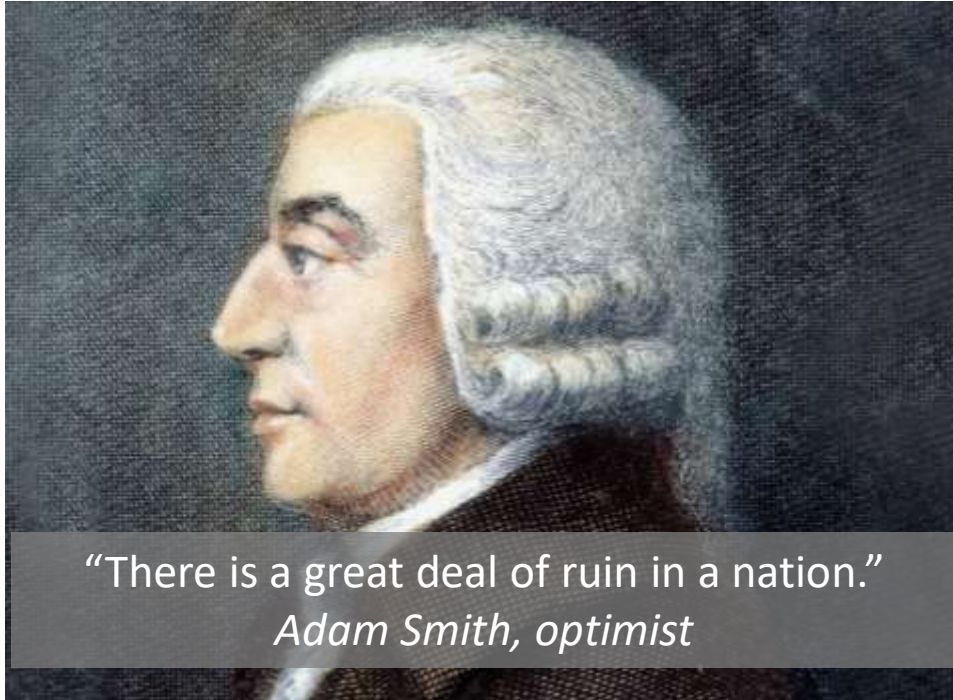




The New Abnormal
consumer demand in a post-Covid-19 world
An Amárach Briefing: September 2020



- 1. Resilient or Resigned?**
ready, steady, wait
- 2. Habit Norming**
lockdown legacies
- 3. The New Abnormal**
faster *and* slower



- The COVID-19 public health emergency will end some time in the next 8-10 months, maybe sooner.
- The economic and business fallout from the coronavirus will be with us for the next 2-3 years, maybe longer.
- As we navigate the coming months and years we will have to adjust to the ‘New Abnormal’, a period during which economic psychology and economic reality battle for consumers’ hearts & minds, purses and wallets.
- But remember Smith: we will eventually overcome the trauma & harm wrought by the pandemic, and our nation and economy will survive and thrive in the end.



