Alvarez & Marsal Consumer and Retail Group

CONSUMER SENTIMENT SURVEY

Spring 2026

U.S. CONSUMERS ARE BECOMING MORE INTENTIONAL, VALUE-DRIVEN, AND SELECTIVE AS FINANCIAL CONFIDENCE WAVERS

A Narrowing Gap in Financial Confidence and Behavior –
Higher-income consumers are becoming more cautious across earning, spending, and saving, while sentiment among lower-income households is stabilizing and showing early signs of recovery.

Smarter Shopping, Not Just Cheaper Choices –
Consumers are pursuing value by changing their shopping behaviors, trip occasions and retailer choices, while finding better experiences in lower-priced retailers and store brand products, satisfying affordability without sacrificing standards.

Intentional Consumption and Selective Trade-Ups –
Consumers are buying less while selectively trading up for products that deliver on performance, quality, longevity or premium experiences. "Intentional consumption" prioritizes fewer, higher-value purchases over volume-driven spend.

Loyalty is Being Tested –
Price, convenience, and novelty are overtaking traditional brand affinity, with consumers increasingly open to switching to products and brands that suit their changing lifestyles and desire to experiment, particularly among younger demos.

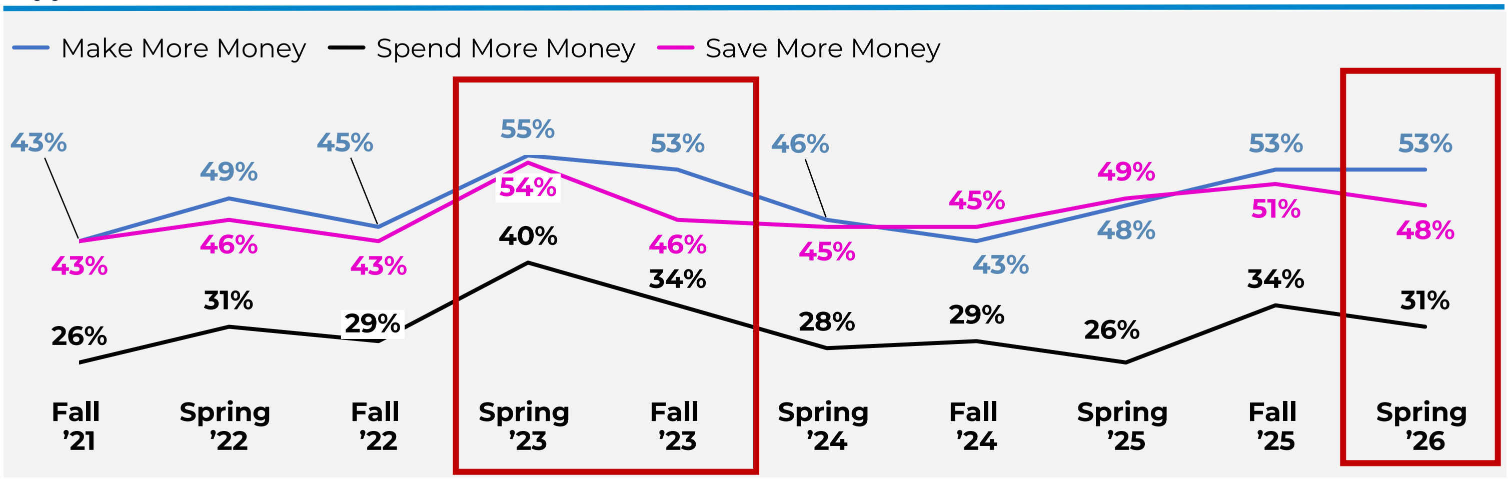
Shopping is Going 'Phygital' –
Consumers are increasingly using digital channels and AI to research and discover products, but a large segment still relies on physical stores to make a final decision. The blend of online-driven discovery and in-store conversion makes a seamless omnichannel experience imperative to win over consumers.

In February 2026, A&M Consumer and Retail Group surveyed over 2,000 U.S. consumers to understand their financial outlook, spending priorities, and shopping behaviors. Results show sentiment remains cautious, with higher-income households showing signs of pulling back while lower-income groups are modestly recovering. Additionally, consumers are changing the way they shop for value, while loyalty and discovery are being tested by the increased presence of AI in customer journeys.

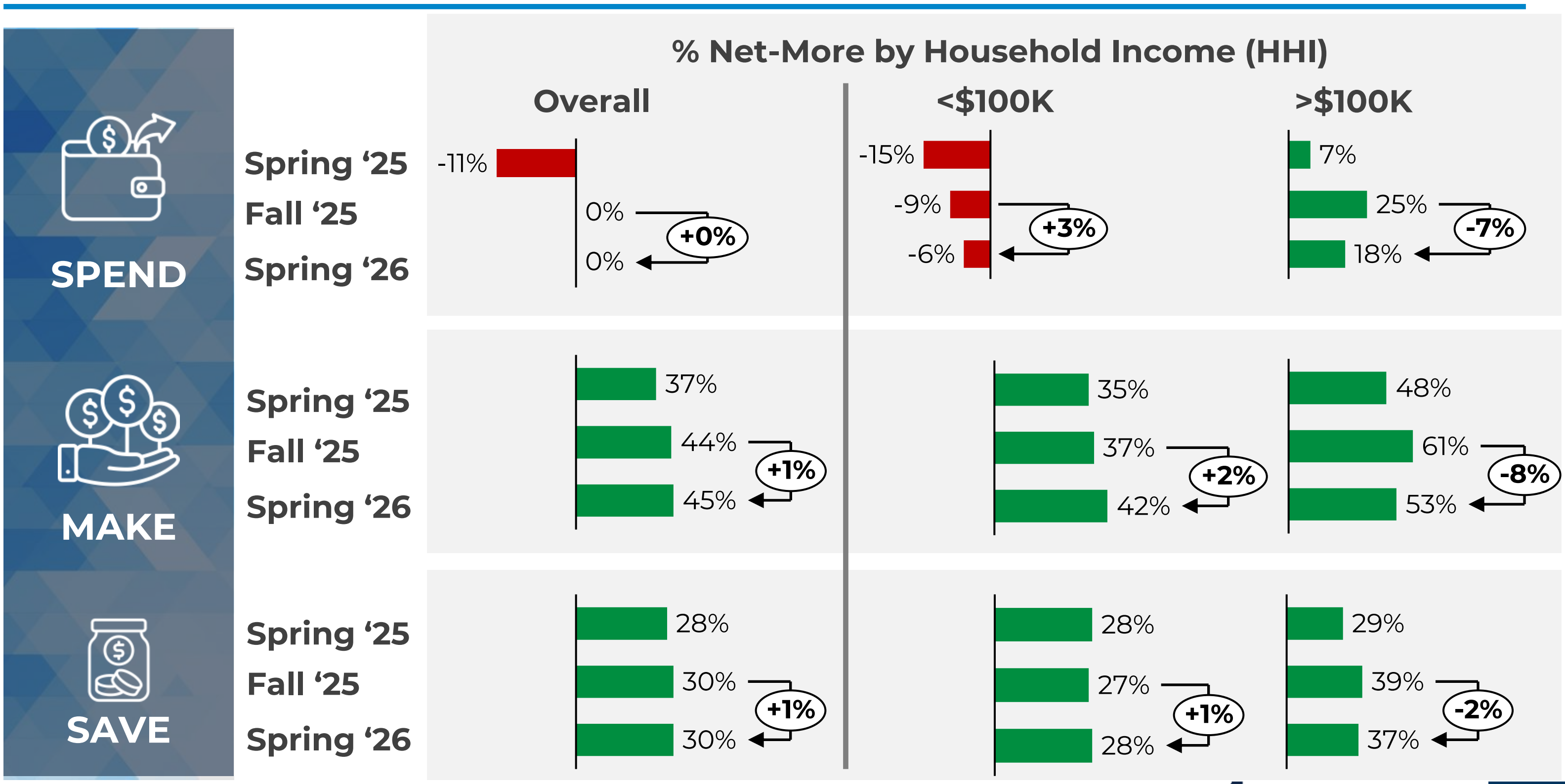
Overall Consumer Sentiment

This spring, consumer sentiment reveals a notable shift — as earning expectations hold strong, the historic link between making more and spending more is breaking down. Higher-income households (HHI >$100K), who drove optimism in Fall '25, are pulling back across all three dimensions: make (-8% vs. Fall '25), spend (-7%), and save (-2%). We observed the same pattern in Fall 2023, when a surge in consumer confidence quickly reversed. Meanwhile, lower-income households (HHI <$100K) are quietly gaining ground, with earn expectations climbing to 42% net-more and spend sentiment ticking upward. Lower-income consumers are slowly emerging from financial pressure while higher-income households are becoming more cautious, slowing down their anticipated spending..

