COVID-19 CONSUMER SENTIMENT SNAPSHOT #4

APRIL 6, 2020: FIGHTING IN THE DARK

By Lara Koslow, Jean Lee, Aparna Bharadwaj, Kanika Sanghi, and Nimisha Jain

From France to China to India to the US, we are a global community at home. Hunkered down in our rooms, we are collectively fighting a virus that we are still learning about—and as consumers, we are changing our day-to-day behaviors in the face of government orders and advisories and continued increases in confirmed COVID-19 cases.

Shadow Boxing

In recent weeks, as China's reported cases have flatlined, infections in other countries surveyed have steadily climbed, at an average daily growth rate of approximately 18% since our last survey period.[1] During the period, from March 17 to April 3, cases in Italy increased at the lowest rate (8%) while cases in the US rose at the highest rate (28%).[2] (See Exhibit 1.)

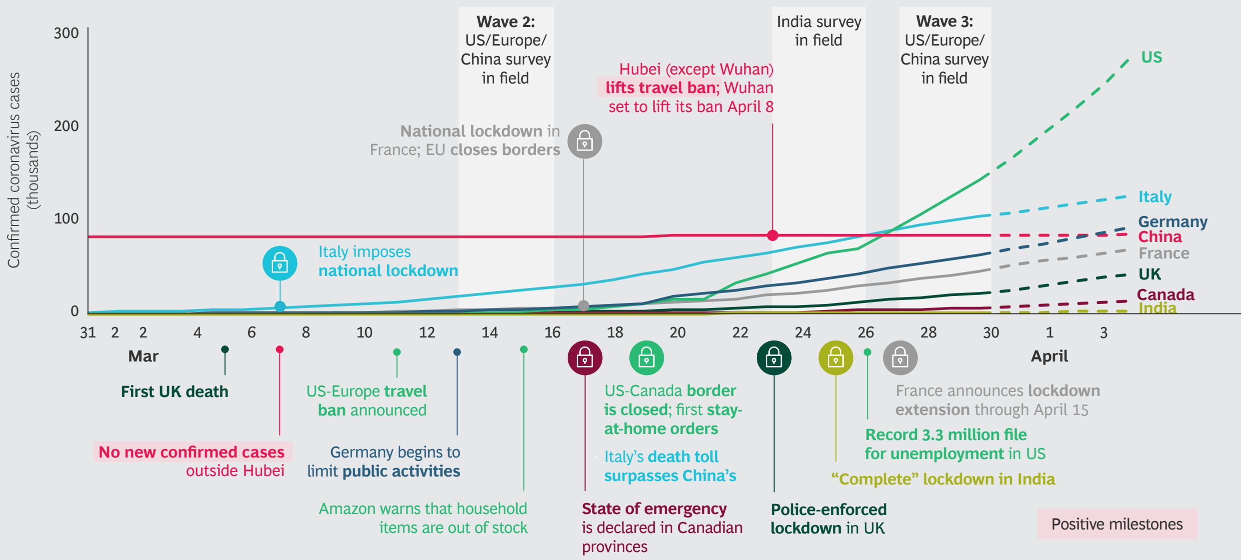
Consumer sentiment has grown more pessimistic in the US, France, and UK as the numbers of confirmed cases in those countries have increased. Although the number of cases in Italy has continued to rise, the lockdown there seems to be inspiring some confidence that light at the end of the tunnel may now be in sight. In our most recent survey, 8% fewer Italians say they believe that the worst impacts lie ahead than did two weeks ago. Sentiment in China is the most optimistic, with only 40% of consumers now believing that the worst is still ahead, compared with 75% or more of consumers in other countries. (See Exhibit 2.)

While concerns over becoming infected with COVID-19 as a result of engaging in travel or in certain everyday activities continue to increase in the Western world, they are starting to decline in China. (See Exhibit 3.)

