

appinio

The tariff effect

Unpacking price elasticity and consumer behavior

Contents

Contents

Introduction	3	The tariff effect	7	Pricing decoded	16
		Consumer fears around rising import costs, vulnerable categories and the personal impact of trade policy.		Unpacking unique price sensitivities and behavioral nuances by category.	
Executive summary	4	Shifting behaviors	9	Key takeaways	21
		Changing purchasing habits as consumers cut back, trade down, and prioritize value in response to economic challenges.			
Personal pockets vs. national outlook	6	How Americans react to price hikes	12	Methodology	22
Consumer sentiment snapshot: financial optimism, national anxiety, and the everyday pressures shaping American views on the economy.		Price sensitivity, unexpected drop-off points, and real consumer reactions to cost increases - plus precise pricing thresholds across key items.		Contact	24

Introduction

As trade tariffs - whether newly proposed, reinstated, or anticipated - and broader economic uncertainty continue to shape the consumer landscape, rising costs, supply chain pressures, and political volatility are influencing not just sentiment, but everyday spending decisions.

While often discussed through geopolitical or macroeconomic lenses, the impact of such policies is felt most tangibly at the individual level: in how consumers perceive the market, prioritize their needs, and adjust their purchasing in response to uncertainty.

Through fresh consumer data and behavioral insights collected in April 2025, we examine not only current sentiment in the US but also the adaptive strategies Americans are employing to safeguard their budgets. Our analysis further uncovers price sensitivity across key product categories, revealing which goods are most vulnerable to cutbacks - and which are likely to remain resilient.

For businesses - both US based and those with US operations or global ties - these insights provide a valuable roadmap for aligning product strategy, pricing, and messaging with shifting consumer priorities.



Executive summary

The socio-economic sentiment in the US reveals a nuanced landscape of consumer confidence and concern.

Our research shows a mixed outlook on personal financial situations, with **33% of respondents perceiving their financial status as unchanged** compared to a year ago, while **36% feel an improvement**, countered by a **30% feeling of deterioration**.

However, a general trend of concern emerges regarding the national economic outlook, with **49% of Americans expressing worry** over the next 12 months, reflecting apprehensions about ongoing economic challenges. A major concern among participants is inflation, especially in everyday goods and energy, with 84% and 65% respectively indicating this as a significant issue. This aligns with **66% of respondents noticing an increase in the cost of living recently, with 65% expecting further rises**. These inflationary pressures are likely influencing consumer behavior, as **57% plan to reduce the number of items purchased, and 52% intend to switch to lower-priced alternatives**.

The recent trade tariffs imposed by the Trump administration have heightened economic anxiety, with **74% expressing concern** about their potential impact. Specifically, **78% of participants are worried about increased prices on imported goods, and 56% anticipate**

unavailability of some imports.

Product categories perceived to be most impacted by the trade tariffs include automobiles (72%) and electronics (70%), reflecting their integral role in international trade and manufacturing.

Consumer spending habits are poised to shift, with 68% of people planning to cut back on dining out and takeout, and 64% expecting to reduce spending on entertainment and leisure. This broader trend toward frugality is reflected in heightened price sensitivity - even for everyday staples. Items like coffee, orange juice, cheese, and cereal show surprising vulnerability to price increases, with a modest 10% hike leading to a 17-20% drop in purchase likelihood.

Overall, the data paints a picture of cautious optimism amid significant economic concerns. The dual pressures of inflation and trade policy are however driving consumers to adopt more economical shopping behaviors. This complex interplay highlights the multifaceted nature of economic sentiment and consumer behavior in the current US market environment.

