

Changes in Consumer Spending Behaviors during the Coronavirus Pandemic

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Spending and Payment Use During the Pandemic: How Survey Data can Inform Policy

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Outline

- Economic Impact Payments
- Household Pulse Survey: Background
- Household Pulse Survey: Results
 - Economic Impact Payment Use: Spending, Save, Pay Off Debt
 - Financial Difficulty in Meeting Expenses
 - Changes in Consumer Behavior: Protective vs. Relaxing
 - Changes in Consumer Payment Choice



Economic Impact Payments



First Two Rounds of Economic Impact Payments

First round of payments included in CARES Act (March 27, 2020)

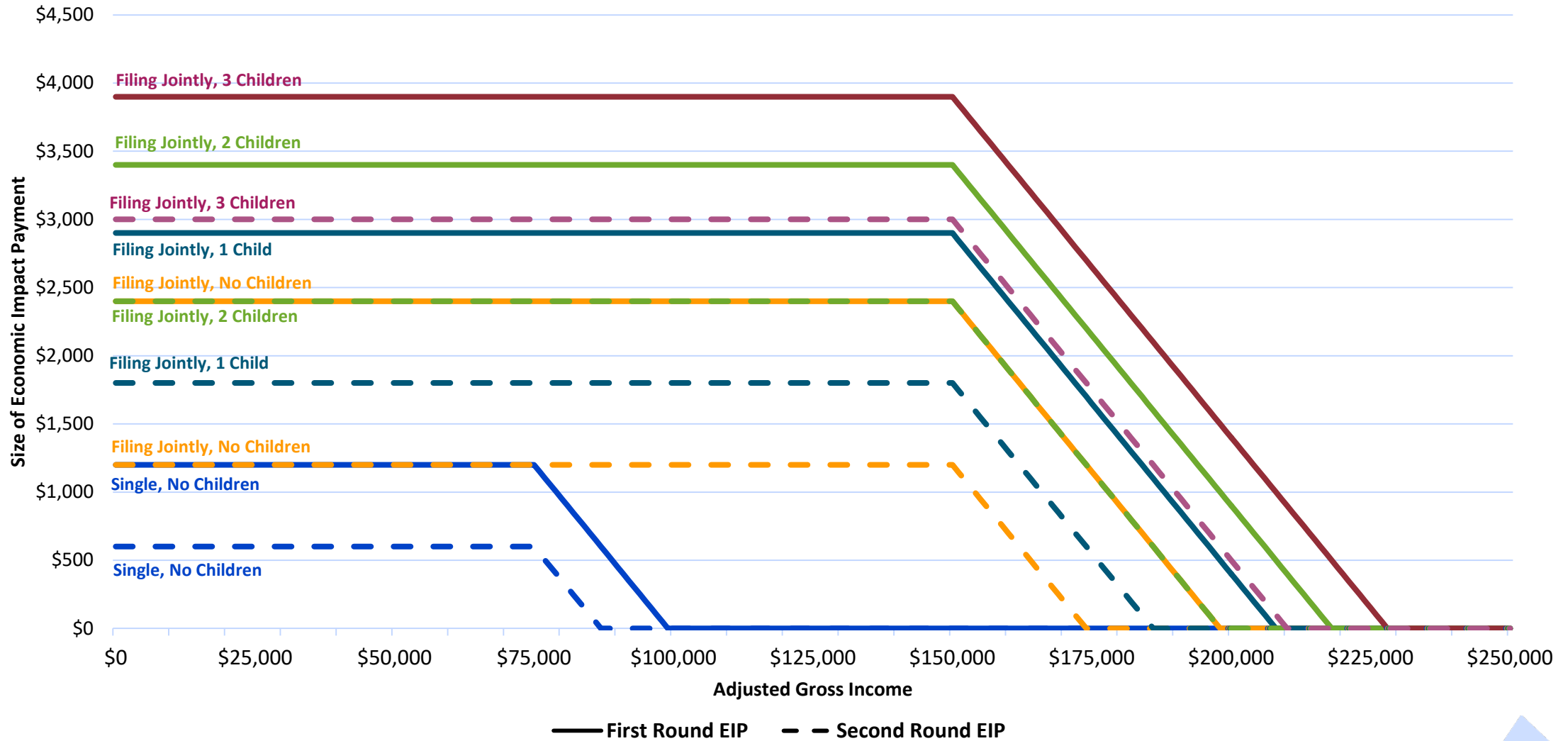
- \$1,200 to individuals with AGI less than \$75,000 and \$2,400 to couples filing jointly with AGI less than \$150,000
- Dependents under the age of 17 qualify for an additional \$500 per dependent
- Direct deposits began on April 15th and paper checks began on April 20th

Second round of payments included in the CRRSA Act (December 21, 2020)

