

Life in a pandemic

EY COVID Impact
Consumer Survey

July 2020



Background

The COVID-19 pandemic is undoubtedly one of the biggest global crisis of this generation - a constantly evolving one, with new norms, regulations and updates to counter the disease.

We are witnessing massive shifts in the consumer behavior - how they work, study, play, spend money and manage their personal lives.

This behavioral change is bound to have a long-term (if not permanent) impact on how businesses meet their needs.

The *EY COVID Impact Consumer Survey* aims at understanding the needs, challenges and preferences of people across the next three months of the pandemic. It also plans to study the difference between temporary and permanent changes.



Hypothesis

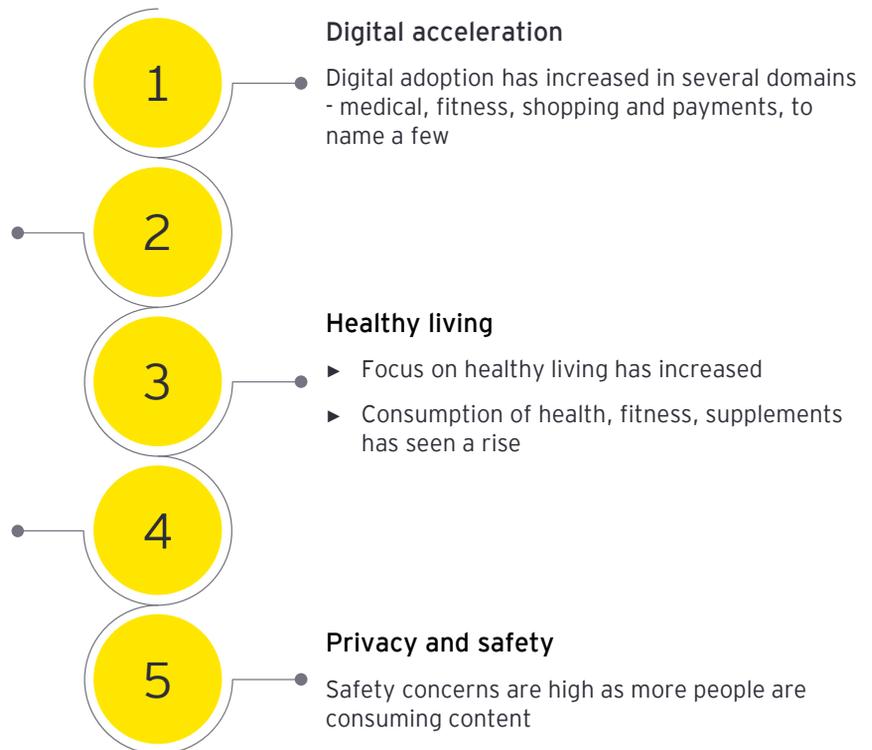
This study attempts to track consumer behavior and perception changes over several prominent aspects of their lives. It is based on the following hypothesis:

Hyperlocal and online communities

- ▶ Social interactions have become digital, both at work and personally
- ▶ Neighborhood interactions have increased as a result of a community-level response to the pandemic

Digital content consumption

Digital content consumption has soared



Additionally, to also capture the evolving sentiment towards COVID-19 virus

We were able to get users from different age groups, backgrounds and genders

Sample size and methodology

1. Created a survey questionnaire

- ▶ Created a survey questionnaire based on industry standards, and by reviewing the available literature and best practices
- ▶ The survey sections are based on the hypothesis

2. Participants' criteria

- ▶ Sample size: minimum 2,000 respondents split in terms of gender, age groups and professional qualifications
- ▶ Women: minimum 30%
- ▶ IT professionals: maximum 70%
- ▶ Between 24-40 years: maximum 80%

3. Setting up a panel

- ▶ To achieve the data set, EY collaborated with a learning platform affiliated with five universities across India (Jaipur, Nashik, Chandigarh, Mangalore and Dehradun) to set up a student and faculty panel

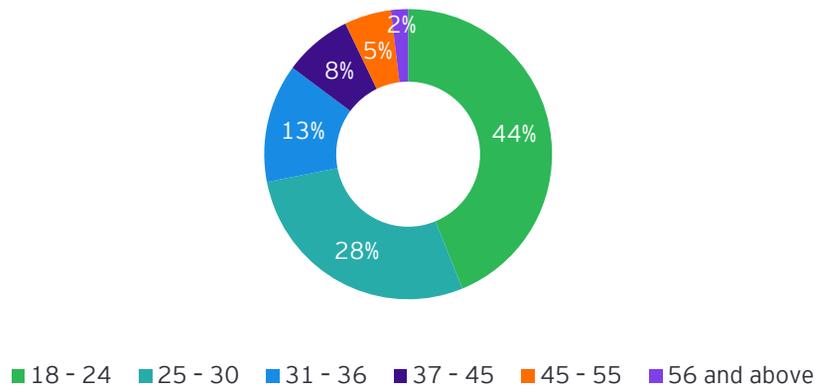
4. Conducting survey

- ▶ The faculties were given a target with an exact breakdown of the number of respondents each had to achieve
- ▶ The faculties conducted presentations to explain the survey to the students
- ▶ Students then set out to conduct the survey keeping the criteria in mind
- ▶ We also used the EY mailing group to circulate the survey

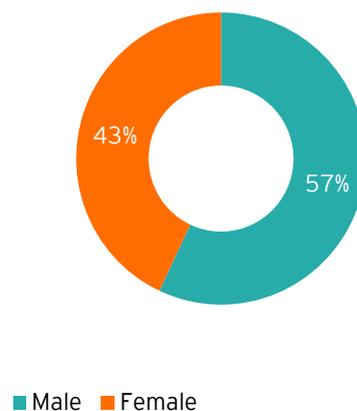
5. Analysis and reporting

- ▶ Findings were analyzed and SurveyMonkey was used to create graphs and visual of the data
- ▶ Graphs were then further analyzed, and trends and insights were evaluated

