



As Businesses Reopen, Many Americans Plan to Spend Less

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by Breanna T Bradham

The novel coronavirus—which has infected almost three million people and killed more than 130,000 in the U.S. alone—has roiled the economy and brought many aspects of American social life to a halt. With many states reopening despite the recommendations of public health experts, new data show consumers may not be prepared to return to pre-pandemic spending levels.

More than 40% of people who spent money on movies, event tickets or at bars before the pandemic now plan to spend less on those activities, according to a new survey for CreditCards.com.

The planned cutbacks may compound the already massive economic impact of the virus. As cases spiked this spring, states shut down or restricted many businesses, such as salons and restaurants. Sports leagues postponed their seasons and concerts were cancelled. The unemployment rate remains above 10% and many of the virus-related layoffs that once appeared temporary are becoming permanent.

More than 60% of small businesses said they needed spending to return to normal by the end of the year to stay open, according to American Express data, but the pandemic may have longterm effects on spending habits. While business owners have found creative ways to bring in money during the shutdowns, half of Americans aren't looking forward to going back to a bar, and more than one-third aren't excited about heading out to a sports game, movie or live event, according to a recent survey by Bloomberg and MorningConsult.

"The biggest fear that people seem to have is the virus itself," said Ted Rossman, industry analyst at CreditCards.com. "The things that people are planning to cut back on are some of the things that are much harder to keep your distance." Americans may have also learned to live without some of these expenses over the past few months, he said. Instead of paying for a gym membership, for example, they may now be satisfied with working out at home or a local park.

While many plan to spend less on movies, sports and concert tickets, dining out and haircuts, some plan to spend more on charity (28%), housekeeping (26%) and child care (32%). School districts have yet to settle on reopening plans, but many are preparing a mix of in-person and remote education that would continue to place an increased burden on parents, more than half of whom expected child care costs to be higher than before the virus, according to a May survey by Care.com.

Consumers seem aware of the impact their spending can have on struggling businesses and employees. When they do spend money, 59% of respondents said they were tipping more, going to local businesses more than usual or paying for services even when those services couldn't be provided. "Customers do seem to value small businesses and want to help keep them afloat," Rossman said. "But I think it's going to be a tough road for them."

The data was collected by YouGov for CreditCards.com from June 17 to 19, surveying 2,332 U.S. adults and using a weighted, non-probability sample.

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