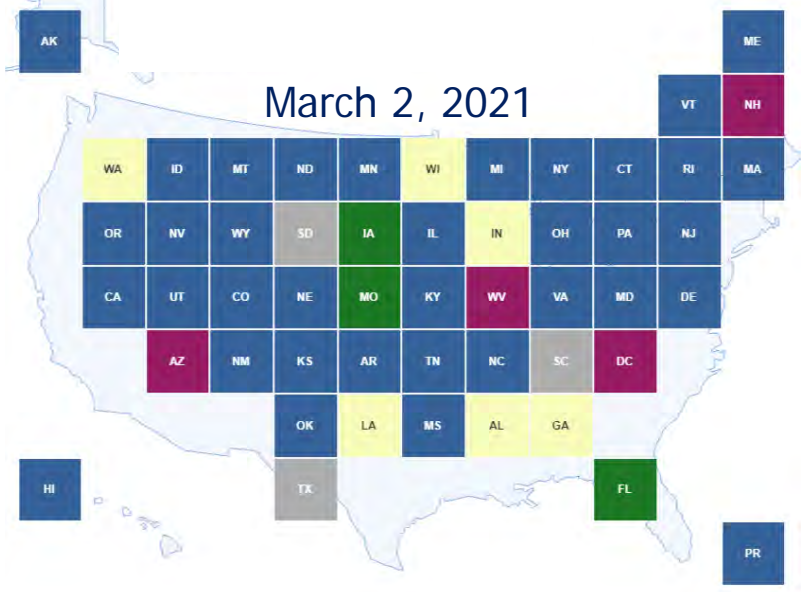
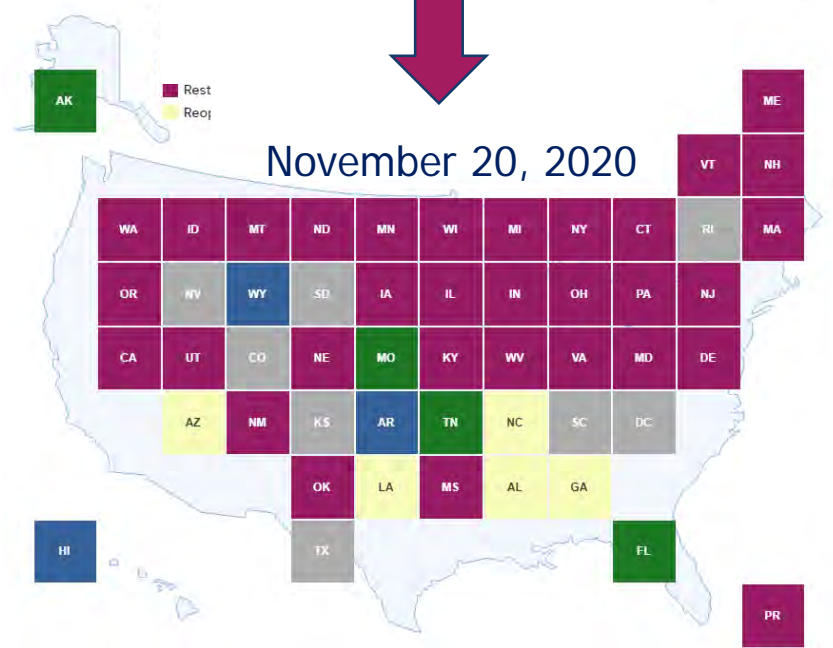
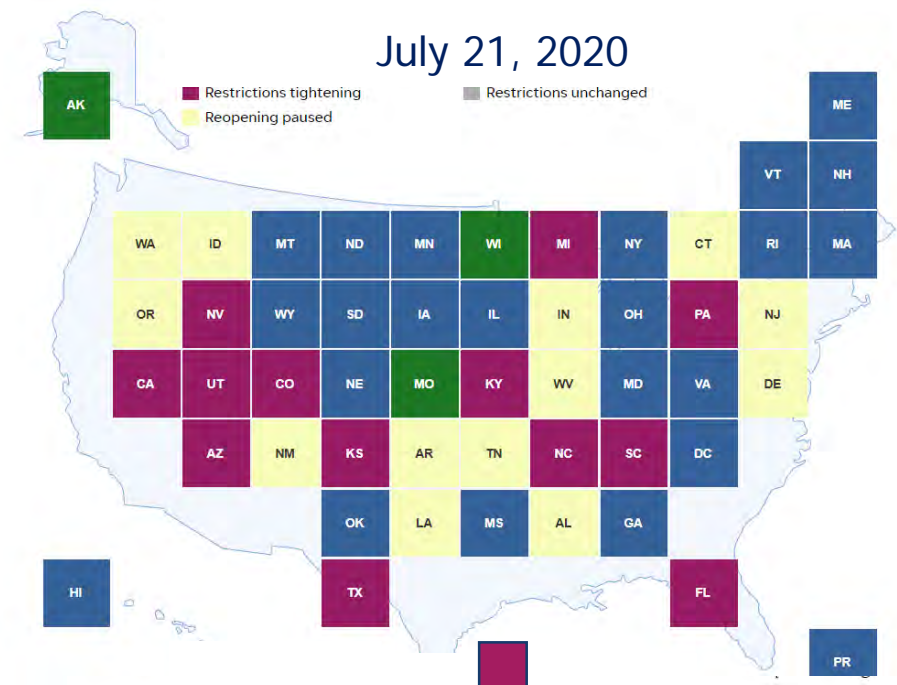
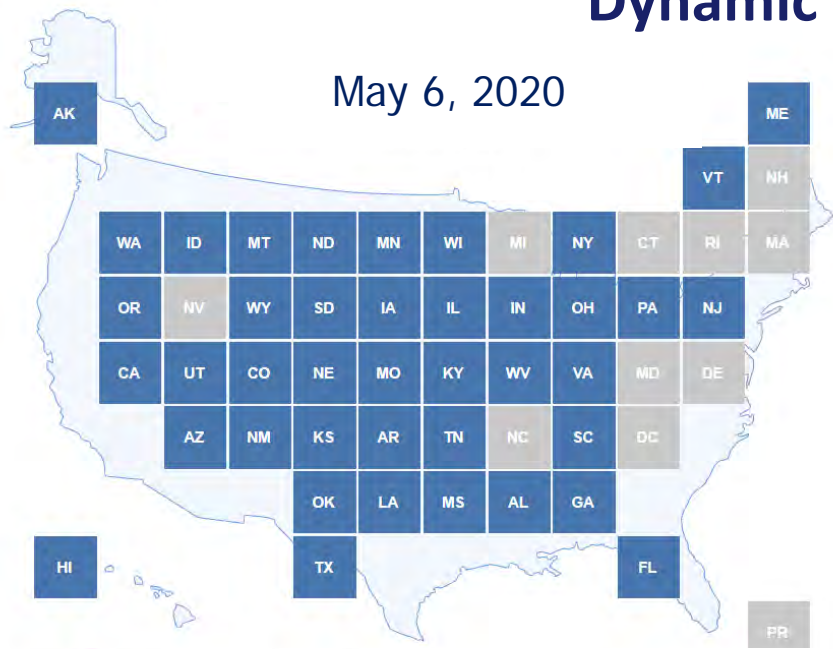
- \$600 to individuals with AGI less than \$75,000 and \$1,200 to couples filing jointly with AGI less than \$150,000
- Dependents under the age of 17 qualify for an additional \$600 per dependent
- Direct deposits began on Dec 29th and paper checks began on Dec 30th
- Phase-out hit sooner



EIP Phase Out by Round



Dynamic Situation: State Openings & Closings



Restrictions

- Blue: Easing
- Purple: Tightening
- Green: Lifted
- Grey: Unchanged
- Yellow: Paused

Household Pulse Survey: Background



Household Pulse Survey

Development

- Coordinated at the Census Bureau
- Designed to deploy quickly and efficiently, collecting data on a range of ways in which people's lives have been impacted by the pandemic
- Since the environment and circumstances rapidly changing, design meant to be able to quickly assess and report on critical issues, as fast as possible

Timeline

- Development: March 23–April 23, 2020
- Phase 1: April 23–July 21, 2020
- Phase 2: August 19–October 26, 2020
- Phase 3: October 28–Dec 31, 2020
- Phase 3 Extension: January 6–March 29, 2021
- Phase 3.1: April 14–June 21, 2021
- **Experimental Rapid Response Survey**
- Proof of Concept

Sample Size and Response Rates Range

- Phase 1: 41K – 133K, and 1.3 – 3.8%
- Phase 3: 59K – 72K, and 5.3 – 6.7%
- Phase 3 Extension: 68K – 80K, and 6.4 – 7.5%

Partners

1. Bureau of Labor Statistics
2. Bureau of Transportation Statistics
3. Census Bureau
4. Centers for Disease Control
5. National Center for Health Statistics
6. Housing and Urban Development
7. National Center for Education Statistics
8. Maternal and Child Health Bureau
9. Office of Management and Budget
10. USDA Economic Research Service
11. Social Security Administration



Household Pulse Survey, contd.

