



# The frugal consumer

## Reframing frugality: efficiency as the new aspiration

**Kearney Consumer Institute**  
Quarterly briefing – Q4 2025

**KEARNEY FORESIGHT**  
Consumer Institute

# The consumer is shifting from savvy to frugal, but it is not all doom and gloom

The consumer has been thoughtful, choiceful, savvy, and resilient for a while now ... what's next?

Despite seemingly steady spending, most consumers voice (and demonstrate) a longer-term story of stress. Adaptation has become the default mode, but consumers are exhausted and have less to give.

Approaching 2026, consumers are increasingly second-guessing purchases and evaluating everything from their finances to their time and energy, leading to an era of frugality, but not in the traditional sense.

Frugality is not penny pinching; it's a sign of recalibration.

## Topics covered:

- Holiday spending and behaviors
- Consumer sentiment
- Planning for the frugal consumer of 2026

# The holidays are poised to be a bright spot despite financial pressures

## Holiday spending philosophies



## Where and how fast facts

### Channel preference:

54% prefer holiday shopping in-store versus 46% prefer online

### Black Friday/Cyber Monday:

50% of consumers plan to shop Black Friday/Cyber Monday sales online (versus 36% in-store)

### Tech and social:

35% plan to use social media to find products and deals  
22% plan to use AI to find products and deals

