

# THE COVID-19 BEHAVIORAL RESET

Four Consumer Responses Identified Following Prolonged  
Coronavirus Impact

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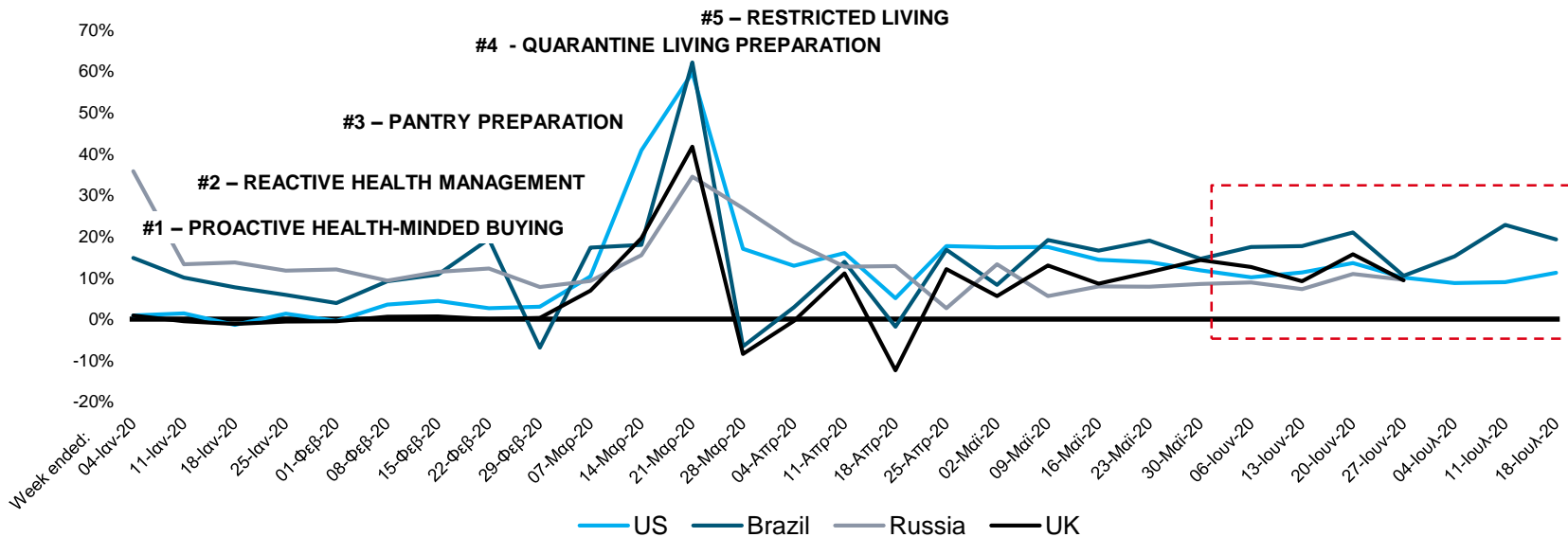
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# FMCG GROWTH NO LONGER TIED TO NEWS CYCLE, BUT SIGNS OF SUSTAINED GROWTH LONGER TERM

Total FMCG by Market - Value % Change vs. Year Ago



Source: Nielsen Retail Measurement Services, 1-week periods vs year-ago


# PREDICTING THE COVID-19 BEHAVIORAL RESET

Key Consumer Behavior Shifts driving Future Consumption Patterns

PREDICTED BEHAVIORAL RESPONSES FOLLOWING PROLONGED COVID-19 IMPACT			
Basket Reset	Homebody Reset	Rationale Reset	Affordability Reset
What consumers will buy	Where consumption will happen	Why consumers will make purchases	How much consumers will spend
COMMON COVID-19 IMPACTS			
New regulation and governance influence everyday decisions. Health measures become integrated in all walks of life.	Business closures / restrictions persist or re-emerge. Shelter-at-home recommendations continue or become re-instituted.	Travel bans and restrictions continue. Willingness to spend on luxuries and entertainment is limited by financial and safety factors	Massive spikes in unemployment. Economic uncertainty. Declining consumer confidence.
CONSUMER BEHAVIOR RESPONSES			
Consumers need to account for emerging basket essentials, stretching their dollars further to merge old and new needs.	Consumers prioritize in-home spending over discretionary out-of-home expenses.	New priorities shift how and why consumers spend spare cash.	Consumers become more risk averse, seeking products/services that deliver value, quality and peace of mind.

# BEHAVIORAL RESPONSES POLARIZED BY CIRCUMSTANCE

Socio-economic factors will differentiate behaviors of insulated and constrained spenders

PREDICTED BEHAVIORAL RESPONSES FOLLOWING PROLONGED COVID-19 IMPACT				
	Basket Reset	Homebody Reset	Rationale Reset	Affordability Reset
	What consumers will buy	Where consumption will happen	Why consumers will make purchases	How much consumers will spend
ONGOING POLARIZATION OF COMMON CONSUMER BEHAVIOR RESPONSES				
<p>Insulated Spenders</p>  <p>Constrained Spenders</p>	<p>Consumers will more carefully manage basket size as they grow accustomed to keeping a larger and broader stock of “essential” products.</p> <p>Due to economic conditions, consumers will minimize stockpiling. New necessities force limitations on basket choices.</p>	<p>More consumers explore and try self-serviced needs to personalize and amplify care and meal solutions at home.</p> <p>Out of necessity, more consumers rely on self-serviced needs to save on costs.</p>	<p>Consumers seek luxuries within FMCG to compensate for travel and entertainment they can no longer safely enjoy.</p> <p>With limited income, each purchase holds greater significance, FMCG is sought to fulfill a broader set of both essential and discretionary needs.</p>	<p>Price becomes more of a purchase driver to consumers as product availability improves.</p> <p>Consumer have to make spending adjustments. Certain brands, package formats and retailers are at-risk of being abandoned by consumers.</p>

# PREDICTING THE BASKET RESET

## WHAT CONSUMERS WILL BUY

### COMMON COVID-19 IMPACTS

New regulation and governance influence everyday decisions. Health measures become integrated in all walks of life.

