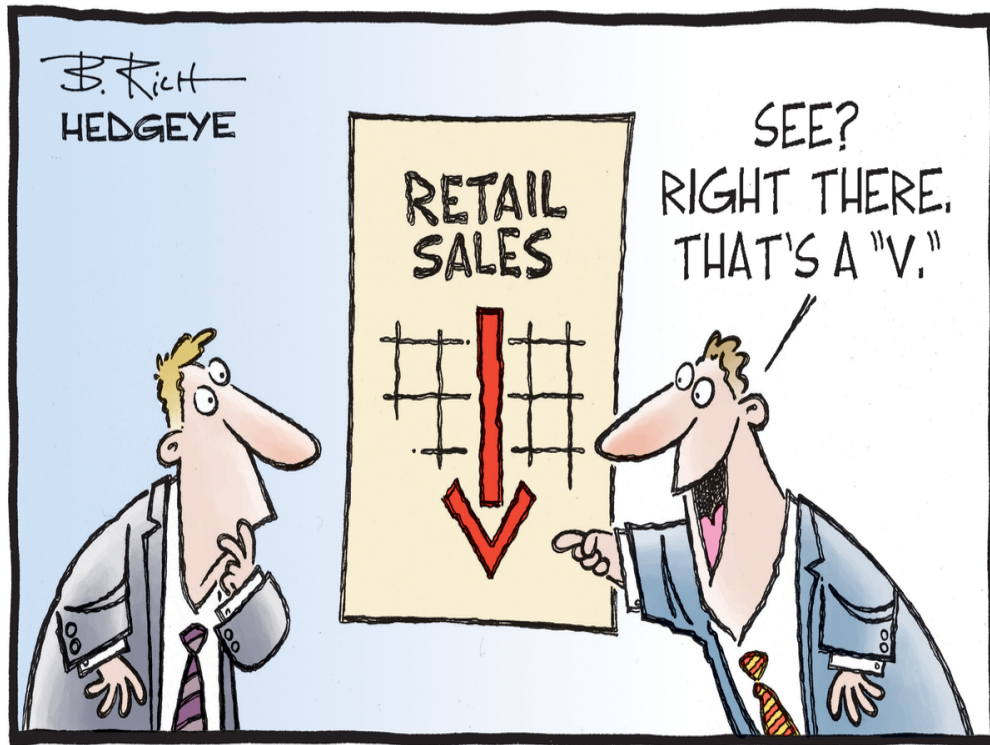




No Going Back?

Consumer market outlook after COVID-19

An Amárach Briefing: June 2020



<https://app.hedgeye.com/insights/84564-cartoon-of-the-day-v-shape?type=macro%2Cmarket-insights>

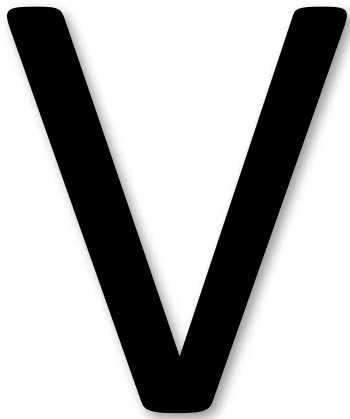
1. **Consumer Spending Outlook**
looking 'L'ish
2. **Habit Norming**
baked-in future behaviours
3. **Winners & Losers**
the emotional difference
4. **Marketing Imperatives**
own the top line (or go home)



- The COVID-19 public health emergency is coming to an end and we have been spared the worst-case scenario, for now.
- The pace of reopening has accelerated, giving businesses hope that they can start selling and generate revenue again.
- Income-support measures (payments/subsidies) have been maintained, and will continue for several more months.
- We may have a new government soon that will put in place additional measures to help SMEs and others navigate the economic uncertainties ahead.



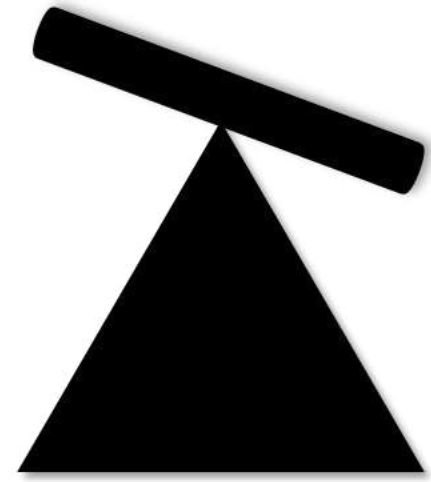
1. Consumer Spending Outlook



BOUNCE?




CRASH?



PIVOT?



