

# US Future Consumer Index edition 6: how a year in pandemic changed consumerism



## Insights into consumer sentiment one year into the pandemic

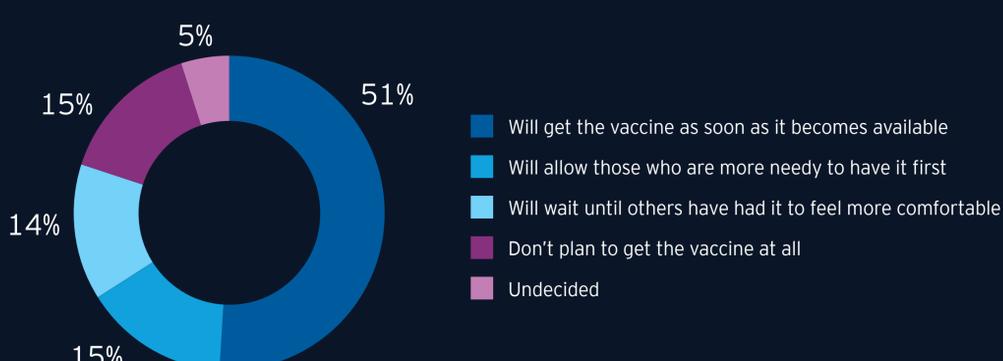
It's been over a year since quarantine orders and lockdowns rolled across the United States. Last March, consumers were met with uncertainty as they began to stockpile toilet paper and hand sanitizer, shifted almost immediately to online shopping for everything from clothes to essentials to groceries, and moved to working virtually. A year later, so much and so little have changed.

In the sixth edition of the EY Future Consumer Index, we explore:

- ▶ US consumers' feelings about the COVID-19 vaccine
- ▶ Where consumers are in life a year out from the start of the pandemic
- ▶ How consumer packaged goods (CPG) brands' growth strategies align with where the consumer is going, following their presentations at the recent Consumer Analyst Group of New York (CAGNY) annual conference

## Will a vaccine save consumerism?

With a third viable vaccine in play, the light at the end of the tunnel seems closer and closer.



Some suggest that we're in store for another era like the Roaring '20s, while others believe that it will take time for some to feel comfortable setting aside social distancing practices. Interestingly, 39% of US consumers expect that life will be the same after receiving the vaccine, and 15% think life will be worse.

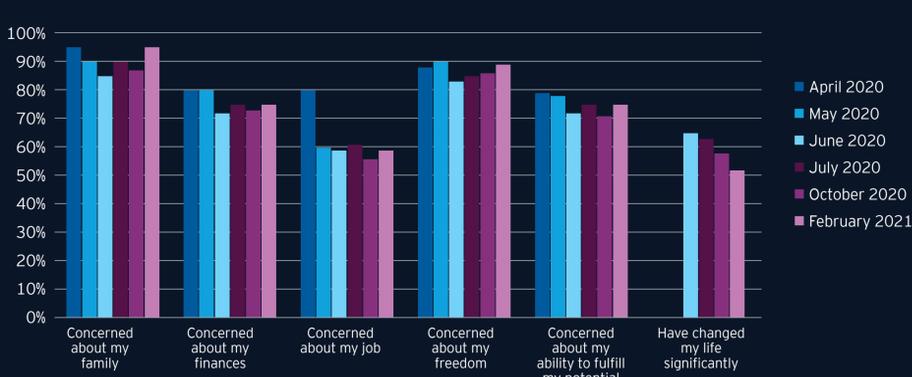
Some businesses, like mall-based retailers and restaurants, could see a marked impact from herd immunity. However, it's also clear that some shifts, like shopping online and at-home consumption, may not dissipate anytime soon.

The retailers and brands that have been able to shift supply chains to deliver through direct-to-consumer will continue to win. When consumers come back to stores, it will be for entertainment, for experience, for a purpose. These issues provide an additional incentive to continue pursuing building up digital capabilities, enhancing the consumer experience across the entire journey and investing in alternative revenue streams.

## Trends that have become truths

### 1. Consumers' focus shifts from the here and now to the bigger picture

Consumers are worried about what today will mean for their future.



Retailers and brands will need to be much more intentional about how they look at their consumers holistically; not just how they shop and buy, but how they live and how their purchase decisions are driven by the most important parts of their lives, like finances and family.

