

Market Briefing

Content

US Economy	2
Housing & Construction	4
Power Tool Industry	5
Retail	5
Canada Snapshot	7
Market Trends	8

US ECONOMY

- Consumer Spending Rises 0.2%
- Consumer Prices Steady
- Consumer Confidence Slips to 100.4
- Unemployment Rises to 4.1%
- Chicago PMI Rises to 47.4
- Wholesale Prices Fall 0.2%
- Q1 GDP Grows 1.4%
- Fed Holds Rates Steady

HOUSING & CONSTRUCTION

- Builder Confidence Falls to 43
- Building Permits Fall 3.8%
 - ▶ Single-family permits fall 2.9%
- Housing Starts Fall 5.5%
 - ▶ Single-family starts fall 5.2%
- New Home Sales Fall 11.3%
- Existing Home Sales Fall 0.7%
- Regional Housing Stats
- Mortgage Rates Drop to 6.9%

POWER TOOL INDUSTRY

Robert Bosch Tool Corporation

- ▶ Mike Mansuetti retires.
- ▶ Paul Thomas new president of Bosch North America
- ▶ Considers acquisitions in the US

RETAIL

Retail Sales Rise 0.1%

The Home Depot

- ▶ Completes acquisition of SRS Distribution

Lowe's

- ▶ Awards \$10 million in Lowe's Hometowns grants

Walmart

- ▶ Walmart+ week
- ▶ Walmart Deal Days
- ▶ Walmart's Reinvention

ACE

- ▶ 100th Anniversary Block Party
- ▶ Ace Hardware Home Services expands nationally
- ▶ Introduces Heartware Stories

Amazon

- ▶ Prime Days details
- ▶ Amazon Outlet store
- ▶ Invests in Amazon Web Services
- ▶ Invests in affordable housing for workforce

CANADA SNAPSHOT

Economy

Housing & Construction

Retail

MARKET TRENDS

Interest Rates Impact Housing Starts and Sales

Fed Can Influence Rates Without Cutting Them

Spaving Impacts Spending Trends

Amazon has Walmart Thinking Small

Plastic Packaging on the Way Out?

Bosch | Dremel

RotoZip | Vermont American

CST/berger | freud | Sia

Robert Bosch Tool Corporation

1800 W Central Rd
 Mount Prospect, IL 60056 USA
 www.boschtools.com
 PTNA.Marketing@us.bosch.com

© Robert Bosch Tool Corporation. All rights reserved.
 No copying or reproducing is permitted without prior written approval.

US ECONOMY

Exchange Rates June 28, 2024

Euro	1 Euro = \$1.071	\$1.00 = 0.934 Euros
Canadian Dollar	1 CAD = \$0.731	\$1.00 = 1.368 CAD
Japanese Yen	1 Yen = \$0.007	\$1.00 = 160.876 Yen
Chinese Yuan	1 Yuan = \$0.138	\$1.00 = 7.267 Yuan
Mexican Peso	1 Peso = \$0.055	\$1.00 = 18.266 Pesos

Market Watch June 28, 2024

DOW	39,119	1.1%
NASDAQ	17,773	6.0%
S&P 500	5,460	3.5%

Stocks ended June on a positive note as markets digested economic reports and forecasts. Second quarter results were mixed, with the DOW down 1.7% for the quarter but the NASDAQ up 6.0% and the S&P, the index most closely watched by professionals, up 3.9%.

