COVID-19 CONSUMER PULSE #1

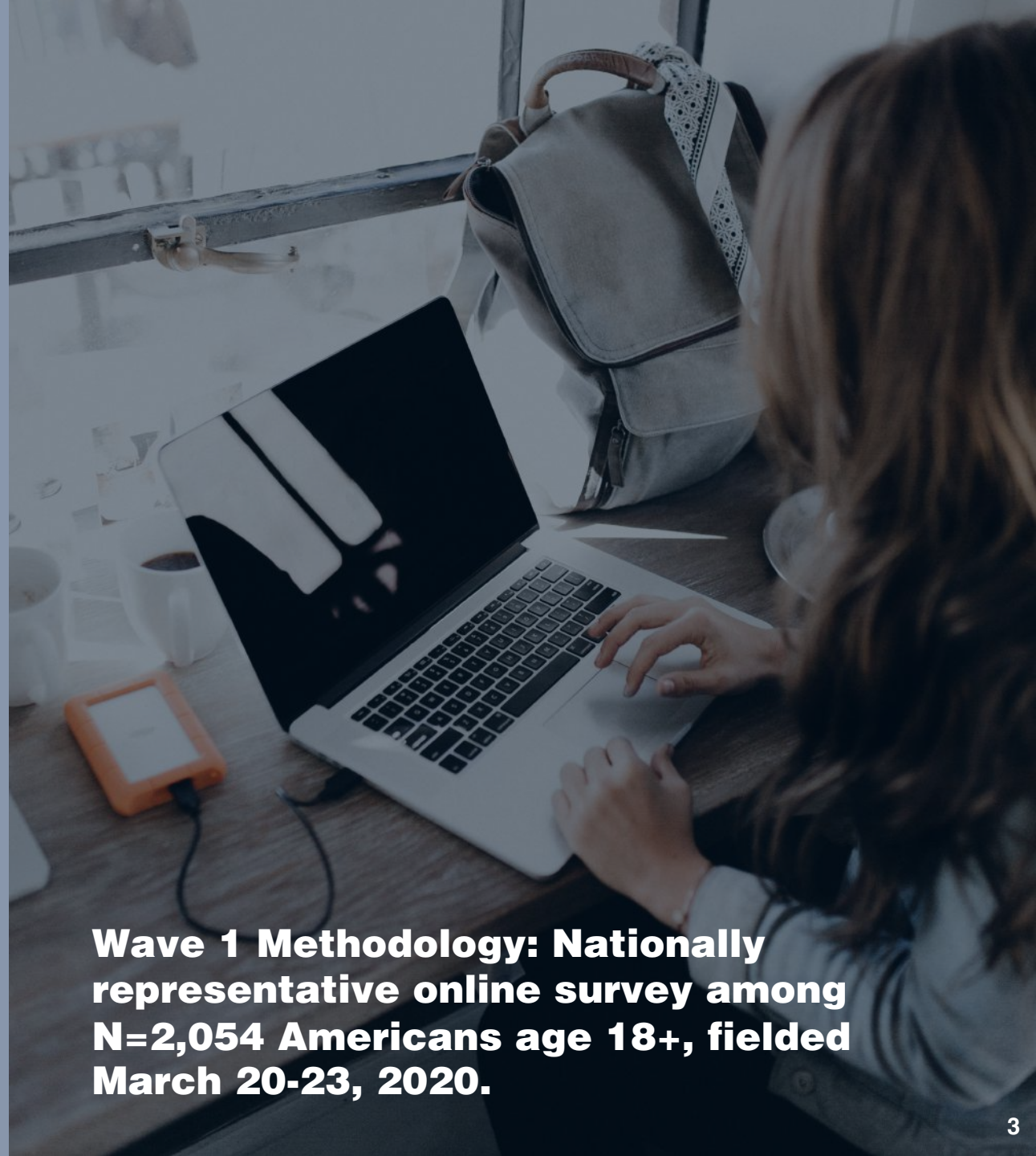
Understanding Today and Tomorrow: A Nuanced Foundation

Kelton

As marketing, insights, and strategy professionals, we're driven to empower smart organizational decision making and deep understanding through data — and now it's more critical than ever that we do so. As COVID-19 escalates in our communities, we all need to be leading with insights.

To that end, we designed our **bi-weekly COVID-19 tracking survey**. The results from our first wave offer a foundational look at consumer sentiment and brand expectations, including comparisons to the 2009 recession. It's our hope that they'll help guide you and your business in the coming weeks.

Of course, this is only the beginning — we'll be in the field every two weeks for the foreseeable future, continuing to track how COVID-19 and its effects on the economy are impacting Americans of all kinds.



Wave 1 Methodology: Nationally representative online survey among N=2,054 Americans age 18+, fielded March 20-23, 2020.

WHAT YOU'LL LEARN

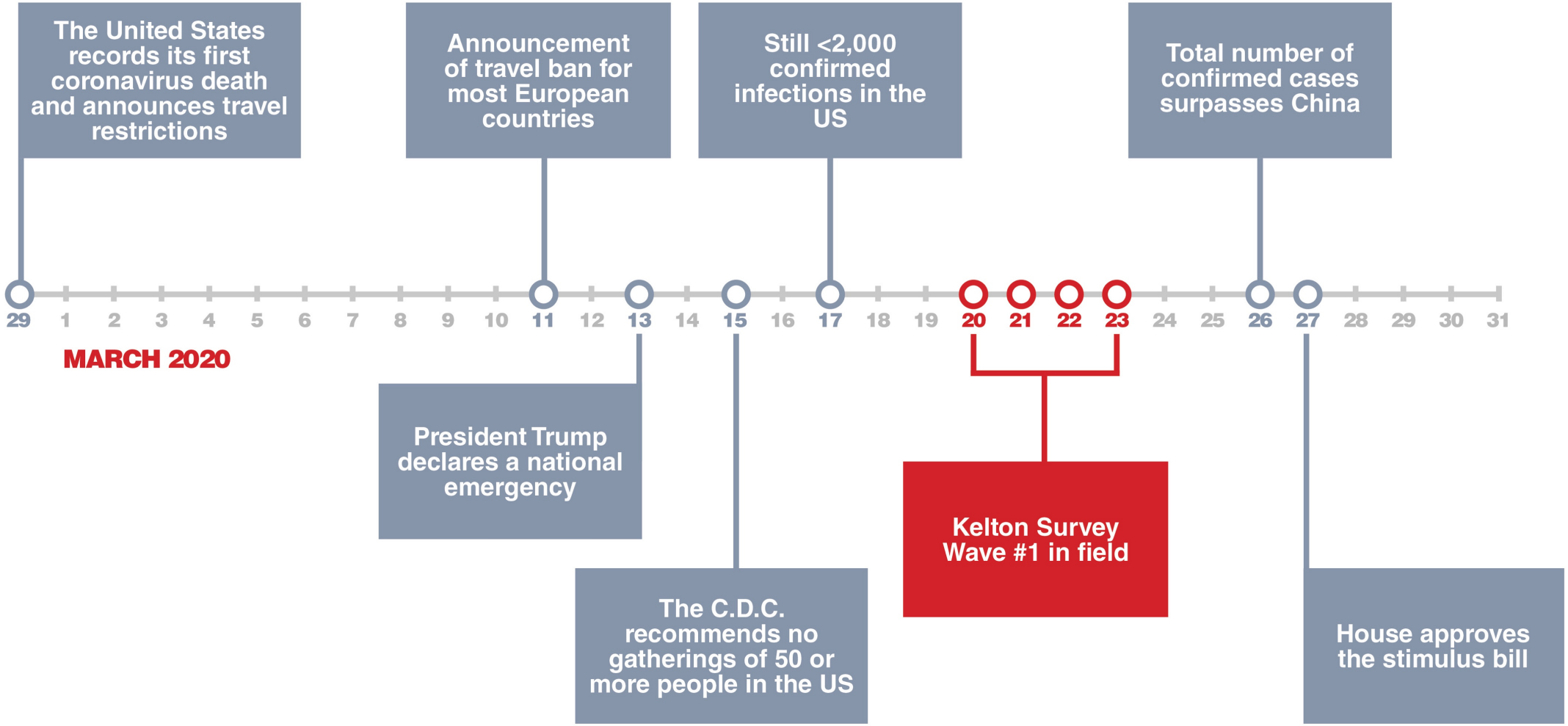
Unique findings that stimulate thinking, connect dots, and raise new questions