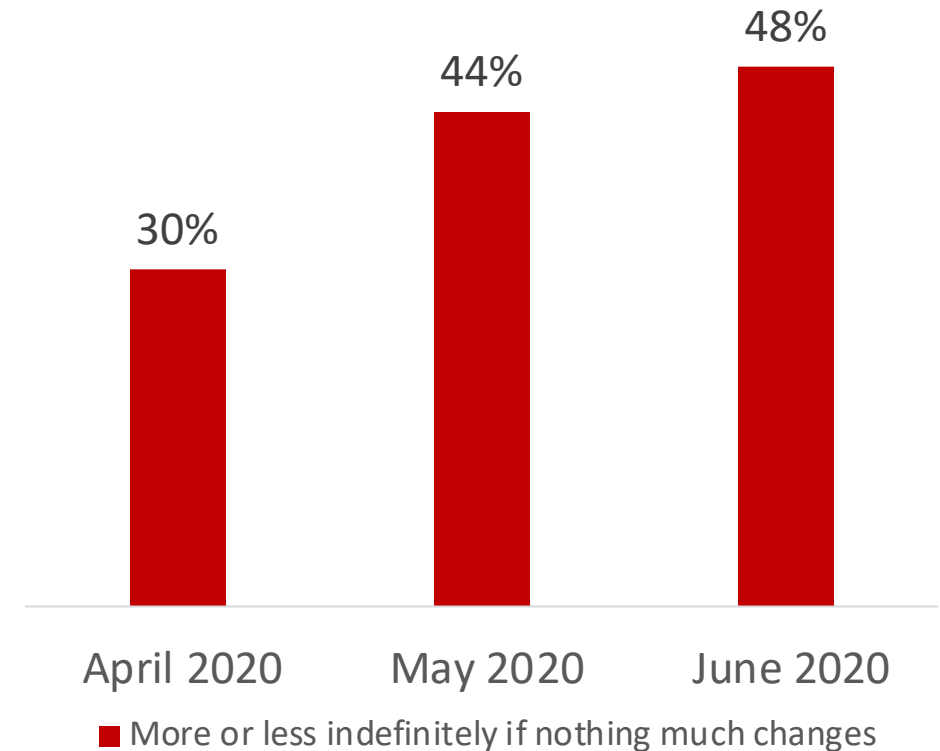
Key indicators 			
Annual % change	2020	2021	2021 (relative to 2019)
Consumer spending	-13.8	8.2	-6.7
Investment	-39.1	36.2	-17.1
Imports	-7.0	6.0	-1.5
Exports	-15.2	12.9	-4.3
GDP	-11.1	6.4	-5.4
Domestic demand (domestic capex and consumption)	-19.7	12.2	-9.9
Inflation	-0.5	1.2	0.7
Employment	-14.2	12.2	-3.8

<https://www.ibec.ie/influencing-for-business/economy-and-tax/quarterly-economic-outlook-q2-2020>

- A 14% fall in consumer spending takes us back to 2014/15 levels, by end 2021 still at 2016/17 levels in the IBEC scenario.
- We have experienced a 'supply shock' that is now giving way to a 'demand shock', but the former recovers sooner than the latter.
- Inflation: all forecasts assume low/no inflation for foreseeable future, but that could change quickly (energy, food, shortages, 'claw back').
- Ultimately the spending outlook is a function of forecasts for incomes/jobs and for savings/taxes.

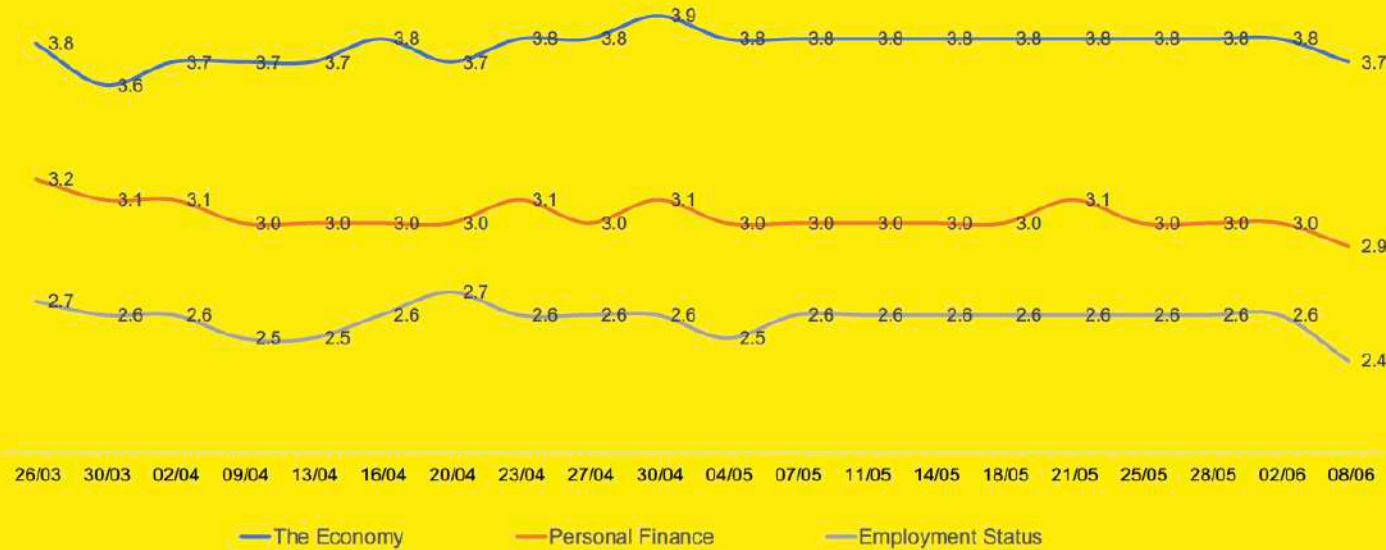


How long do you think you can sustain your current lifestyle given your income and spending circumstances?



Sources of Worry – II

Please indicate the extent to which any of the following is a current source of worry?
On a scale of 1 to 5 where 1 is not at all and 5 is a great deal: Average Score

