The Situation

The U.S. is having its highest inflationary period in 40 years.
And this time, a once-in-a-generation event is taking place on the heels of another once-in-a-generation event. Just as people emerge from two years of COVID lockdowns, they’re being greeted by insanely high prices for everything from gas and groceries to hotels and airfare – leading to a wallet lockdown.

After a period of prolonged vigilance during the pandemic, feelings of financial stall are leaving people tired. They’re itching to get out and go places, but rising prices - alongside another wave of surging Covid cases - are proving restrictive. People don’t know how to budget if they don’t know how long inflation will last. Additionally, a generation of millennials playing catch-up so they can gain better financial standing than their parents is watching the American Dream slip through their fingers as debt and soaring housing prices hold them back.

If this feels like a lot, it’s because it is. Endless headlines and news cycles on the topic only serve as a constant reminder of the economic loss, and the realization that belt-tightening might not be enough to weather this economic storm.

Given these unique circumstances, we set out to understand:

• Do people even have a clear understanding of what inflation is and what is causing it?
• How are people coping with rising prices, and who feels the most affected?
• How will it impact spending across different categories?
• What effect will inflation have on people as they pursue the American Dream? What is the American Dream to them now? Do they feel it’s achievable?
• What role can brands play in helping Americans feel more hopeful and in control of their financial lives?
• What can brands do to build or retain loyalty as people trim household budgets?

Our Approach:

We surveyed our Finger on the Pulse panel (930 adults 18+), as well as mined and analyzed online conversation, content, and financial reports to better understand the impact of inflation on spending habits and the status of the American Dream.
The Lowdown

The Impact of Inflation

• **Inflation is ubiquitous.** It’s felt by nearly all Americans, but there’s disagreement on who or what is to blame – including corporate greed. Now is the time for brands to build or flex their good corporate citizenship.

• **Not all Americans are impacted equally.** We identified three segments - The Resilient, The Vulnerable, and The Anxious - with major differences in their level of concern about inflation dependent upon their political affiliation, psychological and financial outlook.

• **Covid spending habits from lockdown are now locked in.** Covid lockdowns shifted spending habits from out-of-home to at-home. Inflation is cementing those habits.

• **Wallet lockdown is permeating.** Simple pleasures are sacrificed while pain points persist. Heightened price sensitivity has nearly ¾ of people (72%) cutting back, and they’re cutting back on wants over needs. This could have a negative effect on people’s overall outlook and correlated spending if it persists.

The American Dream

• **The American Dream has splintered.** Half seek happiness and comfort, while the rest seek significant meaning in their lives. The meaning-seekers seem to be better off, not only at finding that sense of meaning but also in obtaining desired levels of personal comfort and happiness.

• **Only 1 in 3 Americans are experiencing upward mobility** – a sense that they’re doing better than their parents. Millennials are the first generation to be worse off than their parents and the trend is expected to continue for Gen Z.

• **The traditional American Dream is out of reach for many in the near term.** A vision of a new American Dream is showing up on social media, one that de glamorizes the hustle in favor of a simpler life.

• **Lower incomes and higher debt make homeownership feel out of reach for 1 in 5 of our Vulnerable segment.** Homeownership is a keystone of financial stability and the American Dream – a foundation of the kind of generational wealth people look to build and pass on.

The Role of Brands

• **Price leadership matters most.** Uncertainty surrounding inflation means people don’t know how to budget and stable prices are the most helpful. If brands can’t keep prices steady, increased transparency around changes in pricing is a must.

• **Inflation only adds to an already long list of concerns.** People’s worries over everything from climate change to safe streets/neighborhoods leave them looking for emotional support as they trim budgets and cut back on charitable donations and supporting causes they care about. Brands that align themselves with acts of good can help some people retain their support for what matters to them through purchases they haven’t cut back on.
The Impact of Inflation

Understanding how inflation is perceived, who is most impacted, and how it affects their spending habits
Inflation is palpable to most Americans, but they lack consensus on what it means

More than 90% of Americans are well-aware of current inflation, and more than 2/3 are concerned or very concerned. But perception of its impact varies.

