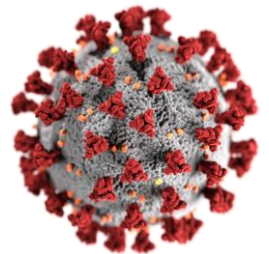


With nearly 3.5 billion people in isolation and the human cost of Covid-19 continues to surge, SpectrumR has analysed various published op-eds, consumer research and predictions across the globe with a secondary research lens to bring you a comprehensive view of impact on consumers.

How will consumers emerge post Covid-19?

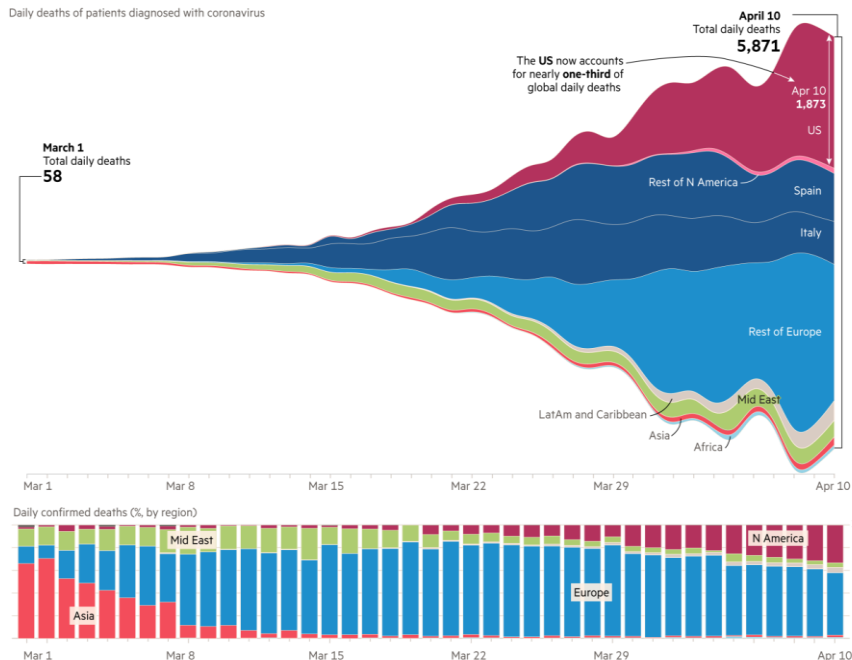


Dawn of the new age of Novel Coronavirus

As we write this article, Covid-19 has spread into 190 countries and has infected 2 million people with more than 132,000 deaths worldwide (*US, Italy & Spain the worst hit*). From the time China reported a pneumonia of unknown cause detected in Wuhan to the WHO office on 31st December to WHO formally declaring it a Public Health Emergency of International Concern on 31st Jan 2020 and finally a Pandemic on 11th March, 2020, the rise of the killer virus has been unprecedented. It is very clear that Covid-19 has declared war on the world, with focus of the virus shifting from Asia to the West as illustrated below in Financial Times:

Focus of Covid-19 deaths has switched from Asia to Europe — and now the US

Daily deaths of patients diagnosed with coronavirus

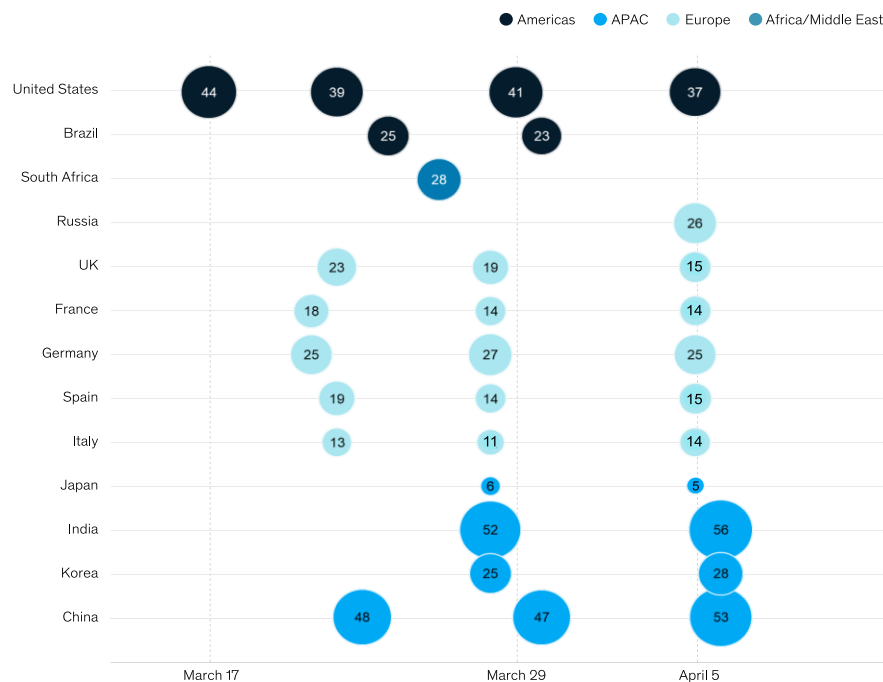


FT graphic: Steven Bernard / @sdbarnard
Source: FT analysis of ECDC
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Also looking at consumer sentiments towards economic recovery in a recent study published by McKinsey & Co. across 38 countries, we can see that European countries are less optimistic, while China stands out as the country with increasing optimism. This means that Asia will recover faster both economically and emotionally, although most countries still believe that their income will fall in the near future.

Consumer sentiment varies greatly across countries impacted by COVID-19.

Optimism about country's economic recovery after COVID-19¹, % of respondents



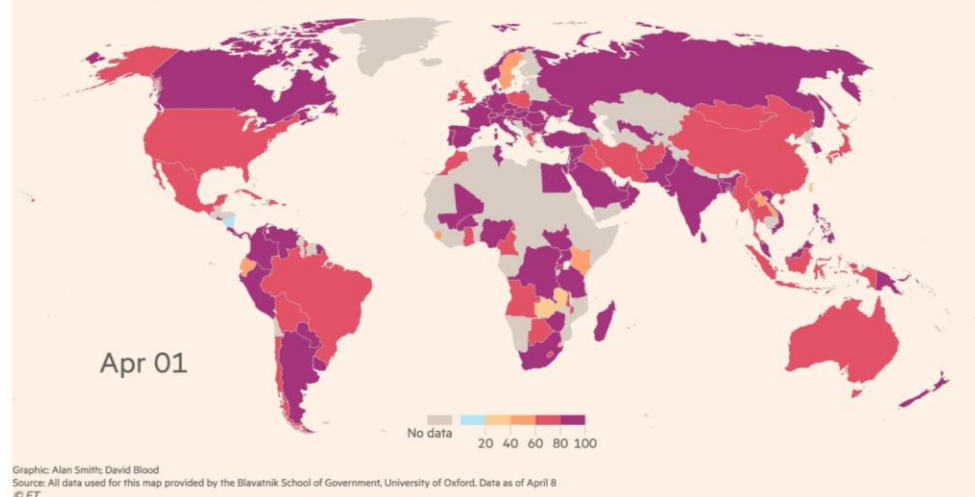
¹Q: "How is your overall confidence level on economic conditions after the COVID-19 situation?" - Rated from 1 "very optimistic" to 6 "very pessimistic."
Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and April 6, 2020

As several countries impose lockdowns and curfew to curb the spread of Covid-19, there is profound impact of this pandemic on every aspect of our life; Health, Society, Freedom, Social interaction, Behaviour, Education, Work, Finance and Economy. A recent study by Kings College in London shows that half of the people in UK have felt more anxious or depressed than normal as a result of Coronavirus.

