Consumers Aren't Purchasing the Way They Used To

November 18, 2022 - If you think that consumers haven't changed their purchasing habits over the past few months, think again. All you have to do is look at traffic at the Port of Los Angeles; the nation's busiest shipping port. During the COVID lockdowns, there were long lines of trucks trying to get into and out of the port and there were ships stuck off the coast trying to get into it to unload. But all of that has changed. According to a statement by the head of the port, October was the slowest month since 2009; at the height of the Great Recession.

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It's not just port traffic that tell the tale though. Shipping giants like FedEx have also noticed a change. As a result, they have reduced the operational sizes of some of their shipping fleets.

These changes are a direct reflection on the purchasing habits of American families. During the lockdowns, retailers couldn't keep things like home electronics and small kitchen appliances in stock. Because of this they placed massive orders for these goods only to see the economy shift almost overnight. Now many of them are overstocked on these very same items and selling them at fire sale prices.

This situation in now being reflected in retailer earnings. Just this week, Target released their 3rd quarter financial statement and it wasn't particularly good. While the company did continue to grow, Brian Cornell, the company's CEO said, "In the latter weeks of the quarter, sales and profit trends softened meaningfully, with guestsâ€™ shopping behavior increasingly impacted by inflation, rising interest rates and economic uncertainty. This resulted in a third-quarter profit performance well below our expectations.â€•

Target isn't alone in this. Amazon is apparently going through similar pains and is expected to begin laying people off this week. As many as 10,000 employees are said to be on the chopping block.

From the looks of it, 2023 is going to be a tough year economically. American consumers would be well served to conserve their cash now so that they have it if they need it in the next few months.
by Jim Malmberg
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