest data on buying and selling intentions suggests a step in this direction: As prices continue to rise, more homeowners should feel tempted to put their house up for sale, bringing up supply just as the ranks of buyers dwindle to mostly those who can afford to make a purchase.

Share of U.S. adults planning to buy or sell a home in the next 12 months

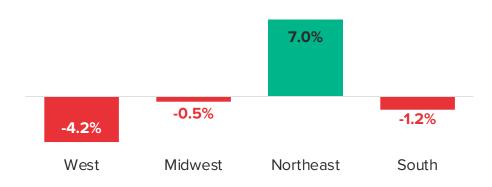


Utility bills stayed flat from September to October as mild weather across most of the country neutralized the impact of colder weather driving up heating costs in the Northeast

## Average monthly spending on utilities vs. utilities consumer price index (CPI), U.S. adults



#### Percent change in average spending from September to October 2021, by region



- Energy prices increased from September to October, but mild weather across most of the country kept monthly utility bills in check. In the Northeast, average temperatures fell from 63 to 56 degrees Fahrenheit.
- As winter weather intensifies and more consumers turn up the heat, elevated gas and electricity prices are likely to drive up monthly spending on utilities.

Source: Morning Consult Economic Intelligence, Bureau of Labor Statistics



1

## Grocery spending declined last month.

October spending was lower than September's as consumers continued to grapple with higher prices and empty grocery shelves.

2

# Supply chain issues have driven up food costs, discouraging some purchases.

The United States rose to from third to second among the 15 countries surveyed in terms of the share of adults who reported difficulty finding certain grocery items they were looking for last month.

3

## Higher-income consumers increased online grocery orders.

COVID-19 concerns had a diminishing impact on grocery shopping behaviors, leading consumers to shop more in person than online. Those earning more than \$50,000, however, appear to be leaning into convenience, increasing online grocery orders last month.

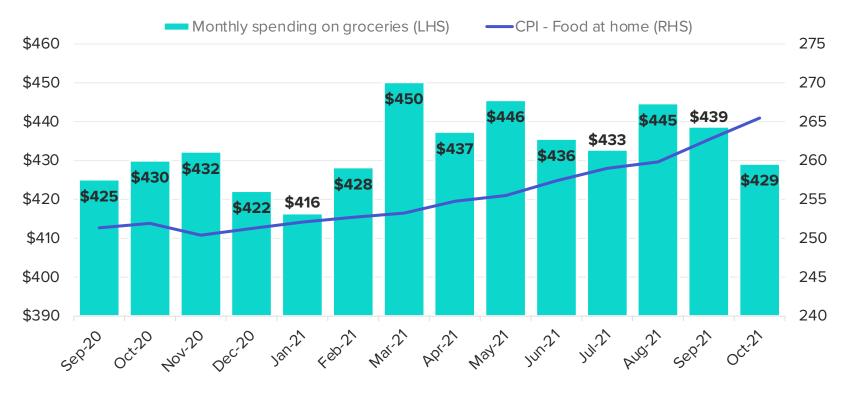
4

# Restaurant spending increased, taking up a larger share of overall food budgets.

As shortages led to fewer purchases at grocery stores and COVID-19 worries continued to fade, consumers diverted more spending toward restaurants and takeout meals.

## U.S. households pared back grocery purchases as certain food items grew more expensive and harder to find

## Average monthly spending on groceries vs. food consumer price index (CPI), U.S. adults

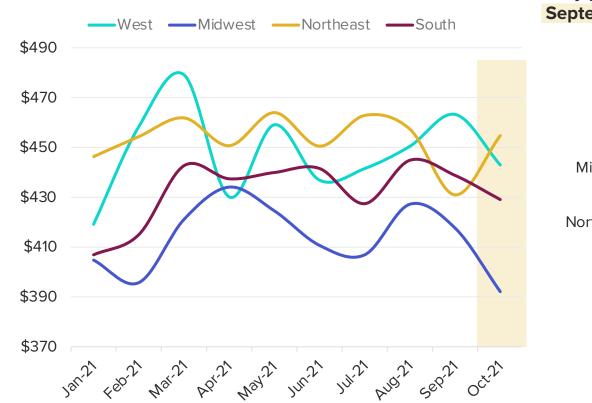


- Grocery spending declined for a second straight month as snarled supply chains stifled purchases; consumers spent less than they did last October even though food has become more expensive.
- Grocery prices jumped again in October after climbing steadily for most of this year: The consumer price index for food consumed at home has risen 5.3% since January.
- Shortages in grocery aisles worsened: 43% of U.S. consumers who tried to purchase various food or grocery items last month reported difficulty finding those products, compared with 37% in September.

Source: Morning Consult Economic Intelligence, Bureau of Labor Statistics

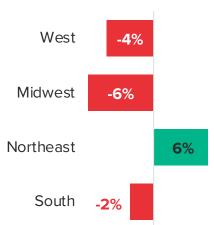
## The Northeast was the only region to increase grocery spending from September to October

- Northeasterners were the only regional group to report an increase in grocery spending from September to October, and they spent more on average than consumers in the rest of the country.
- In the West, purchases declined after increasing for three straight months, while southerners extended a two-month decrease in monthly grocery spending.
- The Midwest was the only region where average reported spending level dropped to its lowest level of the year last month, with food shopping expenditures falling 6% month over month.



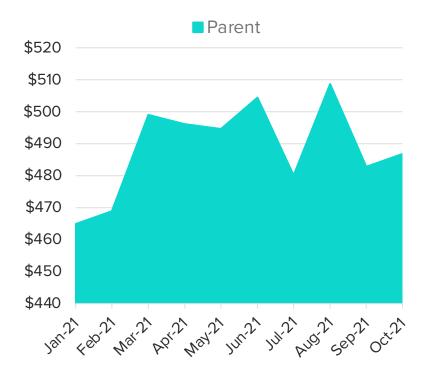
Average monthly spending on groceries, by region

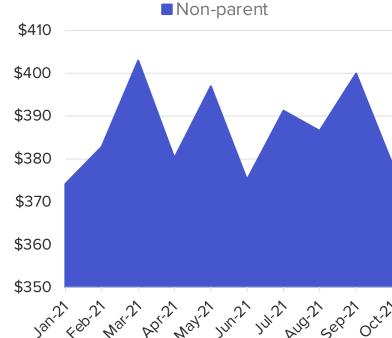
Monthly percentage change between September and October 2021, by region



### Nonparents drove the decline in grocery spending

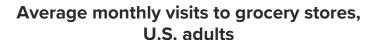
#### Average monthly spending on groceries, by parental status

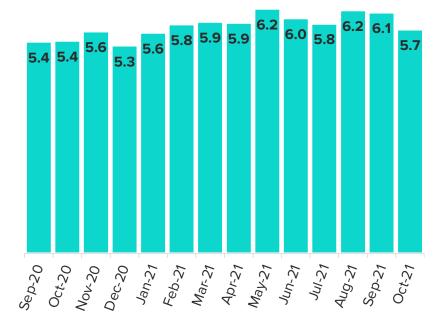




- The decline in grocery spending was concentrated among nonparents, as adults with children slightly increased food purchases from September to October.
- Parents with children under age 18 are continuing to receive child tax credit payments, helping to counter the impacts of higher prices in grocery aisles.
- Grocery spending among nonparents fell to its lowest level since June.

