



# COVID-19 CONSUMER PULSE #4

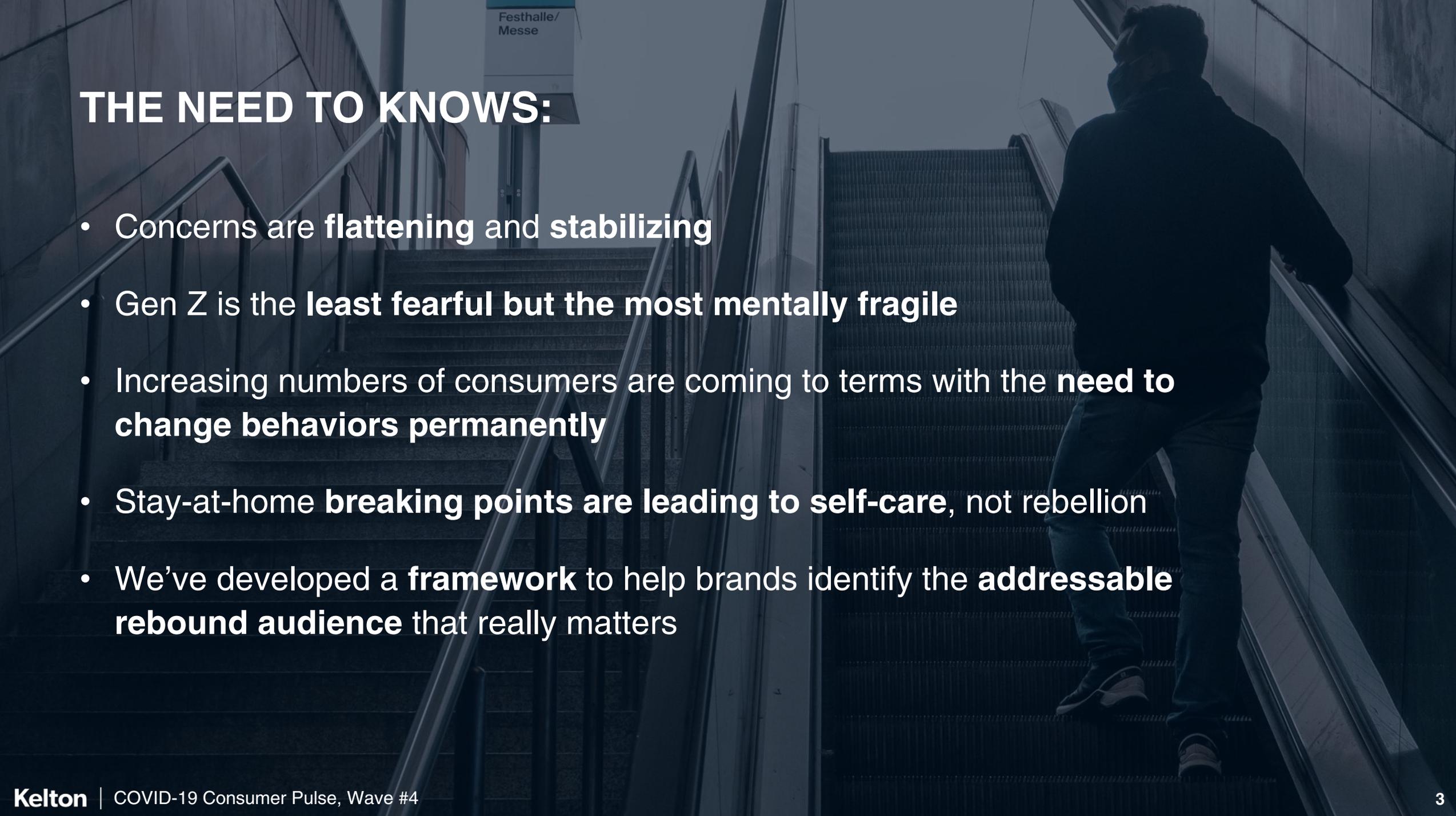
Preparing for the New Normal

MAY 2020

**Kelton**

This report is the fourth in our **COVID-19 Consumer Pulse** series — a project we launched at the start of the coronavirus outbreak to empower smart organizational decision making and deep understanding through data.

