

Brave Commerce Podcast: The Ever-Changing Landscape of the Consumer Economy

On this episode of Brave Commerce, Sucharita Kodali, vp and principal analyst at Forrester, returns to the podcast to discuss the state of the consumer economy, including the impact of inflation, interest rates and consumer spending.

Kodali sheds light on the resilience of the U.S. economy despite challenges such as our current inverted yield curve. Consumers have been spending enthusiastically, especially on discretionary categories like travel and leisure, in the face of concerns about a potential recession. She also talks about the “pandemic paradox,” where despite health and education crises, households emerged financially stronger.

The discussion also covers the prospect of future interest rate hikes and how brands can navigate the economic landscape. Despite inflationary pressures, consumers have shown little inclination to shift to cheaper options, making the market favorable for brands. However, she predicts that once consumers exhaust their savings, the competitive dynamics will change, leading to possible price reductions and more cautious spending.

Certain sectors such as housing aren't as impacted by seasonality, and increasing supply could potentially drive down costs—though the movement to urban areas for work might sustain spending in these regions. Kodali offers a positive outlook for the U.S. economy, predicting a favorable business environment through the back half of the year and possibly

beyond.

Key takeaways:

- In the face of gloom and doom financial forecasts, tracking consumer behavior is still your best source of insights.
- Give your customers a “why” to spend on your brand as opposed to potentially cheaper alternatives.
- Embrace uncertainty as an opportunity for growth and innovation in your business.

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