CONSUMER SENTIMENT DURING COVID-19

EPSILON

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How consumers are reacting to COVID-19

The COVID-19 pandemic is a historic disruption that's affecting how we live every day—and consumers are split about how long that will continue.

50%

of consumers said that things will **return to normal in a couple months**

50%

of consumers said this will **last into the fall or longer**

60%

of consumers said their overall **spending is down**

80%

are **delaying purchases** until the crisis is over (Gen Z is the least likely to do this)

Gen X had the highest number of responses for lasting a few months, while the silent generation had the highest number of responses for the fall or longer.

Even though half of consumers are hopeful life will return to normal in a few months, it's still changing how they spend.

This economic uncertainty leaves marketers with a lot of questions—particularly in the CPG, retail, restaurant and travel industries. **To understand how consumers are feeling, we went straight to the source to ask them about recovery.**

CONSUMER PACKAGED GOODS

Sales of CPGs in the U.S. increased 9.5% in the first few months of the pandemic. While many consumers are still purchasing in-store at grocers, curbside pick-up and home delivery are on the rise, and over 50% of millennials and Gen Z said they will continue to shop via these channels.

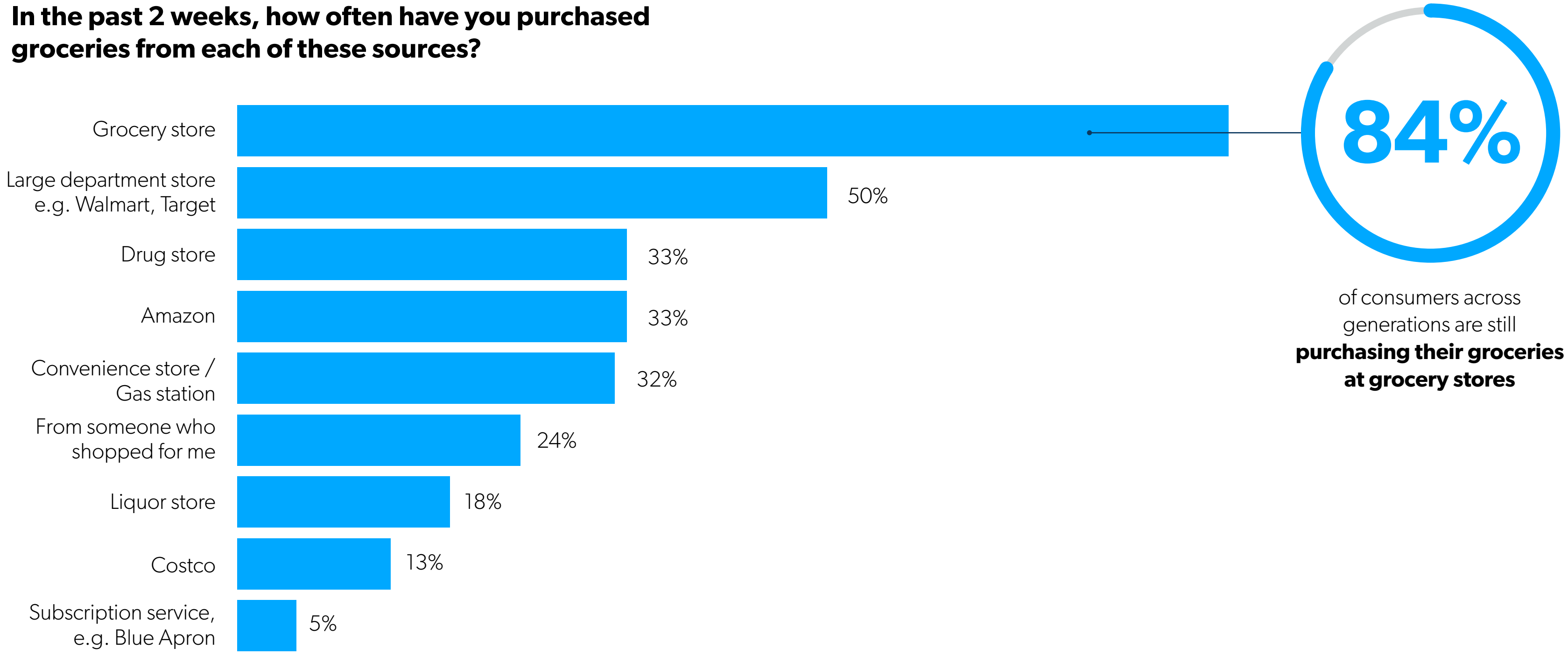
Source: Epsilon Shopper's Voice, 2020

CONSUMER PACKAGED GOODS

Where are consumers buying their groceries?

Overall, the majority of consumers across generations are still purchasing their groceries at grocery stores (84%). Consumers view grocery stores as a one-stop shop where they can purchase the majority of their necessary items (both grocery and non-grocery), and eliminate multiple trips to specialty stores to mitigate their risk.

In the past 2 weeks, how often have you purchased groceries from each of these sources?



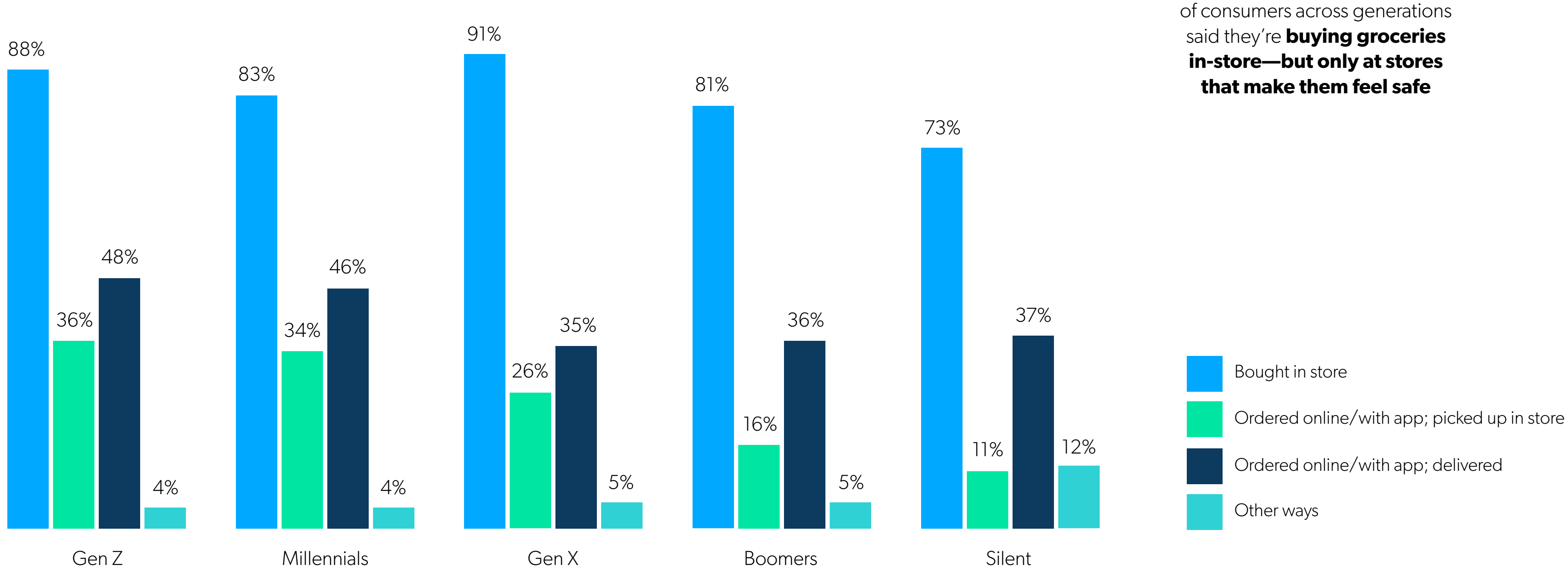
CONSUMER PACKAGED GOODS

What's the preferred channel for buying groceries?

