

dentsu

# Dentsu Consumer Navigator: Pandemic & Economic Sentiment

Wave 44

August 2023



# About

Since March 2020, dentsu has fielded a monthly US consumer survey, the results of which are packaged into our dentsu Consumer Navigator: Pandemic & Economic Sentiment reports.

You can read previous waves on [dentsu.com](https://www.dentsu.com).

## Survey Methodology

- Administered through online research panel, Toluna
- Fielded on August 21<sup>st</sup>, 2023
- Random sample of 500 US respondents
- Age 18-70 years old
- Representative weighting across gender, age and race/ethnicity (using latest publicly available US Census numbers)



# WHERE WE'VE BEEN: THE PAST FOUR WAVES

## MAY

### Budget-consciousness Persists Despite an Optimistic Outlook

Optimism toward the pandemic continues to increase and at the same time this month we record a substantial increase in optimism toward the direction of the economy and consumers' personal finances in the near future. However, 2 in 3 consumers continue to report being more budget conscious than they were last month and the intent to scale back spending across several categories persists. What optimism toward the economy is fueling is the desire to shop more online and shop for brand name products.

## JUNE

### Optimism Toward the Direction of the Economy Dwindles

Optimism toward the pandemic continues to increase. However, the optimism toward the direction of the economy that was reported last month has now slightly decreased. At the same time, the number of consumers believing we are in a recession remains consistent. Consumers' more moderately optimistic outlook on the economy is reflected in continued budget-consciousness, as well as in a decline in unplanned purchases and in the purchasing of name brand products.

## JULY

### Spending Will Be Further Reduced Due to Student Loans

There is a slight decrease in optimism towards the direction of the pandemic. However, this is not stopping consumers from slightly relaxing their cost-cutting measures for categories like travel and entertainment. Optimism toward the future direction of the economy is also decreasing, causing a decline in online shopping and in the purchasing of name brands. In addition to the economic environment, the repayment of student loans, reprising in October and affecting 22% of consumers, is also expected to further impact spending.

## AUGUST

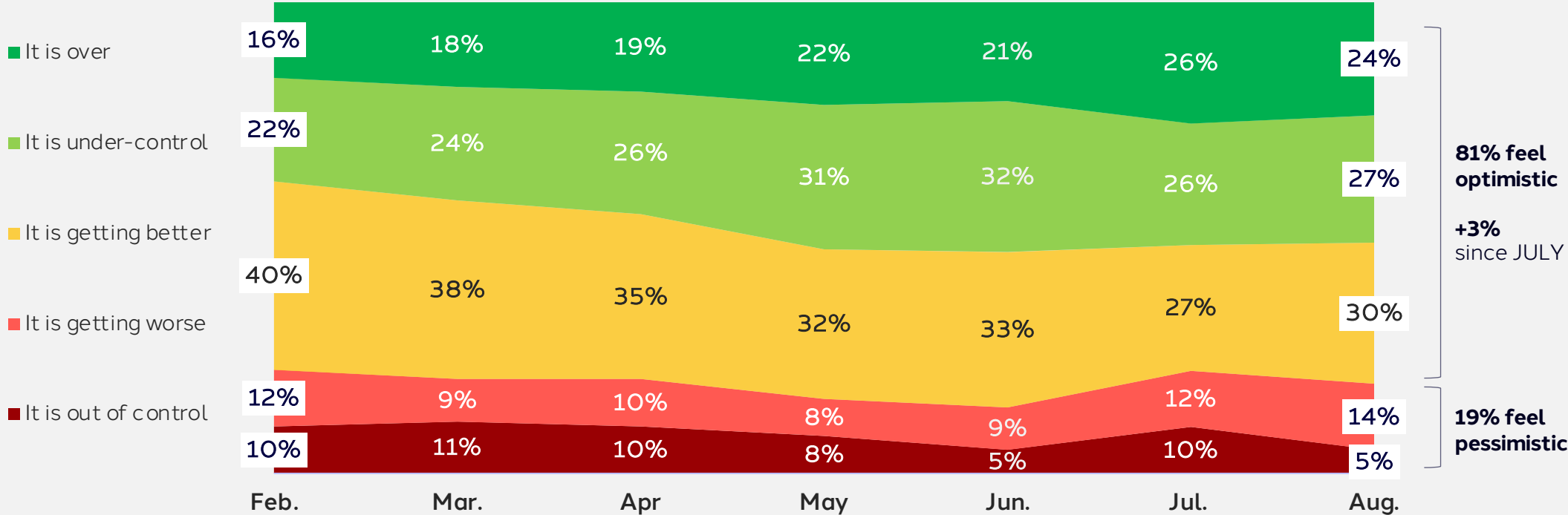
### Economic Troubles Continue to Strain Personal Finances