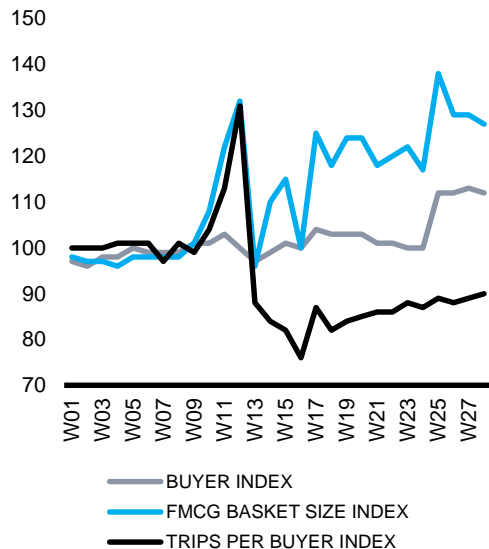
### CONSUMER BEHAVIOR RESPONSES

Consumers need to account for emerging basket essentials, stretching their dollars further to merge old and new needs.

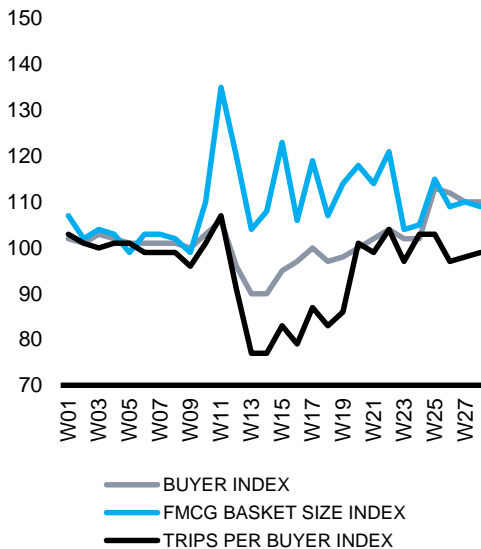
# FMCG BASKET SIZE SLOWS OR STABILIZES IN RECENT WEEKS

European Consumer Dynamics

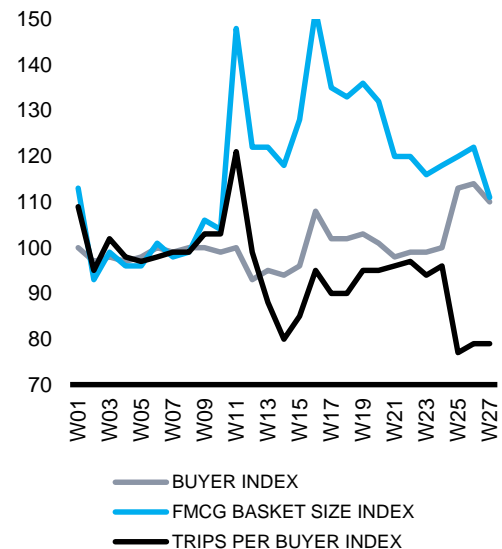
UNITED KINGDOM



FRANCE



SPAIN



Read as: In the week ended Jul. 11 2020 (Week 28), the number of FMCG buyers in France was 10% above (Index of 110) that of the same week in 2019.

Source: Nielsen Homescan, 2020, weekly data indexed to the same individual week from 2019

# INSULATED & CONSTRAINED RESPONSES TO THE BASKET RESET



## INSULATED SPENDERS

Consumers will more carefully manage basket size as they grow accustomed to keeping a larger and broader stock of “essential” products.

## CONSTRAINED SPENDERS

Due to economic conditions, consumers will minimize stockpiling. New necessities force limitations on basket choices.

