

Max Magni,  
Anne Martinez,  
Rukhshana Motiwala,  
and Alex Rodriguez

# Are US consumers feeling greater financial security?

Consumer Packaged Goods February 2017

Our latest survey suggests that consumer confidence is on the upswing.

**A sense of financial stability** was more pervasive among American consumers in 2016 than in any year since the global recession. According to our most recent Consumer Sentiment Survey—part of a series on consumer trends we’ve conducted since 2008—more US consumers felt they were on solid financial footing in September 2016 than at any time in the past eight years.<sup>1</sup> (A separate survey found continued growth in consumer confidence through December, then a slight dip in January.<sup>2</sup>)

## Exhibit 1

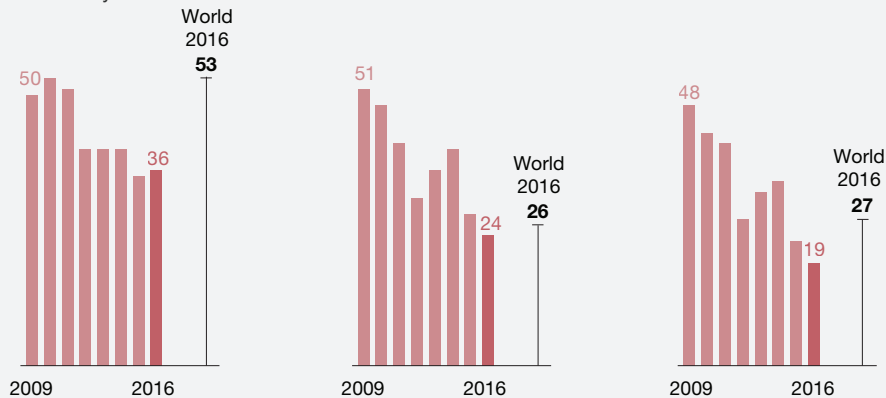
### Feelings of financial insecurity became less prevalent among US consumers.

**Consumer sentiment**, % of people agreeing/strongly agreeing with each statement

I am worried that I or a member of my household will lose a job in the next year

I am living paycheck to paycheck

I am finding it harder to make ends meet than 12 months ago



<sup>1</sup> The most recent round of the US Consumer Sentiment Survey, the 12th in a series, was conducted online in September 2016. Like previous rounds, it had 1,000 respondents.

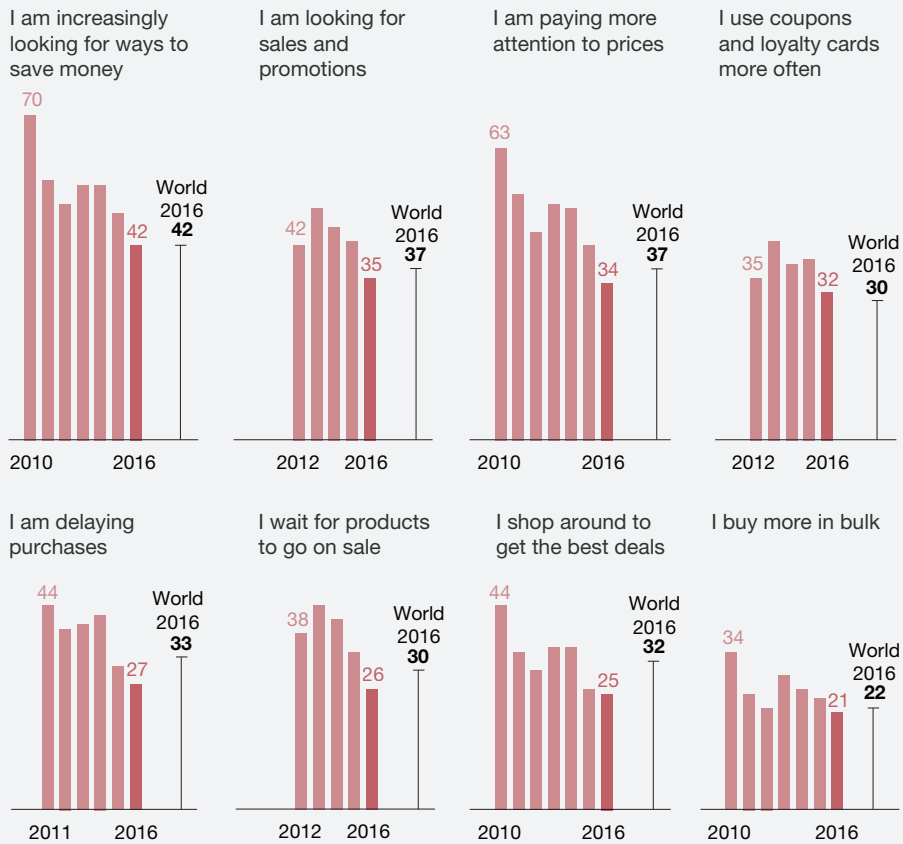
<sup>2</sup> According to the Conference Board Consumer Confidence Index, [conference-board.org/data/consumerconfidence.cfm](http://conference-board.org/data/consumerconfidence.cfm).

