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## Affluents struggle too as COVID-19 financial stress continues: Deloitte

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*Asia Pacific was the first region to face COVID-19, with the virus first emerging in Wuhan, China in late 2019. Image credit: Euromonitor*

By ELLEN KELLEHER

Although consumer confidence has rebounded during the ongoing COVID-19 crisis, many continue to adapt their budgets as safety perceptions shift and spending priorities evolve amid persistent financial uncertainty.

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According to the latest Deloitte "Global State of the Consumer Tracker" survey, higher levels of consumer confidence are encouraging affluents to venture to stores more frequently despite the pandemic. However, the expiration of stimulus funding and higher unemployment levels are having a wide-reaching economic impact and affluents are not immune to the financial strains.

"People are starting to feel the financial pinch," said Stephen Rogers, executive director with Deloitte Insights Consumer Industry Center at **Deloitte** LLP. "The aid packages have stopped and there has been a considerable spike in concern about making upcoming payments."

"We're starting to see the financial stress creep in," Mr. Rogers said.

The survey was conducted between Oct. 29 and Nov. 5 in 18 countries where at least 1,000 consumers per country were polled. The monthly surveys aim to understand the connections between people's desire for personal safety amid the COVID-19 crisis and their economic vulnerability.

Scaling back?

Consumers continue to struggle financially, with 29 percent saying they are having difficulty making upcoming payments.

In the United States, lawmakers have been unable to reach agreement on a new COVID-19 federal relief package since the \$2 trillion CARES Act was passed in March.



*The change in administration in Washington D.C. could influence the U.S. fight over another coronavirus stimulus package. Official White House photo by Joyce N. Boghosian*

As a result of stimulus gridlock and layoffs, many U.S. consumers are spending more than they earn. Sixty-one percent of U.S. respondents reported spending the same or more than their current income.

For those under the age of 54, financial concerns have jumped to the forefront of agendas. Per Deloitte, about 39 percent of U.S. consumers have concerns about their credit card balances while 42 percent worry about how much money they have in savings.

"There has been a considerable spike in concern over making upcoming payments," Mr. Rogers said.

Many are delaying large purchases until their finances improve.

Consumers continue to trim their budgets, with 29 percent of respondents hoping to scale back on clothing purchases and restaurant spending over the next four weeks. In keeping with cuts on discretionary purchases, half of U.S. vehicle owners still plan to keep their current car or SUV longer than originally planned.

Despite the backdrop of COVID-19, consumers' perceptions of safety are improving, with 61 percent of adults polled now saying they "feel safe" going to the store, up from 30 percent in April.

Forty-one percent of respondents are now willing to pay for convenience to get items they need. As a result, more consumers are buying their necessities online and picking them up in stores (BOPIS) as they see it as faster than in-store shopping and a safer alternative.

Contactless commerce, convenience and bargains will be the trio of factors influencing sentiment when consumers visit stores over the holidays, per Deloitte.

Despite safety precautions being made on behalf of retail stores this holiday shopping season, customers may not spend as much this year or simply revert to ecommerce in response to the pandemic ([see story](#)).

As consumers feel safe going to stores, almost half of respondents are not worried about returning to their workplace and another 27 percent feel comfortable attending in-person school.

At the same time consumers cut back on some nonessential spending, demand for leisure travel is picking up again in time for the holidays, after suffering from a slide in interest a few months ago.

After reaching new heights in 2019, the travel industry has been among the hardest by the coronavirus pandemic.

This change in sentiment on travel reflects the fact consumers' forward-looking discretionary spending on items like restaurants, clothing and travel is changing.

About 43 percent feel safe going to restaurants and another 45 percent have no aversion to staying in hotels. Flights are also becoming more in vogue with 33 percent saying they have no objection to flying.

Maintaining physical health remains a priority as 47 percent of respondents are focused on their physical well-being while 61 percent are most worried about the health of their family.

The changing COVID consumer

The coronavirus pandemic is far from over, but consulting firms are of the view that it has fundamentally changed the world in ways that will resonate for years to come.

This year's chaos means emotion will play more of a role in people's decisions in 2021 as affluents look to fortify

their homes, dedicate more time to their communities and draw new boundaries between public and private ([see story](#)).

Adding to the tumult are projections that the global pandemic will continue upending customer experiences into 2021 and brands should be responsive to this fact, according to a second Forrester report.

There have been positive outcomes in the development of a vaccine, but COVID-19 will likely disrupt people's sense of trust, safety and inclusion even more in 2021 than it has this year, according to a recent Forrester report. Brands that earn customers' trust will fare better in this shake-out ([see story](#)).

At the root of the COVID-19 problem these days is people's lack of financial security.

"People are in wait-and-see mode on the vaccines," Mr. Rogers said. "But only one in four Americans say they are making more than they spend.

"You can imagine the decisions people are having to make."

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