In India, negative consumer sentiment is disproportionate to the level of COVID-19 infections. Despite the disease's relatively late onset in the subcontinent and the as-yet relatively low number of cases there, Indian consumers are as concerned as their US and European counterparts. In India, 87% of consumers said they are practicing social distancing, and 84% said

GLOBAL – WEEK 4 – MARCH 27–30, 2020

EXHIBIT 1 | The Numbers of COVID-19 Cases Continue to Increase Rapidly in the US and in Europe



Sources: World Health Organization Situation Reports; press release from China State Council, National Health Commission of the PRC, Chinese Provincial Government; media reports; BCG analysis.

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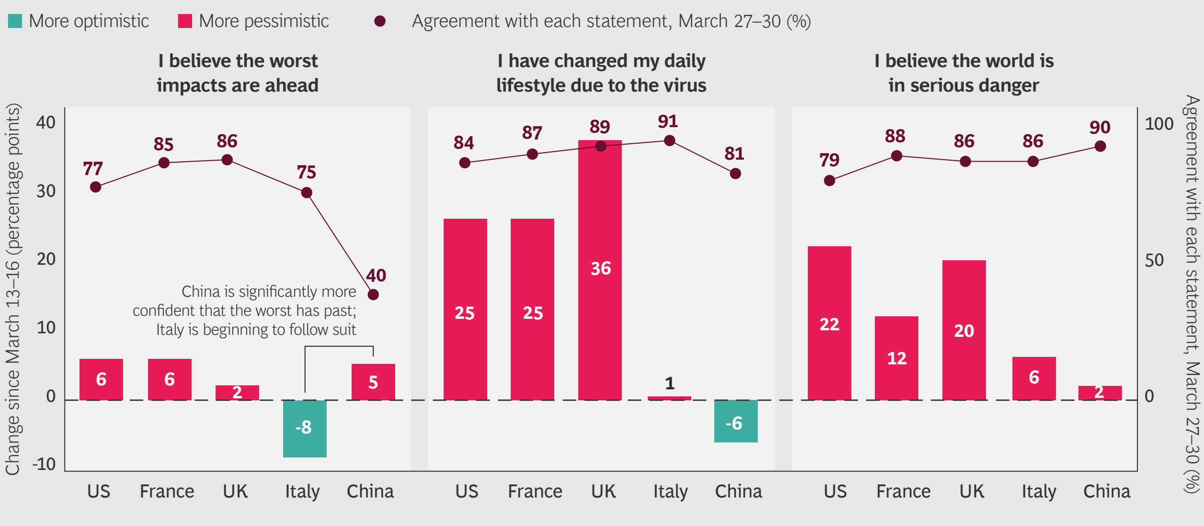
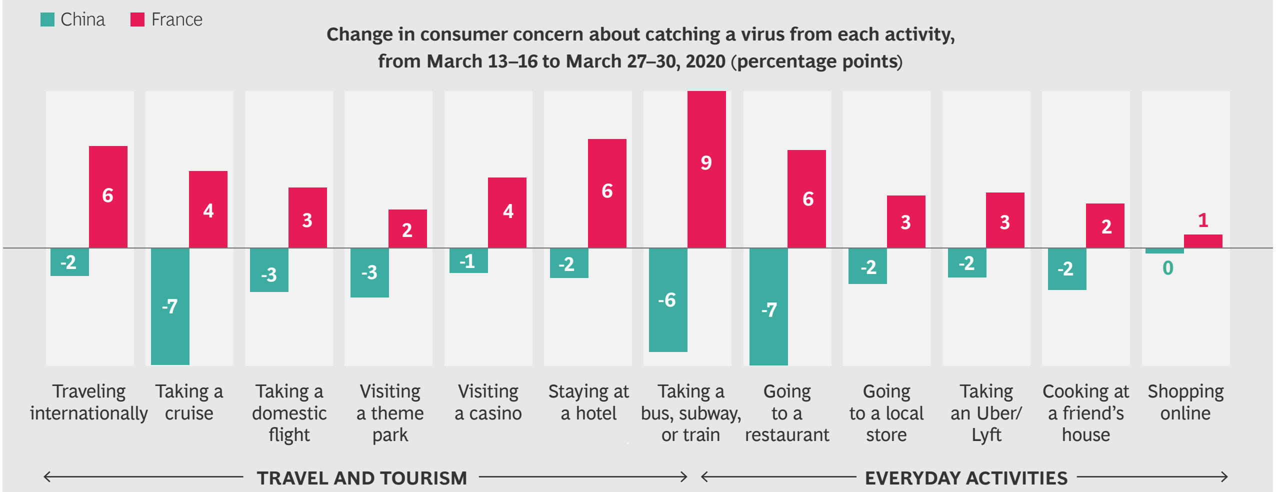
EXHIBIT 2 | Pessimism Grows as Infections Spread, but Italy Shows Signs That It May Be Turning the Corner



