



COVID-19 CONSUMER SENTIMENT SNAPSHOT #8

MAY 4, 2020: A GLIMPSE OF THE HORIZON

By Lara Koslow, Jean Lee

REOPENING PLANS. A PARK with joggers. A beach with sunbathers. The world is beginning to turn the page in order to write the next chapter on COVID-19—a chapter that will focus on how to safely resume daily life. Although depending exclusively on Zoom calls to socialize is unlikely to continue, many observers believe that permanent shifts in how consumers behave and spend have already taken hold, and that life will never be quite the same. Over the coming weeks, we will explore which changes may continue, how long they may do so, and what a new normal might look like. We will also discuss how companies can build a view of their leading indicators of demand and then leverage that “lighthouse” to inform related demand generation plans through the recovery and beyond.

The Next Chapter

As many developed markets look toward the end of lockdowns, consumers are beginning to express more favorable sentiment about the future—with a continued decline

across markets in the number of consumers who believe that the worst of the coronavirus still lies ahead. (See Exhibit 1.)

Despite this positive turn in sentiment, most consumers believe not only their lives are different today than they were yesterday, but also that the pandemic has changed how they will live their lives tomorrow and forever. (See Exhibit 2.) The challenge for companies is to determine how the needs and drivers of choice for their products, services, or experiences have evolved in the wake of COVID-19—and whether those changes are temporary or permanent. As we enter the recovery phase, efforts to adjust product, service, and experience offers, as well as go-to-market approaches, will be critical to winning during the rebound and when we reach a new normal.

A Note on Our Psychic Abilities

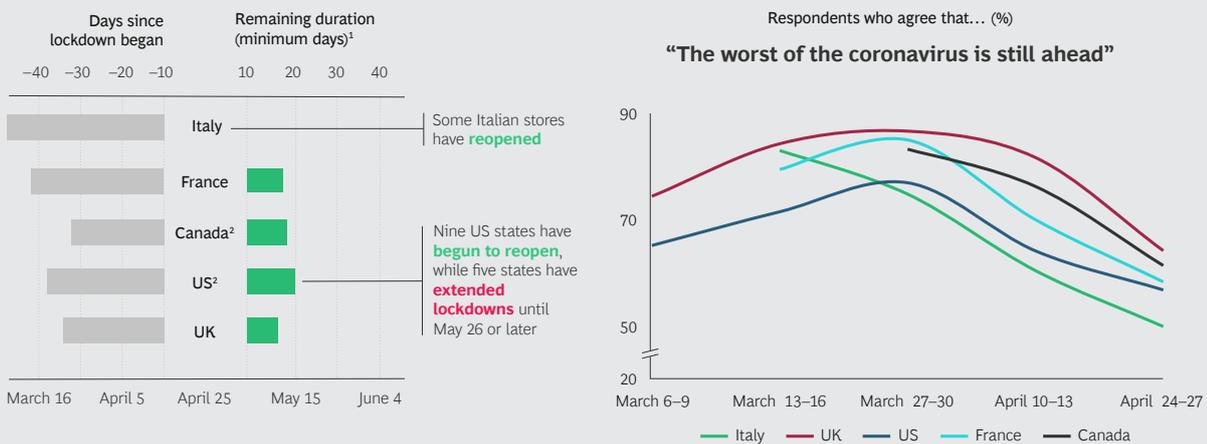
Consumers are notoriously bad at predicting what they will do in the future. It isn't that they are being intentionally untruth-

ful; it's that they have a hard time putting themselves in a future situation, fully imagining the new context and how they will feel in it, and then evaluating the tradeoffs they may be forced to make in determining their actual behavior.

