

Opinium US

The impact of Coronavirus on consumer spending



US Report

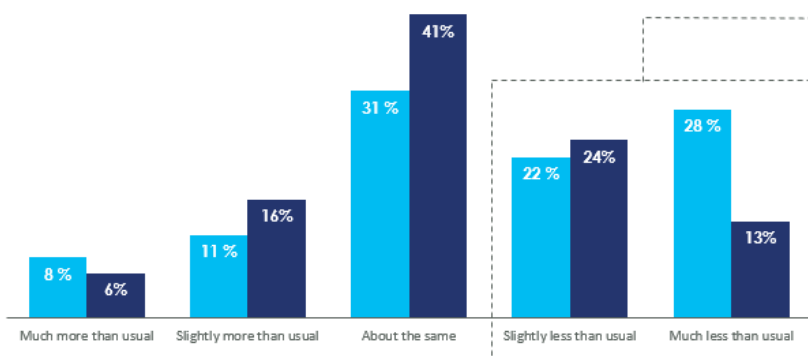
14 April 2020

The [biggest concern for US adults relating to COVID-19 is its impact on the economy](#), topping worries about themselves or loved ones becoming ill. At the most granular level this has to do with daily cuts in spending multiplied across millions of Americans whose spending power has suddenly been crippled. Still, our new homebound existence is causing increased spending in a select few (extremely lucky) industries.

To begin to unpack how consumer-facing industries will be affected, we asked 2,006 US adults between March 20th and 25th how they anticipate the pandemic will impact their usual purchasing behavior.

IMPACT OF THE CORONAVIRUS ON FLEXIBLE MONTHLY OUTGOINGS

■ US ■ UK



50%
of US adults plan to spend less than usual vs only...

37%
of UK adults

Overall, do you think your flexible monthly outgoings during the Coronavirus pandemic will be more or less than usual? Flexible outgoings are anything you spend outside of your fixed monthly outgoings, for example leisure, exercise, going out, groceries etc. 2,006 US adults



Half of US adults anticipate their flexible monthly outgoings will drop.

This is a staggering figure when compared with the UK, where only 37% say they will spend less. Twenty-eight percent of US adults say they will spend *much* less compared to only 13% in the UK. This does not bode well for the US economy.

The minority who expect to spend more during COVID-19 expect this to be largely due to grocery shopping—both because they are stashing up on essentials and due to the perception of prices rising.

Which industries will be hardest hit?

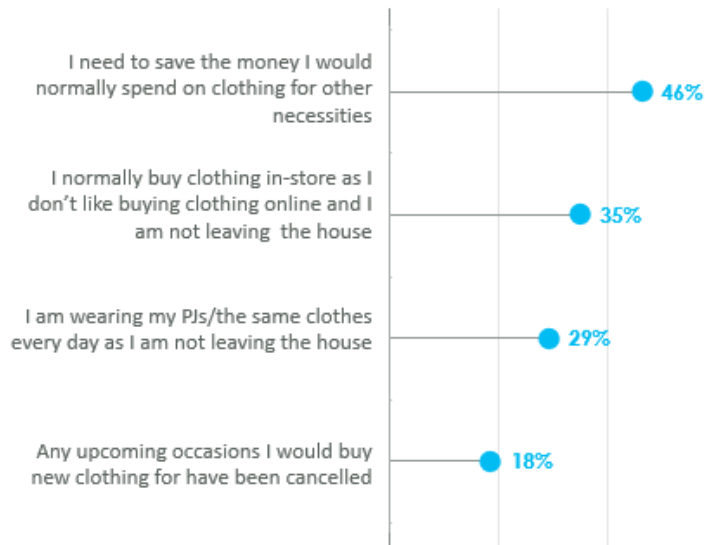
Though of course the restaurant, travel, and hotel industries will see sharp declines as a result of stay-at-home orders, consumers also anticipate cutting spending on fashion and furniture.



Fashion & Clothing

The fashion and clothing industry stands to experience the biggest drops in sales across the industries surveyed, with nearly 2 in 5 (38%) saying they plan to spend less on the category in the wake of the crisis. However, shopping intent in the category varies greatly by age group—Older respondents are much more likely to cut spending on fashion, driven by their preference for buying clothing in-store. Meanwhile, a quarter of 18-34s (25%) plan to *increase* their fashion spending during the crisis, with more time at home to indulge in online shopping, compared to only 3% of 55-64s.