**Holidays provide normalcy and nostalgia in an otherwise uncertain environment.**

# Gifts remain protected, but all spend is under review

## Spend summary and predictions

70% plan to spend the same or more as last year on gifts for others

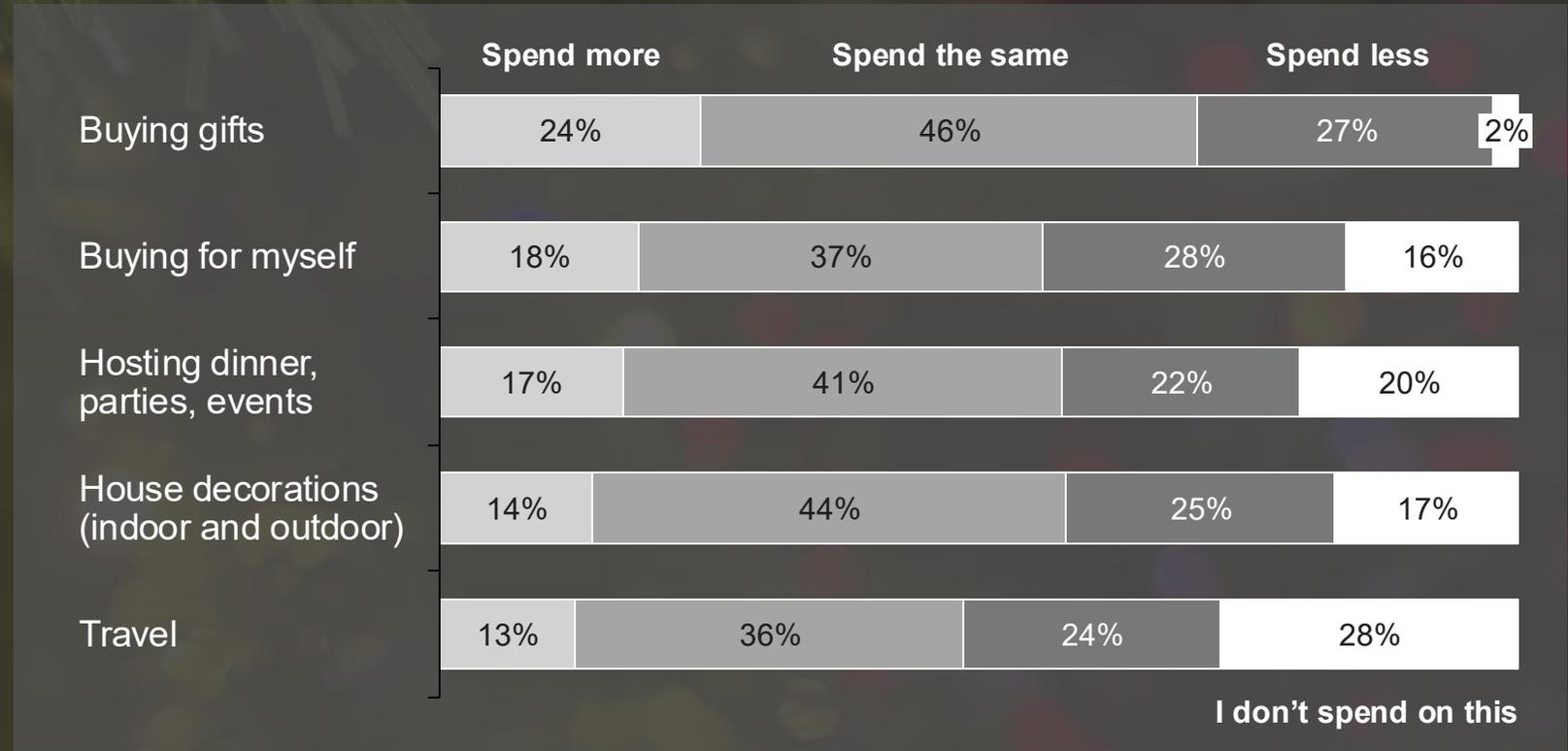
Most likely to spend less on themselves

Each category sees ~20–30% of consumers planning to cut back

Estimate **conservative spending growth** versus 2024 (low single digits).

Anticipate consumers to cut the **frivolous extras** (such as one more stocking stuffer or Black Friday personal purchase, third dessert for dinner party).

