



QUEST
MINDSHARE



FORDIS CONSULTING
Illuminating Market Research



Beyond “HHI”:

Redefining Consumer
Households, Wealth and
Purchasing Power





The most dangerous
phrase in our language is
“we’ve always done it this way.”

Rear Admiral Grace Hopper

Before we start: we need a few volunteers....

How are you in the audience asking household income questions now?

- Gross annual income within ranges is typical

What do you use the results for? (our recent LI poll)

- Profiling/qualifying (32%)
- Segmentation (41%)
- Assumed purchasing power (23%)





What are we covering today?

- Why are we talking about HHI and research?
- Why can't we think of HHI as we have **in the past**?
- What does **hard data** say about consumer income, wealth, spending?
And how "households" are defined today?
- How did you test key questions with **actual consumers**?
- What's a **new framework** for looking at households, income, spending?



“What we as researchers ask about HHI is **outdated, inaccurate and misleading**”

All of us need to change what we're doing! Why?

- “Households” show **marked differences**
- Bigger **changes** for typical income, wealth, spending
- Current practice **ignores economic and demographic reality**

Let's **dismantle “HHI”** and see what these “changes” are...



What does hard data tell us?

Let's start with what “households” are today – significant changes occurring in...

- More **adult children** living at home
- Multiple **non-related people** living together
- Steady growth in **single parent households**
- Rapid decline in **married couple households**

We could go on and on with changing demographics. Let's see stats for a few of these...



May 27, 2022 | *Topic: U.S. Economy* | *Blog Brand: The Buzz* | *Tags: Economy, Inflation, Home Prices, Rent, Poverty*

Survey: 40% of Parents Have an Adult Child Living With Them

During the peak of the pandemic, 52 percent of young adults—also known as “boomerang kids”—moved in with their parents.

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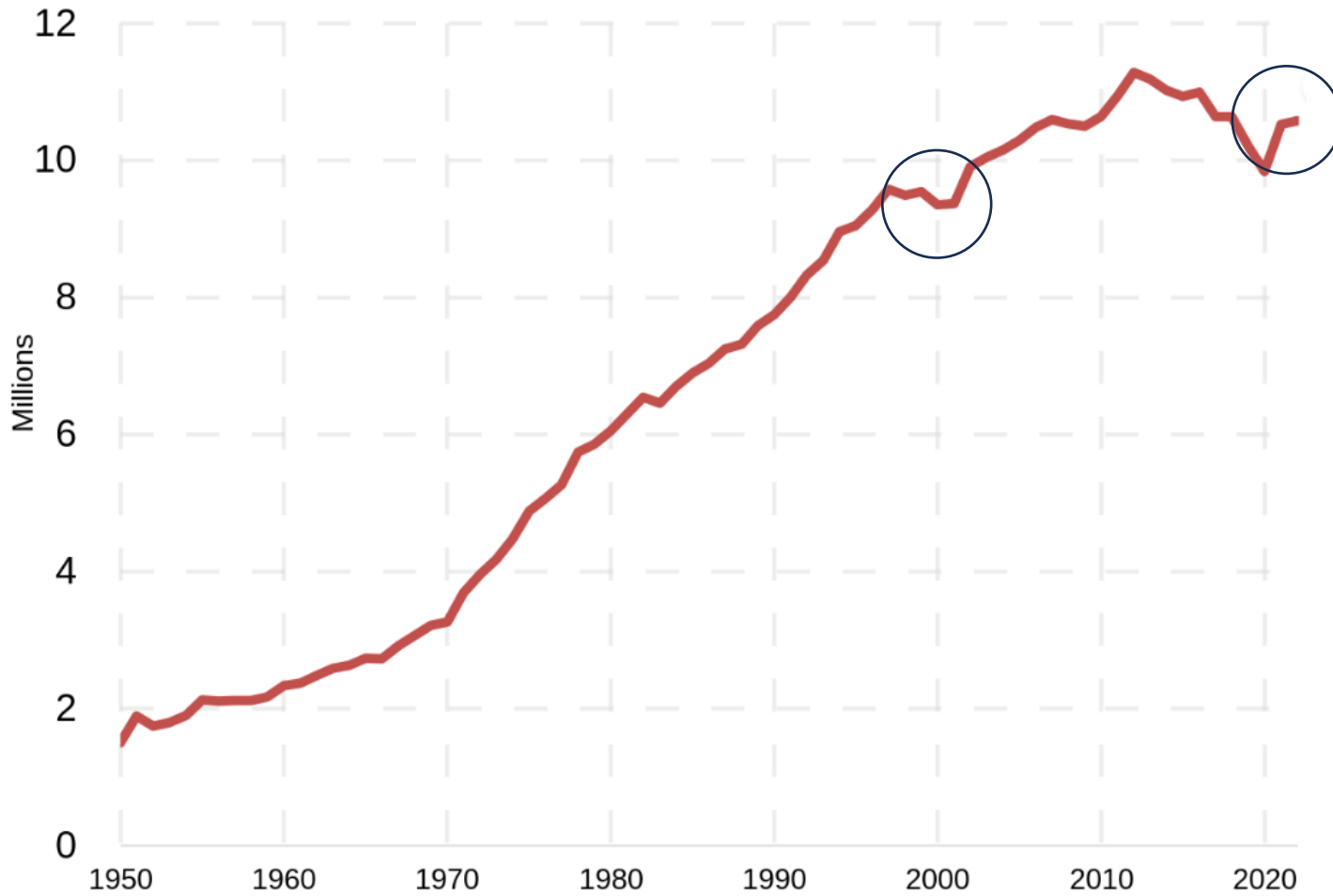
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Single parents in the US over time



