

# How COVID-19 will permanently change consumer behavior

Fast-changing consumer behaviors influence the future of the CPG industry

April 2020



# We're all in this together

The COVID-19 pandemic has fundamentally changed the world as we know it. People are living differently, buying differently and, in many ways, thinking differently. Supply chains have been tested. Retailers are closing doors. Consumers across the globe are looking at products and brands through a new lens.

The virus is reshaping the industry in real-time, rapidly accelerating long-term underlying trends in the space of mere weeks. Our research indicates that new habits formed now will endure beyond this crisis, permanently changing what we value; how and where we shop; and how we live and work.

Even as this crisis continues to evolve, by exploring the changes that are happening now, we can consider what consumer goods businesses should do today to prepare for what's next.



# Getting to know the consumer in crisis

Consumers are deeply concerned about the impact of COVID-19, both from a health and an economic perspective. People are responding in a variety of ways and have differing attitudes, behaviors and purchasing habits. The mix of personas that consumer packaged goods (CPG) companies need to engage with will vary depending on the stage of the outbreak and the local cultural context.

People across the globe are afraid as they strive to adapt to a new normal. Fear is running high as individuals contemplate what this crisis means for them, but more significantly, what it means for their families and friends, and the society at large.

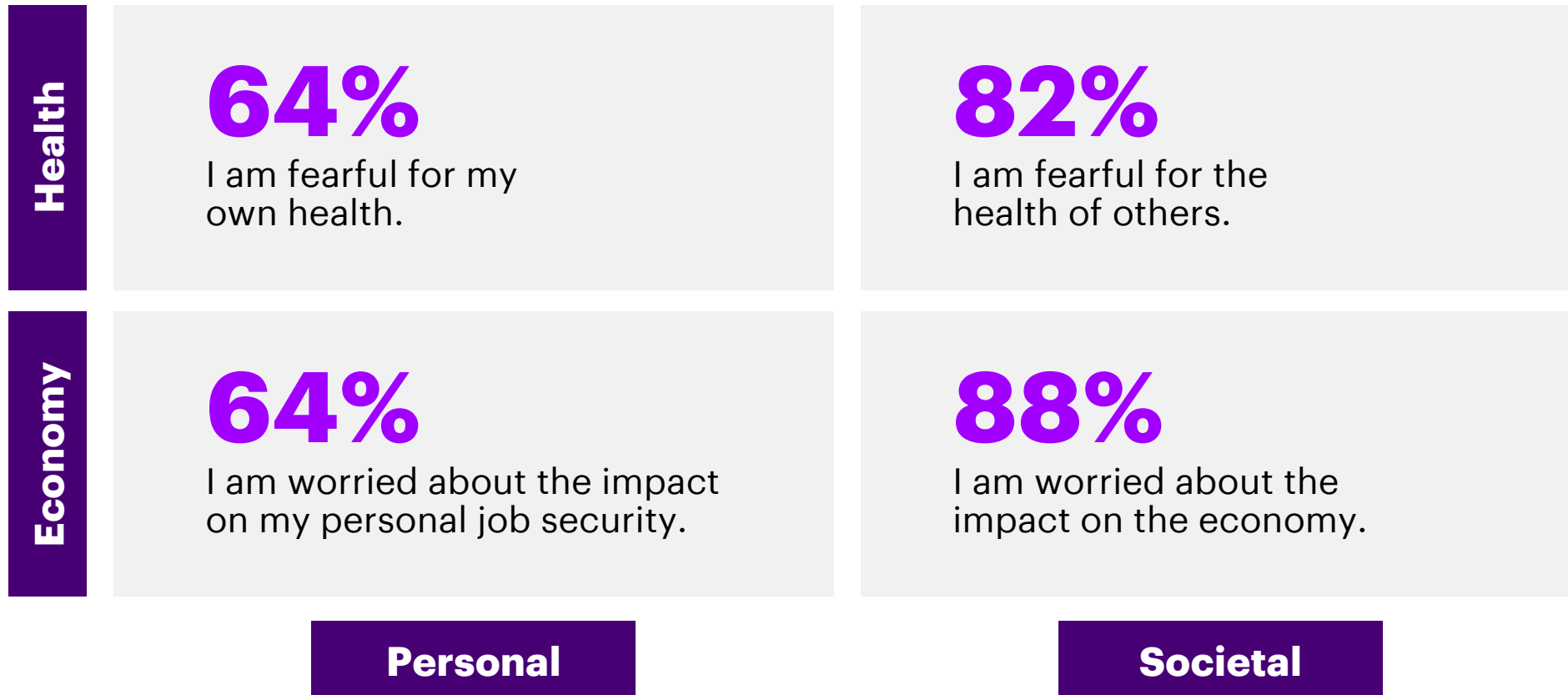
The highest level of fear is around the impact on the economy, with 88% of consumers revealing they are worried, while 82% worry about the health of others, exceeding the fear for personal health or personal job security.

This seemingly ubiquitous lack of consumer confidence illustrates the challenge ahead once we are ready to “restart” the economy.



Figure 1. Consumers' fear for themselves along with the broader society

# Consumers are more fearful of the **economic impact** of COVID-19 than for their health



Source: Accenture Covid-19 Consumer Research, conducted April 2-6. Proportion of consumers that agree or significantly agree

# Meet five new types of consumers

Consumers are responding to the crisis in a variety of ways. Some feel anxious and worried, fueling the panic-buying of staple and hygiene products. At the other extreme, some consumers remain indifferent to the pandemic and continue their business as usual, despite recommendations from the government and health professionals. CPG companies will need to understand how their consumers are reacting and develop customized and personalized marketing strategies for each type of consumer. The days of one-size-fits-all marketing are over.

The five consumer archetypes we identified through our research include:



## THE WORRIER 21%

**“I’m a senior citizen. I have underlying conditions. I’m not willing to take chances.”**

**56–69 year-old male**

This individual is fearful of the future, anxious and reactionary—particularly with his or her purchases. He or she (77%) is worried about his or her health and is 25% more likely to be stressed or anxious as a result of the virus. This person is highly aware of news.



## THE INDIVIDUALIST 22%

**“Both my husband and I will be fine. I’m more concerned about people acting stupid and buying up all the toilet paper, then selling it price gauge style.”**

**18–24 year-old female**

The Individualist looks out for himself or herself, stockpiling essentials (because everyone else is) and trying to ensure he or she can maintain his or her status quo. This type of consumer is more likely to keep to himself or herself—only 35% feel more connected to their neighbors because of the crisis. Compared to other consumer types, Individualists are 9% less likely to approve of their government’s response.