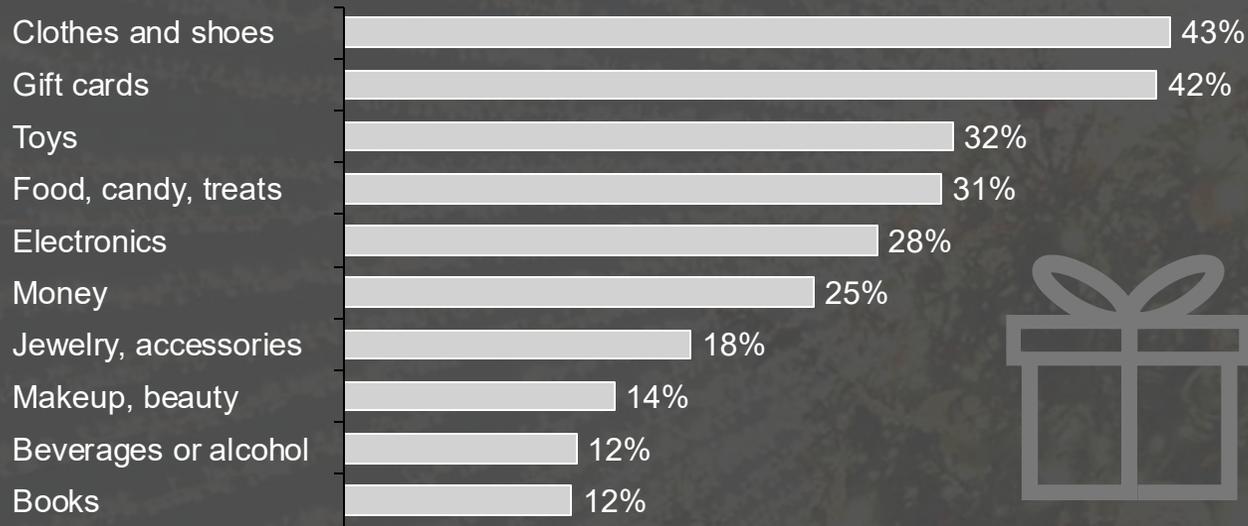
## Holiday spending plans



# Consumers will be spending—smartly

## Top categories to gift

**Physical gifts still win:** Physical gifts/cash preferred over experiences



## Thrifted gifts on the rise

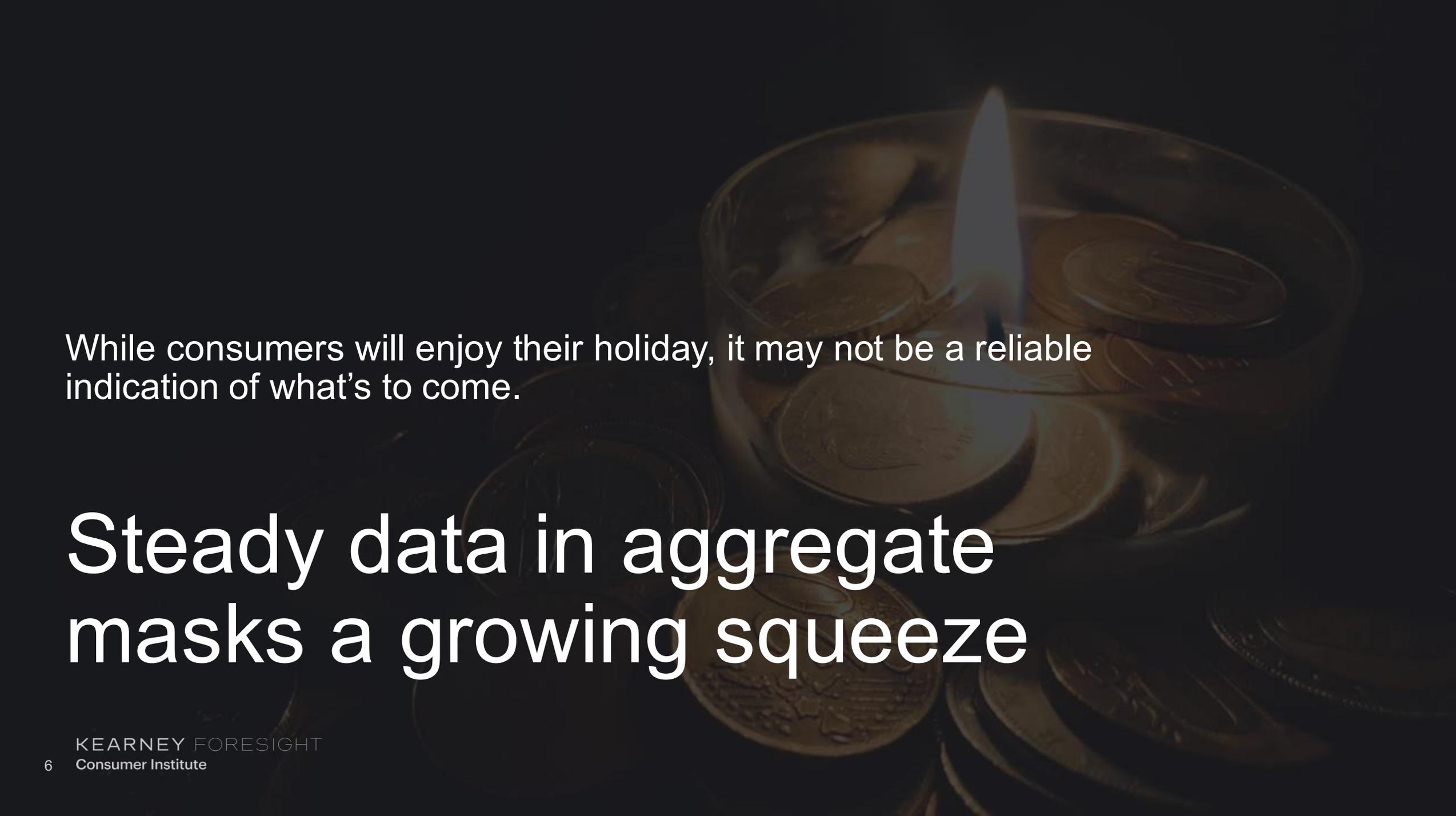
*Have you or would you gift someone preloved, previously owned or gently used products?*

**57%** → **64%**  
(2022) (2025)



**Expect stronger-than-predicted retailer/brand competition for consumers' dollars.**

**What will win with consumers?** Brands can embrace consumers' need for balance, while seeking deals for the right products (e.g., spending early vs. waiting for deep discounts; prioritizing deal/price vs. product of choice).



While consumers will enjoy their holiday, it may not be a reliable indication of what's to come.

