



COVID-19 CONSUMER SENTIMENT SNAPSHOT #6

APRIL 20, 2020: HITTING THE STRAIGHTAWAY

By Lara Koslow, Jean Lee, and Julien Dangles

AN UNUSUAL USUAL. A new, interim routine. Consumers have changed their daily lives to adapt to lockdown conditions. As we saw in prior weeks, those who can are working from home, forgoing school and childcare, and spending more on essentials and in-home entertainment and less on discretionary items and out-of-home activities and travel. In our most recent research, however, both spending and changes in sentiment appear to be starting to plateau, as consumers settle into an interim normal.

Rounding the Bend

At the time of our most recent survey (April 10–13), lockdowns had been in effect for 20 days or more in most of the developed markets surveyed—although the numbers vary considerably within countries, especially in the United States, where lockdown decisions are made at the state level—and we are seeing the number of new cases reported in many countries begin to level off or decline. (See Exhibit 1.) Most of the countries surveyed have also announced exten-

sions to their lockdown periods of an additional 20 days or more, and many jurisdictions have announced school closures through the end of the academic year, offering consumers some much-needed clarity.

At the same time, many countries have begun making plans to reopen their economies, indicating that an end to the restrictions may be in sight. This development, in conjunction with the slowing pace of new COVID-19 cases, may have contributed to the recent improvements in consumer outlook that we are observing: fewer consumers across developed markets believe that the worst is yet to come. (See Exhibit 2.) We are also seeing a slight decline or stabilization across most countries in consumers' concerns about personal finances—an indication that they may be anticipating the end of the lockdown period and the potential restarting of the economy.

A New Speed Limit

The changes to daily life imposed by the lockdowns have been significant, including

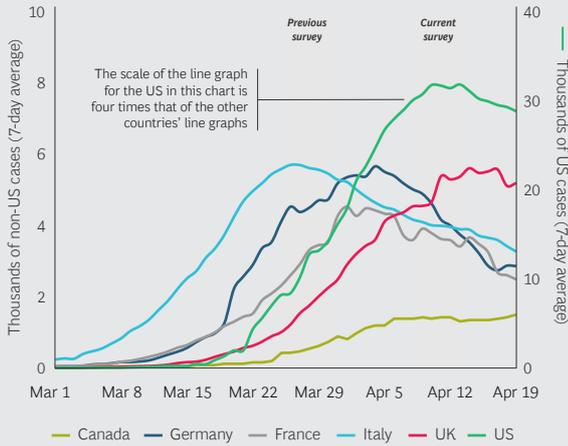
the delay or cancellation of many common day-to-day activities. For example, numerous consumers have delayed or canceled non-virus-related hospital therapies or visits to their primary-care physician. (See Exhibit

it 3.) In many cases, these steps probably reflect mandated restrictions on elective procedures in various geographies, as well as heightened concerns over possible exposure to the virus in medical settings.

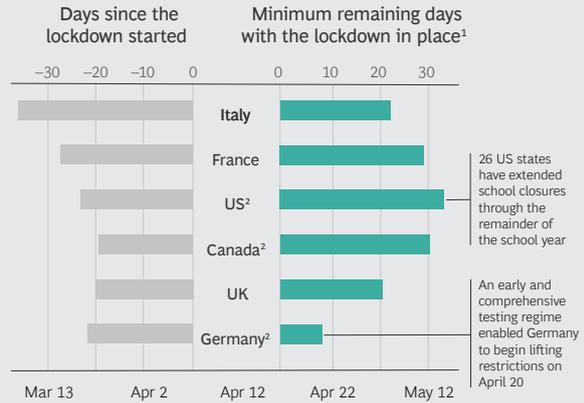
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EXHIBIT 1 | About a Month into Lockdowns, the Pace of the Virus Has Slowed

The pace of new cases is plateauing...



...as consumers settle into life in lockdown



Sources: WHO Situation Reports; media reports.

