



COVID-19 CONSUMER SENTIMENT SNAPSHOT #5

APRIL 13, 2020: A STORY FOR THE AGES

By Lara Koslow, Jean Lee, Aparna Bharadwaj, Kanika Sanghi, and Gaby Barrios

AT HOME—YESTERDAY, TODAY, tomorrow, next week. All of us face a similar monotony of stay-at-home life, but how we experience it as consumers differs. Our different personal, regional, and financial contexts impact our sentiment and spending behavior. For members of Generation X, sheltering in place may entail living in a household chaotically disrupted by restless young children. For millennials, it may unfold as a time of isolation from favorite group activities and interactions that help make them whole. And for Gen Z, it may be a time of apprehension about future prospects and financial security. As we explore consumer sentiment and category spending in relation to COVID-19, we see many differences across age groups, but also many similarities and opportunities for companies to engage with consumers in key categories.

Generations Apart

Across markets, younger generations—including Generation Z and millennials—express less optimism and more worry than

more mature generations. The younger generations are also far more social overall, with a stronger interest in spending time in groups, so the current limitations on interpersonal interactions and group gatherings in most countries may be contributing to their darker views during this period of the COVID-19 crisis. We do see some exceptions to this pattern in emerging markets such as China and Brazil, where older generations (Gen X and 56+) have a strong affinity for spending time in groups, and in China, where people in the 56+ age group express a relatively high level of worry. (See Exhibit 1.)

In thinking about the virus, cohorts below 56 years of age generally worry more about the impact of the virus on their personal finances, as many are still building wealth. (See Exhibit 2.) One exception is Generation Z in Germany, France, and Italy, whose members remain worried about their finances but are more confident that they have sufficient savings to weather the COVID-19 crisis. This may well be related to the fact that young people in these coun-

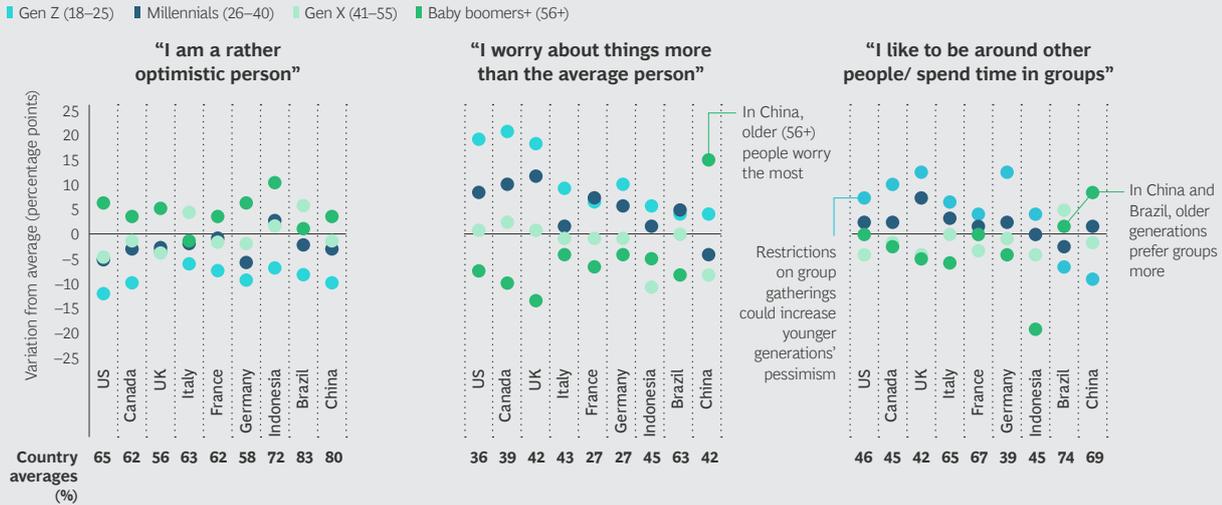
tries take on limited or no financial debt for a college education.

