

# From Groceries to Gifts:

## *Understanding Consumer Spending in an Uncertain Economy*

A consumer insights report  
compiled exclusively for

Highlight.™

**SHOWCASE**

**20  
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# The economy has changed dramatically since 2020

Even as the Federal Reserve works to steer the US economy to a “soft landing,” the average consumer is understandably wary: Since 2020, prices for consumer goods have [increased over 20%](#), the cost of housing has increased [nearly 50%](#), and the unemployment rate has steadily [crept higher](#).

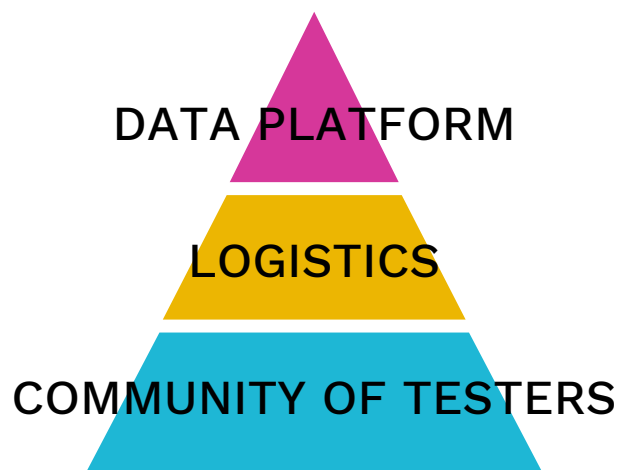
It’s no surprise that consumers are responding accordingly. As CPG and retail brands prepare for the holiday season, brands and retailers need to keep this increased price sensitivity in mind, and determine what they can do to meet consumer needs today and into 2025.

**Highlight’s product testing solution integrates:**

## About the study

Highlight is a three-part physical product testing solution: an owned community of nationwide testers, a logistics and shipping solution, and a [technology platform](#) that delivers consumer and sensory data in real time.

For this trend report, Highlight polled our proprietary audience in September 2024 with a 17-question survey designed to gather both quantitative and qualitative data. In total, 1,613 respondents from across the country weighed in with their plans for holiday spending and money-saving measures.



# Today's consumers are responding to pressure

**66%** *of respondents are more stressed about money*

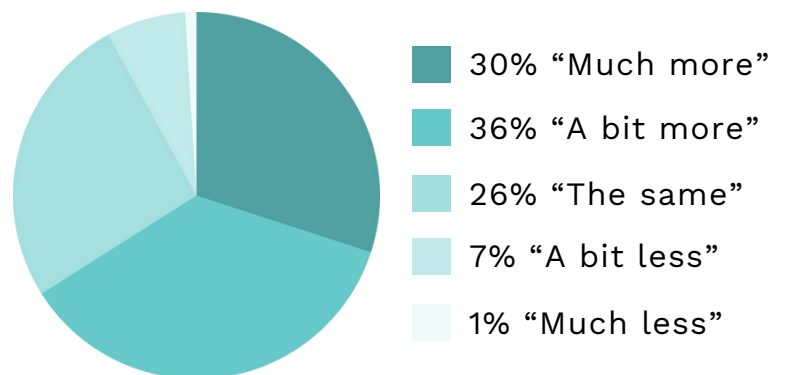
When asked to compare their financial stress levels to this time last year (Sept. through Dec.), the majority said they are more stressed now, including about one-third who stated they are “much more” stressed than last year.

When asked how their “just for fun” purchase habits have changed, the majority said they are making those purchases less often, including a quarter who stated they are making those purchases “much less often.”

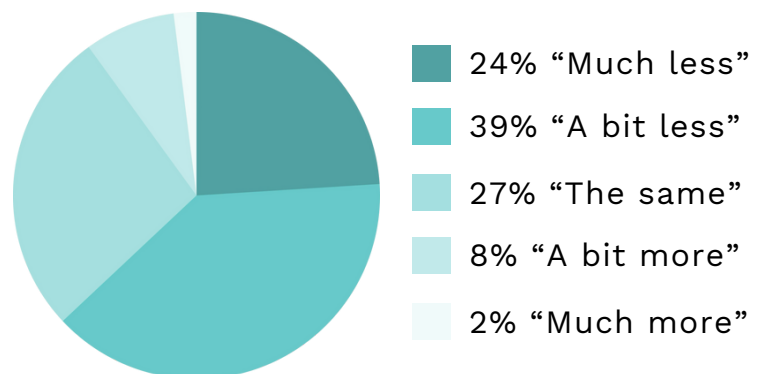
It's no surprise, then, that when placed side-by-side, the pie charts capturing these responses look almost identical. When consumers feel economic pressure, discretionary spending is often the first thing to be cut.