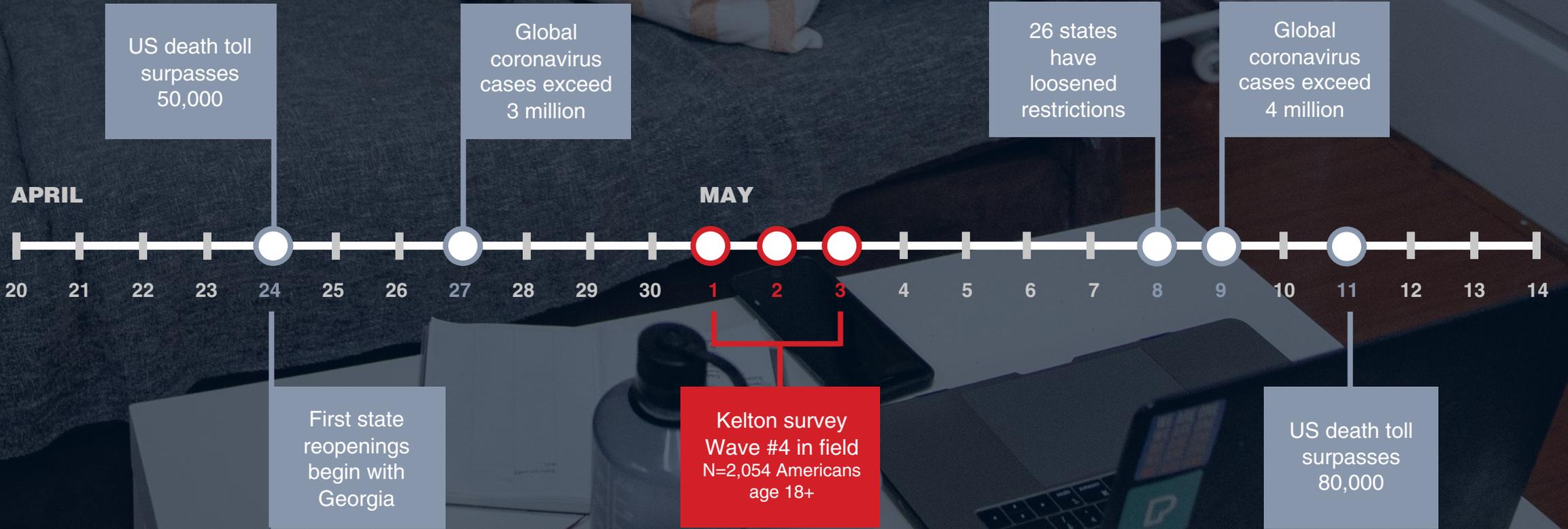
Over the past few months, we've tracked changing consumer sentiments and brand expectations, from the earliest concerns and closures to the latest re-openings. In this new report, featuring key findings from the fourth wave of our bi-weekly survey, we'll take a look at the "**New Normal**" — including continued consumer optimism, evolving coping strategies for stay-at-home orders, and a data-driven framework brands can use to determine crucial drivers and barriers of consumer engagement and **identify the addressable rebound audience** that really matters.



## THE NEED TO KNOWS:

- Concerns are **flattening** and **stabilizing**
- Gen Z is the **least fearful** but the **most mentally fragile**
- Increasing numbers of consumers are coming to terms with the **need to change behaviors permanently**
- Stay-at-home **breaking points** are leading to **self-care**, not rebellion
- We've developed a **framework** to help brands identify the **addressable rebound audience** that really matters

# TIMING AND CONTEXT ARE EVERYTHING



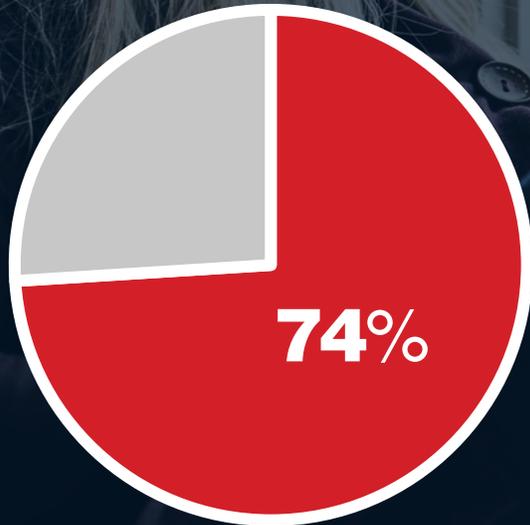
# WISHFUL THINKING



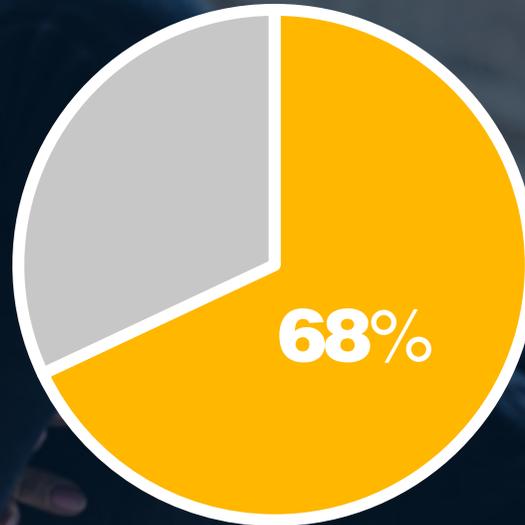
# CONCERN IS FLATTENING WITH THE CURVE

Overall concern about the coronavirus continues to fall. From early-April to early-May, those saying they're either extremely or very concerned about the virus **dropped by ten percentage points**.

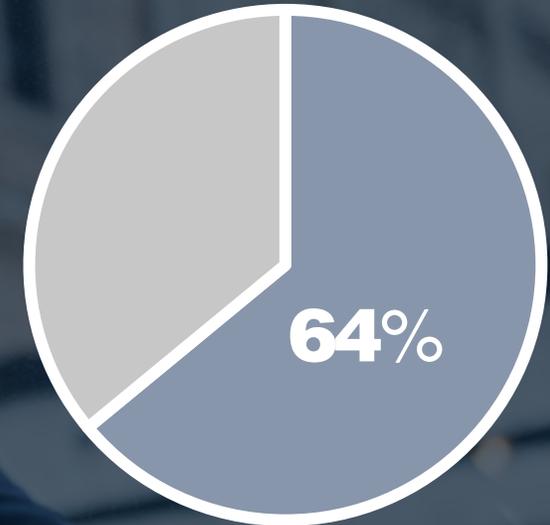
Extremely/very concerned about coronavirus



April 3-4



April 17-18



May 1-3

# EARLY INDICATORS SHOW HEALTH CONCERNS WANING

Health concerns are also beginning to decline across the board. We believe this could be the result of effective social distancing, and the feeling of control it provides. According to our last survey, only 30% of respondents know someone who has contracted the coronavirus. So while the threat is no less real, it feels less personal.