Consumers are still buying groceries in-store—but only at stores that make them feel safe. These stores are cleaning each cart and basket, implementing one-way aisle traffic, and sectioning off each area within the store to limit customers. Gen X, millennials and Gen Z are most likely to order with an app for pick-up, and Gen Z and millennials are also more likely to from an app for delivery.

of consumers across generations said they're **buying groceries in-store—but only at stores that make them feel safe**

In the past 2 weeks, how often have you used each of these ways of getting purchases to your home?

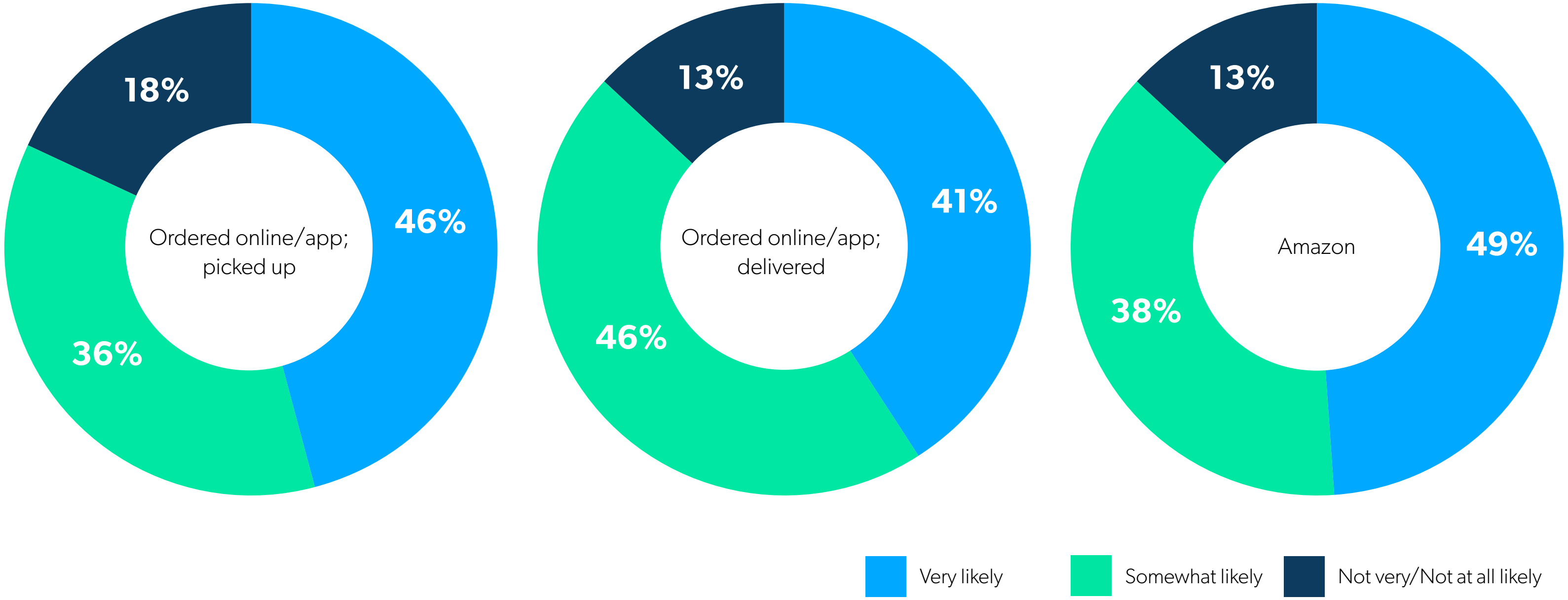


CONSUMER PACKAGED GOODS

Do consumers plan to re-purchase online?

Over 40% of consumers across generations plan to use online channels to reorder because its easier, and they're pleased with the timing of order processing.

How likely are you to buy groceries in the future, in any of these ways?

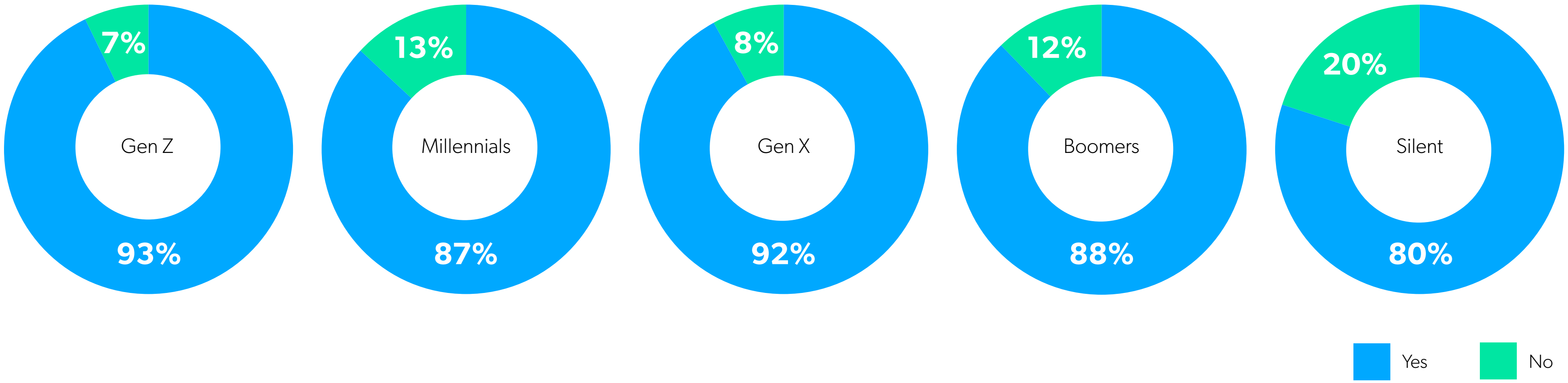


CONSUMER PACKAGED GOODS

Can consumers find what they’re looking for?

85% of consumers across generations said they can’t always find the grocery item they’re looking for. The silent generation is more likely to find what they need, but their choices appear to be more mainstream and flexible. The top categories most difficult to find are paper products, fresh produce and canned and dry goods.

In the past 2 weeks, has it been difficult to find any of the grocery products or brands that you wanted?

