

17 Ways Consumers Are Changing

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You seem different. More anxious. Pensive, perhaps. What's on your mind?

A lot of people desperately want to know. Market researchers always want to get inside the heads of consumers, and they've never been more curious than they are now. In the aftermath of a wrenching recession, Americans are saving more, spending less, and rethinking many of the tenets that have governed middle-class living for the past 40 years. Vast amounts of money are at stake, as consumer-product firms try to guess how Americans will spend their scarce [dollars](#) in the future.

Are shoppers beaten down? Will thrifty spending endure? Or will the irrepressible American consumer come roaring back stronger than ever? Nobody's quite sure, but here are 17 ways consumers seem to be changing, based on economic data, market-research studies and dozens of reports from customers themselves:

Less credit, more cash. Consumer borrowing has fallen by record amounts, as Americans pay down debt and adjust to banks lowering their credit card limits. Credit card spending dropped sharply in early 2009, moderated, then started plunging again. But overall spending hasn't fallen quite as much, which suggests more people are paying for purchases in cash. "I try to use money (not credit) for clothing, basic home equipment, and gifts," says Margaret Jorgensen of Ste. Genevieve, Mo. "I don't want to pay 18 percent interest on a pair of shoes or underwear!"

The end of the monthly payer. Many consumers used to be comfortable piling up debt as long as their income could cover the monthly payments. No more. "The era of unbridled, debt-financed consumer spending is over, and the monthly payer is out of action," Eric Janszen, president of iTulip, a finance-advisory firm, wrote in [Harvard Business Review](#) last year. As consumers focus more on their total debt, they'll probably buy less and shun high-priced status symbols. But they'll still spend on certain things. "Messages that center on family, life simplification, and getting back to basics will appeal," says Janszen.

Greater suspicion. Banks wrecked the economy, then cut lending and raised fees. The government prevented a depression, but not before giving billions to Wall Street titans. [Stock prices](#) are surging while jobs disappear. The past few years have been a

Great Letdown, among other things, with polls showing that Americans' confidence in banks, big business, and other pillars of the establishment is at record lows.

More resourcefulness. If you can't count on anybody else, then you're likely to rely more on yourself. Americans are taking more responsibility for their own finances and careers, undertaking more do-it-yourself projects, and learning how to cook at home instead of eating out. Travel spending is down, but sales of camping gear are up. Savvy workers are taking more midcareer courses to keep up with turbulent times.

Less brand loyalty. Millions of consumers traded down to store brands over the past couple of years—and many plan to stick with them. The quality of off-price products has turned out to be better than expected, so there may be little reason to pay more for brand-name goods with essentially the same quality. "The shift of consumers away from more expensive products is a widespread trend," declares a 2009 report from consulting firm McKinsey.

Smaller is bigger. It goes without saying that many things are getting smaller rather than bigger, including household [budgets](#) and people's ambitions. "Smaller things now make the bigger statement," says the Futures Co., a market-research firm. "Smaller portions, smaller houses, smaller cars, and local communities."

A rental rebound. The "ownership society" is over. After peaking a few years ago, home ownership rates, not surprisingly, have started a long journey downward, as foreclosures shake out people who couldn't afford their homes in the first place and tough borrowing standards limit new buyers. The home ownership rate peaked in 2004–2005, when about 70 of households were occupied by owners. That percentage could sink to the low 60s within a decade. A renter's mentality is extending to other big purchases, like cars and furniture: The Aaron's rent-to-own furniture chain, for example, has been thriving.

Less window shopping. When you browse, you buy—so more people seem to be eliminating window shopping as a casual pastime. Heather Mitchell of Friendswood, Texas, says that since she stopped making unnecessary trips to the mall, "it's hard to measure the savings, since I would impulse-buy on those trips to stroll the stores. I've also saved a lot in gas and wear and tear on my car."

More closet shopping. Americans have piled up a lot of goods in recent years, and many people are surprised at how much good clothing or other stuff they've squirreled away. "I shop in my closet when the urge hits me to buy something new," says Paige Hodges of Los Angeles, "and I always find a little treasure that I forgot I had."

Decluttering. There are a lot of reasons to offload unnecessary accoutrements: Downsizing to a smaller home, getting laid off and doing some spring cleaning, or picking up a few bucks selling stuff you don't need. "Somebody will always buy the stuff you don't want," says Joe Pasquale of Nashville, who sells three or four unused items a week online. "Old routers. Old clothes. A pair of my wife's Lucky jeans. It's amazing what people will buy."

Food frugality. Spending on restaurants is down, but those who do eat out are ordering fewer side dishes and appetizers or substituting an appetizer for a main

dish, according to the NPD Group, a market-research firm. Others are cutting back on home meals and taking other steps to reduce food costs. "I find that in shopping for food, the smaller the store, the less I spend," says Nancy Bymers of Albuquerque. "A smaller store has fewer choices and conveniences. Who really needs three types of peppers diced into bits at over \$5? I am very capable of disassembling a pepper."

More gardening. Veggies from the backyard are usually cheaper, and more healthful, than those from the store. That's one reason sales of canning equipment have boomed over the past two years. While you're at it, grow a cut-flower garden, says Lois Barber of Sandy Hook, Conn. "This will allow you to have fresh flowers in your house. They'll lift your spirits, make you feel rich, and make a great gift if someone invites you over for dinner."

Less waste. When you have less money, you waste less, for obvious reasons. The Futures Co. thinks this "renunciation of wastefulness" constitutes a movement: "Perhaps more than any other single element, not being wasteful will define overall value in the recovery consumer marketplace," the firm says in a recent report.

Less healthcare. There's no upside here. With unemployment skyrocketing, millions have lost health [insurance coverage](#) or cut back on care to save money. Some people go without drugs they've been prescribed or cut the dosages in half, so the pills last longer. (Not recommended!) In some areas, people are compensating for reduced coverage by taking advantage of free offerings like mammograms or flu shots.

More negotiating. It's no longer cool to pay the list price for everything, and consumers are less embarrassed asking for discounts. Retail merchants won't always haggle, but eBay sellers will, and state-your-price websites like Priceline have been booming.

More volunteering. Americans with more time on their hands find it rewarding to spend some of it helping others. "I do volunteer projects to help keep social connections up," says Kathy Bowman of Joseph, Ore. "Think volunteering at community events, serving on the boards of disability or folk dance organizations, small donations to the humane society or kids' projects."

Redefining success. We used to measure it by how much money and stuff we had. Whoops. With jobs scarce and money tight, Americans are seeking more satisfying work—and giving up material goods to get it. Cathy Goerz of San Francisco spent the past year making a low-budget film documentary—a longtime goal—after losing her job at a corporate communications firm. She lives on 75 percent less than before, but she cherishes the freedom: "My quality of life has not changed at all," she says. "I think it's improved. I'm not tied down by location, and I don't have to be under somebody's gaze eight hours a day." Now that's a recovery.

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