Consumer Financial Plans - Historical Trends



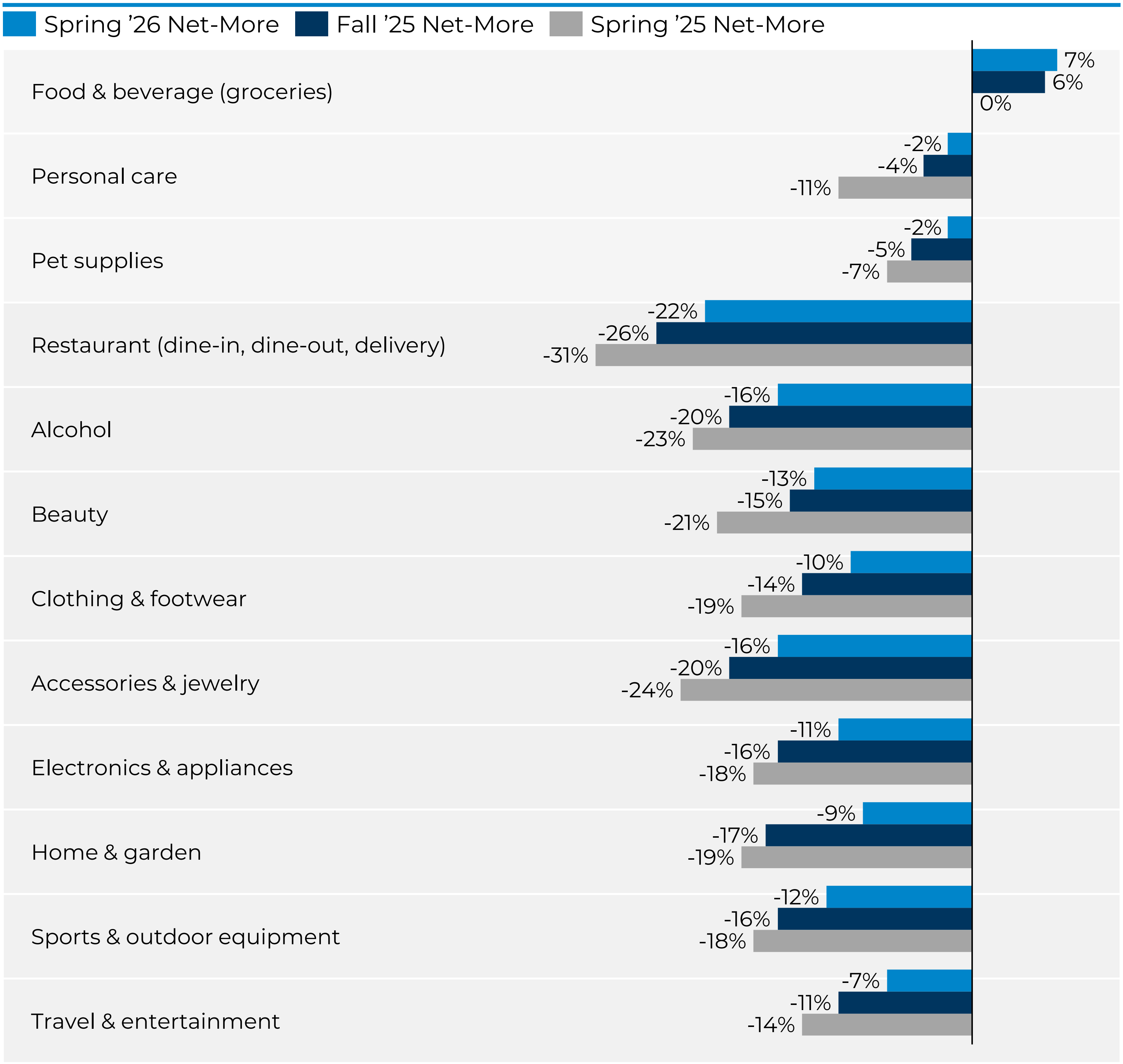
Consumer Financial Plans for Next 6 Months



Category Spending Plans

Overall and category spending plans show a similar pattern to Fall ’25. Consumers are showing continued optimism across essential and discretionary categories compared to previous cycles. Grocery continues to be an area where consumers expect to spend more, lifted by inflation expectations, while pulling back on remaining categories. Additionally, non-discretionary categories experienced 4-8 percentage point improvements in net-more compared to Fall ‘25, such as alcohol, clothing & footwear, and home & garden.

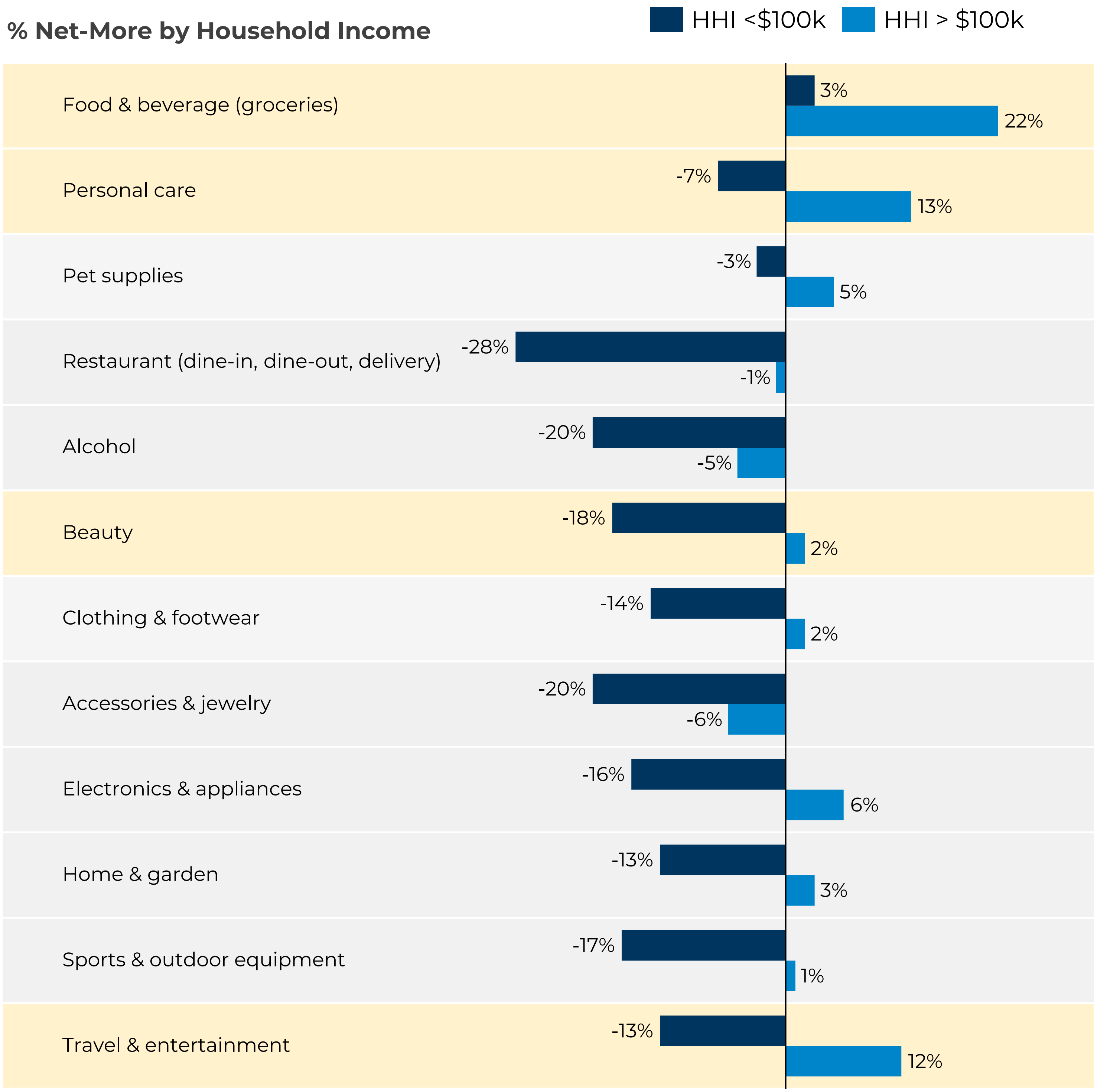
Consumer Spending Plans by Category



Category Spending Plans

Despite most categories holding an overall negative net-more spend expectation, higher-income households are notably more optimistic. This spring, spending expectations in grocery, personal care, beauty, and travel & entertainment diverged by 19-25 percentage points between low and high household income consumers.

Consumer Spending Plans by Household Income



Consumers’ Shopping Habits Focus on Value

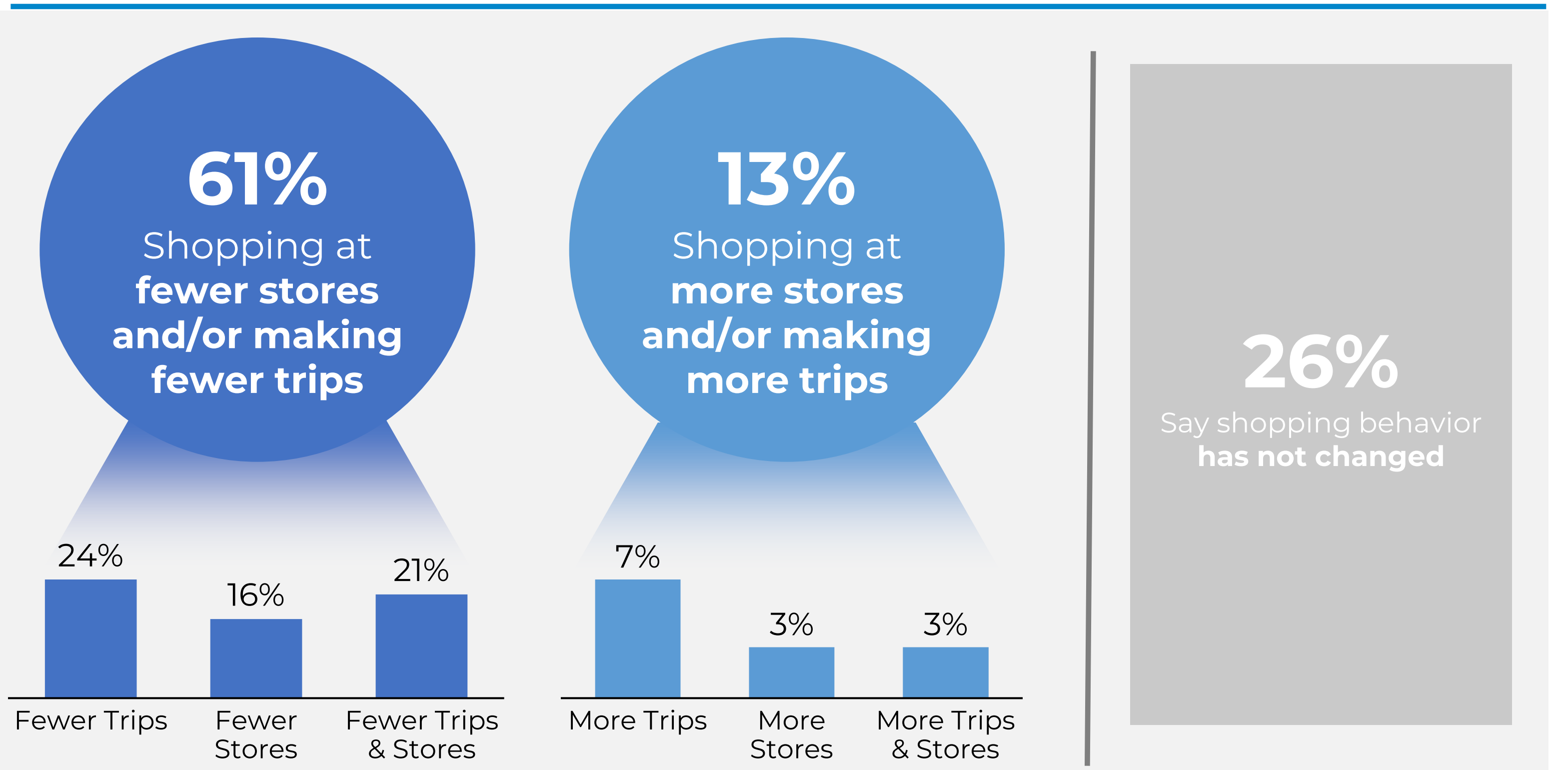
Consumers aren't just spending less — they're spending more deliberately. Across all income levels, people are hunting for value in different ways than before: shifting to private label items and shopping at discount grocers, simplifying beauty routines, and prioritizing essential clothing over discretionary apparel purchases.