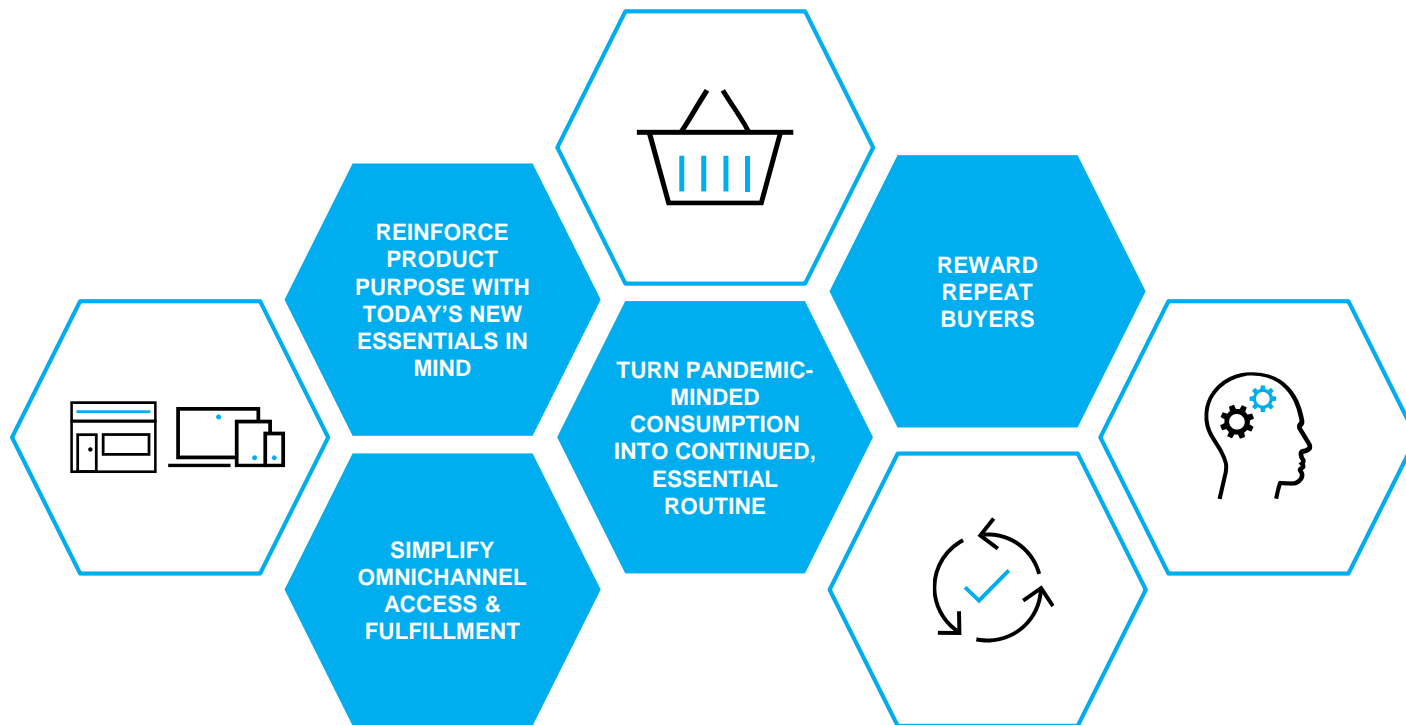


ONGOING  
POLARIZATION OF:



WHAT CONSUMERS  
WILL BUY

# FUTURE CONSEQUENCES: BASKET RESET





# PREDICTING THE HOMEBODY RESET

## WHERE CONSUMPTION WILL HAPPEN

### COMMON COVID-19 IMPACTS

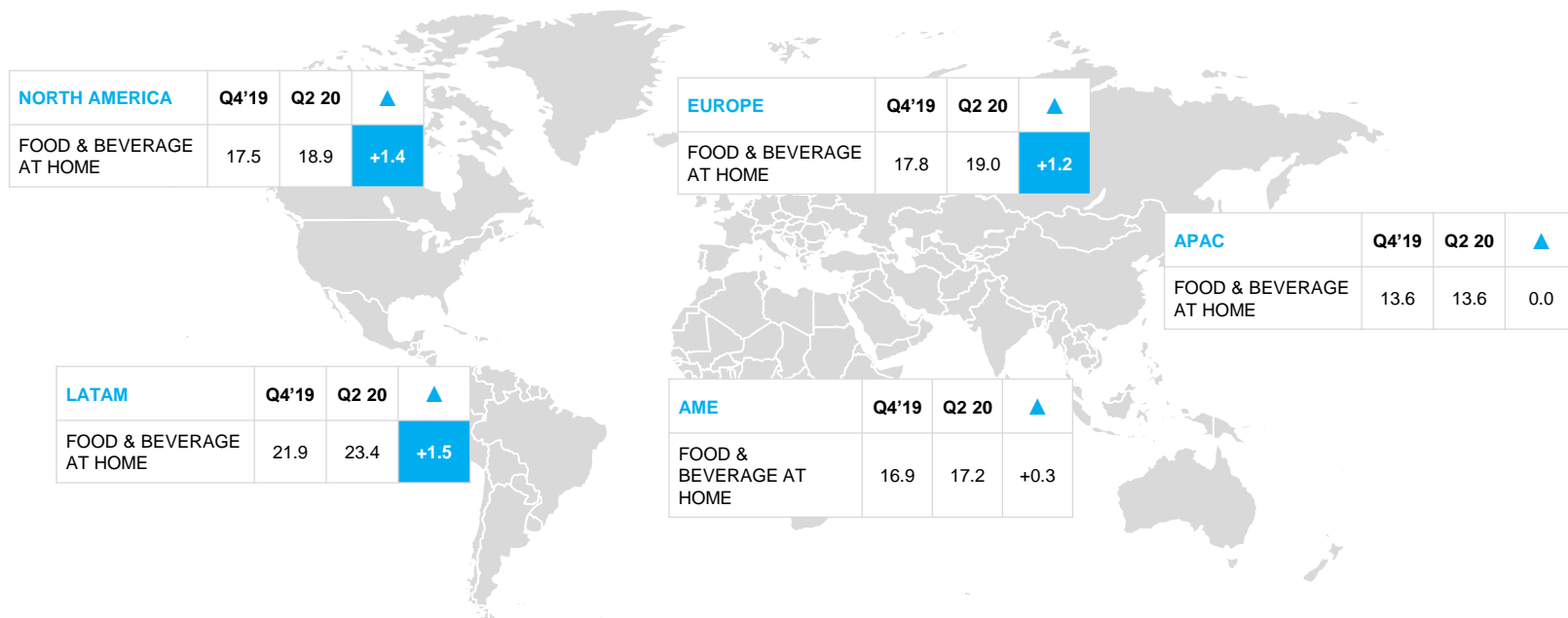
Business closures / restrictions persist or re-emerge. Shelter-at-home recommendations continue or become re-instituted.

