



Global Consumer Industries | April 2020

# Future Consumer Index: How COVID-19 is changing consumer behavior

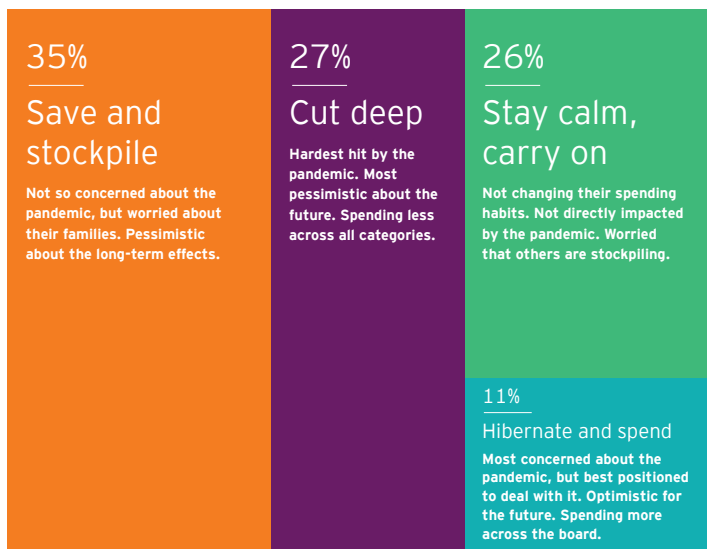
The EY Future Consumer Index on behavior and sentiment across five key markets shows how the pandemic is creating new consumer segments.

Daily life for people around the world has changed in ways that would have been unthinkable a few weeks ago. But as consumer-facing organizations try to find their way through the COVID-19 pandemic, it's important to keep in mind that the global consumer was already evolving at great speed. That process is now playing out faster than anyone imagined.

Consumer-facing companies urgently need to anticipate what kind of consumer is emerging, so they can make it through the current crisis and build the capabilities that future relevance will require. We created our [FutureConsumer.Now](#) program two years ago to guide those efforts.

Now we've created the EY Future Consumer Index to help leaders understand and track emerging consumer behaviors and sentiment around the world. We'll identify the new segments we see emerging - asking which are temporary reactions to changing circumstances, and which point to more fundamental shifts.

## EY Future Consumer Index: Four consumer segments have emerged during the COVID-19 crisis



## Right now, we're in anxious new territory.

In these early stages of the pandemic, consumers are worried about the health of their families, whether they can buy for their basic needs, and the loss of freedoms we all took for granted. Those common concerns are manifesting themselves in different ways, as consumers adopt new behaviors.

Across the markets we've surveyed, some consumers are making deep cuts. Others are continuing to spend as normal but are changing how they live in other ways. For now, many are remarkably optimistic. Looking across all the Index data, we've identified four segments of behavior.

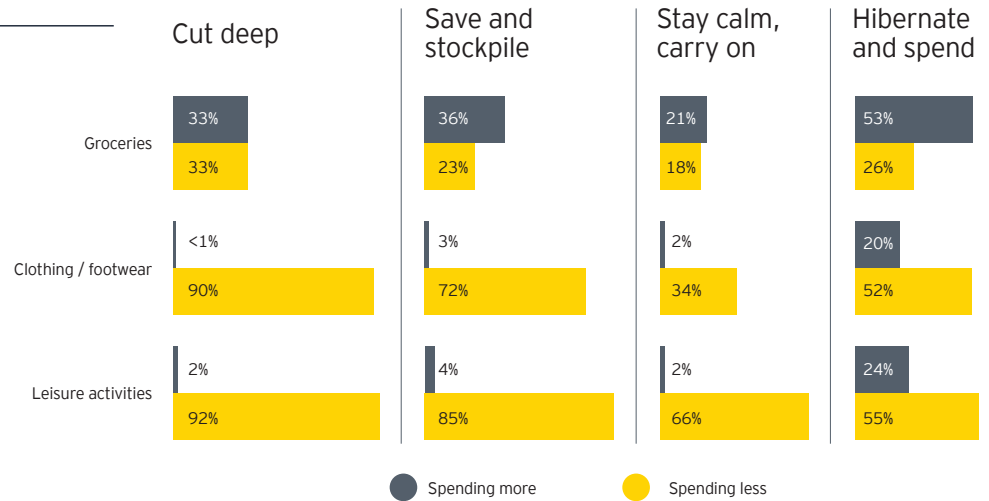
Consumers in the “Hibernate and spend” segment - who are mostly aged 18-44 - are those most concerned about the impact of the pandemic. But only 40% of them say they are shopping less frequently. And while 42% say the products they buy have changed significantly, 46% of them say brands are now more important to them.