Total number of single parents in the US over time from 1950 to 2020

[More data](#)

Single parent households:

- 8% in 2000
- up to 12% in 2023

In real numbers:

- **8.5 million** in **2000**
(105M total)
- **15.5 million** in **2022**
(129M households)



We could go on with changes to households, but let's look at **income**.

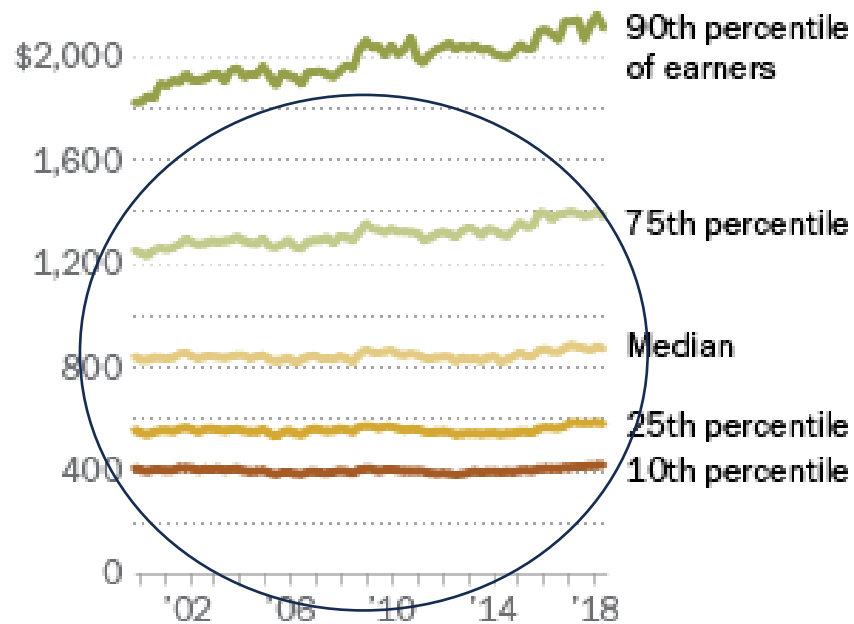
- Real wages are flat since 2000 for most workers
- Multiple income households rising steadily
- General consumer buying power has declined 50% due to inflation
- This is worse geographically – wide gaps based on location.