**63%** *are making “just for fun” purchases less often*

*How have your stress levels related to money changed?*



*How have your spending habits on “just for fun” purchases changed?*



# Consumers are taking steps to relieve economic pressure

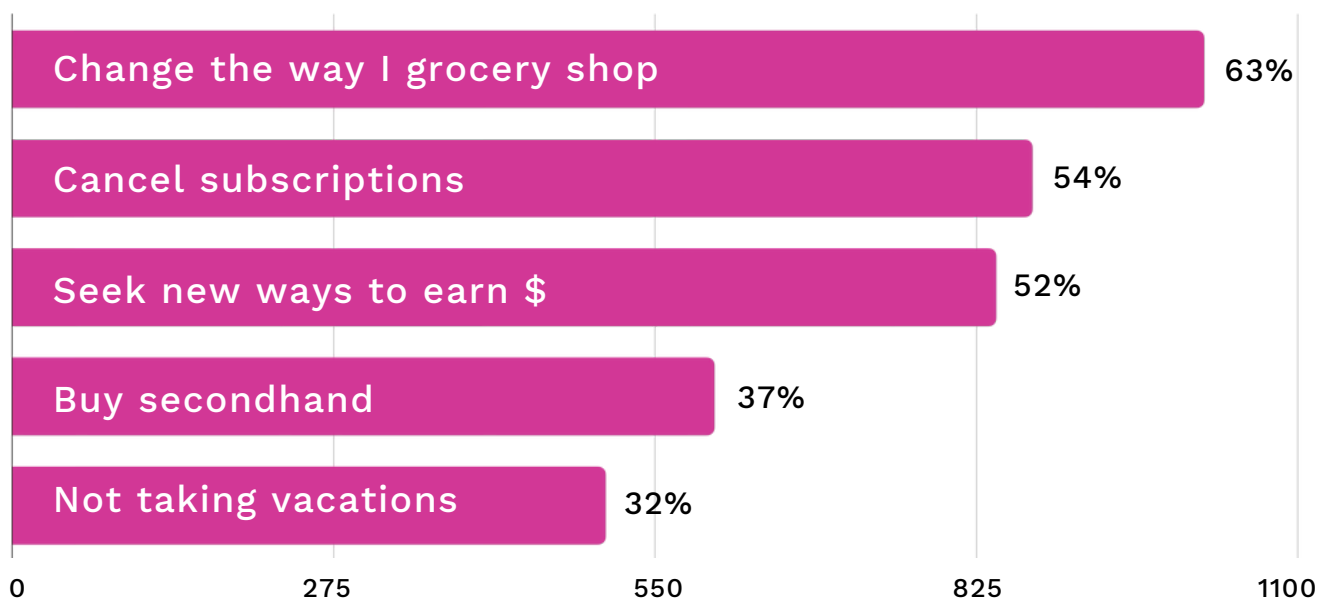
**69%** *have stopped purchasing a favorite product or switched to a cheaper alternative*

The most popularly cited strategy for dealing with money-related stress was to change the way they grocery shop.

Open-ended responses revealed even more tactics consumers are turning to for economic relief, such as learning how to use coupons, working overtime, asking family for help, and staying in more.

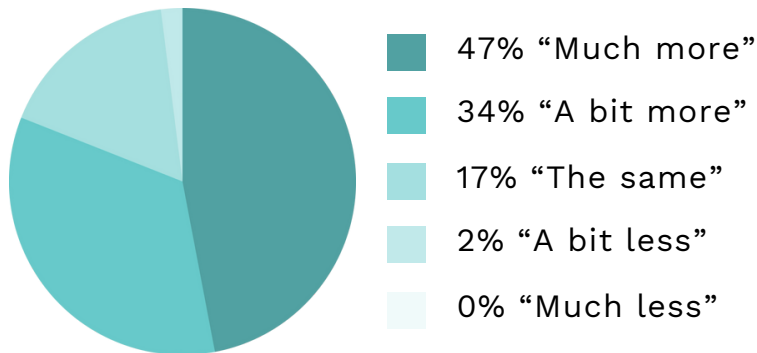
Notably, only 7% of respondents said they have not been stressed about money in the past 12 months, while 93% responded with their various money-saving strategies.

