



Consumer Spending Going K-Shaped

October 2024



The consumer is still spending strongly
– **where** is what has changed.

Thus, a **K-shaped** consumer economic profile

Categories Largely Back to Pre-Pandemic Levels

Nominal PCE Re-Aggregated Pre- vs. Post-Pandemic

\$-trillions-SAAR

	<u>Q4'19</u>	<u>Q4'23</u>	<u>Q1'24</u>	<u>Q2'24</u>
Personal consumption expenditures	\$14.70	\$19.17	\$19.42	\$19.68
Fun	\$1.83	\$2.41	\$2.44	\$2.45
% of Nominal PCE	12.4%	12.6%	12.6%	12.5%
Stuff	\$1.00	\$1.37	\$1.37	\$1.38
	6.8%	7.1%	7.1%	7.0%
Durables ex. Electronics & Household Appliances & Stuff	\$0.94	\$1.25	\$1.23	\$1.24
	6.4%	6.5%	6.3%	6.3%
Electronics & Household Appliances	\$0.39	\$0.57	\$0.58	\$0.58
	2.7%	3.0%	3.0%	3.0%
Non-durable Essentials	\$1.46	\$1.94	\$1.93	\$1.95
	9.9%	10.1%	9.9%	9.9%
Healthcare	\$3.03	\$3.81	\$3.89	\$3.94
	20.6%	19.9%	20.0%	20.0%
Housing, Trans, Financial & Other Essential Services	\$5.53	\$7.08	\$7.23	\$7.35
	37.6%	37.0%	37.2%	37.3%
All Else	\$0.53	\$0.74	\$0.76	\$0.79
	3.6%	3.9%	3.9%	4.0%

How Placer.ai Works

Observe. Analyze. Present.



For any location in the U.S., Placer.ai observes a portion of the visiting customers. Akin to a statistical survey, this observed data is aggregated and used to generate insights into any venue. Placer.ai then extrapolates a range of metrics that provide visibility into consumer behavior.

01 - Observe

Anonymized location data from tens of millions of mobile devices used as a core panel.

- Visitation Trends
- Trade Area Analysis
- Customer Demographics

02 - Analyze

Accurate and reliable estimations on activity across the entire U.S. population.

- Extrapolated Panel Data
- Normalized & Debiased
- "Ground Truth" Validated

03 - Present

A wealth of detailed reports containing critical insights into what is truly happening offline.

- 10Ms Active Devices
- 1.5B Monthly Retail Visits
- 500 Mobile Apps w/ SDK

Data -- goes back to Jan '17, and as recent as three days ago

The image shows a date range selection interface. On the left, a calendar for January 2017 is displayed. The year '2017' is circled in pink. The date '1' is highlighted in a dark grey box. On the right, a date range selector is open, showing a dropdown menu for months from May to December. The year '2024' is selected. The date '21' is highlighted in a dark grey box and circled in pink. Below the dropdown menu are 'Cancel' and 'Apply' buttons.

January 2017							September 2024			
Su	Mo	Tu	We	Th	Fr	Sa	Su	Th	Fr	Sa
1	2	3	4	5	6	7	1	5	6	7
8	9	10	11	12	13	14	8	12	13	14
15	16	17	18	19	20	21	15	19	20	21
22	23	24	25	26	27	28	22	26	27	28
29	30	31					29			

02

*What's Going On
w/ the Consumer*

Circa 2022 & 2023

Four Big Shocks To Retail Over Past Two Year's



1) High Inflation In Essentials

2) Recessionary Fears and Monetary Tightening

3) Consumers Preferencing Experiences Over Goods

4) Return-to-Office

Half of Consumer Units Average \$35K / year



After Tax Income

	<u>2019</u>	<u>2023</u>	Increase
All Consumer Units	\$71,487	\$87,869	
Bottom-20	\$12,236	\$16,171	\$3,935
Next-20	\$32,945	\$40,621	\$7,676
Middle-20	\$53,123	\$66,606	\$13,483
Second from Top	\$83,864	\$104,559	\$20,695
Top-20	\$174,777	\$211,042	\$36,265

\$34,917

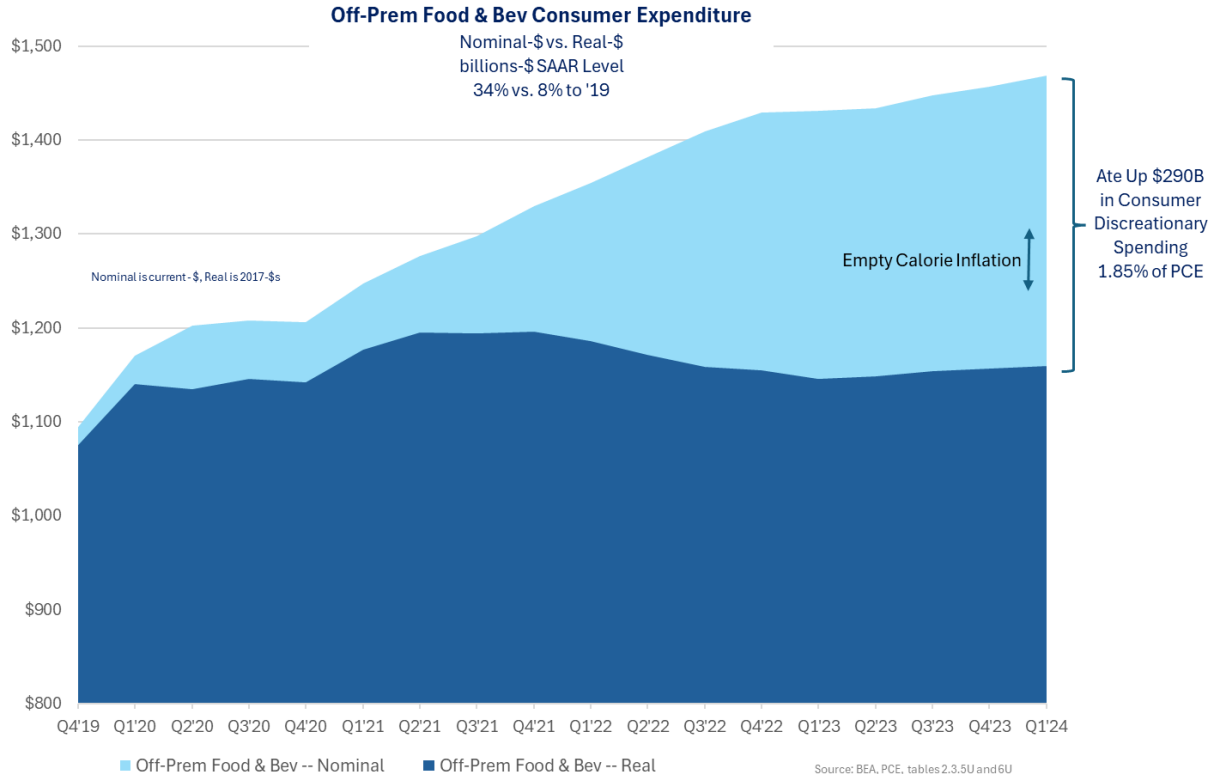
Weighs on sentiment & CPG category spend, but doesn't drive PCE