GROCERY

In grocery, consumers are cutting costs by shopping at lower-cost stores instead of just switching to cheaper brands. Shoppers are also embracing private label products, now viewed as quality alternatives rather than compromises.

Overall, 61% of consumers are consolidating their grocery trips while 13% are expanding them. In both groups, 50-60% are shifting towards lower priced retailers in search of more affordable options. **Together, these behaviors signal a meaningful shift in how consumers approach grocery shopping; whether consolidating trips toward lower-priced retailers or adding them into routines, consumers are actively seeking value.**

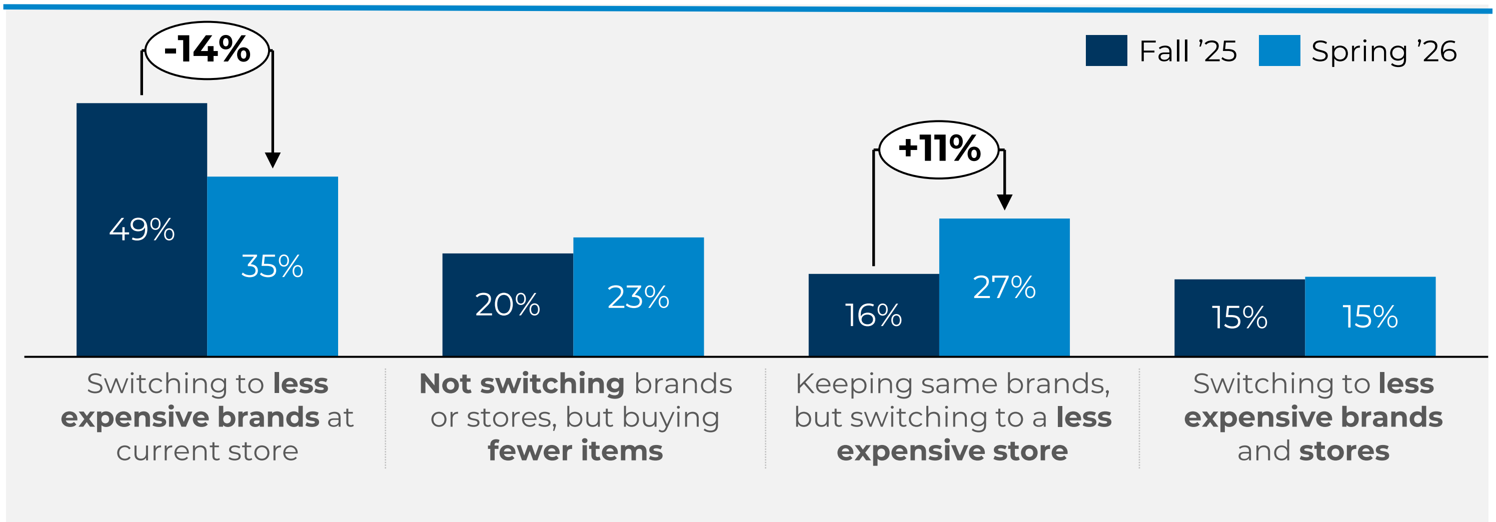
Consumer Shopping Behavior in the Last 6 Months



Consumers’ Shopping Habits Focus on Value

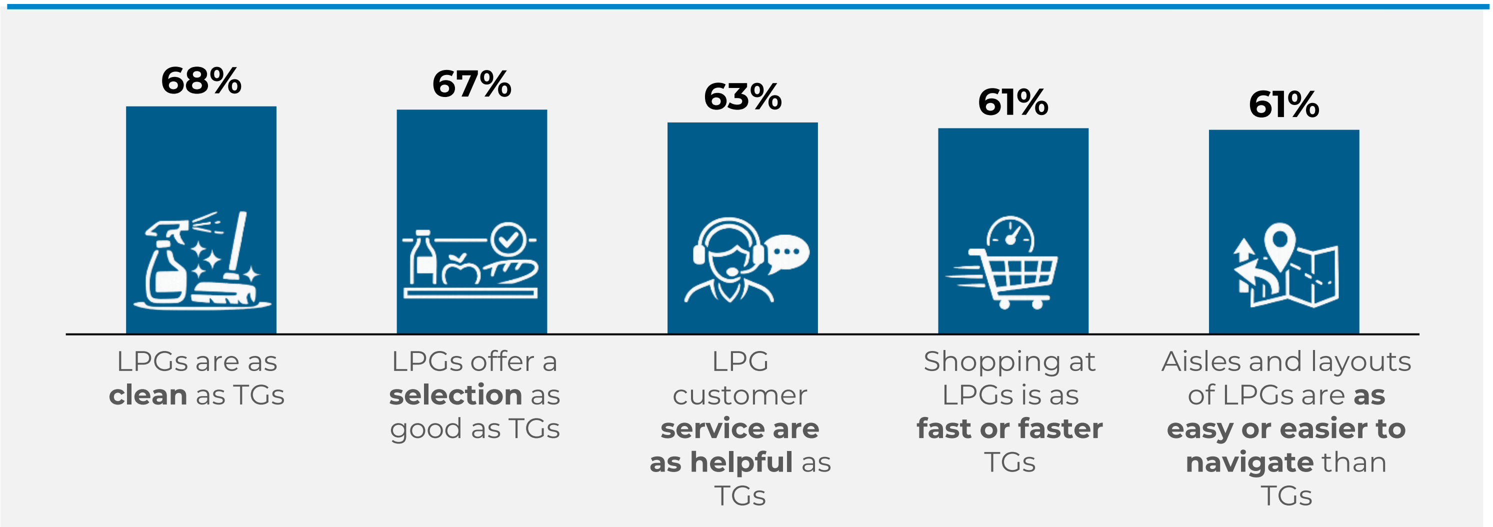
Grocery shoppers are shifting how they seek value: 35% plan to switch to less expensive brands, down from 49% in Fall ’25. Another 27% are keeping their brands but switching to a less expensive store, up from 16% in Fall ’25 . **A new trend is emerging – consumers are moving away from trading down on brands and toward trading down on retailers.**

Consumer Approach to Reducing Grocery Spend



As consumers look for value, perceptions of lower-priced grocers have improved. These retailers are increasingly **viewed as viable alternatives to traditional grocers with switching behavior more likely to stick the longer consumers pursue these options and walk away with a positive experience.**

Consumer Perception of Lower Price Grocers (LPG) vs Traditional Grocers (TG)



Consumers’ Shopping Habits Focus on Value

Consumers are also growing more confident in private label options. Affordability is a clear draw - 85% of consumers agree that store brands are more affordable than national brands - but the appeal goes beyond the price tag. 68% of consumers consider quality to be equal to or better than national brands and 56% appreciate the unique flavors and offerings, **redefining how private label brands deliver on common food & beverage purchase drivers.**

Consumer Perceptions of Store Brand vs National Brand Groceries

Store brand groceries...

	MEET MY DIETARY OR LIFESTYLE NEEDS	OFFER QUALITY THAT IS AS GOOD AS OR BETTER	PROVIDE UNIQUE FLAVORS OR OFFERINGS
	69% AGREE	68% AGREE	56% AGREE
Agree	69%	68%	56%
Neutral	26%	23%	34%
Disagree	5%	9%	10%

AGREE RATE BY HHI

	HHI > $100k	HHI < $100k
MEETS NEEDS	77%	66%
QUALITY	75%	66%
UNIQUE	62%	55%

Higher-income households are among private label’s biggest converts. 77% say store brands meet their dietary and lifestyle needs and 75% rate quality as equal or better – higher than the overall average. Private label has shed its trade-down reputation, even at the top of the income spectrum.

Consumers' Shopping Habits Focus on Value

In beauty, consumers are streamlining routines and concentrating spend on core categories – and the value-seeking mindset driving this shift is reshaping how all shoppers approach the aisle. One in four beauty consumers identifies as cost-conscious, and their behavior reflects clear trade-offs. 35% are buying fewer items outright, while 65% are switching brands, retailers, or both in search of lower prices. **The pressure on brands and retailers is growing – not just to compete on price, but on perceived value at the shelf.**

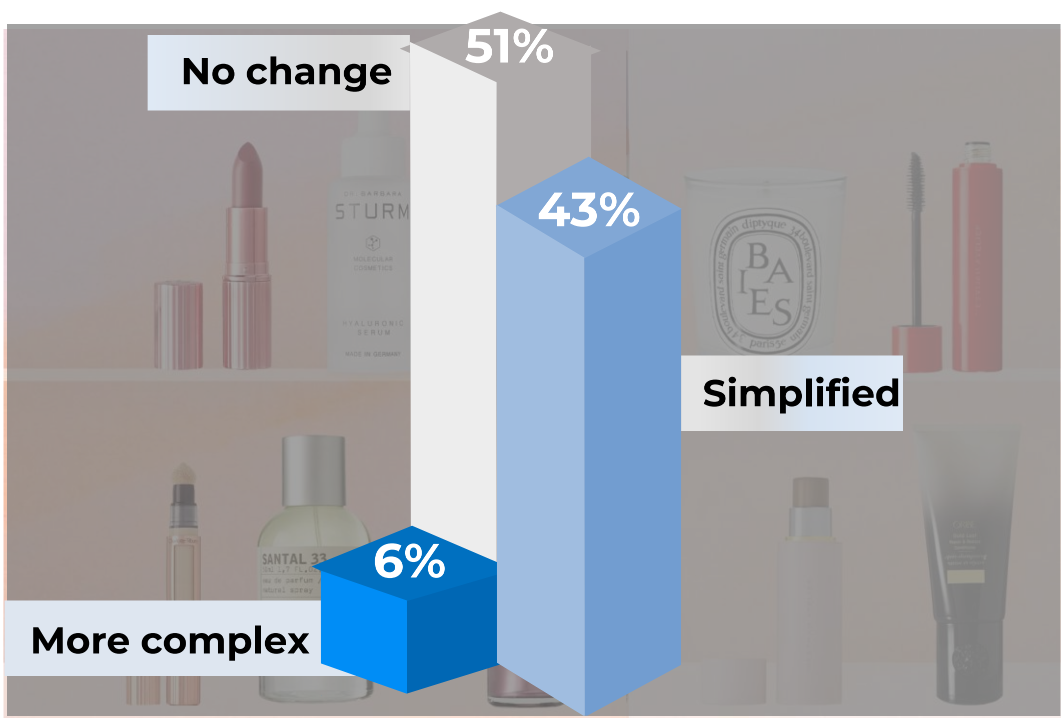
How Shoppers are Planning to Reduce their Beauty Spending