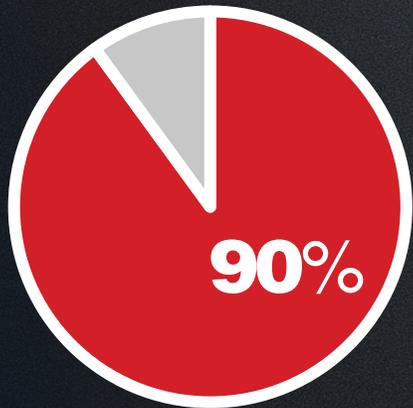
Percent who say they are worried about...

	Wave 2 April 3-4	Wave 3 April 17-18	Wave 4 May 1-3
Health of people in my family	<b>64%</b>	<b>62%</b>	<b>58%</b>
My physical health	<b>53%</b>	<b>51%</b>	<b>48%</b>
Public health	<b>56%</b>	<b>55%</b>	<b>51%</b>

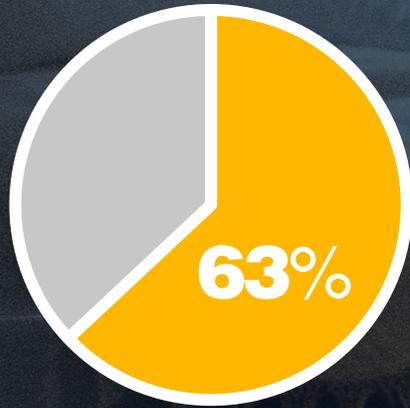
# THE PERCEPTION PLATEAU

Meanwhile, economic concern has stabilized — and still remains far below the levels seen during the 2009 recession. We continue to see more differences than similarities when comparing the two economic events. It's worth noting, however, that the stabilization we see here — combined with declining health concerns — suggests that **consumers are beginning to see the pandemic as something more than a health crisis.**

