

HOT TOPIC REPORT

CORONAVIRUS CONSUMER IMPACT

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Prepared by GlobalData

CORONAVIRUS CONSUMER IMPACT

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GlobalData
441 Lexington Avenue, New York, NY 10017

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CORONAVIRUS CONSUMER IMPACT

Consumer summary

- This study looks at US consumer views and behaviors in relation to the coronavirus (or more accurately COVID-19).
- Given the extensive media coverage of the virus, it is unsurprising that over 90% of consumers have at least some level of concern. This underlines that the coronavirus is a far-reaching event that will drive mass changes in consumer behavior – even if only over the short-term.
- So far, 62% of consumers have taken some form of general action in response to the virus. The most common action, undertaken by almost 47%, is to have stocked up on essential products. To date, far fewer consumers have undertaken ‘social distancing’ actions such as staying at home more or visiting malls or restaurants less.
- Almost 71% of consumers have taken at least one personal action in response to the coronavirus. The majority of these people are washing their hands more often, as per official guidance. In general, consumers are now more hygiene conscious.
- When it comes to what consumers are stocking up on, the main beneficiaries are hand sanitizer and disinfectant wipes, both of which have seen significant uplifts in volumes. Other types of hand and household cleaning products have also seen sales rise.
- Although most consumers are not hoarding food, many are adding to their stocks to ensure they have enough to see them through a period of either voluntary or involuntary isolation. Non-perishable store cupboard items like pasta and tinned goods are the focus. Though some are stocking up on indulgences such as chocolate and candy.
- Several categories are seeing strong uplifts in sales. However, this does not necessarily mean that all of them will see sales elevated across the whole of the year. The extent to which they benefit depends on the elasticity of the product.
- With elastic products consumption rises in line with buying so any increase in sales now will provide a boost to total sales. Hand sanitizers are an example of this: consumers are buying more and using more.
- With inelastic products, consumption does not rise with buying so any increase in sales now will likely cause a slump to sales volumes later in the year. Toilet paper is an example of this: consumers will not use more just because they buy more.
- With their stocking up purchases, consumers are primarily looking for low prices and convenience. This is helping boost sales at physical retailers as people demand immediacy. Mass merchants, grocers and dollar stores are all seeing elevated sales because of the crisis.
- Should the virus get worse in the US, footfall levels across retail, foodservice and leisure are likely to be impacted. Over a third of consumers say they will visit gyms and fitness centers less, followed closely by concerts and live events. Bars and restaurants, where consumers often linger and are in close contact with others, come next. Malls and stores are next in line.
- Perhaps spurred on by rising infection rates and from crises around the world, the vast majority of Americans believe that the coronavirus will worsen over the next month. This suggests there are further changes in consumer behavior to come.

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Consumer concern

Concern about the coronavirus is very high

While not all consumers believe they will be impacted by coronavirus, its global spread along with high levels of media attention have spooked most consumers with 9 out of 10 saying they have some level of concern. Within this group, around a third say they are extremely concerned and 40% are concerned.