## THE RATIONALIST 39%

**“I’m not concerned. All I can do is keep things and myself clean. I hope others do the same.”**

**25–31 year-old female**

This person has a “keep calm and carry on” mentality. He or she has a high awareness of news—82% are keeping more informed—sorting information into what is useful vs. what is not. He or she has increased the purchase of only advised products, such as personal hygiene, cleaning and staple products.



## THE ACTIVIST 8%

**“I want to maintain social distance. This is not only for my self preservation, this is our social responsibility.”**

**25–31 year-old female**

The Activist is looking out for and supporting others in the community. This person is helping ensure there’s enough to go around by buying what they need, as needed, and is 59% more likely to be shopping more for people beyond their immediate household. Activists are highly active in new forms and formats of social engagement.



## THE INDIFFERENT 11%

**“This is seriously being blown out of proportion.”**

**40–55 year-old female**

The nonchalant person who is carrying out business as usual, we call the Indifferent. He or she is the least informed of all consumer types and is unlikely to be aware of, or comply with, the government’s advice. Perhaps, as a result, they are 39% less likely to feel stressed or anxious vs. other consumer types.



# Shifts in purchasing behavior

These consumer types help us understand the changes that consumers are making to their purchases. The biggest change is in the consumption of personal hygiene products. Worriers increased these purchases by 50% vs. just 10.4% by the Indifferent. Cleaning products and tinned food follow closely with a 25.2% and 20.6% overall net increase, respectively.



Figure 2. The Panic Index

# The panic index: Consumer types help understand how purchasing is shifting

34% of consumers are increasing their purchase of personal hygiene products while cutting back on more discretionary categories

Net purchases*	<b>The Worrier</b> 21% of consumers	<b>The Individualist</b> 22% of consumers	<b>The Rationalist</b> 39% of consumers	<b>The Activist</b> 8% of consumers	<b>The Indifferent</b> 11% of consumers	<b>Total net change</b>	<b>Change</b> Wave 1–Wave 2
Personal hygiene	50.0%	42.5%	27.4%	29.1%	10.4%	33.7%	-
Cleaning products	42.4%	25.9%	21.0%	24.4%	5.5%	25.2%	-
Tinned food	40.4%	26.2%	12.6%	11.1%	5.8%	20.6%	-
Fresh food	32.8%	15.1%	13.8%	15.8%	3.4%	17.1%	-
Frozen food	25.2%	17.2%	4.4%	8.1%	3.4%	11.7%	-
Online entertainment	20.1%	11.2%	5.1%	7.7%	2.8%	9.5%	-
Communication	19.2%	2.8%	4.4%	12.8%	-1.2%	7.2%	-
Wellness	22.8%	6.9%	0.6%	0.9%	-1.8%	6.4%	-
OTC	19.8%	3.4%	0.5%	2.1%	0.9%	5.4%	-
Pet care	6.3%	-2.2%	-6.8%	-9.0%	-0.6%	-2.5%	-
Non-alcohol beverage	8.2%	-1.0%	-7.3%	-6.0%	-1.2%	-1.9%	-
Toys and games	3.6%	-8.2%	-12.9%	-15.8%	-6.1%	-7.9%	-
Consumer electronics	-4.2%	-10.8%	-18.6%	-25.2%	-5.8%	-13.0%	-
Alcohol beverage	-10.8%	-17.0%	-15.3%	-16.2%	-6.7%	-13.9%	-
Beauty	-12.5%	-13.2%	-23.0%	-25.2%	-5.2%	-16.9%	-
Home décor	-12.2%	-21.5%	-27.5%	-34.2%	-10.4%	-21.7%	↓
Fashion	-23.4%	-26.2%	-35.3%	-44.0%	-16.3%	-29.4%	↓

\*Net purchases measured as a % of consumers increasing purchasing, less the % decreasing purchasing vs. prior two weeks