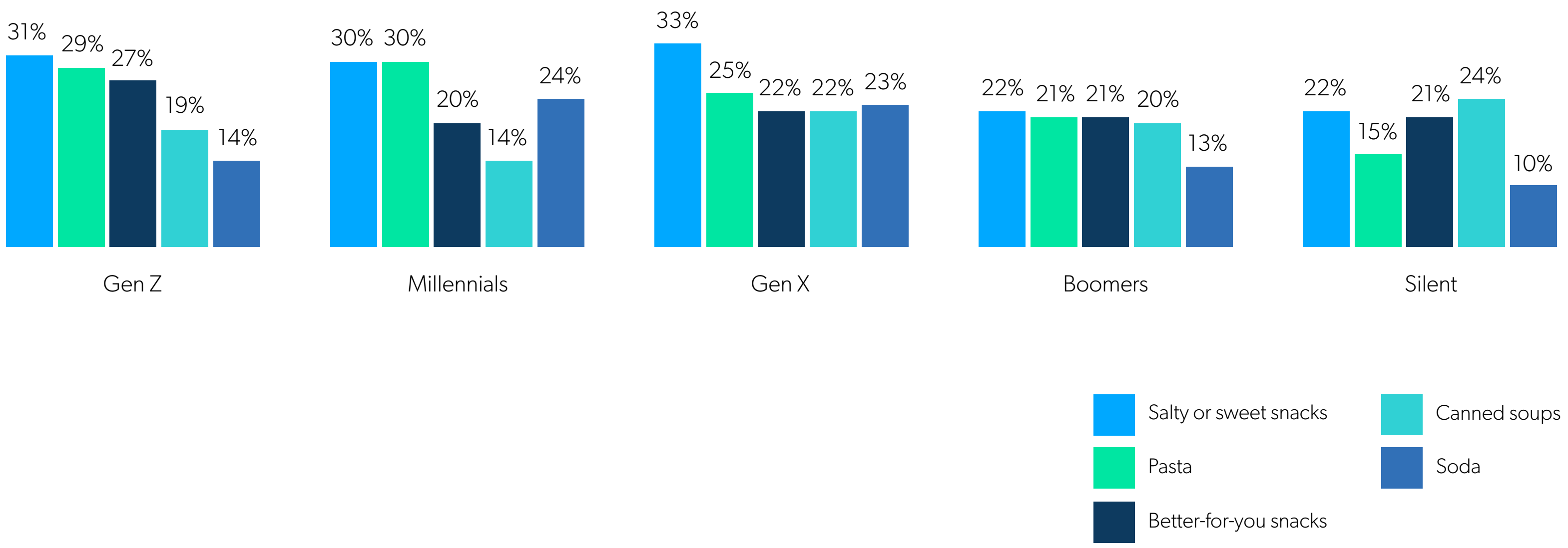


CONSUMER PACKAGED GOODS

What are consumers eating most?

It's no surprise that the consumption of snacks and pasta increased the most overall—Gen X, millennials and Gen Z said they're more likely to have eaten more of these items in the past two weeks, while Gen X and millennials are more likely to drink soda.

Are you eating or drinking more of any items in these past 2 weeks?



Recommendations for CPG brands

1. Review your data inventory and identify the gaps, and supplement your data sets to help you **understand how your customers are behaving in the current moment.**

2. If you're an essential CPG brand, such as food, hygiene and medical, focus on the positive feeling your products will give consumers. For non-essential CPG brands, such as beauty, **focus on driving online sales** and use data points associated with shopping behaviors.

3. Consumers aren't brand loyal right now. Refine your identity strategy so you're able to understand what they're purchasing—it will help you **understand their purchase patterns** and enable you to reach the consumers interested in your products.

4. As you continue to develop your omnichannel strategy, **understand the channels your consumers prefer.** Develop a single repository to bring your PII and NPII data together in one place so that you can activate it efficiently across all channels.

5. Develop a "new normal" strategy. Shopping behavior and channel preferences are continuously changing. **Understanding this new norm is essential for CPG brands.**

RETAIL

Consumers can't visit the majority of retailers to make in-store purchases, so **many have shifted to online shopping.** Amazon continues to be the most popular retailer for non-grocery items, and gardening and craft stores are seeing increased sales. Direct-to-consumer (DTC) brands are the least popular, but consumers are buying from big box stores including Target and Walmart.

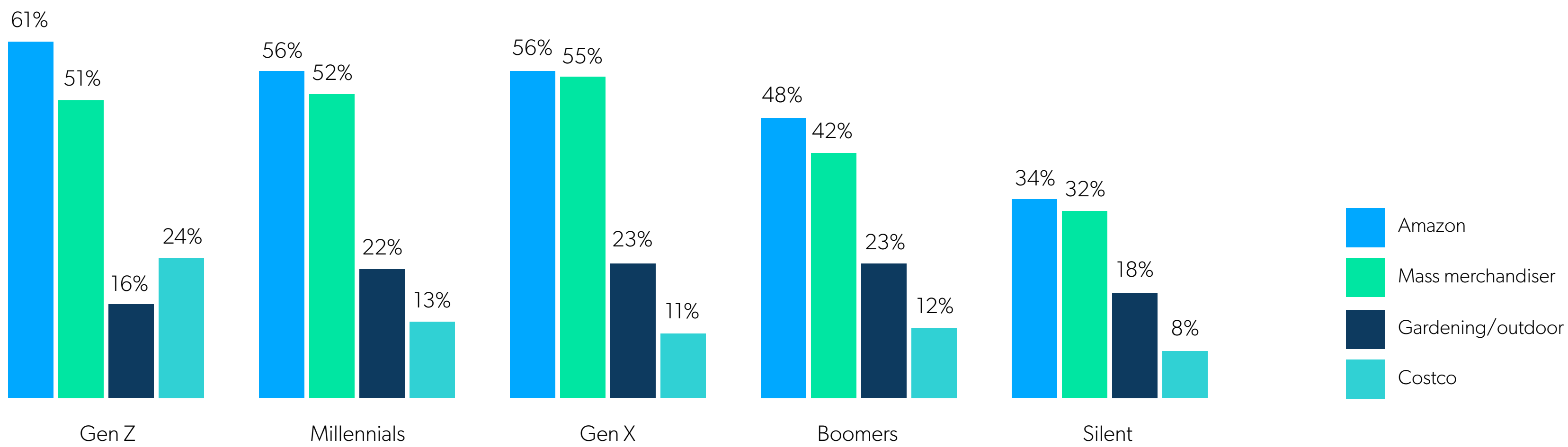
Source: Epsilon Shopper's Voice, 2020

RETAIL

Where are consumers shopping?

Amazon is the top retailer—more than half of consumers across the generations said they purchased from Amazon in the past two weeks. Mass-merchandisers, gardening and outdoor retailers and Costco are second.

In the past 2 weeks, how often have you purchased any other products—except groceries—from each of these kinds of retailers?

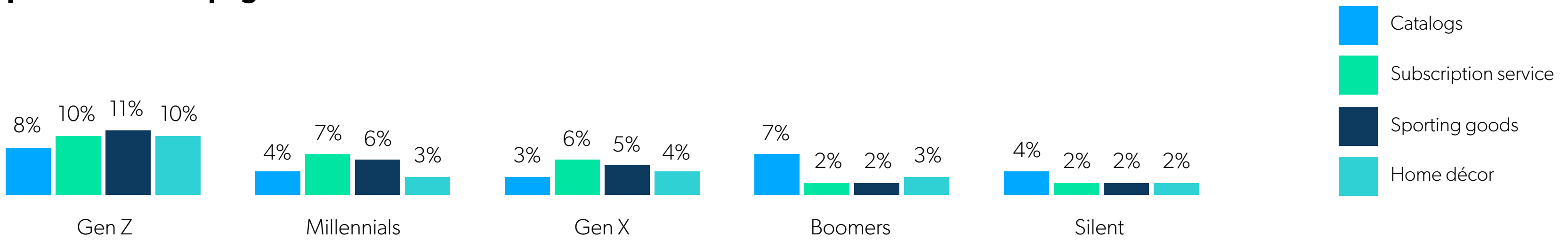


RETAIL

Where are consumers shopping?

Catalogs, subscription services, sporting goods and home decor are equally popular. Gen Z is buying more in these four categories to make their homes more comfortable, and to stay in physical shape.

In the past 2 weeks, how often have you purchased any other products—except groceries—from each of these kinds of retailers?

