



## Optimism Is Always the Best Medicine



Business, financial markets, media and all of life are constantly cycling from highs to lows to highs again. The pandemic has been an unprecedented event for almost everyone alive today. The last equivalent experiences are the administering of the polio vaccine to every school child during the 1950s, which only Baby Boomers would remember, and then the rationing and other restrictions during World War II, which affected the oldest Americans when they were children.

It's unsurprising, therefore, that the last two years have been difficult. The rapid contraction and expansion of the economy and employment and the remote/hybrid work trend have made it difficult to manage businesses of all sizes. The significant supply-chain issues, especially international shipping, have negatively affected manufacturing and bringing what is manufactured to the retail market, the auto industry being a prime example.

The government stimulus payments helped many families endure the pandemic, but they also put so much money in people's pockets that the demand for products of all kinds increased faster than the supply chain could deliver the goods. It will take some time for the entire global system of parts and products for manufacturing and retail and their shipping to correct itself.

A recent article in the Big Technology newsletter, written by independent journalist Alex Kantrowitz, shared some good news: The costs of international shipping are starting to ease – a critical step to rebalancing the economy and a reason to be optimistic.

During May 2021, some shippers reported the cost to ship a container increased ten times, from \$2,000 to \$20,000, which are hard costs passed to manufacturers and wholesalers and thence to consumers. As of June 2022, however, that \$20,000 to ship one container of imports has decreased 1.5 times to an average of \$8,000. Still four times the pre-pandemic amount of \$2,000, but certainly a welcoming trend. Flexport, a freight forwarder, reported shipping transit times had decreased 35% and the US ports receiving those containers are less congested.

Of course, all this history also has affected local ad spending, but an important part of your job is to share this and other positive information to spread optimism among the local business community and advertisers.

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## Summer Sales Are Bucking Shoppers' Inflation Worries

Another reason to be optimistic is the findings from a new Adobe Commerce US consumer study. Of greatest interest are the 61% of respondents who said they were excited by sales events during summer 2022, such as Amazon Prime Day, and the 76% who are planning to spend more or the same as summer 2021.

Consumers are wise enough to understand that as inflation increases so does the cost of goods today and tomorrow. Among those surveyed, 32% are using summer sales to save money on holiday shopping and 23% on back-to-school purchases.

Unsurprisingly, it's the youngest adults who are most attracted to summer sales: Gen Zers (85%) and Millennials (79%), but Gen Xers (64%) and Baby Boomers (38%) are ready to spend too.

### Consumers' Top Spending Categories for Summer Sales, June 2022

Category	Percent
Clothing/Apparel	43%
Home goods/improvement	29%
Health & beauty	26%
Computer/Electronics	22%
Pet products	17%
Toys	16%

*Chain Store Age (Adobe), June 2022*

Inflation, however, will have an impact on summer sales spending, as the Adobe survey found almost one-quarter won't be spending during Amazon Prime Day because of fewer discretionary dollars. Similar reasons include "worried about the economy and its impact on their financial situation" at 21%, "shifting spending to necessities" at 20% and "putting extra money into savings" at 15%.

The survey also indicates consumers are continuing to drive various e-commerce trends. Half of consumers said they are more inclined to make purchases on mobile phones, compared to 26% in-store and 24% on desktop/laptop computers.



The supply-chain and inventory challenges at many stores caused 57% of respondents to say they went online to shop because stores didn't have what they wanted. Another enduring e-commerce trend is searching online for better prices and reading reviews before an in-store purchase, which was cited by 76% of consumers.

The Buy Now, Pay Later (BNPL) payment method remains popular, primarily among Gen Zers and Millennials and 43% favor retailers who offer BNPL.

The Adobe survey is a call-to-action for retailers to make summer sales a priority as the world waits for the economic cycle of high inflation and other challenges to abate.

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**More Home Sales, More Consumer Purchases** – The residential real estate market is working through its challenges and they are explained in the Real Estate Market 2022 Profiler PLUS.



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