The Index shows much bigger changes in the “Cut deep” segment. These consumers - who are mainly over 45 - have seen the most impact on their employment.

Almost a quarter have had their jobs suspended, either temporarily or permanently. Seventy-eight percent of them are shopping less frequently, and 64% are only buying the essentials. In contrast to the Hibernate and spend segment, 33% of consumers here feel brands are now far less important to them.

Our Index will track the way these segments evolve and highlight any new ones that emerge, as this immediate phase of the crisis unfolds.

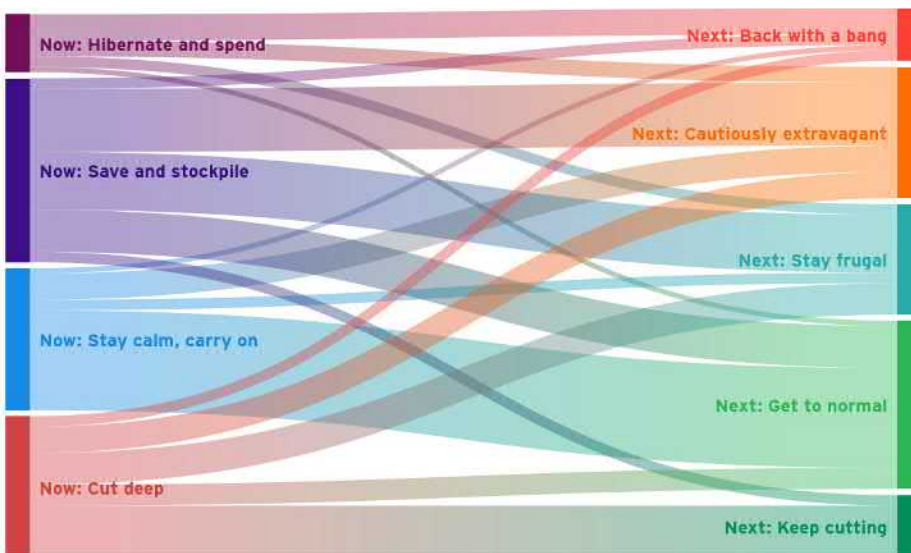
### How is COVID-19 affecting the way you spend money on the following?



### What happens next? Track the transition.

Looking beyond the immediate effects of the pandemic, few consumers expect to go back to their old behaviors any time soon. As with many of the shocks we encounter in life, people are in a mood to pause and reflect. The Index gives substance to that anecdotal observation. We’ve asked consumers what they believe they will do once they feel the crisis is over.

This doesn’t tell us what they will actually do, but it does enable us to track their changing expectations about the future. The chart below maps how the four segments we have identified now could morph into five very different ones as the crisis abates. For example, the Index currently suggests that over time most consumers in the “Save and stockpile” segment will migrate to two new segments that we call “Remain frugal” and “Cautiously extravagant.”



In these uncertain times, how long this transition will take - or whether different transitions will emerge - remains to be seen. But tracking change as it occurs will help companies stay relevant and plan for the future.

[▶ Experience the interactive chart](#)

## EY Future Consumer Index: Next, five consumer segments will appear after the COVID-19 crisis



Cautiously extravagant consumers have a strong belief that we will be in a global recession after the pandemic. However, while they are financially conservative, they expect to increase spend across non-essentials once the crisis is over. But 45% believe that how they shop will have changed permanently, and 38% say the same about what they will buy.

They respond strongly to purposeful brands, with 62% saying they would be more likely to purchase from companies that they feel are doing good for society. And 29% would pay a premium for brands that contribute to the community and 42% for domestically produced goods.