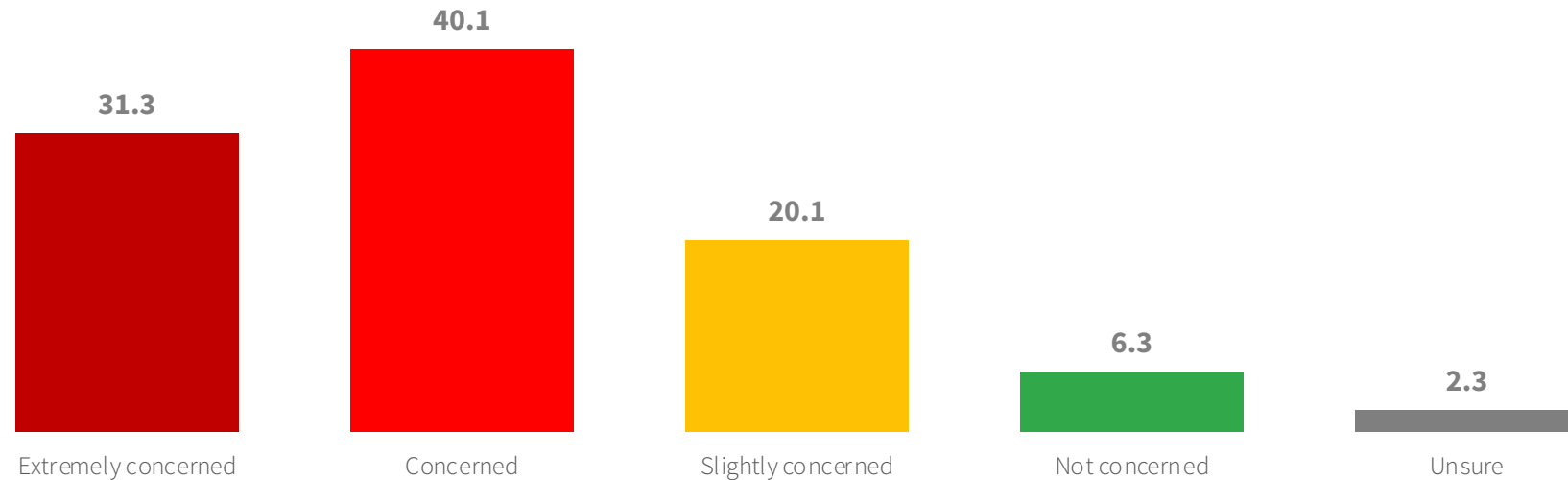
Main insight

This is a mass event that will have some far-reaching effects because large numbers of consumers are concerned and are taking action off the back of their concerns.

How concerned are you about the coronavirus?

Percentage of all consumers; units are %

Source: GlobalData consumer survey



Total concerned

91.5%

Total not concerned

6.3%

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General actions taken

Most consumers are taking action

So far, almost 62% of consumers have taken at least one general action in response to coronavirus. The most common action, undertaken by almost 47%, is to have stocked up on essential products. To date, far fewer consumers have undertaken 'social distancing' actions such as staying in more or visiting malls or restaurants less.



Main insight

Actions are currently focused on preparedness more than isolation; this is a potential commercial opportunity. However, isolation could become more common and this poses a threat to businesses.

What general actions, if any, have you taken in relation to coronavirus?

Percentage of all consumers; units are %

Source: GlobalData consumer survey

Stocking up on essentials	46.5
Staying in more	27.3
Traveling less	26.1
Eating out less	13.7
Visiting the mall less	12.3
Visiting shops less	10.1

61.8%

Of consumers have taken at least one action

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Personal actions taken

Personal and home hygiene are the focus

Almost 71% of consumers have taken at least one personal action in response to the coronavirus. The majority of these people are washing their hands more often, as per official guidance. Cleaning surfaces in the home more often is the second most common personal action, as identified by almost 55%.



Main insight

Consumers are more hygiene conscious; this is changing their habits and altering their buying behavior. This shift is likely to linger, even after the crisis is over. Benefit led products are the winners.

What personal actions, if any, have you taken in relation to coronavirus?

Percentage of all consumers; units are %

Source: GlobalData consumer survey

Washing hands more	64.5
Cleaning surfaces more often	54.9
Cleaning home more often	40.3
Disinfecting surfaces outside of the home (e.g. work)	37.6
Washing clothes more regularly	9.2
Switching from organic to chemical cleaners	8.1
Undertaking a deep clean at home	6.9
Showering more	5.1

70.6%

Of consumers have taken at least one action

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Household products

Sanitizer and wipes are seeing significant volume uplifts

While consumers have been stocking up on all kinds of products, the main beneficiaries are hand sanitizer and disinfectant wipes, both of which have seen significant uplifts in volume. Other types of hand and household cleaning products have witnessed sales rises. Face masks buying is relatively low because of scarcity of supply and doubts about the effectiveness of masks.



