

Q2 2019 Consumer Connect

---

# CONSUMER CONFIDENCE IMPACTS NON-FOOD SALES

Joan Driggs  
Vice President, Content and Thought Leadership

July 2019



**IRi**

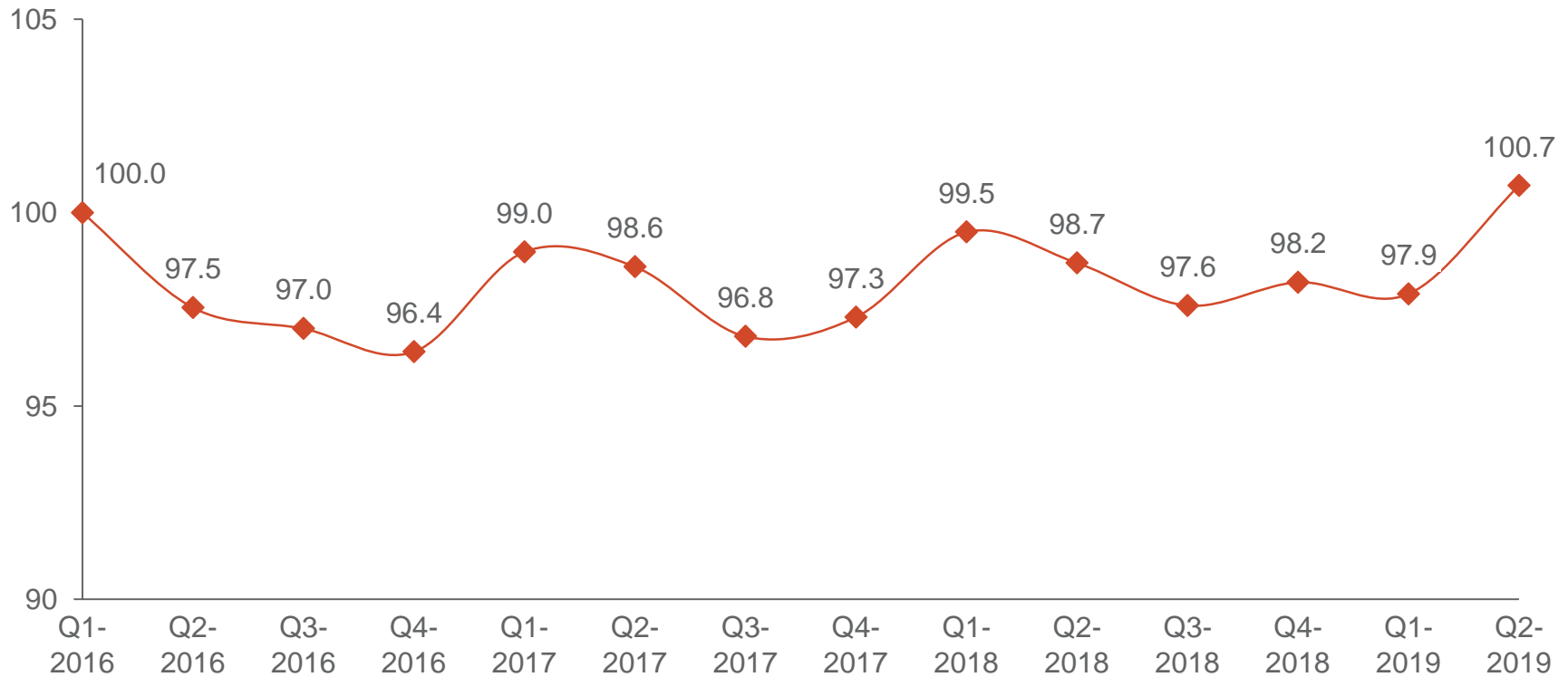
Growth delivered.