35%	**Buy fewer items**
26%	Switch to **cheaper brand**
24%	Switch to **cheaper retailer**
15%	Switch to **cheaper brand & retailer**

65%

of consumers plan to reduce spending by **switching to cheaper brands and/or retailers**

Consumers are Simplifying their Beauty Routines



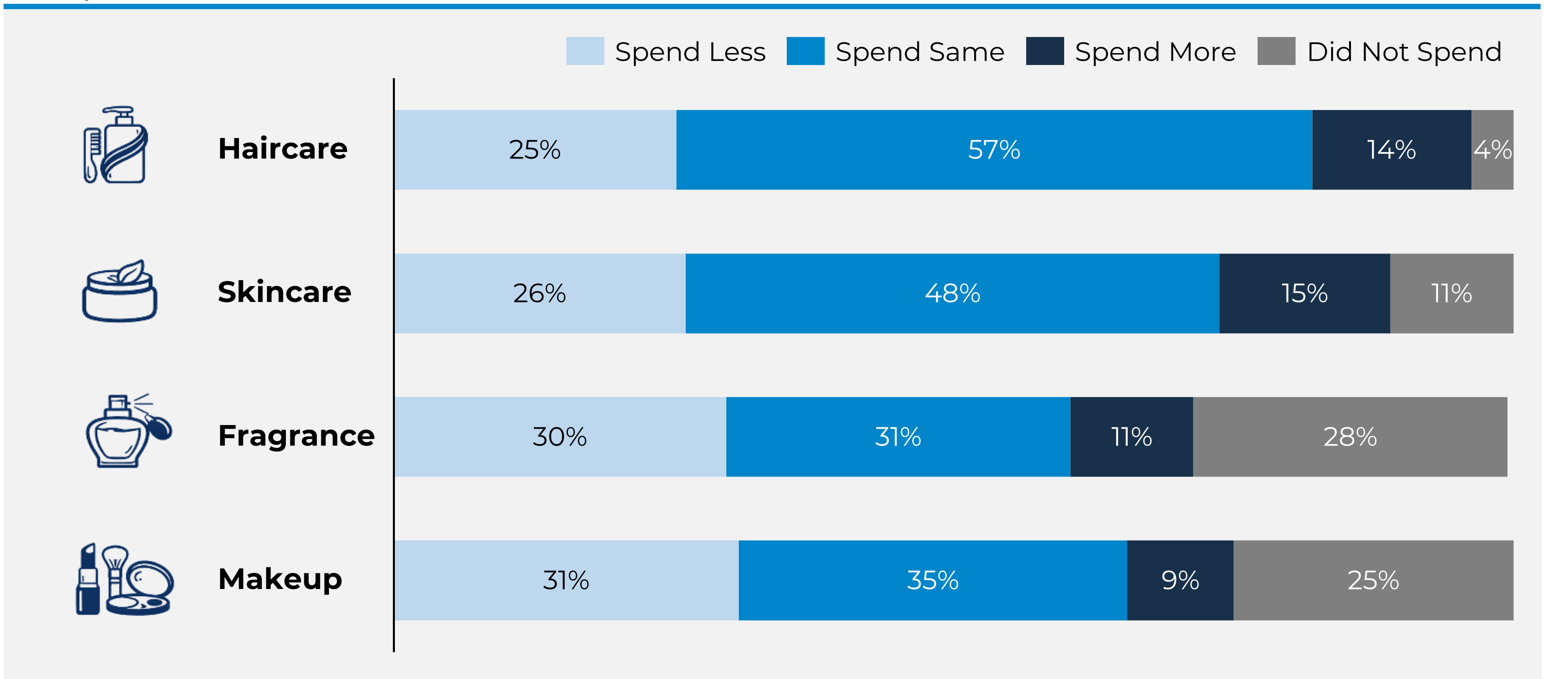
Change in beauty routine complexity (# of steps and products used) over the last year

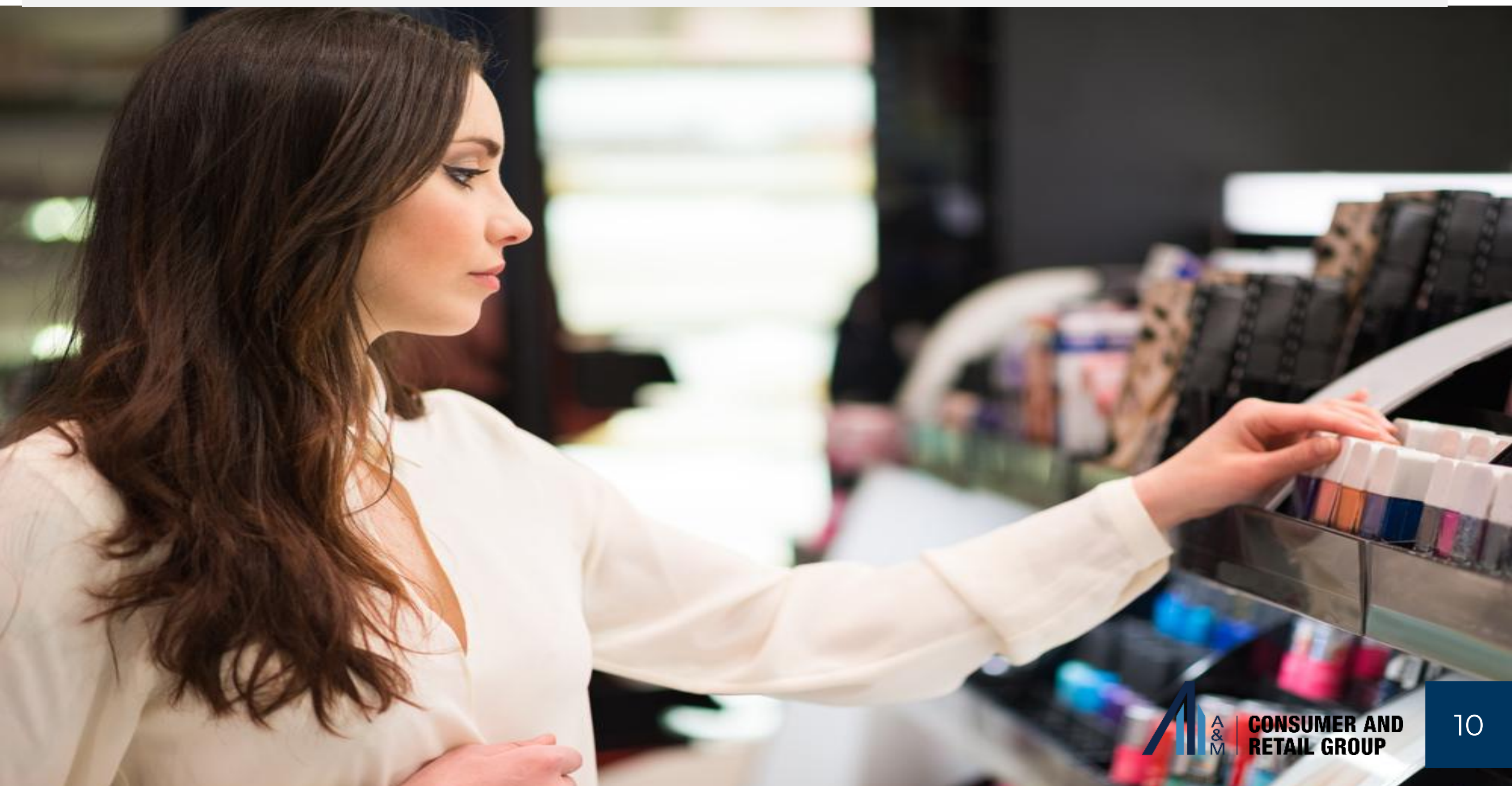
Value-seeking isn't limited to the shopper on a tight budget. Across the full respondent base, 43% have simplified their routines over the past year, using fewer steps and products overall. **As baskets shrink, brands that sharpen their assortment and earn customer loyalty will be best positioned to capture remaining wallet share.**

Consumers’ Shopping Habits Focus on Value

Cost-cutting patterns in beauty align with a broader shift toward more intentional spending. Across beauty categories, 25-30% of female consumers report spending less, consistent with trends of buying fewer items and trading down. Haircare and skincare remain more resilient and ‘necessary’ to consumers as spending in these categories is relatively unchanged. On the other hand, fragrance and makeup are skewing more discretionary, with 25% and 28% of consumers making no purchases over the last six months. **Overall, spend is concentrating in core beauty categories as baskets shrink and routines simplify.**