Consumer Spending Rises 0.2%

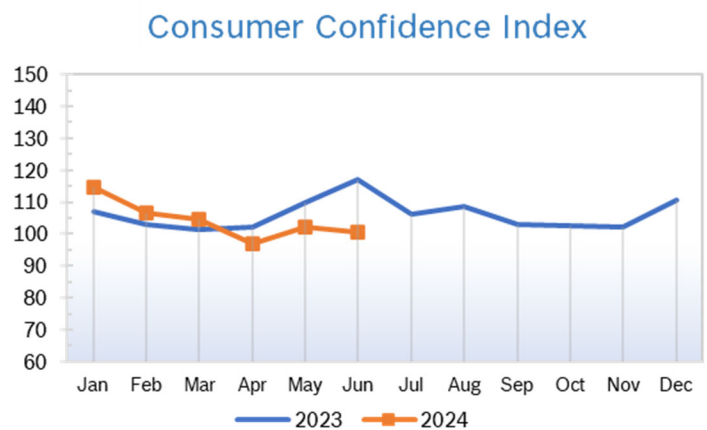
Consumer spending inched up 0.2% in May after rising a downwardly revised 0.1% in April. Adjusted for inflation, real consumer spending rose 0.5% in March and spending for February was revised up from a gain of 0.4% to 0.5%. Services spending increased 0.4% and goods spending rebounded, increasing 0.2% after falling 0.5% in April. Personal income increased 0.5% after climbing 0.3% in April. Wages shot up 0.7%, which some economists said could concern policymakers. Income at the disposal of households after accounting for inflation and taxes rose a solid 0.5%. Consumers saved more, lifting the saving rate to 3.9% from 3.7% in April. Spending adjusted for inflation rebounded 0.3% after slipping 0.1% in April.

Consumer Prices Steady

The Consumer Price Index (CPI) was unchanged in May after rising 0.3% in April and year-over-year inflation slowed to 3.3% in May after dropping to 3.4% in April. Core prices rose 0.2% in May after rising 0.3% in April and year-over-year infla-

tion cooled to 3.4% from 3.6% in April. Core goods prices were unchanged and core services prices rose just 0.2%, the smallest monthly increase since September 2021. Results were better than expectations and cheered markets. The core CPI inflation rate peaked at a 40-year-high of 6.6% in September 2022. The personal consumption expenditures (PCE) price index, the Fed's preferred measure of inflation, held steady in May after rising 0.3% for the previous three consecutive months and was up 2.6% year over year, down slightly from 2.7% in April. Core PCE edged up 0.1% and was up 2.6% year over year.

Consumer Confidence Slips to 100.4

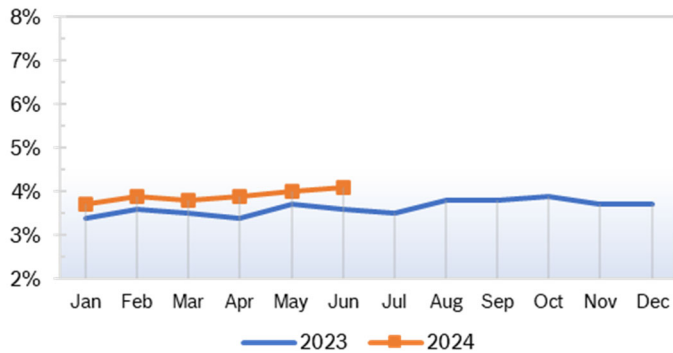


- ▶ The New York-based Conference Board's Consumer Confidence Index slipped to 100.4 in June after rising to a downwardly revised 101.3 in May.*
- ▶ The Present Situation Index increased to 141.5 from a downwardly revised 140.8 in May.
- ▶ The Expectations Index fell to 73.0 in June after rising to an upwardly revised 74.9 in May. A level of 80 or below historically indicates consumers expect a recession.
- ▶ Confidence remained within the same narrow range it's been for the past two years as strength in the current job situation continues to outweigh concerns about the future.
- ▶ Consumer Confidence fell to 86.9 at the onset of the pandemic in March 2020.

*A level of 90 indicates that the economy is on solid footing; a level of 100 or more indicates growth. Analysts caution that the real driver behind consumer spending is income growth and that labor market trends are a more accurate predictor of consumer behavior.