# Major Components Impacting Non-Food Sector

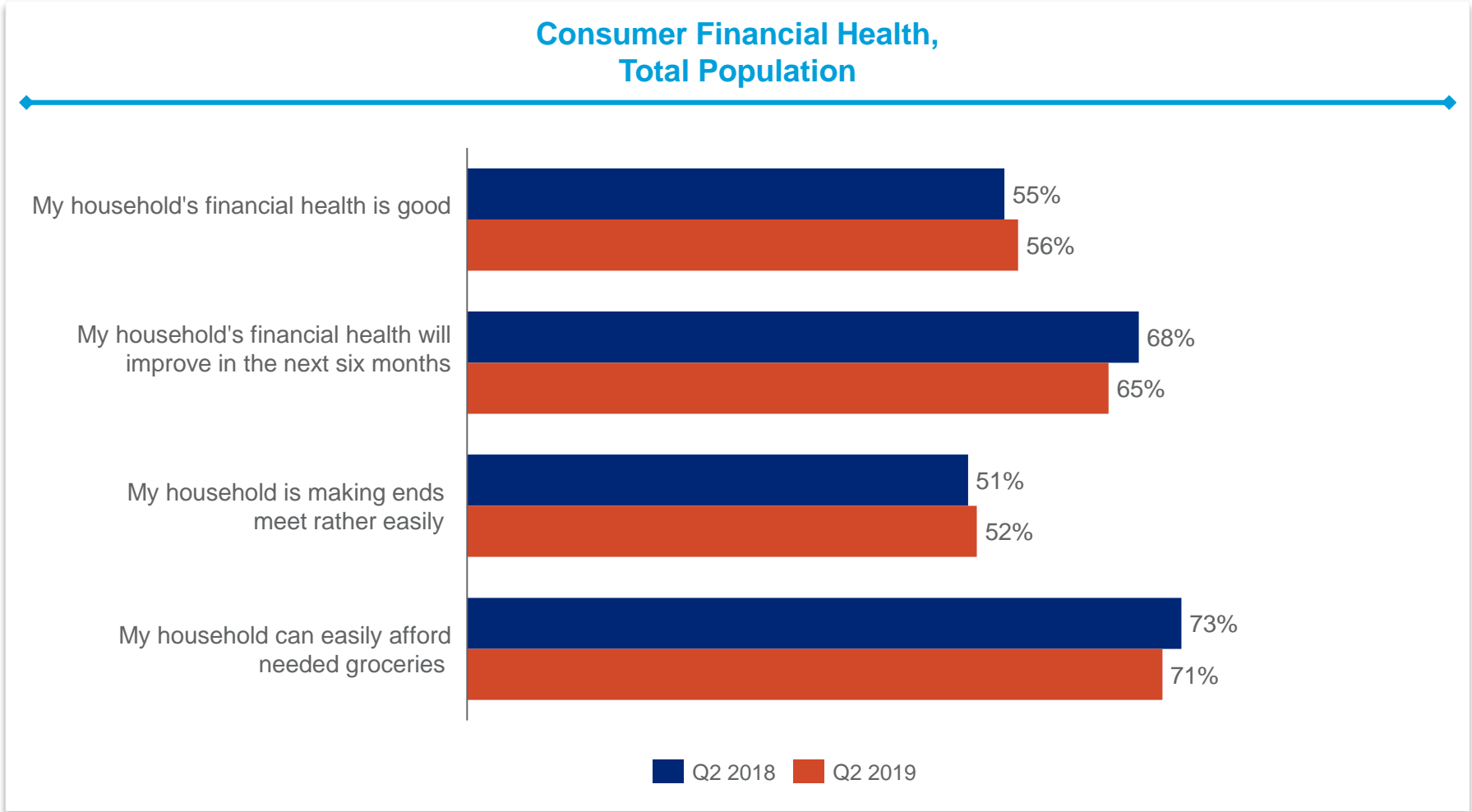


# U.S. Consumer Confidence Soars in Q2 2019 Despite Trade and Tariff Tensions

Consumer Connect Index (Total)



# Consumers Feel Their Household's Financial Health is Better in Q2 2019; More than Half Make Ends Meet Rather Easily



Agree With Statement  
Source: IRI Consumer Connect™, Q2 2018 & Q2 2019



# Economic Outlook is Encouraging, With Low Unemployment; Steady Inflation Not Rocked by Volatile Gas and Food Prices

Economic Measure	2014	2015	2016	2017	2018	2019*
<b>GDP</b> (% chg.)	4.4%	4.0%	2.7%	4.2%	5.2%	4.2%
<b>Unemployment</b> (%, Seasonally Adjusted)	6.2%	5.3%	4.9%	4.4%	3.9%	3.6%
<b>Consumer Price Inflation</b> (% Chg.)	1.6%	0.1%	1.3%	2.1%	2.4%	1.9%
<b>Retail Sales</b> (% Chg.)	4.2%	2.6%	2.9%	4.7%	4.9%	2.8%
<b>Residential Permits</b> Total (millions)	4.2	4.7	4.8	5.1	5.3	5.4

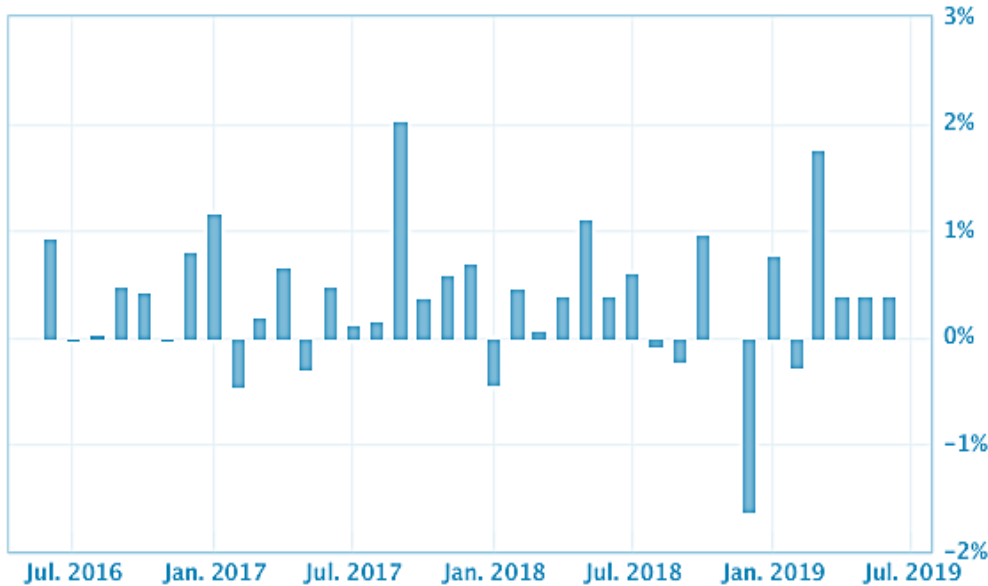
\*Forecast Data  
Source: Moody's

# U.S. Retail Sales Expected to Keep a Very Stable and Positive Trend

**Big picture:** Americans resumed spending after sluggish end of 2018 and slow start to 2019. Consumers are buoyed by low unemployment and steady interest rates.

## Retail sales

Change from previous month, seasonally adjusted



Source: Commerce Department via FRED

Sales at U.S. retailers rose solidly in June for the fourth month in a row, pointing to a strong rebound in consumer spending in the second quarter.

Internet retailers led the way in retail sales with a 1.7% increase in sales.