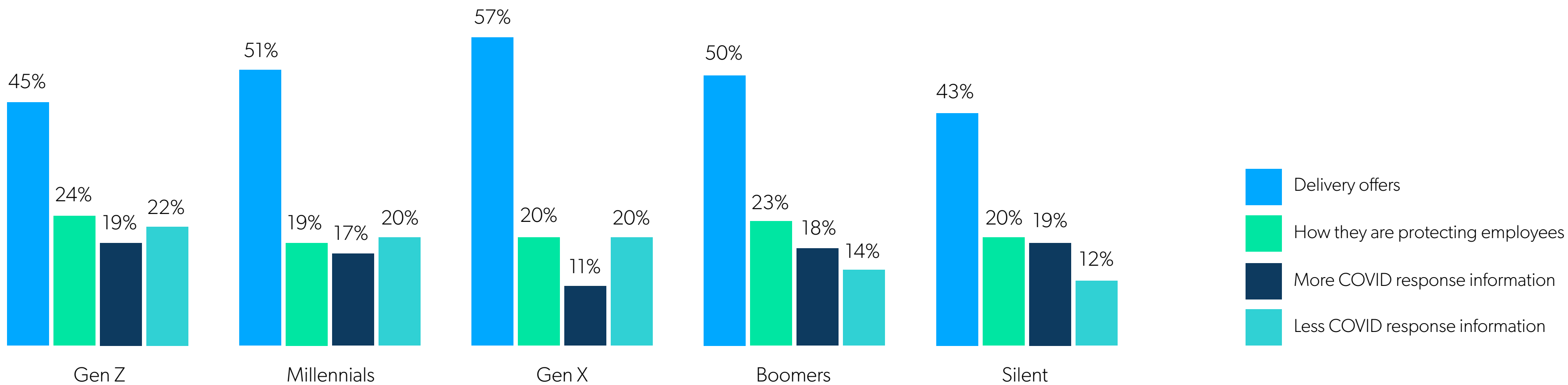


RETAIL

How are consumers engaging with retail brands, and what type of information do they want?

Email is a preferred channel—half of consumers across the generations would like emails to contain special offers for delivery. Gen X said they want to hear less about a retailer's COVID-19 response, while silents said they want more information.

How could retailers or brands improve their emails that they send to you?

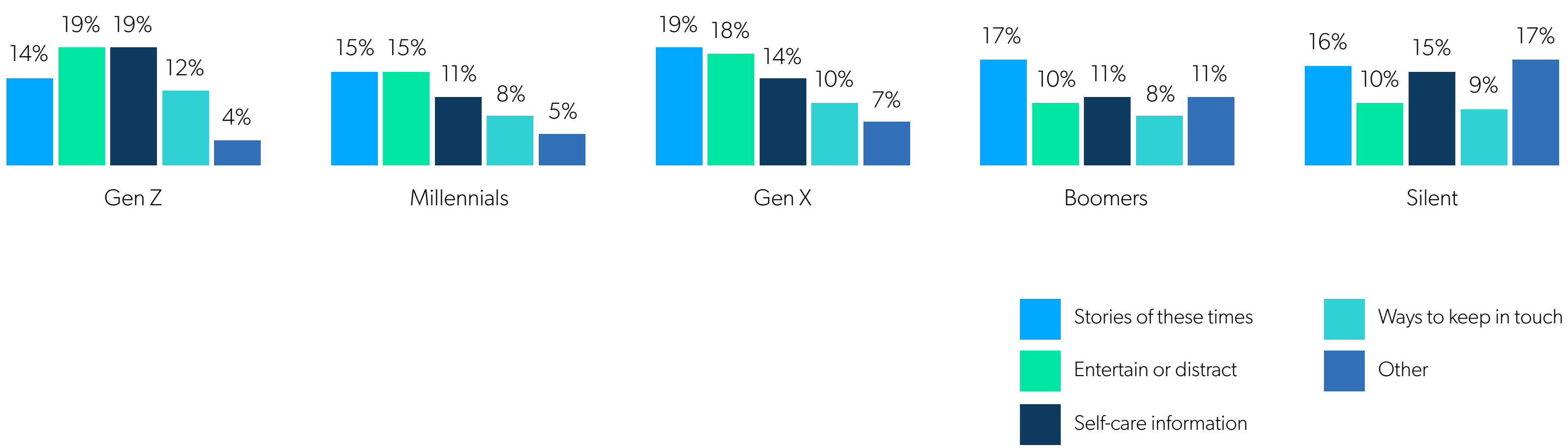


RETAIL

How are consumers engaging with retail brands, and what type of information do they want?

While Gen Z is more likely to want emails that entertain, distract or provide self-care information or products, silents are more likely to have needs and interests that can't be met in an email.

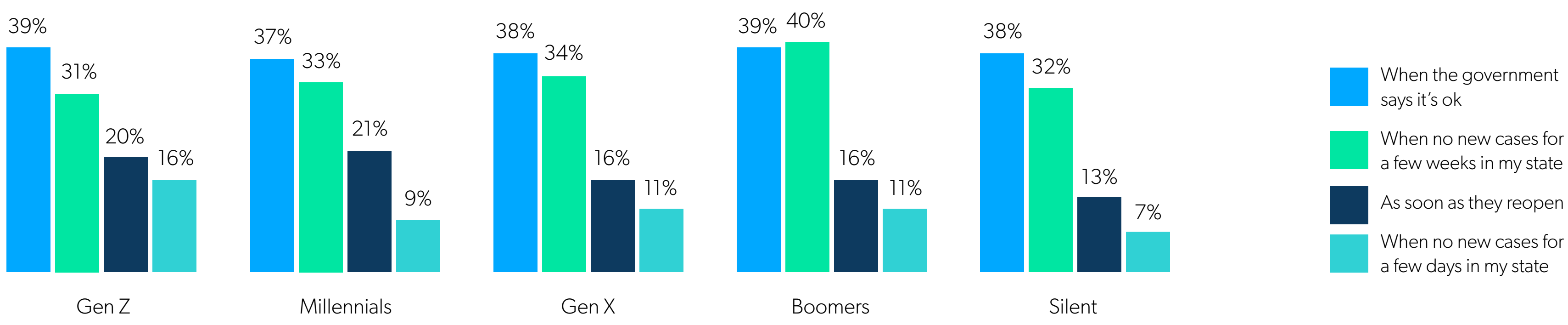
How could retailers or brands improve their emails that they send to you?



When will consumers return to stores?

Consumers across generations said that when the government says it's okay and there have been several weeks without any new cases, retail storefronts should reopen.

When will you feel it's safe to go back into this store again?