More stats – let's see what experts say...



Wage increases in the U.S. rise to the top earners

Usual weekly earnings of employed, full-time wage and salary workers, not seasonally adjusted, in constant 2018 dollars



Source: U.S. Bureau of Labor Statistics.

PEW RESEARCH CENTER

“After adjusting for inflation, however, today’s hourly wage has just about the same purchasing power it did in 1978...”

In fact, in real terms average hourly wage earnings peaked more than 45 years ago.

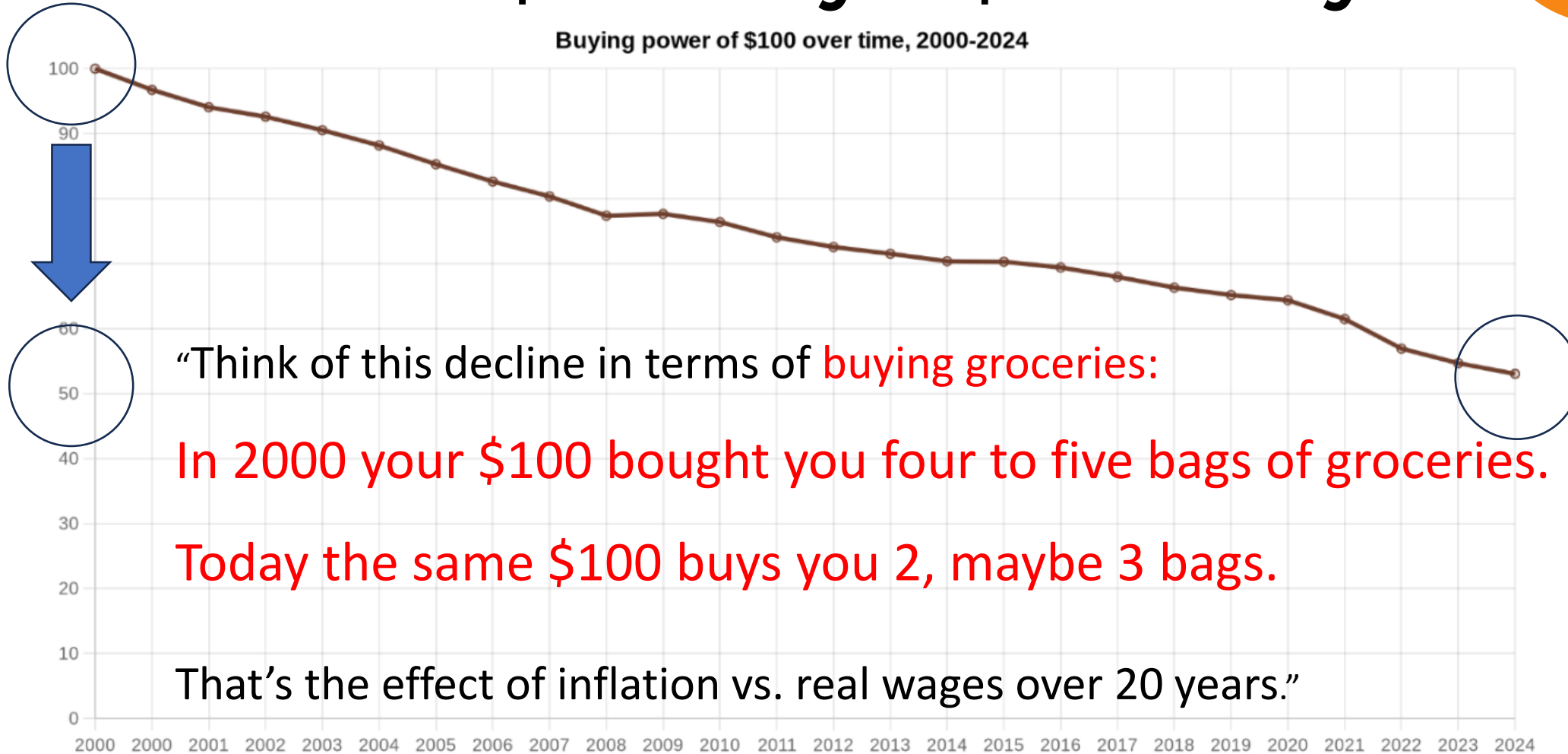
Since 2000, usual weekly wages have risen only 3% (in real terms).”