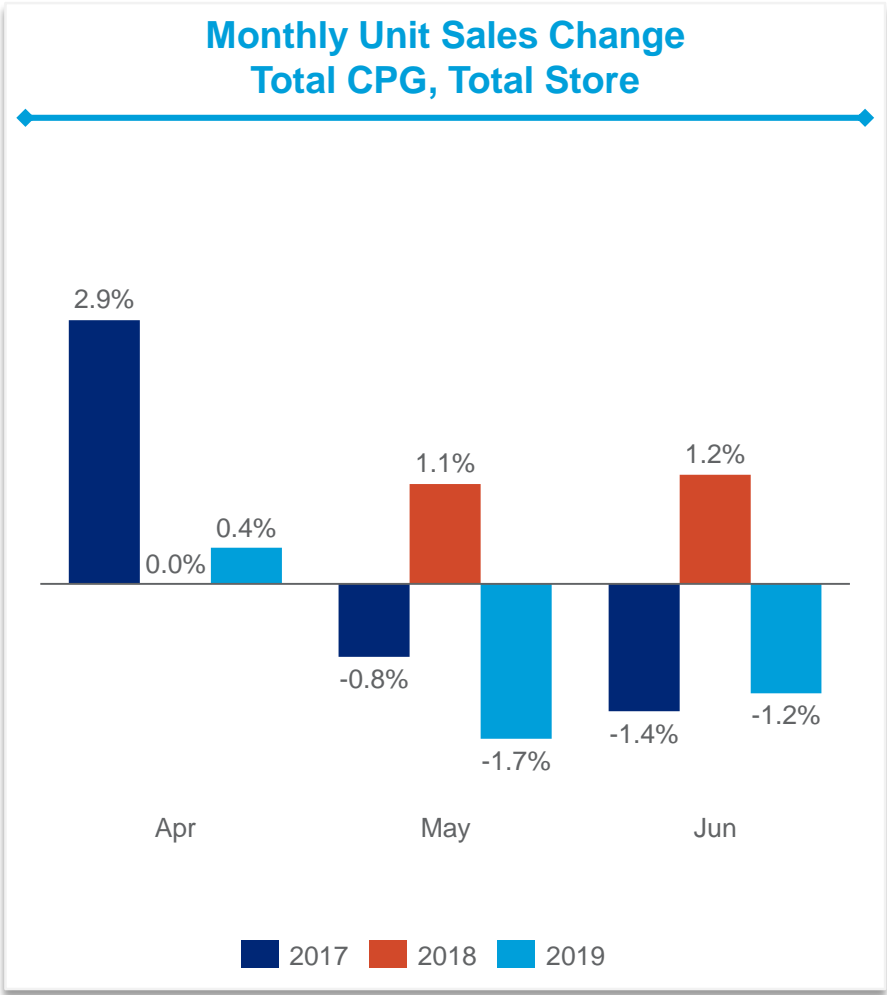
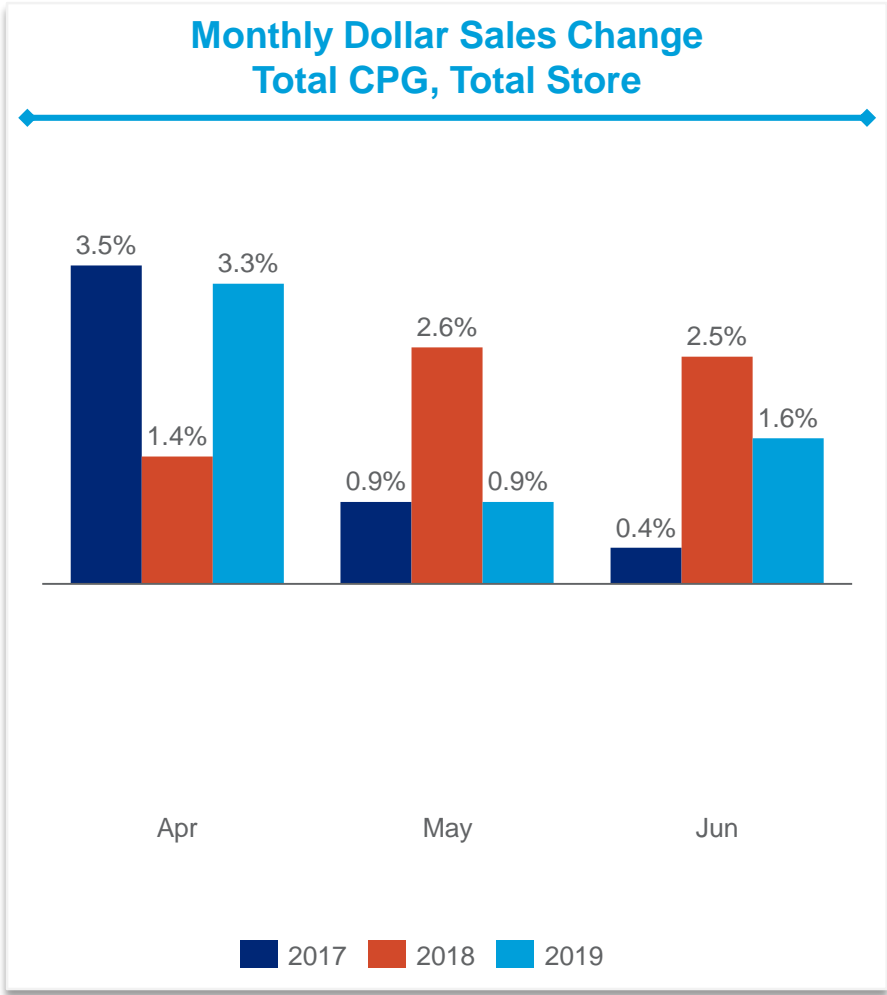
Sales also rose at restaurants, grocers, home-furnishing stores, clothing outlets, home centers and pharmacies.

Department store sales fell 1.1%, continuing to lose sales to internet rivals.

Gas station receipts dropped 2.8% due to lower fuel costs rather than economizing consumers.

Source: [https://www.marketwatch.com/story/retail-sales-pop-again-in-june-in-good-sign-for-consumer-driven-us-economy-2019-07-16?mod=newsvierer\\_click](https://www.marketwatch.com/story/retail-sales-pop-again-in-june-in-good-sign-for-consumer-driven-us-economy-2019-07-16?mod=newsvierer_click)

