



Trend Bites

A taste of what's going on out there for the consumer to experience.

Consumer Cutbacks in Today's Soft Economy *[Issue 7; August, 2008]*

"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." [cnn.com, "Poor stretching paychecks to breaking point," 2007]

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?

The following are highlights from a nationally representative survey of over 1500 adults conducted in June, 2008 by National Research Network to determine how American consumers are dealing with today's soft economy and specifically what tactics they are employing to save money.



Americans are cutting back wherever they can to stretch their dollar, with the exception of those items needed to remain connected.

From downsizing their daily routine by making coffee at home (54%) and skipping the paper (30%), to buying less expensive home menu items (51%) and some used necessities (37%), to dining out less often (66%), to cutting out hobbies (43%) and more expensive entertainment (49%), to combining car trips (82%) and using



businesses closer to home (60%), to opting for a "staycation" this year (60%) – a vacation at or near home – Americans are feeling the squeeze.

Americans are not giving up their means of connecting to each other and to the outside world, even though there could be significant monthly cost savings to do so.

Just 13% of Americans have given up cable television to cut back, 11% have discontinued telephone service and a mere 5% have eliminated their home internet connection.

The hardest hit by the weakened economy are the young (under 35) and the lower-income, particularly those earning less than \$30,000 a year.

This is especially true with regard to purchasing necessities, whereas those over 65 who are low-income appear to be affected most in the area of non-necessities like shopping for themselves and vacation.

WHAT CAN YOU DO?

Clearly, Americans are facing difficult economic times and they are adapting accordingly as best they can, while still trying to meet their basic needs of food and shelter, caring for family and as shown here, human CONNECTION. This "New Austerity" will be a time where Americans will be forced to live within their means, as debt levels will have reached the maximum allowed. However, "Megacycle" theory, developed by Harvard economist Joseph Schumpeter, predicts an overall 27-year Super Boom ending around 2020 with a small "growth recession" around 2009 and 2010. Plan on a growth-oriented future to begin in 2010 and 2011 and invest in projects and capital accordingly. Following the next two years, America will be poised for a true boom period, with record numbers of different mixes of people living in different kinds of places.