*In the past 12 months, what have you done to relieve stress related to money? (Select all that apply.)*



# Price sensitivity is altering grocery shopping habits

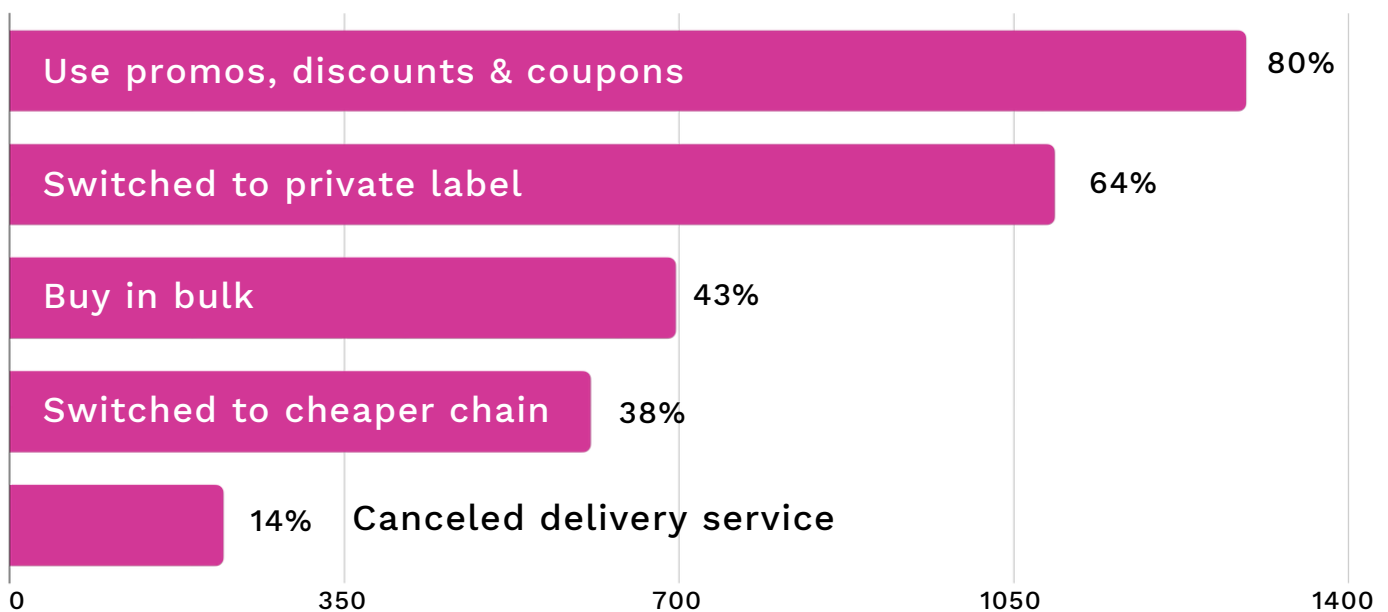
Are you more or less concerned about the cost of groceries?



**81%** are more concerned about the cost of groceries. (Nearly half are “much more concerned.”)

Since Sept-Dec 2023, concern over the cost of groceries has mounted even more dramatically than general financial stress. In response, 68% of consumers are spending more carefully on groceries.

In the past 12 months, what have you done to relieve stress related to money? (Select all that apply.)