### CONSUMER BEHAVIOR RESPONSES

Consumers prioritize in-home spending over discretionary out-of-home expenses.

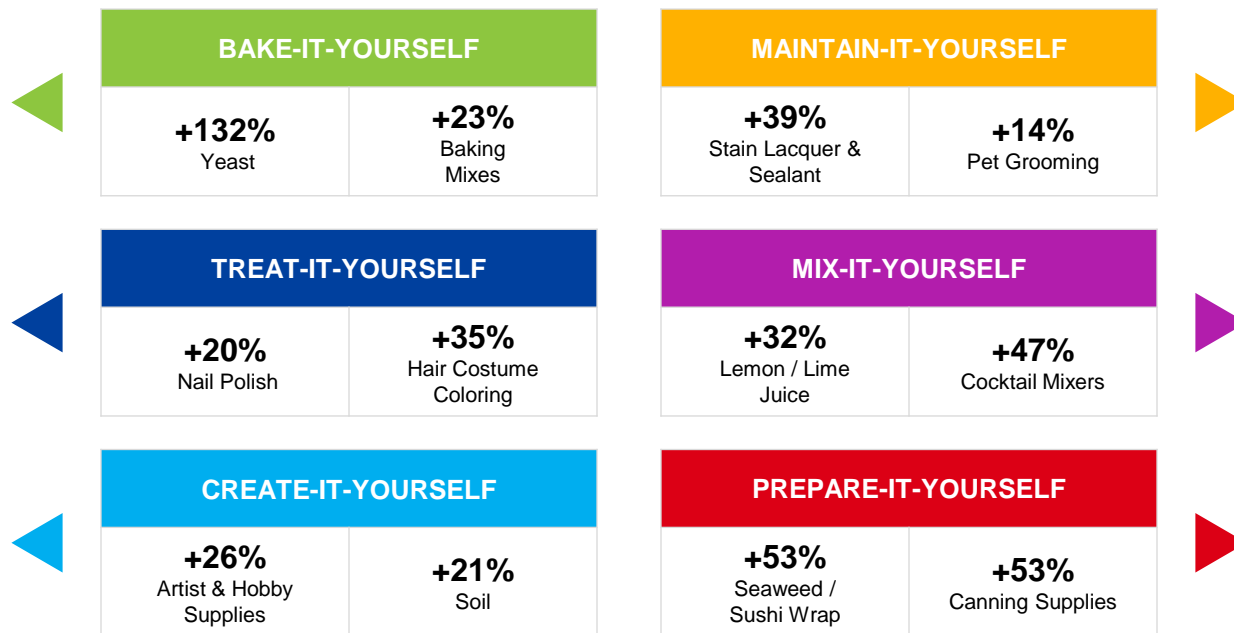
# CONSUMERS MAINTAIN OR GROW MONTHLY BUDGET FOR ESSENTIALS AT HOME

% Allocation Of Average Monthly Budget



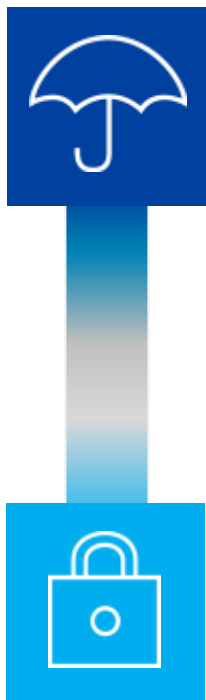
# CONSUMERS DRIVE THE RISE AND EXPANSION OF “DIY CATEGORIES”

U.S. Dollar % Growth By Category – June 2020 Vs. Year-ago



Source: Nielsen Retail Measurement Services, Total U.S. All Outlets Combined (xAOC), 4 weeks ended Jun. 27, 2020 vs. year-ago

# INSULATED & CONSTRAINED RESPONSES TO THE **HOME BODY RESET**



## INSULATED SPENDERS

More consumers explore and try self-serviced needs to personalize and amplify care and meal solutions at home.

