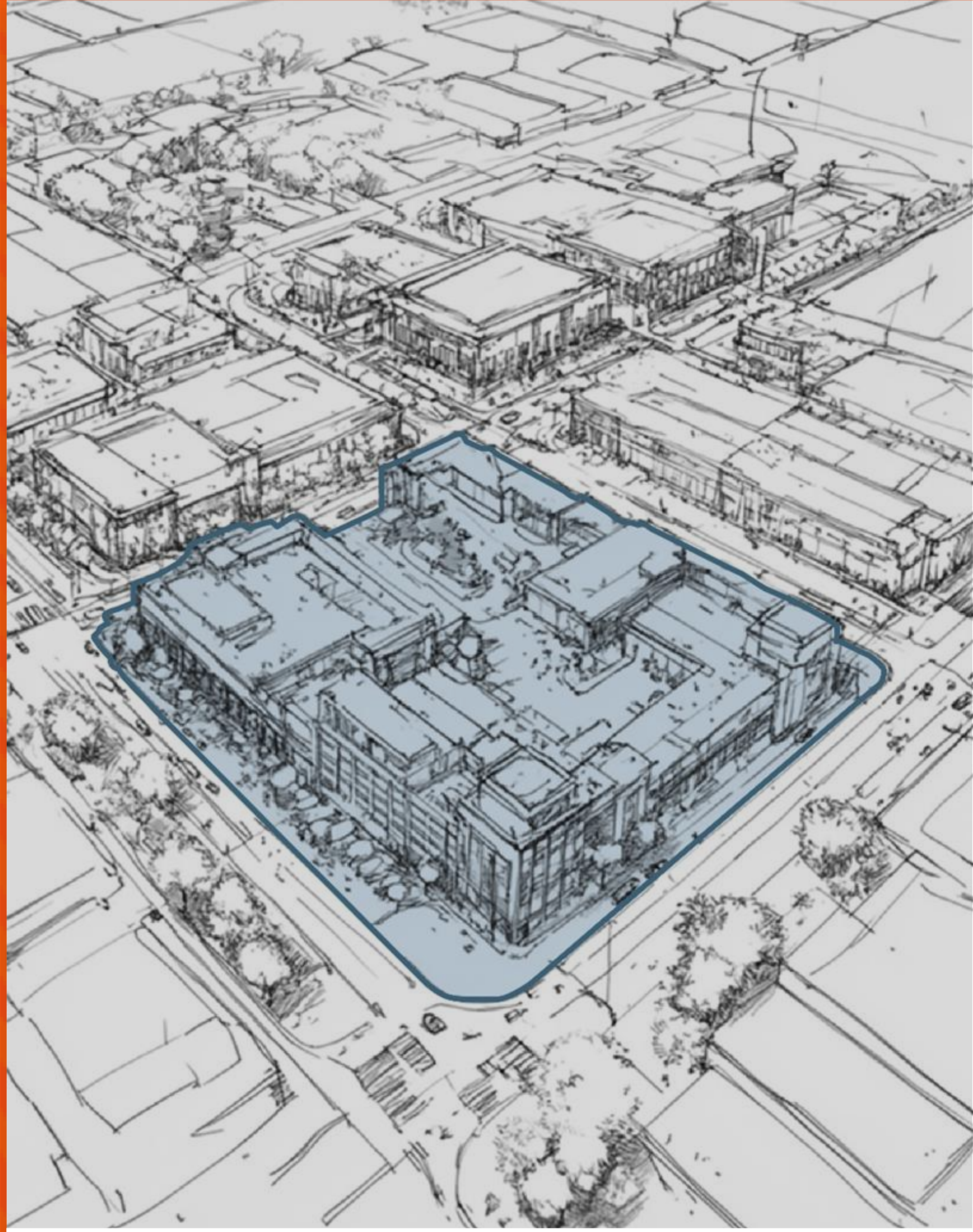
Consumer Spending during Inflation 2.0



PRESENTED BY

Thomas Paulson
Head of Market Insights, Advan Research

NABE Annual Meeting

Oct 14th, 2025

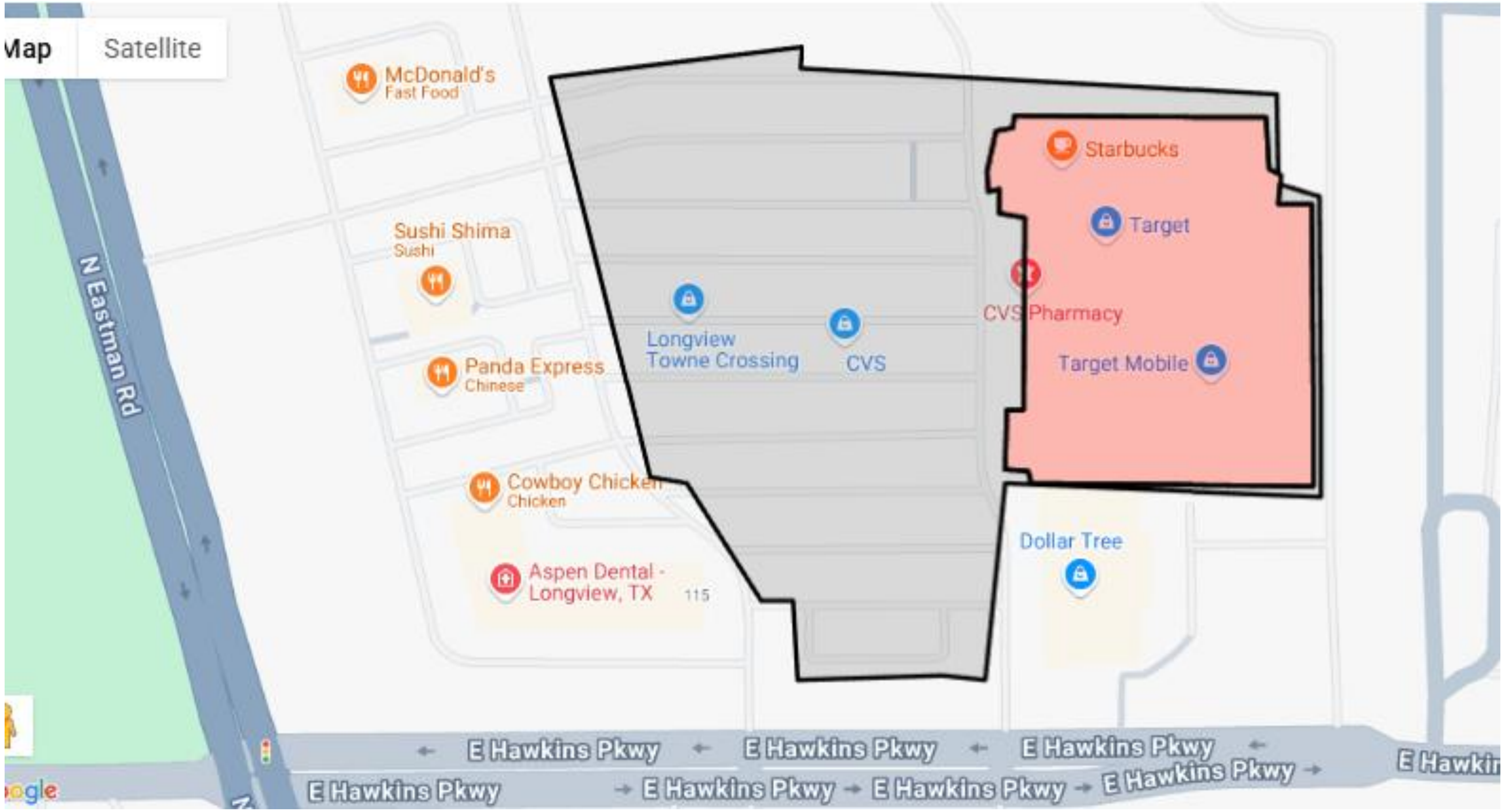
Observations

- Our Thrifty K-Shaped Economy has extended into the 2H, and tariff pass-throughs are just starting, setting up the 2H and 2026 for more of the same
- "Value" is capturing market share – private brands, off-price, thrift stores, extending the gains of 2023 and '24
- However, "value" is a nuanced word. Hermes, Don Julio, The Four Seasons, and Disney continue to post strong gains as their consumers are affluent and find value in these brands. By contrast, Louis Vuitton, Casamigos, non-Wynn Vegas, and Universal have experienced declines.