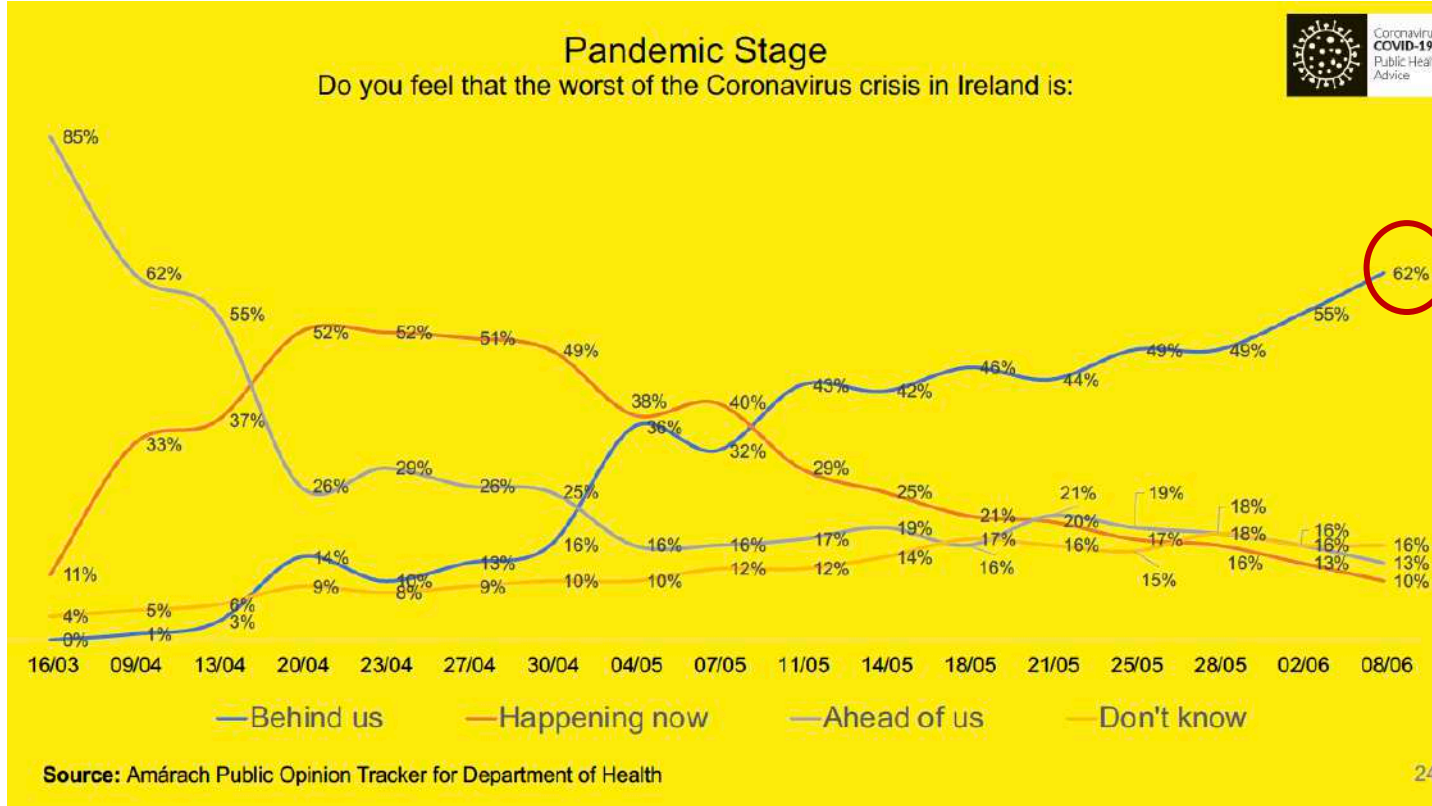


Source: Amárach Public Opinion Tracker for Department of Health

23

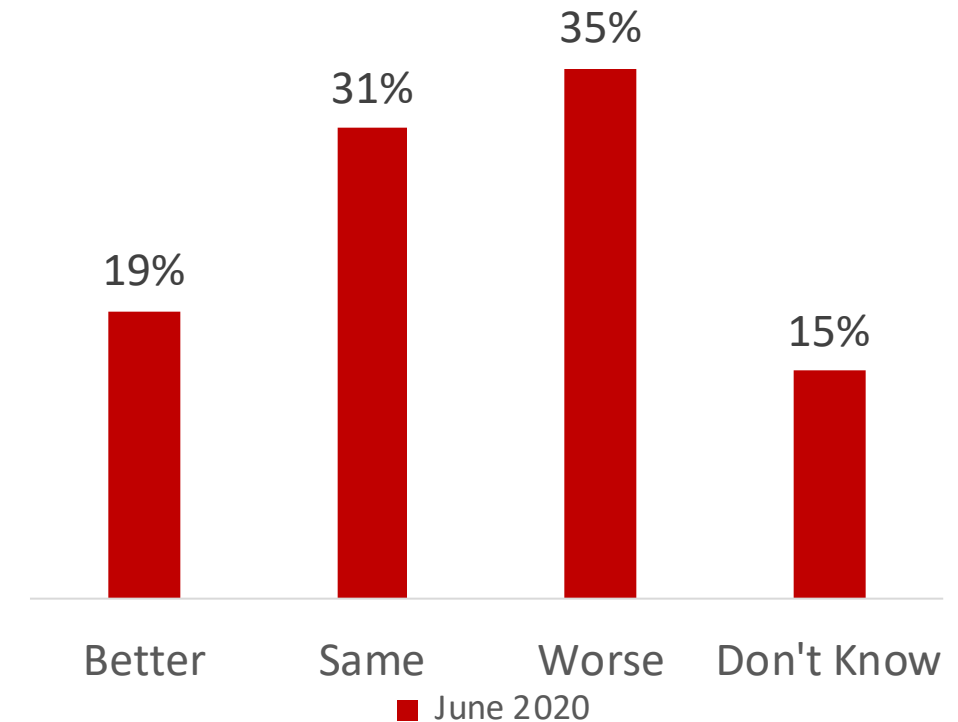
<https://www.gov.ie/en/collection/6b4401-view-the-amarach-public-opinion-survey/>

What Next?



