How the global economy is impacting consumer spend

More than 15,000 US + UK consumers reveal new purchasing habits

Consumers are concerned about their financial wellbeing, directly impacting how they plan to allocate their spending. And with global events like energy caps, war, + inflation, these concerns are only expected to grow—meaning brands will have to adapt to a value-forward model to compete in such a volatile market.

To get a better understanding of how today's economy is impacting spending habits, we connected with more than 15,000 consumers across the US + UK. This brief breaks down top consumer behavior trends—including where consumers are planning to cut back, what factors are informing their purchase decisions, and how industries can best prepare to meet customers' evolving needs.

Here's what we learned. »

FOR THE C-SUITE

With so many consumers cutting back on spending—especially when it comes to eating out and big retail purchases—brands should define what value means to their customer and lay focus there.

METHODOLOGY

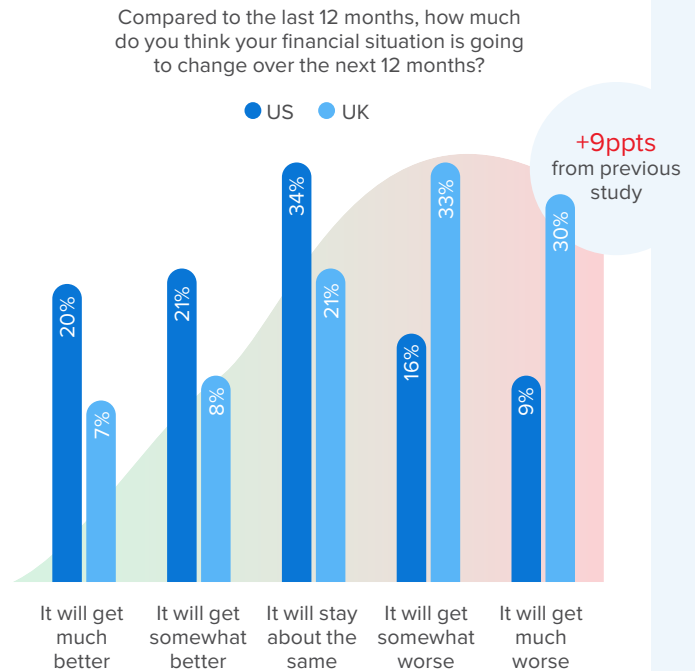| September 2022	12,000+	3,100+	Feedback
STUDY	US RESPONDENTS	UK RESPONDENTS	+ BEHAVIORAL DATA

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TREND #1

Consumers—especially those in the UK—are concerned about their financial situations

In light of recent political transitions, union strikes, energy caps, + inflation, 63% of UK respondents believe their finances will take a hit over the next year (a 9-ppt increase from April 2022). US consumers are slightly more optimistic, with 1 in 4 expecting their finances to worsen. Citing the most concerns are those making more than $75K and retired individuals. In the UK, those most concerned are making less than $25K, individuals working part-time, and homemakers.

Clearly consumers are prioritizing value, and brands need to start thinking about how they can deliver on that. Providing perks like loyalty reward programs and special promotions for frequent guests will help drive your retention efforts.

Compared to the last 12 months, how much do you think your financial situation is going to change over the next 12 months?

● US ● UK

+9ppts
from previous study

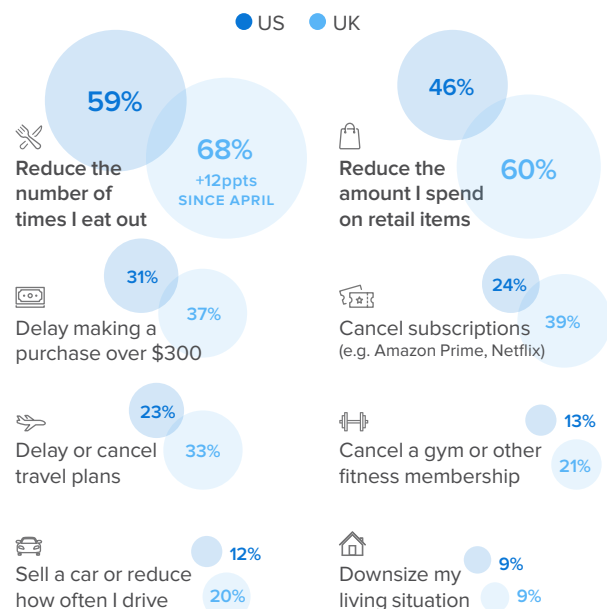|	It will get much better	It will get somewhat better	It will stay about the same	It will get somewhat worse	It will get much worse
US	20%	21%	34%	16%	9%
UK	7%	8%	21%	33%	30%

TREND #2

Consumers are planning to cut back on non-essential spending

To adjust to changes in their personal finances, consumers are making changes in their discretionary spending—with the UK seeing significant increases in plans to cut back. The restaurant industry is taking the biggest hit, with nearly 70% of UK respondents (a 12-ppt increase since April) and nearly 60% of US respondents planning to eat out less. Non-essential retailers will also feel the burn, with nearly half of US consumers and nearly 60% of UK consumers preparing to shop less.