Those in the minority who are less likely to notice its effects include:

- Those with lower income, for whom prices always seem impossibly high;
- Those who have not lived long enough to have a reference for current conditions; and
- Those with a generally optimistic outlook.

Despite widespread awareness, there is a lack of consensus around what or who is to blame for inflation and what it means. People’s opinions are all over the map.

For brands, this means there won’t be one silver-bullet strategy they can deploy to alleviate people’s inflation concerns and win or retain loyalty. They’ll have to understand their customers’ feelings about inflation and personal financial outlook in order to effectively engage them. The right messaging around price has the potential to garner intense loyalty among customers experiencing worry, financial instability, and insecurity.
Perception is reality. Deep pockets don’t exempt anyone from financial worry.

To explore how different groups are responding to inflation, we segmented the population on attitudes around (1) inflation, (2) financial security, and (3) sense of life satisfaction, including the ability to get what’s most desired in life. Three patterns emerged showing a high degree of variability in response to inflation. This variability depends not just on present financial standing, but also on perceptions of financial security.

The Resilient
Inflation agnostic, this group is sticking to spending as usual.

The Vulnerable
Pinching pennies and reshuffling priorities to make room where needed.

The Anxious
Watching investments closely to prevent bottoming out. Mostly feeling the pain on paper.

Across groups, concerns around inflation are significant. Even among The Resilient, the most shielded, 43% stated they feel concerned. Some groups may be in a better position to deal with an extreme inflation cycle, but almost all Americans are worried.
Profile: The Resilient

The Resilient are optimistic, successful, and financially secure with most of their assets lying in home ownership (73%). They feel in control of their ability to achieve their goals in life, and while they’re relatively concerned about inflation, are the most insulated from its effects.

The group has a financially stable profile and is more likely to stick to business-as-usual spending habits.

Demographic Skews

- Male
- Gen X: Average age 40
- More diverse (AA)
- Married
- Likely to be parents
- Homeowners
- Democrat
- HHI $74K

How to connect: Reward and thank them for their continued loyalty and avoid tones that might dampen their optimism.

Attitude Skews

Concern About Financial Inflation, Life Satisfaction, Believe Outside Obstacles Get in the Way

Inflation Concern

- 1 - Not at all concerned
- 2
- 3 - Somewhat concerned
- 4
- 5 - Very concerned

Wealth Income Liabilities Expenses

LOW HIGH
The Vulnerable are not affluent, have taken recent hits financially, and feel pessimistic about their situation. The Vulnerable under-index (90) on home ownership and have over twice as much student loan debt as the other groups. While their assets are low, their debt supersedes their income so they’re more likely to live paycheck-by-paycheck. They’re also more likely to be financially worse off than previous generations.

The group demonstrates a financially unstable profile and is at higher risk of falling into financial peril if inflation persists.

How to connect: Help them feel more in control of their lives and their finances. Acknowledge their pain points and incentivize their spending with extra rewards in the form of discounts and special offers.

Attitude Skews

Concern About Inflation

Financial Security

Life Satisfaction

Believe Outside Obstacles Get in the Way

58% 17%
15%
22%

1 - Not at all concerned
2
3 - Somewhat concerned
4
5 - Very concerned

Profile: The Vulnerable

Demographic Skews

- Male
- Millennial: Average age 30
- Hispanic skew
- Single
- Less likely to be parents
- Renters
- Democrat
- HHI $49K

Finances

Wealth Income Liabilities Expenses

LOW HIGH

INFLATION NATION | 8
The Anxious are financially well off and have seen significant success, with much of their wealth accumulated outside of their income. Their earning power is low as most are retired or nearing retirement. Despite their wealth, they feel financially insecure, have a pessimistic outlook, and are cutting back the most. Price increases are also top of mind because they’ve lived long enough to have a frame of reference for significantly lower prices on everyday purchases.

