



Money (That's what I want)

Rethinking the consumer wallet

Kearney Consumer Institute
Q3 2023 – United States

KEARNEY

Personal and macroeconomic factors impact how and where consumers spend.

Connect the economic with the emotional to assess how a consumer is prioritizing and shifting spend.



Consumers send mixed messages

More than half of consumers....

Say they live paycheck to paycheck

Can't afford a \$1,000 emergency

Express ongoing concerns about inflation

And yet...

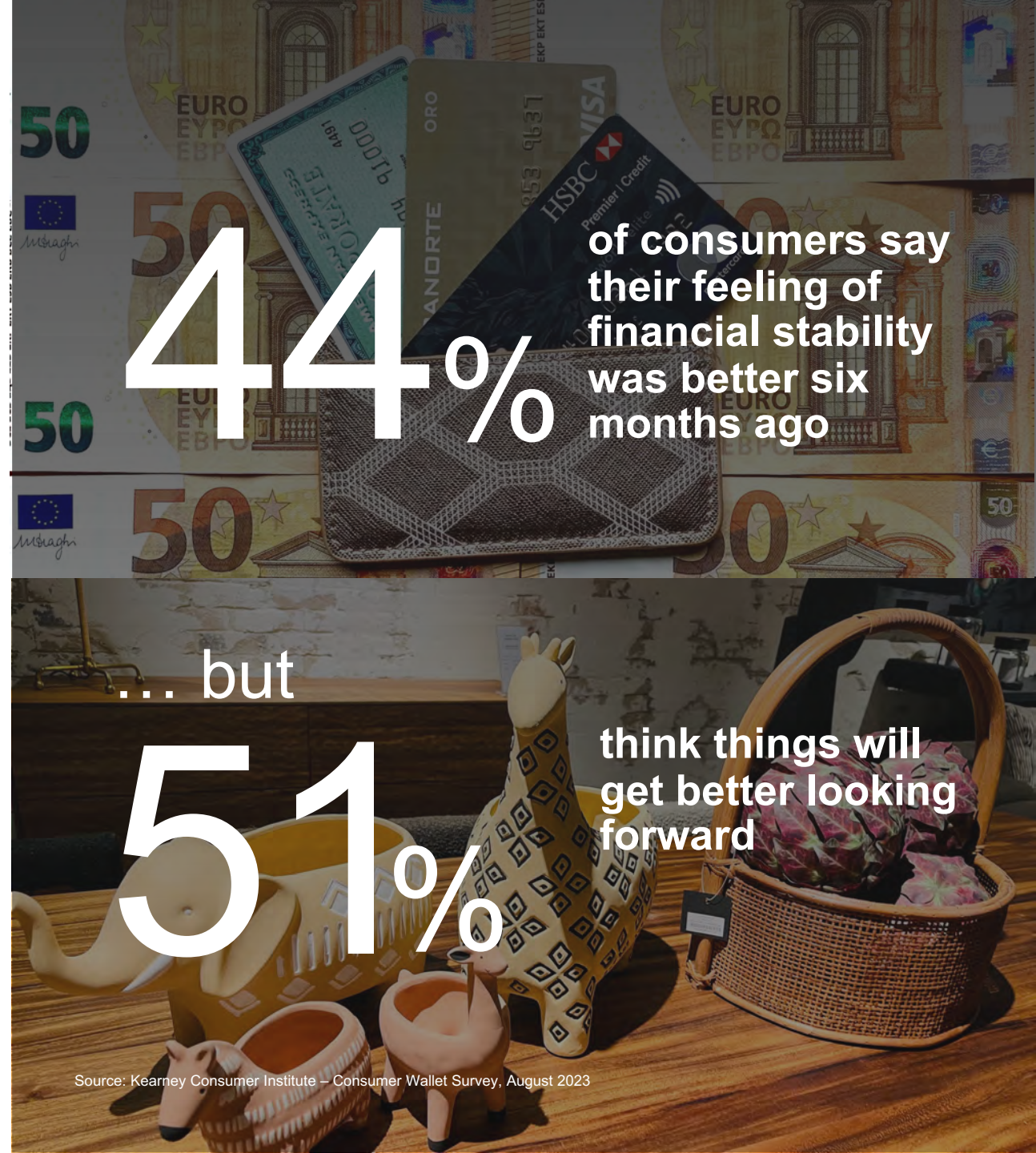
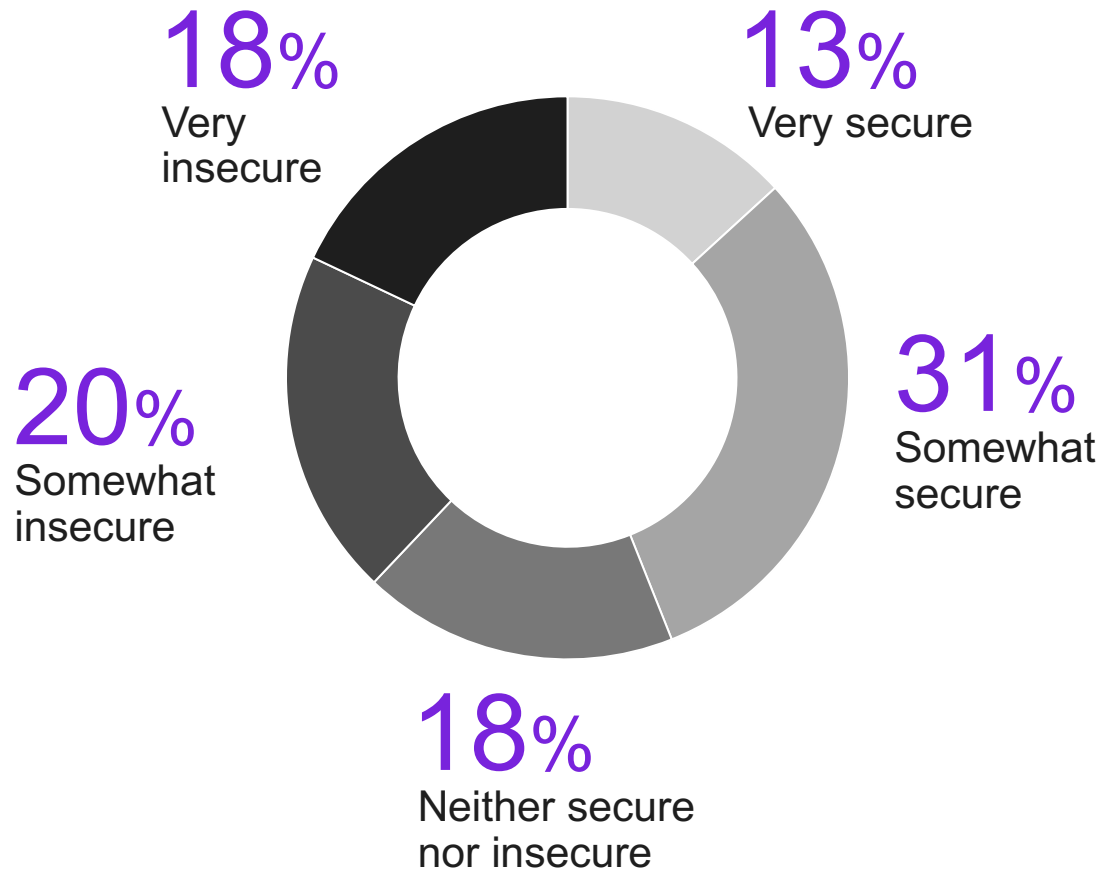
US retail spend has continued to grow