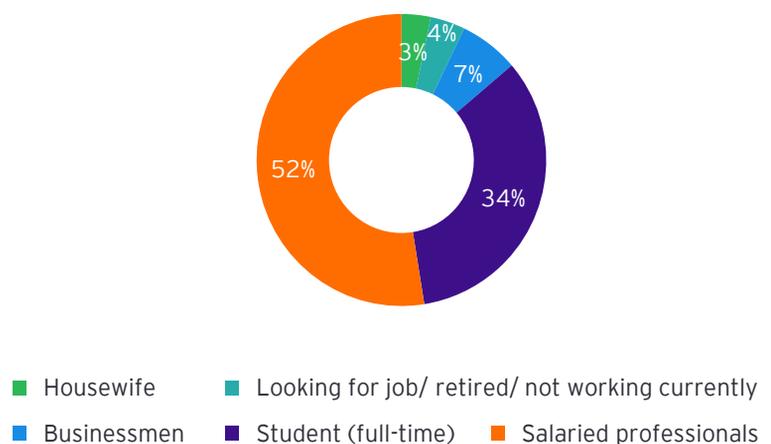
Age distribution⁽¹⁾ (in years)



Gender⁽¹⁾



Background of the participants⁽¹⁾



¹- EY COVID impact consumer survey

While people are grappling with fear and anxiety of living in a pandemic, digital solutions are helping them settle in life

Key findings

Behavioral changes

- ▶ 70% of the population continues to grapple with fear and anxiety⁽²⁾
- ▶ Consumer mindset is largely negative and cautious. These feelings can potentially mediate their actions and behaviors.

Education

- ▶ Online live sessions and assignments are helping 80% of students⁽²⁾
- ▶ The pandemic has brought online classes to the forefront. Almost half of the students are likely to advocate to online classes in the future⁽²⁾

Work-from-home (WFH)

- ▶ 94.5% of the working respondents have settled into a virtual working environment and 40% are positive about working from home⁽²⁾
- ▶ No commute, relatively healthier living and somewhat higher productivity levels are the factors contributing to the rising comfort levels with WFH

Digital adoption

- ▶ The pandemic has made **most people more comfortable** with spending on online services which is likely to continue post the pandemic
- ▶ Online services are increasingly being adopted for fitness, education and utilities like banking, groceries and bill payments⁽²⁾

Safety and privacy

- ▶ **Consumers are aware of the dangers of online medium**
- ▶ Privacy concerns around personal data top the concerns of the respondents
- ▶ About 79% of the respondents avoid visiting unknown sites and rely on popular websites. They also refrain from sharing personal data and frequently clear cookies⁽²⁾

Community and interactions

- ▶ **There is a greater focus on maintaining healthier relationships with friends, family and the community**
- ▶ 78% of the respondents are constantly in touch with their friends and family through video/audio calls⁽²⁾
- ▶ The adoption rate of digital services is increasing and enabling people to feel safe and connected

Health and wellness at home

- ▶ Due to the pandemic, people are becoming health conscious - **80% of the respondents are improving their eating habits, 56% are engaging in housework and 33% are doing workouts⁽²⁾**
- ▶ People are spending more time at home. There is lack of house-help. Positive outcomes are helping them stay motivated to continue their health endeavors



². EY COVID Impact consumer survey

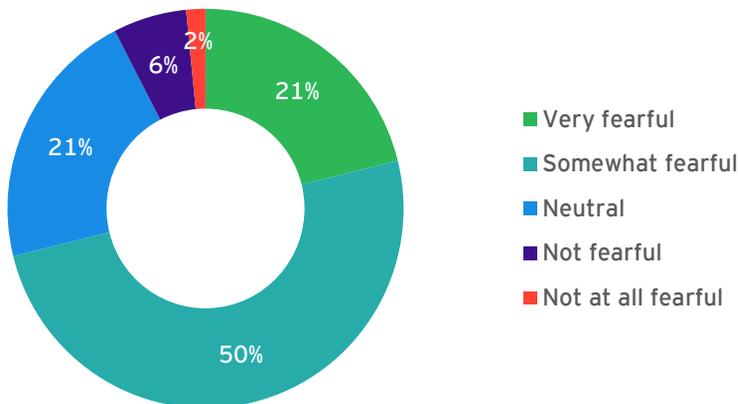
Sensitivity to uncertainties and anxiety caused by the pandemic is need of the hour

The unrelenting pandemic has caused a considerable damage to the morale of the general population and more to the vulnerable section of society⁽³⁾, despite maintaining social distancing and taking quarantine measures seriously

Considerations for organizations in response to these consumer emotions

- ▶ Practice empathy and listen to the general consumer sentiment
- ▶ Avoid marketing with insensitive messages
- ▶ Circulate more precautionary measures that brands/organizations are taking to their serve their customers. This may help reduce consumers' anxieties
- ▶ Take time to identify and assess new, emerging trends and sentiment shifts to leverage them in post-lockdown periods

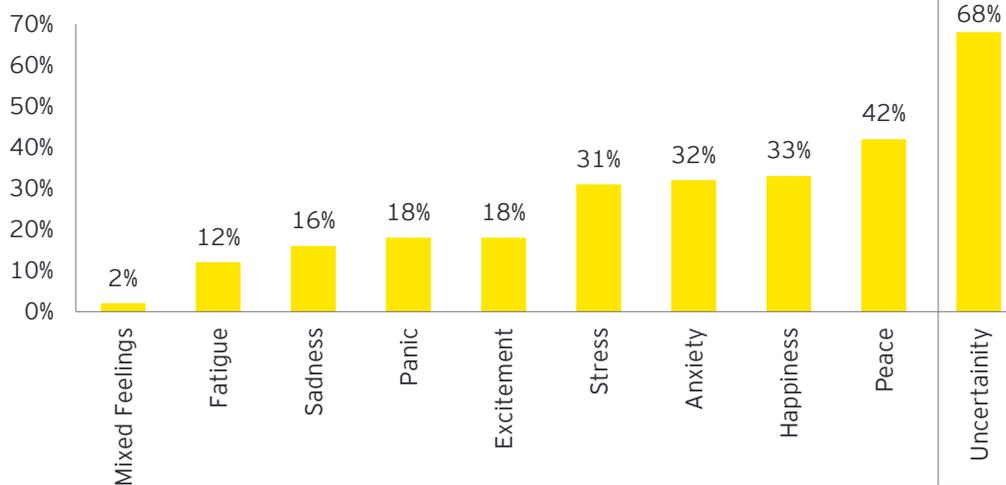
Q: How fearful are you about COVID-19?