Platform: Qualtrics

- Census Bureau Authority to Operate

Email and Text Invitations to Take an Online Survey

- National Processing Center was shut down due to COVID-19
- Census Bureau could not mail invitations

Frames: Used Existing Email and Cell-Phone Contact Frames

- Matched to Census Bureau's Master Address File (MAF) records
- Emails and phone numbers from respondent contacts and from third party vendors
 - Phone frame contains over a billion phone/address pairs.
 - Phone frame contains phone/address pairs for over 88% of addresses in the country
 - Three quarters of those phones were acquired in the past two years
 - The email frame contains over 686 million well-formed email/address pairs
 - The email frame contains email/address pairs for almost 80% of addresses in the country
 - Two thirds of those emails were acquired in past two years



Receipt & Use of EIP

Phase 1: If you, or anyone in your household, already received, or **plan to receive** a “stimulus payment,” that is the coronavirus related Economic Impact Payment from the Federal Government, did or will you use it:

- Mostly to pay for expenses (food, clothing, shelter, etc.)
- Mostly to pay off debt (car loans, student loans, credit cards)
- Mostly to add to savings
- Did not or do not expect to receive the stimulus, payment

Phase 3: **In the last 7 days**, if you or anyone in your household received a “stimulus payment,” that is a coronavirus related Economic Impact Payment from the Federal Government, did you...

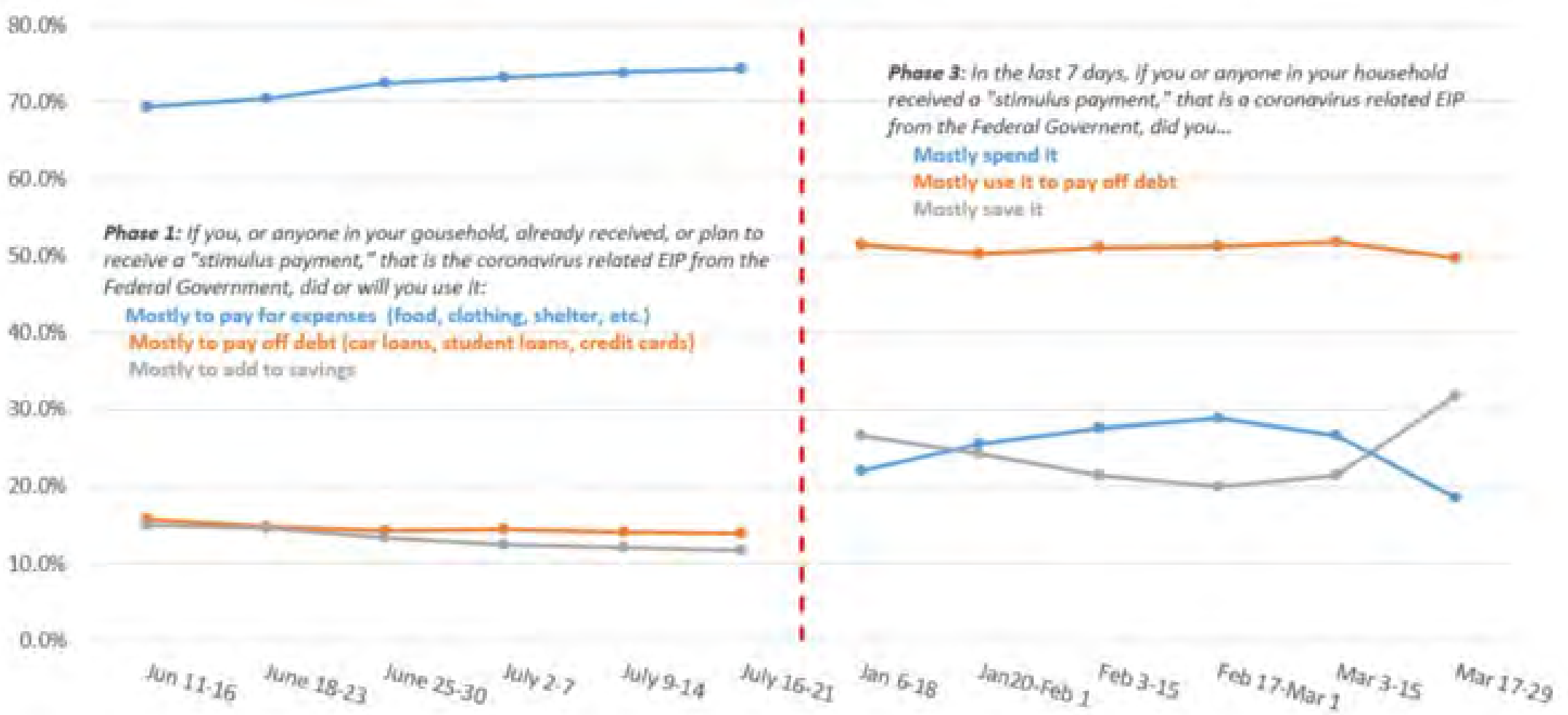
- Mostly spend it
- Mostly save it
- Mostly use it to pay off debt
- Not applicable. I did not receive a stimulus payment



Household Pulse Survey: Results



EIP Use: Spend, Save, Pay Off Debt



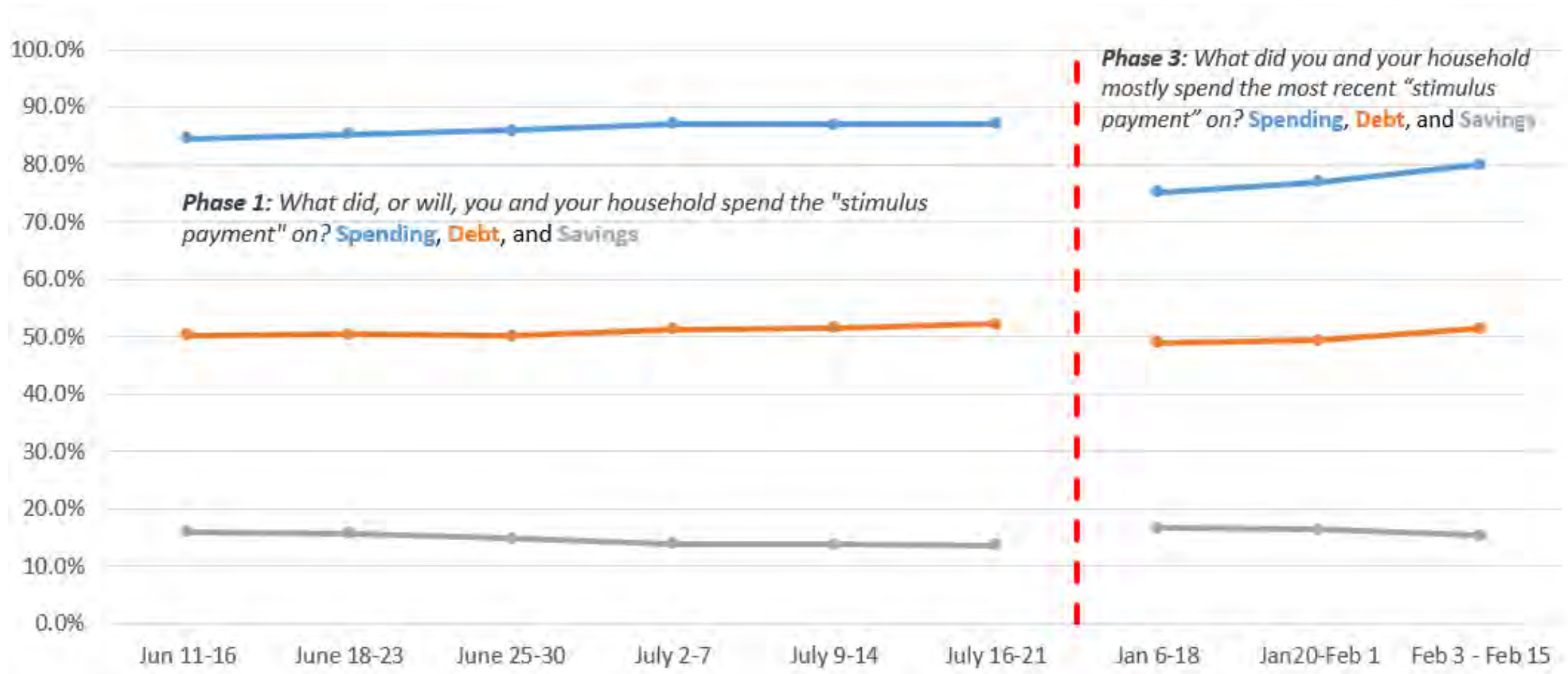
EIP Use: Recoded Follow-up Response Options