## CONSTRAINED SPENDERS

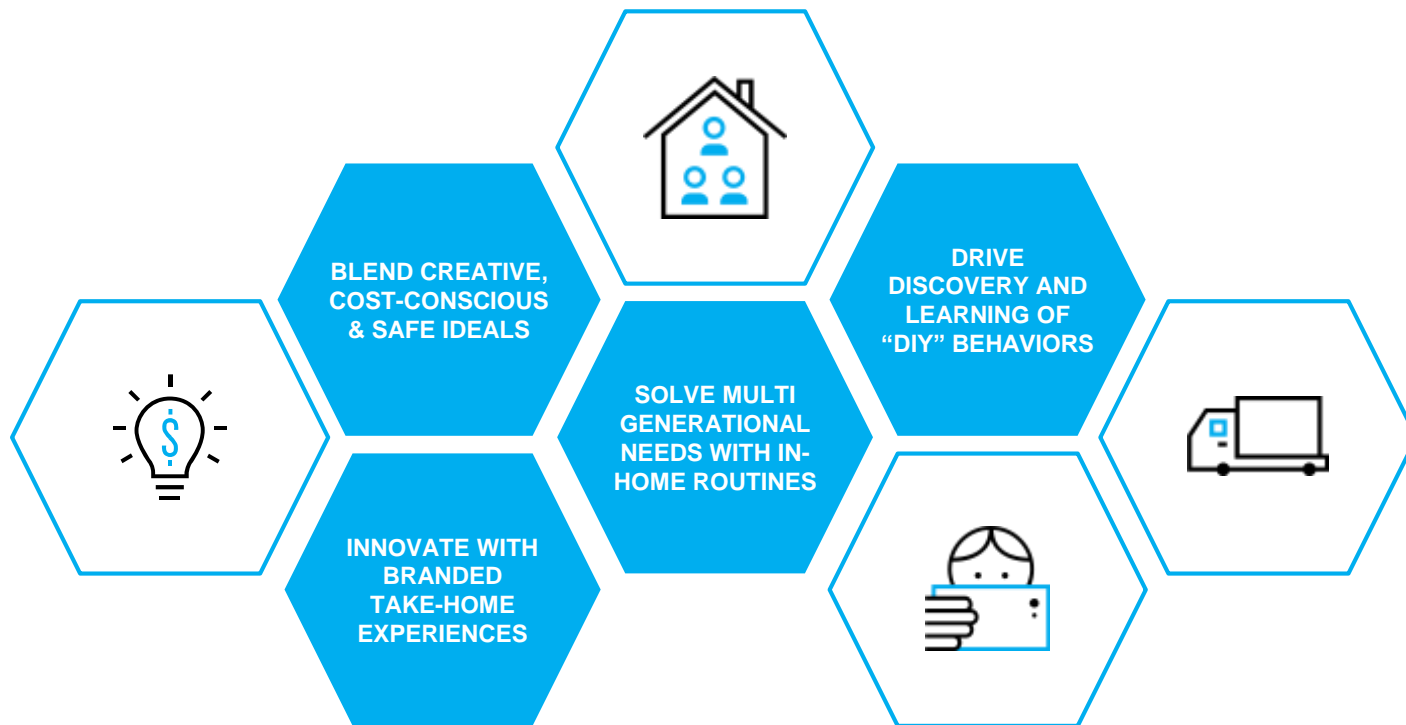
Out of necessity, more consumers rely on self-serviced needs to save on costs.

**ONGOING  
POLARIZATION OF:**



**WHERE CONSUMPTION  
WILL HAPPEN**

# FUTURE CONSEQUENCES: **HOMEBODY RESET**



# PREDICTING THE RATIONALE RESET

## WHY CONSUMERS WILL MAKE PURCHASES

### COMMON COVID-19 IMPACTS

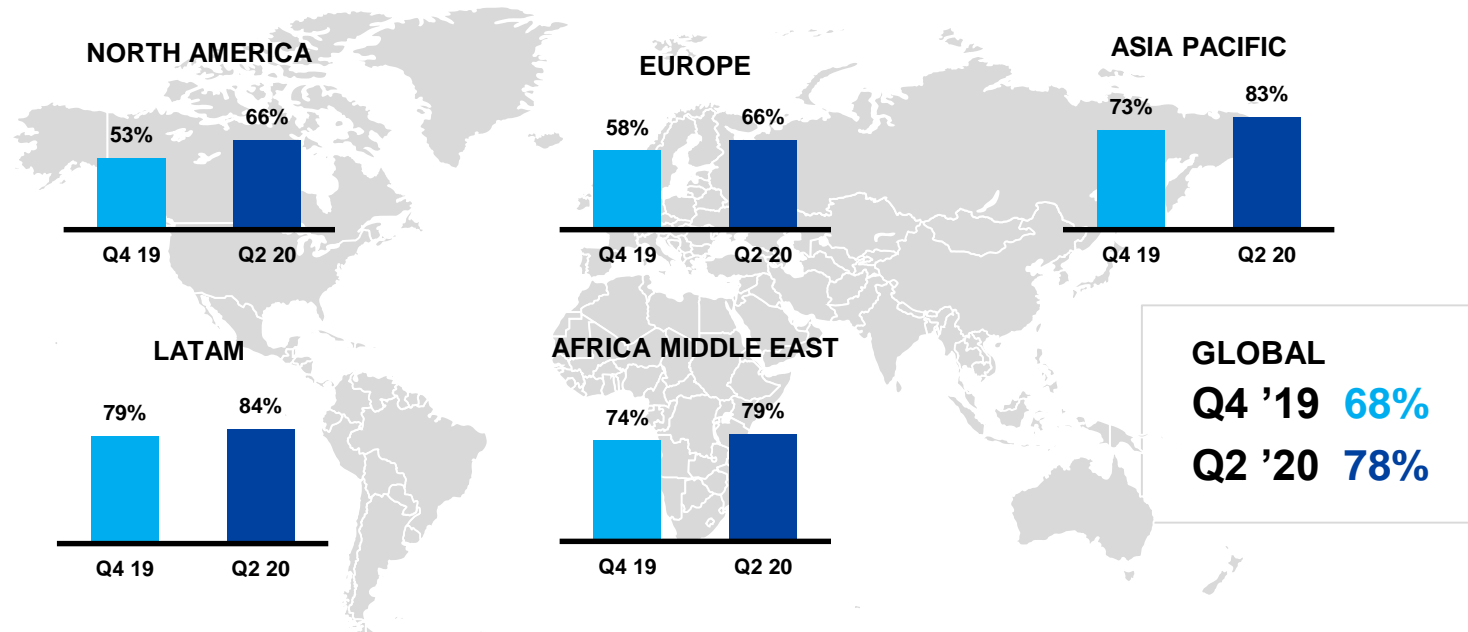
Travel bans and restrictions continue. Willingness to spend on luxuries and entertainment is limited by financial and safety factors.