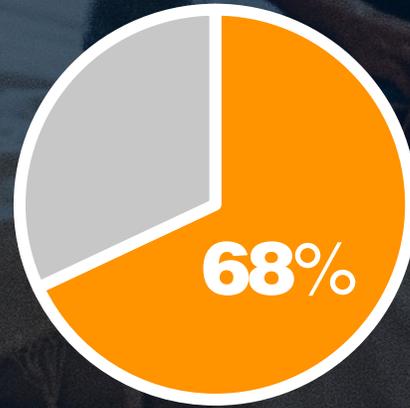
US economy is on the **wrong** track



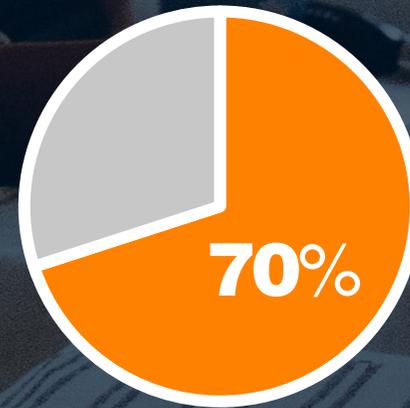
JANUARY 2009



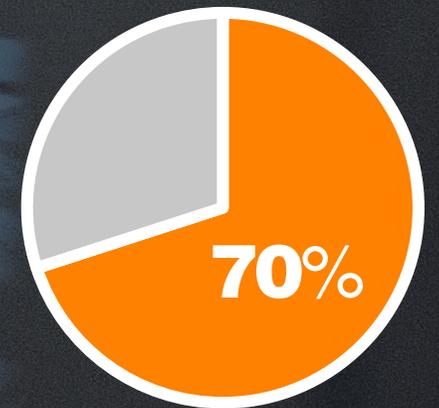
MARCH 20-22, 2020



APRIL 3-4, 2020



APRIL 17-18, 2020



MAY 1-3, 2020

# AMERICANS BELIEVE PERSONAL FINANCIAL IMPACT WILL BE SHORT LIVED

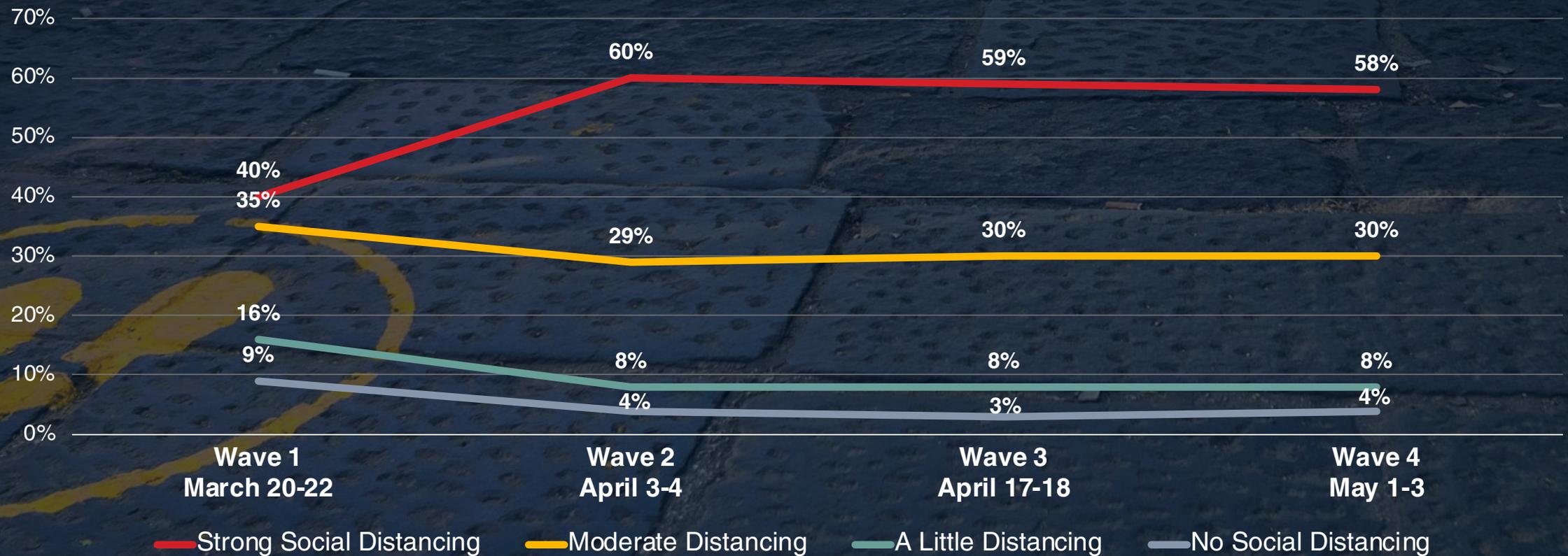
We think the “**perception plateau**” has much to do with how Americans believe this will be an acute event, rather than a chronic one. Across demographics, they believe they’ll be okay financially, with a majority predicting their income will be the same or higher in six months.

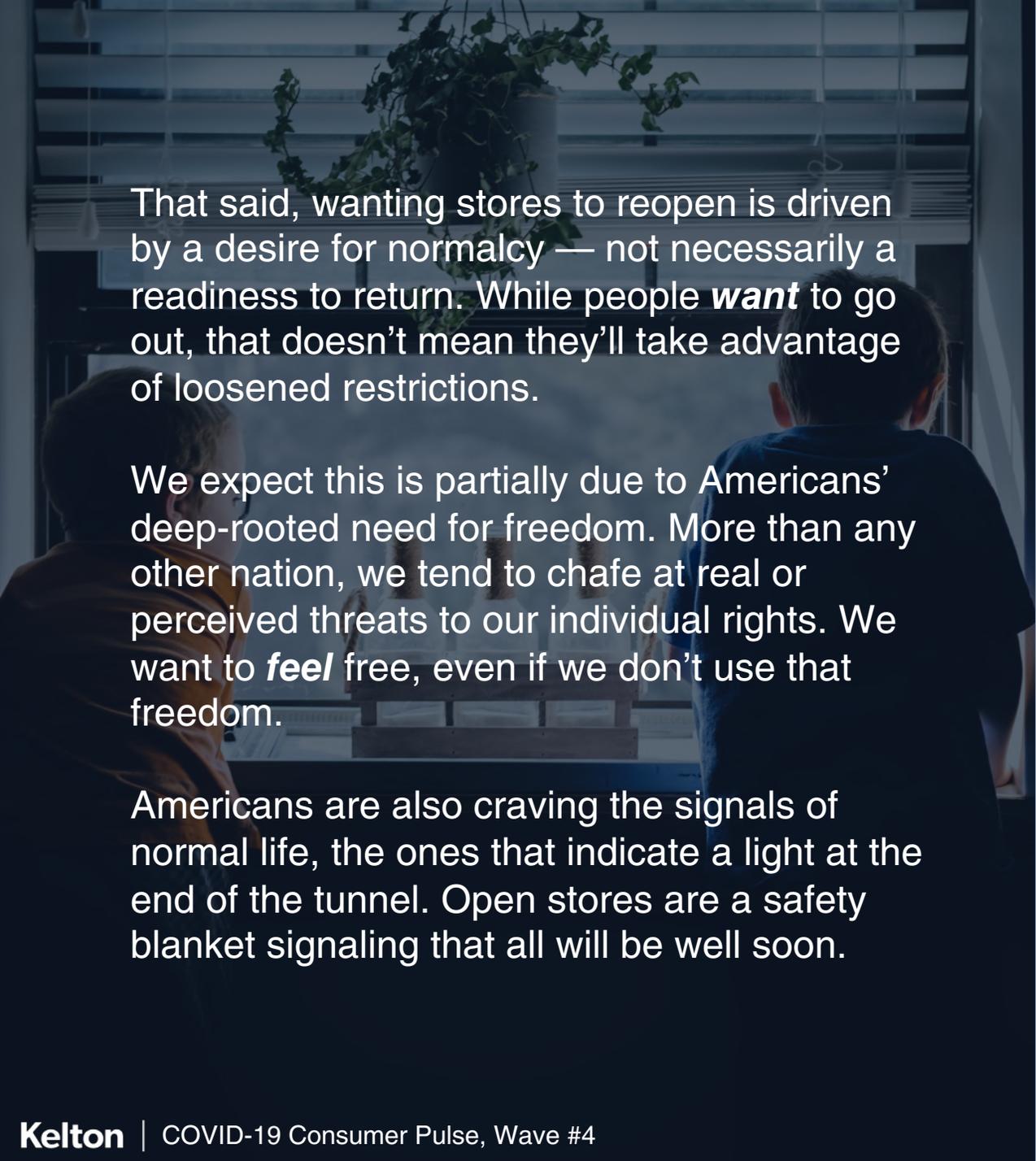
Percent who say 6 months from now...