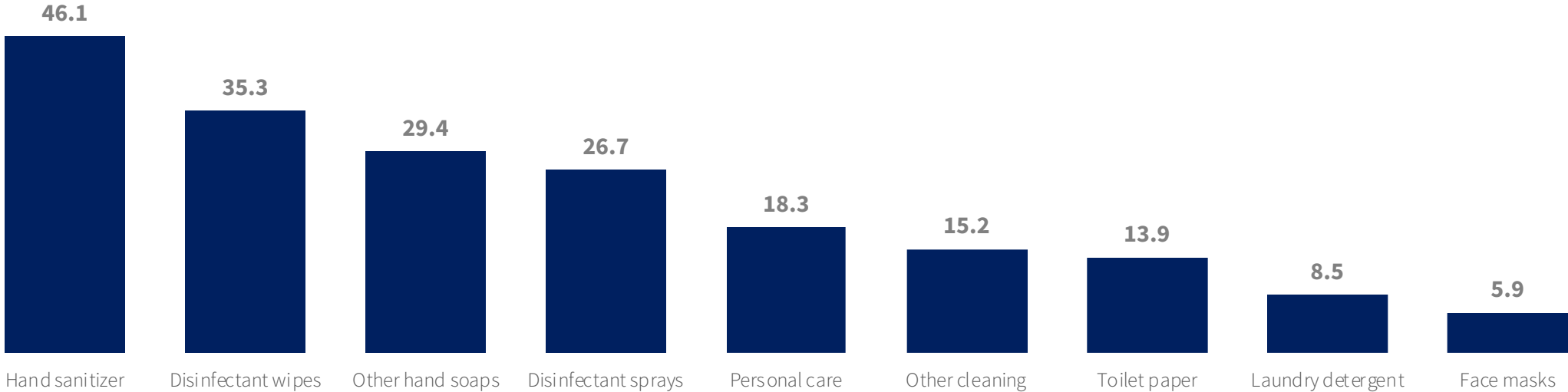
Main insight

All household product categories can benefit from the more hygiene conscious consumer by emphasizing properties such as germ killing and disinfecting.

What household products have you stocked up on?

Percentage of all consumers; units are %

Source: GlobalData consumer survey



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Food products

Consumers are not hoarding, but they are preparing

Although most consumers are not hoarding food, many are adding to their stocks to ensure they have enough to see them through a period of either voluntary or involuntary isolation. Non-perishable store cupboard items like pasta and tinned goods are the focus. Though some are stocking up on indulgences such as chocolate and candy.



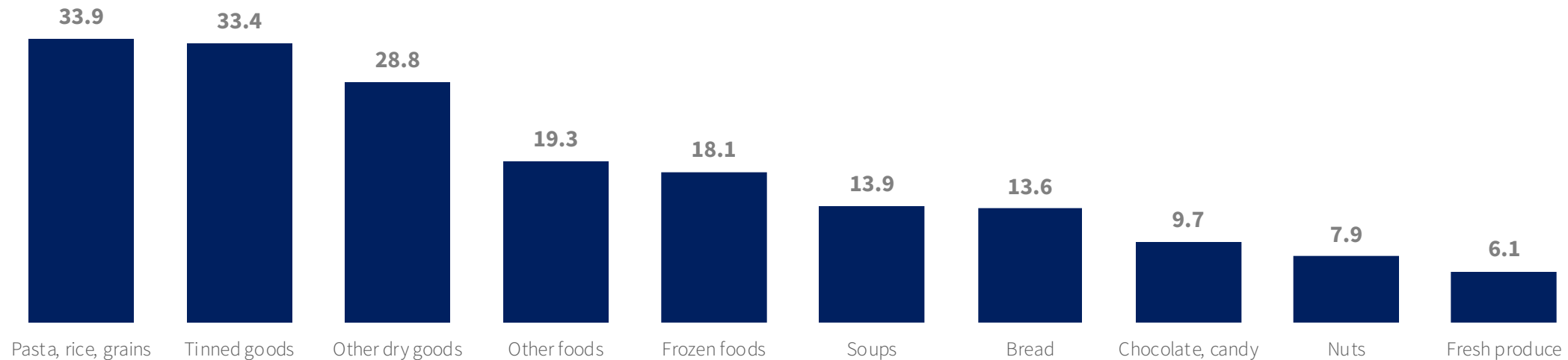
Main insight

Low prices and value for money are key for consumers stocking up, so retailers need to focus on this. A lot of consumers are buying retailer own brands as they are trusted and relatively cheap.