### Trips to grocery stores declined as those who could afford it doubled down on convenience





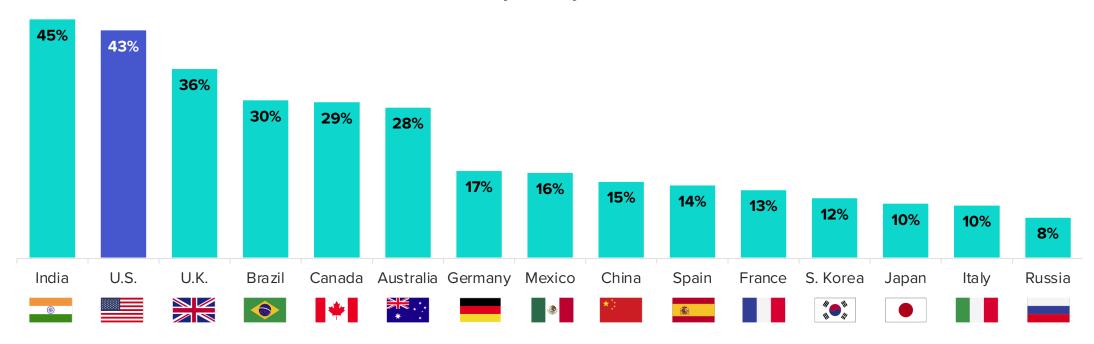
## Average monthly online grocery orders, U.S. adults



- Trips to grocery stores declined and online orders increased, reversing the trend over the last couple of months.
- The change has been driven by convenience rather than pandemicrelated health concerns, as daily case counts continued to decrease through October.
- The increase in online orders was driven by those earning \$50,000 or more, whereas households earning less than that amount ordered online less frequently than they did in September.

In October, the United States surpassed the United Kingdom as the country with the second-highest level of consumers who are reporting grocery shortages

Share of adults who shopped for certain grocery or food items and had trouble finding them last month, by country



## Restaurant spending increased in October as consumers embraced discretionary categories



- Restaurant spending increased from September to October as delta concerns continued to ebb and continuing shortages of various grocery items made eating in increasingly less convenient and cost effective.
- After cutting back on restaurant spending during the prior month, consumers appear to be gently embracing the approach of the holiday season by funneling a larger share of their budgets into discretionary purchases like dining out.

## The increase in restaurant spending was driven by those earning more than \$50,000 per year

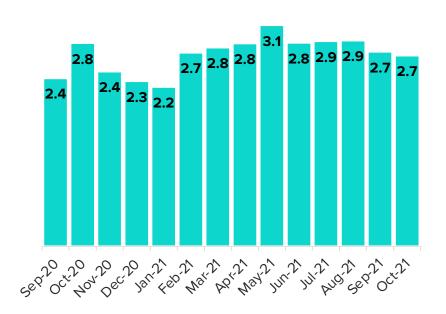
#### Average monthly spending on restaurants/takeout, by income



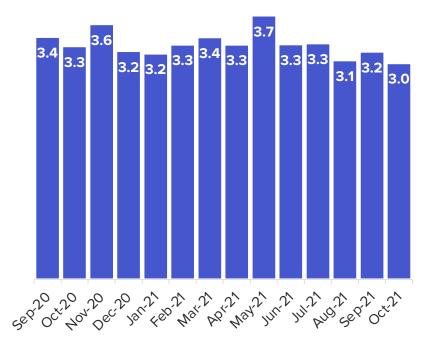
• While all groups spent more on meals from restaurants in October than they did during the previous month, the increase in spending from those earning \$50,000 or more was double that of the lowest-income group.

Dining and takeout frequency did not increase in October, suggesting households are ordering more food or paying higher prices per meal

## Average monthly visits to restaurants, U.S. adults



## Average monthly takeout/delivery orders, U.S. adults

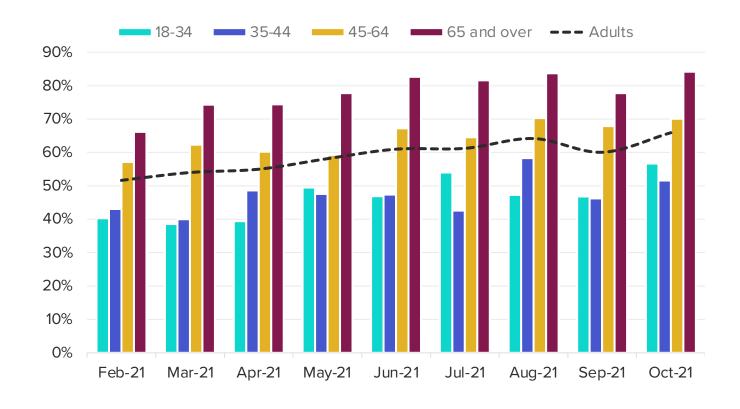


- Frequency of restaurant meals did not increase, but spending amounts did, suggesting that households are either ordering more per visit or facing higher meal prices per order.
- Compared to the last quarter of 2020, restaurant visits have trended higher, though it remains to be seen whether this will persist through the colder months.
- Takeout or delivery orders fell slightly from September as consumers rely less on pandemicera dining habits.