For this reason, we find it extremely valuable to assess consumer intentions through a series of perspectives that we call the New Normal Predictors (NNPs), in order to determine what consumers are likely to actually do going forward. The BCG NNPs

GLOBAL – WEEK 8 – APRIL 24–27, 2020

EXHIBIT 1 | After Four to Six Weeks of Lockdown, Several Developed Markets Are Beginning to Reopen, and Consumer Sentiment Continues to Improve

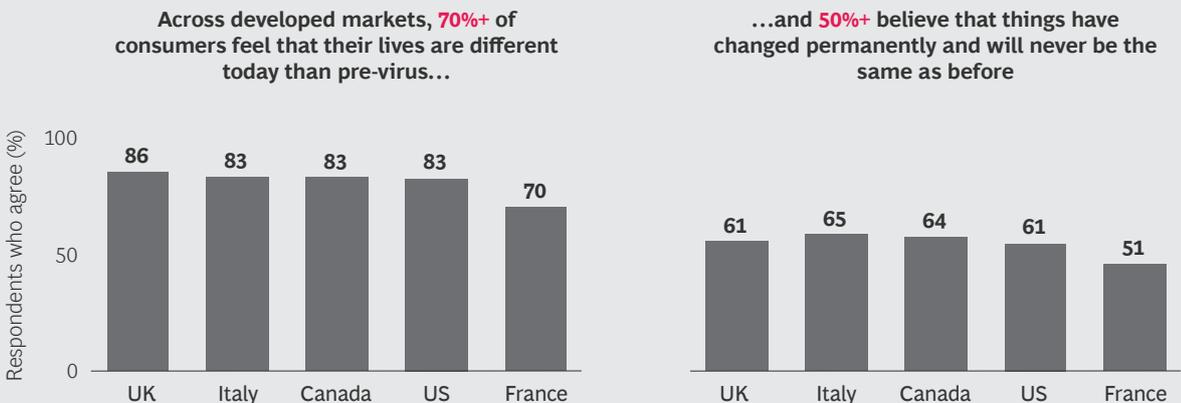


Sources: BCG COVID-19 Consumer Sentiment Survey, March 6–9, 2020 (N = 3,454 UK; 3,465 US), March 13–16, 2020 (N = 2,521 France; 2,206 Italy; 2,797 UK; 2,417 US), March 27–30, 2020 (N = 2,928 Canada; 2,985 France; 2,150 Italy; 2,984 UK; 2,944 US), April 10–13, 2020 (N = 2,827 Canada; 3,156 France; 2,922 Italy; 3,112 UK; 2,960 US), and April 24–27, 2020 (N = 2,933 Canada; 2,954 France; 3,024 Italy; 3,126 UK; 2,783 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?”
 1 Calculated on the basis of the most recent government decree; actual duration is likely to change as the situation evolves.
 2 Lockdown/stay-at-home orders are in place regionally but not nationally. Data represents the lockdown start date and potential end-date for a high-population region; US (New York State), Canada (Ontario). (Sources: media reports.)

GLOBAL – WEEK 8 – APRIL 24–27, 2020

EXHIBIT 2 | Even with Initial Reopenings Taking Place, Most Consumers Feel That Life Has Changed Profoundly and Will Never Be the Same



Source: BCG COVID-19 Consumer Sentiment Survey, April 24–27, 2020 (N = 2,933 Canada; 2,954 France; 3,024 Italy; 3,126 UK; 2,783 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?” for the following assertions: “My daily lifestyle today is different than it was before the coronavirus.” and “This coronavirus outbreak will permanently change how I live –things will never be the same as before.”

consider five critical parameters: past behavior in analogous situations; quality of intent; psychology of habits; context; and sentiment.

Past Behavior. The best predictor of future behavior is past behavior, so it is important to look at what consumers have done in prior crises. In particular, we need to examine which behaviors and sentiments adopted by consumers during those crises later reverted to the norm, which changes have been longer lasting, and how closely those changes parallel the ones we have seen in the current COVID-19 crisis.

Consumer psychology and evidence from past crises establish that consumers are resilient; and once the most acute crisis events have subsided, the majority of consumers tend to let go of some of their “emergency” practices and revert to certain pre-crisis behaviors. Typically, only some portion of “hard rejectors”—consumers who say that they would never consider going back to an activity—are unlikely to return to the norm over time. We call consumers’ tendency to revert to certain normative behaviors BCG’s Crisis Reversion Principle. That said, the COVID-19 crisis is less of a point-in-time event than many other crises are, and reminder events and data are likely to continue flooding the news daily for some time to come. As a result, it may take a while for consumers’ natural resilience to activate and for their pre-crisis behaviors to return.

