CONSUMER SENTIMENT DURING COVID-19

As COVID-19 continues, it's critical that brands align their marketing programs and campaigns to ever-evolving consumer sentiment.

EPSILON®

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Disclaimer:

Epsilon's 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.

Epsilon Shopper's Voice survey research on consumer sentiment was deployed from the timeframe of April 9 to June 3, 2020 in multiple waves. Throughout this time period, interviews were scheduled to check in with consumers as the situation rapidly evolved through recent weeks. A fluid cadence was applied to maximize agility. Question sets were adapted in each wave to build on the most recent learnings, to minimize survey length and therefore maximize survey experience for respondents, and to be more agile in addressing topics of interest to Epsilon's clients. In addition to our direct client input on consumer sentiment, our strategy and insights team continues to track the weekly trends within the key industries shared in this report to ensure Epsilon is providing the most up-to-date insight on the COVID-19 pandemic.

The economy shows some signs of improvement

As some states start to reopen, others are experiencing a resurgence in cases and are modifying their quarantine policies. This creates a lot of uncertainty, but we're seeing some economic improvements.

All generations except Gen Z have resumed their usual spending

67%
of consumers across generations feel that things are never going to be the same again

1 in 3
consumers across generations are moving ahead with major purchases

70%
of consumers agree that the economy will recover, but boomers are more optimistic than younger generations

Obviously, it's important adjust your marketing to macro-economic signals, but it's equally important to understand consumers' emotions, as news and information about COVID-19 changes daily, sometimes hourly.

Work-life balance continues to be a struggle, with increased stress resulting from reduced hours and a decrease in pay, especially among middle-income earners.

60%
of consumers have negative feelings about recent changes in their lives due to COVID-19, including sadness, fear and some aspects of joy—but also anger

4 in 5
consumers are taking action to support their physical and mental well-being, such as talking to friends or family, taking vitamins and supplements, and spending time outdoors

In this report, we share trends in consumers' behavior in the CPG, financial services, retail, restaurant and travel industries.

CONSUMER PACKAGED GOODS

Every customer is a free agent.

Our research unveiled that consumers are willing to try new brands and products if their preferred one isn't available. It's now more important than ever for CPG marketers to focus their efforts on brand loyalty and connect with customers on an emotional level.

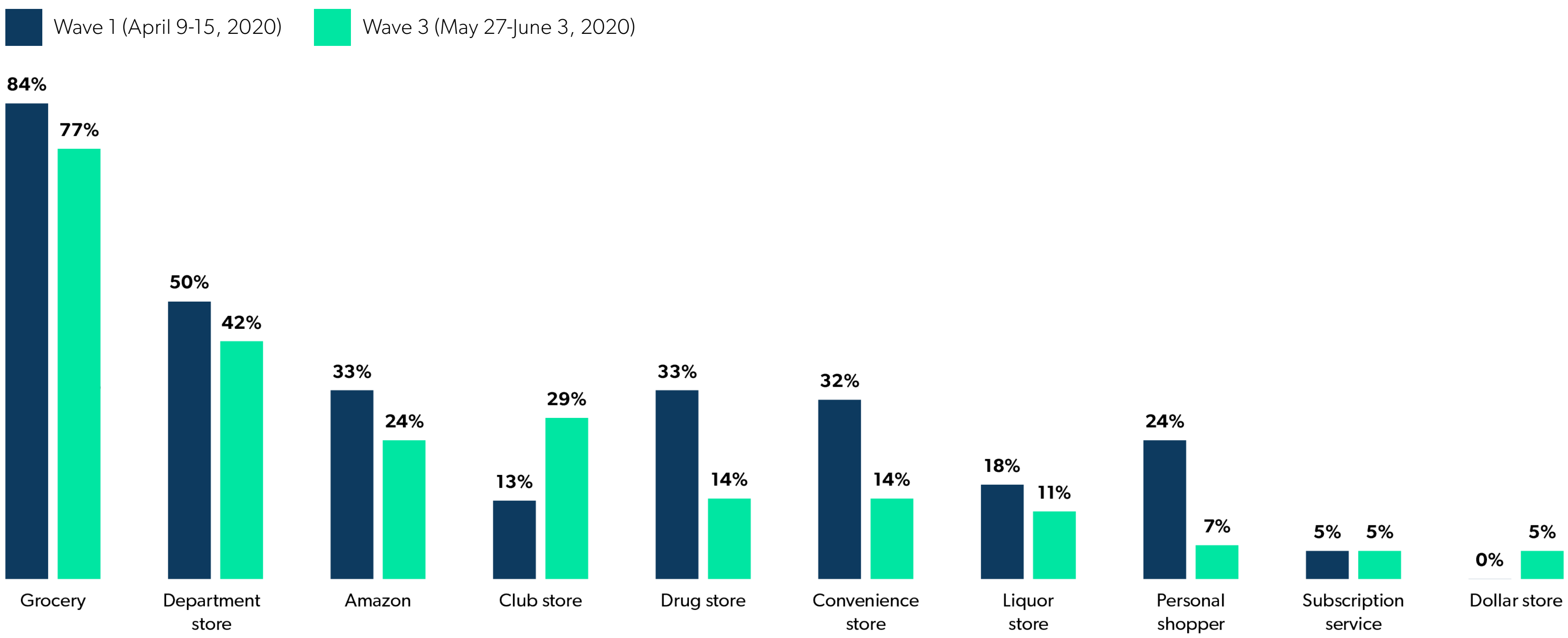
CONSUMER PACKAGED GOODS

Where do consumers buy their groceries?

Consumers prefer to purchase groceries at grocery stores over convenience stores, drug stores and big box retailers. However, we did see a 7% decrease from our previous study in the overall percentage of consumers shopping at grocery stores.

29% of consumers report they are now shopping at club stores, a 16% increase from our last study. This is due to buying more items in bulk, such as toilet paper, paper towels, hand sanitizer and wipes, as consumers fear these items will be difficult to find.

Where have you bought groceries during the past two weeks?

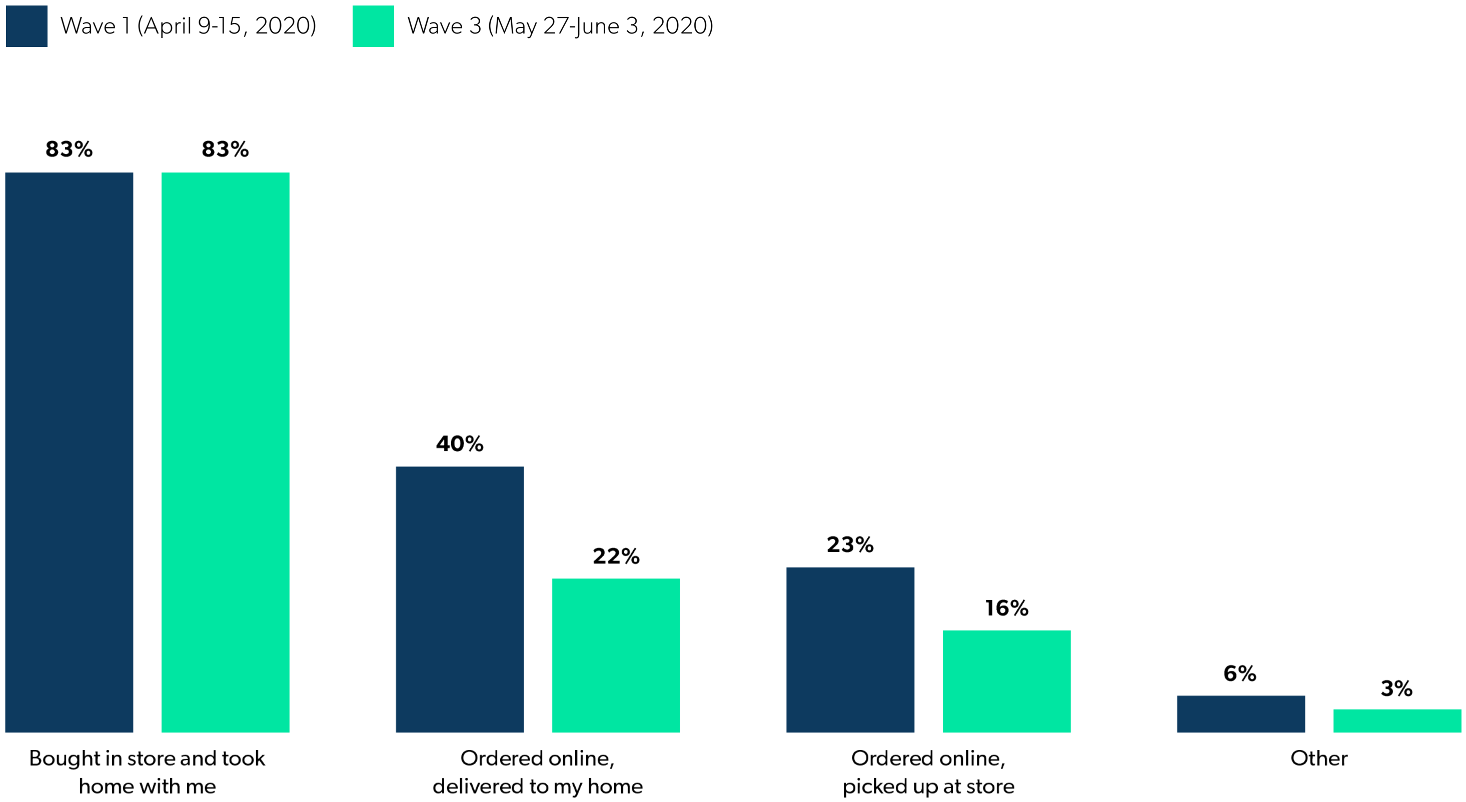


CONSUMER PACKAGED GOODS

What's the preferred channel for buying groceries?

