ANALYST REPORT

The State of Retail & E-Commerce

Finding the next wave of online shopping growth amid mounting inflationary pressure

H2 2022
In This Report

3 Executive Summary

4 Key Takeaways

5 E-Commerce Growth Normalizes

14 Fulfillment Convenience Outweighs Speed

23 Inflation Strains Consumers’ Budgets

29 The Data Behind the Report
Executive Summary

Growth in consumers’ use of e-commerce channels has normalized, and the next phase of growth will require overcoming online and delivery friction. Shoppers reducing discretionary spending due to inflation will make it harder for retailers to continue these investments.

Morning Consult’s semiannual State of Retail & E-Commerce report tracks evolving consumer shopping behaviors and expectations and interprets what they mean for the industry’s future.

This year, retail has seen continued spending growth, although that has been led more by inflation than by increasing consumer demand. While consumer confidence has plummeted, spending has remained high, but we’re already seeing shopper behavior change, demonstrating that the spending spree can’t go on forever. Retailers need to closely monitor their key shopper segments for indications of changing demand and behavior patterns.

Based on survey interviews with more than 15,000 adults across the United States, Australia, Brazil, Canada, China, France, Germany, Italy, Japan, Mexico, South Korea, Spain, Thailand and the United Kingdom, this report provides insight into consumer trends that will shape the future of retail and e-commerce.

Shares of consumers who prefer to shop in stores versus online in the following categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>IN STORES</th>
<th>ONLINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groceries and household goods</td>
<td>83%</td>
<td>15%</td>
</tr>
<tr>
<td>Home furnishings and appliances</td>
<td>67%</td>
<td>21%</td>
</tr>
<tr>
<td>Beauty and personal care products</td>
<td>67%</td>
<td>24%</td>
</tr>
<tr>
<td>Apparel, shoes and accessories</td>
<td>63%</td>
<td>33%</td>
</tr>
<tr>
<td>Personal electronics</td>
<td>55%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: Morning Consult Research Intelligence. “I don’t purchase products from this category” responses not shown.
The next phase of e-commerce growth requires more IRL shopping elements

To realize continued online shopping growth, retailers will need to improve their discovery and delivery experiences. Advancing retail technology can help, but consumer adoption is currently lagging.

Convenient delivery is more important than fast delivery

Shoppers use “buy online, pick up in store” services for convenience more than delivery speed, and most shoppers don’t expect their online orders to come sooner than five days.

Consumers can’t continue to absorb higher costs, and retailers’ pain will grow

Shoppers have maintained spending in the face of sky-high inflation but are increasingly making trade-offs to accommodate higher prices for essentials. Nonessential categories will struggle in the second half of 2022.
As e-commerce returns to its pre-pandemic growth trajectory, retailers should look to brick-and-mortar integrations and advantages to identify opportunities to bring in new shoppers.
Globally, online shopping rates are relatively stable, with key exceptions

Online shopping rates are mostly steady in many of the countries analyzed for this report, but South Korea, China and Mexico are standouts.

The United States, United Kingdom and France all see stable but differing levels of online shopping. The United Kingdom outpaces the United States, but France is lagging, given its consumers’ overall preference for shopping in stores.

Meanwhile, in South Korea, the rising and falling frequency of online shopping aligns with COVID-19 lockdowns; in China, both lockdowns and the government’s big tech crackdown led to a dip and recovery in online shopping rates. Mexico has seen more steady growth and is one key test market for ultrafast delivery disruptors.
Asian countries and the United Kingdom lead consumer preference for online shopping across multiple categories

The challenges of delivering a satisfying online shopping experience vary across categories and countries, and identifying which competitors are getting it right in other markets can help retailers identify paths to e-commerce growth. For example, apparel and electronics retailers might look to their counterparts in China, Germany or the United Kingdom to determine best practices.