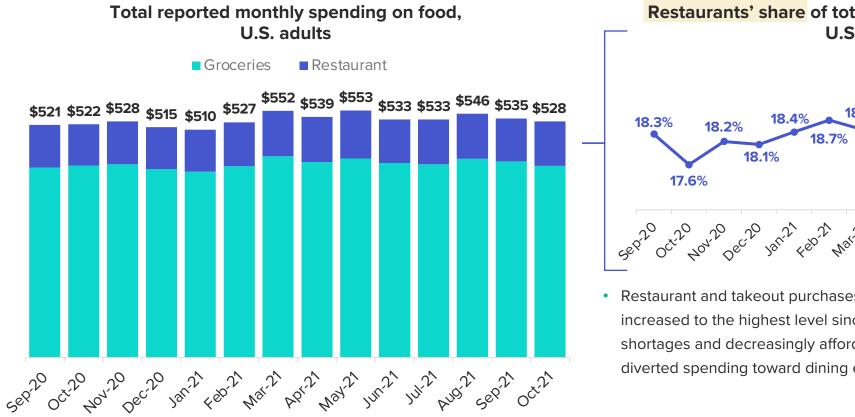
# Expectations for rising food prices increased to their highest level of the year amid heightened grocery shortages

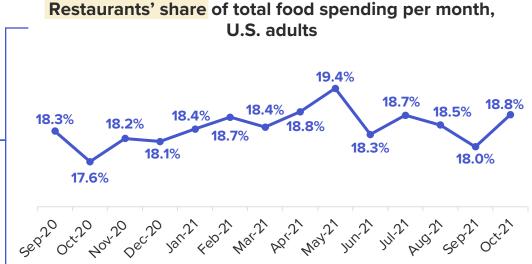
- 84% of adults ages 65 and older expect food prices to rise over the next 12 months, up from 66% in February.
   People in this age group, many of whom are retired and living off fixed incomes, tend to worry more about inflation than working adults who can expect wages to rise in accordance with prices.
- Those ages 35-44 were least likely to anticipate price increases, though the share of adults in this group who are expecting inflation increased slightly from 46% in September to 52% in October.
- The overall increase in expectations for rising grocery costs coincided with heightened difficulty obtaining items in grocery stores as a result of supply chain disruptions.
   Observed inflation for food prices also jumped in September as stocks remained tight.

Share of U.S. adults expecting food prices to increase in the next 12 months, by age



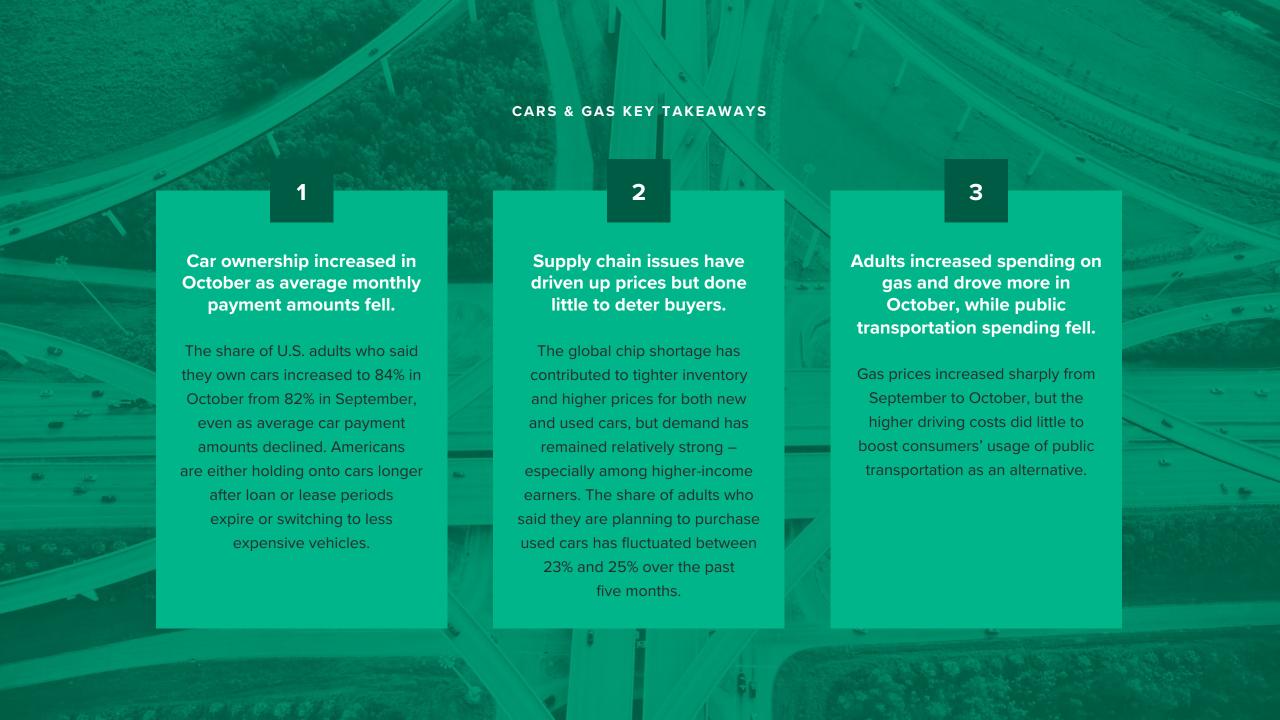
The decline in grocery purchases dragged down overall food spending, with a higher share of household budgets allocated to restaurants over grocery items





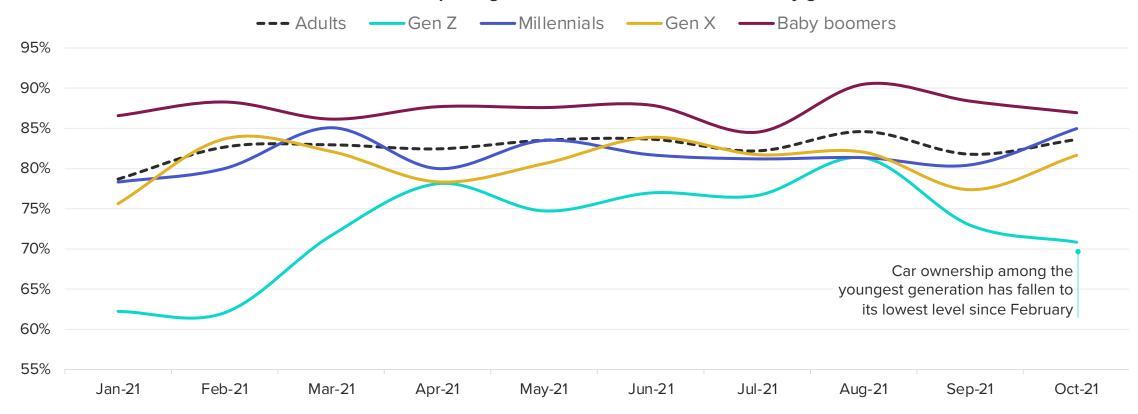
Restaurant and takeout purchases as a share of total food spending increased to the highest level since May last month as U.S. adults faced shortages and decreasingly affordable prices in grocery aisles and diverted spending toward dining establishments.