Consumers are increasingly wary of the economic environment. While fewer feel definitively that the US is in a recession, they express a growing pessimism about the future of the economy and continue to feel pressure on their personal finances. The pandemic remains background noise for a majority of consumers; however, we see a slight rise in hesitancy to partake in public activities like travel or hitting the gym. The rise in concern comes as cases are beginning to tick up in certain areas of the country.

# Consumer outlook on the trajectory of the pandemic continues to be optimistic.

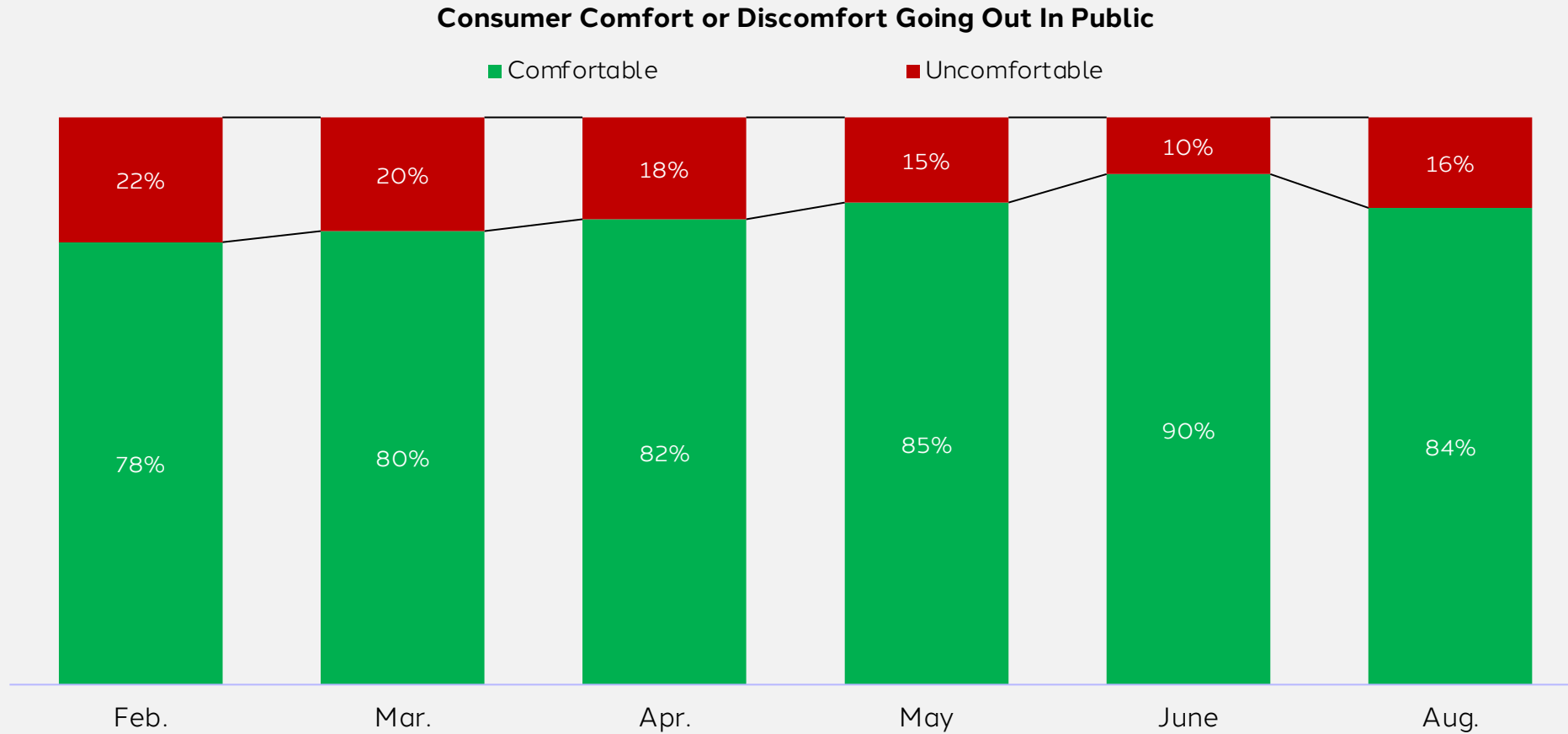
81% of consumers are optimistic that the pandemic is headed in the right direction. While that is slightly fewer than in June (there has been an uptick in cases), it's clear the pandemic is not top-of-mind for many consumers.