Pew Research Center, 2018



What does \$100 buy? \$50 today...

Buying power of \$100 over time, 2000-2024



“Think of this decline in terms of **buying groceries**:

In 2000 your \$100 bought you four to five bags of groceries.

Today the same \$100 buys you 2, maybe 3 bags.

That’s the effect of inflation vs. real wages over 20 years.”

A Tale of Two Cities....



San Francisco

	2 ADULTS (BOTH WORKING)			
	0 Children	1 Child	2 Children	3 Children
Food	\$10,616	\$13,215	\$17,019	\$20,751
Child Care	\$0	\$22,240	\$44,480	\$58,549
Medical	\$6,659	\$9,472	\$9,935	\$9,530
Housing	\$31,003	\$36,955	\$36,955	\$45,239
Transportation	\$8,071	\$10,167	\$11,698	\$11,685
Civic	\$5,335	\$6,715	\$7,776	\$7,269
Internet & Mobile	\$2,472	\$2,472	\$2,472	\$2,472
Other	\$8,459	\$8,994	\$12,431	\$11,950
Required annual income after taxes	\$72,614	\$110,229	\$142,767	\$167,444
Annual taxes	\$11,415	\$17,629	\$26,815	\$33,947
Required annual income before taxes	\$84,029	\$127,858	\$169,582	\$201,392

San Antonio

	2 ADULTS (BOTH WORKING)			
	0 Children	1 Child	2 Children	3 Children
Food	\$6,681	\$8,316	\$10,710	\$13,059
Child Care	\$0	\$9,632	\$18,628	\$27,171
Medical	\$6,822	\$8,906	\$9,378	\$8,965
Housing	\$14,351	\$17,483	\$17,483	\$22,163
Transportation	\$11,959	\$15,065	\$17,334	\$17,314
Civic	\$3,810	\$4,795	\$5,553	\$5,191
Internet & Mobile	\$2,034	\$2,034	\$2,034	\$2,034
Other	\$6,966	\$7,407	\$10,238	\$9,841
Required annual income after taxes	\$52,623	\$73,637	\$91,357	\$105,738
Annual taxes	\$6,605	\$8,135	\$9,017	\$9,848
Required annual income before taxes	\$59,229	\$81,772	\$100,374	\$115,586

San Fran 158%

San Fran 238%

(Equal for Medical)

San Fran 211%

San Antonio 148%

(Very close to equal)

“Where” matters, but
gotta know “for what”!

San Fran 297%

<https://livingwage.mit.edu/metros>



You get the picture...

For typical consumers, 85%+ of the population:

- their **income has stayed the same 2000-2023**
- while **inflation has cut** their “wealth” and “purchasing power” **in half.**
- but this **varies by location**, for some a **LOT**

Does your research take **any** of this into account?



Those are a lot of facts and trends and such.

How are actual consumers feeling about their income, spending? Their future?

We didn't know what consumers are prioritizing, what they spend on, how that would change in different situations.

So, **we asked them!**



What consumer research did you guys do?

- We created a consumer survey focusing on:
 - Household make-up
 - Who contributes how to “household income”
- We asked about spending
 - What was important, where they had control
- Then we asked about changes
 - What if they had more money? Where would it go?
 - What about less money? What gets cut back?



We studied three groups:

1. **Gen Z (adults)** Ages 21-27 (n200)
2. **Millennials** Ages 28-43 (n400)
3. **Gen X** Ages 44-59 (n400)

We **balanced** each group to **US Census regions**.

And also **balanced income ranges** based on median HHI for their group.

We asked whether they lived in a **downtown/urban/suburban/rural area**.

A key aspect was the **number of adults in the household working and paying bills**, and **any other sources of income**.