	Wave 1 March 20-22, 2020	Wave 2 April 3-4, 2020	Wave 3 April 17-18, 2020	Wave 4 May 1-3, 2020
Income will be higher than it is now	<b>27%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
Income will be the same as it is now	<b>54%</b>	<b>54%</b>	<b>58%</b>	<b>59%</b>
Income will be lower than it is now	<b>19%</b>	<b>22%</b>	<b>17%</b>	<b>17%</b>

# CONTINUED COMMITMENT TO SOCIAL DISTANCING CREATES A SENSE OF CONTROL

And again, committed social distancing — and the sense of control it affords — is likely playing a key role in Americans' optimism.





That said, wanting stores to reopen is driven by a desire for normalcy — not necessarily a readiness to return. While people *want* to go out, that doesn't mean they'll take advantage of loosened restrictions.

We expect this is partially due to Americans' deep-rooted need for freedom. More than any other nation, we tend to chafe at real or perceived threats to our individual rights. We want to *feel* free, even if we don't use that freedom.

Americans are also craving the signals of normal life, the ones that indicate a light at the end of the tunnel. Open stores are a safety blanket signaling that all will be well soon.

## IF YOU BUILD IT...THEY MAY NOT COME

- **69%** of people under stay-at-home orders think it's too early to reopen
- **68%** of people under stay-at-home orders say they're going to limit how often they leave the house even after the orders are lifted

And yet...

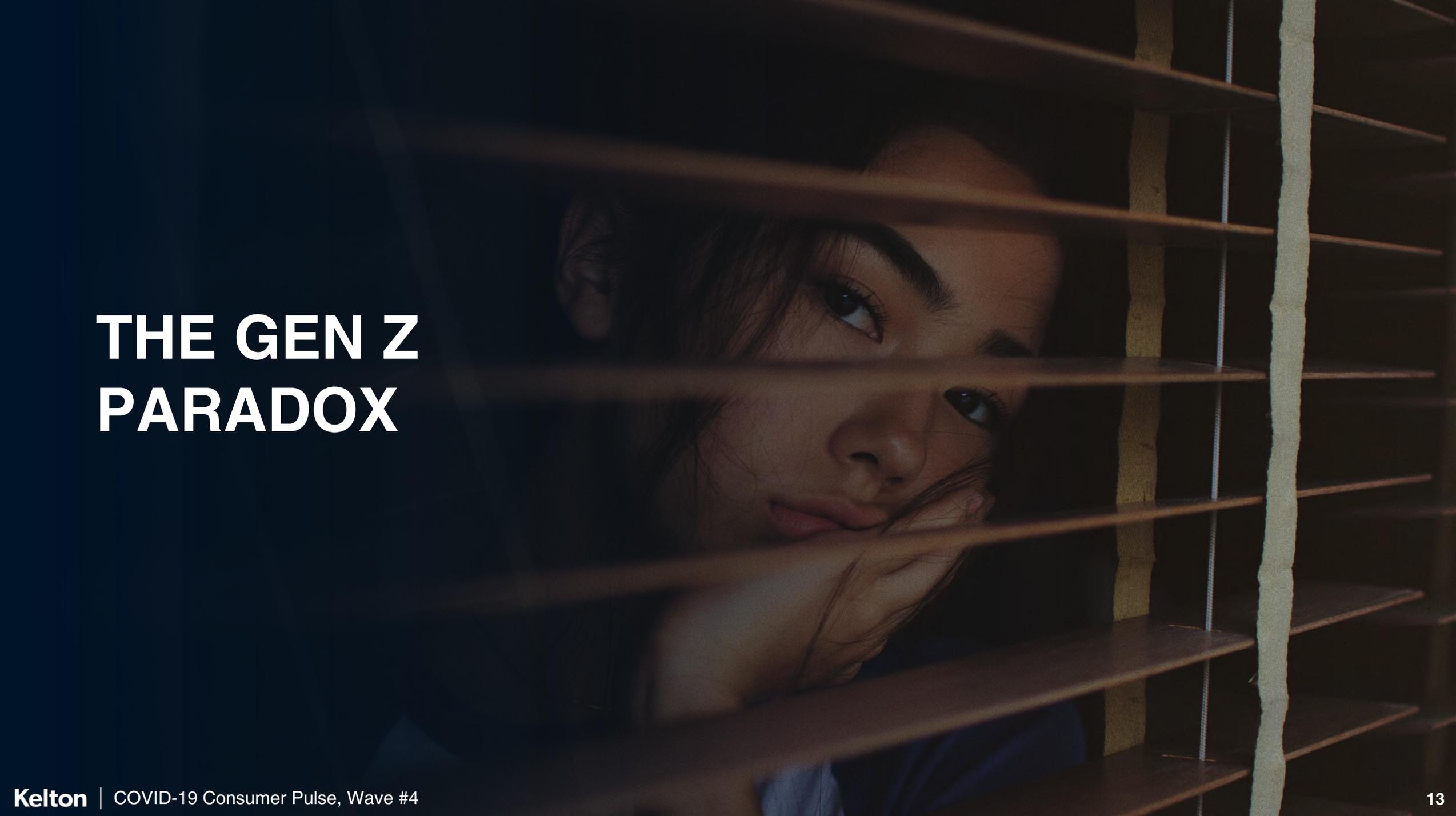
- % of people who prefer stores stay open rather than closed
  - **40%** Wave 2
  - **53%** Wave 3
  - **49%** Wave 4