Source: Accenture Covid-19 Consumer Research, conducted April 2–6

Consumption: **Increasing > 5%** **As Normal** **Decreasing >5%**

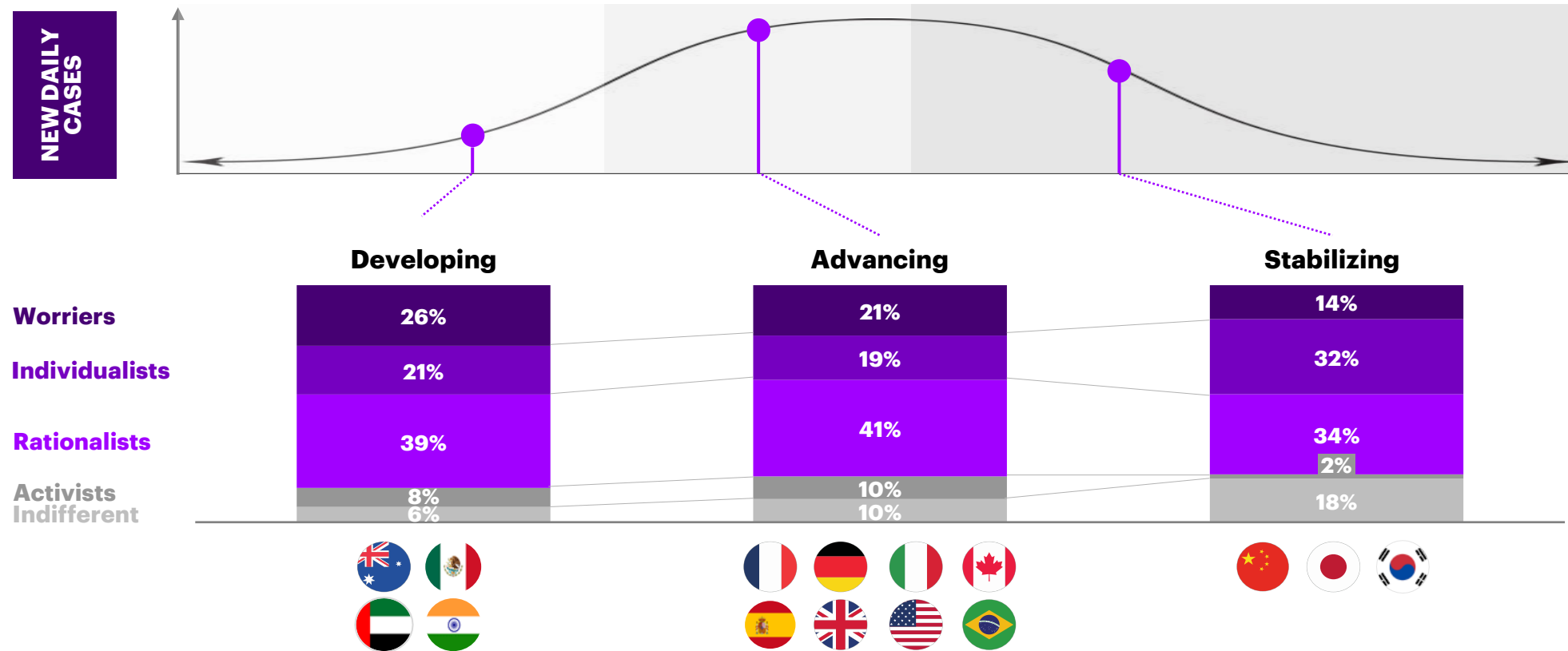
# Changes in attitude

Consumers' attitudes shift as the pandemic progresses. We split the 15 markets in our survey into three categories—developing, advancing and stabilizing—based on the stage of an outbreak at the time of our survey. The proportion of both Worriers and Activists decreases, while the Individualists and Indifferents increase in stabilizing markets. However, we also need to consider the cultural factors at play. Prior experience with SARS in Asian markets as well as the high levels of trust in the government (72%) strongly influence how consumers have reacted. No matter what the market is, it will be important for CPG companies in the future to engage with governments and other trusted agencies as part of their brand and consumer engagement strategies.



Figure 3. Consumers' attitudes shift as the virus is stabilized

# Consumer attitudes change as the pandemic progresses, with the lowest proportion of Worriers in markets where the outbreak is stabilizing



Source: Accenture COVID-19 Consumer Research, conducted April 2–6. Countries are grouped based on the stage where they are in the outbreak at the time of fielding, measured by the time since the first 100 cases were diagnosed in each country and the weekly increase in new cases

# New buying behaviors to outmaneuver uncertainty

Why, what and how consumers buy is changing due to the COVID-19 outbreak. Consumer priorities have become centered on the most basic needs, sending the demand for hygiene, cleaning and staples products soaring, while non-essential categories slump. The factors that influence brand decisions are also changing as a “buy local” trend accelerates. Digital commerce has also seen a boost as new consumers migrate online for grocery shopping—a rise that is likely to sustain post-outbreak.





# Getting back to basics

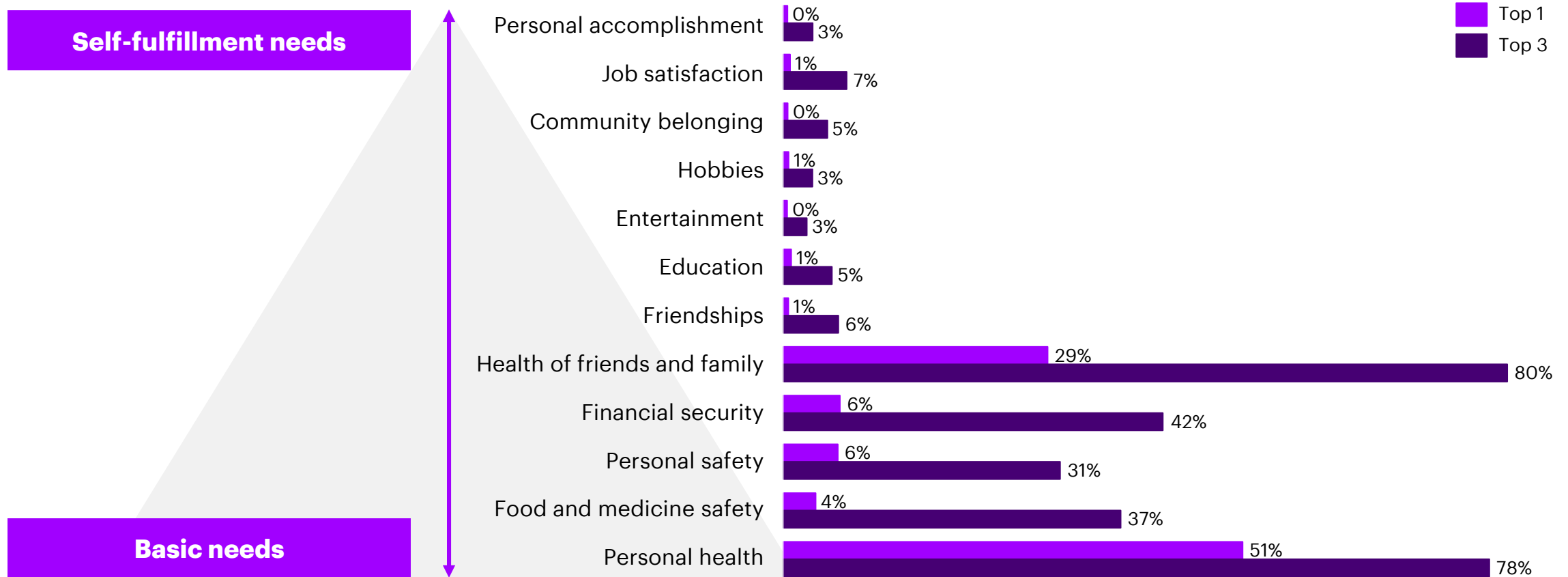
In times like these, our need for the basic necessities of life takes precedence. It comes as no surprise that personal health is the top priority for the consumers we surveyed, followed by the health of friends and family. Food and medical security, financial security and personal safety were other leading priorities.



Figure 4. Basic needs are top of mind for consumers versus self-fulfillment

# The research proves consumers are very focused on their most basic needs at present

Proportion of consumers that rank needs as top 1/top 3 priority



Source: Accenture COVID-19 Consumer Research, conducted April 2-6

# New—and everlasting—shopping habits

The outbreak has pushed consumers out of their normal routines. Consumers are adopting new habits and behaviors that many anticipate will continue in the long term.

The virus has accelerated three long-term trends:



## The ever-increasing focus on health

CPG brands should heed this change and make it a priority to support healthy lifestyles for consumers, shoppers and employees. Having a “health strategy” will be a strategic differentiator in the foreseeable future.



## A rise in conscious consumption

Consumers are more mindful of what they’re buying. They are striving to limit food waste, shop more cost consciously and buy more sustainable options. Brands will need to make this a key part of their offer (for example, by exploring new business models).



