



COVID-19 CONSUMER SENTIMENT SNAPSHOT #7

APRIL 27, 2020: RETRACING THE OLD NORMAL

By Christine Barton, Lara Koslow, and Jean Lee

ALOOK BACK SOUNDS APPEALING. As lockdowns continue across most US states, many people are reflecting on what life was like before COVID-19. The inclination to reminisce is certainly understandable on a deeply human level: a few months ago, consumers were engaging in life-enriching activities ranging from taking vacations to shopping in nonessential stores to dining in favorite restaurants to simply greeting family and friends with a touch—and as of January 2020, the US was in its 126th month of economic expansion, the longest period of continuous economic growth the country has ever experienced.¹ Our Snapshot this week examines how US consumers were feeling only a short time ago and how they were planning to spend in 2020 compared with their COVID-19-related sentiment and anticipated spending in more recent days.

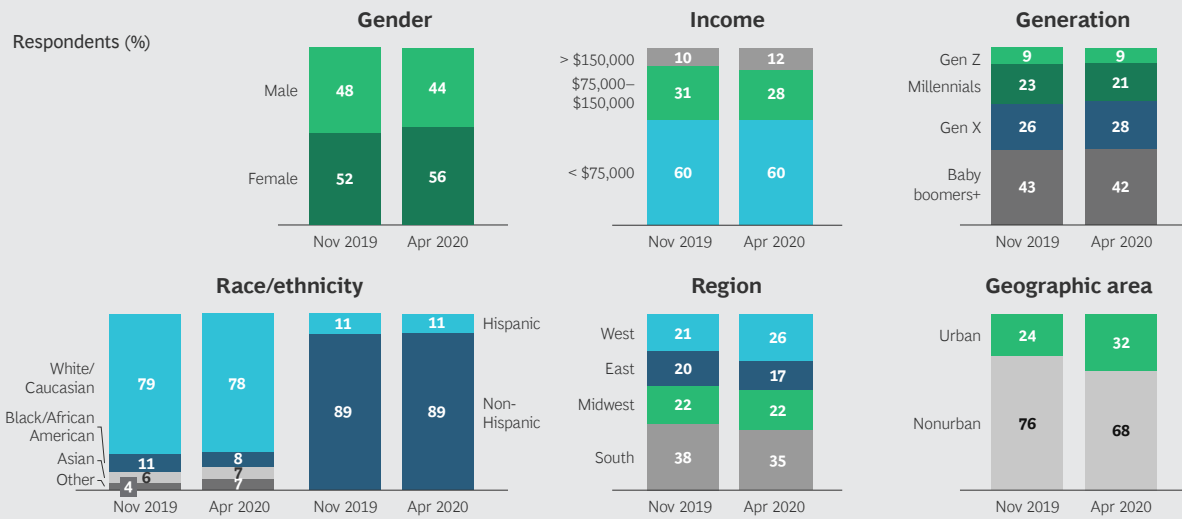
Looking Back at the Boom

Since November 2019, BCG and its survey fielding partner Dynata have surveyed more than 16,000 US consumers about

their feelings and outlook on anticipated spending versus current (and recently past) spending in multiple categories. (See Exhibit 1.) Understandably, not anticipating COVID-19, we did not test consumer sentiment in certain categories—such as business travel and public transportation—in late 2019. The samples used in the November 2019 baseline survey and the pulsed surveys in March and April 2020 are comparable (with slight increases in 2020 of US consumers from Western states and from urban zip codes). This week, we compare consumer sentiment disclosed in our COVID-19 snapshot surveys with corresponding sentiment expressed in our pre-Black Friday November 2019 survey, on products and services excluding at-home food. Our goal in doing so is to reveal consistencies heading into 2020, pre-existing trends that the coronavirus accelerated and intensified, and potentially new consumer behaviors to watch, particularly as US states and cities begin to open.

First, though, a quick review of the generational definitions we use. (See Exhibit 2.)

EXHIBIT 1 | BCG Has Surveyed More Than 16,000 US Consumers Since November 2019, Maintaining Representative Demographic Samples Throughout



Sources: BCG Consumer Sentiment Survey, November 2019 (N = 4,691), and BCG COVID-19 Consumer Sentiment Survey, April 10–13, 2020 (N = 2,960), unweighted, representative within ±3% of US census demographics.
 Note: Because of rounding, the bar chart figures given here do not always add up to 100%.

EXHIBIT 2 | Generational Definitions and Statistics in the United States

	Gen Z	Millennials	Gen X	Baby boomers+
Current ages included in surveys ¹	18–25	26–40	41–55	56+
US households ² (%)	7	25	26	42
US expenditures ³ (%)	5	25	31	39

Source: US Bureau of Labor Statistics Consumer Expenditure Surveys.
 Note: BLS data on consumer units and mean expenditure by age group was used to determine mean expenditure per age year from 18 to 84 years old. Mean expenditures by age year were then aggregated into the ranges used in this analysis.
¹For the 2019 data, ages by generation are as follows: Gen Z, 18–24; millennials, 25–39; Gen X, 40–55; baby boomers, 56–74; silents, 75+.
²“Households” refers to BLS consumer units. Full BLS definitions appear at <https://www.bls.gov/cex/csxfqs.htm>.
³Expenditures include food, housing, and apparel, as well as services, transportation, health care, entertainment, and other. Full details from BLS on the categories included in expenditures appear at <https://www.bls.gov/cex/csxgloss.htm#expn>.