### 2. At-home consumption is here to stay

People are not just consuming more at home; they are building their entire lifestyles around their household. In the future, 26% expect to work from home more often, 28% expect to spend less on travel than before, 43% will cook more often at home, 50% will exercise at home more often and 40% will be less inclined to be involved in experiences outside their home.

Companies must now consider how their product and service assortment caters to a home environment and potentially add premium offerings.

### 3. Online reigns supreme

Even though most stores are now open with safety measures in place, 60% of consumers are currently visiting brick-and-mortar stores less, and 43% will shop more often online for products they previously bought in stores.

In order to be successful in e-commerce, you must think bigger than e-commerce. The core question retailers must ask themselves first is not "What e-commerce investments do I need to make?" but rather "What consumer experience do I want to offer?"

EY Customer & Growth Leader Janet Balis said it well: "Old truth: you are competing with your competitors. New truth: you are competing with the last best experience your customer had."

### 4. Consumer trust is still fragile

Trust is hard won from consumers in a normal environment, and all of the uncertainty the last year has brought with it has even further tested that notion. When we first launched the Index in April 2020, nearly a quarter of US consumers said they completely trust brands (23%) and retailers (24%).

Fast-forward one year later, and the trust picture is much worse. Only 10% of US consumers completely trust online-only retailers and chain retailers. Thirteen percent completely trust CPG brands.

The onus is on companies to earn and maintain trust with consumers through transparency, authenticity of their message and brand, a shared purpose and a consistent experience that delivers on the brand promise.

## What's in store for consumer goods companies in 2021?

In February, CAGNY hosted its annual conference, where executive leaders from some of the world's largest CPG companies gathered (virtually) to present their growth strategies for 2021 and beyond. This year, the theme was around sustainable growth for the future, and it's clear that CPG brands are keeping a pulse on the post-pandemic consumer to drive their strategic agendas and create long-term value.

Beyond the pandemic, larger segments of affordable-first and health-first consumers indicate the importance of price and safety. But issues like the environment, societal change and experience can't be discounted. Are CPG brands investing in these priorities?



### 1. Accelerating the transformation agenda

Transformation was always on the agenda for many CPG brands, but the COVID-19 pandemic acted as a catalyst to accelerate those transformational initiatives. Where will those transformations focus? Consumer-centric innovation.

### 2. Sustainability as a strategic imperative

With more than 30% of consumers identifying as planet or society first, environmental, social and governance (ESG) issues must be at the top of the company agenda. Sustainability as a strategic imperative to drive long-term stakeholder value was a key theme at CAGNY.

Forty-four percent of consumers will pay more attention to environmental issues in the future. Another 43% say environment and climate change will be a top priority in how they live and buy, and one in five will value sustainability among their most important shopping criteria in the long term.

### 3. Supply chain transformation

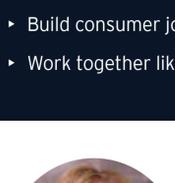
If CAGNY is any indication of the future of the manufacturing supply chain, then automation and end-to-end planning to support real-time demand and increase the speed to market will be the priority moving forward.

Forty percent of US consumers say product availability will be among their most important purchase criteria in the future. The last mile is also a key component in supply chain transformation, as one in four consumers say the most frustrating part of online shopping is slow delivery, and one in five are not forgiving of brands that can't deliver on their promise.

## In summary

As we assess where consumers are going and how companies say they plan to adapt, brands and retailers must:

- ▶ Deliver consistent direct-to-consumer experiences.
- ▶ Do more than have a communications strategy around ESG. Truly build it into ways of working that consumers value.
- ▶ Leverage a broader set of ecosystem collaborators to add resiliency, take out cost and show transparency.
- ▶ Build consumer journeys, not transactions.
- ▶ Work together like never before to capture value.



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## About the survey

The sixth edition of the EY Future Consumer Index is based on a survey of respondents in the US, Canada, Brazil, the UK, France, Germany, Denmark, Sweden, Finland, Indonesia, Italy, Spain, Australia, UAE, Saudi Arabia, China, Indonesia, Japan, Australia and New Zealand in February 2021. Of those, the article above focuses on the 1,000 US respondents.

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