INDUSTRY RESEARCH REPORT UNITED STATES EDITION NOVEMBER 2026

Squeezed U.S. workers didn't trade up — their receipts did

Real pay turned negative in 2026, the saving rate fell to 3.8% and half of all spending now comes from the top tenth of earners. Most U.S. “trade-up” since 2023 shows up in higher tickets rather than more visits. This report tests that pattern against federal statistics, company filings and industry data, and grades every claim.

A joint research output of Wanyouzhiliu Technology & Claude Code

Research cutoff 2026-11-17 Covers 2023–2026

Evidence: Strong / Moderate / Weak / Inference

−0.7% Real average hourly earnings, year over year September 2026 · BLS	**3.8%** Personal saving rate September 2026 · BEA
49.7% Share of consumer spending by the top 10% of earners Moody’s modelled estimate, Feb 2025; contested	**+5.2% / +2.4%** Starbucks U.S. ticket vs transactions Fiscal Q4 2026

About this report

Produced by. A joint research output of Wanyouzhiliu Technology & Claude Code.

Scope. This report examines employed consumers in the United States from 2023 to November 2026, with particular attention to white-collar and software workers facing stalled real pay, sustained work intensity, the effects of AI on their occupations, and weak consumer sentiment. Layoffs and severance are treated as background to the AI developer economy. The report is part of a series; its structure parallels a companion China edition of this series to allow cross-country comparison.

Sources. Official statistics (BLS, BEA, Federal Reserve), company filings and investor releases, industry associations and panel providers (AGA, APPA, PLMA, Circana, Pollstar), peer-reviewed research, consultancy and vendor surveys, and reputable media reporting of primary data.

Evidence grading. Strong official statistics, company filings or releases, peer-reviewed or large-sample primary data. Moderate primary data with a limited scope, or a credible secondary report of primary data. Weak a single secondary source, a vendor's self-reported survey, an estimate, or conflicting definitions. Inference an analytical conclusion drawn from several pieces of evidence rather than measured directly. A qualifier after the comma indicates the source type (primary or secondary).

Research cutoff. 2026-11-17.

Limitations. Some figures were obtained through reputable secondary reporting of primary data rather than from the original filings; these are graded accordingly and linked to the reporting source. Calculated ratios are identified as such. No dataset links individual households to category spending, so behavioral conclusions rest on aggregate data.

Bottom line. In 2023–2026, squeezed American workers did not stop spending on "something better." They narrowed it. Groceries and household staples went to private label. Higher-income households moved into Walmart. A growing share of low- and middle-income households used buy-now-pay-later (BNPL) for food. What was left for "trade-up" went to a short list of categories: coffee and small treats, beauty, pets, energy drinks, sports betting, and services that buy back time, mainly delivery. Compared with the companion China edition of this series, the U.S. differs in one important way: **most of the U.S. growth in these categories came from higher prices per ticket, not more visits or more units.** Starbucks' U.S. traffic grew 2.4% while ticket grew 5.2%. Dutch Bros' traffic was nearly flat (+0.4%). Beauty dollars grew faster than units. Sports-betting revenue grew twice as fast as the amount wagered. A second group (concerts, travel, self-pay GLP-1 drugs, AI companions) grew in volume while spending per person fell. Video games, a resilient category in China according to the companion China edition, **declined in the U.S. in 2026**. Sports betting, a U.S.-specific signal, is already losing share to prediction markets. The categories that last share a few traits: a small or divisible ticket, frequent purchase, an emotional or identity payoff, private use, a link to recovery, and a payer who is also the person who benefits. **No study directly shows that the same squeezed households raised spending in these categories.** The pattern

is pieced together from macro and category data. In the AI developer economy, much of the "paid validation" comes from three groups: **employers** (more than half of Claude Code revenue comes from business use), **non-technical experimenters** (80% of Lovable builders, by the company's own account), and **other hopeful developers** buying templates, courses and tools. End customers paying for what developers build are the smallest and least documented source.

Context first: pay stalled, savings thinned, and spending held up on borrowed and top-heavy money

Real pay turned negative again in 2026. Real average hourly earnings for all employees rose 1.1% in the year to December 2025 and 1.4% in the year to February 2026 Strong, primary (BLS TED, Dec 2025; BLS TED, Feb 2026). The gain then shrank to 0.3% in March (BLS TED) and went negative: **−0.7% year over year in September 2026, with CPI inflation at 3.7%** Strong, primary (BLS Real Earnings, released 2026-10-14). The monthly sign changed back and forth during the year; June, for example, was about +0.1% (BLS TED). The accurate description is "flat to negative," not "collapsing." October 2025 data is missing because of the government shutdown (BLS). A broader measure, Indeed Hiring Lab's reading of the productivity-and-costs release, shows real hourly compensation falling 3.1% in Q2 2026, the weakest since Q4 2022 Moderate, secondary (Indeed Hiring Lab, 2026-08-06).

Tech pay tells a sharper version of the same story. Dice's 2025 salary report puts the average U.S. tech salary at **$112,521. Adjusted for inflation, that is below the 2005 average ($114,648 in real terms).** Thirty-nine percent of respondents said their pay was unchanged and 16% said it fell, while AI skills carried an 18% premium Moderate, secondary report of Dice (Digit.fyi).

Americans kept spending by saving less. This is the main contrast with the companion China edition of this series, in which Chinese households with rising incomes saved more ("has income, afraid to spend"). U.S. households with stalled incomes saved less. The personal saving rate was **3.8% in September 2026**

(personal saving of $911.1B), after August's first estimate of 4.1% was revised Strong, primary (BEA, Sept 2026). The claim that this is the lowest rate since October 2022 appears only in secondary coverage Weak (Wichita Liberty).

Sentiment is near record lows. The University of Michigan index hit a record low of **44.8 in May 2026**, driven by energy prices. The November preliminary reading recovered to **51.0**, with one-year inflation expectations at 4.3% Strong, secondary report of Michigan data (ABA Banking Journal; Advisor Perspectives). The Fed's SHED survey found 73% of adults "at least doing okay," flat from the prior year and below the 2021 peak of 78%. Lower-income, younger and Black adults reported clear declines Strong, primary (Federal Reserve SHED 2025).

Spending is top-heavy. Moody's estimates that the **top 10% of earners (roughly $250k+ a year) accounted for 49.7% of consumer spending** (published February 2025, the highest share since 1989) and 49.2% in Q2 2025. The share was about 46% in 2023 and about 36% three decades ago Moderate, secondary report of Moody's (Marketplace; Bloomberg Law). The estimate is contested: an independent critique using the BLS Consumer Expenditure Survey puts the top decile's share at about 23% Weak, independent analysis (Against Narrative), so the level should be read as Moody's modelled estimate rather than a settled fact. The K-shape is not getting steadily wider. Bank of America Institute reported in March 2026 that the wage-based gap between income groups was the widest since its data began in 2015. By November 2026, it said the top 5% still led discretionary spending but the gap had narrowed noticeably, and that the shortfall between spending growth and after-tax wage growth was largest at the top Moderate, primary, read from summaries (BofA Consumer Checkpoint, Nov 2026; Mar 2026). Any K-shape claim should therefore carry a date.

