

## PYMNTS

**PYMNTS** is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is re-inventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

PYMNTS

# CONSUMER INFLATION SENTIMENT

NOVEMBER 2022 ■

INFLATION'S  
LONG CONSUMER  
**SPENDING  
SHADOW**



## TABLE OF CONTENTS

---

Introduction . . . . .	03
Key Findings . . . . .	04
Conclusion and Methodology . . . . .	16



**CONSUMER  
INFLATION  
SENTIMENT**

PYMNTS

# INTRODUCTION

**I**nflation has begun to show signs of easing month after month but remains at levels not seen since 1981. In the same way “long COVID” casts a shadow on the infected individual for months after general recovery, inflation’s effects on financial well-being have lingered despite some indications of improvement. Consumers feel inflation’s impact on their spending power across all sectors of the economy.

The November edition of PYMNTS’ Consumer Inflation Sentiment Report finds that one-third of consumers are having trouble paying their bills, and two-thirds believe it will take another 18 months before inflation rolls back to 2021 levels.

**Consumer Inflation Sentiment: Inflation’s Long Consumer Spending Shadow** is the fourth installment of the series that explores consumers’ outlook on the American economy. We surveyed 2,467 United States consumers of various financial lifestyles and demographics between Oct. 10 and Oct. 13 to better understand how they perceive the current economic situation and their concerns about the future.

**This is what we learned.**

## Half of consumers say inflation has soured their outlook on their economic future and nearly one-third say paying bills is becoming more difficult.

Inflation inched down to 8.2% in September 2022, the third consecutive monthly decrease. Even so, the dollar bill has lost 12% of its value in the last year, grossly impacting Americans' purchasing power.

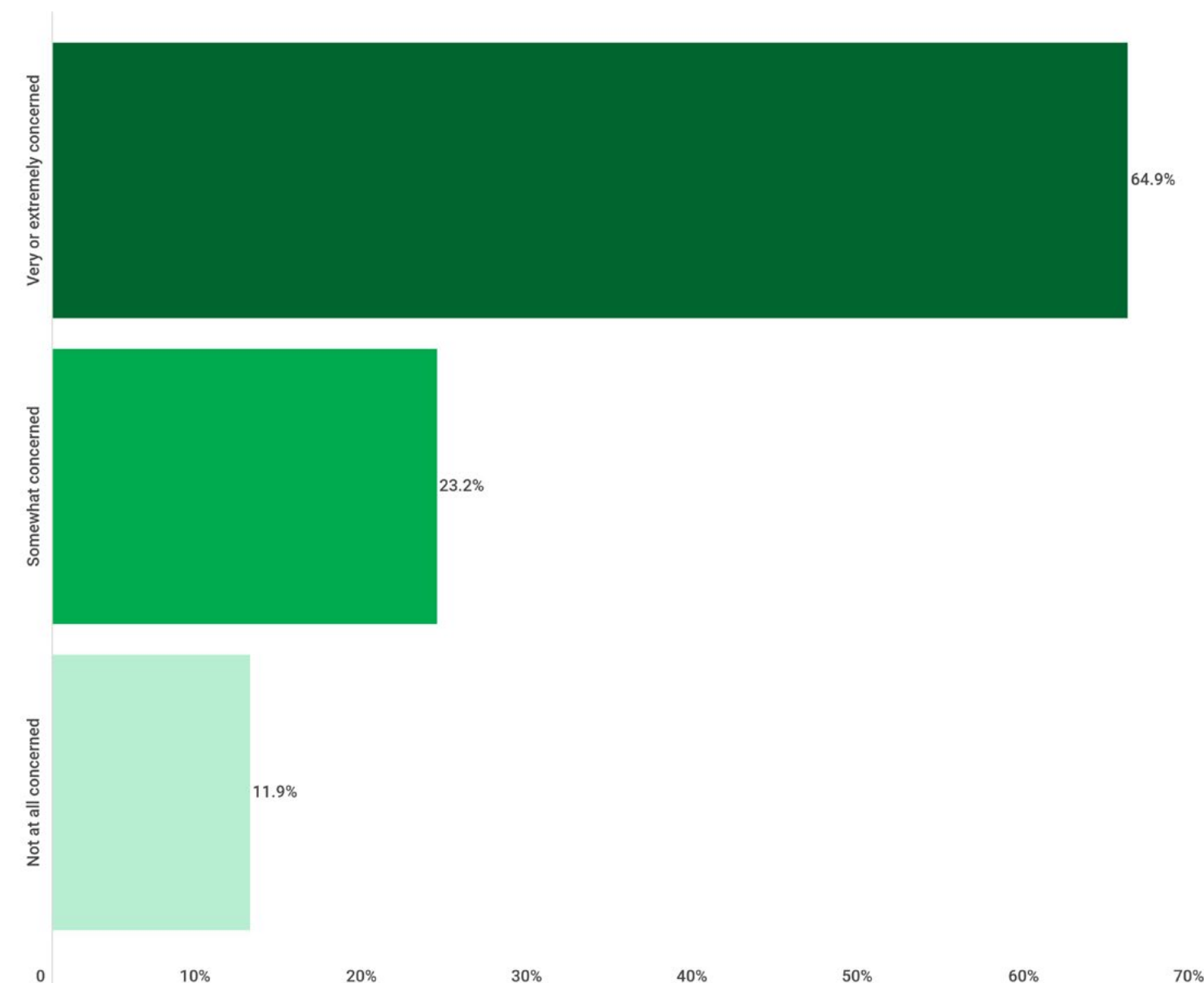
Rising prices continue to be the greatest economic concern, with two in every three consumers very or extremely concerned about the outlook for the coming months. Eight out of 10 concerned consumers say inflation causes them to feel worried about the future, while 45% say difficulty paying their bills has soured their outlook.