In developed markets, these differences in sentiment between younger and older generations seem to be creating a divide in

planned spending, with older generations more likely to say that they plan to maintain their current level of spending and younger generations more prone to anticipate making changes in their spending. (See Exhibit 3.) This phenomenon does not

GLOBAL – WEEK 5 – MARCH 27–30, 2020

EXHIBIT 1 | Worldwide, Younger Generations Tend to Be Less Optimistic, Worry More, and May Miss Group Gatherings More

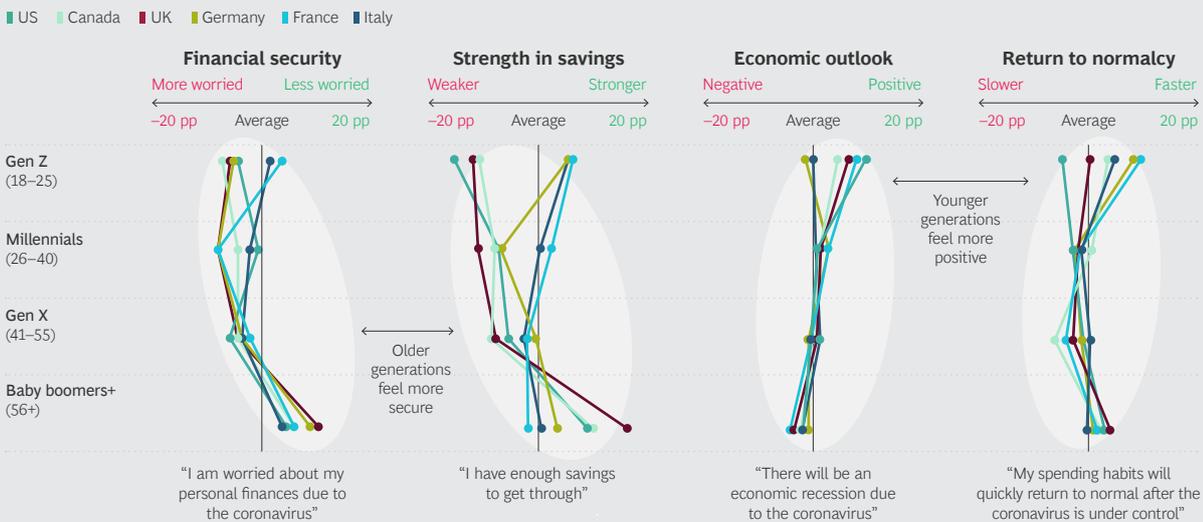


Sources: BCG COVID-19 Consumer Sentiment Survey, March 27–30, 2020 (N = 2,928 Canada; 2,916 China; 2,985 France; 3,085 Germany; 2,150 Italy; 2,984 UK; 2,944 US), unweighted, representative within ±3% of census demographics; March 31–April 2, 2020 (N = 1,255 Brazil), weighted; and March 30–April 2, 2020 (N = 1,582 Indonesia), unweighted.

Note: Question text: "How much do you agree with each of the following statements?"

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EXHIBIT 2 | In Developed Markets, Younger Consumers Are More Concerned About the Virus's Financial Impacts but More Confident About Recovery



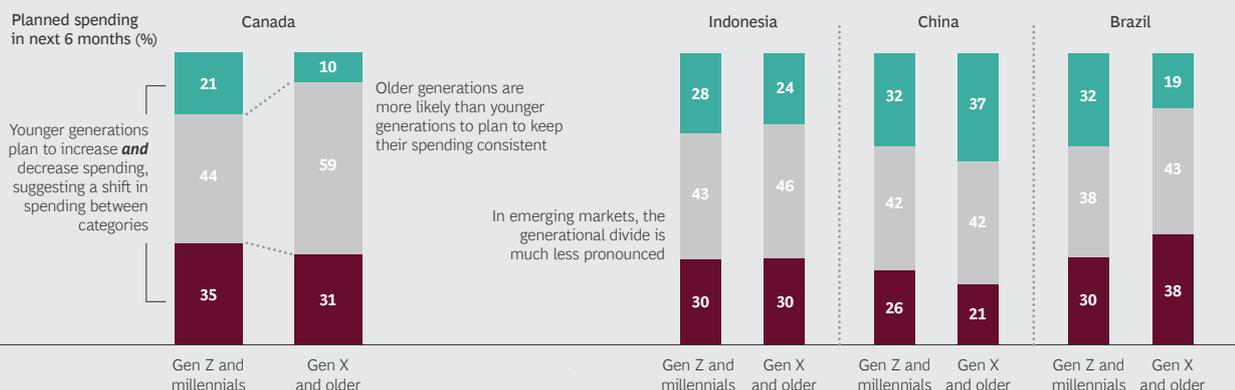
Source: BCG COVID-19 Consumer Sentiment Survey, March 27–30, 2020 (N = 2,928 Canada; 2,985 France; 3,085 Germany; 2,150 Italy; 2,984 UK; 2,944 US), unweighted, representative within ±3% of census demographics.