With 76% of their assets in a volatile stock market, their high anxiety is understandable. They have the most – but also the most to lose as purchasing power diminishes.

**How to connect:** Provide reassurance in the form of guarantees or testimonials that eliminate doubt and establish value.

**Demographic Skews**
- Female
- Boomer: Average age 68
- Caucasian skew
- Married/Divorced
- Less likely to be parents
- Homeowners
- Republican
- HHI $59K

**Attitude Skews**
Concern About Inflation
Financial Security
Life Satisfaction
Believe Outside Obstacles Get in the Way

**Inflation Concern**
- 73% Not at all concerned
- 16% Somewhat concerned
- 10% Very concerned

**Profiling:**
- Female
- Boomer: Average age 68
- Caucasian skew
- Married/Divorced
- Less likely to be parents
- Homeowners
- Republican
- HHI $59K
Understanding Inflation: Political party affiliation drives outlook

Knowing where people place blame and what their outlook is will help brands craft the right messaging around price – and the key is through party affiliation. We found that perceptions around the root causes of inflation are divided along party lines, as is people’s relative optimism or pessimism. Democrats are more likely to feel optimistic about inflation, and blame Russia, corporate greed, pent-up demand, and global warming. Republicans lean pessimistic and think labor shortages and government spending are to blame. But fingers point in all directions – including at brands.

Brands will have to tailor their messaging strategy accordingly. If someone thinks corporate greed is to blame, a brand that attributes price raises to its own hardship might suffer reputationally. If someone thinks Biden’s administration is to blame, brands that distance themselves from politics might avoid getting caught in the crosshairs. Note that 3 of the top 4 reasons cited can at least be associated with brand perceptions: supply chain issues (are we as brands doing something to alleviate this?), labor shortage (what are brands doing to create better working conditions?), corporate greed (just because we can raise prices, should we?).

Perceived Causes of Inflation

- **Supply Chain**: 72%
- **Russian Invasion of Ukraine**: 53%
- **Labor Shortages**: 43%
- **Corporate Greed**: 64%
- **Government Spending**: 44%
- **Pent-Up Demand from Pandemic**: 36%
- **Global Warming/Environmental Issues**: 50%

**The Resilient**
This group tends to lean more democrat, so they’re more likely to mention the invasion of Ukraine (4 pts).

**The Vulnerable**
This group, who are more liberal leaning focuses on corporate greed (6 pts).

**The Anxious**
True to their right-leaning skew, they are more likely (by 13 pts) to blame government spending.

CQN15 - X- What has caused the recent increases in prices (i.e., inflation) SUMMARY; Total sample: Unweighted; base n = 930
Understanding Inflation: 
Social conversation reflects and amplifies the blame game

Social conversation mirrors those we surveyed by demonstrating where people place inflation blame. The word cloud reflects over 700k social posts on the topic, containing everything from President Biden to corporate greed to supply chain to Putin’s invasion of Ukraine.

Political leanings are also on display in social chatter. For example, people who Tweet about Biden being at fault are more likely to have Twitter bios that mention MAGA or have an American Flag emoji, a symbol that’s been co-opted by the right. People who tweet about blaming corporate greed are more likely to have the blue wave emoji, rainbow emoji (code for LGBTQIA+ identity/allyship) as well as hashtags #BLM, #RESIST in their bios.

For brands, subjective beliefs about the cause of inflation make it tricky to find a unified messaging strategy. Understanding your customers’ political affiliation should be a starting point to informing context communications. It should also inform programming and channel selections when considering ad placements.

For Democrats or The Resilient, messages from brands that raise prices while reporting record profits may fare better if they show the good they’re doing in local communities, or by providing greater transparency into how the price increases are used.

For Republicans or The Anxious, talking about loss prevention, locking in lower prices, and minimizing risk is key.

Netbase; 1/1/2022 – 5/13/2022; 712k inflation posts mentioning blame
Covid lockdown changed how we spend our time and money - Inflation is cementing those habits

At least one of the root causes of our current inflation levels is the change initiated by the lockdown and the pandemic. Almost all out-of-home activities, including dining out, movies, gyms, and theme parks were suddenly dropped from our lives. Inflation is undoubtedly happening, but it’s not immediately clear whether current spending patterns result from inflation alone or changes people made during Covid.