- Brands (in CPG) that appeal to **all consumers** are seeing acute volume declines, especially in food
- Still seeing recent evidence of the paycheck cycle
- Since August, the high-end has accelerated, leading September retail sales to be slightly stronger than the prior 3-month trend

CPG -- consumer packaged goods

Advan's Data

Geofenced Target w/ and parking lot in Longview, TX



Advan Data

Estimated contextualized activity at any place in the US

✓ Foot traffic data sourced from 40M mobile phones

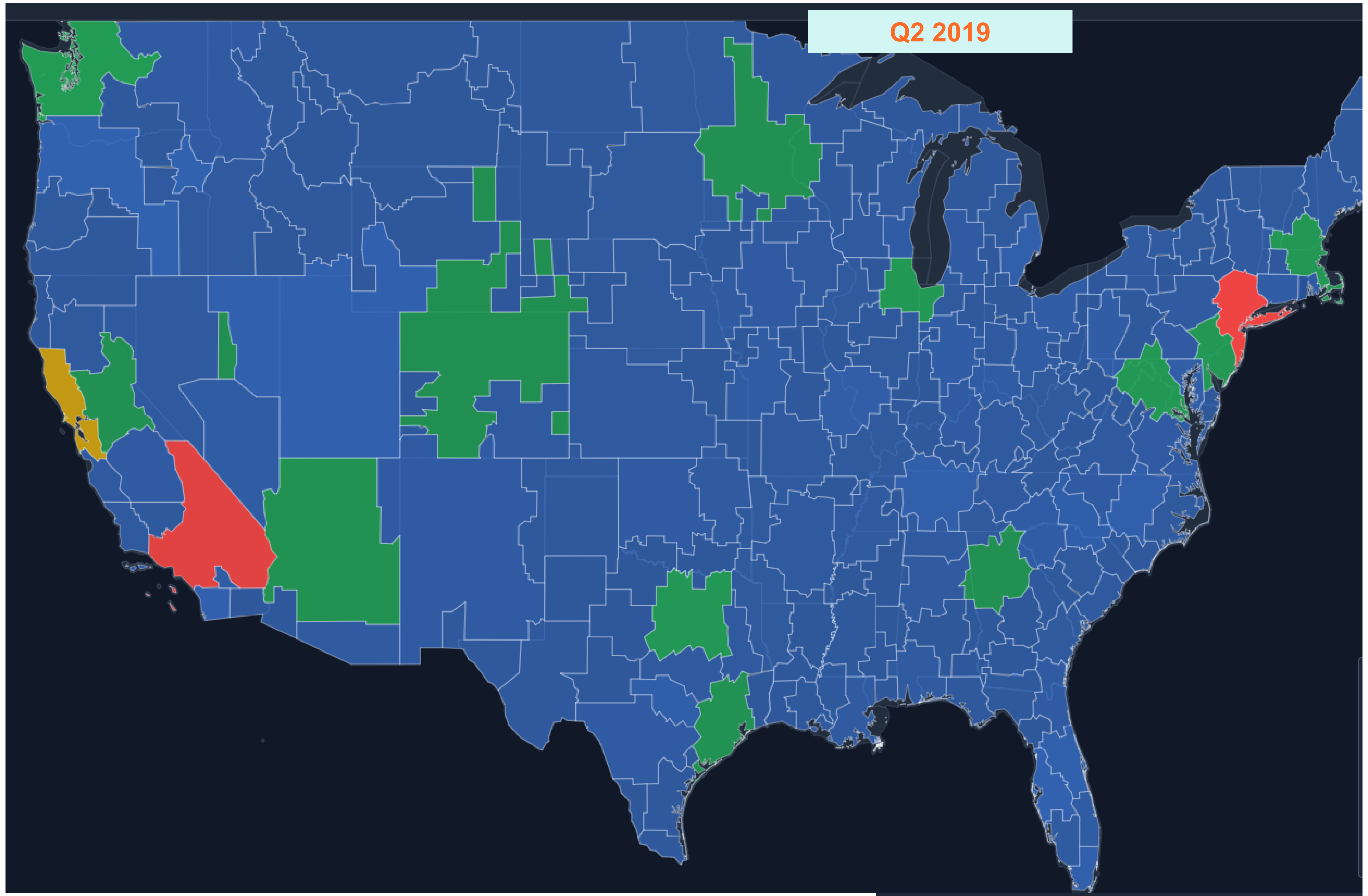
✓ Data from 120M debit / credit cards.

