

CONSUMER SPENDING REPORT

Oct 2019

About the Consumer Spending Report

The Chain Store Guide US Spending Monitor, Retail Spending Index and Restaurant Spending Index are monthly indexes of consumer spending intentions and capacity based on interviews with a random sample of 1,500 U.S. adults. In addition to questions about their retail, restaurant and other discretionary spending, the survey also asks consumers their opinions on the US economy and their personal finances.

CALM BEFORE THE STORM

PERSONAL FINANCES MAY ALTER THE NOVEMBER REBOUND PROJECTIONS

Despite being the official month of spooks and scares, suppliers and retailers should not yet fear October's indexes. From the expenditure standpoint, October historically follows September with low growth before spiking in November/December. As discussed last month, since approximately mid-year 2018, the CSG US Spending Monitor began to plateau and these numbers continue that trend. The final months of Q4 will help shape the trajectory of this growth and will become very important when we discuss the future of retail and foodservice in 2020.

Short-term retail and restaurant indexes show a gradual steady growth. The Next Month Spending Index has already begun to increase at a rate of 3.52% which is the expected signal that the holiday shopping will soon commence.

There are, however, some variables to consider as we approach the holidays. The volatile nature of the economy as trade deals and political affairs arise have an impact on both consumers and businesses. Timing will be everything and as long as consumer confidence is strong throughout the next two months, the forecasts will stay on course. While October's survey responses from personal finances should be watched and may possibly affect spending if shoppers begin facing financial hardships, all indicators continue to point towards growth during this year's holiday season.

CSG
US Spending Monitor
122.5

CSG
Restaurant Spending Index
116.3

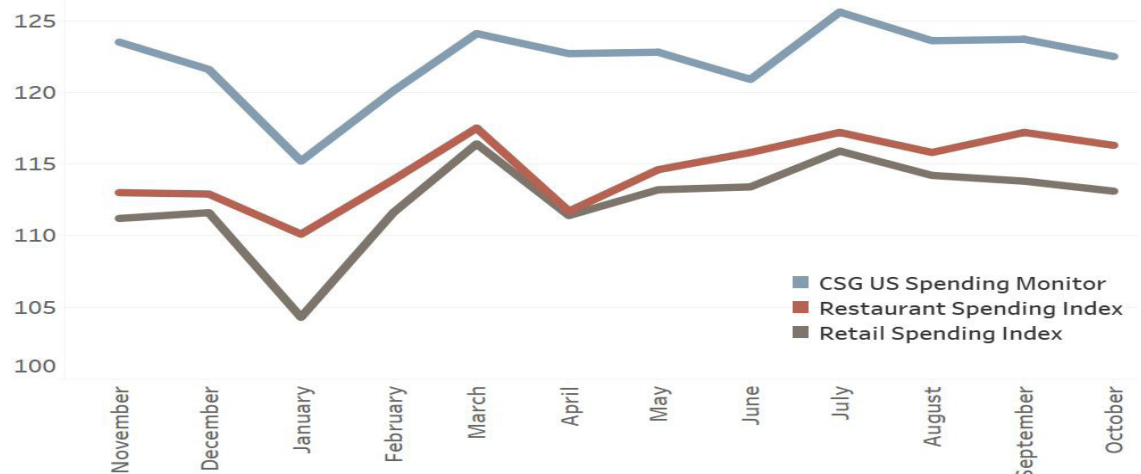
CSG
Retail Spending Index
113.1

ABOUT CSG

For more than 80 years, Chain Store Guide (CSG) has been a leading provider of comprehensive and definitive retail and foodservice intelligence to businesses around the world.

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US SPENDING MONITOR

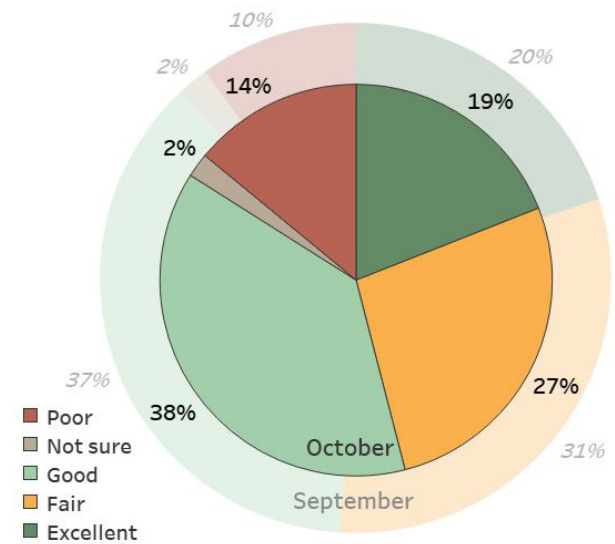


PERSONAL FINANCES DOWN IMPACT UNCERTAIN FOR NOVEMBER

Another key component to consider is the ability of buyers to continue their lifestyle after a sudden loss of income. That means 61% the public will not be able to spend as freely should something effect their work or finances. This is coupled with a decrease in “savings left after paying bills”, a steady decrease since August to a now 27% stating that there will be nothing leftover to spend.