Consumer Expenditure Survey

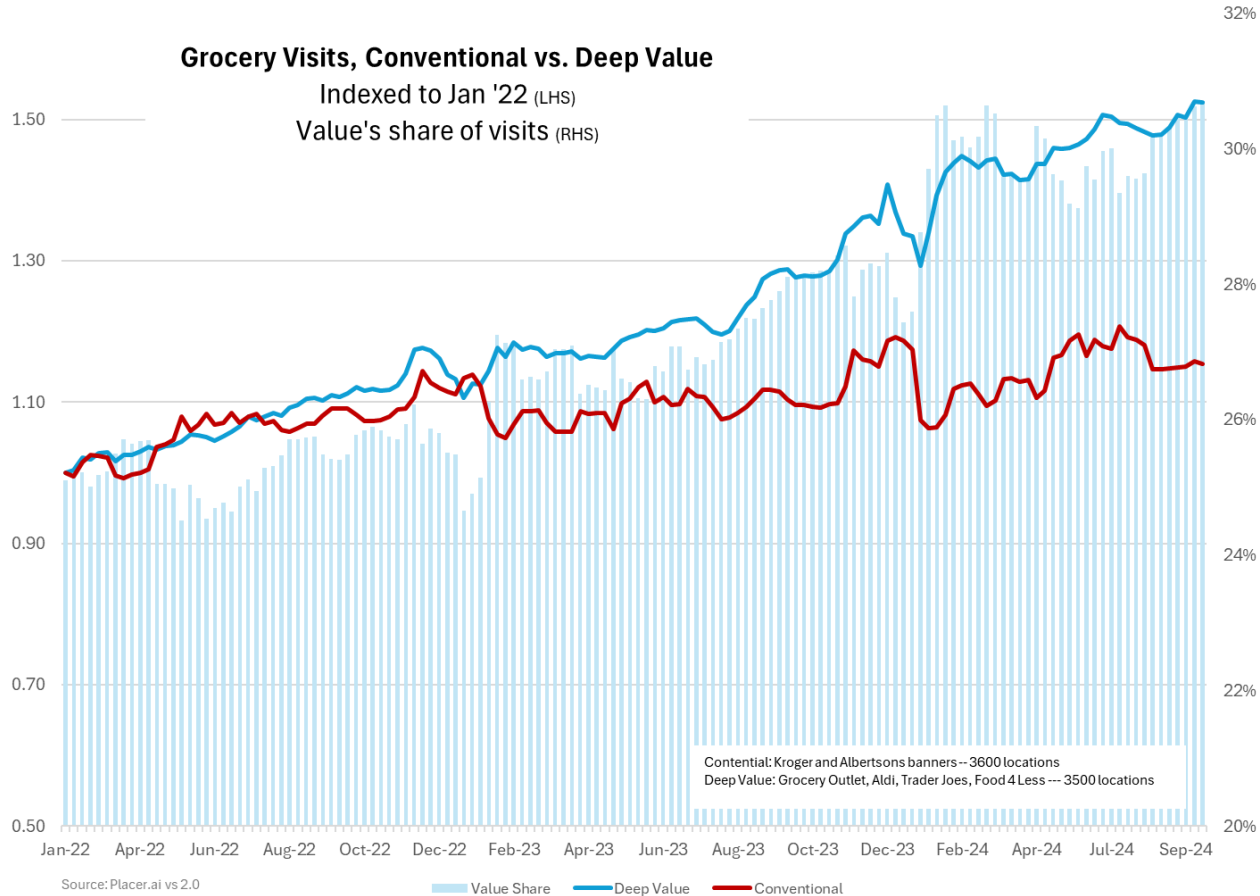
Views On Inflation Are Shaped by Food Inflation



How are consumers adjusting to unprecedented food inflation?



Consumers Seeking Out Value to Stretch their Dollars



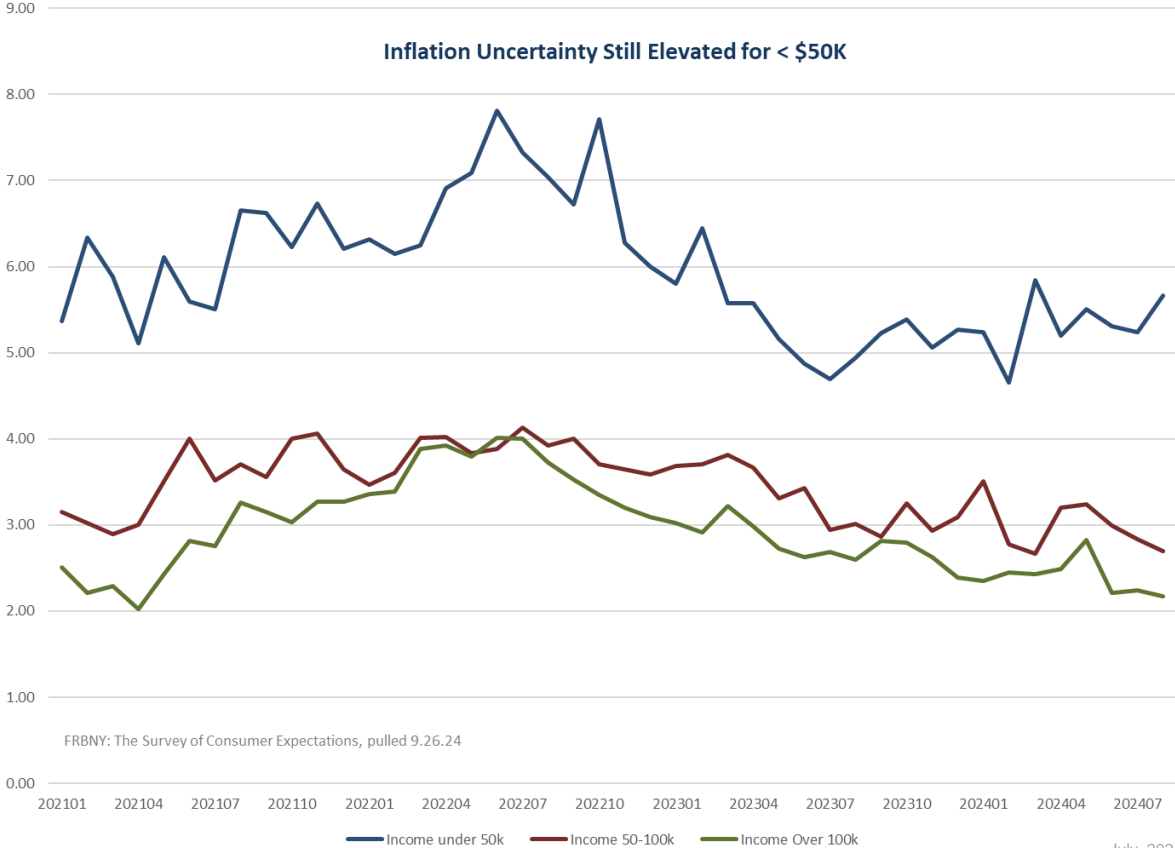
Frequency of Visit Up – Picking Deals

Aldi Visitors by Frequency

May - July '24 vs. '23

At least once	22%
Twice	22%
Three Xs	27%
Over 3Xs	31%

FRBNY Consumer Inflation Uncertainty Index

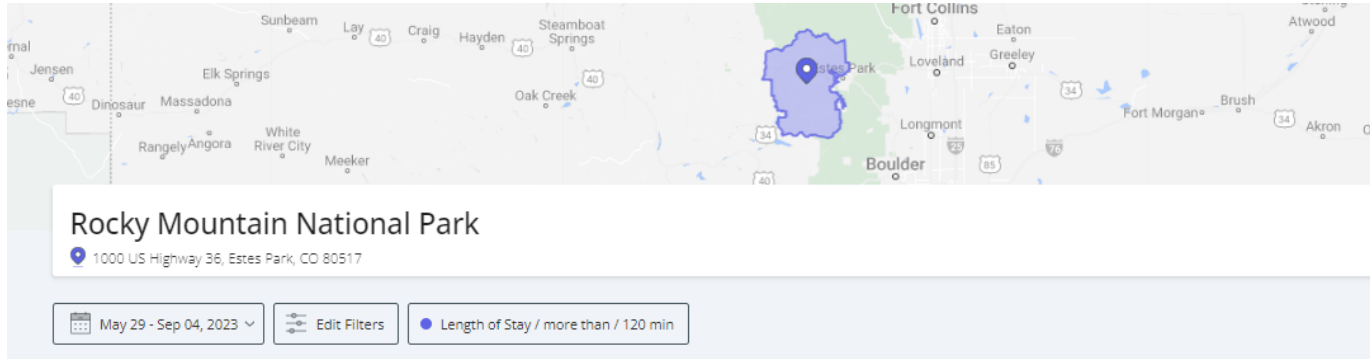


Four Big Shocks To Retail Over Past Two Year's



- 1) High Inflation In Essentials
- 2) Recessionary Fears and Monetary Tightening
- 3) Consumers Preferencing Experiences Over Goods**
- 4) Return-to-Office