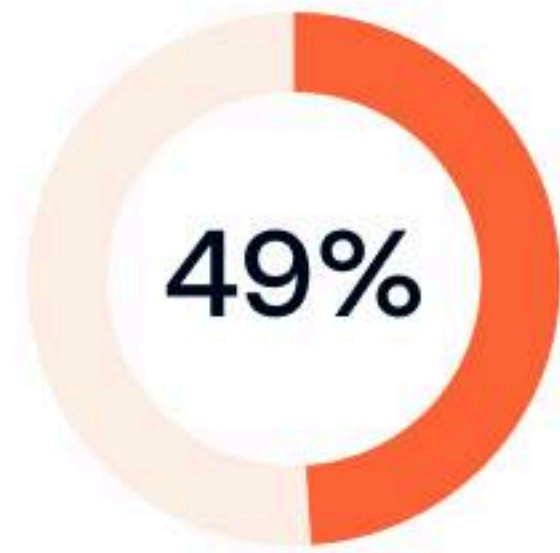


In conclusion, the study highlights a US consumer base navigating a complex economic landscape marked by inflation worries and trade policy anxieties.

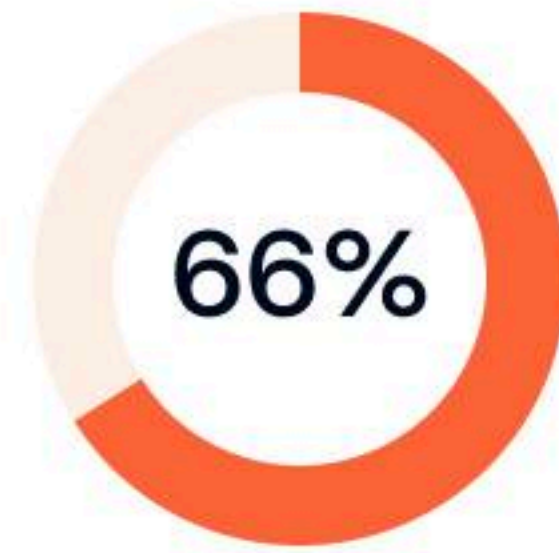
This is leading to a shift towards more economical shopping behaviors and a re-evaluation of spending priorities, presenting both challenges and opportunities for businesses in the months ahead.

Personal pockets vs. national outlook: A tale of two perspectives

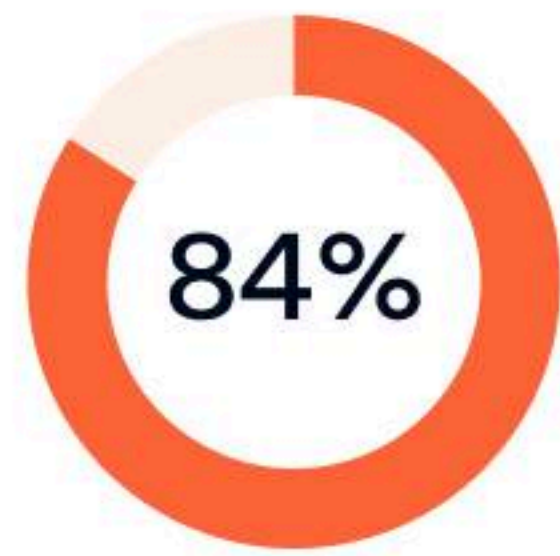
Interestingly, when it comes to their own finances, a combined 33% reported feeling "a little better" or "much better" about their financial situation compared to a year prior. The average sentiment even shows a slight positive lean.



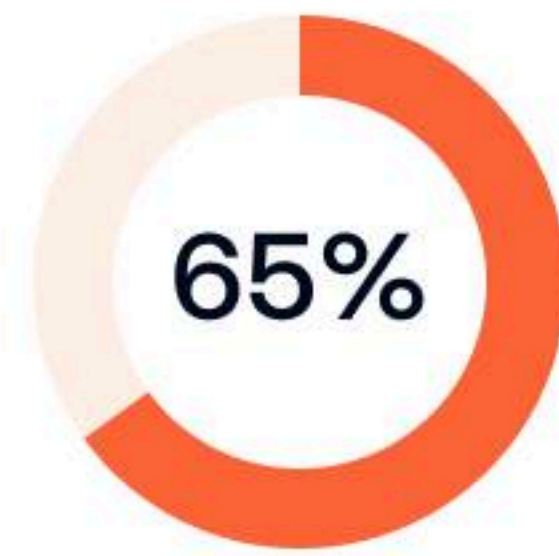
expressed concern about the US' economic outlook over the next year.



noticed an increase in their cost of living in the past month.



of people pinpoint rising prices of everyday goods and services as a major headache.



expect this trend to continue in the coming month.

