# COVID-19 Missouri Economy Indicators

## Household Spending

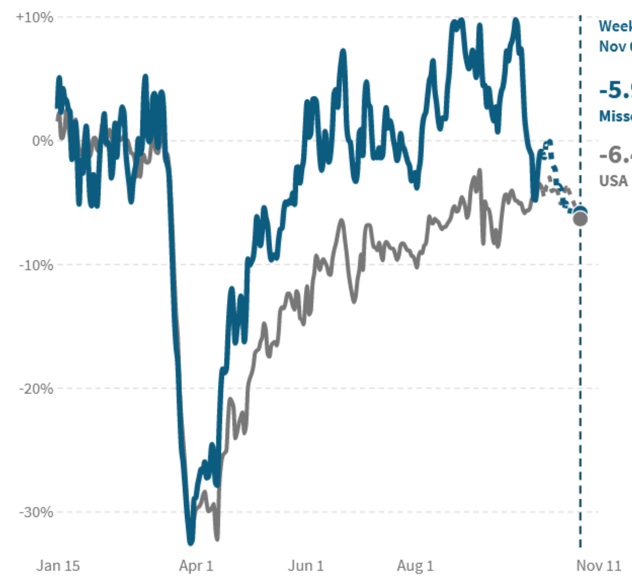
ISSUE 17, 16 NOVEMBER 2020

Personal consumption expenditures account for almost 70% of the U.S. economy, and consumer spending drives job creation and household income. Consumers spending changes during the pandemic benefit some sectors like grocery stores while entertainment and arts and hotel spending remain far below normal.

### Household Spending Reflects Recent Consumer Uncertainty

Missouri households started to increase their spending faster than the average U.S. household beginning in early April. Household spending has continued to be more robust in the state than the broader U.S. throughout the summer. Data suggest that in the past two weeks, Missouri households are again restricting their spending. Areas with high median incomes show the largest drops, suggesting safety perceptions and not financial ability may be driving consumer behavior.

**Household Spending from January – Nov. 1, 2020**




Source: Affinity Solutions Inc, graphic from Economic Opportunity Tracker

### Missouri's Household Spending Declines in Recent Weeks

For the week ending on November 1, household spending has declined to 6% below January levels, consistent with U.S. spending, which has never fully recovered; see figure above. Among neighboring states, Missouri household spending is currently more robust than in Iowa, Nebraska or Illinois (-15% to -9%) and less robust than Arkansas, Kentucky, Kansas or Tennessee (+1% to -3%).

**Percent Change in Spending by Income**

Comparing January to Nov 1, 2020

| Household Income | Percent Change | |
|---|---|---|
| | MO | U.S. |
| **Total** | **-6%** | **-6%** |
| Low-income | -3% | -5% |
| Middle-income | -1% | -6% |
| High-income | -22% | -10% |

Data are seasonally adjusted with spending levels from the same day in 2019.

When comparing consumer purchases from January to Nov 1, spending patterns differed by an area's median household income; see table at left. In Missouri, areas with high median incomes spent 22% less in late October than they did in January, as all U.S. high-income areas spent 10% less. Missouri middle median income and low median income areas spent slightly below January levels.* Consumer oriented businesses in high median income areas may experience the most severe reduction in sales.

## Consumers Restrict Spending Differently by Sector

The change in consumer spending from January to November 1 varies across six major spending categories; see table at right. Arts, Entertainment and Recreation spending in Missouri has been impacted most severely, and worse than in the U.S. Grocery store spending remains higher than normal. Restaurant and hotel spending steadily rebounded through early September but is now 29% below January levels. Health care spending has shown wide variation over time and is currently 10% lower than January levels. Spending at Missouri retail stores, including online purchases, remains higher than in January.

**Comparing Consumer Spending**

| Expense Type | Percent Change Jan – Nov 1. | |
|---|---|---|
| | Missouri | U.S. |
| **Total** | **-6%** | **-6%** |
| Grocery | +17% | +11% |
| Retail (including online) | +6% | +8% |
| Health Care | -10% | -13% |
| Restaurants & Hotels | -29% | -30% |
| Transportation | -47% | -48% |
| Arts, Entertainment, Recreation | -70% | -57% |

Data are seasonally adjusted with spending levels from the same day in 2019.

## Missouri Store Foot Traffic Overall 12% Below 2019 Levels

| Missouri Foot Traffic Oct 19-25 2020 compared to 2019 | |
|---|---|
| **All Categories** | -12% |
| Home Improvement | 11% |
| Groceries | 1% |
| Medical & Health | -1% |
| Superstores | -4% |
| Shop & Service | -5% |
| Electronics | -7% |
| Apparel | -17% |
| Fitness | -20% |
| Hotel/Casinos | -26% |
| Shopping Centers | -27% |
| Dining | -28% |

Consumers are still entering stores less frequently than observed at the same time last year. Compared to October 19-25 2019, there were 12% fewer people inside a set of 170 chain stores. There were approximately 25% fewer people entering restaurants, hotels and casinos and shopping centers compared to the same week last year. Fitness businesses saw a 21% decline. These reductions in store traffic suggest consumers are continuing to avoid indoor places that may be crowded. Foot traffic was relatively unchanged at grocery stores and medical and health establishments.

*Data source: Affinity Solutions Inc., credit and debit card spending by state indexed to Jan. 4-31, 2020 levels. This data set captures spending by cardholder location, not a store. This information closely reflects national patterns observed in other consumer spending data sets. Daily values are a seven-day average of a given day and the six preceding days. The median income of each zip code is used to classify spending in that area as high-income (top quartile), low-income (bottom quartile) and middle-income households (all others). In Missouri, only 3.9% of households earn more than $200,000 compared with 6.3% of all U.S. households, according to 2013-2017 American Community Survey data.

## Additional Resources

- **Opportunity Insights Economic Tracker** data is available at tracker.opportunityinsights.org.
- **Placer.ai Foot Traffic Reports** aggregate data from an estimated 170 leading chain stores in the U.S., year over year weekly comparisons are offered at https://www.placer.ai/the-square/industry-trends/
- **Missouri Small Business Development Centers** provide confidential business assistance at sbdc.missouri.edu

---

*This brief is the seventeenth in a series meant to explore economic indicators associated with the COVID-19 pandemic. Future updates will be available at tinyurl.com/ExceedEconomyIndicators*

Author: Mallory Rahe, Assistant Extension Professor, mallory.rahe@missouri.edu

The Missouri SBDC is funded in part through a Cooperative Agreement with the U.S. Small Business Administration and is a University of Missouri Extension partner. All opinions, conclusions, and/or recommendations expressed herein are those of the author(s) and do not necessarily reflect the views of the SBA.

Exceed
Regional Economic & Entrepreneurial Development

Extension
University of Missouri