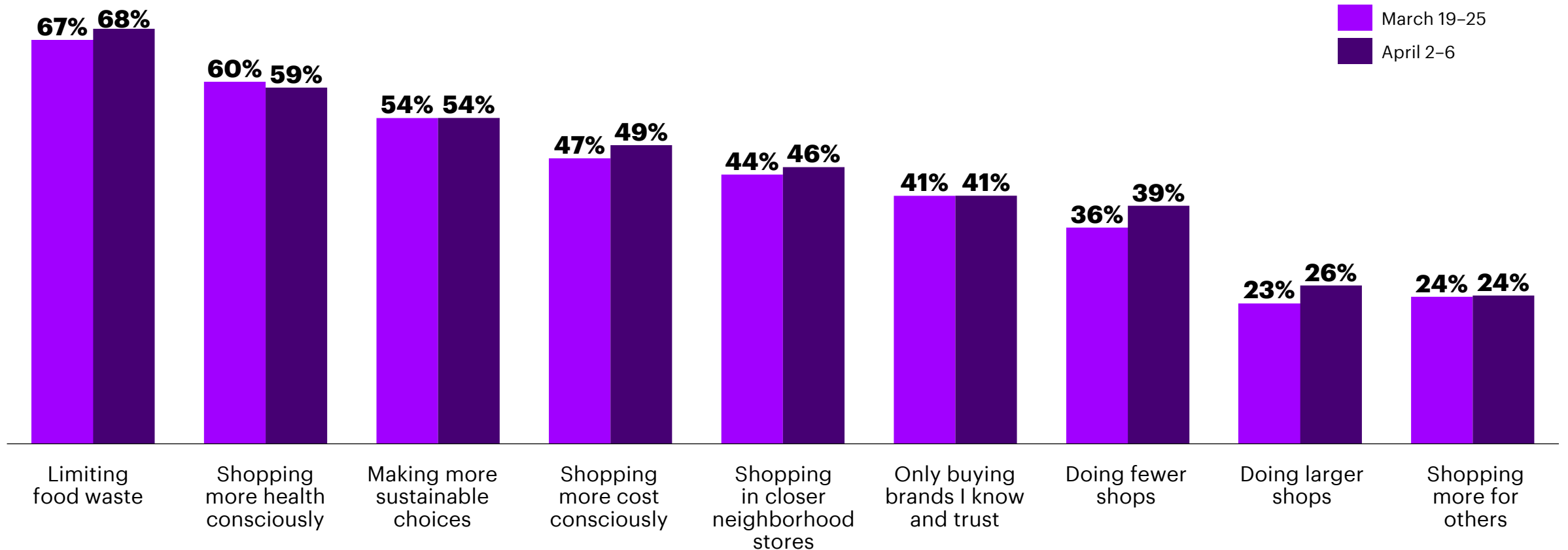
## Growing love for local

The desire to shop local is reflected in both the products consumer buy (for example, locally sourced, artisanal) and the way they shop (for example, supporting community stores). CPG companies will need to explore ways to connect locally—be it through highlighting local provenance, customizing for local needs or engaging in locally relevant ways.

Figure 5. Consumers expect changes in shopping habits to be permanent

# Consumers expect their shopping habits to change permanently

Limiting food waste and shopping more health consciously are the top two priorities for consumers  
Proportion that agree or significantly agree with statement and are likely to sustain this post-outbreak



Source: Accenture COVID-19 Consumer Research, conducted March 19-25 and April 2-6



# The eComm phenom

The demand for e-commerce has surged due to the COVID-19 pandemic. Alibaba's online supermarket, Hema, reported that orders were up 220% year-over-year during Chinese New Year, when the virus started spreading.<sup>1</sup> In the United States, online delivery service Instacart's subscriptions grew 10–20 times in states with the most reported COVID-19 cases.<sup>2</sup> Much of this new e-commerce activity has been from new users.

One in five consumers who ordered their last groceries online did so for the first time—but for consumers aged 56 years and above, this was one in three. While new users have been flocking online, many existing customers have struggled to get delivery slots. According to UK online supermarket Ocado, almost every one of the nearly 800,000 active customers they had at the end of 2019 wanted to place an order once a week during March. However, as the demand soared, so did the basket size, growing by more than 50% and reducing the number of orders the business could pick and deliver.<sup>3</sup>

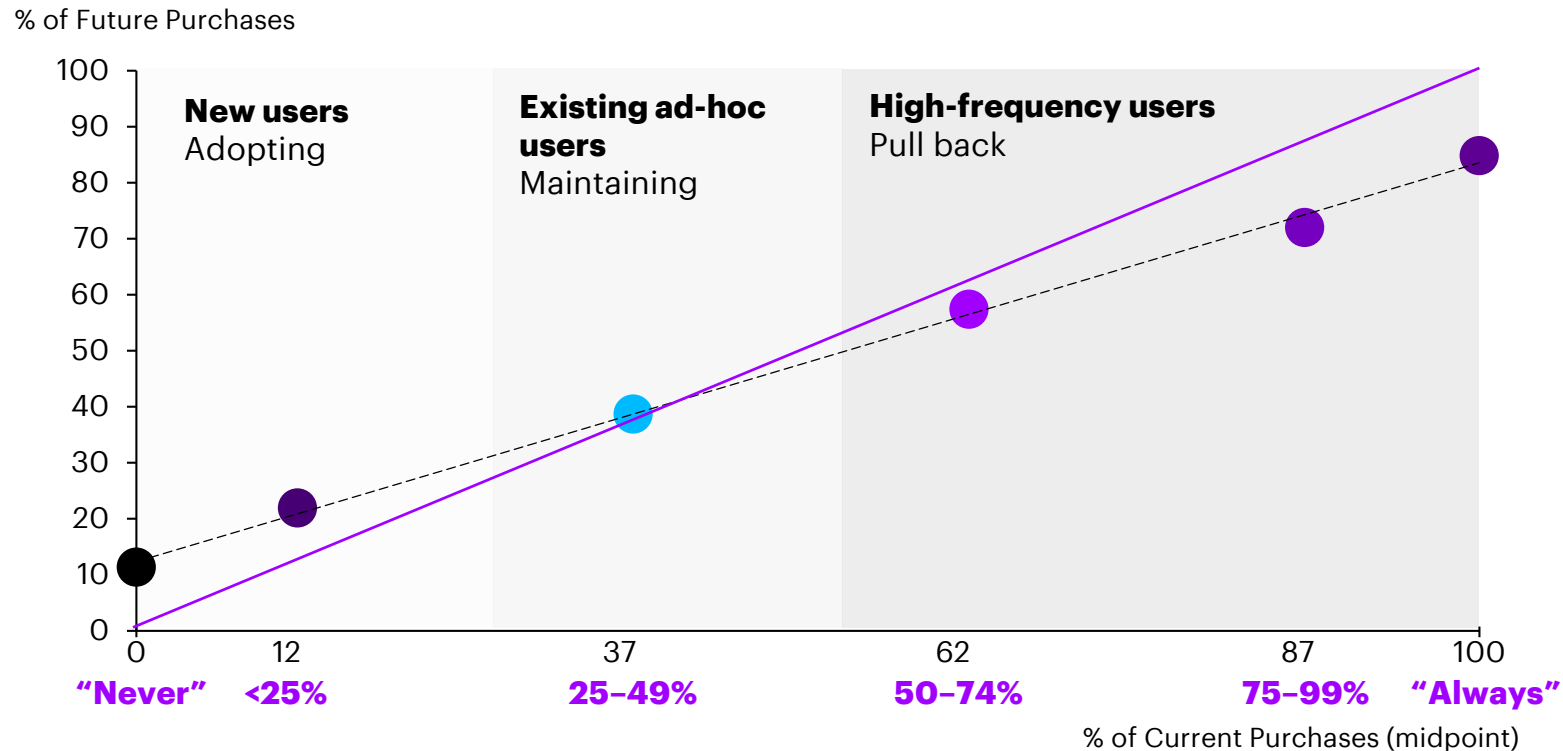
This lack of system capacity seen across the retail landscape has meant that some new users have replaced existing loyal customers. High-frequency users are now turning elsewhere given challenges with delivery slots—including buying more local brands.