Quality of Intent. Another crucial variable is the quality of consumers’ intent to return to an activity they have forgone during lockdown or to continue an activity that they may have pursued more or for the first time during lockdown. It is important to assess this intent in two relevant contexts: how much enjoyment consumers felt from doing the activity, and how much ability (in terms of time and resources) they have to pursue the activity in the future. Consider the common New Year’s resolution to go to the gym. Many consumers start the new year with a firm plan to go to the gym regularly, but we find that two factors differentiate those who main-

tain the activity over the long term from those who do not: the level of enjoyment they have when exercising, and the time and resources they feel that they have available to continue exercising relative to other priorities and obligations.¹

Passive Habits. Many books focus on psychological inertia—the tendency to maintain the status quo—and the psychology of habits, some of which are formed intentionally and others less consciously. A key insight in these analyses is that, once formed, habits are difficult to break.² In light of that reality, it is important to determine whether an activity that many consumers have adopted during a crisis has become a true habit or merely a temporary expedient.

Context. Context may involve macro-level factors, such as government restrictions, or micro-level factors, such as a person’s community or social circle. Both types of context can influence consumer behavior. Although people often underestimate the impact of the micro context that consumers operate within, we have found it to be a critical driver of temporary and permanent changes in consumer behavior. Such context includes many factors—ranging from who they spend time with to what societal norms and peer pressure they experience to how the people and institutions they interact with reward or discourage particular behavior. For example, if most people around them wear masks, consumers may be more likely to do so themselves.

Sentiment. Like context, consumer confidence operates at both a macro level (for example, worry over the likelihood of recession, or fears about public health and safety) and a micro level (for example, concern about personal financial security or job loss). Sentiment at both of these levels can have major impacts on consumer behavior and spending—and on the quality of intent (detailed above) that informs their attitudes and behavior. When these considerations constitute key drivers of specific behaviors, we often see the behaviors change as sentiment does.

Listening to Consumers and Applying the BCG NNPs

Consumers' personal experiences are shaping their thinking about what changes they may make in their lives going forward. (See Exhibit 3.) In our survey research, a number of consumers claim (unaided) that they plan to employ social distancing and changes in routine, such as less-frequent shopping and fewer group interactions for the foreseeable future. It remains to be seen, however, how long this behavior will continue once the virus is in check and medical treatments or a vaccine are available. Fear of contracting the virus is palpable now, with one consumer noting that he is, "Very skeptical about going to restaurants, parks, or really just anywhere where there are groups of people ... am feeling very paranoid about everything."³ But fear often fades as contexts change, and that may happen here when the virus is no longer an imminent threat to consumers' health and safety.

As we noted earlier, consumers tend to exaggerate how long their current emotions will persist (a phenomenon known as projection bias), and many genuinely believe

that they have made long-term changes as they come out of a crisis—but once the threat recedes and their fear subsides, many of them do not maintain their new practices or attitudes. After 9/11, for example, a substantial number of consumers believed that they would fly less or never again; but over a three-year period, air travel gradually returned to its pre-9/11 demand levels, as time passed without similar incidents.⁴

Nevertheless, some new habits acquired during lockdown may persist in the post-crisis period. For example, some consumers show signs of retaining higher standards of cleanliness—including a regular habit of hand sanitization—for the longer term.

Moreover, in some instances, crisis events permanently change consumers' outlook on life, which may in turn alter their behavior and choices. Today, we see consumers citing a greater appreciation for the simple things in life, with one consumer noting that she will, "appreciate what I have and can do, not dwell on what I don't have and can't do."

GLOBAL – WEEK 8 – APRIL 24–27, 2020

EXHIBIT 3 | Consumers' Personal Experiences Impact Their Expectations About Long-Term Changes

Canada, UK, and US data (representative of developed markets)



Source: BCG COVID-19 Consumer Sentiment Survey, April 24–27, 2020 (N = 2,933 Canada; 3,126 UK; 2,783 US), unweighted, representative within ±3% of census demographics.