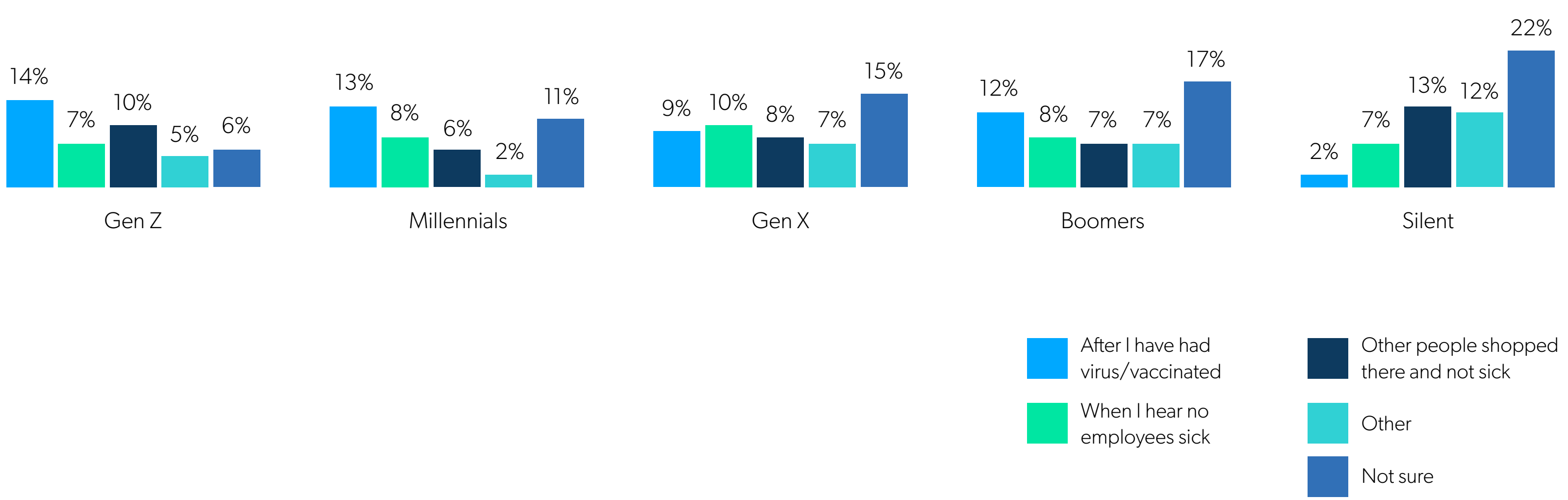


RETAIL

When will consumers return to stores?

1 in 7 consumers across generations aren't sure what will reassure them to return to retail storefronts, while silents are much less likely to be ready to return until after they've had COVID-19 or a vaccine.

When will you feel it's safe to go back into this store again?



Recommendations for retailers

1. Consumers are missing the in-store shopping experience, but have adapted to digital channels. **They prefer to purchase online and pick up in store.**

2. Keep your email messaging strategy top of mind. **Consumers want to hear from you in this time of uncertainty,** as long as the message is relevant. Use your data to personalize communications and meet their current needs.

3. Focus on how to **incorporate a new reliance on digital** as you're planning for the re-open of stores. Be agile—different locations will have different needs.

4. Develop an **agile marketing strategy that responds to change and adjusts your messaging in real time.** This may mean developing multiple strategies for different scenarios.

5. Your customers are going to want choice with how they interact with your brand. **Be where they are to maintain the best relationship.**

RESTAURANTS

Consumers can't dine at their favorite restaurants, so many have found easier meals to **cook at home, or get takeout.**

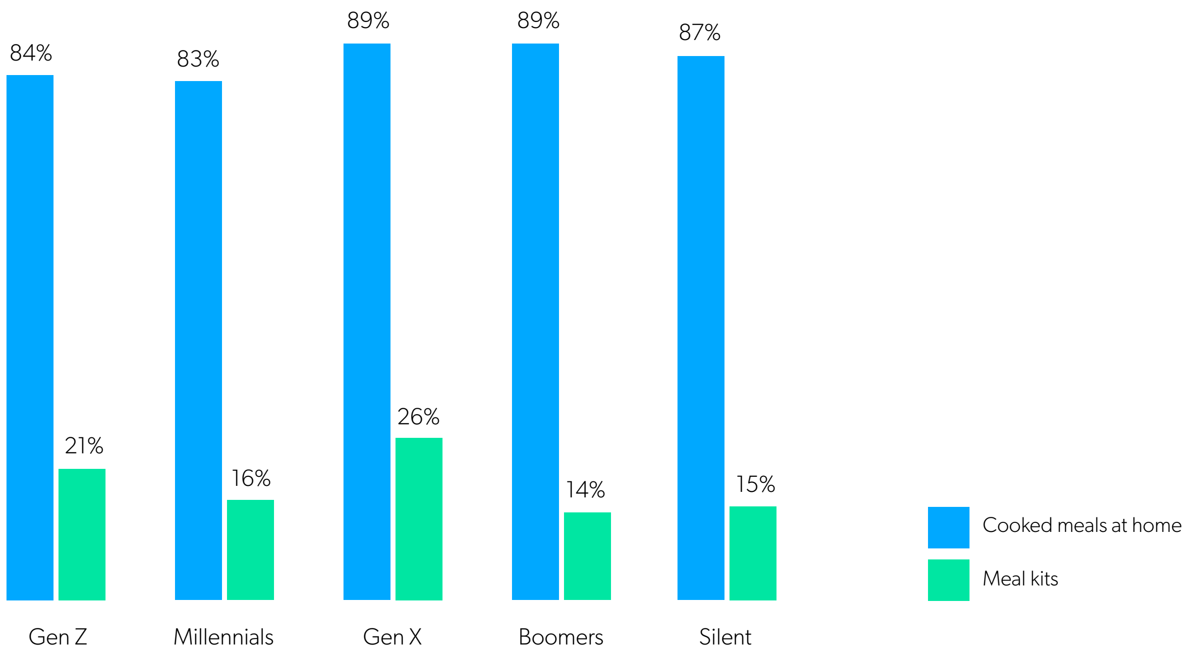
Source: Epsilon Shopper's Voice, 2020

RESTAURANTS

Are consumers cooking at home more, and are they using boxed meals?

Over 80% of consumers are cooking at home. Add that to their other responsibilities: working from home, in-home schooling and keeping up with household chores, they need more convenient food options, such as meal kits. Gen X is leading this trend.

In the past 2 weeks, how often have you ordered meals vs. cooking at home?

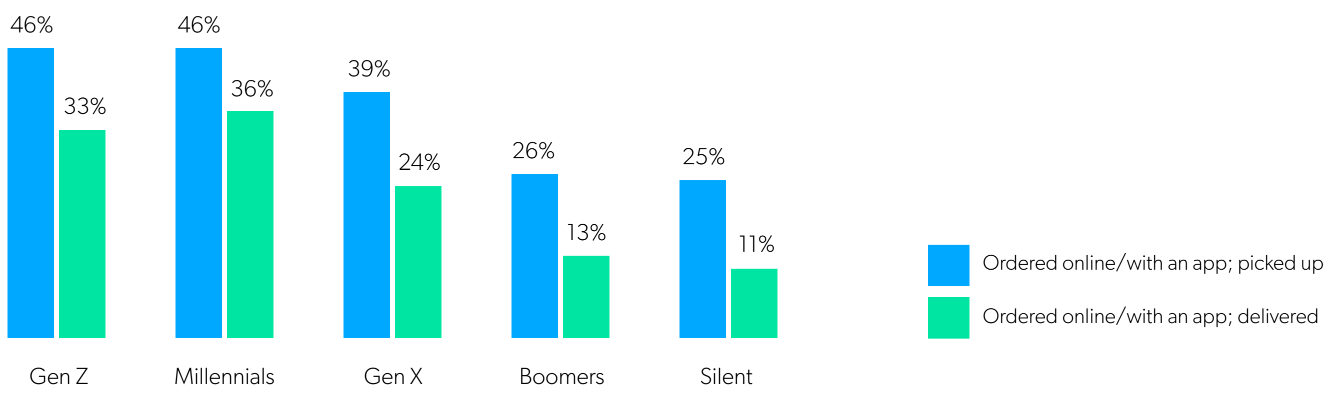


RESTAURANTS

How about takeout?

Consumers across generations are ordering takeout. Their preference is to order via the restaurant's app or website, and then pick-up either in the restaurant or at curbside instead of getting it delivered.

In the past 2 weeks, how often have you ordered meals online for pickup or delivery?