Unemployment Rises to 4.1%

U.S. Unemployment Rates



- ▶ The unemployment rate rose to 4.1% at the end of June after rising to 4.0% at the end of July. The May report was the first time the unemployment rate reached 4.0% since January 2022. Unemployment was 3.5% at the beginning of the pandemic in March 2020.
- ▶ The economy added 206,000 new jobs, slightly below expectations and down from 272,000 new jobs in May. It was the 21st consecutive month of job growth.
- ▶ The job market is slowing at a pace that indicates it is performing in accordance with the Fed’s projections and cooling off over time.
- ▶ Wage inflation also eased in June, with average hourly earnings slowing as expected to 3.9% from 4.1% in May.

Chicago PMI Rises to 47.4

The Chicago PMI rebounded in June, rising to 47.4 after falling to 35.4 in May. The increase, which left the index below the break-even point of 50, came after three consecutive months of decline. Economists had expected the PMI to climb to 40.0. The Index has been below the break-even midpoint of 50 for the past 20 months. Looking back to when the series began in 1967, the PMI has ranged from 20.7 in June 1980 to 81.0 in November 1973.

Wholesale Prices Fall 0.2%

The Producer Price Index (PPI) fell 0.2% in May after rising 0.5% in April and was up 2.2% year over year, down slightly from 2.3% in April. Stripping out volatile food and energy prices, core PPI was unchanged in May after rising 0.5% in April and up 2.3% year over year, down slightly from 2.4% in April. PPI peaked at an 11.7% year-over-year increase in March 2022.

Q1 GDP Grows 1.4%

First quarter 2024 GDP was revised up to 1.4% growth in the third and final reading from the Commerce Department. That’s up slightly from the second reading, but still down from the 1.6% growth first reported. It was the smallest quarterly increase in nearly two years. The major contributor to the anemic growth was slowing consumer spending. Initial readings show the economy has actually accelerated slightly in the second quarter, which ends in June. The major culprits behind anemic growth in the first quarter were weaker consumer spending, a growing trade deficit and slower growth in inventories.

Fed Holds Rates Steady

The Fed held interest rates between 5.25% and 5.5% for the seventh consecutive meeting at their latest policy meeting in June and signaled that it’s likely that there will be only one interest rate cut this year. The Fed stated they need to see more progress towards bringing inflation closer to their 2% target. Analysts believe the Fed will need greater confidence that inflation is returning to 2% on a sustained basis before the central bank feels comfortable lowering rates. Market consensus is that will not happen until the Fed’s meeting in mid-September at the earliest. Fed officials estimate their preferred measure of annual inflation, the personal consumption expenditures (PCE) index, will fall from 2.7% to 2.6% by December, stubbornly above the 2.4% they predicted in March. A core PCE inflation reading that the Fed watches more closely is expected to hold steady at 2.8% by the end of the year, above the prior 2.6% estimate. Both overall inflation and the core measure are projected to fall to 2.3% by the end of 2025.

HOUSING & CONSTRUCTION

Builder Confidence Falls to 43

Builder Confidence fell two points to 43 in June after falling six points to 45 in May, according to the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). All three HMI component indices dropped in May, with current sales conditions falling six points to 51, sales expectations in the next six months dropping nine points to 51 and traffic of prospective buyers slipping four points to 30. Regional three-month moving averages were mixed. Any number over 50 indicates that more builders have a positive outlook than a negative one.

Building Permits Fall 3.8%

Overall building permits fell 3.8% in May to 1.39 million units after falling to 1.44 million units in April. Single-family permits fell 2.9% in May to 949,000 units after falling to 976,000 units in April. It was the lowest pace since June 2023. Multifamily permits fell 5.6% to 437,000 annual units after falling to 485,000 units in April. Regional permit issuance was mixed.