With shrinking paychecks, uncertain financial futures, and a pandemic still affecting people’s sense of personal safety, these patterns are here for the foreseeable future.

Reported Change in Spending During the Pandemic

<table>
<thead>
<tr>
<th>Category</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dining out</td>
<td>-35</td>
</tr>
<tr>
<td>Entertainment outside the home</td>
<td>-34</td>
</tr>
<tr>
<td>Lifestyle expenses</td>
<td>-21</td>
</tr>
<tr>
<td>Charitable donations</td>
<td>-11</td>
</tr>
<tr>
<td>Education/childcare</td>
<td>-5</td>
</tr>
<tr>
<td>Savings/Investments</td>
<td>-4</td>
</tr>
<tr>
<td>Cell phone</td>
<td>-2</td>
</tr>
<tr>
<td>Transportation</td>
<td>-2</td>
</tr>
<tr>
<td>Paying off debt</td>
<td>1</td>
</tr>
<tr>
<td>Entertainment inside the home</td>
<td>1</td>
</tr>
<tr>
<td>Medical &amp; Healthcare</td>
<td>5</td>
</tr>
<tr>
<td>Housing</td>
<td>5</td>
</tr>
<tr>
<td>Insurance</td>
<td>6</td>
</tr>
<tr>
<td>Utilities</td>
<td>22</td>
</tr>
<tr>
<td>Groceries</td>
<td>33</td>
</tr>
</tbody>
</table>

1 in 4 Americans remain very concerned about the pandemic. Perceived risk level fluctuates in response to covid case counts. (Horizon’s New Normal News, April 2022)

Brands should understand that Americans may not be out of the pandemic mindset, even if restrictions have been lifted. Going out to dinner, opting into gym memberships, or buying the newest yoga pants need not only be worth the price tag, but also the perceived health risk. Brands that raise prices to make up for lost time risk losing customers who simply don’t have more to pay right now. Reward those that return to ensure they see the value.
Inflation is forcing people to sacrifice simple pleasures to address pain points, creating wallet lockdowns

Those ready to resume pre-pandemic life are finding the activities they were most looking forward to are now cost prohibitive, leading to a wallet lockdown. Unavoidable expenditures like groceries and rent, where people have noticed significantly higher prices, are becoming pain points as people sacrifice simple pleasures, like dinner and a movie out, and niceties like charitable giving in order to meet basic needs. While most people don’t keep a list of prices in their heads for things they have purchased, they do have a feeling for prices based on how often they purchase the item, therefore, price changes on weekly grocery lists are more likely to be noticed than other things.

“I can’t really go anywhere without a car and because of the gas prices right now it takes a big bite out of my monthly budget.”

@AakCrafts

Brands will face trouble the longer people prioritize spending only on necessities. Delaying spending on enjoyment for an extended period can negatively impact people’s overall outlook and spending. For example, a grocery brand may want to offer additional gas reward points to the Vulnerable segment or show the Resilient how experimenting with cooking at home can be a form of armchair travel.
Smaller shifts in spending give people wiggle room without making huge sacrifices

Reported Cost-Cutting Behaviors

- Cooking instead of dining out: 71%
- Watching movies at home instead of going to the movies: 61%
- Switch to buying cheaper, "generic," or "store labels": 43%
- Buying in bulk from warehouse stores like Costco: 33%
- Cancelled certain streaming services: 18%
- Eliminated cable service: 14%
- Added a free video on demand service: 13%
- Smaller cable service plan: 11%
- Smaller cell phone data plan: 11%
- Attending virtual concerts instead of actual concerts: 11%
- Switched to ad-based streaming service or cable-free: 9%

People are less willing to cut back on in-home entertainment. Covid habits are cemented, and people still have safety concerns about going out.