**The trend toward digital commerce is expected to continue post-outbreak with consumers reporting that the proportion of instances they shop online will increase from 32% to 37% after the outbreak, illustrating the clear need for a substantial increased investment in this channel.**

Figure 6. High-frequency users plan to pull back on online purchases as demand goes unmet

# High-frequency users plan to reduce online purchases as demand goes unmet

Average proportion of future purchases made online by current frequency



Source: Accenture COVID-19 Consumer Research, conducted April 2-6 April.

New users expect to increase the proportion of purchases made online by

**10%**

on average, while high-frequency users expect to reduce by

**9%**

on average

## REVERTING TO LOCAL

High-frequency users are

**2.7 times**

more likely to increase their purchases of small local brands than new users

# The social impact

The COVID-19 outbreak has slowed the pace and changed the daily life of many consumers, and this is having a profound impact on the way we view personal hygiene and health, and how we engage with our communities, friends and families. People are embracing technology more than ever to support all aspects and consequences of isolation. There is also positive evidence to suggest that this crisis will build communities, rather than separate them.





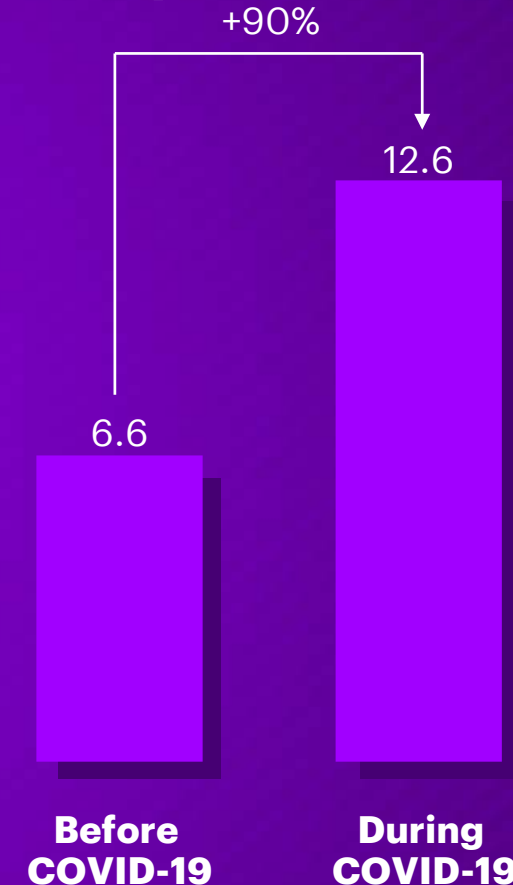
# People are caring for themselves

The media is rampant with advice from the government and healthcare advisors on “washing your hands,” and people are taking note. Before the virus, consumers washed their hands about six times a day. During the pandemic, they are washing an average of 12 times a day—a 90% uptick. Overall, consumers are changing personal habits such as cleaning surfaces, and more than 85% of consumers plan to continue these habits post-outbreak. Such changes may present new opportunities for personal hygiene offerings within a company’s portfolio.

Consumers are also caring for themselves using virtual tools. Half of those we surveyed are spending more time on self-care and mental wellbeing. Globally, downloads of the top 10 health and fitness apps increased by 60% between December 2019 and late-March 2020. Eight of these were fitness apps that included “at home” or “home workouts” in their names or descriptions as of April 6, 2020.<sup>4</sup> During the last week of March 2020, users completing a calming exercise on meditation app Headspace increased 19-fold, while those completing an anxiety reframing session grew 14-fold.<sup>5</sup>

Figure 7:

## How many times a day do I wash my hands?



Source: Accenture COVID-19 Consumer Pulse, conducted March 19–25

# What are consumers doing in their free time?

The ways in which people spend their leisure time are changing because of the outbreak and related social distancing measures, and again, these habits are likely to be sustained. More than half (61%) plan to continue watching more news after the outbreak, while 55% will prioritize more time with the family. Entertainment, learning and DIY have also seen a rise.


















This trend is reflected in the types of apps that consumers are downloading, related to entertainment, news, healthcare and

education. Underlying consumer needs (for example, to connect, for entertainment, to learn, to stay informed) remain the same, yet the technology is changing the way it happens. For instance, users spend approximately 51 minutes a day on the “Houseparty” app on average in a group or one-on-one chats, for example, hosting virtual dinner parties or sharing virtual drinks. As consumers continue to embrace digital to connect, learn and play, CPG companies must increase their focus on digital vs. traditional tools to engage with consumers and enhance their experiences.

Figure 8. App downloads in the United Kingdom (UK)

# Technology is creating **new ways** for consumers to explore personal pursuits

Top apps from UK Play Store as on March 26

Rank	App	Change in Rank Since UK Day-zero*	Rank	App	Change in Rank Since UK Day-zero*
1	 Disney+	● NEW	10	 Park Master	● NEW
2	 Houseparty	▲ +200	11	 Perfect Cream	● NEW
3	 Zoom	▲ +200	12	 Ultimate Disc	● NEW
4	 COVID Symptom Tracker	● NEW	13	 Skype	▲ +200
5	 Microsoft Teams	▲ +86	14	 Instagram	▼ -6
6	 TikTok	▼ -1	15	 Google Classroom	▲ +200
7	 WhatsApp Messenger	▼ -3	21	 UK Breaking News	▲ +33
8	 Blend it 3D	▲ +200	22	 BBC News	▲ +55
9	 Spiral Roll	● NEW			

Source: App Annie. Apps with +200 in change cannot be given a more precise ranking as visibility only extends to top 200\* (March 4, 2020)



Disney+ launched in Europe on March 24 and **garnered 5 million app downloads in 24 hours**. The streaming service hit **50 million subscribers** in April, accomplishing **within five months** of launch what took **Netflix seven years** since it started streaming.