Housing Starts Fall 5.5%

Housing starts fell 5.5% in May to a seasonally adjusted annual rate of 1.28 million units after falling to 1.36 million units in April. Single-family starts fell 5.2% to a seasonally adjusted annual rate of 982,000 after falling to 1.02 million units in April. Single-family starts were up 18.8% from very low numbers in May 2023. Multifamily starts, which include apartment buildings and condos, fell 6.6% to 295,000 annualized units after falling to 329,000 units in April and were down 11% from May 2023 to the lowest level since September 2022. Multifamily starts are typically very volatile. Regional housing starts were mixed.

New Home Sales Fall 11.3%

New home sales fell 11.3% in May to a seasonally adjusted annual rate of 619,000 new homes, but sales for April were revised sharply upward, from a 4.7% decline to a 2.0% increase, according to the National Association of Home Builders. Sales were down 16.5% from May 2023. New home inventories rose 1.5% in May to 481,000 homes, a 9.3 months' supply at the current sales pace. Higher inventories of existing homes and mortgage rates that continue to hover around 7% have slowed new

home sales. Higher inventory levels may be limiting growth in new home prices. The median sales price fell to \$417,400 in May, 0.9% below the median price one year ago. Builders also stepped up their use of incentives to entice buyers. Regional new home sales were mixed. Sales of new homes are tabulated when contracts are signed and are considered a more timely barometer of the housing market than purchases of previously-owned homes, which are calculated when a contract closes.

Existing Home Sales Fall 0.7%

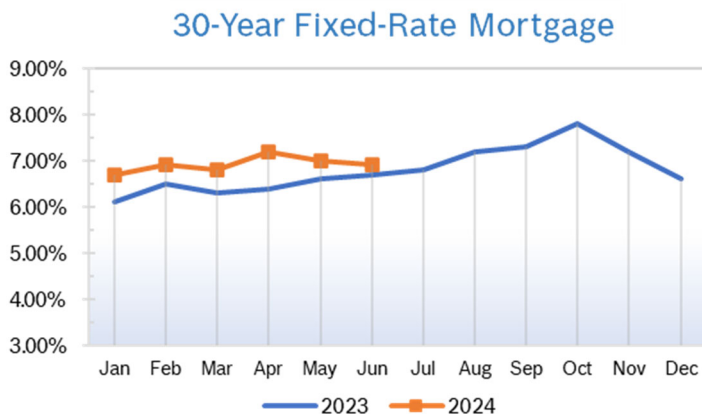
Existing home sales slipped 0.7% in May to a seasonally adjusted annual rate of 4.11 million homes after falling to 4.14 million homes in April, according to the National Association of Realtors. Sales were down 2.8% from May 2023 after being down 1.9% year over year in April. The median price jumped 5.8% from May 2023 to \$419,300, the highest price ever recorded. It was the eleventh consecutive month of year-over-year price gains. The inventory of existing homes ready for sale grew 6.7% to 1.28 million at the end of May, a 3.7 months' supply at the current monthly sales pace. A chronic shortage of existing inventory continues to spur new home construction and sales despite high prices. Regional existing home sales were mixed.

Regional Housing Data

	Northeast	South	Midwest	West
Builder Confidence*	62 (NC)	46 (-3)	47 (-3)	41 (-2)
Building Permits**	-3.9%	-2.9%	-0.3%	-2.8%
Housing Starts**	-23.4%	0.4%	-2.9%	1.7%
New Home Sales**	7.3%	2.2%	18.1%	17.9%
Existing Home Sales**	-4.0%	-5.1%	1.0%	-1.3%

* change YTD **change YOY

Mortgage Rates Fall to 6.9%



- ▶ 30-year fixed-rate mortgages fell to 6.9% at the end of June after falling back to 7.0% at the end of May. Mortgage rates were 6.7% at the end of May 2023.
- ▶ Expectations of a future rate cut from the Fed and gradually improving housing supplies were behind the monthly decline.

POWER TOOL INDUSTRY

Robert Bosch Tool Corporation

Mike Mansuetti, president of Bosch in North America, will retire October 1 after transitioning to an advisory role on Sept. 1, 2024. Mansuetti has been at the helm of the North American region for the past twelve years. During Mike Mansuetti's 12-year tenure as president, Bosch in North America third-party sales increased more than 55%, from \$10.6 billion in 2012 to \$16.5 billion in 2023.

