ICSC Insights & Intelligence
September 2026

# Consumer Spending Remains Active as Households Make Sharper Tradeoffs

How higher costs, limited savings and income differences affect spending decisions

## Executive Summary

ICSC's summer survey shows that consumers are still participating in the market, but doing so under tighter constraints. Higher prices and new expenses, not looser household budgets, remain the main reasons for increased spending. Consumers are still buying, but necessities, value and a clear reason to purchase increasingly guide their choices.

**Higher spending does not necessarily mean stronger demand.** Seventy-seven percent report higher monthly spending, but elevated prices and new expenses are the primary spend drivers, while only 14% cite higher income. Across ICSC's spring and summer surveys, about three-quarters reported spending more, though fewer pointed to higher prices as the reason for the increase.

**Consumers are choosing more carefully.** Similar to results in the spring, about half say they are spending about the same but are being more selective. Trading down, delaying purchases or skipping them altogether are much more common than spending freely. This pattern appears across income groups, although lower-income households are more likely to stop or delay purchases.

**Essential costs limit what remains for nonessential spending.** Essentials account for about 71% of monthly budgets. Even households covering their essential expenses often cut nonessentials, save less, draw on savings or use credit. More than half of these households would reduce nonessential spending if monthly essential costs were to increase $249 or less.

**The outlook for nonessential spending has improved since late winter, but growth is concentrated.** Consumers remain open to purchases that offer value or usefulness or fit a plan or occasion. However, dining, travel and luxury spending expectations weakened after the spring and households earning $125,000–$250,000 show the broadest strength in discretionary spending.

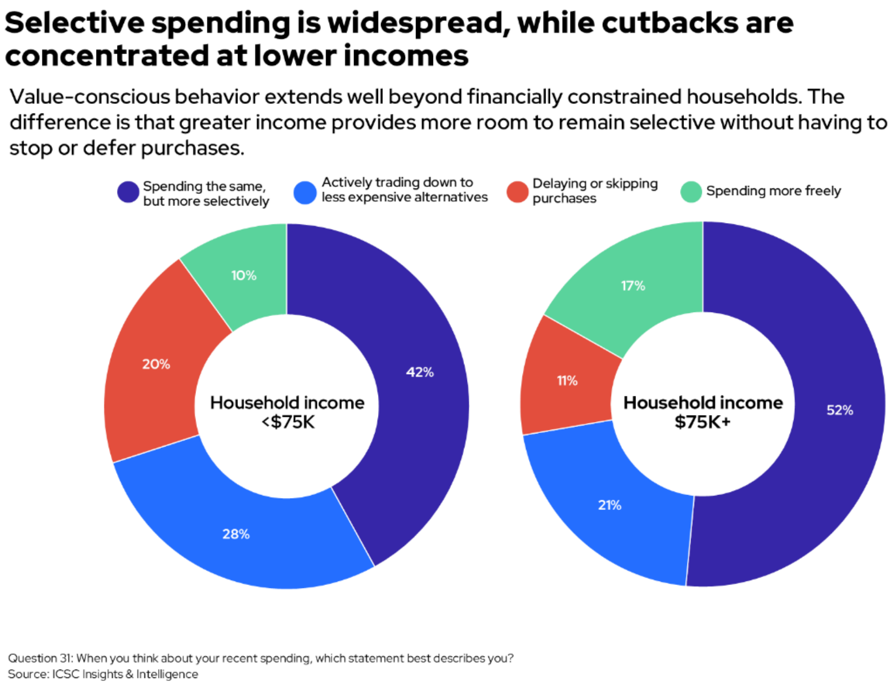


**Figure 1. Recent spending behavior by household income.**

Selectivity cuts across income groups, but the response differs. Higher-income households are more likely to keep buying while comparing value, while lower-income households are more likely to trade down, delay or skip purchases.