Focused on socialization, people are doing virtual dinner parties/drinks and playing games. In the week of March 15, Houseparty saw **735x growth in global downloads** from the previous week.



Zoom's maximum daily meeting participants increased from **10 million** in December 2019 to **200 million** in March 2020. As of March 31, it was the **#1 business app** in iPhone daily downloads in **141 markets**, compared to one market at the end of 2019.



The COVID Symptom Tracker asks people to self-report symptoms to gather valuable information. It **amassed 750,000 downloads within 24 hours** of its UK launch and had almost **2 million users** before its April release in the United States.

Sources: [CNET](#), [Variety](#), [Netflix](#), [CNN](#), [App Annie](#), [Quartz](#), [TechCrunch](#), [Zoom Blog](#), [Massachusetts General Hospital](#)



# Communities apart, joined together

Although social distancing encourages people to stay apart, it has actually brought people together in many new ways. Overall, 80% of consumers feel more or as connected to their communities—and 88% expect these connections to stay intact long after the virus is contained.

People are joining support groups, checking in on neighbors and exploring ways to help at a local level. Doctors and nurses are stepping out of retirement straight to the front lines fighting the virus. In the United Kingdom, the NHS had to temporarily pause the recruitment of NHS volunteer responders as applications reached 750,000. The volunteers will provide four primary tasks—supporting the delivery of medicine, transporting patients to and from appointments, and calling those in isolation.<sup>6</sup>

People all over the world are praising the efforts of healthcare and other essential workers by applauding in unison from doorways and balconies, playing music and sharing heartfelt messages of appreciation. While nothing will beat a human-to-human connection, CPG companies will need to look for new ways to engage authentically with local communities as part of their strategy.





# Institutional responses

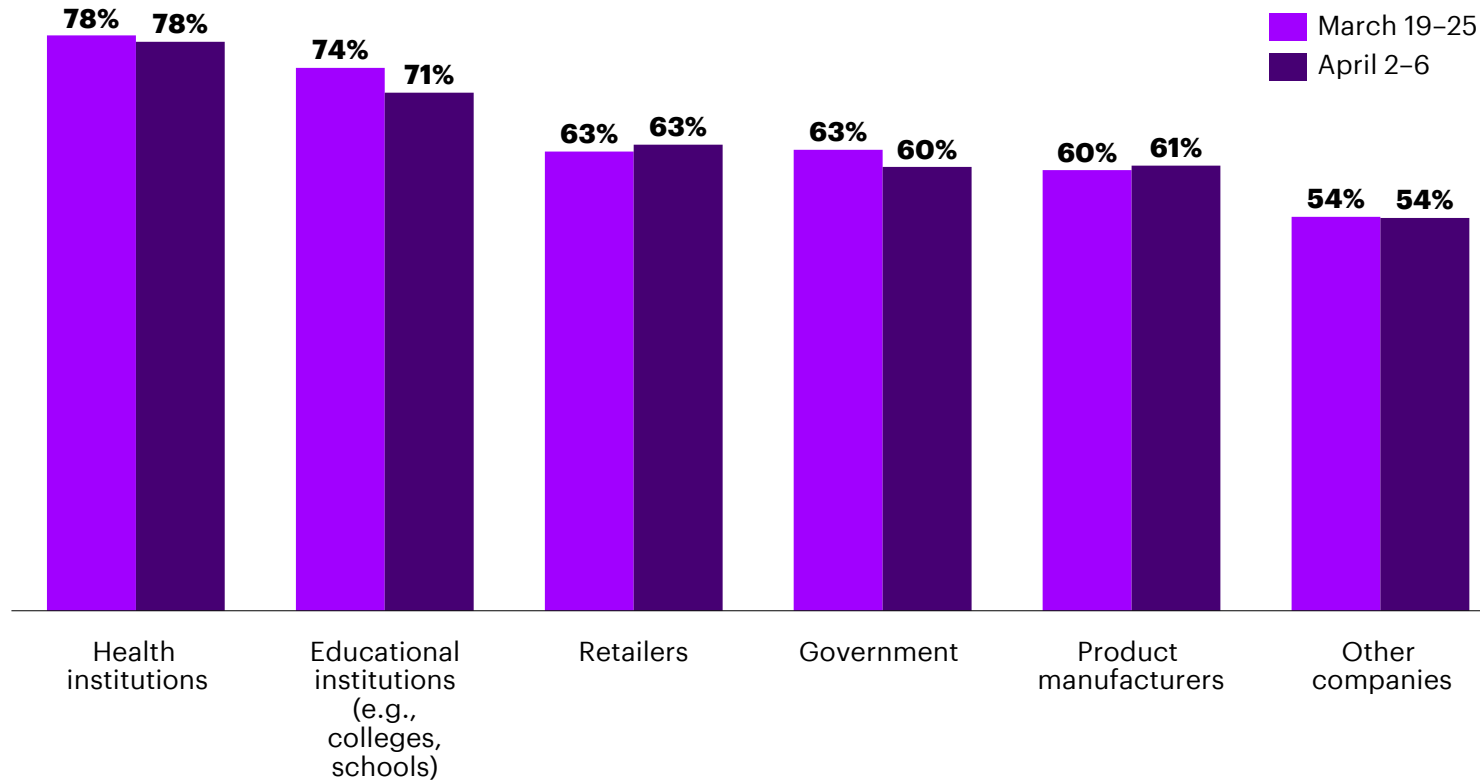
Overall, consumers feel good about the way organizations have responded to COVID-19. Health institutions and educational institutions are largely viewed as dealing with the situation well. Dyson working to produce 15,000 ventilators<sup>7</sup> or LVMH switching its production lines to create hand sanitizer<sup>8</sup> are two examples of product companies that have pivoted to positive reception. However, 40% of consumers do not think product manufacturers have responded well. CPG companies that do not take a proactive action risk consumer and employee defection both during and after the immediate crisis.



Figure 9. Consumer perception of the response by organizations

# Some companies will face backlash over their response to COVID-19

Proportion of consumers who feel the following organizations are dealing with the situation well



Source: Accenture COVID-19 Consumer Research, conducted March 19-25 and April 2-6

**39%** of consumers **do not think product manufacturers** have responded well to the COVID-19 situation.

**There is a big opportunity for CPGs** to get ahead of this to **ensure the consumer perception is positive** when the situation calms down.