Paul Thomas will assume the role of president of Bosch in North America September 1 in addition to his existing position as president for Bosch Mobility in the Americas.

Robert Bosch GmbH announced they are open to public listings of certain divisions as they explore financing options for acquisitions, although not as a group or in their core busi-

ness as an auto supplier, according to CEO Stephan Hartung. Hartung mapped out Bosch's ambitions to grow in the United States, an underrepresented market in the company's portfolio, saying "The US is a huge market, and Bosch has to deliver."

RETAIL

Retail Sales Rise 0.1%

Retail sales inched up just 0.1% in May and April sales were revised downward by 0.2% after first being reported as holding steady, according to the Commerce Department. May sales were well below expectations. Softening goods prices, falling gas sales and slowing foodservice sales all contributed to the decline. Core retail sales, which exclude autos, gasoline, building materials and food services store sales rose a stronger 0.4% in May. Building materials sales fell 0.8% in May after rising 0.5% in April. Online store sales increased 0.8%, recouping only a fraction of the 1.8% decline in April. Faltering retail sales are consistent with a slowing economy, which could support an interest rate cut later this year. The retail sales report covers about a third of overall consumer spending and doesn't include services, such as travel and entertainment.

The Home Depot

THD completed their acquisition of SRS Distribution and said the deal had a total enterprise value of \$18.25 billion. CEO Ted Decker said SRS is a great fit for them and the acquisition will increase their total addressable market by about \$50 billion dollars, to nearly \$1 trillion dollars.

Lowe's

Lowe's announced that \$10 million in Lowe's Hometowns grants will benefit 88 communities in 44 states and Washington, D.C. The 100 projects, selected from consumer nominations, address needs specific to each community, from access to housing and community services to support for first responders and veterans. Lowe's Hometowns launched in 2022 and is expected to benefit 2.5 million people in the first two years.

Lowe's promoted Jennifer Wilson to Chief Marketing Officer (CMO). In her expanded role, Wilson will oversee strategic brand and product marketing, loyalty and personalization, promotional planning, creative, media and Lowe's retail media net-

work. As CMO, she will also build out a new customer experience integration organization designed to deliver end-to-end customer journeys to better meet the needs of Lowe's consumers. Wilson will continue to report to Bill Boltz, executive vice president of merchandising, and remain focused on delivering integrated marketing and merchandising strategies. Wilson has more than 20 years of combined experience in marketing and merchandising. Wilson joined Lowe's in 2006 and most recently served as senior vice president, enterprise brand and marketing. Wilson also serves on the Board of Directors for the Ad Council.

Walmart

Walmart+ Week kicked off June 17 and offered a wide variety of members-only deals. Walmart was trying to beat Amazon to the punch; Amazon Prime Days are slated for July. Double discounts on gas (that's twenty cents a gallon vs. the normal ten cents) and deals on small appliances, cookware and travel were among the offerings.

Walmart Deal Days will be Monday July 8 through Thursday July 11, kicking off at 5 pm on Monday and ending at midnight on Thursday. Walmart+ members can start shopping five hours earlier than the general public. Walmart timed Deal Days to be the week ahead of Amazon Prime Days, which are the following Monday and Tuesday.

Barron's recently did a feature on Walmart, noting that Walmart has gone from what they termed "a stodgy big-box discounter" to an ecommerce powerhouse only bested by Amazon. *Barron's* credited CEO Doug McMillon, who took the reins in 2014, for finding a winning way forward that combines a savvy tech-first approach with a sharp focus on value that has expanded their customer base to more higher-income consumers.

Ace Hardware

Ace continued their year-long celebration of their 100th birthday with a national Block Party hosted by participating Ace stores Saturday, June 29. Ace offered deals on everything people need to have a super summer, including tools, grills and outdoor power equipment.