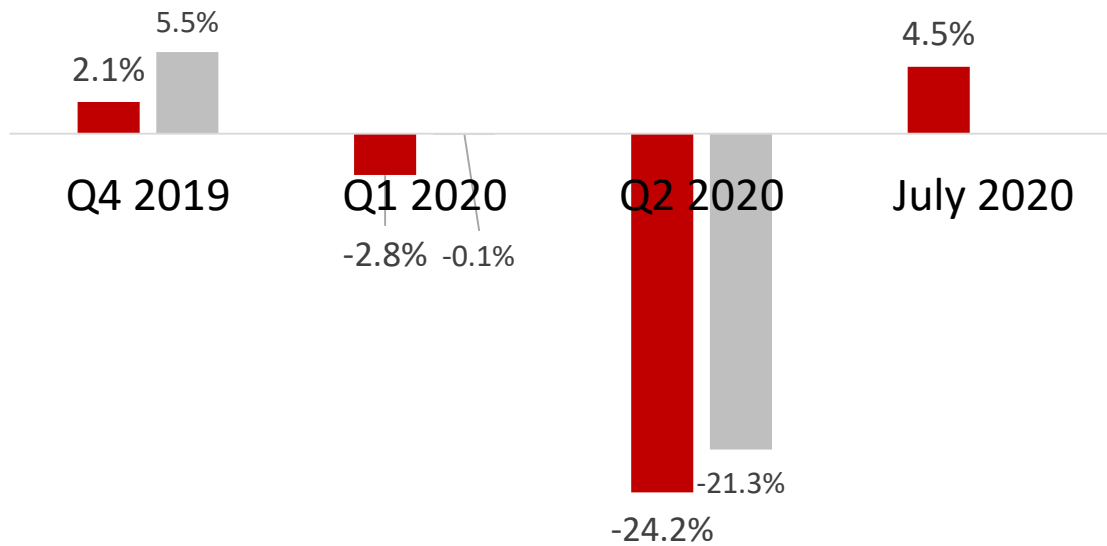
1. Resilient or Resigned?





The shock to consumer spending has been severe...

Year-on-Year Growth



■ Retail Sales ■ Consumer Spending

Source: CSO

	Baseline				Severe		
	2019 ^o	2020 ^f	2021 ^f	2022 ^f	2020 ^f	2021 ^f	2022 ^f
UDD	3.2	-9.5	4.6	4.4	-12.3	2.7	4.5
Private Consumption	2.8	-10.1	3.9	4	-13.9	3	5
Government Consumption	5.6	8	-0.3	3.2	9.2	-0.3	2.3
Investment	94.1	-34.7	9	6.3	-44.4	3.3	6.1
Exports	11.1	-4.2	5	2.9	-5.5	4	3.1
Imports	35.6	-12.3	4.7	2.8	-14.3	2.2	2.2
GDP	5.5	-9	5.7	4.5	-13.8	4.9	5.4
Employment	2.9	-11.9	7.6	2.7	-14.4	5.9	4.1
Unemployment Rate (% of Labour Force)	4.9	14.5	9.2	7.3	16.6	12.4	9.4
HICP Inflation	0.9	0.1	0.3	1.3	-0.2	-0.5	1.2

Source: CBI Calculations.