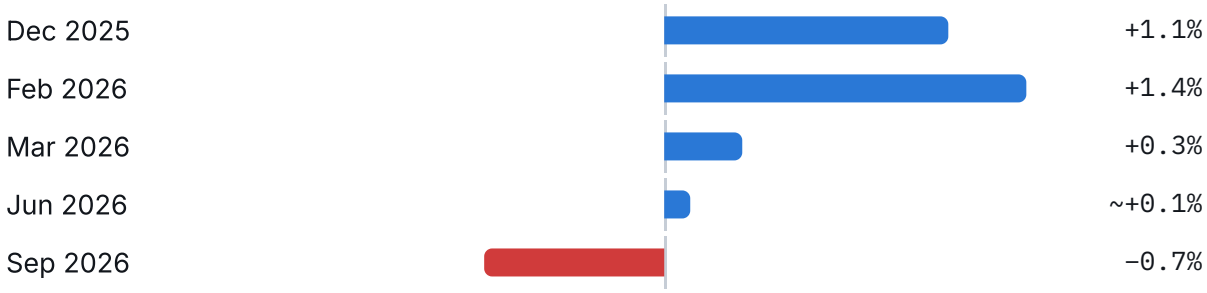
The bottom of the K is borrowing for food. In LendingTree's 2026 survey of about 2,000 adults, **47% of BNPL users had paid late at least once in the past year**, up 6 points from 2025 and 13 points from two years earlier. **Twenty-nine percent had used BNPL for groceries** (14% in 2024, 25% in 2025), and 54% said they could not make ends meet without it Moderate, primary survey (LendingTree; Fortune).

Work is intense, and AI has not lightened it. Gallup's 2026 report (2025 data) puts U.S. employee engagement at 32%, with the U.S./Canada region at 31%, the highest of any region. Globally, manager engagement fell to 20%, the lowest since 2020

Strong, primary (Gallup SOGW 2026). No U.S.-only Gallup stress figure was identified. Global data shows 40% of employees felt a lot of stress the previous day (Gallup 2025). On AI specifically, an Upwork study of AI users in the U.S., UK, Australia and Canada found that **77% said AI had added to their workload in at least one way**: reviewing AI output (39%), learning tools (23%), or being asked to do more work (21%) Moderate, primary, sample limited to AI users (Upwork, 2024-07). Atlassian's 2026 developer-experience report found that the share of developers saving 10+ hours a week with AI fell from 68% in 2025 to 26% in 2026 Moderate, secondary (SD Times). Together these suggest that efficiency gains went into higher output expectations rather than shorter hours or higher pay. This is a chain of evidence, not a direct wage measurement Inference.

FIGURE 1 **Real hourly pay slipped from small gains to a decline**

Real average hourly earnings, all employees, 12-month change, %



Source: BLS Real Earnings, 2026-10-14 and BLS TED releases linked in the text. October 2025 is missing because of the government shutdown. Strong, primary

FIGURE 2 **Half of U.S. consumer spending comes from the top tenth**

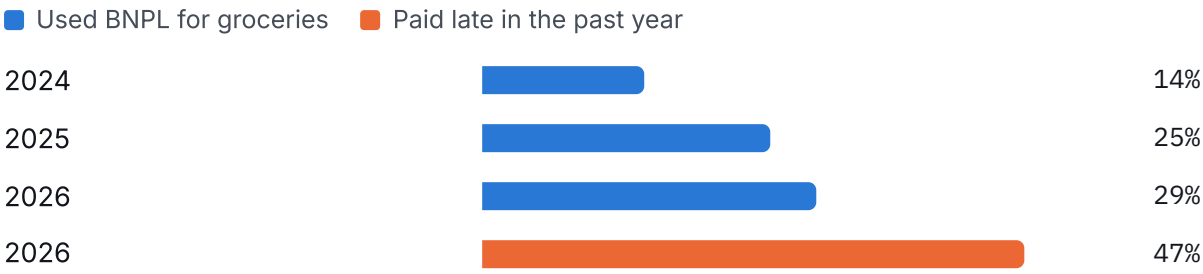
Share of consumer spending by the top 10% of earners, % (Moody's estimates)



Source: Moody's via Marketplace. Contested: an independent analysis of BLS Consumer Expenditure Survey data puts the share near 23% (Against Narrative). Bank of America Institute reports the gap narrowed in late 2026. Moderate, modelled estimate

FIGURE 3 **The bottom of the K is borrowing for groceries**

Buy-now-pay-later users, % (LendingTree surveys)



Source: LendingTree, 2026, about 2,000 adults. Moderate, primary survey

A five-layer framework: only a few categories show real budget expansion, and most of that is price

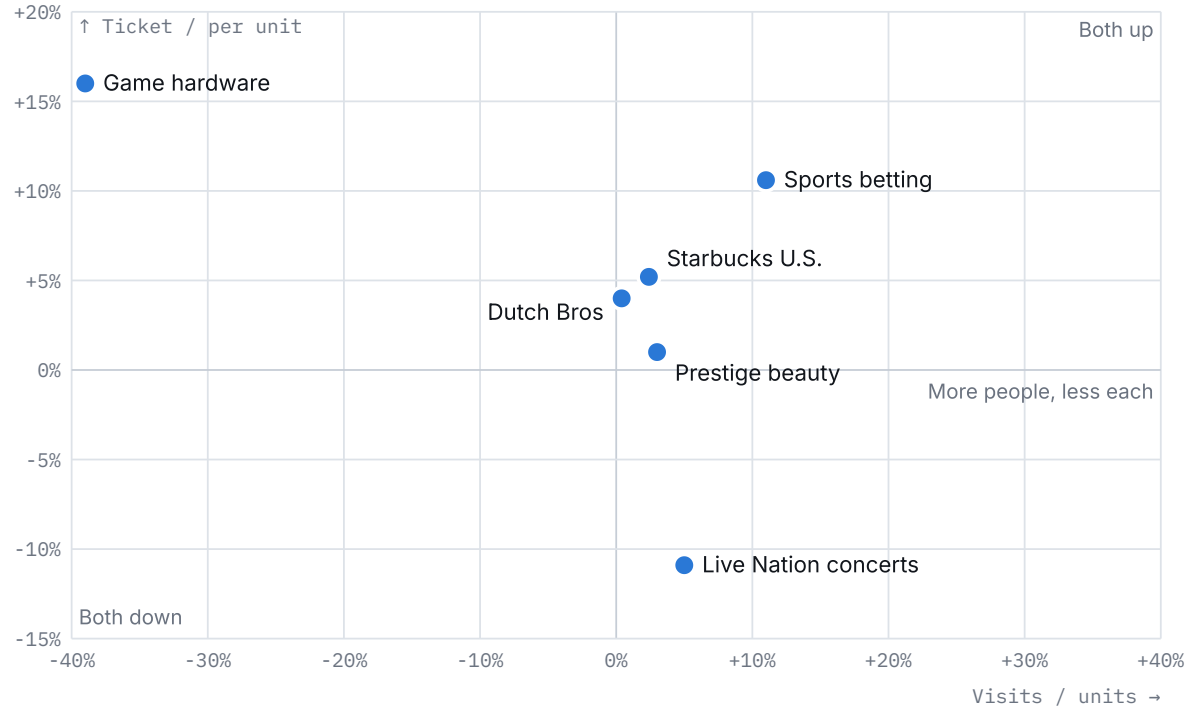
The test used here is not total market size. It is whether **spending per person or per transaction** rose, and whether that rise came from more volume or from higher prices.

