

New Alvarez & Marsal Fall 2022 Consumer Sentiment Report - Highlights Impacts of Inflation, Weak Optimism



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- **Category spend down y-o-y for basic needs, experiences, gifts & indulgences**
- **7 in 10 Consumers plan to spend less on holiday shopping**
- **Rising prices create concern across all age groups**

New York, NY—November 16, 2022—Global professional services firm **Alvarez & Marsal's Consumer and Retail Group** (A&M CRG) today released its newest consumer report, ***Consumer Sentiment Survey Fall 2022***, which looks at the impacts of inflation and resultant changes in consumer spending over the last year, as well as spending expectations into the holidays and for the coming six-month period.

This is the third chapter of its bi-annual Consumer Sentiment Report, based on a survey of 1,500+ consumers matching the U.S. adult population according to gender, age, ethnicity, region and income. The report covers various changing behaviors in response to inflation, including around consumers' holiday spending plans, shopping priorities by category, concerns over rising prices, other factors that will affect holiday purchase decisions, and more.

"Our objective was to understand how inflation is affecting the American consumer in terms of their optimism or lack thereof, their buying patterns and expectations, and their preferred shopping channels – especially as we go into the holiday season" noted **Jonathan Sharp**, Managing Director at **Alvarez & Marsal's Consumer and Retail Group**, and lead author of the study. "What we found is that extended inflationary pressures are causing U.S. consumers to retrench further and curtail even more their discretionary spending – even categories that had seemed somewhat immune in spring 2022 are now under pressure." Additionally, many fear that inflation has yet to peak, with 65% of consumers expecting prices to continue to rise in the next 6 months.

The study found that:

- Almost 9 in 10 consumers have adopted new habits in response to inflation; 7 in 10 are altering their holiday shopping habits
- Among shopping priorities by category, only grocery was up, vs. dining out, which was down by 40%
- Concerns over rising prices rise with age, as do plans to spend less on indulgences
- Consumer expectations on things getting better, saving more, having more money, and plans to spend the same or more on basic needs were all down year-over-year

This year's holiday season looks like it will also be impacted by consumer spending reticence. The most significant changes people are making is a reduction in their overall gift spending; 1 in 3 shoppers plan to spend less on gifts this holiday season.

The report provides insights into the factors that will have an impact on purchase decisions this holiday, including shipping fees, more limited return policies, potential upcoming sales, holiday availability, and Buy Now Pay Later options.

"Smart retailers will remain agile in responding to deal-hungry, penny-pinching consumers," added **Jonathan Sharp**. "Inventory management, pricing and cost management will continue to be severely challenged."

To download a pdf of ***Consumer Sentiment Survey Fall 2022***, please visit:

<https://alvarezandmarsal-crg.com/insight/am-crg-consumer-sentiment-survey-fall-2022/>

The Alvarez and Marsal Consumer and Retail Group (CRG) is a management consulting firm that tackles the most complex challenges and advances its clients, people, and communities towards their maximum potential. CRG combines the best of A&M's broader firm's bias toward action and practicality with deep consumer and retail industry experience. CRG partners with businesses across a wide range of categories including Food & Beverage, Beauty & Personal Care, Grocery, Mass Merchandise, and Apparel & Footwear to drive significant performance improvement.

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