Phases 1 and 3: What did (or will) you and your household spend the “stimulus payment” on?

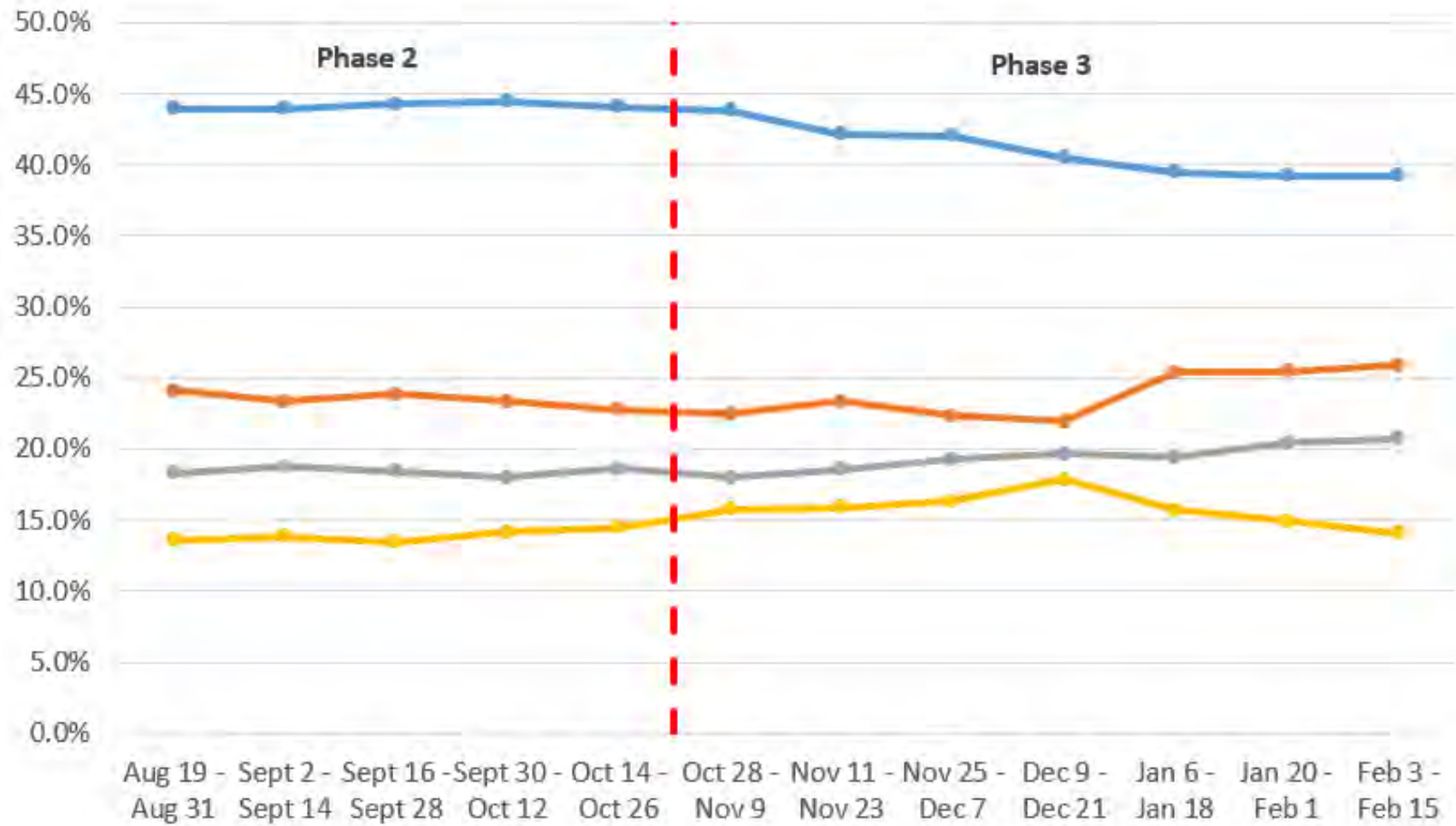
- Food (groceries, eating out, take out) → SPENDING
- Clothing (clothing, accessories, shoes)
- Household supplies and personal care products
- Household items (TV, electronics, furniture, appliances)
- Recreational goods (sports/fitness equipment, bicycles, toys, games)
- Utilities and telecom (natural gas, electricity, cable, internet, cellphone)
- Charitable donations or giving to family members
- Other
- Rent
- Mortgage (scheduled or monthly) → DEBT
- Vehicle payments (scheduled or monthly)
- Paying down credit card, student loans, or other debts
- Savings or investments → SAVINGS



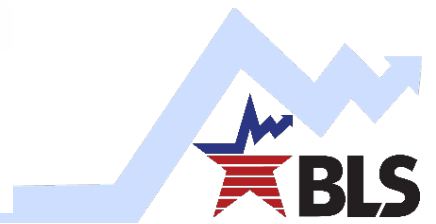
EIP Use: Recoded Follow-up Response Options, contd.