Data to empower you within your organization to make sense of what's going on

New ways to look at your brand's performance and trajectory in context

Kelton Global is a consumer insights and brand strategy consultancy that helps businesses grow and thrive. We combine market research with creativity to help companies all over the world answer the question: what comes next?

TIMING AND CONTEXT ARE EVERYTHING

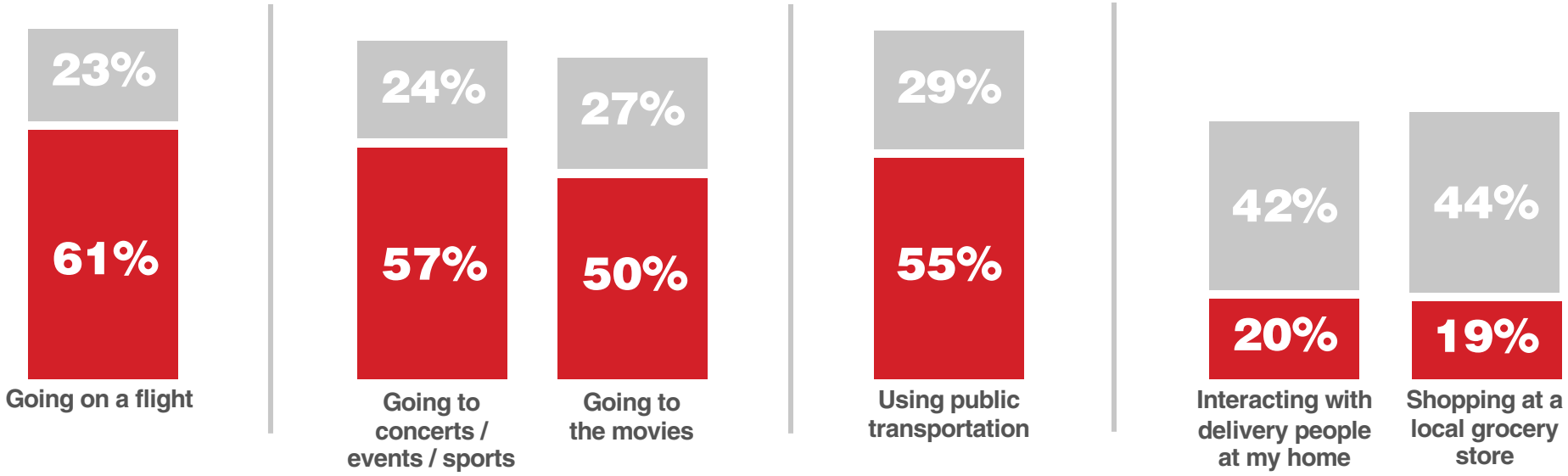


CONTEXTUALIZING THE PANDEMIC

In light of the pandemic, how do Americans feel, and what are they most concerned about?

RETREAT FROM PUBLIC LIFE IS IN HIGH GEAR

The push for social distancing has taught many Americans to be in fear of public activities, and they feel worried about many common behaviors. The numbers are staggering, and we expect them to get worse before they get better.



WHAT DOES THIS MEAN FOR YOUR BRAND?

How will these new anxieties affect your organization? We believe they'll demand cautious solutions that prioritize empathy for both customers and employees.

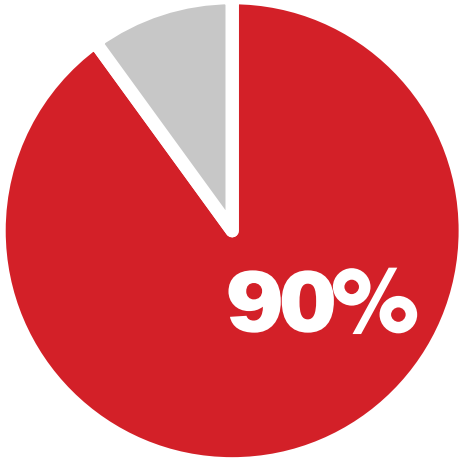
Real-world examples:

- Best Buy's decision to close stores and offer contactless curbside pickup and doorstep drop-off for all home deliveries.
- Target and many other retailers' implementation of special hours for vulnerable populations and protective partitions in checkout lanes.

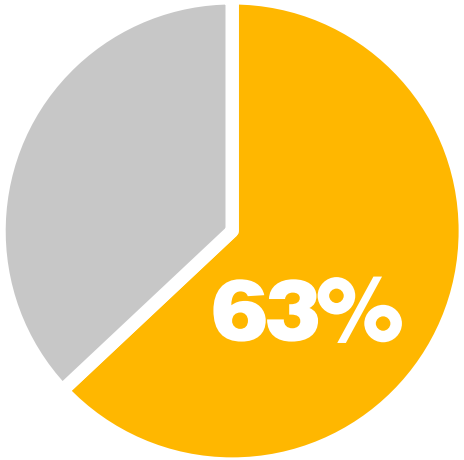
NO ECONOMIC FATALISM (YET)

We're nowhere close to the peak of economic concern seen during the 2009 recession — but we see this as a starting point. We're certain the outlook will be worse as early as our next survey wave.