Price increases have recently become more pronounced when looking at service costs, which have risen 7.4% year over year and have started to catch up to product price spikes.

Figure 1A

### Inflation casts a long shadow over consumers

Share of consumers citing specific levels of concern about current and near-future economic conditions

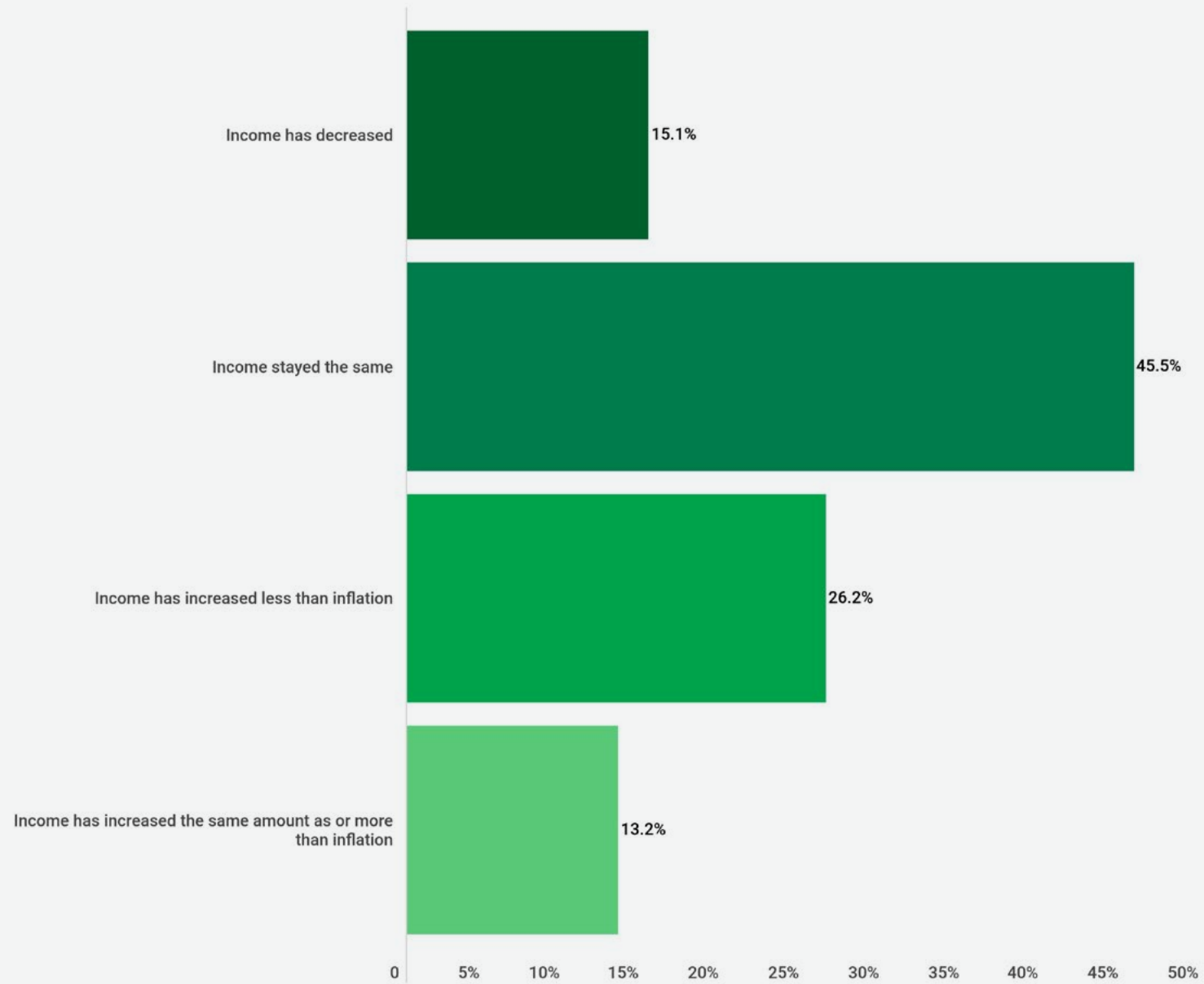


Source: PYMNTS

Consumer Inflation Sentiment: Inflation's Long Consumer Spending Shadow, November 2022