Dinner and a movie at home became increasingly commonplace after the growth of streaming video, but a renewed level of price sensitivity has Americans finding new ways to tighten their (financial) belts at home. They’re reducing cable bills, sharing cell phone plans with a broader set of family members, or buying in bulk.

Brands can take advantage of this shift in focus through brand partnerships that cut across categories, e.g., shop at our store and get discounts on your phone bill, pull the trigger on buying that car and get your first 10 fill-ups on us, or 10% off your Verizon bill when you sign up for a Costco membership.
But we’re not all making the same sacrifices

How much and where we cut depends on our perception of our own financial outlook, as exhibited by our three segments.

Household Reported Spending Cuts by Segment

- **Dining out (QSR, Fine Dining, Fast Casual, Café)**
- **OOH Entertainment (Movies, Concerts, Travel)**
- **Lifestyle (Gym, Clothes, Furniture, Gifts)**
- **Groceries**
- **In-Home Ent. (Streaming, Cable, Games, Home Gym)**
- **Charity**
- **Savings**
- **Transportation**
- **Cell phone**
- **Servicing debt (Credit Cards, Student Loans)**
- **Utilities**
- **Medical**
- **Education/childcare**
- **Insurance**
- **Housing**

Generally, people can’t make cuts on life’s necessities, but it’s worth noting that all segments agree their cell phone is now considered a necessity under wallet lockdown. The Vulnerable group is also more likely to access entertainment content through their phones.

The Resilient
Fewest cuts overall and less likely to reduce savings budget.

The Vulnerable
Due to youth, less likely to cut expenses for entertainment both inside and outside the home.

The Anxious
Survival mode: greatest reduction in spending. They cut back on simple pleasures like entertainment and lifestyle.
The Status of the American Dream

Understanding how inflation is impacting people’s pursuit of the American Dream - and how reliant their idea of the American Dream is on money vs. meaning.
The heartbeat of the American Dream still beats - for some

A trademark of the American Dream has long been that children can create a better life than their parents. Today, only about 1/3 of overall Americans can make that claim. Millennials, who tend to fall into The Vulnerable profile, are the first generation to find themselves worse off than their parents, and the trend looks to continue for Gen Z. By comparison, 92% of those born in 1940 made more than their parents. (source: US Census Bureau and Internal Revenue Service data)

Another tenet of the American Dream is the idea that hard work brings success. But as the backlash to Kim Kardashian’s controversial statement earlier this year demonstrates, people are aware it’s no longer so simple - especially with the varied levels of privilege people are born with. In response, an anti-capitalist alternative American Dream is being painted on social - one that de-glamorizes the hustle in favor of a simpler life as a coping mechanism to deal with wallet lockdown.

Kim K. is not the only target of this social class resentment. A genre of TikTok content with 40M+ views is “nepo[tism] babies,” aimed at calling out the privilege of celebrity offspring.
Inflation is hindering people from obtaining the American Dream

Average Asset Distributions

The Resilient have an even distribution of their assets, contributing to their relative optimism. The Anxious have \( \frac{3}{4} \) of their assets in the stock market, whose volatility is likely contributing to their anxiety. The Vulnerable have a similar share of assets in real estate, but they under-index (90) on home ownership and have over twice as much student loan debt as the other groups. This wealth gap, along with rising mortgage interest rates, has millennials obsessing over their inability to buy a home in the near term.

Not only would homeownership provide the economic stability that comes with a fixed monthly expenditure unlike fluctuating rents, but it's also a key component of building and growing wealth that can impact generations to come.
Insecurity and uncertainty span wealth brackets, opening the door to alternative financing

Inflation is affecting the security of high and low earners alike. Over a third of Americans currently making at least $250,000 annually report living paycheck to paycheck. (Source: Bloomberg)

Don’t feel they have enough in savings to weather inflation. Nearly half of The Vulnerable say they don’t have enough.

Say they don’t know how long inflation will last and don’t know how to budget accordingly.

