



# The Post-Covid-19 Consumer

An Amárach Briefing: April 2020



- First and foremost Covid-19 is a health crisis, especially for its victims and their families.
- It isn't an E.L.E.: but it is unprecedented.
- Unlike the 'Great Recession' in 2008, this isn't 'just' an economic event – so anticipating the path to recovery is considerably more complicated.
- The Irish consumer is less vulnerable to an economic shock than in 2008, but not invincible.



- Irish consumer spending scenarios: Bounce, Crash or Pivot?
- Let me out of here/all pent up: Leaders & Laggards in race to 'normality'
- Downstream from culture: values, priorities and needs after Covid-19
- Implications for marketing: communications and brands

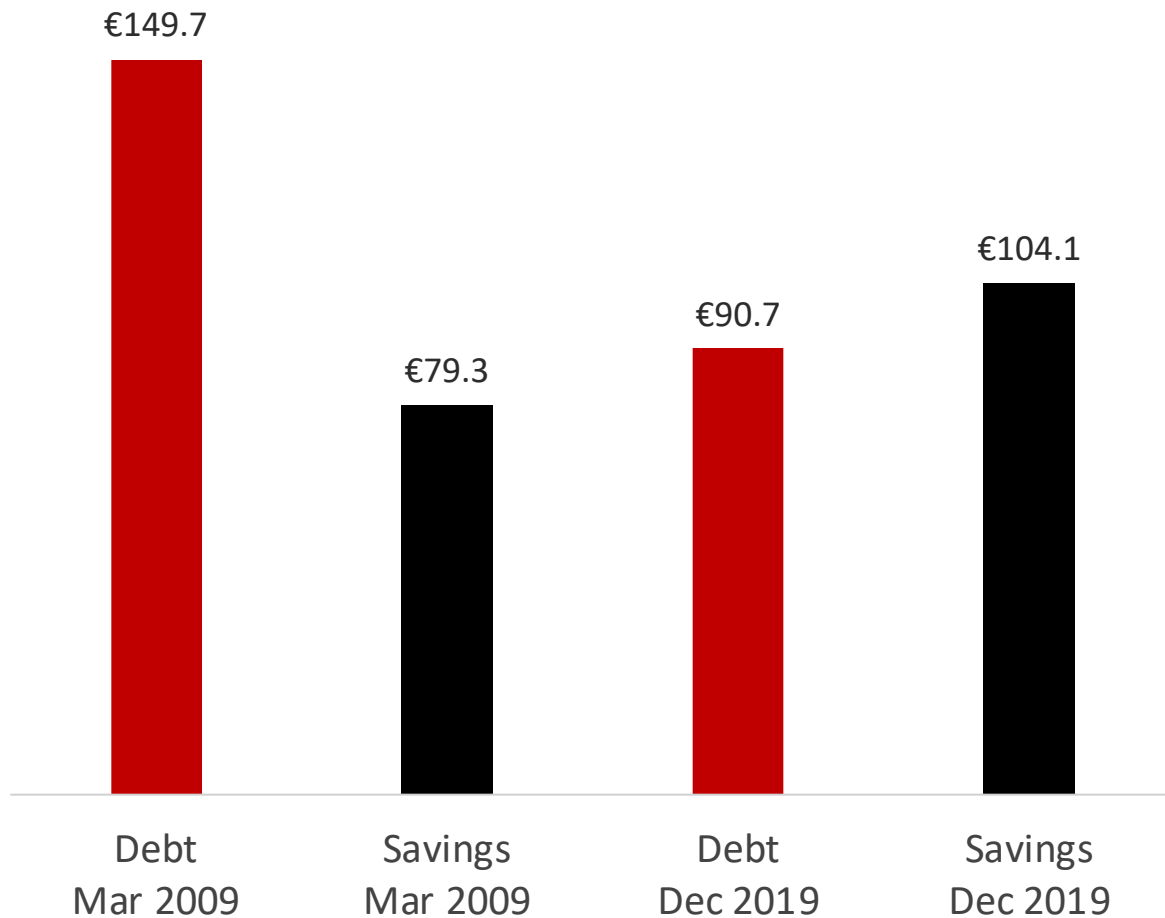


# Spending Scenarios



# Less Vulnerable?

Irish Consumer Debt & Savings: €bn



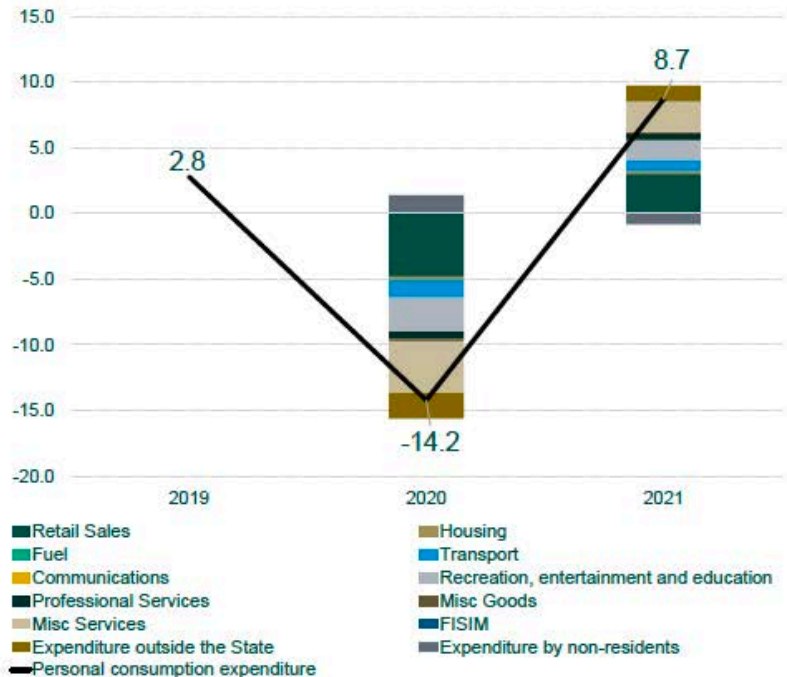
- Housing market less vulnerable? Prices.
- Banks less vulnerable? NPLs.
- Labour market less vulnerable? Construction.
- SMEs less vulnerable? Debt.
- Government less vulnerable? ECB.
- But for how long? Scenarios...



# Scenario 1 – Bounce: short, sharp shock

## Consumer spending

Contribution to y/y per cent change



Quarterly profile for consumption, 2018q4 = 100

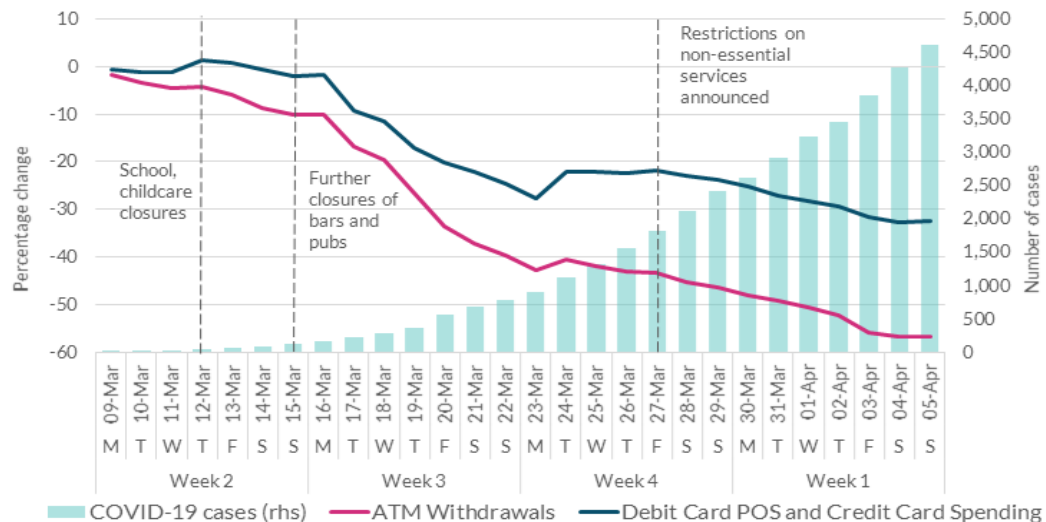


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- Ireland deemed one of the least vulnerable economies (views of IMF/OECD/EU)
- The worst of the 'shock' to spending is happening now/Q2
- But a collapse in consumer spending of 14.2% will knock us back to..... 2014 levels on an inflation adjusted basis (while a recovery of 8.7% in 2021 will bring us back to 2016 levels)