83% of consumers across generations continue to buy groceries in-store. We've seen a decrease in online ordering—only 22% of consumers across generations are ordering online vs. 40% in our last study.

How have you gotten groceries to your home during the past two weeks?

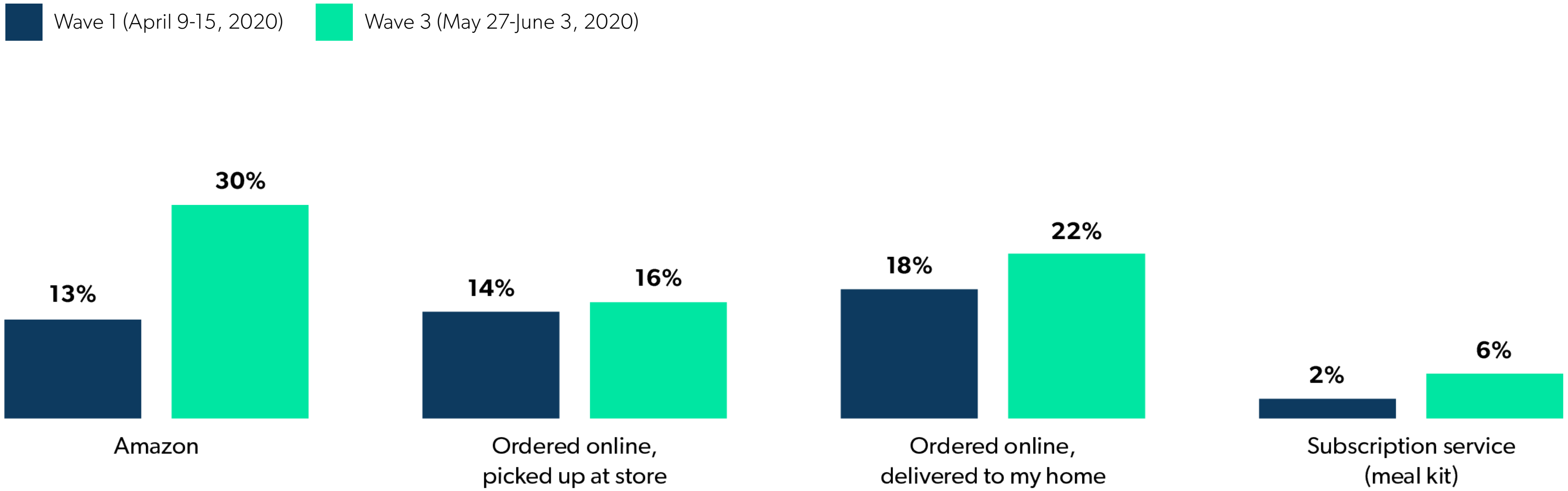


CONSUMER PACKAGED GOODS

How has grocery shopping changed?

Among online grocery shoppers, 30% of them across generations are purchasing through Amazon, an increase of 17% from our previous research study. Gen Z and Gen Y continue to be the most likely to try Amazon grocery service for the first time. Additionally, subscription services have increased overall.

What new ways have you purchased groceries during the past two weeks?



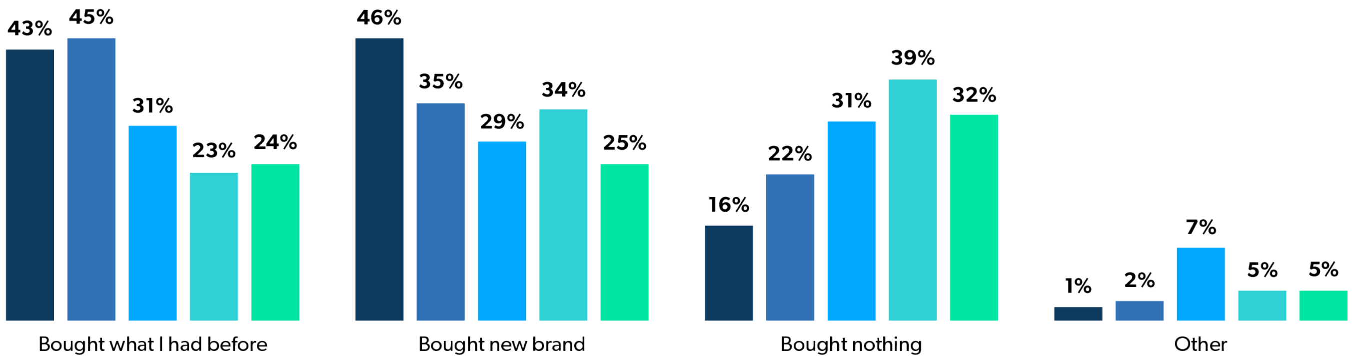
CONSUMER PACKAGED GOODS

Will consumers try different brands?

In our last report, we shared that 85% of consumers across generations couldn't always find the grocery items they were looking for. Consumers have adapted to trying new brands and products—46% of Gen Z is doing so. People are also more willing to repurchase that new brand or product.

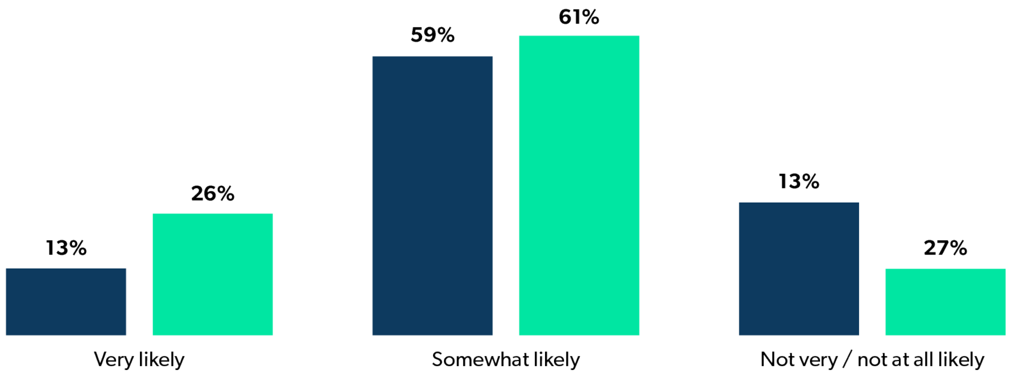
What was bought when what you wanted was out of stock?

Gen Z
Gen Y
Gen X
Boomers
Silent



Would you try new products or brands in the future?

Wave 1 (April 9-15, 2020)
Wave 3 (May 27-June 3, 2020)



Recommendations for CPG brands

1. Communicate with new buyers often and reach them with motivating messages, such as innovative recipe ideas.
2. Focus on winning back consumers who switched products, personalizing messaging based on their purchase preferences and relevant promotional offers.
3. Segment your audience and personalize digital media based on shopping preferences and channel.
4. Understand how consumers' product choices correlate with their meal preferences. 11% of consumers are now purchasing subscription meal kits—what do you know about your current customers who subscribe to meal kits, and how does your messaging shift for them?
5. Prepare for a future where online grocery sales are more desirable, and build a roadmap to implement partners with e-commerce capabilities.

FINANCIAL SERVICES

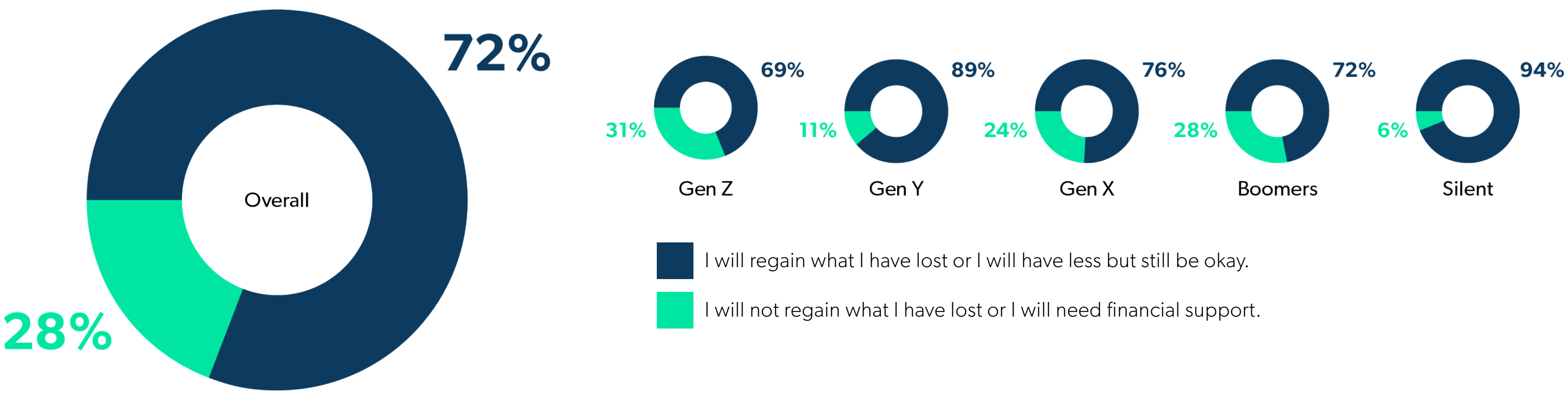
Consumer confidence in the economy and personal finances has improved. But overall, consumers are conservative, focusing on saving and seeking ways to earn more as market uncertainty continues.

FINANCIAL SERVICES

How do consumers feel about their finances?

80% of consumers across generations feel that their financial situation is okay, while boomers and silents are most likely to feel that way. 1 in 3 consumers aren't changing how they manage their finances.

What are your expectations about your finances?



What steps are you taking to manage your finances?