### CONSUMER BEHAVIOR RESPONSES

New priorities shift how and why consumers spend spare cash.

# CONSUMERS ARE REBALANCING THEIR WALLET PRIORITIES

% Respondents Who Have Changed Spending To Save On Expenses





Source: The Conference Board Consumer Confidence Index in association With Nielsen.


Q: Compared to this time last year, have you changed your spending to save on household expenses? Yes


# CONSUMER GOODS COULD BENEFIT FROM NEW WAYS CONSUMERS WILL REWARD THEMSELVES

Top Complementary Categories by U.S. Consumers of Leisure and Lifestyle Activities

 <b>FOREIGN TRAVEL</b> in last 3 years	<b>INDEX</b>
<b>ARTISAN BREAD</b>	<b>121</b>
<b>SUSHI</b>	<b>111</b>
<b>FACIAL SKIN CARE</b>	<b>108</b>

 <b>MOVIE THEATER</b> in last 6 months	<b>INDEX</b>
<b>CURRY PASTE</b>	<b>112</b>
<b>KOMBUCHA</b>	<b>110</b>
<b>REFRIGERATED LUNCH COMBOS</b>	<b>107</b>

 <b>CRUISE SHIP TRAVEL</b> in last 3 years	<b>INDEX</b>
<b>WINE</b>	<b>140</b>
<b>SPIRITS</b>	<b>125</b>
<b>PET TOYS</b>	<b>110</b>

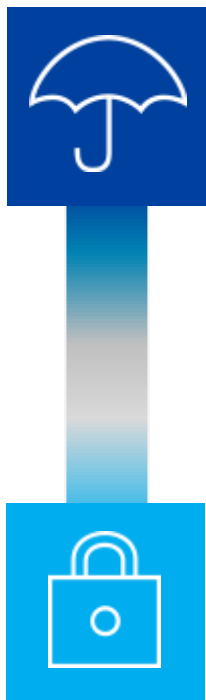
 <b>DINING OUT</b> in last 12 months, excluding fast food	<b>INDEX</b>
<b>CHEESE PARTY PLATTERS</b>	<b>115</b>
<b>PREPARED DIPS &amp; SPREADS</b>	<b>110</b>
<b>ALCOHOLIC BEVERAGE MIXERS</b>	<b>110</b>

Read as: U.S. adults who have travelled via cruise ship in the last 3 years, are 40% more likely than the average American to purchase wine.

Source: Nielsen Spectra, June 2020



# INSULATED & CONSTRAINED RESPONSES TO THE RATIONALE RESET



## INSULATED SPENDERS

Consumers seek luxuries within FMCG to compensate for travel and entertainment they can no longer safely enjoy.

## CONSTRAINED SPENDERS

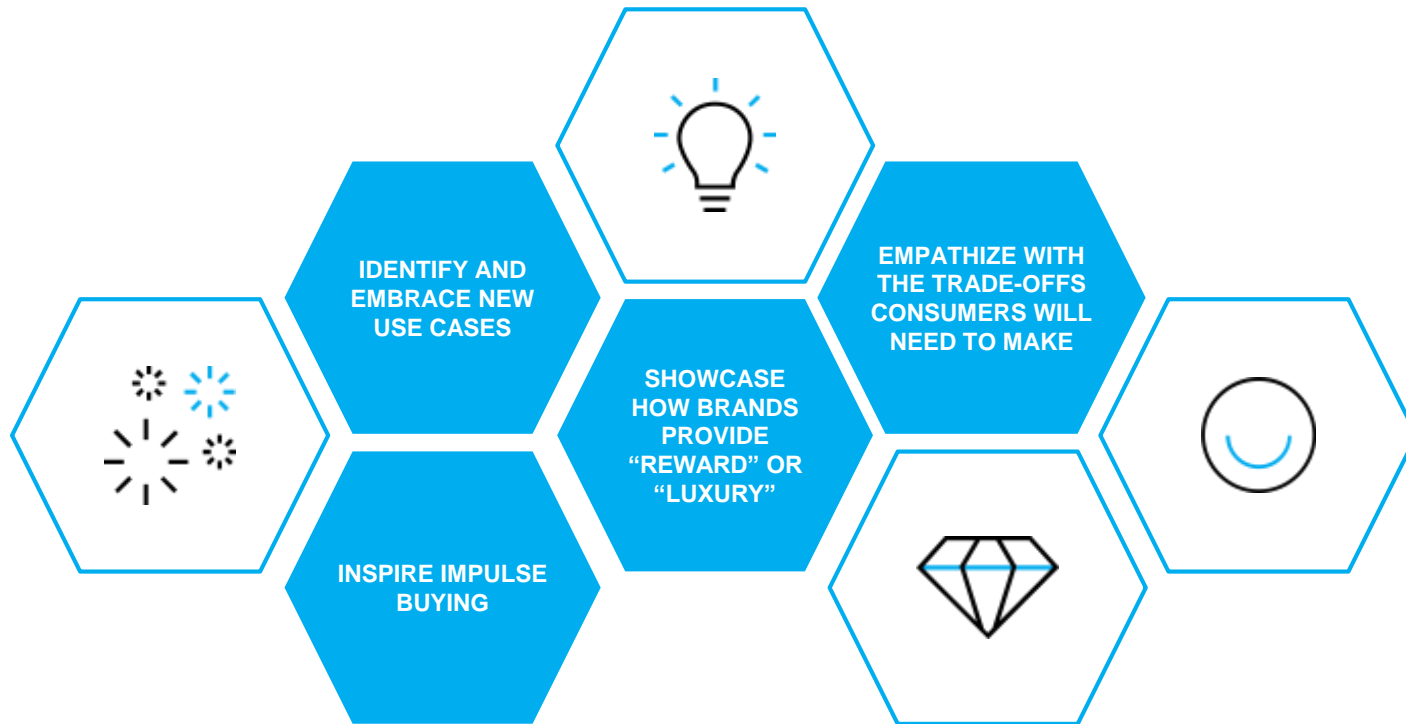
With limited income, each purchase holds greater significance. FMCG is sought to fulfill a broader set of both essential and discretionary needs.