# A new virtual workforce





# A new virtual workforce

People are working from home as businesses close doors and encourage remote work. Many employees plan to work from home more regularly in the future. A high percentage of employees feel they have the right conditions and tools for remote work, but some miss social contact. Overall, employees feel their employers have taken the right steps to protect their health and keep them well-informed.

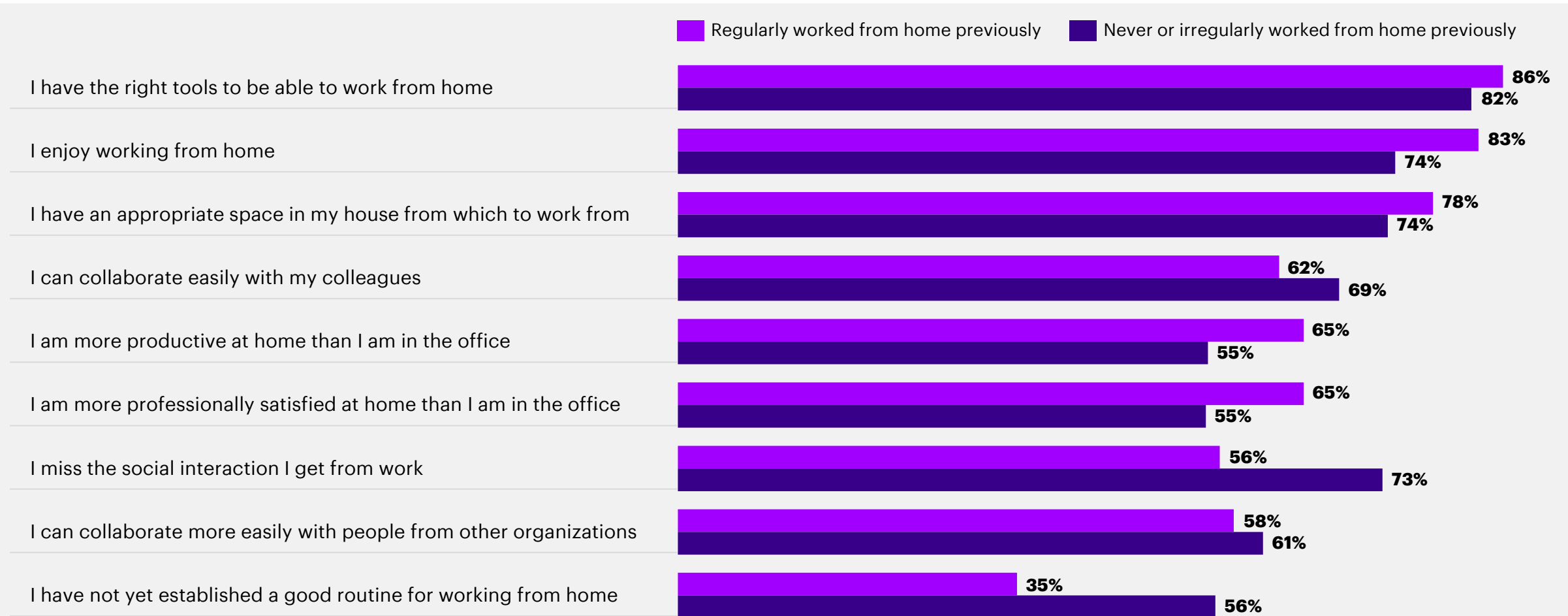
## **Home: The new headquarters**

Employees who now find themselves working from home are broadly positive about the experience. Unsurprisingly, people who had worked from home previously are more likely to feel more productive than newcomers and feel they are more professionally satisfied than they are in the office. However, most consumers feel they have the right tools to work from home—and they largely enjoy it. CPG companies that have a virtual working strategy will strengthen their employee value proposition and show they are in touch with their employee preferences.

Figure 10. Both regular remote workers and those new to working from home find benefits

# Are we going to have a home-working revolution?

Proportion of consumers that significantly agree or agree with statements



Source: Accenture COVID-19 Consumer Research, conducted April 2-6, N = 1,118 respondents working from home

# Will this start a home working revolution?

Most likely, as **30%** plan to work from home more in the future, including nearly half of those who've never worked from home previously. But be ready for it. In the short term, take advantage of virtual collaboration tools (which have already proven effective) to engage with the work-from-home talent. Establish policies and procedures that account for new ways of working; they will be different. And, in the long term, consider new pools of talent unconstrained by physical location, opening up new opportunities for CPG companies.

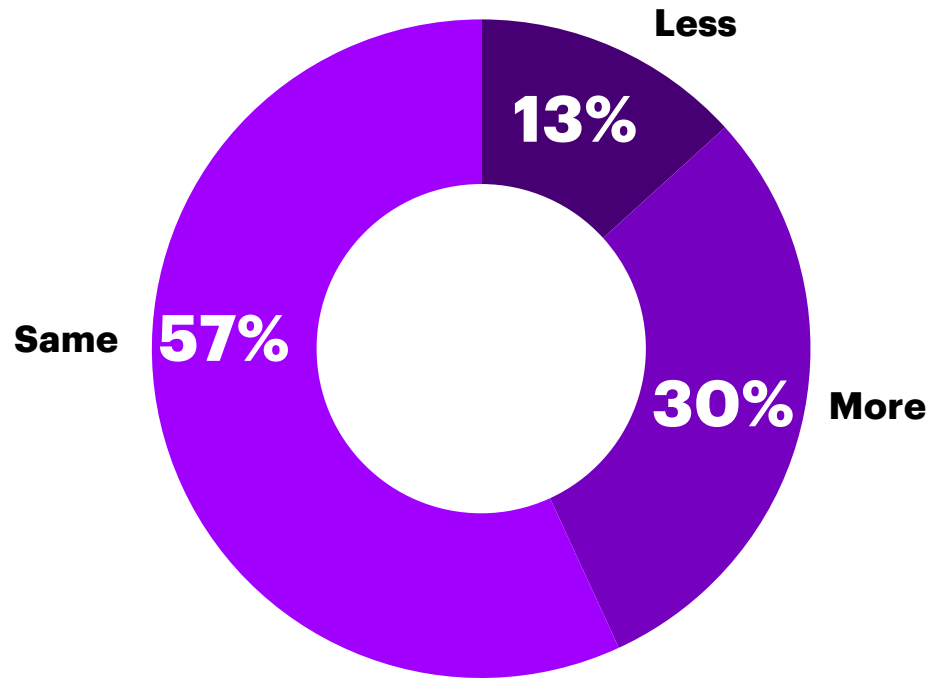




Figure 11. More people plan to work from home

# 30% of people plan to increase the amount they work from home in the future

Change in work-from-home frequency from pre- to post-outbreak



**46%** of people who **never worked from home** previously now plan to **work from home more** often in the future

Source: Accenture COVID-19 Consumer Research, conducted April 2-6, N = 1,118 respondents working from home

# Staying connected with consumers



# Respond, Reset and Renew

Covid-19 is a health and economic crisis that has a sustainable impact on consumer attitudes, behaviors and purchasing habits. CPG companies can adapt to these changes by taking action to respond, reset and renew to be positioned even stronger for the future.