Change in Spending Behaviors Across Beauty Products From Previous 6 Months



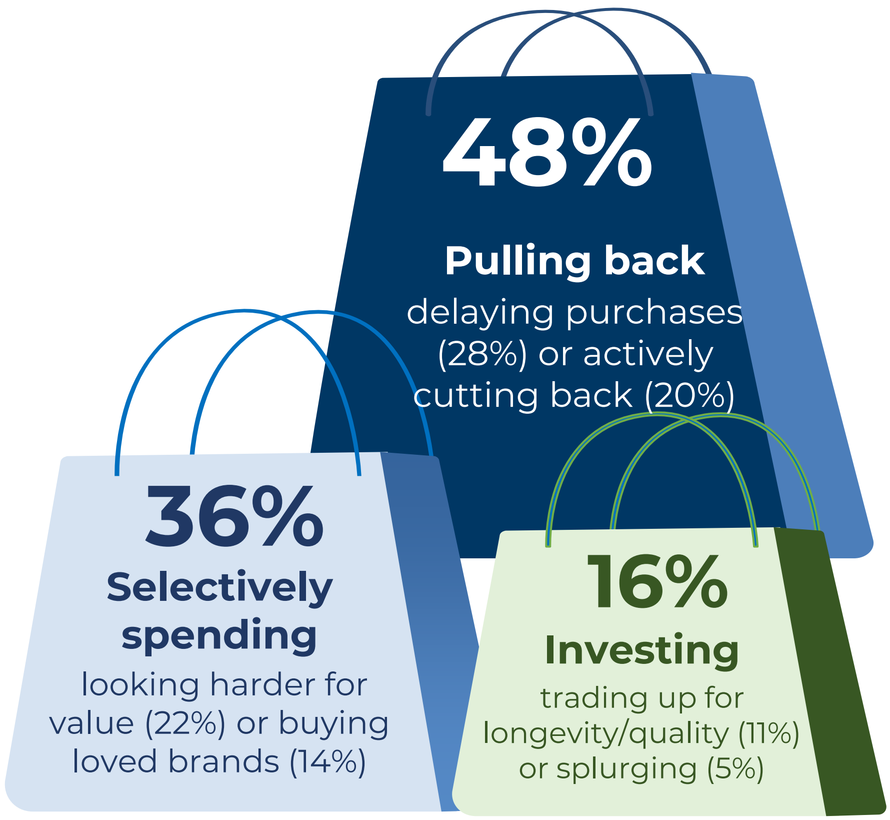


Consumers’ Shopping Habits Focus on Value

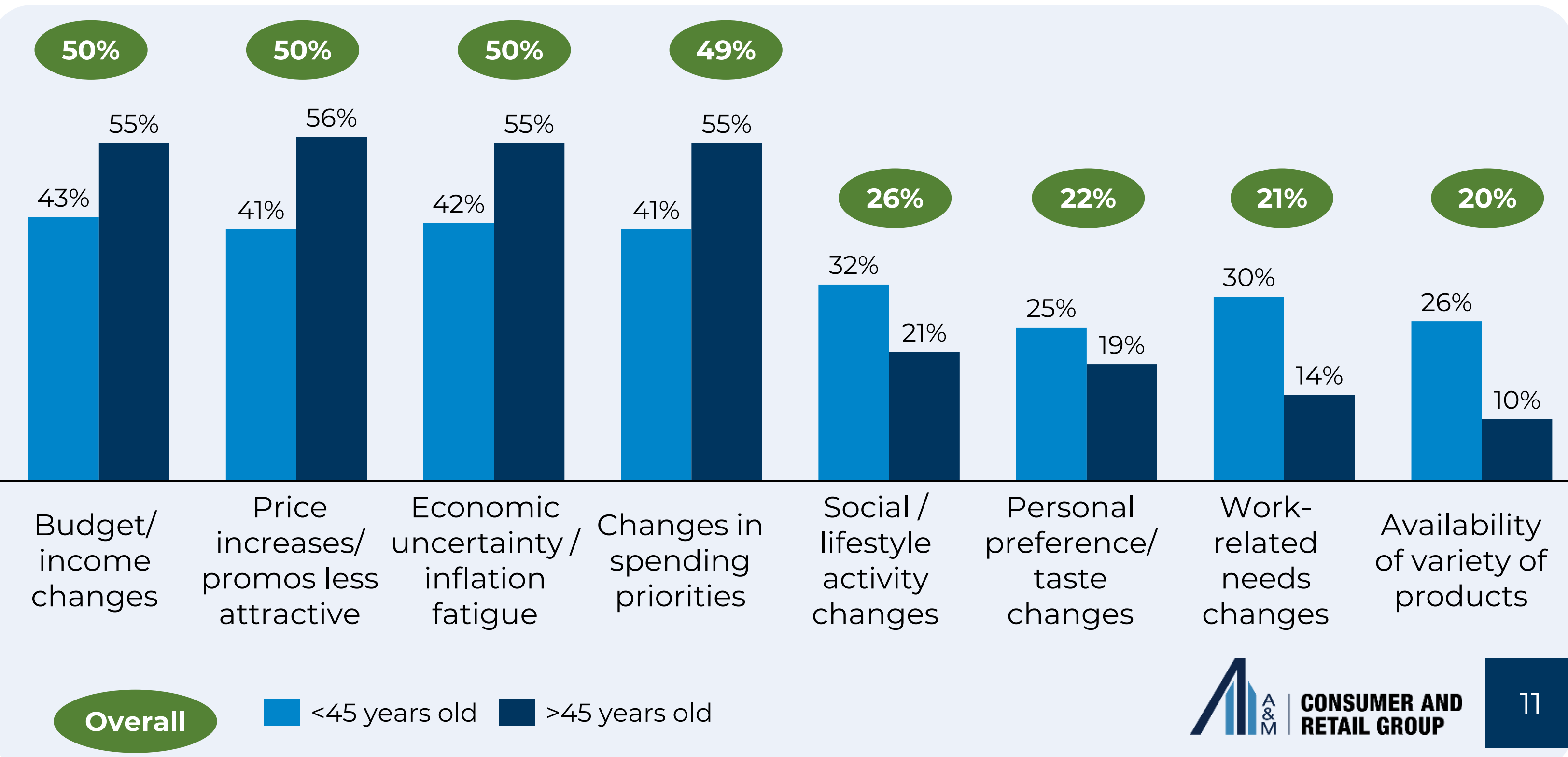
APPAREL

In apparel, consumers are broadly pulling back on spend, prioritizing value over volume. While lower income shoppers are tightening out of necessity, higher-income consumers are reframing their purchases as conscious investments. Nearly half of consumers are actively pulling back spend (48%), while some are prioritizing value (22%) and sticking with trusted brands (14%). Only a small group of shoppers are trading up or splurging (16%).

Consumers who plan to spend less in apparel cite income pressure and price changes as top drivers – but motivation diverges by age. Younger shoppers pointed to shifting work needs and spending priorities, while older consumers are driven primarily by financial pressures like budget constraints and economic uncertainty.



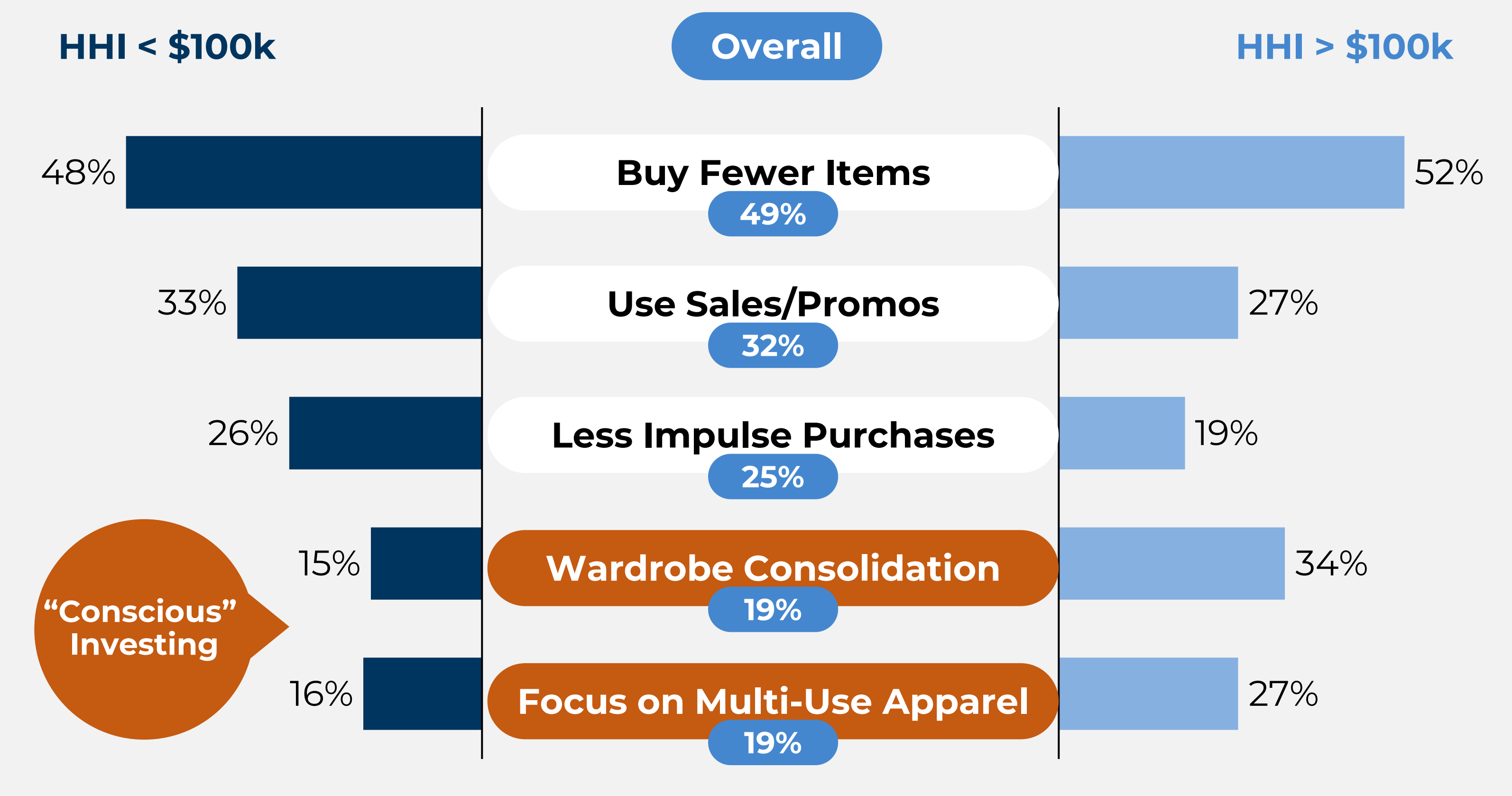
Older and Younger Consumers are Cutting Apparel Spend for Different Reasons



Consumers' Shopping Habits Focus on Value

Roughly 30% of consumers expect to spend less on clothing and footwear by reducing overall volume (49%), shopping during sales & promotions (32%), and making fewer impulse purchases (25%). Consumers' cost-cutting strategies vary by income - lower income consumers lean on traditional levers like finding promotions and reducing impulse purchases. On the other hand, **higher income households are gravitating towards "conscious investing", focusing on maximizing use and value from what they buy.**