6% Taking money out of home equity

4% Starting to use more digital payments

4% Refinancing loans or mortgages

3% Buying insurance

3% Delaying loan or mortgage payments

2% Borrowing against my life insurance

2% Other things

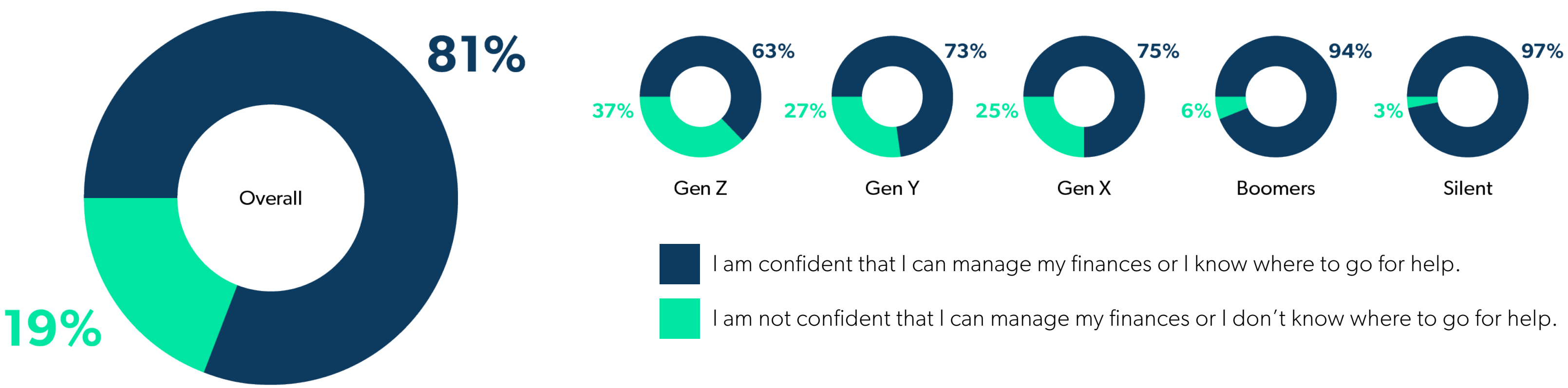
31% None of the above

FINANCIAL SERVICES

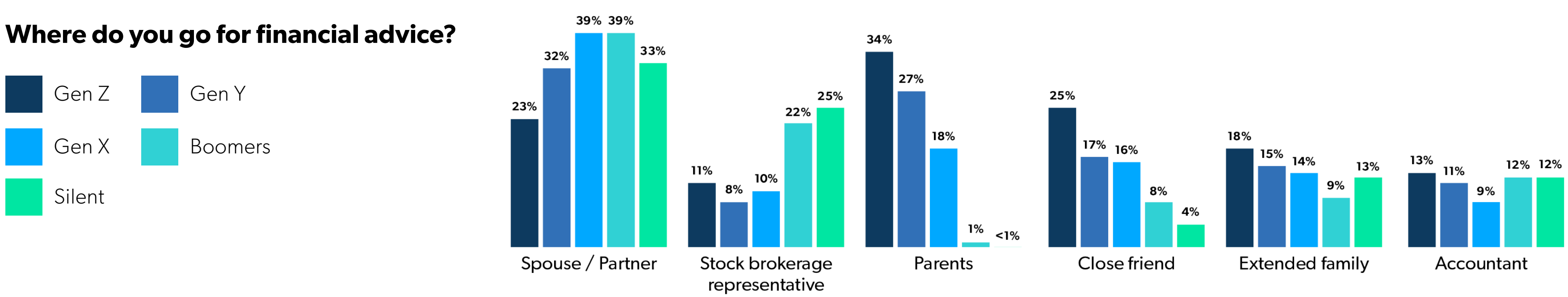
Are consumers confident managing their finances?

80% of consumers across generations are comfortable managing their finances. But Gen Z, Gen Y and Gen X are less confident of where they should go for help. Gen Z is twice as likely as any other generation (22%) to consult a bank representative for advice.

Are you confident about your ability to manage your finances?



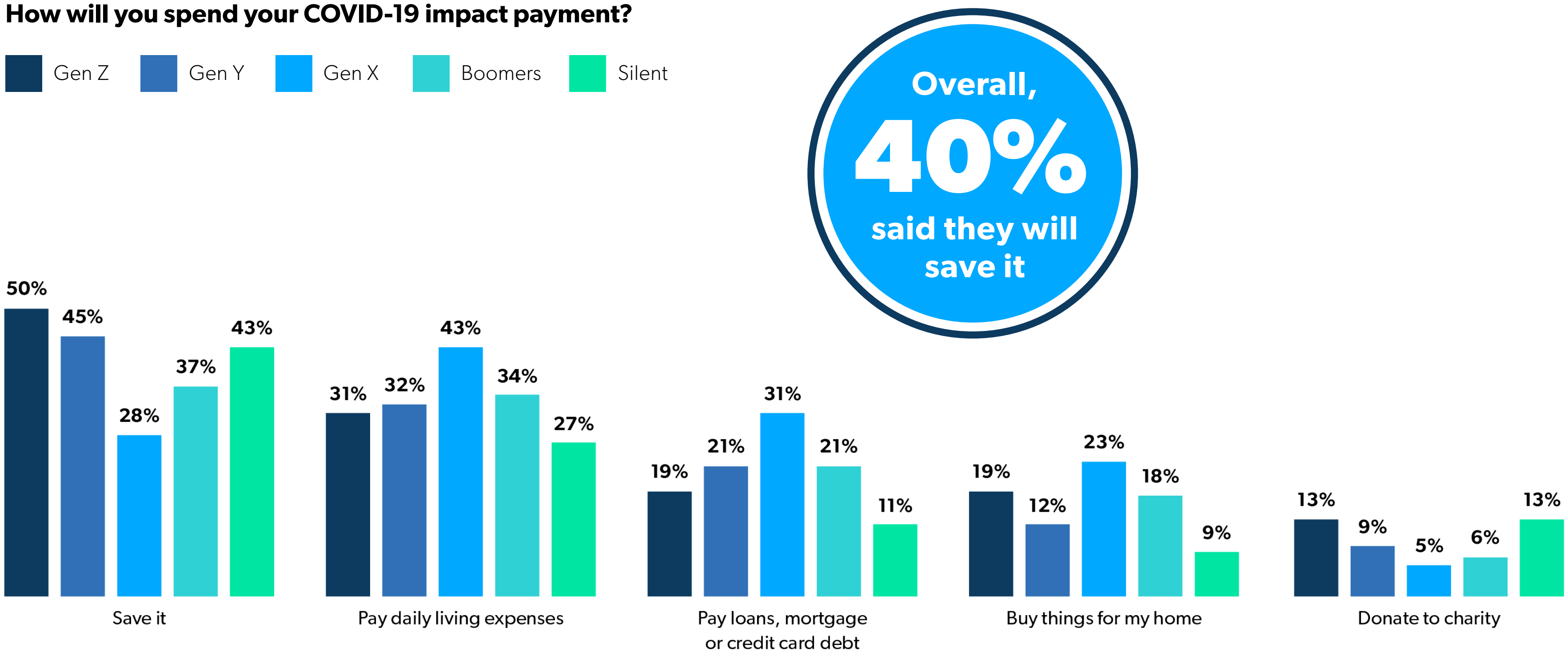
Where do you go for financial advice?



How are consumers spending their COVID-19 impact payment?

75% of consumers received the government stimulus payment. 40% of consumers said they plan to save it, while 34% said they're going to spend it on daily living expenses. Half of Gen X said they'll use it for daily expenses, and are most likely to use it to reduce debt or buy items for their home.

How will you spend your COVID-19 impact payment?

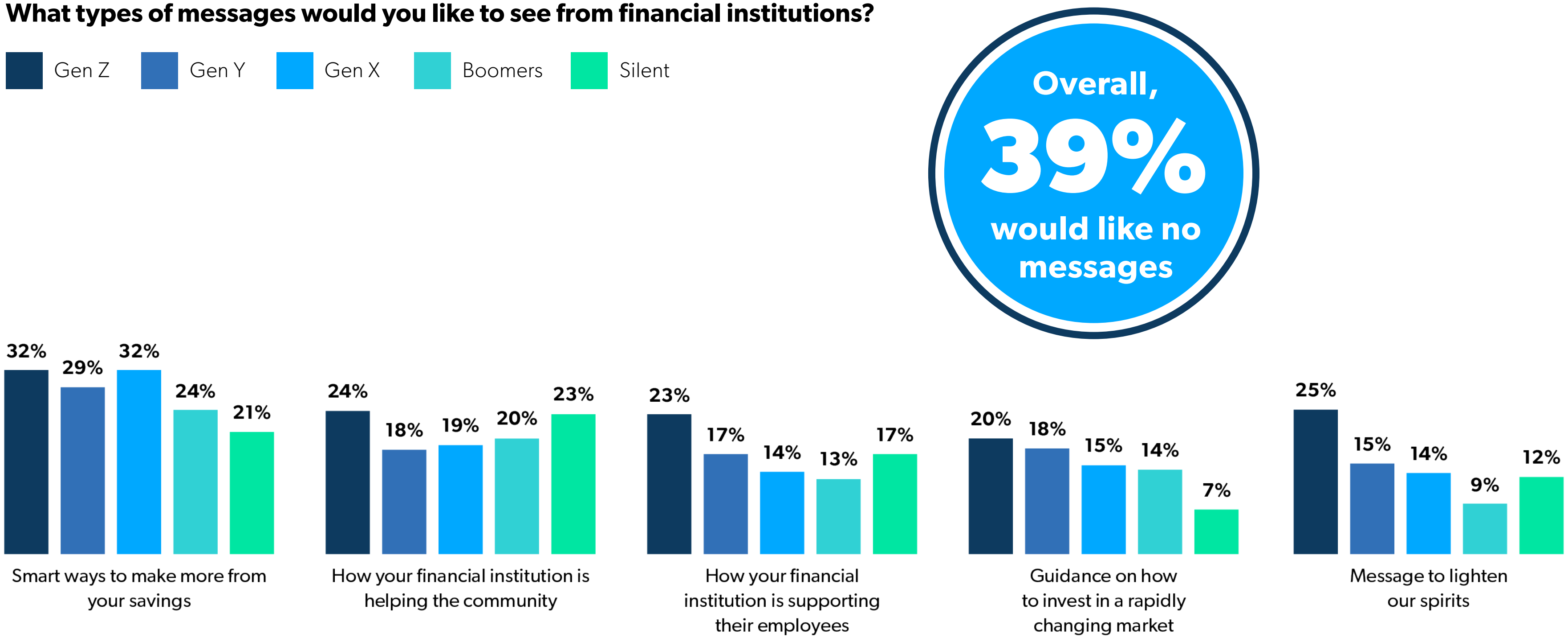


FINANCIAL SERVICES

What kinds of messages do consumers want from financial institutions?