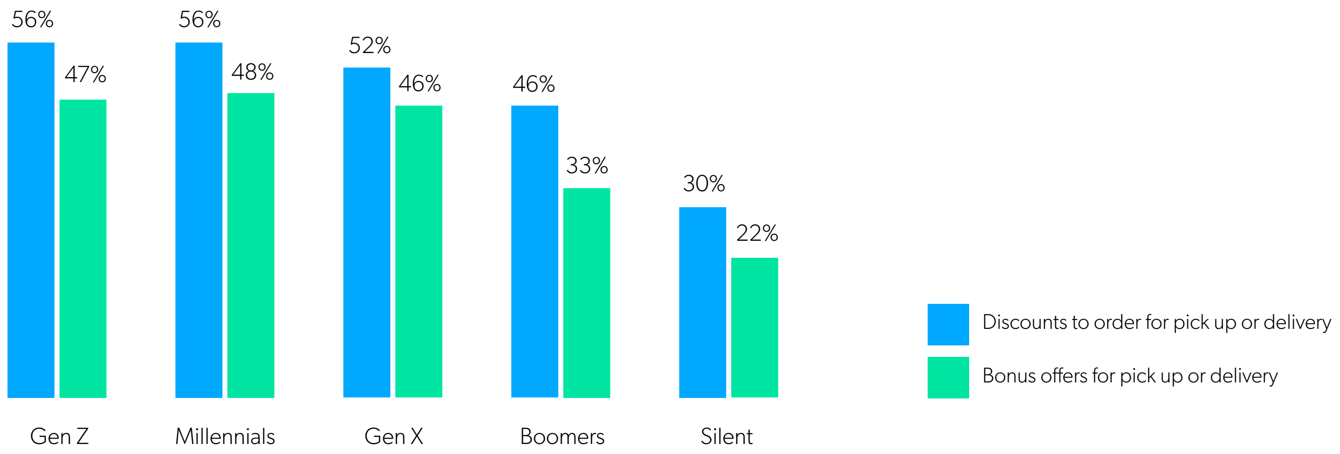


RESTAURANTS

How are consumers engaging with restaurants?

Consumers are receptive to receiving email communications from restaurants. While some appreciate COVID-19 updates, they're not expecting them. Close to 50% of all generations (with the exception of silents) are receptive to messages about getting more value for their restaurant spending, so deliver discount and bonus offers.

What kinds of emails would you be interested in receiving from restaurants at this time?

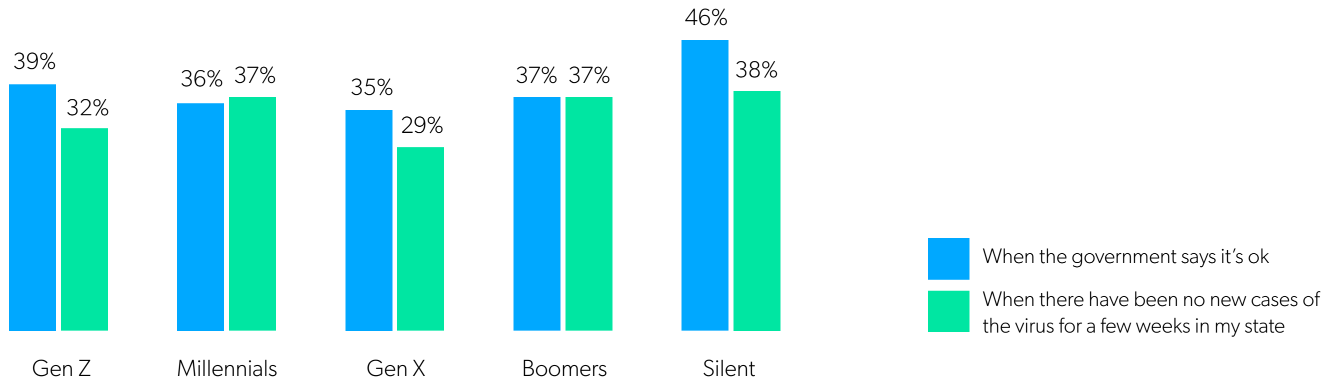


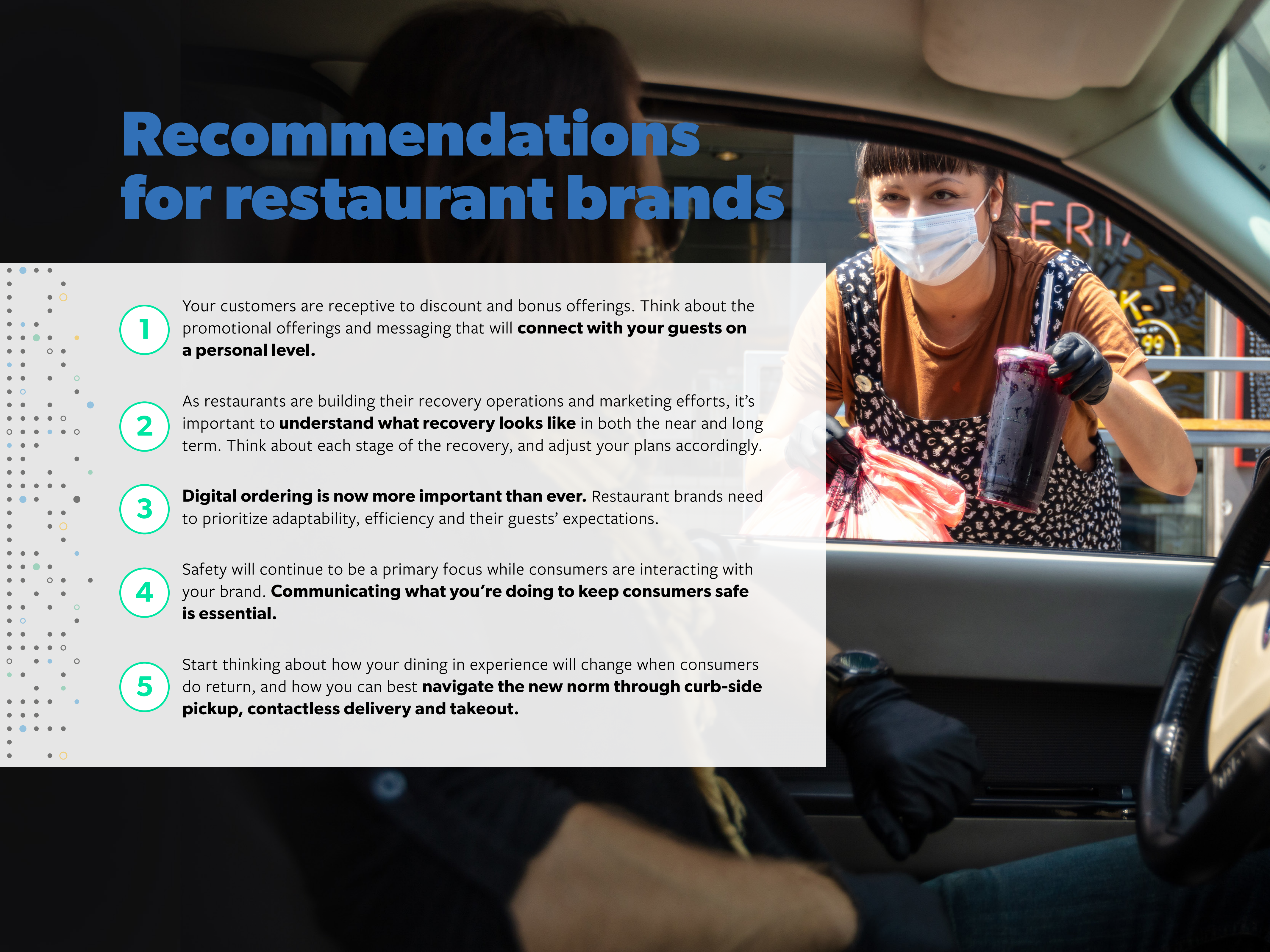
RESTAURANTS

When will consumers feel it's safe to dine in?