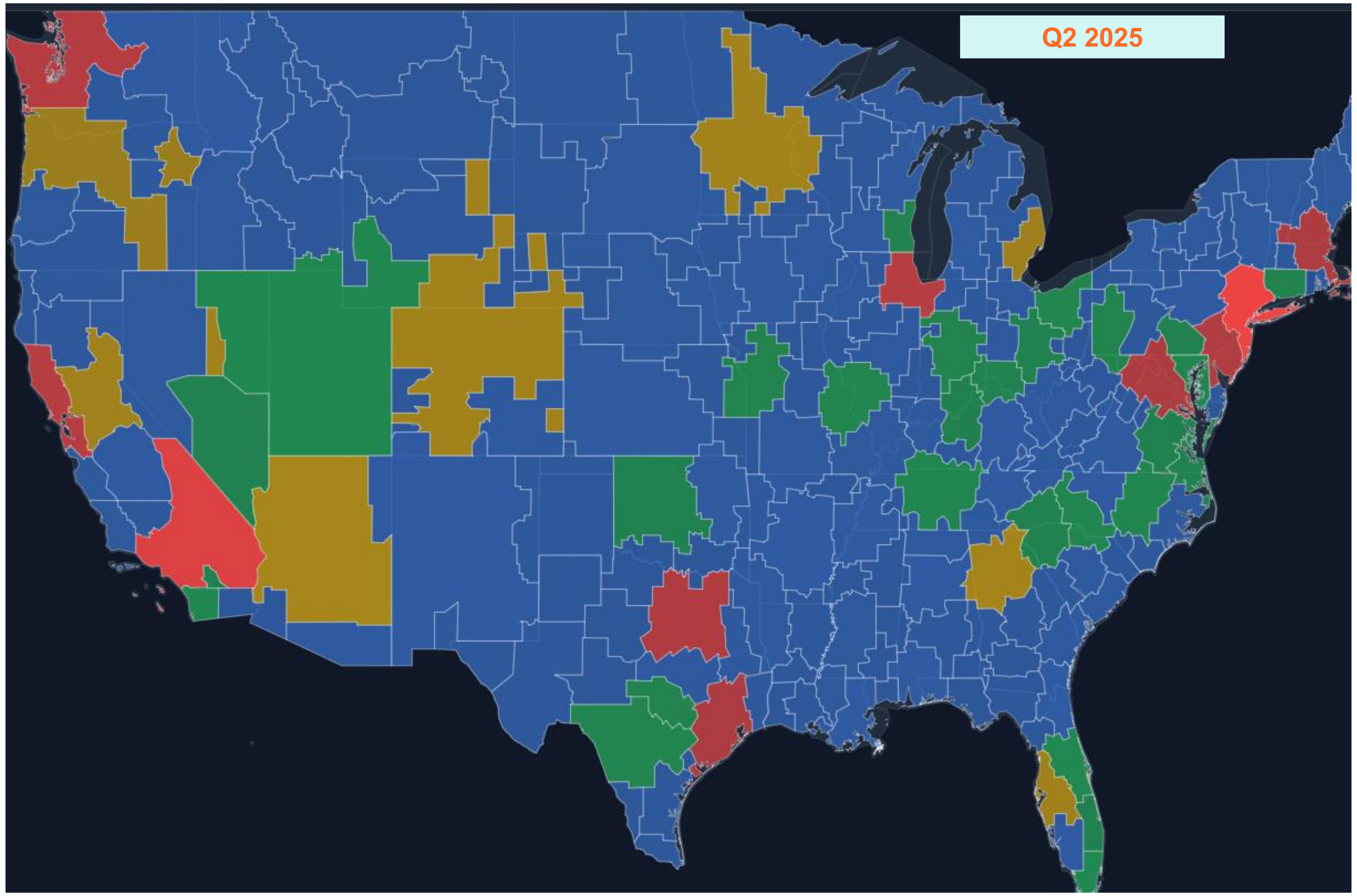
✓ Overlayed on 158M US POIs

✓ Phones overlaid and tagged with Census data for every census block in the US + other pattern data providing demographic and psychographic profiles of the activity

✓ Organized into ticker-level estimates, cohorts, and NAICS codes (800+).

Advan's Data – Spending by Brand, Amazon.com by DMA shown here





AMAZON.COM (Q2 2019)

Spend: $57.0B
Transactions: 1.5B
Avg Basket: $37
Customers: 186.6M
Frequency: 8.27

$56B est based upon reported figures

Color by: Spend

- Low: $860.0M
- Medium: $1.7B
- High: $2.6B
- Max: $5.7B

AMAZON.COM (Q2 2025)

Spend: $137.9B
Transactions: 3.3B
Avg Basket: $42
Customers: 239.2M
Frequency: 13.61

$142B est based upon reported figures

Theme 1 - Thrifty K-Shaped Economy

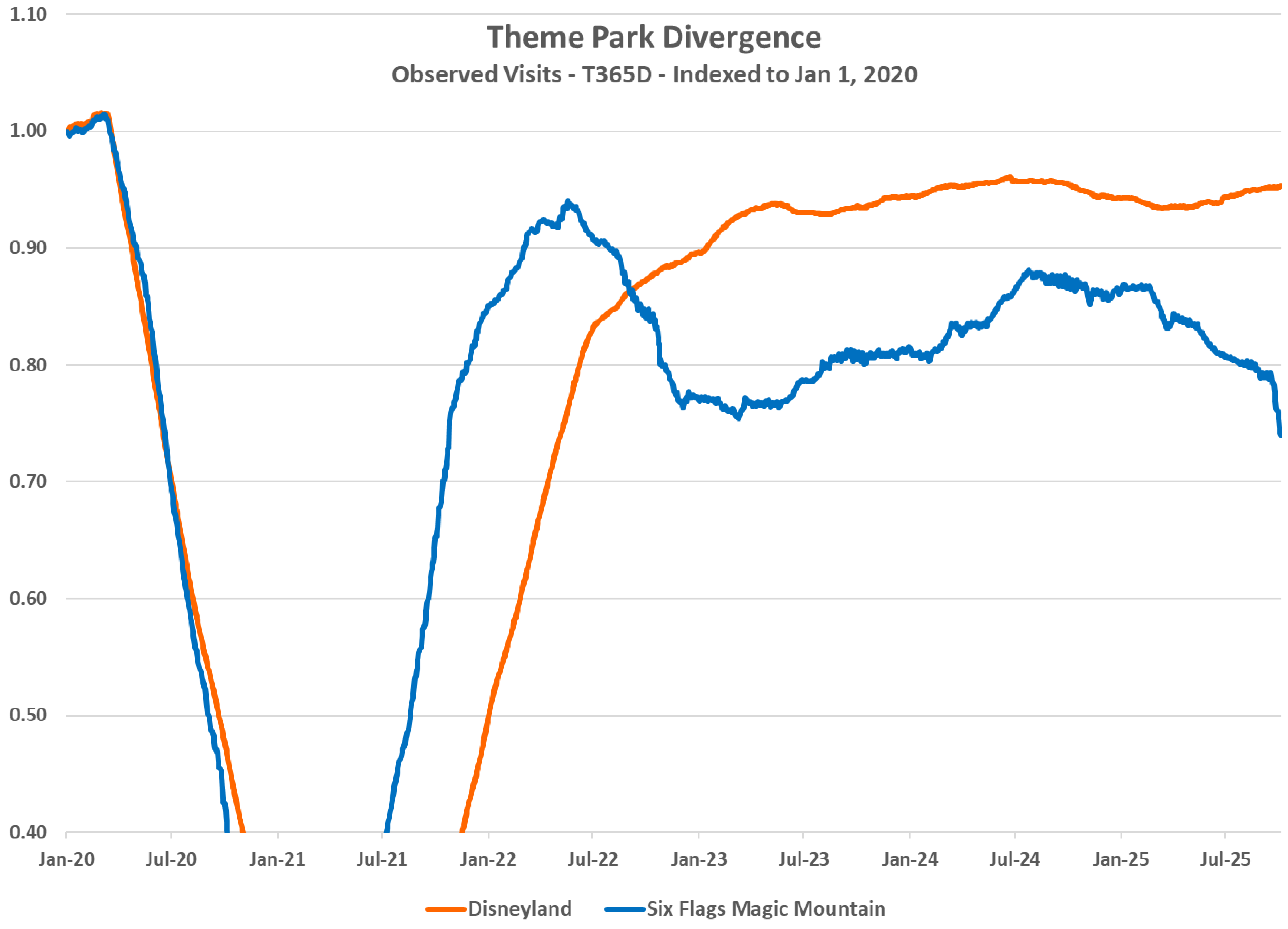
General Merchandise Comp-Sales

a-la thrifty K-shaped economy

	fiscal 2023				fiscal 2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Costco-US										
vs. last year	-2%	-2%	-3%	5%	7%	7%	13%	12%	12%	9%
vs. 2019	57%	43%	38%	38%	68%	53%	56%	55%	88%	67%
vs. 2022	-2%	-2%	-3%	5%	5%	5%	10%	18%	17%	17%
Dollar General										
vs. last year	-6%	-8%	-6%	-11%	-7%	-7%	-4%	-2%	3%	3%
vs. 2019	4%	2%	1%	0%	-3%	-5%	-3%	-2%	0%	-2%
vs. 2022	-6%	-8%	-6%	-11%	-9%	-13%	-9%	-13%	-9%	-15%