Category	Volume	Price / per-capita	Reading	Strength
(a) Coffee / small treats	Starbucks US transactions +2.4%; Dutch Bros traffic +0.4%	Starbucks US ticket +5.2%	Ticket-driven; traffic stalling	Strong
(a) Beauty	Prestige units +3%, mass units +2% (2025)	Prestige $ +4% (~$36B), mass $ +5% (~$72.7B); Ulta ticket > transactions	Dollars outpace units	Strong / Moderate
(a) Sports betting	Handle +11.0% (2025)	Revenue +22.8%; hold ~10.2%	Operators take more per dollar wagered	Strong
(a) Pets	94M pet-owning households	$158B, +3.7% nominal (2025)	About flat in real terms; held, not expanded	Strong
(a) Energy drinks	Category growth led by zero-sugar and new brands	Monster net sales ~+17%; Alani Nu +24%; Celsius brand −6%	Category grows while share rotates between brands	Moderate-Strong

Category	Volume	Price / per-capita	Reading	Strength
(b) Concerts	Live Nation attendance +5% (159M, 2025)	Per-fan spend $134.69 vs $151.16; NA top-100 average ticket −1.6%	More fans, less per fan	Strong / Moderate
(b) Travel	Planned summer trips 3.1 vs 2.3	Longest-trip budget up <1%	"Right-sized" trips	Moderate-Strong
(b) GLP-1 self-pay	Access widening	Self-pay vials ~$299–449/mo vs ~$1,090–1,350 list	Price down, users up	Moderate
(b) AI companions	US time spent ~2.5× dating apps (Q1 2026, unverified)	Global category revenue ~$82M in H1 2025	Time, not money	Moderate / Weak
(c) Delivery / buying time	DoorDash orders +17% organic	GOV +23% organic; AOV ~$34 (computed)	Growth mostly from more users	Strong
(c) Wellness	84% call it a priority	>$500B/yr, +4–5%	Broad, loosely defined	Moderate
(d) Self-paid AI tools	26% used a paid AI service for work last week	Individual tiers rose to $100–200/mo	Strong motive; who pays is unclear	Moderate / Weak
(e) Children's education	Tutoring participation 19%→24%	No household-spend data	Public funding fell; out-of-pocket spending unmeasured	Weak
Reference: video games	Hardware units −39% (Jul 2026)	Hardware average price +16%; total −3% YTD	Contracting under price shock	Moderate

FIGURE 4 **Volume vs price: U.S. growth mostly comes through the receipt**

Horizontal: visits, units or attendance. Vertical: ticket or spend per unit. Periods differ, see note



Source: Starbucks 8-K via Zacks; Finviz on Dutch Bros; AGA; Circana beauty; Music Business Worldwide; Circana games via GamesBeat. Per-unit change computed as (1 + value growth) ÷ (1 + volume growth) − 1. Moderate, includes computed values

(a) Ticket-driven "trade-up": coffee, beauty, betting, pets and energy drinks

Coffee is the clearest case of trade-up through the receipt. In Starbucks' fiscal Q4 2026 (ended 2026-09-27), U.S. comparable sales rose **7.7%: transactions +2.4%, average ticket +5.2%**. Full-year U.S. comps rose 6.5%, and management expects ticket to contribute more than traffic in FY27 Strong, primary 8-K (traffic/ticket split Moderate, secondary) (SEC 8-K; Zacks). Dutch Bros makes the point more sharply. Q3 2026 system same-shop sales rose 4.4%, but **system traffic rose only 0.4%**, down from +4.7% a year earlier Moderate, secondary report of results (Finviz). Surveys show the motive is real. In NCSolutions' April 2025 survey (n=1,036), the median "little treat" cost about $5, or about $30 a month, and **40% said they buy small rewards because they can't afford bigger things** Moderate, primary survey (NCSolutions). In

Circana's survey, 62% described treats as self-care Moderate (Circana). But surveys measure motive, not spending. In the transaction data, people kept going back while the price per visit did the rising Inference .

Beauty shows dollars rising faster than units. Circana reports that in 2025, U.S. prestige beauty retail sales rose **4% to about $36B** and mass rose **5% to about $72.7B**. Units rose only 3% in prestige and 2% in mass. Mass fragrance was a standout at +15% Strong, primary headline (category details Moderate, secondary) (Circana; Beauty Independent). Ulta's FY2025 comparable sales rose 5.4%, with **average ticket +3.3% and transactions +2.0%**. Q1 FY2026 comps rose 5.3% (ticket +3.7%, transactions +1.6%) Strong, primary (Ulta FY25 Q4; Ulta Q1 FY26). A secondary source puts Q2 comps at +3.8%, almost all from ticket Weak (beancount.io). The "lipstick effect" needs care. The best experimental evidence (Hill et al., 2012) finds that recession cues raise women's demand for products that enhance attractiveness, including better products, but **not discount beauty**. The proposed mechanism is mate attraction, not "cheap indulgence." An alternative explanation is career motivation (Netchaeva & Rees, 2016). No independent replication was found Moderate, contested (Hill et al., JPSP 2012; Netchaeva & Rees, 2016). Analysis of BLS Consumer Expenditure diary data for 2005–2014 found that average cosmetics spending rose during the Great Recession, mainly among young women Moderate, peer-reviewed (MacDonald & Dildar, 2020).

Sports betting is the most U.S.-specific signal, and the clearest case of operators taking more per dollar. U.S. commercial gaming revenue reached **$78.7B in 2025 (+9.2%)**, a record for the sixth year running, with all 38 markets growing. Sports-betting revenue rose **22.8% to $16.96B** while handle (total amount wagered) rose **11.0% to $166.94B**. Hold, the share of each wagered dollar that operators keep, was about 10.2%, so revenue grew about twice as fast as wagering Strong, primary (AGA; Covers). This is a monetization story (parlays and higher hold), not simply more bettors Inference . China has no comparable legal category. The nearest analogue in the companion China edition of this series, instant scratch-off lottery, had already turned negative by 2026.