Sources: BCG COVID-19 Consumer Sentiment Survey, March 13–16, 2020 (N = 1,831 China; 2,521 France; 2,206 Italy; 2,787 UK; 2,345 US), and March 27–30, 2020 (N = 2,916 China; 2,985 France; 2,150 Italy; 2,984 UK; 2,944 US) unweighted; representative within ±3% of census/national demographics.
Note: Question text: "How much do you agree with each of the following statements about the coronavirus?"

GLOBAL – WEEK 4 – MARCH 27–30, 2020

EXHIBIT 3 | As Concerns Over the Virus Continue to Amplify in France and the Rest of the Western World, China Demonstrates Sentiment Recovery



Sources: BCG COVID-19 Consumer Sentiment Survey, March 13–16, 2020, and March 27–30, 2020 (N = 1,831 and N = 2,916, respectively, for China, and N = 2,521 and N = 2,985, respectively, for France), unweighted; representative within ±3% of census/national 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." Bar chart numbers have been rounded to the nearest whole digit, but bar lengths reflect the actual proportionate size of each percentage change.

they fear an economic recession. These high levels of concern likely reflect the swift, full lockdown of the country that the Indian government imposed on March 25—in the midst of our survey period—underscoring the gravity of the situation. (See Exhibit 4.)

Implications for Spending

Despite the sometimes sharp differences in global sentiment, the virus continues to affect consumers' spending behavior in similar ways across the world, as we have documented in previous Snapshots. (See Exhibit 5.)

Consumers in most countries continue to plan to decrease their spending in more product and experience categories than they intend to increase their spending in—except in China, where consumer optimism continues to recover from its earlier nadir, and in India, where consumers anticipate a more balanced split of spending decreases and increases across categories. (See Exhibit 6.)

In fact, fewer consumers in India and China than elsewhere plan to maintain their current levels of spending—and in areas where they intend to increase spending, the magnitude of the expected change is larger than among consumers in developed economies. (See Exhibit 7.)

Looking more closely at India, we see meaningful differences in spending that reflect the country's large income disparities and diverse demographics—features that are common in emerging markets. Specifically, lower-income and younger consumers show a higher propensity to plan to reduce their spending, while older and higher-income groups exhibit more resilience and are more likely to expect to maintain or increase their spending. (See Exhibit 8.)

Much as we saw in China during the SARS epidemic of 2002 to 2003, the pandemic appears to be driving a step change in online shopping across categories in emerging markets such as India, even in traditionally offline categories. (See Exhibit 9.) We are also observing accelerated online pene-

INDIA – WEEK 4 – MARCH 23–26, 2020

EXHIBIT 4 | COVID-19 Generates Significant Concern Among Indian Consumers Despite the Currently Limited Number of Cases There

Source: BCG COVID-19 Consumer Sentiment Survey, March 23–26 2020 (N = 2,106 India); representative of the top 35% of the metro tier 2 (cities with populations greater than 0.5 million) population in India.
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."
[1]March 24 was the midpoint of the India survey period; April 4 is the most recent date for which COVID-19 infection data is available (source: World Health Organization).
[2]The Janta curfew, which started on March 22, permits people to be out only for essential activities and only from 7 a.m. to 9 p.m. each day. Source: Economic Times, March 21, 2020.