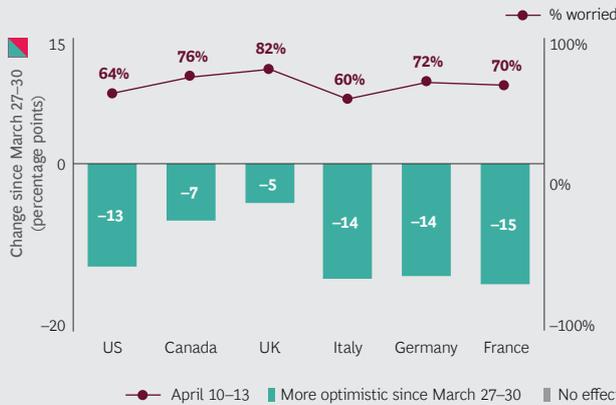
¹Calculated according to the most recent government decree; the end date is likely to change as the situation evolves; estimates as of April 17, 2020.

²Lockdown/stay-at-home orders are in place regionally but not nationally. Data reflects the lockdown date for one high-population region: New York State (US), Ontario (Canada), or Bavaria (Germany).

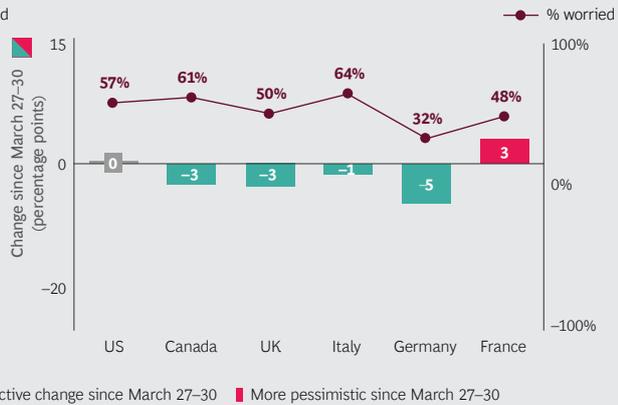
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EXHIBIT 2 | As the Growth Rate of New Cases Slows, Consumer Optimism Seems to Improve

Across countries, fewer consumers feel that the worst impacts lie ahead



In most countries, fewer consumers are worried about their personal finances



Sources: 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), and April 10–13, 2020 (N = 2,827 Canada; 3,156 France; 3,040 Germany; 2,922 Italy; 3,112 UK; 2,960 US), unweighted; representative within ±3% of census demographics.

Note: Question text: “How much do you agree with each of the following statements about the coronavirus?”

That said, consumers seem to be adjusting rapidly to the new, interim normal. In our April 10–13 survey, planned spending for the next six months shows relative stability across categories, with no category showing

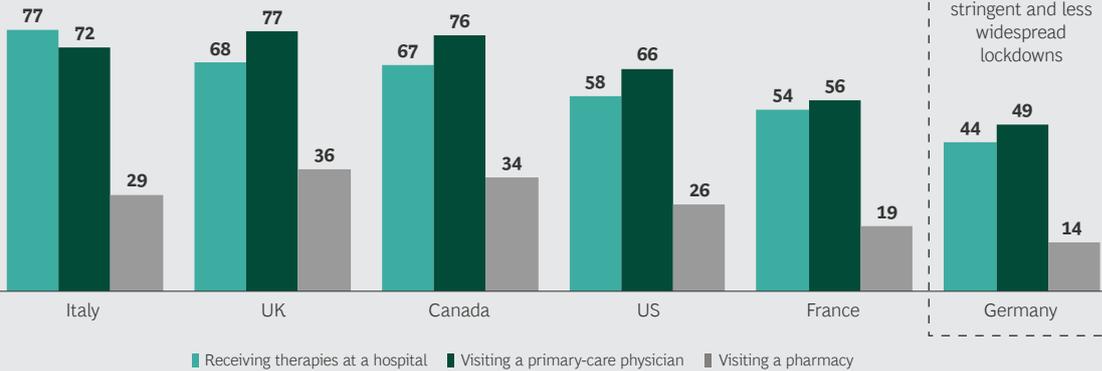
a decline of more than 20% since the March 27–30 survey period—a novelty since we began this longitudinal study six weeks ago. (See Exhibit 4.) Similarly, net planned spending changes across store types over

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EXHIBIT 3 | Consumers Have Canceled or Delayed Many Typical Activities, Including Non-Virus-Related Health Care

Respondents who have delayed or canceled planned health-care activities (%)

Includes only primary-care visits and hospital therapies that were not related to coronavirus



Source: BCG COVID-19 Consumer Sentiment Survey, April 10-13, 2020 (N = 2,827 Canada; 3,156 France; 3,040 Germany; 2,922 Italy; 3,112 UK; 2,960 US), unweighted; representative within ±3% of census demographics.