2022 Was Out & About, But Clustered & Domestic, 2023 Was Shorter Visits & Abroad



2019	Visits	321.4K	Visitors	201K	Average Stay	526 min
2022	Visits	349.5K	Visitors	215.2K	Average Stay	495 min
2023	Visits	336.7K	Visitors	234.8K	Average Stay	381 min

More visitors, shorter duration stays

2023 Was Shorter Visits, Beyond, & Abroad



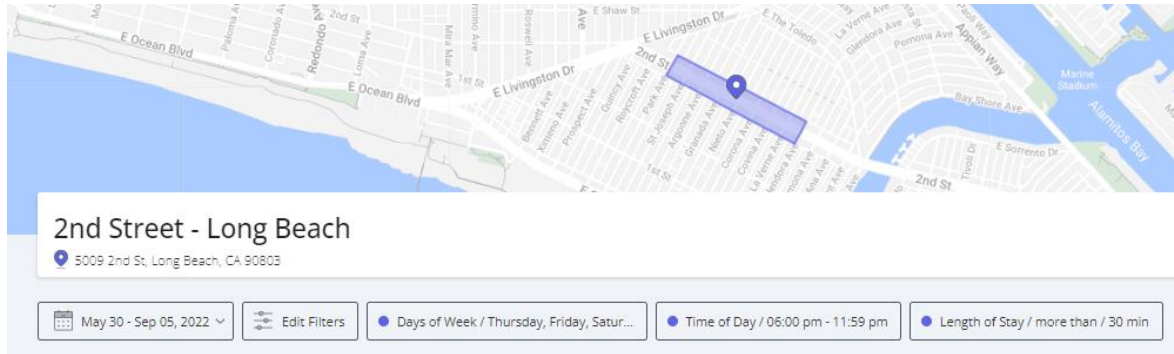
Lake Geneva, Wisc.

Memorial Day - Labor Day

	Visitors (thousands)	Visits (thousands)	Average Stay (min)
2019	98.8	155.3	312
2022	112.4	207.0	372
2023	107.1	188.3	363

Source: Placer.ai, dwell time >2 hrs

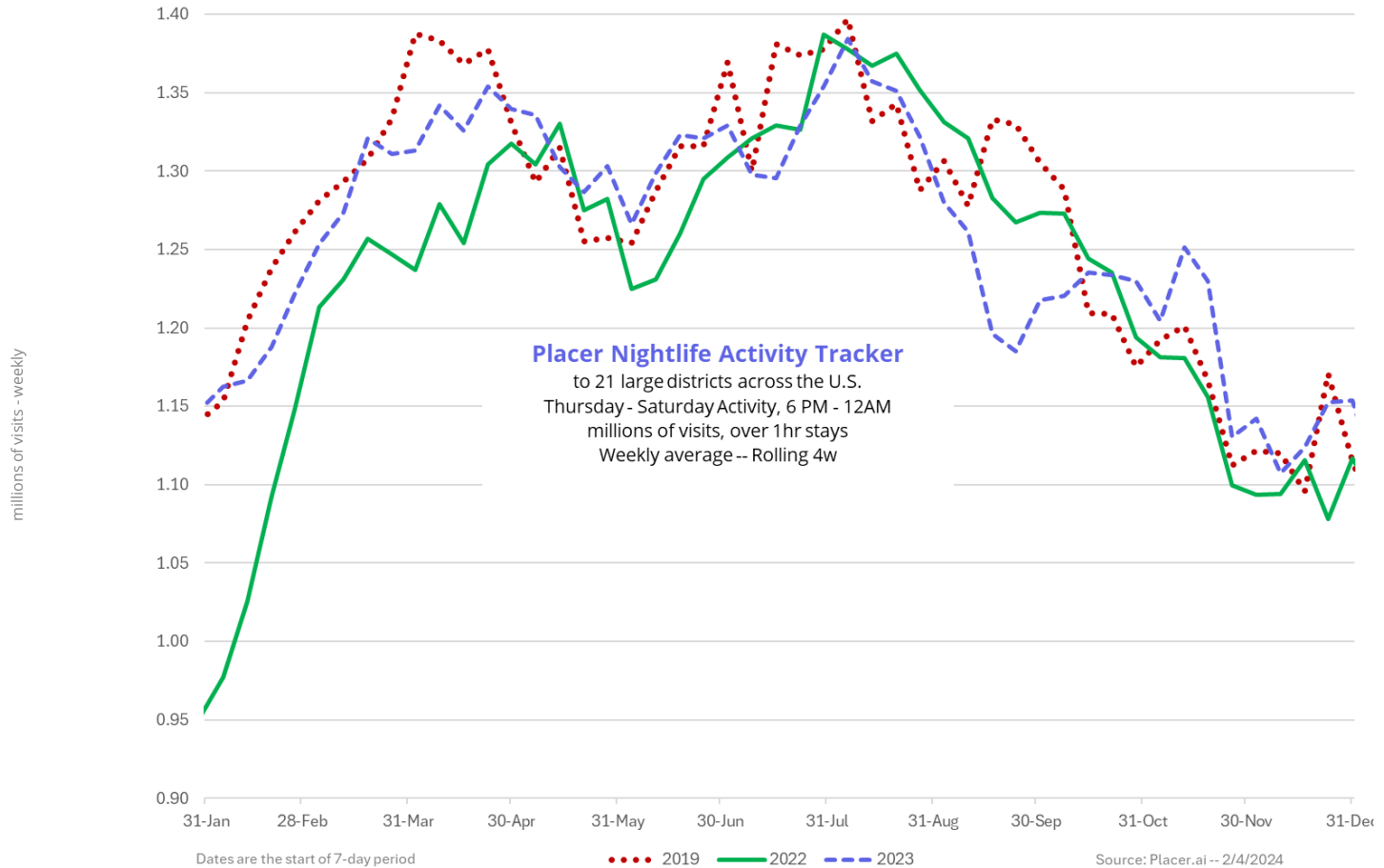
Visitation To Long Beach's Night Life District -- 2023 Up Strongly



Memorial Day - Labor Day

	Visitors (thousands)	Visits (thousands)	Average Stay (min)
2019	125.7	183.2	114
2022	136.9	191.4	120
2023	151.4	214.0	120

