Riding The Wave

How are consumers responding to an increase in new COVID cases?

August 2020

Return to Life

**Please note that due to the ongoing COVID-19 pandemic crisis, the situation across markets continues to change rapidly. Data reported in this update covers up to and inclusive of 21st August 2020.*

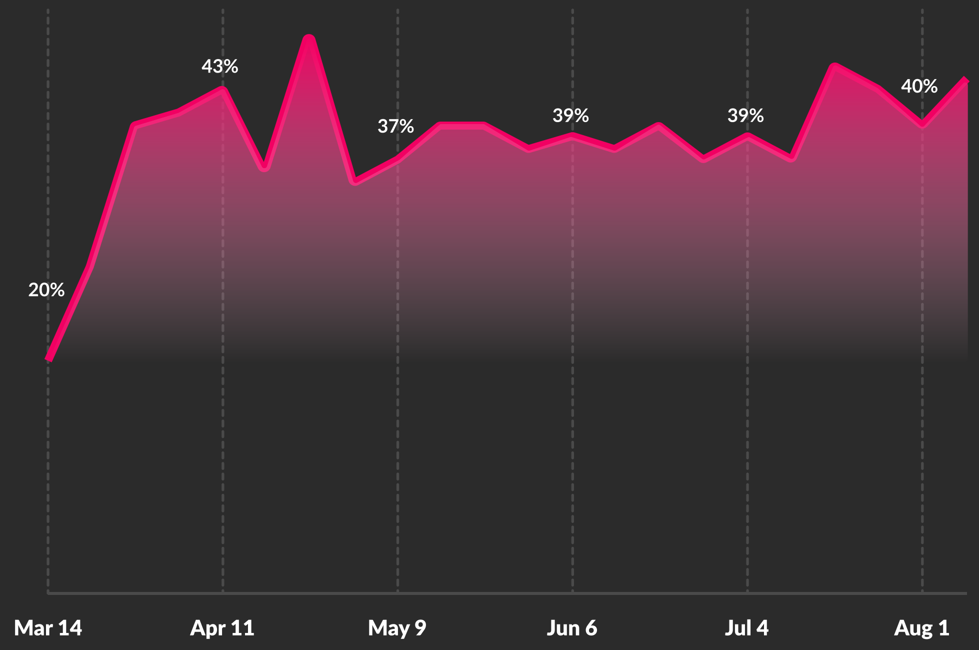
Fear of the future

At the end of July, UK Prime Minister Boris Johnson warned that there were signs of a "second wave" of coronavirus in Europe, as he defended the 14-day quarantine on travellers from Spain. Shortly after, the same quarantine measures were imposed on those travelling from France, which led to a mad dash for Brits to return before the cut off point.

Greece has imposed a curfew on bars, restaurants and cafes in several regions. Wearing a face covering is to become mandatory in public places in Italy and nightclubs have been ordered to close. France is also reporting over 12,000 new cases in a week.

It's not just Europe experiencing a resurgence in cases though - in Australia, Melbourne saw a huge spike forcing new lockdown restrictions to be implemented.

STREETBEES GLOBAL FEAR INDEX (% WHO ARE AFRAID)



> **Even though Coronavirus isn't a physical thing, and you can't tell it to go away. I'm mad at it, I'm mad about how much suffering, grief, sorrow and heart-breaking stories it has created in the last couple of months.**
>
> **Male, 49, UK**

Streetbees' Global Fear Index shows that fear levels haven't really dropped much since March, but we are seeing new spikes over the past few weeks, getting close to the highest rates since we started tracking it.

Looking at the breakdown by country, we can see that there are more distinct variations though - overall the UK, US and Germany have remained consistently lower compared to the rest of the world during the pandemic. However, compared to Europe's first peak, Germany's fear levels have risen considerable.