# WHAT DOES “WISHFUL THINKING” MEAN FOR YOUR BRAND?

Questions to consider:

- As concerns plateau and become a part of everyday life, **are your consumers ready** to hear messages that break away from the somber masses?
- How can you speak to consumers’ **relative optimism** today, while also staying nimble and able to pivot if moods shift?
- How can you translate a **desire for normalcy** into a **desire to engage**?



A young woman with dark hair is looking through horizontal window blinds. She is resting her chin on her hand, and her expression is contemplative. The lighting is low, creating a moody atmosphere. The blinds are made of light-colored wood or plastic.

# THE GEN Z PARADOX

# PHYSICALLY INVINCIBLE: GEN Z IS THE LEAST WORRIED ABOUT RETURNING TO MANY EVERYDAY ACTIVITIES...

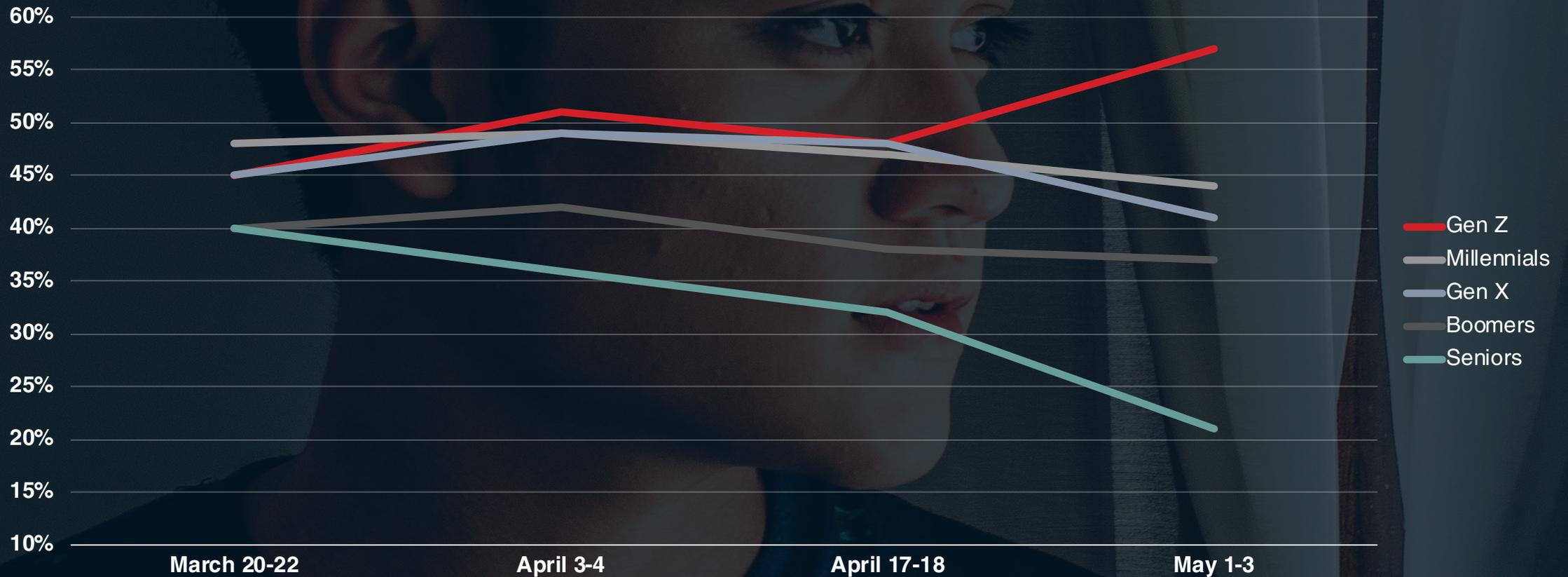
The fear Americans feel about engaging in various activities varies greatly by generation, with Gen Z — and to a lesser degree Millennials — claiming to be much less worried about going to events, movies, bars and restaurants, etc.



# ...BUT THEY'RE MENTALLY STRUGGLING...

At the same time, however, Gen Z's mental health issues — a key topic in our past reports — have only gotten worse.