US economy is on the *wrong* track



JANUARY 2009



MARCH 2020

DEMOGRAPHIC NUANCES

Of course, there are already a number of demographic nuances to consider:

- **80%** of African Americans think the economy is on the wrong track
- **69%** of women think so, vs. **57%** of men
- **67%** in suburban areas, vs. **57%** in rural areas

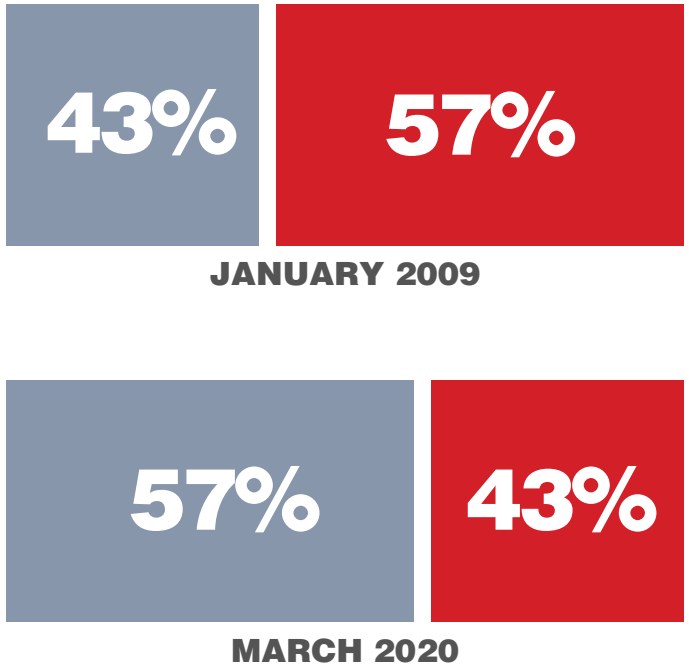
WAIT-AND-SEE ON PERSONAL FINANCES

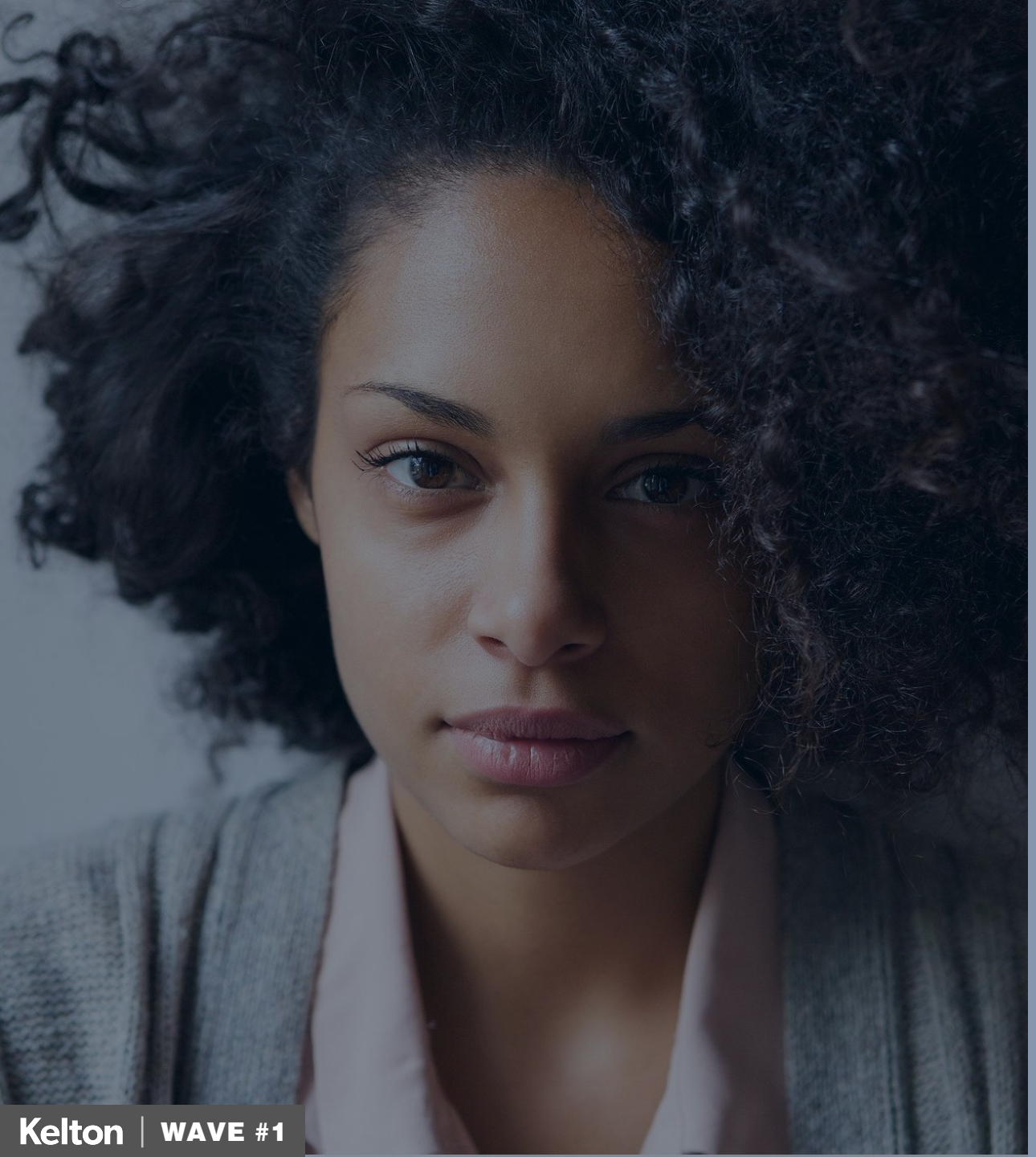
Americans' assessment of their personal financial situation is also not at peak 2009 recession levels — though we believe that rising unemployment might affect this number even more quickly than assessments of the overall economy.

Personal financial situation is:

ON THE RIGHT TRACK

ON THE WRONG TRACK





WHO'S MOST CONCERNED?

Those most concerned about being on the wrong track financially include:

- African-Americans at 56%
- Low-income households at 53%
- Millennials at 47%

DIFFERENTIATING CONCERNS ABOUT ECONOMY & HEALTH

We asked Americans to name their top concerns among 14 impacted areas. While the overarching issues of health and the economy understandably rose to the top, we noticed some interesting nuances when we split the personal from the public.

	PERSONAL	PUBLIC
HEALTH	**HIGH CONCERN** Health of my family – **55%** My physical health – **47%**	**LOWER CONCERN** Public health – **34%**
ECONOMIC	**LOWER CONCERN** Losing job – **34%**	**HIGH CONCERN** Overall economy – **47%**

The complete list of American concerns:

- Health of people in my family — **55%**
- Overall economy — **47%**
- My physical health — **47%**
- Steady supply of basic products — **40%**
- Public health — **34%**
- Stock market — **21%**
- Having to stay at home for an extended period of time — **21%**
- Losing job / My spouse or partner losing job — **20%**
- My mental health — **17%**
- Having to cancel significant plans or events — **14%**
- Maintaining basic civil liberties — **13%**
- Schools closing -—**13%**
- Ease of getting around / transit — 7%
- Ensuring I have childcare — **4%**

LET'S STOP TREATING EVERYONE THE SAME

There are a number of other COVID-19 studies out there, but many only contain total, national numbers. Rather than treating all Americans alike, we wanted to explore subgroup dynamics within the total population.

DIFFERING CONCERNS ABOUT COVID-19

Older generations are much more concerned about their physical health (52%) than younger generations (38%)

People who are **financially comfortable** are more worried about the stock market (30%) than about losing their job (14%) while the inverse is true of people who are financially struggling

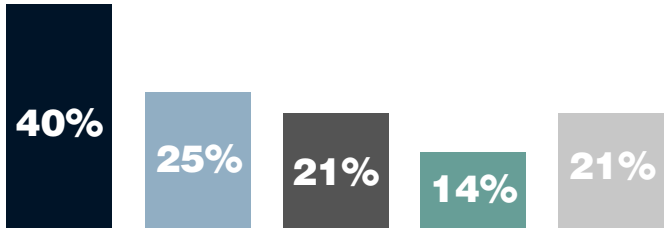
People living in **rural areas and small towns** are more concerned about having a steady supply of basic products (45%) than people in suburbs (39%) or cities (34%)

Seniors are more concerned about having to stay at home for an extended period (36%) than any other generation (all 23% or less)

The takeaway? These concerns have direct implications for your brand, depending on your customer profile and target audience.