The grocery category presents an interesting test case for retail innovation. Despite low consumer interest outside China and South Korea — and, to a lesser extent, the United Kingdom — grocery retailers around the world are finding ways to deliver online orders in as little as 15 minutes. But it’s unlikely that these services can scale in markets where preference for online shopping remains low.

Preference for online shopping by category

Source: Morning Consult Research Intelligence. Responses for Japan should be interpreted with caution, as the country shows extreme bottom-box bias.
In the United States, online shopping wins on convenience, time savings and product selection — all factors that stores will always have a hard time competing with.

Physical stores do have several advantages over e-commerce that are difficult to replicate, but retailers are making strides to close that gap. Leading brands are using digital channels and location services to push customers to reserve items for in-store pickup to get the best of both worlds.

Advancements in augmented reality are helping consumers see three-dimensional products in their homes and estimate fit for apparel, but these offerings are still a poor substitute for a tactile experience.

E-commerce beats in-store shopping on convenience and time saved

<table>
<thead>
<tr>
<th>U.S. consumers’ reasons for shopping in stores versus online</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IN STORES</strong></td>
</tr>
<tr>
<td>Convenience</td>
</tr>
<tr>
<td>Time saved</td>
</tr>
<tr>
<td>Product comparisons</td>
</tr>
<tr>
<td>Product selection</td>
</tr>
<tr>
<td>Enjoyment</td>
</tr>
<tr>
<td>Money saved</td>
</tr>
<tr>
<td>Safety</td>
</tr>
<tr>
<td>Promotions</td>
</tr>
<tr>
<td>Product details</td>
</tr>
<tr>
<td>Product quality</td>
</tr>
<tr>
<td>Customer service</td>
</tr>
</tbody>
</table>

Source: Morning Consult Research Intelligence
U.S. consumers’ enjoyment of online shopping has dwindled over the last few months. In March, 50% of online shoppers said they prefer shopping online because they enjoy the experience; in June, that was down to 41%. Don’t blame the supply chain, though: Online shoppers are reporting fewer delayed orders, but as consumers begin deferring discretionary purchases because of inflation, shopping for fun isn’t what it used to be.

In-store shopping enjoyment has also dropped slightly, but to a much lesser degree.

But enjoyment of online shopping is dwindling, while stores are holding steady

Source: Morning Consult Research Intelligence
In-store shopping is the dominant preference in all countries surveyed except South Korea and China.

In the United States, younger consumers predictably show a higher preference for online shopping, but even Gen Z adults prefer in-person over online shopping. Households earning less than $50,000 annually are also more likely than middle- and high-income consumers to prefer going to stores.

Retailers around the world look to China for a vision of what the future of retail technology holds. However, retail leaders must remember that Chinese consumers are far more advanced when it comes to adoption of personal technology, with widespread reliance on super apps helping to accelerate China’s e-commerce boom.

Source: Morning Consult Research Intelligence. “I don’t have a preference where I shop” responses not shown. Responses for Japan should be interpreted with caution, as the country shows extreme bottom-box bias.
Enjoyment of shopping in stores is the leading reason why U.S. consumers choose in-person over online shopping, but that enjoyment is far from universal around the world; shoppers in other countries tend to find less enjoyment in shopping in person than U.S. consumers do.

French consumers, who have an overwhelming preference for in-store shopping, head to stores for superior selection and the ability to compare products. In countries with a strong online shopping culture, like South Korea, in-store advantages like enjoyment and product details have a stronger pull.