However, this personal uptick doesn't translate to rosy national views. **A significant 49% of respondents expressed concern about the US' economic outlook over the next year.** This contrast highlights a potential disconnect between individual experiences and broader economic anxieties.

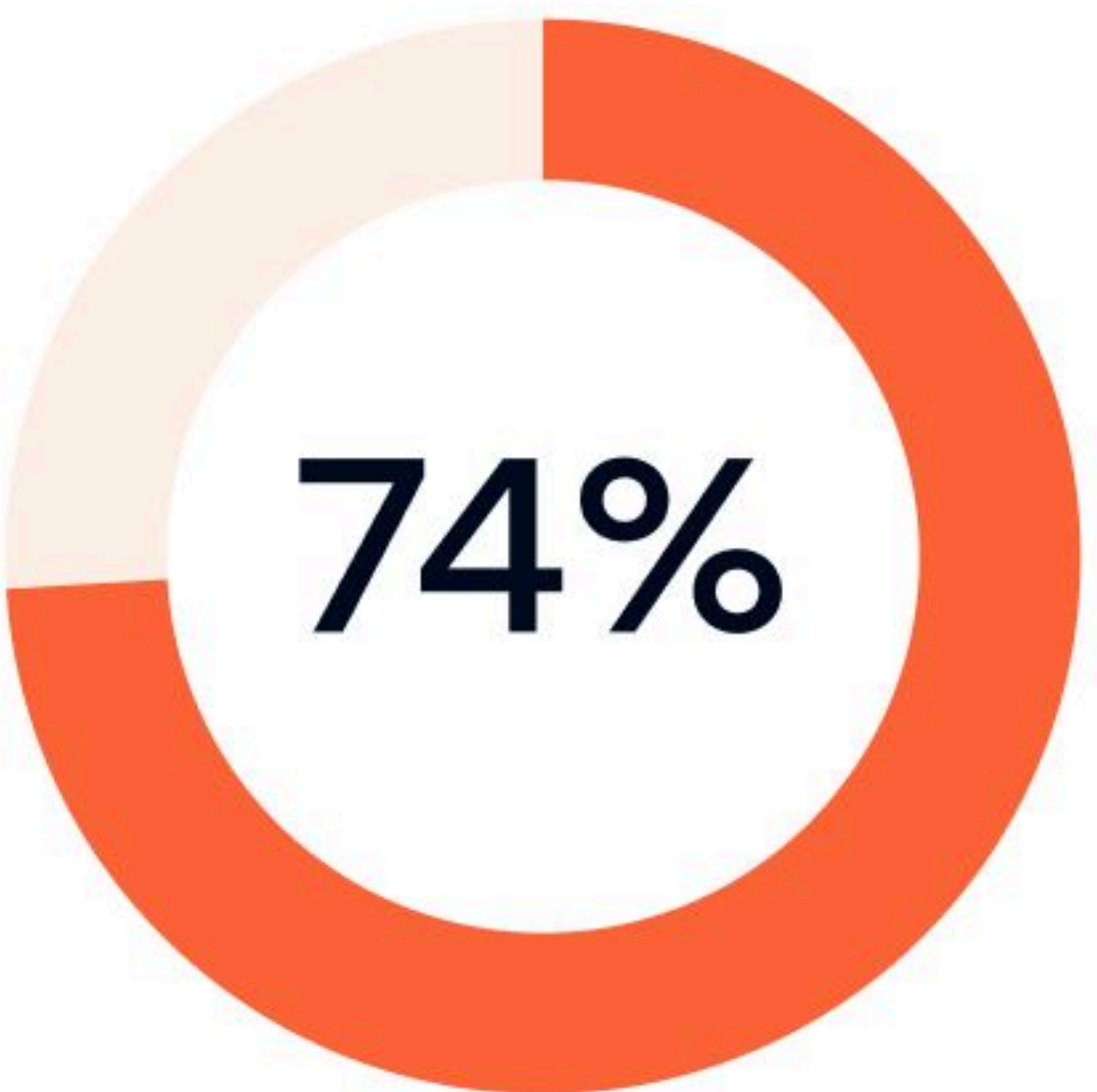
So, what specifically is casting the shadow of national concern? **A whopping 84% of people pinpoint rising prices of everyday goods and services as a major headache, with 65% also concerned over soaring energy costs.** Uncertainty or problems in the government administration concern 62% of respondents, while 38% are worried about an increase in taxes.