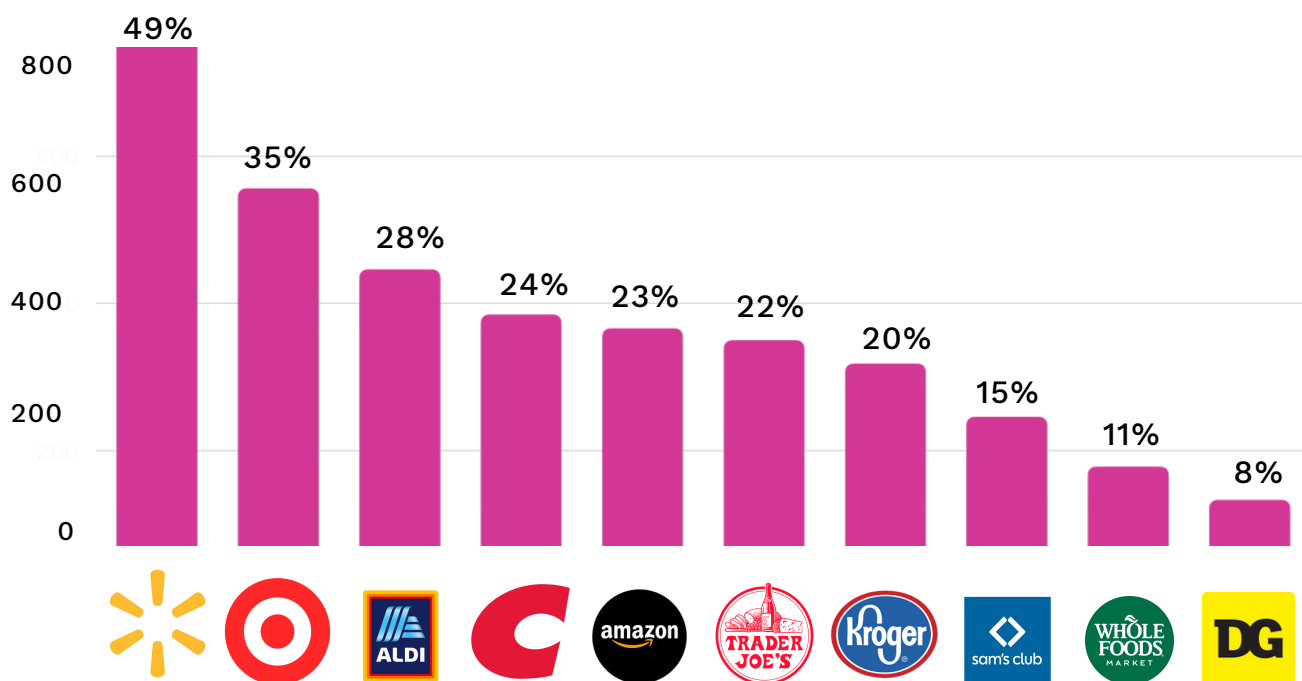
# Private label is having a moment

**90%** *say they buy private label products because they're cheaper, but in a separate question...*

**25%** *said they also genuinely prefer the private label alternative to the name brand*

Private label brands have a big opportunity in this moment to invite trial and capture loyalty. Now is the ideal time to create products that cost-conscious consumers will genuinely love. This means rethinking your private label(s) not as a less expensive substitute, but as a direct competitor that can go head-to-head with name brands given the right quality and branding efforts.

What stores sell your favorite store brands? (Select up to 3)