Global consumers’ reasons for shopping in stores

<table>
<thead>
<tr>
<th>Reason</th>
<th>U.S.</th>
<th>Australia</th>
<th>Brazil</th>
<th>Canada</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Japan</th>
<th>Mexico</th>
<th>South Korea</th>
<th>Spain</th>
<th>Thailand</th>
<th>U.K.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enjoyment</td>
<td>59%</td>
<td>58%</td>
<td>42%</td>
<td>49%</td>
<td>39%</td>
<td>53%</td>
<td>46%</td>
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<td>56%</td>
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<tr>
<td>Product comparisons</td>
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<td>52%</td>
<td>43%</td>
<td>47%</td>
<td>44%</td>
<td>40%</td>
<td>37%</td>
<td>22%</td>
<td>55%</td>
<td>46%</td>
<td>46%</td>
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<td>42%</td>
</tr>
<tr>
<td>Convenience</td>
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<td>53%</td>
<td>27%</td>
<td>50%</td>
<td>39%</td>
<td>43%</td>
<td>34%</td>
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<td>Product details</td>
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<td>35%</td>
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<td>23%</td>
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<td>19%</td>
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<td>8%</td>
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<td>Product selection</td>
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<td>22%</td>
<td>16%</td>
<td>25%</td>
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<td>29%</td>
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<tr>
<td>Time saved</td>
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<td>21%</td>
<td>10%</td>
<td>30%</td>
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<td>18%</td>
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<td>6%</td>
<td>18%</td>
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<tr>
<td>Promotions</td>
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<td>31%</td>
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<td>Customer service</td>
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<td>24%</td>
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<td>15%</td>
<td>25%</td>
<td>26%</td>
<td>10%</td>
<td>22%</td>
</tr>
<tr>
<td>Product quality</td>
<td>13%</td>
<td>19%</td>
<td>16%</td>
<td>18%</td>
<td>16%</td>
<td>10%</td>
<td>9%</td>
<td>8%</td>
<td>14%</td>
<td>19%</td>
<td>9%</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>Safety</td>
<td>11%</td>
<td>12%</td>
<td>36%</td>
<td>9%</td>
<td>24%</td>
<td>16%</td>
<td>16%</td>
<td>18%</td>
<td>34%</td>
<td>15%</td>
<td>22%</td>
<td>28%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Morning Consult Research Intelligence. Responses for Japan should be interpreted with caution, as the country shows extreme bottom-box bias.
AR technology could help bridge the gap, but interest exceeds use

While augmented reality is one promising solution to bring a key advantage of stores into people’s homes via smartphones, interest far exceeds use globally, and the United States lags other countries in both interest and use.

Similarly, fit estimators — which recommend the best apparel size and promise to solve the pain point of returns for both retailers and consumers — garner substantial interest from consumers, despite low rates of use outside of China and Germany.

Other shopping technology, like online estimates of local store inventory, is more widespread and can at least encourage online shoppers to visit a store to experience a product if one is nearby.

[Diagram showing share of consumers who have used, or are interested in using, augmented reality to visualize products.]

Source: Morning Consult Research Intelligence. Responses for Japan should be interpreted with caution, as the country shows extreme bottom-box bias.
WHAT IT MEANS: Continued e-commerce growth requires more IRL elements

Online shopping will continue to grow, but e-commerce brands have to overcome a 15-percentage-point trust gap among those who prefer in-store shopping. The fact is, shoppers want to see products in person to validate their decisions. Features like ratings and reviews are useful but rife with fraud; more advanced technology that gives a 360-degree digital view of the product helps but doesn’t let customers sit on an AR sofa; fit quizzes add some value but are often inaccurate.

For retailers with both digital and brick-and-mortar stores, encouraging store visits to see inventory in person can help overcome some reticence. For those that are online-only, continued investment in improving the technology that has so much promise is necessary.

As both the rate of online shopping growth and consumers’ enjoyment of it decline, it’s incumbent upon e-commerce brands to make the experience more fun while simultaneously reducing friction. Many retailers are behind the curve on payment acceptance and delivery options, compounding shoppers’ frustrations after they click “add to cart.”

WHAT THIS MEANS FOR RETAIL BRANDS

It’s hard to replicate the tactile experience of shopping in stores in a digital environment, but e-commerce technology is getting closer. Retailers should continue to invest in innovations like fit predictors that show a great deal of promise, even if they’re not quite there yet.

