BCG

COVID-19 CONSUMER SENTIMENT SNAPSHOT #1

SETTING THE BASELINE

By Lara Koslow and Jean Lee

Published weekly, our COVID-19 Consumer Sentiment Snapshot *highlights information drawn from a BCG consumer survey that we execute approximately every two weeks with our coding and sampling partner, Dynata, in an effort to understand consumer perceptions, attitudes, and behavior and spending changes related to COVID-19 as they evolve.*

This snapshot presents insights from research completed in the US market from March 6 to March 9, prior to a number of major COVID-19-related events, including the US government's restriction of air travel from Europe, the UK, and Ireland to the US and the halting of most major professional sports league play (including NBA, NHL, MLB, MLS, and the US national soccer teams).

Our next snapshot will examine how consumer sentiment has evolved following these events, and will assess US consumer sentiment in comparison with sentiment in the UK, Italy, and France. Future snapshots will extend the comparisons to China.

Fear

The coronavirus or COVID-19 has generated fear that is impacting everything from travel and everyday activities to work-from-home policies and government interventions. Our research revealed that many US consumers believe that "the world is in serious danger" due to the virus (46% of consumers surveyed), that "there will be a recession" (56% of consumers), and that "the worst impacts are ahead" (65% of consumers).

Although COVID-19 has US consumers on edge, views about its significance are split. *Death* and *fear* are the most frequent unaided words that survey participants associated with the coronavirus, but *overblown* and *hype* also rank among the top five terms cited. (See Exhibit 1.) This is the sentiment of a well-informed audience, with 57% of consumers aware of the disease's mortality rate of 3.5% of confirmed cases (according to WHO as of March 9, 2020)—a percentage that is higher than the corresponding percentage for seasonal flu (0.1%).[1]

The Virus and Spending

Consumers are already reporting expected changes in their spending patterns over the next six months. Many anticipate saving more (29%) and spending less on discretionary items such as fashion and luxury goods (–27%) and toys and games (–25%). (See Exhibit 2.)

Not surprisingly, consumers expect to spend less on vacations (–26%) and on gambling (–26%), which often require travel and engagement in a group environment. Among activities that consumers are most concerned about pursuing because of the virus, international travel and taking a cruise top the list, but other forms of travel

EXHIBIT 1 | Coronavirus Generates Significant Fear, Though Some Feel That the Issue Is Overblown

Top words that come to mind when Americans think about the virus (free response, unaided associations)

38% see virus risk in international travel or cruises, 26% in domestic flights

65% believe that the worst is still ahead

56% believe that there will be a recession

"Death" is top of mind for **17%** while others are skeptical

Travel Elderly Pandemic Risk Vaccine Mishandle Vulnerable Infect Spread Cancel Trump Cure Global China Quarantined Wuhan Concern Panic Cruise Death Fear Sick Children Economy Overblown Wash hands Hype News Self-quarantine Outbreak

Source: BCG COVID-19 Consumer Sentiment Survey, March 6–9, 2020 (N = 3,465, unweighted; representative within ±3% of US census demographics).
Note: Question text: "You mentioned that you are aware of a global virus outbreak. What comes to mind when you think about the virus? Please list 3-5 words or phrases." and "How much do you agree with each of the following statements about the coronavirus?" Similar responses are categorized together for visual simplicity. US – Wave 1 - March 6-9, 2020.

EXHIBIT 2 | Consumer Sentiment Reflects Fear of the Virus and of Recession, but Also Many Signs of Business as Usual

FEAR OF THE VIRUS

~50% believe that the world is in "serious danger"

~35% were concerned about international travel due to the virus even before bans on such travel were announced

MACRO FEARS

50%+ believe that a recession will be triggered

~15% are already reducing daily spending to save

25%+ plan to spend less on luxury/fashion in the next six months

"BUSINESS AS USUAL"

Aspirational trends continue: ~25% plan to increase fresh and/or organic food spending; ~30%+ plan to lower tobacco spending

80%+ have not yet changed plans for day-to-day in-store shopping

WINNERS
Savings (29%)
Fresh and organic foods (24%)
Preventive health care (23%)
Education (20%)
Cars/automobiles (20%)

LOSERS
Leisure travel (26%, 22%)[1]
Tobacco products (33%)
Outerwear (29%)
Luxury/fashion (27%)
Gambling (26%)
Toys and games (25%)

(X%): ~% planning to spend more/less in next six months.