30% of consumers want information on how to make more money from their savings. Gen X and younger have the most interest in this information.

What types of messages would you like to see from financial institutions?



Recommendations for financial services brands

1. Build trust with customers by focusing on creating relevant interactions that add value.

2. Position your brand as a valued partner with a holistic view of each customer that you can act on. Identifying customers' emerging needs is more important than ever.

3. Consider what information, technology and resources your firm offers to make financial tasks easier and more attainable—and make sure customers who need guidance have access to it.

4. Be able to distinguish between customers who have higher levels of financial literacy and those who need help.

5. Know if customers prefer digital channels or in-person interactions.

RETAIL

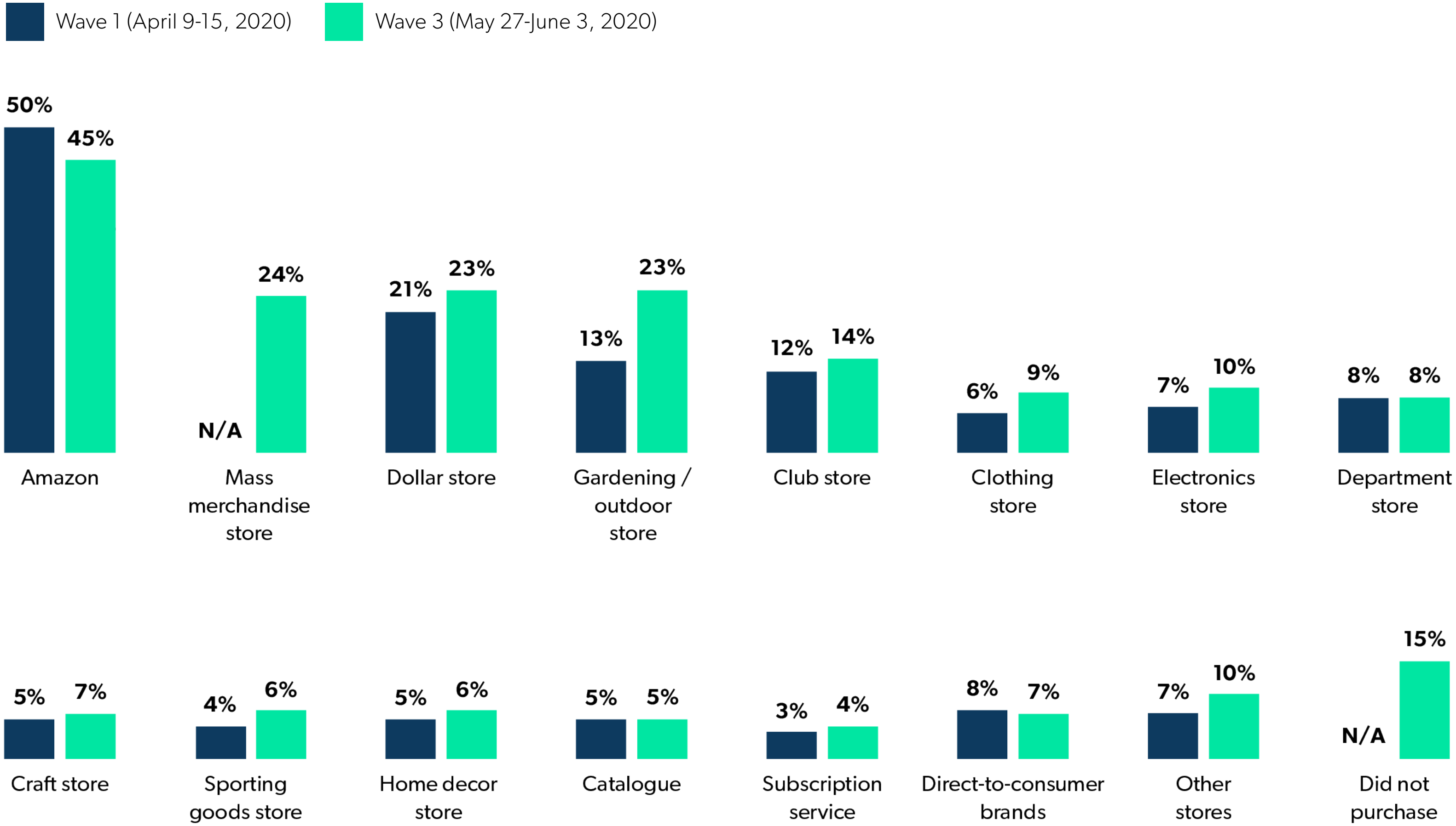
With retail storefronts opening and consumers feeling confident about their financial situation, consumers are purchasing more non-grocery items. However, with unknowns lingering around continued store reopenings, the presidential election and holiday 2020, it remains difficult for marketers to understand how to effectively message consumers.

RETAIL

Where are consumers buying?

Overall, consumers are buying more non-grocery products as compared to two months ago. However, silents are the most conservative, with 25% indicating they haven't purchased any non-grocery products.

What types of retailers have you purchased from in the past two weeks?

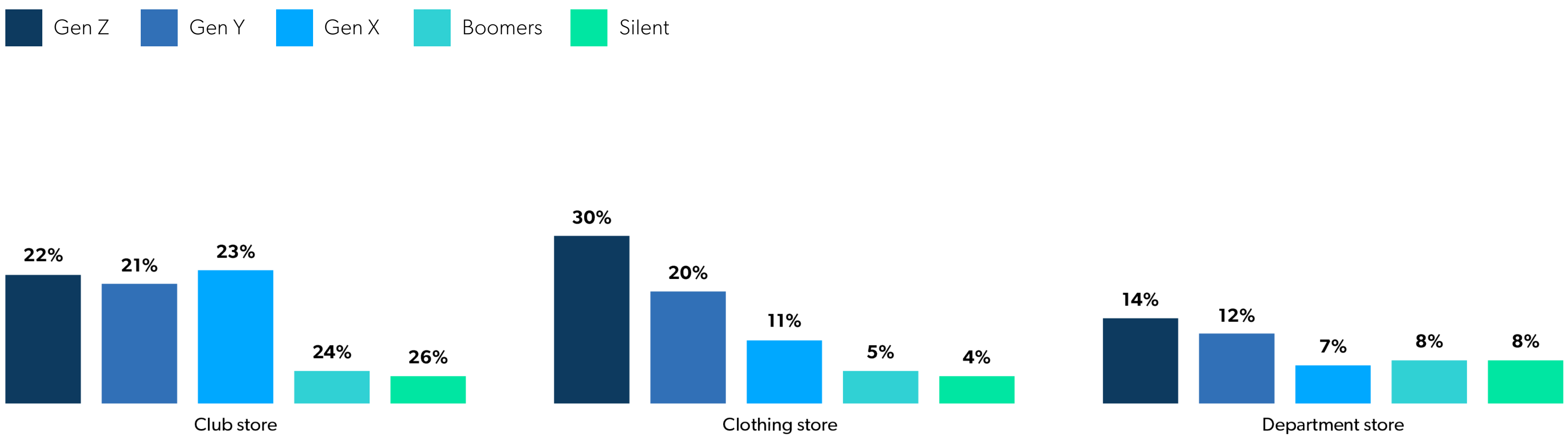


RETAIL

How are apparel sales?

Good news: Apparel sales increased, and 30% of Gen Z shared they've purchased from a clothing store in the past two weeks.

What types of retailers have you purchased apparel from in the last two weeks?