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EXHIBIT 5 | Category Winners and Losers in Planned Spending Remain Generally Consistent Across Europe and North America

	UK	Germany	US	Canada	Italy	France
In-home entertainment	■	■	■	■	■	■
Fresh and organic foods		■	■	■	■	■
Packaged food and beverages	■	■	■	■	■	
Preventive health care	■	■	■	■		■
Household care products	■		■	■	■	
Savings			■	■	■	■
Utilities	■	■				
Restaurant pickup/delivery			■	■		
Out-of-home entertainment					■	■
Medical procedures	■				■	
Vitamins/supplements		■			■	
Education					■	

■ **Winners**
More than 20% of respondents plan to ***spend more***

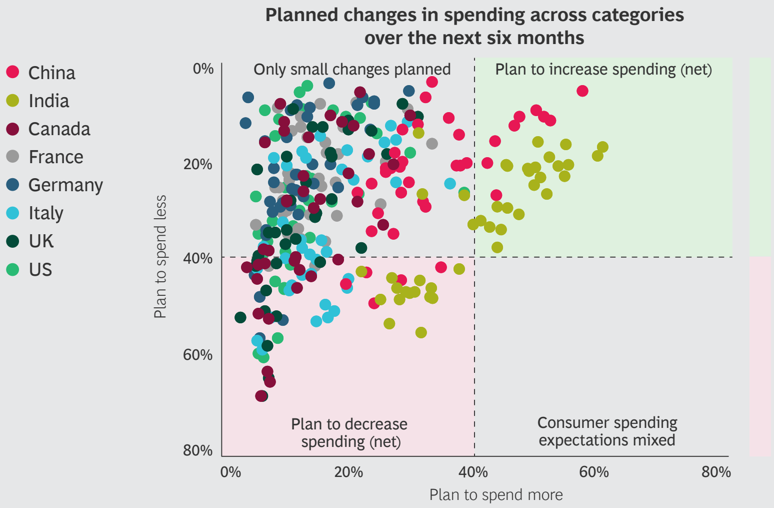
■ **Losers**
More than 20% of respondents plan to ***spend less***

	UK	Germany	US	Canada	Italy	France
Travel	■	■	■	■	■	■
Out-of-home-entertainment	■	■	■	■	■	■
Restaurants	■	■	■	■	■	■
Gambling	■	■	■	■	■	■
Luxury/fashion	■	■	■	■	■	■
Public transportation	■	■	■	■	■	■
Home décor	■	■	■	■	■	■
Women's clothing	■	■	■	■	■	■
Outerwear	■	■	■	■	■	■
Athletic equipment and clothing	■	■	■	■	■	■
Cars/automobiles	■	■	■	■	■	■
Home electronics and appliances	■	■	■	■	■	■
Shoes/footwear	■	■	■	■	■	■
Toys and games	■	■	■	■	■	■
Men's clothing	■	■	■	■	■	■
Tobacco/smoking	■	■	■	■	■	■
Mobile electronics	■	■	■	■	■	■
Restaurant pickup/delivery	■	■	■	■	■	■
Cosmetics/perfume	■		■	■	■	■
Alcohol	■		■	■	■	■
Savings	■	■		■	■	
Medical procedures		■	■	■		■
Education	■		■	■		
Hair and body care	■				■	
Rent/mortgage	■					
In-home entertainment					■	■
Utilities					■	
Insurance					■	
Vitamins/supplements					■	

Source: BCG COVID-19 Consumer Sentiment Survey, March 27–30, 2020 (N = 2,928 Canada; 2,985 France; 3,085 Germany; 2,150 Italy; 2,984 UK; 2,944 US), 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?" Categories listed here exclude baby/child food, childcare, and children's clothing.