This isn't just a feeling either; **66% have already noticed an increase in their cost of living in the past month, and a similar 65% expect this trend to continue in the coming month.**

Trade winds of change (and worry): The tariff effect

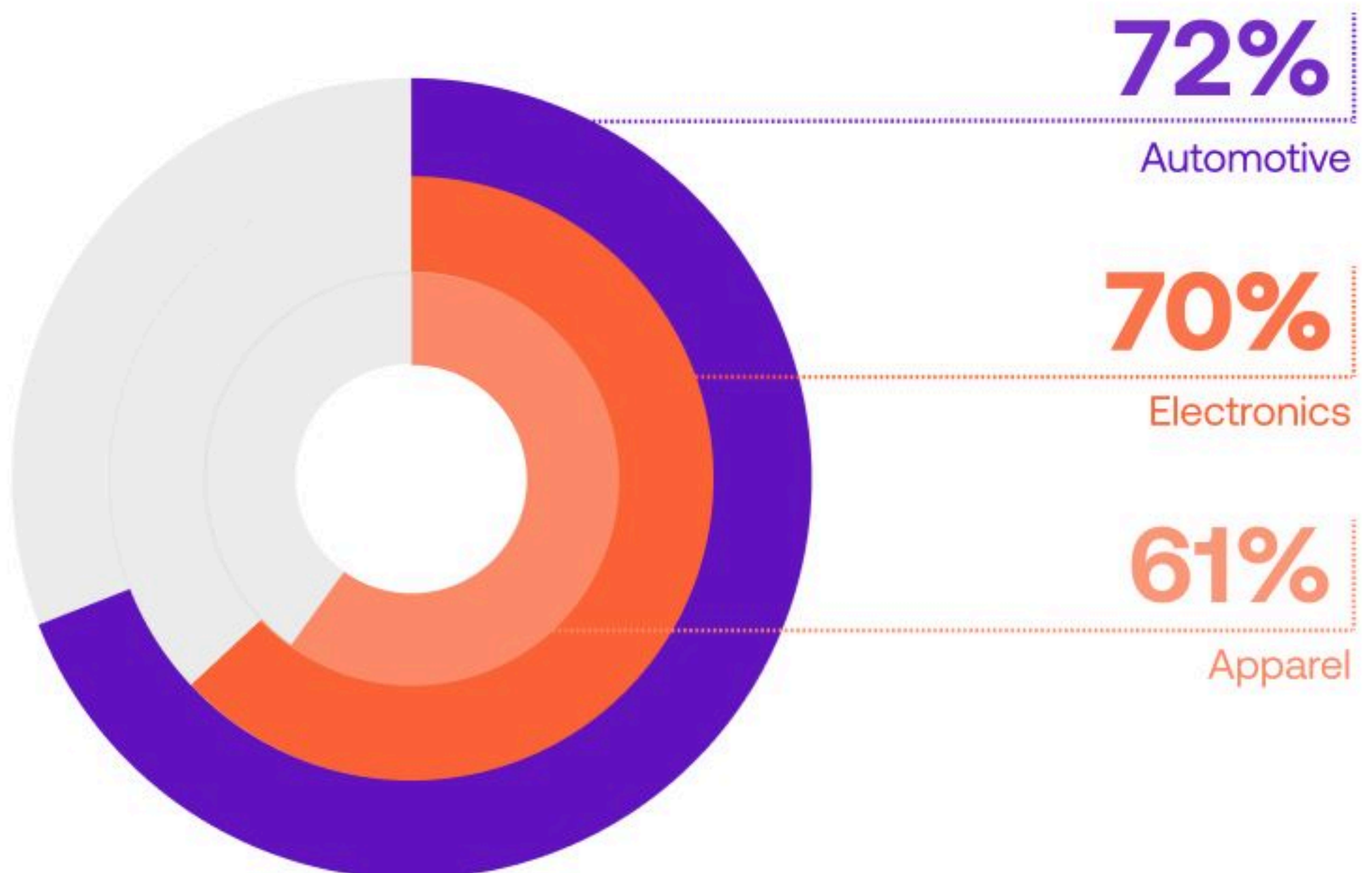
Turning the spotlight to trade tariffs introduced under the Trump administration, 74% of respondents express concern about their potential impact on the US economy, primarily fearing increased prices on imported goods (78%) as well as the potential disappearance of specific imports (56%).