Members of Gen Z are Americans from 10 to 25 years old; for purposes of tracking consumer sentiment, however, we consider only Gen Z adults (ages 18 to 25) here. The oldest millennials are now turning 40. That generation includes people who are at the average marital age in the US and those who are at the average age for having a first child. Gen-Xers account for about a quarter of the US adult population, but they punch above their weight in spending—in part because of their life stage and wealth accumulation, but also because of their financial recovery from the 2008 recession. Baby boomers remain the largest generation, at about a third of the US adult population; in our 2020 research, we combine baby boomers and members of the next-earlier generational cohort, the so-called silent generation, under the heading “baby boomers+” or “56+.”

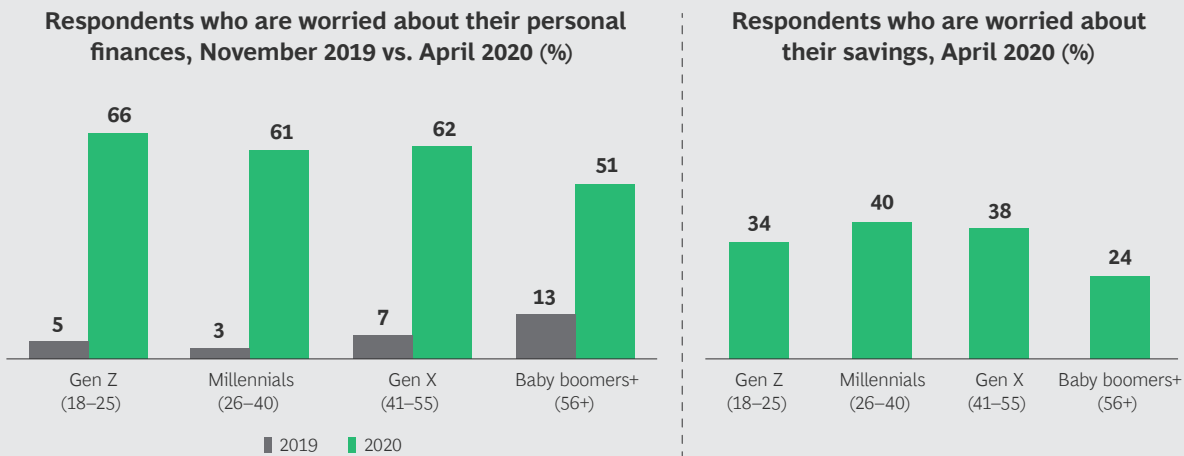
Recessionary Sentiment Did Not Come Entirely out of the Blue

Despite growing consumer premonitions of recession in November 2019, US consumers were relatively confident about their per-

sonal financial situations heading into 2020. In other words, at the time, Americans were worried for others but feeling personally secure. After about eight weeks of life during the COVID-19 pandemic, however, 51% to 66% of US consumers (broken out by generation) now say they are worried about their personal finances, and 24% to 40% of them say they are worried about their savings levels. (See Exhibit 3.) Overall, people in the 56+ group are more secure in their savings than younger generations are.

Consumers’ lack of confidence in the economy today is about three times as high as it was just five months ago. COVID-19 has undoubtedly accelerated consumer convictions that a recession will occur ahead of the 2020 US Presidential elections, but consumer uneasiness was already fairly widespread in 2019. In November 2019, 27% to 30% of US consumers already believed that a recession was probable, and an additional 26% to 31% agreed that “the economy is starting to slow down” ahead of early COVID-19 press coverage in the United States. (See Exhibit 4.) In our survey of April 10–13, 2020, 31% to 41% of Americans

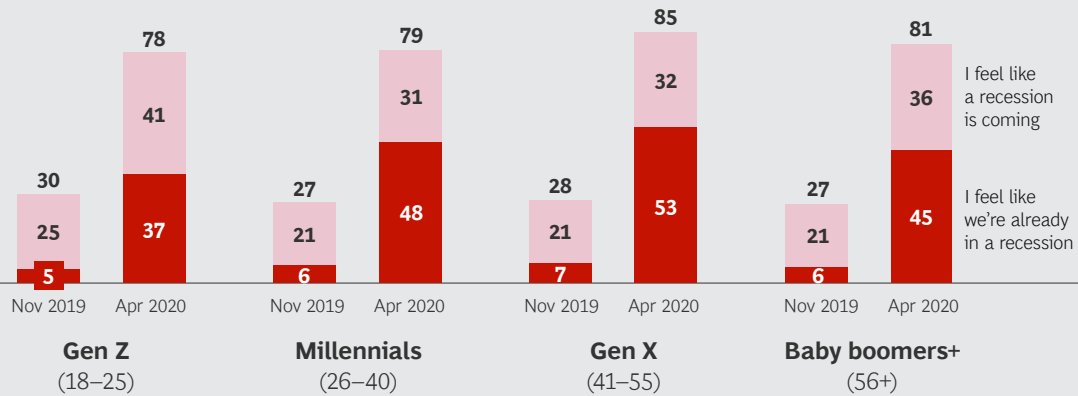
EXHIBIT 3 | All Age Groups Are More Worried About Their Personal Finances During the COVID-19 Pandemic Than They Were in November 2019