Source: EY COVID impact consumer survey

70% of the population continues to grapple with fear and anxiety

Q: What feelings you associate with the next one month?



Source: EY COVID impact consumer survey



³. EY COVID impact consumer survey

Online live sessions and assignments are helping students to leverage the readiness of the digital generation

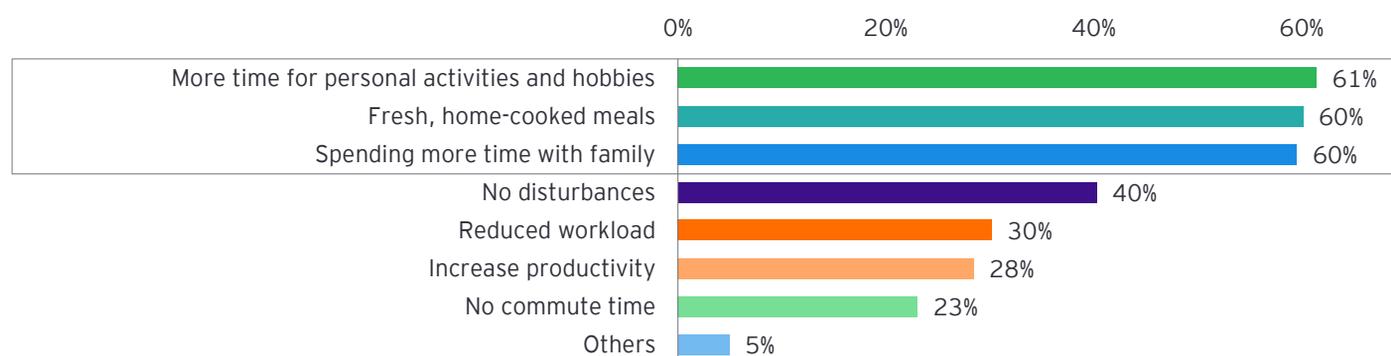
Students (under 24 years) are part of the digital generation, not just by virtue of being born in the time of digital boom, but also for their willingness to pick up new, innovative digital products.

According to the survey, 46% students expressed their openness to online courses⁽⁴⁾. This presents an opportunity for educational institutes to enter the edutech space and provide more value through short-term and long-term courses that come with a certification.

Additionally, educational institutes need to evolve their teaching practices to match pace with the growing trends. This can be achieved in the following ways:

- ▶ Identifying opportunities and innovating in interactive virtual learning space by understanding the students' mindsets
- ▶ Imparting training to teachers on the new methods of virtual learning
- ▶ Designing new, versatile curriculum to leverage existing and new digital platforms for virtual classrooms, such as Augmented Reality (AR) and Virtual Reality (VR) for practical subjects

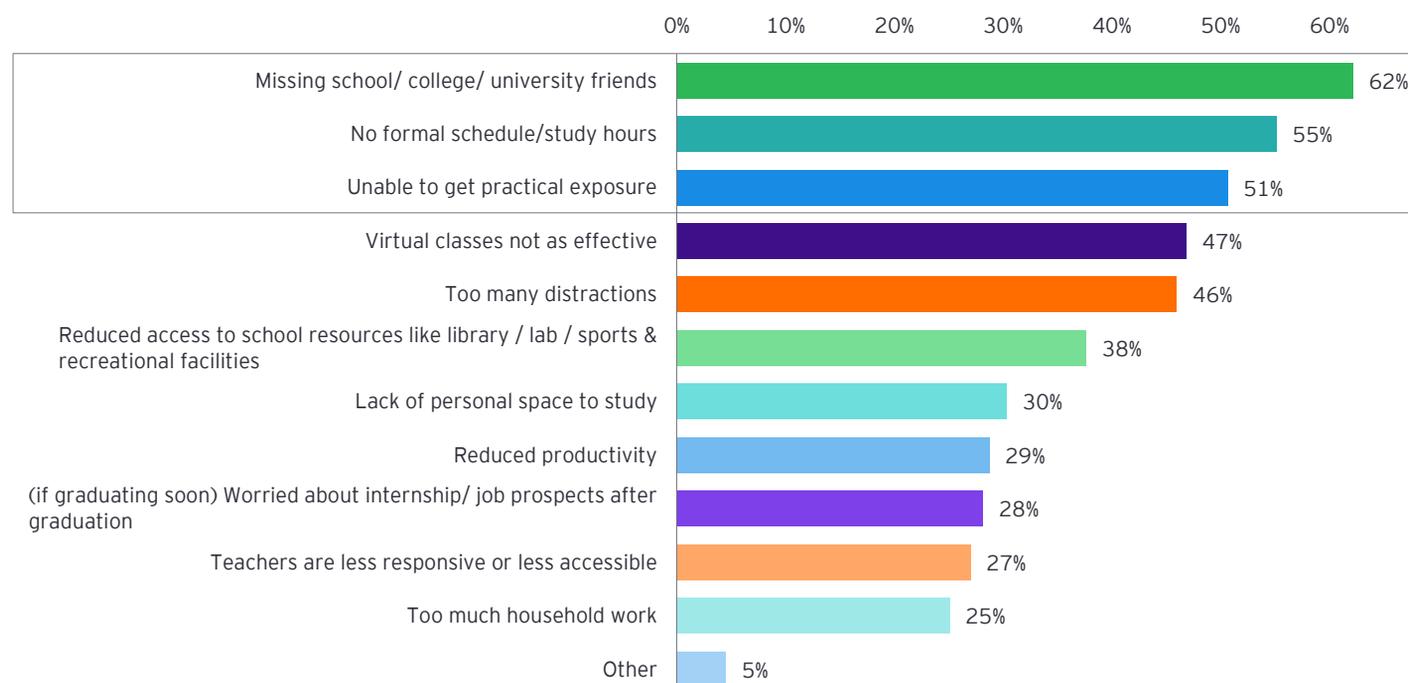
Q: What are the things that you like about studying from home?