# Steady data in aggregate masks a growing squeeze

# In the “yes, but” economy, there are two sides to every story, driving a confusing macroeconomic consumer picture

## Consumers increasingly bifurcated

US data example	Yes...	... but
<b>Income and wealth</b>	<p>Consumer spending accounts for nearly 70% of US GDP.</p> <p>Median household income in real terms is roughly stable over the past decade, and poverty is down slightly.</p> <p>Household net worth has surged since COVID, up nearly 30%, due to rising home values and stock markets.</p>	<p>Households with the top 10% of incomes account for nearly 50% of consumer spending.</p> <p>Middle-income households fell from 61% (1971) to 51% (2023). Middle-class wealth is largely illiquid (homes + retirement).</p> <p>Debt burdens (credit cards, student loans) are rising.</p>
<b>Housing</b>	<p>2/3 of US households own a home.</p> <p>Forecasts see mortgage rates easing and a sales rebound into 2026, but affordability relief will be gradual.</p>	<p>Home price to income ratio has risen from 3.5 in 1985 to 5.0+ in 2025.</p> <p>New entrants (young/middle-income buyers) or people seeking to move struggle to afford today’s mortgage rates and median homes.</p>
<b>Stock ownership</b>	<p>68% of Americans own stock.</p>	<p>The top 10% own ~93% of stock wealth; the bottom 50% hold just 1%.</p>

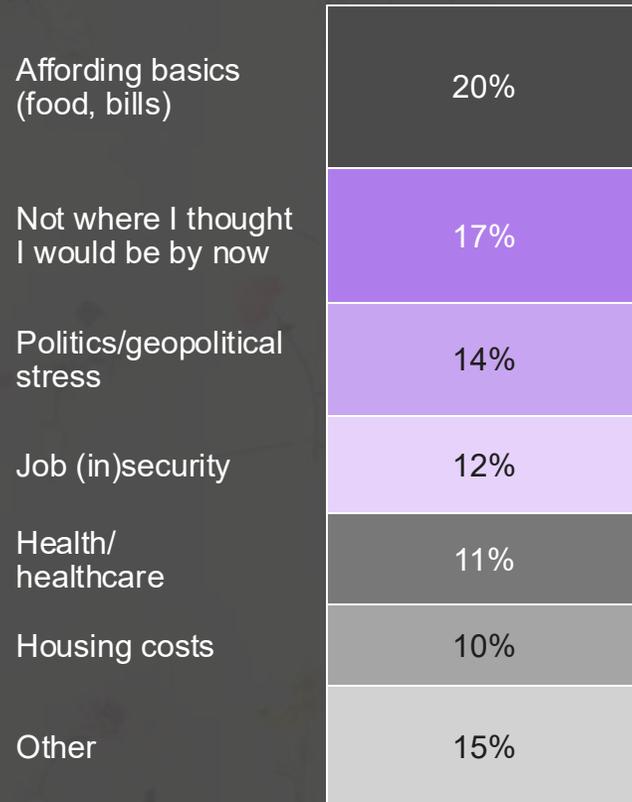
**The middle is eroding, but the desire for stability spans the income spectrum.**

# Core sources of consumer stress range from visceral and emotional to powerlessness

No singular source of stress

In K-shaped economy, consumers increasingly compressed

What is causing the most stress for you?



Many US consumers have recently been exposed to SNAP reductions and delayed wages due to the government shutdown.

Ongoing concerns include high housing costs, interest rates, and persisting inflation.

While higher-income consumers have been propping up spend, they face risk, including layoffs, AI, and potential stock market bubble.

“Pricier products ... more exposed to high-income consumers, like Topo Chico sparkling water and Fairlife protein shakes, are fueling the company’s sales growth,” CEO James Quincey told CNBC. “At the same time, Coke is seeing higher demand at both dollar stores that cater to low-income consumers.”