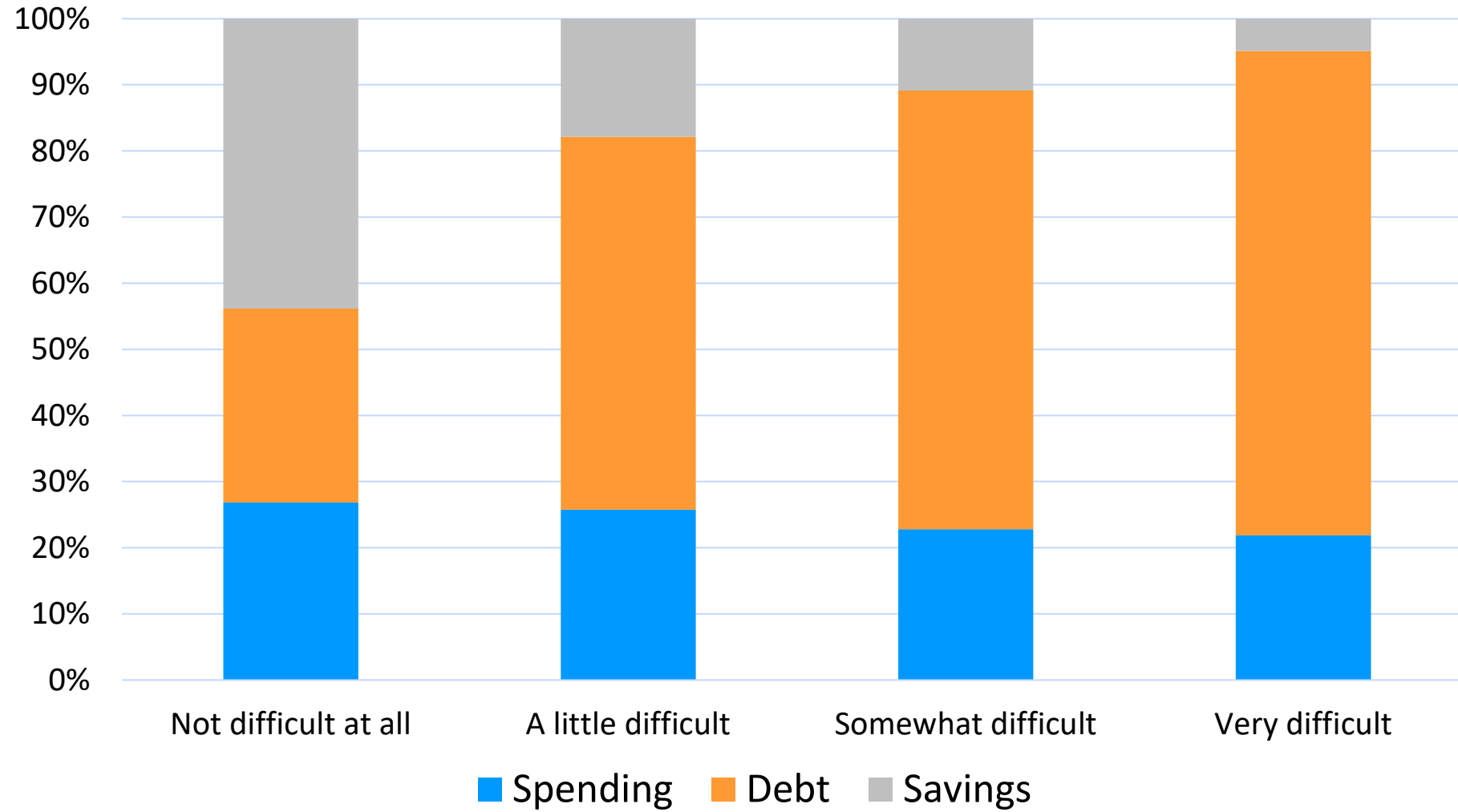
Financial Difficulty in Meeting Expenses



Question: In the last 7 days, how difficult has it been for your household to pay for usual household expenses, including but not limited to food, rent or mortgage, car payments, medical expenses, student loans, and so on? **Not at all difficult**, **A little difficult**, Somewhat difficult, and **Very Difficult**



Phase 3 EIP Use by Financial Difficulty



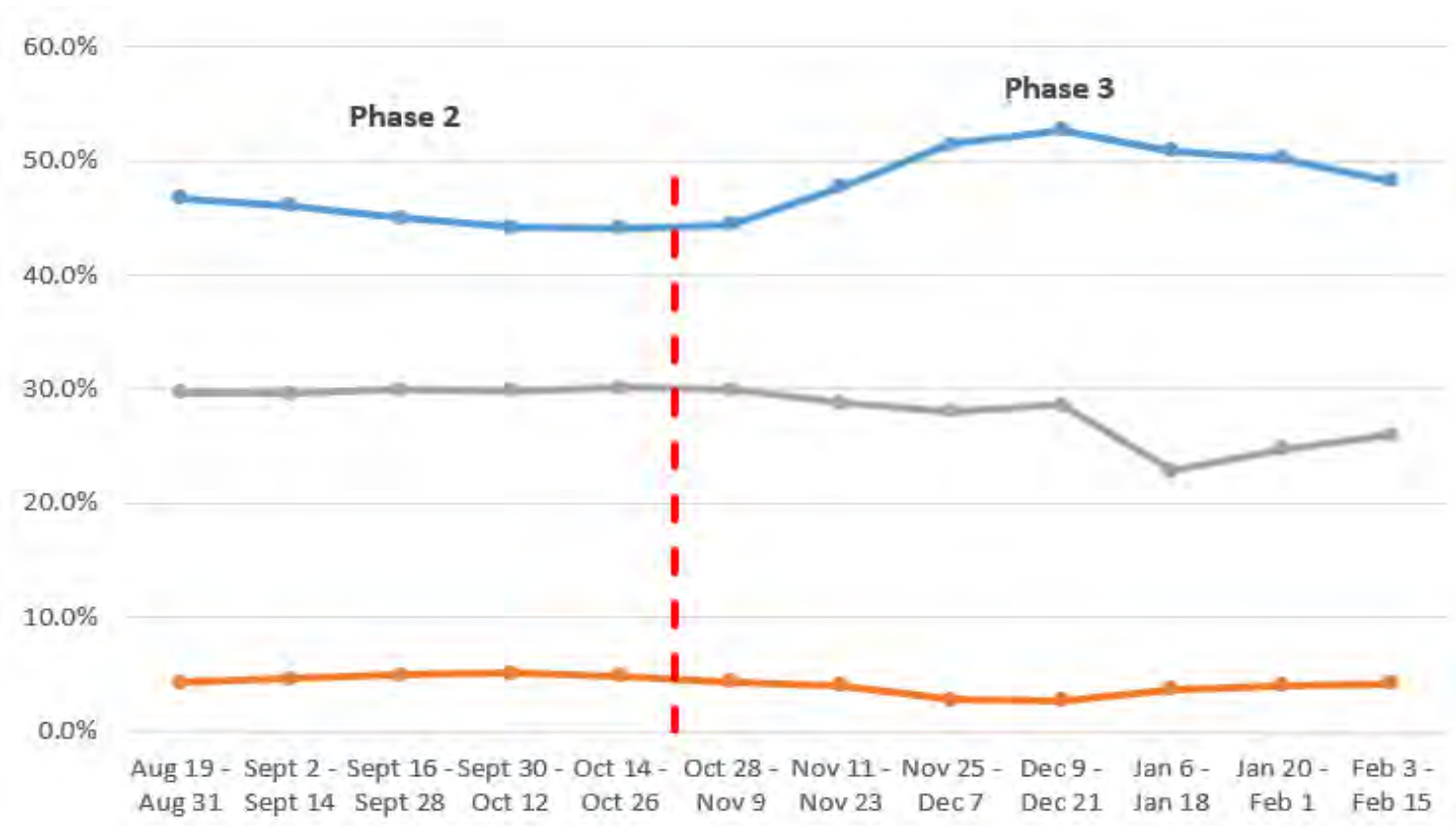
Changes in Consumer Behavior: Recoded Response Options

Phases 2 and 3: In the last 7 days, which of the following changes have you or your household made to your spending or shopping?