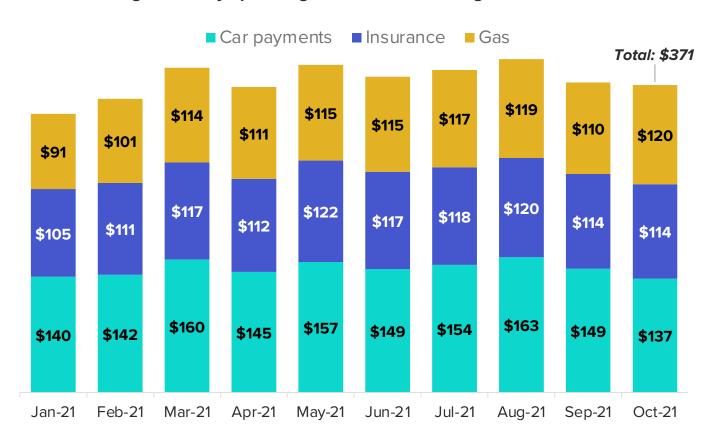
Car and truck ownership rates increased for most adults, but fell to the lowest level since February for the youngest generation

Share of U.S. adults reporting that their household owns a car, by generation



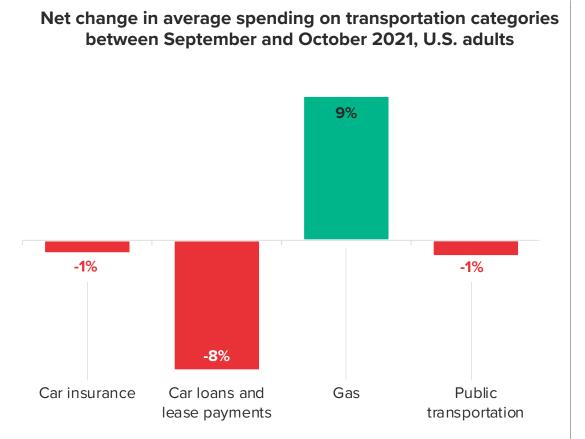
### Lower monthly car payments dragged down car ownership costs to \$371 in October

#### Average monthly spending on car-related categories, U.S. adults

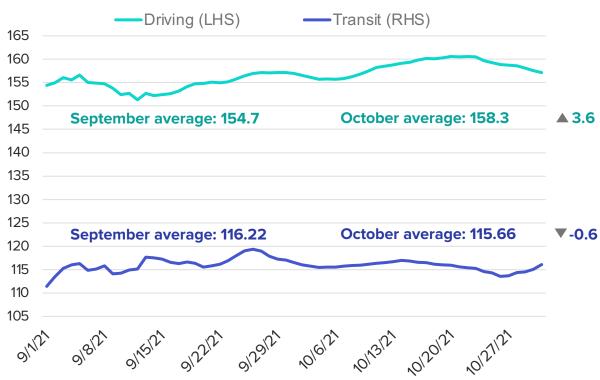


- In October, average monthly auto payments for leases and loans fell to their lowest level of the year, despite a slight increase in the car ownership rate.
- Consumers have been buying used cars at higher rates than new ones and diverting a higher share of transportation budgets toward gas as driving costs climb ever higher.
- Gas spending increased sharply, partly as a result of higher pump prices, but also because U.S. adults appeared to do more driving in October.
- Car insurance spending held steady as car ownership dropped among Gen Z adults, who tend to pay higher rates, tamping down average costs across the driving population.

# As monthly car payments fell, households did more driving and spent more on gas



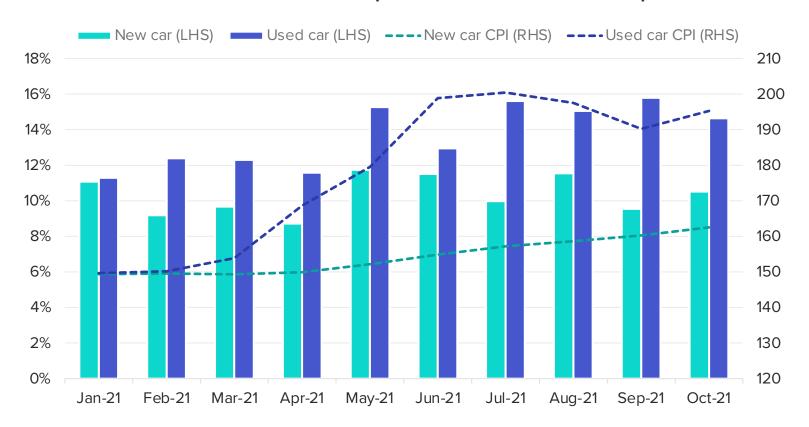
# Daily changes in requests for directions by transportation type in the United States, 7-day moving average



Source: Morning Consult Economic Intelligence, Apple Maps Mobility Trends

### New vehicle purchases increased while consumers bought fewer used cars and trucks

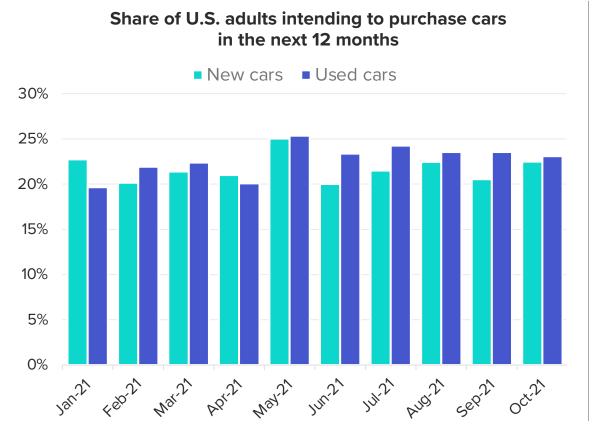
#### Share of U.S. adults whose households purchased cars or trucks in the past 12 months

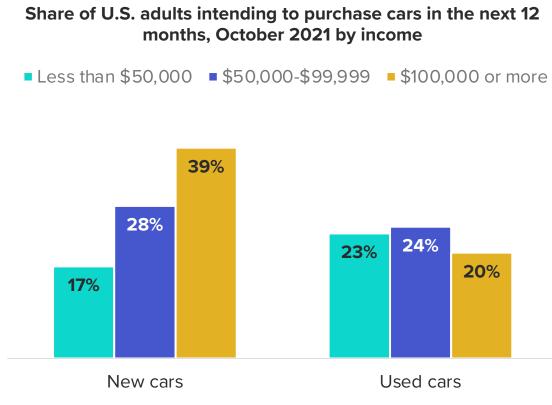


- The global chip shortage continues to constrict car supply and drive up prices.
- New car prices have increased steadily all year, while used car prices had begun to fall from their mid-summer peak.
- In October, the slide in used car and truck prices reversed, bouncing higher after elevated purchase volumes in July through September drew down supply.
- Consumers purchased new and used cars with similar frequency in January, but as car prices increased this year, more households opted to buy used rather than pay a premium for new cars.