<https://www.gov.ie/en/collection/6b4401-view-the-amarach-public-opinion-survey/>

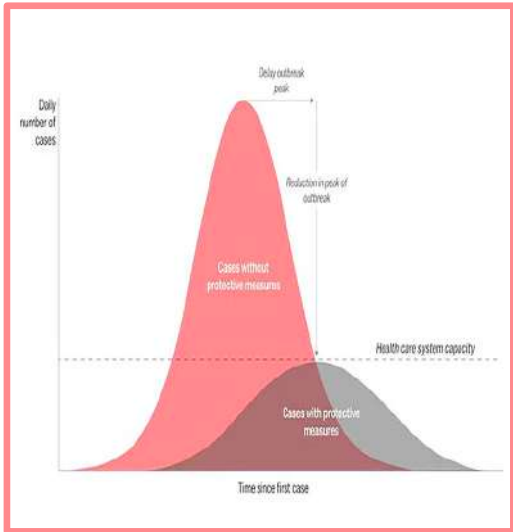
On balance do you think your life after the pandemic is over will be:



Worse: >Male/55+/Dublin

Better: >Female/U35/RoL

Sources of Uncertainty



Majority expect
a 2nd wave



Confidence is still
on the floor



Global outlook
looking tense

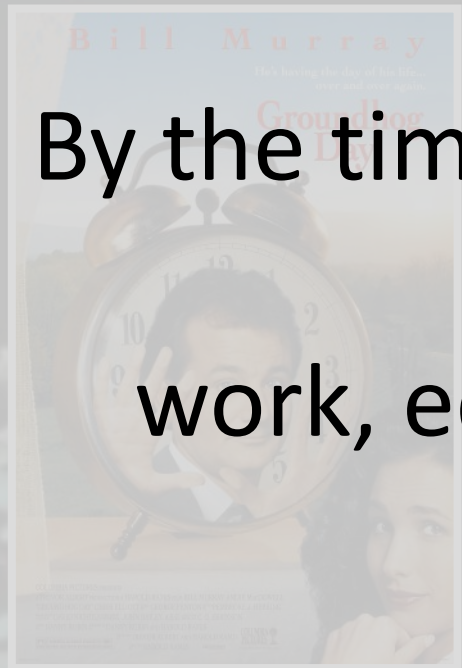


'New' behaviour
becoming normal

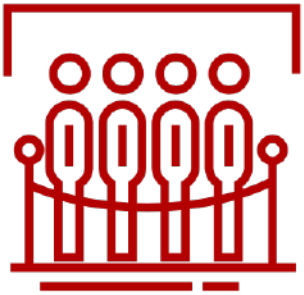


2. Habit Norming

It takes about **60** days for a habit to become automatic*,
i.e.: something you do without thinking about it.



By the time Ireland's lockdown ends, we will have spent
150 days acquiring new habits:
work, education, travel, media, leisure & shopping.



69%

have gone to a shop and turned back because of the queue
(>F/45-54)



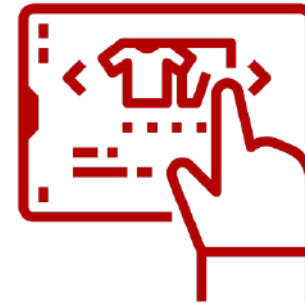
57%

have intentionally shopped at local stores (when they had a choice)
(>F/45-54/ABC1)



43%

have bought a different brand to the one you usually buy because usual one wasn't available
(>F/U35/ABC1)



42%

have shopped online because they didn't want to queue
(>F/U35/ABC1/
Dublin)



41%

have intentionally bought Irish products (when they had a choice)
(>F/U35/ABC1/
Munster)



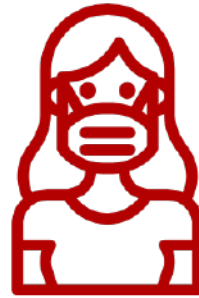
32%

have shopped
online because
they were
worried about
coronavirus
(>F/U35/Leinster)



28%

have bought items
in bulk to avoid
going back to the
shop because of
coronavirus
(>F/U35/ABC1/
Dublin)



28%

wear a face mask
in public places
(>F/55+/C2DE/
Dublin/Leinster)



15%

have paid more
than usual off
their credit card
bill (to reduce
amount owed
faster)
(>35-44s/ABC1/
Dublin)



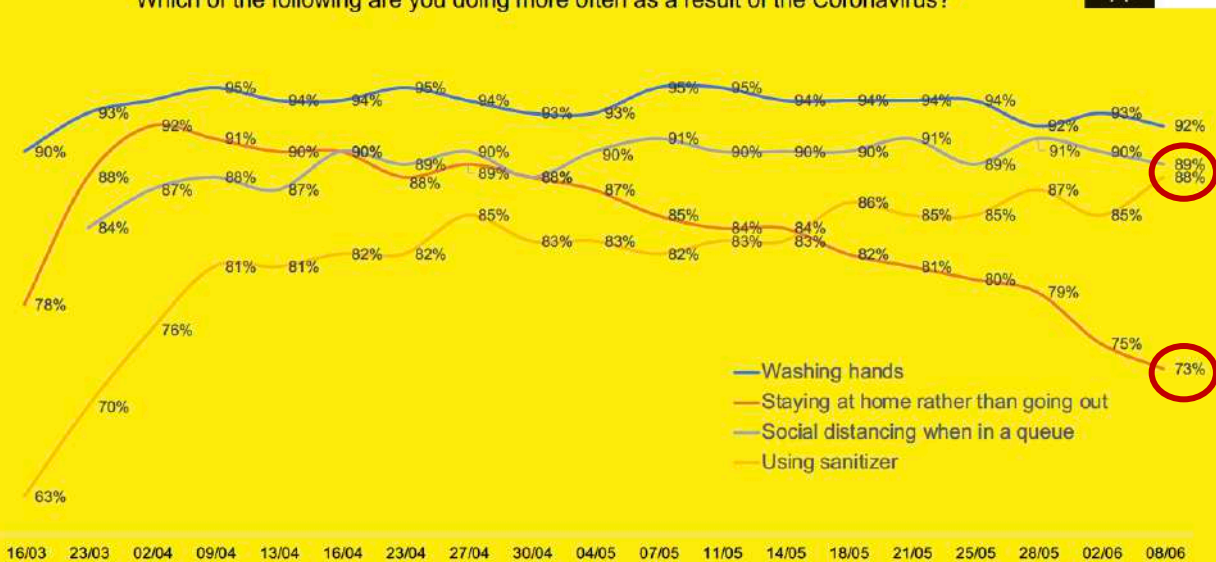
11%

have gone to a
cafe and turned
back because of
the queue
(>ABC1/Dublin)



Safe Behaviours – I

Which of the following are you doing more often as a result of the Coronavirus?