Source: EY COVID impact consumer survey

Home-cooked meals, spending time with family and personal pursuits are helping students cope with studies while learning from home. However, students still find digital education less effective. They feel there is lack of practical exposure and there is no routine to follow. Some of them also miss their friends

Q: What are the things that you dislike about studying from home?



Source: EY COVID impact consumer survey

⁴ EY COVID impact consumer survey

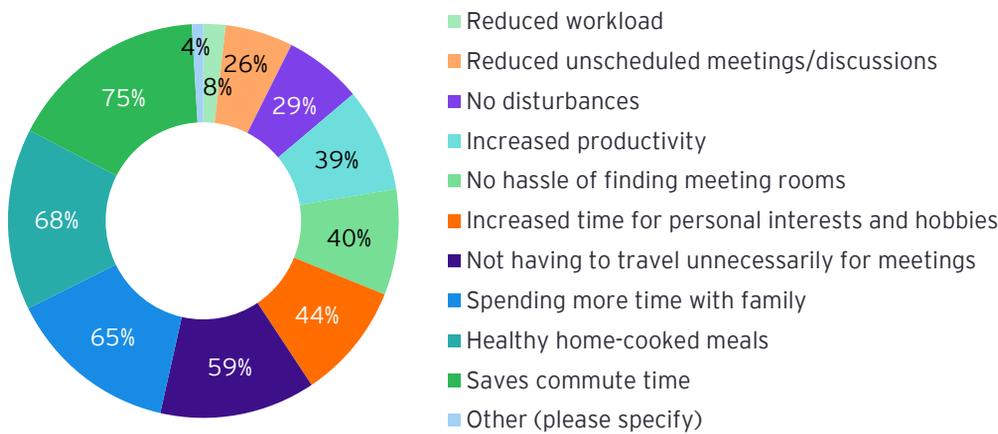
Work from home: opportunities that can be leveraged from the working professionals based on their interests

According to the survey, 94.5% of the working respondents have accepted the new normal and 40% are positive about working online from home⁽⁵⁾. There is a need for proactiveness in efforts to ease the transition to virtual platform for working professionals.

To help employees adjust to the new normal, organizations could:

- ▶ Develop policies and training modules defining best practices, working hours, etc. for effective virtual work environments.
- ▶ Enhance processes and technologies to enable a smoother transition to work-from-home
- ▶ Facilitate informal work chats and water cooler sessions to create a sense of social community
- ▶ There is a need to improve infrastructure and workspaces at home. Employees should also be given support so as to enable them get an equal access to working space, internet connectivity, etc. For e.g., Twitter is providing a work-from-home allowance⁽⁶⁾

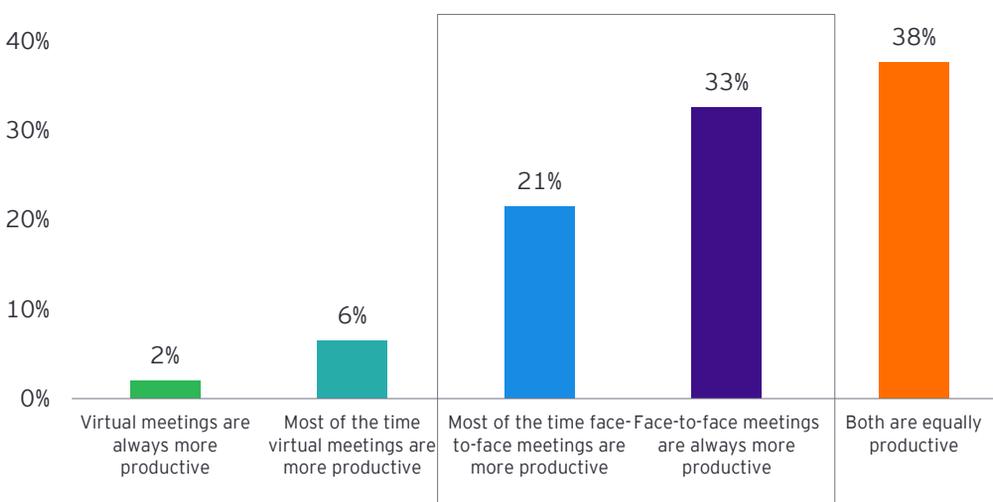
Q: What are the things you like about working from home?



Source: EY COVID impact consumer survey

No commute, relatively healthier living and somewhat higher productivity levels are working out for employees, and about 55% are likely to advocate work from home in the future.

Q: Which of the following statements do you agree with regarding work-from-home?



Source: EY COVID impact consumer survey



⁵. EY COVID impact consumer survey

⁶. <https://www.theguardian.com/technology/2020/may/12/twitter-coronavirus-covid19-work-from-home>

Communities are opting for more virtual and hyperlocal relationships striving towards self-sufficiency

Consumers are leveraging digital tools and feel more connected than before. Many people are even re-discovering social ties and converting traditionally face-to-face activities to virtual ones.

About 38% have started watching movies together, virtually, and 20% are having virtual tea/drinking sessions⁽⁷⁾.