What food products have you stocked up on?

Percentage of all consumers; units are %

Source: GlobalData consumer survey



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Product elasticity

For some products, demand will even out

The diagram below shows the degree of elasticity for various products consumers are stocking up on. Some, like hand sanitizer, are being used immediately as consumers clean more. As such, they will see an overall upswing in demand across 2020. Others, like toilet paper, are being used as normal, so consumers will whittle down any excess stocks and demand will remain steady.



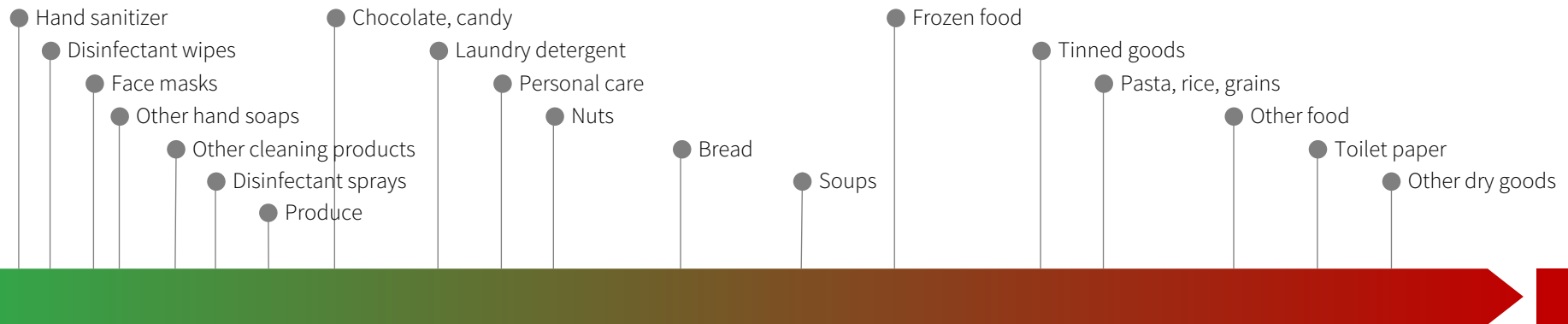
Main insight

Consumer goods companies offering elastic products will be the main beneficiaries from the crisis. Those with inelastic products will see a sales slump once the crisis is over.

Degrees of elasticity for stocking up purchases

Relative position of products

Source: GlobalData analysis



Elastic products are those which people consume more of if they buy more

Inelastic products are those which people consume at a fixed rate regardless of how much they buy

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Retailers used

Mass merchants, supermarkets and wholesalers are the winners

In line with its leading position in the market, Walmart is the main beneficiary with almost 22% of consumers having used it to stock up on products. Walmart's low prices and relatively good availability are also an advantage. Dollar stores do reasonably well thanks to their low prices and convenient locations. Amazon is less used because consumers demand immediacy.