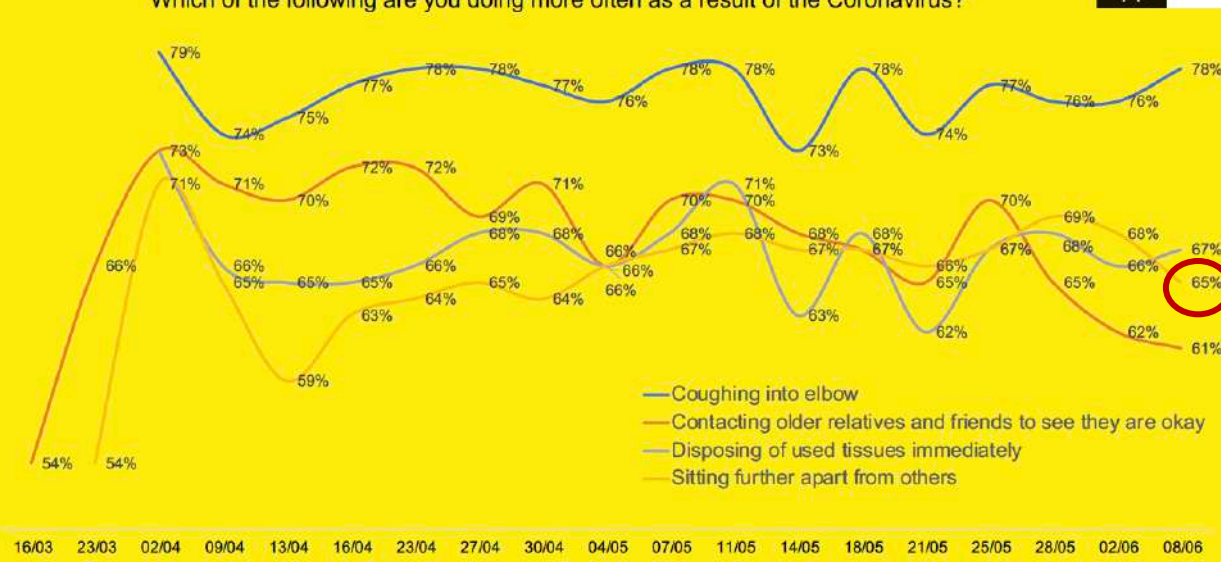


Source: Amárach Public Opinion Tracker for Department of Health

9

Safe Behaviours – II

Which of the following are you doing more often as a result of the Coronavirus?



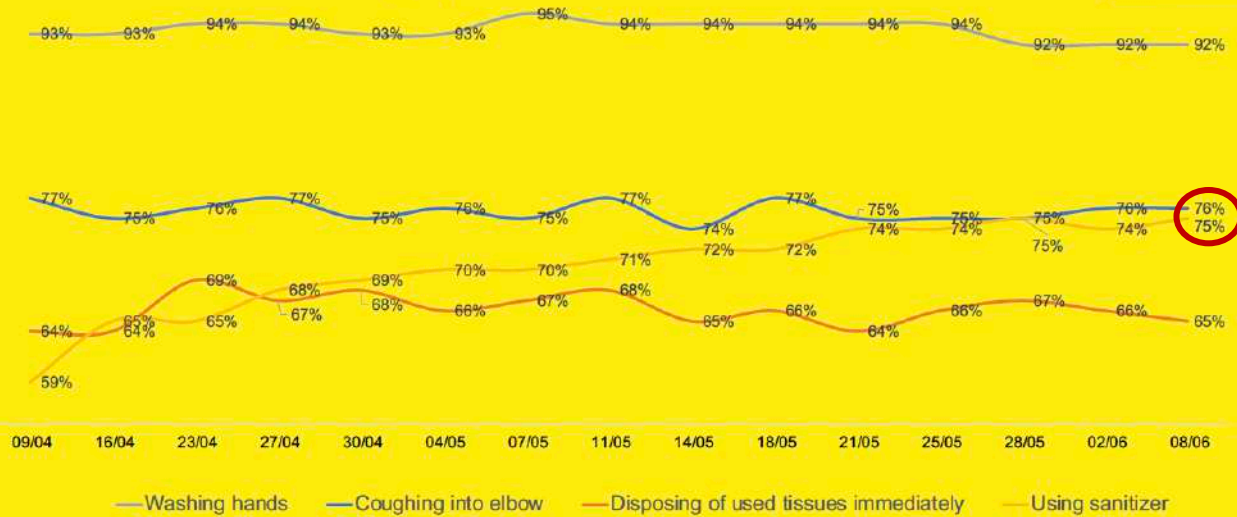
Source: Amárach Public Opinion Tracker for Department of Health

10



Future Behaviours – I

Which of the following will you continue after Coronavirus?