Outlook On the TRAJECTORY of the Pandemic



Q: Which of the following statements best describes how you feel about the trajectory of the pandemic in the US?

# While consumers' comfort in public has dipped for the first time this year, most consumers continue to feel more comfortable than uncomfortable.

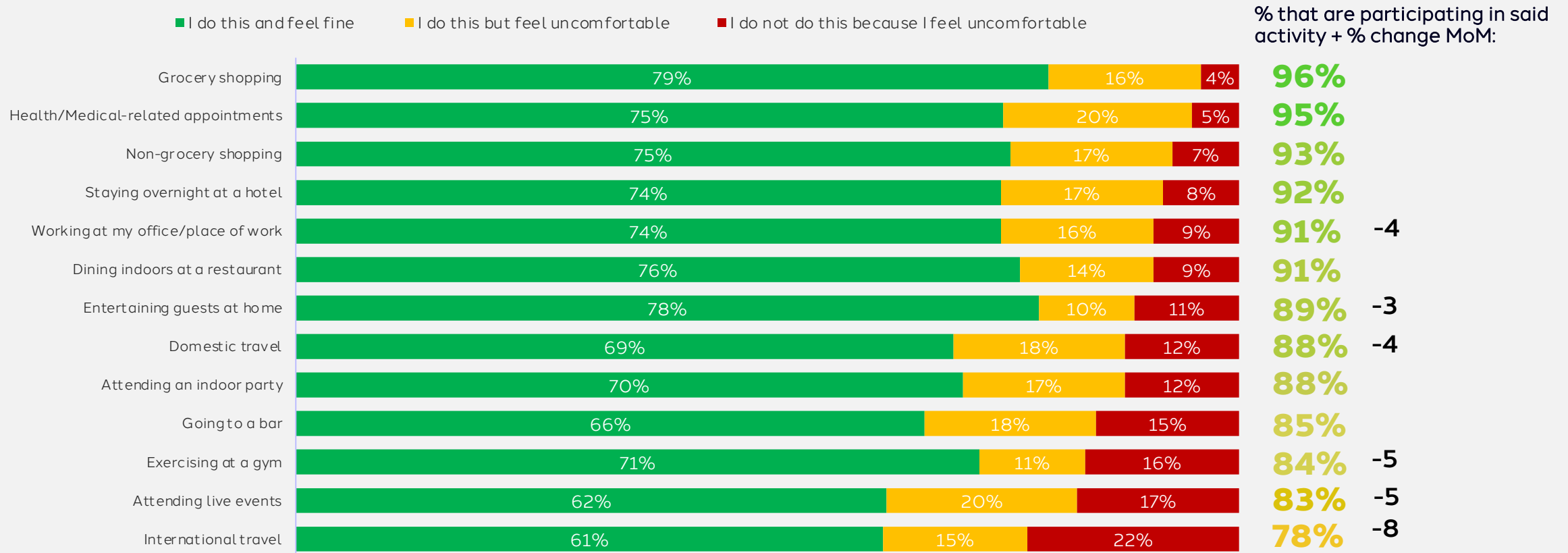


Q. In the context of COVID-19, how comfortable are you currently going out in public?

# Corresponding to a dip in overall comfort in public, participation across several activities has declined including, going in to work, travel, and live events.