By looking to counterparts in and out of category — and to regions where consumers show a higher propensity for shopping online — retailers can discover how other brands are closing the gap between online and offline commerce.
SECTION 2

Fulfillment Convenience Outweighs Speed

Retailers should focus their fulfillment efforts on convenience rather than optimizing for speed
The industry is focused on speed, but consumers want flexibility

To many retailers, winning the fulfillment race seems critical to stand out from the competition. But with ultrafast delivery disruptors like Jokr making big waves in the retail press and then quickly exiting the U.S. market altogether, the viability of that model for U.S. shoppers comes into question. Even online grocery shoppers who expect their orders within the same day aren’t expecting deliveries within the hour.

For most nongrocery categories, the need for speed is industry-led. In fact, consumers are generally happy to receive their online orders within five days, although same-day delivery and pickup services are especially popular with young, wealthy and urban shoppers.

While convenience drives consumers’ fulfillment choices, retailers should remember that speed is not the singular defining factor of convenience. Online shoppers also value the ability to receive their items via their preferred delivery method, even if that means waiting longer.

This is not to say that greater delivery flexibility is easy to implement. The logistics of offering a variety of fulfillment options are challenging. But for now, retailers should focus on flexibility over speed.

Source: Morning Consult Research Intelligence
Globally, there is enormous variation in delivery speed expectations

Most U.S. consumers don’t expect to receive their online orders within two days. However, expectations vary across categories and around the world.

Shoppers in countries with ultrafast delivery services — like South Korea, China and Mexico — have significantly higher shipping speed expectations than consumers in the United States, Australia and European nations.

Still, it’s clear that even in countries with established ultrafast grocery delivery services, those same speed expectations don’t translate to other categories, where consumers give retailers much more leeway.

Share of consumers who expect to receive their online orders in two days or fewer

Source: Morning Consult Research Intelligence. Responses for Japan should be interpreted with caution, as the country shows extreme bottom-box bias.
Millennials, men and urbanites drive demand for fast delivery

Examining the demographic profiles of U.S. consumers who expect delivery in two days or fewer as opposed to five days or more reveals that millennials, men and urbanites are overrepresented in the group that wants faster delivery.

Retailers hoping to attract a younger and more urban customer base — as well as stores with expanding men’s offerings — should closely follow the emergence of ultrafast delivery and explore partnerships with such services. Other retailers can rest easy, as 30-minute delivery is unlikely to become a common expectation.

Source: Morning Consult Research Intelligence
Convenience, not speed, guides consumers’ online delivery decisions in most categories. The one exception is personal electronics, where speed consistently outranks convenience. The ability to control timing is also critical across categories.

Curbside and in-store pickup options retain extremely high levels of satisfaction from shoppers, suggesting that these services tend to be accurate, timely and easy to access.

Despite these high ratings and perceptions of convenience, few consumers use in-store and curbside pickup options consistently, indicating that there’s room to grow these services. Retailers also report that omnichannel customers spend more, giving them a good reason to prioritize these offerings.

Source: Morning Consult Research Intelligence
Use of in-store pickup for home furnishings and personal electronics is relatively volatile, as these categories are linked to more persistent supply chain challenges. U.S. consumers are more likely to use the in-store pickup option to ensure they get the exact product they want, whereas other categories have more substitutability.

Use of in-store pickup and same-day delivery for apparel purchases has ticked up in recent months, from 31% in March to 38% in June for in-store pickup and from 28% to 35% for same-day delivery. This momentum comes amid gains in apparel sector spending overall and an upward trend in consumers’ preference for online apparel shopping.

Source: Morning Consult Research Intelligence
Urbanites, men and millennials tend to use “buy online, pick up in store” services most

When comparing the demographic profile of shoppers across a range of categories to those who are BOPIS users in each category, we can see which consumer cohorts are more likely to take advantage of curbside and in-store pickup offerings.

Across the board, urban shoppers use BOPIS more than suburban and rural ones, which should guide retailers to prioritize urban stores when reallocating floor space to better accommodate BOPIS orders. Millennials see some of the largest differentials in using BOPIS versus other shopping methods, and men are slightly more likely than women to use BOPIS offerings.