Note: Includes only consumers who had a planned health-care visit of the given type. Question text: “Have you already canceled or delayed doing any of the following due to the coronavirus? Select all that apply. Please only consider visits and therapies that were not related to coronavirus, such as an annual check-up, X-ray for broken bone, etc.”

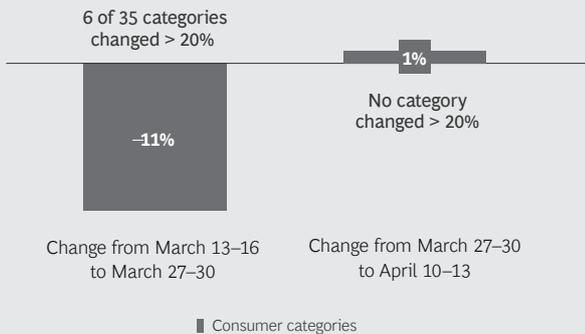
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EXHIBIT 4 | Consumers in Developed Markets Demonstrate Newfound Stability in Their Planned Spending Across Categories and Store Types

Example: Italy (trend is consistent across developed markets)

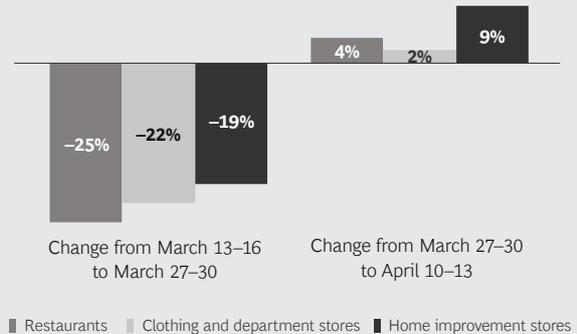
Planned spending shows consistency across categories ...

Average net planned spending change in the next 6 months¹



...and by store type

Average net planned spending change in the next month¹



Source: BCG COVID-19 Consumer Sentiment Survey, March 13–16, 2020 (N = 2,206 Italy); March 27–30, 2020 (N = 2,150 Italy); and April 10–13, 2020 (N = 2,922 Italy), unweighted; representative within ±3% of Italy census demographics.

Note: Question text: “How do you expect your spend to change in the next 6 months across the following areas?” and “In the next month, how much do you expect your total spend (online + shopping at a physical store/restaurant) on the following types of stores to change?”

¹“Average net planned spending change” is the difference between the percentage of respondents who plan to spend more and the percentage of respondents who plan to spend less over the specified time interval.

the next month have shrunk—and are even showing a slight positive trajectory.

In the US and the UK, survey figures for planned travel spending over the next six months have stabilized, although comparable figures for France and Italy have continued to trend downward. (See Exhibit 5.) When we asked consumers about their plans for hotel stays, flights, cruise trips, and casino trips, the net average percentage of US respondents who expected to reduce their planned spending on such activities increased only slightly, from 52% in our March 27–30 survey to 54% in our April 10–13 survey. UK respondents showed a net average increase of just 1% over the same interval.

In the Driver's Seat

Looking ahead to the end of the lockdowns, consumers across developed markets seem to share fairly consistent views about which indicators will give them the most confidence that the coronavirus is under control. (See Exhibit 6.) Most consumers say that they will consider it under

control either when a vaccine is available or when no new cases of COVID-19 occur in their home country. Emergence of an effective medication for treating the illness is also seen as a good indicator that the coronavirus is under control. In Canada and the UK, consumers view the removal of government restrictions as a strong and slightly more effective indicator than do consumers in other countries. Across all geographies, the reopenings of restaurants, shops, and offices are the measures least likely to instill confidence that the virus is no longer out of control.