## Consumer Comfort Doing Specific Activities

Among those that participate in said activities

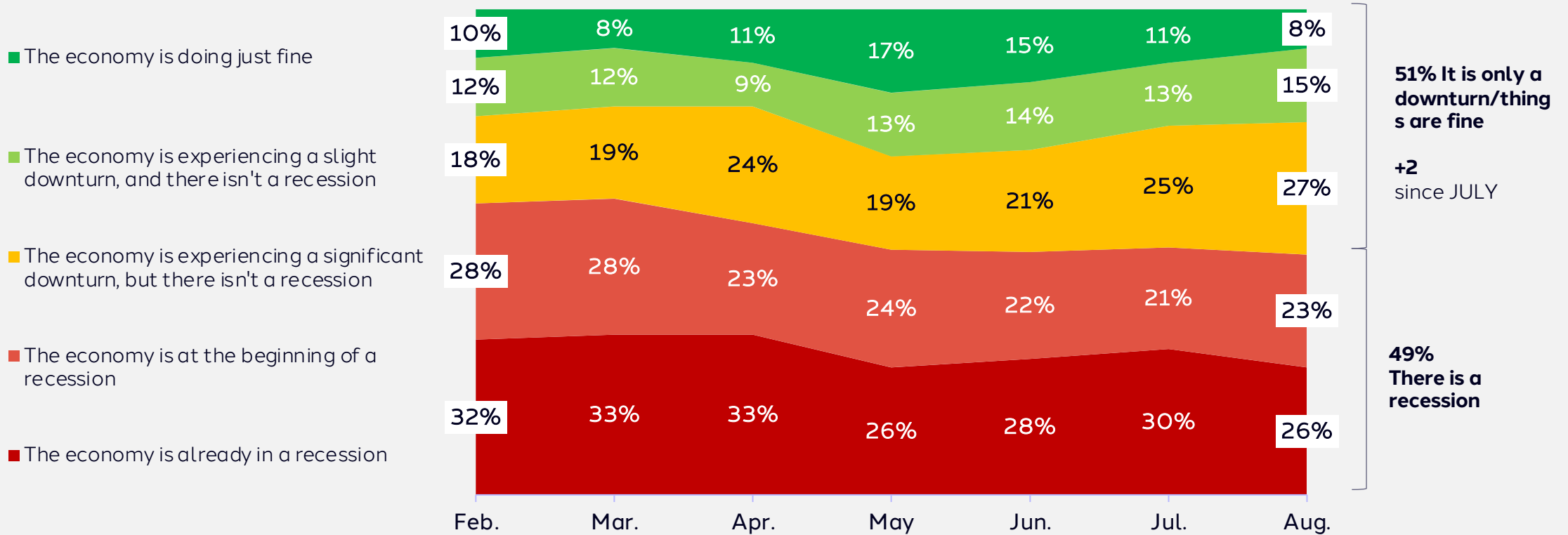


Q. In the context of COVID-19, how comfortable are you currently doing the following activities?

# Consumers feel less confident assessing the current state of the economy.

Fewer consumers can say definitively whether the economy is “doing just fine” or is “already in a recession.” A growing share is caveating their assessment, such as “the economy is experiencing a downturn but is not in a recession.”