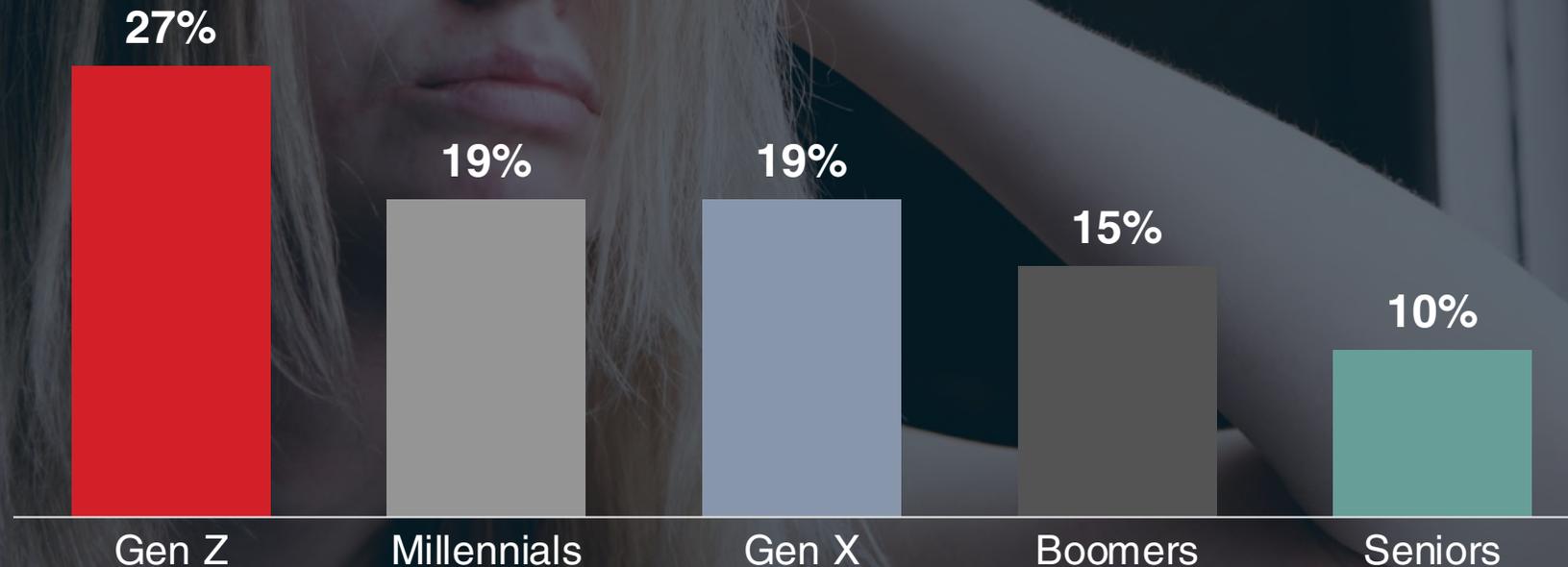
Feeling anxious as a result of the coronavirus



# ....AND MOST LIKELY TO ALREADY BE AT THE END OF THEIR ROPES

On top of that, Gen Z is more likely than older generations to go stir crazy as a result of stay-at-home orders, with many more reporting drastically negative effects — physically, emotionally, and mentally.

Percent of people under stay-at-home order who say they have already begun to feel drastically negative effects of staying home



# WHAT DOES THE “GEN Z PARADOX” MEAN FOR BRANDS?

Questions to consider:

- Even if they are the first to go out again, how do you address Gen Z’s **fragile** mental state?
- What’s the best way to **empathize** with how much Gen Z will enjoy going back to their social ways?
- How can you authentically communicate with Gen Z given their **general distrust of brands** and urge to be **activist, collaborative, and non-conformist?**