Protective	Relaxing
<ul style="list-style-type: none">• Made more purchases online (as opposed to in store)	<ul style="list-style-type: none">• Made more purchases in store (as opposed to online or curbside pick-up)
<ul style="list-style-type: none">• Made more purchases by curbside pick-up (as opposed to in store)	
<ul style="list-style-type: none">• Increased use of credit cards or smartphone apps (opposed to cash)	<ul style="list-style-type: none">• Increased use of cash
<ul style="list-style-type: none">• Avoided eating at restaurants	<ul style="list-style-type: none">• Resumed eating at restaurants
<ul style="list-style-type: none">• Canceled or postponed in-person medical or dental appointments	<ul style="list-style-type: none">• Resumed or started new housekeeping or caregiving services
<ul style="list-style-type: none">• Canceled or postponed housekeeping or caregiving services	<ul style="list-style-type: none">• Resumed or started new housekeeping or caregiving services



Changes in Consumer Behavior: Protective vs. Relaxing

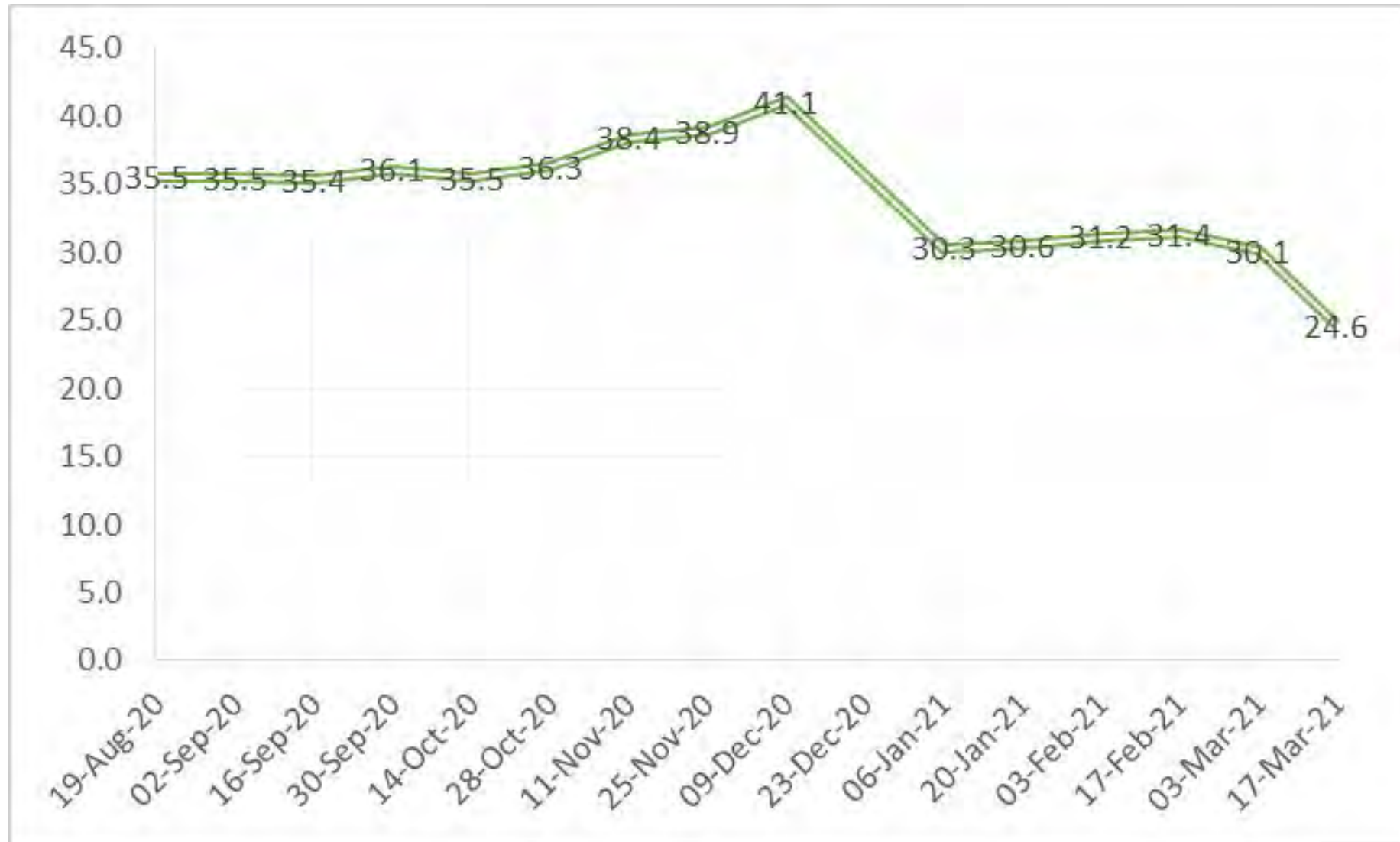


Question: In the last 7 days, which of the following changes have you or your household made to your spending or shopping?

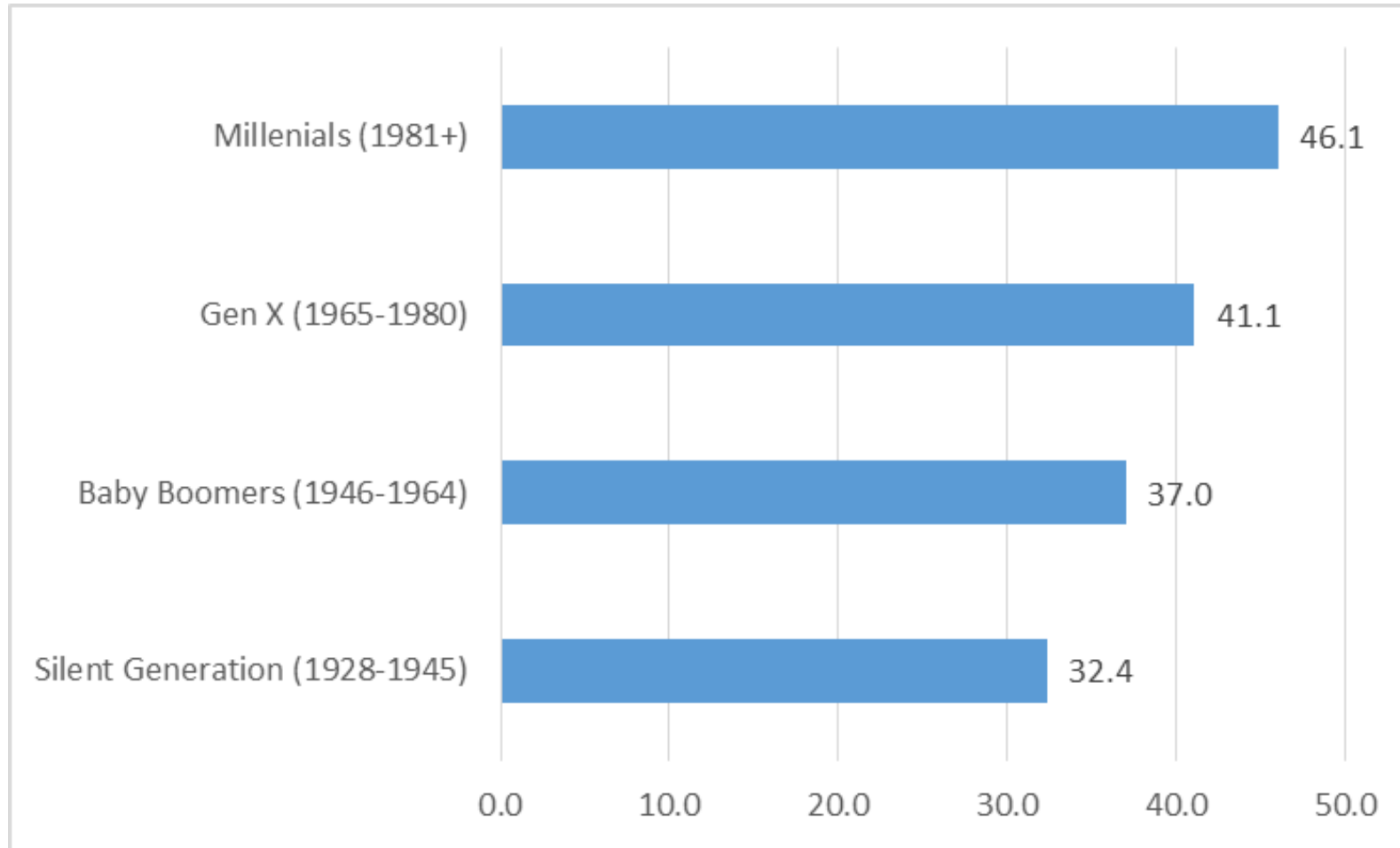
Protective Only, Relaxing Only, and Both