Note: Question text: "In what ways has/will the coronavirus permanently change how you live?"; typos were corrected in responses.

¹17% of respondents were categorized as "N/A" or "other," 4% were categorized as "emergency preparedness," and 3% were categorized as "economic worries."

We see a number of consumers changing the brands and types of products they buy. (See Exhibit 4.) We see higher-income, suburban consumers trading up—that is, buying more expensive brands and products—perhaps leveraging funds freed up by reduced spending on restricted activities such as dining in at restaurants or attending out-of-home entertainment events. Conversely, we see those with a lower income, or with jobs impacted by the pandemic, trading down, buying cheaper brands and products. Still other consumers are making tradeoffs—trading up in some categories and down in others. Consumers in this third group tend to be younger parents who live in urban areas and have full-time jobs but lower income.

both the trading up group and the trading off group do not plan to increase their spending on indulgences in discretionary categories, but instead plan to increase their spending in nondiscretionary categories such as food, insurance, rent or mortgage payments, education, and household and personal care items (such as shampoo and hand sanitizer), in addition to saving more. (See Exhibit 5.) Some of this behavior may be a reaction to lockdown restrictions or may reflect a widespread belief (most recently shared by an average of 87% of survey participants across the developed markets that we surveyed: the US, the UK, France, Italy, and Canada⁵) that a recession is looming; but some of it may really be the result of a fundamental shift in outlook.

Getting Back to Basics: The Simple Life?

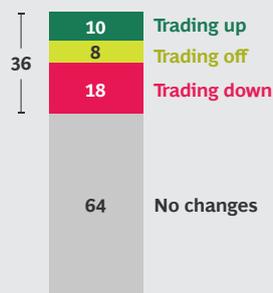
The trading up behavior we are seeing is consistent with a “back to basics” mentality, which may reflect some consumers’ newfound appreciation for the simple life, as noted in Exhibit 3. We observed that

Our research also indicates that many consumers are treating visits to the grocery store as stock-up opportunities, probably to avoid multiple trips out in public where the threat of contracting the virus remains. (See Exhibit 6.) The frequency of all other types of grocery trips, meanwhile, has declined.

US – WEEK 8 – APRIL 24–27, 2020

EXHIBIT 4 | In Response to the Coronavirus, 36% of Consumers Are Trading Up and/or Trading Down on Products and Brands

US respondents (%)



People in the US who are...



...tend to skew toward¹...

- Higher income: 52% with HHI ≥ \$75,000
- Suburban residents: 30% suburban
- Younger: 41% Gen Z/millennials²
- Parents: 44% living with children under 18
- City dwellers: 41% urban
- Full-time employed: 44%
- Lower income: 71% with HHI < \$75,000
- Furloughed/laid off: 47% with jobs impacted³
- Lower income: 65% with HHI < \$75,000
- Younger: 41% Gen Z/millennials²

Source: BCG COVID-19 Consumer Sentiment Survey, April 24–27, 2020 (N = 2,783 US), unweighted, representative within ±3% of census demographics.

Note: “Buying more expensive brands/products” includes the answers “Strongly agree” and “Somewhat agree” to the statement “Because of the coronavirus, I have bought more expensive brands/products”; “Buying cheaper brands/products” includes the answers “Strongly agree” and “Somewhat agree” to the statement “Because of the coronavirus, I have bought cheaper brands/products.” Question text: “How much do you agree with each of the following statements about the coronavirus?” HHI = household income.

¹Highlighted skews include select demographic and contextual variables in which the variable index ≥ 110. Variable index = Percentage share within profile/Percentage share within overall sample × 100.