Placer's Nightlife Index



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Circa 2024

2024's Dynamics

1. High Inflation in Essential Services Hit the Non-Affluent

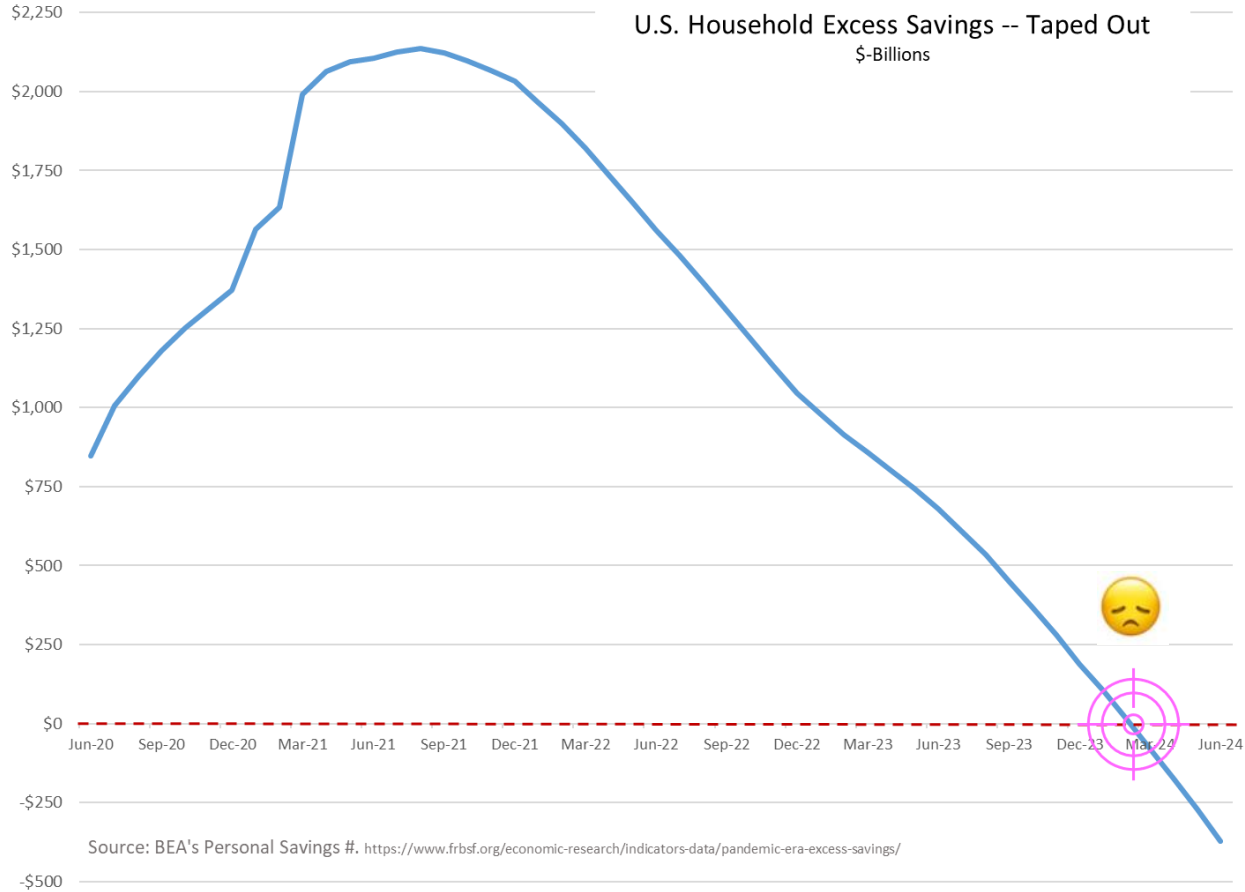
Further depletion in savings and spending power being drained by higher interest expense and high inflation in essential services (i.e. insurance). With time, these are creeping higher from lower income to middle+ income.

2. Consumers will spend where there are absolutely lower prices than last year

The Result

A **Thrifty** K-Shaped Economy

Excess Savings – Spent



Higher Interest Expense Cutting Into Spending Elsewhere

Banks really tightened credit starting in '24

Revolving Interest Expense vs. Discretionary Personal Consumption

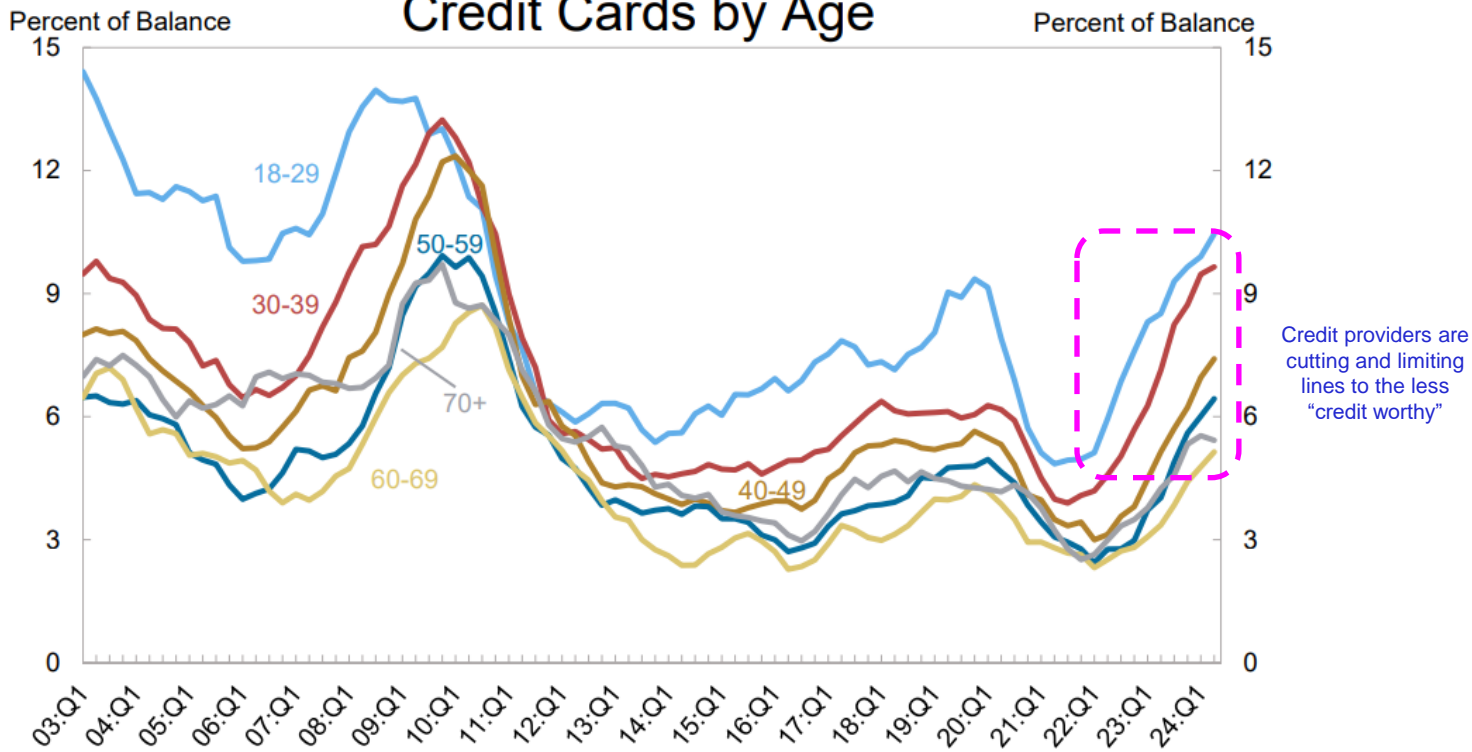
\$-billions

	2019	2020	2021	2022	2023	Q1'24	Q2'24
Debt Outstanding	\$1,092	\$975	\$1,054	\$1,213	\$1,319	\$1,340	\$1,344
Avg Rate	14.9%	14.7%	14.6%	16.3%	20.9%	21.6%	21.5%
Annualized Expense	<u>\$162</u>	\$143	\$154	\$197	\$276	\$289	<u>\$289</u>
Discretionary PCE	\$3,502	\$3,274	\$4,087	\$4,470	\$4,731	\$4,769	\$4,802
Expense to PCE	4.6%	4.4%	3.8%	4.4%	5.8%	6.1%	6.0%

Sources: Debt -- Consumer Credit - G.19, Rates FRED TERMCBCCALNS, PCE -- BEA Table 2.4.5U

The increased % would be far higher for the less affluent -- larger numerator increase on a smaller denominator

Transition into Serious Delinquency (90+) for Credit Cards by Age



Credit providers are cutting and limiting lines to the less "credit worthy"

Note: 4 Quarter Moving Sum.