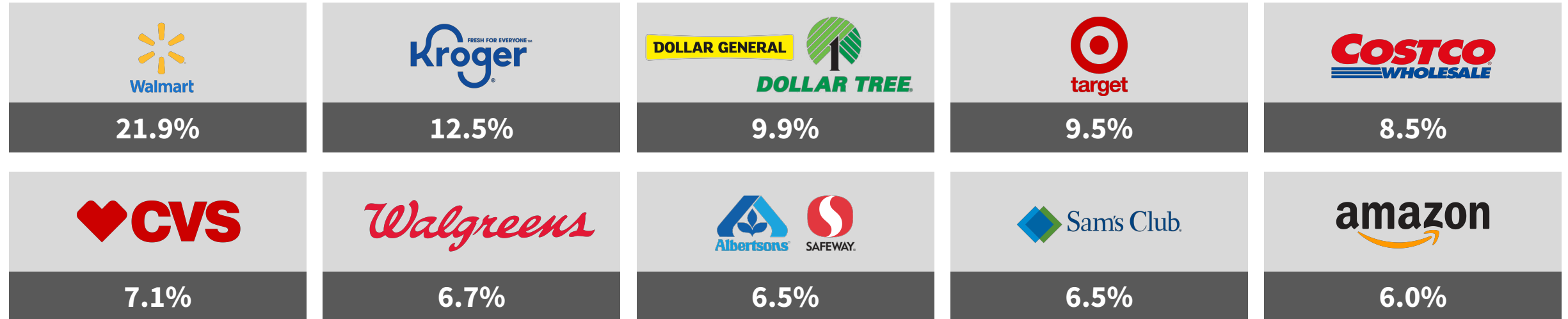
Main insight

Consumers are looking for low prices and convenience. They want products quickly (because they see this as an emergency) and because this is unbudgeted spend, they require low prices.

Where did you stock up on products?

Percentage of all consumers; units are %

Source: GlobalData consumer survey



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If the virus gets worse

Footfall across retail and leisure could be badly impacted

Should the virus get worse, footfall levels across retail, foodservice and leisure are likely to be impacted. Over a third say they will visit gyms and fitness centers less, followed closely by concerts and live events. Bars and restaurants, where consumers often linger and are in close contact with others, come next. Malls and stores are next in line.



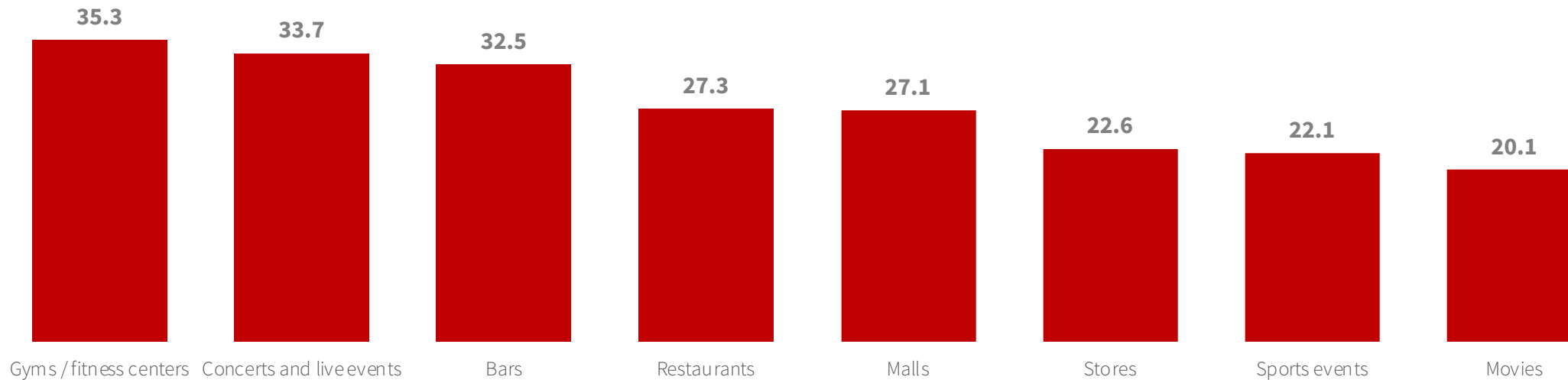
Main insight

Given a lot of malls are reliant on a mix of leisure and retail to drive footfall, a worsening of the coronavirus is likely to have a damaging impact on customer numbers and revenues.

Which of the following will you visit less of the coronavirus gets worse?

Percentage of all consumers; units are %

Source: GlobalData consumer survey



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If the virus gets worse

Hygiene will become even more of a focus

Should the virus get worse, many of the existing trends of undertaking hygiene tasks more often will be amplified. This applies especially to personal hygiene and home hygiene. Stocking up would also become more of a priority, however this would likely put more pressure on supply and distribution at retail level.