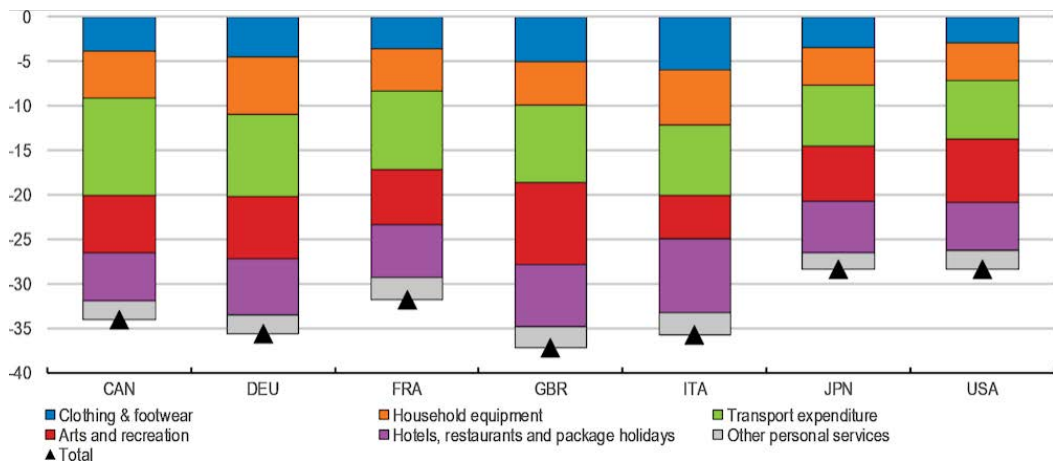


# Scenario 2 – Crash: from curve to crater



Source: Central Bank of Ireland Daily Card Payments data, European Centre for Disease Control, author's calculations.  
Notes: Card data are calculated as 7-day moving averages. COVID-19 cases are cumulative.

## OECD: decline in consumer spending by component: G7



## COSMO Scenario

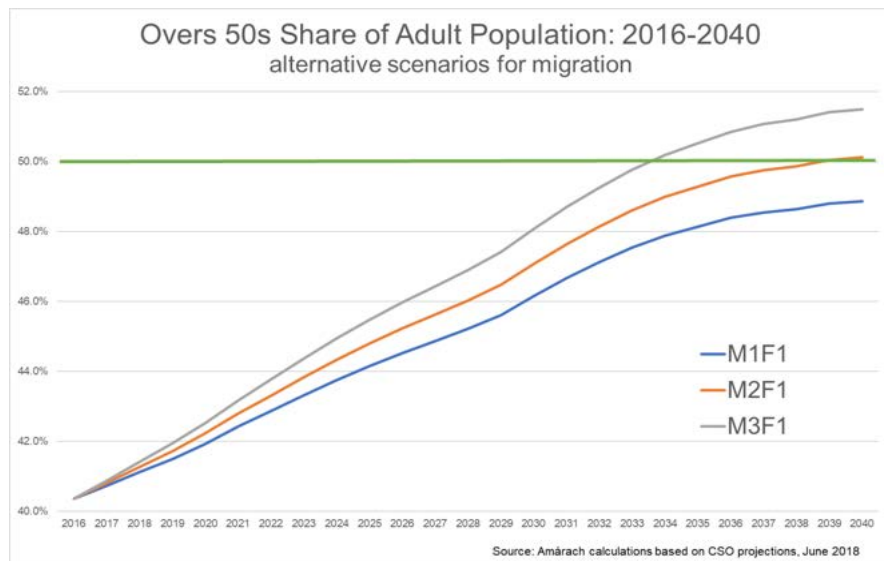
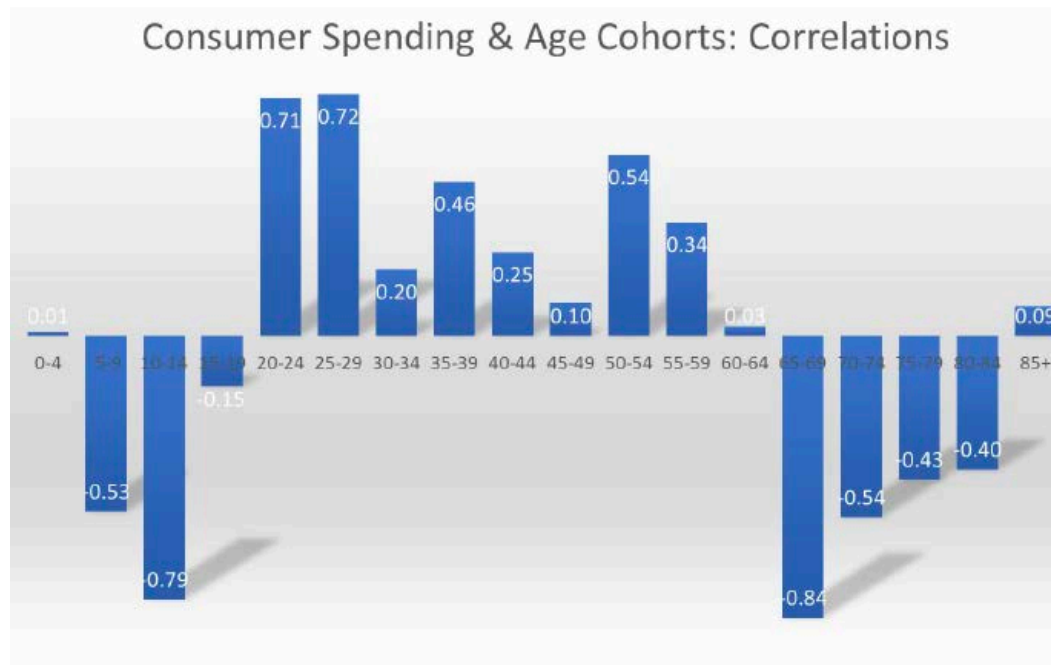
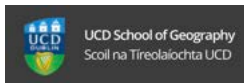
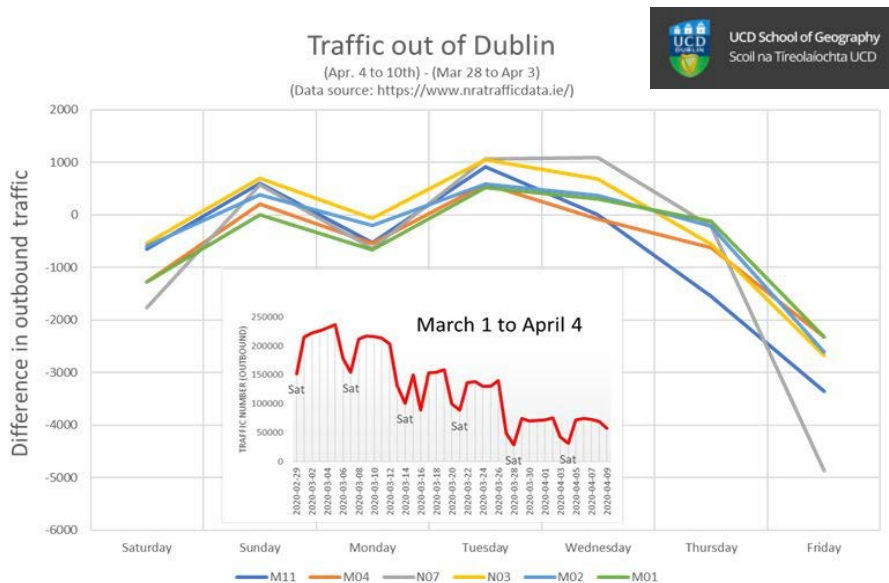
	2019	2020	2021
<b>Percent deviation from Baseline Level:</b>			
Gross domestic product at basic prices	0.0	-10.7	-7.6
Gross value added at basic prices, Non-traded sector	0.0	-20.5	-14.0
<b>Personal consumption of goods and services</b>	<b>0.0</b>	<b>-18.4</b>	<b>-9.3</b>
Export of goods and services	0.0	-8.0	-6.9
<b>Deviation from Baseline:</b>			
Unemployment rate	0.0	10.2	11.8