GLOBAL – WEEK 4 – MARCH 27–30, 2020

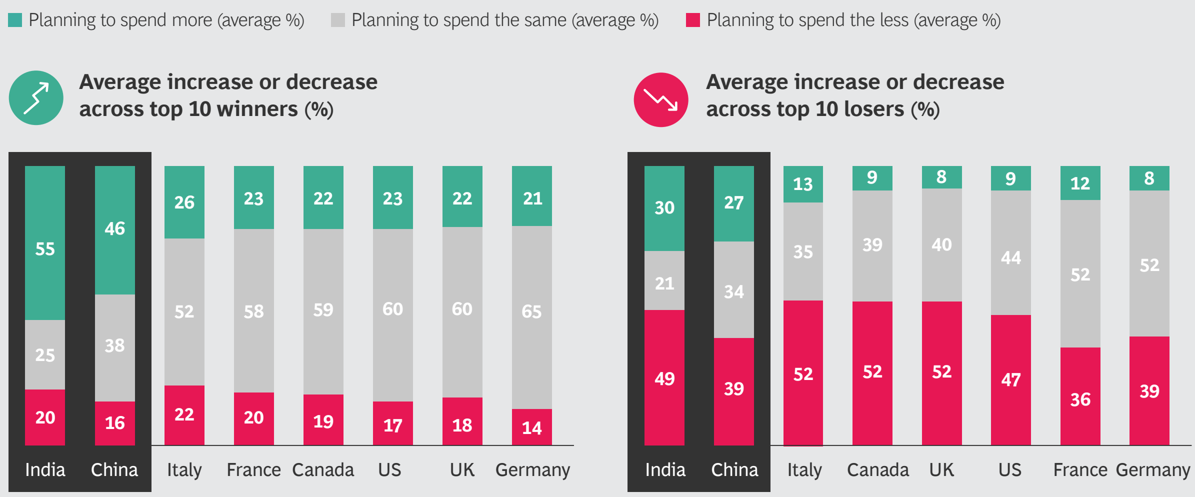
EXHIBIT 6 | Across Categories, Consumers in China and India Plan to Increase Their Spending More Than Western Consumers Do



Source: BCG COVID-19 Consumer Sentiment Survey, March 27–30, 2020 (N = 2,928 Canada; 2,916 China; 2,985 France; 3,085 Germany; 2,150 Italy; 2,984 UK; 2,944 US) unweighted; representative within ±3% of census demographics; and March 23–26 2020 (N = 2,106 India); representative of the top 35% of the metro tier 2 (cities with populations greater than 0.5 million) population in India.
Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Plotted data excludes categories with N < ~100.

GLOBAL – WEEK 4 – MARCH 27–30, 2020

EXHIBIT 7 | Consumers in China and India Are More Likely to Change Their Spending Behavior, Increasing or Decreasing Spending More Than Others



Average increase or decrease across top 10 winners (%)

	India	China	Italy	France	Canada	US	UK	Germany
Planning to spend more	55	46	26	23	22	23	22	21
Planning to spend the same	25	38	52	58	59	60	60	65
Planning to spend less	20	16	22	20	19	17	18	14

Average increase or decrease across top 10 losers (%)

	India	China	Italy	Canada	UK	US	France	Germany
Planning to spend more	30	27	13	9	8	9	12	8
Planning to spend the same	21	34	35	39	40	44	52	52
Planning to spend less	49	39	52	52	52	47	36	39

Source: BCG COVID-19 Consumer Sentiment Survey March 27–30, 2020 (N = 2,928 Canada; 2,916 China; 2,985 France; 3,085 Germany; 2,150 Italy; 2,984 UK; 2,944 US), unweighted; representative within ±3% of census demographics; and March 23–26 2020 (N = 2,106 India); representative of the top 35% of the metro tier 2 (cities with populations greater than 0.5 million) population in India.
Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Charts exclude results for childcare, children's clothing, and baby/child food.