Sources: BCG Consumer Sentiment Survey, November 2019 (N = 3,834: Gen Z, 300; millennials, 857; Gen X, 1,036; baby boomers+, 1,641), and BCG COVID-19 Consumer Sentiment Survey, April 10–13, 2020 (N = 1,927: Gen Z, 170–177; millennials, 431–435; Gen X, 500–544; baby boomers+, 782–815), unweighted, representative within ±3% of US census demographics.
Note: November 2019 question text: “How much do you agree or disagree with each of the following statements? Please answer using a 1 to 10 scale, where 1 means you ‘Strongly disagree’ and 10 means you ‘Strongly agree’” for the following assertion: “I will be better off financially in a year from now.” April 2020 question text: “How much do you agree with each of the following statements about the coronavirus?” for the following assertions: “I am worried about my personal finances” (data reported here is for the options “Somewhat agree” and “Strongly agree”) and “I have enough savings to get through any economic downturn caused by the coronavirus” (data reported here is for the options “Somewhat disagree” and “Strongly disagree”).

EXHIBIT 4 | Approximately 80% of US Consumers Now Believe That the Country Will Enter a Recession, up from About 30% in Late 2019

Negative sentiment about the economy (%)



Sources: BCG Consumer Sentiment Survey, November 2019 (N = 2,348: Gen Z, 206; millennials, 518; Gen X, 607; baby boomers+, 1,017), and BCG COVID-19 Consumer Sentiment Survey, April 10–13, 2020 (N = 1,927: Gen Z, 157; millennials, 420; Gen X, 550; baby boomers+, 800), unweighted, representative within ±3% of US census demographics.

Note: November 2019 question text: “What is your sentiment of the economy today?” April 2020 survey question text: “How much do you agree with each of the following statements about the coronavirus?” for the following assertion: “There will be an economic recession due to the coronavirus” (data reported here is for the options “Somewhat agree” and “Strongly agree”). Because of rounding, bar chart totals may not exactly match the sum of their parts.

say that a recession is imminent, while another 37% to 53% believe that the recession is happening now. In 2020, surveyed members of Gen X tend to be more pessimistic than Americans of other generations, whereas in 2019 the views of different age groups showed less variation, on average.

Although COVID-19 clearly has US consumers on edge, the inclination among consumers to trade down—that is, to buy lower-priced, lower-quality, and/or unbranded products and services in categories of lesser personal importance in order to save money or fund purchases in categories of greater personal significance—was already higher in November 2019 than in 2017. In particular, readiness to trade down was greater in 2019 than 2017 among Gen-Zers, by 11 percentage points, and among baby boomers and the silent generation, by 5 percentage points. (See Exhibit 5.) Conversely, expectations about trading up—buying branded, higher-quality products and services in categories of greater personal engagement—had declined by as much as 6 percentage points in November 2019 from its numbers in 2017. Sentiment favoring trading up

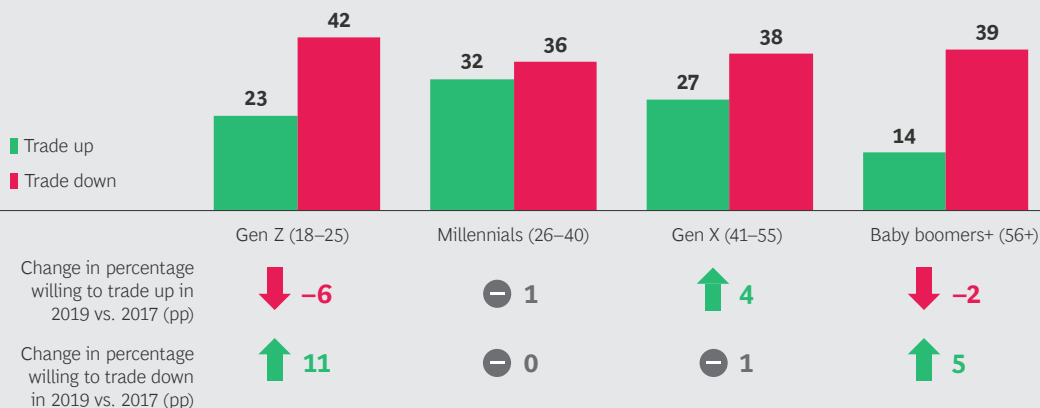
ranged from 14% to 32% in 2019 (comparable to the 2017 range), and sentiment favoring trading down ranged from 36% to 42% (a significant increase from the 2017 range of 32% to 38%).