Consumer Perspective on the Current Economic Environment

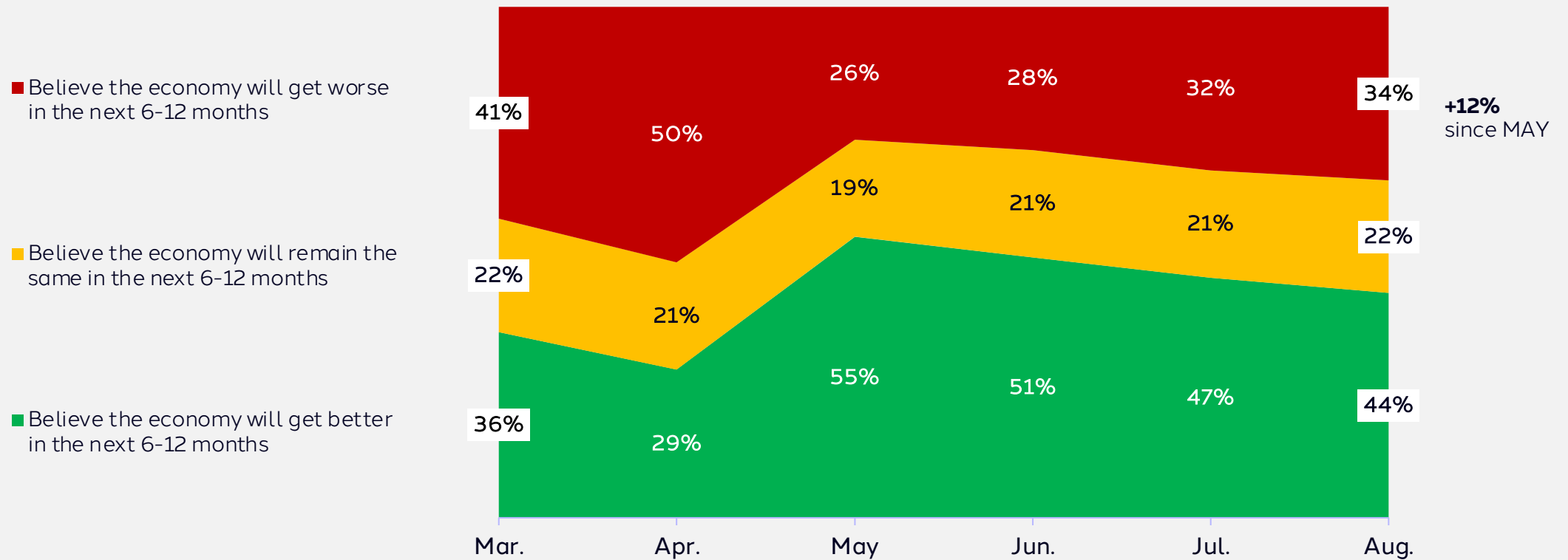


Q. Which of the following best reflects your assessment of the current economic environment in the US?

# There continues to be increasing pessimism about where the economy is heading.

One-third of U.S. consumers think the economy will worsen in the next 6-12 months, a 12-percentage point increase compared to May.

Consumer Outlook on the Future Economic Environment



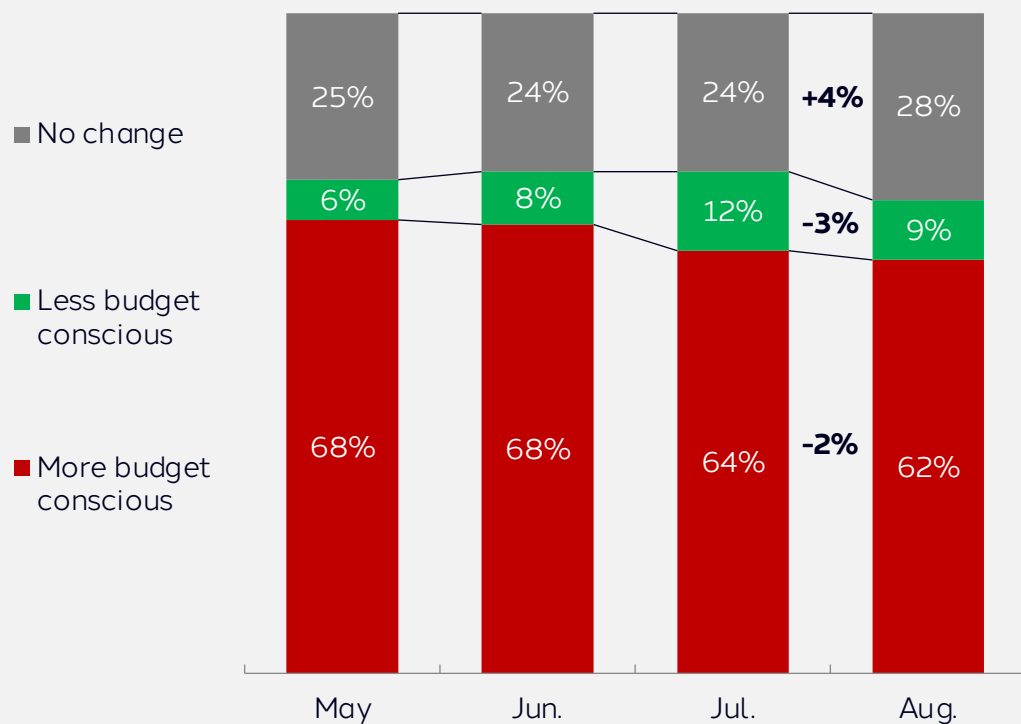
Q. Which of the following best reflects your assessment of the upcoming economic environment in the US over the next 6 to 12 months?