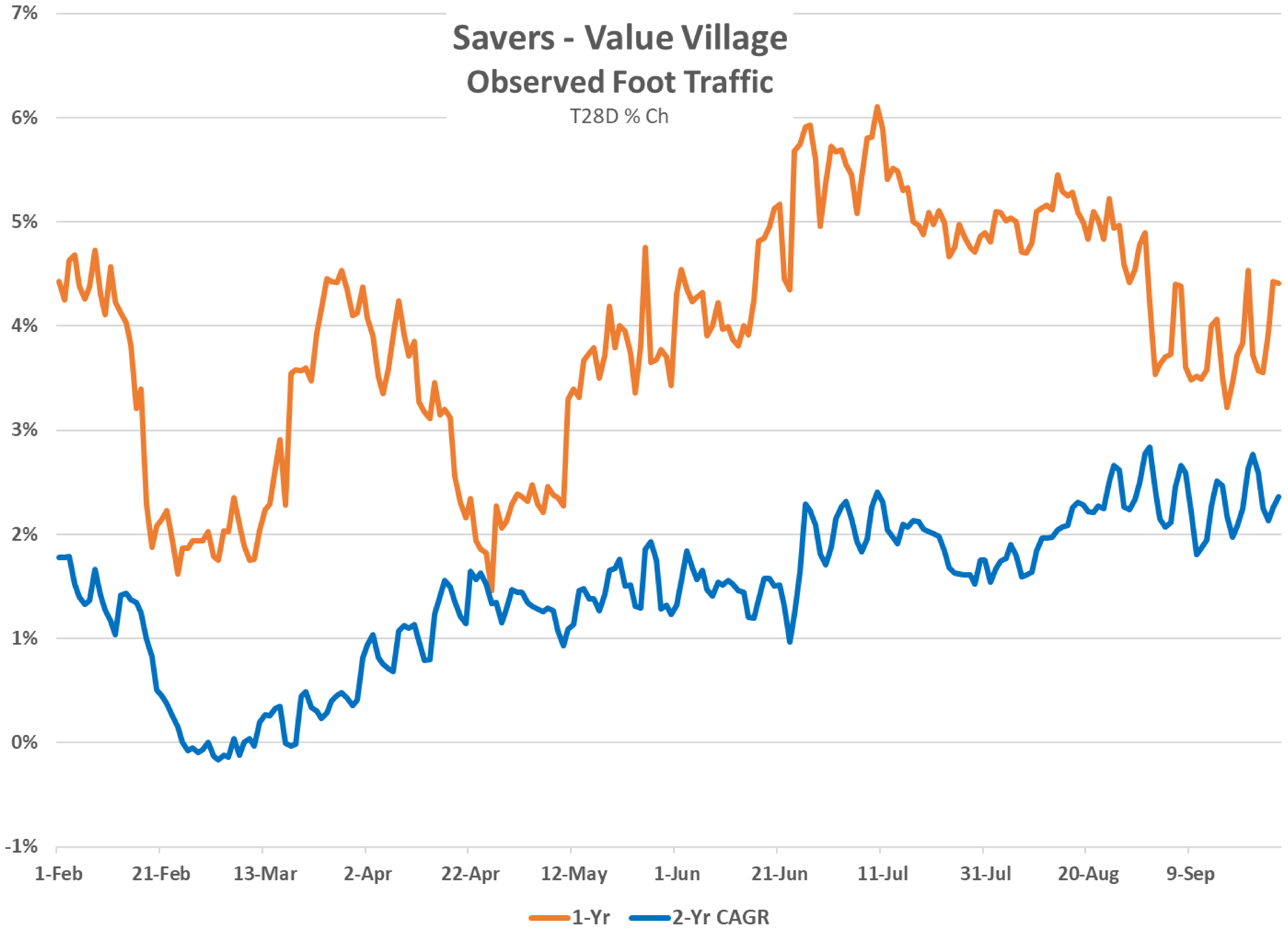
Source: Company reported results, compiled by Advan Research

Thrifty K-Shaped Economy



Leveraged to the more affluent "Ulta Wealthy" psychographic cohort is 38% more at Disney vs. Six Flags Per Advan / Spacial.ai segmentation