Pets held their ground but did not expand in real terms. The American Pet Products Association reports U.S. pet industry spending of **$158B in 2025 (+3.7%)**, up from $152B, with $165B projected for 2026. Food and treats were $68.3B, and 94 million households own pets Strong, primary (APPA, 2026-03-26). That works out to about

$1,680 per pet-owning household (this report's calculation, not an APPA figure). With 2025 inflation near 3%, the growth is close to flat in real terms. The claim that annual spending per dog doubled from about $1,200 to more than $2,400 between 2015 and 2025 appears only in trade media Weak (Retail Insider). Pets also show up on the trade-down side: pet was the fastest-growing private-label department by units (see below). **Americans are not cutting back on care for their pets, but they are switching to cheaper brands** Inference .

Energy drinks are the functional "get through the shift" purchase, with brand rotation inside the category. Celsius Holdings' Q3 2026 revenue was about $847M (+17%). Alani Nu, which Celsius owns, grew about 24% to $410M (+58% in tracked retail), while the **Celsius brand itself fell 6%** in net sales. The combined portfolio captured about 28% of the $773M Q3 gain in U.S. zero-sugar energy drinks Moderate, primary release (Finviz; Zacks). Monster's Q3 2026 net sales were $2.56B, up about 17%, though international (+28%) drove much of that Moderate, secondary (Food Business News). The category is resilient, but individual brands are not.

(b) More visits, less per visit: concerts, travel, GLP-1 self-pay, AI companions

Concerts drew more fans who each spent less. Live Nation drew **159 million fans in 2025 (+5% from 151M)** across about 55,000 shows, with concerts revenue of $20.9B (+10%). International attendance exceeded U.S. attendance for the first time Strong, primary (Live Nation FY2025). Music Business Worldwide estimates that spending per fan (tickets, food and drink, parking and VIP) was **$134.69 in Q2 2025, down from $151.16 a year earlier** at constant currency. The main cause was expansion into cheaper overseas markets Moderate, secondary estimate (MBW). Pollstar's year-end data shows the **North American top-100 average ticket at $134.23, down 1.6% from $136.45**, with total grosses and tickets sold also lower Strong, primary (Pollstar). Two caveats limit this reading. The per-fan decline partly reflects a mix of markets, not only consumer restraint. And in Q3 2025, Live Nation reported on-site spending per fan up 8% (Live Nation Q3 2025). The defensible conclusion is that the U.S. concert boom ended its 2023–2024 price surge in 2025, not that fans are buying more experiences.

Travel is "more trips, same budget." Deloitte's 2025 summer travel survey found Americans planned **3.1 trips, up from 2.3**, while the budget for their longest trip was $3,471, up less than 1% from 2024. Deloitte's theme was "right-sized" travel Moderate, primary survey (Deloitte; TravelPulse). This is the closest U.S. match to the pattern documented in the companion China edition of this series (trips +16.2%, spending per trip about −5.6%), though the U.S. evidence is a plans survey rather than realized trips.

GLP-1 self-pay is a textbook layer-(b) case: falling prices, expanding access. Eli Lilly's direct-to-consumer single-dose Zepbound vials cost roughly **$299–449 a month**, depending on dose, compared with roughly $1,090–1,350 for retail pens, after Lilly followed Novo Nordisk in cutting self-pay prices Moderate, secondary, prices change fast (Fierce Healthcare; Pharmacy Times). No reliable count of self-pay users was found. A $50-a-month Medicare "bridge" is reported only by a clinic blog Weak.

AI companions absorb time, not money. Appfigures counted **$82M in global AI-companion app revenue in H1 2025**, on track for more than $120M for the year. Revenue per download rose from $0.52 to $1.18, and the top 10% of apps took 89% of revenue Moderate, secondary report of Appfigures (TechCrunch, 2025-08-12). Character.AI's CEO says users average about 80 minutes a day (company figure) (The Decoder). A secondary report of Sensor Tower data says U.S. users spent about 705 million hours on companion apps in Q1 2026, roughly 2.5 times the time spent on dating apps. This was not verified in Sensor Tower's own release Weak (OfficeChai). Time spent is large, but money spent per user is tiny.

(c) Buying time and recovering: delivery is the hardest U.S. evidence

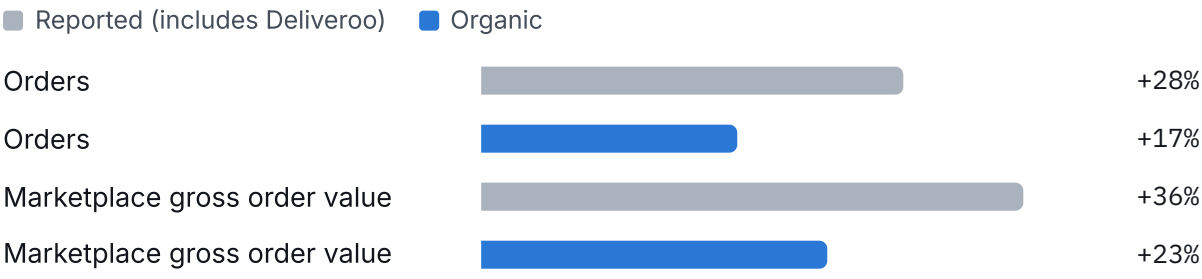
The academic anchor is strong. Whillans and colleagues (*PNAS*, 2017) surveyed more than 6,000 people in four countries and ran a field experiment. **Spending money on time-saving services raised happiness more than spending on material goods, and the effect was not limited to high earners** Strong, peer-reviewed (ADS abstract). The study did not specifically test people whose income was falling. Time-poverty research explains why time-starved workers pay to save time even when their incomes are flat (Giurge, Whillans & West, 2020).

DoorDash is the strongest U.S. "buying time" signal, and unlike China's 2025 delivery data, it is not distorted by a subsidy war. In Q3 2026, DoorDash handled **993M orders (+28%; +17% excluding the Deliveroo acquisition)** and $33.9B in Marketplace gross order value (GOV, +36%; +23% organic). The company attributed growth mainly to **more consumers**, along with higher average order value, and said **U.S. grocery and retail GOV grew more than twice as fast as restaurants** Strong, primary 10-Q/8-K (DoorDash 10-Q; 8-K). Average order value works out to roughly $34 (this report's calculation, including Deliveroo). Delivered groceries are a revealing detail: people are paying a premium to avoid a chore, not just for a treat Inference. DoorDash does not report customers by income, so it cannot show that squeezed workers in particular drove the growth.

Wellness is large but loosely defined. McKinsey's 2025 Future of Wellness puts U.S. wellness spending at **more than $500B a year, growing 4–5%**. Eighty-four percent of U.S. consumers call wellness a top or important priority. Gen Z and millennials are 36% of adults but more than 41% of spending Strong, primary (McKinsey 2025). A later McKinsey edition cites about $700B on a different basis, so the two figures should not be combined or compared (McKinsey). Stress spending is widespread by self-report. In a Credit Karma survey (October 2024, n=1,001), **27% of adults said they "doom spend" to cope with stress**, including 37% of Gen Z and 39% of millennials Moderate, primary survey (Credit Karma). Energy drinks (layer a) also belong to this recovery logic.