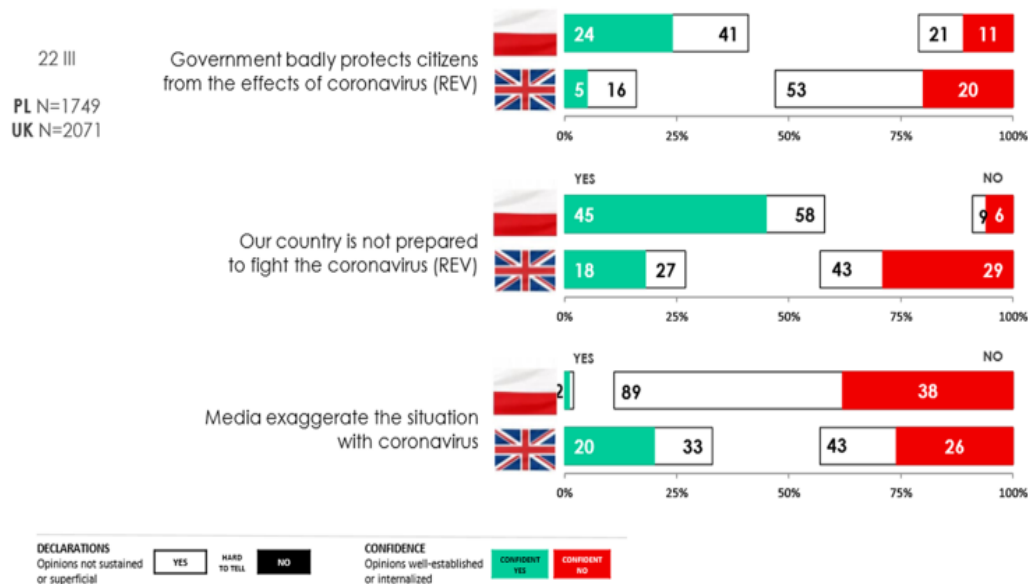
The way we are living today has re-prioritized our actions and conscience. Some predict that there will be a fundamental change in various aspects of life (Forbes, Vanity Fair, Wall street journal etc) which are here to stay while others say that things will go back to what they were eventually (like Professor Mark Ritson who believes that the only thing that is going to really change dramatically after Coronavirus is the number of columns from hacks predicting everything is going to change). Only time will tell what shape the world will take once people emerge out of the severe lockdown and curfew imposed in several countries to try to regain normalcy. But one thing is for sure; impact on society will remain visible for a long time due to the financial and health implications.

How the world locked down due to Covid-19

Covid-19 Government Response Stringency Index



Consumer research is showing that people are generally concerned about the current situation but also optimistic that Covid-19 will come under control within 3 months. They are dependent on their government advice to ride out this pandemic but there are still concerns that the government response has not been adequate as shown in this neuroscience research based on System 1 thinking using response time:



This was corroborated by a recent survey by Kings College London which shows that a majority (58%) of UK residents agree that government has responded well to the shifting scientific advice and situation. There is near-universal support (89%) for the current measures, with 68% strongly agreeing with them. But the above are still fluid perceptions as they are subject to change depending on government response to the Pandemic.

The Safety Net & Consumer Behaviour

We are all hardwired to seek out safety at times of fear and this has impacted our response to the threat of this disease. Consumer buying behaviour started to change drastically as the Coronavirus was declared a Pandemic and countries started to go into lockdowns and social distancing. People responded by stocking up on items (hoarding) like Toilet Paper, Health & Hygiene products (*masks, hand sanitizers etc*), Medications, CPG products and even Perishables causing in-market shortages. Along with food and daily use products, there is also a spike in non-CPG products like Bread Machines (*Shortage reaction*), Home Entertainment (*need to remain in good spirits*), Weight Monitors (*Gyms are closed*), Computer Monitors (*Work from home*), DIY projects (*Population quarantined/in lock down*) and Hair Colouring (*Salons are closed and vanity needs are strong*). While other categories like travel equipment took a hit as global travel dried up.

Some manifestations of this safety and necessity mechanism kicking in, can be noted below:

- In KSA, greatest impact is on Travel, Entertainment, Transportation, Eating out etc., all industries directly impacted by the lock down and curfew. Maintaining hygiene (washing hands/sanitizing) and social distancing are key preventive measures adopted to fight off this virus at personal level.
- According to the Guardian, Fitness Superstore, the UK's biggest supplier of specialist equipment, said the sheer volume of orders in recent weeks had "driven all areas of our business to maximum capacity". The company has imposed a £200 minimum spend to slow the rate of orders coming into its Northampton distribution centre. "We have seen a level of demand that dwarfs even our peak trading times of Christmas and January," the company reports on its website.
- The sentiment is the same in grocery retail. Grocers in the UK for example, are requesting customers to buy only what they need, sometimes even imposing buying restrictions. Key players like Tesco, Sainsbury, ASDA and Waitrose also rolled out "Elderly Only" & "Key Worker" hours to protect groups who are particularly vulnerable to Covid-19.

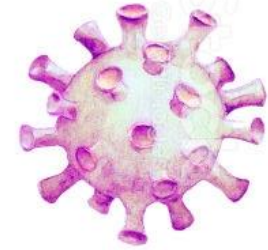
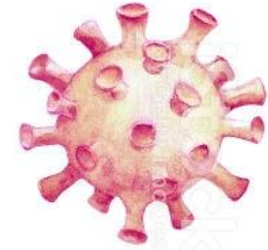


What's driving this consumer response?