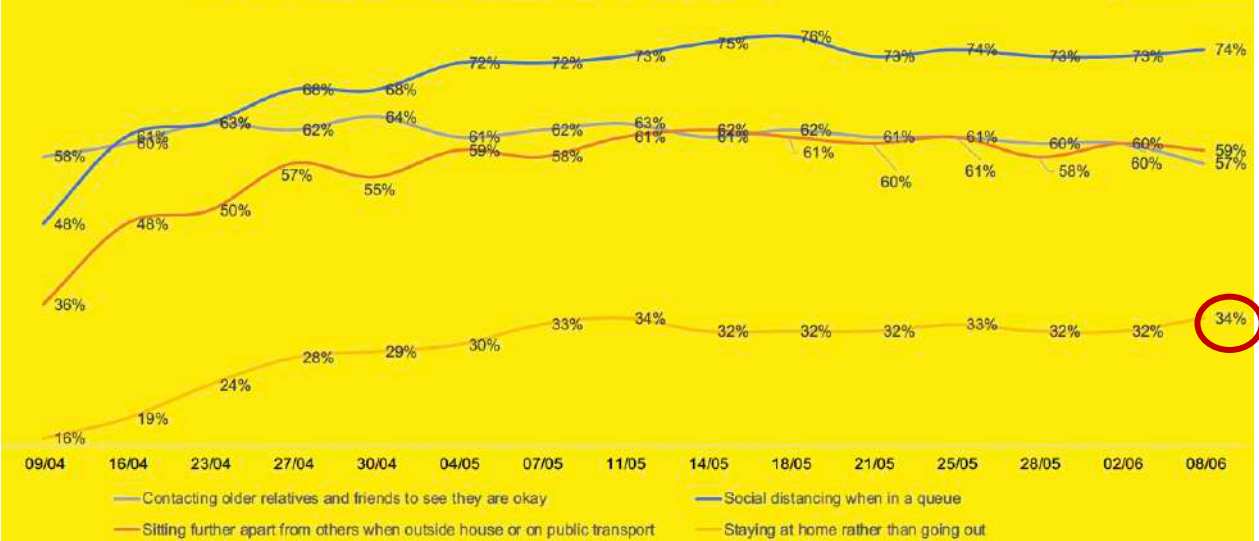
Source: Amárach Public Opinion Tracker for Department of Health

11



Future Behaviours – II

Which of the following will you continue after Coronavirus?



Source: Amárach Public Opinion Tracker for Department of Health

12

Home Stayers: >Female/35-44/RoL/Wear Mask



Life after the COVID-19 pandemic is over:



87%

agree they will
buy more from
local shops if
they can
(>life better)



82%

will buy more
Irish products
if they can
(>55+/life better)



82%

will continue
to pay more
by card than
by cash
(>F/U35/ABC1/
life better)



79%

will continue
to be cautious
about going
to shops
(>F/55+)



66%

will have
more holidays
in Ireland
rather than
travel abroad
(>55+/life better)



Life after the COVID-19 pandemic is over:



59%

will continue to shop online just like they've done during the pandemic
(>F/U35/ABC1/
life better)



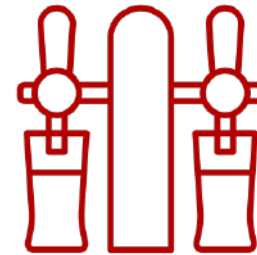
48%

will save more because of uncertainty about their jobs
(>U35/ABC1/
Dublin)



47%

will buy more items in bulk to reduce the number of shopping trips
(>F/life worse)



34%

will be one of the first back to their favourite restaurants or pubs when they open
(>M/Munster/
life worse)



30%

will stop worrying about the virus when they are shopping
(>M/55+/
life the same)



3. Winners & Losers

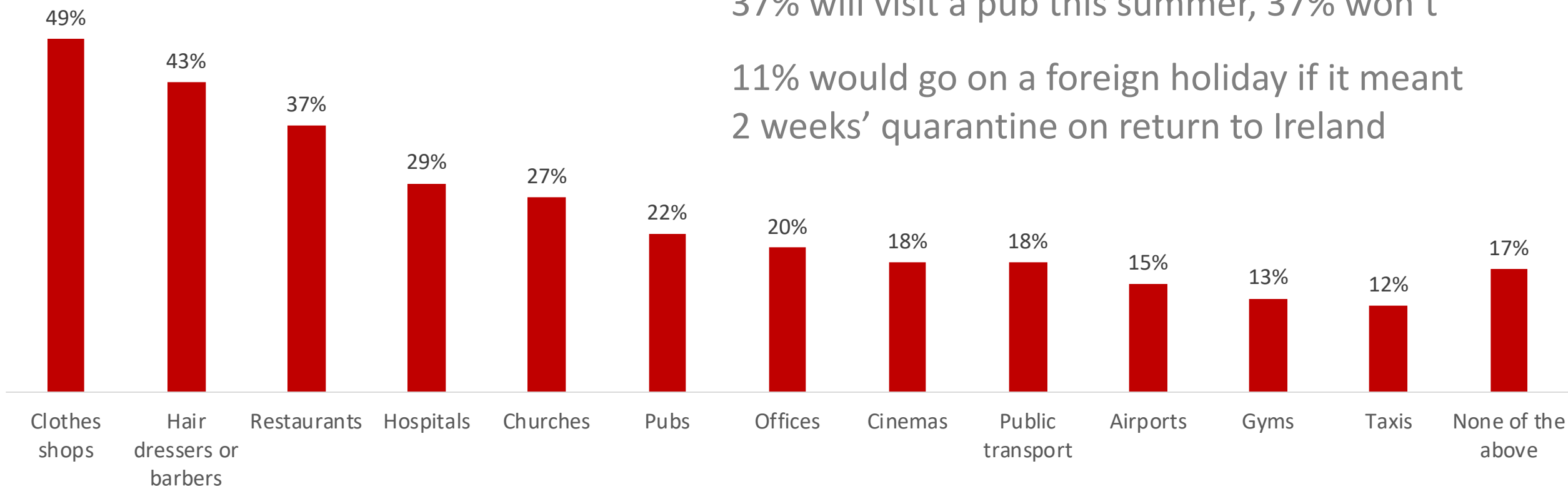




Whether or not you actually use them, which of these types of places or services would you be willing to go to within the NEXT WEEK?

37% will visit a pub this summer, 37% won't

11% would go on a foreign holiday if it meant 2 weeks' quarantine on return to Ireland





Which of the following do you usually feel when you are inside a shop nowadays?