FIGURE 5 **Delivery is the hardest U.S. "buying time" signal**

DoorDash, Q3 2026, year-over-year growth, %



Source: DoorDash 10-Q, Q3 2026. U.S. grocery and retail GOV grew more than twice as fast as restaurants. Strong, primary

(d) Paying for one's own productivity: AI tools as job insurance

The motive is clear: AI skills carry an 18% pay premium, and AI/ML job postings rose 88% year over year in September 2026 (Dice). What is unclear is **who pays**. The most credible U.S. figure comes from Epoch AI and Ipsos (2026): **26% of employed U.S. adults used a paid AI service for work in the past week**, and another 15% used a free one. ChatGPT led at 19%. "Paid" does not mean the worker paid Strong, primary (Epoch AI). Estimates of how many workers pay out of pocket vary widely. Writer.com puts it at 35% Weak, secondary, year unclear (CO/AI). Exploding Topics found 29% among AI users, often without telling their boss Weak (Exploding Topics). Howdy.com found 56%, averaging $68 a month, among full-time workers in June 2025 Weak, vendor survey skewed to heavy users (eWeek). For comparison, Deloitte estimates that UK workers spend about **£958M a year** of their own money on workplace generative AI, and 17% of users pay for at least one tool Moderate, secondary (The Next Web). Microsoft and LinkedIn's 2024 Work Trend Index found that **78% of AI users bring their own AI to work**, but the base is AI users, and bringing a tool is not the same as paying for it Strong, primary vendor report (Microsoft, 2024-05-08). A reasonable range is that **one-quarter to one-third of U.S. knowledge workers pay for some AI tools themselves, typically $20–70 a month**. This is an estimate, not a measured figure Inference .

Prices for individuals rose at the same time. Within 18 months, every major vendor added a $100–200-a-month individual tier: ChatGPT Pro at $200 (December 2024), Claude Max at $100 and $200 (around April 2025), Cursor Ultra at $200 (June 2025), ChatGPT's $100 Pro tier (April 2026), and GitHub Copilot Max at $100 (June 2026) Strong, primary for OpenAI and GitHub (others Moderate, secondary) (OpenAI; The Next Web; VentureBeat; GitHub Blog). Cursor's switch to dollar-denominated usage credits (June 2025, per a third-party tracker) and GitHub's move to usage-based allotments show the same shift: **the $20 plan delivers less, and heavy users pay overage or upgrade.** That is closer to a price increase than a voluntary trade-up Inference . Microsoft disclosed that Copilot Pro+, the tier aimed at individual developers, grew 77% quarter over quarter (January 2026), but it did not disclose how many people are on it Moderate, secondary report of company disclosure (IT Brief). No vendor has said how many individuals pay $200 a month.

(e) Children's education: public money left, and household spending is unmeasured

This is the weakest U.S. layer and the largest gap compared with the companion China edition of this series, in which education is a protected baseline budget, about 17.2% of household consumption. After federal ESSER pandemic funds expired in September 2024, a Stanford NSSA study of 35 districts found that **8 had significantly scaled back tutoring and 8 had paused or discontinued it** Strong, primary (NSSA). Only 23 states fund high-dosage tutoring through competitive or formula grants Moderate (K-12 Dive). Yet a 50CAN/Edge parent survey (about 23,000 respondents) found the **share of students receiving tutoring rose from 19% in 2024 to 24% in 2025** Moderate, primary survey (The 74). Interest varies by income. More than 55% of private-school and special-education families are interested in tutoring, compared with under a third of rural and small-town parents (EdChoice). With public tutoring shrinking and participation rising, demand is likely shifting toward family-paid tutoring. **No reliable data on household tutoring spending was found** Inference, data gap .

AI tutoring in the U.S. is mostly free or bought by schools, unlike China's model of expensive learning devices bought by parents. Khanmigo reached about 2 million users in school year 2024–25, with sign-ups up 731%, but nearly half were teachers using it free Strong, primary (Khan Academy). A University of Toronto study in 18 Tennessee middle schools found that **when the tutor withheld answers and asked guiding questions, most students stopped using it** Moderate, secondary (Chalkbeat, 2026-08-25). No evidence was identified of significant U.S. parent-paid AI tutoring revenue.

FIGURE 6 **Tutoring participation rose as federal money ran out**

Share of students receiving tutoring, parent-reported, %



Source: 50CAN/Edge parent survey (~23,000 respondents) via The 74; district cutbacks from Stanford NSSA (16 of 35 districts cut or paused programs). No data exist on household tutoring spend.
Weak / Moderate

The trade-down is real, and it has moved up the income ladder

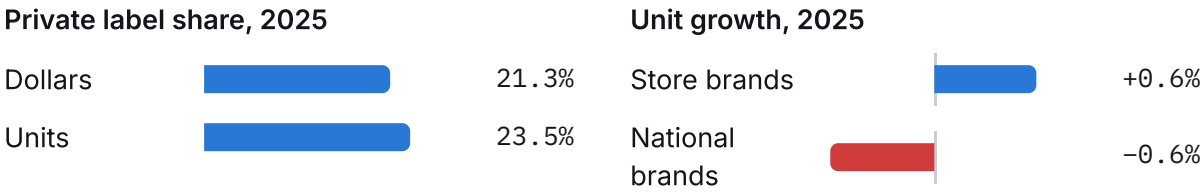
The other side of the reshuffle is just as well documented. **Private label set records in 2025.** For the 52 weeks to December 28, 2025, store-brand sales reached **$282.8B (+3.3%) versus +1.2% for national brands**. Private label's share was **21.3% of dollars** (19.1% in 2021) and **23.5% of units** (21.6% in 2021). Private-label units rose 0.6% while national-brand units fell 0.6%. **Pet was the fastest-growing private-label department by units, at +5.4%** Strong, primary (PLMA; Grocery Dive).

The trade-down reached households earning more than $100,000. On Walmart's FY2026 Q4 call (2026-02-19), revenue was $190.7B (+5.6%), and CEO John Furner said **most share gains still came from households earning more than $100,000**, while households under $50,000 had stretched wallets. Walmart said the same for the quarter ended April 30, 2026 Strong, primary call via secondary reports (Retail Dive; Axios). For the population studied here, white-collar workers whose expectations have been cut, this is the key detail: **trading down is no longer only a low-income behavior** Inference .

The research explains why the two sides coexist. Silverstein and Fiske's "trading up" framework argues that middle-income consumers pay premiums in a few categories they care about while trading down everywhere else, and Silverstein later put trade-down spending at about twice trade-up Weak, consultancy framework (Wharton Knowledge). Stronger evidence comes from Kamakura and Du, who used BLS Consumer Expenditure data on more than 66,000 households (1982–2003). In contractions, the share of spending on **positional (visible, status-driven) categories such as clothing, entertainment and travel falls by more than the drop in income alone explains**, even among households whose budgets were not hit. Shares for eating at home, housing and utilities rise Strong, peer-reviewed, sample ends 2003 (JCR 2012). Hastings and Shapiro found that when gasoline prices fell in 2008, households cut other retail spending but became nearly 4 percentage points *more* likely to buy premium gasoline. Households keep separate mental budgets for each category Strong, peer-reviewed (NBER w18248). This is how one household can shop at Walmart and buy a $7 latte in the same week.