Thrifty K-Shaped Economy



Most other retail categories / brands are flat to down

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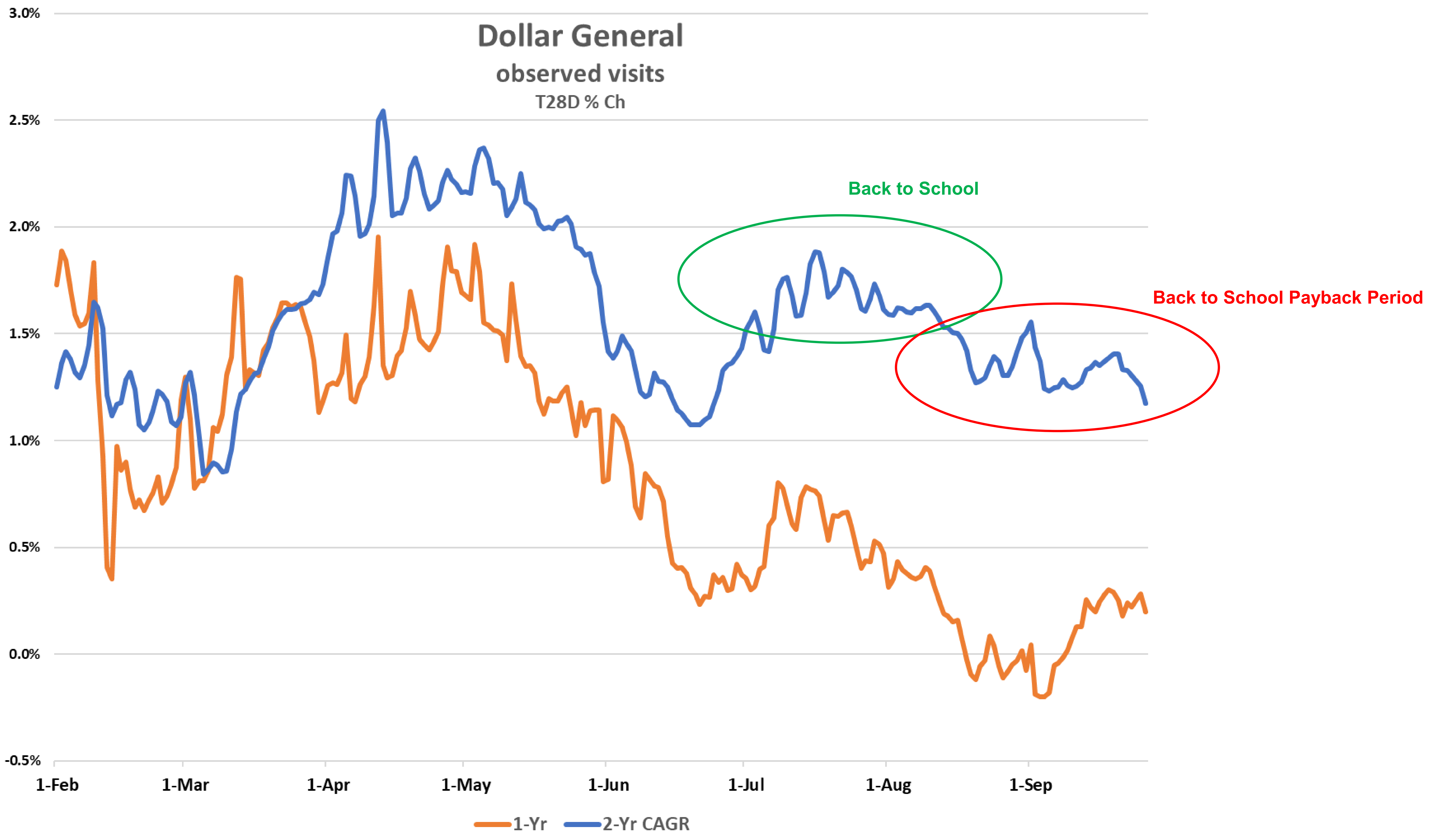
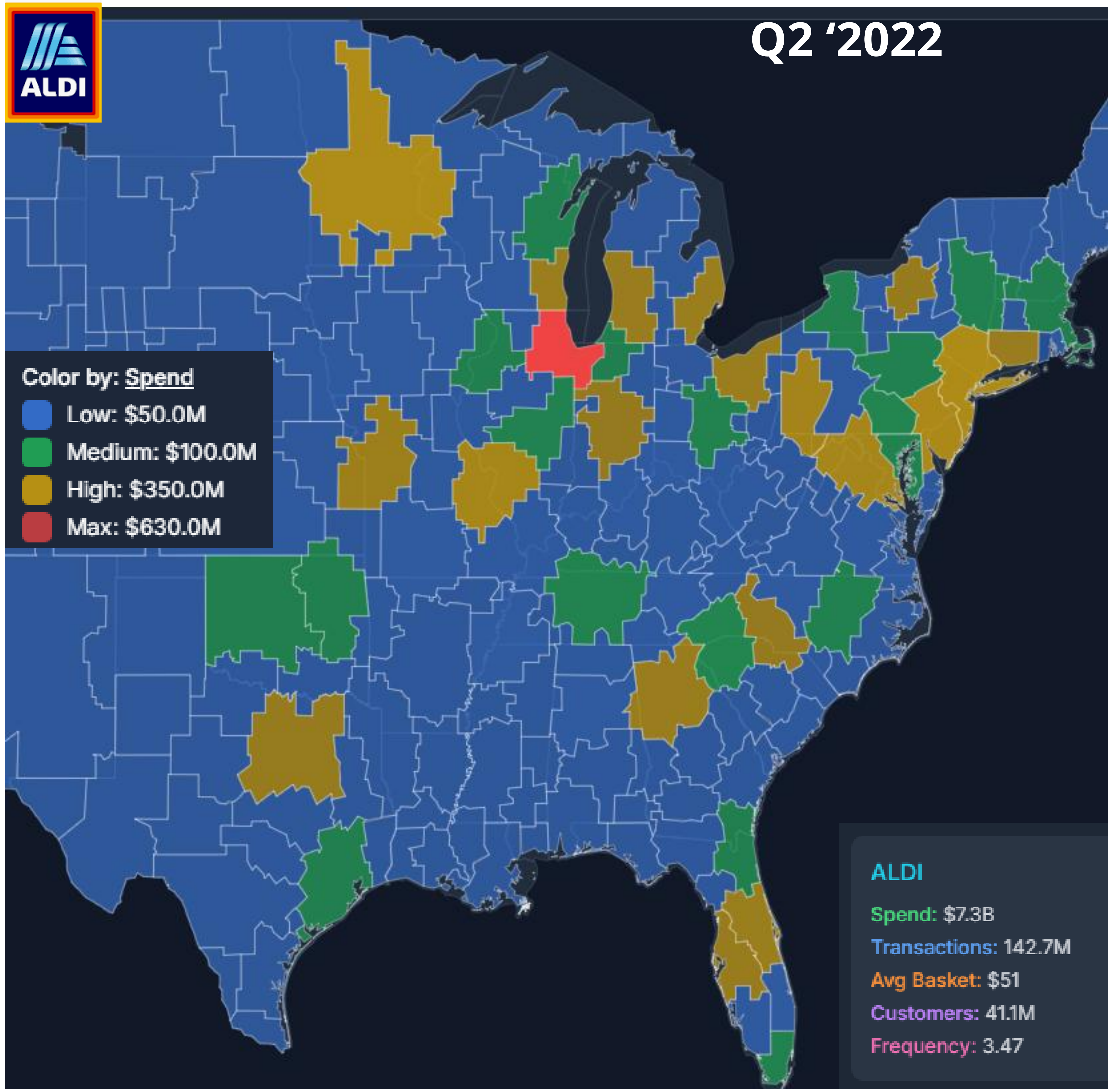
Low End Stable, but increasingly seasonality amplified