It appears that countries with high fear levels from the beginning have remained as such, whereas those who coped better in the early days of the pandemic are starting to feel more scared by the virus. Did they assume the virus would be far more short-lived? Or perhaps the reality of the economic impact has finally set in?

CURRENT FEAR INDEX (BY COUNTRY)

Japan 68%	India 65%	Spain 58%
S. Korea 55%	Italy 44%	France 37%
UK 34%	Germany 27%	US 27%
	China 20%	

Now, that was looking at the pandemic in general - when looking at potential future outbreaks specifically, the majority of people consider it an inevitable progression. Understandably, although most outbreaks are being seen on a regional level, news of 2nd waves are stirring contrasting emotions at a national level.

Australians are feeling the most scared, concerned and worried - this is likely due to the current situation going on in Melbourne, as well as the fact that roughly half of these consumers expect a second wave to spread faster and be less contained than the first one.

China has dealt with COVID-19 the longest, which means they're actually feeling the most positive - as we also saw from the Global Fear Index - residents are confident that their government and citizens will take the necessary measures which will result in the second wave being more contained.

> We have our second outbreak and it is worse than the first, it is horrible, and I fear unless we go for an eradication strategy we will have a 3rd and 4th.
>
> **Female, 55, Australia**

> People are actively responding and paying attention to protection and hygiene. Therefore, it is unlikely that there will be another outbreak.
>
> **Male, 22, China**

In Europe, consumers feel a high level of inevitability that a second wave will come - but that doesn't stop them from being worried about it. Similarly to Australia, consumers in countries like the UK, Spain and Germany believe the second wave will be less contained than the first - this is likely due to the speed at which cases are rising again, and the level of uncertainty over upcoming travel restrictions and lockdowns.

Consumers in India are following a similar pattern to those in Europe - however, they're also feeling more optimistic and hopeful about the situation and believe people will be more disciplined in response to a second wave.

Right now, around 56% of people are leaving the house once a day or more - most often to buy groceries and essential items. While we're seeing cultural variations - like in Australia this goes up to 60% whereas in Brazil it's 37% - it shows that a significant amount of people are avoiding going outside. The number one thing consumers will do to protect themselves from further outbreaks will avoiding leaving the house - although it's clear that many never stopped taking this precaution.

> **I see that the possibility of new outbreaks is very high, so I think that they will confirm for us to stay home shortly, since the pandemic is getting out of control again.**
>
> **Male, 42, France**

> **I will continue to wear a mask (although I have never stopped), disinfecting my hands and all the items I buy. I will continue paying with a card and I will also clean the keys**
>
> **Female, 38, Spain**

45%

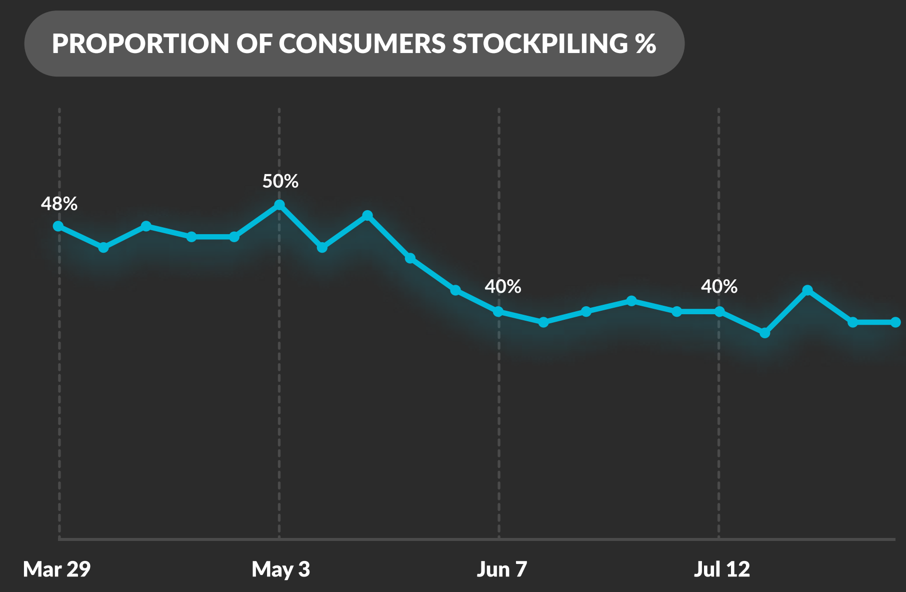
of people will avoid leaving the house if there are further outbreaks in their area