Planned Spending Decreases Reflect Recessionary Behaviors

Typically, in uncertain and recessionary times, consumers pull back on discretionary spending for their household as well as for themselves individually. In November 2019, US consumers were already anticipating the need to decrease their spending in 2020 across such personal goods sub-categories as handbags, jewelry and accessories, luxury personal goods, and luxury leisure travel. (See Exhibit 6.) In addition, near the end of 2019, US consumers expected to decrease their spending in home categories such as furnishings and décor, kitchen and small appliances, and large appliances. In April 2020, many similar categories are high on the list of areas that consumers designate for decreased spending. On the other hand, various COVID-driven forces and behaviors—including travel re-

EXHIBIT 5 | Gen-Xers Were More Likely to Trade Up in 2019 Than in 2017, While Gen-Zers and Older Generations Were Trending Toward Trading Down

Respondents who are likely to trade up or trade down for a product or service (%)



Source: BCG Consumer Sentiment Survey, November 2019 (N = 4,691).

Note: "Trade up" means to buy branded, higher-quality products and services in categories of greater personal engagement; "trade down" means to buy lower-priced, lower-quality, and/or unbranded products and services in order to save money or fund purchases in categories of greater personal significance. Data on baby boomers and silent generation was combined from separate 2019 data to determine baby boomers+ data. Question text: "For each of the following categories, please indicate whether you are likely to spend more to get a better product/service or you are likely to spend less because it is less important to you." pp = percentage points.

EXHIBIT 6 | Focuses of Decreased Spending in November 2019 and April 2020 Show How COVID-19 Consumer Responses Differ from Normal Recessionary Behaviors

November 2019: Top categories where consumers expected to *decrease spending* in the event of a recession

	Planning to decrease (%)
1. Fashion jewelry	52
2. Fashion accessories	51
3. Handbags	50
4. Home furnishings and décor	47
5. Luxury personal goods	47
6. Fragrances/perfume	46
7. Large home appliances	45
8. Gambling	45
9. Small kitchen or home appliances	45
10. Luxury leisure travel	44

April 2020: Top categories where consumers expect to *decrease spending*

	Planning to decrease (%)
1. Travel	62
2. Public transportation	54
3. Out-of-home entertainment	53
4. Handbags and fashion jewelry/accessories	52
5. Gambling	51
6. Women's clothing	50
7. Luxury brands and products	50
8. Home furnishings and décor	43
9. Shoes/footwear	43
10. Outerwear/jackets/coats	43

Public transportation and out-of-home entertainment show up on the 2020 list, likely due to COVID-19

Similar categories appear in the top 10 in both 2019 and 2020

Sources: BCG Consumer Sentiment Survey, November 2019 (N = 4,691), and BCG COVID-19 Consumer Sentiment Survey, April 10-13, 2020 (N = 2,960), unweighted, representative within ±3% of US census demographics.

Note: "Pots and cooking utensils" (46% decrease) and "Tabletop" (44% decrease) are excluded from the 2019 list, and "Eating out at restaurants" (44% decrease) is excluded from the 2020 list because these categories were not included in both the 2019 and 2020 surveys. Also, some categories were described differently in the 2019 and 2020 surveys. November 2019 question text: "How will your spending change if there is a recession in 2020?" April 2020 question text: "How do you expect your spend to change in the next 6 months across the following areas?"

restrictions, canceled flights, shelter-at-home orders, fear, and social norms—have helped populate the top ten list of decreased-spending categories with some that consumers in 2019 had not anticipated, including public transportation, out-of-home entertainment, and various types of clothing (likely reflecting work for home, social distancing, and reduced participation in outdoor activities and sports that draw groups of people).

How Planned Spending Increases in 2019 Played Out in 2020

In late 2019, thematically consumers anticipated increasing their spending on services in 2020. In the days before COVID-19, they expected to increase spending on education, childcare, adult care, personal training, and weight loss services. (See Exhibit 7.) Unprecedentedly, the top 10 categories for increased spending (not counting at-home food) included seven services. Ex-

cluding products from the list altogether yields a list of top 10 services that further includes discretionary health care services, cosmetic procedures, and vacation travel.

To date, our COVID-19 consumer sentiment pulse has focused on essential spending categories, at-home food, and discretionary spending products (rather than services). Within five months, however, travel shifted from being a top increased-spending category to being a top decreased-spending category. Eating out also appeared as a top decreased-spending category. As many parts of the US seem to be on the verge of starting phased reopenings of businesses, questions remain about how long decreased demand for (and supply of) consumer services—particularly services delivered in close physical proximity—will persist. Will discretionary spending revert from “experiences” to “things” (that is, “goods”)? How enduring will the shift toward experiences be as the memory of COVID-19 begins to fade?

EXHIBIT 7 | In November 2019, Unlike in the COVID-19 Era, Consumers Expected to Increase Their Spending on Services

November 2019: Top categories where consumers expected to <i>increase spending</i>		April 2020: Top categories where consumers expect to <i>increase spending</i>	
	Planning to increase (%)		Planning to increase (%)
1. Education savings plan	26	1. Ordering pickup or delivery from restaurants	35
2. Childcare	26	2. Packaged, frozen, or canned food and beverages¹	32
3. Nursing and residential care facilities	25	3. Savings	30
4. Children's clothing	25	4. Fresh foods¹	29
5. CBD products	23	5. In-home entertainment	28
6. Nursery, elementary, and secondary schools	23	6. Household care products¹	26
7. Personal training services¹	23	7. Utilities	22
8. Continuing education	23	8. Vitamins, minerals, herbs, or supplements	21
9. Cosmetic dentistry/teeth whitening services	22	9. Preventive health care/diagnostics/testing	21
10. Weight loss services¹	21	10. Baby/children's food	19

No comparable categories appear in the later (or earlier) year's survey

Sources: Stackline, “The Top 100 Fastest Growing & Declining Categories in E-commerce,” March 2020; BCG Consumer Sentiment Survey, November 2019 (N = 4,691), and BCG COVID-19 Consumer Sentiment Survey, April 10–13, 2020 (N = 2,960), unweighted, representative within ±3% of US census demographics.