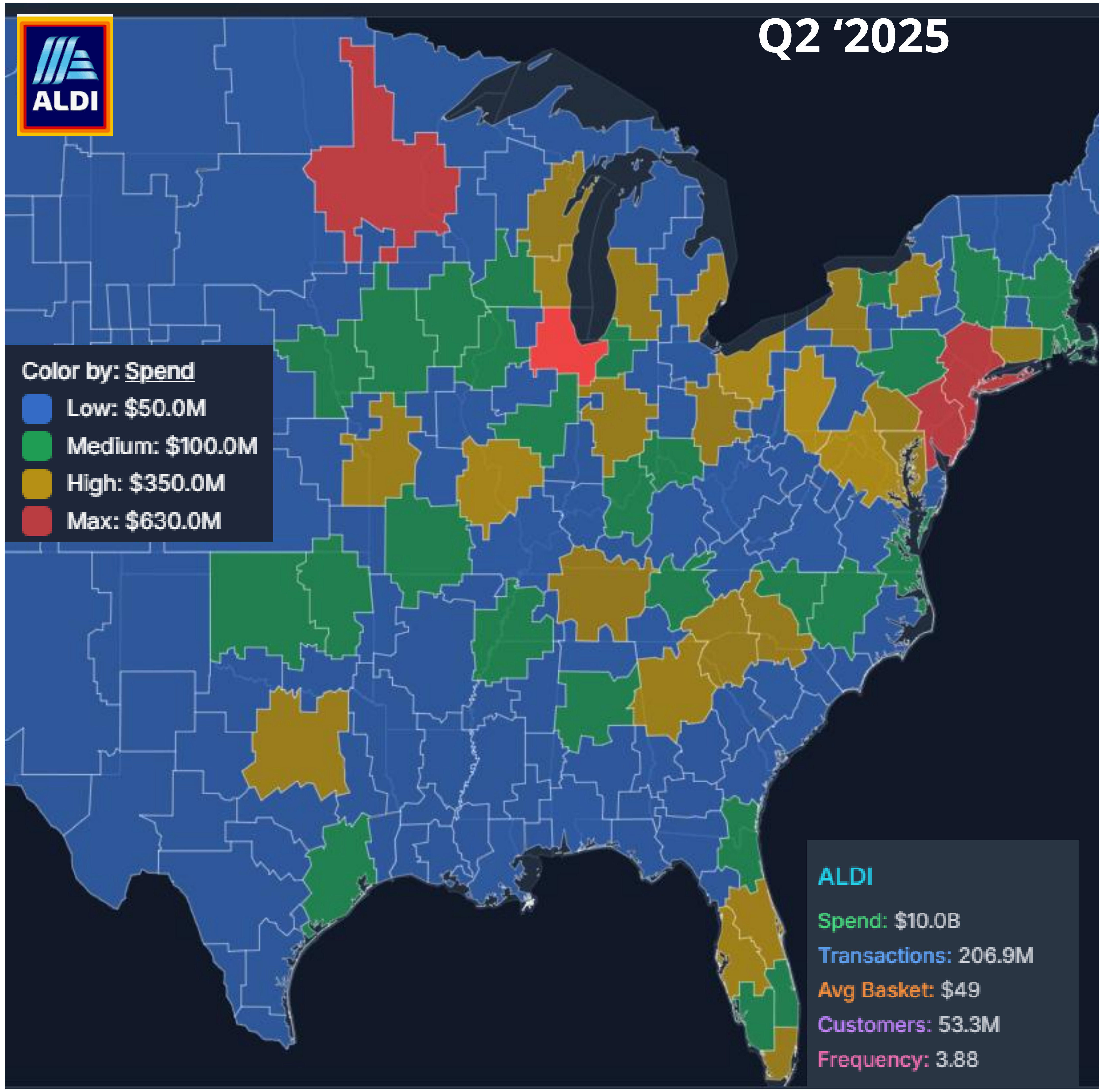


ADVAN

Theme-2: Food-at-Home has been driven by private label and those retailers that excel at it

- Spend increased +37% and a frequency-of-visit increase of +12%
- Unit growth of +15% implying roughly +23% comp growth over the period, or excluding 8.3% CPI, roughly +14% on a real basis (+4.4% annualized)





Walmart -- enjoyed a very strong back-to-school season, & <u>that has persisted</u>

What Shopper Types Are Growing at Walmart

What's Changing in Who's Shopping Walmart In-Store

Family	Segment	Aug-22 Rank	Aug-22 %	Aug-25 Rank	Aug-25 %	% Ch in-store visits	Median Household	Home Ownership	College Degree	Description
Suburban Boomers	#BasicBoomers	38	1.13	41	1.08		$98	132	87	
Suburban Boomers	#Pets&EmptyNests	34	1.32	33	1.32		$123	136	111	
Suburban Boomers	#RoaringRetirees	40	1.10	34	1.20	21%	$102	115	131	Retired or near retirement, empty nesters living active and involved lifestyles.
subtotal			3.55		3.60	13%				These healthy, educated boomers are transitioning their income from career to savings.
Young Professionals	#College	61	0.43	48	0.70	81%	$31	13	154	Student renters making to little to no income at school.
Young Professionals	#RaisingTheBar	25	1.70	19	1.93		$82	45	134	This segment loves college football, podcasts, and Rick and Morty.
Young Professionals	#RisingProfessionals	66	0.36	57	0.52		$91	38	197	
Young Professionals	#YoungStars	33	1.32	30	1.50		$112	82	171	
subtotal			3.81		4.65	36%				
Total						**11%**				

Segmentation from Spacial.ai. PersonaLive, 18 families, 80 segments

Source: Advan Research

ADVAN

At-Home – *Gaining share-of-stomach*

Table 2.4.6U. Real Personal Consumption Expenditures by Type of Product, Chained Dollars

[Billons of chained (2017) dollars; quarters and months are seasonally adjusted at annual rates]

	2023				2024				2025				Aug
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	July	Aug	Vs Q2'24
Personal consumption expenditures	**15,510**	**15,549**	**15,647**	**15,781**	**15,857**	**15,967**	**16,113**	**16,273**	**16,346**	**16,446**	**16,530**	**16,587**	**3.9%**
Food	**1,558**	**1,551**	**1,563**	**1,574**	**1,569**	**1,573**	**1,584**	**1,593**	**1,599**	**1,607**	**1,612**	**1,615**	**2.6%**
Food purchased for off-prem	848	847	850	853	855	860	867	871	874	874	881	880	**2.3%**
% of Food	54.42%	54.59%	54.40%	54.20%	54.50%	54.68%	54.75%	54.66%	54.64%	54.40%	54.61%	54.48%	
Meals at other eating places	335	328	331	339	335	334	337	342	347	352	353	354	**6.0%**
% of Food	21.48%	21.12%	21.19%	21.55%	21.35%	21.22%	21.26%	21.50%	21.71%	21.87%	21.88%	21.91%	
Limited-service eating places	375	377	382	382	379	379	380	380	378	381	379	381	**0.5%**

