

## Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



*“Consumers are aware that they do not have nearly enough saved for long-term goals such as retirement. In addition, they are not overly optimistic about the housing market, and are not relying on their homes to appreciate in value. The household deleveraging process of the last few years is only the beginning.”*

– Susan Menke, Senior Financial Services Industry Analyst

### In this report we answer the key questions:

- Are there indications that consumers will spend more in the future?
- Which groups are struggling the most in the current economy?
- How optimistic are homeowners about real estate prices?

Consumer spending is by far the largest component of GDP, and the recent “Great Recession” has had a significant impact on consumers’ willingness to spend. This report goes beyond the traditional measures of consumer economic sentiment to look at how consumers feel about their specific household financial situations and their intentions for spending in the future. It also looks at target groups of consumers—particularly those who are most likely to drive consumer spending going forward—and garners insight into how financial institutions and marketers might “tap into” the new consumer psyche. More specifically, the report answers the following questions:

- What is the impact on consumers of the decline in household net worth after the recent recession?
- How does the “wealth effect” (or lack thereof) translate into spending plans going forward?
- Who are the groups most impacted by the contraction in credit supply (and demand) in recent years?
- Where are the best opportunities for marketers going forward? Who are the groups most likely to offer opportunities for investment firms, for example?
- Homeownership is a principal indicator of household wealth, and as housing prices have declined over the last five years consumer spending has dropped accordingly. What do homeowners think about their own economic futures?
- Who are most likely to be optimistic about the economic future of this country, and therefore the most willing to consume?

BUY THIS  
REPORT NOW

VISIT:  
[store.mintel.com](http://store.mintel.com)

CALL:  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

APAC  
+61 (0) 2 8284 8100

EMAIL:  
[oxygen@mintel.com](mailto:oxygen@mintel.com)

### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

# Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Table of Contents

### Scope and Themes

What you need to know  
Data sources  
Consumer survey data  
Comperemedia  
Abbreviations and terms  
Abbreviations  
Terms  
Companies mentioned in this report

### Executive Summary

Consumer spending and GDP growth

The importance of consumer spending

Figure 1: Personal consumption expenditures, Jan. 1, 2000-Nov. 1, 2012

Figure 2: Real PCE as a percentage of GDP, 1947-2012

Household financial health and expectations

High incomes don't guarantee financial security

Figure 3: Current economic situation of household, by household income, December 2012

Younger Boomers are struggling the most

Figure 4: Current economic situation of household, by age, December 2012

Households are healthiest in the Northeast

Figure 5: Current economic situation of household, by region, December 2012

More than half expect their incomes to remain steady

Figure 6: Expectations for household economic situation in next 12 months, December 2012

Expectations for higher inflation and taxes

Figure 7: Expectations for U.S. economic situation in next 12 months, December 2012

Blacks are the most optimistic

Inflationary expectations are high, particularly for older groups

Half believe home prices will remain steady, a third expect increases

Financial goals and spending plans

Consumers are still reluctant to spend

Figure 8: Intention to purchase a big-ticket item in next 30 days, 2007-12

People are prioritizing short-term savings

Figure 9: Importance of financial goals in next 12 months, very and somewhat important, December 2012

Even high-income households may lack an adequate financial cushion

Goals for homeowners

Figure 10: Goals for homeowners over next two years, overall, December 2012

Mass affluent somewhat more likely to spend on home improvements

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 11: Goals for homeowners over next two years, overall and mass affluent, December 2012

Attitudes toward economic success and the "American Dream"

Education and hard work are key to success, but so is good credit

Figure 12: Most important factors in achieving economic success, strongly and somewhat agree, December 2012

Figure 13: Attitudes about economic situation in the U.S., any agree, December 2012

Gender and the American Dream

Figure 14: Most important factors in achieving economic success, any agree by gender, December 2012

Figure 15: Attitudes about economic situation in the U.S., any agree by gender, December 2012

Democrats much more optimistic about the economy

Figure 16: Expectations for increases in economic variables in next 12 months, by political affiliation, December 2012

What we think

## Issues in the Market

Are there indications that consumers will spend more in the future?