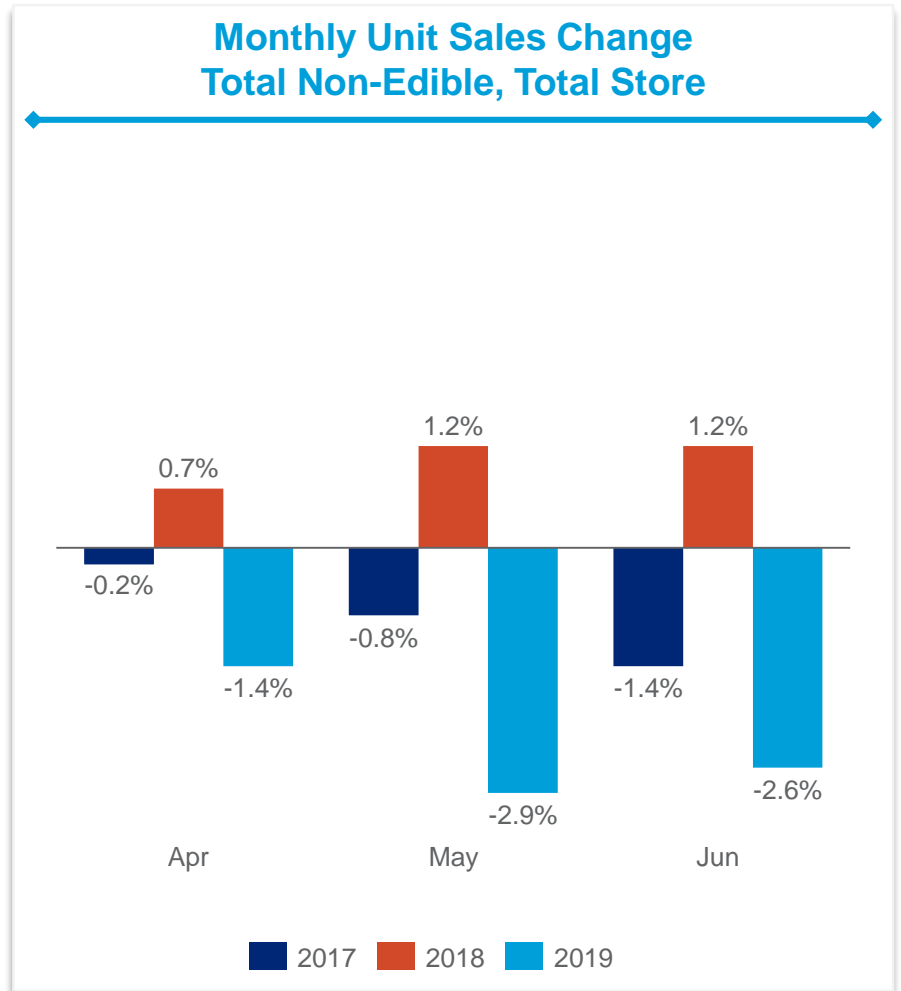
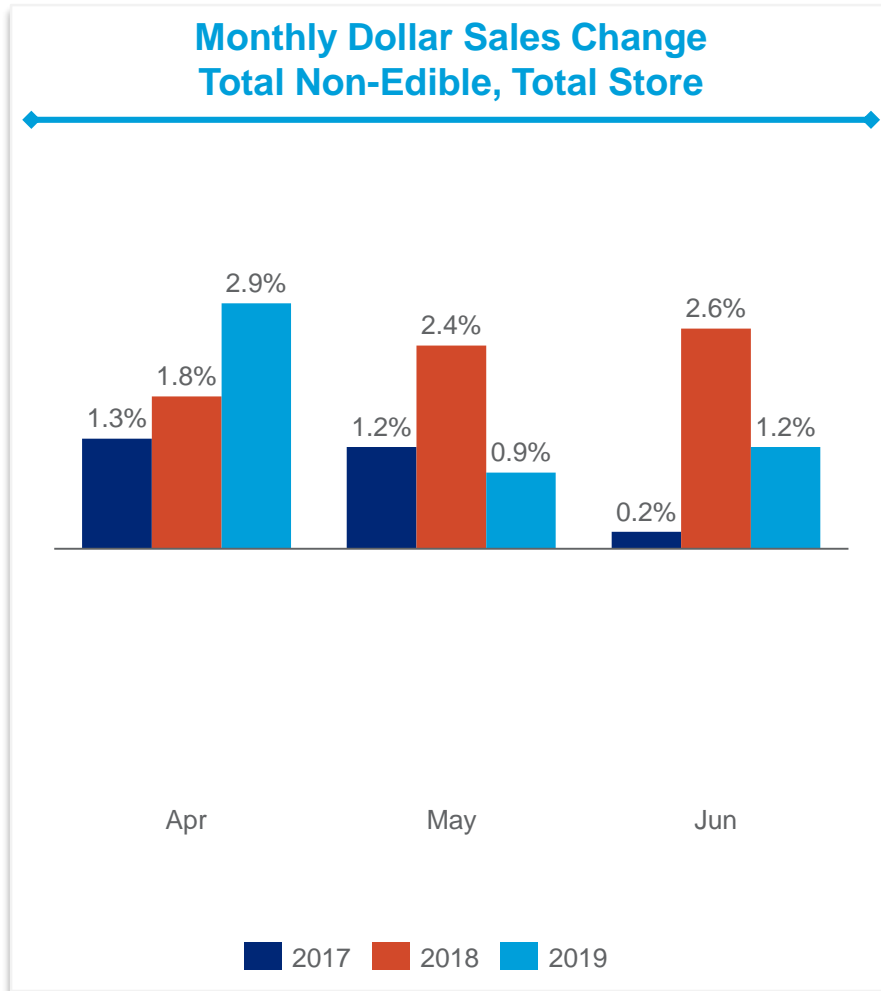
# CPG Dollar Growth Driven By Price Outperformed in April, but Softened in Subsequent Months; CPG Units Struggling



Source: IRI Market Advantage™, MULOC, Jan.–Jun. 2019 and same periods prior two years



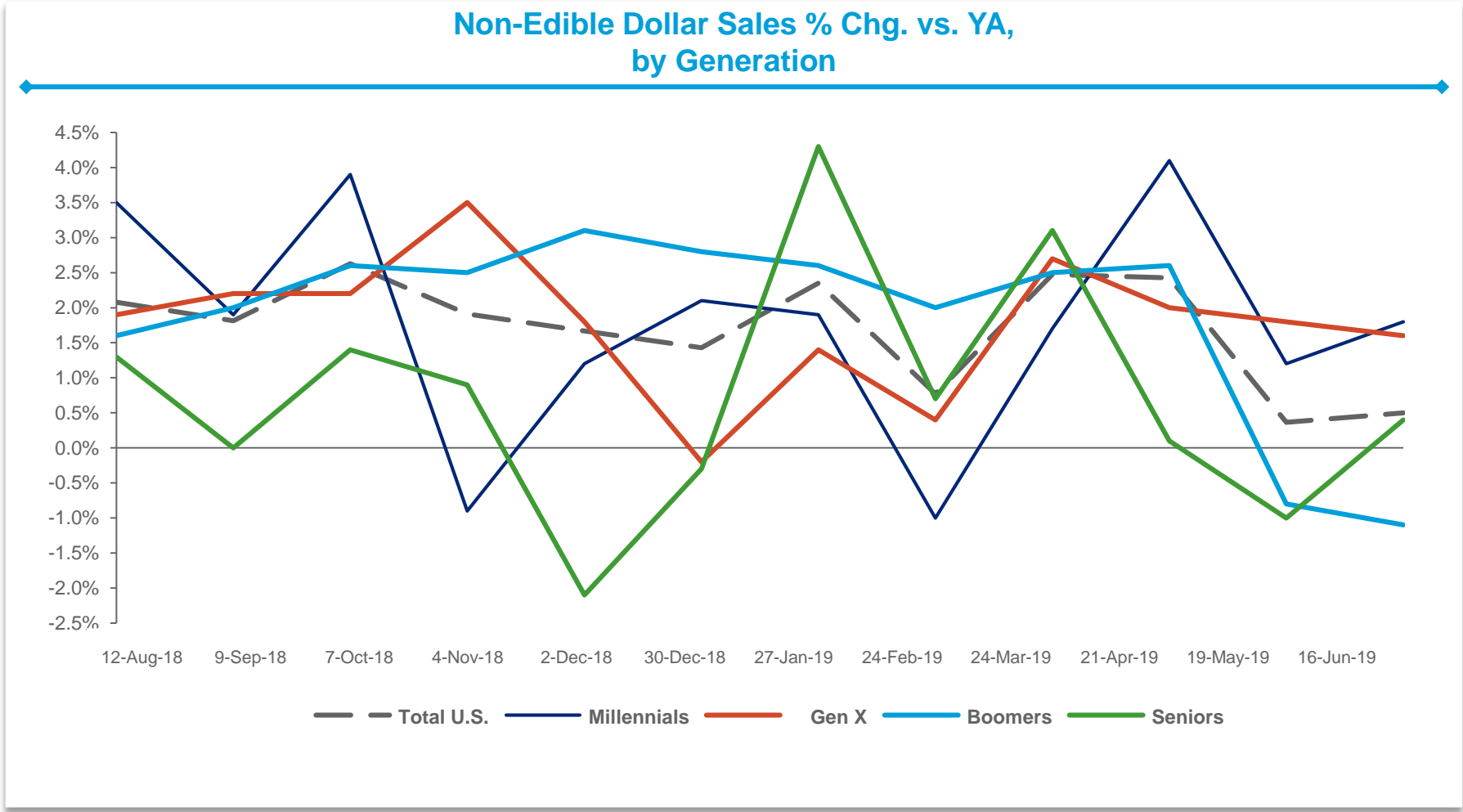
# Non-Edible Spending Slowed After April with the Concern that U.S. Could Enter Recession in the Coming Year; Unit Sales Down for Quarter