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- Assumes prolonged lockdown through to Q4 2020 and knock on impact on unemployment 2021-25
- A cumulative 25% fall in spending takes us back to ..... 2005 (or 1999 if you adjust per capita)



# Scenario 3 – Pivot: this time is different

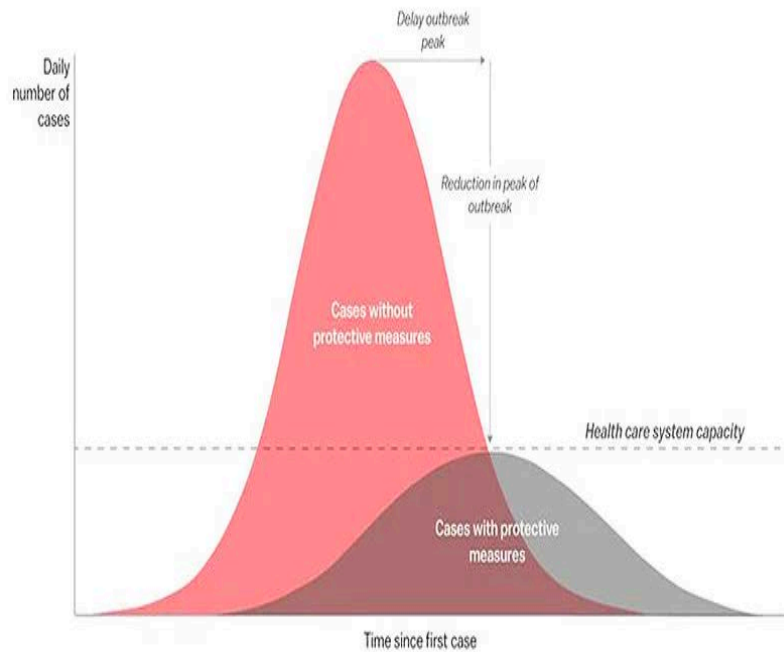


- Just as digital kept growing through the last recession, other trends will continue through this one – especially the 50/50 demographic transition
- An ageing population combined with new lifestyle preferences could see the *total* level of spending remain flat even as its *composition* shifts strongly





# Which Scenario? It Depends...



Can they flatten the curve?



Can they stop the cascade?



Can America avoid the Great Depression II?



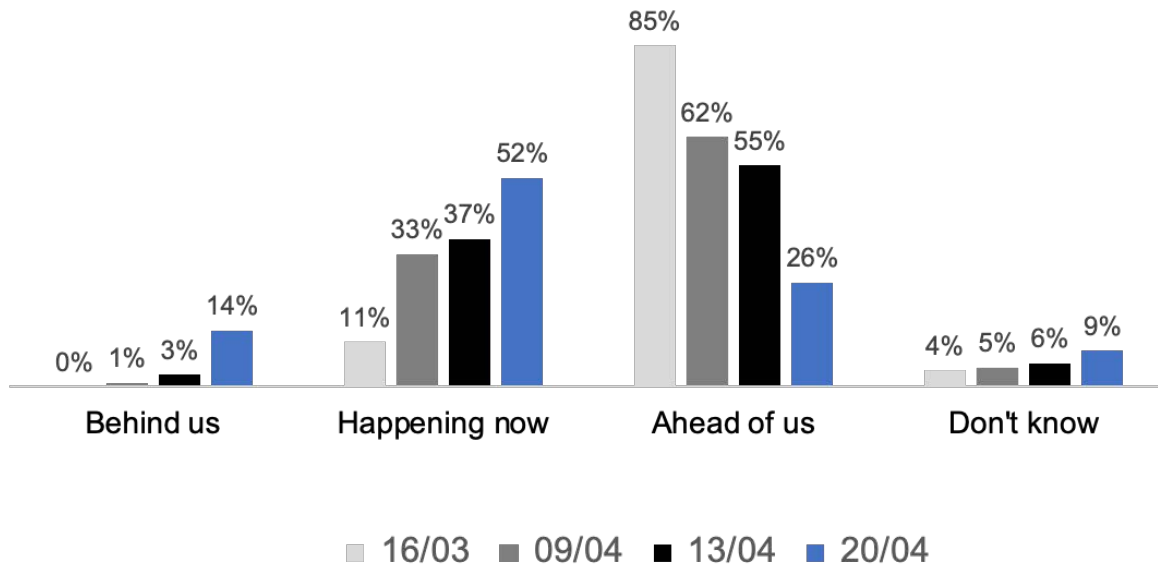
# Leaders & Laggards



# Are we there yet?

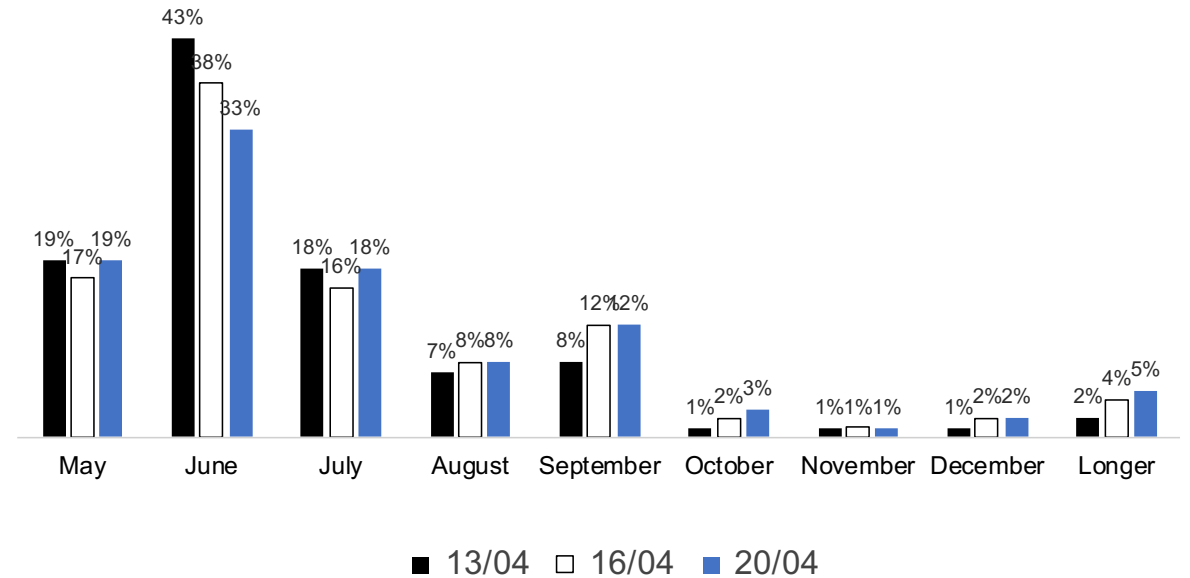
## Pandemic Stage

Do you feel that the worst of the Coronavirus crisis in Ireland is



## How Long?

Please indicate how long do you estimate the current restrictions to last?