Which groups are struggling the most in the current economy?

How optimistic are homeowners about real estate prices?

## Insights and Opportunities

Key points

Mass affluents are focused on saving, not spending

Women have different expectations than men

Consumers see good credit as a major factor in economic success

Blacks/African-Americans are extremely optimistic

Lack of emergency savings conflicts with retirement savings goals

Political affiliation is an important variable in consumer sentiment

Americans could use a little faith in the economic future of their country

Advertising is reflecting the new consumer mindset

## Trend Applications

Trend: Prepare for the Worst

Trend: Totophobia

Mintel Futures: Old Gold

## Current Economic Environment

Key points

GDP above pre-recessionary levels

Figure 17: Real Gross Domestic Product, billions of chained 2005 dollars, Jan. 1, 1980-Oct. 1, 2012

Consumer spending and GDP growth

Figure 18: Personal consumption expenditures, Jan. 1, 2000-Dec. 1, 2012

Figure 19: Real PCE as a percentage of GDP, 1947-2012

Figure 20: PCE as a percentage of GDP in U.S. vs. Canada, 1961-2010

The U.S. consumer and the global economy

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 21: U.S. GDP as a percentage of World GDP/PPP, 2002-12

## Other components of GDP

Figure 22: Real imports of goods and services, Jan. 1, 1980-Oct. 1, 2012

Figure 23: Real net exports of goods and services, Jan. 1, 1995-Oct. 1, 2012

## Consumer spending may have crowded out investment

Figure 24: Real private non-residential fixed investment, billions of chained 2005 dollars, Jan. 1, 1995-Oct. 1, 2012

Figure 25: Real private residential fixed investment, billions of chained 2005 dollars, Jan. 1, 1995-Oct. 1, 2012

Figure 26: Real government expenditures, Jan. 1, 1995-Oct. 1, 2012

## The impact of a slower rate of growth in consumption

Figure 27: Real retail and foodservice sales, Jan. 1, 1992-Dec. 1, 2012

## Indications for Future Consumer Spending

### Key points

#### Current trends

#### Impact of the "Great Recession" on household net worth

Figure 28: Household net worth, 1980-Q3 2012

Figure 29: Household net worth as a percentage of DPI, 1965-Q3 2012

#### Total real wages now at 2008 levels

Figure 30: Real personal income, Jan. 1, 2000-Dec. 1, 2012

Figure 31: Productivity per person, Jan. 1, 2000-Sept. 1, 2012

#### Low interest rates and the wealth effect

Figure 32: 30-year fixed rate mortgage average, 1995-2013

Figure 33: Consumer credit outstanding, total, revolving and non-revolving, 1995-2012

#### Household debt burden—positive indicators

##### Disposable personal income has increased

Figure 34: Disposable Personal Income, Jan. 1, 2000-Dec. 1, 2012

##### Household debt service ratios have fallen

Figure 35: U.S. debt service ratio, all households, Q1 1980-Q3 2012

Figure 36: U.S. financial obligations ratio, all households, Q1 1980-Q3 2012

Figure 37: U.S. financial obligations ratio, homeowners, Q1 1980-Q3 2012

Figure 38: Components of FOR, homeowners, 1980-Q2 2012

##### Other indicators—consumer sentiment

Figure 39: University of Michigan Consumer Sentiment index, 1995-2012

##### Savings rate reflects a focus on saving rather than spending

Figure 40: Personal savings rate, Jan. 1, 2000-Dec. 1, 2012

##### Stabilization in the housing market

Figure 41: S&P Case Shiller 20-city home price index, Jan. 1, 2000-Nov. 1, 2012

##### Inflation is steady

Figure 42: Annual rate of inflation, CPI—Consumer price index, 1990-2012

##### Gasoline prices may cause concern

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 43: Average annual motor unleaded gasoline retail prices, U.S. city average, 1990-2012