Source: IRI Market Advantage™, MULOC, Jan.–Jun. 2019 and same periods prior two years



# Non-Edible Spending is Volatile but Largely Positive Among Millennials in Q2; Boomer Spending is Down

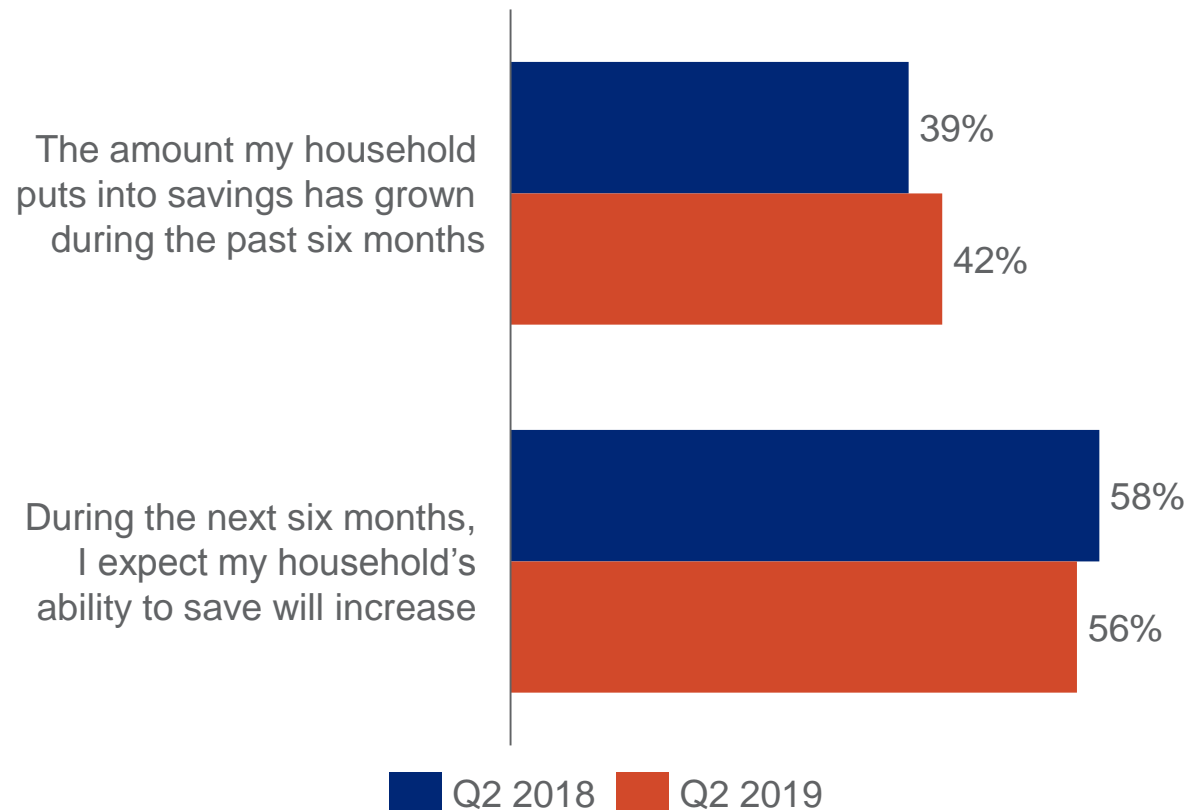


Source: IRI Consumer and Shopper Insights Advantage™, All Outlets, Quad Week Data Ending Jun. 16, 2019 and preceding, NBD aligned



