

Farnoosh: [00:00:00] This episode is brought to us in partnership with Zelle.

The summer is traditionally a high season for spending and this year, it might even be more of a financial frenzy from Vacations To Your Kids Camp, family, gatherings outdoor events. We missed out on a lot. A lot of these key experiences last summer so now with vaccinations On The Rise, hold on. I predict quite the rebound and that's good for the economy. But what about our wallets and informal survey of my [00:00:30] Instagram account? Found a majority in the so many community? Going to spend more money on travel. That was number 1, followed by clothing and entertainment. And on today's show, we're going to discuss more of what we can expect from a consumption standpoint. This summer, what will consumer Behavior be like and how to make smart money decisions in this relatively emotional time? Can we even save our their new ways to budget? And what about sharing expenses with our friends and family? You know, personally I'm inviting a number of friends and their [00:01:00] family members who've all been vaccinated for Fourth of July to our house. They're staying the weekend. I'm so excited. It's about 10 people kids adults, and my husband, and I were happy to host. But, you know, to be honest between us, that's an expense, right? That I didn't have last summer. So do I ask everyone to chip in they'll probably want to contribute, how do we make this Equitable? And then you know, we're putting our kids in a local camp full time this summer. We're planning some beach trips. We're going to a wedding. I mean, are we [00:01:30] overdoing it financially? I am having these thoughts and I If maybe you are too. So, on today's show, we are dedicating our time to learning about how to manage our spend in this emerging New Normal world. And where we may have picked up some bad habits in the pandemic as well as some good ones and how to bring our learnings into this new world. Joining me to discuss some of these spending trends that were likely to see in the coming months. And to tackle some of our financial questions from the audience [00:02:00] related to Smart spending is Rose corvo. She's Chief marketing officer at Zell row is. Welcome.

Rose: Thank you Farnoosh. Really appreciate you having me on.

Farnoosh: Yeah it's been a while since we connected we were last meeting up in person in Los Angeles at Stacks house. All those I guess it's been about a couple years feels like forever ago and hopefully we'll get back to something like that sometime soon. You know, the idea of going into a museum or an experience. [00:02:30] Hopefully not too far from reality currently Let's let's first start by looking back on some of the changes from early 2020. You know, last year, this time, many of us, we were just trying to stay safe, just trying to, you know, keep head above water. Help each other out, stock up on Essentials now that as we're re-emerging, and we're feeling better about getting together with our friends and our family venturing out in public, you know, there's a shift, obviously, in some things probably won't change, [00:03:00] but from your perspective are moved to digital Juices and financial transactions. How did that change specifically in the pandemic and what Behavior or patterns? Do you see moving forward on that front?

Rose: Yes. Well, we do a consumer Trends report and if you go back to the beginning of the pandemic, you can see the about four out of ten. People experienced a decrease in their

income, which was pretty significant [00:03:31] and we also have the ability to Observe why people are using Zell and what we observed during those early days was we saw a lot of reimbursements for payment. So we saw people were returning payments for their vacations that they were splitting and they'd also cancelled events such as, you know, going to concerts together and stuff like that. And what was actually heartwarming was to see where [00:04:01] new people have started to adopt digital payment to pay her the back for picking up groceries. So there were more vulnerable, segments in neighborhoods and neighbors really stepped up to help out and but they needed a way to pay each other back. And obviously they were very nervous about using any papers for those cash and checks went out the window and it really opened an opportunity for perhaps those Skeptics to start [00:04:31] to utilize these services. So then if you fast forward to our latest poll survey, we can see that about 55% plan on continuing to use digital payments to actually avoid cash. And then 41 percent said that they would continue using this contact list, delivery on food and those other orders. And I've certainly been one of those people that plan on continuing, because her found that incredibly convenient, [00:05:01] especially as like, even 30 Two percent said that they're planning on keeping their in home, makeshift office, which has become incredibly convenient for a lot of us. But in summary, I would say that all of these adjustments that people have made are really for the large part going to change because about, I would say, two out of three, people said that they don't plan to really make any changes to their existing habits. [00:05:32] So that's great news that they have now. Discovered these new ways that have become more convenient for them and they continue to leverage the good things at least.