## The supply side—credit availability

Figure 44: Survey of bank lending officers—net percentage of respondents reporting increased willingness to make consumer instalment loans, 1990-2012

## Innovations and Innovators

### Key points

- PFM tools give consumers a way to control spending/saving/debt
- Sites/apps that focus on building or monitoring credit
- Apps that “nudge” spending and saving behavior
- Prepaid cards as tools to manage spending
- Bank business model innovators
- Mobile banking innovators

## Marketing Strategies

### Key points

#### Marketing and the American Dream

#### Email advertisements

Figure 45: Regions Bank email ad, January 2013

Figure 46: PNC Bank Virtual Wallet email ad, January 2013

#### Online banner ads

Figure 47: American Express Bluebird prepaid card ad, December 2012

Figure 48: Visa prepaid card online banner ad, April 2012

#### Direct mail advertisements

Figure 49: Chase direct mail ad, November 2012

Figure 50: Bank of America direct mail ad, December 2012

Figure 51: Wells Fargo direct mail ad, December 2012

Figure 52: Discover direct mail ad, November 2012

Figure 53: Chase Freedom cash-back rewards print ad, May 2012

#### Television ads

Figure 54: Ameriprise Financial TV ad, January 2013

Figure 55: Ameriprise Financial TV ad version 2, January 2013

Figure 56: Bill My Parents Spend Smart card TV ad, August 2011

## Consumer Sentiment and Macroeconomic Expectations

### Key points

#### A third are struggling, a third are well off

Figure 57: Current economic situation of household, overall, December 2012

Figure 58: Current economic situation of household, by household income, December 2012

#### Household economic situation since the Great Recession

Figure 59: Attitudes about household financial situation, 2007-12

#### The economic recovery isn't producing more optimism

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
 CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
 Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
 EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 60: Expectations about U.S. economic situation, 2007-12

## Many are still wary of making big-ticket purchases

Figure 61: Intention to purchase a big-ticket item in next 30 days, 2007-12

Figure 62: Intention to purchase a medium-ticket item in next 30 days, 2007-12

Figure 63: Expectations for spending in next 30 days vs. last 30 days, 2007-12

## Debt could be holding back consumer spending

Figure 64: Household debt situation, by household income, December 2012

## Economic expectations for the next year

Figure 65: Expectations for household and U.S. economic situation in next 12 months, December 2012

Figure 66: Expectations for household situation in next 12 months, by household income, December 2012

## Higher earners expecting an increase in taxes

Figure 67: Expectations for U.S. economic situation in next 12 months, by household income, December 2012

## Financial Goals for Consumers

### Key points

#### Good credit is a primary goal

Figure 68: Importance of financial goals in next 12 months, December 2012

#### Even higher earners want to increase their emergency savings

Figure 69: Importance of financial goals in next 12 months, by household income, December 2012

## The Economy and the "American Dream"

### Key points

#### What does the "American Dream" mean?

Figure 70: What the American Dream means—percentage who say the following are components of the American Dream, 2008 and 2012

#### Good credit just as important as education and hard work in achieving the American Dream

Figure 71: Attitudes about the economy and the "American Dream," December 2012

Figure 72: Attitudes about the economy and the "American Dream," December 2012, by household income, December 2012

## Gender and the Economic Outlook

### Key points

#### Men are more financially "healthy" than women

Figure 73: Current economic situation of household, by gender, December 2012

Figure 74: Current economic situation of household, by gender and age, December 2012

Figure 75: Expectations for household economic situation in next 12 months, by gender and age, December 2012

#### However, men are more pessimistic about economic growth

Figure 76: Expectations for U.S. economic situation in next 12 months, by gender and age, December 2012

#### Women are focused on maintaining good credit

Figure 77: Importance of financial goals in next 12 months, by gender, December 2012