Age is defined as the current year minus the birth year of the borrower.

Age groups are re-defined each year.

Source: New York Fed Consumer Credit Panel/Equifax

2023 Was Peak “More Fun”, 2024 Was “Normal”

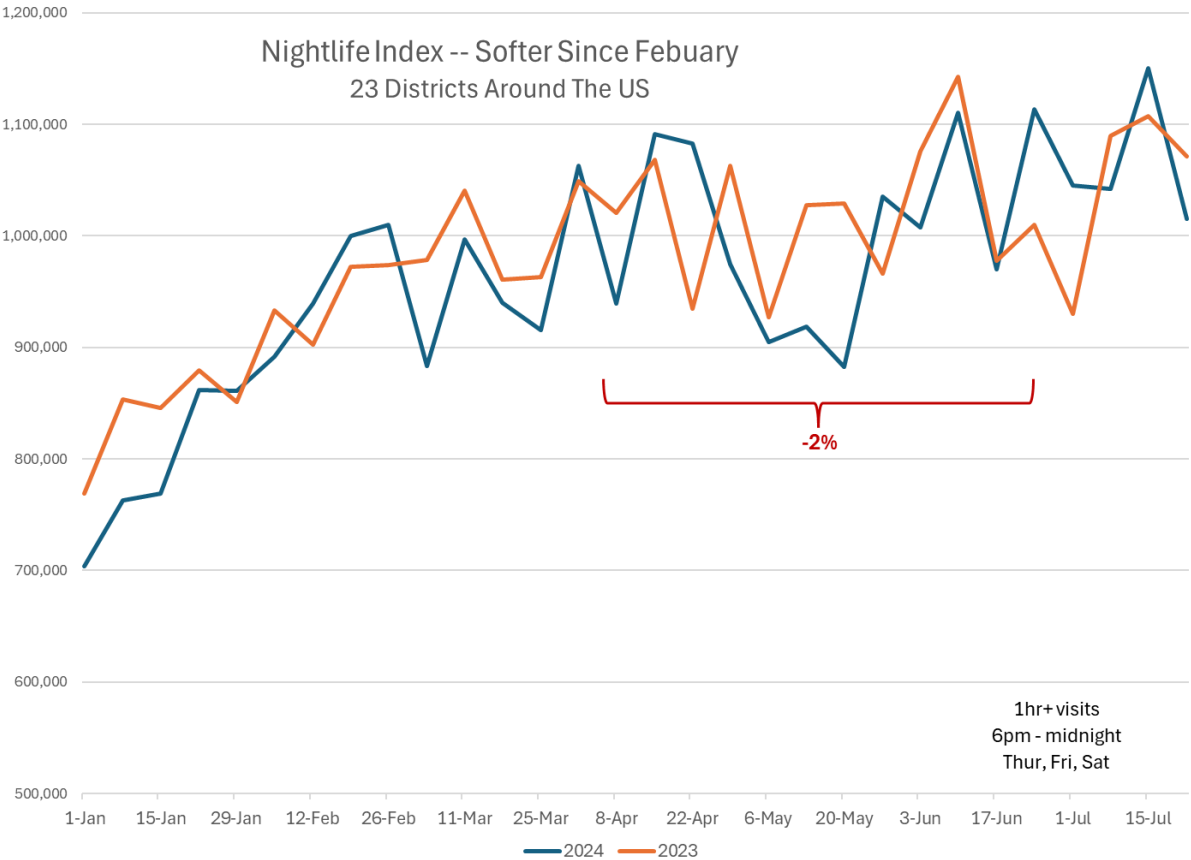
Nominal PCE Re-Aggregated Pre- vs. Post-Pandemic

\$-trillions-SAAR

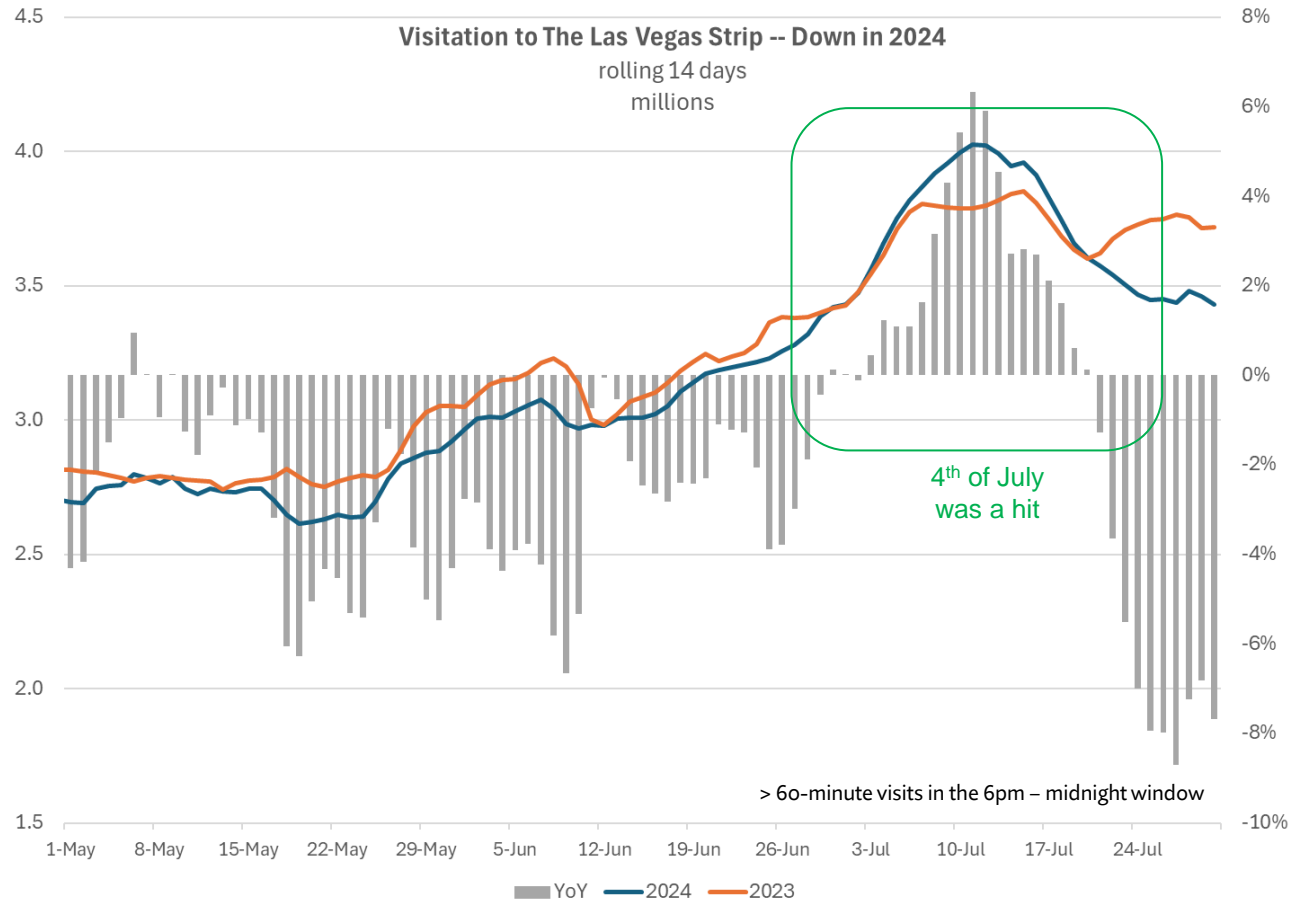
	<u>Q4'19</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>	<u>Q2'23</u>	<u>Q3'23</u>	<u>Q4'23</u>	<u>Q1'24</u>	<u>Q2'24</u>
Personal consumption expenditures	\$14.70	\$17.88	\$18.11	\$18.51	\$18.69	\$18.93	\$19.17	\$19.42	\$19.68
Fun	\$1.83	\$2.14	\$2.21	\$2.29	\$2.31	\$2.35	\$2.41	\$2.44	\$2.45
% of Nominal PCE	12.4%	12.0%	12.2%	12.4%	12.4%	12.4%	12.6%	12.6%	12.5%
YoY % Ch			16.9%	19.2%	11.3%	9.9%	9.2%	6.3%	6.1%