Farnoosh: Yeah. There's nothing like a sense of urgency to get you a little bit off the fence, from whatever it was that you were skeptical of or hesitant about like in this pandemic. I remember, you know, this sense of urgency around paying or donating even right to those who need to just like get groceries. I remember doing that [00:06:02] many times throughout the Endemic where there were a lot of Grassroots efforts to get people in your neighborhood or even across the country just quick grocery money. You know, you found out someone lost your job and it was a waitressing job or something like that and you just, you know, you want to help. I think that was probably a wonderful reason to make the adoption and now dear people are, are like, okay, that worked, I liked that and we're going to, we're going to stick with it. Travel is [00:06:32] expected to come back in the coming months. Indicated by my audience. But I think, you know, I think that's common sense is like that was really the one thing that we missed and Zell took a closer. Look at some of the spending and consumer Behavior Trends. What do we what did you find out with regards to things like travel and sort of the bigger ticket expenses? And I think the survey found or that you observed?

Rose: Yeah, two-thirds or six about 68% actually, do plan to travel in 2021 and I think you may have observed that over the news this [00:07:02] weekend, with surprising, lots and mother. Among his mother's day. And then if you we asked them all to also about the following year in 2022 and 76 percent plan on taking a family vacation, so I'm sure that everybody's trying to get through these vaccines. See how everything's going. And then really take that big vacation in 2022. Also, we've heard that about 33% would like to take a group trip with friends. [00:07:32] I personally thought that would have been higher. And what was kind of a fun fact, was that 30

percent said that they wanted to travel alone. So maybe they've had enough being cooped up with somebody and they decided to have a little time alone time. But nineteen percent said that, they will be taking a business trip. So, if you think about all of that travel, another fun fact that came out of the survey was about 69% of the mat do actually prefer [00:08:02] to use the P2P apps. Then cash and checks when they go to split the expenses for it for that travel. And then finally a really interesting point was about 50% also reported that they would be somewhat or very likely to attend a large event. So things like weddings or reunions or sporting event which to me was certainly an indication that [00:08:32] everybody's getting a little bit more comfortable. Bubble. But we're definitely all still cautious.

Farnoosh: Yeah. And I mean, to hear these stats, it's true. It seems like there's going to be a Resurgence for businesses and the economy as we go and we put our money into these events and travel. But of course, all of this spending can get us, maybe into a little bit of debt, I do think there is a bit of a rational exuberance right now and looking, I mean it I get it. I was just in New [00:09:02] York City, this weekend, And it's so nice to see everybody out and experiencing New York. But I think there is like this real pent-up demand. And there's also this concern of like, well, I need to do this while I can because what if there's you know, come fall, we all have to go back into our homes and I think that that is also a feeding into the frenzy. So all this to say it's really important to know what you can afford and the best ways to afford the things that you want to experience [00:09:32] and not just really have this short-term lens of. Okay, well, I'm vaccinated now, summer is approaching. I want to do all of these things but really thinking about your overarching goals and how all of this is going to tie in. So let's head over to the mailbag. I reached out to the audience and had them send in some of their related questions. And the first one rose is from a listener who asks this, how do we spend in a sustainable way this summer on all the things that we want to do and experience and not break the bank? And by sustainable. She meant [00:10:02] how to basically, Do it in a financially responsible way and and you know, I haven't addressed this a bit on the podcast in recent weeks because it is so top of mind. But my first piece of advice, I would love to hear your thoughts to Rose is just to pace yourself. And there's something always about giving that giving yourself that pause that breathing room. We never make good decisions when we are fueled with impulse [00:10:32] and there's a lot of potential. To make impulsive choices right now. Giving yourself pause whether that's like a few days to really reflect on the purchase but also thinking about your summer as an it as an entire experience, right? It's the totality of the summer for just going to look at the summer, that's three months. And so how do you make the most of it? You can't do it all. But what are the two most important things that you want to accomplish or the most important thing that you want to accomplish and maybe Focus your resources on that as opposed to [00:11:02] feeling? Like you gotta just, you know, Say yes to everything. And that's part of it to Rose is like, perhaps part of what's making this hard, is that you're getting emails and texts and calls from Friends. Hey, let's do this. Hey, let's rent that. Hey, let's go up to this cabin or this beach house or whatever and saying, no is always hard, but what are you what are your maybe overarching tips on this particular anxiety of how, you know spending in a sustainable way?