FIGURE 7 **Private label set records as the trade-down moved up the income ladder**

Each panel has its own scale



Source: PLMA/Circana, 2025; Grocery Dive. Walmart reports most share gains from households earning over $100k (Retail Dive). Strong, primary

Hype cycles versus persistent categories

Several of the brightest U.S. growth stories of 2023–2025 slowed or reversed in 2026. They should not be extrapolated.

Sports betting is shifting to prediction markets. Commercial gaming revenue for January–May 2026 was $34.0B (+6.4%), but **May sports-betting revenue fell 1.8%**. The American Gaming Association attributed part of the decline to activity moving to prediction markets such as Kalshi Moderate, secondary report of AGA (Gambling Insider). The appetite for wagering continues. The channel and the regulation around it are changing. Any claim that sports-betting growth is permanent should be dated.

Gaming went from near-record to decline. U.S. video game spending was $60.7B in 2025 (+1.4%), second only to 2021 Strong, primary (ESA). Circana had forecast +3% for 2026. Instead, after a Switch 2-driven gain early in the year (+5% year to date through April), spending turned negative. **July 2026 hardware spending fell 29%, unit sales fell 39%, and the average hardware price rose 16% to about $542.** January–August spending was $36.3B (−3%). The Switch 2 rose from $449.99 to $499.99 on September 1, citing memory costs, tariffs and currency, and the PS5 rose to $649 Moderate, secondary report of Circana (GamesBeat; GamingBolt). A secondary source puts January–September at $41.0B (−3%), with hardware down 9% year to date. Year-to-date definitions differ between sources Moderate (tech-insider). Subscriptions kept growing (+13% in April) (clouddosage). **This is the clearest U.S.–China divergence.** In China, game revenue grew 12.17% in H1 2026 on nearly flat

users (+0.82%). In the U.S., a hardware price shock pushed the whole category down. The research on time use (unemployed and young men shift time toward gaming) explains time spent, not dollars, and in 2026 U.S. dollars did not follow the time Inference .

Other cooling curves. Dutch Bros' traffic slowed from +4.7% to +0.4% within a year. The Celsius brand shrank while its sister brand grew. Visits to vibe-coding sites fell 40–64% from mid-2025 (see below). The 2025 GPU surge was partly buying ahead of price increases, according to Jon Peddie Research (JPR): Q2 2026 desktop discrete-GPU shipments hit a four-year high of 12.5M (+6.6% year over year) while desktop CPUs fell 33%, and JPR attributed this to purchases ahead of further price increases Moderate, primary (Jon Peddie Research). Wells Fargo analysts estimated that Costco sold up to $200M of gold and silver a month (2024), an analyst estimate that the company has not confirmed Weak (Mining.com). Gold is a real U.S. retail story but much less documented than in China.

The persistent categories share six traits. This is an inference drawn from U.S., Japanese, Korean and Chinese evidence, not a tested model; most persistent categories meet at least three:

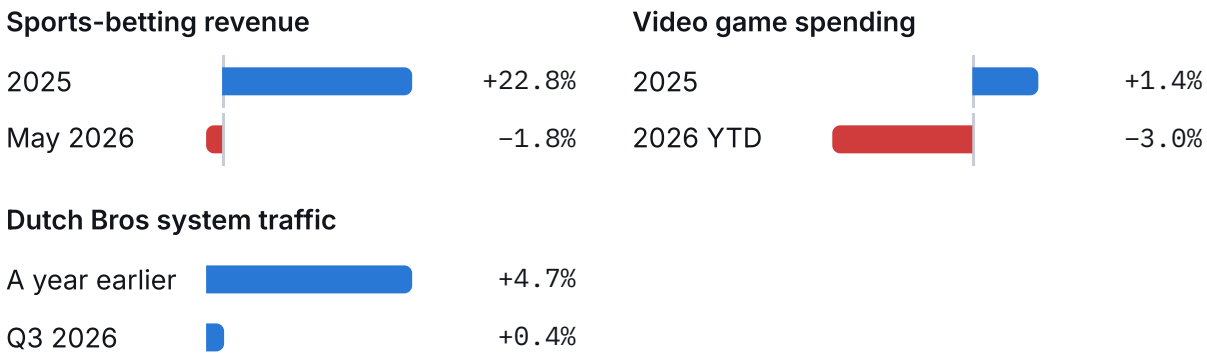
1. **Small or divisible ticket**: a $5 treat, a monthly subscription, a single delivery order.
2. **High frequency**: Circana found 44% buy treats several times a week.
3. **An emotional or identity payoff**: pets, beauty, betting on a team.
4. **Private or non-positional use**: Kamakura & Du's finding that status spending falls disproportionately in downturns.
5. **Tied to recovery or time**: energy drinks, delivered groceries, wellness.
6. **The payer is the person who benefits**: unlike enterprise AI seats or devices parents buy for children.

The U.S. evidence adds a seventh trait specific to the U.S.: **pricing power that survives stalled traffic**. Starbucks, Ulta and sports-betting operators raised revenue per customer while visits stayed flat, which is possible only in categories where demand barely responds to price. The flip side is that these gains depend on price, and price-driven growth stops when consumers stop accepting increases, as Dutch Bros' stalled traffic suggests Inference . Japan is a useful reference. Its 100-yen shop

market passed ¥1 trillion in fiscal 2023, about 1.5 times its level a decade earlier, while new-car sales stayed far below their 1990 peak (J-CAST). But **that expansion happened with low unemployment and a strong safety net.** If U.S. stagnation turns into job loss, the evidence points the other way. Ganong and Noel, using Chase account data, find that **non-durable spending falls about 6% when unemployment begins and about 12% more when benefits run out** Strong, peer-reviewed (NBER w25417). Emotional categories would not be exempt.

FIGURE 8 **Several 2025 growth curves bent in 2026**

Year-over-year growth, %; each panel has its own scale



Source: AGA via Gambling Insider; ESA and Circana via GamesBeat; Finviz. Moderate

Who actually pays for "paid validation" in the AI developer economy

In AI building, "people are paying" is often taken as proof of demand. Breaking the payments down by source shows that **end customers paying for what developers build are the smallest and least documented source.**

Employers pay for most of the large tool revenue. On 2026-02-12, Anthropic disclosed that Claude Code had a run-rate above **$2.5B**, more than double since the start of the year. **Business use accounted for more than half of Claude Code revenue**, and business subscriptions had quadrupled Strong, primary company disclosure (Anthropic). Cursor reportedly passed $2B in annualized revenue in March 2026, citing Bloomberg; the company did not comment Moderate, secondary (TechCrunch, 2026-03-02). Reports put enterprise customers at about 60–65% of revenue Weak, secondary (Beri.net). GitHub Copilot had 4.7 million paid subscribers (+75%) as

of January 2026 Moderate, secondary report of Microsoft (IT Brief). Menlo Ventures estimates U.S. enterprise AI coding spending at about $4B in 2025 (later revised to $4.4B) and **about $34B in 2026** Weak, estimate, secondary (SaaStr; FourWeekMBA). Even within "individual" subscriptions, **no source separates true out-of-pocket spending from personal plans that employers reimburse.**

Non-developers pay for vibe-coding platforms. Lovable reported **$500M ARR in June 2026 and said 80% of its builders are non-technical** (company self-report) Moderate (Wowtale, 2026-06-10). A secondary account of a Forbes report says about 95% of revenue came from individual subscriptions, against an unclear revenue base Weak (yage.ai). Lovable's site traffic roughly halved between June and September 2025 (35.4M to 19.1M visits). Barclays data, reported secondhand, showed v0 down 64% and Bolt down 27%. Bolt's CEO acknowledged very high churn Weak, secondary (Analytics India Magazine; AgentPulse). Revenue still grew. Falling traffic alongside rising ARR suggests that a smaller group of paying users and price increases drove revenue, not broad adoption Inference.

Developers pay other developers. Among startups on TrustMRR that are still hosted on vibe-coding subdomains, **only 7.6% report any monthly revenue**, against 43.5% site-wide, and none exceeded $1,000 in the last 30 days. Products sold *to* vibe coders, such as prompt packs, credit-saving tools and security scanners, report revenue about **50%** of the time Weak, self-published analysis, unaudited method (BigIdeasDB). The broader distribution is extremely skewed. RevenueCat's 2025 report, covering about 75,000 subscription apps, found that **roughly 20% reach $1,000 within two years and about 5% reach $10,000**. The report does not make clear whether these are monthly or cumulative figures; press coverage reports them as monthly. In year one, the top 5% of new apps earned $8,880 while the bottom quarter earned $19 or less Strong, primary (RevenueCat). Among 3,787 indie SaaS products with verified revenue on TrustMRR, the **median is $145 a month** Weak, third-party compilation (BigIdeasDB). The best-known indie success stories often sell to other developers. Marc Lou's ShipFast, a Next.js template bought mainly by indie hackers, earned more than $1M (self-reported), and his TrustMRR exists because fake revenue screenshots had become common on X Moderate, self-reported (Indie Hackers; TrustMRR). A single unverified source claims ShipFast revenue fell from $126K a month to $2K; treat this as unconfirmed.

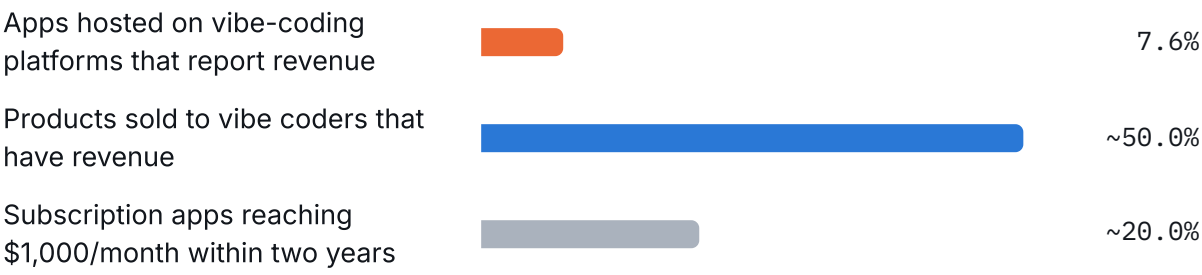
People hoping to earn pay for "make money with AI" content. One aggregator reports that 97% of AI/automation communities on Skool are free. The top community earns about $5M annualized, and the top 100 earn roughly $50K–500K each Weak, aggregator, unverified (Revenuegeeks; Skool analysis). One of the top categories is communities that teach people to build communities. The buyers are aspiring creators of the same kind.

The developers themselves are under strain, and that shapes who keeps paying. Challenger reports U.S. tech-sector announced job cuts of **171,501 in January–October 2026 (+21%)**. Employers cited AI for 121,401 cuts across all sectors, about 20% of the total, though October's AI-cited figure was the lowest of the year Strong, primary (Challenger, Oct 2026). These are announcements with reasons given by employers, not measured displacement. Software-development job postings remain about **27.5% below pre-pandemic levels**, and 71% of net new postings from May 2025 to May 2026 were senior roles Strong, primary (Indeed Hiring Lab). Using ADP data, Stanford researchers find that employment of 22–25-year-olds in the most AI-exposed occupations is **19% lower** than if it had tracked less-exposed peers (data through June 2026). The authors describe this as descriptive, not causal Strong, primary (Stanford Digital Economy Lab). Severance is uneven. Meta's 2026 package was reported as 16 weeks plus 2 weeks per year of service (Business Today), but a 2023 Randstad survey found that only **35% of tech employers** offered severance to all laid-off staff Moderate (Randstad Enterprise). Twenty-five to 35% of laid-off workers say they are considering or have chosen freelancing (Resume Genius; A.Team). That is the pool from which aspiring indie builders, and their spending on templates, tools and courses, are drawn. **Part of the "paid validation" revenue is therefore severance and savings moving from one hopeful developer to another** Inference.

The revenue streams look like this: employer budgets fund the top tools, non-technical experimentation funds the vibe-coding platforms, and developers' learning and hope fund templates, courses and communities. Each stream is reflexive. It depends on the corporate AI budget cycle or on a steady flow of new hopeful entrants Inference.

FIGURE 9 **"Paid validation": selling to other builders is easier than selling to end users**

Share of products with revenue or reaching a revenue threshold, %



Source: BigIdeasDB Weak ; RevenueCat, 2025 Strong . Different definitions; read as orders of magnitude only.

Commercial implications: separate repeat spending from one-time money

Type	Typical U.S. examples	Where the money comes from	Compounding verdict
Depletes a stock	"Make money with AI" courses and communities, indie templates sold to other indie developers	Savings, severance, hope	Depends on a stream of new entrants; fades as the hype cycle turns
One-time or pulled forward	GPUs bought ahead of price hikes, Switch 2 launch demand, vibe-coding experiments	Panic buying, novelty	Demand is used up after the first purchase; needs a refresh cycle or subscription
Cycle-dependent	Enterprise AI coding seats, sports betting, gold bars	Corporate AI spending, regulation, metal prices	Large but tied to external cycles and rules
Price-driven ("receipt trade-up")	Coffee, beauty, betting hold	Consumers who accept higher prices	Works until traffic stalls; watch transaction counts
Sustainable	Pet care, delivered groceries, energy drinks, low-ticket wellness subscriptions	The payer's own daily budget	Small, frequent and paid by the person who benefits; repeat purchases prove demand

A six-point check for whether paid demand is real Inference, built from the evidence above :

Check	Failing signal	U.S. counterexample in this report
Is the payer the beneficiary?	Employer pays for employee; parent pays for child	Enterprise AI seats; Khanmigo use when answers were withheld
Where does the money come from?	Savings, severance, BNPL, "side-hustle hope"	AI income courses; 29% using BNPL for groceries
What is left after removing peer-to-peer sales?	Revenue mainly from people chasing the same dream	Products sold to vibe coders: 50% have revenue; vibe-hosted apps: 7.6%
Is growth from ticket or traffic?	Revenue up, transactions flat	Dutch Bros traffic +0.4%; Starbucks ticket +5.2% vs transactions +2.4%
Has it survived one slowdown?	Only boom-phase data	Sports betting in May 2026; gaming in 2026; vibe-coding traffic
Can a third party verify it?	Self-reported ARR or screenshots	Lovable ARR; Skool rankings; ShipFast decline claim

For AI products specifically: **AI companions** meet four of the six traits (small ticket, frequent use, private, emotional payoff), but they capture time, not cash. **Individual AI tools** have the strongest motive (protecting one's job), but the payer and the main beneficiary are often different people. Once employers buy seats centrally, personal subscriptions will be replaced. The $100–200 tiers mainly reflect the cost of running the models, not individuals' willingness to pay. **U.S. AI education** has no parent-paid hardware market like China's; the open opportunity is a product that keeps students engaged, given that students abandoned a tutor that refused to hand out answers. The strongest position by the compounding test is **a product where the payer is the beneficiary, priced at a small recurring amount, and proven by renewal data rather than traffic** Inference .

Common misreadings

Do not state as fact	Why	Safer wording
"Americans are trading up despite the squeeze."	Most growth is higher tickets with flat traffic	"They keep paying in a few categories, at higher prices per visit."
"Research proves squeezed workers spend more on treats."	No study links these households to these categories; surveys measure motive	"Category and macro data are consistent with..."
"Real wages are collapsing."	Swung between −0.7% and +1.4% in 2025–26	"Real pay stalled and turned slightly negative in 2026."
"AI caused 121,401 layoffs."	Challenger counts employer-stated reasons in announcements	"Employers cited AI in announcements covering..."
"Gaming is a recession-proof escape."	U.S. spending fell 3% YTD in 2026; hardware units −39% (July)	"Gaming held up in China but contracted in the U.S. under price hikes."
"Sports betting is booming for good."	May 2026 revenue −1.8%; activity shifting to prediction markets	"Wagering appetite persists; channels are changing."
"Concerts prove experience spending is up."	Per-fan spend and the NA average ticket fell in 2025	"More fans, less spent per fan."
"The lipstick effect is proven."	Lab evidence, specific to attractiveness and better products; not replicated	"There is experimental support for a narrow version."
"Half of workers pay for AI out of pocket."	Estimates range from 17% to 56% depending on sample; 26% is "used paid," not "paid personally"	"Roughly a quarter to a third, by most estimates."
"Cursor is 65% enterprise" / "Lovable is 95% individual."	Secondary reports only	"According to media reports..."
"Costco sells $200M of gold a month."	Analyst estimate, not disclosed by Costco	"One analyst estimated..."
"Most vibe-coded apps make zero money (proven)."	The source is self-published, with an unaudited method	"One third-party analysis found..."
"K-shape is widening."	BofA saw the gap narrowing by late 2026	Date every K-shape claim.

Do not state as fact	Why	Safer wording
"Parents are switching to AI tutors."	No U.S. data on household tutoring spending	"Tutoring participation rose as public funding fell."

Methods and limitations

This report is a desk-based synthesis of published sources available as of 2026-11-17; it does not include original data collection. Figures from primary sources (BLS, BEA, company filings, Circana, AGA, PLMA) were in some cases obtained through reputable secondary reporting rather than the original documents. Per-household, per-order and per-fan figures marked as calculations are this report's arithmetic or a third party's estimate. Three structural limits apply. First, **no dataset links individual squeezed workers to category spending**. The five-layer framework infers behavior from aggregate category and income data, and K-shaped spending means high earners may account for much of the observed growth. Second, ticket-versus-traffic splits mix voluntary trade-up with price increases passed on to consumers, and the available data cannot separate them. Third, several series have definitional conflicts (year-to-date gaming spend, McKinsey wellness editions, discrete-GPU scope) or missing months (October 2025 real earnings). Notable gaps: APPA spending per pet, household tutoring spending, U.S. Mint coin sales, U.S.-only Gallup stress figures, the number of people on $200 AI plans, how much of individual AI subscriptions employers reimburse, and any consumer-spending study of laid-off tech workers. The academic anchors (Kamakura & Du; Whillans et al.; Ganong & Noel; Hastings & Shapiro) are peer-reviewed. The compensatory-consumption and lipstick-effect work rests on lab priming designs that have known replication risk.

Conclusion

The U.S. pattern differs from the one documented in the companion China edition of this series in a way that matters for businesses serving squeezed workers. Chinese households kept their incomes and stopped spending. Americans lost real pay and kept spending, by saving less, borrowing through BNPL and, at the top, drawing on wealth. That makes the U.S. pattern more fragile. Categories like coffee, beauty and betting grew because customers accepted higher prices while visits stayed flat.

They are not adding customers, and Dutch Bros' stalled traffic and the May 2026 dip in betting revenue are early signs of where acceptance ends. The more durable growth is in categories where the purchase buys back time or keeps people functioning (delivered groceries, energy drinks, pet care) and the person paying is the person who benefits.

For the AI economy, the main lesson is that what looks like a downturn-proof boom in AI tools is largely funded by employers and by the hopes of people trying to build on AI. Developers paying $200 a month, laid-off engineers buying templates, and non-technical builders experimenting on vibe-coding platforms are real revenue. But it comes from job anxiety and aspiration more than from end customers paying for what gets built. If corporate AI budgets tighten or new entrants stop arriving, a large part of the "validated" demand disappears with them. Every judgment here also has a boundary condition: if the AI shock turns from stalled pay into widespread job loss, U.S. evidence says spending falls sharply when cash runs out, and no category in this report is exempt.

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Data verification

Before publication, the figures used in this report's charts and headline findings were re-checked in November 2026 against primary releases or consistent reprints of them. Confirmed: BLS real average hourly earnings (−0.7% year over year, September 2026; CPI-U +3.7%); BEA personal saving rate (3.8%, September 2026); Starbucks U.S. comparable sales (+7.7%, ticket +5.2%; the transactions figure of +2.4% is confirmed in secondary coverage only); American Gaming Association 2025 totals (sports-betting revenue +22.8%, handle +11.0%); DoorDash Q3 2026 orders and gross order value, reported and excluding Deliveroo; PLMA/Circana 2025 private-label shares and unit growth; LendingTree BNPL survey (late payment 34% → 41% → 47%; groceries 14% → 25% → 29%); Live Nation 2025 attendance (159M, +5%). Two clarifications were added during verification: the Moody's top-10% spending share is a modelled estimate that an independent analysis disputes,

and the Live Nation per-fan spend comparison is a Music Business Worldwide estimate for Q2 2025, not a full-year company metric. Other figures are cited as published, with their evidence grade.

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This report is based on public information available up to 2026-11-17. It is for research and discussion only and is not investment advice.

Values marked “computed” are derived from published figures; the method is given in the figure note. Please cite the original data sources.