Ttl PCE is fine

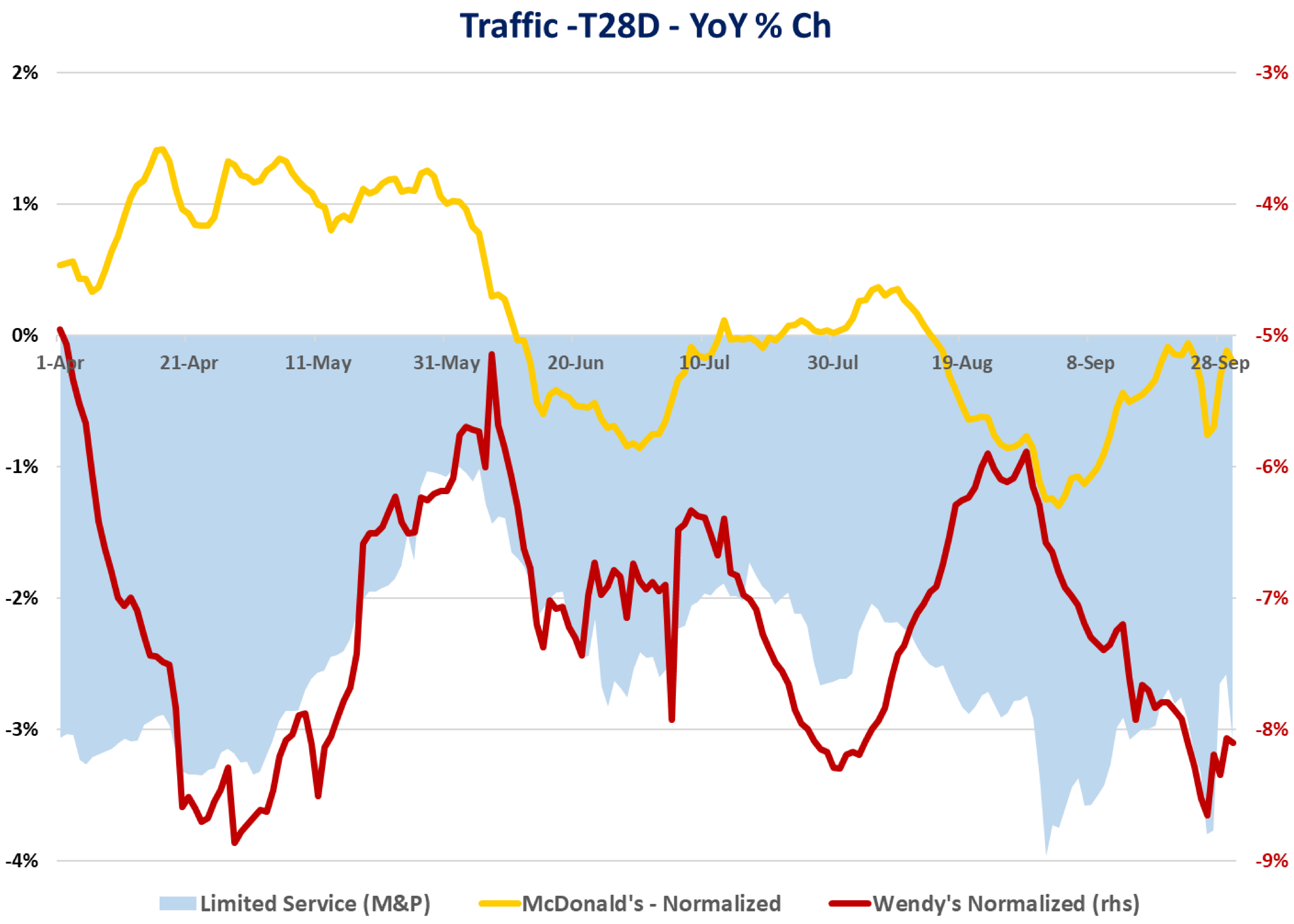
Gaining Share-of-stomach

Interesting. Quantity Index Up +MSD

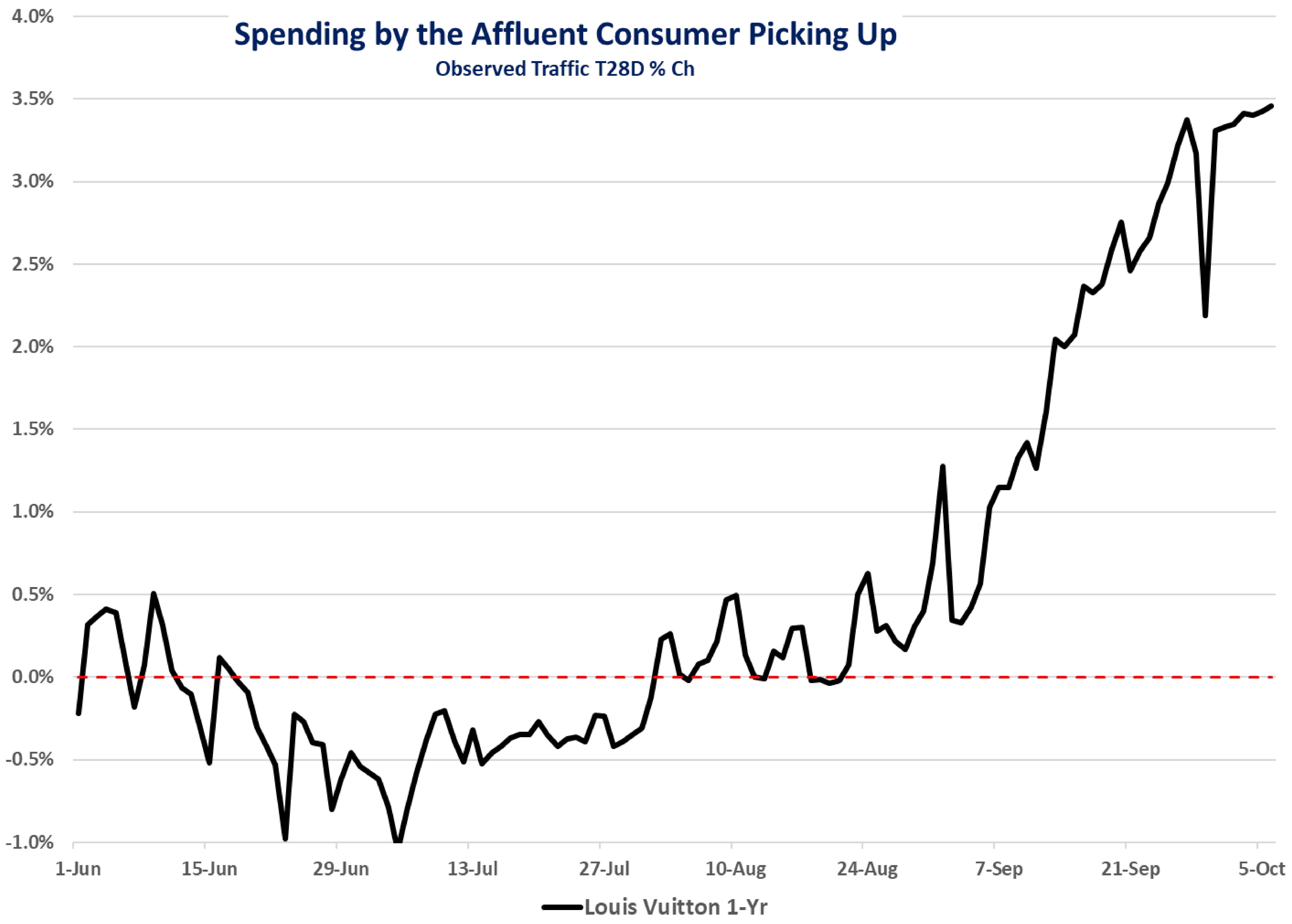
Stuck

Source: Bureau of Economic Analysis, Sept 26th release

Traffic Declined in Q3 *– 2H of July, August, & September Softer – **paycheck cycle?***