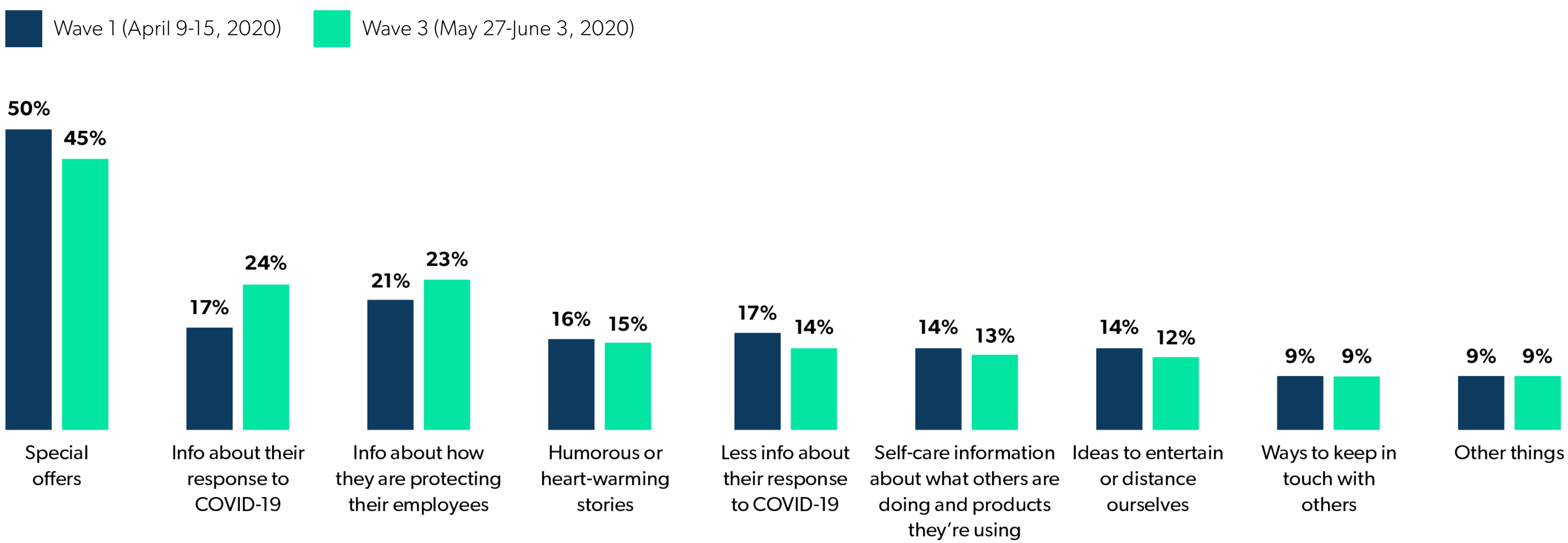


RETAIL

Do consumers still prefer email, and what type of information do they want?

In our previous report, we shared how consumers prefer email. Today, emails from retailers get an average mark from consumers, with the majority being somewhat useful. Special offers still lead, but popularity has waned slightly—more consumers want to know how brands are responding to COVID-19 and how they're protecting their employees. Interestingly, silents are most likely to want this information.

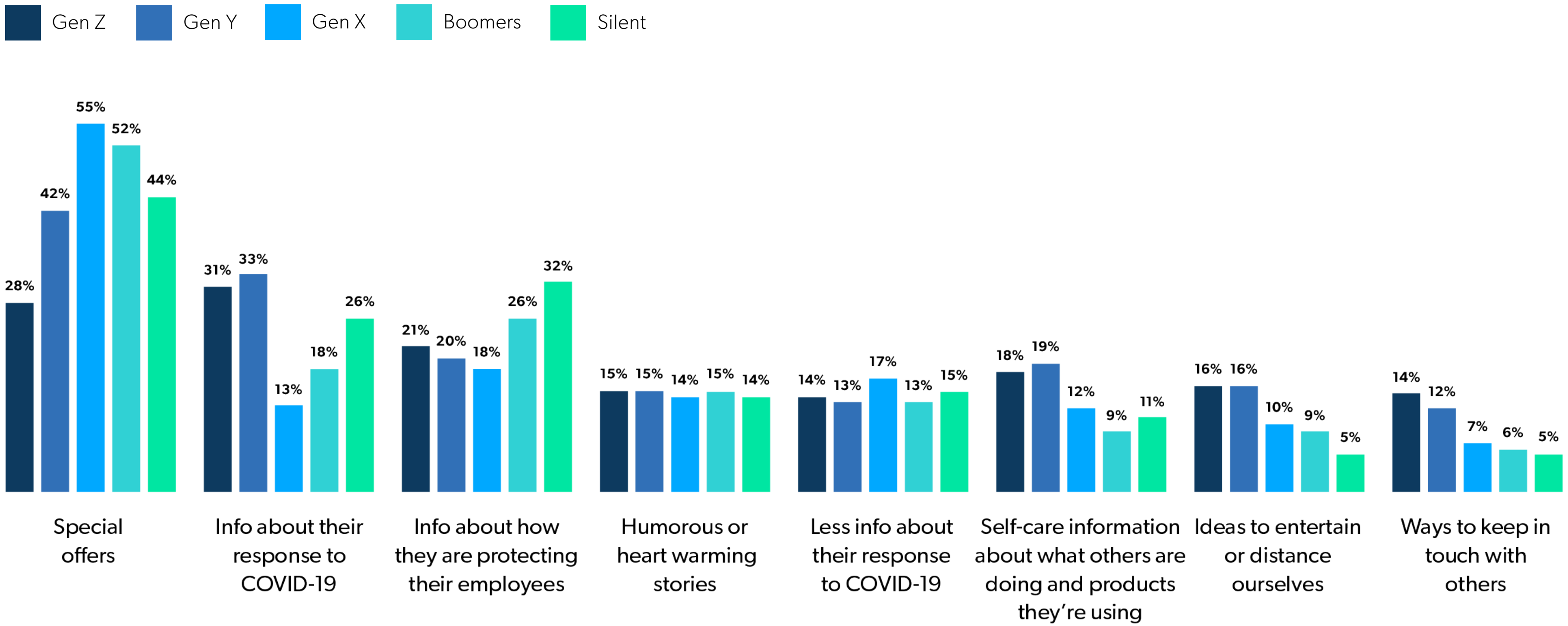
How can retailers improve their emails?



RETAIL

Gen Z and Gen Y are less interested in special offers, but more interested in retailers' response to COVID-19. These generations are also more interested in ideas to entertain and distract themselves and ways to keep in touch.

How can retailers improve their emails?

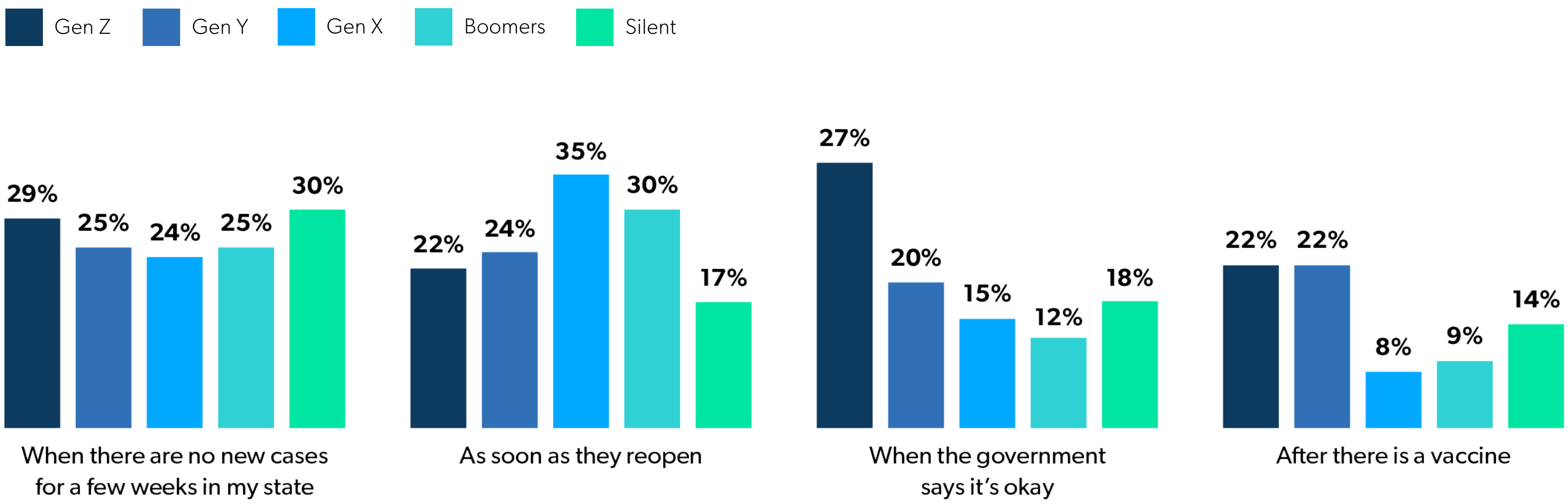


RETAIL

Who is most eager to return to retail storefronts?

Gen X is the most eager to get back into stores: over 30% said they'll return as soon as stores open. But Gen Z says they'll wait for government approval.

When do you feel it will be safe to go into a physical store again?



Recommendations for retailers

1. Consumers are returning to non-essential shopping, including apparel, so include these non-essential items in your messaging to attract shoppers.
2. Provide physical location reopen information to local shoppers before they arrive in-store to create a better customer experience.
3. Use digital messaging to communicate how you're keeping shoppers and employees safe.
4. Give consumers a reason to return to stores: make sure to highlight the new inventory items in your messaging.
5. Focus on how to incorporate a new reliance on digital as you're planning for the reopening of stores. Be agile—different locations will have different needs.