The tariff effect

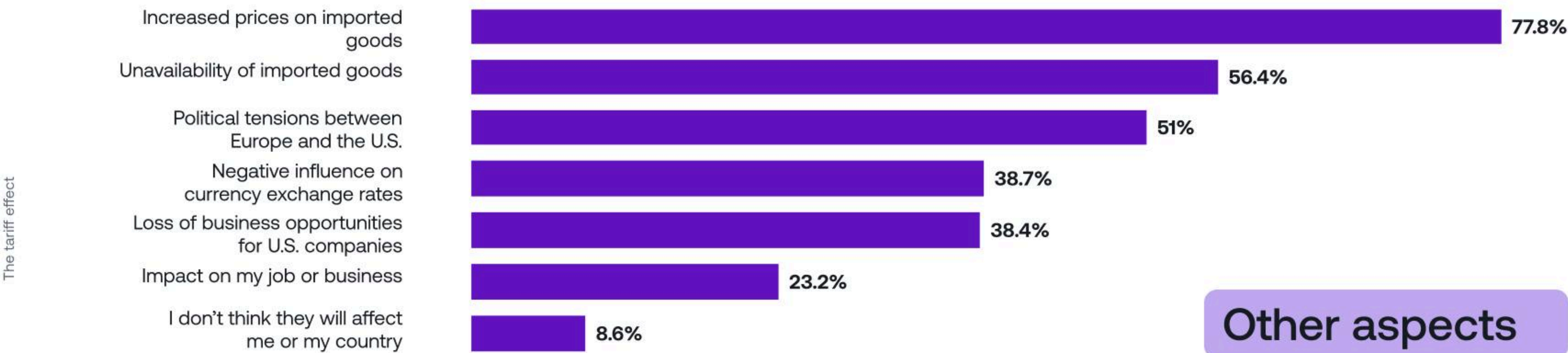


of respondents express concern about the potential impact of tariffs on the US economy

Consumers anticipate that Automotive, Electronics, and Apparel will be the most affected by trade tariffs.



In what ways do you think these tariffs might affect you personally or your country?



Other aspects

- I don't think it will affect me personally
- I think it will be positive in how it influences our future economy
- Motivation to manufacture more goods in the U.S.
- Foreign tourists will opt not to come to the USA and thus the tourism sector will take a hit

*Participants filtered on "Heard of it, but not sure of the details" OR "Somewhat familiar" OR "Very familiar" in question "How familiar are you with the recent trade tariffs and the legislation introduced by Donald Trump?"

Tightening the purse strings: How economic anxieties are shaping shopping behaviors

Shifting behaviors



Driven by inflation, the rising cost of living, and anxieties related to trade tariffs, economic concerns are significantly influencing planned purchasing behaviors among US consumers, prompting many to adopt cost-saving measures in the coming months.

57%

Planning to reduce their overall purchasing

52%

Intending to swap their usual buys for cheaper alternatives

Other planned initiatives include choosing private label products (36%), swapping shopping establishments for cheaper options (35%), and opting for bulk purchases (34%).



Budgeting in the balance: Where consumers plan to cut back

Consumers are also planning strategic adjustments to their household budgets across various spending categories.

Interestingly, savings and investments show a more balanced outlook, suggesting a continued focus on long-term financial security for some.

Shifting behaviors

68%

are planning to cut back on dining out and takeout

64%

are reducing expenditure on entertainment and leisure activities

61%

are reducing spending on clothing and personal items

53%

are cutting back on subscription services and memberships

As economic pressures mount, US consumers are prioritizing long-term financial security, showing a stronger inclination toward savings and investments, while cutting back on dining, leisure, and subscriptions.