Rose: You know I have found from for me at least [00:11:32] and I realized this This is really dependent upon where you live but I always say to people have you tried a staycation and the reason why I love these is there's it's a great option for right now. If you're still a little wary of getting on the plane and traveling too far and also you know you got to wear your mask on the plane and through the airport. So that's a long time [00:12:02] whereas if you can This travel most of us really haven't seen everything on our own doorsteps and obviously, if you don't have the bill for the air travel, at least you can afford to probably upgrade that hotel a little bit more. And an opt-in, you'll find that states will do certain times of the year. This is obviously a special rate for local residents as well. Certainly find that [00:12:32] in Anna and I would say to people. Hey, listen, things little things that add up, right? So bring the cooler with your beverage of choice. And perhaps, not raid, the minibar every night and you know packed food for the journey. So you don't need to stop an ether. Sort of also aware what I love about thinking through this. And if this is possible, is it also critical that we [00:13:02] we can support local businesses. Right though, it's all about supporting your community. And if you can do more and certainly participate in the travel, that would support more local community. They always think that that's just the right thing to do. Probably now

Farnoosh: I love that. I mean almost think about this upcoming season in terms of a theme like what do you want it to represent really approach it with a purpose in mind and for me I would say that there is a piece of this, that is for [00:13:32] sure. I want to, I want to give back I want to make an impact. I want to do meaningful things and not just mean things to me, but maybe the business that I'm supporting or the community that I'm visiting, but to be honest, like at the end of the day, I just want to hang out with people. I really this is the this is the piece of it that I really miss. It's not like the concert or the baseball game but it's really the Gathering aspect that I really miss and so I think focusing on what is the underlying thing [00:14:02] or experience that you want. Create the summer that you couldn't last year, that's important. And then being flexible about that. If you're just going, getting back to a steady stream of income because maybe you were unemployed for a portion of of last year or this year, you know, that's important. You take that into consideration. Do you have enough in savings? And from there, make your decisions, like approach this from a place of yes, abundance. But also mindfulness right like what what are what are my needs? And then what is it that I really want [00:14:32] to achieve at the end of the day? Day because once you, I think think of it more basically like that, then you can start to see more possibilities and you're not going to get stuck on a particular way of experiencing like, oh, I want to go to the, you know, I want to go to Rome. I want to go to the concert, but it's like, let's start with a backyard Gathering. You know, of all the friends, you haven't seen in the past, 14 months. I mean, that's that's where I'm starting. At least this July 4th. All right. Well, speaking of travel, there is a concern about, you know, what happens, if [00:15:02] I can't make the trip. And it's not just because maybe I got sick, but actually there is a where I'm going. They're experiencing a Resurgence of covid. They've locked down their borders or I get covid or you know, someone in my group is not healthy. What should we do? What are some financial safeguards? And I think this is a really important thing to address before you put the investment towards a trip, is to understand what would happen in that event. And of course [00:15:32] these days probably We better than last year Airlines and hotels, have maybe more of a protocol around this and can tell you very clearly. What would

happen if anything? Maybe it's a credit, maybe it is a refund, but maybe you do have to buy insurance. So it's going to be different, right? Everywhere. Every every scenario is going to have its own rules and regulation. There's not one overarching Federal protocol for this that I know of, right? Right.