With consumers limiting these engagements, it's even more critical for brands to focus on converting non-purchases into paying customers. Take the time to assess your customer journey—across touchpoints—and ensure all experiences are frictionless and driving conversions.

How do you plan to reduce spending over the next 12 months?*

● US ● UK

Reduce the number of times I eat out — 59% / 68% +12ppts SINCE APRIL

Reduce the amount I spend on retail items — 46% / 60%

Delay making a purchase over $300 — 31% / 37%

Cancel subscriptions (e.g. Amazon Prime, Netflix) — 24% / 39%

Delay or cancel travel plans — 23% / 33%

Cancel a gym or other fitness membership — 13% / 21%

Sell a car or reduce how often I drive — 12% / 20%

Downsize my living situation — 9% / 9%

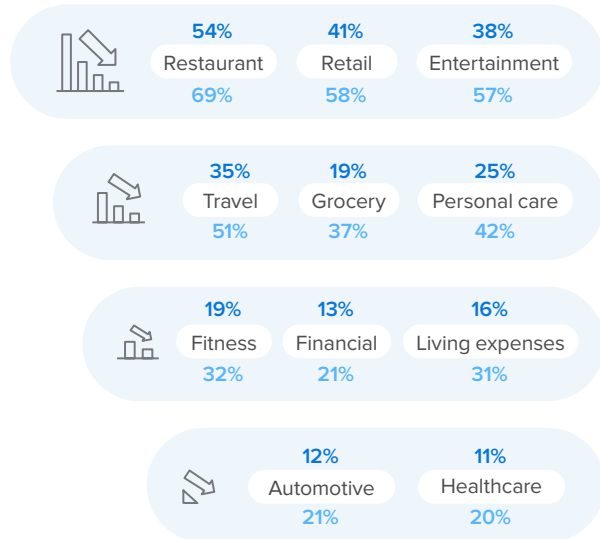*People who believe their financial situation will be worse in the next 12 months

TREND #3

Consumers are now focused on the fundamentals

While a significant number of consumers are planning to spend less on non-essential expenses, fundamentals like groceries, automotive services, and healthcare are taking less of a hit. When it comes to regional differences, UK consumers are planning to cut back at a higher rate than US consumers across the board.

To get a better understanding of how your customers are allocating their spending, be sure you're measuring customer feedback across all channels. This will help inform where you can make improvements and drive conversion efforts—if customers are spending less with your brand, you need to know why.

In which of following categories do you plan to spend LESS over the next 12 months?

● US ● UK

54% Restaurant 69%	**41%** Retail 58%	**38%** Entertainment 57%
35% Travel 51%	**19%** Grocery 37%	**25%** Personal care 42%
19% Fitness 32%	**13%** Financial 21%	**16%** Living expenses 31%
12% Automotive 21%	**11%** Healthcare 20%	

TREND #4

Financially conscientious consumers are placing more emphasis on value

Brands across industries need to give their value offering a hard look—but higher value doesn't always mean less expensive. Though nearly half of restaurant + retail consumers list Promotions or Deals as a top factor in choosing a brand, more than 60% stated Quality of Food/Products as most important. To win customer loyalty, brands must prioritize value above all else—whether that's through lowering costs, providing exceptional service, or improving convenience measures.

Most important when choosing which retail store to choose from

● US ● UK

Most important when choosing which restaurant to order from

	Retail US	Retail UK		Restaurant US	Restaurant UK
Quality	62%	61%		67%	65%
Promotions or deals	53%	57%		41%	49%
Convenience of location	43%	43%		45%	37%
Positive experience	33%	29%		42%	35%
Loyalty rewards	30%	35%		29%	23%

SMG Q+A SERIES | VALVOLINE

Expand your experience strategy to meet customer expectations

With the pressure to build stronger, more personalized experiences, brands must evolve the way they listen to customers. This is what Valvoline had in mind when it recently revamped its CX program to capture stronger feedback and better connect with customers. Learn what steps the brand took and how its innovative approach resulted in improved cross-channel experiences and more meaningful insights—in just one year.

WATCH VIDEO ▶

Establish these 3 listening posts to stay ahead of consumer trends

1 **Ratings + reviews management** that provides an aggregated view of top social sites

2 **Video feedback** to add emotional context to XM data + build stakeholder empathy

3 **AI-native text analytics** that provides deeper contextual understanding of feedback

Measure + improve experiences at each stage in the customer journey

SMG's unique software with a service (SwaS) approach combines platform technology with hands-on professional services to help brands stay on top of consumer behavior trends and turn experience data into real-world improvement strategies.

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About Service Management Group

SMG is a leading experience management (XM) provider, accelerating value by changing how brands act on customer + employee insights. With a rich 30-year history rooted in The Service Profit Chain, SMG is the industry's only software with a service (SwaS) provider—uniquely pairing an enterprise platform with professional services to help brands generate new revenue, grow existing revenue, reduce churn + detractors, and drive operational efficiencies. To learn more about our customer, employee, and brand experience management solutions, visit www.smg.com.

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