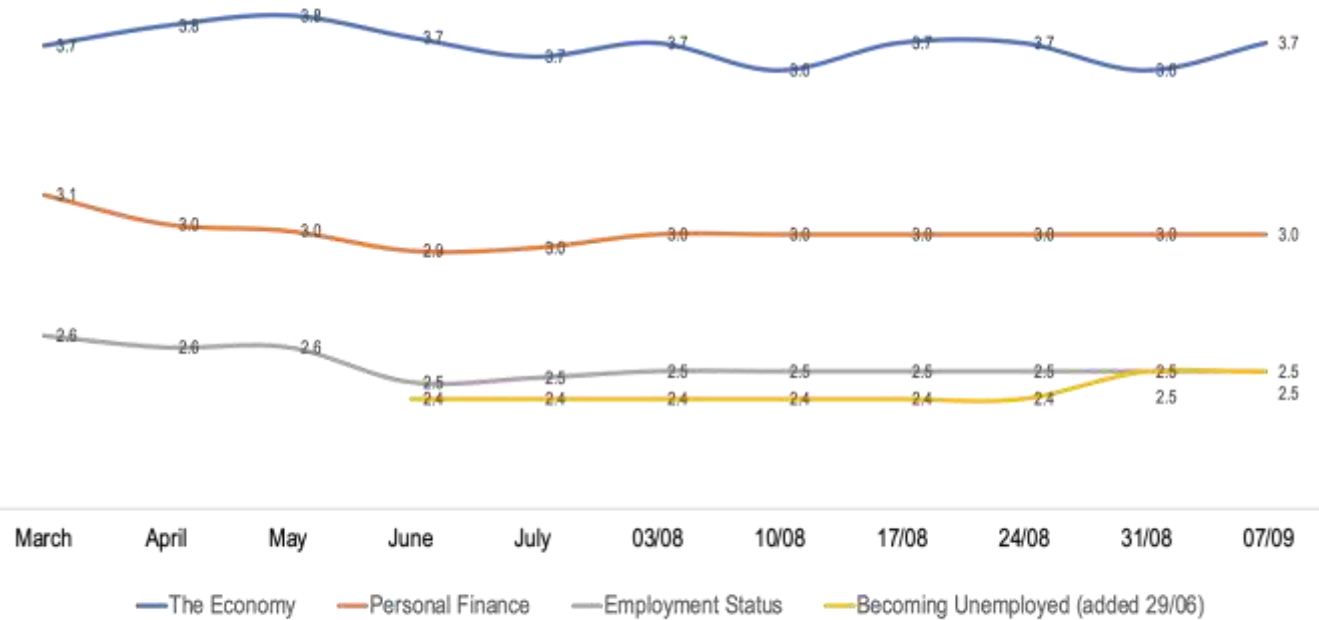
Source: Central Bank



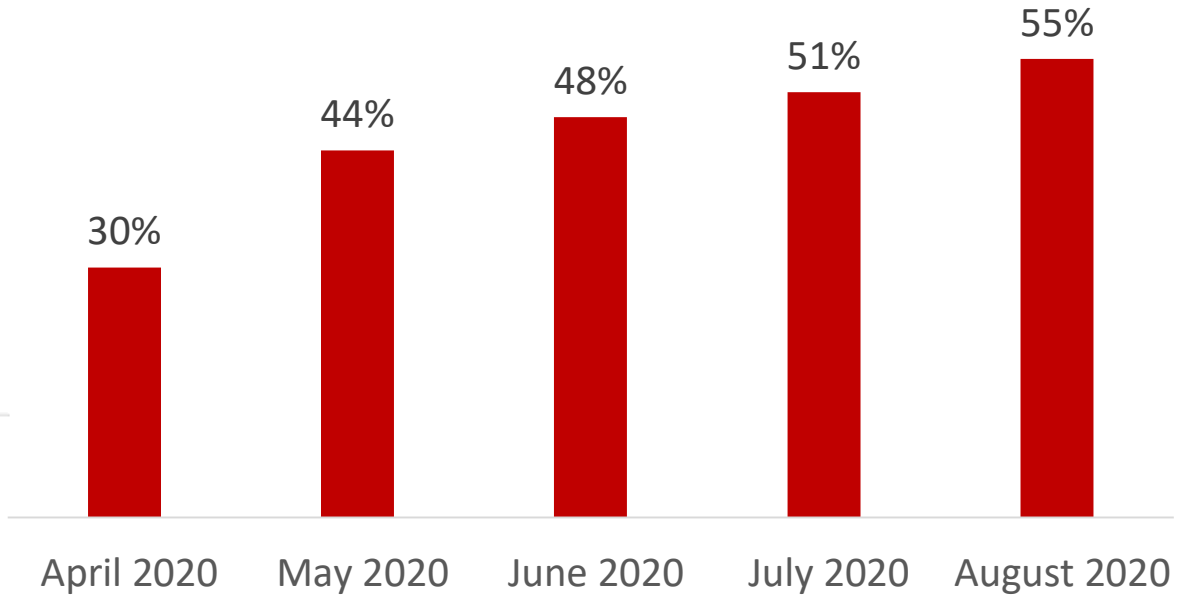
... but consumers are getting used to the Covid-19 'lifestyle' ...