RESTAURANTS

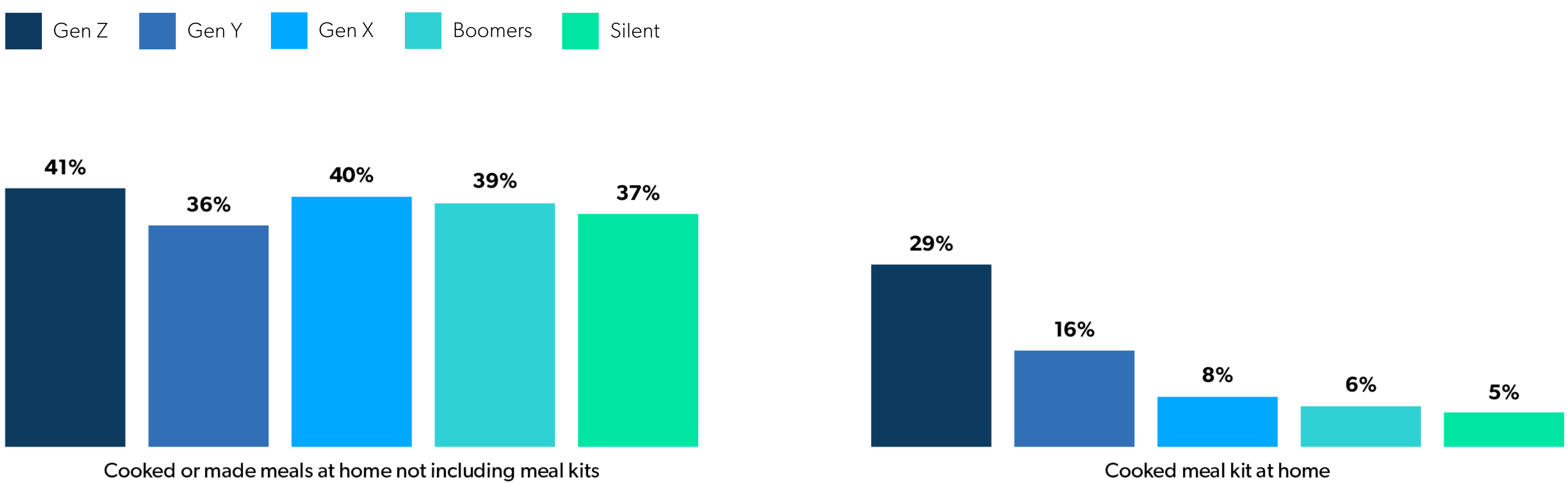
Consumers are excited to return to dining in, but are taking precautions. Some consumers are discouraged by the dine-in time limit on tables and disposable dishware, but they're learning to adjust. Many are still choosing takeout.

Source: Epsilon

Are consumers still cooking at home?

Unsurprisingly, consumers are spending more time cooking meals at home—about two in five consumers across the generations. However, cooking meals at home is less popular with Gen Z and Gen Y, who are using convenient meal kits.

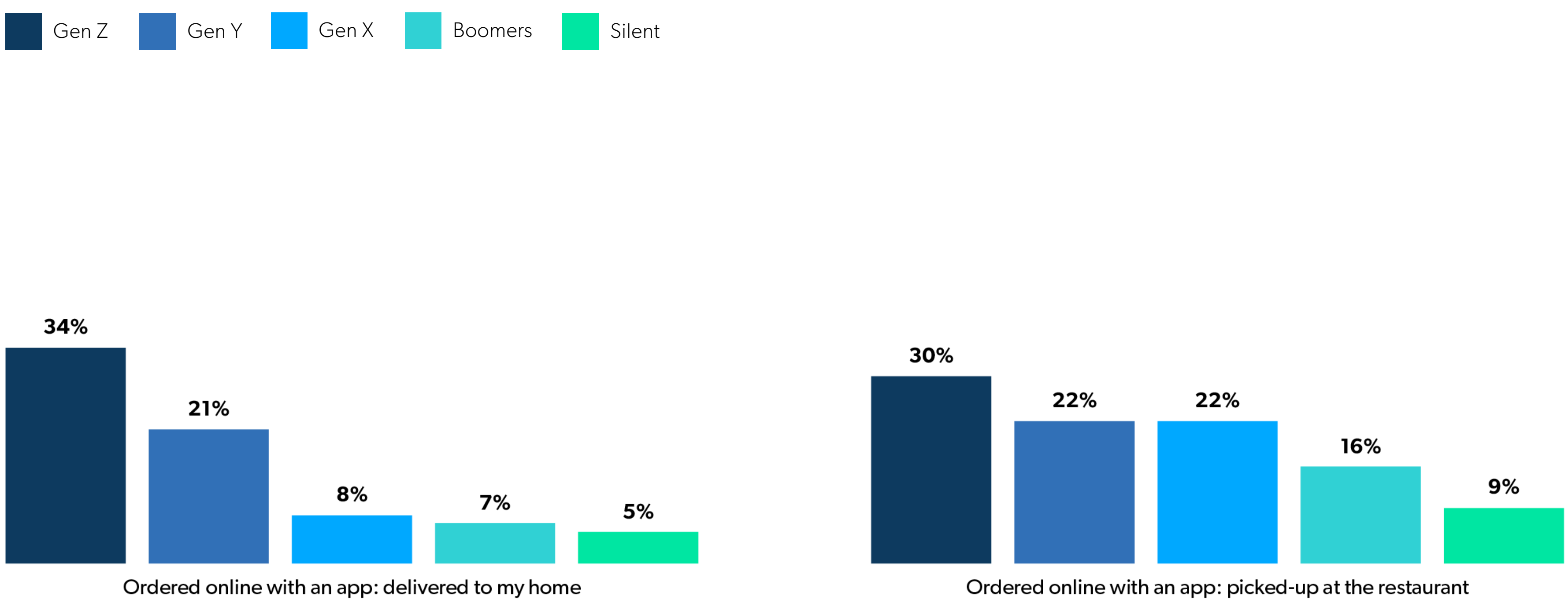
Are you cooking at home?



How about takeout?

There’s been a slight decrease in ordering takeout online since our last study as consumers have adjusted to cooking at home. It’s now more important than ever for restaurant brands to continue their family-style or value-based takeout options.

Are you still ordering takeout?

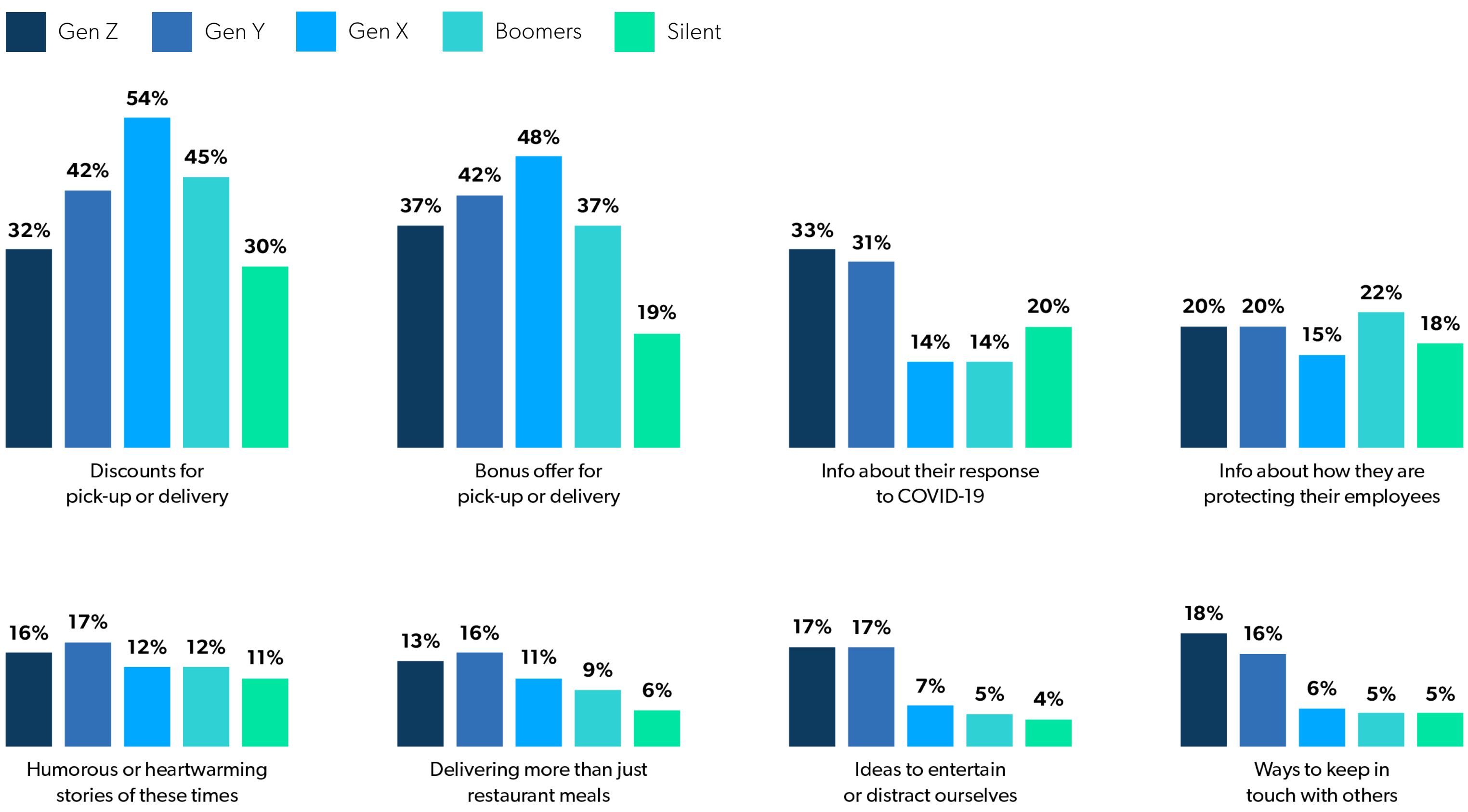


RESTAURANTS

Are consumers still receptive to emails?

In our last report, we shared how close to 50% of all generations (except for silents) are receptive to messages about getting more value at restaurants. Today, Gen Z and Gen Y have fewer people interested in discounts and offers, but they're most interested in restaurants' response to COVID-19.