## RESPOND

- Stand-up a cross-functional command center with KPI tracking
- Create an Elastic Digital Workplace taskforce
- Reshape your marketing plan around new demand and brand purpose



## RESET

- Redefine relationships with consumers, customers and employees, and reimagine ways of working
- Rethink and redefine relationships with ecosystem partners
- Reconsider your product and service portfolio



## RENEW

- Accelerate the move to an intelligent data-driven operating model
- Reprioritize enterprise investment plans for the post-COVID era
- Scan the market for M&A opportunities



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# References

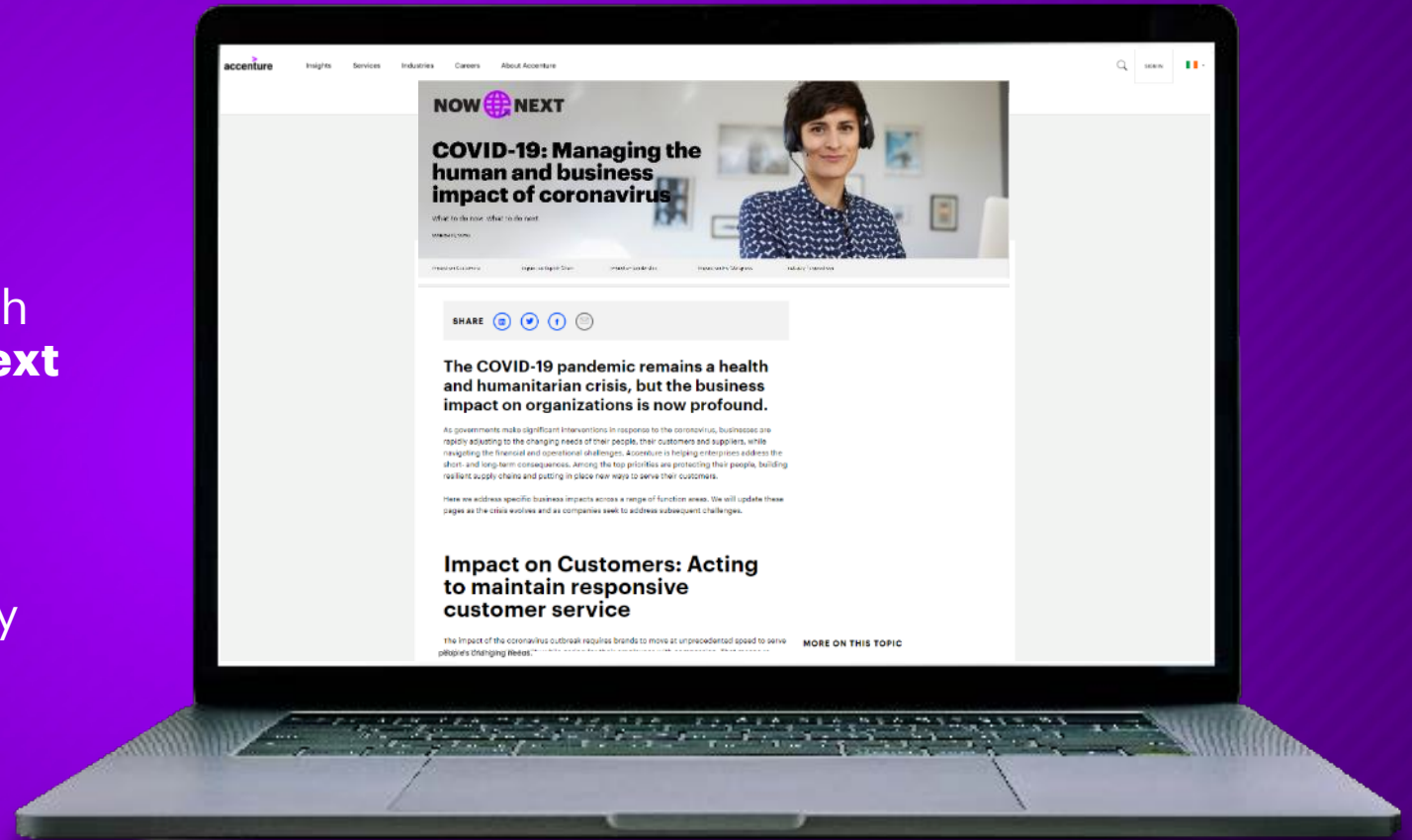
- 1 [Sixth Tone; “How COVID-19 Sparked a Silver Tech Revolution in China;” March 12, 2020](#)
- 2 [Consumer Reports; “Tobie Stanger, “How to Protect Yourself from Coronavirus When Grocery Shopping,” March 9, 2020](#)
- 3 [Ocado](#)
- 4 [App Annie](#)
- 5 [The Economist](#)
- 6 Accenture COVID-19 Consumer Research, conducted April 2–6. [BBC News](#). [The Metro](#). [NBC News](#). [Financial Times](#)
- 7 <https://www.dyson.co.uk/newsroom/overview/update/ventilator-update.html>
- 8 <https://www.bbc.co.uk/news/business-51868756>

To help our clients navigate both the human and business impact of COVID-19, we've created a hub of all of our latest thinking on a variety of topics.

Each topic highlights specific actions which can be taken **now**, and what to consider **next** as industries move toward a new normal.

From leadership essentials to ensuring productivity for your employees and customer service groups to building supply chain resilience and much more, our hub will be constantly updated. Check back regularly for more insights.

**[VISIT OUR HUB HERE](#)**





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## About the Covid-19 Consumer Research

The Accenture Covid-19 Consumer Research is monitoring the changing attitudes, behaviors and habits of consumers worldwide as they adapt to a new reality during the coronavirus outbreak. The survey was conducted during April 2–6 and included 3,074 Accenture Covid-19 consumers in 15 markets around the globe. A prior survey of 3,313 consumers was conducted on March 19-25. This survey is being rerun regularly to track changes as this situation evolves.

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