Mall traffic is up

Restaurant spend is up (but stabilizing)

Consumers are divided on their personal finances.

How financially secure do you feel today?



Corporate category definitions are often at odds with a consumer-first lens.

Businesses and media define a category as...

Restaurants



Apparel



Home décor



Makeup

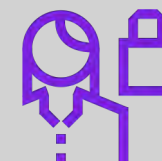


Consumers define it as...

Entertainment



Shopping



Relaxation



Self-care



Categories can be artificial, intended to fit business structures and easily define buckets—but that is not how consumers define their purchases.

The consumer often does not spend by individual, neat and tidy categories.

Consumers notice the cost of the full grocery cart (rather than the price of every individual product).

Consumers stress about buying groceries (but spend on Taylor Swift and Beyonce).

Consumers notice the total spend on the credit card statement (not each purchase).



Consumers think about spend broadly and emotionally, making justifications and trade-offs across the wallet.

Consumers “go shopping” without a list or any specific product or category in mind.

As seen on social media: “Girl math” is a way to justify purchases.

As seen on social media: “\$100 is the new \$20” for what is spent when leaving the house.

If consumer spend is across the wallet
and as emotional as it is economical...

Are we classifying spend all wrong?

It's time to flip the script—away from product categories and toward consumers—to better estimate future spend shifts and associated brand risks.