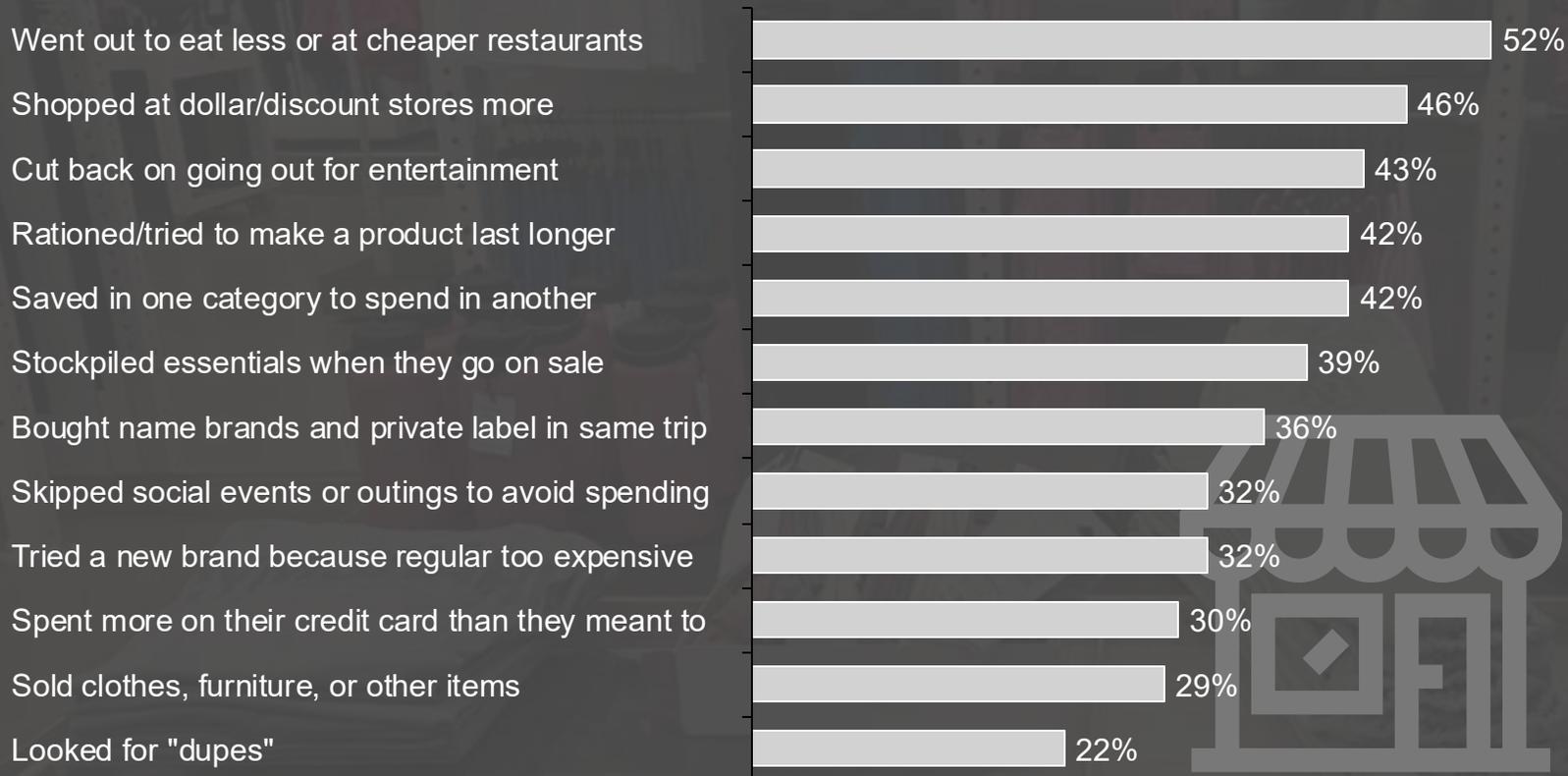
McDonald’s brought back Extra Value Meals in 2025 to appeal to price-conscious consumers.



Delta projects revenue from premium offerings to surpass economy in 2026.