Ace Hardware Home Services is expanding nationwide. Consumers will be able to find tradespeople to handle a wide range of jobs from small repairs to large renovation projects in

more than 5,000 zip codes nationwide. Ace promises there will be at least one provider in every state in the continental US. Customers can locate services and find contact information through the Ace Hardware Home Services' website. Ace Rewards members will get special offers. The platform offers transparent pricing, detailed service descriptions, and customer reviews to help homeowners make informed decisions. Ace Hardware Home Services backs work with a satisfaction guarantee.

Ace introduced Heartware Stories, a campaign meant to show that Ace has been an important part of their communities from the very beginning. This campaign features a mini-documentary series highlighting 100 transformative moments of humanity, originating from Ace employees throughout stores across all 50 states. All 100 stories are available on the Ace website and limited featured episodes will be available for purchase on Apple TV, Google Play and Amazon Prime starting July 5.

Amazon

Amazon's tenth annual Prime Days will be July 16 and 17. Prime Days are only open to members of Amazon Prime. The popular subscription service now costs \$139 annually, so members are anxious to take full advantage of their membership. Amazon switched from a single 24-hour event to two days in 2017, and added a Prime Shopping Event in October in 2022. Amazon promises deals will be bigger and better than ever and hired super-star rapper Megan Thee Stallion to promote the event. The rapper publicly announced this year's Prime Day with a new music video and original song called "It's Prime Day" and a clever TV commercial. Members can shop Megan Thee Stallion's Prime Day picks inspired by different interests of hers that are featured in the music video and commercial.

Amazon's little-known Outlet offers everyday bargains on overstock and clearance items, from power tools to pet supplies. On an average day, prices are often up to 50% off retail. Bargain hunters can shop by category and sign up for lightning deals that offer even bigger savings. The Outlet is open to all; people don't need to belong to Amazon Prime to shop there.

Amazon is investing \$230 million in Amazon Web Services (AWS) cloud credits for generative AI startups around the world. Part of the latest investment will fund the second phase of the

AWS Generative AI Accelerator, a program that provides hands-on expertise and up to \$1 million in credits to each of what Amazon identifies as the top 80 early-stage startups that are using generative AI to solve complex challenges.

Amazon is investing an additional \$1.4 billion to create 14,000 affordable homes across three target communities. Amazon launched their \$2 billion Housing Equity Fund in 2021 and earmarked \$75 million of that for the creation of affordable housing in Nashville. The rest of the funds went to homes in the Seattle area of Washington state, as well as Arlington, Virginia, a Washington, D.C. suburb. At the time of the announcement, Amazon was building their 5,000-employee corporate office in Nashville Yards where it now occupies two buildings. With two years left in the five year commitment, Amazon said they have already exceeded their multi-billion dollar goal by \$200 million and created a total of 21,000 homes in three years.

CANADA SNAPSHOT

Unemployment Rises to 6.4%



- ▶ The unemployment rate rose to 6.4% in June after rising to 6.2% in May. Unemployment was up 1.3% year over year.
- ▶ Unemployment reached a record low of 4.9% in June and July 2022. In January 2021 unemployment peaked at 9.4%.
- ▶ After adding 27,000 new jobs in May the jobs situation remained statistically the same, with the economy shedding a mere 1,400 jobs.
- ▶ Average hourly wages rose 5.4% in June year over year after rising 5.1% to \$34.94 year over year in May.

Consumer Prices Rise 2.9%

Consumer prices rose 2.9% year over year in May after rising 2.7% year over year in April. Acceleration in the headline CPI was largely due to higher prices for services, which rose 4.6% in May following a 4.2% increase in April, according to Statistics Canada. The increase came after four consecutive monthly declines in prices. Prices for goods rose 1.0%, the same increase as recorded in April. The BoC continues to forecast that inflation will drop to 2.5% in the second half of the year and return to their central bank’s target of 2.0% next year.