Sources of Worry

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



How long do you think you can sustain your current lifestyle given your income and spending circumstances?
% 'More or less indefinitely if nothing much changes'



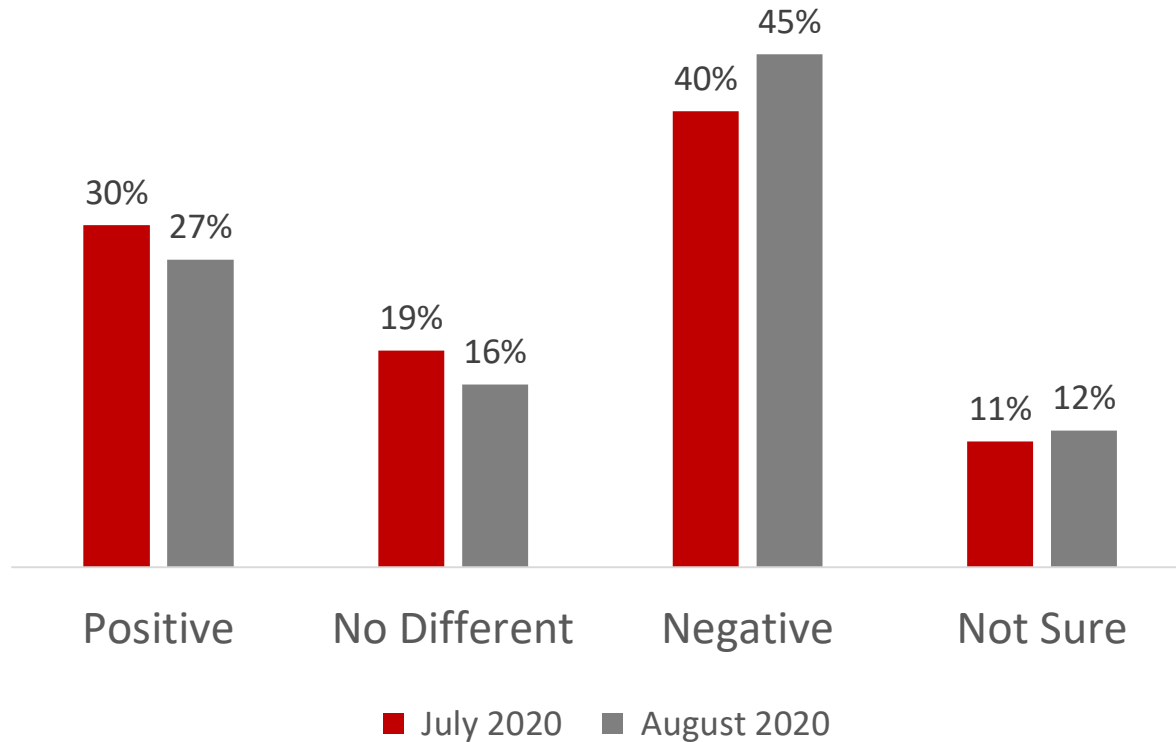
Source: Amárach Public Opinion Tracker for Department of Health