Source: Morning Consult Economic Intelligence, Bureau of Labor Statistics

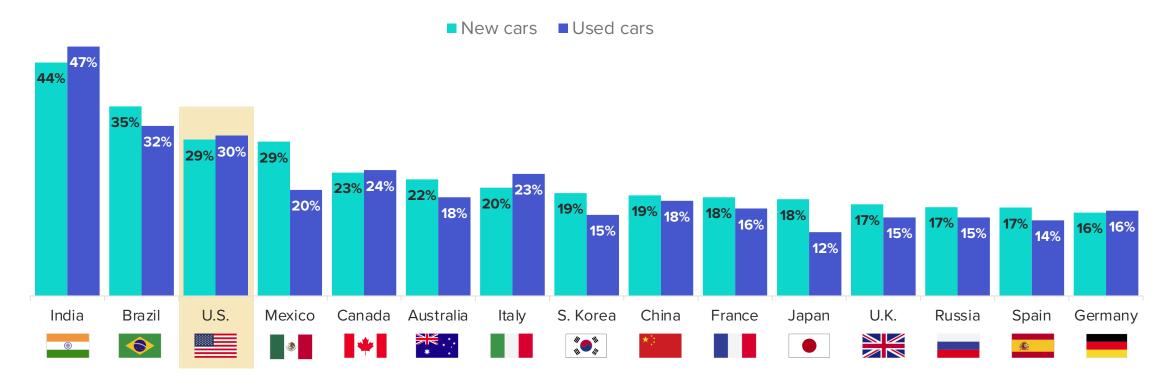
The gap between those hoping to purchase a new versus used car reached its narrowest point since May





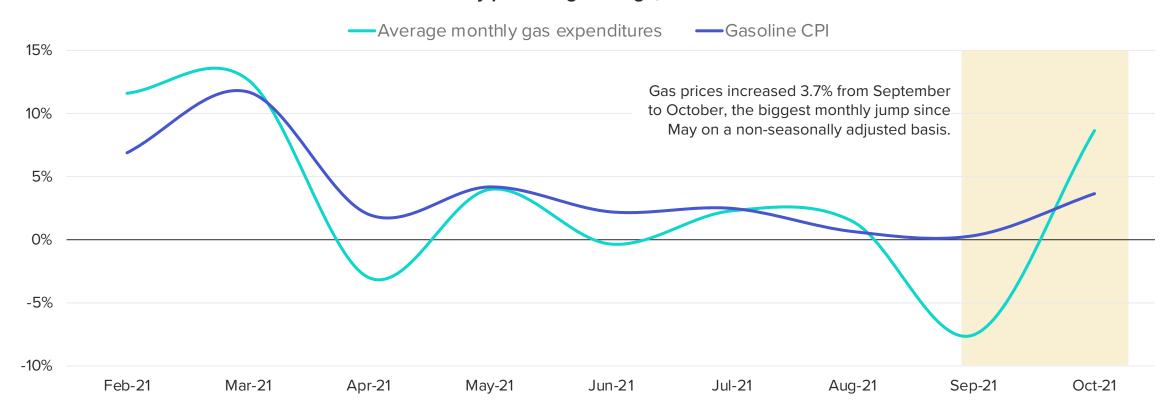
The United States is still at No. 3 in the share of prospective car buyers who reported difficulty in purchasing new or used vehicles last month, lagging only India and Brazil

Share of adults who shopped for new or used cars and had trouble finding them last month, by country



# Gas spending increased as Americans did more driving in October, despite higher prices

#### Monthly percentage change, U.S. adults



Source: Morning Consult Economic Intelligence, Bureau of Labor Statistics



1

Health care spending has trended lower this year.

Health care spending has trended lower over the past year, with total monthly spending on insurance and out-of-pocket medical costs falling by 25% on average since October 2020. A relatively higher share of adults said they are insured through Medicate and Medicaid this year, and measures in the American Rescue Act also sought to bring down insurance costs.

2

Improvements in the pandemic have yielded little change in the frequency of unexpected medical costs or major illnesses.

Although the delta surge continued to recede throughout October, bringing down daily case counts, unexpected medical expenses increased slightly, suggesting that factors besides the pandemic are currently more significant drivers of health care costs.

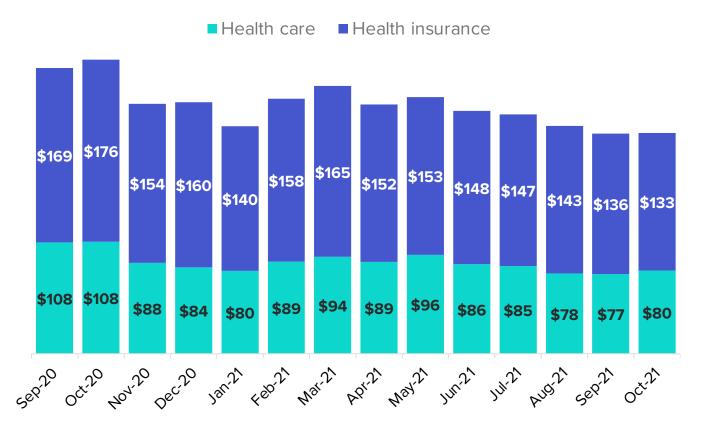
3

Stark inequality divides persist across income and ethnicity groups in terms of health insurance coverage.

Lower-income adults are more than 7 times as likely as those earning \$100,000 or more per year to say they aren't covered by health insurance, and minorities are more than twice as likely as white adults to have no coverage.