Taking stock

Despite the surge in stockpiling at the beginning of the pandemic, we aren't seeing this being replicated now - this is because before, no one knew what was happening and what was to come, meaning panic kicked in. Consumers are more familiar with the situation now and are confident in supermarket and grocery stores' ability to maintain stock levels and stop supply chain disruptions

The number of people stockpiling in Spain has increased by 35% since the beginning of July - while Australia saw a sudden peak at the end of July (47%) before returning to normal levels (around 30%).

We are seeing a change in what products people are stockpiling though - compared to April/May, consumers appear to have swapped food for hygiene.



Food and general grocery stockpiling has gone from 26% to 17% and canned goods/non-perishables have gone from 19% to 16% - while personal hygiene and cleaning products have gone up. This reflects less panic and more of an understanding of the longevity of the situation - stockpiling is no longer about survival, but protection.

We also know that the number one way consumers expect to be impacted by future waves is financially - 41% mention the fact that their job and financial situation will be put at risk. This is far higher than anything else mentioned - even the risk to people' health meaning discretionary spending will continue to decline.

Equally the importance of 'value' as a choice driver across categories is at an all time high. Consumers are giving more importance to quality and brand preference over price, even when buying food and snacks.

Purse strings may be tight right now but brands that are able to communicate the real distinguishing value of their products in order to differentiate themselves amongst their competitors will be benefit during this economically constrained time.

42%

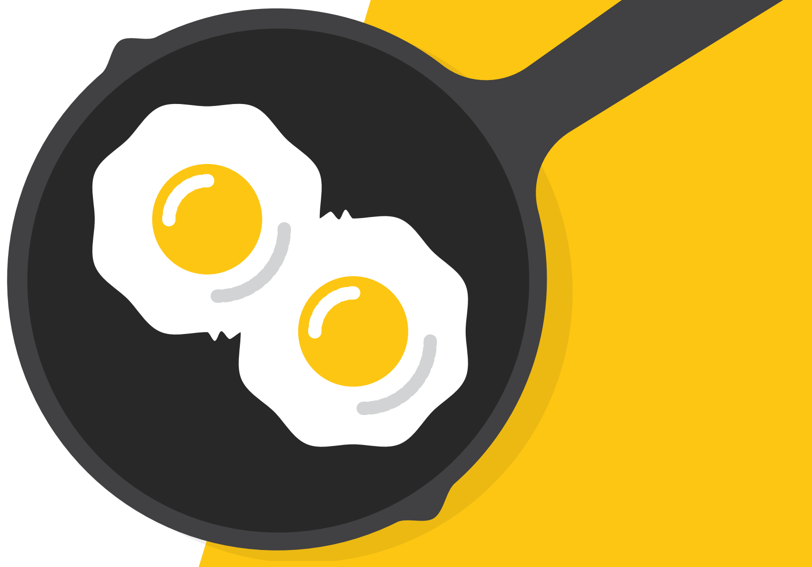
of consumers have done some amount of stockpiling during the pandemic

