

Higher Prices: Nearly Two-Thirds Say Increases Have Had Negative Financial Impact

79% experiencing higher prices have taken financial actions as a result

NEW YORK – August 25, 2021 – Among the nearly nine in ten U.S. adults (89%) who say they have experienced price increases since the start of 2021, nearly two-thirds (66%) report that these increases have negatively impacted their personal financial situations, according to a new Bankrate.com report. Further, nearly four in five (79%) of those who experienced higher prices say they have taken financial actions as a result. Click here for more information:

<https://www.bankrate.com/finance/credit-cards/higher-prices-poll/>

The top categories in which U.S. adults have experienced higher prices than they are accustomed to are groceries (71%), gas (67%) and restaurants/dining out (46%), followed by consumer products (e.g., furniture, electronics, clothes, etc.; 35%), travel (e.g., hotels, airfare, car rental, etc.; 26%), home services (e.g., construction, cleaning, landscaping, etc.; 26%), personal care services (e.g., salons, gyms, etc.; 21%), childcare (6%), or other areas (3%).

Baby boomers (ages 57-75) and Gen Xers (ages 41-56) are more likely to have encountered price increases (95% and 92% respectively) compared to millennials (ages 25-40; 84%) and Gen Zers (ages 18-24; 75%). The pattern also holds across the top categories involving food and gas, with boomers and Gen Xers much more likely to report higher prices in those areas as well.

Overall, those U.S. adults noticing price hikes were most likely to say price increases negatively impacted their finances (66%), including those who report being somewhat negatively affected (39%) and very negatively affected (27%). More than 1 in 5 (21%) indicate no effect to their finances as a result of higher prices, while 13% report a positive impact.

Baby boomers (75%) and Gen Xers (70%) are more likely to report a negative impact to their finances as a result of higher prices, compared to millennials (55%) and Gen Zers (54%).

“While older adults may be paying better attention and are therefore more likely to notice higher prices, there are also tangible reasons why inflation hits them harder. Price increases are especially painful for retired boomers who are trying to make their savings last,” said Ted Rossman, senior industry analyst at Bankrate.com. “Younger, employed adults are in a better position to weather rising costs because their salaries should be rising as well. And they can afford to take more risk because their investments have a much longer time horizon.”

In terms of income level, 71% of middle-income households (earning between \$40,000-\$79,999 annually) say higher prices have negatively impacted their finances, compared to 64% of lower-income households (earning less than \$40,000) and 58% of higher-income households (earning \$80,000 or more annually).

Nearly four in five (79%) of those who experienced higher prices in 2021 have taken financial actions as a result, with the most popular being cutting back on some purchases to afford others

(47%) and delaying/avoiding certain purchases altogether (45%). Further, 38% made a special effort to research deals, shop sales, etc., 22% dipped into their savings, 20% added to their debt, and 19% actively tried to increase their income in response to price increases.

“Many Americans are sensitive to these higher prices,” Rossman added. “For instance, while Q2 GDP growth was robust, it came in significantly below most estimates. A reasonable theory, which is backed up by our data, is that higher prices are leading to some cutbacks. Pent-up demand is strong, but not unlimited. The job market has not fully healed, and the Delta variant has introduced another key variable.”

Across income levels, cutting back on spending to afford higher prices and delaying or avoiding purchases in response to higher prices were popular financial actions, with middle-income households most likely to take such actions (53% and 52% respectively), followed by lower-income households (46% and 44%) and higher-income households (43% and 41%).

Additionally, as businesses continue to make decisions about surcharges or higher prices considering the effects of the COVID-19 pandemic, nearly 1 in 5 U.S. adults (19%) experienced an additional fee for paying with a credit card this year, and another 19% encountered a COVID surcharge (an added line item for pandemic-related expenses such as enhanced cleaning procedures, PPE, etc.).

Methodology:

Bankrate.com commissioned [YouGov Plc](#) to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,420 adults. Fieldwork was undertaken July 28-30, 2021. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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