Shares of all shoppers versus shares of BOPIS users in the following demographics:

- **Grocery and household goods**
  - All shoppers: 48%
  - BOPIS users: 50%
  - Men: 50%
  - Gen Z adults: 44%
  - Millennials: 42%
  - Baby boomers: 20%
  - Urban: 34%
  - Income: <$50k: 31%
  - Income: $100k+: 27%

- **Apparel, shoes and accessories**
  - All shoppers: 45%
  - BOPIS users: 54%
  - Men: 58%
  - Gen Z adults: 43%
  - Millennials: 42%
  - Baby boomers: 15%
  - Urban: 34%
  - Income: <$50k: 17%
  - Income: $100k+: 8%

- **Personal electronics**
  - All shoppers: 58%
  - BOPIS users: 63%
  - Men: 63%
  - Gen Z adults: 50%
  - Millennials: 23%
  - Baby boomers: 12%
  - Urban: 43%
  - Income: <$50k: 16%
  - Income: $100k+: 52%

- **Beauty and personal care**
  - All shoppers: 52%
  - BOPIS users: 50%
  - Men: 50%
  - Gen Z adults: 49%
  - Millennials: 38%
  - Baby boomers: 43%
  - Urban: 43%
  - Income: <$50k: 48%
  - Income: $100k+: 43%

- **Home furnishings and appliances**
  - All shoppers: 61%
  - BOPIS users: 68%
  - Men: 68%
  - Gen Z adults: 57%
  - Millennials: 51%
  - Baby boomers: 43%
  - Urban: 43%
  - Income: <$50k: 43%
  - Income: $100k+: 43%

Source: Morning Consult Research Intelligence
Supply challenges are easing, but retailers get the blame for delays

Demand for goods remains strong despite low consumer confidence and inflationary pressure on household budgets, but spending is starting to wane as consumers grow increasingly price-sensitive across retail categories. Reduced demand is helping to alleviate supply challenges, and consumers are reporting fewer delays than they were at the beginning of 2022.

Still, some countries are faring better than others, showing varying capacities for domestic manufacturing, labor markets and distribution.

In the United States, retailers are increasingly taking the blame instead of shipping partners when orders are delayed. At the same time, retailers have been more transparent with consumers about delays to manage expectations, which is a good thing for shoppers.

Where U.S. consumers assign blame for delayed orders

- The fulfillment provider took longer than expected to deliver the order
- The retailer/brand took longer than expected to ship the order

Source: Morning Consult Research Intelligence. Responses for Japan should be interpreted with caution, as the country shows extreme bottom-box bias.
WHAT IT MEANS: Retailers can pump the brakes on speed and focus on convenient fulfillment options

U.S. shoppers have slower shipping speed expectations than consumers in South Korea, China, Thailand and Mexico, where delivery tends to be faster and cheaper. In the United States, men, millennials and urban shoppers will drive demand for faster delivery, but for now, same-day is fine for grocery, and “within five days” largely meets expectations for other categories.

For brands with brick-and-mortar stores, integrating BOPIS services can help to attract the same lucrative urban millennial demographic, as this cohort is more likely to use BOPIS services across all categories than their peers. It’s more about convenience than speed in most cases — so retailers facing the trade-off between fast fulfillment and better order accuracy and customer communication should lean toward the latter.

Finally, even as supply chain challenges abate in the United States, with fewer U.S. shoppers reporting delivery delays than they were at the start of 2022, consumers are increasingly blaming retailers when delays do happen.

WHAT THIS MEANS FOR RETAIL BRANDS

As ultrafast delivery providers exit or reduce their presence in the U.S. market, retailers should keep an eye on how shoppers in more active markets (e.g., Latin America) adopt these services. The United States isn’t seeing substantial demand for these services — yet.