Consumers qualify their purchase at a level beyond the headline.



“

I'm only spending on necessities.

Does that include **snacks**?

What about clothes and **shoes**?

What about an annual **vacation**?

”

“

It was a splurge.

Was this a **luxury handbag**?

Was it a **new pair of shoes**?

Was it a **fancy coffee**?

”

Consumer motive varies by purchase.

Consumer spend motives:
Consumers classify purchases into four key motives.



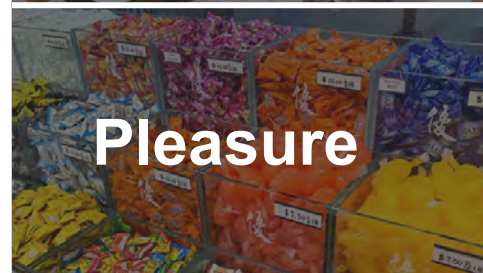
Necessary or functional

1



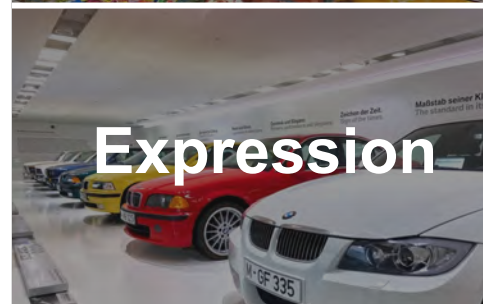
Investment in quality, product that works hard, potential future value

2



Reward/treat, “retail therapy,” shopping as fun

3



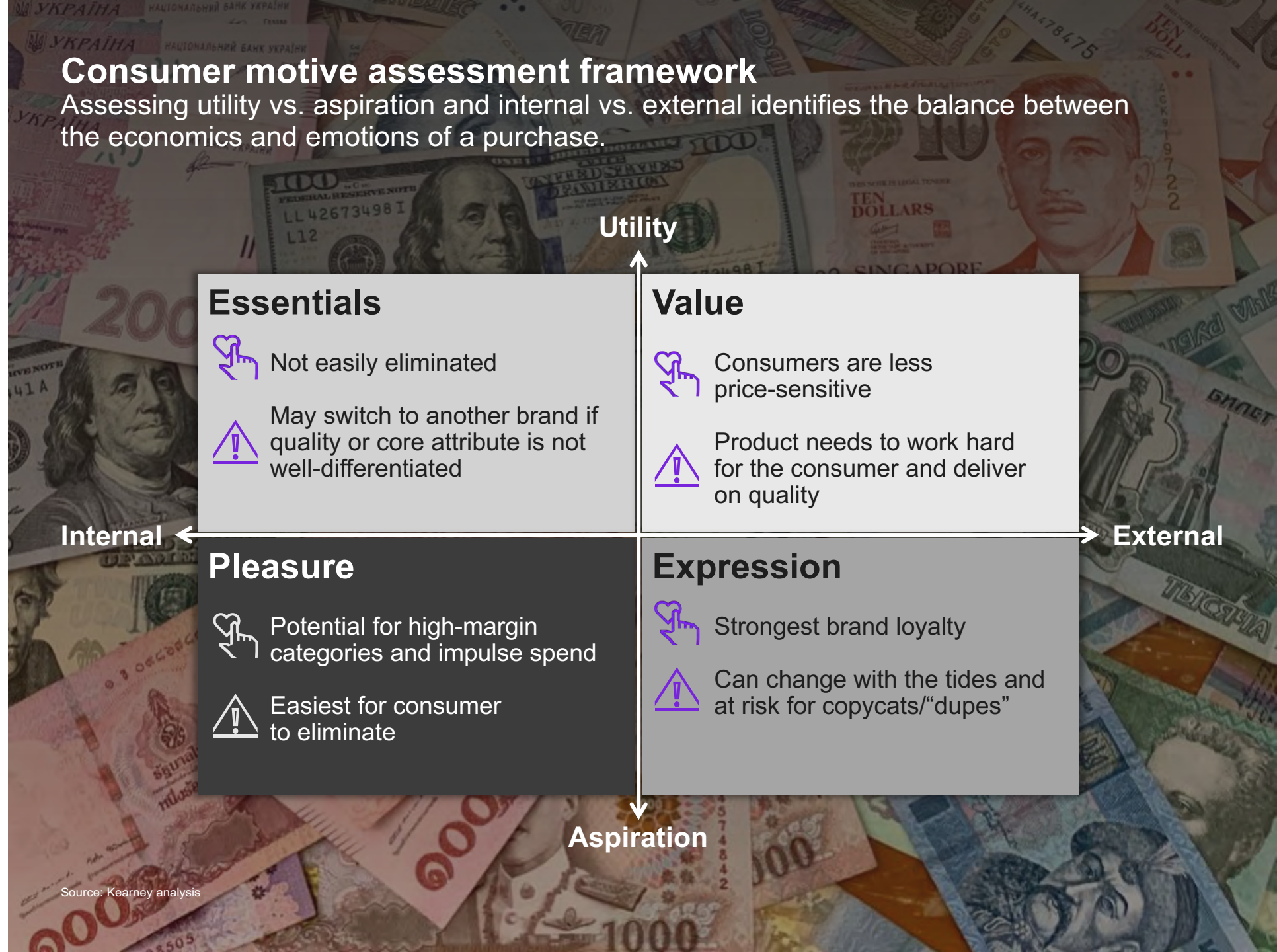
Communicating or projecting externally, including ego, style, and values