Note: Question text: "How much do you agree with each of the following statements about the coronavirus?" pp = percentage points.

EXHIBIT 3 | Sentiment May Be Driving Spending Differences by Age in Developed Markets, but Emerging Markets Show No Such Pattern

Example: Canada (trend is consistent across developed markets)

■ Increase spending ■ Maintain spending ■ Decrease spending



Sources: 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; March 31–April 2, 2020 (N = 1,255 Brazil), weighted; and March 30–April 2, 2020 (N = 1,582 Indonesia), unweighted.

Note: Question text: “How do you expect your spend to change in the next 6 months across the following areas?”

appear in emerging markets such as Indonesia, China, and Brazil.

In developed markets, the younger generations (Gen Z and millennials) are planning to make a much greater number of spending tradeoffs across many more categories than the older generations are. Meanwhile, older generations are more likely to maintain their spending, given that they have accumulated more wealth on average to use in weathering a crisis and already tend to spend more on average in some essential categories than younger generations do. (See Exhibit 4.)

When we look at where Gen Z and millennials plan to shift their spending, the winners tend to fall into essential, entertainment, and discretionary categories. Those younger generations appear to be focused on increasing their buying of necessities that they might not normally stock up on, as well as on finding new ways to pass the time at home, with incremental spending in areas ranging from leisure activities (entertainment, games, and mobile electronics) to more indulgent purchases (home décor, alcohol, and clothing). (See Exhibit 5.) Although Gen X and older generations

are shifting their spending far less, we see them increasing their investment in certain types of essentials and entertainment as well.

Once the virus is under control, most people in the developed markets, regardless of age, expect their spending to be the same as or higher than it was before the pandemic struck. However, mature generations (Gen X and 56+) are more likely to plan to revert to their previous spending levels—or moving to higher spending levels—right away. Among those who expect to spend less in the immediate post-virus period, younger generations anticipate reaching that lower level of “new normal” spending more quickly than do older generations, who may be concerned about the impact of a recession on their finances and passive income, if they are living in retirement. (See Exhibit 6.)

The mature generations’ anticipation of a faster spending recovery plays out in China’s initial rebound as well. In China, older consumers (56+) are planning more net spending increases across more categories than younger generations are. (See Exhibit 7.)

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EXHIBIT 4 | In Developed Markets, Younger Consumers Plan Significant Spending Increases and Decreases, While Shifts by Older Generations Are Minor

Example: US (trend is consistent across developed markets)

Planned changes in spending across categories over next 6 months

- Gen Z (18–25)
- Millennials (26–40)
- Gen X (41–55)
- Baby boomers+ (56+)



Baby boomers+ are not planning net spending increases in any category

For Gen Z and millennials, lower net spending plans in some categories counterbalance higher net spending plans in others

Source: BCG COVID-19 Consumer Sentiment Survey, March 27–30, 2020 (N = 2,944 US) 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?”

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EXHIBIT 5 | As Gen Z and Millennials Shift Their Spending, More Categories Emerge as Prospective New Winners Than with Older Generations

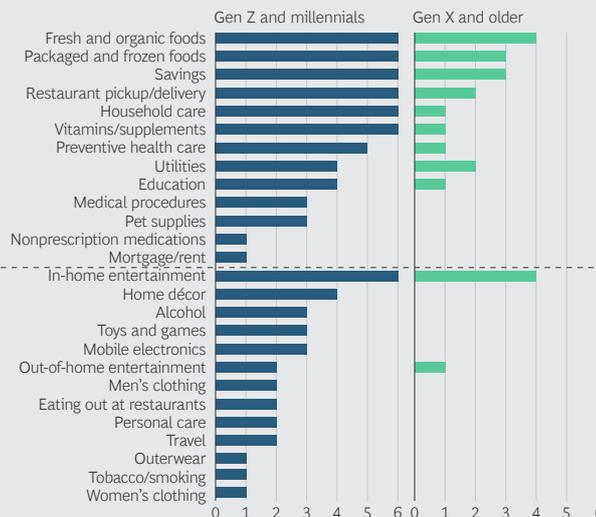
Number of countries in which 20%+ of respondents plan to increase spending in each category