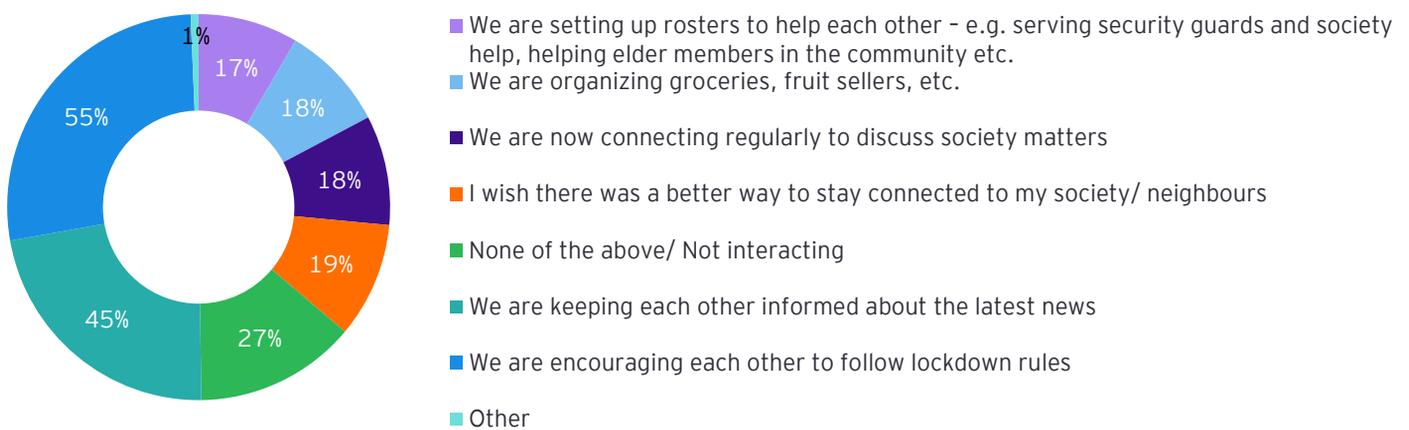
Local communities are back in focus and 20% of the respondents are keen to get more connected with their neighbors⁽⁷⁾.

People are hesitant to travel long distances for products/experiences and are looking for local alternatives or services available at their doorsteps.

In response to these emerging trends, brands could reap benefit in the following ways:

- ▶ Leveraging the hyperlocal mindset by investing in community projects focusing on health, safety, collaboration and outreach programs.
- ▶ Reaching users either through local collaborations or through online presence.

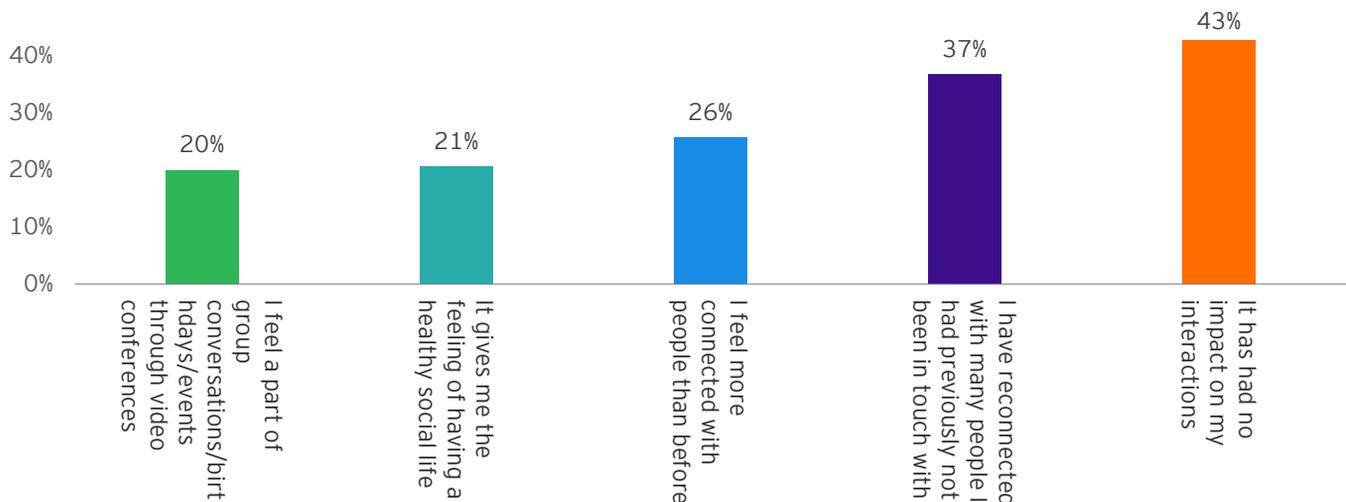
Q. How has the pandemic impacted your interactions with the local community?



Source: EY COVID impact consumer survey

Local communities are helping each other to inform latest news and adhere to the lockdown rules and helping access groceries and essentials

Q: How has digital/online communication impacted the way you interact with people?



Source: EY COVID impact consumer survey

⁷ EY COVID impact consumer survey

Health has now become an everyday preoccupation. As services resume, health experiences will be in demand

As per the survey, people intend to continue their healthy lifestyle changes after the pandemic and will look out for services that enable them to do so.

Post-lockdown, many will still be worried about the threat of COVID-19 and will turn to products/services/offerings that they believe have low risk⁽⁶⁾.