Note: Some categories were described differently in the 2019 and 2020 surveys. November 2019 question text: “For each of the following categories, please indicate whether you think you will spend more, about the same, or less over the next 12 months, than you did during the past 12 months” (data reported here is for the options “Will spend more” and “Will spend somewhat more”). April 2020 question text: “How do you expect your spend to change in the next 6 months across the following areas?” CBD = cannabidiol.

¹A similar or related category is included in the top 20 fastest growing e-commerce products/services in a Stackline comparison of March 2019 and March 2020 data.

In April 2020, consumers say that they anticipate increasing their spending in fewer categories than their counterparts did in November 2019. Four of the top 10 areas of increased spending are related to food, and an overlapping five reflect the exigencies of life in the shadow of COVID-19, including pickup and delivery of restaurant food; cleaning products; preventive health care/testing; vitamins, minerals, herbs, and supplements; and in-home entertainment.

2019 Plans to Maintain Spending: Clairvoyant?

On the eve of 2020, when asked to envision changes to their spending in the event of a recession, most US consumers in our survey anticipated maintaining their current spending levels on their pets, on mobile devices and access, on preventive and discretionary health care, on insurance, on consumer health and wellness, on at-home entertainment, and on savings levels. (See Exhibit 8.) Five months later, consumers' perceptions about where they will main-

tain current levels of spending are generally similar. Personal care and color cosmetics rose to the top of the list in 2020, a development that may breathe new life into the previously decelerating category of color cosmetics. And users of tobacco products accorded greater importance to those products over the course of March and April. (Interestingly, products designed to help people quit smoking or otherwise using tobacco also rose in digital commerce between March 2019 and March 2020.) In other words, consumers were *consistent* for now in their plans to maintain spending in certain categories, during both an imagined recession and an actual pandemic.

But were—and are—those plans an accurate reflection of their actual behaviors?

Consumers' Plans Versus Their Observed Digital Behaviors

Stackline data from a similar time period—March 2019 and March 2020—confirms many consumer-reported trends from cate-

EXHIBIT 8 | Many Predictions by Consumers in 2019 About Where They Would Maintain Spending in an Economic Downturn Have Been Borne Out in 2020

November 2019: Top categories where consumers expected to *maintain spending* in the event of a recession

	Planning to maintain (%)
1. Pet food	80
2. Pet supplies	74
3. Mobile phone and data	74
4. Preventive health care/diagnostics/testing	73
5. Life insurance	72
6. Pet services	71
7. Wellness vitamins	71
8. Cable/satellite/live television	71
9. Vitamins, minerals, herbs, or supplements	69
10. Savings account	67

April 2020: Top categories where consumers expect to *maintain spending*

	Planning to maintain (%)
1. Mortgage, rent, and home purchase/renovations	80
2. Insurance	79
3. Pet supplies and services	77
4. Hair, face, and body personal care	72
5. Tobacco products and smoking supplies	70
6. Preventive health care/diagnostics/testing	68
7. Vitamins, minerals, herbs, or supplements	65
8. Medical procedures	64
9. Cosmetics/makeup/perfume	60
10. Mobile electronics	60

Similar categories appear in the top 10 in both 2019 and 2020

Sources: BCG Consumer Sentiment Survey, November 2019 (N = 4,691), and BCG COVID-19 Consumer Sentiment Survey, April 10–13, 2020 (N = 2,960), unweighted, representative within ±3% of US census demographics.

Note: “Wi-Fi/internet connection” is excluded from the 2019 list, and “Organic foods, utilities,” “Nonprescription medications,” “Household care products,” and “Alcohol” are excluded from the 2020 list because these categories were not included in both surveys. November 2019 question text: “How will your spending change if there is a recession in 2020?” April 2020 question text: “How do you expect your spend to change in the next 6 months across the following areas?”

gory dynamics in digital commerce.² Notable increases have occurred in over-the-counter, immunity, vitamins, minerals, herbs, and supplements; in packaged at-home food, beverages, and snacks; in cleaning supplies and consumer paper products; in consumer medical devices; in smoking cessation support; in skin care; and in general consumer health and wellness products such as air purifiers and humidifiers.

Stackline's data on subcategory decreases over the same period reinforces consumers' reported decreased-spending plans during the post-COVID-19 period in travel and accessories; in various products for transporting personal items (luggage, briefcases, backpacks, gym bags, and the like); in clothing, footwear, accessories, and jewelry; and in supplies for entertaining. In short, consumers seem to have been prescient in many respects about changes in spending that have occurred between March 2019 and March 2020, as gauged by digital commerce.