Source: Amárach omnibus 2020

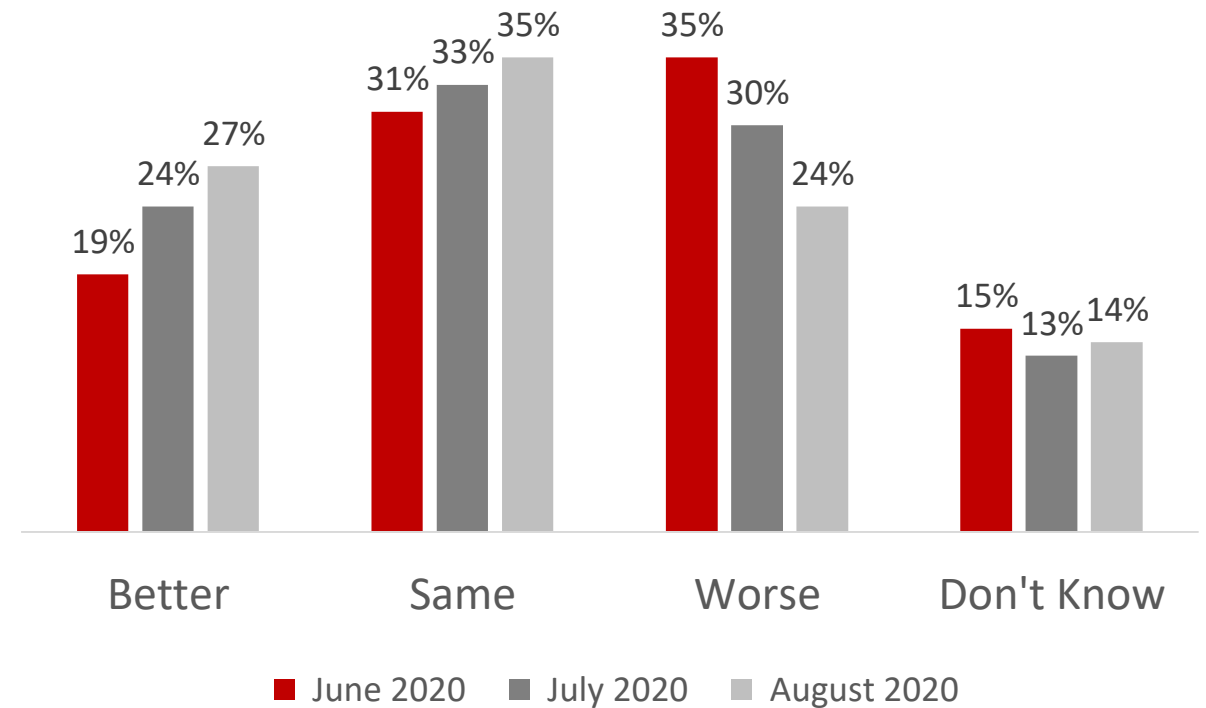


... and a sizeable minority see mostly positive consequences ...

Think about your experience of living through the coronavirus public health emergency and the lockdown etc., would you say the experience for you personally has been on balance:



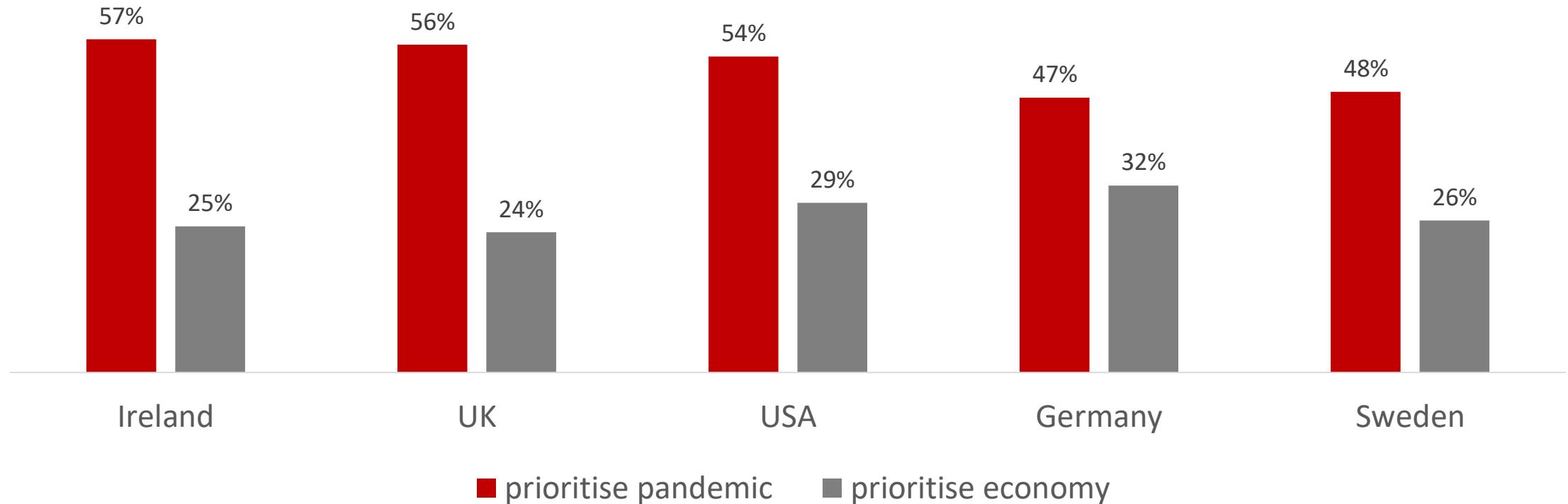
On balance do you think your life after the pandemic is over will be:





...while most want to prioritise the pandemic over the economy...