The High-End is Accelerating



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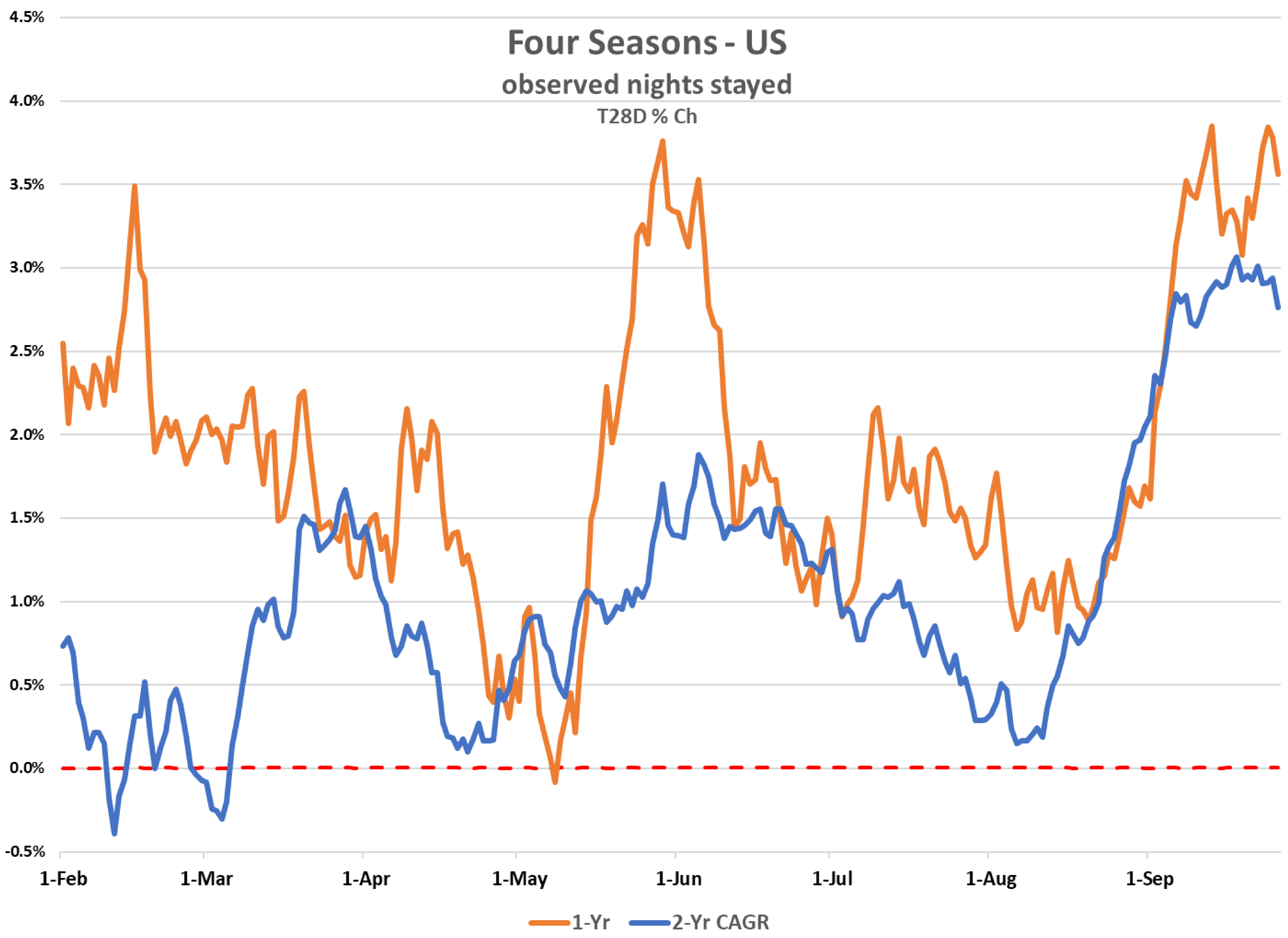
The High-End is Accelerating



ADVAN

Previewing Census' September MRTS Report – *Slightly **stronger** on an underlying basis*

Monthly Retail Sales YoY Growth by Sector - Census Bureau

(Code)	Retail Sector (NAICs Defined)	June	July	August	Sept Est	Suspect
442	Furniture and home furnishings stores	4%	6%	3%	2%	
443141	Electronics and appliance stores	0%	2%	3%	4%	
4441	Building mat. and supplies dealers	1%	-1%	-6%	-4%	?
44511	Grocery stores	2%	3%	3%	4%	
44611	Health and personal care stores	11%	6%	3%	NA	?
4481	Clothing and clothing access. stores	3%	9%	8%	9%	?
45111	Sporting goods, hobby, musical instrument, and book stores	-1%	4%	4%	2%	
451211	Hobby, toy, and game stores	15%	19%	NA	NA	
4523	Gen. merchandise stores incl. warehouse clubs & supercenter	1%	2%	2%	3%	
454	Used merchandise stores	12%	13%	NA	NA	
45431	Electronic shopping and mail-order houses	8%	8%	9%	10%	
7224	Food services and drinking places	6%	7%	6%	8%	?

Source: Census Bureau - MRTS - nonadjusted - 9.16.25 release, September estimate is from Advan Research

NA - Not available for the most recent month

Est coding, slightly less -100 bps, less -200 bps, a lot less -300 bps, same for "more"

Driven by the affluent consumer and housing-related retail

Advan's Insights

Link to **Insights page**

Link to Sign-up

Nike's swoosh headed in the right direction

Oct 2, 2025 — 4 minutes

Turnarounds are messy and non-linear, and that's clear in Nike's store foot traffic, as shown. A lot ...

Thomas Paulson

Costco – Extended store hours added 1 pt to sales

Sep 26, 2025 — 3 minutes

Given our recent analysis on how extended store hours were driving additional visits to **Sam's ...

Thomas Paulson

Apple – iPhone Air drives a 7 pt improvement in foot traffic

Sep 26, 2025 — One minute

Yesterday we took time to visit our nearby Apple store to check on the new iPhone Air (yes, it's a ...

Thomas Paulson

Visual Retail – Seeing consumer spending – Amazon, Walmart, and Target

Sep 24, 2025 — 3 minutes

Advan has launched its SpendView™ geographic visualization product. This shows historical brand and ...

Thomas Paulson

CPG

Looking at how the strong incumbents are shaking off Aldi's growth

Aug 28, 2025 — 4 minutes

This week brought a lot of news about Aldi's expansion, including 200 new locations by year-end, ...

INDUSTRIALS

Tesla – Much stronger demand in the US and no signs of an air-pocket

Oct 2, 2025 — One minute

As previewed , Tesla's Q3 global deliveries (+2%) were far ahead of expectations and Q2's rate ...

LEISURE AND ENTERTAINMENT

The Wizard of Oz at the Sphere – A breakout hit

Sep 19, 2025 — One minute

In our last story about the blowout opening of the Wizard of Oz at Sphere in Las Vegas, we promised ...

HEALTHCARE

Medtronic – Management commits to faster organic sales growth, will they deliver?

Aug 20, 2025 — 2 minutes

With Medtronic's fiscal Q1 quarterly results came the news that two new independent directors had ...

Thomas Paulson
Head of Market Insights, Advan Research

Thomas has been Head of Market Insights since January 2025. Previously, he served as Director of Research and Business Development at Placer.ai. His background also includes two decades as a buyside analyst and portfolio manager AllianceBernstein, Cornerstone, and others. Prior to that tenure, he worked as an economist. Thomas also currently serves as the Co-Chair of the National Association for Business Economics Retail / Consumer Roundtable.

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