- ✓ Airlines, theme parks, & Vegas planned for “Peak More” to continue, it didn’t.
- ✓ 2024 has been normal in aggregate. Underneath, affluent robust, non-affluent weak.

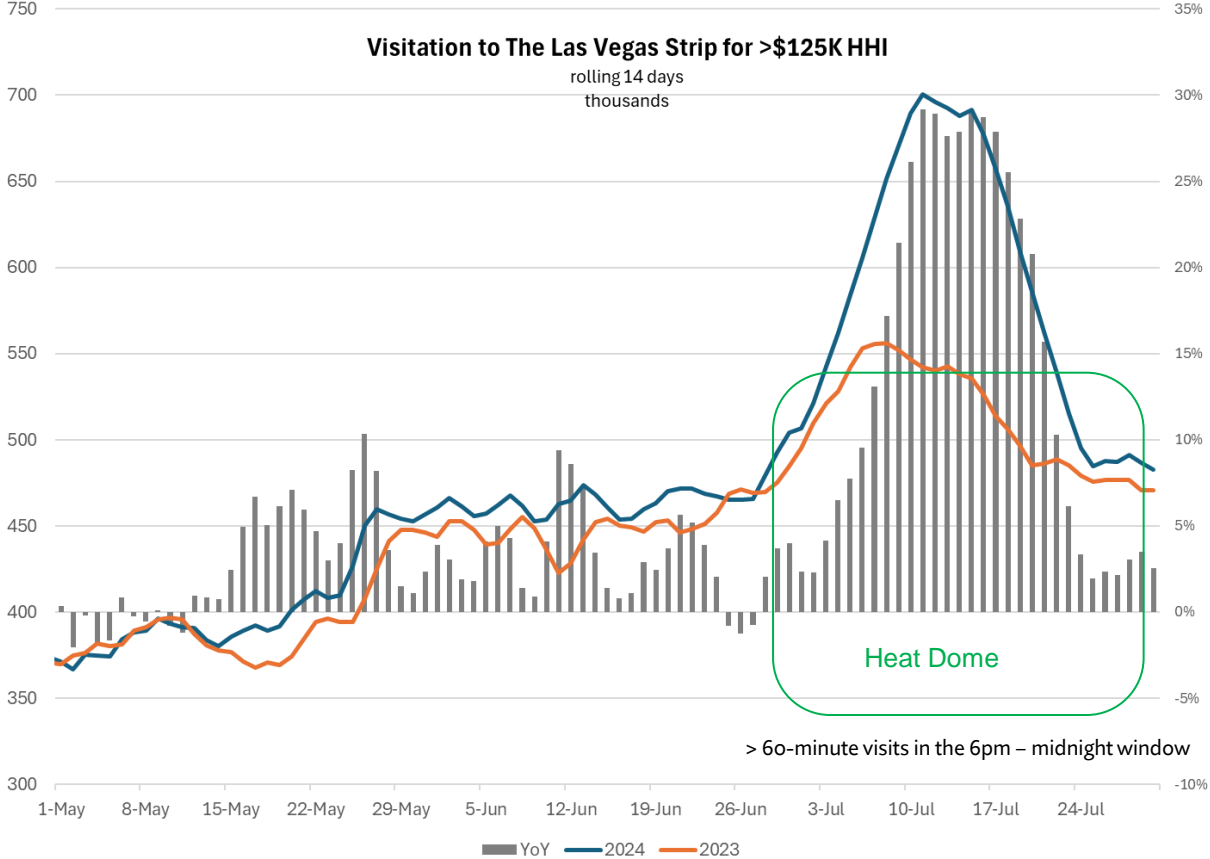
Less Revelry This Year



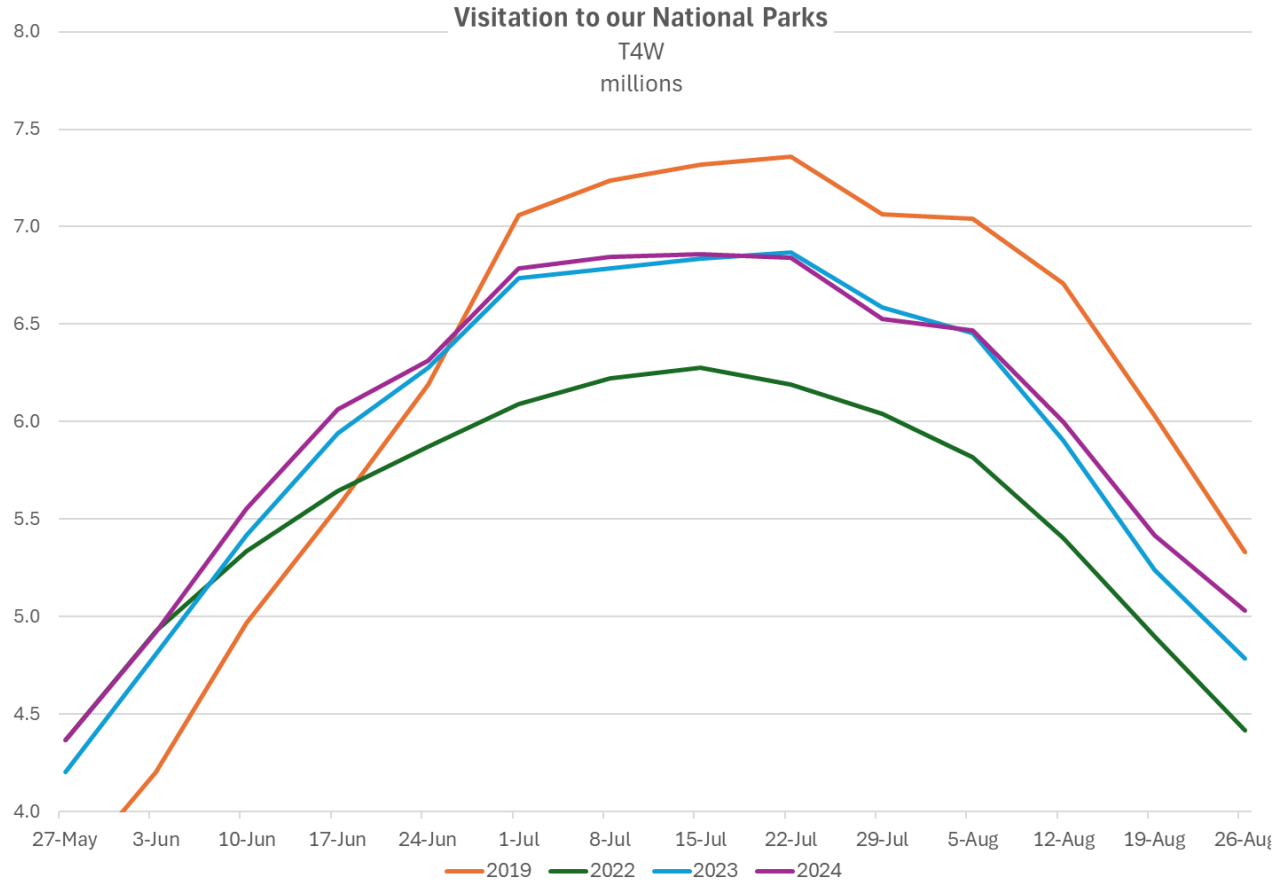
Less Vegas This Year – Down Overall



Vegas This Year – Up for the Affluent



National Parks' 2024 vs. 2019



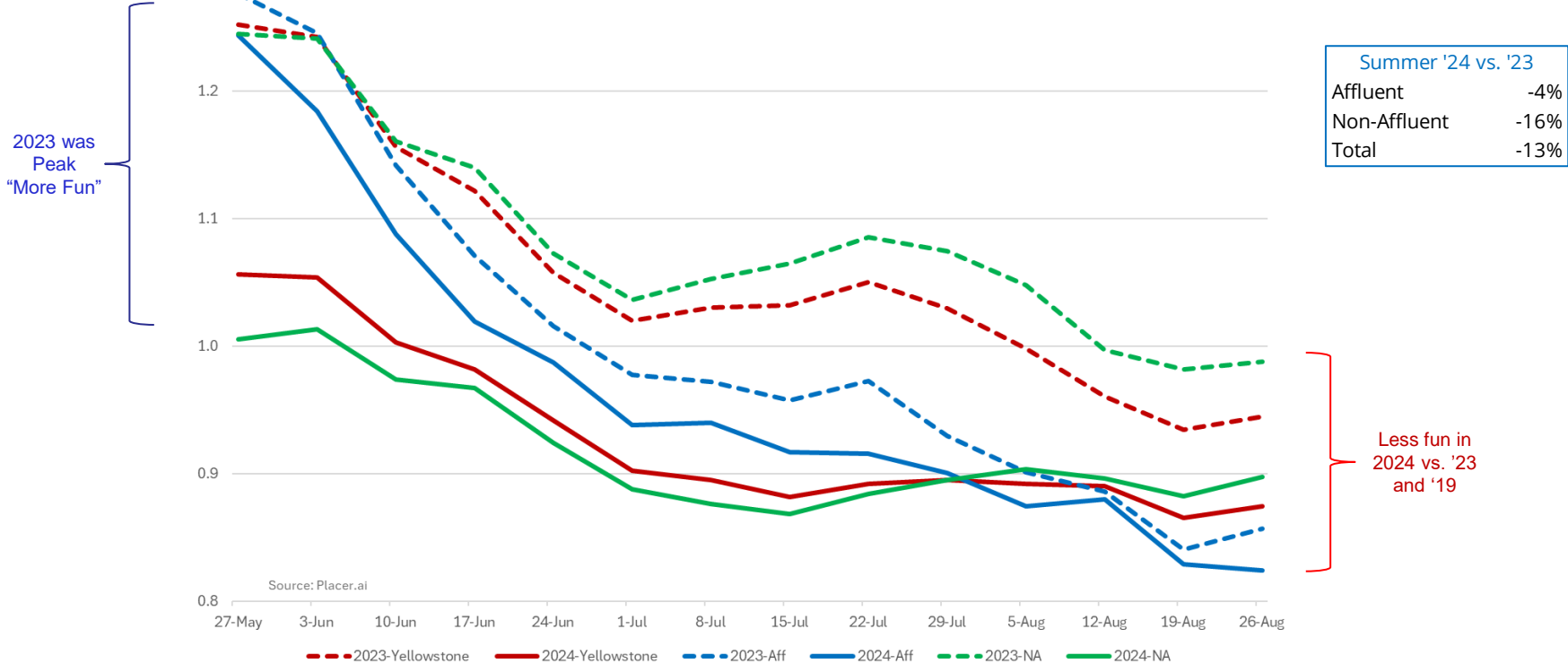