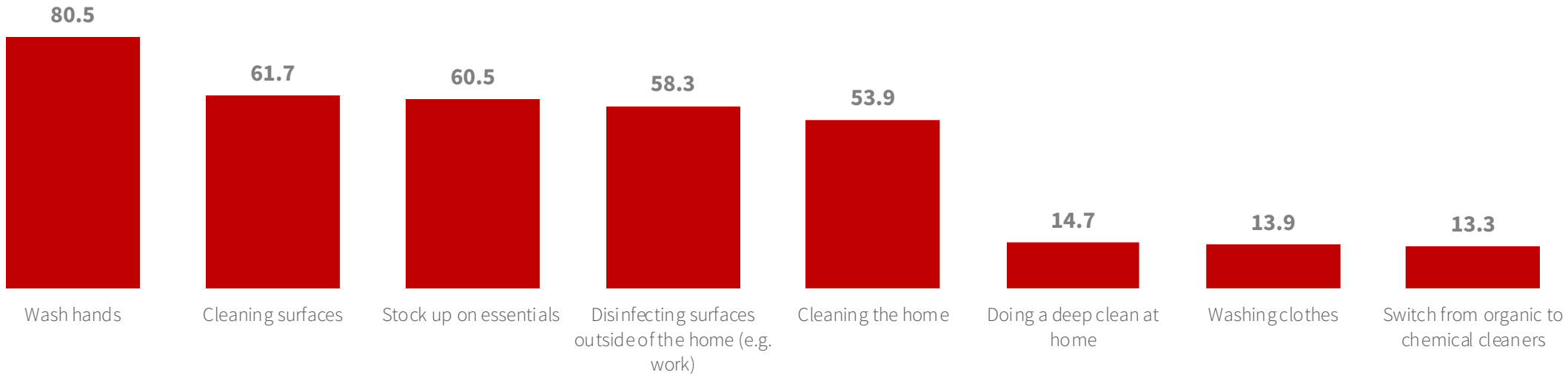
Main insight

A worsening of the virus is good news for consumer companies with elastic products like hand sanitizer and wipes. However, keeping up with elevated demand could be an issue.

Which of the following will you do more of if the coronavirus gets worse?

Percentage of all consumers; units are %

Source: GlobalData consumer survey



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Consumer concern

The vast majority think things will get worse

Perhaps spurred on by rising infection rates and from crises around the world, the vast majority of Americans believe that the coronavirus will worsen over the next month. The only good news is that most of these people think things will only get a bit worse as opposed to almost 26% who think things will get a lot worse. Only 4% think things will get better in the next month.



