



# Consumer Cutbacks in Today's Soft Economy

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June, 2008



General Growth Properties, Inc.



National Survey Network



# I. Objectives

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“Across the nation, Americans are increasingly unable to stretch their dollars to the next payday as they juggle higher rent, food and energy bills. It's starting to affect middle-income working families as well as the poor, and has reached the point of affecting day-to-day calculations of merchants like Wal-Mart Stores Inc., 7-Eleven Inc. and Family Dollar Stores Inc.

Food pantries are reporting severe shortages and reduced government funding at the very time that they are seeing a surge of new people seeking their help. Some say the financial stress is already the worst since the last downturn at the start of this decade.\*”


Economic benchmarks and news such as this prompted President Bush to authorize economic stimuli in 2008 to help families make ends meet. How have Americans been coping six months later?

\* [cnn.com](http://cnn.com), “Poor stretching paychecks to breaking point,” 2007



# I. Objectives

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General Growth Properties, Inc.'s  National Survey Network has commissioned this study to determine how American consumers are dealing with today's soft economy since January 2008 and specifically what tactics they are employing to save money.

The following report summarizes the findings of "Consumer Cutbacks in Today's Soft Economy."



## II. Methodology

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A nationally representative sample of 1548 online adults 18+ was conducted June 11 – 13, 2008. Approximately one-half (829) of qualified respondents are women and one-half (719) are men.

The following special notations were applied in the data tables.

- **Bolded** numbers indicate a statistically significant difference between groups at a 90% confidence level or above, and
- □'s indicate a dominant trend in the data across groups, which may or may not be supported by statistical significance relative to other groups.



# IV. Detailed Findings

## a. Consumer Lifestyle Changes Caused By Economic Downturn

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### 1. Daily Routine

In 2008, 17% of the adult population consumed a gourmet beverage daily compared with 14% in 2007.\* Consumption by consumers age 18-24 continued to trend higher in 2008 to 3.2 cups per day from 3.1 in 2007, a significant increase over 2005's level of 2.5 cups per day.\*

- Most Americans (65%) drink morning coffee, however, now half (54%) are making their own coffee at home instead of buying single-serve coffee in order to save money. People with no children make their coffee at home by a margin of 2 to 1 over those with children. The older (45+) make coffee at home to save money the most, particularly those over 65, as well as households with income less than \$30,000 (58%).

As of 2007, just short of half (48%) of American adults read a daily newspaper and just over one-half (55%) read the Sunday paper. \*\* Daily newspaper readership has declined 17% since 1998 and Sunday readership has decreased 8%.\*\*

- Almost one-third (30%) of consumers have since given up buying or subscribing (20%) to newspapers to economize. Well over half (58%) are women and households without children at home.

\* "2008 National Coffee Drinking Trends Study," National Coffee Association of USA

\*\* Newspaper Association of America, as reported by Scarborough Research Top 50 Market Report, 1998-2007

# 1. Daily Routine

## a. Coffee

Most Americans (65%) drink morning coffee, however, now half (54%) are making their own coffee at home instead of buying single-serve coffee.

### Incidence of Coffee Drinking Strategies in the Past Six Months

(Base: Total Sample)	(1548)
	%
Made own coffee at home	54
Bought single-serve gourmet coffee less often and bought less expensive coffee instead	7
Bought single-serve gourmet coffee less often and gone without	6
Bought single-serve gourmet coffee less often and bought less expensive coffee instead	6
Stopped drinking coffee all together	3
Do not drink coffee	35

Q1: Thinking of morning coffee, in the course of your normal routine, in the past six months, have you, yourself, (CHOOSE ALL THAT APPLY)?

# 1. Daily Routine

## a. Coffee

### i. Household Penetration, Gender & Child Status of Make At-Home Coffee Drinkers

While men and women make coffee at home instead of buying single-serve coffee about equally, people with no children make their coffee at home by a margin of 2 to 1 over those with children.

<b>Household Penetration, Gender &amp; Child Status</b>	
(Base: Total Sample)	(1548)
	%
<u>Total Household Penetration</u>	<u>54</u>
<u>Gender</u>	
Female	<b>55</b>
Male	45
<u>Child Status</u>	
Without Children	<b>66</b>
With Children	34

# 1. Daily Routine

## a. Coffee

### ii. Age of Make-At-Home Coffee Drinkers

The older (45+) make coffee at home to save money the most, particularly those over 65.

	<b>Age</b>				
	<b><u>Total</u></b>	<b><u>18 - 34</u></b>	<b><u>35 - 44</u></b>	<b><u>45 - 64</u></b>	<b><u>65+</u></b>
(Base)	(1548)	(352)	(298)	(519)	(298)
	%	%	%	%	%
<b><u>Total</u></b>	<b><u>54</u></b>	<b><u>40</u></b>	<b><u>51</u></b>	<b><u>60</u></b>	<b><u>76</u></b>

# 1. Daily Routine

## a. Coffee

### iii. Income of Make-At-Home Coffee Drinkers

Those consumers with household income less than \$30,000 make coffee at home significantly more than all other consumers.