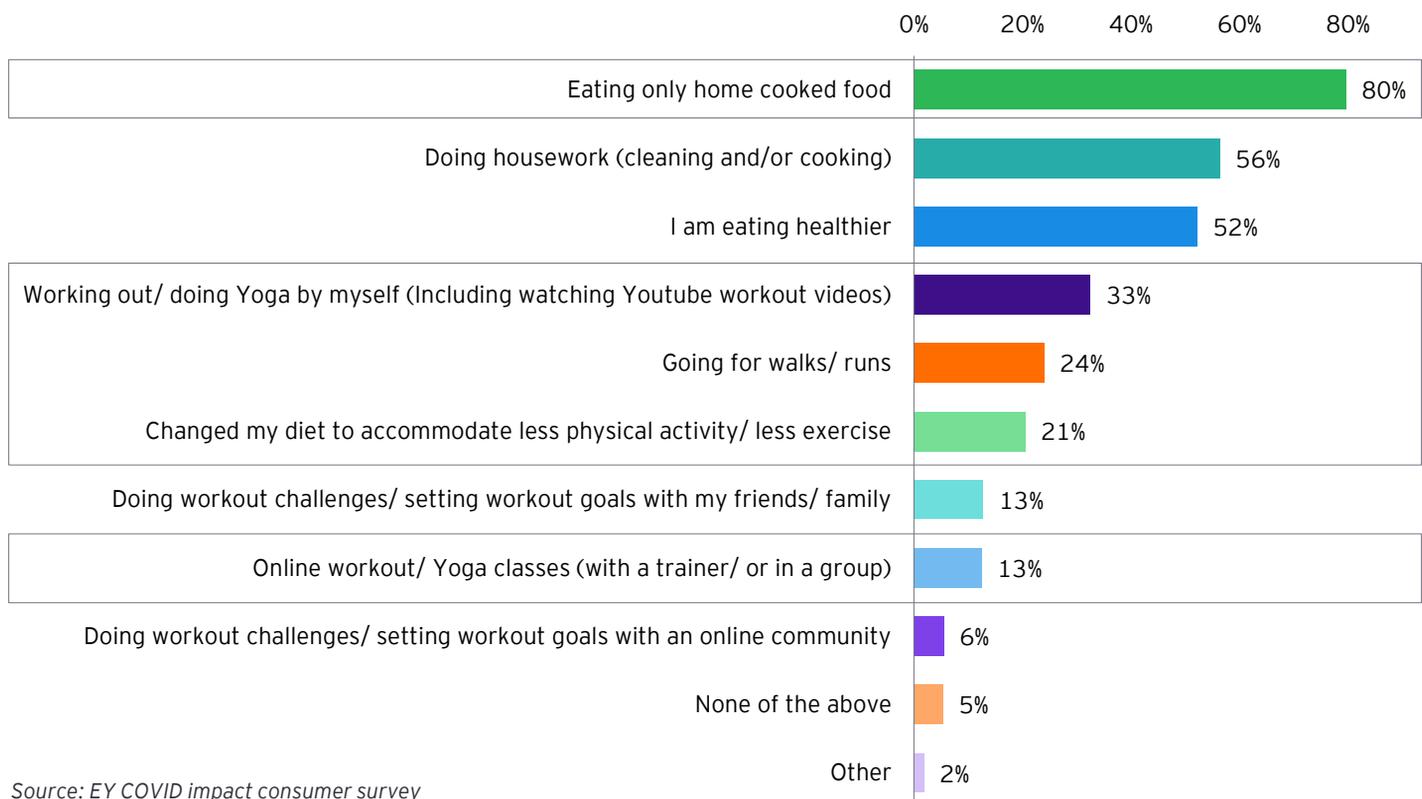
Mental wellbeing will continue to be a consideration and people will seek out that value proposition in their purchase. Additionally, some may continue to spend increased amounts of time with their family.

Key emerging trends in the healthcare and fitness segment:

- ▶ Uptick in adoption of online fitness and health programs as people are more open to paid online subscriptions and these are becoming a viable alternative to gyms⁽⁸⁾.
- ▶ Online doctor consultations are gaining momentum with 32% of the respondents having availed these services⁽⁸⁾. This provides a huge opportunity for the medical community to increase telemedicine and online medical services, providing safer, faster and better medical services to all.
- ▶ Health focus has been predominant for the past couple of years and it will now come to the fore. Businesses may create an emphasis on organic, vegan, local to remain relevant.



Q. How have your health habits changed since the lockdown?



Source: EY COVID impact consumer survey

With the lockdown in place, healthy habits are on the rise -

80%
people are improving
their eating habits

56%
are engaging
in housework

33%
are doing
workouts.

More time spent at home, lack of house-help and positive outcomes are helping people stay motivated to continue their health endeavors.

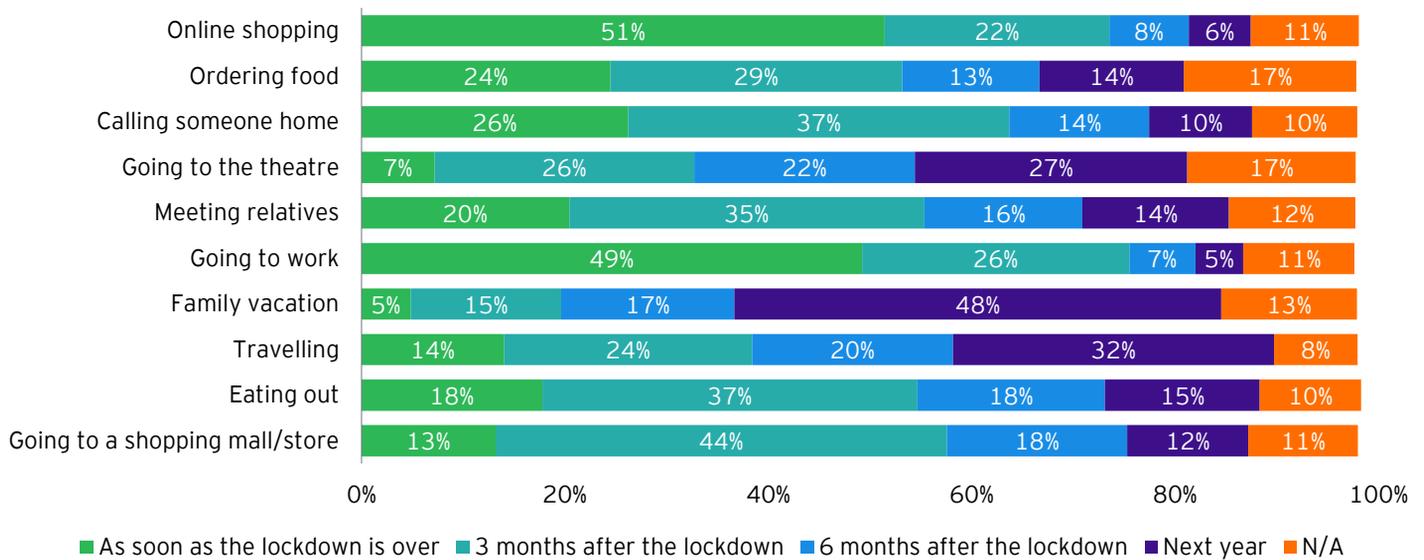
⁸. EY COVID impact consumer survey

Most respondents are looking to postpone large spends and are instead focusing on essentials

Almost half the respondents are moving to defer all large spends on events, vacations, purchases of automobiles. Twenty-nine percent are considering canceling events, functions, etc., and more than half want to reduce spending on all non-essentials⁹. With the festive period yet to start, retail companies will need to strategize how they will attract consumers and cover up their losses.