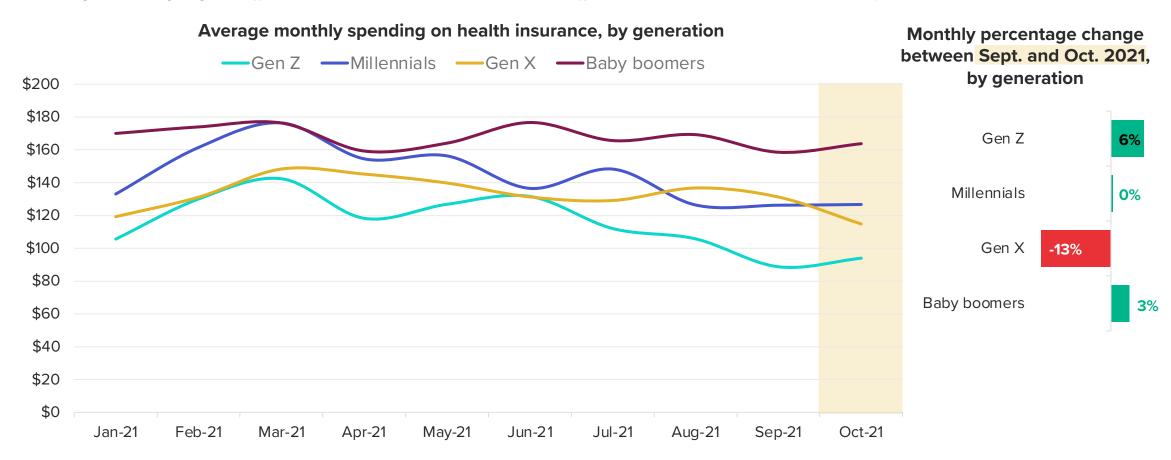
# Monthly health care spending has fallen 25% year over year

#### Average monthly spending on health care and insurance, U.S. adults



- Health care costs, including monthly insurance premiums and out-of-pocket health-related spending, have trended lower since a year ago: Total costs were \$214 in October, compared with \$284 during the same month in 2020.
- The share of adults overall who said they are covered by health insurance has not changed over the past year; however, a higher share of respondents have insurance through Medicare or Medicaid (44% total) relative to a year ago (36% total).
- While the public health situation has improved since a year ago, the decline in health costs does not appear to be linked to fewer unexpected medical bills: The share of adults reporting unforeseen health care expenses or falling seriously ill was slightly higher than a year ago.
- Less spending on essential health care could potentially leave more room in household budgets for spending on discretionary categories.

Gen X was the only generation that reported lower health insurance costs in October, though all age groups have trended lower compared with earlier in the year

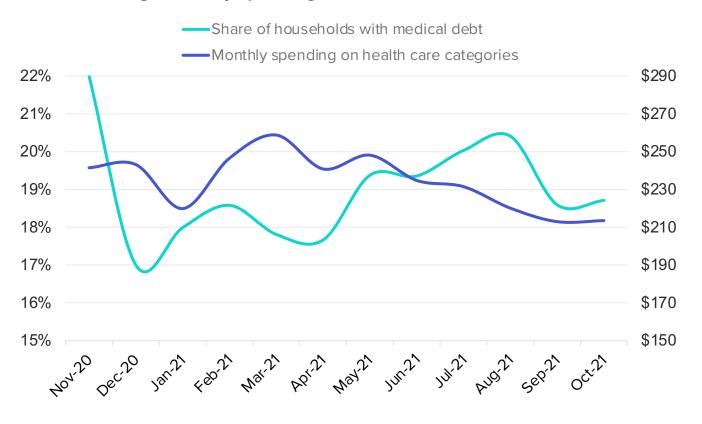


Source: Morning Consult Economic Intelligence

45

Lower spending over the past two months has not resulted in more households reporting medical debt

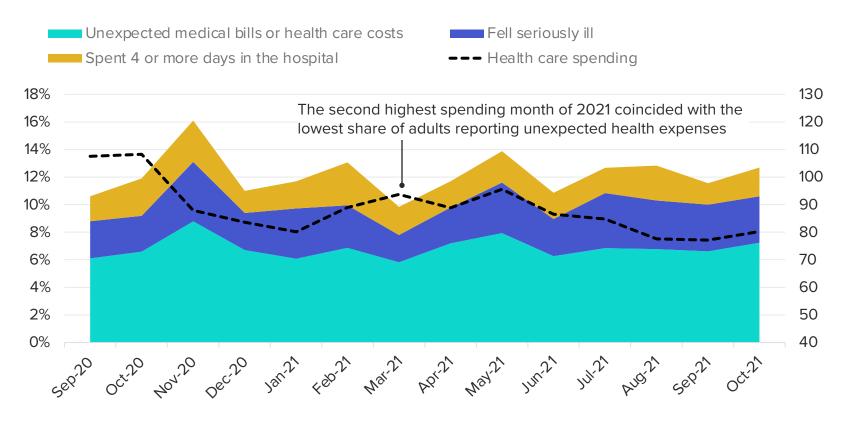
#### Average monthly spending on health care and insurance, U.S. adults



- Out-of-pocket health care costs, including medical bills and insurance coverage, were relatively higher over the first four months of the year, while the share of households with medical debt was relatively low; as health care costs trended lower from May onward, medical costs initially increased.
- The inverse relationship between health care spending and the share of households with medical debt suggests that from January through August, households were taking on debt rather than spending out of pocket.
- Over the past two months, however, medical debt retreated at the same time that households pulled back on health care spending, suggesting more families can cover monthly health care expenses without taking on debt.

Out-of-pocket health care spending has little correlation to the incidence of unexpected medical bills each month

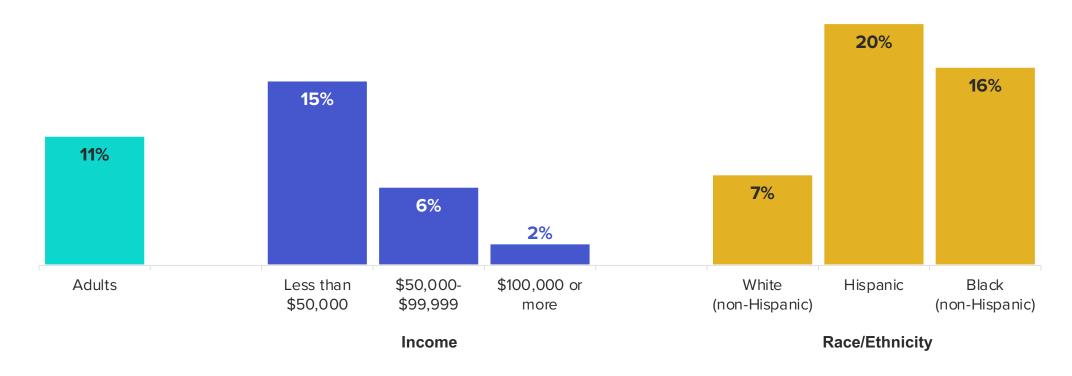
#### Share of U.S. adults who said any of the following happened to them in October 2021



- Monthly reported spending on health care, excluding insurance, does not appear to be strongly correlated with unexpected medical bills, serious illnesses or hospital stays so far this year.
- The strongest correlation has been between health care spending and serious illnesses, at 0.31.
- This indicates that either mild, routine health care is a more powerful driver of monthly spending, or that health insurance is helping to smooth out some of the unexpected expenses.