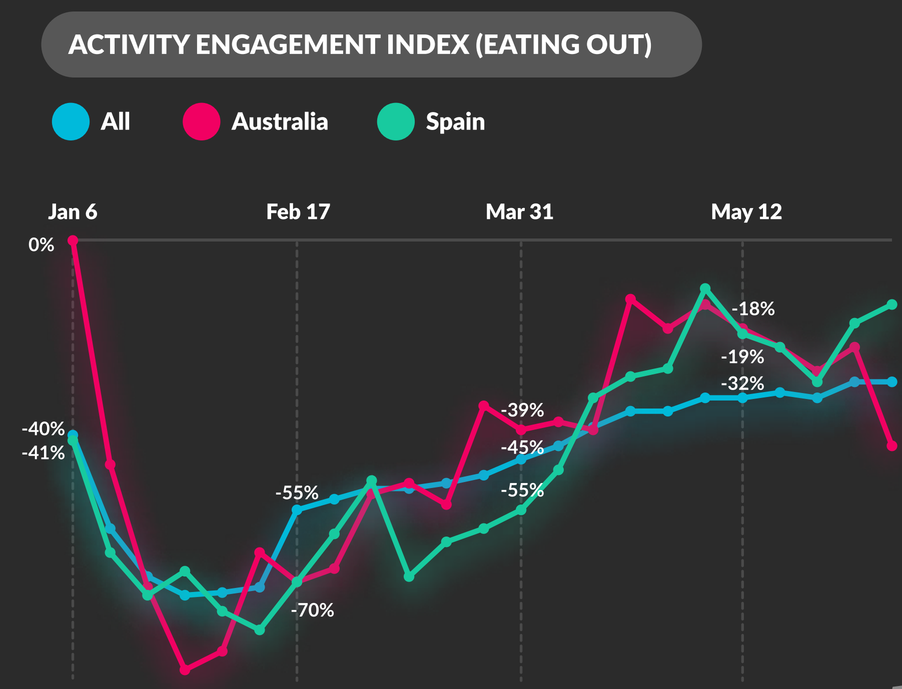
Cooking up a storm

Countries showing signs of a second wave - for example Spain and Australia, have experienced declines in eating out in response to the increase in cases and restrictions on going out. These markets are in fact showing a quicker recovery compared to the first ‘wave’. However, the dip is also far from what we saw at the beginning of the pandemic - this is despite many people believing future waves will be less contained and more severe than the first.

Why? Because consumers also feel more prepared in terms of how to protect themselves from the virus - they know that if the risk is high, they should stay in the home, avoid public spaces, wear masks and use hand sanitizer.

These habits are already well established in most people’s routines, so panic is becoming less of a factor.





While out of home food consumption is less likely to be as severely negatively impacted in the second wave, we must also take financial insecurity into consideration. Dining out will be used as a way for consumers to treat themselves - but it will be far less regular than it was before the pandemic so people will continue to look for alternate ways to make everyday, ordinary moments more special.

This will have an immediate effect on how often consumers cook meals from scratch and share treating moments at home. This has an important implication for food brands - they must continue to satiate consumers needs for experimenting with new and somewhat indulgent recipes.

In the event of a second lockdown, mindless boredom snacking will continue. As we saw in the first wave, consumers are almost twice as likely to treat themselves when fear levels are high - but as this begins to stabilise, consumers will pull away from treating occasions and refocus towards healthier eating and living habits.

“

I used to drink a lot of alcoholic beverages but because of the Coronavirus pandemic I now prefer to drink milk beverages as it’s good for health.

Female, 57, China

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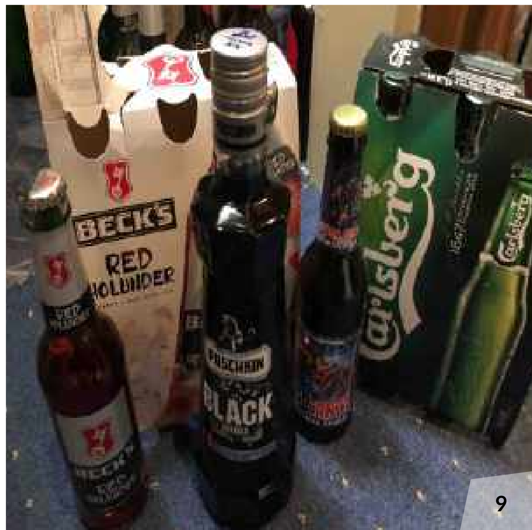
Just wanted something small and quite strong. A glass of port fits the bill as not as strong as whiskey so I can have a few glasses and I enjoy the taste.