- ▶ Stay-at-home is the new trend. There will be an increased spending on home, furniture, fast devices, home ergonomics and connectivity to make the life easier and to minimize the efforts
- ▶ Consumers are eager to return to travelling but will wait until they feel it is safe to do so. Focusing on curated, nearby experiences which are affordable and safe may help bring more people out and about.

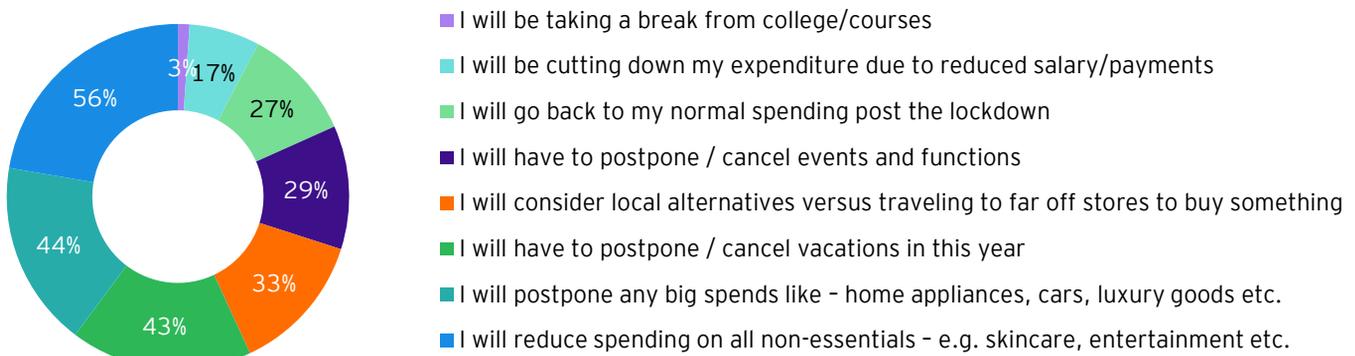
Q. After the lockdown is lifted, how soon would you like to do any of the following activities



Source: EY COVID impact consumer survey

According to the survey, people will continue to be cautious after the lockdown is over, and most transactional activities like shopping in a mall, travelling, eating out, going to the theatre, etc. will be postponed for at least three months after the lockdown is lifted.

Q. Will your spending behavior change in the next three to six months, post the lockdown?



Source: EY COVID impact consumer survey

⁹ EY COVID impact consumer survey

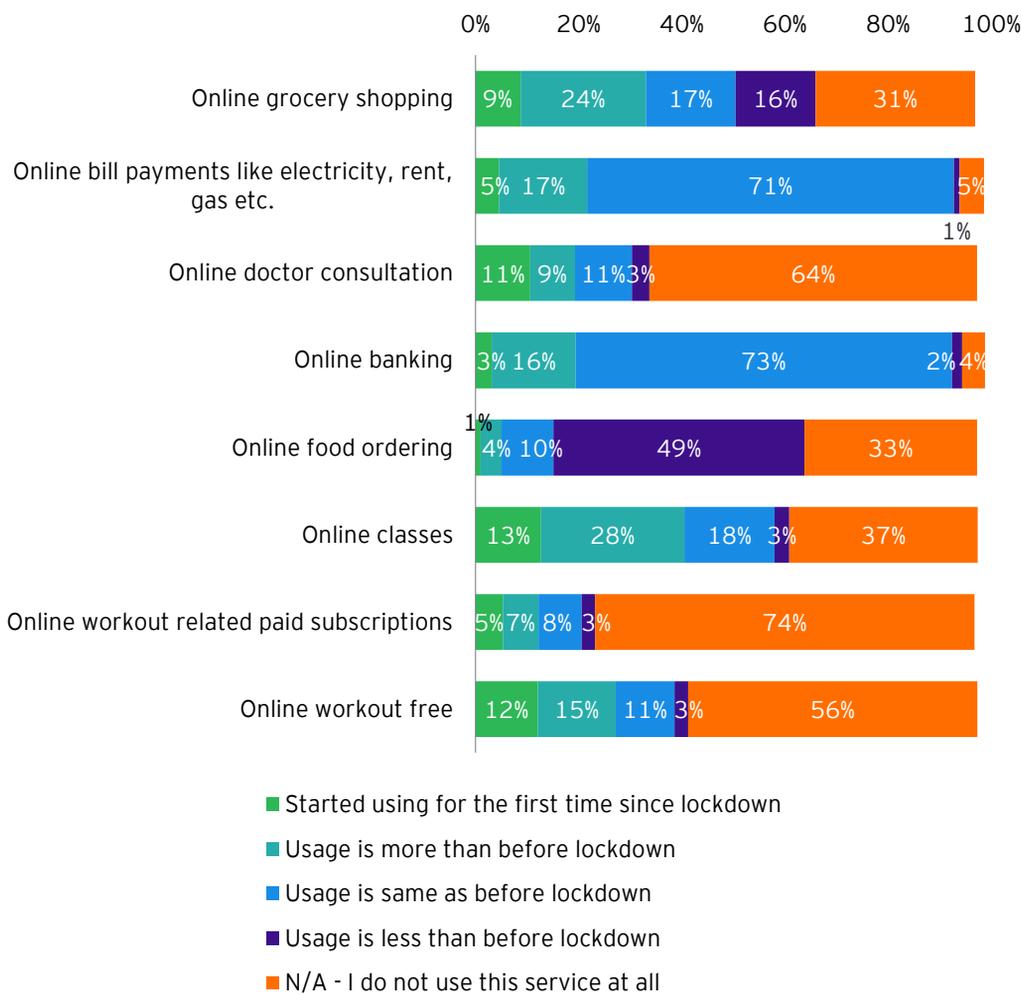
People are willing to make online spends and this is the time to leverage the uptick in their online spending

There is willingness and a growing propensity towards availing services online ⁽¹⁰⁾. Online has become synonymous with convenience and safety, even more so during the lockdowns.