TROUBLING NEWS ABOUT THE MENTAL STATE OF YOUNGER ADULTS

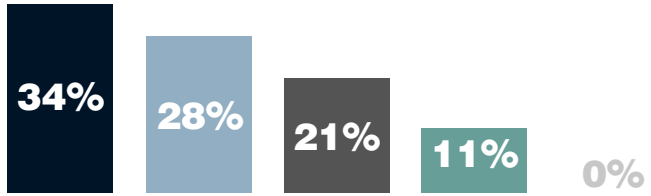
The media have painted a picture of the less concerned — even partying — young adults, but our data shows a different picture.



"I feel **lonely** as a result of the coronavirus situation."

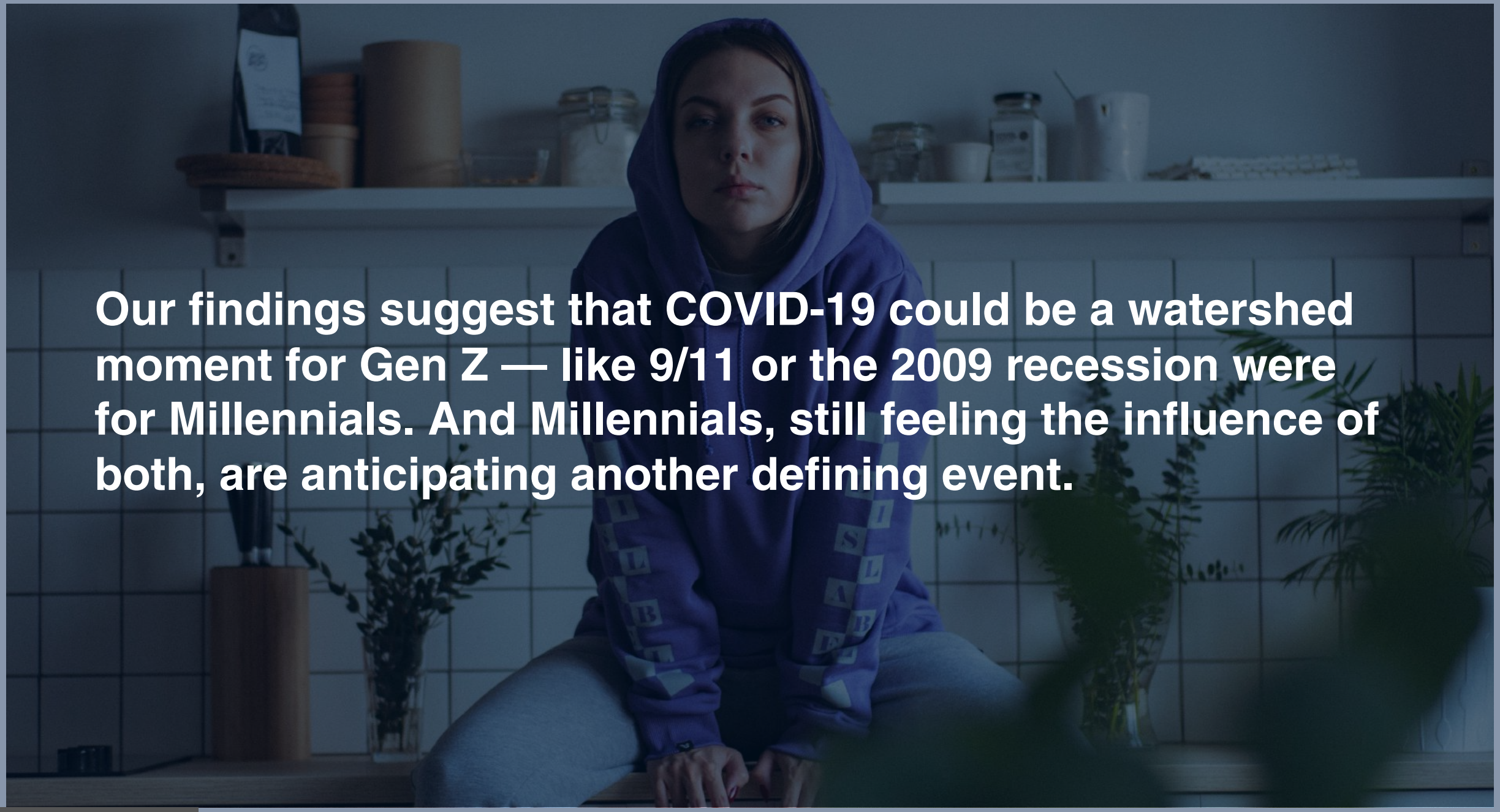
"Thinking about COVID-19, I am most concerned about my **mental health**."

We checked our data, and Gen Zers are just as likely as other age groups to live in multi-people households, so it's not that they ***are*** actually alone, it's that they ***feel*** alone — and that's despite the plethora of digital socializing.



"Thinking about COVID-19, I am most concerned about me or my spouse/partner **losing their job**."

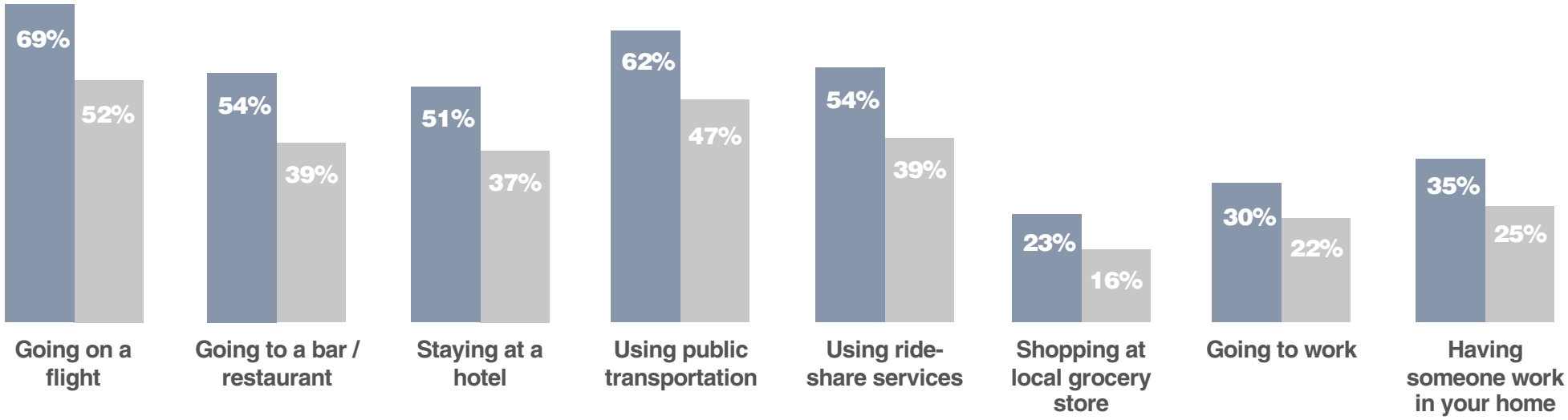
GenZ | Millennials | Gen X | Boomers | Seniors



Our findings suggest that COVID-19 could be a watershed moment for Gen Z — like 9/11 or the 2009 recession were for Millennials. And Millennials, still feeling the influence of both, are anticipating another defining event.