Essentials



Entertainment and discretionary categories



Plans by Gen Z and millennials to increase spending across categories may reflect lifestyle changes under lockdown (e.g., keeping a stocked pantry) that impact older respondents less significantly

Planned increases in discretionary categories indicate that younger generations are finding new ways to entertain themselves, while older generations are experiencing less of a change from normal

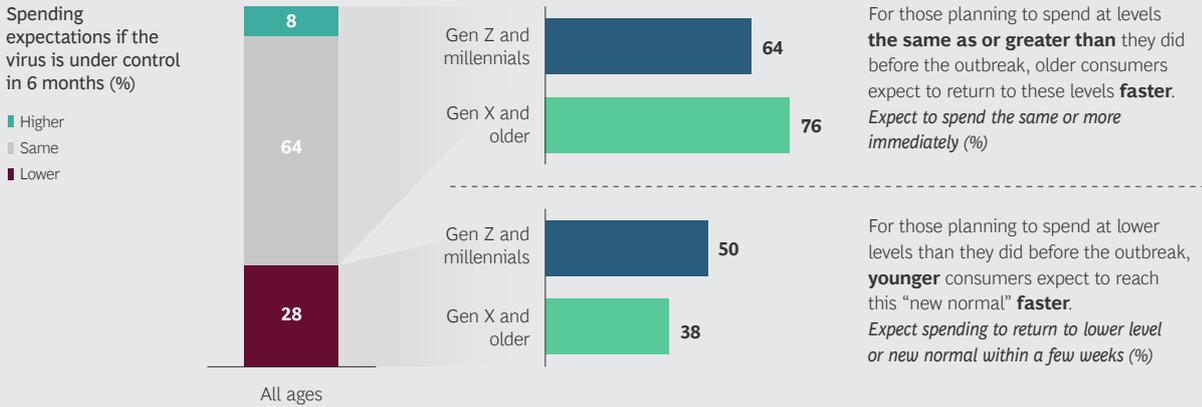
Source: BCG COVID-19 Consumer Sentiment Survey, March 27–30, 2020 (N = 2,928 Canada; 2,985 France; 3,085 Germany; 2,150 Italy; 2,984 UK; 2,944 US), unweighted, representative within ±3% of census demographics.

Note: Question text: “How do you expect your spend to change in the next 6 months across the following areas?” Excludes categories with N < ~100. Categories listed here exclude baby/child food, childcare, and children's clothing.

GERMANY – WEEK 5 – MARCH 27–30, 2020

EXHIBIT 6 | More Gen X and Older Consumers Intend to Return to or Exceed Their Pre-COVID-19 Spending—and to Do So Sooner—in the Rebound Period

Example: Germany (trend is consistent across developed markets)



Source: BCG COVID-19 Consumer Sentiment Survey, March 27–30, 2020 (N = 3,085 Germany), unweighted; representative within ±3% of Germany census demographics.

Note: Question text: “If the coronavirus were to be under control in 6 months, what do you think your spending habits would be at that point in time?” and “If the coronavirus were to be under control in 6 months when do you think your spending habits would return to ‘normal’ (i.e., similar to before the outbreak)?” Data is similar for respondents who answered the same question with reference to a one-month or three-month time frame.

CHINA – WEEK 5 – MARCH 27–30, 2020

EXHIBIT 7 | In China, Where Recovery Has Started, Older Consumers Plan More Net Spending Increases Across Categories Than Younger Consumers Do



Source: BCG COVID-19 Consumer Sentiment Survey, March 27–30, 2020 (N = 2,916 China) unweighted, representative within ±3% of China census demographics.

Note: Question text: “How do you expect your spend to change in the next 6 months across the following areas?”

the week of March 21, indicating that consumer confidence can improve fairly quickly as countries move into later stages of the epidemic curve. (See Exhibit 9.)