Consumer Strategies for Reducing Spend in Clothing & Footwear



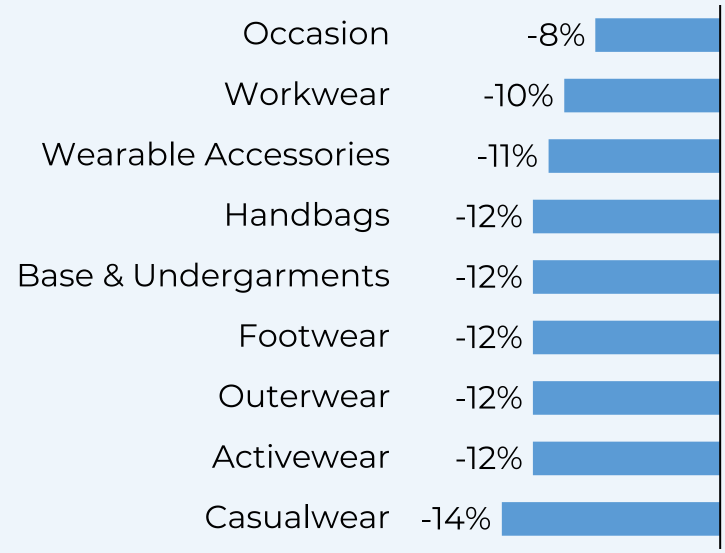
Wardrobe Consolidation: Using the same clothing across occasions (e.g., from casual to work to travel)

Multi-Use Categories: Selecting garments that are adaptable or multifunctional (e.g., elevated basics, layering pieces)

Consumers’ Shopping Habits Focus on Value

Spending Changes by Apparel Type

Net more (%) in the next 6 months



Spending is expected to decline across all apparel categories over the next 6 months, pointing to a broad-based pullback rather than a shift in consumer preferences. Activewear and casualwear face the greatest pressure (down 12% and 14%), suggesting consumers are cutting back most on everyday and lifestyle purchases. **The tight spread across categories confirms the slowdown is consistent, not concentrated in any one area.**

While spending is down overall, higher-income consumers are exhibiting greater interest in spending on occasion wear, footwear, outerwear, and activewear compared to lower-income consumers.

Spotlight on Household Income

Net-more spending gap by income

<$100k HHI ⟷ >$100k HHI

Footwear

+21%

-17% ⟷ **+4%**

Activewear

+19%

-17% ⟷ **+2%**

Outerwear

+18%

-16% ⟷ **+2%**

Occasion

+15%

-12% ⟷ **+3%**

Wide gap in spending expectations across income levels

Investing Intentionally

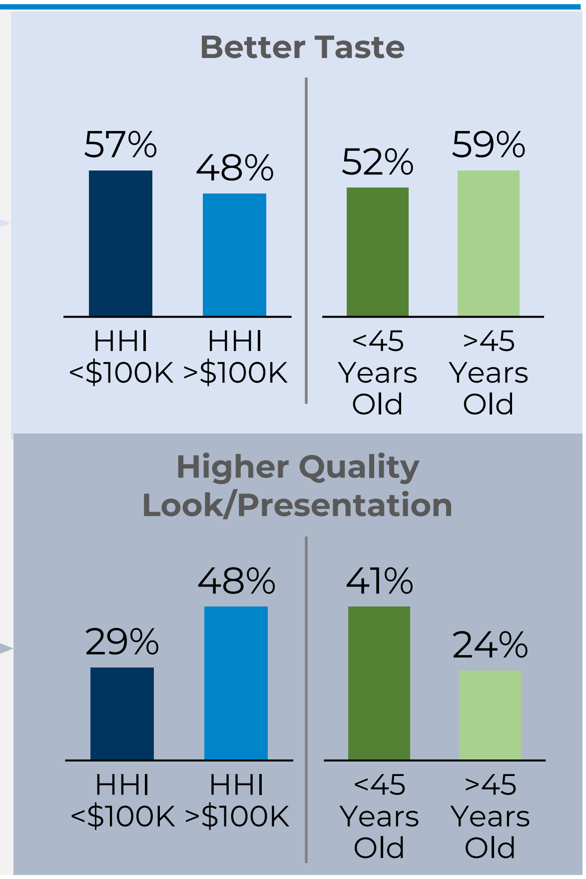
Even as consumers broadly pull back, a meaningful share across grocery, beauty, and apparel are selectively trading up when the value feels justified. Today's consumers aren't simply tightening their belts – they're making thoughtful trade-offs, pulling back in some areas while investing in products that deliver real quality and lasting value.

GROCERY

Grocery shoppers aren't just cost-cutting across the board - around 30% report they are trading up by choosing higher-priced brands over their usual preferences. **Even in a cost-conscious environment, shoppers are not uniformly trading down but instead making more deliberate choices**; cutting back in some areas while prioritizing quality, taste, and preferred products in others.

What Makes "Premium Pricing" Worthwhile When Grocery Shopping

- Higher Quality Ingredients **(56%)**
- Better Taste **(54%)**
- Health and Nutrition **(40%)**
- Brand Reputation and Trust **(40%)**
- Higher Quality Look/Presentation **(36%)**
- Treat or Special Occasion **(29%)**



A similar pattern emerges across age and income. Taste tends to matter more for older (59%) and lower-income consumers (57%), while younger (41%) and higher-income consumers (48%) are drawn to the aesthetics of higher-end grocery products.

Investing Intentionally

APPAREL

In apparel, 22% of consumers are trading up even as overall spend pulls back. This shows that buying less doesn't mean buying cheaper. Trade-ups are driven by core attributes, like fit and comfort (55%), quality of materials (54%), and durability (41%). **Shoppers are willing to pay a premium, but only when a product delivers on how it fits, feels, and lasts.**

What Drives Consumers to Trade Up in Apparel

Category	% of respondents who 'traded up'
Fit and comfort (TOP 3)	55%
Quality of materials (TOP 3)	54%
Product durability / longevity aligns with price (TOP 3)	41%
Style details / design innovation	35%
Brand image	33%
Customer experience	27%
Sustainability / brand ethics	23%

56% of consumers with HHI >$100K value **material quality** the most when trading up

63% of consumers aged 45+ value **fit and comfort** the most when trading up

BEAUTY

A similar dynamic is playing out in beauty, where around 20% of consumers are trading up despite broader efforts to manage spend. Trade-up in beauty is led by higher-quality ingredients (51%), performance (43%) and brand trust/ quality (40%), with the first two cutting across all income levels. Even as some cut back, **others continue to invest in higher-priced products that deliver results**.

What Drives Consumers to Trade Up in Beauty

TOP 3

Category	% of Respondents
Higher-quality ingredients / "clean" formulations	51%
Better performance / results	43%
Brand trust / perceived safety and quality	40%
More suitable for my skin type or concerns	39%
Luxury experience	31%
Longer-lasting value	31%
Better shade range / better color match	22%

Waning Loyalty

Brand loyalty is under pressure – consumers are growing more experimental and analytical, weighing price and product benefits over habit or familiarity. **The default of sticking with a known brand is giving way to a more deliberate search for the best value.**

BEAUTY

Brand loyalty in beauty is weakening. While brand reputation and trust ranked second among purchase drivers in Spring '25, it has since dropped to fourth place – behind price, personal fit, and specific product benefits (e.g., anti-aging, hydration). **Consumers are increasingly prioritizing what a product does and what it costs instead of the name behind it.**

27%

of consumers rank price value & affordability as the **most important factor** when shopping for new beauty products

Consumers' Most Important Factor in Beauty Product Discovery

Factors when looking for new beauty products	% of #1 Ranks	
Price	27%	
Personal Fit	17%	
Specific Benefits	13%	
Brand Reputation	11%	2nd most important in Spring '25
Ingredients and Formulation	10%	
Ease of use	9%	
Sustainability	6%	
Reviews	6%	

Waning Loyalty

APPAREL

Apparel brand loyalty is under similar pressure. Price value and design are the dominant drivers of willingness to try new brands across all age groups and income levels. Beyond these two factors, the motivators diverge: younger consumers (18-44) and lower-income shoppers (<$100k) prioritize personal recommendations while older consumers (45-80) and those with higher incomes (>$100k) search for variety – something new or a change in their routine.

Key Considerations When Trying New Clothing & Footwear Brands

Age Breakout

	Ages 18-44		Ages 45-80	
1	Price Value	57%	Price Value	77%
2	Design & Aesthetic	43%	Design & Aesthetic	30%
3	Personal Recommendations	37%	Variety	28%

Household Income Breakout

	HHI <$100k		HHI >$100k	
1	Price Value	70%	Price Value	60%
2	Design & Aesthetic	31%	Design & Aesthetic	48%
3	Personal Recommendations	30%	Variety	39%