INDIA – WEEK 4 – MARCH 23–26, 2020

EXHIBIT 8 | Significant Differences Emerge Across Product Categories and Consumer Cohorts in India

Similar number of categories likely to win and lose

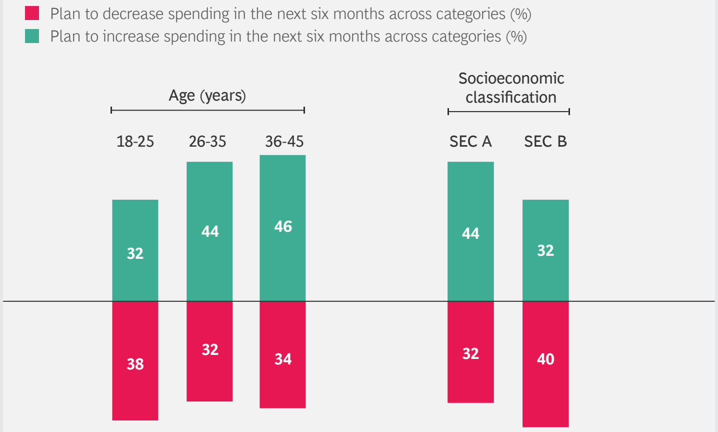
TOP WINNERS

- Education
- Fresh foods
- Preventive health care
- Mobile services
- Savings
- Subscription for paid videos (over the top)
- Home Wi-Fi connection
- Vitamins/supplements
- Medical procedures
- Personal care
- Insurance
- First aid
- Groceries and staples
- Household care products
- Toys and games
- Utilities
- Direct-to-home services

TOP LOSERS

- Vacation/leisure travel
- Luxury products
- Home construction renovation
- Public transport
- Nonmobile consumer electronics and appliances
- Business travel
- Apparel/footwear
- Spas/theme parks
- Restaurants
- Cosmetics
- Home furnishings and décor
- Movies at cinema hall
- Scooters/bikes
- Cars
- Tobacco and smoking supplies

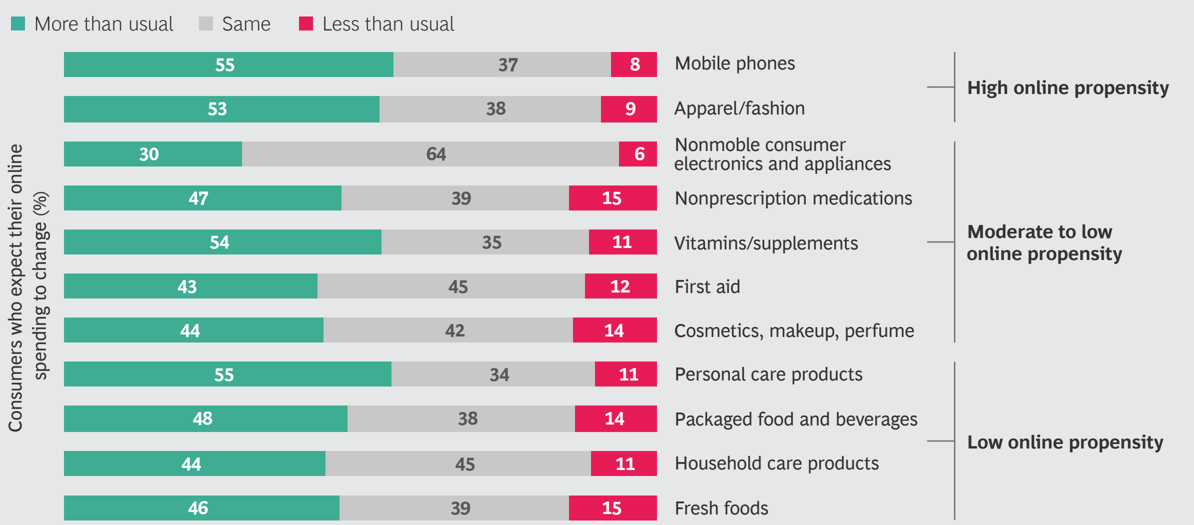
Significant differences in sentiment across consumer cohorts



Source: BCG COVID-19 Consumer Sentiment Survey, March 23–26 2020 (N = 2,106 India); representative of the top 35% of the metro tier 2 (cities with populations greater than 0.5 million) population in India.
Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Average increase and decrease in spending were calculated across all consumer sentiment categories covered; socioeconomic classification was calculated using the education and occupation of the chief wage earner in the household (the member who contributes the greatest amount toward meeting household expenses). SEC A = the top 13% of households in metro tier 2 cities in India; SEC B = the next 22% of households in metro tier 2 cities in India after SEC A.