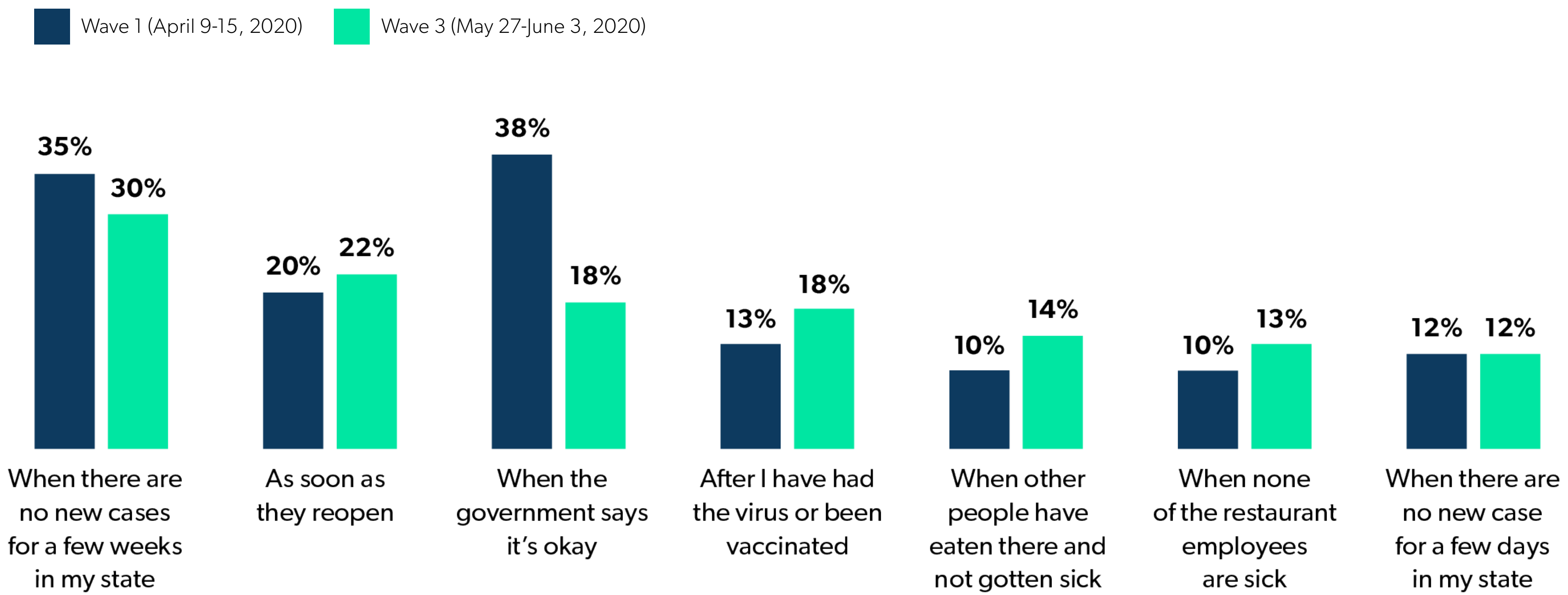
What type of emails are you interested in getting from restaurants?

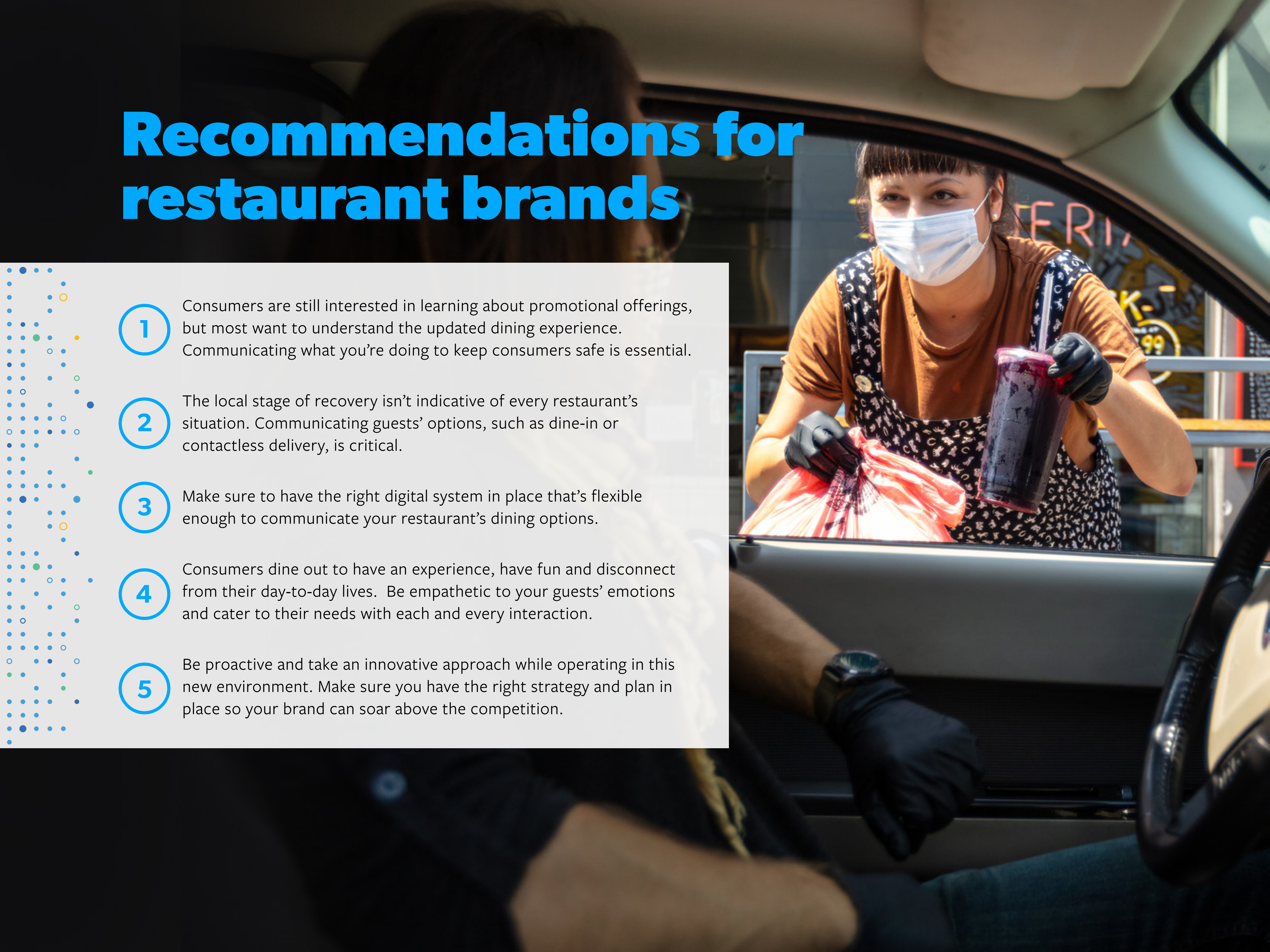


When will consumers feel it's safe to dine in?

Restaurants are continuing to open their inside and outside dining areas according to local guidelines, but only about 18% of consumers look to the government for assurance that it's safe to dine in again—down from 40% in our last report. Today, immunity from either a past infection or vaccination is increasingly important for consumers to feel safe returning to restaurants.

When do you feel it will be safe to return to restaurants?





Recommendations for restaurant brands

1. Consumers are still interested in learning about promotional offerings, but most want to understand the updated dining experience. Communicating what you're doing to keep consumers safe is essential.

2. The local stage of recovery isn't indicative of every restaurant's situation. Communicating guests' options, such as dine-in or contactless delivery, is critical.

3. Make sure to have the right digital system in place that's flexible enough to communicate your restaurant's dining options.

4. Consumers dine out to have an experience, have fun and disconnect from their day-to-day lives. Be empathetic to your guests' emotions and cater to their needs with each and every interaction.

5. Be proactive and take an innovative approach while operating in this new environment. Make sure you have the right strategy and plan in place so your brand can soar above the competition.

TRAVEL

Consumers want to start traveling again, and some have begun to do so. While the majority of trips are local, consumers' willingness to travel at all is a good sign for travel brands.

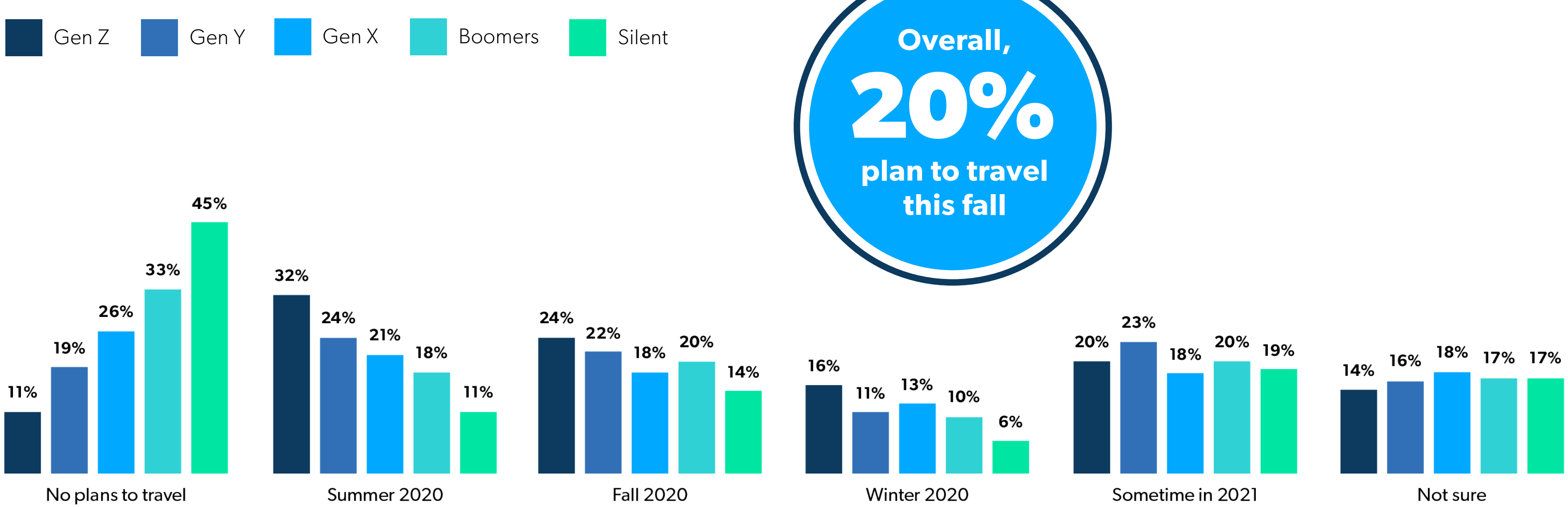
TRAVEL

Are consumers planning to travel?