Rose: Yeah, I would, I would say it's [00:16:02] so important, right? So people To protect themselves and also their hard-earned money. And obviously insurance is a great place to start. But what I always say to everybody is read the fine print and just sharing a personal experience with you. I had a big family reunions trip planned where I had my relatives coming over last year. They were supposed to come over for Thanksgiving and we were playing it by ear [00:16:32] and wondering what was going to happen. Open. And what? Finally made the decision for us. At least was when my family member read in the fine, print of the insurance policy that they would not cover for covid related sicknesses, in high-risk countries. And at that point, the US was deemed as high risk. So lots of people thought that there was, oh, I'm covered I bought insurance, [00:17:02] but Digging into the fine. Print was really Illuminating and helped us a well that it's not going to work, right? So, especially when you come to the over to be, where I would say, the other thing is to protect yourself. It can be so tempting right to go on to type such as Craigslist, Craigslist and places like that, that we're vacation, owners could be advertising [00:17:32] their properties. And I think Craig's, this is a really good job of this is warning you that there are bad people out there that take properties that take pictures of properties that claim this. And I would say this is where you really need to know when to use what vehicle for money. So as an example, A lot of them are asking for you to use dowel or other P2P apps and the the answer that is absolutely not. It's just like cash [00:18:02] but where are you? To make one of those big purchases, it's absolutely. The most sensible thing to do is to use your credit card because they give you payment protection. And that is something that is incredibly important to know, although a lot of these sites could be very persuasive and say, hey, we've got this great property and what I say to everybody, if it looks too good to be true, it is too good to be true. Just [00:18:32] know that

Farnoosh: I appreciate Are you saying that, you know? And you know if I had to sum it up to it's like here's the best case scenario when you're going on a trip with friends and you're renting a house or you're the person, you know, you're splitting tickets or whatever, you know, I always like to be the person who puts it on the credit card because I get them like this. And then I'm I'm the point person for like the Zell collection like be if you, you know, if you really want to optimize this experience and it's you know, all [00:19:02] what boxes are checked off like That's a great strategy. That's a very so money. All right. How much is an appropriate amount to spend on a family vacation a listeners asking? Good question? I mean look it depends on your you know, your taste your the how you like to travel but obviously you have to be reasonable and do it within budget. This is a total rule of thumb. It's a total just like let's put out a metric so people can chew on it. This isn't standard or required, but I would say one to [00:19:32] two percent of your budget. Budget on a vacation. You know, this isn't like a mortgage payment because that's what 20 to 30 percent depending on how you've budgeted for your mortgage. But it is the sort of thing. Where if you want to go big then you got to save up for it you know over a series of months and I mean this is a again some people might be wondering how I came up with this vacation is not a need. Although let's be honest we all do need a vacation at this

point but it's not like a mortgage payment or a car [00:20:02] payment or student loan payment which has two Paid every month, it's after the fact. And so after the fact, after you've paid all your bills, what's left, right? And from there, I think you look at how much of this can I actually use to pay for a vacation comfortably and that that sort of the rule of thumb. But there's not any one way to figure this out. That's just a very back of the napkin math way to figure it out. But do you have any thoughts on that Rose?

Rose: Yeah, I couldn't agree more with you finish. I think that whole notion and setting [00:20:32] Financial boundaries Yourself is incredibly important. It can be so tempting, right? Everybody wants to go on that vacation and join in the fun but it, but it does end up being at least in my experience more than you planned, right? Because there's always some fun thing that's coming up but what I love about when you're out there with with a group, right? And a lot of you have [00:21:02] decided to get together It's always best that you talk through the expenses up front. So definitely, when I'm on a girlfriend trip, we do this a lot, we decide, what are we going to stay? And then we divide and conquer in terms of who will be bringing food, who will be bringing Beverages? And if anybody's picking up tickets for anything that we plan to go on, that is boys, that awkwardness, right? And we've even seen [00:21:32] this in our research actually? Lee. We're about thirty percent believe, if you have the conversation ahead of time, with your group of Travelers, you going to avoid that awkward conversation about. Hey, you know, I think you owe me for this that and the other and and it just makes it a lot less stressful when you really budget it. You understand what you're going to spend and you're able where you're able to share those expenses with others and have that arranged before you go on the trip.