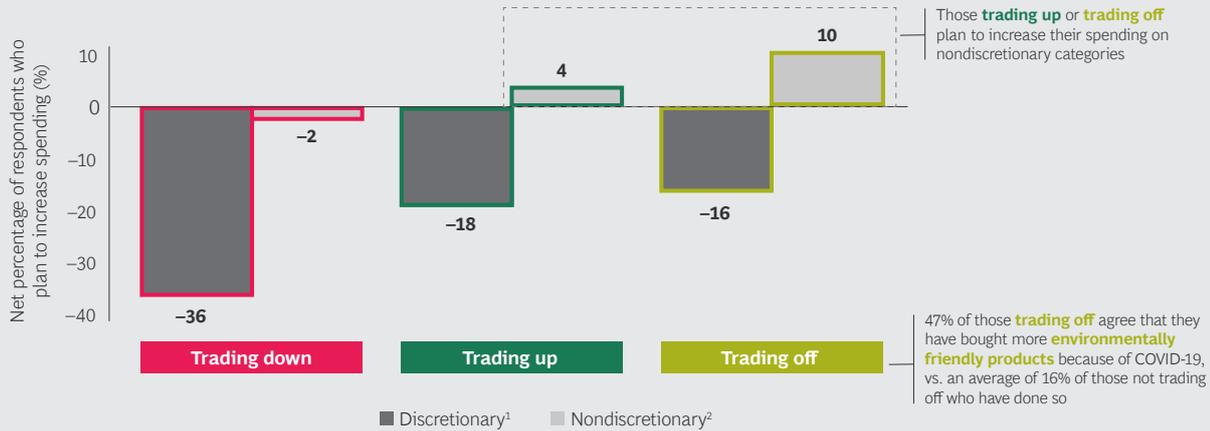
²“Gen Z/millennials” are defined as people 25 years old or less.

³People with jobs impacted by COVID-19 answered “Yes—furloughed/put on temporary leave and/or reduced pay” or “Yes—laid off/lost job permanently” to the question: “Since the coronavirus began, has your or someone in your household’s employment been affected?”

GLOBAL – WEEK 8 – APRIL 24–27, 2020

EXHIBIT 5 | On Average, Consumers Who Are Trading Up or Trading Off Are More Likely to Increase Their Spending in Nondiscretionary Categories

US data (representative of developed markets)



Source: BCG COVID-19 Consumer Sentiment Survey, April 24–27, 2020 (N = 2,783 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?” and “How do you expect your spend to change in the next 6 months across the following areas?”

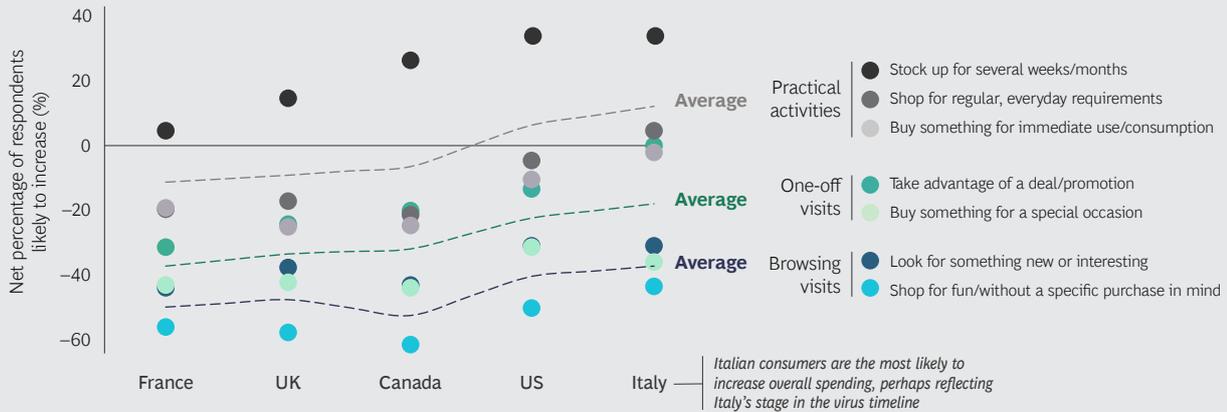
¹“Discretionary” includes categories such as clothing, entertainment, restaurants, and travel.