Only 30% of boomers, Gen X, millennials and Gen Z say they're looking to the government to assure them when it's safe to start dining in again, but 46% of silents are. Other indicators that it's safe to return to restaurants are no new reported cases, the consumers who dined at the restaurant remain healthy, and all employees working at the restaurant are healthy.

When will you feel it's safe to go back into restaurants again?





Recommendations for restaurant brands

1. Your customers are receptive to discount and bonus offerings. Think about the promotional offerings and messaging that will **connect with your guests on a personal level.**

2. As restaurants are building their recovery operations and marketing efforts, it's important to **understand what recovery looks like** in both the near and long term. Think about each stage of the recovery, and adjust your plans accordingly.

3. **Digital ordering is now more important than ever.** Restaurant brands need to prioritize adaptability, efficiency and their guests' expectations.

4. Safety will continue to be a primary focus while consumers are interacting with your brand. **Communicating what you're doing to keep consumers safe is essential.**

5. Start thinking about how your dining in experience will change when consumers do return, and how you can best **navigate the new norm through curb-side pickup, contactless delivery and takeout.**

TRAVEL

The temporary shut-down of hotels, the limited numbers of flights, cruise ships halting their service, and more disruptions have caused consumers to pause their travel plans. But **60% of consumers are planning to travel once it's safe to do so.**

Source: Epsilon Shopper's Voice, 2020

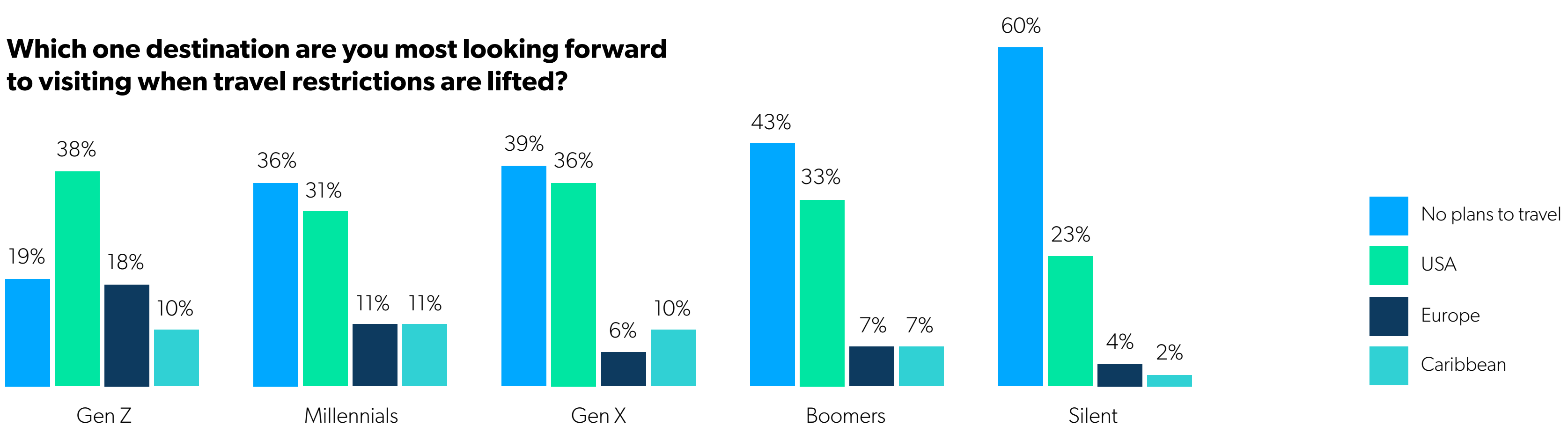
TRAVEL

When consumers do travel again, where are they planning to go? Are they considering international travel?

Over 30% of consumers across generations (with the exception of silents) said they'll travel within the US—few are looking forward to traveling to other destinations. Gen Z is the most willing to travel internationally when the ban is lifted at 15%.

As far as when consumers will start traveling again, a third say they will travel once the government says it is ok to do so. Boomers are the most likely generation to rely on the government go-ahead. And there's a subset across all generations who say they'll wait over a year after they've received a vaccine to travel.

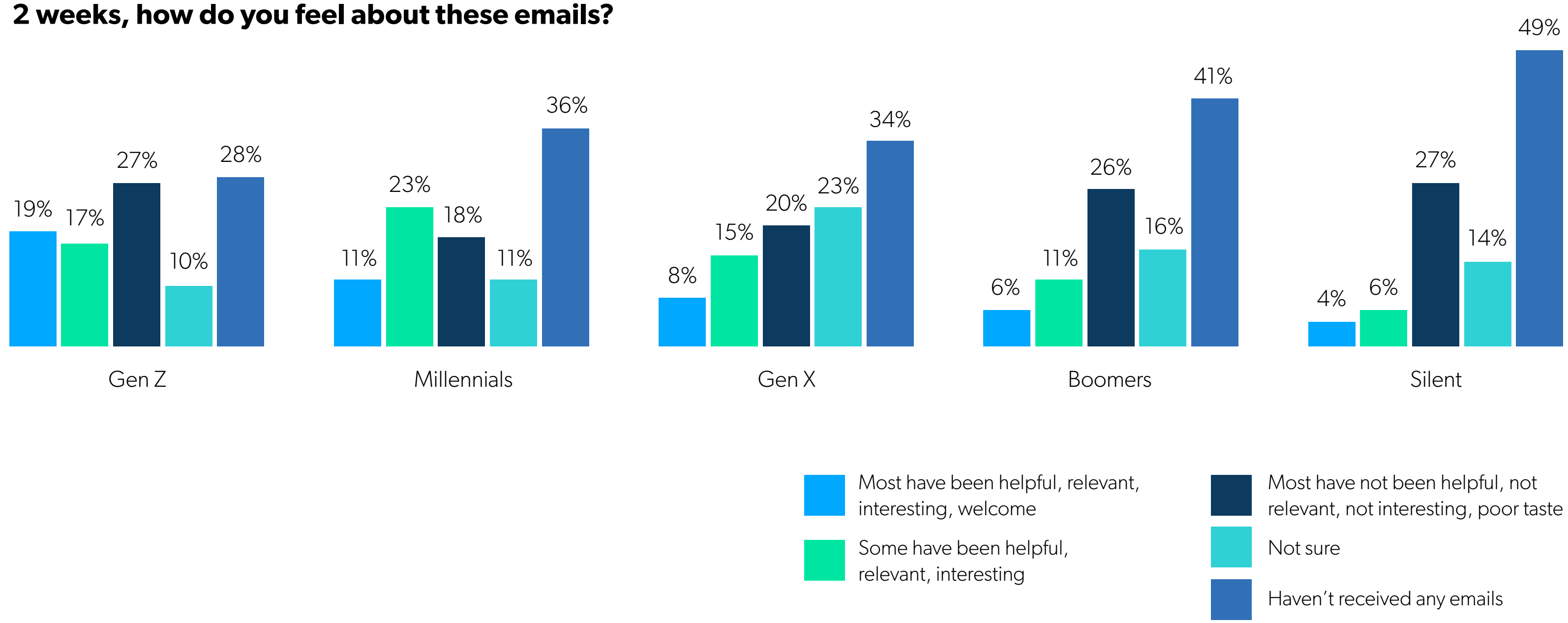
Which one destination are you most looking forward to visiting when travel restrictions are lifted?



Are consumers receptive to emails from travel brands?

Overall, consumers have modest levels of approval for emails received throughout the past few weeks. On average, less than 10% of consumers across generations think emails from travel brands provide relevant information.

