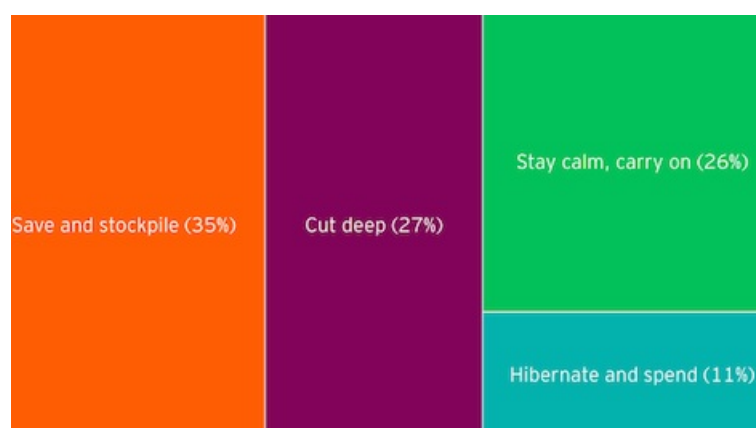


RESEARCH

Impacting shopping, 4 distinct consumer behavior trends emerging during COVID-19 crisis: EY

April 23, 2020



Four distinct consumer behavior segments are emerging amid the COVID-19 coronavirus health crisis, affecting decisions on shopping. Source: EY

By LUXURY DAILY NEWS SERVICE

Four distinct consumer behavior segments are emerging during the ongoing COVID-19 coronavirus crisis.

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Per the first edition of the EY Future Consumer Index, the segments are "Cut deep," "Stay calm, carry on," "Save and stockpile" and "Hibernate and spend."

"Looking beyond the immediate effects of COVID-19, few consumers expect to revert back to pre-crisis behaviors any time soon," said London-based Kristina Rogers, EY global consumer leader, in a statement.

"In these uncertain times, no one knows how long the transition will take or whether different consumer trends will emerge," she said.

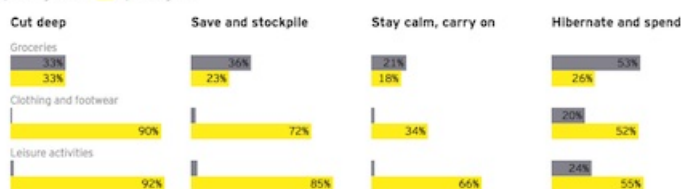
"The *EY Future Consumer Index*, paired with analysis around the EY Future Consumer Now, will continue to provide a perspective on the changing consumer and help consumer-facing companies stay relevant and plan for the future."

The *EY Future Consumer Index* survey of 4,859 consumers tracked sentiment and behavior across the United States, Canada, United Kingdom, France and Germany among the Western countries hardest hit by the pandemic.

How is COVID-19 affecting the way you spend money on the following?

Percentage of segment

■ Spending more ■ Spending less



How COVID-19 is affecting the way that consumers spend on groceries, clothing and footwear, and leisure activities. Source: EY

Cutting insights

Consumers who fall into the "Cut deep" segment (27.3 percent) are spending less across all expense categories as the pandemic impacts employment, the survey found.

Others representing the "Stay calm, carry on" category are continuing to spend as normal (26.2 percent).

Worryingly, most consumers (35.1 percent) represent the "Save and stockpile" segment, indicating that they feel pessimistic about the future.

That said, EY found that consumers who fall into the "Hibernate and spend" segment (11.4 [percent]) are spending more across the board.

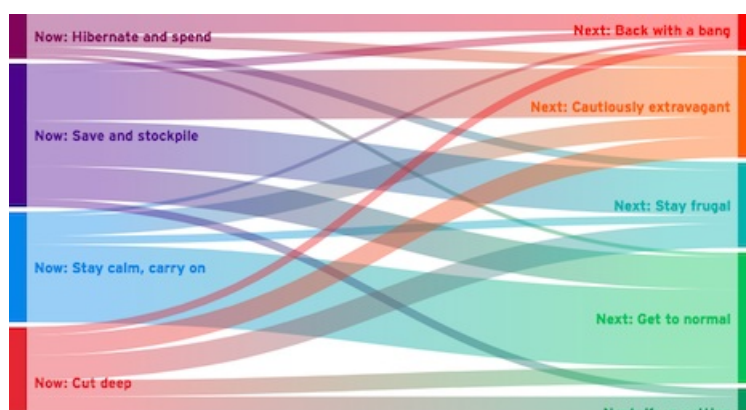
Overall, 42 percent of respondents believe that the way they shop will fundamentally change as a result of the COVID-19 outbreak, the EY survey showed.

When it comes to brands and products, 34 percent of consumers indicate that they would pay more for local products, 25 percent for trusted brands and 23 percent for ethical products.