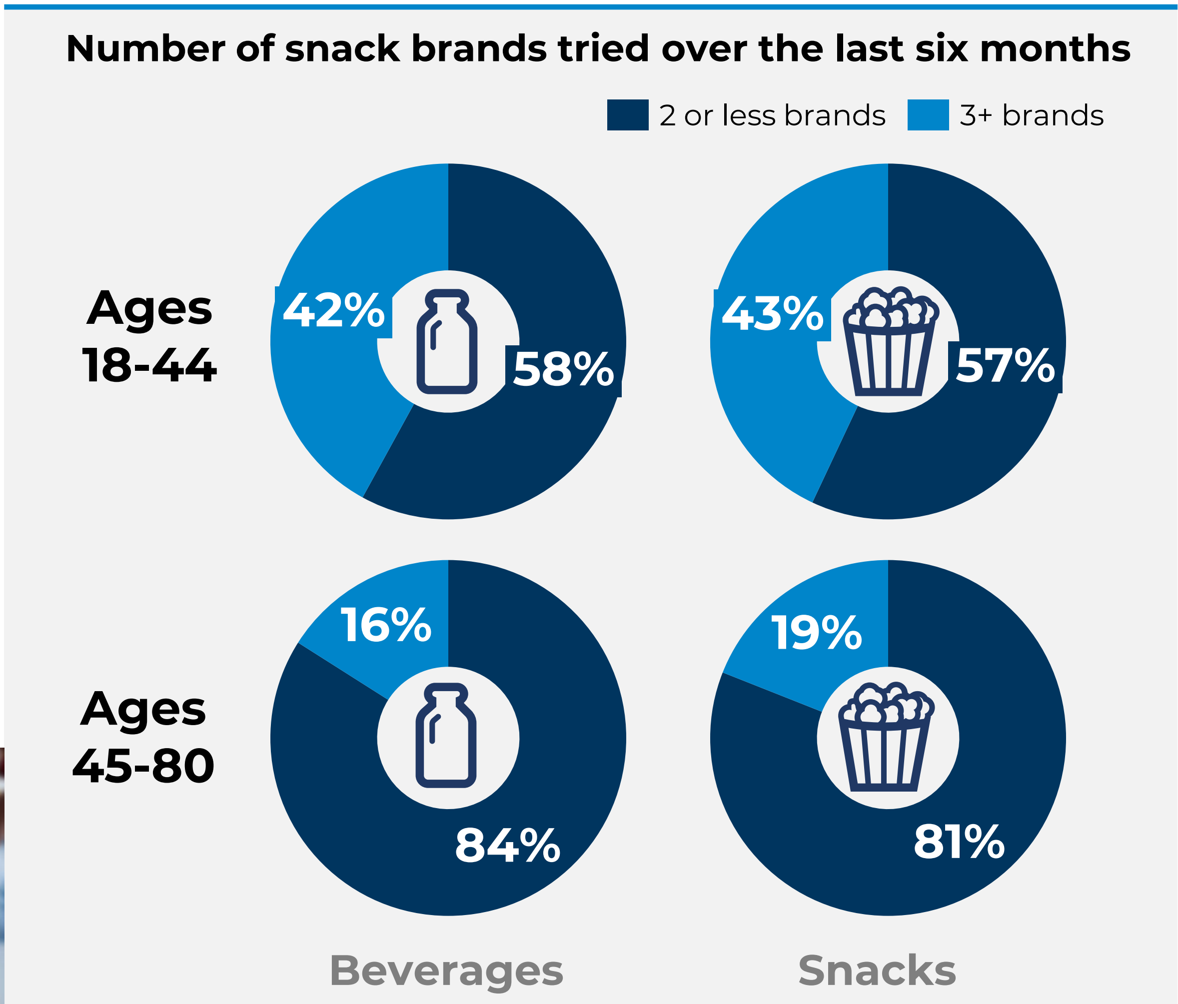
Waning Loyalty

GROCERY (SNACKS + BEVERAGE)

Experimentation is on the rise in snacking. 43% of younger consumers (aged 18-44) purchased three or more brands in the past six months alone, a stark contrast to older cohorts, where 81% purchased no more than two brands in the same period.

GLP-1 users further amplify this trend, showing an 18-percentage point increase in brand trial across age groups, driven by a preference for cleaner ingredients and higher protein options. Together, these dynamics point to a broader shift: **consumers actively shopping around to find products that best suit their evolving needs** rather than defaulting to familiar brands.

Consumer Experimentation with Brands in Beverages and Snacks



18% of respondents reported taking a GLP-1
22% of respondents are considering taking a GLP-1

GLP-1 users are less anchored to familiar brands and more driven by nutritional fit, making them highly willing to switch in search of the right product

The Evolving Role of Technology in Consumer Decisions

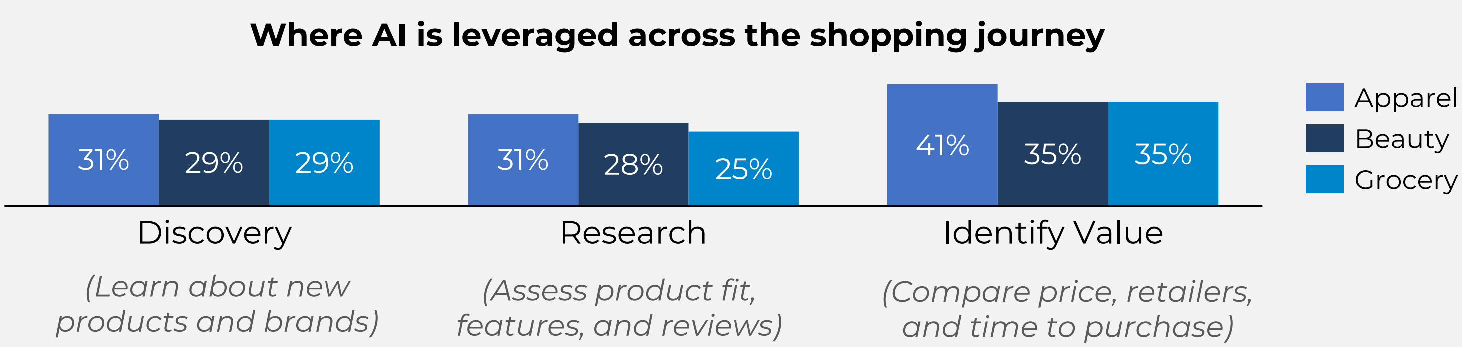
Technology continues to reshape how consumers shop, with online channels taking hold at the top of the funnel - product research and discovery are increasingly happening digitally. That said, the in-store experience still plays a critical role, serving as a final gut check before consumers commit to a purchase.

Consumers are looking for an omnichannel experience that flexes with their needs. 31% of consumers want a “seamless mix of online and in-store” depending on the situation, while 47% prefer to research and compare products online first. It’s easy to see why – **digital channels make it simple to evaluate products side by side on price, reviews, and other key features.**

Consumers’ Ideal Shopping Experience

AI is becoming a fixture across the shopping journey – from product discovery and research to finding the best value. Adoption is consistent across apparel, beauty, and grocery with 25–41% leveraging AI at each stage. Value identification is the most common use case, with shoppers turning to AI to find the best prices and places to buy. This shift is also **putting pressure on brand loyalty, as a more analytical approach to shopping makes it easier than ever to comparison shop.**

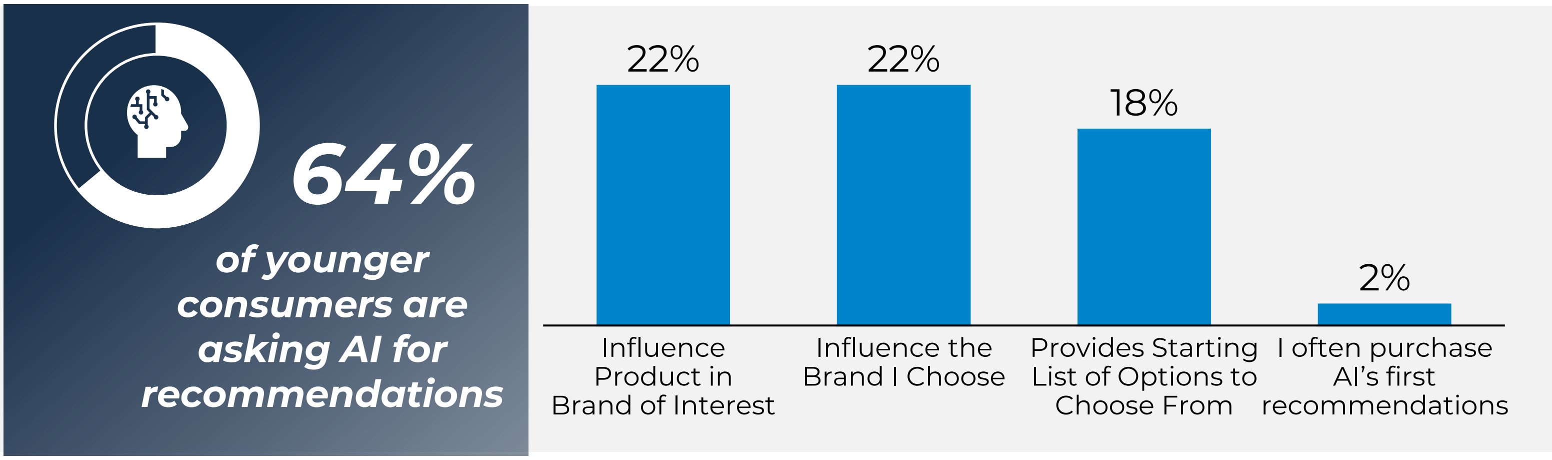
How Consumers Use AI When Shopping



The Evolving Role of Technology in Consumer Decisions

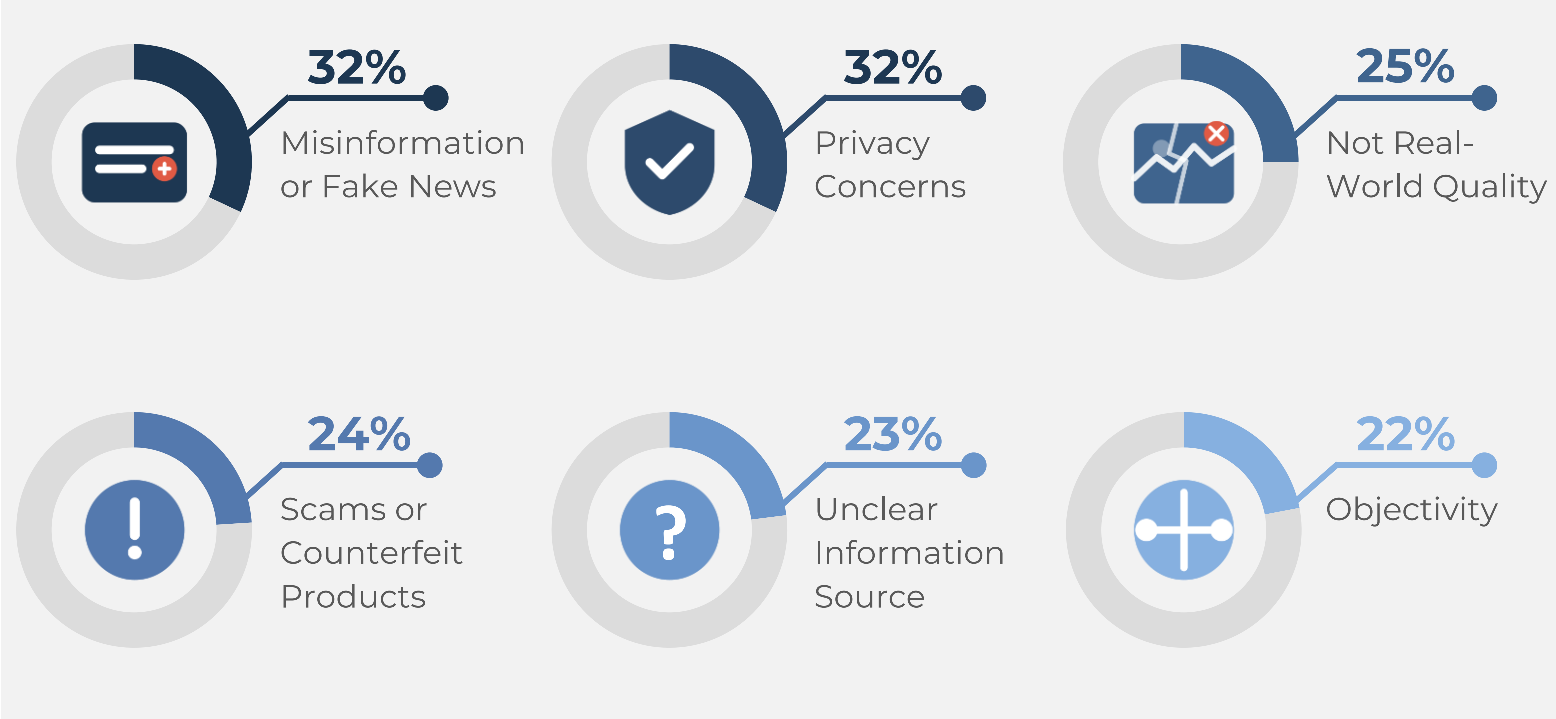
Younger consumers are going further than just using AI as a sounding board when researching a potential purchase. 64% of consumers aged 18-44 ask AI for recommendations and 66% of that group act on them. That level of influence is significant – **reshaping the awareness-to-conversion funnel and redefining how consumers find and define value.**