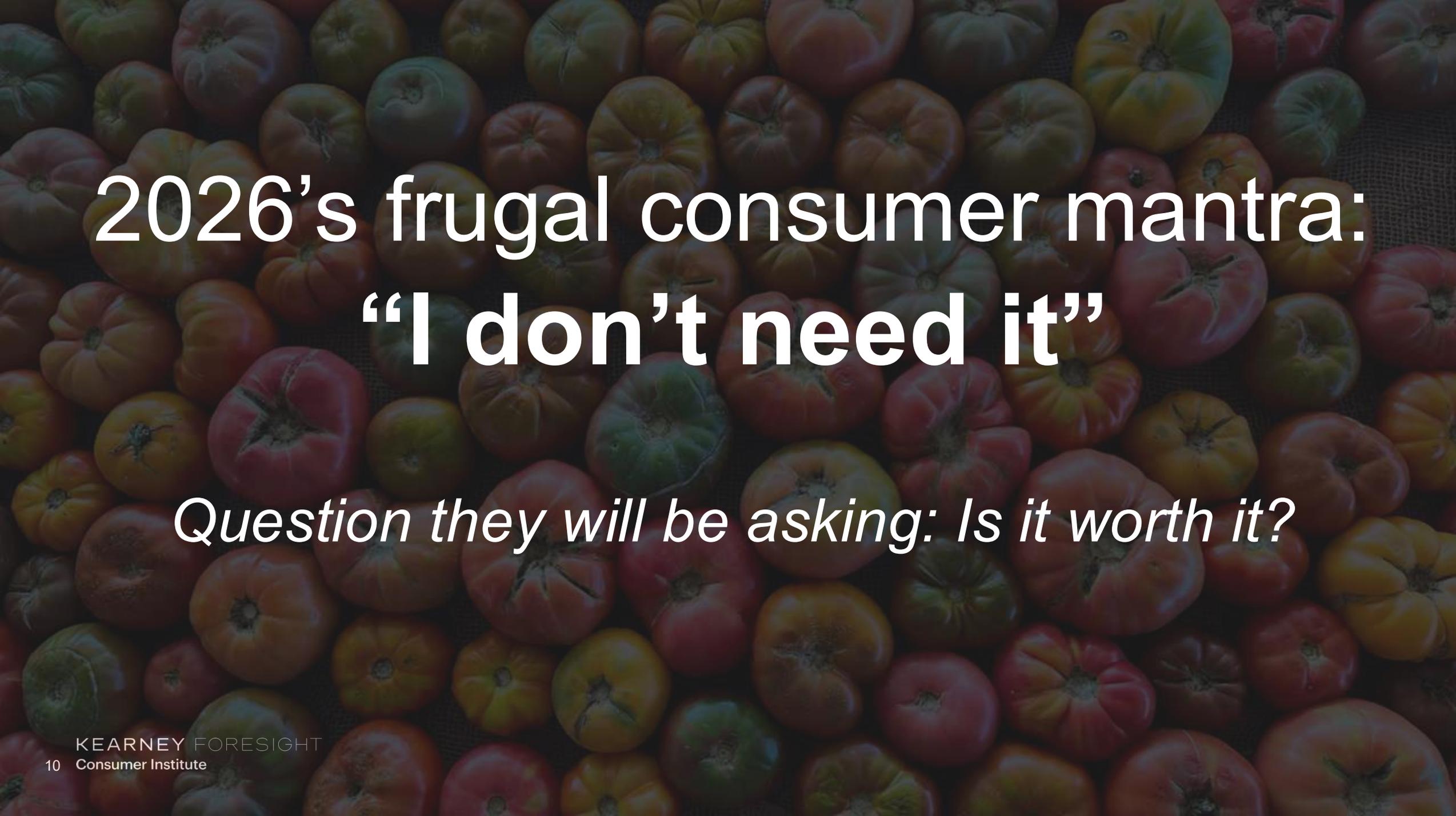
# Consumers have exhibited thoughtful intentionality and savviness for months, if not years

## Recent consumer behaviors



Consumers' continued optimization is **evolving into a more frugal overall mindset.**

They are **increasingly questioning how (and if they should) spend their money and more.**



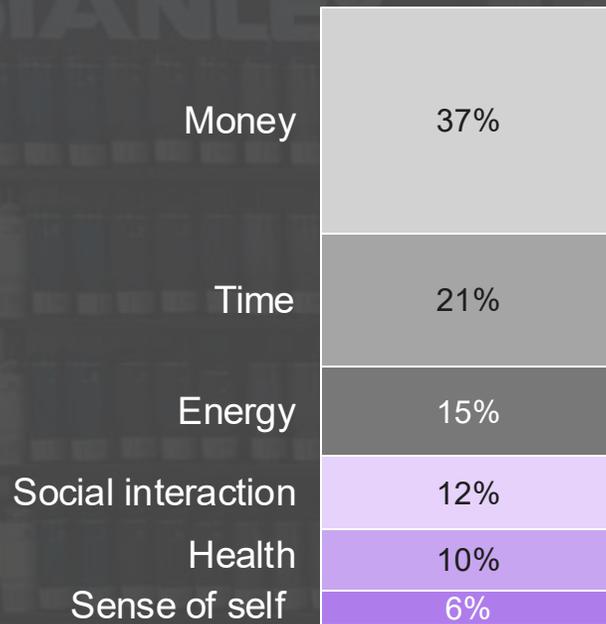
# 2026's frugal consumer mantra: “I don't need it”