Preferred Government Priority

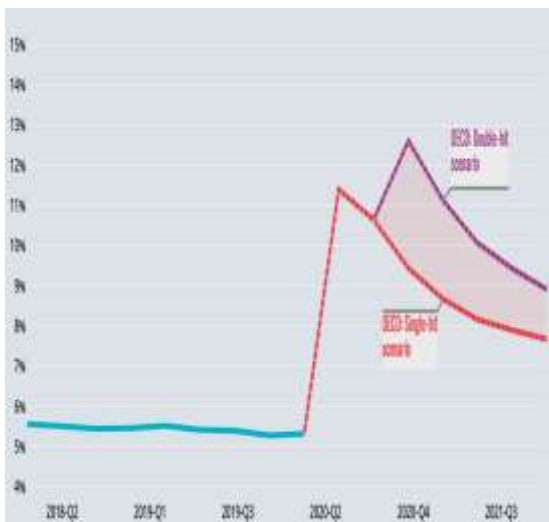


Which of the following statements are you more likely to agree with:

- The priority for the Government should be to limit the spread of the coronavirus and the number of deaths, even if that means a major recession or depression, leading to businesses failing and many people losing their jobs
- The priority for the Government should be to avert a major recession or depression, protecting many jobs and businesses, even if it means the coronavirus infects more people and causes more deaths
- Don't know



...but are they (we) being too complacent?



Unemployment Shock



Brexit (again)



The Fourth Turning*



Post-Traumatic Shopping Disruption

* See: <https://www.lifecourse.com/about/method/the-four-turnings.html>

Also: <http://peterturchin.com/cliodynamica/the-science-behind-my-forecast-for-2020/>



2. Habit Norming



Consumers are (still) finding the retail experience unpleasant...

Which of the following do you usually feel when you are inside a shop nowadays? **Aug 2020**



Worried: 42%
(46%/39% July/June)



Hassled: 31%
(28%/25% July/June)



Annoyed: 26%
(22%/21% July/June)



Welcome: 18%
(17%/20% July/June)



Relaxed: 16%
(14%/16% July/June)



Safe: 14%
(13%/12% July/June)



Happy: 11%
(7%/8% July/June)