“Households” we saw:

Key highlights:

Sample had 28% people living alone, 72% with “others”

Of the “others in household” (among those who don’t live alone):

- Partner/spouse – 69%
- No children in HH: 54%
- 3 or more adults living in the household – 27%
 - (we’re going to dig into more on this point later)



“Income” (re)defined:

Key highlights:

Adults working full-time (of that 72% “living with others” group):

- One only – 47%
- Two – 29%
- Three or more – 7%
- Part-time workers in HH – 30%

The big finding: 55% of all households had additional income – savings used, disability, family support



“If your income grew 10%”:

What benefitted from more spending:

- **Food shopping** – 43%
- **Debt payments** – 30%
- **Housing** – 25%
- Savings and investments – 24%
- Travel and vacations – 21%
- Dining out, food delivery, subscriptions – 21%



“If your income fell 10%”:

What got cut:

- **Dining out**, food delivery, subscriptions – 54%
- **Entertainment** – cable/streaming, subscriptions – 34%
- **Food shopping** – 22%
- **Clothes shopping** – 21%
- Bars, happy hours, socializing – 18%
- Alcohol, cannabis, tobacco – 16%
- Cultural events – 16%



“What change would you make for your household, income or spending if you could?”

“Get ahead of my bills”

“I’d like a little extra money beyond bills”

“Get another job to make more”

“Need to make more to have enough – I’m worried”

“Definitely save more”

“Do anything I can to save a dollar”

“I’d start over and make better choices”

“Feel less guilty about my spending”

“I’ve done all I know to do. That won’t make my pay match inflation.”



Our Recommendations – Key Takeaways

1. Asking HHI as we have been isn't enough
 - What we've done isn't wrong
 - But we need to **adapt and evolve** to change
 - **Households are different**
 - **Income is stagnant** – flat for the great majority
 - **Inflation** has changed consumer priorities and choices
 - And the whole picture can change with **geography**



Our Recommendations – Key Takeaways

2. We need a measure of HHI that's relative, not absolute

Let's **add several factors** to adjust gross annual HHI:

- “**Geo compensation**” – remember that MIT calculator? Look at your metros and your **category**
 - If you make one change, we say this is it!
- Ask about **household members and earners** – how many, how much. More households have more earners these days.
 - And **who are they paying for** in the household?



Bottom Line:

What we've all been doing needs updating.

Critically evaluate your research to decide what will work best. Add more factors to your current HHI estimation.

No one solution fits all needs – but a different solution is needed vs. what you and I are doing today.



Shout-outs

Sam Farag

Tab House

Tables and tabs extraordinaire – his work made data review tons easier.



Kyle Sofianek, Director of Operations

Rishabh Jakhetia, Project Manager

Quest Mindshare

The intrepid conference research team.





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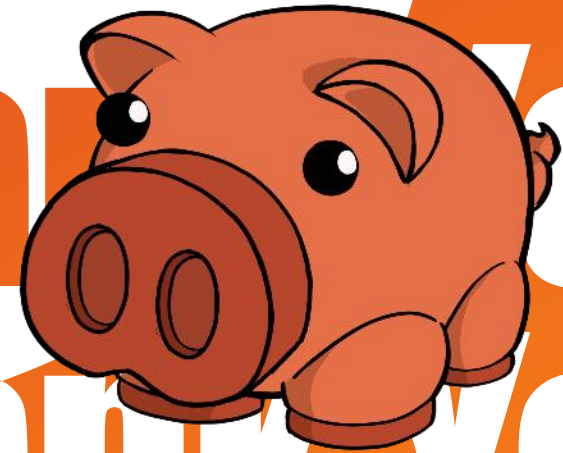
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Scott Worthge

Research Director

(& Best Practices Malcontent)

Quest Mindshare

sworthge@questmindshare.com

+1 650 867 5976

Lara Fordis

Chief Insights Officer

(& Research Rabble-Rouser)

Fordis Consulting

lara@fordisconsulting.com

+1 818 577 0537