According to Paul Marsden, a consumer psychologist at the University of the Arts London: "Panic buying can be understood as playing to our three fundamental psychology needs." These needs are autonomy (*or the need to feel in control of your actions*), relatedness (*the need to feel that we are doing something to benefit our families*), and competence (*the need to feel like smart shoppers making the correct choice*). These psychological factors are the same reasons "retail therapy" is a response to many different types of personal crises; however, during a pandemic there are added layers.



Another common response we've seen to how people are approaching this period of isolation and uncertainty, is the huge overnight shift to Online Shopping. Consumers have been generally avoiding public places due to government advice and at the same time would like their needs to be fulfilled as much as possible. The crush of demand has hit online grocery delivery companies particularly hard. Late in March 18, Ocado, a 20-year veteran of UK online grocery sales, suspended all access to its website for a limited period of time to manage demand. Similarly, US retailer Stop and Shop's online orders have surged 33% amid Coronavirus anxiety.





What will continue to stick?

Question remains; will the behaviours adopted by consumers today stick in future once the Pandemic is controlled? Several companies have decided to track current consumer attitudes and behaviours across a variety of topics and possibly predict future adopted behaviour. SpectrumR believes that one behaviour that might continue to be adopted post Covid-19 world is Online Shopping since once people get into the habit of doing it, say after three or four purchases, it becomes a routine and you don't go away from it easily. Companies thus have to develop and mature this part of their Omni-channel shopper experience, as it is also in favour of retailers to avoid the current pressure they are facing in time of high demand or crisis. They have to do a bit of soul searching to de-risk their Brick & Mortar assets.

Another important trend to isolate based on current consumer attitudes and behaviour is the element of hygiene in context of protection against virus. While consumers are shifting towards Online Shopping to avoid public places as much as possible, they also have concerns about the preventive measures maintained in the supply chain. People are concerned about product handling and packaging, giving rise to practices of sanitizing the pack once received and even leaving it for some time before opening; all behaviours fuelled by online/expert advice. Brands thus have to think about being honest and transparent to re-assure consumers that their health and safety is of prime importance which will not be compromised.

E.g., Couriers for Meituan, China's biggest food delivery company, undergo temperature checks with the information provided to customers. According to Yuan Yuang op-ed in FT (11 Feb 2020), in addition to the usual price and other information, many restaurants are also providing a "reassurance guarantee" with the temperatures of the cooks, food packages and courier with every order.

What will continue to stick?

Bord Bia, the Irish Food Board, in one of its publications thus advise that brands should redouble their efforts to **build trust and transparency** into their DNA and to leverage any national and proprietary assets at their disposal for now and for the future. This is one concern that consumers will continue to have as they come back to normal habitat. Perhaps that is also the reason why home cooking trend is taking shape among the usual time poor consumers; 46% of Irish people are claiming to creating more tasty meals that everyone can enjoy and 44% claim more of their main meals are now eaten with others as per work done by various research agencies. Nielsen also noted in the UK that many stores have been emptied entirely of pasta, noodles, bread and also rice with a similar picture apparently emerging in Ireland.

This is also a trend globally since consumers are now finding comfort in cooking. In China, the original epicentre of Covid-19 lockdown, a national survey (n=1,000) conducted in February found that close to a third of people got into baking and cooking to pass time. So, is this habit going to stick around post Covid-19?

Similarly looking at banking industry, we can clearly see that the way customers are used to banking and being served (response time included) has been totally disrupted. As customers shift more towards online and digital banking driven by social distancing measures and long waits at contact centres (up to 60 minutes!), there is an opportunity to create personalized experiences enabled by digital and data but enabled through actual people when needed.



Parting Thoughts

- Impact of Covid-19 is significant; it will affect how consumers think and behave in the near future.
- While there is a lot of concern today about personal health and economic hardships, people remain optimistic for the future economic recovery, specifically in Middle East and Asia.
- Some of the disruptions experienced today by consumers are likely to stick as permanent behaviours, specifically hygiene expectations and online shopping.
- Brands need to be conscious of what is happening today to be better prepared tomorrow. This disruption and unfreezing of existing consumer habits are likely to impact future behaviours.
- **Staying close to customers and monitoring their attitudes and behaviour in today's crisis to adapt business response, will be rewarded with greater loyalty, new customers and better performance when behaviours refreeze in a new mould.**



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- Publications by Bord Bia, Irish Food Board
- Research publication by Kings College London
- Research publications by Nielsen, Awe, Kantar, Neurohm and other research agencies
- Various articles/content published on the Internet
- Everything will change forever after coronavirus...won't it? By Mark Ritson in Marketing Week



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