Predictably, consumers' willingness to resume activities—even at a minimal level—tends to be closely correlated with their views on when the virus is under control. (See Exhibit 7.) For example, at least half of US consumers in our April 10–13 survey say they will resume some level of activity across all specific categories—including different types of travel and various everyday activities—once current government restrictions are lifted. The same trend is evident in all of the developed markets we surveyed. The numbers increase to around

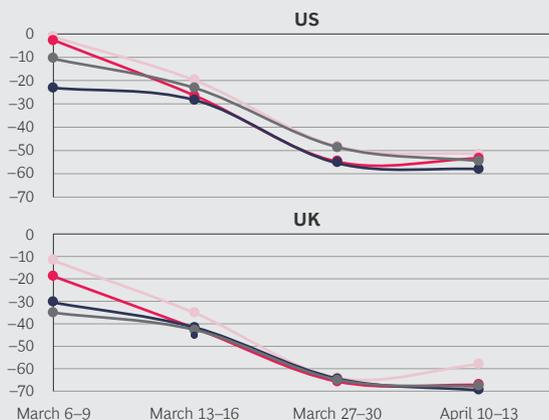
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EXHIBIT 5 | Net Planned Spending on Travel Is Beginning to Stabilize in the US and UK

— Hotel stays — Flights — Cruise trips — Casino trips

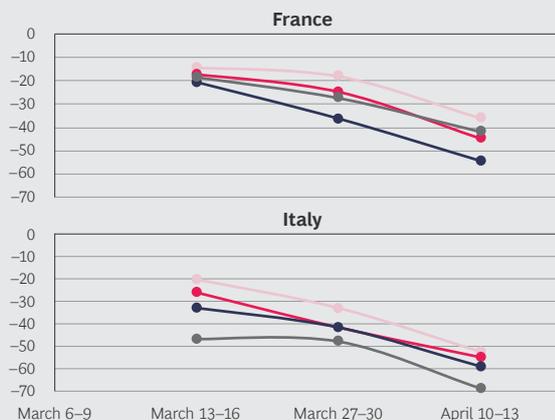
Expected spending is stabilizing in the US and UK

Net respondents planning to decrease spending in next 6 months (%)



France and Italy are still showing downward trends

Net respondents planning to decrease spending in next 6 months (%)



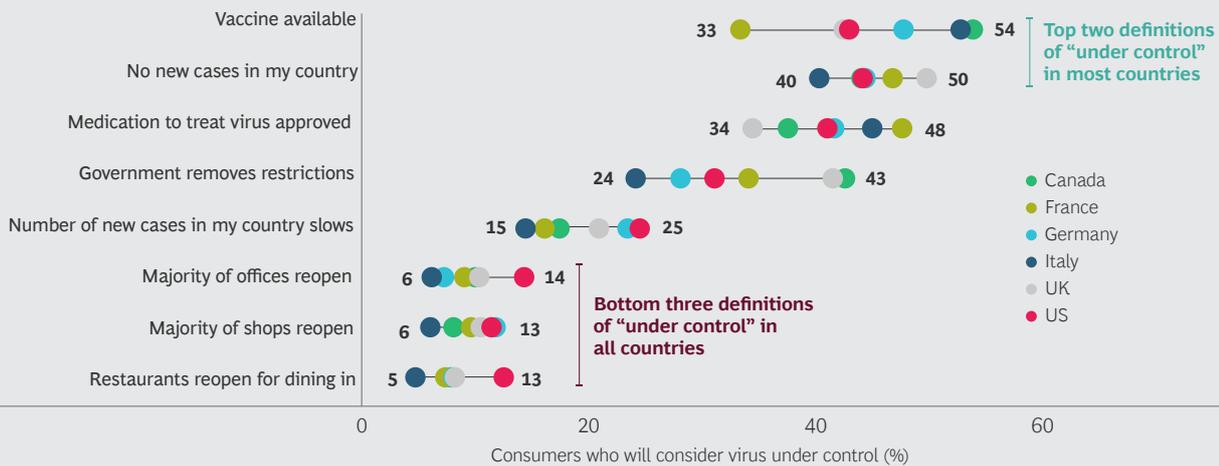
Sources: BCG COVID-19 Consumer Sentiment Survey, March 6–9, 2020 (N = 3,454 UK; 3,465 US), March 13–16, 2020 (N = 2,521 France; 2,206 Italy; 2,797 UK; 2,417 US), March 27–30, 2020 (N = 2,985 France; 2,150 Italy; 2,984 UK; 2,944 US), and April 10–13, 2020 (N = 3,156 France; 2,922 Italy; 3,112 UK; 2,960 US), unweighted; representative within ±3% of census demographics.