How AI Influences Purchase Decisions (For <45-year-old consumers)



Even with increased AI usage, consumers still have their reservations - particularly around misinformation, privacy concerns, scams, and objectivity of recommendations.

Consumer Concerns around AI (For <45-year-old consumers)



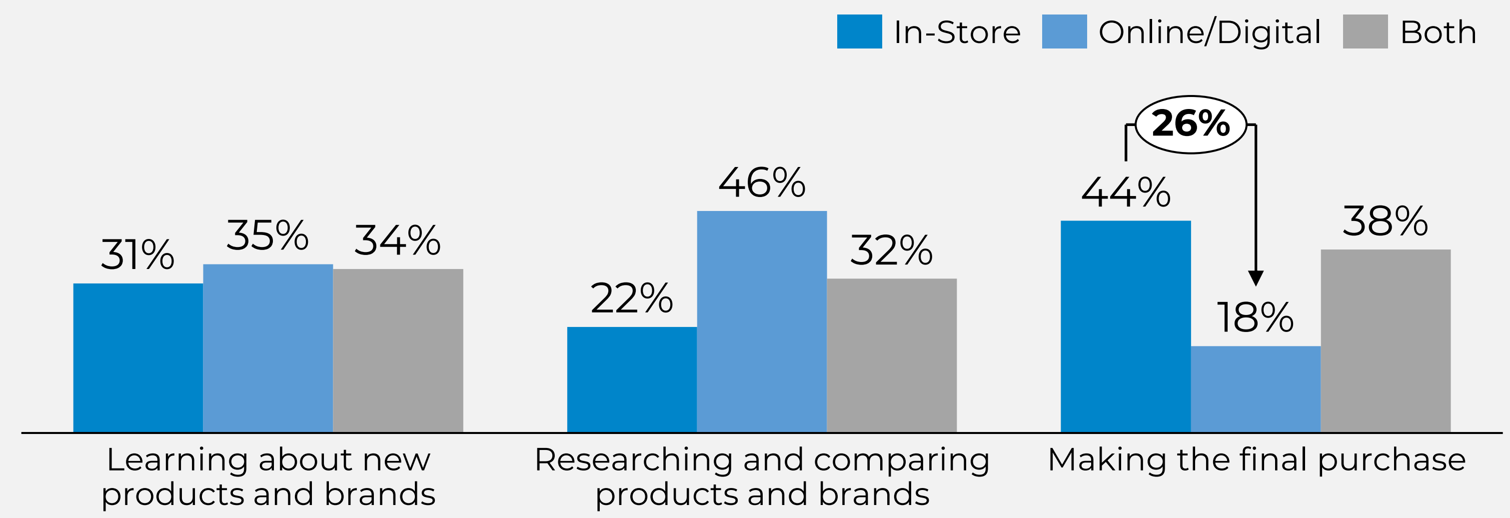
The Evolving Role of Technology in Consumer Decisions

Despite technology's growing influence in product discovery and research, the store is still the preferred place to buy. 44% of consumers prefer to make final purchases in-store, compared to just 18% who prefer purchasing online. **The preference for in-store shopping spans all ages, too.** 38% of consumers less than 45-years-old prefer in-store for final purchases, rising to 50% for consumers greater than 45-years-old. Stores remain relevant across all age groups.

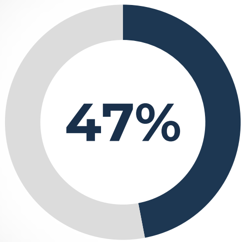
44%

of consumers prefer in-store shopping when making the final purchase, **26 percentage points higher than online shopping**

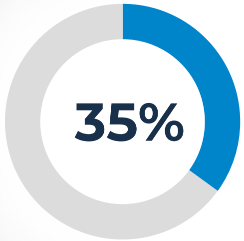
Consumer Preferences when Shopping for New Products



Spotlight on Household Income



of **HHI < $100k** prefer in-store shopping for making the final decision

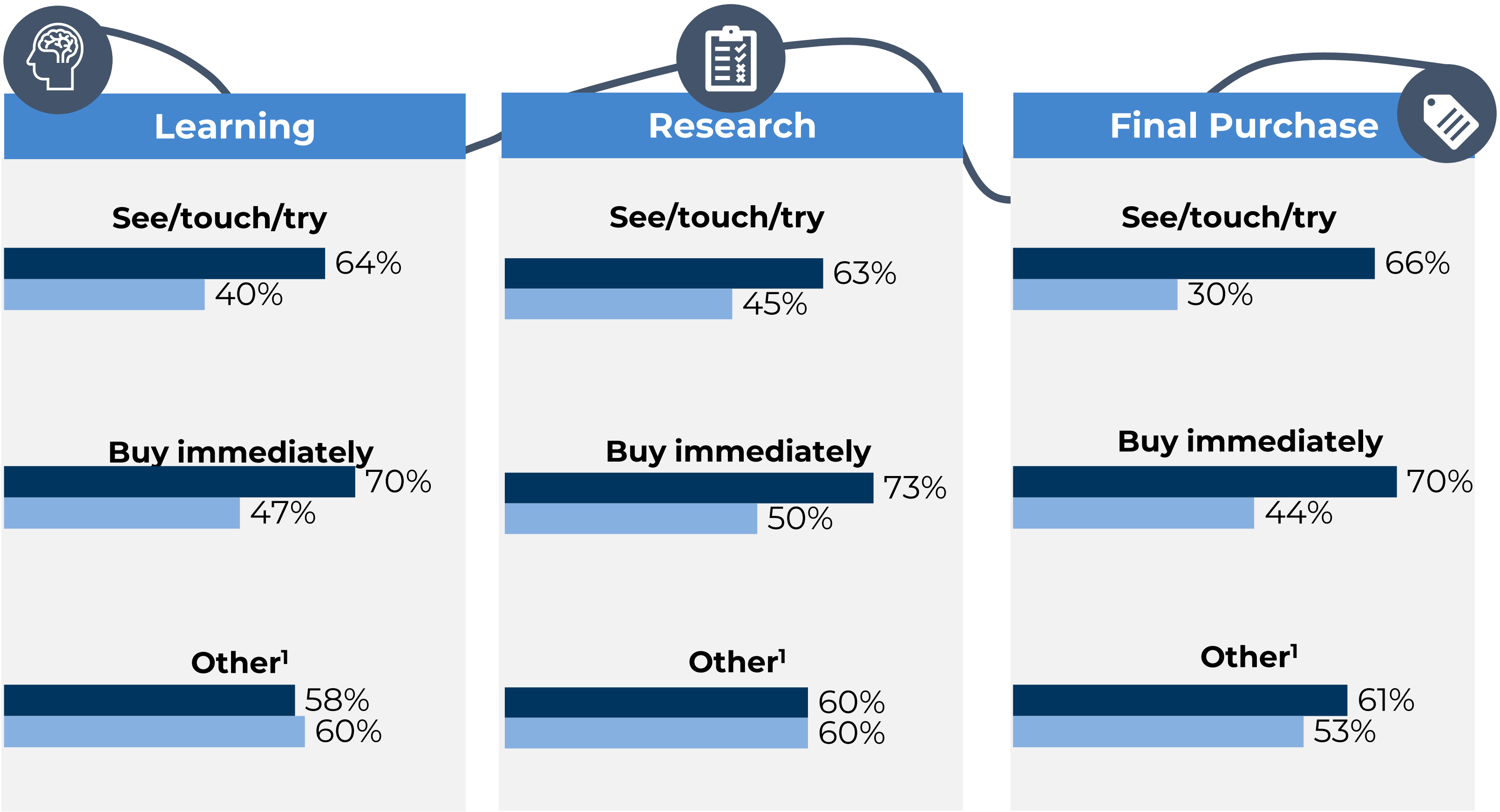


of **HHI > $100k** prefer in-store shopping for making the final decision

The Evolving Role of Technology in Consumer Decisions

In-store shopping builds confidence in ways that online shopping still can't fully replicate. Notably, the ability to try products and take them home the same day are the most valued in-store advantages. Across all three stages of the customer journey, in-store shoppers rate these two factors 20-36 points higher than online shoppers – suggesting that visiting the physical store is not just a last-mile convenience. Other factors like access to information to prevent returns, ease of returns, and simplicity of the purchase process also matter to consumers, but the gap between in-store and online narrows considerably on these dimensions.

Important Aspects of Shopping during the Customer Journey



Mostly in-store   Mostly online/digital

1. Other factors include price comparison, purchase confidence, easy returns, simplicity

Consumers are shifting toward intentional behavior – buying less overall while seeking greater value, quality, and flexibility in how they shop. At the same time, declining brand loyalty and the growing influence of AI and omnichannel journeys are reshaping how purchase decisions are made across categories.

METHODOLOGY

February 2026
2,100 respondents matching U.S. adult population according to gender, age, ethnicity, region & income