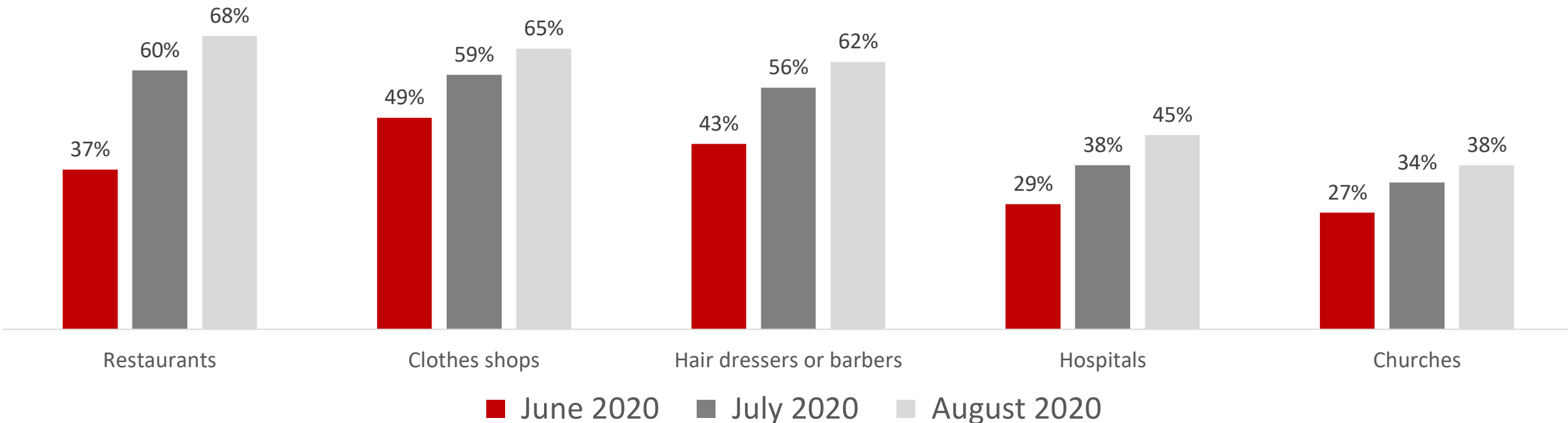


Sad: 11%
(10%/8% July/June)



... but they're less deterred about getting out of the house ...

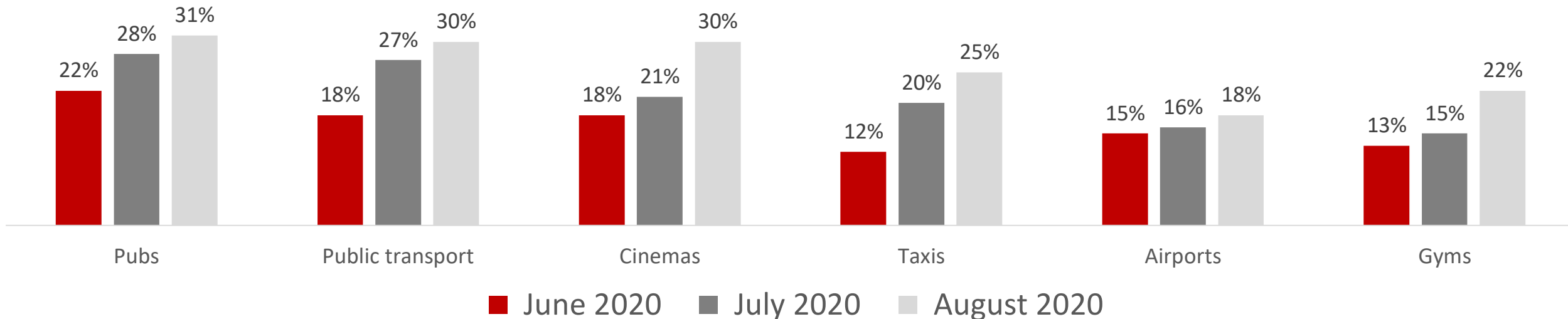
Whether or not you actually use them, which of these types of places or services would you be willing to go to within the NEXT WEEK?





... though they're still reluctant to leave the country...

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?