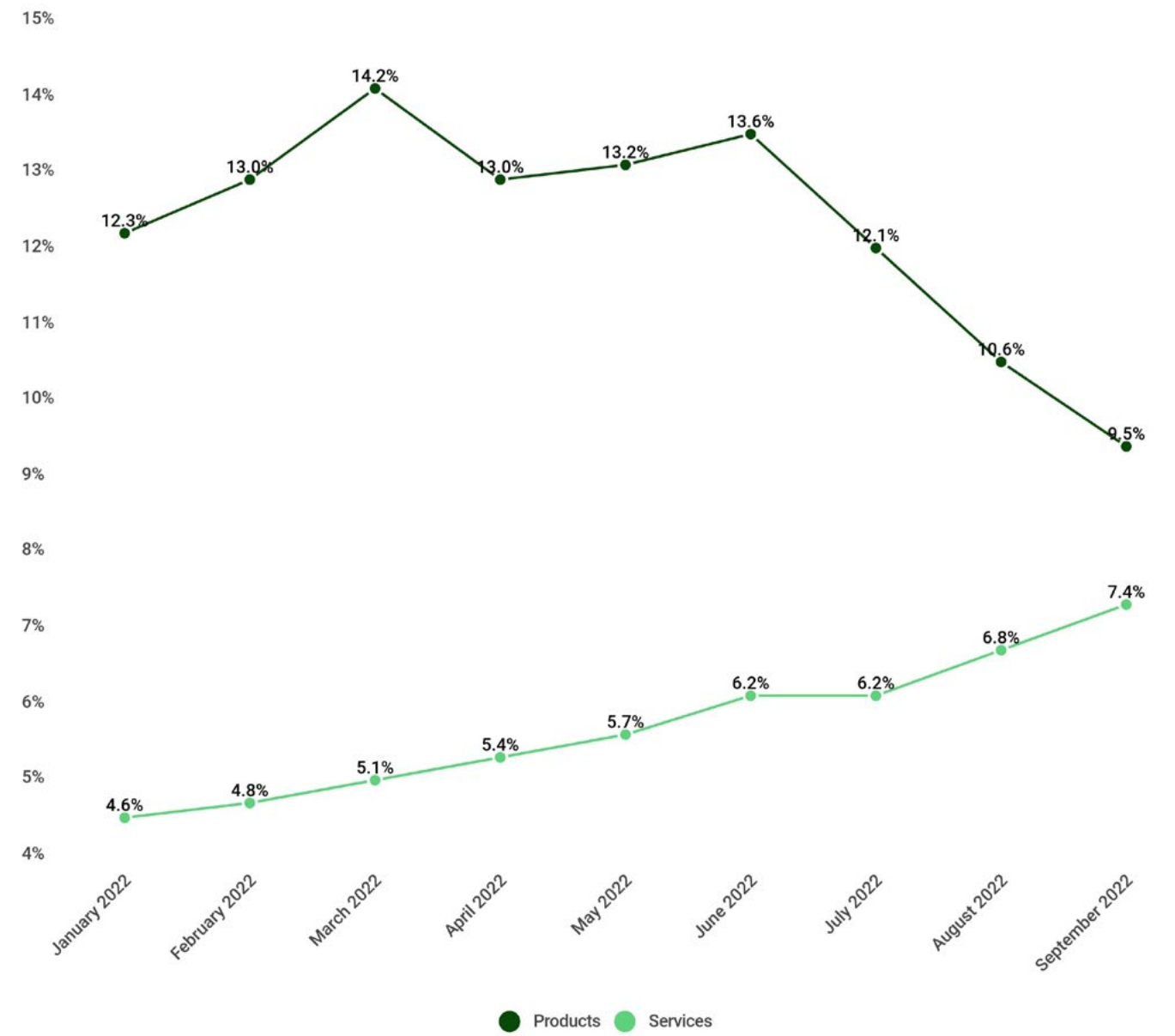
N = 2,467: Whole sample, fielded Oct. 10, 2022 - Oct. 13, 2022

**Figure 1B**  
**Inflation casts a long shadow over consumers**  
 Share of consumers whose income has changed relative to price increases



Source: PYMNTS  
 Consumer Inflation Sentiment: Inflation's Long Consumer Spending Shadow, November 2022  
 N = 2,175: Whole sample, fielded Oct. 10, 2022 - Oct. 13, 2022

**Figure 1C**  
**Inflation casts a long shadow over consumers**  
 Year-over-year increase in prices of services and products



Source: Author unknown. Consumer Price Index Summary. Bureau of Labor Statistics. 2022. <https://www.bls.gov/news.release/cpi.nr0.htm>. Accessed November 2022.



## Generation X consumers are the most pessimistic about the U.S. economy and do not believe things will return to normal until late May 2024.

With the rate of inflation barely moving in the last several months, the average American has grown pessimistic and believes inflation won't return to normal until around May 20, 2024 — later than they expected in previous months. They also have strong concerns about America's overall economic future.

Currently, 65% of American consumers believe the U.S. is on track to enter a recession. Twenty-six percent of consumers believe we are already in a recession, a number that has fallen approximately 2% from September and 4% from August. Of respondents who believe a recession is coming, approximately 13% believe it will hit within six months or less.