Note: Data includes only consumers who had plans to use the relevant type of travel over the next six months. “Net number” indicates the percentage of such consumers planning to increase their spending minus the percentage planning to decrease their spending. Question text: “In the next 6 months, how much do you expect your behavior to change for each of the following types of travel?”

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EXHIBIT 6 | Consumers Identify Having a Vaccine and Not Having New Cases of COVID-19 as the Two Strongest Indicators That the Virus Is Under Control

Consumer definitions of "under control," by country



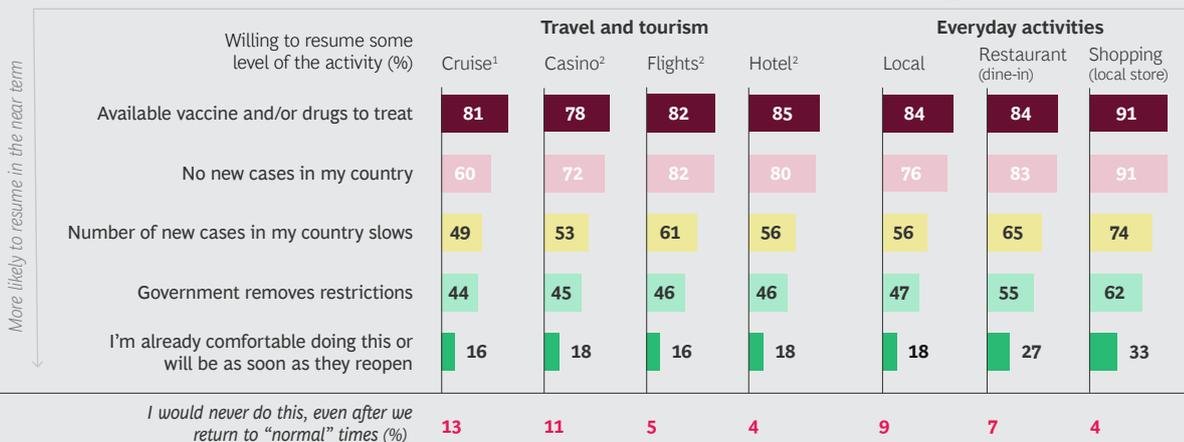
Source: BCG COVID-19 Consumer Sentiment Survey, April 10-13, 2020 (N = 2,827 Canada; 3,156 France; 3,040 Germany; 2,922 Italy; 3,112 UK; 2,960 US), unweighted; representative within ±3% of census demographics.
Note: Question text: "When will you feel like the coronavirus is "under control"? Please select up to 3."

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EXHIBIT 7 | About Half of Consumers in Developed Markets Are Willing to Resume at Least Some Level of Activities Immediately After Lockdown Ends

Example: US (trend is consistent across developed markets)

More likely to resume in the near term



Source: BCG COVID-19 Consumer Sentiment Survey, April 10-13, 2020 (N = 2,960 US), unweighted; representative within ±3% of US census demographics.

Note: Question text: "When will you feel comfortable [on activity]? Please select up to 3." Respondents who are already comfortable with an activity are assumed to be comfortable with all other measures as well; respondents who selected "government removes restrictions" are assumed to be comfortable with "number of new cases in my country slows."

¹Data includes only respondents who have been on a cruise in 2016-2020.

²Data includes only respondents who have done these activities in 2019-2020.

80% or higher when a vaccine or drugs to treat the virus are assumed to be available. Daily activity categories still attract higher numbers of respondents who are willing to reengage in them than travel categories do, but those differences fade once we stipulate a future in which the number of new cases has slowed and treatments or a vaccine is available. Interestingly, having the number of new COVID-19 cases slow is more likely to increase the number of respondents willing to resume activities than lifting government restrictions is, even though it scored lower as a measure that would give consumers confidence that the virus is under control. This suggests that a group of consumers may see slowing cases as a strong indicator that they personally are less likely to catch the virus, but not necessarily as a reliable indicator that the virus is under control nationally.

Although the differences in percentage of consumers who plan to resume activities across the categories are generally not significant, except for somewhat higher numbers in daily activities versus travel activities, the differences in level of activity

appears to be considerable. Consumers predict that they will return to normal spending levels across daily activities—such as local leisure activities, dining in at restaurants, and shopping at stores—more quickly than they will in travel categories. (See Exhibit 8.)