% Increased Use of Credit Cards/Apps, by week



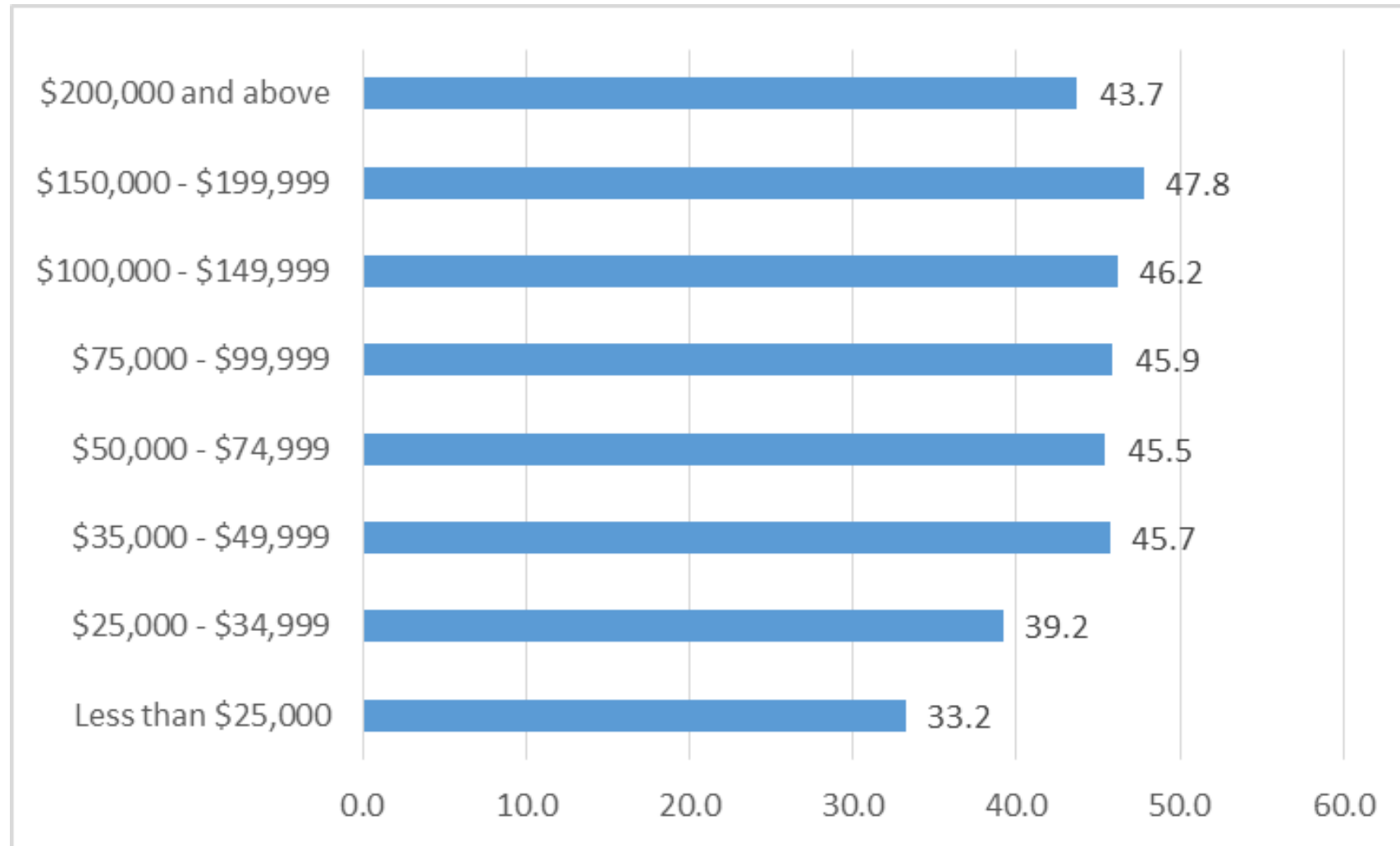
% Increased Use of Credit Cards/Apps, by Generation