Differences Between Consumer Plans and Observed Behavior

One major difference between consumers' anticipated behaviors in response to a recession and their observed online behaviors in March 2020 involves home and food-prep subcategories—although not large appliances and other big-ticket items. According to Stackline data, the top online home subcategories include laundry accessories and supplies, cleaning equipment and supplies, bathroom accessories, humidifiers, safes, and yoga accessories.

COVID-19 thus may have been responsible for restarting home subcategories that were stagnating in the second half of 2019. So far, consumer expectations of increased demand and spending on bigger-ticket home items have not been accurate, although we have seen a subcategory shift in favor of home fitness equipment, refrigerators, bread making, home office furniture, and chairs. As of March 2020, relatively few home categories appeared among the most decreased online subcategories.

High-Income Consumers

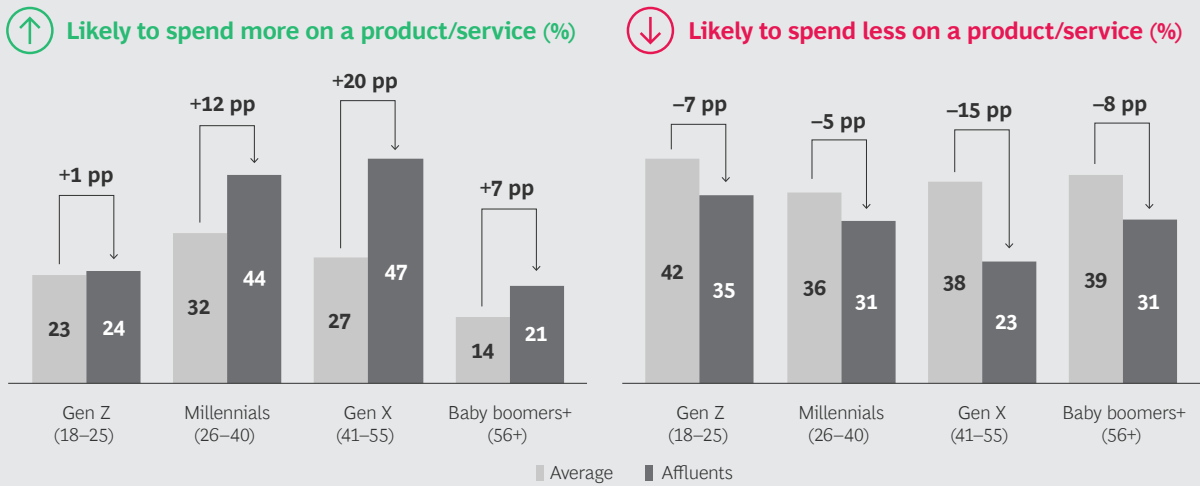
At the end of 2019, affluent US consumers, defined as US households that earn \$150,000 or more, were significantly more likely to trade up in categories relevant to them, particularly during their prime earning (and spending) years, from their mid-20s to their mid-50s. (See Exhibit 9.) Not surprisingly, affluent consumers are significantly less likely than other consumer segments to trade down. Affluent US consumers also account for an outsize portion of online spending growth, in part because they purchase online more frequently, and in part because they spend more per online basket than their counterparts do. The upshot: in 2019, a small fraction of total consumers accounted for a disproportionate share of e-commerce transaction trends.

At the end of 2019 and through mid-March of 2020, affluent consumers did not report plans to decrease their spending across discretionary spending categories. As of mid-April 2020, affluent consumers' sentiment remains resilient overall and only slightly below that of their lower-earning counterparts. (See Exhibit 10.) In the intervening four weeks, however, affluent consumers' intention to reduce their spending on discretionary categories has shifted and is tracking closely with the spending sentiment of most other US consumers.

Affluent consumers say they intend to decrease their spending in 2020 in categories such as handbags and accessories, luxury goods, automobiles, and home furnishings and décor. Like most other Americans, affluent US consumers plan to continue spending in consumer electronics and home appliances, reflecting a focus on working from home, sheltering at home, and more frequently eating at home.

In fact, during the 2008 recession in the US, luxury and aspirational-priced items in apparel, handbags, accessories, home furnishings and décor, and beauty declined in the same year with the rest of the category, saw deeper declines, and took longer to recover to their 2007 starting point, although they also generally saw faster-than-average growth during the past six to seven years.

EXHIBIT 9 | In 2019, Affluent Consumers—Especially Gen-Xers—Were Much More Likely to Plan to Trade Up and Less Likely Plan to Trade Down