²“Nondiscretionary” includes categories such as food, insurance, rent/mortgage, savings, education, and household and personal care items.

GLOBAL – WEEK 8 – APRIL 24–27, 2020

EXHIBIT 6 | Especially in Canada, the US, and Italy, Consumers Are Continuing to Stock Up on Groceries—Probably to Minimize Trips in Public

Changes in grocery shopping habits for different types of trips, pre-COVID-19 and post-COVID-19



Source: BCG COVID-19 Consumer Sentiment Survey, April 24–27, 2020 (N = 2,933 Canada; 2,954 France; 3,024 Italy; 3,126 UK; 2,783 US), unweighted, representative within ±3% of census demographics.

Note: Question text: “How have your grocery shopping habits changed for each of the following types of trips?”

The Good with the Bad

When we examine how people are spending their time, we find that the most widely enjoyed activities that people are doing more of include cooking, video chatting, and virtual classes. We expect that some percentage of the people who are participating more frequently in those activities today will try to continue them, as time permits, after the lockdown ends. (See Exhibit 7.)

Feelings about online shopping are more mixed, perhaps because many people identify shopping in stores as one of the curtailed activities they miss the most. Similarly, feelings about shopping in stores are a mixed bag, likely because various visible in-store health and safety measures have altered the shopping experience.

Necessary evils that consumers have been engaging in more frequently, such as working from home, home schooling, and cleaning have earned "split reads," too: many consumers enjoy them, but a substantial contingent does not.

More than 80% of consumers say that they miss leisure travel; exercising; and going to movies, sporting events, or other out-of-home entertainment venues (such as concerts and museums). These results suggest that significant pent-up demand for these activities will be released once consumers feel comfortable engaging in them again.

Adults with children at home seem to enjoy the lockdown more than adults without children do. These consumers say that they are taking pleasure in the activities they are doing more frequently during lockdown, such as cooking, social media engagement, and shopping online. (See Exhibit 8.) These adults also have less powerful feelings of missing the activities that the lockdown forces them to forgo, such as leisure travel, eating out, out-of-home entertainment, and sporting events. (See Exhibit 9.)

Opportunity in Challenging Times

As we look toward a world out of lockdown, we see that disruption has created

GLOBAL – WEEK 8 – APRIL 24–27, 2020

EXHIBIT 7 | People in Developed Markets Mostly Enjoy the Activities They Have Increased During Lockdown but Miss Those They Have Decreased

France data (representative of developed markets)



Source: BCG COVID-19 Consumer Sentiment Survey, April 24–27, 2020 (N = 3,024 France), unweighted, representative within ±3% of census demographics.

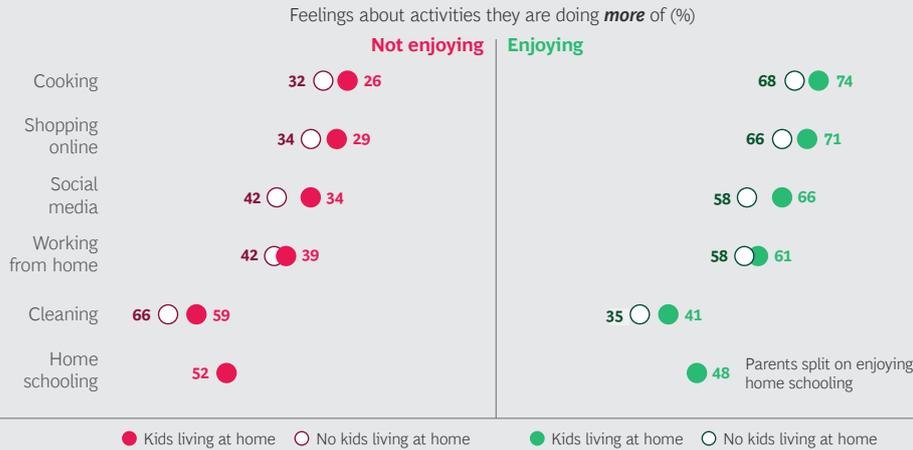
Note: Question text: "Which of the following best describes how your behavior across the following activities has changed due to the coronavirus?" The percentages shown are for respondents who said that they are doing more (or less) of the activity.