By contrast, "Get to normal" consumers are determined that after the pandemic things for them will be the same as before. A third of them (33%) do not expect the crisis to have changed their lives on any dimension. Only 29% say it will have changed the way they shop, and only 21% what they buy. Most of them don't expect to spend any more money than they used to.

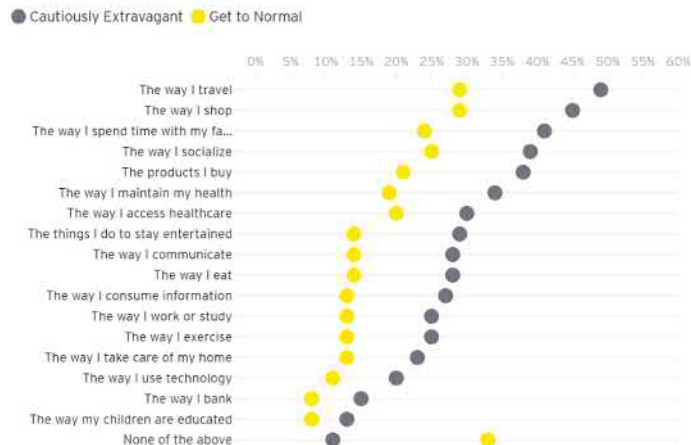
### Percentage of each segment expecting to spend more once the COVID-19 outbreak is over, by category

Percentage of segment selecting option



### Which of the following do you think will change as a result of COVID-19?

Percentage of segment selecting option



► [Experience the interactive charts](#)

## What happens beyond COVID-19?

The big question is this: as the economy recovers from the aftermath of the pandemic, which behaviors - if any - will return to what they were like before, which will stabilize for a while, and which will have changed for good? The FutureConsumer.Now modelling we've been doing over the last two years is

fundamental here. The value of these future scenarios is in using them to explore and war-game what *could* happen, not as templates of what *will* happen. A leadership team that understands how the future consumer might evolve can identify their roadmap to success and the actions needed to get there.

## Attitudes to privacy are changing

One of the many scenarios we created is called [Society first](#). It models the impact of a hypothetical global pandemic occurring in 2020. We saw it as a low-probability scenario when we envisaged the after-effects, but it now feels eerily prescient.

A feature of this scenario that is especially relevant now is the way social attitudes around privacy change to the extent where not sharing data is regarded as selfish: citizens are happy to make private information available, if it's for the good of society.

Today, it looks as though contact-tracing will become an increasingly important part of government efforts to emerge from the crisis. Our Index shows that 54% of consumers would make their personal data available if it helped to monitor and track an infection cluster.

# 54%

### Personal data sharing

Percentage of consumers in our Index that would make their personal data available if it helped to monitor and track an infection cluster.

Companies should consider how increased consumer positivity around sharing data will create opportunities for new business models. It may well accelerate the demand we see already for greater product traceability, creating an environment in which consumers and companies operate with total transparency. In that context, every action and its implications would be visible.

## Take nothing for granted

While some of the insights in our data suggest we might be heading to a future like [Society first](#), others point to a contrasting scenario that we called [Waste nothing](#). The salient feature in this scenario is that consumers treat time, talent and natural resources as equally precious.

Today, a third of consumers strongly agree with the suggestion that they will reappraise the things they value most and not take certain things for granted. And more than a quarter say they pay more attention to what they consume and what impact it has. Perhaps in our post-crisis world we will see consumers becoming more mindful about the consequences of their choices?

In our [Waste nothing](#) scenario, traditional notions of status recede, replaced by purpose and social good. Consumers show greater preference for shops, restaurants and brands

that feel local. And they are more interested in value for money (rather than price), provenance and product benefit. Again, this would drive a need for greater transparency and supply chain traceability.

Over the next months we will continue to track the evolution of these segments and add more countries to our analysis. While we all hope for a quick recovery, companies must prepare for a very different future.

### Methodology

We surveyed 4,859 consumers across the US, Canada, UK, France and Germany during the week of 6 April 2020. The survey questionnaire covered current behaviors, sentiment and intent.

### Summary

The COVID-19 pandemic is changing daily life for consumers around the world in ways that would have been unthinkable. By understanding where the most significant changes are and which ones will stick, companies can position themselves to adapt.

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