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Topic Paper: 2024 Consumer Spending

Consumer spending tells a basic story of what's happening in today's economy. It tells us what the current trends are in products and services as well as what consumers are currently demanding for. Consumer spending can also allow us to view what consumers are willing to pay for certain products and services. This allows companies to understand what strategies and marketing tactics work best for it. According to the Bureau of Economic Analysis in the U.S., the official definition of consumer spending is "the value of the goods and services purchased by, or on the behalf of, U.S. residents" (BEA 2025). Without analyzing consumer spending, companies would not be able to understand who their target customers are, and the government would not be able to know the country's economic standing. In short, the country can't run without consumer spending and a functioning economy.

Consumer spending throughout the year 2024 in the U.S. showed that many consumers were looking out for cheaper alternatives (D'Innocenzio and Durbin 2024). One recent example I could think of is when Walmart made bags that were considered cheap and similar looking to the popular high-brand Birkin bag. This incident clearly reflects that consumers this year have been looking for ways to not pay high prices for items that they want. Instead, they are paying more towards items that they need in their daily lives and in bulk (D'Innocenzio and Durbin 2024). There have been reports stating that there are more consumers who are buying from food chains that are not sit down restaurants, causing 22 restaurant chains to have filed for bankruptcy this year, which was considered to be, "the highest number since 2020" (D'Innocenzio and Durbin 2024). On top of that, many retail stores have filed for 48 retail bankruptcies, which is over half than the previous year (D'Innocenzio and Durbin 2024). These reports could show that U.S. consumers in 2024 were not making enough money to spend on luxurious items, especially since prices have been growing, leading them to resort to home remedies and cheaper alternatives.

The holiday sales of 2024 showed that U.S. consumers knew that prices were going to keep going up. According to an article published on PBS, “Holiday sales from the beginning of November through Christmas Eve climbed 3.8%, outpacing the 3.1% increase from a year earlier” (D’Innocenzio and Hadero 2024). This could be high due to how the presidential election was happening during the beginning of November and the results led many to purchase more in the year of 2024 before prices get higher due to the plans of the president elect. These sudden jumps also could have occurred because of how many retailers were urging consumers to buy gifts in October, giving consumers feeling as if they should take action now before it’s too late (D’Innocenzio and Hadero 2024). Many retail chains have pushed for big discount sales throughout the end of the year, causing consumers to be more inclined to purchase items from those stores with those big discounts (D’Innocenzio and Hadero 2024).

Looking back on how my shopping habits have changed in 2024, I would say I have saved more money than in 2023. This was mainly because of how in 2023 I studied abroad over the summer and brought back home a lot of gifts for my family and friends, and of course stuff for myself. In 2024, I mainly spent my money on food with friends and gas. I tried to spend my intern paychecks well since I had spent a lot of my money in 2023. As for other purchases, a few big purchases I have made in 2024 was a Disney pass as well as a plane ticket to go to Georgia. The food I ate with friends were sit down restaurants, but they were not legacy restaurants. I think legacy restaurants will not be able to be revived as Gen Z and Millennials enjoy cooking and going to restaurants that are not big legacy food restaurant chains, as mentioned in one of the PBS articles. During the end of the year, I felt the need to purchase gifts early because of the number of discounts that stores were advertising from October through December. I feel like I was aligned with many U.S. consumers since I did a lot of what the PBS article mentioned about consumers in 2024.

In 2024, my family didn’t buy as much food as we did in 2023, and we took more care of our spending habits. This is mainly because in 2023, there was a family health issue, so the whole

family focused on that as well as getting as much medical supplies and food for everyone in the house. One thing we have recently started buying more is the amount of dog products for our geriatric dog. For context, my dog is 16 years old with dementia and bladder issues. This has led us to buy a bunch of products and services for him such as frequent vet appointments, medicine, training pads, doggy diapers, and cleaning supplies. I know that at the end of the year 2024, my older sister told me that she was buying gifts already in November because of the deals as well as how she was unsure if her purchases would come in on time. As for my parents, they have recently started traveling and going out more since they are nearing retirement, making them not necessarily part of the consumer trends in 2024.

One economic factor that will impact 2025 retail is the recent inauguration. Throughout President Trump's inauguration speech, he has mentioned many changes that will affect the country's economy. For example, he stated he will establish tariffs, causing many to believe that it will cause prices to rise throughout the country (Hyatt 2025). On top of the president's plan to implement tariffs, some economists are unsure what would happen when it comes to the tariffs potentially causing inflation (Hyatt 2024). I think that there will also be a decline in consumer spending towards certain companies, specifically the ones who supported the recent presidential inauguration because of how many consumers in the U.S. do not support the elected president and have alternative places to purchase things. On top of that, throughout the president's speech, he mentions that his administration plans to drill more oil and make stricter deportation laws (Hyatt 2025). Having these changes implemented could hurt the economy in the long run, mainly because of how many workers who work in the homebuilding industry are immigrants. These deportations have lessened the amount of homes being built and the cost for construction parcels to have increased (Hyatt 2024).

As for trends, I think a trend that will be making a comeback from COVID is making DIY items and being more environmentally friendly because of the inauguration of the new president. On social media platforms, there are a lot of Gen Z and Millennials who disagree with the outcome of the presidential election and are most likely to not spend as much money with certain

companies and brands. I think people online could also leverage new opportunities to create their own businesses, then again it could be challenging due to many retailers increasing its product prices.

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