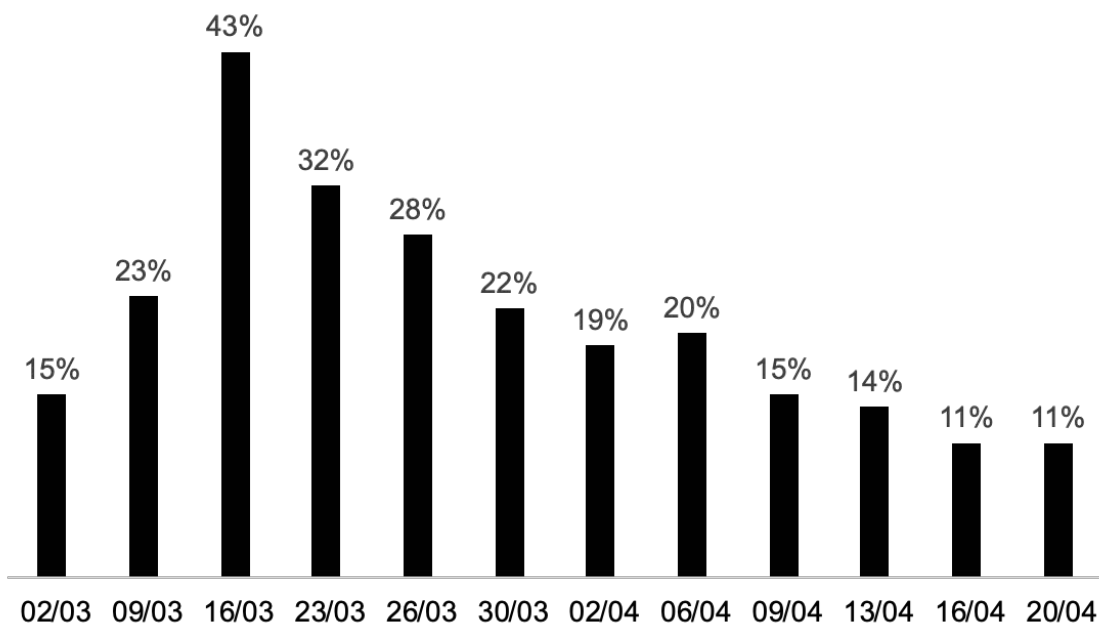
Source: Amárach tracking research for Department of Health (survey of 1,500 adults every Monday and Thursday)



# New Behaviours

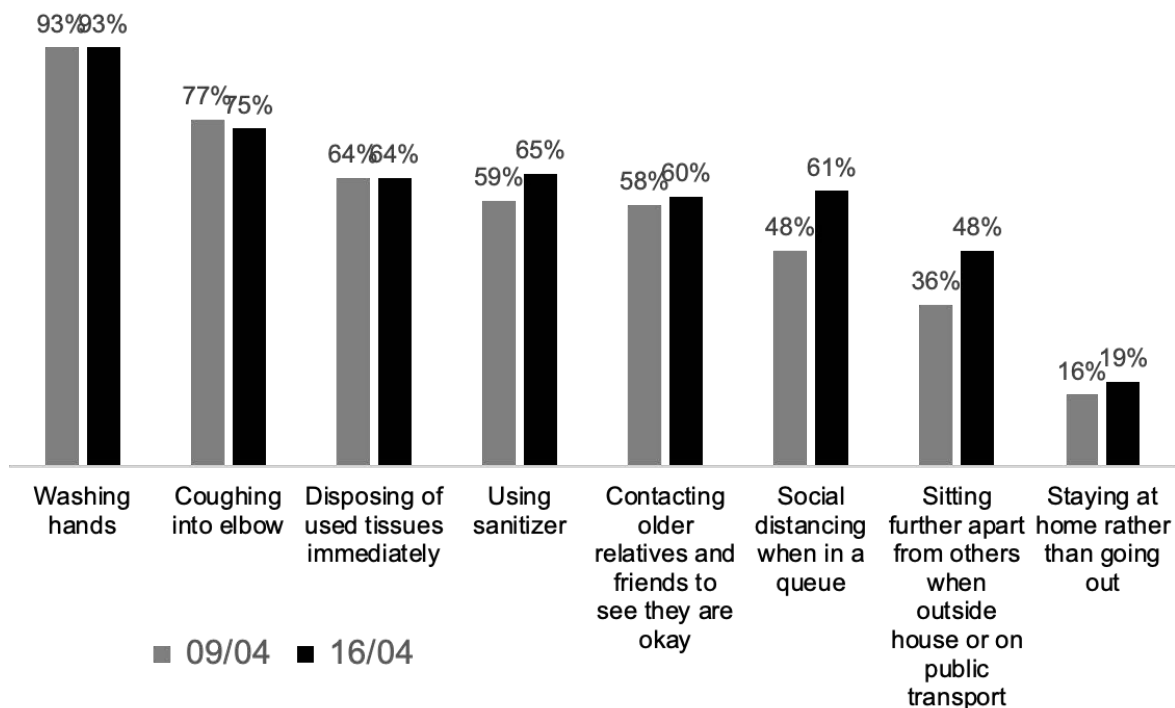
## Hoarding Behaviour

Are you stocking up on extra supplies because of Coronavirus? % Yes



## Future Behaviours

Which of the following will you continue after Coronavirus?

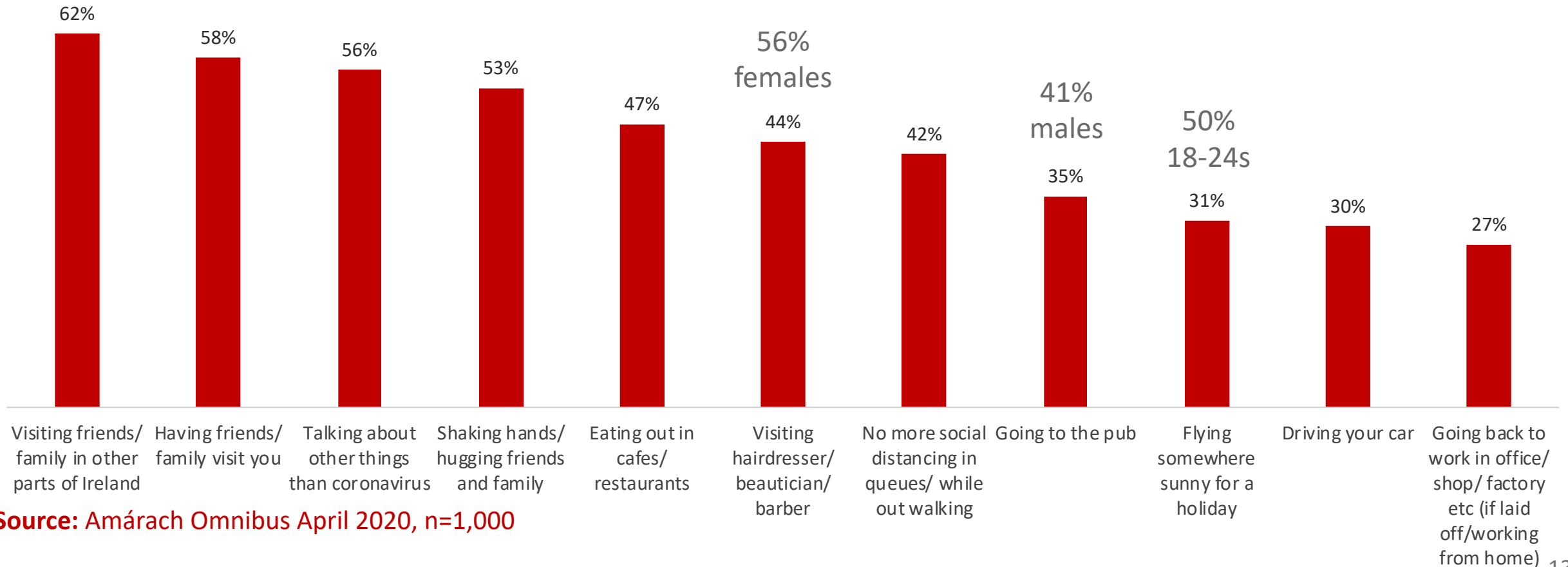


Source: Amárach tracking research for Department of Health (survey of 1,500 adults every Monday and Thursday)



# Can't Wait – I

Q. If the Government announced that the crisis will be over in May and everything will be back to normal in June, which of the following would you look forward to most? Select any that apply:

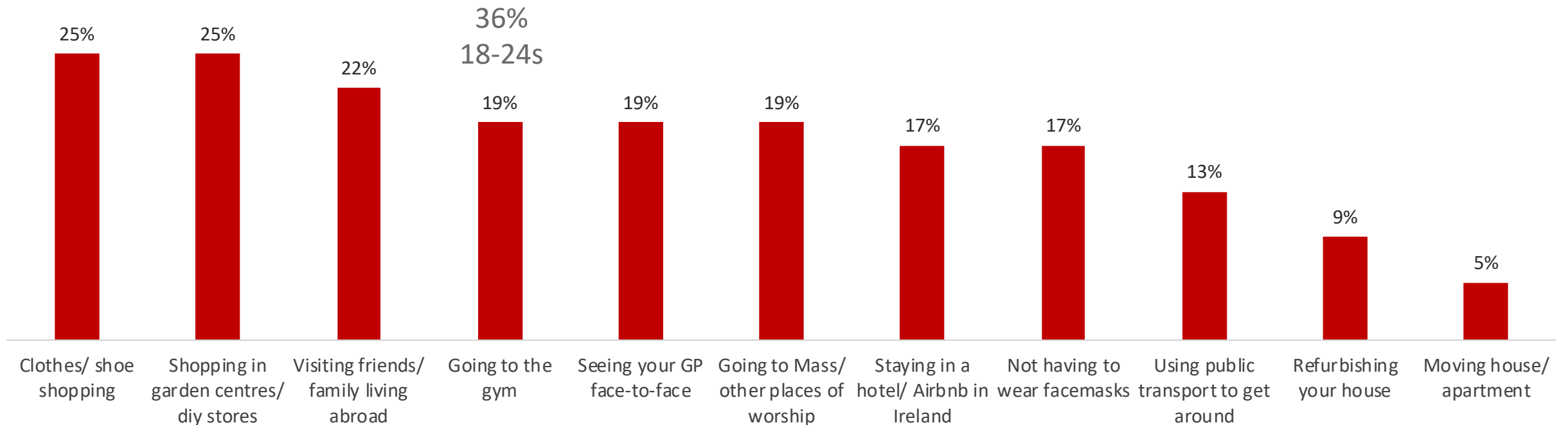


Source: Amárach Omnibus April 2020, n=1,000



# Can't Wait – II

Q. If the Government announced that the crisis will be over in May and everything will be back to normal in June, which of the following would you look forward to most? Select any that apply:

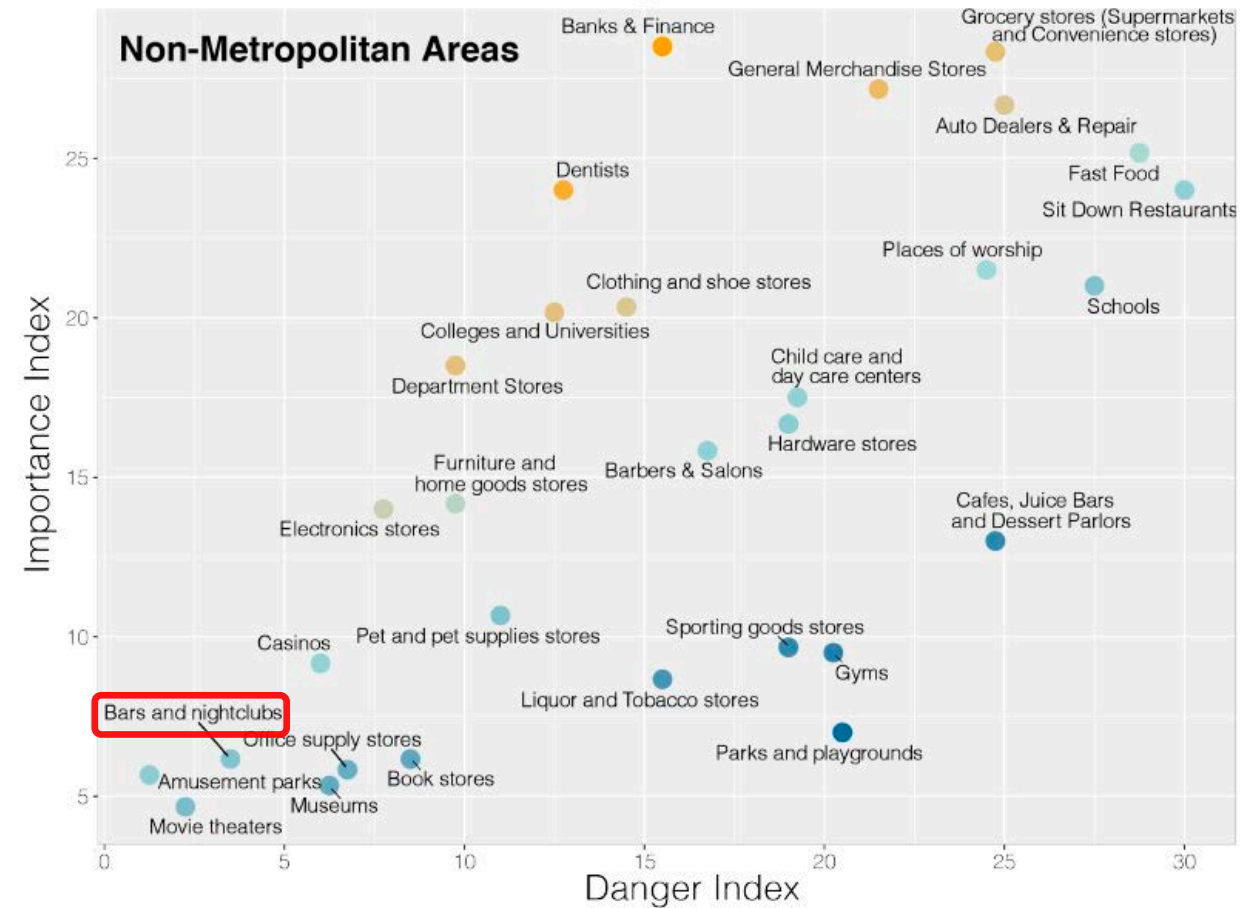
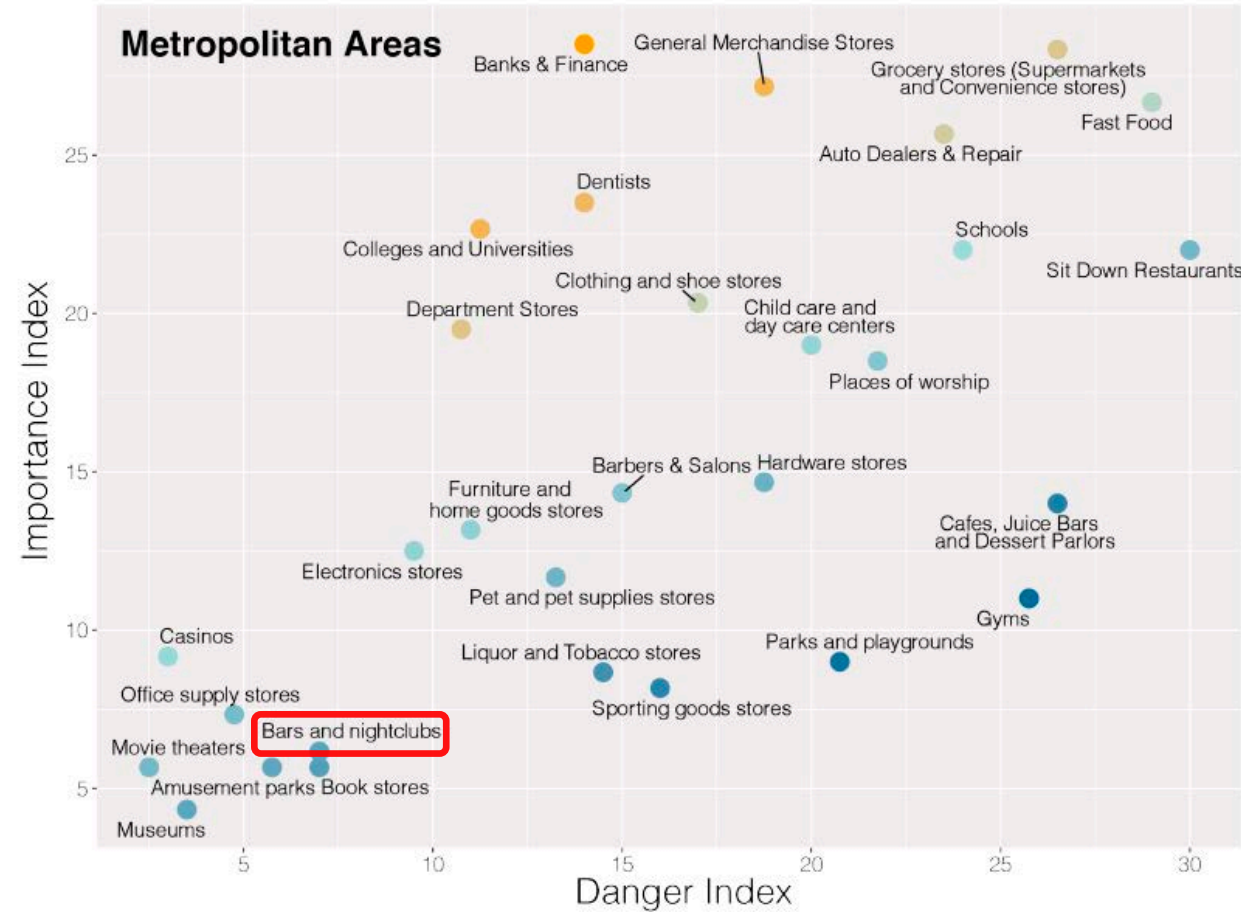