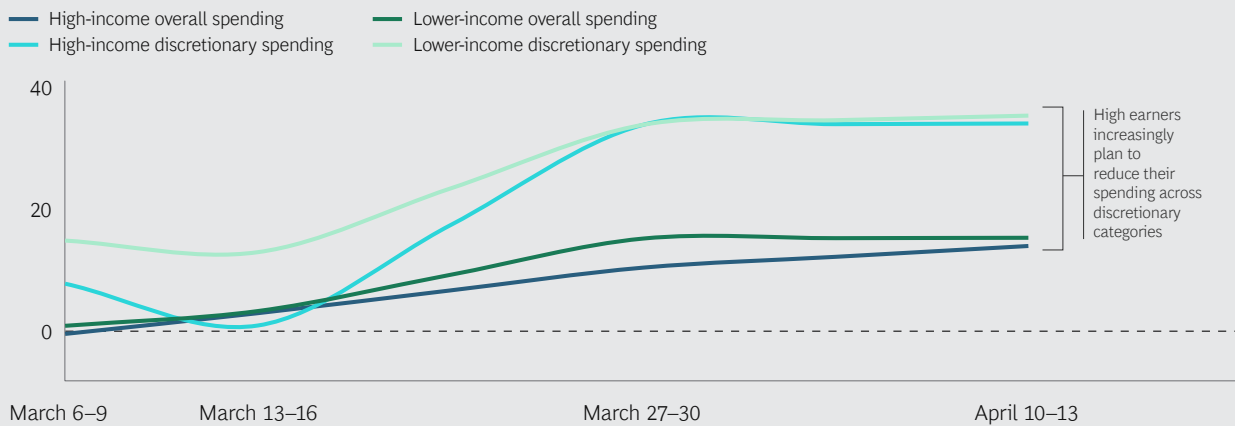


Source: BCG Consumer Sentiment Survey, November 2019 (N = 4,691).

Note: “Affluent” applies to those whose annual household income is \$150,000 or more in the US. “Trade up” means to spend more in order to get a higher-quality product or service; “trade down” means to spend less even if doing so yields a lower-quality product or service. Data on baby boomers and silent generation was combined from separate 2019 data to determine baby boomers+ data. Question text: “For each of the following categories, please indicate whether you are likely to spend more to get a better product/service or you are likely to spend less because it is less important to you.” pp = percentage points.

EXHIBIT 10 | As the Pandemic Evolves, High-Income and Lower-Income Consumers Increasingly Say They Intend to Reduce Their Spending on Discretionary Goods

Net percentage of high-income respondents compared with lower-income respondents who plan to decrease their overall and discretionary spending over the weeks of the pandemic¹ (%)



Sources: BCG COVID-19 Consumer Sentiment Survey, March 6-9, 2020 (N = 3,465), March 13-16, 2020 (N = 2,417), March 27-30, 2020 (N = 2,944), and April 10-12, 2020 (N = 2,960), unweighted, representative within ±3% of US census demographics.

¹“High-income respondents” are defined as those who earn \$150,000 or more per year; “lower-income respondents” are those who earn less than \$100,000 per year. Average net planned spending decrease is the difference between the percentage of respondents who plan to spend less and the percentage of respondents who plan to spend more at a given time. “Discretionary spending” includes luxury brands and goods, home furnishings and décor, automobiles, handbags, and fashion jewelry/accessories.

Regional Responses

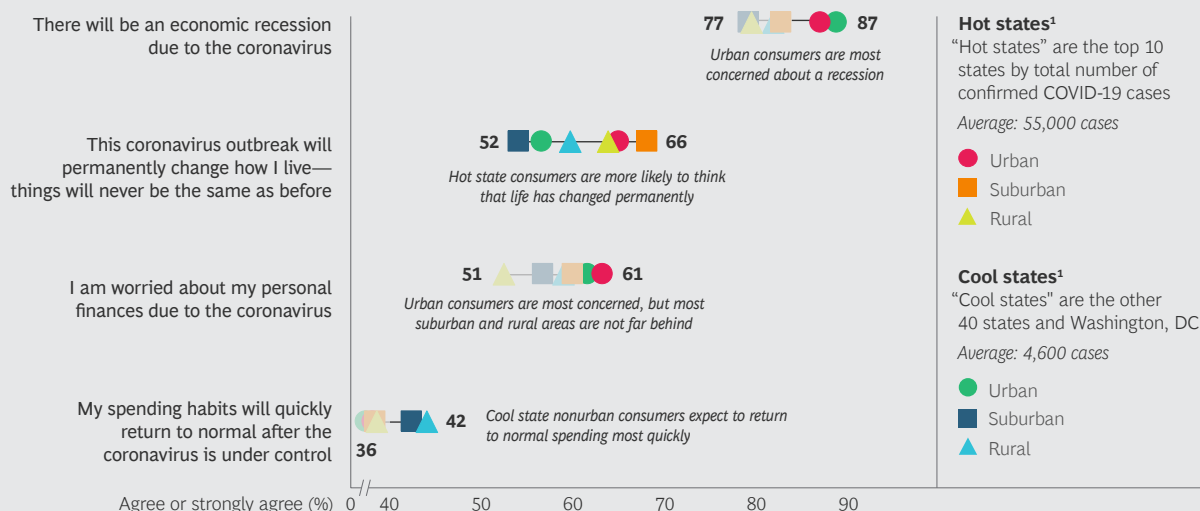
Just as responses to recession and to COVID-19 disclose age and generational differences among consumers, they also reveal regional differences. (See Exhibit 11.) Even though, overall, a large majority of US consumers view a recession as imminent or immediate, those in urban areas share the sentiment more acutely than do their suburban and rural counterparts. Americans in states with more confirmed COVID-19 cases, meanwhile, are more convinced—by differences of as much as 14 percentage points compared with those living in states with fewer cases as well as in less densely populated suburbs—that the virus will permanently change their behavior.

Urban Americans feel personal financial concerns most acutely, but the band on this measure is fairly tight. Only about 35% to 40% of Americans believe that their spending habits will bounce back once the coronavirus is adequately under control, but Americans from states with fewer cases are most likely to believe now that they will return to spending normalcy in due course.