*Question they will be asking: Is it worth it?*

# Frugality is not just financial

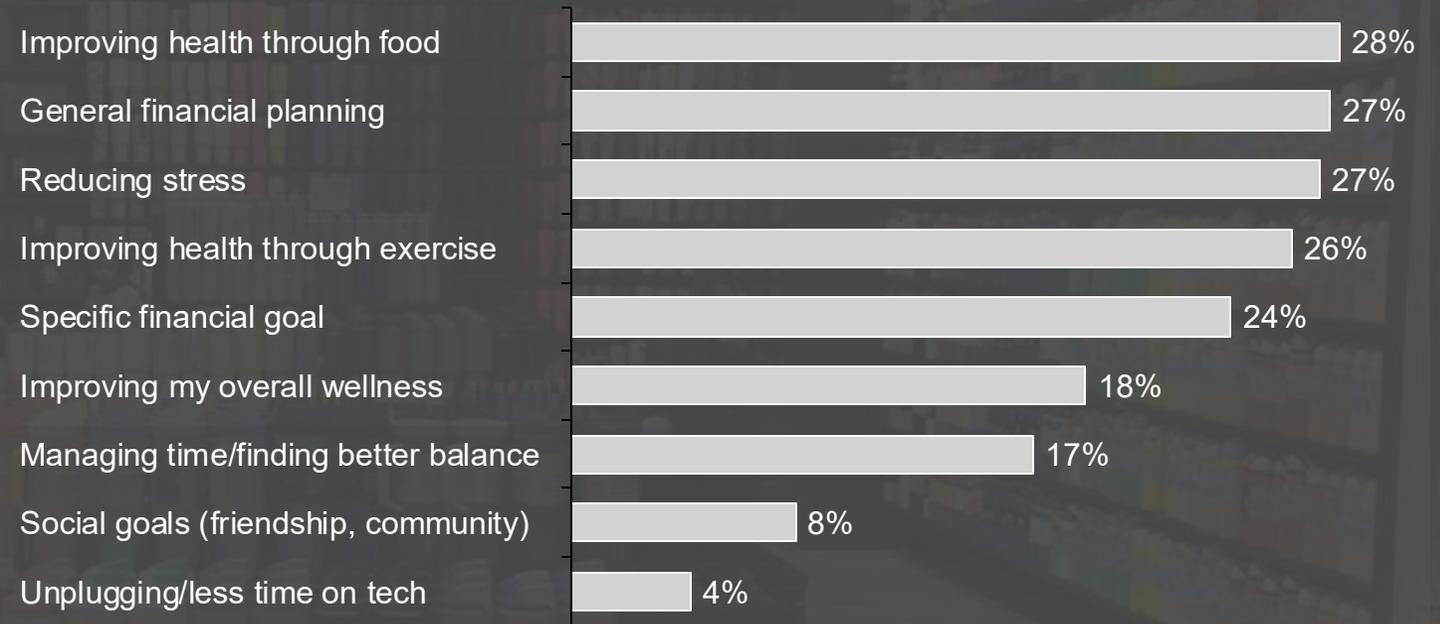
## Consumers under pressure

What feels most limited in your daily life?



## Goals for 2026

What are your primary goals for the next year? (Top 2 goals)



**While money is most limited, consumers feel strapped for time, energy, and more.**

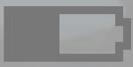
# Redefining “frugal” consumption helps to plan for 2026

**Frugal consumer types**  
(Because I feel short on...)

**Frugality via**  
(... I’m seeking)

**Details**

**Looking for**

<b>Money</b>		<b>Resource optimization</b>	Plans purchases carefully. Focused on making smart choices through the right balance of price and quality.	Versatility Durability Deals
<b>Time</b>		<b>Flexibility</b>	Pursues convenience via selection or channels. May prefer adaptable access over fixed ownership.	Options Balance/time back Rental or delivery choices
<b>Energy</b>		<b>Cognitive relief</b>	Automates decisions to save mental energy. Trusts systems (including brands and retailers) or tech to simplify choices.	Curation Subscriptions Frictionless tech
<b>Social</b>		<b>Connection</b>	Seeks engagement and interaction. Spend reflects choices best enjoyed with others.	Community Experiences Memberships and activities
<b>Health</b>		<b>Longevity</b>	Improving health habits on an ongoing basis for vitality and self-preservation. Working on both physical and mental wellness.	Self-care and well-being Feasibility Better-for-you small wins
<b>Identity</b>		<b>Self-expression</b>	Uses creative play to signal individuality. Utilizes interests, hobbies, and social platforms to self-style.	Creativity/DIY Discovery Treasure hunts