<b>Income</b>					
	<u>Total</u>	<u>Less Than \$30,000</u>	<u>\$30,000 - \$69,999</u>	<u>\$70,000 - \$99,999</u>	<u>\$100,000 &amp; Over</u>
(Base)	(1548)	(418)	(676)	(215)	(148)
	%	%	%	%	%
	54	<b>58</b>	56	56	54



## IV. Detailed Findings

### a. Consumer Lifestyle Changes Caused By Economic Downturn (Con't)

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#### 8. Shopping

The average American visits a shopping mall 36 times per year and spends \$85 each time.\* Men account for one-third of all mall shoppers, however they visit more often and spend almost as much as women (men visit 37 times per year and spend \$83 per visit).\*

- To cut back, over two-thirds (69%) of consumers have shopped less often at malls or boutiques (69%) or online (63%) in order to save money, particularly among women (60%) and/or those without children (58%).
- Though all age groups have shopped less often at malls or boutiques to save money, significantly more people under 65 have done so as well as those earning less than \$70,000 a year.

\* International Council of Shopping Centers

## 8. Shopping

### a. Household Penetration, Gender & Child Status of Those Shopping Less Often At Malls or Boutiques

Over two-thirds (69%) of consumers have shopped less often at malls or boutiques in order to save money, particularly among women (60%) and/or those without children (58%).

#### Household Penetration, Gender & Child Status

(Base: Total Sample)	(1548)
	%
<u>Total Household Penetration</u>	<u>69</u>
<u>Gender</u>	
Male	<b>60</b>
Female	40
<u>Child Status</u>	
Without Children	<b>58</b>
With Children	42

## 8. Shopping

### i. Age of Those Shopping Less Often At Malls or Boutiques

Though all age groups have shopped less often at malls or boutiques to save money, significantly more people under 65 have done so.

		<b>Age</b>				
		<b><u>Total</u></b>	<b><u>18 - 34</u></b>	<b><u>35 - 44</u></b>	<b><u>45 - 64</u></b>	<b><u>65+</u></b>
(Base)	(1548)	(380)	(315)	(540)	(306)	
	%	%	%	%	%	
<b><u>Total</u></b>	<b><u>69</u></b>	<b><u>71</u></b>	<b><u>68</u></b>	<b><u>73</u></b>	<b><u>60</u></b>	

## 8. Shopping

### ii. Income of Those Shopping Less Often At Malls or Boutiques

Significantly more consumers with lower household income (<\$70,000) have shopped less often at malls or boutiques to save money.

<b>Income</b>					
	<u>Total</u>	<u>Less Than \$30,000</u>	<u>\$30,000 - \$69,999</u>	<u>\$70,000 - \$99,999</u>	<u>\$100,000 &amp; Over</u>
(Base)	(1548)	(443)	(702)	(230)	(156)
	%	%	%	%	%
	69	71	71	64	60

## 8. Shopping

### b. Household Penetration, Gender & Child Status of Those Shopping Less Often On Internet

Over one-half (54%) of consumers have shopped less often online, particularly among women (63%) and/or people without children at home.

#### Household Penetration, Gender & Child Status

(Base: Total Sample)	(1548)
	%
<u>Total Household Penetration</u>	<u>54</u>
<u>Gender</u>	
Female	<b>63</b>
Male	37
<u>Child Status</u>	
Without Children	<b>57</b>
With Children	43

## 8. Shopping

### i. Age of Those Shopping Less Often Online

All ages are shopping less often online, especially those under 65.

		<b>Age</b>				
		<b><u>Total</u></b>	<b><u>18 - 34</u></b>	<b><u>35 - 44</u></b>	<b><u>45 - 64</u></b>	<b><u>65+</u></b>
(Base)	(1548)	(380)	(315)	(540)	(306)	
	%	%	%	%	%	
<b><u>Total</u></b>	<b><u>54</u></b>	<b><u>59</u></b>	<b><u>57</u></b>	<b><u>55</u></b>	<b><u>43</u></b>	

## 8. Shopping

### ii. Income of Those Shopping Less Often Online

People of all incomes have shopped online less often, particularly those households earning under \$70,000.

<b>Income</b>					
	<u>Total</u>	<u>Less Than \$30,000</u>	<u>\$30,000 - \$69,999</u>	<u>\$70,000 - \$99,999</u>	<u>\$100,000 &amp; Over</u>
(Base)	(1548)	(443)	(702)	(230)	(156)
	%	%	%	%	%
	54	<b>58</b>	<b>56</b>	<b>49</b>	42