

How to Stretch a Dollar: Consumers Speak Out on Spending Habits in the Current Economy

Recently, we asked a thousand of our panelists to answer some questions about their current and anticipated spending habits. They told us about their spending habits across eighteen categories, from apparel to vacations. What we found is that our consumers, across the board, plan to spend less money in six months compared to their current spending habits. They were happy to tell us about their spending habits, but not so happy about where their spending is headed.

50% or more of our consumers expect to spend somewhat or considerably less, in six months, on fully ten of the eighteen categories, including (in order of popularity) dining out, apparel, entertainment, gifts, electronics, health and beauty, furniture and decor, gifts, vacations, and flowers and plants. Dining out is the area that most people in our survey, 72%, plan to cut back on. Apparel runs a close second, with 65% of our respondents planning to cut back on clothing expenses.

Less than half of our consumers expect to cut their spending on (also in order of popularity): automotive expenses, children's activities, fitness, groceries, pets, toys and games, and business travel. Pet products and business travel are the areas least expected to be cut back on, with 29% and 27% of respondents, respectively.

The rich may not be getting richer, but they are cutting their spending

Plan to Spend Considerably Less in 6 Months

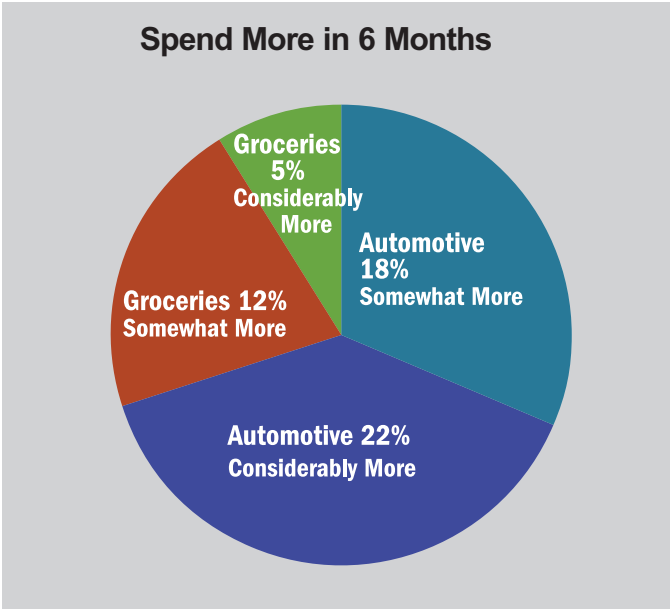
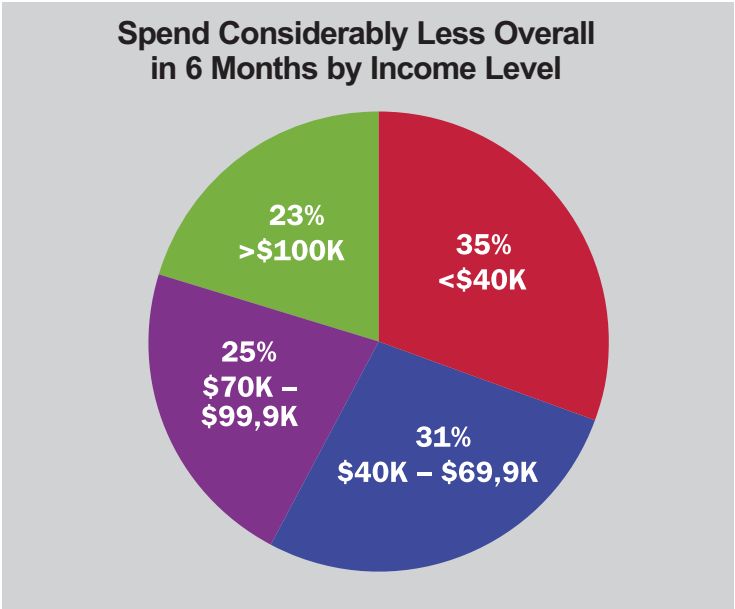


- 1 = 45%  Food/Groceries
- 2 = 38%  Apparel
- 3 = 37%  Food/Dining Out
- 4 = 37%  Health & Beauty
- 5 = 25%  Household Products
- 6 = 24%  Entertainment
- 7 = 22%  Automotive
- 8 = 22%  Gifts
- 9 = 17%  Electronics
- 10 = 16%  Toys/Games
- 11 = 16%  Furniture /Decor
- 12 = 16%  Travel/Vacation
- 13 = 15%  Activities for Children
- 14 = 15%  Flowers/Plants
- 15 = 13%  Pet Products
- 16 = 12%  Appliances
- 17 = 11%  Fitness
- 18 = 7%  Travel/Business

less. As consumers' income levels increase, their expected cut in spending decreases proportionally.

Spending on basic needs is still recession-proof. In only two of eighteen categories do more than 5% of our consumers expect to spend more in six months. Not surprisingly, those categories are automotive and grocery costs.

Nearly everyone plans to cut back on spending. Even in the highest income level, only 8% do not have a plan for saving in some areas to account for spending in other areas.



If you've got a library, a generic brand, or a thrift shop — times are good. More than half of consumers surveyed plan to save money by using libraries, switching to generics, and shopping at second-hand stores.

Keep an eye out for future Market Reader Report Special Editions as we continue to track consumer spending trends in the changing economy.

Study Panel Demographics:
Panel Ages: 18-25: 8%, 26-35: 18%, 36-47: 29%, 48-61: 36%, Over 61: 9%
Gender: 96% Female; 4% Male
Race/Ethnicity*: 87% White, 7% Black, 3% Hispanic, 2% Asian, 2% Other
Neighborhood: 41% Suburban, 36% Rural, 23% Urban
Income*: < \$40K = 37%, \$40K to \$69.9K = 36%, \$70K to \$99.9K = 18%, \$100K+ = 10%
 * Rounding accounts for higher than 100 percentage points.

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