Housing and Construction News

Housing starts fell 1% in April to 240,229 adjusted annual units after falling 7% in March, according to Canada Mortgage

and Housing Corp. (CMHC). Monthly numbers can be skewed by big swings in multi-unit starts. To smooth out those swings and give a clearer picture of the upcoming housing supply trend, CMHC also reported that the six-month moving average fell 2%.

Canadian home sales fell 0.6% in May after falling 1.7% in April and were down 5.9% from May 2023, according to the Canadian Real Estate Association (CREA). Average price year over year fell 2.4% to \$714,300, leaving average home prices up about 38% from 2019. CREA reports that new listings were up 0.5% from April. Inventory stands at about a 4.4 months' supply.

GDP Grows 0.3%

Real GDP grew 0.3% in April after being essentially unchanged in March. Both goods-producing (+0.3%) and services-producing (+0.3%) industries contributed to the growth, with 15 of 20 sectors increasing in April. Following two consecutive monthly decreases, retail trade was also among the top drivers of growth in April. The construction sector was down 0.4% in April, after recording its largest growth rate since October 2022 in March. Residential building construction was the main contributor to the decline, falling 2.3% in April, the largest decline for the sector since May 2023. The April slump reflected decreased activity in the construction of new single and multi-unit family homes and in-home alterations and improvements. Activity in April was almost 24% below the peak in April 2021.

Bank of Canada Cuts Rates to 4.75%

The Bank of Canada (BoC) cut interest rates 0.25% to 4.75% after holding them at 5% for the previous six meetings. Canada was the first G7 country to cut rates. The BoC indicated further rate cuts would be gradual and dependent on data and added that they've come a long way in the fight against inflation. Inflation in Canada has slowed this year and hit a three-year low of 2.7% in April. While inflation has stayed below 3% for four months in a row, it is still higher than the BoC's 2% target. The BoC started raising rates in 2022, which forced many potential homebuyers to the sidelines and caused prices to fall.

Retail Sales Rise 0.7%

Retail sales rose 0.7% in April to \$66.8 billion after dropping to \$66.4 billion in March. The increase came after three consecutive months of declines. Sales were up in seven of nine subsectors and were led by increases at gasoline stations, fuel vendors and food and beverage retailers. Core retail sales, which exclude gasoline stations and fuel vendors and motor vehicle and parts dealers, were up 1.4% in April. In volume terms, April retail sales increased 0.5%.

Retail Ecommerce

Retail ecommerce sales fell 0.1% to \$4.0 billion in April, accounting for 6.0% of total retail trade. Retail ecommerce sales rose 3.0% to \$4.0 billion in March.

MARKET TRENDS

Interest Rates Impact Housing Starts and Sales

NAHB notes that overall lower housing production corresponds with their latest industry surveys, which show builders are concerned with a high interest environment that is making it harder to get the loans for acquisition, development and construction they need to increase building activity. Higher rates for builder and developer loans, along with ongoing supply-side challenges finding construction labor and buildable lots creates a brisk headwind for new home and apartment construction.

Stubbornly high mortgage rates are keeping many homeowners on the sidelines. People who don't have to move are waiting for rates to come down, which benefits both buyers and sellers. Higher rates mean people can afford less house than they could just a few years ago.

Shelter inflation is up 5.4% year over year, making it difficult for the Fed to get to their target inflation rate of 2%, which means rates stay higher. The best way cut shelter inflation and bring overall inflation down is to increase the housing supply; to do that, builders need better rates.

Freddie Mac forecast that home sales will remain muted and expects home prices to continue to increase through 2025.

They expect rates to remain above 6.5% through the end of the year.

Fed Can Influence Interest Rates without Cutting Them

The Federal Reserve has revised expectations for interest-rate cuts in 2024 from three to just one, but the central bank has other, more subtle tools that could decrease rates to benefit businesses and households.