Source: Amárach Omnibus April 2020, n=1,000



# Trade Offs: Importance vs Danger

Sequencing openings will depend on perceived need x risk: so not everywhere all at once



Source: Rationing Social Contact During the COVID-19 Pandemic: Transmission Risk and Social Benefits of US Locations

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3579678](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3579678)



	<b>Winners</b>	<b>Losers</b>
<b>Bounce</b>	Domestic holidays Clothing/footwear Barbeques	Foreign holidays New cars Tourism
<b>Crash</b>	Supermarkets DIY Online learning	Banks EVs Offices
<b>Pivot</b>	Healthcare C2C Garden centres	Gyms Third Level Creches



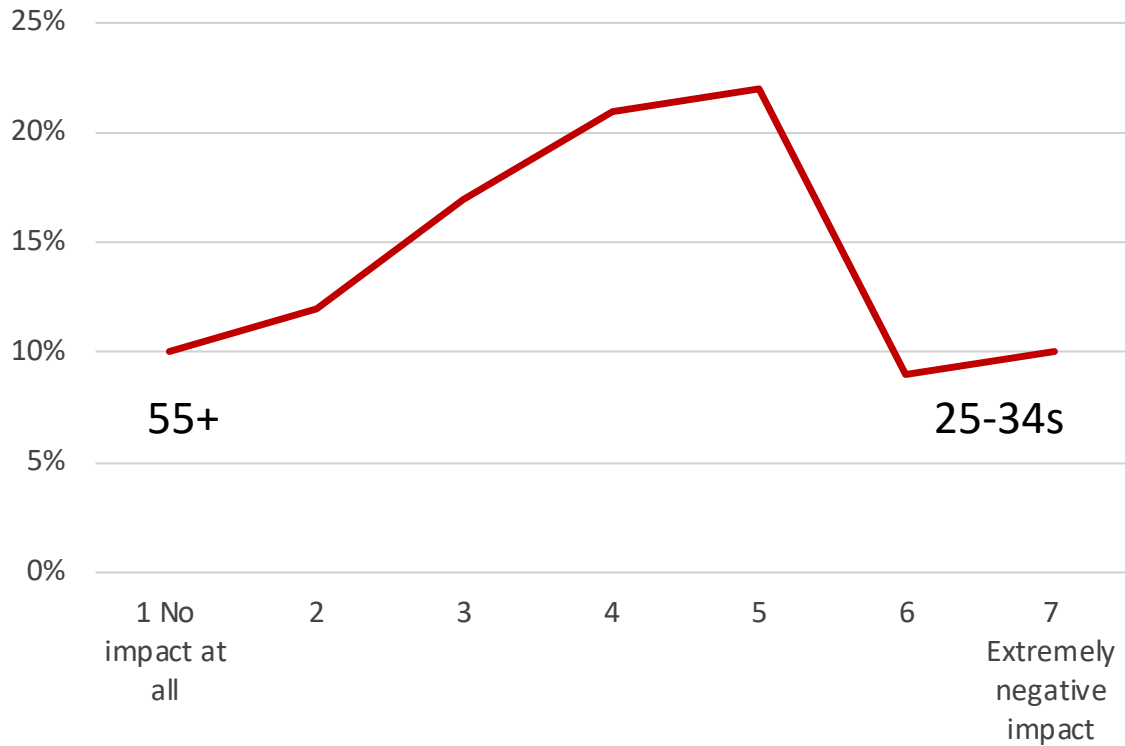


# Post-Covid Culture

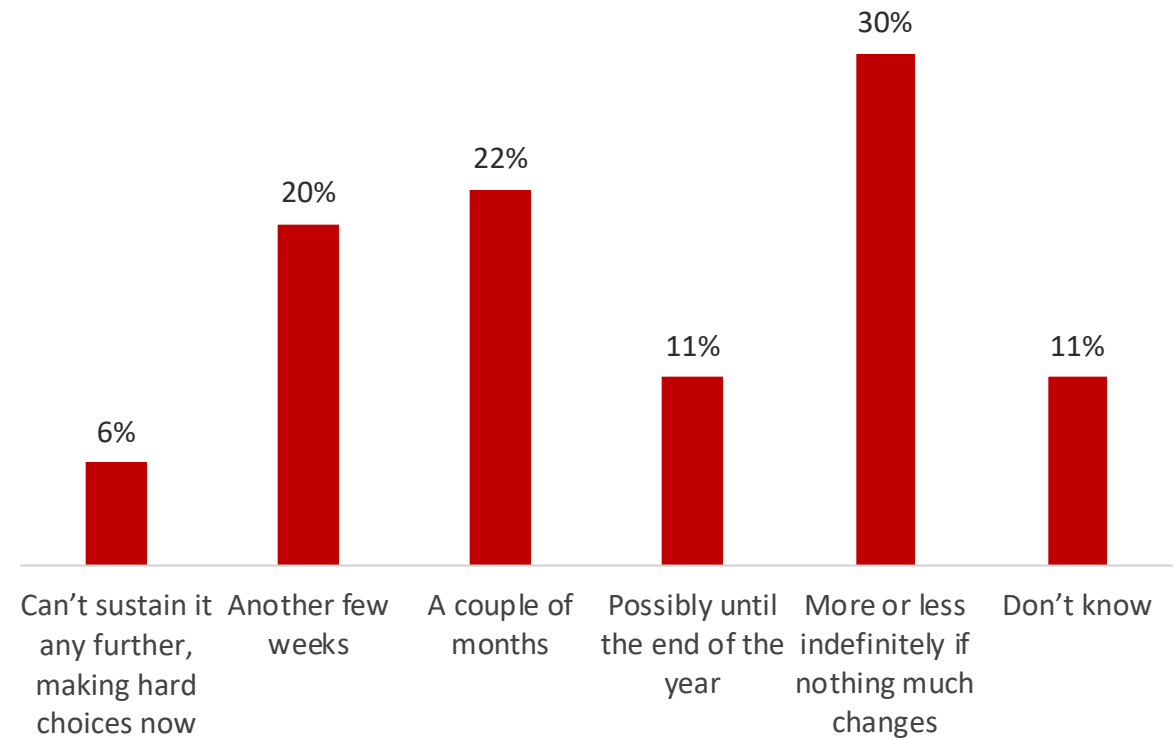


# Feeling the Pinch

How would you describe the impact of the coronavirus crisis on your personal or household finances? On a scale of 1 to 7, where 1 is no impact at all and 7 is an extremely negative impact?



