AMERICA'S CONSUMER SPENDING MYSTERY
It’s often said that when the American economy sneezes, the world catches a cold. So it’s no wonder that headlines such as “Shoppers are choosing experiences over stuff, and that’s bad news for retailers” are worrisome for all players in the planet’s biggest consumer market. While brick-and-mortar stores have been battling the rise of online shopping for years, a broader shift in how Americans spend could affect everyone—e-commerce included. And often when looking for someone to blame, it’s popular to target consumers like Millennials, for example, who are often perceived as eschewing materialism to live in the moment.

But are they really rushing to buy experiences, not products? One of the leading measures of spending in the United States, the Survey of Consumer Expenditure, shows average consumer expenditure has been growing at a healthy pace since the recession, with the latest data showing an increase of 4.6 percent in 2015. Yet when we look at the main spending categories—housing, groceries, apparel, and automobiles—their share of average consumer expenditure has indeed declined over time. So that must mean people have shifted to investing in experiences, right? Not quite.

A look at the main categories considered “experiences” (such as travel, entertainment, dining out, and recreation) indicates that while Americans have increased their spending or remained static of late, they still lag the average of the previous decade (see figure). Similarly, there’s no incriminating evidence to suggest Millennials are driving a shift to experiences—all age groups more or less indicate similar spending patterns. All of which means that, while spending isn’t increasing on products, it hasn’t shifted to experiences either.

So just how are Americans spending their money? On costs related to health care and insurance and pensions. Those categories are likely driving consumers of all ages away from traditionally strong retail segments. The reasons vary—from higher out-of-pocket spending on health care to the aging of the US population and the impact of the financial crisis on retirement accounts. But the bottom line is that Millennials are off the hook. The shift in household spending patterns really isn’t too much of a mystery: Americans are just meeting the age-old need to pay for health care and life after work.

Take a closer look at US consumer spending patterns in *The consumer rush to “experience”: Truth or fallacy?* on deloitte.com/insights.


3. The Survey of Consumer Expenditure (SCE) measures average consumer expenditure by age groups and products and services categories, while the Personal Consumption Expenditure (PCE) data describes total consumer expenditure by types of product and expenditure.
About Deloitte Insights
Deloitte Insights publishes original articles, reports and periodicals that provide insights for businesses, the public sector and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte Insights is an imprint of Deloitte Development LLC.

About this publication
This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

Copyright © 2017 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited