



COVID-19 CONSUMER SENTIMENT SNAPSHOT #2

RACING THE CLOCK

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 at one- to two-week intervals 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. We are continuing to add countries to the research.

This snapshot presents insights from research completed in the US, the UK, Italy, and France from March 13 to March 16 and compares the new US results to those presented in last week's snapshot, which came from a survey conducted before many major COVID-19-related events had occurred in the US, including the US government's travel ban and the stoppage of major league sporting events.

Our goal is to provide our clients and businesses around the world with periodic barometer readings of COVID-19-related consumer sentiment over time and how that sentiment is translating into actual and anticipated consumer behavior and spending. That informa-

tion, in turn, can help inform critical crisis triage activities and, ultimately, rebound planning and decision making. Our next snapshot will look at how sentiment and spending changes in the US, the UK, Italy, and France compare with those in China, where both the evolution and the management of the virus are further along.

Breaking Routine

Travel bans. School closures. National lockdowns. In the past week, the news across the globe has focused on a cascade of government restrictions on travel, commerce, and social mingling in public areas—all aimed at limiting the spread and impact of COVID-19 and alleviating a humanitarian crisis that has already resulted in 11,184 deaths worldwide.¹ These restrictions are forcing consumers out of their normal, daily routines—as people struggle to find an alternative working model to deal with school and office closures, set up new childcare arrangements, and forgo favorite activities such as going to the gym, dining out, or attending community gatherings.

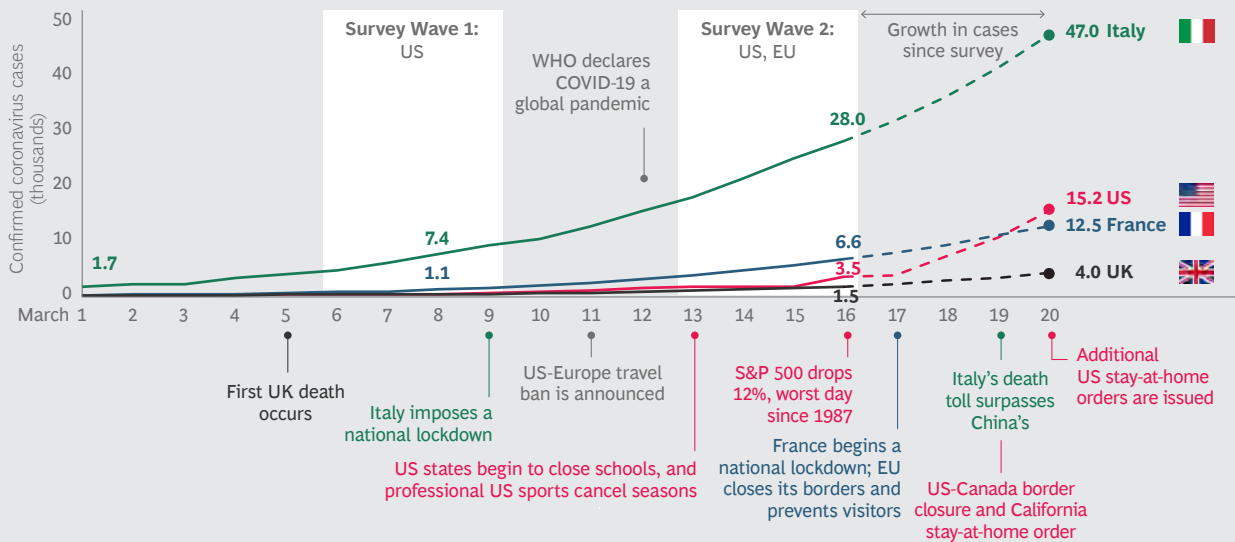
As we look across the US, the UK, France, and Italy, we see countries in different stages of evolution and management of the virus, and with differing levels of government restrictions in place. (See Exhibit 1.) As of March 16, the last day of the research, Italy had progressed the furthest and suffered the most significant outbreak—27,908 confirmed cases of COVID-19 out of a total population of 60 million, or 0.046% of the population. The country went into lockdown on March 9, approximately three days before we reached out to consumers for this study. France and the US were about 8 days and 11 days behind Italy, respectively, in absolute number of cases, though both were significantly lower in percentage of known cases within the total population. France had identified 6,573 cases of the disease, or 0.010% of its population of 67 million; and the US had identified 3,503 cases, or 0.001% of its population of 327 million. The UK was the least far along, with 1,547 confirmed cases, or less than 0.002% of its population of 66 million people.² Since March 16, the number of cases in all countries has increased, with the US surpassing France in absolute number of cases as of March 20.

Concerned that COVID-19 cases might grow exponentially and outpace the number that their national health systems can support, more governments are following Italy and moving toward lockdown. France imposed a nationwide lockdown on March 16, and Governor Gavin Newsom of California, the largest US state by population (40 million), announced a statewide stay-at-home order on March 19. Several other states have issued similar orders since then, and the rest of the US may soon follow.³ In announcing his order, Newsom said that more than 56% of the state’s population—more than 20 million people—would contract the disease within just eight weeks if the state and its people did not take significant steps to reduce exposure.⁴

As reports of these events have appeared in the global media, consumer sentiment has darkened, with more than 72% of all consumers across the US, the UK, France, and Italy agreeing with the statement that “there will be an economic recession” and more than 71% agreeing that “the worst of the virus is not over.” Sentiment in Europe is generally less favorable than in the US, even in the UK, where the virus’s progress

GLOBAL – WAVE 2 – MARCH 13–16, 2020

EXHIBIT 1 | After an Eventful Few Weeks, the US Is About Two Weeks Behind Italy in Number of Confirmed Cases



Sources: World Health Organization Situation Reports; press search: New York Times, Wall Street Journal, BBC, USA Today.

is not as advanced.⁵ From 81% to 91% of Europeans surveyed agree that “there will be an economic recession,” compared with 72% in the US; from 66% to 79% of Europeans surveyed feel that “the world is in serious danger,” versus 57% in the US; and from 80% to 84% of Europeans surveyed think that “the worst of the virus is not over,” versus 71% in the US. (See Exhibit 2.)

That said, we have seen a rapid escalation in negative sentiment in the US market in the short time separating our first wave of research in the US (March 6 to 9) from our second wave (March 13 to 16). The belief among US survey respondents that “there will be an economic recession” grew by more than 16 percentage points, from 56% in Wave 1 to 72% in Wave 2. On Monday, March 16, this decline in consumer sentiment played out in the US financial markets, as the S&P 500 dropped by 12%—the worst single-day loss in more than 30 years.⁶ One likely factor in the negative shift in consumer sentiment is the fact that many more consumers feel that they have “changed [their] daily lifestyle due to the virus,” a sentiment that grew from 30% of US consumers in Wave 1 to 59% in Wave 2—a gain of 29 percentage points in just one week. Concern has also increased not only over travel—exacerbated by the travel

ban that the US government announced on March 11—but also over daily activities such as taking public transportation (up 15 percentage points), going to a restaurant (up 14 percentage points), or visiting a local store (up 12 percentage points). (See Exhibit 3.)

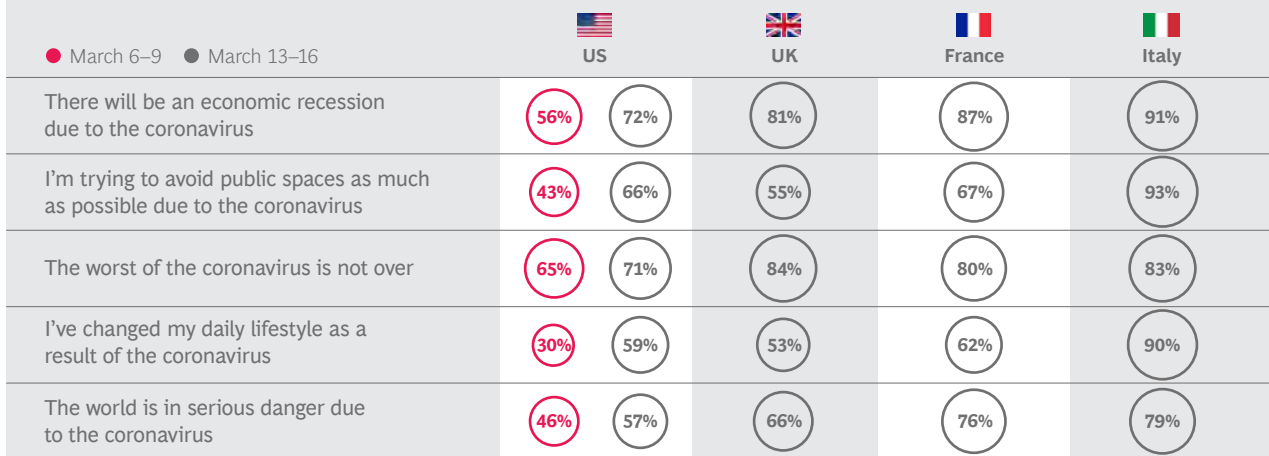
Consumers in Italy are the most pessimistic group of consumers across the countries researched. This is not surprising, given that COVID-19’s progress is most advanced in Italy. More than 90% of Italians have “changed their lifestyle” and are “trying to avoid public spaces.” 79% believe “the world is in serious danger” due to the virus, and 91% think that “there will be a recession.”

Impact on Spending

Spending reductions across the four countries appear to be moving in lockstep with the stage of progression and management of the virus that each country is in (as of March 16, when our second wave of research was completed). The UK, with the fewest cases and the least government restrictions to date is seeing 57% of its consumers reducing their spending on restaurant outings, 64% cutting back on their local leisure spending, 68% reducing their domestic and international travel spend-

GLOBAL – WAVE 2 – MARCH 13–16, 2020

EXHIBIT 2 | European Sentiment Is Generally More Dire, but US Sentiment is Rapidly Converging Toward It



Source: BCG COVID-19 Consumer Sentiment Survey, March 6–9 2020 (N = 3,465 US only), and March 13–16, 2020 (N = 2,417 US; 2,787 UK; 2,521 France; 2,206 Italy), unweighted; representative within ±3% of census demographics.

Note: Question text: “How much do you agree with each of the following statements about the coronavirus?” Circle size reflects the percentage of respondents who agree with the given statement.

ing, and 32% reducing their day-to-day in-store purchases. (See Exhibit 4.) More consumers in the US than in the UK say that they plan to reduce their spending, and more consumers in France than in the US say that they plan to do so. In Italy, where a nationwide lockdown has been in place since March 9, nearly all consumers are reducing their spending to some degree: 97% of consumers in Italy have reduced their restaurant and local leisure spending, 93% have reduced their domestic and international travel spending, and 79% have reduced their day-to-day in-store purchases. As other countries move into lockdown, we anticipate that similarly high percentages of consumers will reduce their spending in these areas.

Predictably, in all four countries, we are seeing many more spending category losers (categories in which 20% or more of consumers are decreasing their spending) than category winners (categories in which 20% or more of consumers are increasing their spending). (See Exhibit 5.) Across all countries, savings is a winner, with more than 20% of consumers saying that they are sav-

ing more. In Italy and the UK, however, the savings category is also a loser, with more than 20% of consumers planning to deplete their savings, likely as a result of having to weather unemployment or reduced household incomes and a weaker economy. We see entertainment is another dual winner and loser, as consumers increase their entertainment activities at home, such as renting movies or playing video or online games, but decrease their entertainment activities outside the home, such as going to a movie theater.

We are seeing a marked degree of consistency in how the coronavirus is impacting categories across all four countries, with consumers prioritizing health and wellness and savings, and reducing discretionary and travel spending. (See Exhibit 6.) In general, consumers are planning to spend more on fresh and organic foods, preventive health care, household care products, vitamins and supplements, packaged foods and beverages, and pet supplies and services. They are planning to spend less on a host of discretionary categories, including luxury and fashion, apparel, travel, public transporta-

US – WAVE 2 – MARCH 13–16, 2020

EXHIBIT 3 | Concern About Travel and Everyday Activities Is Growing in the US

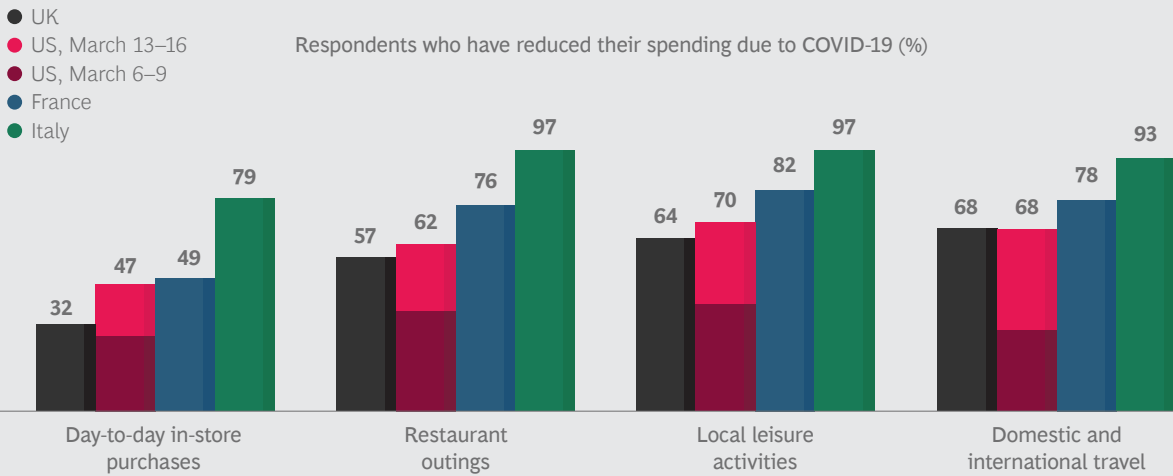


Source: BCG COVID-19 Consumer Sentiment Survey, US Wave 1, March 6–9 2020 (N = 3,465), and US Wave 2, March 13–16, 2020 (N = 2,417), unweighted; representative within ±3% of US census.

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.” Because of rounding, some percentage totals differ from the sum of their two constituent percentages.

GLOBAL – WAVE 2 – MARCH 13–16, 2020

EXHIBIT 4 | Consumers Are Reducing Their Spending, with Italy Seeing the Most Drastic Response—Likely Due to the Nationwide Lockdown

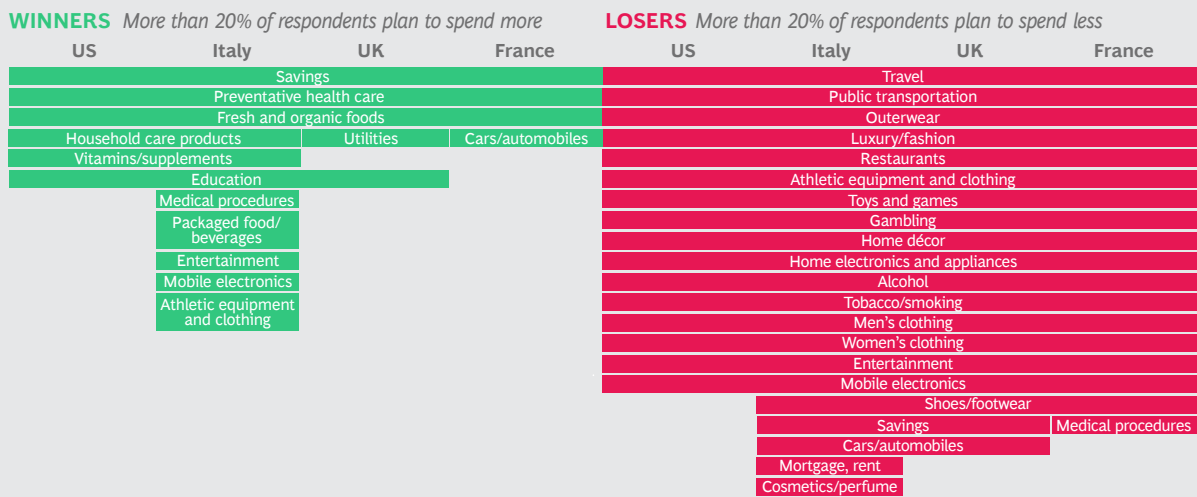


Source: BCG COVID-19 Consumer Sentiment Survey, March 6–9 2020 (N = 3,465 US only), and March 13–16, 2020 (N = 2,417 US; 2,787 UK; 2,521 France; 2,206 Italy), unweighted; representative within ±3% of census demographics.

Note: Question text: “Have you already canceled plans or reduced your spend in any of the following areas due to the coronavirus? Select all that apply.”

GLOBAL – WAVE 2 – MARCH 13–16, 2020

EXHIBIT 5 | Many More Losers Than Winners Are Emerging as Consumers Reduce Their Overall Spending

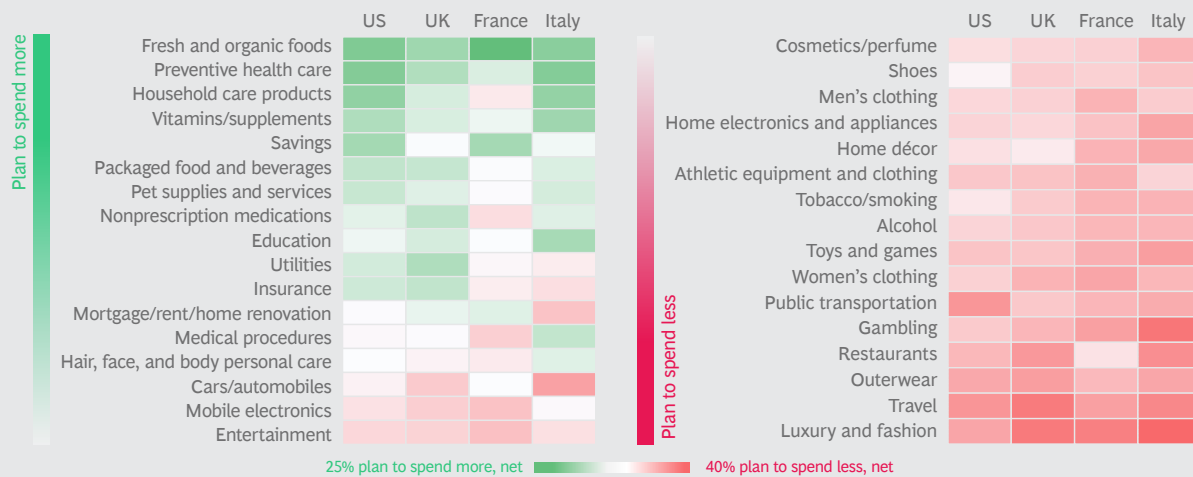


Source: BCG COVID-19 Consumer Sentiment Survey, March 13–16, 2020 (N = 2,417 US; 2,787 UK; 2,521 France; 2,206 Italy), unweighted; representative within ±3% of census demographics.

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 in any country.

GLOBAL – WAVE 2 – MARCH 13–16, 2020

EXHIBIT 6 | Surveyed Consumers Plan to Prioritize Savings and Wellness and Reduce Travel and Discretionary Spending



Source: BCG COVID-19 Consumer Sentiment Survey, Wave 2, March 13–16 2020 (N = 2,417 US; UK 2,787; France 2,521; Italy 2,206), unweighted; representative within ±3% of 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. Net score = percentage of respondents spending more – percentage of respondents spending less. The order of the categories is based on the median value of all four countries.

tion, gambling, alcohol, tobacco, toys and games, athletic equipment, home electronics and appliances, and home décor.

In looking at how planned spending in the US changed from our Wave 1 research (March 6 to 9) to our Wave 2 research (March 13 to 16), we note a continued surge in plans to buy fresh and organic foods, preventive health care, vitamins and supplements, and household care products. Wave 1 respondents had already indicated that they intended to spend more in these categories. (See Exhibit 7.) We are also seeing a marked increase in our Wave 2 research in planned spending on packaged foods and beverages, as both stay-at-home orders and fear of additional stay-at-home orders increase. In Wave 1 research results, survey respondents did not identify packaged foods and beverages as a category in which they planned to increase spending. Other discretionary categories, however, continued to see planned spending declines in Wave 2, with public transportation, vacation and leisure travel, and restaurants seeing the largest incremental decline. In part, these results reflect new

restrictions in the US, such as the travel ban and restaurant dining room closures.

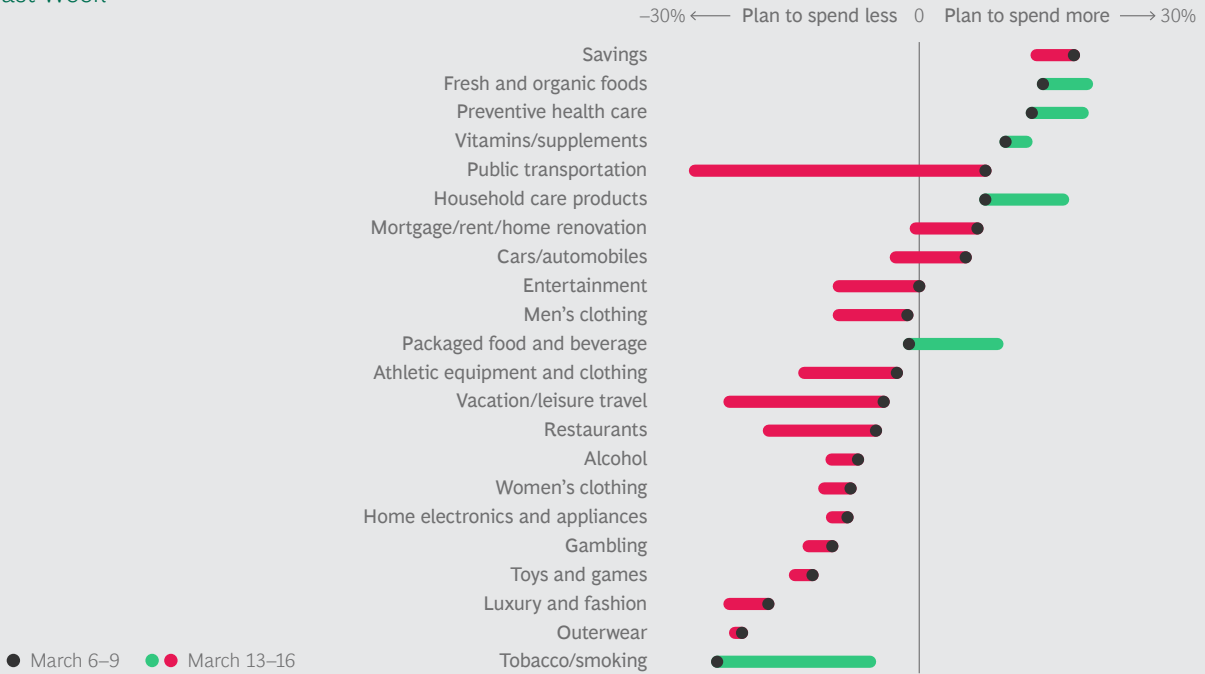
Looking Ahead

As we seek to understand how consumer sentiment and behavior are likely to change in the coming weeks, as the progression of the virus and efforts to contain it continue, we believe it is especially instructive to look at Italy and China, both of which are experiencing later stages of the coronavirus epidemic than other countries are.

In Italy, as previously noted, we see the vast majority of consumers making spending reductions in key categories; for example, 97% of Italian consumers have reduced their restaurant and local leisure spending. (See Exhibit 8.) Notably, those planned spending reductions are most pronounced in clothing stores, coffee shops, quick-service (fast-food) restaurants, sandwich shops, and restaurants. In contrast, Italian consumers identify their top planned spending increases in such categories as grocery stores and supermarkets, and online-only stores like Amazon. We expect

US – WAVE 2 – MARCH 13–16, 2020

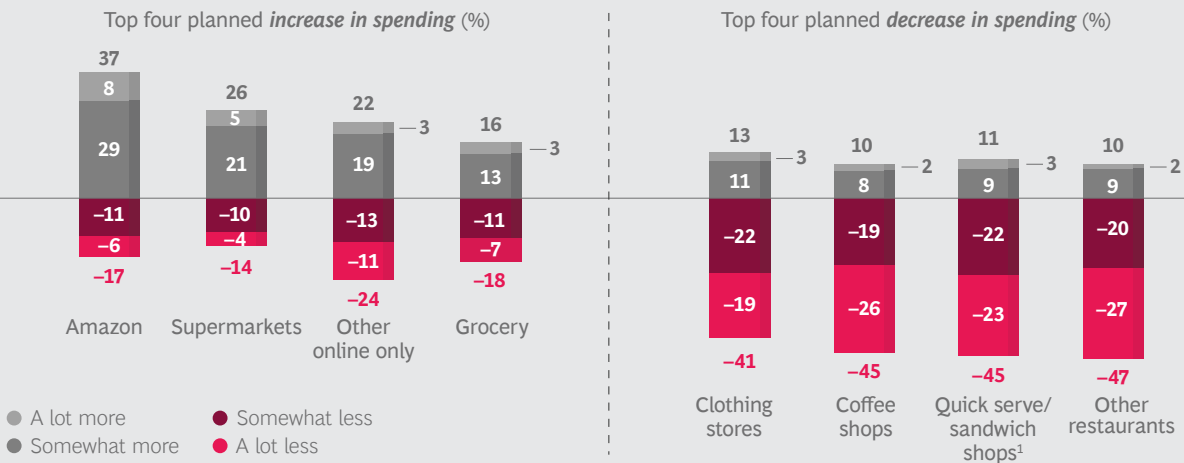
EXHIBIT 7 | US Consumer Sentiment Has Seen Major Shifts on Travel and Public Transportation in the Past Week



Source: BCG COVID-19 Consumer Sentiment Survey, US Wave 1, March 6–9 2020 (N = 3,465), and US Wave 2, March 13–16, 2020 (N = 2,417), unweighted; representative within ±3% of US census.
Note: Question text: “How do you expect your spend to change in the next 6 months across the following areas?” Excludes categories that were less than ±10% and had shifts less than ±5 percentage points. Net score = percentage of respondents spending more – percentage of respondents spending less.

ITALY – WAVE 2 – MARCH 13–16, 2020

EXHIBIT 8 | Italy’s Consumers Are Clearly Shifting Toward Spending Online and in Grocery Stores and Supermarkets



Source: BCG COVID-19 Consumer Sentiment Survey, March 13–16, 2020 (N = 2,206), unweighted; representative within ±3% of Italy census demographics.
Note: Question text: “In the next month, how much do you expect your total spend (online + shopping at a physical store/restaurant) on the following types of products to change?” Because of rounding, some percentage totals differ from the sum of their two constituent percentages.
¹Survey respondents saw the words “fast food” rather than the industry term “quick serve” or “quick service.”

to see similar spending trends in other countries as they move into lockdown.

Next week, we will look at consumer sentiment and spending behavior in China, where measures that the government has taken seem to have limited the spread of the virus.

We are seeing consumers in China planning to increase spending in similar categories to those favored by consumers in the US, the UK, France, and Italy—such as preventive health care, vitamins and supplements, organic and fresh foods, and household care products—but we are also seeing an increase in childcare spending as people begin to return to work. Although a substantial percentage of Chinese consumers are planning spending reductions in the categories that appear among our top 10 losers in China, a significant percentage of Chinese consumers are also planning spending increases in those same categories, indicating some positive signs of potential recovery in the coming months. The categories that are seeing both planned spending decreases and planned spending increases include away-from-home food

and restaurants, vacation and leisure travel, luxury brands and products, public transportation, athletic equipment and clothing, and entertainment.⁷ Additional details on consumer sentiment and behavior in China will be available in our next snapshot.

NOTES:

1. World Health Organization Coronavirus Disease 2019 (COVID-19) Situation Report 61, March 21, 2020
2. All numbers of confirmed cases of coronavirus cited in this paragraph come from World Health Organization Coronavirus Disease 2019 (COVID-19) Situation Report 61, March 21, 2020; all population statistics cited come from the World Bank Group (as of 2018) and are rounded to the nearest million.
3. US Census, 2018 population, rounded from 39.56 million.
4. Reuters, March 19, 2020.
5. For the purposes of this article, *Europe* or *European(s)* refers to the combined findings of research in the UK, France, and Italy.
6. New York Times, Fortune; the most recent worse day for the market was October 19, 1987, when the S&P 500 fell by 20.4%.
7. The source of all Chinese consumer data in this paragraph is BCG COVID-19 Consumer Sentiment Survey, China, March 12–16 2020.

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 every one to two weeks. The survey is produced by the authors, who are members of BCG's Center for Consumer 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.

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About Dynata

Dynata is the world's largest first-party data and insights platform. With a reach that encompasses 62 million consumers and business professionals globally, and an extensive library of individual profile attributes collected through surveys, Dynata is the cornerstone for precise, trustworthy quality data. The company has built innovative data services and solutions around its robust first-party data offering to bring the voice of the customer to the entire marketing continuum—from strategy, innovation, and branding to advertising, measurement, and optimization. Dynata serves nearly 6,000 market research, media and advertising agencies, publishers, consulting and investment firms, and corporate customers in North America, South America, Europe, and Asia-Pacific. Learn more at www.dynata.com.

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