From words to wallets: How US consumers really react to price hikes

Price hike reactions

While survey responses offer valuable insight into consumer sentiment and intentions, they can reflect aspirational thinking or cautious optimism. In reality, purchasing decisions are often shaped by ingrained habits and price thresholds that consumers themselves may not fully anticipate. Many shoppers don't recognize the price points that would actually change their behavior until they're faced with them in-store.

That's why, in the second part of our research, we move beyond stated behavioral intentions to examine real responses to price changes - revealing how Americans actually react to cost increases in a climate currently shaped by economic uncertainty and rising tariffs. For instance, while coffee drinkers claim to be unfazed by rising prices, our in-depth price sensitivity analysis tells a more nuanced story. On the other hand, wine buyers say they'd cut back - but our modeled results suggest they're less price sensitive than they think.



Everyday essentials vs. little luxuries: Unexpected resilience

Price hike reactions



Staple goods like coffee, orange juice, cheese, and cereal are surprisingly sensitive to price changes. A modest 10% price increase can result in a 17–20% drop in purchase likelihood. This "hidden sensitivity" is notable since few consumers admit they'd cut back on these everyday items.

10% price increase

can result in a 17–20% drop in purchase likelihood

In contrast, indulgent items such as wine and chocolate display more resilience. While shoppers frequently claim they'd cut back if prices rose, actual demand appears to be less sensitive. This gives brands greater pricing flexibility, and points to a deeper psychological dynamic - such as the perceived necessity of indulging - as a key influence on purchasing behavior, often outweighing cost concerns when it comes to small luxuries.

Breaking point: When prices push shoppers over the edge

Price hike reactions

"Psychological price cliffs" are a key finding. For products like cheese, coffee, cereal, and energy drinks, small price increases at certain points can trigger a sharp drop in demand. **Identifying these "cliff" points is crucial for maintaining sales volume and customer retention, as exceeding them can lead to significant losses.**



			Elasticity	Say vs. Do Gap	
	Accepted price range	Optimal price point	A 10% increase in price would result in... drop in demand	High sensitivity to 'price cliffs'	Stated vs. measured sensitivity
Coffee	4,5\$ - 6,99\$	5\$	20%	x	Hidden Sensitivity
Orange juice	3\$ - 4,99\$	3,99\$	19.6%	x	Aligned Sensitivity
Cheese	2.99\$ - 4.37\$	3,49\$	17.9%	x	Hidden Sensitivity
Cereal	2.99\$ - 4.98\$	3,35\$	17.7%	x	Hidden Sensitivity
Dog food	15\$ -25\$	19,99\$	16.1%		Hidden Sensitivity
Olive oil	6,99\$ - 9,99\$	8\$	15.4%		Hidden Sensitivity
Jeans (Apparel)	24,99\$ - 40\$	29,99\$	15.1%		Aligned Sensitivity
Face moisturising cream	8,51\$ -14,99\$	9,99\$	13.8%		Hidden Sensitivity
Soda	1,25\$ - 2\$	1,5\$	13.8%		Aligned Sensitivity
Lipstick	6,99\$ -10\$	9,99\$	13.3%		Aligned Sensitivity
Potato chips	2\$ - 3,99\$	2,5\$	13.2%		Aligned Sensitivity
Energy drink	2\$ - 3,5\$	2,5\$	13%	x	Aligned Sensitivity
Beer	2\$ - 3,99\$	2,99\$	12%		Aligned Sensitivity
Eggs	3\$ -5\$	3,99\$	11.6%		Aligned Sensitivity
T-shirt (Apparel)	10\$ - 19,99\$	12\$	11.3%	x	Aligned Sensitivity
Yoghurt	1,1\$ - 2\$	1,5\$	10.9%		Aligned Sensitivity
Wine	10\$ - 18\$	12\$	9.6%	x	Overstated Sensitivity
Chocolate	1.25\$ - 2.50\$	1,5\$	9.5%		Overstated Sensitivity
Bananas	0.75\$ -1.49\$	0,99\$	8.1%		Overstated Sensitivity

