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Study: Consumer spending cuts reach across incomes

By EILEEN AJ CONNELLY , 09.22.09, 10:31 AM EDT

NEW YORK -- Across all income levels, the recession has led shoppers to reevaluate their spending and adopt cost-saving strategies - and people say those new habits will last even after the economy recovers.

A new survey commissioned by [IBM](#) ([IBM](#) - [news](#) - [people](#)) found that 72 percent of respondents have made "significant spending cuts" because of the economy. While the hardest hit are people who earn \$45,000 a year or less, as might be expected, 59 percent of those earning \$100,000 or more say they've cut back too.

The steps taken to save money most often involve shopping at more stores to get the best deal, by 49 percent of the people surveyed, and switching grocery stores, by 35 percent.

But while price is a major factor for 83 percent of respondents, 72 percent said that quality is also a top priority.

"It used to be much more about price and want. Now it's must more about value and need," said Guy Blissett, consumer products leader for IBM Institute for Business Value. "I think it's a much more sophisticated approach to shopping."

The survey used telephone interviews with 4,000 adults, and IBM plans to use the results to help its corporate customers in consumer product industries better understand the market and adapt, Blissett said.

"The consumer mindset has changed," Blissett said. "They've become used to being careful about what they buy and where they buy it."

And the answers in the survey indicate the changes will outlast the slump.

"There will be some slippage if and when things get better," Blissett said. "But people tell us these behaviors will stick."

For instance, 45 percent of the people involved said "better value" will remain among the most important features when shopping for food as the economy improves, and 36 percent said "lowest price overall" will stay on top. Just 8 percent said value will be less important, and 15 said lowest price will fade.

One reason these two characteristics will stay high on the priority list may be that just 15 percent of all respondents said they think it is "very likely" their [household income](#) will rise by 20 percent in the next five years. Meanwhile, 45 percent said income is "not at all likely" to rise by 20 percent by 2014.

Even while they have cut back, however, consumers said there were certain things they won't cut out altogether. Topping that list is animal protein: 10 percent said they refuse to give up meat, poultry, fish and seafood. Four categories came in right behind that, with 8 percent saying they're not eliminating alcohol and tobacco; coffee and tea; milk and juice, or household and laundry supplies.

What people most frequently forgo is shopping for clothes - 38 percent say they're purchasing less clothing and 20 percent said they're buying less expensive brands. Clothing is also the category most often chosen - by 29 percent - when asked what they would most likely spend more on as the economy improves.

More than half also say they're buying less food, and 45 percent saying they've cut back on food they don't cook themselves, whether from the grocery store, restaurants or takeout. Bottled water and soda and health and beauty supply purchases have also been cut.

Blissett said people are also looking more for things like online coupons and even coupons sent to their mobile devices to keep costs down, and using such tools to comparison shop more.

"With the proliferation of options and information," he said, "consumers have just become smarter about what they buy."

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