INDIA – WEEK 4 – MARCH 23–26, 2020

EXHIBIT 9 | Many Indian Consumers Plan to Shift Toward Online Spending, Even in Traditionally Offline Categories



Source: BCG COVID-19 Consumer Sentiment Survey, March 23–26 2020 (N = 2,106 India); representative of the top 35% of the metro tier 2 (cities with populations greater than 0.5 million) population in India.
Note: Question text: "In the next one month, how do you expect your online spend for the following types of products to change?"

US – WEEK 4 – MARCH 27–30, 2020

EXHIBIT 10 | US Consumers Are Finding Positive Ways to Spend Their Extra Time at Home—and Most Plan to Resume Normal Levels of Spending Post-COVID-19

How consumers are using their extra time at home

62% connecting more with family/friends (digitally)

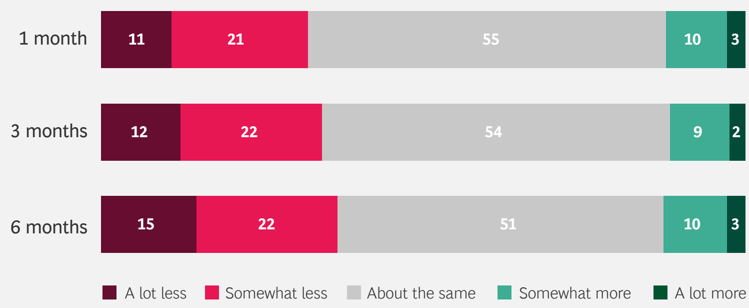
42% spending more time with family at home

41% spending more time on hobbies

39% exercising more

Spending expectations if the virus were under control in one, three, or six months (%)

Regardless of the current situation's duration, about two-thirds of consumers expect their spending to return to at least normal



Source: BCG COVID-19 Consumer Sentiment Survey, March 27–30, 2020 (N = 2,944 US), unweighted; representative within ±3% of US census.
Note: Question text: "Which types of things are you doing more of while at home during the coronavirus outbreak?" and "If the coronavirus were to be under control in [1 month/3 months/6 months], what do you think your spending habits would be like at that point?"

tration in developed markets, particularly in older age groups.

Silver Linings

As consumers around the world continue to cocoon at home, many of them are finding ways to use the time beneficially—investing extra time in hobbies, exercising, or spending time (virtually or in person) with family and friends. Most of them plan to return to normal spending once the virus is under control. (See Exhibit 10.) Although this widespread intention gives us hope for a solid recovery, the length and difficulty of the battle against COVID-19, as it plays out, will undoubtedly have a huge influence on national economies around the world—and in turn, on future real-world consumer spending.

In our next Snapshot, we will assess the latest differences in consumer sentiment and spending behaviors across the globe, and look at the impact of COVID-19 in additional emerging markets.

NOTES:
1. Reflects the average daily growth rate (rounded up from 17.73%) for the countries other than China in this study: Canada, France, Germany, India, Italy, the UK, and the US.
2. Numbers of cases are based on World Health Organization Situation Reports, China State Council, and National Health Commission of the PRC.

About the Research

BCG's COVID-19 Consumer Sentiment Snapshot series is based on data drawn from an online survey of consumers that is conducted every one to two weeks across multiple countries worldwide. Each Snapshot highlights a selection of insights from a comprehensive ongoing study that BCG provides to clients. 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 goal of the research is to provide our clients and businesses around the world with periodic barometer readings of COVID-19-related consumer sentiment and actual and anticipated consumer behavior and spending to inform critical crisis triage activities, as well as rebound planning and decision making. 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.

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