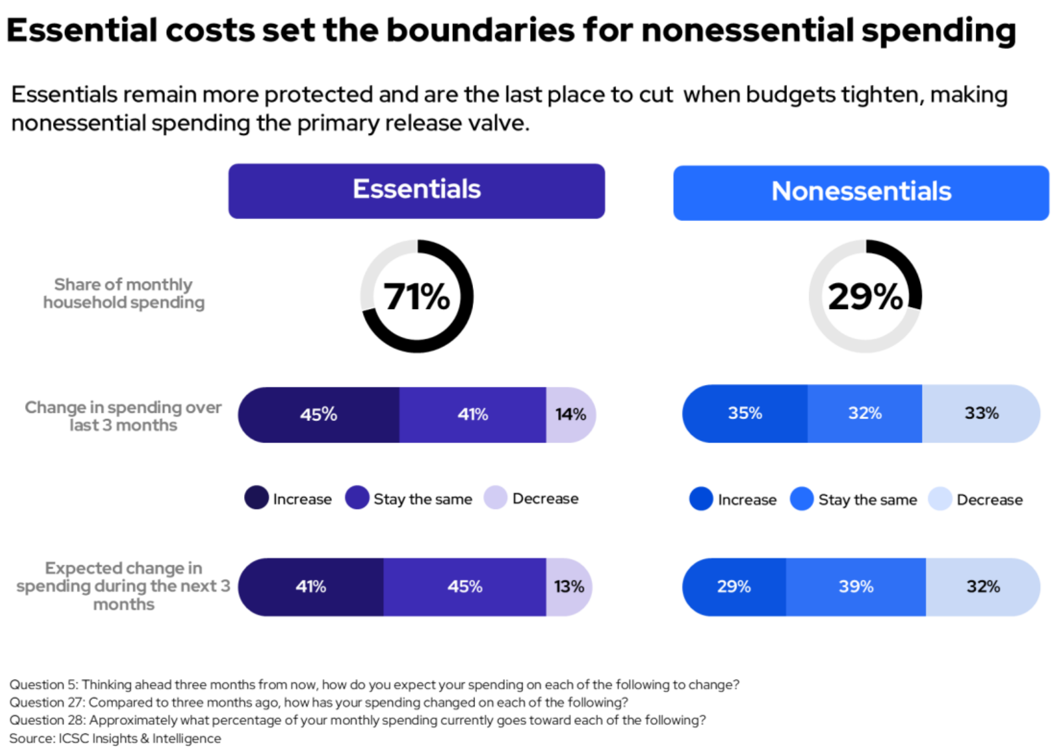


**Figure 2. Essential and nonessential spending allocation, recent change and expected change.**

Essential expenses anchor household budgets leaving less room for discretionary purchases. Recent and expected increases are more common for essentials than for nonessentials leaving a smaller share for nonessential spending and making it the first place many households look when recurring costs rise.

# Why this matters

**Spending totals can overstate financial strength.** The summer findings show that households can report higher spending while trading down, delaying purchases and cutting discretionary categories. Sales growth in dollars may therefore reflect higher prices and essential costs rather than broader demand. Sales figures provide a clearer picture when considered alongside category mix, units, promotions and payment behavior.

**Consumers are still spending, but purchases require a stronger reason.** Most consumers, including those expecting to reduce nonessentials, can still identify a reason to buy. The key question is what earns priority. Price, usefulness, planning, occasion, convenience and quality can each support a purchase, but no single factor works for every group or category.

**Financial stability reveals more than whether spending rises or falls.** Savings, confidence and room after bills separate consumers who can choose carefully from those who must delay purchases. Current bill payment can hide financial strain when households maintain it by saving less, drawing down savings or taking on debt.

**Aggregate improvement can coexist with category pressure.** The overall nonessential outlook improved from winter, while dining, travel and luxury weakened after spring. Together, these results suggest consumers are reallocating discretionary spending rather than increasing every category. Category and tenant mix will determine which businesses feel the effects even when overall consumer spending remains active.

**The findings offer an early view of where pressure is building.** The survey captures self-reported behavior and intentions at one point in time. It does not predict actual sales. It shows where purchasing decisions are becoming more constrained before those changes fully appear in overall spending. Businesses can compare these findings with observed units, basket sizes, traffic, switching, loyalty and credit behavior as the year progresses.

# Methodology

Online survey of 1,003 U.S. adults age 18 or older conducted July 29–31, 2026 as part of Big Village's CARAVAN omnibus survey. Results were weighted using the supplied standard survey weight. Bases vary by question; multi-select percentages are independent. Findings are self-reported and describe current conditions, recent behavior and stated intentions rather than observed sales or future outcomes.

Source: The ICSC Consumer Economy Report - Summer 2026.