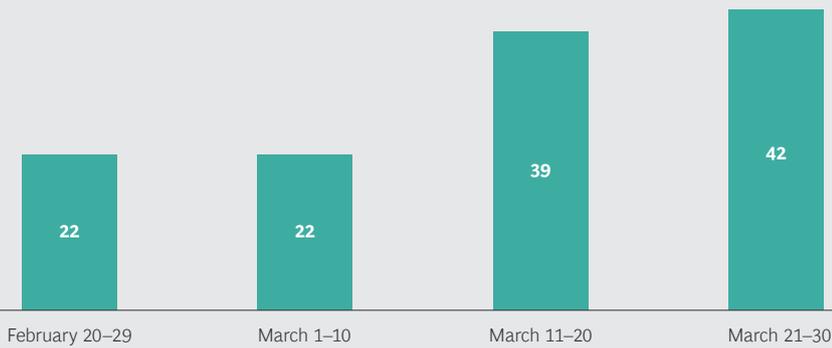
Although near-term sentiment remains bleak in many other parts of the world, consumers' longer-term outlook is not uni-

versally gloomy—at least not yet. For example, in emerging markets, many consumers say that they believe the economy will improve within the next 12 months, despite widespread fear of COVID-19 and despite the need to adjust to sometimes-severe limitations on daily life during the crisis period. (See Exhibit 10.)

EXHIBIT 9 | The Percentage of Positively Discussed Categories Is Increasing in Italy, Indicating Improved Consumer Confidence as the Epidemic Curve Progresses

Italy (February–March, 2020)

Categories with positive net sentiment¹ (%)

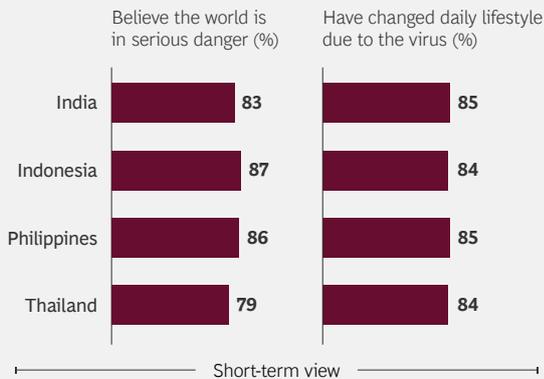


Sources: Synthesio; social media data collected from February 20 to March 30, 2020; BCG analysis.
¹“Net sentiment” is defined as positive mentions minus negative mentions of each category, based on all COVID-19-related category mentions.

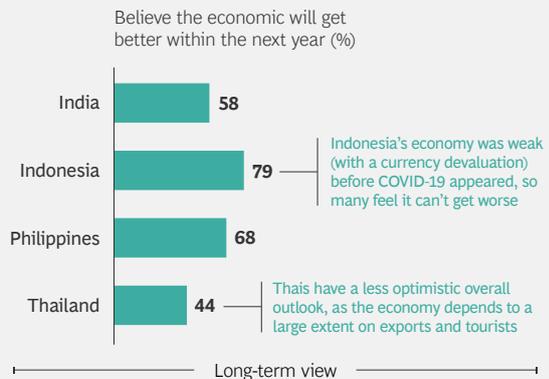
EMERGING MARKETS – WEEK 5 – MARCH 27–30, 2020

EXHIBIT 10 | In Emerging Markets, Despite Significant Concerns and Behavior Changes, Consumers Believe the Economy Will Get Better

The virus worries consumers today and has an immediate impact...



...But consumers remain optimistic about their economy in the long term



Source: BCG COVID-19 Consumer Sentiment Survey, March 22–April 2, 2020 (N = 2,106 India; 1,582 Indonesia; 1,015 Philippines; 1,017 Thailand), unweighted.
 Note: Question text: “How much do you agree with each of the following statements about the coronavirus?” and “Please describe how strongly you agree or disagree with the following statements about the current and future state of the economy for your country.”

Our next Snapshot will dive more deeply into the latest differences in consumer sentiment and spending behaviors in key categories across developed markets, exploring possible

changes that might signal to consumers that the COVID-19 tide is turning—and give them the reassurance they need to spend again.

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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