Demographically, baby boomers and seniors are the most likely to believe we are already in a recession, with 55% agreeing we are. Generation Z is the least likely to agree, at 23%. The average baby boomer puts the projected date of returning to normalcy at July 22, 2024. However, the most pessimistic generation is Gen X, of which 73% are

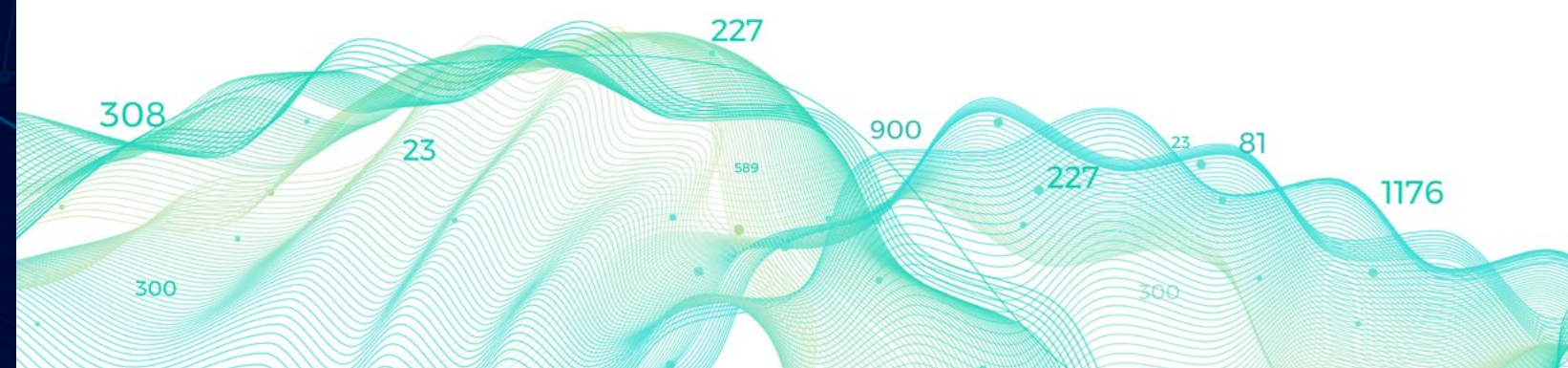
very or extremely concerned about the state of the economy, and 68% believe the U.S. is likely to enter a recession. This generation's average predicted date for return to normalcy is May 30, 2024 — 10 days later than the overall average.

The wealthiest respondents — those annually earning more than \$100,000 — are most likely to believe a recession is coming, at 67%, while 49% of those annually earning less than \$50,000 think we are already in a recession.

**Table 1**  
Americans expect economic instability to last for some time  
Average expected date to economic stabilization, by demographic

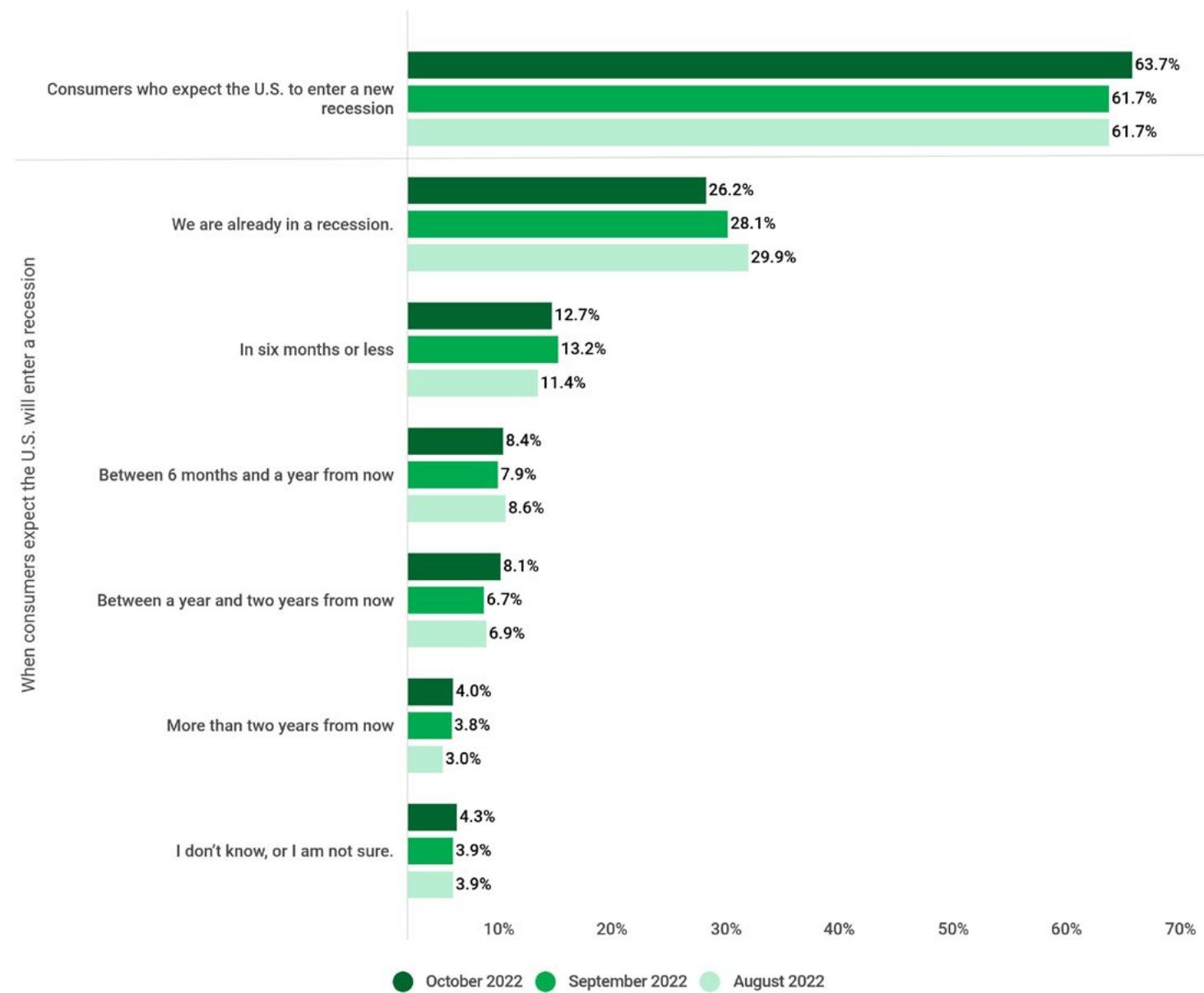
	October 2022	September 2022	August 2022	July 2022
Whole sample	5/20/2024	4/25/2024	5/14/2024	5/3/2024
Annual income	Less than \$50K	5/30/2024	5/25/2024	5/8/2024
	\$50K-\$100K	4/27/2024	4/28/2024	6/6/2024
	More than \$100K	5/1/2024	4/1/2024	4/30/2024
Financial lifestyle	Live paycheck to paycheck with issues paying bills	6/15/2024	4/19/2024	6/23/2024
	Live paycheck to paycheck without issues paying bills	4/27/2024	4/20/2024	4/18/2024
	Do not live paycheck to paycheck	5/25/2024	5/12/2024	5/2/2024
Generation	Generation Z	4/3/2024	3/22/2024	5/14/2024
	Millennials	4/2/2024	2/22/2024	4/12/2024
	Bridge millennials	4/9/2024	3/13/2024	4/5/2024
	Generation X	5/30/2024	5/13/2024	5/11/2024
	Baby boomers and seniors	7/22/2024	6/23/2024	6/13/2024