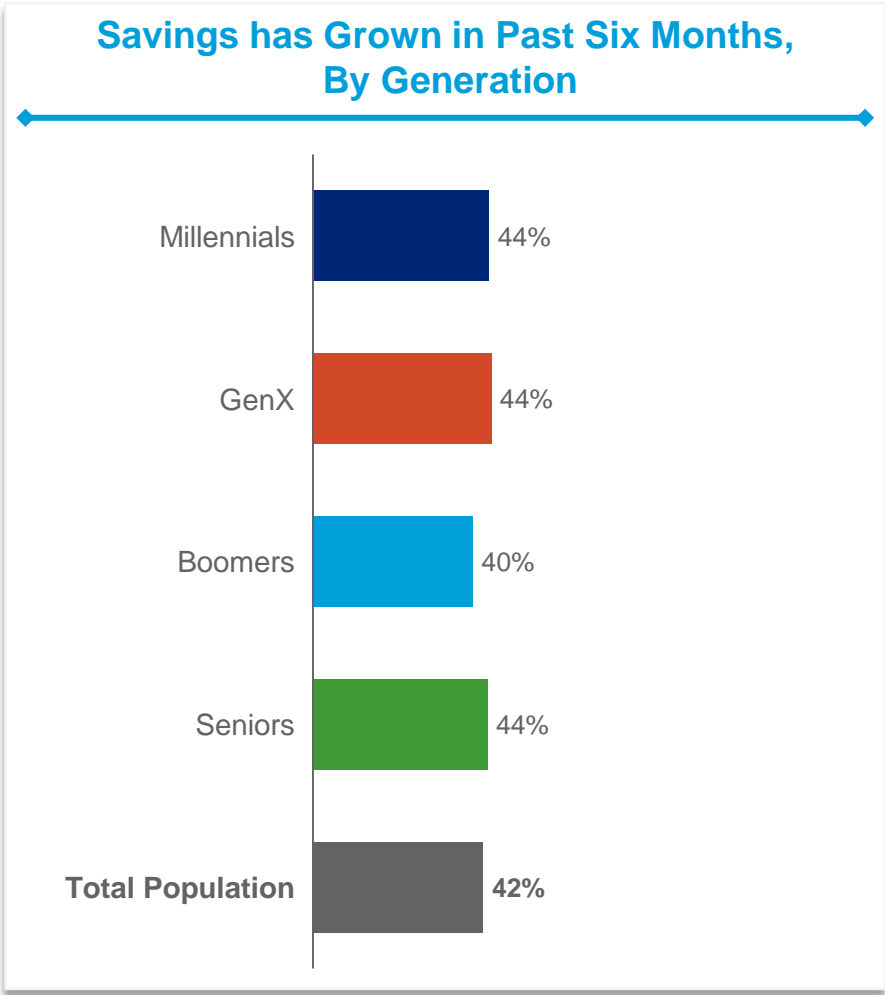
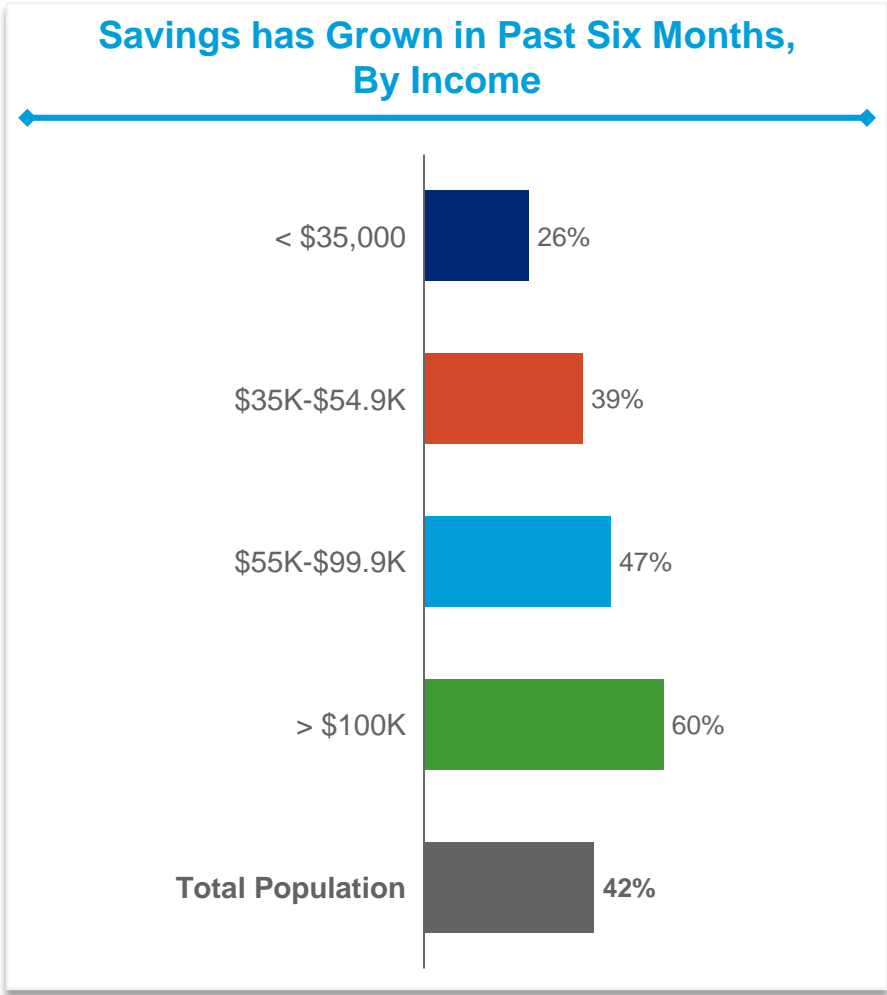
# Spending is Down, But Savings Are Up; Consumers Work to Maintain Financial Stability in the Event of an Economic Downturn