Close to 20% of consumers plan to travel this fall with Gen Z being the most eager to travel.

Overall, 20% plan to travel this fall

Do you have plans to travel in the near future?

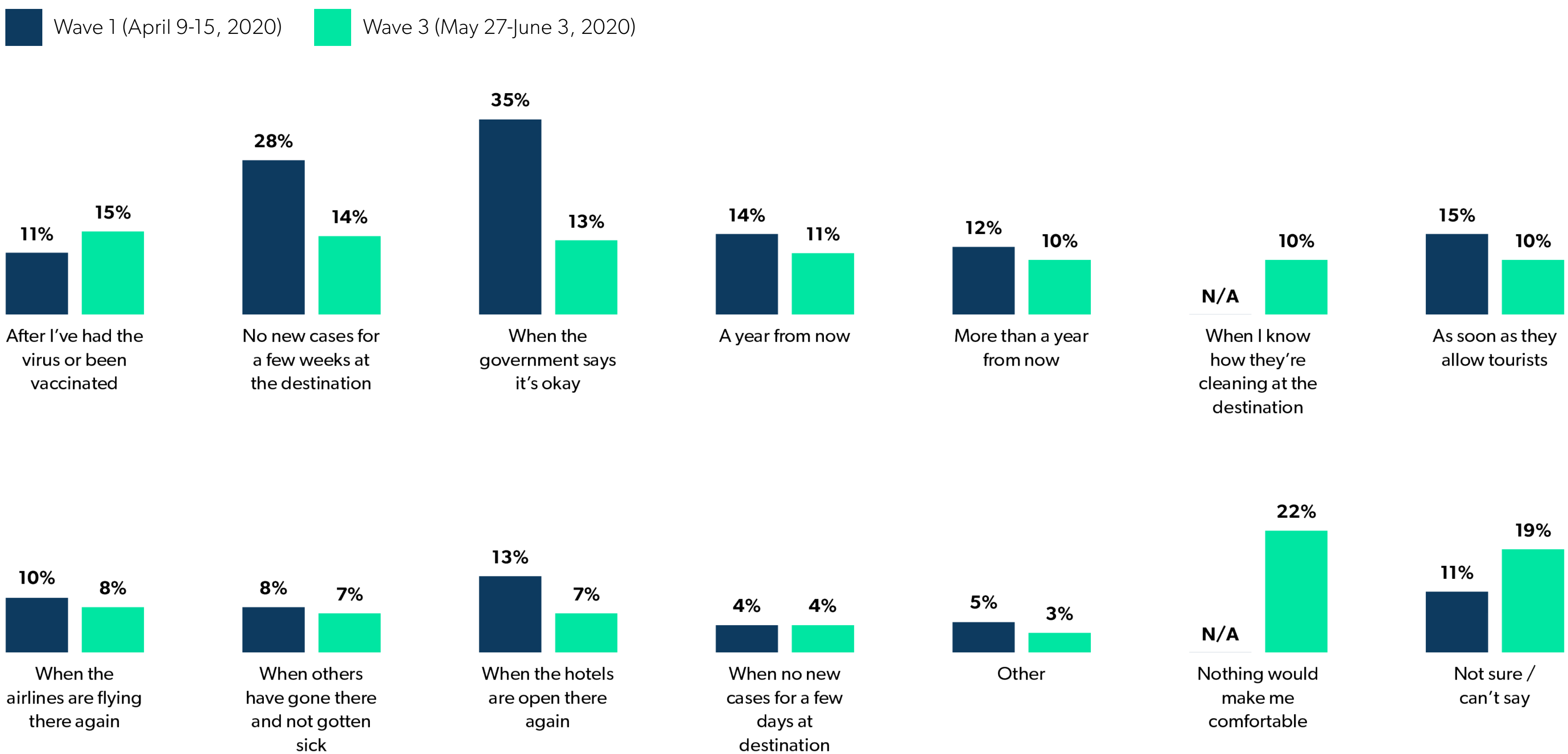


TRAVEL

Are consumers still waiting for government approval to travel?

Government approval is becoming less of a signal for consumers to feel safe booking a trip. In our last report, 35% of consumers across generations indicated they're waiting for government approval—today, only 13%.

When do you feel it will be safe to travel again?



What's going to make consumers feel comfortable to travel again?

23% of consumers say vaccination is the top thing that will make them feel comfortable to fly on an airplane, stay in a hotel or board a cruise ship. A guaranteed full refund if consumers must cancel is second.

23%
when a vaccine is available

19%
When a full refund is guaranteed

14%
As soon as the government says it's safe

14%
When I hear details of how the airlines and hotels are cleaning

14%
When the airline crew and hotel staff will wear masks

13%
When everyone who boards the plane will have their temperature taken

12%
When the price is low

7%
After I've had COVID-19

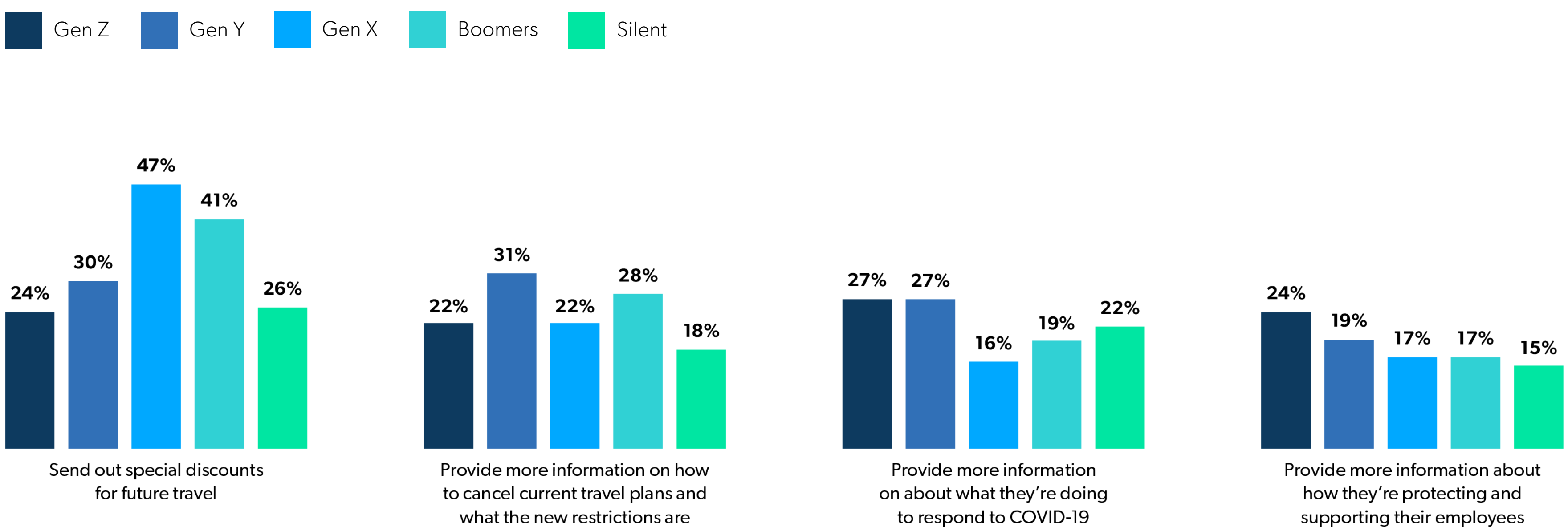
3%
Other things

TRAVEL

What are they expecting in emails from travel brands?

On average, 34% of consumers would still like to hear about discounts and promotional offers from travel brands. And compared to our previous report, Gens Z and Y are less likely to wish for future travel discounts, and silents want to hear more about brands' COVID-19 response.

What types of email are you interested in getting from travel brands?



Recommendations for travel brands

1. Consumer safety needs to be the number one priority. It's important for travel brands to provide training for their employees and ensure the right procedures are in place for the safety and well being of everyone.

2. Consumers are planning next year's travel and vacations, so continue to communicate future travel promotions. However, don't rely on just email for your communication strategy. It's important to understand the value of your digital media and loyalty program strategy for encouraging consumers to travel again.

3. Use identity strategies and loyalty program data to connect with customers and build trust. Shift away from a one-size-fits-all approach and personalize each and every communication.

4. Adapt your marketing strategies to address new trends in consumer behavior, such as more road trips and shorter-distance travel.

5. Be innovative, open-minded and plan for how your marketing can continue to adjust and rebuild.

As you continue to adjust your marketing strategy, it's important to know that 48% of consumers across generations are browsing the internet more. They're craving emotional connections to the brands they love, so think about how you can use digital channels to share relevant communications with each of them—right now and into the future.

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About Epsilon

Epsilon is the leader in outcome-based marketing. We enable marketing that's built on proof, not promises. Through Epsilon PeopleCloud, the marketing platform for personalizing consumer journeys with performance transparency, Epsilon helps marketers anticipate, activate and prove measurable business outcomes. Powered by CORE ID®, the most accurate and stable identity management platform representing 200+ million people, Epsilon's award-winning data and technology is rooted in privacy by design and underpinned by powerful AI. With more than 50 years of experience in personalization and performance working with the world's top brands, agencies and publishers, Epsilon is a trusted partner leading CRM, digital media, loyalty and email programs. Positioned at the core of Publicis Groupe, Epsilon is a global company with over 8,000 employees in over 40 offices around the world. For more information, visit epsilon.com. Follow us on Twitter at @EpsilonMktg.

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