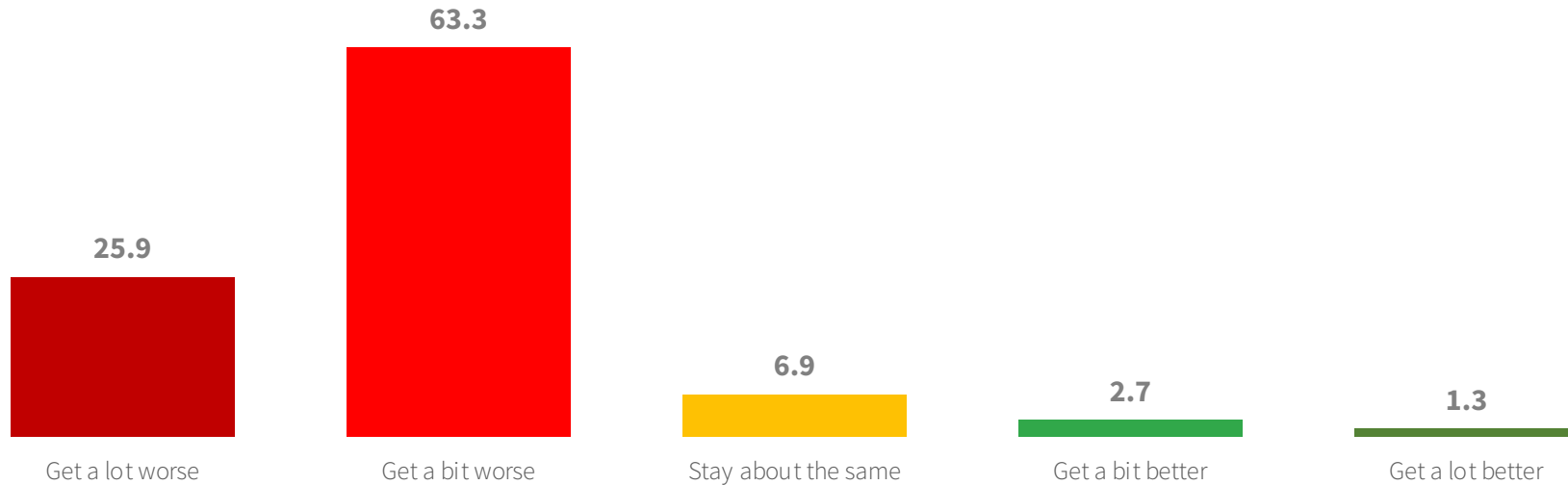
Main insight

Consumer sentiment on the virus is negative so changes in behaviors will become more entrenched and heightened over the next month. Expect things to get worse before they get better.

How do you expect the coronavirus situation will develop over the next month?

Percentage of all consumers; units are %

Source: GlobalData consumer survey



Total worse
89.2%

Total better
4.0%

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Retailer summary

- At present, most US retailers are pragmatic about the coronavirus. However, they are acutely aware they are not immune from the impact. In our survey of US retailers, the main concerns from retail executives were:
- **Disruption to supply chains.** This is both from the slowdown in China and the potential disruption of global logistics networks. Due to shipping lead times, most retailers felt they had time to manage this and some believed they could mitigate the effects with product substitution and alternative sourcing arrangements.
- **A downturn in trade if consumers stayed away from malls and shopping places.** Almost all retailers felt there was little they could do to prevent this, other than trying to drive trade online (see point below). For many, this was an extreme scenario, but a very real concern as it would impact profitability, cash flow and cause a backlog of inventory. The weakest retailers could be pushed over the edge by declining sales.
- **Coping with a spike in online sales.** Around three-quarters of retailers felt that a spike in digital sales could happen as more people shopped from home. A third of retailers had some concerns about the impact this could have on margins (because fulfillment is expensive) but the biggest worry was managing higher demand, especially if staffing levels were down due to sickness.
- **Protecting staff.** This was a concern for just under three-quarters. Most retailers had no real solution to this, other than to issue advice to staff and provide them with sanitizer and other protective products. Given a lot of staff in retail are customer-facing the concern is very real. Hardly any retailers are planning to close stores, but most would consider local closures if the outbreak became severe.
- **Uneven demand.** This concern was high among grocers, drugstores and companies that sell products consumers are currently stocking up on. Some retailers felt the higher sales were helpful – especially of things like hand sanitizer, which is an elastic product meaning consumers that buy more will use more and so overall sales are elevated. However, other products, like tinned produce, are inelastic; consumers who buy more won't use more immediately but will whittle down supplies over time. Some retailers felt this could cause a slump in sales once the crisis abates.
- The biggest takeaway, however, is that retailers – much like the rest of us – don't know exactly what will happen or how this will unfold. They are preparing but responding to events as news comes in. The concerns are real because retail is a volume business. Even a small downturn in trade can have a damaging impact, especially for those retailers already weakened by other dynamics or independents who don't have much of a financial buffer.

Retailers are most concerned about the downswing in trade

Although there have been disruptions to supply chains, especially those that touch South East Asia, a lot of retailers feel that they can mitigate or work around this. The bigger concern is around a downswing in trade if consumers stay home or divert discretionary budgets to stocking up on household items.



Main insight

The coronavirus is a major challenge for retailers as it involves disruptions to both supply and demand at the same time. The problems of already weak retailers will be exacerbated.

What things does your business have concerns over?

Percentage of all retailers; units are %

Source: GlobalData retailer survey





Consumer data

Consumer data in this report is based on a US nationally representative sample of 1,500 consumers. Surveying was undertaken online between March 7th and March 10th.