The projected number of U.S. buy now, pay later users in 2022, up from 1.6 million in 2018. (eMarketer)

Most common purchases include:
Electronics: 47%
Clothing/fashion: 40%
Furniture/appliances: 39%
Household essentials: 33%
Groceries: 24%
Books, movies, music, games: 23%
(Source: Motley Fool)

Some brands are addressing financial insecurity in creative ways:

Some have argued that the opposite of anxiety is trust, and who do people trust more than their own network? Social-fintech brands like Public.com claim to help demystify investing for those who can’t afford or who don’t trust traditional brokers. (Image source: public.com)

Play-to-earn has been hailed as the future of gaming as people begin to realize the value of their engagement and expect to be compensated for their time. While most current players are heavy gamers, interest in this sector is expected to grow, making games like Axie Infinity more popular and accessible to broader audiences. (Image source: axieinfinity.com)

A brand’s shareholders and its customers are often not the same people. AMC Theaters aims to bridge that gap by inviting movie fans to become shareholders and reap the rewards in-theater as part of its Investor Connect program. (Image source: amctheatres.com)
People are split on whether money or meaning matters more in life

Americans are almost evenly split on whether they prefer a comfortable or meaningful life. While more people want financial comfort, those who seek meaning are not only better able to find meaning, but better at finding happiness as well. Those who seek a meaningful life also report being more likely to get what they want most out of life.

Some brands are looking to differentiate themselves by delivering happiness and a greater sense of meaning and purpose:

The online bank **Aspiration** aims to “Do Well and Do Good” by helping customers spend, save, and invest with a conscience so they can make money while making the world a better place. They differentiate themselves from Big Banks by promising not to use customer deposits to fund oil pipelines or fossil fuels. (Image source: aspiration.com)

Gatorade has a rewards-based recycling program that melts bottles into hard plastic and remolds them into park benches and gym equipment. They’re also leveraging relationships with leagues, teams, and athletes to tackle the lack of diversity in sports with a playbook on active allyship. (Image source: terracycle.com)
Role of Brands

Understanding how brands can build and retain loyalty while helping Americans feel more hopeful and in control of their financial lives.
Americans are looking to support brands that offer stability amidst financial chaos

To uncover what brands can do to engage with and develop loyalty among those who may be pinching their pennies, we tested six ways ten different brands can help people deal with rising prices.

The most obvious solution was also the most effective. People want stable prices. Stable price promises outperformed the more exotic approaches of offering NFTs to lock in prices or tethering prices to employee wage increases. Considering the insecurity people feel right now, this promise would appeal to those trying to plan their budgets.

Offering discounts to help with higher prices also fared well as a traditional, but effective tactic.

Aside from price, brands can develop loyalty by helping to address the issues people are most concerned about (e.g., climate change, environment, or community safety). Brands can also gain a significant amount of favor by contributing to solutions.

**The Resilient**
More interested in ways in which brands can help causes, such as climate change.

**The Vulnerable**
More likely to prefer direct help from brands in the form of keeping prices low.

**The Anxious**
Generally the least interested in brands’ support but maintaining price consistency is important to help this group feel more in control.
Americans had a **long list of worries** - inflation just made it **longer**

The United States is one of the world’s wealthiest nations, but more money seems to equal more problems. On average, Americans express concern on about eight issues. Adding inflation to the list gives them a 9th thing to worry about and restrains their resources to help alleviate other woes. We’ve already seen that people are cutting back on charitable giving.

If Americans are cutting back on charitable donations, they might be more inclined to spend on a brand doing good in lieu of direct contributions. For example, the ease of donating via rounding up at the point of sale might appeal to **The Resilient**. This same strategy won’t be as relevant to **The Vulnerable** group, who are likely living paycheck to paycheck, but this group does care about *political party* donations by brands and may consider this before making a purchase. Brands can help people stay true to their moral compass during a time when they may not be able to be as altruistic as they want to be.

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**The Resilient**

Insulated in their bubble, this group had the fewest concerns overall - but brands supporting animal rights stood out.