Male, 40, UK



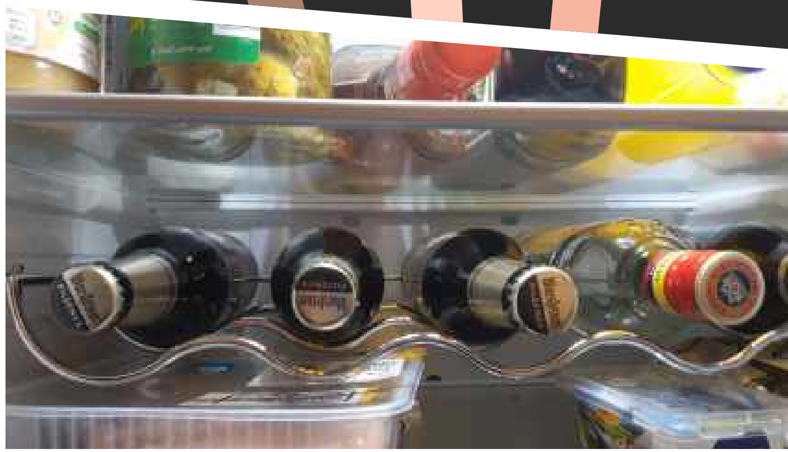
During the second wave, boredom snacking will continue but with a more conscious approach towards relatively ‘healthier’ options - as long as they do not completely rock the ‘craving-value’ balance. Over the last few months, we’ve seen consumers take active steps to boost their immunity particularly within the beverage category - e.g. yogurt shots, tea, water and juices - in their attempts for conscious consumption.

While showing a tendency to shift towards more complex and sensorially rich alcoholic beverages, they are also gravitating towards lower ABV drinks. Like with food, we’ll start seeing greater experimentation with types of alcohol - but don’t expect the actual frequency of their consumption to decline.

Boredom drinking will no doubt re-emerge with future waves of COVID-19 - particularly across middle class consumers.

TOP 3 REASONS FOR CHANGE IN ALCOHOL CONSUMPTION SINCE THE PANDEMIC BEGAN:

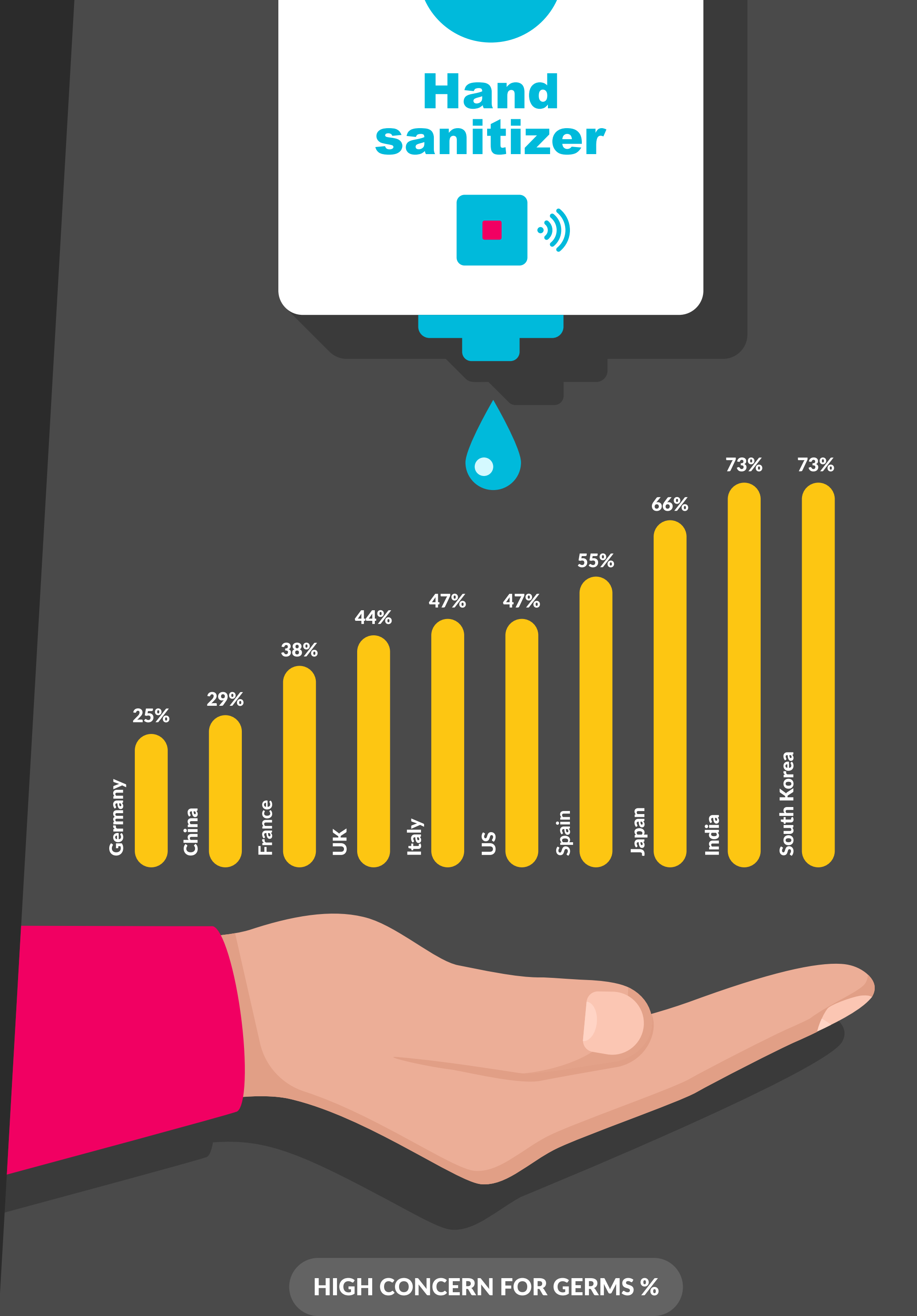
1. Boredom
2. To be healthier
3. I can’t go out



Getting personal

Our attitudes to germs will never be the same - COVID-19 has increased everyone's awareness of bacteria and hygiene routines, whether it's impacted their actual behaviour or not. As time goes on, fear of germs remains high for most markets.

China has one of the lowest levels - no doubt due to the fact that they've been living with covid the longest. We're definitely seeing a trend where countries experiencing their first peak, and those seeing a new rise in cases are showing high levels of concern over germs. This is of course understandable - how each market responded to the pandemic early on is definitely linked to the ongoing fear of germs. For example, Germany remained largely positive and hopeful, even when Europe was at the epicenter of the virus - the country also implemented track and trace systems and testing very early on which no doubt has helped ease consumers' concerns over the fear of second waves.



In the past month, consumers have increased their handwashing, their use of hand sanitizers and overall have become more aware of germs. This is going to have an effect on shopping habits - as we saw with stockpiling trends, these are the products that consumers are going to prioritise, even when they're reducing their overall spend. And as we saw at the start of the pandemic, this will have knock on effects on our skincare routines - we're already seeing consumers' skin getting drier (24% up to 27% in the past month) and there will be even further demand for products that can protect from germs but also moisturise. This will be even more important in countries heading into Autumn/Winter when skin naturally gets drier and more cracked.