National Parks' 2024: Cayahoga #1

Domestic Visitation: Summer of 2024 vs. 2019

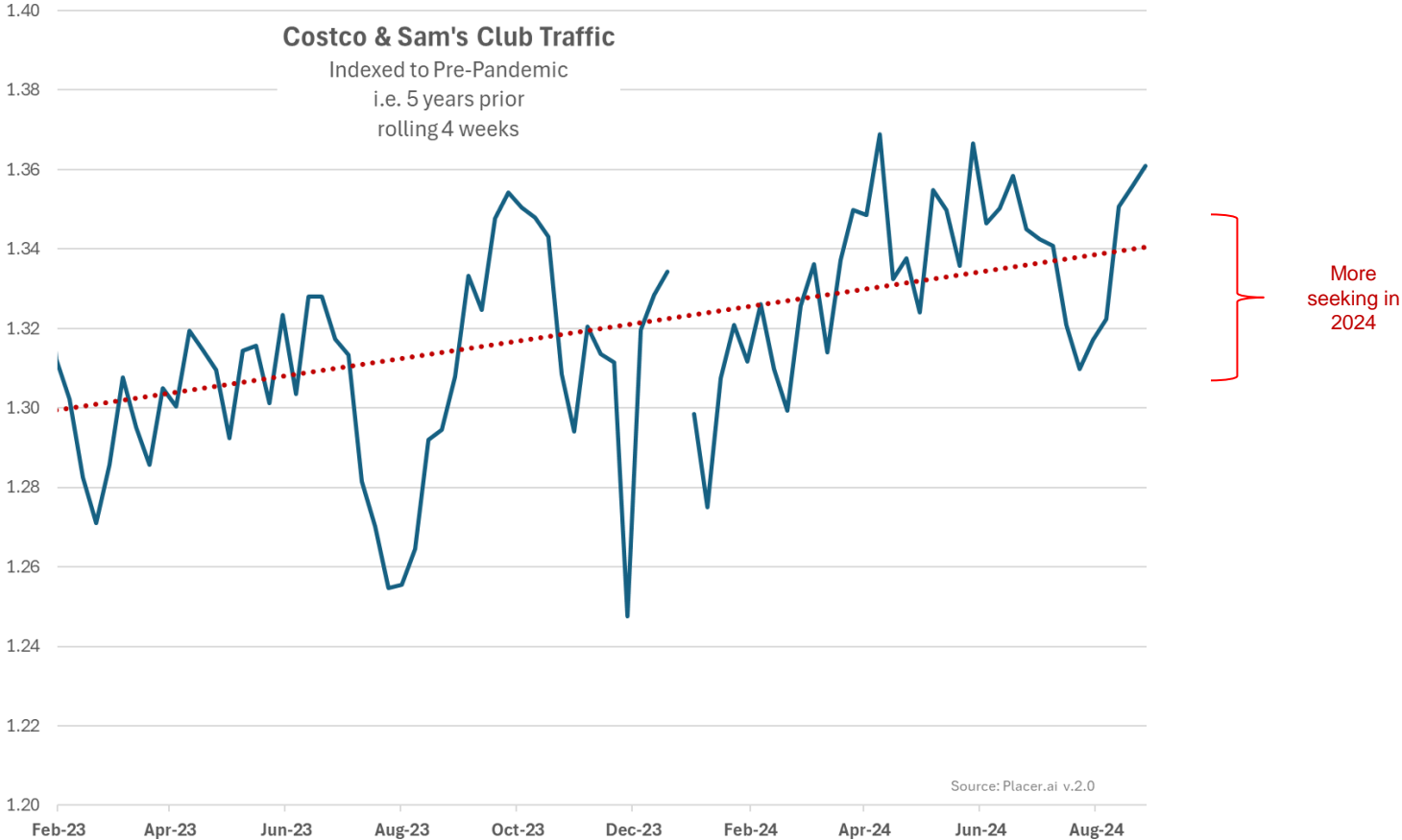
	Share of Visits		Visits vs. 2019
	2019	2024	
Cuyahoga Valley National Park	10%	12%	21%
Yellowstone National Park	13%	11%	-13%
Great Smoky Mountains National Park	9%	9%	4%
Grand Teton National Park	9%	9%	-5%
Yosemite National Park	9%	9%	-6%
Grand Canyon National Park	8%	6%	-23%
Canyonlands National Park	6%	6%	-2%