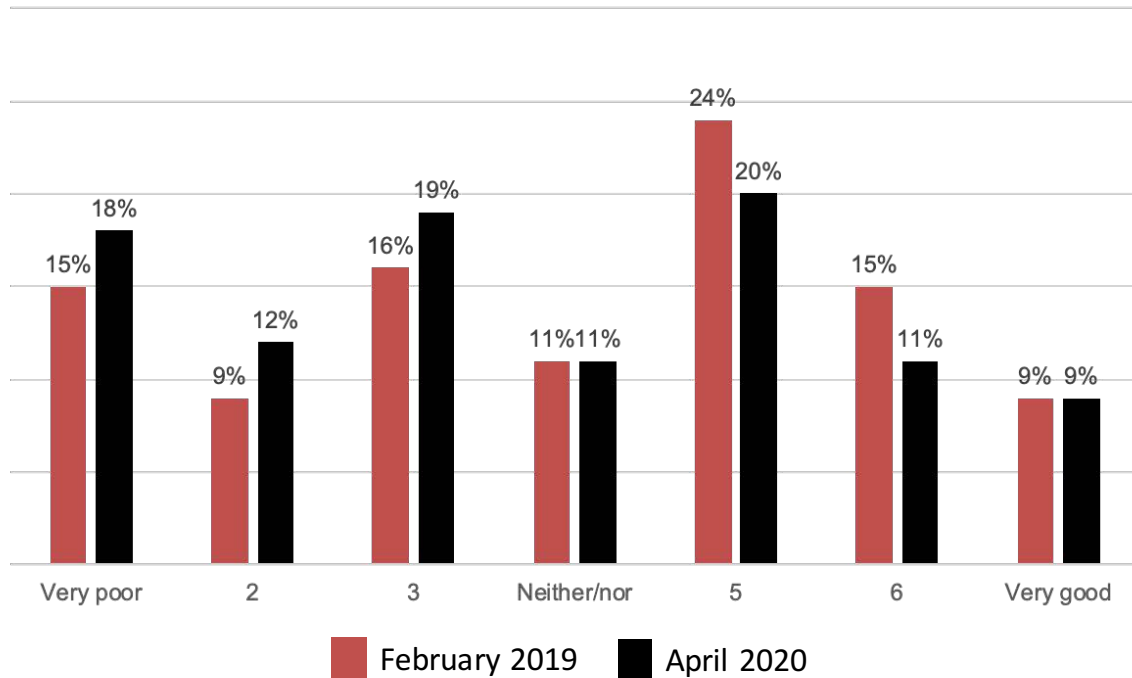
How long do you/ your household think you can sustain your current lifestyle given your income and spending circumstances? Choose one



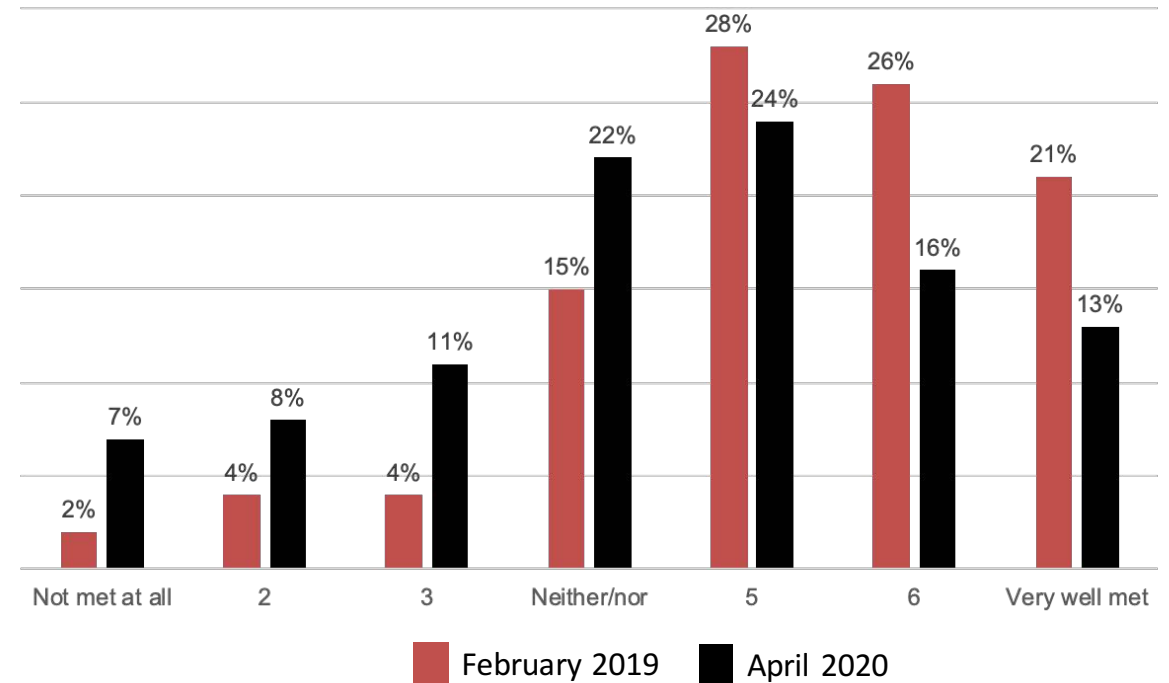
Source: Amárach Omnibus April 2020, n=1,000



How would you rate the typical quality of your sleep, on a scale of 1 to 7 (where 1 means very poor and you often wake up tired, and 7 means very good and you usually wake up refreshed)



Rate, in your judgement, how well the following emotional needs are being met in your life now: **feeling an emotional connection to others** - on a scale of 1 to 7, where 1 means not met at all, and 7 means being very well met.

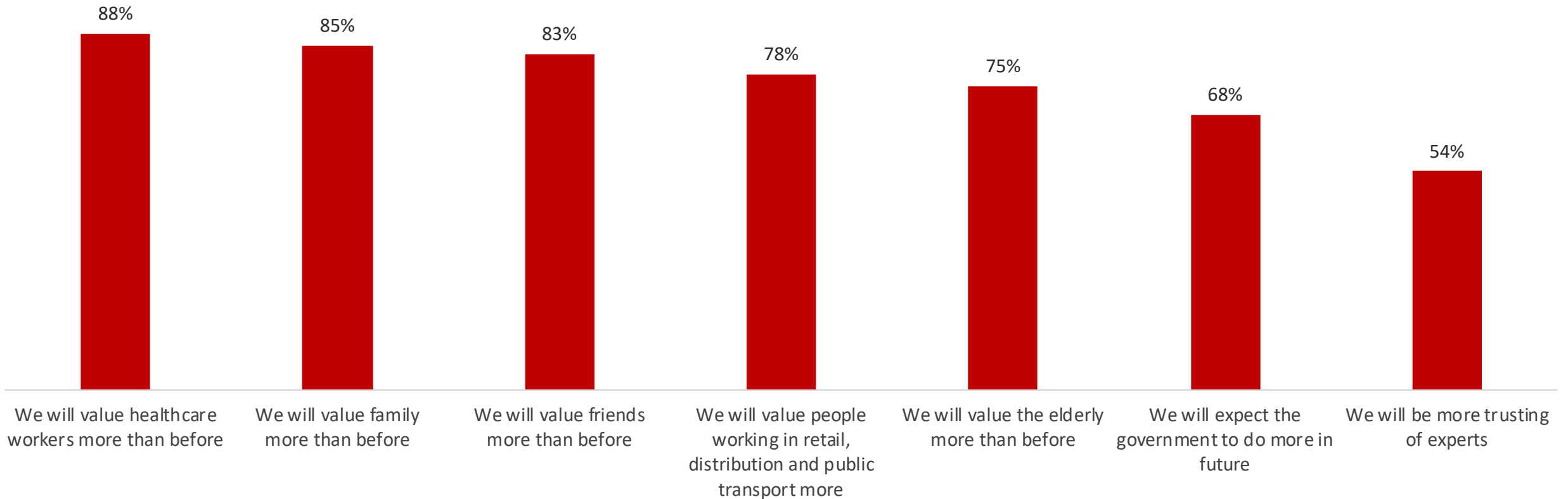


Source: <https://amarach.com/free-reports.html>



# New Values – I

Thinking about Ireland after the current crisis is over, to what extent do you agree or disagree with each of the following statements about how we will be afterwards - % Agree