IT'S TIME WE TALK ABOUT WOMEN

Women are more likely than men to be "extremely worried" about 18 of 20 activities we tested.



Women Men

COVID-19 IS TAKING A HEAVIER EMOTIONAL TOLL ON WOMEN

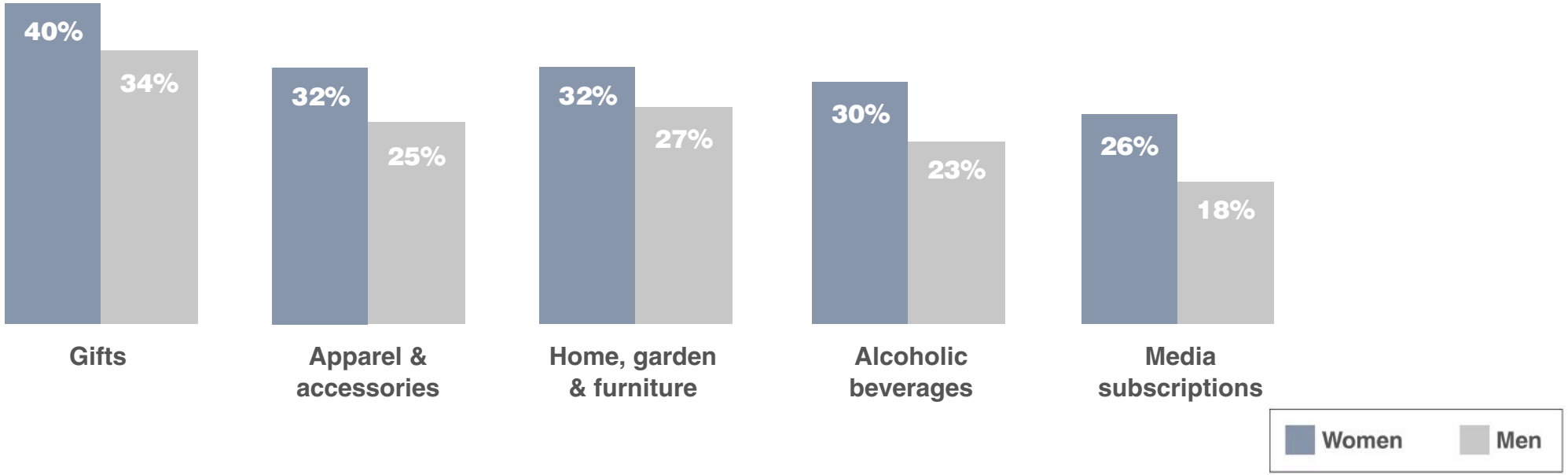
	Women	Men
I feel **anxious** as a result of the coronavirus situation.	48%	40%
Thinking about COVID-19, I am most concerned about the **health of people in my family.**	59%	50%
I **worry about friends and family** as a result of the coronavirus situation.	63%	51%

"The pressure that we have placed now, additional pressure on caregivers and parents, particularly women and moms, is extraordinary… There's a gender reality connected to this, and I just want to deeply express an appreciation to all of the moms, all of those teachers, all those caregivers. I know how stressful this is."

— Gavin Newsom, Governor of California

AND WOMEN ARE ALREADY PLANNING TO ACT MORE DECISIVELY

It's women who are more likely to tighten the belt: For 13 out of 16 categories we tested, women are significantly more likely to say that they will ***decrease*** spending over the next 3 months. Whatever business you're in, these results are worth pausing on.



The takeaway: Brands should focus on creating a differentiated messaging strategy — especially those with audiences that skew towards women. Now is the time to work harder to maintain hard-earned trust and loyalty, and make sure women continue to choose your brand.

It's worth keeping the flipside in mind: Men are not yet decreasing spending as much as women, which creates an opportunity for some brands to lean in to.

EVERYONE'S FAVORITE QUESTION

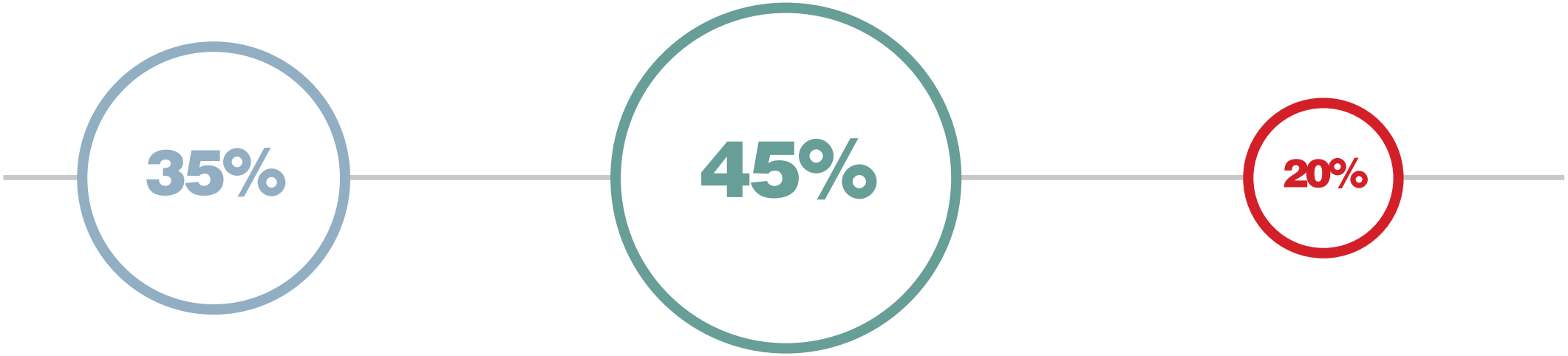
Which consumer behaviors will change permanently vs. which will change only temporarily and go back to a pre-COVID-19 times?

We decided to tackle this question by focusing on **WHO** will change vs. trying to predict exactly **WHAT** will change. Introducing...

KELTON'S BEHAVIOR ADAPTATION INDEX

Based on 20 common behaviors, we scored consumers depending on their predictions as to how dramatically their behaviors will change.