Stepping on the Gas

As companies look ahead, many are considering adopting various health and safety measures to encourage customer reengagement after the lockdowns. Many consumers say that such changes would favorably influence their readiness to resume activities, suggesting that introducing the right health and safety measures could accelerate recovery. (See Exhibit 9.) In fact, 80% of consumers say they would be willing to resume daily activities if certain measures were adopted, whereas only 10% say they are willing to do so now, without those measures in place. Social distancing, the availability of hand sanitizers, and regular antiviral cleaning are the options that most increase consumers' likelihood of resuming daily activities.

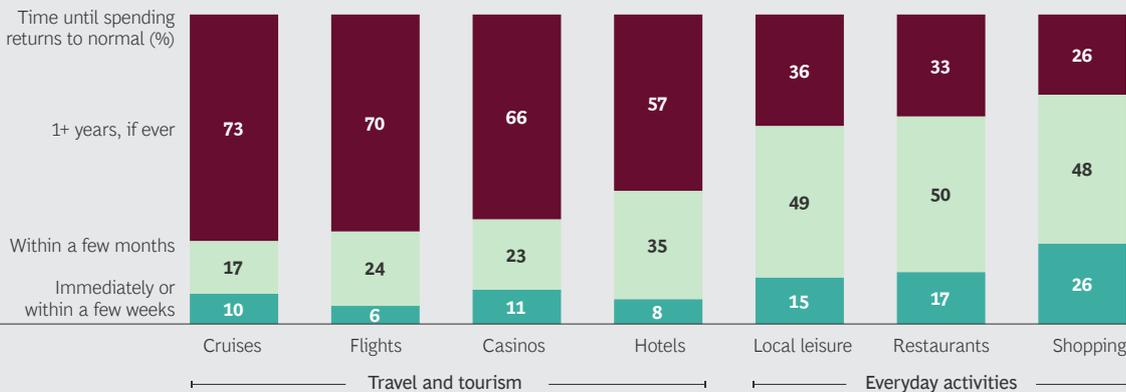
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EXHIBIT 8 | Spending on Daily Activities Is Likely to Return to Normal More Quickly Than Spending on Travel

Example: UK (trend is consistent across developed markets except for flights, where Canada and Germany expect a slower rebound)

Across travel categories, most UK consumers expect to take at least a year to return to normal spending...

...but 60%+ plan to resume spending on everyday activities within a few months



Source: BCG COVID-19 Consumer Sentiment Survey, April 10–13, 2020 (N = 3,112 UK), unweighted; representative within ±3% of UK census demographics.

Note: Question text: “If the coronavirus were to be under control in 3 months, when do you think your spending [on activity] would return to “normal” (i.e., similar to before the outbreak)?”

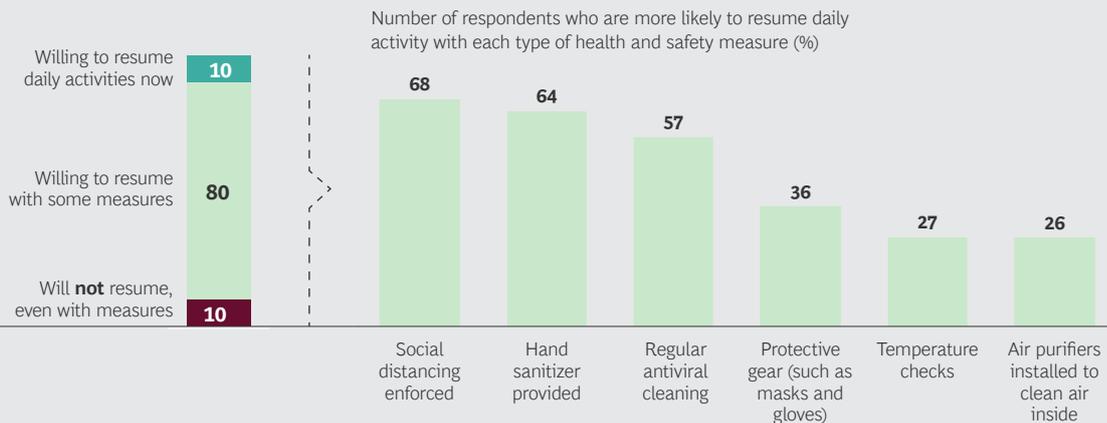
Notably, nearly 60% of consumers say that they are willing to fly as early as next month if certain health and safety measures are in place. (See Exhibit 10.) The measures in question range from antiviral cleaning between flights to requiring protective gear, such as masks for passengers