Source: PYMNTS  
Consumer Inflation Sentiment: Inflation's Long Consumer Spending Shadow, November 2022  
N = 2,467: Whole sample, fielded Oct. 10, 2022 - Oct. 13, 2022



**Figure 2A**  
**Americans feel pessimistic about the economic future**

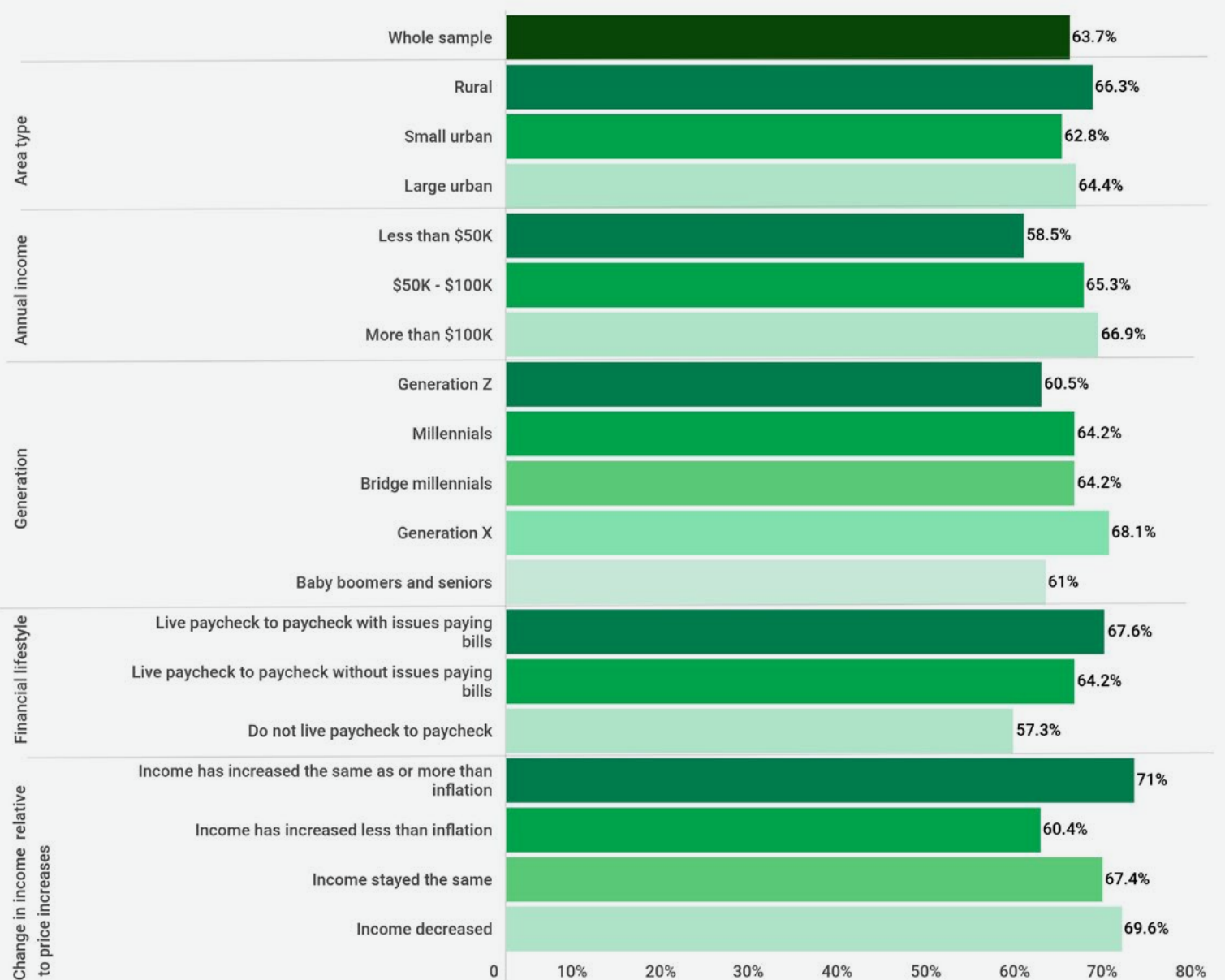
Share of consumers expressing select sentiments about the possibility of the U.S. entering a recession