4

Consumer motive helps predict future behavior.

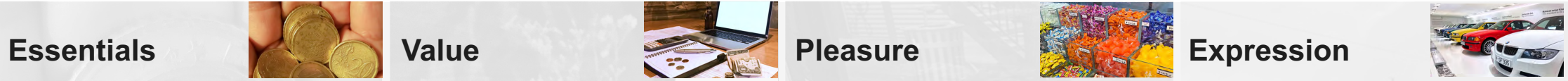
Consumer motive assessment framework

Assessing utility vs. aspiration and internal vs. external identifies the balance between the economics and emotions of a purchase.



 Perk  Risk

Categories are defined by the motives rather than motives defined by the category.



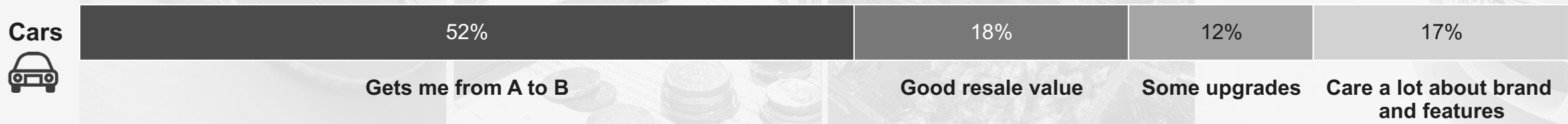
Consumables seem like necessities—but many consumers say otherwise.



Regularly purchased products still often demand durability.



Big-ticket items have longer purchase cycles and may be delayed, but most consumers are practical once purchased.



Note: percentages may not resolve due to rounding.
Source: Kearney Consumer Institute – Consumer Wallet Survey, August 2023

Recategorize brands based on motive, not store shelf.



Determine consumer motive attribution

Assess how consumers categorize the brand.
Consider how consumers allocate among the four motives overall.

Short term

Map future demand by motive

Given the motive breakdown, what are the biggest risks and opportunities for spend to shift toward or away from the brand? Also, ensure current assumptions do not miscategorize how consumers view the spend.

Medium term

Shift the portfolio

Determine the alternative spends within similar motives, (rather than comparisons only within the traditional category)—where might that spend shift and how to combat.

Long term

Looking forward



What we're watching

Companies cracking down: from combatting membership sharing to restricting returns or adding restock fees, many companies are trying to modify and reshape consumer behaviors. But it can be alienating for consumers in multiple ways.

Price absorption: consumers have continued to absorb price increases, particularly in grocery. But some retailers are pushing back, and consumers are reevaluating.



What comes next

Wage growth is now outpacing inflation. Credit card delinquencies are ticking up. Savings from the pandemic bottomed out but are also now increasing again. Student loan payments restart soon.

We are indexing these metrics to paint a macroeconomic picture of the consumer and identify the key numbers to monitor.



**Next KCI
quarterly
briefing:
November 2023**

Kearney Consumer Institute (KCI)



What is it?

Kearney think tank creating thoughtful, consumer-first content and perspectives, assessing existing and evolving consumer behaviors, needs, and decision-making



What does it do?

Advocates for the consumer

Challenges existing assumptions

Reframes to ask different questions

Generates conversation

Translates into action

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For further discussion, please contact:

Katie Thomas

Lead, Kearney Consumer Institute

katie.thomas@kearney.com

[Kearney Consumer Institute](#)