Figure 78: Importance of financial goals in next 12 months, by gender and age, December 2012

#### Men more likely to see the U.S. as a "land of opportunity"

Figure 79: Attitudes about the economy and the "American Dream," by gender, December 2012

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 80: Attitudes about the economy and the "American Dream," by gender and age, December 2012

## Age and the Economic Outlook

### Key points

#### Older Gen X and Younger Boomers still struggling

Figure 81: Current economic situation of household, by age, December 2012

Figure 82: Current economic situation of household, by generation, December 2012

#### Older Millennials look forward to the future

Figure 83: Expectations for household economic situation in next 12 months, by age, December 2012

#### Older respondents more likely to have inflationary expectations

Figure 84: Expectations for U.S. economic situation in next 12 months, by age, December 2012

#### Belief in education and hard work increases with age, young focus on entrepreneurship

Figure 85: Attitudes about the economy and the "American Dream," by age, December 2012

#### Young homeowners planning to pay down mortgages

Figure 86: Importance of financial goals in next 12 months, by age, December 2012

Figure 87: Specific financial goals for next two or three years, by generation, October 2012

Figure 88: Statements on household debt situation, by age, December 2012

Figure 89: Statements on household debt situation, by gender and age, December 2012

#### Age and household structure

Figure 90: Current economic situation of household, by marital/relationship status, December 2012

Figure 91: Statements on household debt situation, by marital/relationship status, December 2012

## Ethnicity and the Economic Outlook

### Key points

#### Four in 10 Black and Hispanic households are struggling

Figure 92: Current economic situation of household, by race/Hispanic origin, December 2012

Figure 93: Expectations for household economic situation in next 12 months, by race/Hispanic origin, December 2012

#### Blacks optimistic about the economy

Figure 94: Expectations for U.S. economic situation in next 12 months, by race/Hispanic origin, December 2012

#### Non-whites most focused on saving

Figure 95: Importance of financial goals in next 12 months, by race/Hispanic origin, December 2012

#### Whites, Hispanics most likely to be carrying a balance on credit cards

Figure 96: Specifics about household financial situation, by race/Hispanic origin, December 2012

#### Asians much more likely to see connections as important to economic success

Figure 97: Attitudes about the economy and the "American Dream," by race/Hispanic origin, December 2012

## Geographic Region and the Economic Outlook

### Key points

#### Households are healthiest in the Northeast

Figure 98: Current economic situation of household, by region, December 2012

Figure 99: Expectations for household economic situation in next 12 months, by region, December 2012

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Western region most optimistic about real estate prices

Figure 100: Expectations for U.S. economic situation in next 12 months, by region, December 2012

## Midwest region most leery about healthcare reforms

Figure 101: Attitudes about the economy and the "American Dream," by region, December 2012

## Homeowners and the Economic Outlook

### Key points

#### The housing market

Figure 102: New and existing home sales, 2007-Nov. 2012

#### Homeowners most likely to view their financial situation as healthy

Figure 103: Current economic situation of household, by homeownership status, December 2012

Figure 104: Expectations for household and U.S. economic situation in next 12 months, by homeownership status, December 2012

#### Half believe that home prices will remain at current levels

Figure 105: Expectations for U.S. economic situation in next 12 months, by homeownership status, December 2012

#### Two in 10 homeowners look to purchase a new home in next two years

Figure 106: Goals for homeowners over next two years, overall, December 2012

Figure 107: Goals for homeowners over next two years, by household income, December 2012

#### Younger people hoping to upsize

Figure 108: Goals for homeowners over next two years, by age, December 2012

Figure 109: Goals for homeowners over next two years, by race/Hispanic origin, December 2012

Figure 110: Goals for homeowners over next two years, by region, December 2012

#### Mass affluents not more likely to move, pre-retirees twice as likely

Figure 111: Goals for homeowners over next two years, pre-retirees and mass affluent, December 2012