The Fed can sway rates by communicating intentions, even without cutting the base rate, because the market often moves on expectations. The yield on the 10-year Treasury has a strong influence on long-term loans, and the yield declined from 4.7% in late April to 4.3% after the Fed's latest rate decision. Any further moves should improve conditions for borrowers.

The next policy-setting meeting is the end of July. The Fed will not issue an update but their statement concerning recent economic conditions and the post-meeting press conference will be closely watched for indications that the Fed's confidence that inflation is softening is increasing.

In August all eyes will be on the annual Jackson Hole Economic Policy Symposium, where Fed policymakers gather with leading economists and others to discuss the state of monetary policy and the global economy. Fed chairs have historically used addresses at this forum to signal big shifts in the Fed's plans or thinking.

Spaving Impacts Spending Trends

Anytime consumers spend more money than they intended to save money, they're "spaving." A combination of spending and saving, or spending more to unlock bigger savings. Financial experts say that spaving is usually just spending unless the consumer is disciplined enough to only buy things they truly need and want.

Spaving also ties into FOMO, Fear of Missing Out. Nobody wants to miss out on the bargain of the century. FOMO creates a sense of urgency and has led the popular Flash Sales and other tactics designed to give consumers less time to think.

Popular spaving tactics include BOGOs (buy one, get one

free) or buy two, get a third item half off, free shipping minimums, limited-time deals, special savings days like Senior Tuesdays, store credit cards, subscriptions and membership programs that encourage loyalty rather than shopping around.

All are legal, savvy tactics that have proven effective in getting consumers to keep their tab going. These tactics are more common than ever: between March 2023 to 2024, temporary price reductions increased by 72% and overall promotions by 15%, per CNBC.

Spending to save isn't translating into savings. Credit card balances rose 47% between 2021 through 2023, the steepest increase on record. At the same time, the amount of income going to savings has been decreasing, down to 3.6% in April compared to 32% in April 2020.

Amazon Has Walmart Thinking Small

Amazon's typical shopper makes 72 purchases a year, usually with a small number of items per purchase, thanks to Amazon's free shipping for Prime Members policy. Customers spend about \$37 per order, according to consumer analytics firm Numerator, for an annual total of \$2,662. Walmart's typical shopper shops a little less frequently, spends more per transaction and tends to shop more in-store.

But members of Walmart's Walmart+ program behave more like Amazon Prime members. They spend \$98 annually (compared to \$129 annually for Prime) for a range of benefits that include some Amazon can't match, such as steep discounts on gas. Walmart+ members shop more frequently, spend less and order more online and are often opting for delivery.

Plastic Packaging On the Way Out?

Amazon has replaced 95% of the plastic air pillows used to pad packages in North America with 100% recycled paper filler, a move Amazon says will eliminate nearly 15 billion plastic air pillows every year. Amazon has already switched to recycled paper filler in Australia and Europe. Amazon reports that paper offers "the same, if not better" protection compared with its plastic counterpart, with the added benefit of being recyclable by regular households without having to be sent off to a special recycling facility.

The packaging sector is the largest generator of single-use plastic waste in the world. Approximately 36% of all plastics produced are used in packaging. This includes single-use plastic food and beverage containers, 85% of which end up in landfills or as mismanaged waste.

The US is by far the largest consumer of plastic products and produces an astonishing 73 million metric tons of plastic waste each year, which is projected to double by 2060, about five times more per person than the global average.

Amazon's switch to recycled paper filler and pledge to eliminate plastic pillows entirely follows years of campaigning by Oceana and other alliance members asking Amazon to reduce their use of plastic packaging. Amazon has already gained some experience using paper packaging in place of plastic air pillows. Last October, Amazon opened an automated fulfillment center in Ohio that used 100% recycled paper to protect products being shipped. Amazon has taken other measures to reduce wasted material, such as shipping items in original packaging, which accounted for 11% of all packages globally in 2022.