Source: PYMNTS  
 Consumer Inflation Sentiment: Inflation's Long Consumer Spending Shadow, November 2022  
 N = 2,467: Whole sample, fielded Oct. 10, 2022 - Oct. 13, 2022

**Figure 2B**  
**Americans feel pessimistic about the economic future**

Share of consumers stating we are currently in a recession or predicting a coming recession, by demographic



Source: PYMNTS  
 Consumer Inflation Sentiment: Inflation's Long Consumer Spending Shadow, November 2022  
 N = 2,467: Whole sample, fielded Oct. 10, 2022 - Oct. 13, 2022



## Rural Americans are bearing the brunt of inflation, with nearly 90% expressing concerns about their loss of spending power.

Consumers in all locales feel the pinch, but those living in rural locations seem to be under the most strain. Rural consumers are the most likely to say that their income has not kept pace with inflation and are also the most likely to say it has decreased, at 17% compared to 15% for those in large urban areas or 13% for smaller urban areas.

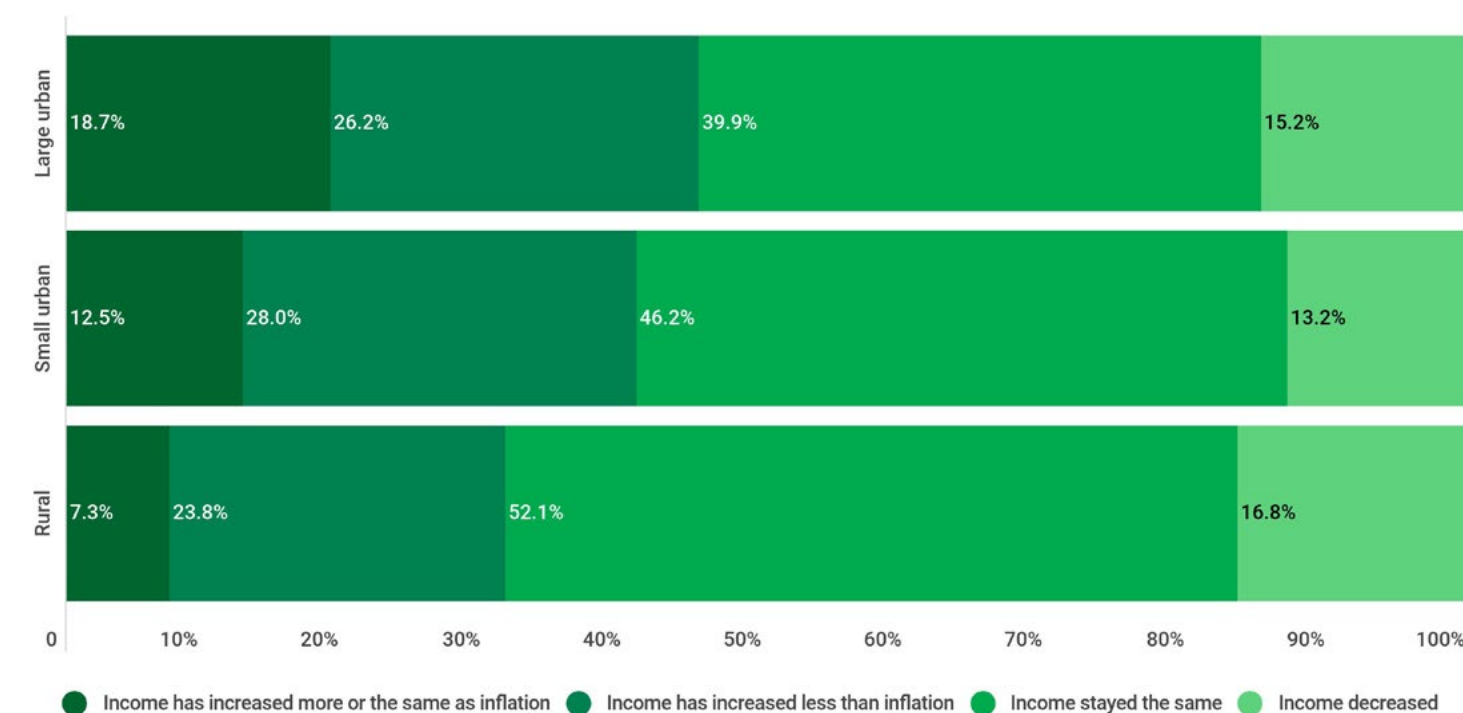
While consumers across all types of communities are equally concerned about the near future economic outlook, rural consumers are slightly more likely to be concerned about price increases, at 86% as opposed to 83% of those living in large urban areas and 80% of those living in smaller urban areas.

Rural households are experiencing more difficulty paying their bills, with 54% of rural residents surveyed reporting these difficulties as a driver of concern versus 41% of those living in large urban areas and 42% of those residing in smaller urban areas.

Figure 3A

### How consumers manage increases in expenses

Share of consumers whose income has changed relative to price increases, by area type



Source: PYMNTS

Consumer Inflation Sentiment: Inflation's Long Consumer Spending Shadow, November 2022

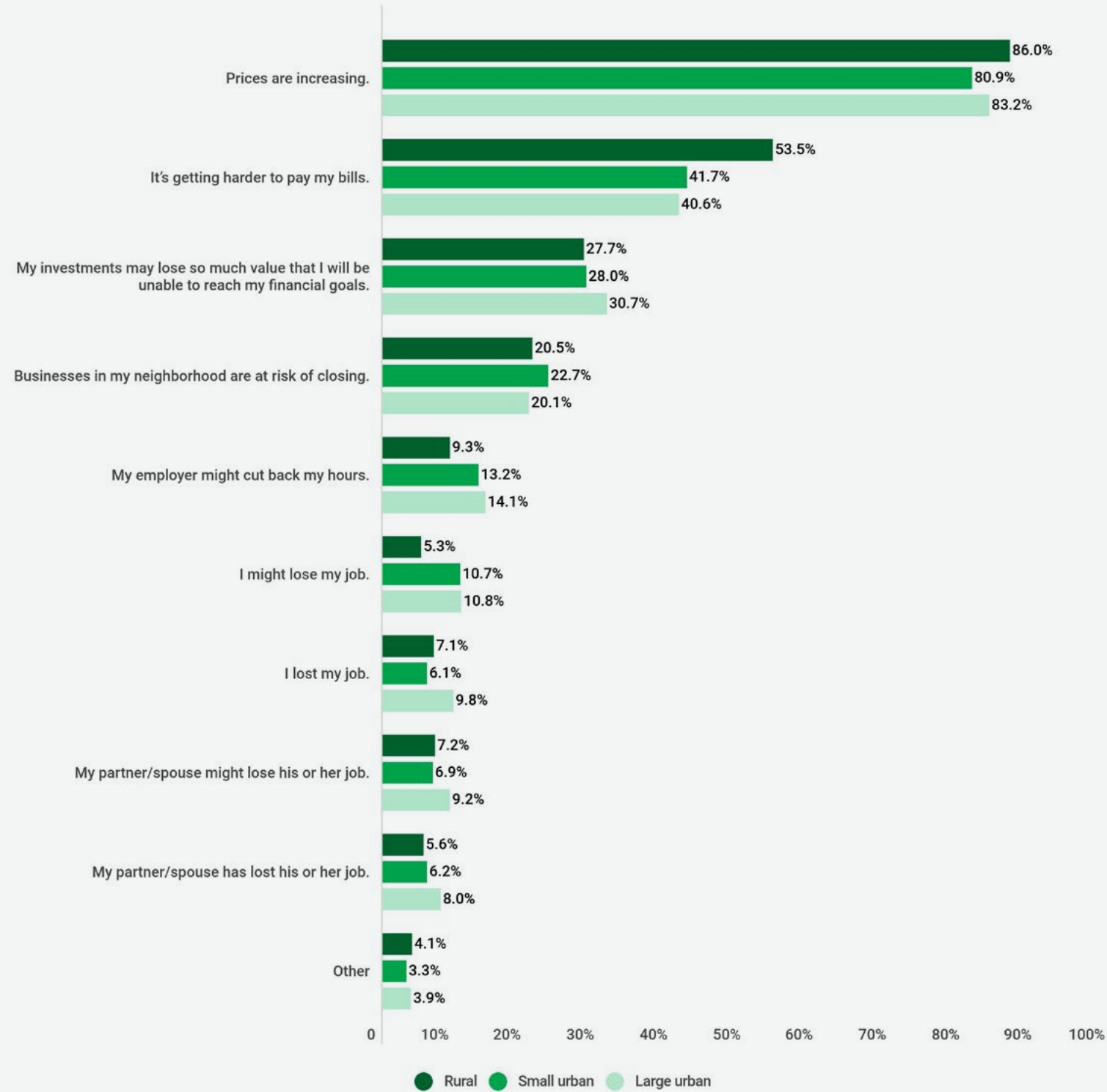
N = 2,467: Whole sample, fielded Oct. 10, 2022 - Oct. 13, 2022

Fuel costs are a particular concern for these consumers: 89% of rural respondents have noticed an increase in gas prices, as opposed to 75% of those who live in large urban areas and 82% of those who live in smaller urban areas.

However, urban dwellers are more likely to report their travel plans having been impacted by inflation, with higher numbers choosing cheaper modes of transportation and lower-cost travel providers compared to rural respondents and those living in small urban areas.