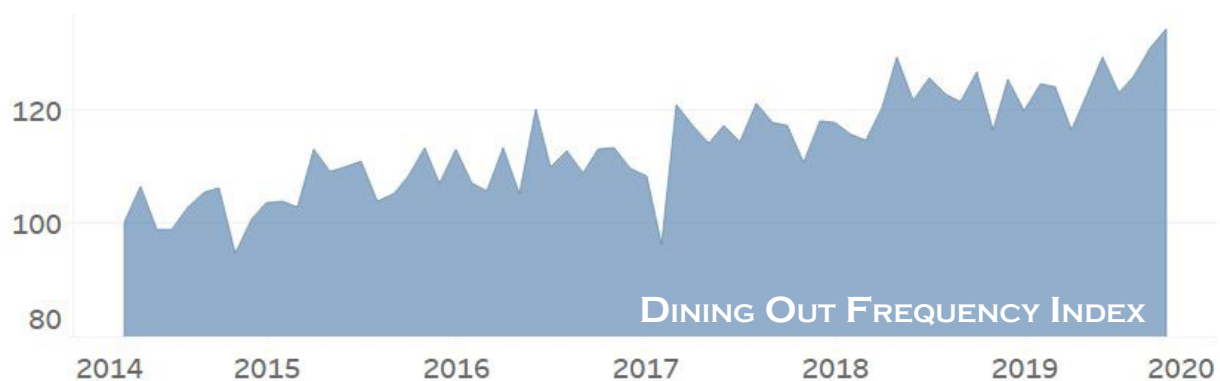
There was, however, an increase in positive responses for spending compared to the previous month, indicating there might be some financial fatigue. Also, it looks like 56% of participants do not expect to take on any additional expenses in the next 30 days. This could lower the average amount of spending in the fourth quarter.

Q. RATE YOUR PERSONAL FINANCES



FOODSERVICE BEGINS TO COOL WORRISOME?

The biggest influence on the Restaurant Index downshift is due to a large drop in diners saying that they will not eat out as much as they were 6 months ago. However, the index was balanced by an increase of restaurant goers eating out more than once a week compared to the same time period. This means the number of times a person may visit a restaurant has decreased compared to 6 months ago, the total number of people going out more than once a week has increased. We will be watching the responses in this category closely, however the current trend still projects growth.



Q. WHAT TYPE OF RESTAURANT DO YOU TYPICALLY GO TO?



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RETAIL

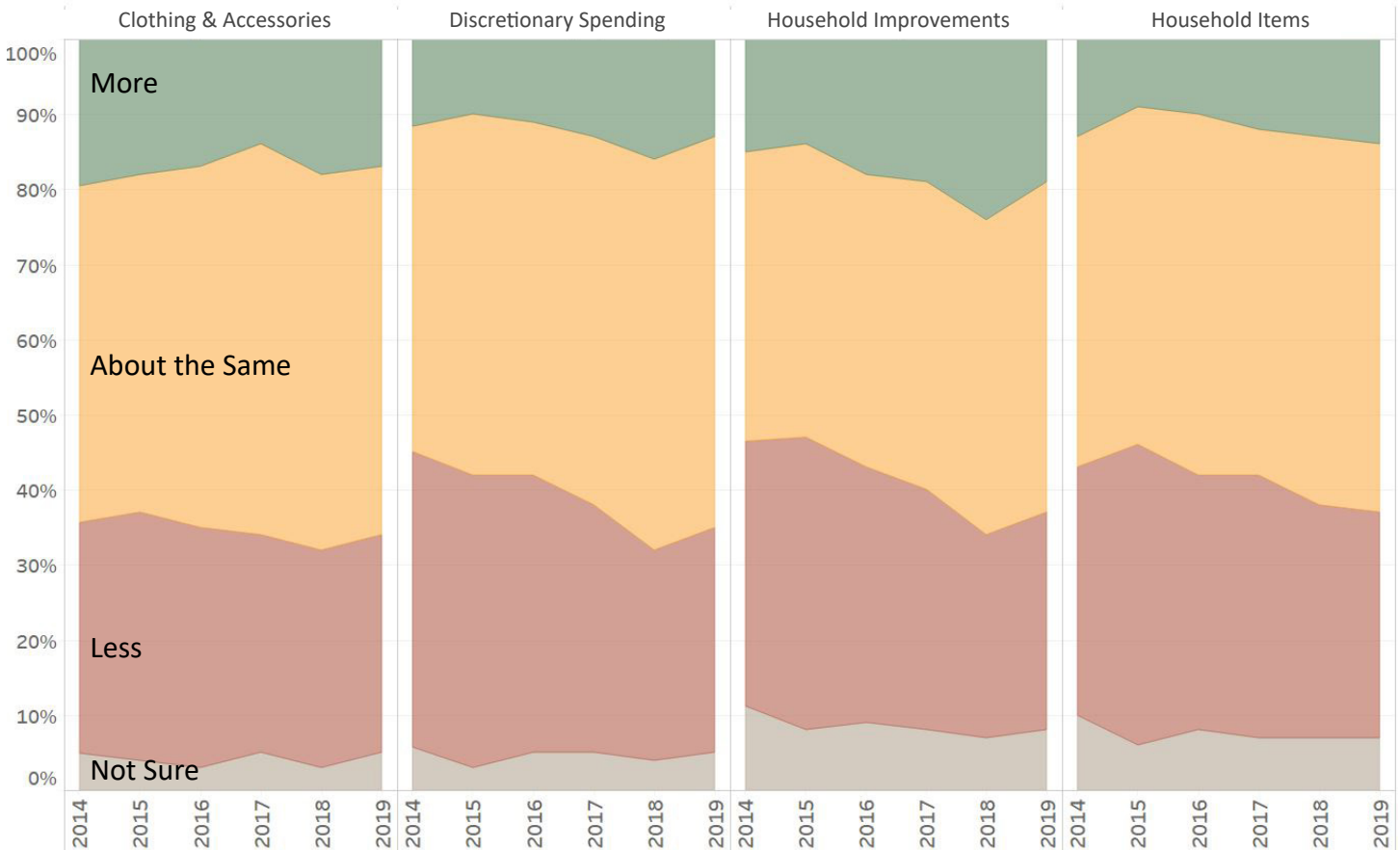
“WAIT AND SEE”