## Consumer Financial Health, Total Population



Source: IRI Consumer Connect, Q2 2018 & Q2 2019

# 60% of High Income Households Increased Savings in Last Six Months; Generations Increase Savings at Similar Rates

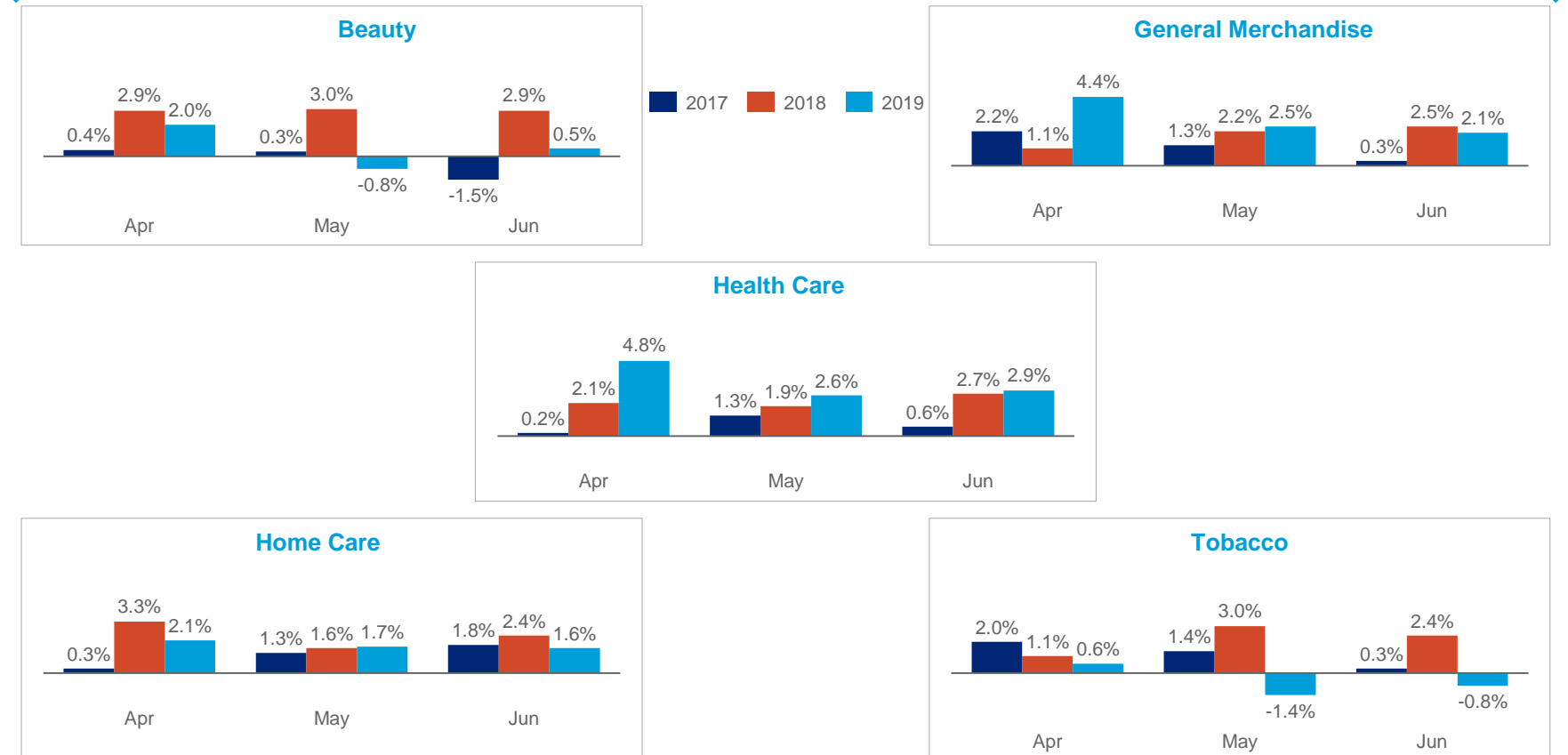


Source: IRI Consumer Connect, Q2 2019



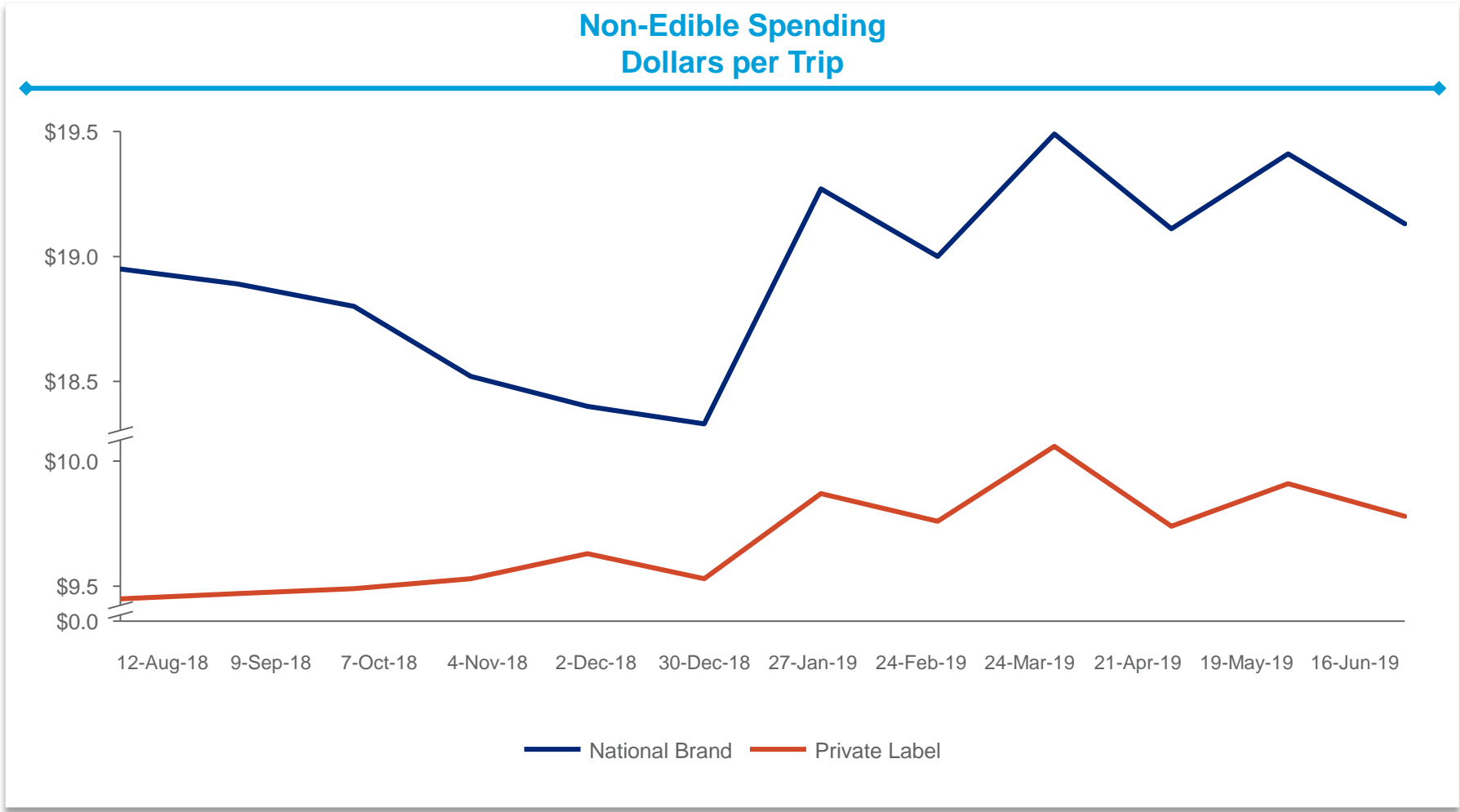
# General Merchandise, Health and Home Care has Shown Dollar Growth; Beauty is Flat and Tobacco Sales are Down in Q2

## Monthly Dollar Sales Change by Department



Source: IRI Market Advantage™, MULO, Jan.–Jun. 2019 and same periods prior two years