October data showed stark divides across income and ethnicity groups in terms of health insurance coverage

#### Share of adults who said they did not have health insurance coverage in October



**SECTION 6** APPAREL & PERSONAL CARE

# Apparel spending rebounded in October.

September brought a **Iull** to the apparel category following the back-to-school rush in August, with adults of all ages cutting back on spending. In October, this trend reversed: Gen Z and baby boomers drove up clothing purchases as cooler weather approached and holiday shopping began to pick up.

2

# Men, millennials and minorities tended to spend more on personal care categories.

Spending on personal care categories varied widely across demographics: Men, who tend to report higher household incomes, said they spent more than women did on grooming categories last month. Millennials and nonwhite adults also said they spent relatively more on personal care.

3

# The highest income adults were the only group who spent more on services than goods for personal care.

Adults with a household income of \$100,000 or more per year were the only group that spent more on personal care services than goods in October, disbursing more than twice as much for haircuts and other such appointments as those earning less than \$50,000.

# Apparel spending rebounded from September shopping lull

#### Average monthly spending on apparel, U.S. adults

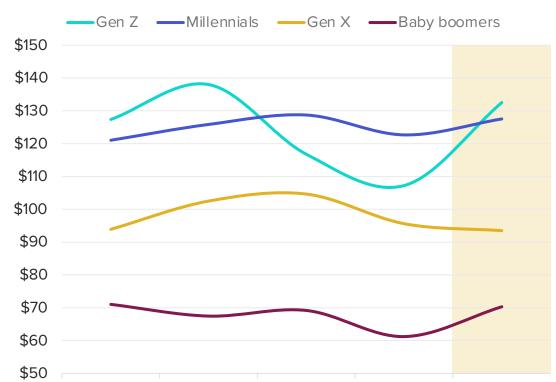


# The youngest and oldest generations reported a spike in apparel spending last month

Jun-21

Jul-21

- For millennials and Gen X adults, apparel shopping was highest in August, when back-to-school shopping peaked.
- In October, most generations reported an increase in apparel spending yet again as colder weather started setting in and the holiday shopping season began to pick up.
- Gen Z has reported the most volatile spending patterns for apparel; as the youngest cohort, some within this group might rely on parents for purchases of some apparel items.



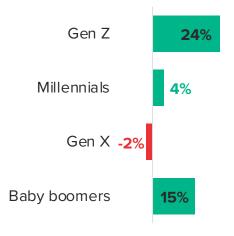
Aug-21

Sep-21

Oct-21

Average monthly spending on apparel, by generation

Monthly percentage change between September and October 2021, by generation

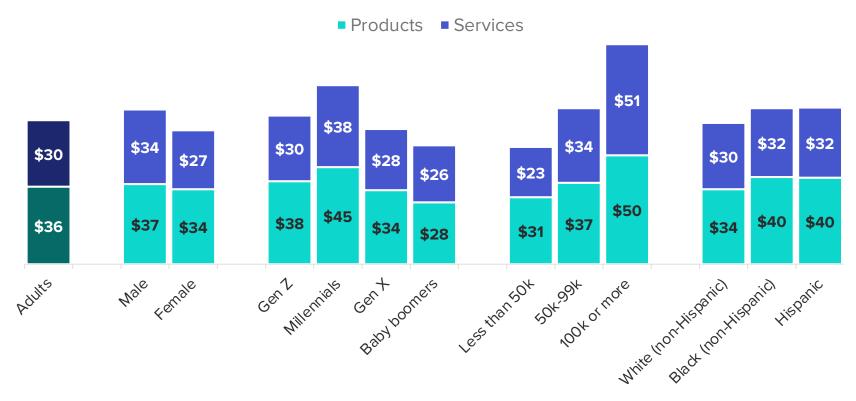


Source: Morning Consult Economic Intelligence

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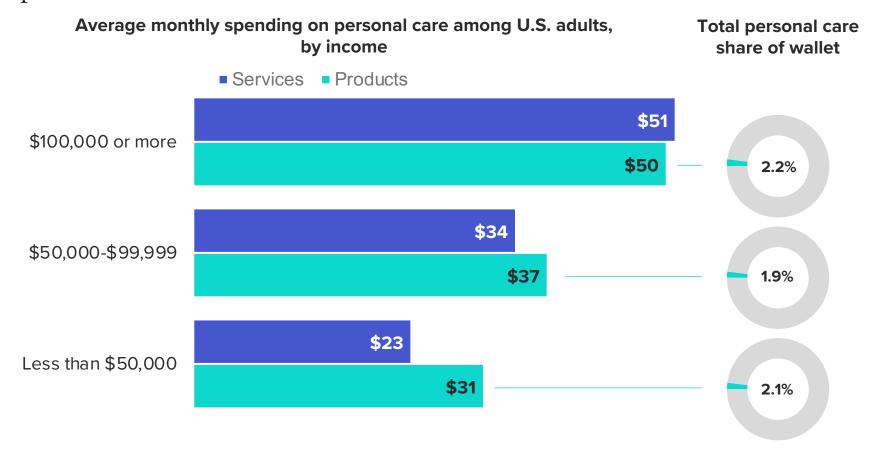
Men, millennials, high earners, and minorities **were more likely** to spend relatively more on personal care products and services last month

#### Average monthly spending on personal care goods and services, U.S. adults



- While men said they spent only about \$3 more on average than women on personal care goods last month, their expenses for personal care services were \$7 higher than those claimed by women — potentially a result of more frequent haircuts.
- Millennials and the highest earners reported the most spending on personal care. These groups also tend to spend the most across all categories.
- Black and Hispanic adults said they spent more than white respondents, with most of the difference occurring in products expenditures rather than services.

Higher-income adults are the only group to spend more on personal care services than products each month



- Adults in households earning \$100,000 or more per year spent nearly twice as much on personal care products and services in October than those earning less than \$50,000.
- The highest earners were also the only group to report a higher share of spending on services rather than goods in the personal care category.
- The ability to spend more on services implies not only more purchasing power, but also more time to devote to personal care — a luxury more readily available to the highest income group.



1

In October, alcohol spending rebounded from a two-month slide.

After declining sharply in August and September, alcohol spending recovered to close to its midsummer level. The increase in spending was part of a broader trend toward more spending on discretionary categories last month.