**The Vulnerable**

Most concerned with raising the minimum wage, consistent with their left-wing party affiliation.

**The Anxious**

More likely to be concerned with historically right-wing issues like illegal immigration and protecting the police.
Brand Implications + Opportunities:

1. **Tailor messaging to psychological outlooks.** People’s attitudes determine their perception of inflation. Aligning with the varied views of these segments will often require different approaches for the same products and services but can be make or break. For example, messaging about trying times isn’t necessary for The Resilient, but messages of appreciation for their continued patronage could resonate. For The Anxious, acknowledge the validity of their pessimism, remind them to act in the moment, and focus on future protection. For The Vulnerable, messages that demonstrate tangible value will likely work best.

2. **Boost rewards.** Brands can focus on rewards in some of the most painful categories, like 4x gas rewards for grocery purchases for The Vulnerable or bonus airlines miles toward status to The Resilient.
   - Because dining out is often first on the budget chopping block for those cutting back, restaurants can lure in The Vulnerable through family deals or Buy One Get One Free specials.
   - Reach The Anxious by offering weeknight bonus rewards for in-store visits to make uncertain times feel like less of a struggle.
   - For The Resilient, messaging focused on the relief that dining out provides (the simple pleasure of not having to do the dishes) can be effective.
   - Entertainment brands can speak to The Resilient and The Vulnerable through sponsorship of delivery app fees to incentivize making a night in as much of an event as dining out.

3. **Reward people with simple pleasures.** With people sacrificing small joys in order to address pain points, brands can focus on rewards that deliver on the idea of “simple pleasures.”
   - For The Resilient, it could look like a product bundle that provides the tools and ingredients to cook an international-inspired meal at home.
   - For The Vulnerable, it’s about elevating affordable ingredients, like recipe content that turns SPAM into a high-end meal while offering a free month of content to inspire “dinner and a movie” nights at home.

4. **Give people less to worry about.** We know that people are worried about at least 8 things on average. Your brand shouldn’t be one of them.
   - Remove barriers that turn into boycotts by handling customer service issues quickly and pleasantly, and limiting the steps needed to receive benefits and perks.
   - Remove costly or nice-to-have features that do not have a strong impact on the purchasing experience, like excess packaging or added accessories, to help address and alleviate a long list of worries.
Brand Implications + Opportunities:

5. **Turn pain points into game points.** Inflation is really the budget-ista’s time to shine. The Anxious are more likely to have a coupon-clipping mentality and are excited by the thrill of a deal. These veteran deal seekers live for the challenge of getting the most out of the least and have turned deal-seeking into a full-time game. Though high inflation can make it feel like there are no deals to be had, for the die-hard deal-seekers the hunt is half the fun. Making people feel like life can be “inflation-proof” without sacrificing fun or flavor is key.

6. **Deliver frictionless deals.** Not everyone has time for bargain hunting, and for The Resilient, limited-time offer deals may even go unnoticed. Brands can leverage AI technology to help shoppers make smarter decisions by serving up reactive pricing that’s in line with their spending. Smart-home devices like Amazon Alexa can now notify people when an item they buy frequently or have on their wish list goes on sale, giving them a chance to snag a deal.

7. **Emphasize price leadership and one-stop shopping.** If you’re a large discount store known for always having the lowest prices, keep the pricing comparisons and convenience against competitors top-of-mind. This is essential as prices on fuel reach new highs, meaning that for some, one-stop shopping is not only the easier option but the necessary choice.

8. **Embrace radical transparency.** Realistically, some brands are unable to absorb rising prices. If that’s the case, it’s important to over-communicate with your customers to justify prices to the public.
   - The Anxious would appreciate seeing cost breakdowns for a better understanding of where those dollars are going because it’ll help them feel more in control.
   - The Vulnerable need help feeling financially stable ahead of their monthly expenses, so if you’re anticipating a price increase, send a message to your customers giving them a heads-up and allow them to stock up on products before you increase your prices so they feel rewarded and in the know.
Thank You

For more information and custom consultation inquiries contact: