

textnow

# Inflation Threat



**The 5 Priorities to  
Understanding  
American Spending  
in 2022**

**August 2022**

# Inflation Nation

**With a potential recession looming, Americans are anxious about what's to come. In August 2022, TextNow, the leading mobile app offering free cellular and WiFi-enabled phone service, conducted a survey to gain insights into how inflation rates are impacting spending decisions. We discovered five key pillars that can inform brands about how to address Americans during this uncertain time:**

1. THE BILLS ARE TOO DAMN HIGH
2. IT'S NOT JUST ABOUT MONEY, IT'S ABOUT MENTAL HEALTH
3. PREMIUM PRODUCTS ARE THE FIRST TO GO
4. WE REMAIN ATTACHED TO OUR PHONES BUT ARE OPEN TO REASSESSING PHONE PLANS
5. BRANDS SHOULD CATER TO CONSUMERS

# How Inflation Is Impacting Our Lives: An Overview

Millions of Americans have already changed how they spend or plan to spend their income, be it adjusting daily expenditures or holding off on larger purchases. Most Americans find themselves falling short on monthly expenses, while the mental health of millions of people is also wavering.



## TAKEAWAYS

A majority of Americans are looking to reassess what their “must have” expenses are and how they make these purchases. They are willing to re-evaluate their needs to save money by favoring brands that cater to their specific needs and situations.



PILLAR

1

# The bills are too damn high

Americans worry another recession is brewing - particularly those under the age of 42. More than 1 in 2 Americans today are nervous about the current economic situation (55%) and the majority of Americans have delayed purchasing at least one item due to the current economic state (77%).

72% of respondents say the current economic environment affects what they spend money on

More than half of Americans (56%) have changed how they save money due to the current economic environment.

80% of people with HHI below \$50k (and 77% overall) say they have delayed purchasing something due to the current economic environment

Gen Z and Millennials are more likely than Gen X and Boomers to have been late or missed at least one payment due to their economic situations (Gen Z 55%, Millennials 58%, Gen X 42% vs. Boomers 21%)

25% have been late or missed a payment on their home utilities (18%) or credit card (16%) as they have for their phone bill (17%) due to their financial circumstances.

25% of people with HHI below \$50k said they have been late paying their phone bill

## TAKEAWAYS

For many, the current economic state has already changed daily spending habits, and despite financial efforts, Americans are still finding themselves falling short on bills. With a majority reporting that they are being more careful with their finances and looking for ways to save money, there is an opportunity for brands to educate consumers on how this can be done by changing preconceived notions of mandatory expenditures.



## PILLAR

## 2

# It's not just about money, it's about mental health

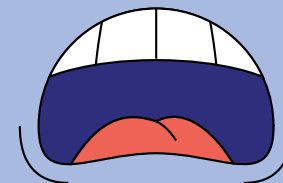


**Uncertainty about their ability to pay the bills is weighing on the mental health of Americans. In fact, 1 in 3 (34%) say their mental health has been negatively affected by the current economic environment.**

- More than a sixth of Americans report their self-esteem (18%) and how they conduct themselves (17%) on a daily basis has been impacted.
- For some the economic state has even distressed their relationships with friends and family (17%).
- Gen Z and Millennials are more likely to feel this weigh heavy on their mental health (Gen Z 48%, Millennials 45%,) as opposed to older generations.
- This holds true for the effect the current economic state has on their self-esteem, with 32% of Gen Z and 24% of Millennials 24% reporting a negative impact.
- This has also has a negative impact on their relationships with friends and family as well (Gen Z 30%, Millennials 24%)
- Overall, nearly half of Americans would say their daily stress levels have been affected by the current economic state (49%) and they think an economic recession is coming (49%)

## TAKEAWAYS

Many consumers are desperate to make ends meet and are fearful of how long current conditions will last. This is impacting their daily lives and mental health, leaving them feeling overwhelmed at times. To connect with consumers, brands need to understand their mindset and make meaningful connections based on what they value.



## PILLAR

## 3

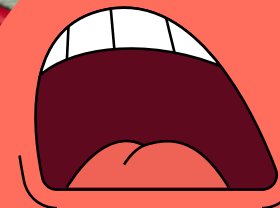
# Premium products are the first to go

Many Americans are now hesitant to buy products or services they would have purchased otherwise, and the stress of the economy has them shopping differently altogether. Almost 1 in 2 (45%) Americans no longer purchase premium products that used to be a part of their shopping routine – and more than 1 in 4 (27%) say organic products are no longer a part of their shopping routine, but once were.

- Women, identified as the main shopping decision-maker, are more likely than men to have cut out purchasing premium products from their shopping routine like they used to (48% vs. 41%)
- Younger generations are more likely than older ones to say organic products used to be a part of their shopping routine but are no longer today (Millennials 32% vs. Boomers 17%)
- Younger generations are holding off on purchasing new smartphones and/or other new electronics (Gen Z 51%, Millennials 44%)
- About 2 in 5 million Americans have delayed purchasing a new smartphone and/or other new electronics (39%). This is significantly more than those who put off larger purchases like buying a car (32%), a home (18%), furniture (25%), or a plane ticket (21%).

## TAKEAWAYS

Americans are reassessing the way they shop and the products they are purchasing, abandoning premium items and expensive tech. They are more interested in utilizing what they already have and finding ways to amplify those items to get the best bang for their buck.



# PILLAR 4 We remain attached to our phones but are open to reassessing phone plans

Americans today do not disconnect from their phones, and the majority spend all day physically connected to their cell phone. In fact, Americans today would sacrifice another amenity than lose access to their phone device. The majority feel current phone service providers have some room for improvement, and they would consider changing their current phone plan if it means saving a few bucks.

- On average, Americans claim their phone is physically with them 73% of the day. Nearly 1 in 4 (23%) report their phone is always or 100% physically with them daily.
- Nearly all (85%) would rather give up another amenity or service than give up their phone
- Gen Z and Millennials are more likely than older generations to give up something rather than lose their current phone / phone service (Gen Z 94%, Millennials 86%).
- About 1 in 4 would report their phone plan is too expensive (24%), the contract is restrictive and long term (16%), they experience slow internet speed (12%), do not have enough data (12%), or have bad service (10%).
- Younger generations are more likely than older generations to report their current phone provider has bad service (Gen Z 18%, Millennials 16% vs. Gen X 7%, Boomers 5%)
- More than 1 in 2 (56%) claim they would be open to adjusting their phone service provider if it meant saving money
- 54% of people with HHI below \$50k (and 56% overall) say they would be willing to change their cell phone plan/provider to save money

## TAKEAWAYS

As many consumers re-evaluate their spending needs, phone service is a top priority. While the attachment to our phones is real, most consumers still say their current provider has some work to do. They are willing to consider alternatives to phone services and plans, leaving an opportunity for the right brand to seize this moment.





## PILLAR

## 5

# Brands should cater to consumers

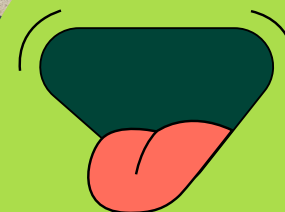
**Many consumers look to brands to improve the customer experience and to help them save, while others would like brands to cater their online and delivery preferences. 4 in 5 (80%) would like brands to have lower prices when they are considering a product or service.**

- Consumers would like to see more discounts (67%) and are looking for brands to have better loyalty programs (39%).
- Many say they look for brands who have better customer service (28%), easier online shopping experiences (23%), and better delivery services (17%) when they consider a purchase from a brand.
- As the spending decision-maker, women are more likely than men to want to see brands to address lower prices when considering a product or service (83% vs. 77%)
- Gen Z and Millennials are more likely than older generations to look for easier online shopping experiences (Gen Z 38% and Millennials 27% vs. Gen X 18%, Boomers 16%) and better delivery services (Gen Z 35% and Millennials vs. 23%, Gen X 13%, Boomers 9%) when considering a purchase



## TAKEAWAYS

This information reveals an opportunity for brands to build a direct channel of communication with their consumers by identifying their specific needs. There is a unique opportunity to play both sides and find a sweet spot when speaking to consumers, marrying necessity with practicality.





# Survey Methodology

## WHO

**Respondents include 1,006 adults, ages 18+ in the United States**

## WHEN

**Conducted in August of 2022**

## HOW

**Online survey conducted with survey platform Material+**



## ABOUT TEXTNOW

TextNow is democratizing phone service by providing users with a free phone number and unlimited calling, texting, and video calling over WiFi and on a nationwide wireless network. Founded in 2009, TextNow is the largest provider of free mobile phone service in the US, supported by advertising. We have offices in San Francisco, Seattle, New York, and Waterloo, Ontario and our app has been downloaded more than 200 million times globally. Our phone service helps more than 10 million people connect freely every month. For more information visit <https://www.textnow.com/>, and follow us on [Twitter](#), [LinkedIn](#), and [Instagram](#).