*A complete view of price sensitivity across key consumer goods among US respondents. Data collected and analysed in April 2025

Coffee 1 pack (12 ounces, non-organic)

Pricing decoded

\$5

*Accepted PR \$4.50-\$6.99



The price-demand curve for coffee reveals a steep decline in demand as prices rise, especially within the accepted price range of \$4.50 to \$6.99, marked by the purple crosses. Notably, there are clear psychological price cliffs: demand drops sharply from about 48% to 40% as the price moves past \$5.25, and falls again to around 33% when the price exceeds \$6.25. Despite consumers reporting low stated price sensitivity, coffee actually shows one of the highest elasticities of all products analyzed meaning even modest price increases at these thresholds can trigger significant drops in purchase intent.

Eggs 1 carton (12-count)

Pricing decoded

\$3⁹⁹

*Accepted PR \$3.00-\$5.00



The price-demand curve for eggs shows a steady decline in demand as prices increase, with especially sharp drops at \$4.00, \$5.00, and \$6.00. Although 55% of consumers say they are price sensitive when it comes to eggs, the actual measured elasticity is only moderate. This indicates that while shoppers claim sensitivity to price hikes, their willingness to buy eggs generally tapers off gradually except at certain price points where demand falls much more sharply.

Wine 1 bottle (25.4 ounces)

\$12

*Accepted PR \$10.00-\$18.00



The price-demand curve for wine shows a gradual decline in demand as prices rise, with more pronounced drops at \$15, \$18, and \$20. While 54% of consumers state they are sensitive to price increases, the actual measured elasticity is low, indicating that most shoppers continue to purchase wine even as prices climb, except at these key price points where demand falls more sharply. This suggests wine buyers are less price sensitive in practice than they claim, but targeted price increases above these thresholds could lead to a noticeable loss of customers.

Banana (per pound - non-organic)

\$0⁹⁹

*Accepted PR \$0.75-\$1.49



The price-demand curve for bananas shows a gradual decline in demand as prices rise, with more pronounced drops just past \$0.95, \$1.55, and \$2.15. Although 51% of consumers claim to be price sensitive when it comes to bananas, the actual measured price sensitivity is the lowest among all products analyzed. This means that, in practice, most shoppers continue to buy bananas even as prices increase, except at these key price points where demand falls more sharply.

The bottom line: Cautious consumers in a complex economy

The current socio-economic sentiment in the US is a blend of individual resilience and national apprehension. While some feel their personal finances have improved, widespread concerns about inflation and the impact of trade tariffs are driving consumers towards more cautious and economical behaviors including a clear overall shift towards frugality. Americans are watching prices more closely and reacting faster to increases - especially for everyday staples.

This intricate interplay of factors underscores the dynamic nature of the American market navigating evolving economic times. For brands, staying ahead in this climate will come from listening, adapting, and pricing with precision.



Key takeaways

Nearly 50% of US consumers are anxious about the economy.

Brands should acknowledge this unease by reinforcing stability - lean into consistent messaging, dependable value, and safe bets.

84% of consumers are most worried about rising prices on everyday items.

Price isn't just a number - it's a trust factor. Brands should strengthen value perception with messaging that highlights cost-friendliness and justifies any price increases to maintain loyalty.

Tariff concerns hit auto, electronics, and apparel hardest.

Brands in these sectors should act now - proactively adjusting strategies to prepare for the potential impact of trade tariffs.

57% plan to reduce spending, and 52% will opt for cheaper alternatives.

Two-thirds of consumers are already experiencing inflation locally, and most think it's about to get worse. Focus on affordability - promote private labels, bulk options, and savings to retain customers.

Consumers are prioritizing long-term financial security.

Brands should tap into this by offering products and services that support saving and investing, aligning with consumers' desire for stability amid short term cut-backs.

Consumers' stated intentions don't always match their actions.

Coffee drinkers tend to underestimate price sensitivity, while wine buyers overestimate it—highlighting the need for empirical data over stated intentions in pricing strategy.

Premium items like wine and chocolate can withstand moderate price hikes.