Heading into 2020, only 5% to 25%—with the percentage depending on the respondents’ generation—of US consumers anticipated that they would spend more online in 2020. In April 2020, however, some 31% to 43% of Americans say that they plan to increase their online spending in the immediate term. Urban and suburban consumers who live in “hot states”—defined as the ten US states that currently have the highest absolute number of confirmed cases of COVID-19—are the respondents most likely to say that they plan to increase their online spending. (See Exhibit 12.)

The planned increase in online buying for affluent Americans—and most notably for affluent millennials and Gen-Xers—is 1.7 to 1.8 times higher than it is for their lower-earning counterparts. In addition to accelerating digital commerce, COVID-19 may reduce the influence that affluent Americans have on online spending and incremental digital commerce growth as lower-earning US consumers increase the frequency and category range of their online purchases.

EXHIBIT 11 | COVID-19 Concerns Are Not Monolithic Across the Country

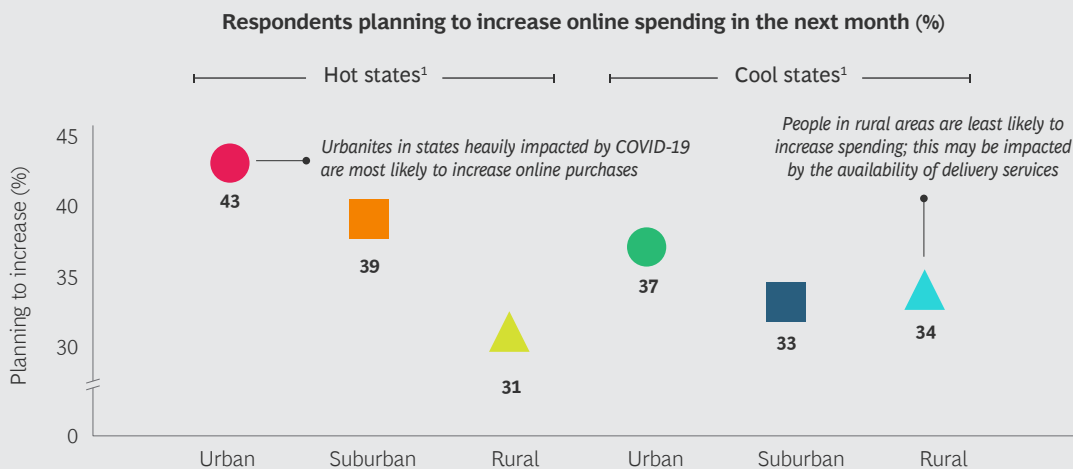


Source: BCG COVID-19 Consumer Sentiment Survey, April 10–12, 2020 (N = 2,960), unweighted, representative within ±3% of US census demographics.

Note: Rural areas are those with less than 1,000 people per square mile; suburban areas are those with from 1,000 to 3,000 people per square mile; urban areas are those with more than 3,000 people per square mile. Question text: “How much do you agree with each of the following statements about the coronavirus?”

¹According to CDC statistics as of April 20, 2020.

EXHIBIT 12 | Urbanites in States Heavily Impacted by COVID-19 Are the Most Likely Group to Increase Online Purchases



Source: BCG COVID-19 Consumer Sentiment Survey, April 10–12, 2020 (N = 2,960), unweighted, representative within ±3% of US census demographics.

Note: Rural areas are those with less than 1,000 people per square mile; suburban areas are those with from 1,000 to 3,000 people per square mile; urban areas are those with more than 3,000 people per square mile. Question text: “In the next month, how do you expect your online spend for the following types of products to change, relative to your spend in-store?” and “In the next month, how do you expect your online spend at the following types of stores to change, relative to your spend in-store?” Data reflects all respondents who selected “More of my total spend will be online than usual.”

¹“Hot states” are the top 10 states by total number of confirmed COVID-19 cases, according to CDC statistics as of April 20, 2020. “Cool states” are the other 40 states and Washington, DC.

Looking Back to Look Forward

As we look back at November 2019, we see consumers who were relatively confident about their personal finances, more willing to spend, and, when affluent, more inclined to trade up. Nevertheless, the picture wasn’t entirely rosy as the year wound down: 27% to 30% of consumers said that they anticipated a recession; an acceleration in trading down behavior was evident; and many people expected discretionary spending to slow—all in the days before the COVID-19 pandemic emerged. The old normal was already on its last legs as it approached its 126th month of growth, but it nevertheless provides a useful reference point as we turn our attention to reviving and reshaping the economy over the next 24 months.

Our next Snapshot will look at which consumer behaviors and spending changes are likely to be lasting and which ones more evanescent, as we move into recovery and a new normal. We will also issue a special report in the middle of next week about how consumer sentiment and spending changes are evolving in the Asia Pacific region, including Japan, Australia, and India.

NOTES:

1. David John Marotta, “Longest Economic Expansion in United States History,” *Forbes*, January 21, 2020.
2. Stackline, “The Top 100 Fastest Growing & Declining Categories in E-commerce,” April 2020.

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 ba-

rometer 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.

Acknowledgments

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