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<https://www.wsj.com/articles/with-stimulus-checks-on-hold-americans-are-spending-less-at-the-grocery-store-11598526249>

# With Second Stimulus Checks on Hold, Americans Spend Less at the Grocery Store

End to extra unemployment benefits among reasons for recent decline in food spending

By [Annie Gasparro](#) and [Jaewon Kang](#)

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Grocery shoppers are cutting back on spending, data show, a sign that Americans are hurting for cash as the federal unemployment stimulus remains on hold for most recipients.

The emerging shift in food spending comes after the \$600 in weekly additional unemployment checks expired in July. It has also prompted grocery stores to bring back something customers haven't seen much of during the pandemic: discounts.

Lump-sum stimulus checks consumers received in the spring and the extra unemployment money for people who lost their jobs in the coronavirus pandemic have helped shore up consumer businesses amid widespread shutdowns and millions of workers claiming unemployment.

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**Walmart Inc.** WMT **-2.17%** ▼ executives said consumers are nervous about their finances and job security in the absence of stimulus aid, leading to cutbacks in spending.

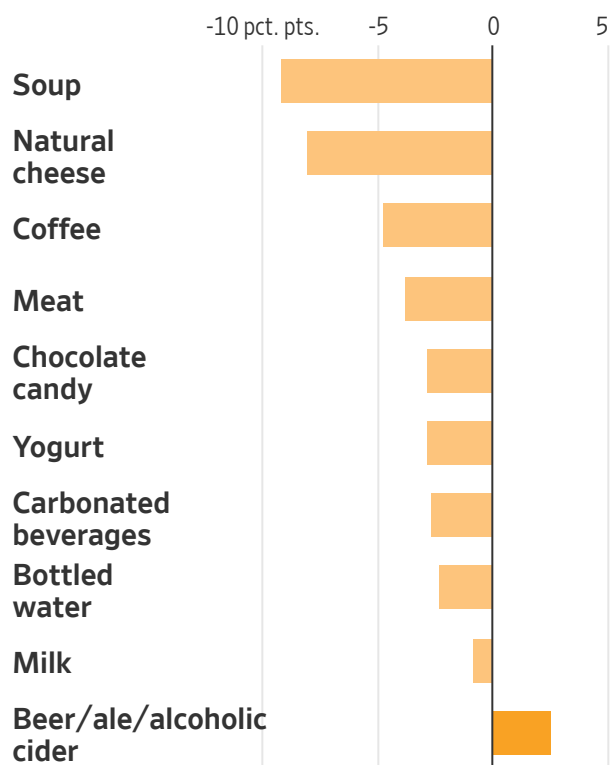
“People perceive they’re spending more money on food, despite eating out less,” said Walmart U.S. Chief Executive John Furner on a conference call last week. “So we’ll be thoughtful about the way we plan the rest of the year and react to changes in the trends we see from our shoppers.”

Other retailers, such as Stop & Shop Supermarket LLC, also expect consumer spending growth to be tempered in the months ahead by economic uncertainty and the continued disruption of sporting events, restaurant dining and other facets of pre-pandemic life.

### Lost Appetite

Sales of some groceries fell sharply in mid-August from a few weeks prior.

#### U.S. volume sales, change from week ended July 26 vs. week ended August 16



Note: Includes traditional grocers, discount stores and mass retailers, including Walmart

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last quarter of the year and into next year. While Mr. Reid hasn't seen a direct connection to reduced unemployment checks, he said customers have become more price-conscious.

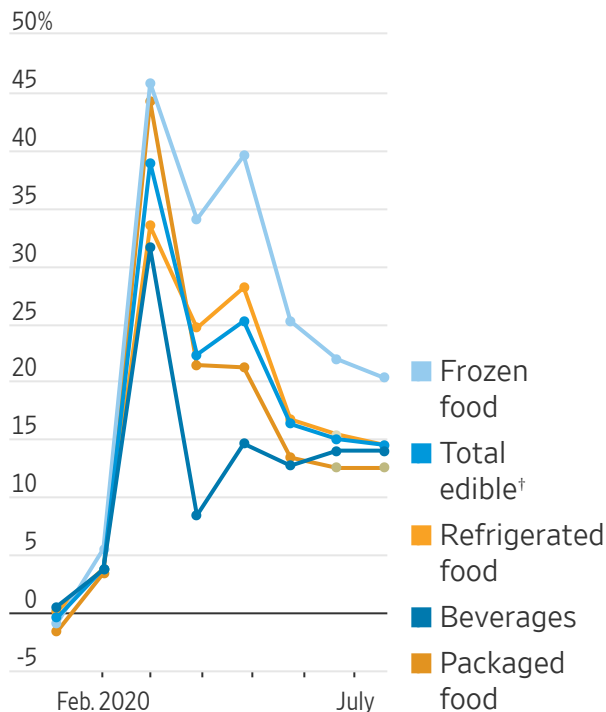
President Trump signed an executive order earlier this month that would provide recipients with an extra \$400 a week, but the program has run into delays as it requires states to reconfigure their unemployment systems and chip in \$100 per person. So far, three states are distributing funds.

While sales of groceries, such as frozen dinners, cereal, soup and coffee, are still higher than they were a year ago, sales growth has slowed compared with July and prior months in the pandemic.

### Slowed Down

While still higher than a year ago, sales in some grocery categories have slowed.

#### U.S. dollar sales, change from previous year\*



\*Each date is the end of a four-week period

†Includes traditional grocers, discount stores and mass retailers

Source: IRI

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The data includes online and in-store sales at traditional grocers, dollar stores, mass retailers including Walmart and club stores. It doesn't include convenience stores.