#### Homeowners similar to renters in perceptions of the "American Dream"

Figure 112: Attitudes about the economy and the "American Dream," by homeownership status, December 2012

#### Homeowners less burdened with credit card debt

Figure 113: Importance of financial goals in next 12 months, by homeownership status, December 2012

#### More than a third of homeowners are mass affluent

Figure 114: Statements household financial situation, by homeownership status, December 2012

## Mass Affluents and the Economic Outlook

### Key points

#### Mass affluents have significantly healthier cash flow

Figure 115: Current economic situation of household, mass affluent, December 2012

#### Not more optimistic about salary increases

Figure 116: Expectations for household economic situation in next 12 months, mass affluent, December 2012

#### Some signs of concern over tax increases

Figure 117: Expectations for U.S. economic situation in next 12 months, mass affluent, December 2012

#### More focused on retirement savings

Figure 118: Importance of financial goals in next 12 months, mass affluent, December 2012

#### Mass affluents believe in American opportunities

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 119: Attitudes about the economy and the "American Dream," mass affluent, December 2012

Figure 120: Statements on credit cards, household loans and retirement savings, mass affluent, December 2012

## Pre-retirees and the Economic Outlook

### Key points

#### Only a third of pre-retirees expect their savings to increase this year

Figure 121: Current economic situation of household, pre-retirees, December 2012

Figure 122: Expectations for household economic situation in next 12 months, by retirement and savings, December 2012

#### Focused on saving, but also on splurging

Figure 123: Importance of financial goals in next 12 months, by retirement and savings, December 2012

#### Much more positive about the "American Dream"

Figure 124: Attitudes about the economy and the "American Dream," pre-retirees, December 2012

## Political Affiliation and the Economic Outlook

### Key points

#### Republican households somewhat better off

Figure 125: Current economic situation of household, by political affiliation, December 2012

Figure 126: Expectations for household economic situation in next 12 months, by political affiliation, December 2012

#### Democrats much more optimistic about the economy

Figure 127: Expectations for U.S. economic situation in next 12 months, by political affiliation, December 2012

#### Democrats more focused on credit card debt

Figure 128: Importance of financial goals in next 12 months, by political affiliation, December 2012

#### Republicans value hard work and business ownership, Democrats value education

Figure 129: Attitudes about the economy and the "American Dream," by political affiliation, December 2012

Figure 130: Political affiliation, mass affluent, December 2012

Figure 131: Political affiliation, by homeownership status, December 2012

## Cluster Analysis

### Cluster 1: Status Quo Spenders

#### Demographics

#### Characteristics of this cluster

### Cluster 2: Older Affluents

#### Demographics

#### Characteristics

#### Opportunity

### Cluster 3: Diverse Dems

#### Demographics

#### Characteristics

#### Opportunity

#### Cluster characteristic tables

Figure 132: Target clusters, December 2012

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

## Consumers and The Economic Outlook - US - February 2013

Report Price: £2466.89 | \$3995.00 | €3133.71

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 133: Goals for homeowners over next two years, by target clusters, December 2012

Figure 134: Current economic situation of household, by target clusters, December 2012

Figure 135: Importance of financial goals in next 12 months, by target clusters, December 2012

Figure 136: Expectations for household economic situation in next 12 months, by target clusters, December 2012

Figure 137: Expectations for U.S. economic situation in next 12 months, by target clusters, December 2012

Figure 138: Attitudes about the economy and the "American Dream," by target clusters, December 2012

Figure 139: Loan delinquency and educational loan payments, by target clusters, December 2012

Figure 140: Credit card ownership and payment behavior, by target cluster, December 2012

Figure 141: Pre-retirees and mass affluent, by target cluster, December 2012

Figure 142: Political affiliation, by target clusters, December 2012

### Cluster demographic tables

Figure 143: Target clusters, by demographics, December 2012

### Cluster methodology

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)