Farnoosh: [00:22:02] We did a trip, a couple of To go with two other families and I think what was also helpful for us in terms of managing expectations and understanding who's going to pay for what was having deadlines to to say, like everyone's portion of the housing cost or the hotel cost is going to be due by, you know, the 31st and do it before the trip, right? You know, the last thing you want is the trips over and you're going over the expenses with your friends. [00:22:32] Then to really First and what's going to be the Rhythm the financial Rhythm, during the trip we decided that because each family had same number of kids, same number of people in their families that, you know, we would we would share in the groceries. So one person would go make a trip. And then the next person will go make a trip and it would always tell somewhat even out like we weren't going to nickel and dime each other and say, well I spent \$60 and you spend a fifty three dollars. So give me seven dollars. It's like, you know, there has to be a little [00:23:02] bit of Tino us You mean that it's not going to be a hundred percent equal across the board, but that it's really about participating in your quote-unquote fair, share to the extent, that's reasonable, you know? And I mean nothing like talking about \$5, your seven dollars there to put kind of a damper on the vacation, right? Let it go. There's an aspect of that. You have to let it go.

Rose: with without a doubt. I think my only my only add to that was it? You made me think about a time when you know, we were planning [00:23:33] a larger Rip right over to Europe and one of the friends really had to work at having, you know, the funds to go there. So what she

had decided to do was actually to zalmi payment after she got paid. So I would put it in her holiday fund and store her money so she couldn't get out of it. But she would have that money budgeted and ready to go for the expenses as well. Which was, it worked out great? Because I'm well, we didn't end up taking the trip and she got a lot [00:24:03] of money back. Yes, it's because of covid. But yeah, it was a way for her to budget and go with with peace of mind that she had it already paid for that. It wasn't something she'd come back to.

Farnoosh: I just want to go back to one thing that I talked about which was the budgeting for the trip I would I had said, you know, anywhere from up to five percent, let's say of your of your budget. That's the annual budget, not monthly because then that's like nothing. You know, people are going to be like writing and hating me, but [00:24:33] if you make Make let's say let's see make a hundred thousand dollars a year, five percent of that \$5,000 that's a really nice healthy vacation. It is not a suggested that has to be the rule of thumb for everybody but that's just some you know we're human. We like to like lean on these protocols but do you everybody? But that's something that if you need to know like a percentage, that's usually what I say. Well Rose, thank you so much. Tell me, what do you have planned this summer? I already told everybody what I'm doing. It's no secret now.

Rose: [00:25:03] I am planning a soon as I can to jump on a plane and go visit with my dear sweet mother, whom I've missed dreadfully and cannot wait to see it's been a long time for us and we never go this long without seeing each other. So my daughter and I are going to jump on the plane as soon as we can, but there's a lot of you know, we're watching the rules and [00:25:33] lifting. Of different restrictions so we can find that great time to go. But that's what we're planning on doing,

Farnoosh: you know. We haven't really said this but there is something to be said about the investment in an experience and it sounds like for you to be able to reconnect with your mother after all these months and it over a year that you can't put a price tag on that, right? Some things you just have to do and it is a reminder of why it's important to be financially stable and have savings so that when these [00:26:03] when these moments, Arrived in our lives. That really don't feel like nice-to-haves like you need to see, you know, your family and and to be able to afford that in a way that doesn't feel difficult or restricting. I mean that's that's the ultimate rich life, right there.

Rose: You're you are so right. And I would say having children that are grown up now and I look back on the decisions that I made for our family, when it came to gifting, I would say [00:26:33] the girl, Greatest gift that I ever gave my children where the gift of travel and to experience new cultures. And they don't remember those silly little toys that I bought, right? But they do remember every trip, and the stories we tell about the troops and they are, you know, I have a cousin who reminded me that her father and mother used to make them go camping everywhere and of course I would be so annoyed sometimes [00:27:03] as I Packing up my, the suitcases and the children were winding and screaming. And and she would say to me, keep going. Because as much as I may have, wind and screamed as a child when I was going on these camping trips. I will tell you I wouldn't have changed a thing and I'm so grateful that my parents

made me do it. It was the best times were all family, so I replace it with many other. Give the gift of experience.

Farnoosh: Yeah, go make those memories everybody Rosa. Thank you. Thank [00:27:33] you. So Much. This has been nice to reconnect and to hear from you best wishes from who under new summer

Rose: and to you too. And hopefully, I'll see you again soon.

Farnoosh: I hope so. For more information, everybody. Please visit [zellpay.com/pay-it-safe](https://zellpay.com/pay-it-safe).