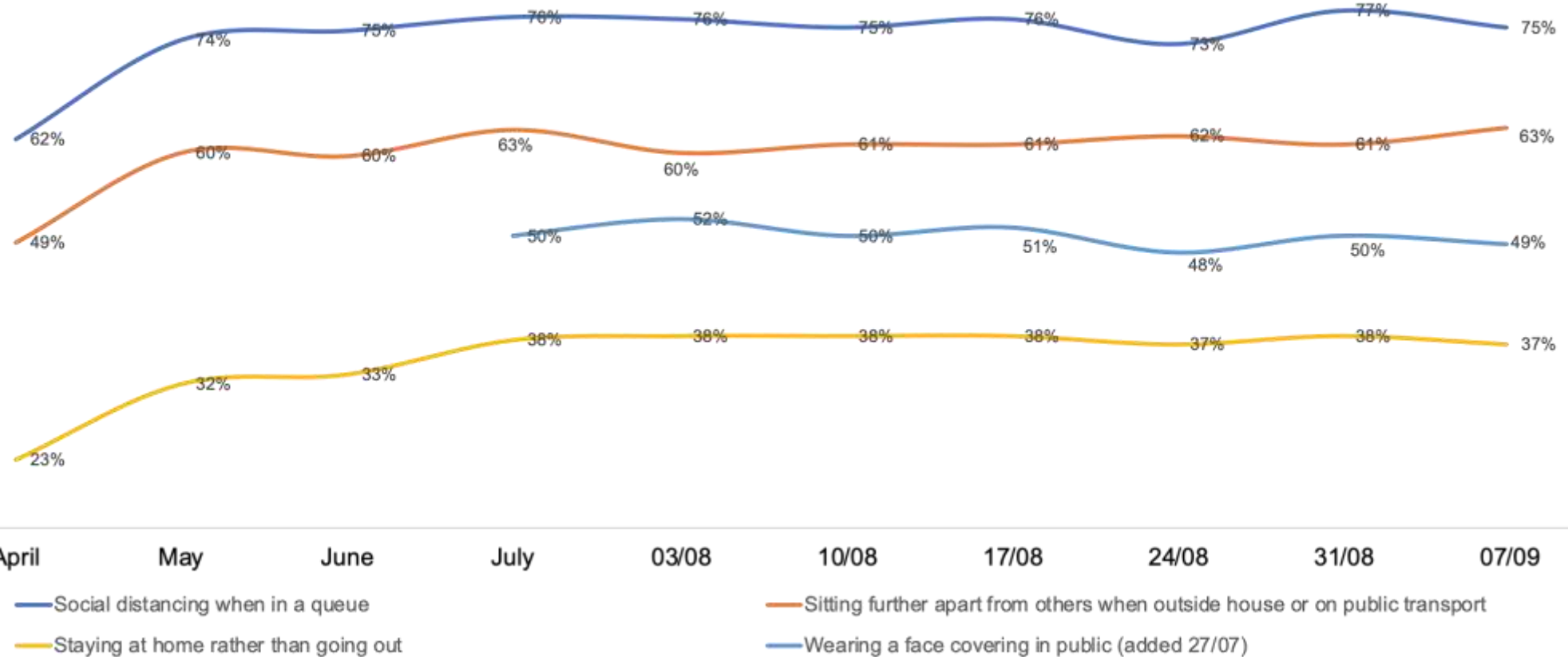




...it looks like we'll continue our covid habits after it's over...

Future Behaviours

Which of the following will you continue after Coronavirus?



Source: Amárach Public Opinion Tracker for Department of Health



...and we seem fairly settled on how we will spend time & money...

% agree with each statement about life after the COVID-19 pandemic is over: August 2020



81%

agree they will buy more from local shops if they can
(87% June)



81%

will continue to pay more by card than by cash
(82% June)



77%

will buy more Irish products if they can
(82% June)



75%

will continue to be cautious about going to shops
(79% June)



...though we don't necessarily like all our new habits...

% agree with each statement about life after the COVID-19 pandemic is over: August 2020



69%

will continue to shop online just like they've done during the pandemic
(59% June)



59%

will have more holidays in Ireland rather than travel abroad
(66% June)



43%

will save more because of uncertainty about their jobs
(48% June)



35%

will stop worrying about the virus when they are shopping
(30% June)



...all of which will facilitate The Great Acceleration



Digital First



Safety Always



50/50 Future*

*See: <https://amarach.com/news-blog-articles/the-5050-future.html>



3. The New Abnormal



- It's going to hurt: the 'anaesthetic' is wearing off and we're in for painful economic rehab for some time to come.
- Nevertheless, there are huge opportunities in relation to shifting spending priorities, time commitments and location preferences to unlock 'stranded' spending power.
- The New Abnormal means no going back to Q4 2019: so we should look ahead to emerging consumer needs, wants and demands in order to future proof our business and marketing strategy for the rest of 2020 and into 2021.



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