REASONS FOR REDUCING SPENDING ON FASHION DURING THE CORONAVIRUS OUTBREAK



What would you say the main reasons you are spending less on fashion/clothing are? 755 US adults who think they will be spending less on fashion and clothing as a result of the Coronavirus



Homewares & Furniture

The homewares and furniture category will also likely see significant drops in sales—29% of US adults anticipate spending less on the category during COVID-19. Again, older age groups are more likely to cut spending likely due to their discomfort shopping online.

What is a brand to do?

Make the digital shopping experience as intuitive to navigate as possible to avoid any additional haemorrhaging and to reduce friction for any older shoppers who may try online shopping while stores are shut down.

Where will consumers spend more?

Though the largest share of US adults plan to reduce their flexible monthly outgoings, 19% anticipate their spending will increase. Which industries stand to benefit most?



Groceries (of course)

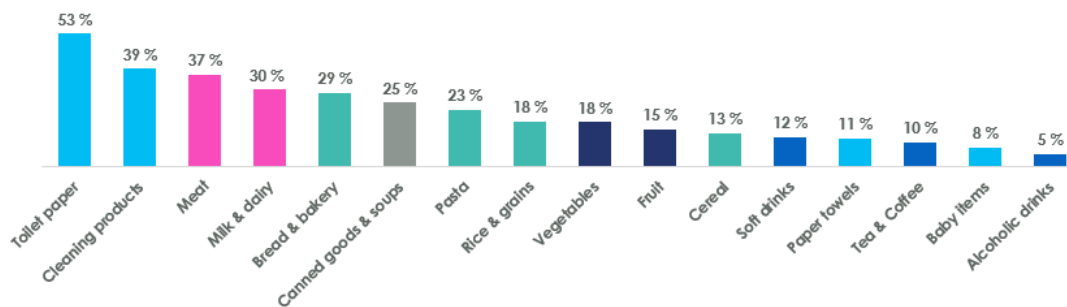
No surprise here—With stockpiling instincts kicking in, demand for ‘essential’ grocery and household items has skyrocketed. Over half of US adults (53%) report struggling to purchase toilet paper in recent trips to the store and 39% have encountered shortages of cleaning products. The next most in-demand categories (judging by the share of respondents who have struggled to buy them) appear to be meat, milk and dairy, bread and bakery items, canned goods and soups, and pasta. In terms of food products, consumers appear to be prioritizing meat and dairy over fruits and vegetables, revealing an inclination towards higher-calorie comfort foods.

Over half of Americans (54%) agree that Walmart has been the supermarket worst-hit by panic buying. Though Walmart is not alone in these initiatives, its [senior shopping hours](#) for those over 60 and its [promise to keep prices fair](#) despite increased demand have received praise. The retailer has also temporarily closed non-essential parts of the store (e.g., auto care and jewellery counters) so associates may focus on stocking and cleaning higher-priority

sections. Despite such initiatives, a large chunk (39%) of Americans don't think *any* supermarket has implemented effective practices to avoid future panic buying.

SHARE OF US CONSUMERS WHO HAVE STRUGGLED TO BUY THE FOLLOWING ITEMS

■ HOME & PERSONAL CARE ■ ANIMAL PRODUCTS ■ CARBS & GRAINS ■ FRESH PRODUCE ■ BEVERAGES



In the wake of Coronavirus, many grocery stores have reported customers 'stockpiling' grocery items or buying more than they need. Which, if any, of the following grocery items have you struggled to purchase in recent shopping trips? 2,006 US adults



At-home Entertainment

Movies on demand, TV subscription services, online gaming, and good old-fashioned books naturally stand to benefit from Americans spending more time entertaining themselves at home rather than out on the town.