Brands in these categories can capitalize on this resilience with targeted price increases, while also focusing on tariff mitigation for highly sensitive products like coffee and cereal.

Monitor key price thresholds to avoid sudden demand drops.

Brands should identify psychological price cliffs and adjust pricing strategies to maintain sales and retain customers.

Methodology

Methodology

2,021 Sample

US Country

16 - 99 years old Age

15 - 23.04.2025 Date in field

Nationally representative

To calculate price sensitivity, we began by using the Van Westendorp Price Sensitivity Meter with the Newton Miller Smith extension to identify the accepted price ranges for 19 products across various categories. Next, we analyzed price elasticity of demand, applying both log-log regression and average elasticity calculations within the accepted price range to measure how consumer demand changes as prices increase.

Each respondent was asked to answer the Van Westendorp questions for three products, depending on their purchase behavior.

Want to access the data?

Dive into the dashboard - no login required,
no strings attached!

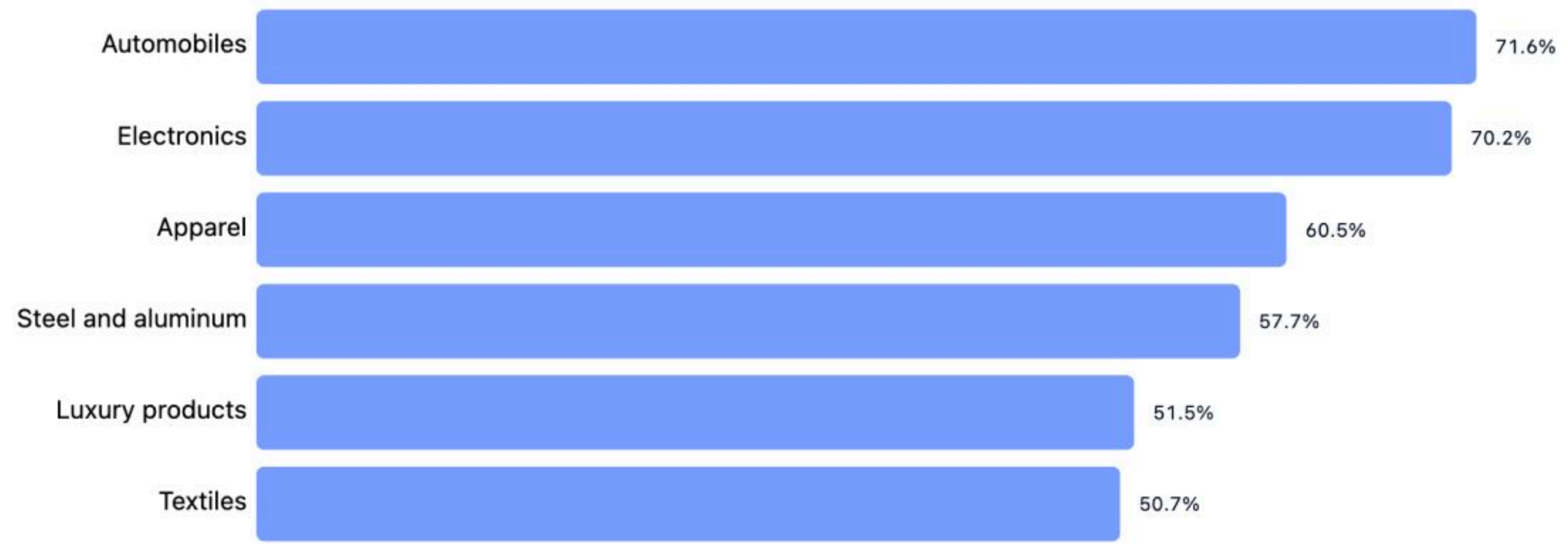
Dive into the data



21 of 35 | 1947 Participants (96.3%)

In your opinion, what products or categories of products will likely be impacted by the recent trade tariffs and legislation introduced by Donald Trump?

(Multiple answers possible)



- Others:
- I really do not know
 - I have no opinion.
 - not sure
 - Totally unsure
 - Lumber/Building materials
 - Chocolate, coffee, tea, bananas and mangos
 - not sure

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