

Has the pandemic reshaped Gen Xers' spending?

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With bigger-than-average incomes and households, Gen Xers do bigger-than-average buying. But often on the lookout for deals, they are not spending heedlessly. Digital plays an important role in their shopping, especially during the pandemic.

Bureau of Labor Statistics data shows Xer-led households averaging \$76,788 in overall expenditures in 2019, versus \$63,036 for total households. This partly reflects the larger average size of Xer households, at 3.1 members, versus 2.5 for total US households. Xers reported above-average spending in most major categories.

Select Expenditures of US Gen X* vs. Total Households, 2019

	Gen X (1965-1980)*	Total
Number of consumer units (thousands)	35,498	132,242
Average number of persons in unit	3.1	2.5
Average annual expenditures	\$76,788	\$63,036
—Housing	\$24,353	\$20,679
—Healthcare	\$5,133	\$5,193
—Food at home	\$5,616	\$4,643
—Food away from home	\$4,457	\$3,526
—Entertainment	\$3,856	\$3,090
—Cars and trucks (used)	\$3,099	\$2,375
—Cars and trucks (new)	\$2,344	\$1,960
—Apparel & services	\$2,437	\$1,883
—Alcoholic beverages	\$641	\$579
—Furniture	\$640	\$521
—Tobacco products and smoking supplies	\$360	\$320
—Major appliances	\$340	\$322

Note: *ages 39-54 in 2019

Source: US Department of Labor Bureau of Labor Statistics, "Consumer Expenditure Survey: Annual Report 2019," Sep 9, 2020

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Inevitably, the pandemic has prompted cutbacks. Jungle Scout polling in May captured an early indication of this, with 53% of Xers (ages 40 to 55) saying they had reduced their overall spending. In TransUnion and Qualtrics polling in October, 51% of Xers (ages 41 to 55) said they'd reduced their discretionary spending, versus 9% who said they'd increased those outlays.

Coronavirus Impact: Increased vs. Decreased Spending in Household Budget Among US Adults*, by Generation, Oct 2020

% of respondents in each group

	Gen Z	Millennials	Gen X	Baby boomers	Total
Decreased spending					
Cut back on discretionary spending	27%	35%	51%	66%	43%
Canceled subscriptions/memberships	25%	33%	34%	30%	31%
Canceled or reduced digital services	24%	26%	26%	19%	24%
Increased spending					
Increased discretionary spending	13%	13%	9%	6%	11%
Added or expanded digital services	13%	12%	8%	3%	10%
Added membership subscriptions	11%	8%	7%	2%	7%

Note: *who have been financially impacted by the coronavirus pandemic; Gen Z (born 1995-2002); millennials (born 1980-1994); Gen X (born 1965-1979); baby boomers (born 1944-1964)

Source: TransUnion, "The COVID-19 Pandemic's Financial Impact on U.S. Consumers: Wave 14" conducted by Qualtrics, Nov 6, 2020

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The recent holiday shopping season gave another window onto Xers' inclination to cut back. A Discover survey conducted in September found 42% of Xers (ages 39 to 54) intending to reduce their holiday spending. A November release of CommerceHub's holiday shopping survey found 70% of Xers (ages 39 to 53) planning to cut back their spending on gifts.

When Xers are buying, the pandemic has added fresh urgency to the hunt for bargains. In May polling by CouponFollow, 86% of Xers (ages 40 to 54) said they would try a new brand if offered a coupon or discount. June polling by coupon company Valassis found large majorities of Xers (ages 40 to 55) using online and offline resources to compare prices. Many reported choosing stores based on availability of paper coupons and paperless discounts.

Store brands already had a large following among Xers and others, but the pandemic has augmented this. Sarah O'Grady, senior director of brand marketing at Valassis, said her firm's research had shown that "64% of Xers are purchasing more store brands—34% because items are not available and 33% to save money." And this is a behavior likely to outlive the pandemic.

"We do expect this trend to stick post-pandemic due to an increased emphasis on savings," she said.

More broadly, Xers' bargain hunting is apt to persist post-pandemic because it was standard procedure pre-pandemic. "Even before the pandemic, we saw more and more consumers shopping at discount brands, as well as at retailers that offered rental and resale options," said Tyson Cornell, US consumer markets leader at PwC. "And we anticipate that this will continue well after the pandemic."

All that said, Xers' economizing coexists with plenty of pent-up demand. A November survey by The Harris Poll found many 35-to-49s looking forward to making major post-pandemic purchases in categories ranging from travel to cars to household goods.

Among Xers and others who have the money to do so, there has already been some tendency to brighten a dark period by indulging in retail therapy. "We've actually seen a propensity for shoppers to

treat themselves,” O’Grady said. And this isn’t limited to those who have the money in hand to so do. July polling by The Ascent, a Motley Fool service, showed that 50.1% of 35-to-44s and 42.2% of 45-to-54s had employed the buy now, pay later (BNPL) option. A December release by Pymnts.com found 42% of Xers (ages 40 to 55) saying they’d used BNPL for Black Friday purchases.

For more about how the pandemic has affected Gen Xers’ finances, shopping behavior, and media usage, Insider Intelligence subscribers can read our recent report:

Report by Mark Dolliver Feb 02, 2021

Gen X amid the Pandemic