EY's survey found that the four segments reflect how consumer behavior can relate to age groups, family or employment status. For instance:

- **Cut deep:** These consumers are mainly more than 45 years old and have seen the biggest impact on their employment status. Almost a quarter of these consumers have seen their jobs suspended, either temporarily or permanently. Seventy-eight percent of them are shopping less frequently, while 64 percent are only buying essentials. Thirty-three percent feel that brands are far less important to them in the current climate.
- **Stay calm, carry on:** These consumers do not feel directly impacted by the pandemic and are not changing their spending habits. Just 21 percent of them are spending more on groceries, compared with 18 percent that are spending less.
- **Save and stockpile:** This segment shows particular concern for their families and the long-term outlook. More than a third (36 percent) are now spending more on groceries, while most are spending less on clothing (72 percent) and leisure (85 percent).
- **Hibernate and spend:** Primarily ages 18-44, these consumers are most concerned about the impact of the COVID-19 pandemic. However, only 40 percent of this segment say they are shopping less frequently. And while 42 percent say the products they buy have changed significantly, 46 percent of them say brands are now more important to them.

"Companies were already struggling to keep up with changing consumer behaviors before the pandemic," said Andrew Cosgrove, EY global consumer knowledge leader and lead analyst, in a statement. "Now it's even more critical for companies to anticipate how consumers will change and respond to specific segment needs."



How consumer segments could transition post-COVID-19. Source: EY

High five?

EY has identified five new segments that may emerge as consumers move past the pandemic.

Indeed, the four segments identified could morph into five very different ones as the crisis abates, EY found.



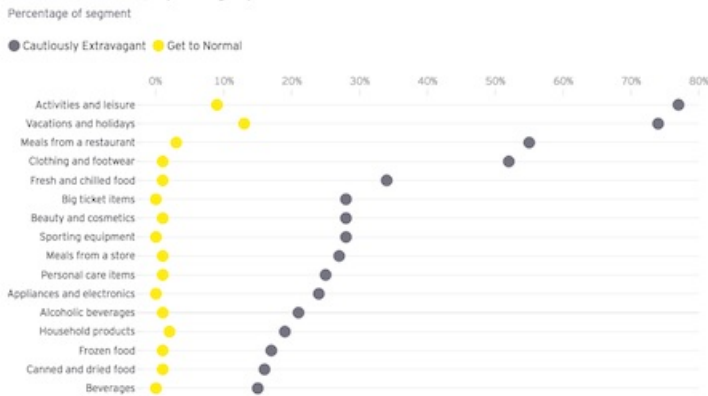
Five consumer segments could emerge post-COVID-19. Source: EY

For instance, the index currently suggests that over time, most consumers in the "Save and stockpile" segment will migrate to two new segments: "Remain frugal" and "Cautiously extravagant."

These new consumer segments, detailed in the index, could emerge post-COVID-19 and be summarized as: "Keep cutting" (13.1 percent), "Stay frugal" (21.7 percent), "Get to normal" (31.4 percent), "Cautiously extravagant" (24.7 percent) and "Back with a bang" (9.1 percent).

Not surprisingly, consumer attitudes to privacy and purpose are changing as well.

Percentage of each segment expecting to spend more once the COVID-19 outbreak is over, by category.



Percentage of each segment expecting to spend more once the COVID-19 outbreak is over, by category. Source: EY

Which of the following do you think will change as a result of COVID-19?



Which of the following do you think will change as a result of COVID-19?. Source: EY

Know more

Over the last two years, EY teams have been modeling future scenarios as part of the [FutureConsumer.Now](#) program.

One of these scenarios was based on the impact of a hypothetical global pandemic and indicated that consumers could adopt more open attitudes to privacy and sharing personal data, according to EY.

The *EY Future Consumer Index* finds that 54 percent of consumers would make their personal data more available if it helped to monitor and track an infection cluster.

The index also finds that health care providers are regarded as the most authoritative organization, with 47 percent

of consumers indicating that they trust them completely, compared to governments (28 percent), brands (17 percent) and media companies (16 percent).

Another FutureConsumer.Now scenario model showed that consumers could view time, talent and natural resources as equally precious, with traditional notions of status receding, replaced by purpose and social good, EY said.

This is supported by the index, in which 33 percent consumers strongly agree that they will re-evaluate the things they value most as a result of the pandemic, while more than a quarter say they are already paying more attention to what they consume and what impact it has, according to EY.

PLANS CALL for the *EYFuture Consumer Index* over the next few month to offer regular longitudinal indicators and perspectives on which changes are likely to be temporary reactions to the COVID-19 crisis, and which point to more fundamental shifts. More countries will be included as the analysis continues, EY said.

The latest analysis is available at ey.com/futureconsumerindex1.

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