Yellowstone '23 / '24 vs. 2019

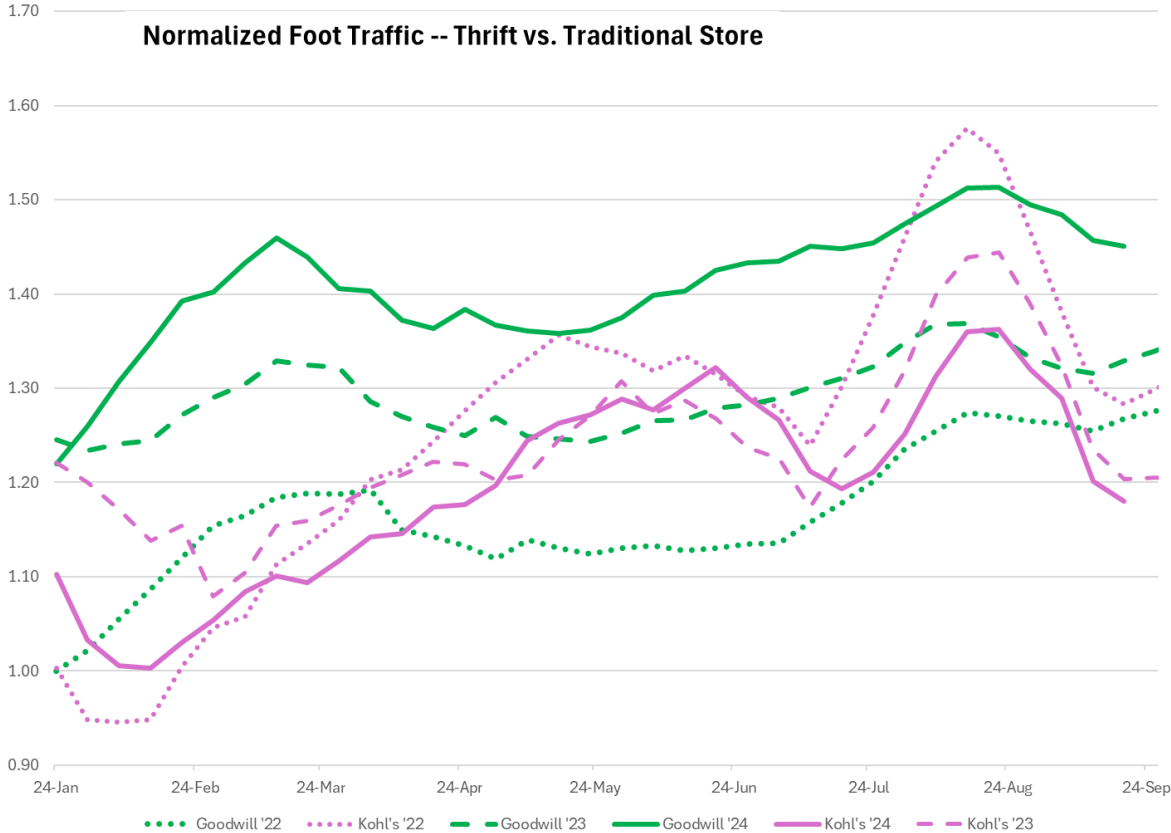
Vistation to Yellowstone National Park by Demo
 >\$100K HHI (affluent) vs. <\$100K (non-affluent)
 indexed to 2019



Seeking Out Lower Prices



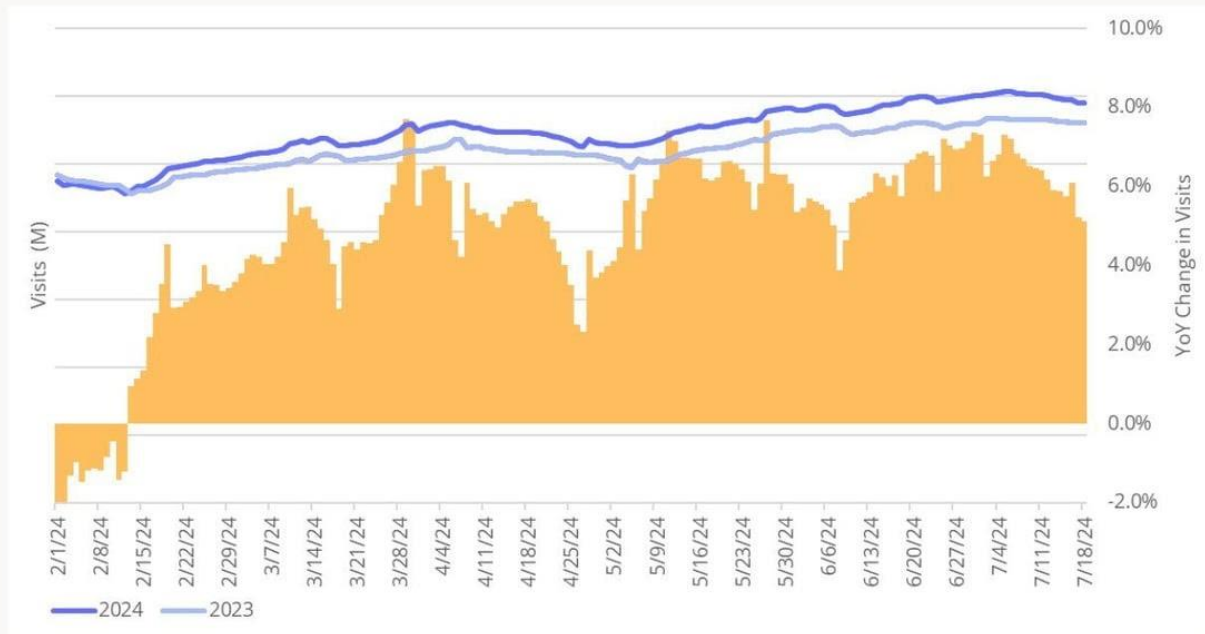
Thrift is "In Style" When Food Inflation is Hot



High-End Is Up

Luxury Index: Visit Trendline and YoY Change in Weekly Visits

Presented Using Rolling Four-Week Data



About Us:



Director of Research & Business Development, Placer.ai

Thomas Paulson spent 20 years as a Wall Street analyst and a member of significant asset management teams at AllianceBernstein and Cornerstone Capital where he represented top-50 ownership positions in such companies as Target, Home Depot, Ralph Lauren, Nike, Disney, Comcast, Amazon, Google, and many more. Prior to this tenure, Thomas was an economist, mechanical engineer, and an early-stage-VC. Thomas is also a Badger (economics) and Gopher (engineering and MBA) – making him both a weasel and a rodent.

+1-612-986-6475

thomas.paulson@placer.ai

[LinkedIn](#)

Placer.ai

Placer.ai went commercial in 2018. Its over 800 full time employees support over 3,500 enterprise customers that include most of the US' large commercial retail real estate operators, retailers, municipalities, theme parks & entertainment entities, as well as many consumer product manufacturers and investment / asset managers. Firms become customers through an annual licensee contract.