2

As delta concerns faded, the share of adults visiting bars remained stable.

October data showed little change from September in terms of consumers' frequency of bar visits:

Average monthly visits to bars remained at a similar level to September's figure as delta case counts continued to decline last month.

3

Households pared back noncraft beer spending in favor of other categories.

Seasonal shifts in alcohol buying preferences are favoring liquor and wine over noncraft beer. The trend toward more spending across smaller alcohol categories continued in October, including a 22% increase in spending on flavored malt beverages.

# Alcohol spending bounced back in October after steep two-month slide

Average monthly spending on alcohol, U.S. adults that purchased alcohol at least once per month



### Visits to bars remained stable, despite further decline in delta variant

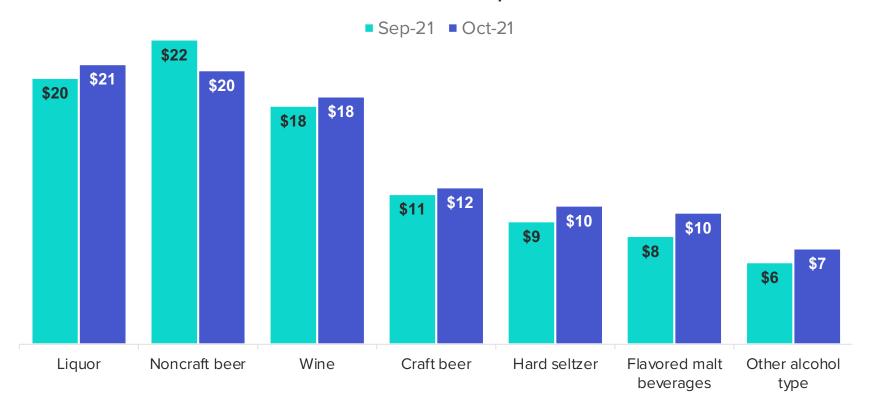
#### Average frequency per month, U.S. adults



- As delta cases continued to recede, U.S. adults said they went out to bars at a similar frequency during the month of October as they had during the prior month.
- Fewer adults bought alcohol from liquor stores than during the previous month, with the overall frequency of alcohol-purchasing incidents staying relatively steady from September to October.
- The strong increase in alcohol spending despite little change in frequency of buying indicates consumers spent more per purchase as a result of either higher quantity or higher prices: The latter explanation is supported by the shift away from relatively inexpensive noncraft beer and toward other categories that tend to have higher price tags.

Liquor dethroned noncraft beer as the top subcategory in terms of average spending volume for the first time since July

# Average monthly spending on alcohol by category, U.S. adults who purchased alcohol at least once per month



- Among the top three largest spending categories, spending on liquor increased the most while noncraft beer purchases declined.
- Smaller categories have experienced relatively stronger growth for much of this year as consumers show an interest in diversifying beverage purchases: craft beer, flavored malt beverages and other alcohol types recorded strong spending upticks last month.
- Seasonal factors continue to impact buying patterns as many consumers shift in favor of different categories ahead of the holidays.

**SECTION 7** 

# METHODOLOGY

# Methodology: U.S. Consumer Spending and Personal Finances Survey

The consumer spending and personal finances survey is intended to gauge consumers' spending patterns and the health of household balance sheets. It typically acts as a leading indicator for credit card payments and retail sales, as well as providing insight into spending allocation well ahead of other data sources. Respondents are asked recurring questions on topics including household income, spending, savings, debt, housing payments and life events. Policy-related questions on respondents' experiences with government programs such as stimulus payments or child tax credit distribution are included on an ad-hoc basis. The survey is conducted monthly among a representative sample of 2,200 U.S. adults. The survey was first run in September 2020, with some additional questions added in subsequent versions. Data is collected during the first week of each month, with questions pertaining to the previous month.

• Start date: September 2020

• Frequency: Monthly

 Fielding Period: Beginning the first or second day of each month, and running roughly 2 to 5 days

Release Date: The date following completion of fielding

• **Sample size:** 2,200

Geographic coverage: U.S.

# Methodology: Geopolitical Risk Survey

The geopolitical risk survey measures major geopolitical and economic trends across the world's largest markets, as well as providing insights into hot-button issues and early signals for policymakers in the public sector and decision-makers at multinational firms. It asks questions around inflation and purchasing behavior, price expectations, financial resiliency, housing, ESG, business climate, national security, and trust in political figures and institutions, both within and outside of the respondents' home country. The survey is conducted on a monthly basis among representative samples of 1,000 adults from 15 countries, including the United States. The survey was first run in January 2021. Data is collected in the last week of each month.

Starting in September 2021, the geopolitical risk survey asks adults across 15 countries which products they are having difficulty procuring and how they have adapted their buying behaviors when faced with delays and shortages.

- Start date: January 2021
- Frequency: Monthly
- **Fielding Period:** Wednesday through Sunday on the last week of the month
- Release Date: First week of the following month
- Sample size: 1,000 adults per country
- **Geographic coverage:** G-15

# Methodology: Estimation of average spending levels per category

Estimated spending levels for each category were calculated as the weighted average of midpoints for each response option bucket identifying various spending levels. Example: If the response bucket was "\$100-\$199" and "\$200-\$299," with 60% of respondents choosing the first value and 40% of respondents choosing the second, the estimated spending value would be calculated as (0.6 \* 150) + (0.4 \* 250) = \$190 estimated average spending.

The response option with the highest dollar value typically included an undefined upper bound. To estimate a "midpoint" for the highest response option, the increment between midpoints for the preceding response options was added to the lower bound of the highest response option. Example: if the response bucket options were "\$100-\$199" (midpoint = \$150), "\$200-\$299" (midpoint = \$250), "\$300-\$399" (midpoint = \$350), and "400+," the highest bucket's "midpoint" would be estimated as \$400 + (\$350 - \$250) = \$450.

Unless otherwise specified, price levels are calculated for all adults, not just adults that purchased or consume certain items.

Certain categories are calculated using a blend of weekly and monthly figures (this includes restaurants, groceries and alcohol). Weekly figures are multiplied by four and weighted by share of total respondents who choose to report a weekly spending figure; that number is added to the weighted share of respondents that selected to report a monthly spending figure. Example: If 50% of respondents reported a weekly figure averaging \$150, and 50% of respondents reported a monthly figure of \$500, the average monthly spending value for all adults would be calculated as (0.5 \* 4\*150) + (0.5\*500) = \$550.



JOHN LEER
Chief Economist



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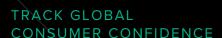
- Personal **Finances**
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