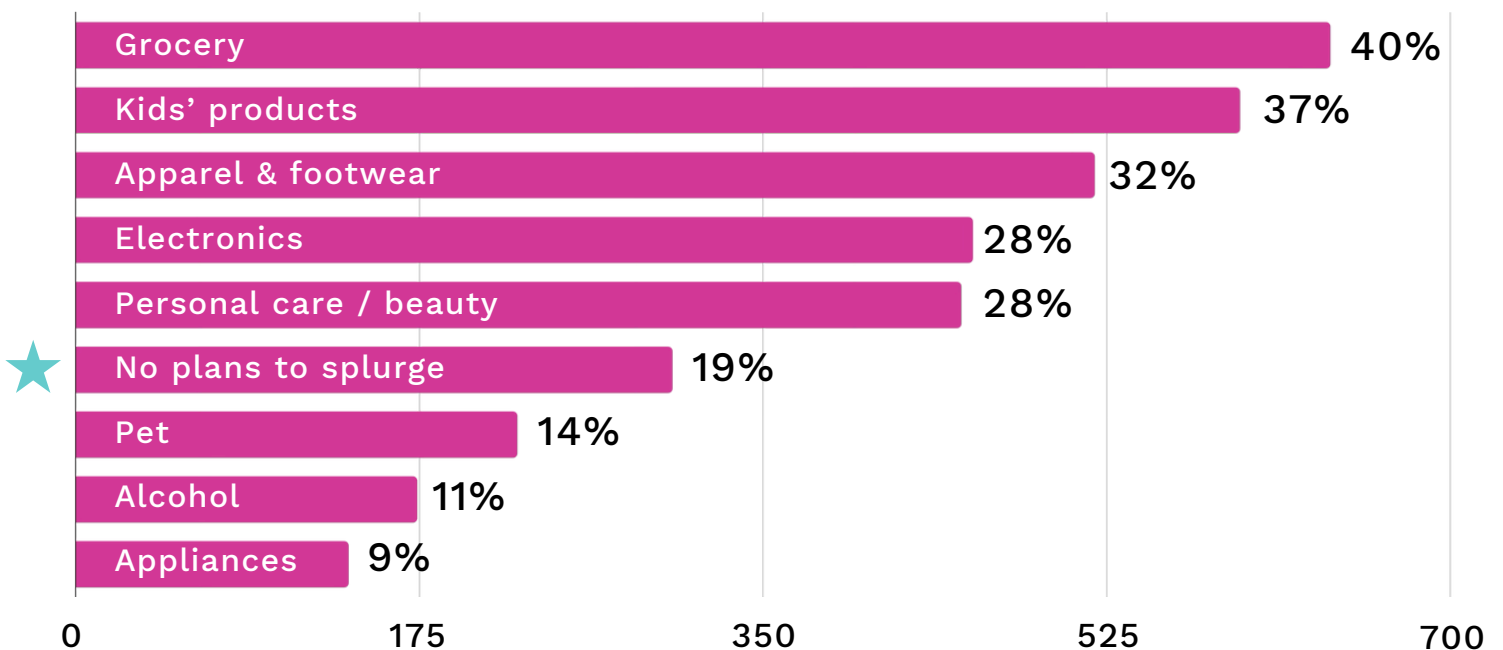
# Shoppers plan to “splurge” less this holiday season

**68%** *say they usually overspend during the holiday season, but...*

**50%** *say they plan to spend less this holiday season.*

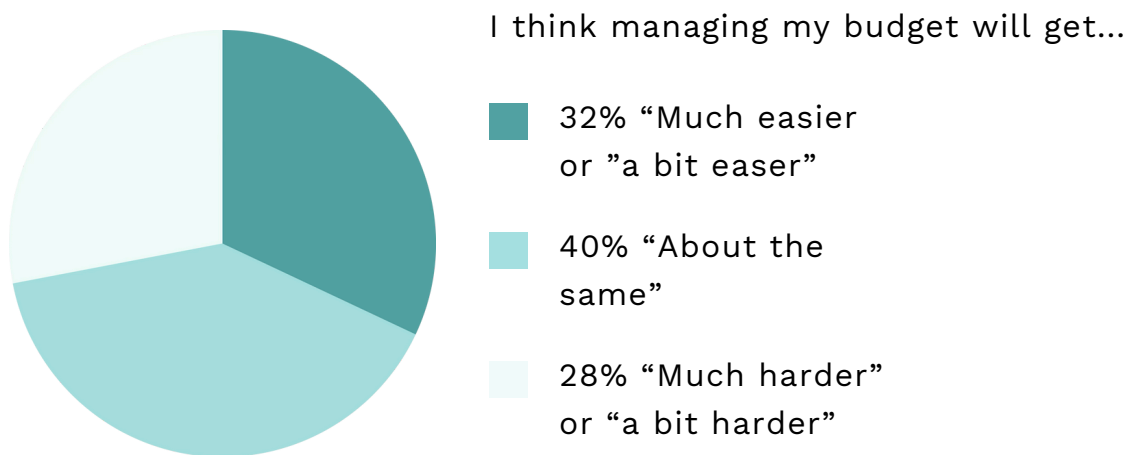
Highlight conducted this survey before the Fed’s announcement to finally cut interest rates, but [Bain & Company just released](#) their own holiday forecast that aligns with what Highlight found: They predict only 3% growth in retail sales this year, which is well below the 10-year average of 5.2% and down from last year’s 4.2%. They speculate, however, that the rate cut could give consumers a boost in the coming months—so there is room for optimism yet.