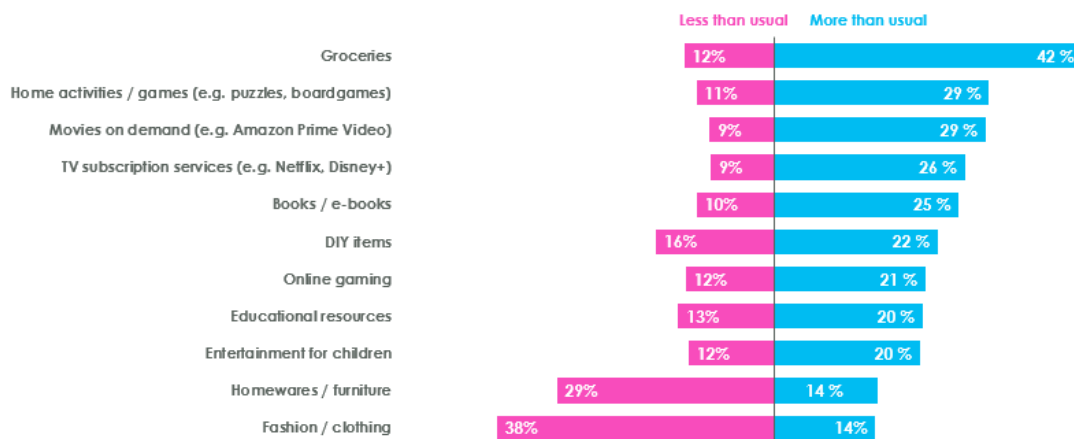


Family & Children's Products

With schools and extra-curricular programs shutting down, parents are suddenly on duty to educate and entertain their kids 24/7. It is no wonder, then, that we see 29% of US adults anticipating spending more on home activities and games (e.g., puzzles, boardgames) and 20% anticipating spending more on educational resources and entertainment for children.

Adults aged 18-34 and 35-44 (those most likely to have young children in the home) are significantly more likely than the rest of the population to increase spending on **entertainment for children**—42% and 43% of adults in those age groups who usually spend money on kids' entertainment plan to ramp up spending during COVID-19.

HOW CONSUMERS ANTICIPATE CORONAVIRUS WILL IMPACT SPENDING ACROSS VARIOUS CATEGORIES



In the wake of Coronavirus, do you think you will be spending more or less than usual on the following? 2,006 US adults





Expert PoV

Clark Nesselrodt of [Brilliant PR & Marketing](#), the leading agency focused on brands targeting moms, dads, and families, comments on what COVID-19 means for the category—

Did you know that LEGO was founded amid a recession?

It's not surprising, given ***we are hearing from parents that they currently consider products that engage their children and help them learn from home to be almost as essential as groceries.*** This correlates to the 2-3x surge in sales many of our clients are currently seeing online. And, these sales are simultaneously helping fulfil a long-sought goal—a shift away from third-party sites back to brand's own e-commerce channels.

It's ironic that while the impact on lives and the economy at large has been sobering, the opportunity for brands that sell products for kids and families online is tremendous. As PR specialists, one way we raise awareness is with media and influencers. These two groups are hungry for products and content to help support their readers and followers at home. The frequency of media placements we've secured in outlets like *Rolling Stone*, *CNN*, *Forbes*, *Cosmopolitan* and morning news shows across the country has increased significantly the last few weeks. And while some Instagram and YouTube influencers have received criticism for not properly responding to the crisis, those showcasing authentic ways to engage their kids at home are seeing great engagement. They are seeking products and resources for their kids just like all parents, and are happy to share what works well with their audiences. The opportunity to generate product awareness has never been greater.

The brands that take action in their marketing efforts to seize this moment won't only benefit from the near-term influx of sales, but will have set themselves up to earn the harder-won prize of brand affinity and loyalty. Consumers will remember those brands that continued to speak to them, and the products that brought them relief and joy during these unprecedented times.

To connect with Clark and his team, reach out to INFO@BRILLIANTPRM.COM.

If you'd like to know more about how consumer attitudes and behaviours are changing in the US, we'd love to hear from you. Get in touch at hello@opinium.com.



About Opinium

OPINIUM is an award winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people **think**, **feel** and **do**. Creative and inquisitive, we are passionate about empowering our clients to make the decisions that matter. We work with organisations to define and overcome strategic challenges – helping them to get to grips with the world in which their brands operate. We use the right approach and methodology to deliver robust insights, strategic counsel and targeted recommendations that generate change and positive outcomes.

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