and gloves for flight crew, to mandating proof-of-health certificates from the CDC for all passengers. Consumers also view use of hand sanitizer, temperature checks, and social distancing—including middle seats kept open and extra space enforced in the security lines—as effective measures.

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EXHIBIT 9 | Countries May Be Able to Accelerate Recovery by Adopting Various Health and Safety Measures

Example: Canada (trend is consistent across developed markets)



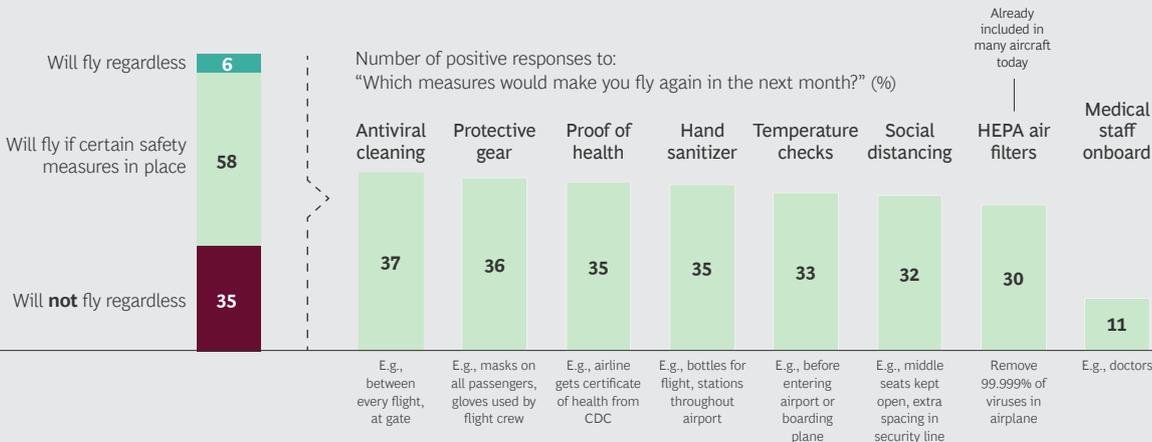
Source: BCG COVID-19 Consumer Sentiment Survey, April 10–13, 2020 (N = 2,827 Canada), unweighted; representative within ±3% of Canada census demographics.

Note: “Other” excluded. Question text: “Would any of the following measures make you more likely to start going out again once things reopen (e.g. to restaurants, stores, public spaces)? Select any that apply.”

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EXHIBIT 10 | If Certain Health and Safety Measures Were in Place, Most Travelers Would Be Willing to Fly Again as Early as Next Month

Example: France (trend is consistent across developed markets)



Source: BCG COVID-19 Consumer Sentiment Survey, April 10-13, 2020 (N = 3,156 France), unweighted; representative within ±3% of France census demographics.

Note: “Other” is excluded. Question text: “Which of the following measures would make you fly again in the next month? Select any that apply.”

New Rules of the Road

As consumers show signs of having adjusted to a new, interim routine under lockdown, many companies have either ramped down (for example, airlines and hotels) or ramped up (for example, grocery stores and drug stores) to address interim needs, and these efforts appear to be stabilizing. However, as governments devise plans for restarting the economy and begin to contemplate easing restrictions within the next month or so, companies need to have a clear recovery plan in place—one that addresses multiple scenarios—as well as a re-

alistic view of what the new normal in the post-recovery period could look like.

Our next Snapshot will take a look back at our Q4 2019 study of consumer sentiment and spending in the US and consider its insights in light of more recent events. We conducted our 2019 review in November 2019, prior to both Black Friday and COVID-19. Comparisons of that research to our recent post-COVID-19 research will reveal consistencies in consumer behavior across both periods, existing trends that the coronavirus likely accelerated, and potentially new behaviors.

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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