## ONGOING POLARIZATION OF:



**WHY CONSUMERS WILL  
MAKE PURCHASES**

# FUTURE CONSEQUENCES: RATIONALE RESET



# PREDICTING THE AFFORDABILITY RESET

## HOW MUCH CONSUMERS WILL SPEND

### COMMON COVID-19 IMPACTS

Massive spikes in unemployment. Economic uncertainty. Declining consumer confidence.

### CONSUMER BEHAVIOR RESPONSES

Consumers become more risk averse, seeking products/services that deliver value, quality and peace of mind.

# CONSUMERS HAVE FELT A NOTICEABLE DECLINE IN PROMOTIONS, PARTICULARLY IN STORES

% Respondents - Noticed Less Promotions



32%

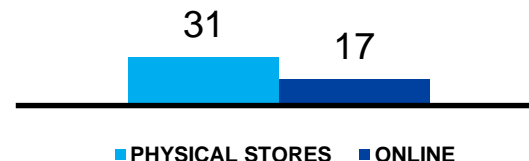
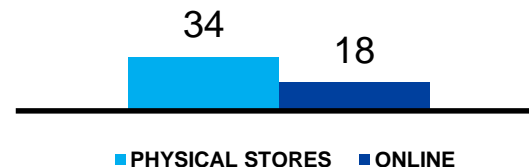
of consumers have felt a noticeable **decline in promotions** in physical stores they've shopped at.



CONSTRAINED  
CONSUMERS



INSULATED  
CONSUMERS



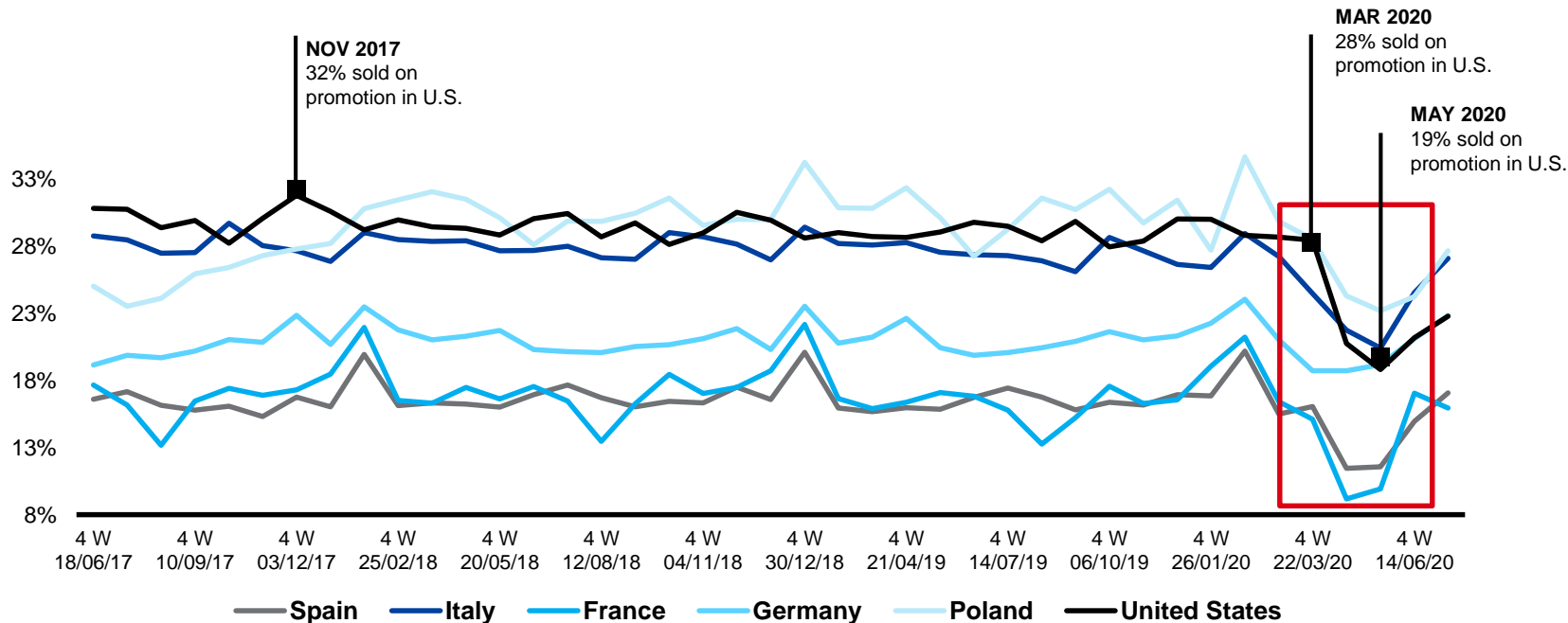
Source: Nielsen Global Survey "The New Shopper Normal" conducted in May 2020

Q: Did you notice promotions/special offers change?