Grocery prices were broadly consistent with prior weeks, and restaurant dining held steady during that time, the IRI analysis showed, indicating that neither was a significant factor in the slowed grocery spending—further evidence that the halted unemployment stimulus was a driving factor. However, restaurant-data provider Black Box Intelligence said same-restaurant sales have declined less so far in August than in July, when including takeout, delivery and dine-in.

Some states with higher unemployment, such as Illinois, Nevada and New York, recorded a greater deceleration in grocery spending, according to IRI.

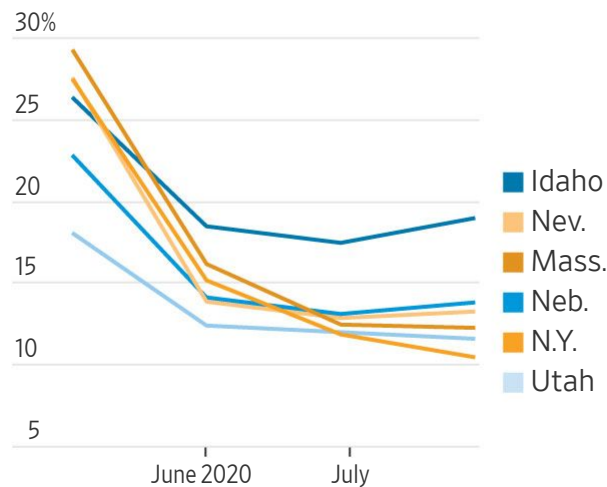
### Checks in the Mail?

Some states with higher unemployment rates are having faster slowdowns in grocery spending.

### U.S. dollar sales in edible groceries, change from previous year's same four-week period

#### Top three states with the...

- ...lowest unemployment rates
- ...highest unemployment rates



Note: Unemployment rates are preliminary July 2020 figures

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say they're preparing to offer discounts that can eat into margins and intensify competition.

Sales at the grocery store have been rare since March, but grocers are now bringing those back, selling low-price items in bulk and revamping loyalty programs they say are aimed at helping customers save money. Retailers and their suppliers are also selling more value packs.

Stop & Shop said its sales growth started slowing to single digits in early June compared with double-digits at the start of the pandemic. The Quincy, Mass.-based grocer recently launched initiatives such as three-day sales and a new loyalty program that allows consumers to spend points on groceries and fuel. The grocer's advertisements of discounts, which went down to four pages from the usual 10 pages at the start of the pandemic, are now eight pages long, Mr. Reid said.

Associated Food Stores, a cooperative of more than 400 grocers, is now promoting more items and offering discounted products in bulk largely for large families, said Chief Financial Officer Bob Obray.

"There is anxiety out there" because of economic uncertainty, he said.

Midwest grocer B&R Stores Inc. started highlighting under-\$1 items in its advertisements as shoppers become more budget-focused, said President Mark Griffin, though the chain hasn't seen a change in sales growth.

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*Have you noticed a change in discounts at grocery stores near you? Join the conversation below.*

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The financial stress could lead to more people shopping at dollar stores, as middle-income consumers who wouldn't normally shop there might start to, according to Morgan Stanley retail analyst Simeon Gutman.

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Thursday. Dollar General said its same-store sales so far in August are up about 15%, above analysts' forecast of 6%.

Dollar Tree Inc. said Thursday its sales have also continued to rise this month. "With the extra unemployment benefits going away and the unemployment rate where it is, we believe we're in as great a position as we were in 2008," Chief Executive Mike Witynski said on a conference call.

Some consumers already have started buying groceries at cheaper retailers. Jennifer Dickerson, a 36-year-old marketing manager, started buying groceries at her local Trader Joe's in Studio City, Calif., and stopped shopping at Costco, COST -1.94% ▼ Target Corp. TGT -1.18% ▼ and Kroger Co. KR -1.09% ▼ 's Ralphs chain. Ms. Dickerson, who has two toddlers, also price-checks everything else online so her family can save more.

"We feel like we have to be prepared for anything," said Ms. Dickerson.

Mary Proffitt, 63, who was laid off by her restaurant employer in Kentucky at the end of March, hasn't received stimulus or unemployment checks since May because of a backlog in her state. She said she cut weekly spending on groceries by half to \$100, and relies on canned and frozen vegetables. "I've never been this destitute before," she said.

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## GROCERIES & CORONAVIRUS

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[A Smart Guide to Food Shopping and Outdoor Dining](#)

[Why Are Some Groceries Still So Hard to Find During the Pandemic?](#)

[Grocers Embrace Food Delivery, but They Still Don't Love It](#)

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Newly price-sensitive shoppers are buying more store-branded items, said Mike Duffy, chief executive of C&S Wholesale Grocers Inc., a distributor to grocery chains including Safeway and Southeastern Grocers. Private-label brand sales are outpacing national brand sales, he added.

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aimed at budget-conscious shoppers as they try to hold on to sales momentum they have gained in recent months.

**J.M. Smucker Co.** [SJM -2.35% ▼](#) is one of the companies that says it is holding back on deals. Chief Executive Mark Smucker said Tuesday he hasn't seen an impact from the halted unemployment bonus on its brands, and demand remains too high to merit discounts on its jams, Folgers coffee and some other brands. "We are keeping an eye on the competition and taking it week by week," he said.

### Corrections & Amplifications

In an earlier version of the chart titled "Checks in the Mail?" the states with lowest unemployment rates used total grocery data instead of data on edible groceries. This chart was updated to reflect data only pertaining to edible groceries. (Corrected on Aug. 27)

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