Source: BCG COVID-19 Consumer Sentiment Survey, March 6–9, 2020 (N = 3,465, unweighted; representative within ±3% of US census demographics).
Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Excludes categories with N <~100. US – Wave 1 – March 6–9, 2020.
[1]Some are avoiding, while others seek deals or have yet to alter their plans.

in which consumers interact with large numbers of people—including flying; visiting theme parks, casinos, and hotels; and taking the bus or train—are worrisome as well. At least as of March 9, 2020, 22% also reported that they expected to spend more on leisure travel; 25% of these respondents said that they were doing so because they expected great deals (potentially as a result of the virus)—a perspective that has probably changed meaningfully following the government's imposition of travel restrictions in the days that followed. Everyday activities—including going to restaurants and local stores— remain less concerning, even though they require consumers to interact with a substantial number of people in relatively close proximity. (See Exhibit 3.) About 20% to 30% of consumers say that they are already spending less in everyday categories such as day-to-day in-store purchases, restaurant outings, and local leisure activities; but 70% to 80% say that they have not altered their planned spending on these items. (See Exhibit 4.)

The Virus and Brands

Consumers tend to associate the risk of virus exposure with specific industry sectors or activities rather than with particular brands. For example, they see all cruise brands as carrying a high risk, but all local retail brands as being lower risk. That said, we found that consumer concerns about virus exposure are lower with luxury and premium brands than with mass brands, across industry sectors, to a statistically significant degree.[2] This difference may be due to a perception that these brands maintain a cleaner onsite environment. The data suggests that these brands may rebound a bit more quickly as the market recovers. For example, brand portfolio companies—whose brands range from mass to premium and luxury—that are faced with the challenge of buoying sales when we reach recovery may see more traction from efforts to advance sales of their premium brands. (See Exhibit 5.)
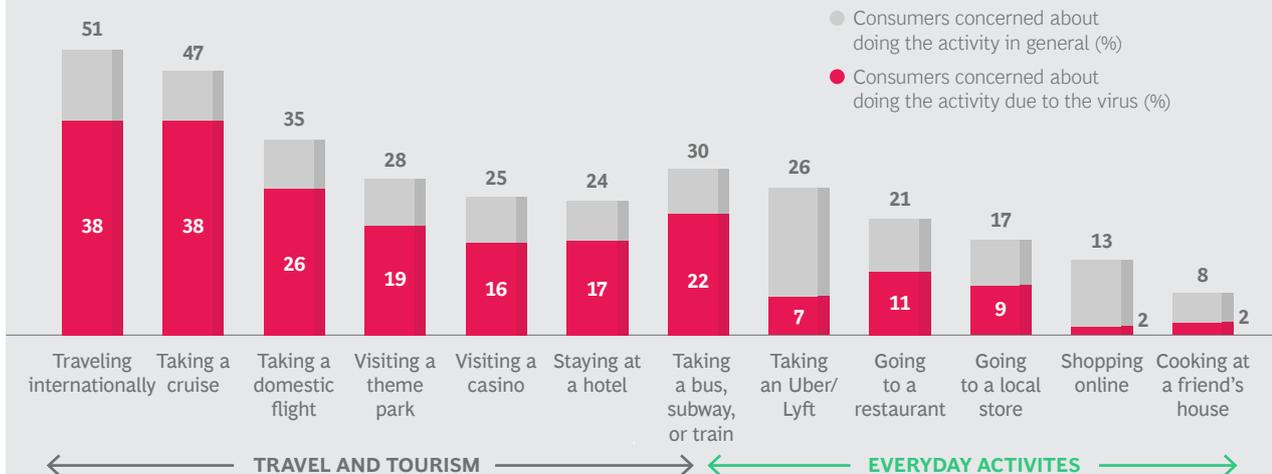
Looking Ahead

Because US federal, state, and local governments have begun more actively discouraging or restricting travel and large group events in the days since we completed this round of research on March 9, we anticipate further, more significant spending declines in the travel categories prior to any level-