*In which categories do you plan to “splurge” this upcoming holiday season? (Select up to 3)*

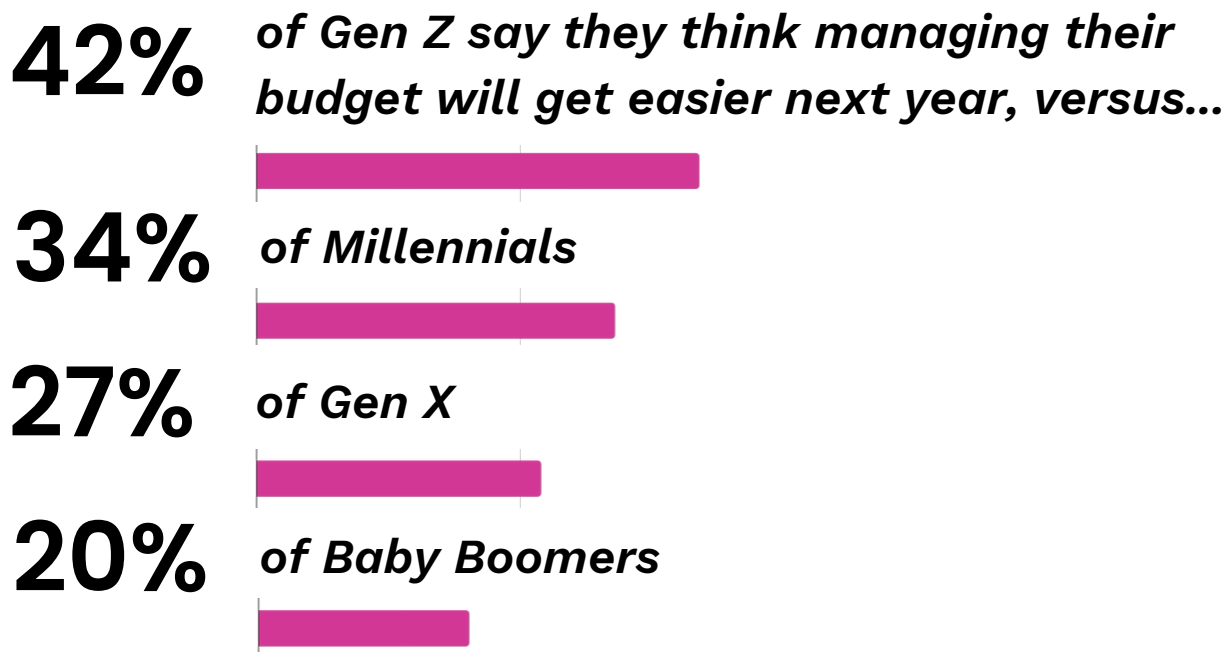


# Optimism for 2025 depends on your point of view

What is your prediction for your budget in 2025?



When asked about expectations for managing their budget in 2025, optimism correlated heavily with age. While younger survey respondents had hope that next year managing their budget will get easier, older generations had less optimism that household budget management will change for the better.





# 3 key takeaways for holiday preparedness

## **Don't just be cheaper. Be better.**

Look to well-loved private label brands like those from Target or Costco. Shoppers go out of their way to find those brands, not just because they like the price, but because they love the product itself.

## **Get creative and meet consumers where they're at this holiday season.**

Consumers are still looking to splurge on things like groceries and kids' products during the holidays. Take advantage of this knowledge with special edition flavors or packaging, or even a new line of cost-conscious, yet quality products that appeal to parents.

## **Be the brand they love—for richer or poorer.**

Price sensitivity may ebb and flow with economic conditions, but brands also need to build products that are superior and in-demand enough to maintain long-term success on shelf.

## **About Highlight**

Highlight's in-home product testing platform helps CPG brands innovate, test, and successfully launch better products for people and the planet. Ship your product to Highlight, and our logistics team repackages for our owned community of testers. Quickly field IHUTs (in-home usage tests) and see results as they come in. Highlight's customers have tested products in early development, blind-tested products against the competition, and benchmarked in-market products for category insight.

Learn more at [letshighlight.com](https://letshighlight.com).

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insights from  
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