As we have stated, consumer spending in November and December are projected to increase above that of the previous year. Much of that revenue is to be realized in December as forecasts for November spending appear to lag behind that of 2018. Seen in the graphs below, spending estimates are noticeably down for next month (portrayed as year over year November spending). This complicates the growth pattern and supports the overall CSG US Spending Monitor index’s “plateau” assessment. However, at this point, the curve is at a crossroads where it can easily shift towards growth or loss. The coming months will be the determining factor. Everyone is waiting to see what happens.

While understandable under the current volatile conditions, it has placed stress upon suppliers waiting for retailers to make purchasing decisions, as well as retailers in their interactions with consumers whom are also “waiting to see”. The good news is that the public perception of the economy is strong and even the most detrimental slides in the indexes this year have been met with recovery.

Suppliers can prepare by diversifying their client portfolios, taking on smaller to mid-sized retailers in the short-term that can make faster buying decisions. Retailers will take on much of the burden as they continue to entice consumers back to the brick-and-mortar locations during the holiday rally. Expect a showdown in the coming months between online and traditional retailers as they fight for market share this season.

Q. HOW MUCH WILL CONSUMERS SPEND NEXT MONTH?



*October Survey Year Over Year.

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MORE ABOUT CHAIN STORE GUIDE

For more than 85 years, Chain Store Guide (CSG) has been the leading provider of comprehensive and definitive retail and foodservice intelligence to businesses around the world. Chain Store Guide data is the definitive source that is used by manufacturers, suppliers, service providers, brokers, real estate professionals, retailers, analysts, consultants and other professionals seeking to gain insight into retail and foodservice markets in the U.S. and Canada.

Our data includes all major retailers, restaurants, distributors and wholesalers in the United States and Canada with contact information on over 67,300 chains.

CHAIN STORE GUIDE DATA IS USED FOR

- Competitive Analysis
- Proximity Analysis
- Market Share Reporting
- Industry Profiling
- Market + Trend Analysis
- Forecasting
- Site Planning
- Industry Profiling
- Data Appending/Cleansing
- Lead Generation

MORE ABOUT THE CONSUMER SPENDING REPORT

The CSG US Spending Monitor, Retail Spending Index, and Restaurant Spending Index are monthly indexes of consumer spending intentions and capacity based on interviews with a random sample of 1,500 U.S. adults. In addition to spending, the survey asks consumers their opinions on the U.S. economy and their personal finances, retail and other discretionary spending.

The Monitor began in January 2014 with a base index of 100. CSG captures a unique view of consumer, retail, and foodservice spending intentions. The CSR includes the CSG US Spending Monitor, which tracks economic confidence and spending intentions of US consumers, the CSG Restaurant Spending Index, which measures consumer spending intentions for restaurant purchases, and the CSG Retail Spending Index that measures consumer retail and discretionary spending confidence.