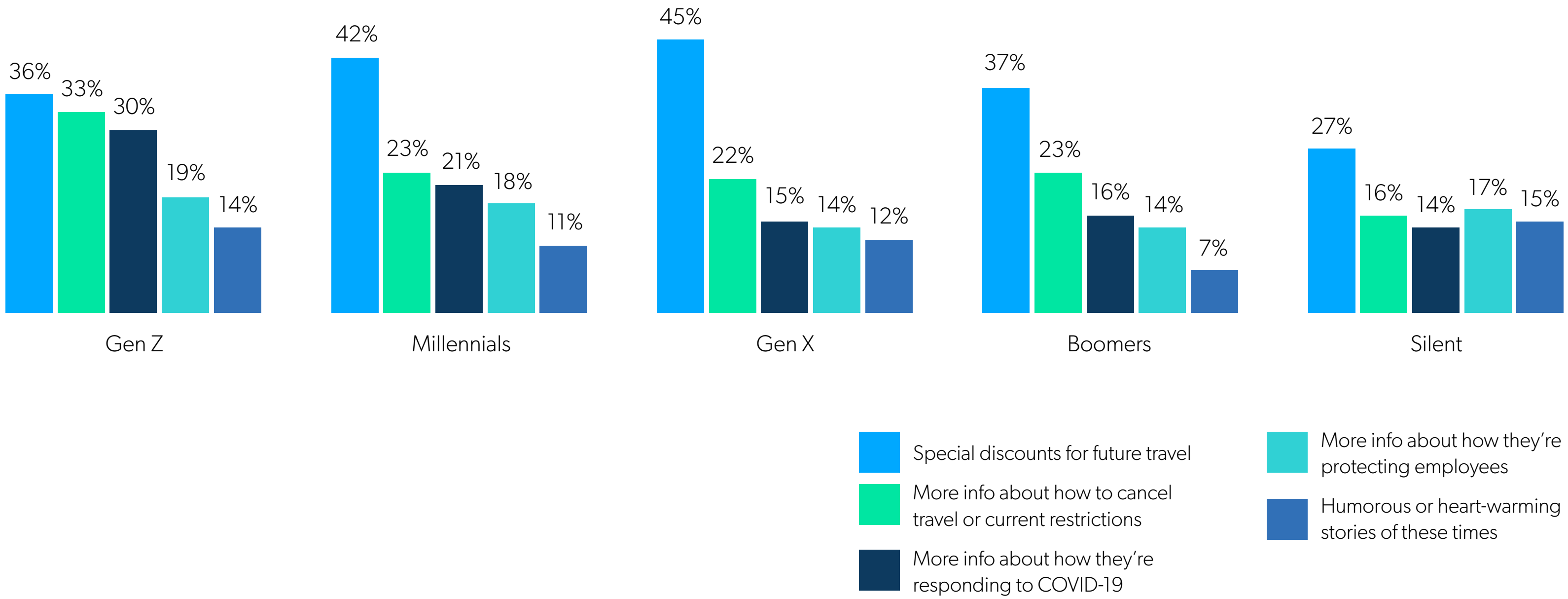
Thinking of any emails that you may have received from travel companies, cruise lines, airlines or hotels, in the past 2 weeks, how do you feel about these emails?



What are they expecting in emails from travel brands?

1 in 3 consumers across generations would like to receive promotional emails about future travel discounts. It's interesting to note that Gen Z is more interested in receiving information about how to cancel booked trips, current restrictions and how travel companies are protecting their employees.

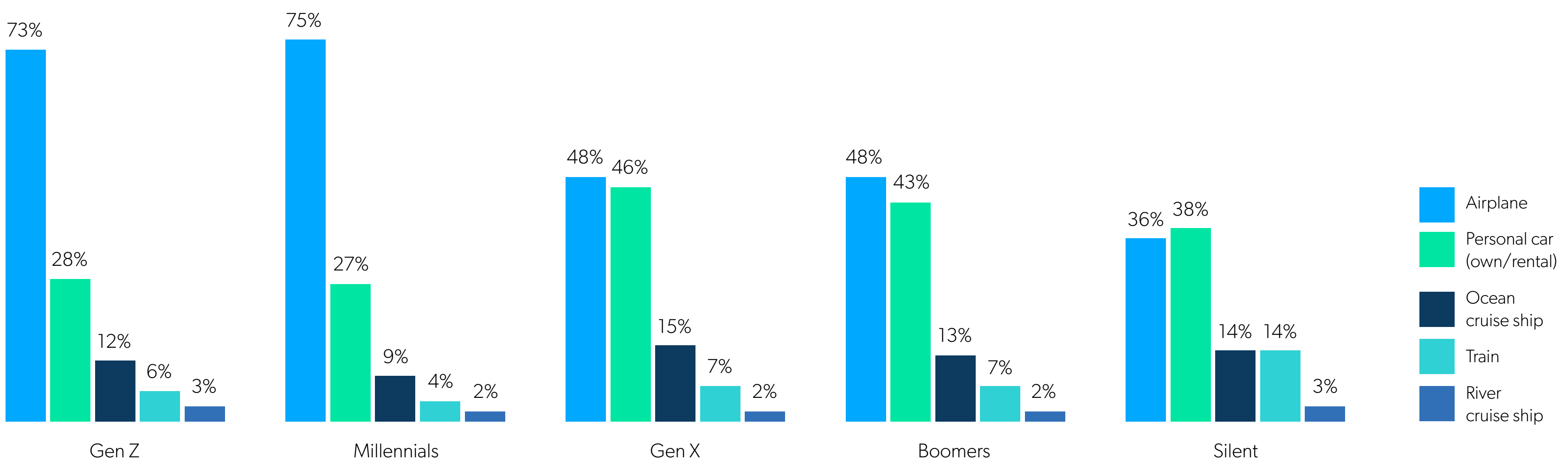
How could travel companies, cruise lines, airplanes or hotels improve their emails that they send to you?



What mode of transportation will travelers be most comfortable using?

It depends on the generation. Three-quarters of millennials and Gen Z are looking forward to boarding a plane for their next trip. But only half of boomers and Gen X are willing to fly, while half are more interested in road trips. Both these modes of transportation outweigh the desire across all generations for taking a cruise.

How would you like to travel to this destination?



Recommendations for travel brands

1. Shift from promotional and transactional communications to **understanding how you can best engage with your customers** in the current moment.
2. Build trust with your customers. Use identity strategies to **further your ability to connect with them.**
3. Adapt your marketing strategies to **address new trends in consumer behavior,** such as more road trips and shorter distance travel.
4. Travel brands shouldn't count on loyalty programs alone to ensure loyalty. There's a greater need now to **deliver on relevance and the value proposition.**
5. Develop offers and content that **speak to future travel opportunities.**

Conclusion

Consumers want to hear from brands: close to 50% of them are using technology to stay connected to their favorite ones. But you can't just send messages for the sake of it. It's critical to adjust your marketing programs and campaigns to meet the current needs of each consumer—even as their journeys continue to be unpredictable.

Epsilon Shopper's Voice is the largest self-reported database on the market including 20M households, 3M new respondents per year, 1.5M opted-in active email addresses and 1,000 data points. For this Epsilon research, Shopper's Voice member households and third-party panel members were segmented by generation. A random selection by region within each generation was invited to participate in the survey. Targets were set to achieve close to a balance of male and female responders.

About Epsilon

At Epsilon, we empower brands to transform ordinary customer experiences into meaningful, human experiences. Our connected suite of products and services combine industry-leading identity management technology, deep data science and proven brand intelligence gained over five decades. Using human-powered, data-led marketing, we deliver depth, breadth and scale that helps brands turn meaningful human interactions into real business outcomes.

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