Organizations can leverage the emerging online trends by:

- ▶ Proactively working on initiatives to take all possible business divisions online - leverage the growing "if I can do it online, I will" mindset.
- ▶ Investing in innovation to enable consumers to effectively leverage new technology and online avenues.
- ▶ Increasing their online presence. Business-to-Consumer (B2C) business that are not online but offer delivery services risk losing out on customer recall.

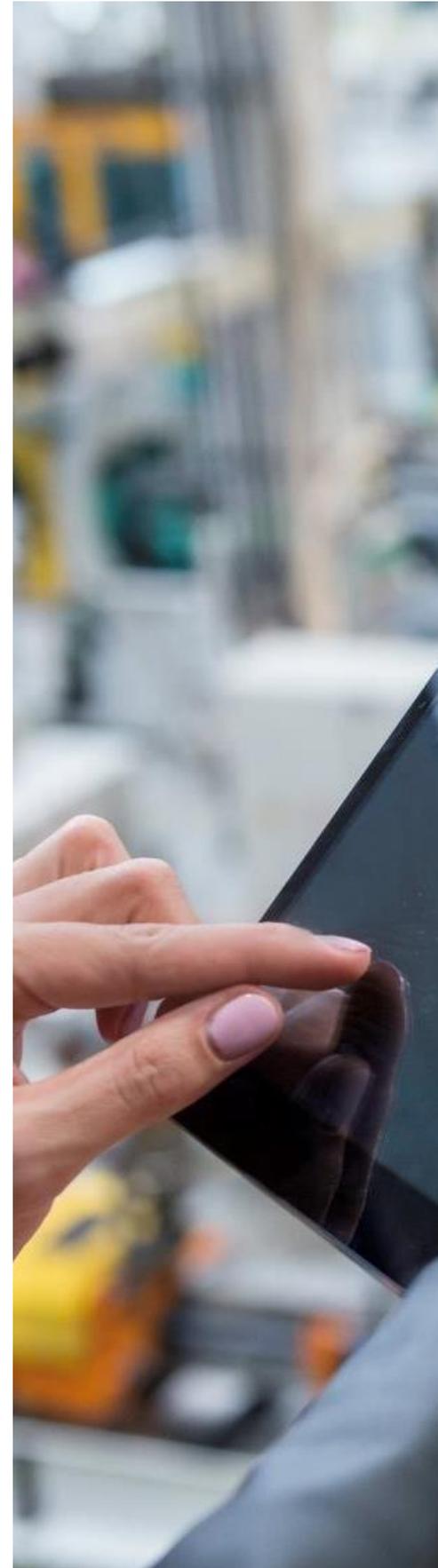
Q: Which of the following online services are you using currently? (Select all that apply)



Source: EY COVID impact consumer survey
 Note: numbers may not add up to 100% due to rounding

The lockdown has resulted in most people becoming more comfortable with online spending and this is likely to continue after the lockdown is lifted.

Online services are increasingly being adopted for fitness services, education and utilities, like banking, buying groceries and bill payments



¹⁰ EY COVID impact consumer survey

Lockdown has encouraged new adoption and increased usage of digital solutions to work, play, learn, socialize, and manage health, finances and households

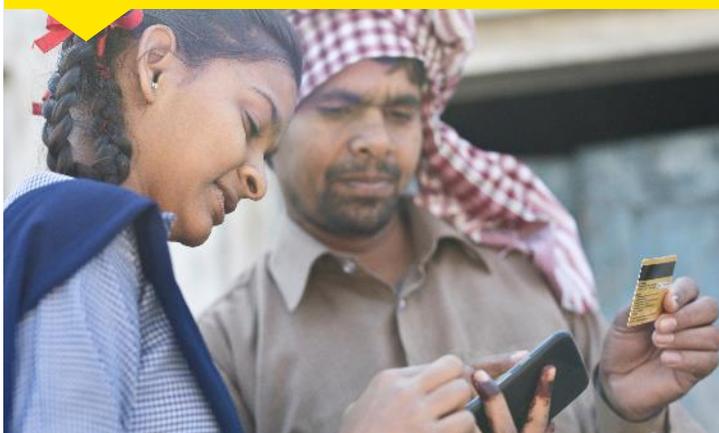
Physically distant, digitally connected

- ▶ Use of **video calls and online games** to rekindle old relationships and catch up with friends has seen a big push.
- ▶ Teachers are staying connected with their students online, imparting them education using video-enabled platforms.



Contactless services and interactions are on a rise

- ▶ Most customers are moving to **offline activities** like utility payments, grocery shopping, doctor consultations, fitness and banking, for which physical presence was deemed mandatory.
- ▶ The pandemic has further accelerated the rate of adoption and **usage of digital payments and net banking services**.
- ▶ The largest driving factor for the shift to digital medium is convenience and safety.



Entertainment and news riding high on the wave of digitization

- ▶ The lockdown has witnessed **high uptake of over-the-top (OTT) streaming platforms and social media**.
- ▶ Webinars, online concerts and experiences, virtual networking meets, etc. have also witnessed a high participation from users.
- ▶ Many consumers have **started perusing news digitally**, with newspapers being absent during the lockdown.



Increasing digitalization equals increasing online security concerns

- ▶ Large number of users are concerned about their **digital identity, footprint and privacy**.
- ▶ Many fear **misuse of their personal information**, some also fear their **online presence being hacked**.
- ▶ A considerable segment of the population is using formal services like **virtual private networks (VPNs) and content blockers** to ensure safety and privacy. This number is expected to grow over time.



Humans in a pandemic series

This report is a product of the EYFCUX Design lab

EYFCUX focus on understanding human sentiments, business ecosystems and their impact on each other.

We want to study how fragile human relationships evolve in the current situation and how these evolving situations challenge loyalties, long established behaviours and the resulting digital awakening.

We provide user research, design thinking and customer experience design.

Get in touch with us for more such reports!

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