Retailer data

Retailer data in this report is based on an online poll of executives at 54 medium to large US retailers. The sample includes a cross-section of different types of retailers operating across different categories.

Please note that for both the retailer and consumer data, this research only covers the United States.

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How we can help



FORECASTING

Understand how forecasts for products, categories and channels have changed because of the crisis; explore different scenarios



PRODUCT OPTIMIZATION

Assess what makes a winning product during the crisis and understand how products may need to evolve over the longer term as consumer demand shifts



CONSUMER TRACKING

Understand how consumer sentiment and behaviors are changing as the crisis evolves; assess the implications for your business



CONSUMER VIEWS

Get qualitative consumer views on the crisis, why they're changing behaviors, and how they view the responses of brands and companies



RETAILER IMPACTS

Assess the potential impact of the crisis for individual retailers or retail sectors over the short and medium terms; explore different scenarios



BRIEFINGS

Get expert briefings on the crisis from our teams of analysts and consultants; understand the impact on your sector or business

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About GlobalData

GlobalData

GlobalData is a global research agency and consulting firm. Our work focuses on all aspects of retailing, consumer markets and consumer behavior, which we deliver through a variety of different reports and our interactive Intelligence Centre. We also undertake bespoke research and consulting work for our clients.

We are headquartered in New York and London but have a team of associates and analysts who work around the world; together, they help you understand the latest trends and developments in retailing and consumer products across developed and emerging markets. We also have a global panel of consumers across most countries which we use to undertake consumer surveys and to gauge and assess sentiment and views on various retail issues.

We work with many of the world's leading retailers, CPG groups, property firms and those in the financial sector to help them maximize success through developing a thorough understanding of the retail sector and its likely future performance.

Further information

For information on this report, and GlobalData's other products and services, please contact us:

e. retail@globaldata.com

t. +1 718.708.1476

w. www.globaldata.com



GlobalData Retail
441 Lexington Avenue, New York, NY 10017

Phone: +1 718.708.1476
Email: retail@globaldata.com
Web: www.globaldata.com
Twitter: [@retail_GD](https://twitter.com/retail_GD)

Boston: 41 Farnsworth Street, Boston, MA 02210
San Francisco: 425 California Street, San Francisco, CA 94104
Washington DC: 21335 Signal Hill Plaza, Suite 200, Sterling, VA, 20164
Toronto: 229 Yonge Street, Suite 400, Toronto, Ontario, M55B 1N9
Mexico City: Mote Pelvoux 111-2 Piso, Lomas de Chapultepec, Mexico D.F, 11000
Buenos Aires: Basavibaso 1328, 2nd Floor, Off 206, Buenos Aires, 1006
London: 7 Carmelite Street, London, EC4Y 0BS
Madrid: C/Jesusa Lara, 29 – Atico J, 28250 Torreldones, Madrid
Sydney: Level 2, 63 York Street, Sydney NSW 2000, Australia
Melbourne: Suite 1608, Exchange Tower, 530 Little Collins Street, Melbourne 3000, Victoria
Tokyo: Level 3, Sanno Park Tower, 2-11-1 Nagata-cho, Chiyoda-ku, Tokyo, 100-6162
Hong Kong: 1008 Shalin Galleria, 18-24 Shan Mei Street, Fo Tan, New Territories, Hong Kong SAR
Beijing: Room 2301 Building 4, Wanda Plaza, No 93 Jianguo Road, Chaoyang District, Beijing 100026
Shanghai: Jing'an China Tower, No: 1701, West Beijing Road, Jing'an District, 200040, Shanghai
Seoul: 11th Floor, West Wing, POSCO Center Building, 892, Daechi-4Dong, Gangnam-Gu, Seoul 135-777
Hyderabad: 2nd Floor, NSL Centrum, Plot No-S1, Phase 1 & 2, KPHB Colony, Hyderabad-500072
Dubai: Dubai Media City, Building 7, Floor 3, Office 308, PO Box 502635, Dubai