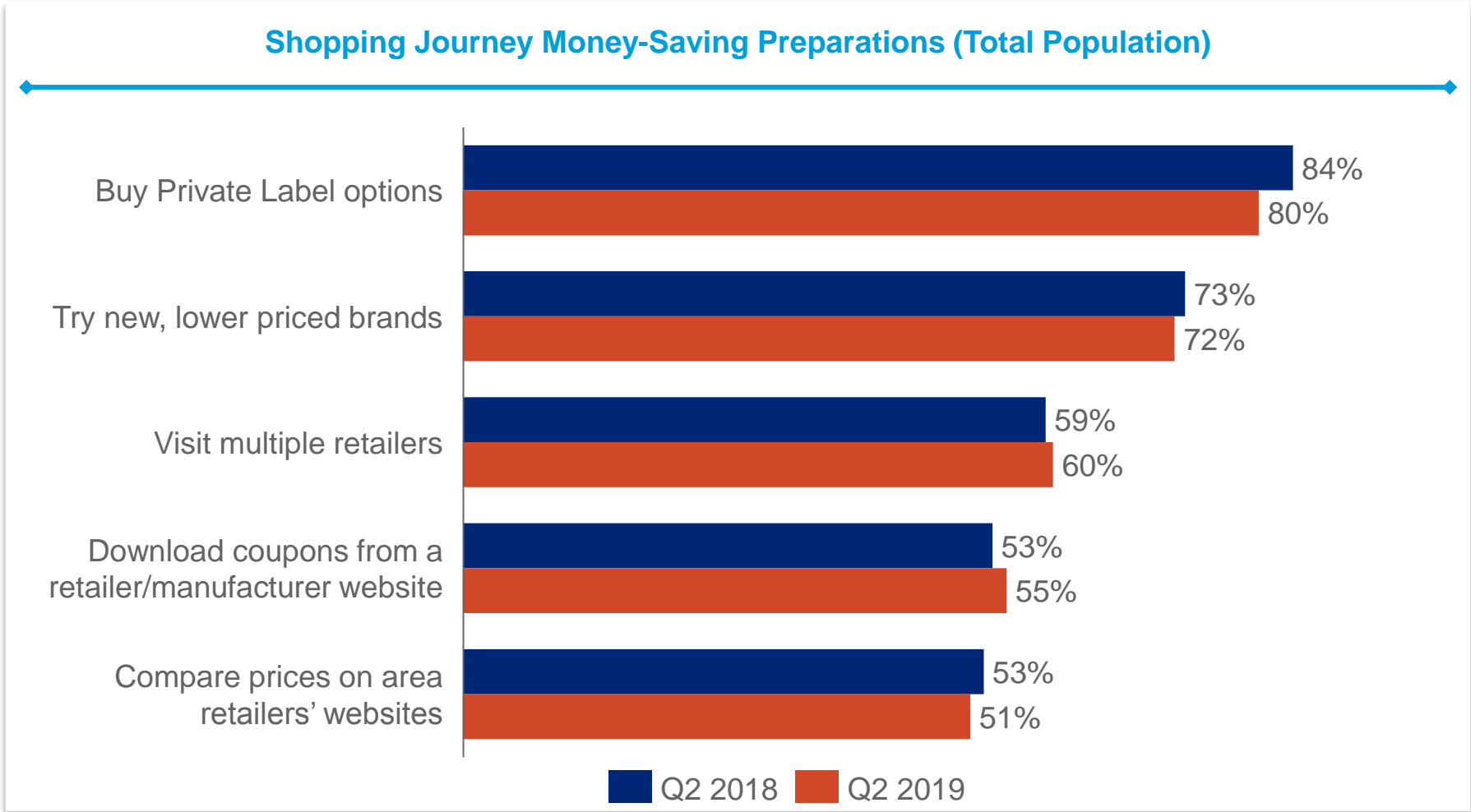
# Spending on Non-edible National Brands Continues to Outpace Spending on Private Label Brands



Source: IRI Consumer and Shopper Insights Advantage™, All Outlets, Quad Week Data Ending Jun. 16, 2019 and preceding, NBD aligned

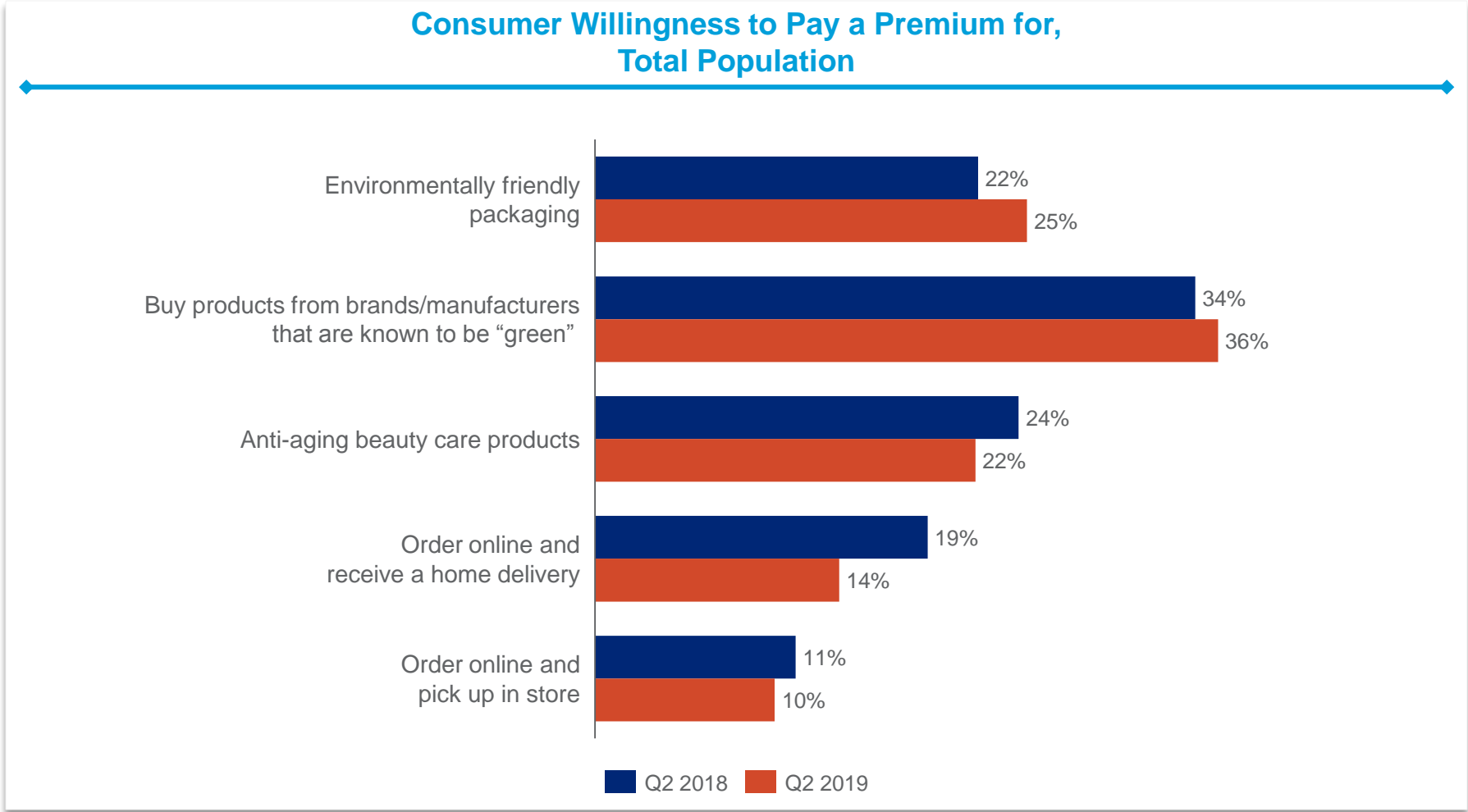


# However, Buying Store Brands Continues to be the Top Money-Saving Strategy



Frequently/Occasionally Summary  
Source: IRI Consumer Connect™, Q2 2018 & Q2 2019

# Consumers are Willing to Pay a Premium for Products Marketed as Sustainable



Source: IRI Consumer Connect, Q2 2018 & Q2 2019



**Shelley Hughes**  
[Shelley.Hughes@IRIworldwide.com](mailto:Shelley.Hughes@IRIworldwide.com)  
Vice President, Public Relations

**Joan Driggs**  
[Joan.Driggs@IRIworldwide.com](mailto:Joan.Driggs@IRIworldwide.com)  
Vice President, Content and Thought Leadership