Source: McKinsey Global Sentiment Survey, 2016 and 2017; McKinsey US Sentiment Surveys, 2009–14

## Exhibit 2

### Fewer US consumers claimed to use money-saving strategies.

**Use of money-saving strategies over last 12 months, Sept 2016, % of people agreeing/strongly agreeing with each statement**



Source: McKinsey Global Sentiment Survey, 2016 and 2017; McKinsey US Sentiment Surveys, 2009–14

McKinsey&Company

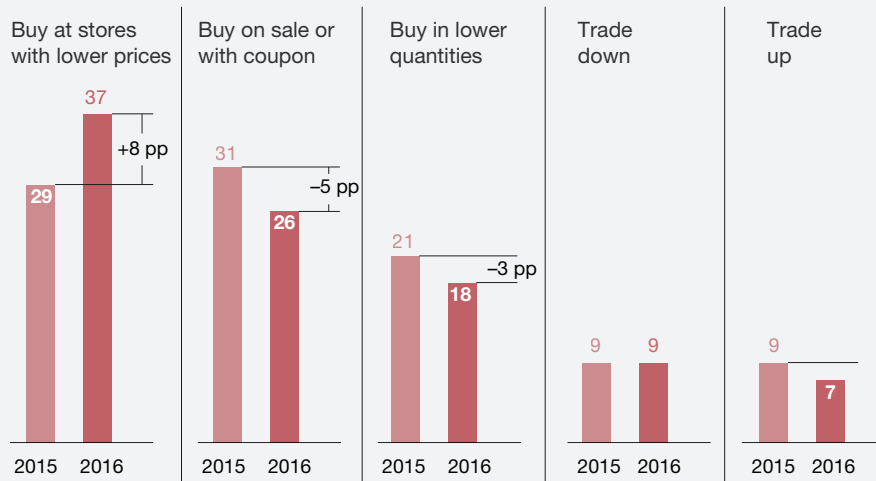
Although slightly more than one-third of survey respondents still expressed concern about job loss, other indicators shifted decisively in a positive direction (Exhibit 1). Only 24 percent of those surveyed—compared with 51 percent in 2009—said they are living paycheck to paycheck. Only 19 percent, down from 48 percent in 2009, said they are finding it harder to make ends meet.

This sense of greater financial security is reflected in consumers' purchasing decisions. The percentage of respondents who said they are cutting back on spending dropped to 27 percent, from a high of 59 percent in 2009. Whereas in 2010, 70 percent of US consumers said they are "increasingly looking for ways to save money," that number has fallen to 42 percent (Exhibit 2). Only about one-third of US consumers—down from 63 percent in 2010—said they are "paying more attention to prices." Fewer respondents said they are looking for sales and promotions, increasing their use of coupons and loyalty cards, or taking other money-saving actions.

### Exhibit 3

## More US consumers said they buy their preferred brands at stores with lower prices.

Changes in buying behavior in last year, % of respondents,<sup>1</sup> percentage point (pp) change



<sup>1</sup>Among those who changed their behavior (n = 10,280); multiple answers possible.

McKinsey&Company | Source: McKinsey Global Sentiment Survey, 2016 and 2017

At the same time, more US consumers are choosing to shop around for better deals on their favorite brands. The percentage of respondents who said they are buying their preferred brands at stores with lower prices rose eight percentage points since 2015, to 37 percent (Exhibit 3).

The latest survey results confirm several trends that have been playing out over the past year or so. For example, more US consumers claim to be choosing more healthful foods; they're also continuing to shift some of their spending to the online, club, and discount channels. For consumer companies, the imperatives we laid out in our June 2016 article remain as relevant as ever. □

**Max Magni** is a senior partner in McKinsey's New Jersey office, where **Alex Rodriguez** is a partner; **Anne Martinez** is a specialist in the Stamford office; and **Rukshana Motiwala** is a senior expert in the New York office.