* HPS Week 21



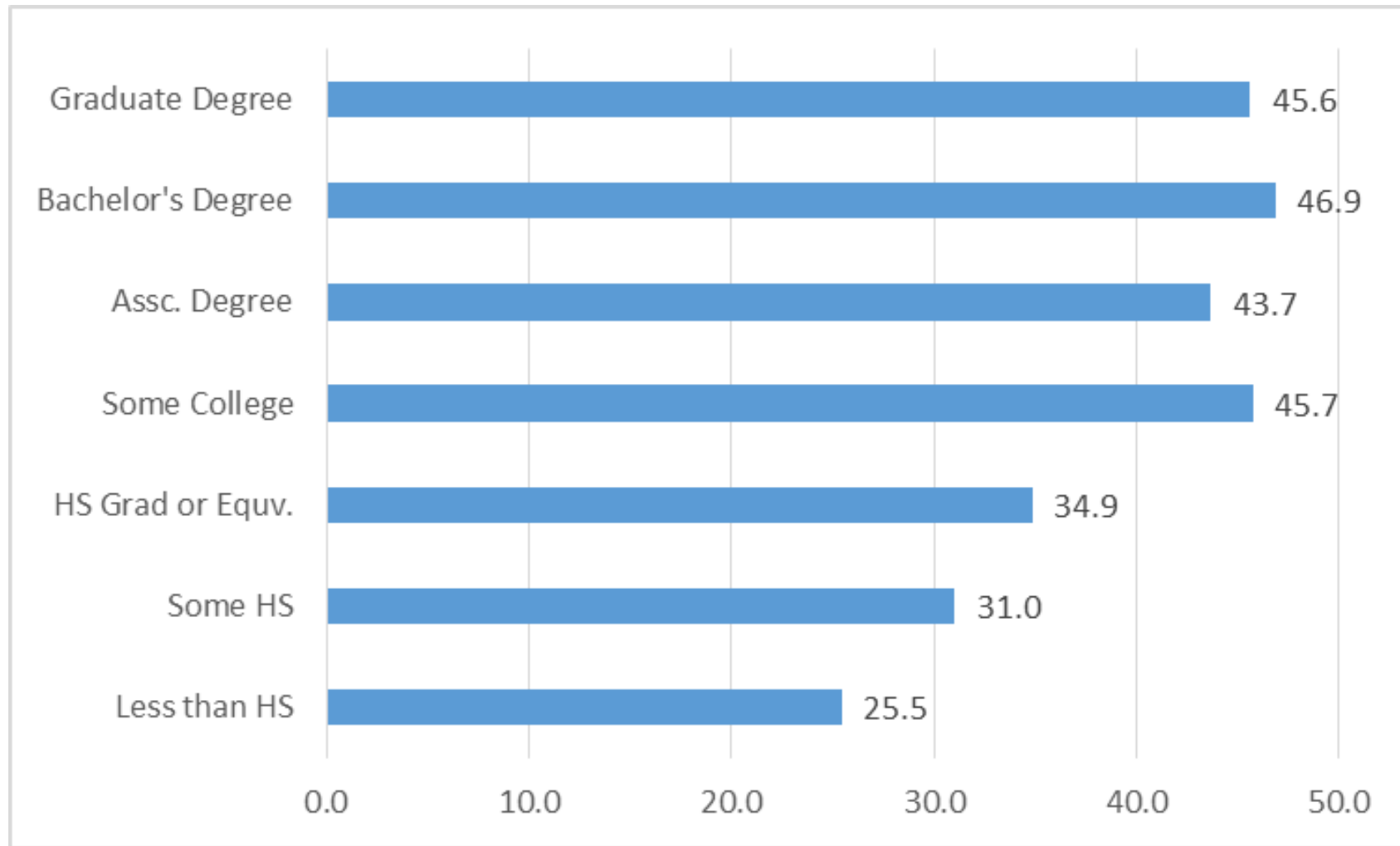
% Increased Use of Credit Cards/Apps, by Income



* HPS Week 21



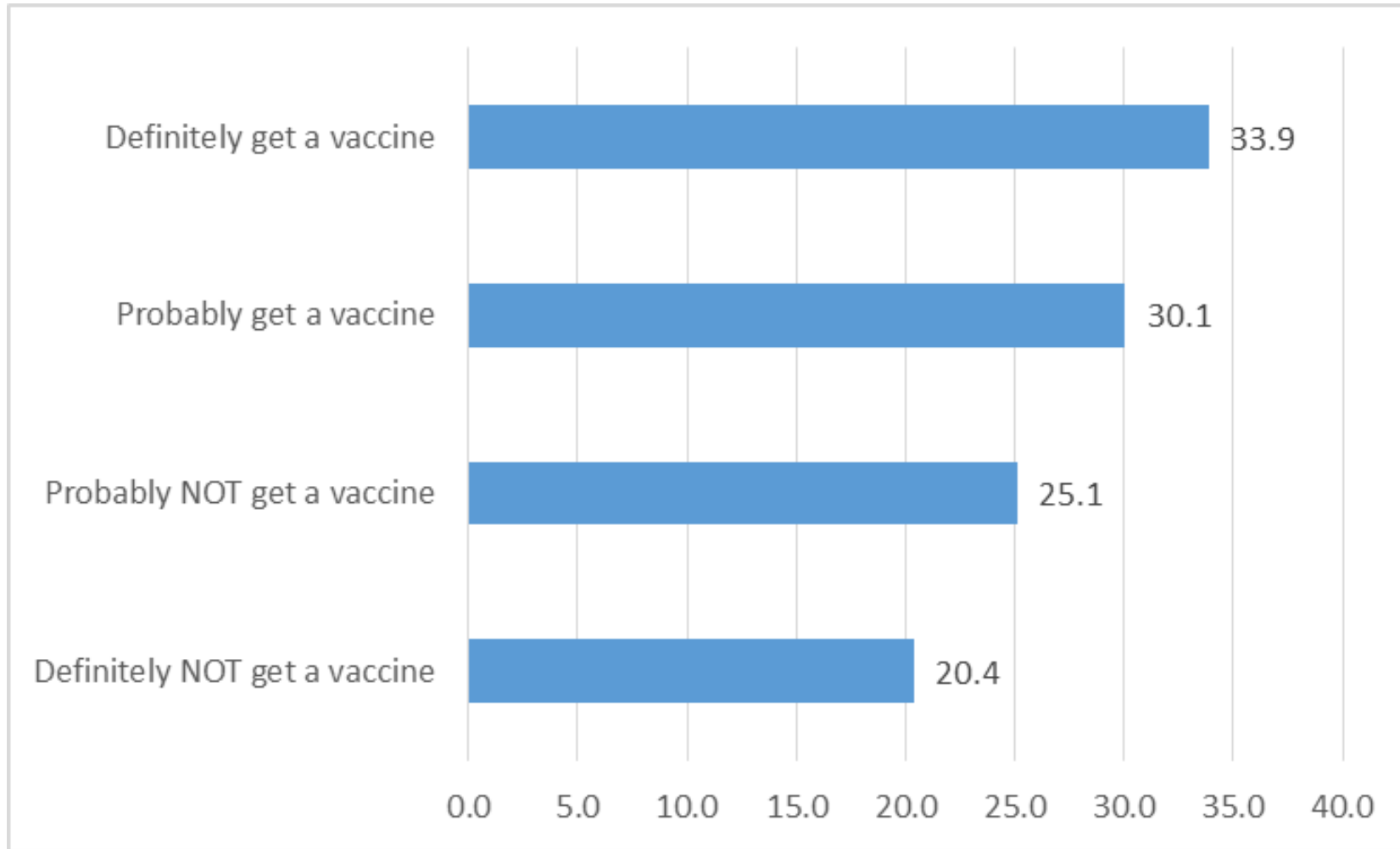
% Increased Use of Credit Cards/Apps, by Education



* HPS Week 21



% Increased Use of Credit Cards/Apps, by Vaccine Likelihood



* HPS Week 22



Key Take-Away's

Economic Impact Payment use

Although respondents were more likely to report “mostly” using the EIP to pay off debt in Phase 3, the frequency of respondents who reported using at least a proportion of the EIP for spending in Phase 3 (77%) was similar to the proportion in Phase 1 (85%)

Difficulty meeting expenses

About 60% of respondents consistently reported it was either a little, somewhat, or very difficult to meet expenses, with a slight uptick in Phase 3 in respondents who reported some financial difficulty

Consumer behavior change

Relatively high levels of protective-only changes in consumer behavior (45-50%)

Consumer payment choice during the pandemic

Respondents who were **younger, wealthier, more educated**, and **more likely to get vaccine**, were more likely to adopt increased use of credit cards and apps over cash, presumably as a protective measure



Contact Information

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