# SALES SOLD ON PROMOTION REACH 4 YEAR LOW IN MANY COUNTRIES

Early signs of rebound during latest periods

FMCG % Value Sold on Promotion



# INSULATED & CONSTRAINED RESPONSES TO THE AFFORDABILITY RESET



## INSULATED SPENDERS

Price becomes more of a purchase driver to consumers as product availability improves.

## CONSTRAINED SPENDERS

Consumers have to make spending adjustments. Certain brands, package formats and retailers are at-risk of being abandoned by consumers.

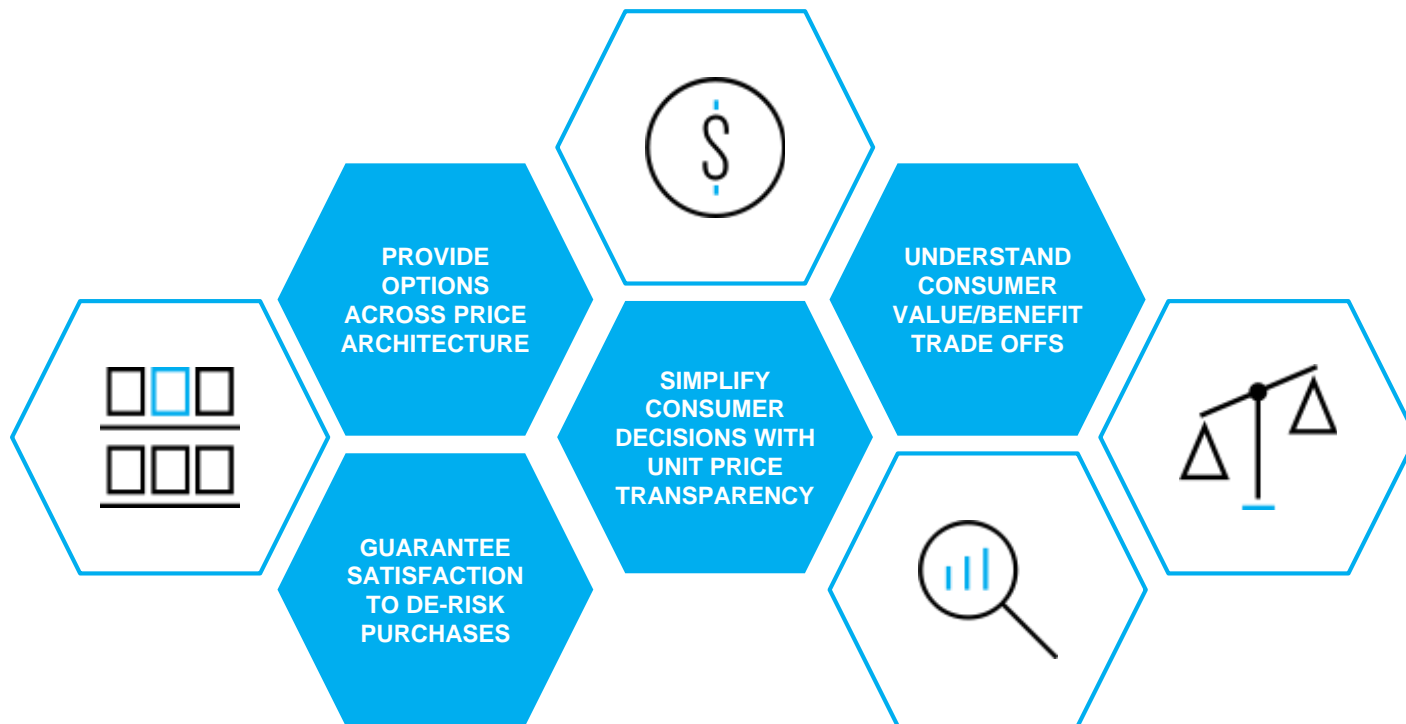


## ONGOING POLARIZATION OF:



**HOW MUCH CONSUMERS WILL SPEND**

# FUTURE CONSEQUENCES: AFFORDABILITY RESET



# THINKING AHEAD



Connect with your Nielsen team to access our **Future Consequences** material.

Assess longer-term implications to reconfigure future strategies.



**REASSESS BRAND PURPOSE**



**RECREATE CONSUMPTION OCCASIONS**



**REDIRECT FOR SHIFTED DEMAND**



**RE-THINK VALUE PROPOSITION**

**INTEGRATE HEALTH BASICS**

**INNOVATE**

**REWARD WITH SMALL LUXURIES**

**PROVIDE PRICE TRANSPARENCY**

**FOLLOW REROUTED CONSUMERS**

**AMPLIFY VIRTUAL EXPERIENCES**

**RE-PRIORITIZE ASSORTMENT**

**DELIVER QUALITY & EFFICACY**







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**SHAPING A SMARTER MARKET™**

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