EXHIBIT 3 | Relatively Few Consumers Are Concerned About Everyday Activities
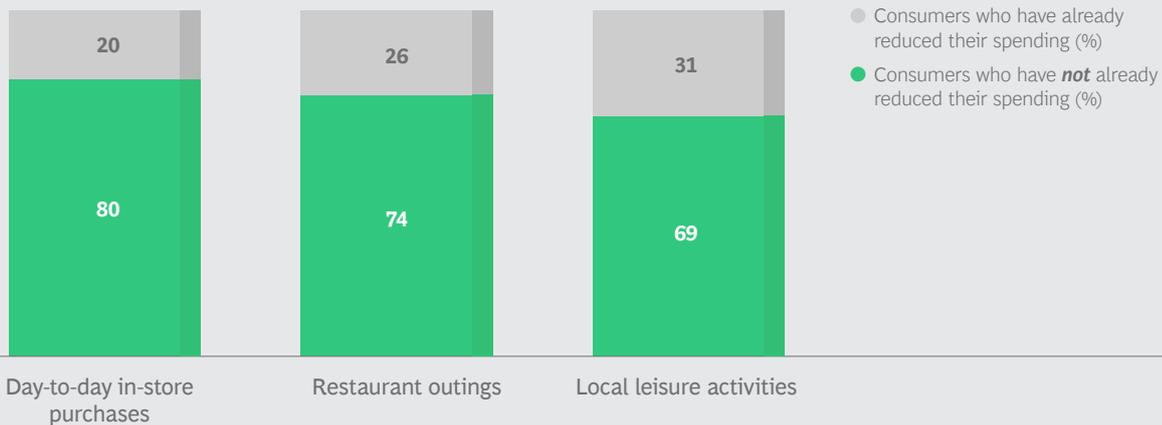
● Consumers concerned about doing the activity in general (%)
● Consumers concerned about doing the activity due to the virus (%)

Traveling internationally	Taking a cruise	Taking a domestic flight	Visiting a theme park	Visiting a casino	Staying at a hotel	Taking a bus, subway, or train	Taking an Uber/ Lyft	Going to a restaurant	Going to a local store	Shopping online	Cooking at a friend's house
51	47	35	28	25	24	30	26	21	17	13	8
38	38	26	19	16	17	22	7	11	9	2	2

← TRAVEL AND TOURISM →   ← EVERYDAY ACTIVITES →

Source: BCG COVID-19 Consumer Sentiment Survey, March 6–9,2020 (N = 3,465, unweighted; representative within ±3% of US census demographics).
Note: Question text: "Would you be concerned about doing any of the following in the near future? Select all that apply." and "You mentioned you would be concerned about X. What part of the experience concerns you? Select all that apply." US – Wave 1 – March 6–9, 2020.

ing off and rebound. In addition, concerns about day-to-day activities, such as going to restaurants and retail stores, will likely increase moderately, fueling additional softening of spending in those categories.

To date, consumers indicate that pre-COVID-19 spending trends for consumer wellness and housing are continuing. These include buying more organic and fresh foods (24%), smoking less (−32%), and investing in the family dwelling (19%). Consumers also show signs of growing interest in preventive health care (23%) and household cleaning supplies (18%)—categories that are likely seeing an additional slight bump in spending as a result of the virus (beyond the pre-COVID-19 trend in growth

EXHIBIT 4 | Roughly 70% to 80% of Respondents Have Not Reduced Their Spending on Everyday Activities to Date

Consumers who have already reduced their spending (%)

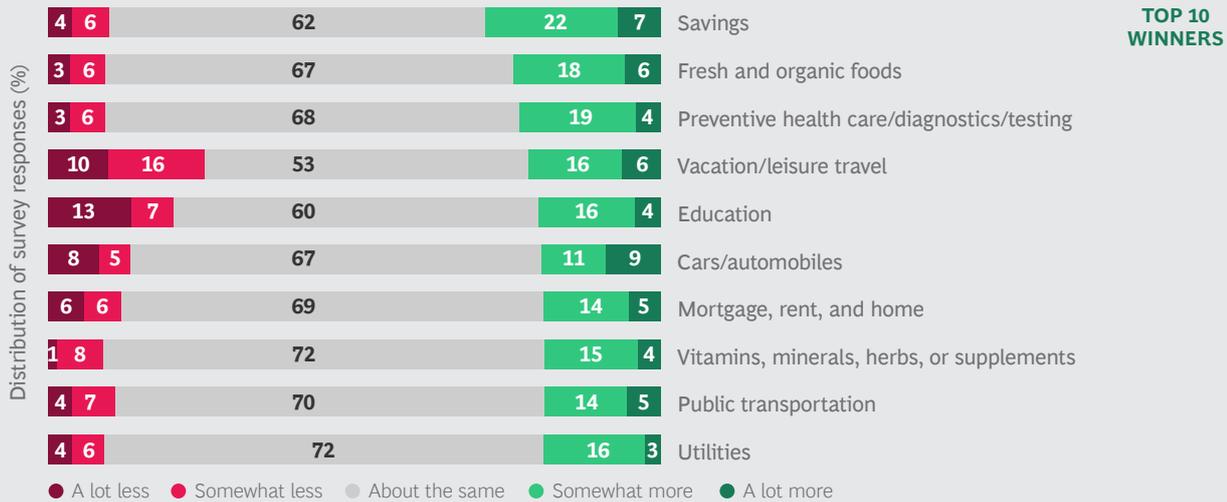Consumers who have *not* already reduced their spending (%)