Worried: 39%



Hassled: 25%



Annoyed: 21%



Welcome: 20%



Relaxed: 16%



Safe: 12%



Happy: 8%



Sad: 8%

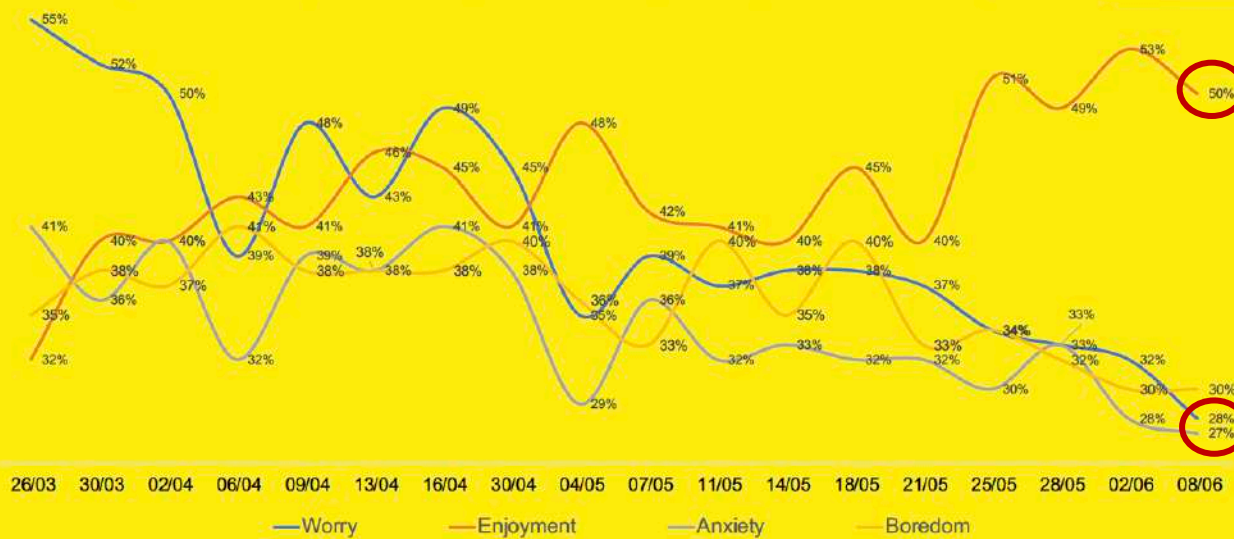
None of these: 13%



The emotional experience of shopping is the opposite of the emotional state of the nation

Emotional Wellbeing – I

Did you experience any of these feelings a lot of the day yesterday? Select all that apply:

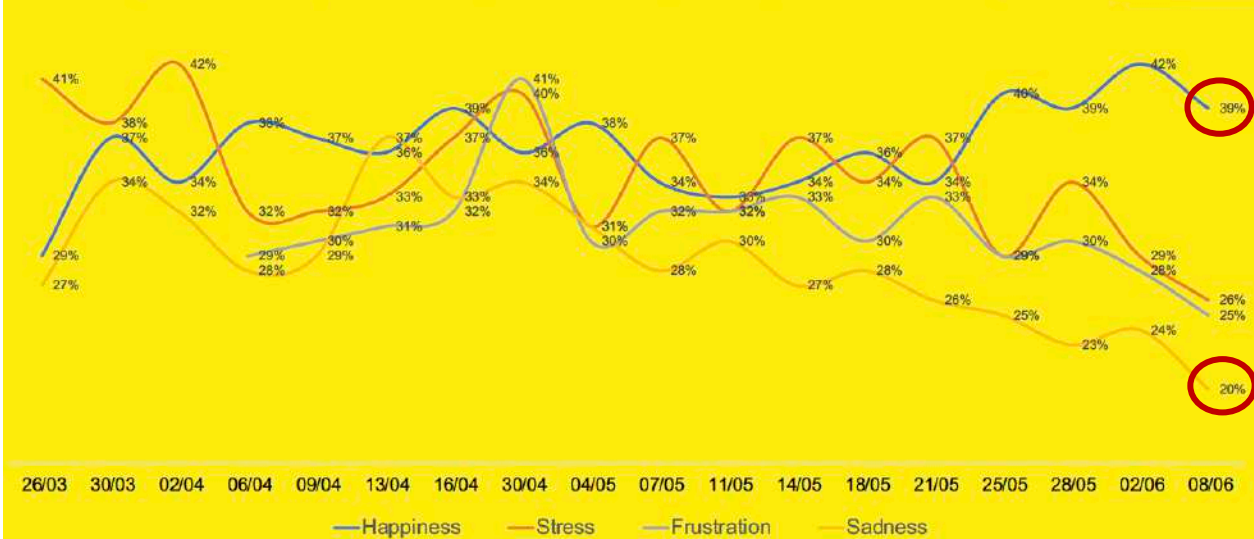


Source: Amárach Public Opinion Tracker for Department of Health

17

Emotional Wellbeing – II

Did you experience any of these feelings a lot of the day yesterday? Select all that apply:



Source: Amárach Public Opinion Tracker for Department of Health

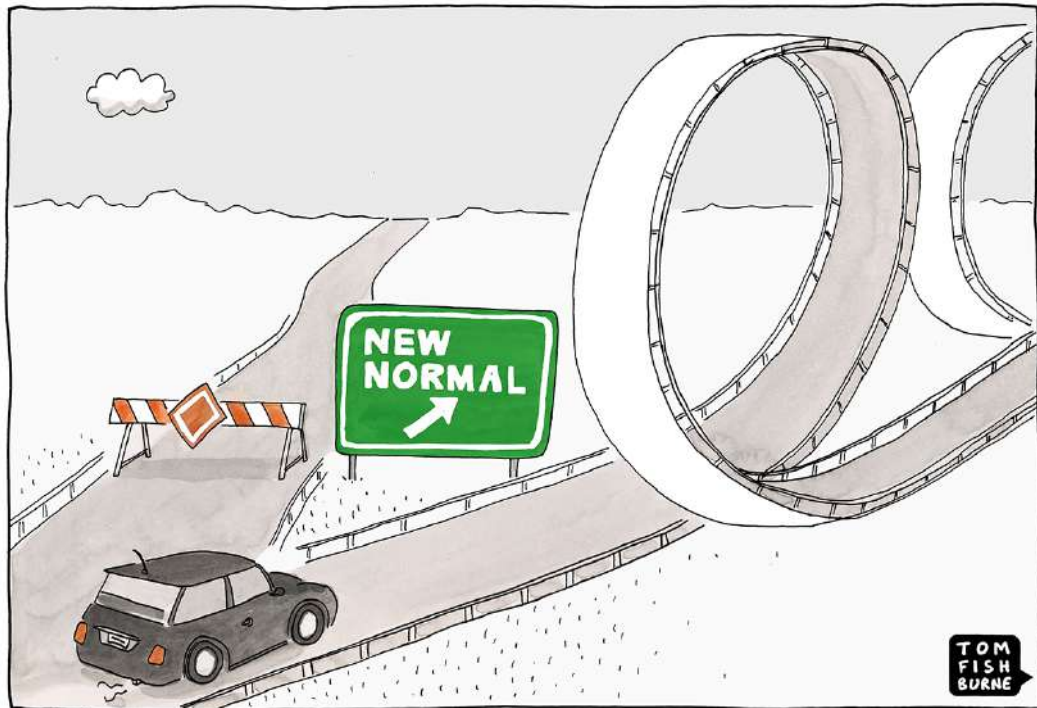
18



- Is your store or outlet as relaxed and welcoming as a Level 4 Bio-Hazard Facility?
- The **winners** will be those businesses, brands and teams who leave the customer with positive feelings – not ‘relief they survived the trip’.
- The **losers** will be those who let the ‘safety theatre’ get in the way of a pleasant shopping experience: by failing to say ‘hello’ & ‘goodbye’ in a positive/memorable manner.
- BUT IT IS A MATTER OF BALANCE: you must keep your customers safe, but you must also make them want to come back!



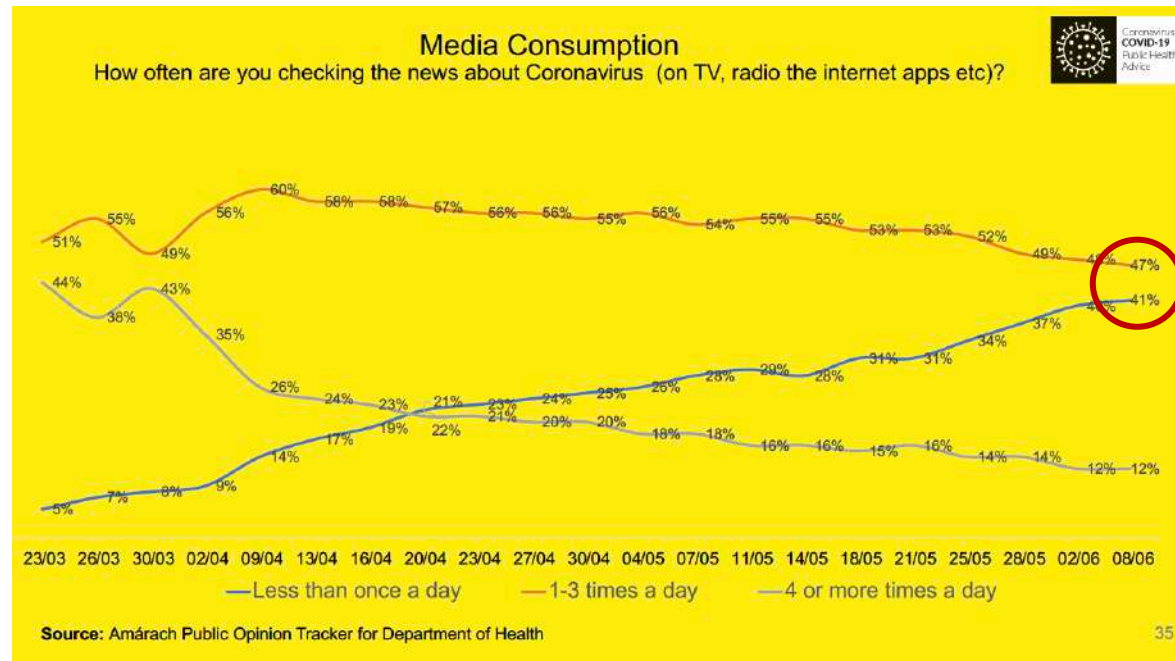
4. Marketing Imperatives



©marketoornist.com

<https://marketoornist.com/2020/05/newnormal.html>

- From my last presentation:
- There will be over 5 million people living in Ireland after Covid-19 just as there were over 5 million before it.
- Consumers are resilient: we have coped with 'flattening the curve'; we'll cope with adjusting to '2014-16' spending levels.
- We are starting from a less vulnerable place than before, and we won't 'do austerity' again.
- However, there is no 'easy' way out: the next 18-24 months will be very difficult for all of us.



- People are really tired of (talking about) the coronavirus – they want to change the subject.
- Fire up your ‘right brain’: use your marketing to emphasise connection, community, history, memory, humour – it’s about people, not products*.
- Remain relevant: we have deep psychological needs to belong, connect, find meaning and more – now more than ever your brand must help your customers meet their needs as people not just ‘consumers’.

ht: Orlando Woods, System 1: <https://system1group.com>

Key questions you need to ask (and answer) now



- Q. What are you doing to make your products/services/brands **relevant** to consumers, regardless of what shape the recovery takes?
- Q. How (and when) will you know your customers have 'moved on' from Covid-19 and are **ready, willing and able** to buy?
- Q. Can you sustain your **prices** over the next 18 months, and even see a way to increase them?
- Q. Is your product/brand '**age-neutral**' or will it suffer (or prosper) as we head towards the 50/50 future?
- Q. What brand **story** will you tell that connects to the 'right brain' part of your customers' world?
- Q. How will you '**go local**' if the international/global outlook turns hostile (politically/economically)?



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