We found three distinct groups of American consumers:



MAINTAINERS

Expect very little or only minor temporary changes

ADAPTORS

Expect some temporary change along with very few permanent changes

DISRUPTORS

See a large number of radical disruptions on the horizon

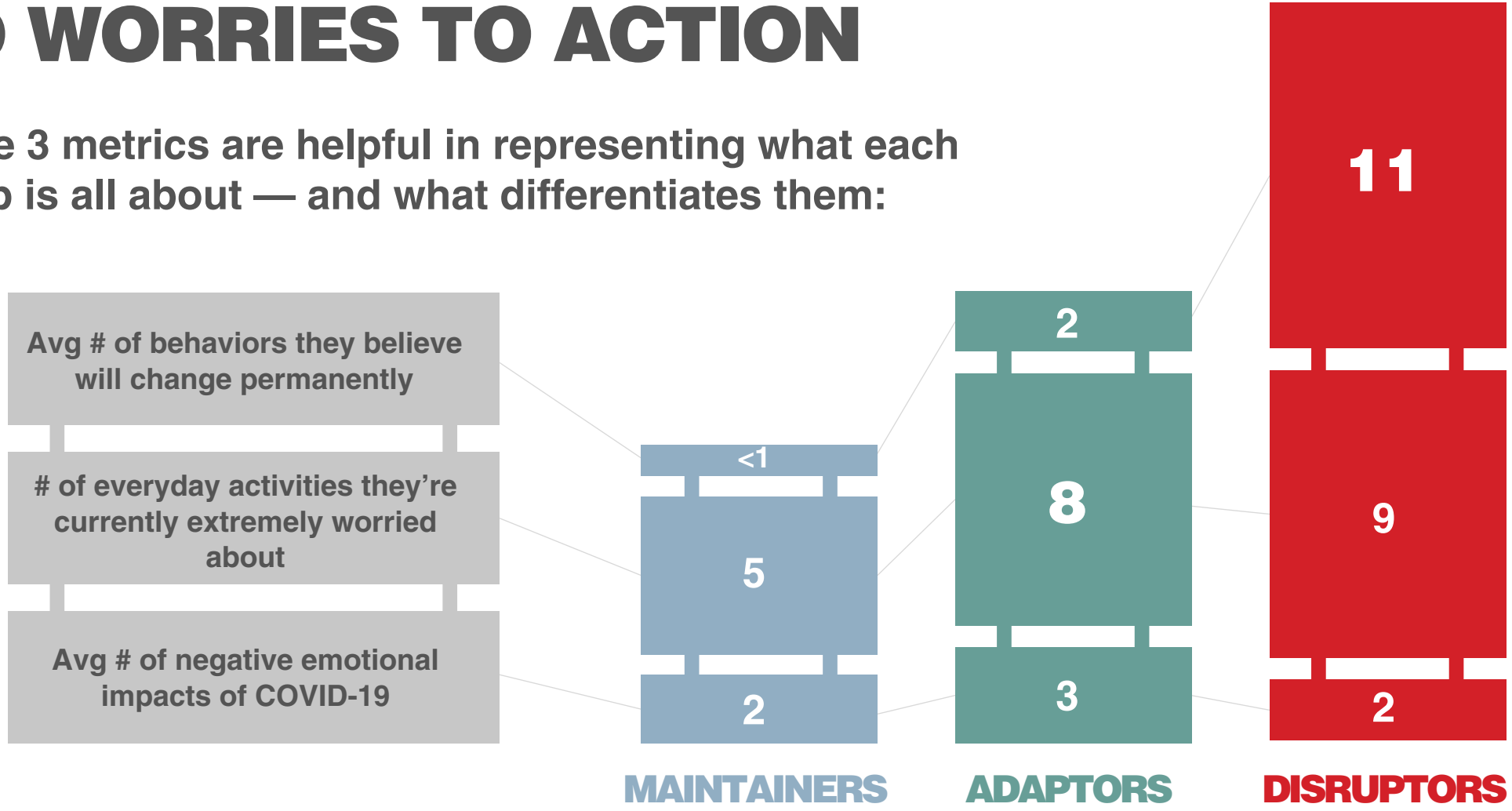
MAINTAINERS expect life will mostly return to how it was before COVID-19. They're taking the crisis in stride and trying to minimize even temporary changes.

ADAPTERS have changed many of their behaviors, but expect that only a few of these changes will be permanent.

DISRUPTORS will change many facets of their lives permanently as a result of COVID-19.

LADDERING UP FROM CALMNESS TO WORRIES TO ACTION

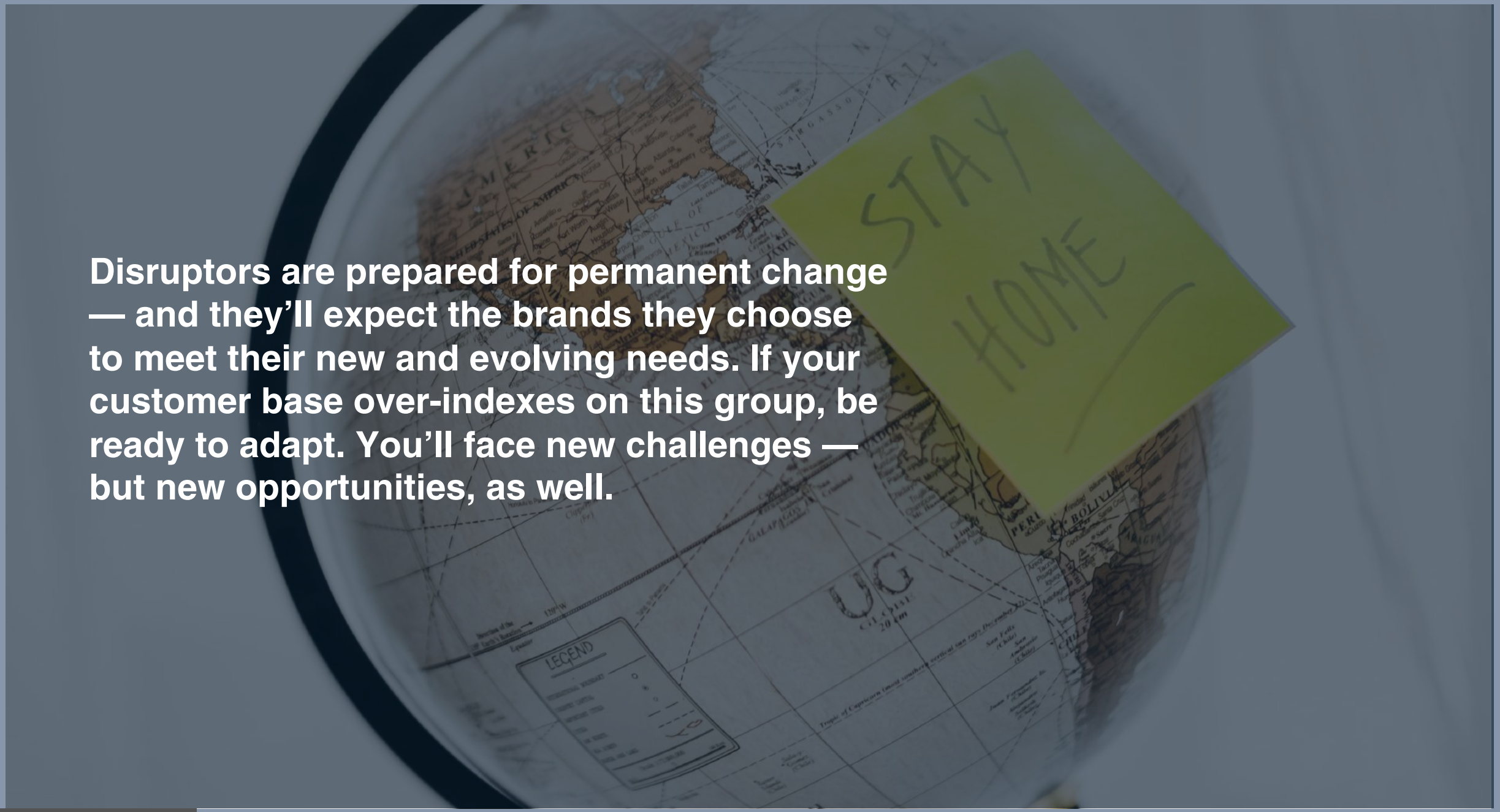
These 3 metrics are helpful in representing what each group is all about — and what differentiates them:



WHO ARE THE DISRUPTORS?