# Frugality is converging with minimalism, sustainability, and health—often framed positively by the consumer

## Examples by type

### Money



**Wants:** Appropriate price/value or strong pricing architecture  
**Categories:** Value retailers, private label  
**Example:** May spend on quality to save in the long term

### Time



**Wants:** Convenience offerings or flexibility in choices (rent not own)  
**Categories:** Delivery services, rental options  
**Example:** May spend on convenience to save time

### Energy



**Wants:** Curation or automation (less is more)  
**Categories:** Subscription boxes, boutiques, TikTok shop  
**Example:** May spend on smart tools or technology to save on decision-making

### Social



**Wants:** Belonging/community or product-related activities  
**Categories:** Restaurants, hospitality, group activities (e.g., Mahjong), pet  
**Example:** May spend on home décor to have friends over

### Health



**Wants:** Health investments or gradual health wins  
**Categories:** Cooking, self-care “little treats,” fitness, sleepmaxxing  
**Example:** May spend on groceries to cook to prioritize health

### Identity



**Wants:** Uniqueness or DIY/thrifting as form of expression  
**Categories:** Resale, beauty, hobbies (e.g., gaming, knitting)  
**Example:** May spend on statement pieces to save on boredom

# What to do next: lead with sufficiency, not scarcity

What do I do with this information?

1

## **Design for “enough.”**

Build offerings that satisfy sufficiency, not excess. Consumers want to feel they have optimized, not abstained. Consider an opening price product that does not strip out quality (as seen by Nike, Apple, Augustinus Bader DUA).

2

## **Measure non-financial value.**

Consumers are conserving more than cash. They are managing energy, time, and individuality. Track those currencies in brand experience audits (e.g., time-to-purchase, mental load, or emotional return).

3

## **Reframe metrics of success.**

Growth will increasingly come from efficiency and repeat purchase, not volume and acquisition. Update KPIs to value retention and satisfaction over transaction count.

4

## **Treat frugality as strategy (not scarcity) and operationalize ease.**

Recast “budget” consumers as efficiency-seekers. The same behaviors driving thrift also drive loyalty when brands help them spend smarter. Frugal consumers want fewer, smarter choices. Continue to curate assortments, evaluate if innovation plans add real value, and streamline path-to-purchase.

# Frugality will redefine compromise and creativity

## Three things to watch in 2026

### Go big or go home

From beauty to apparel, we predict the end of minimalism aesthetics (such as clean girl beauty, quiet luxury).

Consumers are optimizing their basics, while spending on the wow factor. This boldness will continue to extend into other categories.

#### Examples:

Interior design maximalism (such as Smeg) and intentional clutter  
Bag charms (such as Labubus)  
Bright, drenched eye/lip makeup

### Healthy-ish

While consumers are increasingly “trying to be healthier,” they also do not want it to *feel too healthy*—a mix of indulgence and virtue cues.

Health-adjacent, healthier, and wellness-driven products will continue to lead successful innovation.

#### Examples:

Gut health sodas  
Air fryers  
Functional desserts (such as protein ice cream, sleep gummies)

### Price/value consumer melt

Consumers dictate what a product is worth, not the other way around.

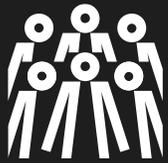
Expect additional erosion, bankruptcy, or failure of certain brands if price/value is not repaired.

This can present as a decline in loyalty, but it is more a simple analysis of price/value.

#### Examples:

Private label  
Ad-supported streaming tiers  
Brand consolidations

# Kearney Consumer Institute (KCI)



## What is it?

Kearney think tank, part of Kearney's Foresight network, that creates thoughtful, consumer-first content and perspectives, assessing existing and evolving consumer behaviors, needs, and decision-making



## What does it do?

- Advocates for the consumer
- Challenges existing assumptions
- Reframes to ask different questions
- Generates conversation
- Translates into action

KEARNEY

For further discussion, please contact:

**Katie Thomas**  
Lead, Kearney Consumer Institute

[Kearney Consumer Institute](#)

The author wishes to thank Allegra Palmer, Michele Love, Amanda Riszko, Michaela Kovacevic, and Simone Brenner for their thought partnership on this brief (and always).