¹Similar percentages of respondents say that they are either doing more of this activity or doing less of this activity.

US – WEEK 8 – APRIL 24–27, 2020

EXHIBIT 8 | In Developed Markets, Parents with Kids Living at Home Are More Likely to Enjoy Lockdown Activities

Select US categories (representative of overall trend)



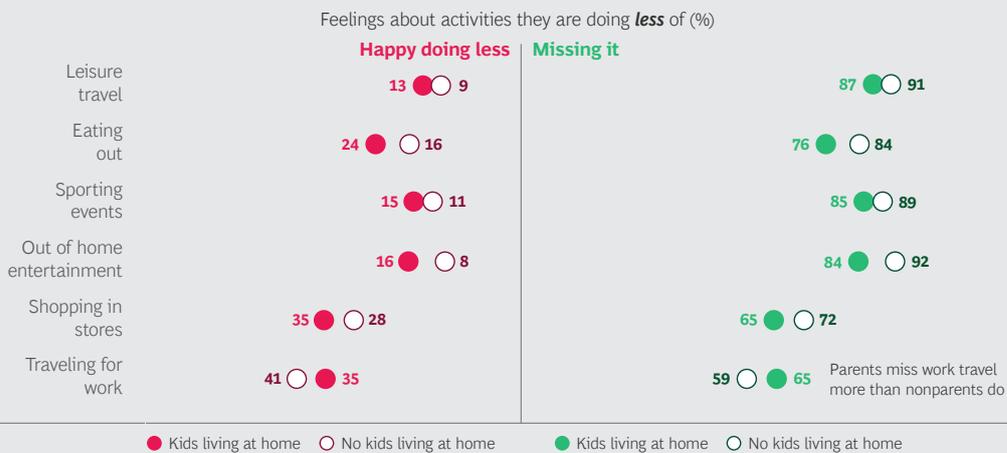
Source: BCG COVID-19 Consumer Sentiment Survey, April 24–27, 2020 (N = 2,783 US) unweighted; representative within ±3% of census demographics.

Note: Question text: “Which of the following best describes how your behavior across the following activities has changed due to the coronavirus?” The percentages shown are for respondents who said that they were doing more of the activity.

US – WEEK 8 – APRIL 24–27, 2020

EXHIBIT 9 | Parents with Kids at Home Are Also Less Likely to Feel Deprived of Activities That They Must Forgo

Select US categories (representative of overall trend)



Source: BCG COVID-19 Consumer Sentiment Survey, April 24–27, 2020 (N = 2,783 US) unweighted; representative within ±3% of census demographics.

Note: Question text: “Which of the following best describes how your behavior across the following activities has changed due to the coronavirus?” The percentages shown are for respondents who said that they were doing less of the activity.

many areas of opportunity, with consumer behaviors and spending in flux. Companies that are willing to be bold in the face of uncertainty and that develop a deep understanding of those changes in consumer behavior and shape them to their benefit will come out of the crisis stronger than they were when they entered it.

As markets move toward recovery and a new normal, our next regular weekly snapshot will review the leading demand indicators (including but not limited to consumer sentiment) that companies should be tracking to assess the recovery's shape, size, and velocity—a go-forward Demand Lighthouse. It will also further explore how to use BCG's New Normal Predictors to determine which consumer behaviors and spending changes are likely to be lasting and which may be evanescent in future weeks.

Later this week, please also look for our snapshot special feature focusing on Asia-Pacific, which will include insights on Japan, Australia, and India viewed in contrast to other developed markets.

NOTES:

1. The enjoyment must be of the actual activity (such as exercising), not of the prospective benefits that come from pursuing the activity successfully (such as weight loss).
2. *The Power of Habit*, by Charles Duhigg.
3. The respondent was a male baby boomer+ from Maryland.
4. [Bureau of Transportation Statistics](#).
5. According to April 24–27 survey data.

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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