Disruptors are more likely to...

- Be ages 35-54
- Live in a large city / urban area
- Be Asian-American or Hispanic
- Be married or live as married
- Have kids under 18 in their home
- Try new brands and services
- Be on a very strict financial budget
- Buy items on sale and use coupons
- Be doing extreme social distancing



Disruptors are prepared for permanent change — and they'll expect the brands they choose to meet their new and evolving needs. If your customer base over-indexes on this group, be ready to adapt. You'll face new challenges — but new opportunities, as well.

Our findings point to a larger emerging picture of Disruptors: A middle-aged couple with children, living on a moderate income in an expensive city — a situation that has always forced them to watch their spending.

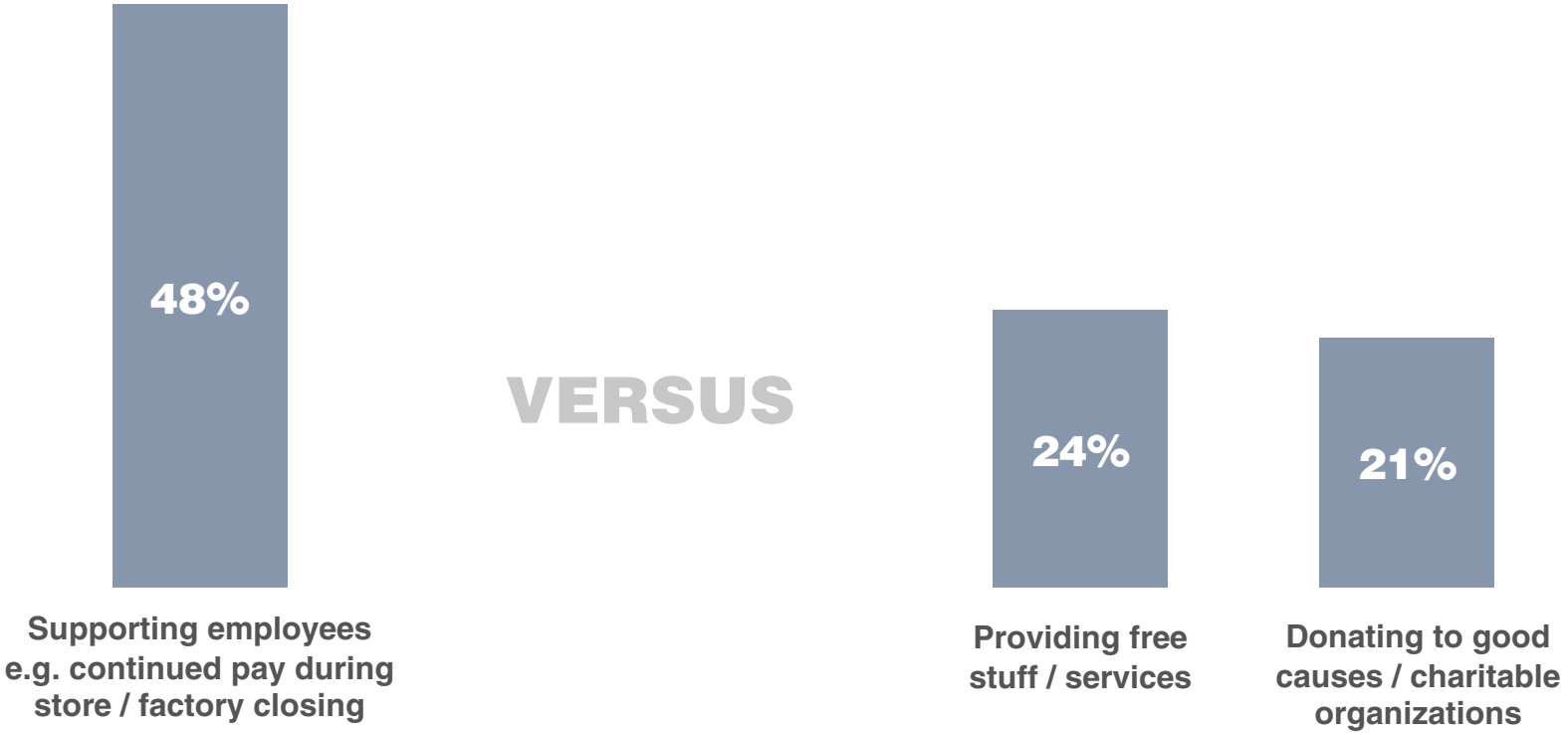
Through the years, they've developed smart strategies to get by, strategies that serve them well in the current situation — especially if money gets tighter. The family takes COVID-19 seriously, following new safety guidelines. In general, they're much more concerned about their personal health than the overall economy.

COVID-19 essentially functions as an accelerator for a path they may already have been on. In this way, they almost see the situation as an opportunity.

Don't know if your customer base leans more towards disruptors?
Let's chat.

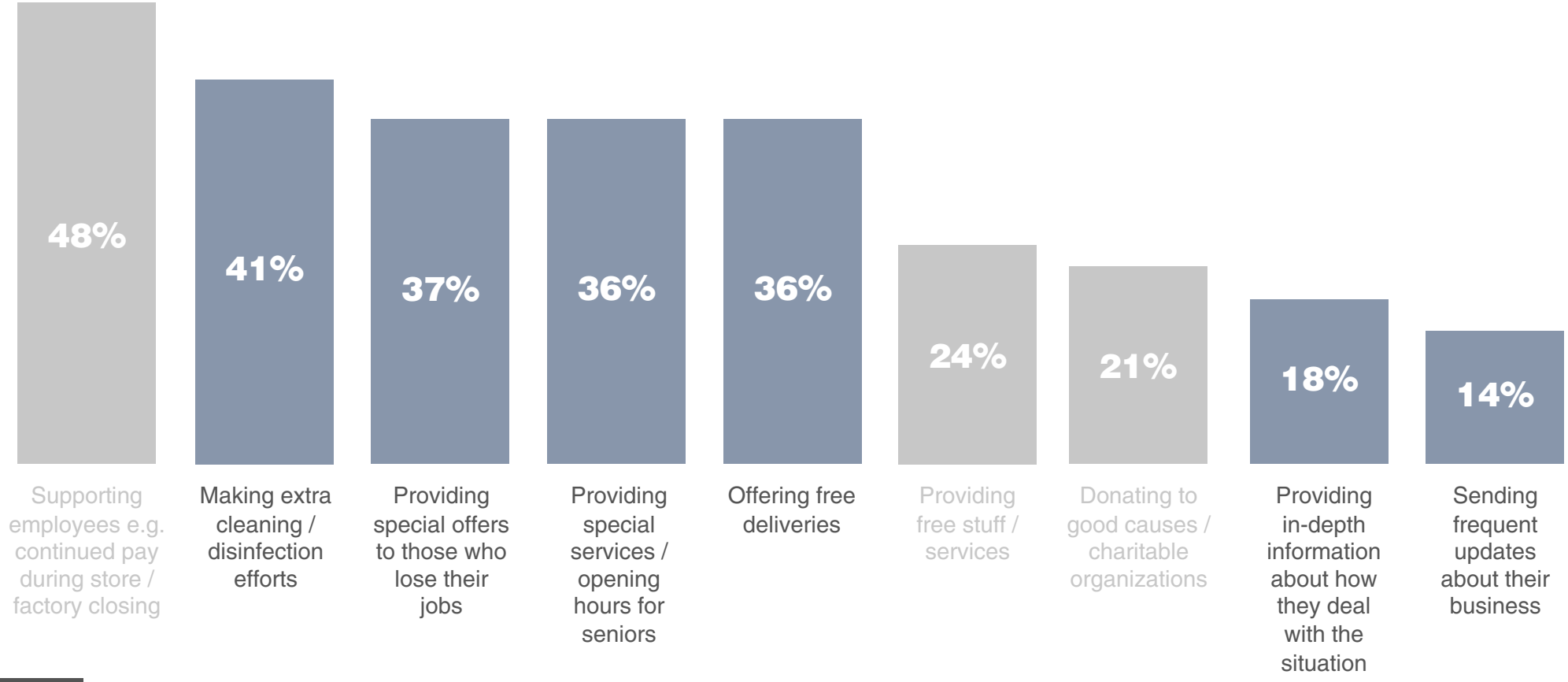
CLEAR GUIDANCE ON WHAT'S EXPECTED OF BRANDS