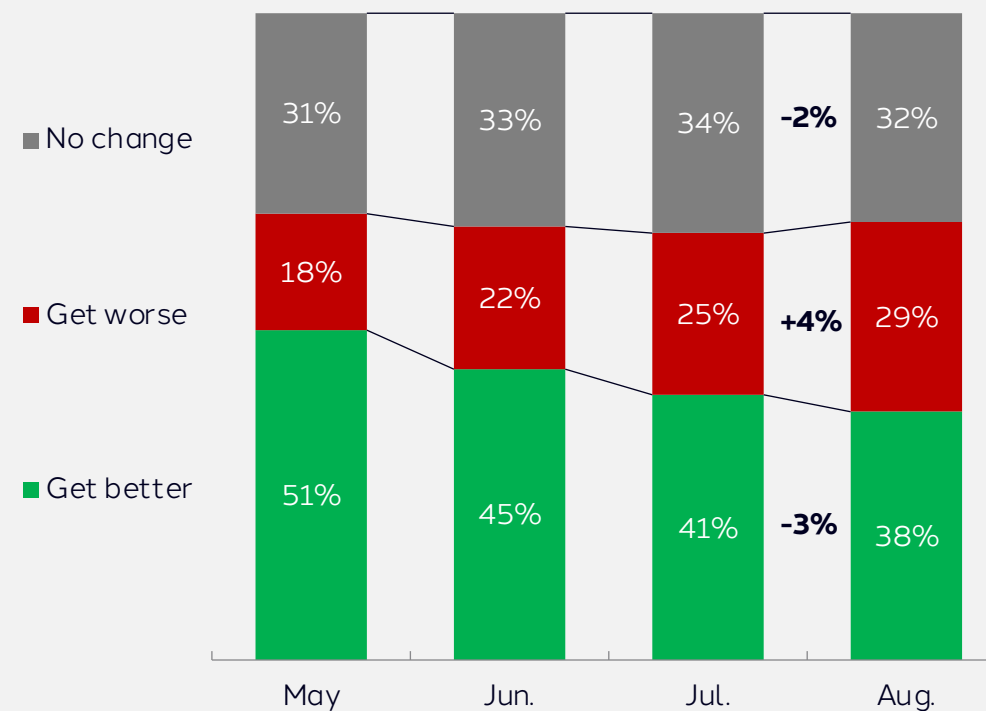
# Signs point to spend-thrift consumers digging in their heels on personal finances.

A growing share of budget-conscious consumers say they are not changing their budgeting habits, and for the fourth month in a row, a greater share predicts their financial situation will continue to worsen.

### Change in Budgeting Over the Past Month



### Expected Change to Financial Situation Over the Next Month



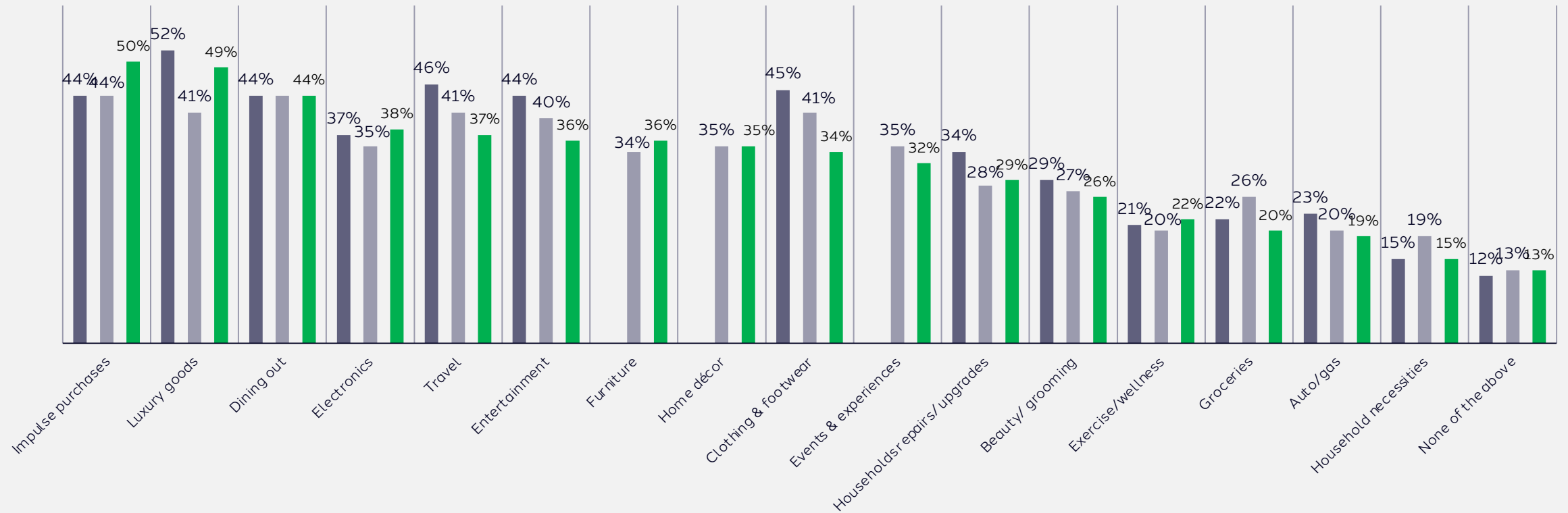
Q1. In the past month, do you find yourself being more or less budget conscious when shopping than in previous months? Q2: Which of the following best describes how you expect your personal financial situation to change over the next month?