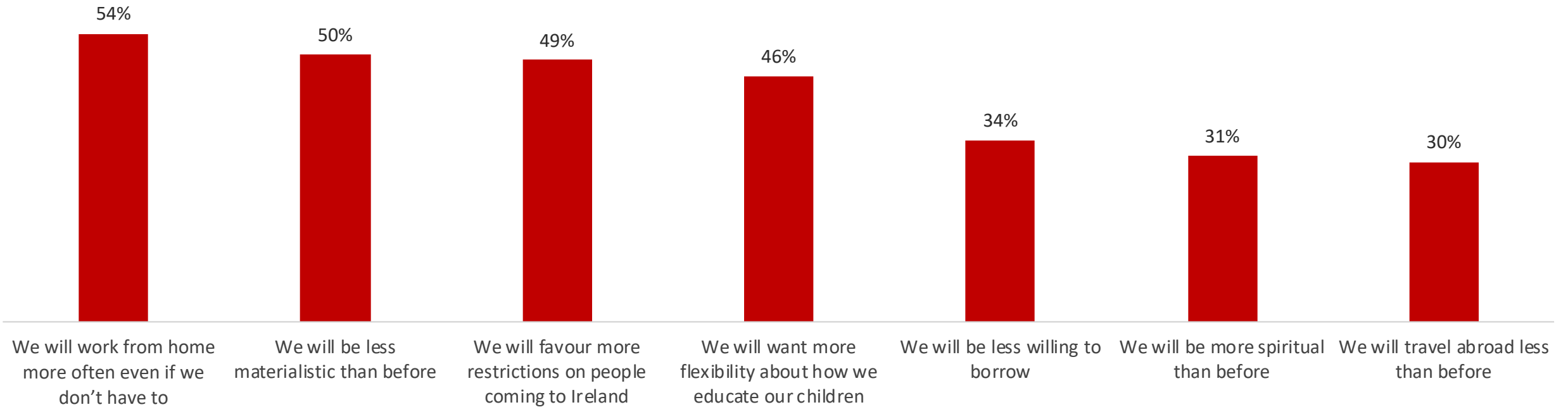


**Source:** Amárach Omnibus April 2020, n=1,000



# New Values – II

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**Source:** Amárach Omnibus April 2020, n=1,000



**Covid-19 Youth 'Check In' Survey**  
Research Report  
April 2020

YOUNG SOCIAL INNOVATORS | amárach research

**68%** think the impact of Covid-19 will change society for the better

Covid-19 Youth 'Check In' Survey Research Report  
April 2020



**Source:** Amárach survey for YSI April 2020

<https://www.youngsocialinnovators.ie/latest-news/ysi-research-reveals-majority-of-young-people-hopeful-for-the-future-post-c/>

A blurred photograph of a supermarket aisle. In the foreground, a person in a black jacket is pushing a shopping cart. In the background, another person in a grey jacket is also pushing a cart. The aisle is lined with shelves and has a green carpeted floor. A semi-transparent white horizontal band is overlaid across the middle of the image, containing the text.

# Implications for Marketing



- 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 government is working to get ahead of the worst impact from coronavirus.
- However, there is no ‘easy’ scenario: the next 18-20 months will be very difficult for all of us.

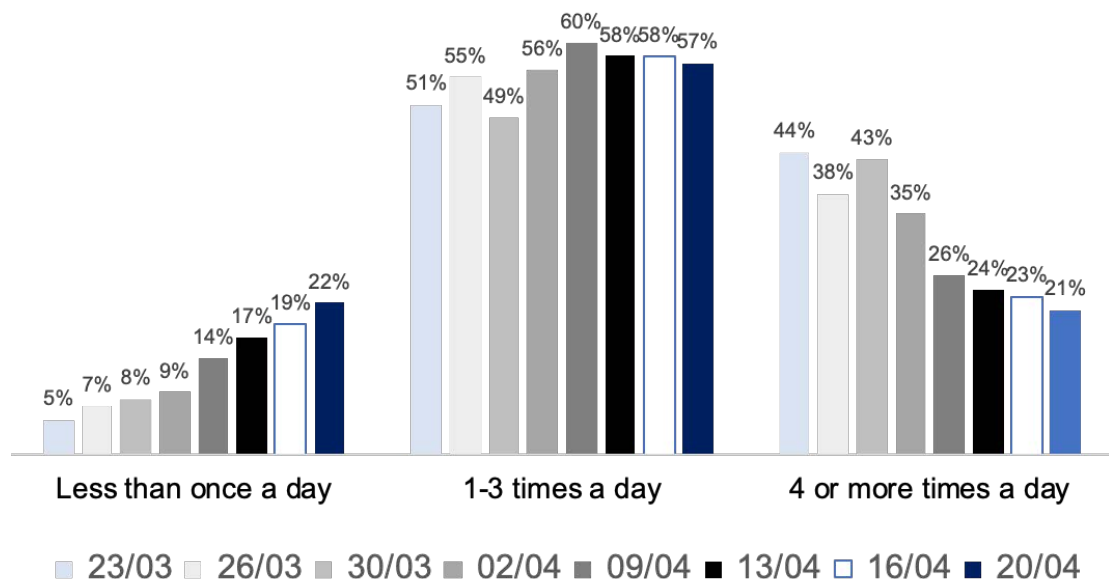




# Keep Communicating

## Media Consumption

How often are you checking the news about Coronavirus (on TV, radio the internet apps etc)?

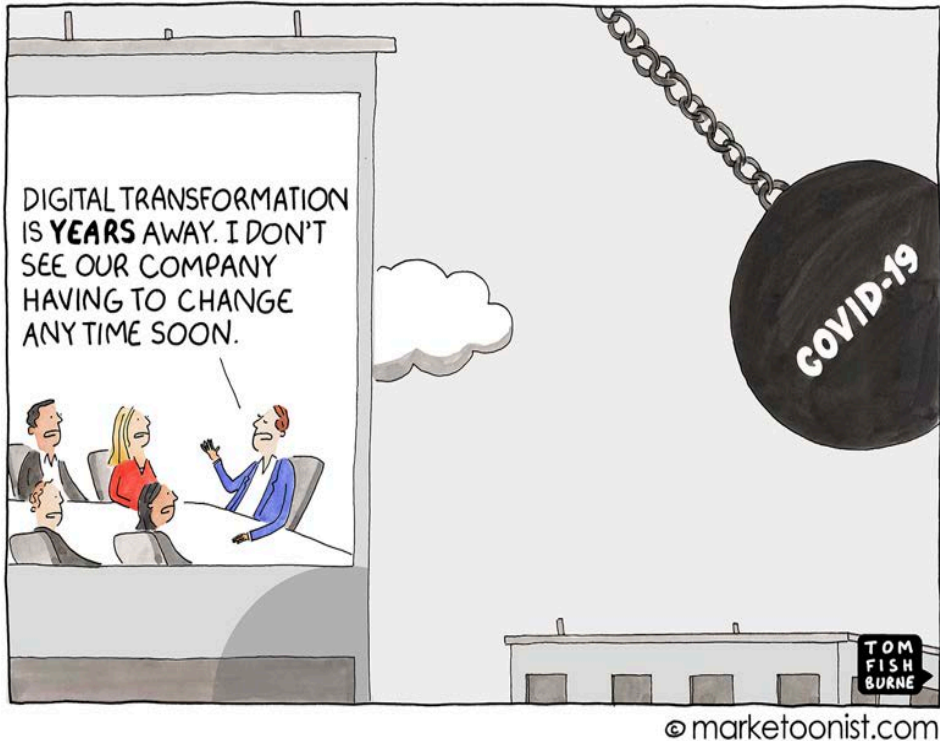


- People are tired of (talking about) the coronavirus – they want to change the subject.
- Start talking about a better future *and* about things that were great in the past – share stories (and nostalgia) that connect the best of what we have achieved as people (and customers) to the best we can become together: happy memories defuse anxious thoughts.
- 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.

Source: Amárach tracking research for Department of Health (survey of 1,500 adults every Monday and Thursday)



	<b>Product</b>	<b>Price</b>	<b>Place</b>	<b>Promotion</b>
<b>Bounce</b>	Expand formats (bulk/single serve) Local ingredients	Don't cut prices (no demand) Reward loyalty	Staff heroes Digital options Social distance	Buy Irish Customer heroes Mass media
<b>Crash</b>	Go Niche Limit the range Bundle clicks/bricks	Cut prices (market share) Bulkier discounts	D2C Self-serve Flagships only	Nostalgia Back to basics Social media
<b>Pivot</b>	Innovate (worried well) Design for life	Increase prices (consumer surplus) Small luxuries	Communities Local suppliers C2C	Common values Co-creation Local heroes



- Q. What are you doing to make your products/services/brands **relevant** to consumers, regardless of what scenario unfolds?
- 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 life before Covid to life after Covid in the weeks and months ahead?
- Q. How will you '**go local**' if the international/global outlook turns hostile (politically/economically)?



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