On top of this, despite the fact that face masks are a powerful way to help minimise the spread of COVID-19 and the adoption rate has skyrocketed over the past few months - only 1 in 3 people actually mention the positive effects of wearing a mask in the moment of usage. Face masks come with a long tail of frustrations that impact the frequency of people actually wanting to go out, particularly in the midst of summer.

> **"Since I am getting everything online, products should have some sticker in the packaging box about corona and the preventive measures taken. Also, brands should educate people through their advertisements.**
>
> **Female, 18, South Korea**

The use of face masks is also impacting consumers' skincare - those new to wearing them are already reporting the impact on the health of their skin, something that will increase given mask wearing is becoming so established in many markets.

While 1 in 5 consumers report that they are experiencing dry skin overall, 13% are worried about build up of sweat and marks on their face from the mask - 'maskne' is also a growing concern. An extra layer that is in constant friction with the skin, limiting the air flow and enabling build-up is pushing consumers to increase the time and dedication they put into their routines.

Consumers have started to look for enhanced hydration and disinfecting benefits that will help combat this daily struggle - at the beginning of the pandemic, the demand was for products like this targeted to hands but now the focus will be on their face, requiring more sensitive ingredients.

> **It affects my mood to a great extent. I am not able to speak with people confidently with that mask put on. I am avoiding going out of home because I know I have to wear a mask. That's why I am getting many of my grocery items online.**
>
> **Male, 20, India**

HOW DOES WEARING A FACE MASK MAKE YOU FEEL?

Interestingly, consumers have also become increasingly aware of their oral care needs while wearing masks. The lack of ventilation has made them more conscious of their breath, dry/cracked lips and even of the soreness of their gums. Those who regularly wear masks actually spend more time on their oral care routine and are more likely to brush their teeth 3 times a day (30%) compared to the average person at 26%.

Although the overall number of people wearing face masks hasn't increased significantly in the past month, people are wearing them more often in busy areas and when interacting with others. What has declined, is the number of people wearing masks at work - however, this will be directly impacted by future waves for example due to stricter regulations or making people work remotely again.

> **It is important to wear a face mask to protect others from my germs in case I have contracted coronavirus and do not know it. There are people who are immune compromised or are going through treatments like radiation for cancer who need me to wear a mask. Is it uncomfortable and annoying? Sure, but it is for the greater good of everyone.**
>
> **Female, 38, US**

30% of people wearing a mask are more likely to brush their teeth 3 times a day

Moving forward

While we're seeing evidence of further so-called waves, the World Health Organisation has warned that is in fact all part of one large wave that shows no signs of seasonal variations. What does this mean for brands? Avoid making assumptions about time of year and relying on seasonal shifts - look at the data as it's coming, right now, rather than predicting yearly models.

Here are some top learnings that brands should take note of:

1. **Now is the time to grow your category**

   Changing consumer attitudes and habits are shifting the importance of historically anchored category needs - it's time to rejig your understanding of consumer behaviour, if you haven't already, because finding your place within the new landscape is only going to get harder the longer you leave it.

> **My question is whether we should return to pre covid 19 normality - instead, let's build on what we have learned from the pandemic and work towards creating a decent & SUSTAINABLE SOCIETY.**
>
> **Male, 60, India**

2 **Masks are here to stay**

Whether consumers like them or not, they understand that wearing masks is a necessary precaution that will continue for some time - therefore brands must understand the negative side effects that face coverings can cause and provide ways to counteract them.

3 **Redefine what value means**

Although financial instability remains as the biggest concern for consumers, what value means for each category is changing and that isn't necessarily down to price. Brands need to work harder to communicate the distinguishing factors of their products in order to differentiate themselves amongst their competitors and demonstrate their value.

4 **Consumers are becoming more mindful**

The COVID-19 pandemic has forced consumers everywhere to be more thoughtful and cautious with their consumption choices. Brands must therefore understand the aspirations that consumers have, and how to balance these with reality through their product innovations and communications.

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