

Consumer Spending Trends and Current Statistics

Current Event Two

Madison D. Morgan

Dr. Elizabeth Klooster

Montcalm Community College

November 3rd, 2017

“Consumer Spending Trends and Current Statistics”

Introduction

This article was written by Kimberly Amadeo and published through *The Balance*. This article talks about the rise in consumer spending for 2017, and the affects the recession is still having on the purchasing habits of Americans. Using the Aggregate Demand I will be evaluating the aggregate demand and price levels.

Summary

Kimberly Amadeo explained the spending trends of consumers in the United States. During the second quarter of 2017, spending rose to 3.3 percent at 11.8 trillion dollars, and holiday sales last year were at a high of 4.1 percent, the highest for the past 10 years. Retail sales have increased drastically, but retail has also been forced to change due to the trends that occurred due to the 2008 recession.

Consumer spending increases have been a long time coming for many reasons. Amadeo explains that due to the recession many people went back to school and also racked up lots of credit card debt, causing individuals to have higher expenses (2017). Income inequality plays a large role as well, due to the fact that individuals have less expendable income due to lower paying jobs (2017). Due to the recession and the lack of expendable income, consumers started looking for cheaper prices for their goods and services (2017). This has now switched the trend for consumers to a “shift to thrift” (2017).

During the recession individuals began looking for products that were “good enough” and became willing to drive the distance to receive the best deal (Amadeo, 2017). This increased the popularity of Walmart and dollar stores (Amadeo, 2017).

Last Christmas the trend for shoppers was to not participate nearly as much in Black Friday, but instead wait until closer to the holidays to get better deals online (Amadeo, 2017). Today consumers are looking for good quality for the lowest price. This has caused many businesses to change their way of producing and pricing in order to make it in the tough expanding consumer market (Amadeo, 2017).

Discussion

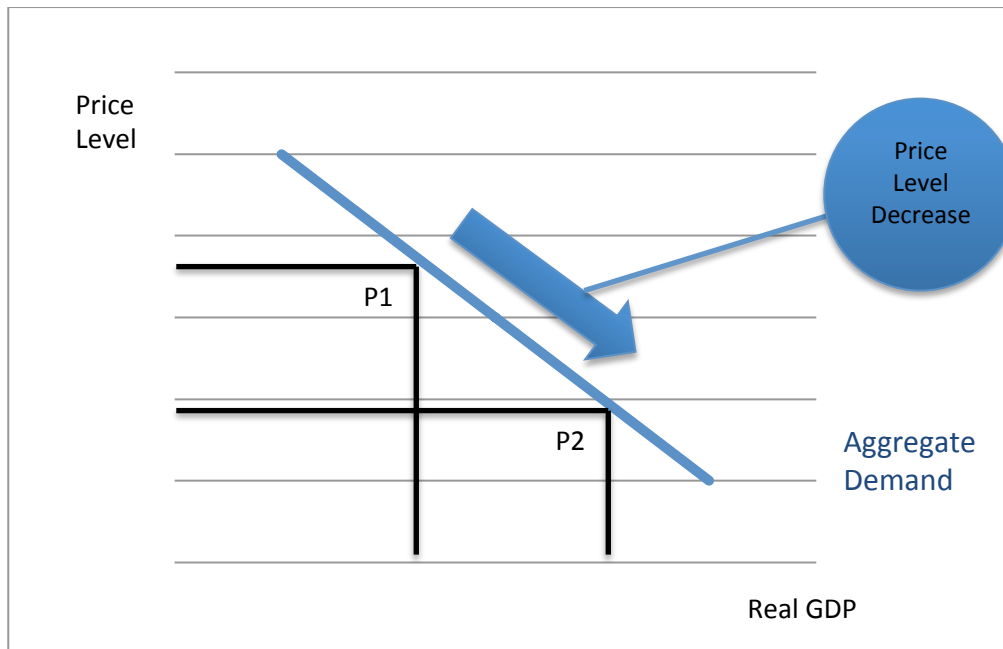
Though consumer spending has increased, businesses still are taking a hit. This is due to the shift in what consumers are looking for in their services and products. Consumers are clearly looking for good quality and the best deal to get it. This means that businesses can no longer stick to the old ways of pricing and quality pre-Great Recession, but must focus on making it in this new economy where everyone is looking for the best deal no matter the distance they must travel. Due to the Great Recession as well as online purchasing, companies will have to continue to stay on their toes in order to make it.

High quality and low prices are definitely an anomaly. However, those companies that can find a way to make it work for their business are successful within the ever changing and growing consumer-controlled economy. Companies no longer seem to be able to control the market as much as they used to due to the change in consumer behaviors, and that does not seem to changing any time soon.

Graphical Analysis

As discussed above companies have to adapt to the changes in consumer behaviors. The “shift the thrift” has caused the search for the best deal to become the common behavior for consumers. Consumers are looking for quality products at the

best price no matter the distance they must go to get it. Due to online shopping, consumers can find what they are looking for at the best price, much quicker due to how easy and how large the consumer online market has gotten.



Due to the changes in the demand for better deals, companies have been forced to lower their prices, yet still hold to their quality. This means that the Aggregate Demand line will not have an in outward or inward shift but instead the price will fall, causing the Grows Domestic Product to rise.

The Disadvantaged

This affects everyone in some ways from the consumer to the companies producing the products and services. The disadvantaged in this growing consumer market are the businesses that are unable to compete with the ever growing demand for good quality services and products for the best possible deals available. Due to the large market, companies are forced to offer better and better deals and make less and

less profits because of it. This is then causing some companies to struggle to keep their heads above water in this strange consumer demand time.

Reference

Amadeo, K. (n.d.). Consumer Spending Up 3.3 Percent. Retrieved November 06, 2017, from
<https://www.thebalance.com/consumer-spending-trends-and-current-statistics-3305916>