Use of BOPIS services remains consistent, with elevated usage among urban and millennial shoppers when compared with the general population. These shoppers value convenience, so retailers should prioritize convenience over speed to retain and grow BOPIS users.
SECTION 3

Inflation Strains Consumers’ Budgets

While consumers have been able to absorb increasing costs, they’re reaching a tipping point.
85%

A majority of U.S. adults (85%) say rising inflation has had an impact on the way they shop. People are looking for deals, discounts and coupons, or just shopping less overall. This is bad news for retailers, who are also facing inflationary pressures and must balance competitive discounts with the realities of higher inventory and labor costs.

Consumers report deferring home furnishings and electronics purchases and trading down to less expensive groceries. Shoppers are also making fewer apparel and personal care purchases.

High-income shoppers are more insulated from inflation’s impact and are less likely to change their behavior, but most consumer groups will increasingly shift their spending toward essentials and away from discretionary goods. This is putting retailers on the back foot going into the Christmas shopping season, which has been reflected in brands like Walmart revising down their profit outlooks.

### Share of consumers who have taken the following actions to save money in the last month:

- **Looking for discounts**: 79%
- **Shopping less overall**: 77%
- **Consolidating driving trips**: 68%
- **Shopping at discount stores**: 68%
- **Switching to generic brands**: 67%
- **Avoiding paying for shipping**: 66%
- **Delaying minor purchases**: 65%
- **Buying fewer groceries**: 65%
- **Delaying major purchases**: 60%
- **Avoiding purchases with return fees**: 49%

*Source: Morning Consult Research Intelligence*
Inflation concern is concentrated in groceries

Consumers share nearly universal concern about inflation at the grocery store. A high-frequency, essential expense, groceries (along with gasoline) have been top of mind and in the headlines consistently as inflation barrels forward. Still, other categories are not immune, even if they aren’t seeing the same eye-popping inflation statistics as the grocery sector. Gen Z adults are particularly worried about inflation in apparel and personal electronics, while consumers in the West have slightly lower levels of concern about inflation across most categories. Overall, the threat is clear — while inflation on essentials dominates household budgets, all categories are at risk of slowing sales.

Shares of consumers who said they are “very” or “somewhat” concerned about inflation in the following categories:

<table>
<thead>
<tr>
<th>Generation</th>
<th>Region</th>
<th>Household income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groceries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All U.S. adults</td>
<td>Gen Z</td>
<td>Millennials</td>
</tr>
<tr>
<td>92%</td>
<td>85%</td>
<td>89%</td>
</tr>
<tr>
<td>Apparel, shoes and accessories</td>
<td>62%</td>
<td>68%</td>
</tr>
<tr>
<td>Personal electronics</td>
<td>56%</td>
<td>61%</td>
</tr>
<tr>
<td>Home furnishings and appliances</td>
<td>54%</td>
<td>58%</td>
</tr>
<tr>
<td>Beauty and personal care products</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: Morning Consult Research Intelligence
As inflation climbs, consumers absorb higher grocery prices

Headlines about inflation’s impact on grocery budgets are rampant, which is understandable given that the annual CPI increase for grocery was 13.1% in July. For categories like apparel, the annual increase was much softer (5.1%). Still, in all sectors tracked for this report, shoppers reported steady increases in spending over the three months to June. This corresponds with shoppers’ increased purchase deferrals and trade-downs.

Those who reported paying more can generally afford to do so, while those in tighter financial situations have to make tough trade-offs. For example, high- and middle-income white women were most likely to report paying more for groceries, as were baby boomers. There’s also a political gap to these responses: Republicans were more likely than Democrats to say they’re paying more, likely impacted by conservative commentators’ inclination to blame the Biden administration for rising prices.

Meanwhile, low-income shoppers are less likely to say they’re paying more, simply because they can’t afford to. Hispanic and Gen Z shoppers also indicate they’re less likely than others to absorb higher grocery costs.