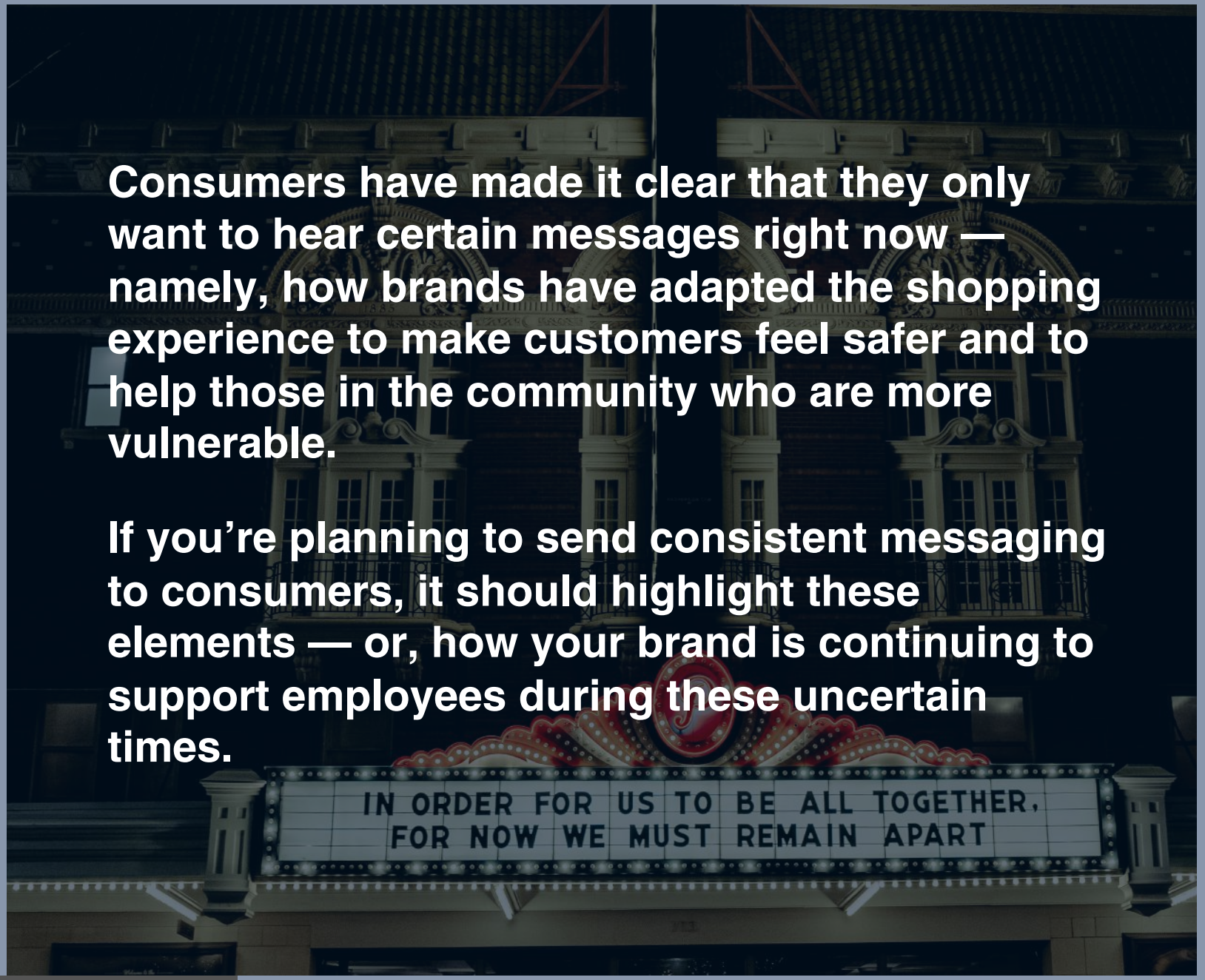
Americans are asking brands to focus on their employees first and foremost.



FOCUS ON THE SHOPPING EXPERIENCE

A second tier of compelling responses shows that consumers want to see tangible actions that put people first.





Consumers have made it clear that they only want to hear certain messages right now — namely, how brands have adapted the shopping experience to make customers feel safer and to help those in the community who are more vulnerable.

If you're planning to send consistent messaging to consumers, it should highlight these elements — or, how your brand is continuing to support employees during these uncertain times.

The full list:

- Supporting their employees (e.g., continued pay during store/factory closings) — **48**%
- Making extra cleaning/disinfection efforts — **41**%
- Providing special offers to those who lose their jobs (e.g., deferring payments) — **37**%
- Offering free deliveries — **36**%
- Providing special services/opening hours for seniors — **36**%
- Canceling events, conferences, classes, and similar gatherings — **29**%
- Supporting local/small businesses — **29**%
- Staying closed until it's safe to reopen — **29**%
- Providing free stuff/services — **24**%
- Donating to good causes/charitable organizations — **21**%
- Enabling more digital/online interactions — **20**%
- Extending deadlines/expiration dates for loyalty program benefits — **19**%
- Providing in-depth information about how they deal with the situation — **18**%
- Staying open for as long as they possibly can — **15**%
- Sending frequent updates about their business — **14**%

SUMMARY — 5 THINGS TO REMEMBER

1. Retreat from public life is in full gear and Americans' very real worries & fears need to be addressed with caution.
2. Nuanced, dual economic and health concerns — brands need to talk & strategize on both and differentiate the personal from the public.
3. Don't generalize. Take your audience's unique situation into consideration, along with particular attention to the concerns of women and younger adults.
4. A small group of Disruptors will drive behavioral change — understand how relevant they are for your business.
5. Brands' actions speak louder than words — focus on your employees, along with tangible and empathetic benefits to your customers.

WHAT TO EXPECT FROM WAVE 2 OF OUR RESEARCH

Tracking & New Deep Dives:

- Understanding which brand actions & communications /messaging are resonating, and which are not
- Exploring new habits, activities, and purchasing patterns to understand motivations and initial satisfaction
- Quantifying how quickly economic realities and anxieties are changing

QUESTIONS?

Get in touch.

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