Source: BCG COVID-19 Consumer Sentiment Survey, March 6–9, 2020 (N = 3,465, unweighted; representative within ±3% of US census demographics).
Note: Question text: "Have you already canceled plans or reduced your spend in any of the following areas due to the coronavirus?" Excludes respondents who had no plans. US – Wave 1 – March 6–9, 2020.

EXHIBIT 5 | Consumers View Travel and Tourism as Having High Virus Risk, but See Premium Brands as Carrying Lower Risk Across Industries
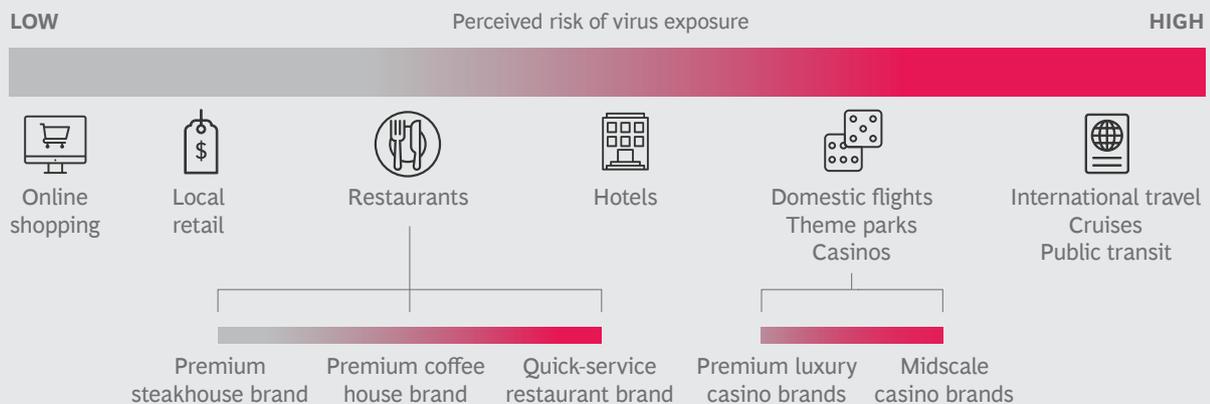
Source: BCG COVID-19 Consumer Sentiment Survey, March 6–9, 2020 (N = 3,465, unweighted; representative within ±3% of US census demographics).
Note: Question text: "Which activities come to mind when you think about each of the statements below?" and, for survey participants who chose the "Exposes me to a virus" response option, "Which brands come to mind when you think about each of the statements below?" Specific brand names have been removed from this report. US – Wave 1 – March 6–9, 2020.

that was already visible). As yet, we don't see COVID-19 significantly impacting these trends, but overall spending in the categories of consumer wellness and housing could decline with the market if the economy moves into recessionary territory. Housing will certainly be impacted by any significant future changes in interest rates.

Although it is obviously too early to confidently predict which spending categories will be most and least negatively affected by COVID-19, survey respondents' current views provide an initial indicator—as well as a useful baseline of comparison for future responses to this question. (See Exhibits 6a and 6b.)
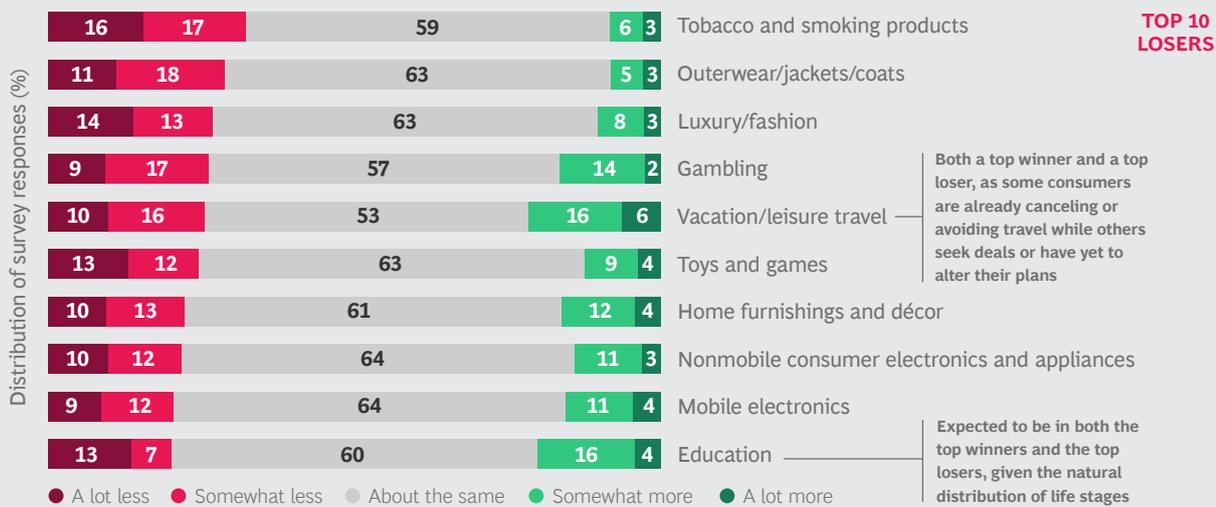
EXHIBIT 6A | Top 10 Categories Likely to Win in Consumer Spending During the Next Six Months