# Consumers likely to cut spending on impulse purchases, luxury goods, and dining out.

Intent to cut spending on travel, entertainment, and clothing/footwear has fallen significantly over the past three months.

Categories Consumers Plan to Reduce Spending On

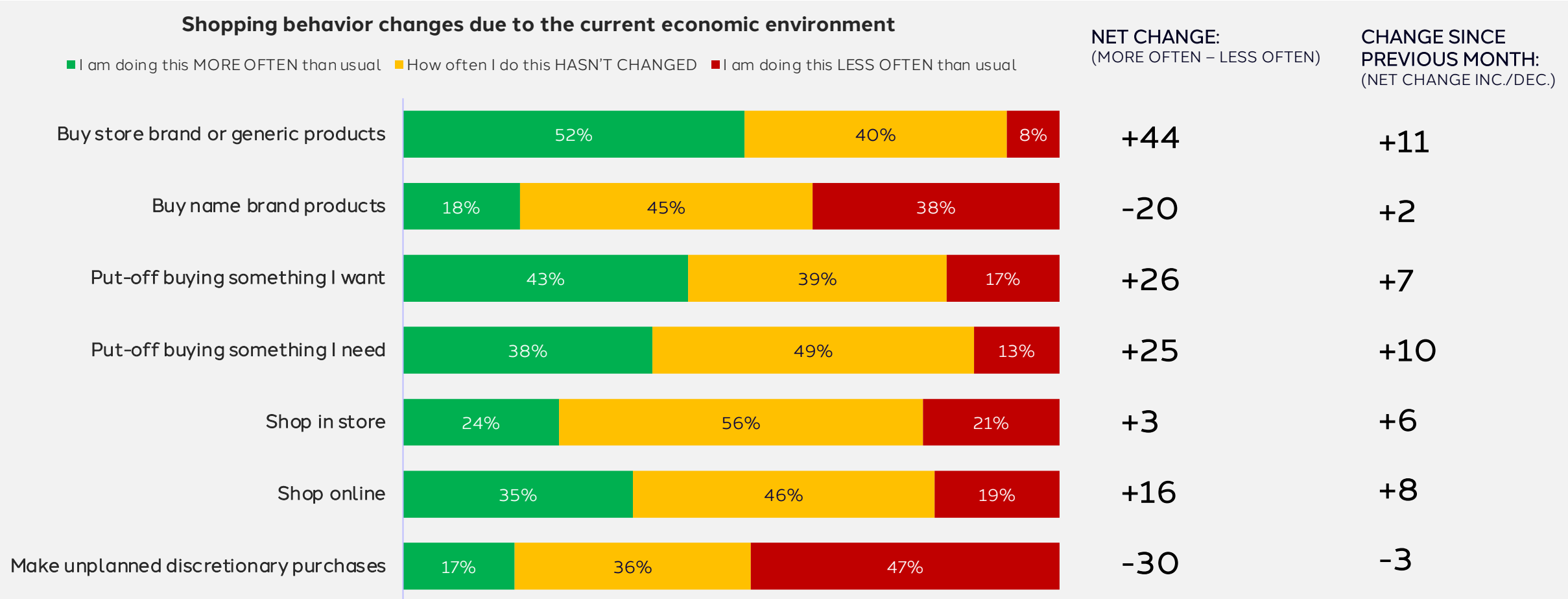
■ June ■ July ■ August



Q: Which of the following specific categories are you likely to scale back on over the next month? Please select all that apply.

# As consumers tighten budgets, they are more likely to buy store brand products, put off buying things they want and even need, and shop online.

They are less likely to buy name brand products, shop in-store or make impulse purchases.



Q. Thinking of your shopping habits over the past month, have you increased or decreased how often you do the following due to the current economic environment?