**Figure 3B**  
How consumers manage increases in expenses

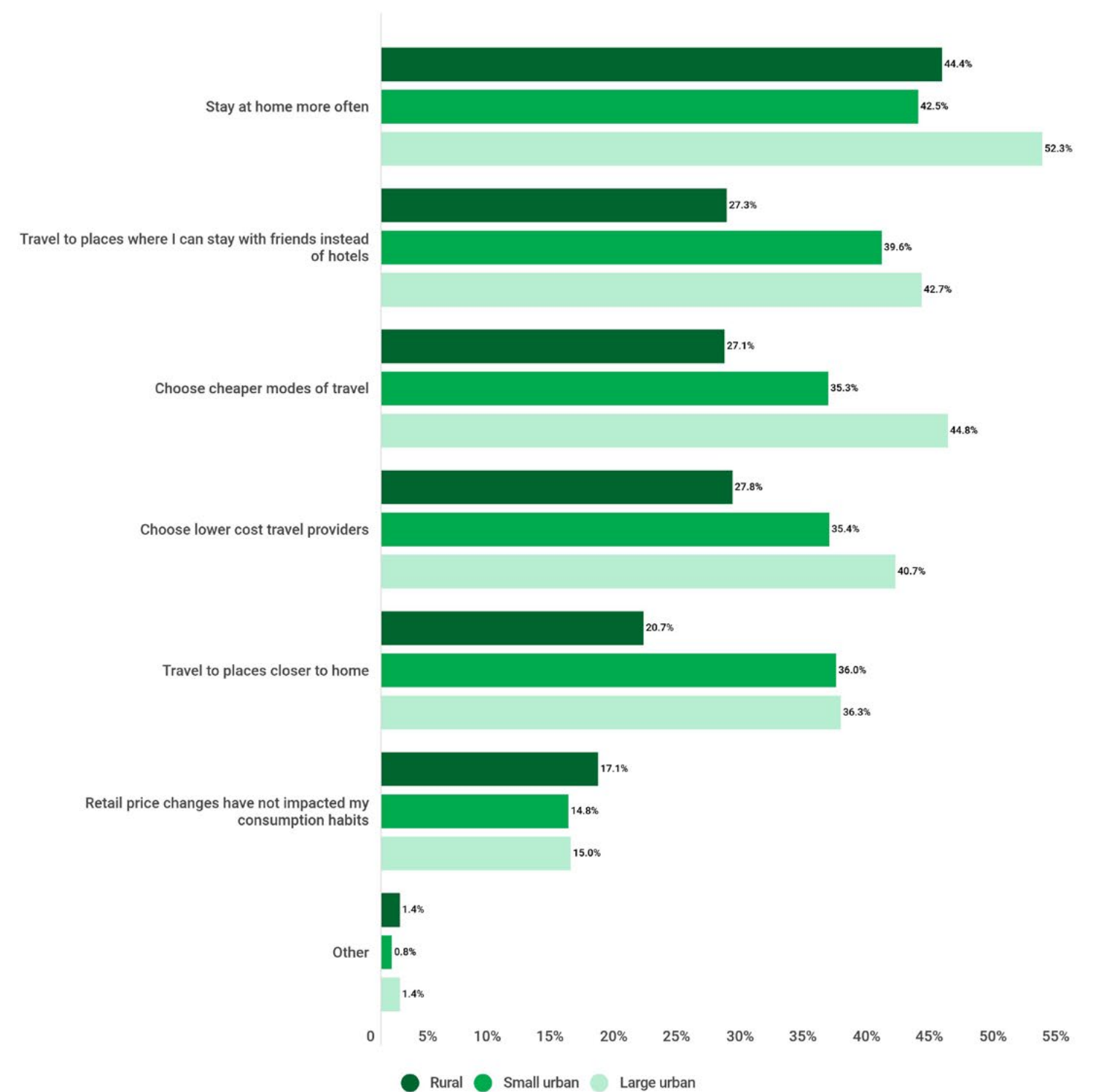
Share of consumers citing reasons they are at least somewhat concerned about the economy, by area type



Source: PYMNTS  
Consumer Inflation Sentiment: Inflation's Long Consumer Spending Shadow, November 2022  
N = 2,182: Respondents who are at least somewhat concerned about the near future economic conditions, fielded Oct. 10, 2022 - Oct. 13, 2022

**Figure 3C**  
How consumers manage increases in expenses

Share of consumers taking select measures to mitigate the effects of inflation with regard to travel, by area type



Source: PYMNTS  
Consumer Inflation Sentiment: Inflation's Long Consumer Spending Shadow, November 2022  
N = 336: Respondents who have purchased travel products or services in the last 30 days and perceived changes in prices, fielded Oct. 10, 2022 - Oct. 13, 2022.



# CONCLUSION

**T**he American consumer currently lives in a world with diminished faith and a growing sense of trepidation about the future. Things once considered economic certainties, such as salaries keeping up with inflation and the ability to travel affordably from one part of the country to another, are now called into question. While inflation might be slowing down, consumers are still feeling the effects of its initial contagion — and according to most, it will likely persist for at least another year.

## METHODOLOGY

**Consumer Inflation Sentiment: Inflation's Long Consumer Spending Shadow**, produced independently by PYMNTS, examines and analyzes inflation's impact on consumers. We surveyed 2,467 U.S. consumers between Oct. 10 and Oct. 13 about their experiences and perceptions of inflation. The sample was balanced to match the U.S. adult population in a set of key demographic variables. Our respondents' average age was 47, 51.2% were female and 36% earned more than \$100,000 annually.

## DISCLAIMER

---

The Consumer Inflation Sentiment report series may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED "AS IS" AND ON AN "AS AVAILABLE" BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS is the property of PYMNTS and cannot be reproduced without its prior written permission.