TOP 10 WINNERS

Distribution of survey responses (%)

	A lot less	Somewhat less	About the same	Somewhat more	A lot more	Category
	4	6	62	22	7	Savings
	3	6	67	18	6	Fresh and organic foods
	3	6	68	19	4	Preventive health care/diagnostics/testing
	10	16	53	16	6	Vacation/leisure travel
	13	7	60	16	4	Education
	8	5	67	11	9	Cars/automobiles
	6	6	69	14	5	Mortgage, rent, and home
	1	8	72	15	4	Vitamins, minerals, herbs, or supplements
	4	7	70	14	5	Public transportation
	4	6	72	16	3	Utilities

● A lot less ● Somewhat less ● About the same ● Somewhat more ● A lot more

Source: BCG COVID-19 Consumer Sentiment Survey, March 6–9, 2020 (N = 3,465, unweighted; representative within ±3% of US census demographics).
Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Excludes categories with N <~100. US – Wave 1 – March 6–9, 2020.

EXHIBIT 6B | Top 10 Categories Likely to Lose in Consumer Spending During the Next Six Months

TOP 10 LOSERS

Distribution of survey responses (%)

	A lot less	Somewhat less	About the same	Somewhat more	A lot more	Category
	16	17	59	6	3	Tobacco and smoking products
	11	18	63	5	3	Outerwear/jackets/coats
	14	13	63	8	3	Luxury/fashion
	9	17	57	14	2	Gambling
	10	16	53	16	6	Vacation/leisure travel
	13	12	63	9	4	Toys and games
	10	13	61	12	4	Home furnishings and décor
	10	12	64	11	3	Nonmobile consumer electronics and appliances
	9	12	64	11	4	Mobile electronics
	13	7	60	16	4	Education

Vacation/leisure travel — Both a top winner and a top loser, as some consumers are already canceling or avoiding travel while others seek deals or have yet to alter their plans

Education — Expected to be in both the top winners and the top losers, given the natural distribution of life stages

● A lot less ● Somewhat less ● About the same ● Somewhat more ● A lot more

Source: BCG COVID-19 Consumer Sentiment Survey, March 6–9, 2020 (N = 3,465, unweighted; representative within ±3% of US census demographics).
Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Excludes categories with N <~100. US – Wave 1 – March 6–9, 2020.

Next week, we will examine how these perspectives have changed in the US market since the federal government's announcements restricting air travel from Europe, the UK, and Ireland to the US, the halting of most major sports league play, and the decision by many more companies to institute work-from-home and no-travel policies. We will also share our initial findings from the European market.

About the Research

BCG's COVID-19 Consumer Sentiment Snapshot is based on data drawn from an online survey of consumers in five countries (China, Italy, France, the UK, and the US) that is conducted approximately every two weeks. The survey is produced by the authors, who are members of BCG's Center for Customer Insight (CCI), in partnership with coding and sampling provider Dynata, the world's largest first-party data and insights platform. The research does not prompt consumers about the virus when asking many of the key questions, including questions about spending changes in the next six months, in order to avoid biasing the results. A team composed of BCG consultants and experts from CCI completes the survey analytics.

This article features a snapshot of insights from BCG's COVID-19 research study. You may secure the full results of this study, when they become available, from the authors.

About the Authors/Research Study Leaders

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Acknowledgments

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