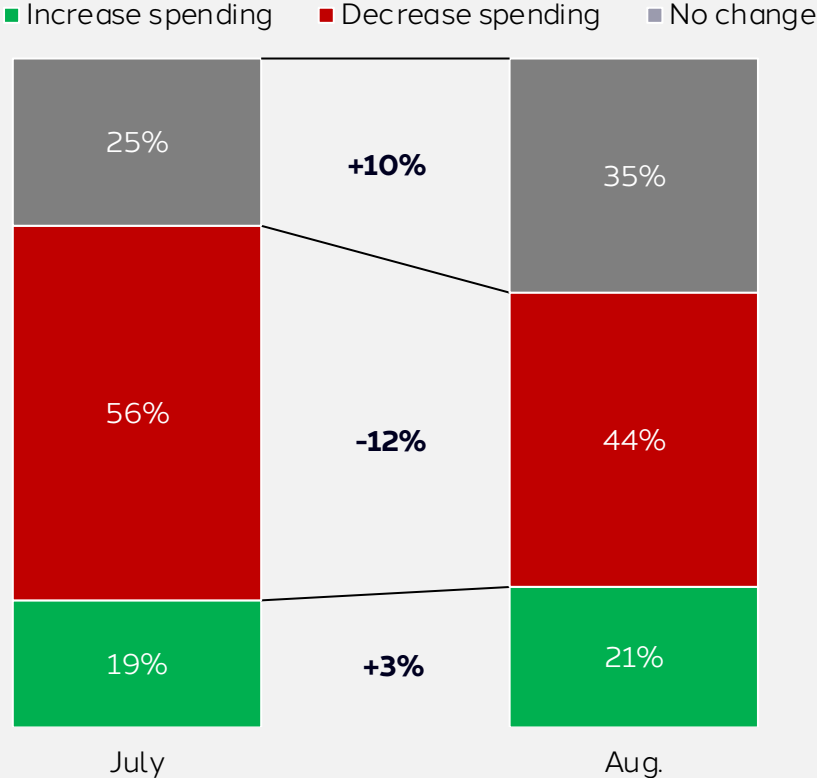
# Student loan borrowers feel more secure in maintaining their current spending than last month, but a sizeable share still plan to decrease spend come October.

In addition to the economic environment, the repayment of student loans is expected to further impact spending.

# 1 in 5

Just over 20% of respondents indicate currently having student loans

Forecasted Impact of Student Loan Repayments Reprising in October 2023 on Loan Borrowers' Spending



Q. Do you currently have student payments?  
 Q. Recently it was announced that student loan borrowers will need to restart payments in October 2023. How do you anticipate it will impact your spending?

# Implications for Marketers

## **Re-evaluate media and marketing activations to align with consumer activity levels.**

As COVID fades to the background for many consumers, they appear more comfortable partaking in public activities like attending live events or dining out and more likely to spend on categories like travel, entertainment, and clothes (refreshing wardrobes as we need more than sweatpants). Marketers should keep up with audiences evolving mindset about returning to public life, and evaluate their media spend to more heavily invest in out of home and “on-the-go” formats as appropriate.

## **Highlight value-based messages to respond to the cautions set in motion by the threat of a recession.**

A large swath of consumers believe the economy is headed in the wrong direction and report significant strain on their personal finances. Budget concerns are likely informing their preference for brands that are perceived to offer more value for money. Additionally, consumers report being less likely to engage in impulse shopping, indicating that they will be disciplined in planning purchases ahead of time. Thus, value-based messaging should be present across the entire funnel.

## **Prepare for consumers to make trade-offs while purchasing across a number of categories.**

We are seeing consumers’ sense of financial strain accelerate. This will influence consumers’ purchasing decisions across essential and, especially, discretionary items. Brands can help make these decisions easier by positioning their products in the context of value – either as something offering “more bang for their buck”, or as something of premium quality that will offer better utility or a well-earned respite/indulgence.

# Thank you

## About dentsu

Dentsu is the network designed for what's next, helping clients predict and plan for disruptive future opportunities and create new paths to growth in the sustainable economy. Taking a people-centered approach to business transformation, we use insights to connect brand, content, commerce and experience, underpinned by modern creativity. As part of Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004), we are headquartered in Tokyo, Japan and our 65,000-strong employee-base of dedicated professionals work across four regions (Japan, Americas, EMEA and APAC). Dentsu combines Japanese innovation with a diverse, global perspective to drive client growth and to shape society.

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