

## CONSUMER SENTIMENT AMID COVID-19 CRISIS

A McKinsey analysis of consumer expectations in 45 markets\* reveals 5 main trends of change, some of which will have a permanent impact on consumer habits.

- 1) **Shift to value and essentials** - A large part of the population has suffered a reduction in income and is unable to be optimistic in a context where economic recovery is not yet underway. For this reason, spending has shifted towards essential consumption categories such as grocery and household supplies.
- 2) **Flight to digital and omnichannel** - Most spending categories saw an increase of more than 10% in customer base during the pandemic and many consumers believe they will continue to use this mode of shopping, which is growing steadily even in markets where it already held high shares.
- 3) **Shock to loyalty** - For some products or brands, due to the disruption of some supply chains, many consumers had to introduce changes in their shopping basket, including different brands.
- 4) **Health and "caring" economy** - Consumers have stated that they will buy more from companies that care about the health of their employees and the actions undertaken during the health emergency will be remembered.
- 5) **Homebody economics** - In many of the markets analyzed, the majority of consumers stated that they do not feel comfortable resuming normal life away from home in terms of socializing, travel and crowded spaces.

Within these dominant trends there are variations related to individual geographical areas. China, India and the United States remain the areas where the greatest optimism emerges; conversely, Europe, Japan and Korea have the highest number of consumers who are pessimistic about the economic recovery. On a global level, this phenomenon, which emerged from the first weeks of the sanitary emergency, does not seem to be closely related to the decrease in incomes that the population has suffered in different geographical areas. Brazil and South Africa are the consumer origins most affected by the loss of spending capacity (73%).

and 70% of the sample respectively), followed by India, China (56% and 55%) and, in Europe, Italy, Spain and the United Kingdom (48%, 45% and 43%). In this context, the majority of consumers globally are convinced that a real recovery will take many months and that this will impact on their routines longer than the time needed to resume pre-crisis income levels.

As a result, spending habits are changing towards more thoughtful shopping, still very focused on essential goods and online platforms (for a return to physical shopping much will be related to hygiene and health care in stores): on average in some markets more than 70% of consumers have changed their spending habits and are ready to maintain them over time.

The choice of brands will be increasingly linked to perceived value and quality, as far as products are concerned, but also to company policies in terms of health care and attention to employees.

Italians, French, Germans, Spaniards, Japanese and Chinese seem more willing to resume a variety of activities outside the domestic sphere, while the USA and the UK declare themselves more conservative.

In conclusion, the return to normality seems to be linked to some cornerstones, such as the recognition by the health authorities of full security, with consequent timing differentiated by geographical area.

\*Argentina, Brazil, Dominican Republic, Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Canada, Chile, Colombia, Mexico, Peru, USA, Australia, China, India, Indonesia, Japan, New Zealand, Pakistan, South Korea,

Belgium, Denmark, France, Germany, Italy, Netherlands, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey, United Kingdom, Egypt, Morocco, Nigeria, Saudi Arabia, Saudi Arabia, Qatar, United Arab Emirates, United Kingdom