

Retailers and Consumers are Recalibrating amid Recession Concerns

Despite strong economic fundamentals, including record-low unemployment rates, consumer spending has been volatile over the past few months.

Anticipation of a potential economic downturn and the impact of increased online sales tax resulting from the landmark *Wayfair vs. South Dakota* ruling are contributing to consumers' caution, according to findings from BDO's 2019 Consumer Beat Survey.

Meanwhile, brick-and-mortar stores are no longer suffering in silence as consumers are noticing abandoned and run-down store locations. These issues during a healthy economy mean more retailers need to act now to recession-proof their business.

Shoppers report brick-and-mortar decline



38%
received **poor**
customer service



29%
noticed **empty**
shelves



28%
experienced **limited**
product selection



24%
saw **run-down**
stores



18%
noted **deep**
discounts

48% of consumers have seen a **retail store close** in the past month



Recession concerns are high—especially among Millennials



67% of Millennials think a **recession is likely** in the next year, compared to **59%** of consumers overall

But only **28%** of consumers are **changing their spending habits** today, including:



44% of retailers are **actively planning for a market correction.**

BDO's 2019 Retail Rationalized Survey

Millennials



34%

Gen X



31%

Baby Boomers



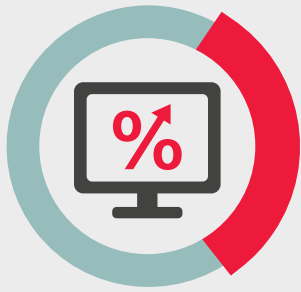
21%

For more information, visit <https://www.bdo.com/industries/consumer-business/overview>

Methodology: BDO's Consumer Beat Survey was conducted in May 2019 using ORC International's CARAVAN® omnibus among a sample of 1,004 U.S. adults age 18 and older.

© 2019 BDO USA, LLP. All rights reserved.

Consumers begin to feel *Wayfair* aftershocks



30%
of consumers have
noticed **higher online
sales tax** in the past year



Among them,
60%
are **changing their
spending habits**

In the wake of *South Dakota v. Wayfair*, some retailers now must collect sales tax for online purchases in states where they previously had not—and consumers are beginning to feel the impact.

#1 online shopping deal-breaker: high shipping fees

In the past month, consumers **stopped shopping from an e-tailer** as a result of:



25%
High **shipping
rates**



12%
Delayed deliveries



11%
Online
sales tax



10%
**Difficult-to-
navigate** website



7%
Cybersecurity
breach



Muted concern over cybersecurity breaches indicates that some consumers may be experiencing breach fatigue—accepting the reality of constant data compromises. However, with cyber breaches increasing in both severity and frequency, it's critical that consumers and retailers alike take necessary precautions.

People who know Retail & Consumer Products, know BDO.

www.bdo.com/retail

For more information contact:

NATALIE KOTLYAR

National Leader of BDO's Retail & Consumer Products Practice
212-885-8035 / nkotlyar@bdo.com

BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, and advisory services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 60 offices and over 550 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of 73,800 people working out of 1,500 offices across 162 countries.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For more information please visit: www.bdo.com.

Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your firm's individual needs.

© 2018 BDO USA, LLP. All rights reserved.