Sources: Morning Consult Research Intelligence (top), Morning Consult Economic Intelligence (bottom)
Beyond essentials, consumers are feeling inflation pain in apparel and personal care

Wealthier, male and Republican-leaning shoppers are likely to report spending more than they did last year on beauty and personal care products. Across every demographic group, the share spending more in this category was greater than the share spending less.

In addition to wealthy individuals, millennials and men were marginally more likely to report spending more in apparel versus last year. Meanwhile, low-income shoppers and baby boomers reported spending less on apparel than in previous years, illustrating the trade-offs shoppers are making to afford essential products. In home furnishings and appliances, inflation hasn’t had as strong of an impact on consumers’ mindsets, although it’s likely shoppers are deferring major purchases.

It should be noted that consumer perception of price increases tends to lag actual spending by at least a month, so that will continue to weigh on consumer confidence even after inflation begins to wane. If getting inflation under control requires a recession as economists predict, it’s unlikely that U.S. consumers’ spending resilience in the face of depressed confidence can continue.

Sources: Morning Consult Research Intelligence (top), Morning Consult Economic Intelligence (bottom)
WHAT IT MEANS: Inflation puts retailers between a rock and a hard place

Retailers are already stretched thin, between rising labor and inventory costs, supply chain challenges that have led to having the wrong inventory in the wrong place at the wrong time, and now more price-sensitive shoppers demanding competitive discounts.

Inflation has predominantly impacted consumers’ gas and grocery decisions, but as high prices for these essential expenses persist, discretionary purchases will increasingly be put on hold.

Looking forward, inflation mitigation is out of retailers’ and consumers’ hands. As economic indicators point toward a recession, many companies are already planning cost-saving measures as they brace for the headwinds that many hope will help slow inflation.

For retailers and e-commerce brands, the only way out is through. Keeping a close eye on shifting concerns and behaviors from target audiences is critical to getting discounting and inventory planning right heading into 2023 and beyond.

WHAT THIS MEANS FOR RETAIL BRANDS

Consumers in lower-income households are making more inflationary trade-offs, such as buying smaller quantities or cheaper substitutes, but this behavior will bleed upward as inflationary conditions continue.

Luring shoppers with personalized, targeted discounts based on past purchase data, rather than broad site- or store-wide sales, can help retailers mitigate the impact of excessive discounting amid mounting pressure.
SECTION 4

The Data Behind the Report

Methodology and about the author
Methodology

Morning Consult Research Intelligence data draws from monthly surveys conducted from October 2021 to June 2022 among roughly 2,200 U.S. adults per month. Additionally, surveys were conducted June 23-30, 2022, among 13,043 total adults across Australia, Brazil, Canada, China, France, Germany, Italy, Japan, Mexico, South Korea, Spain, Thailand and the United Kingdom.

Inflation data on pages 24 and 25 draws from a survey conducted July 22-24, 2022, among 2,210 U.S. adults.

The interviews were conducted online, and the data was weighted to approximate respective populations of adults based on gender, educational attainment, age, race and region. Topline results from the surveys have a margin of error of up to +/-3 percentage points.
Methodology

Morning Consult Brand Intelligence

Morning Consult helps you understand your brand, competitors and market in a way traditional research firms can’t. We survey tens of thousands of people across the globe on more than 4,000 brands and products every day. Get actionable insights into what consumers think, see and say about your brand and products.

Morning Consult Economic Intelligence

Morning Consult's U.S. Consumer Spending and Personal Finances Survey is intended to gauge consumer spending patterns and the health of household balance sheets. The survey is conducted monthly among a representative sample of 2,200 U.S. adults. It was first run in September 2020, with additional questions added for subsequent versions. Data is collected during the first week of each month, with questions pertaining to the previous month.
Claire Tassin is the retail and e-commerce analyst at Morning Consult, where she leads the company’s efforts to deliver real-time insights to industry leaders.

Before joining Morning Consult, Claire spent 14 years at Gartner, where she conducted research on shifting consumer behaviors and expectations, as well as trends relevant to marketing leaders in the retail sector.