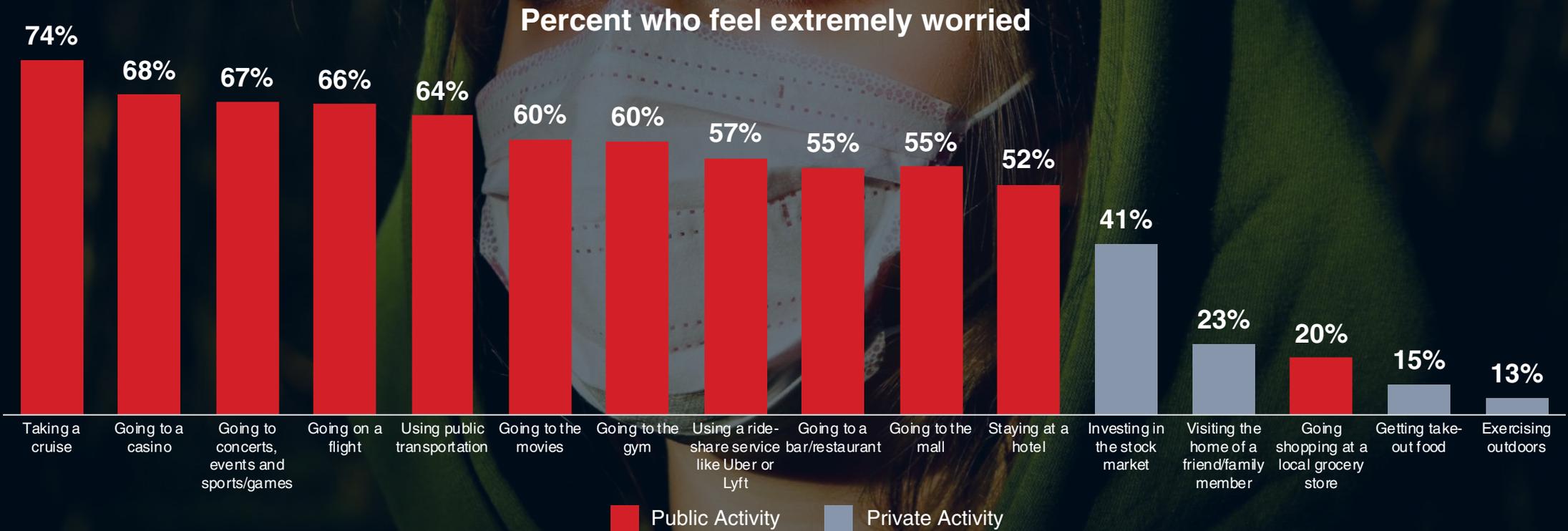


# THE DAWNING OF A LONG-TERM REALITY



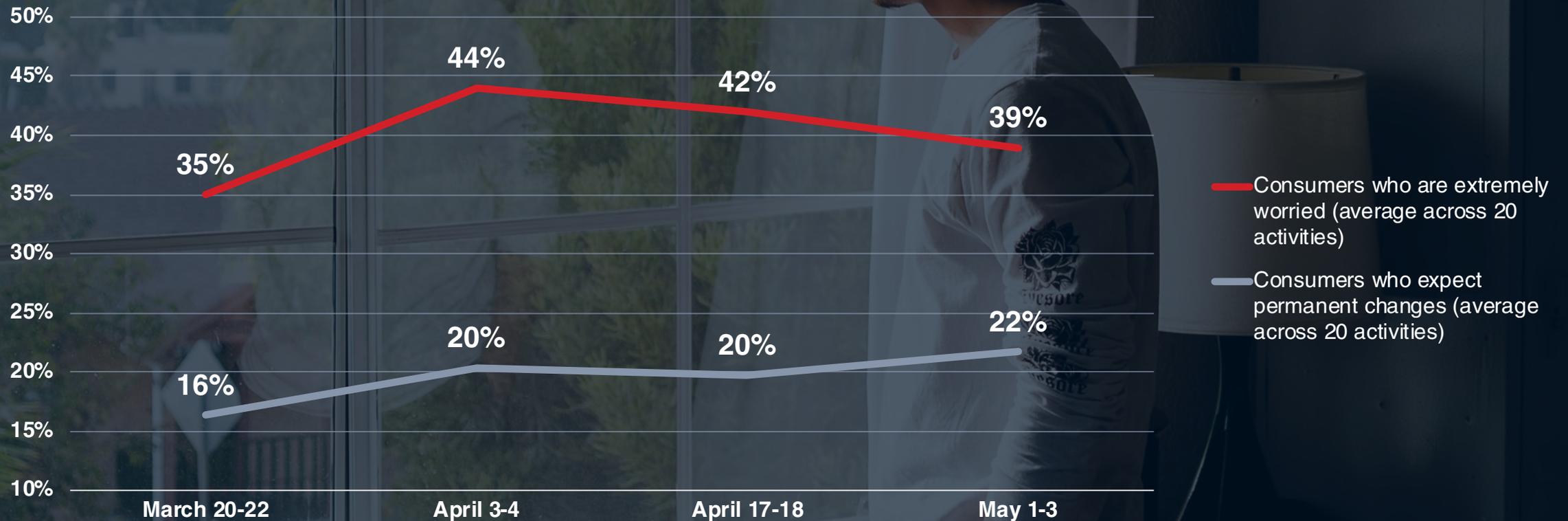
# RESIDUAL FEAR CONTINUES TO HAMPER MANY ACTIVITIES...

We continue to see huge levels of residual fear for group activities in confined spaces (going out to events, the movies, etc.) while activities like grocery shopping benefit from lower starting fear levels and quicker declines.



# AS FEAR LEVELS SLOWLY DECLINE, CONSUMERS PREDICT AN INCREASE IN LONG-TERM BEHAVIOR CHANGES

Why? We believe a shift is taking place: American consumers are beginning to see the future less from an emotional lens of fear or worry, and instead from a rational lens of understanding that COVID-19 is here to stay.



# WHICH CATEGORIES ARE MOST AFFECTED BY THE NEW DAWNING?

There's a strong correlation between residual fear and expected behavior changes — meaning cruise lines, airlines, casinos, events, and public transportation are at the top of the list.

Predicted permanent changes

Taking a cruise (46%)

Going on a flight (35%)

Going to a casino (34%)

Going to events (32%)

Using public transportation (31%)

Renting a house/home/apartment for a trip/vacation (29%)

Going to the movies (28%)

Going to the gym (27%)

Use ride-share services (27%)

Staying at a hotel (26%)

Going to a bar/restaurant (25%)

Go to the mall (25%)

Renting a car (25%)

Once we recognized that consumers are increasingly likely to anticipate permanent behavior changes, our next question was: how?

To get our answer, we presented survey respondents with a variety of category-specific scenarios and asked them to assess the likelihood of these scenarios turning into reality.

On the following page, we'll share the results for the restaurant industry — and the six category trends consumers expect to see for that category in the “**New Normal.**”

If you're interested in seeing similar insights for the **air travel, events, movie theaters, or retail industries**, [let us know.](#)

# CONSUMER EXPECTATIONS FOR THE RESTAURANT CATEGORY'S NEW NORMAL

New Cleaning Procedures and Seating Arrangements  
(avg. **51%**)

Restaurant  
Avoidance  
(avg. **42%**)

Overall Industry  
Changes  
(avg. **41%**)

COVID-19  
Screening  
(avg. **40%**)

Wearing Face Masks  
(avg. **34%**)

Transparency  
(avg. **29%**)



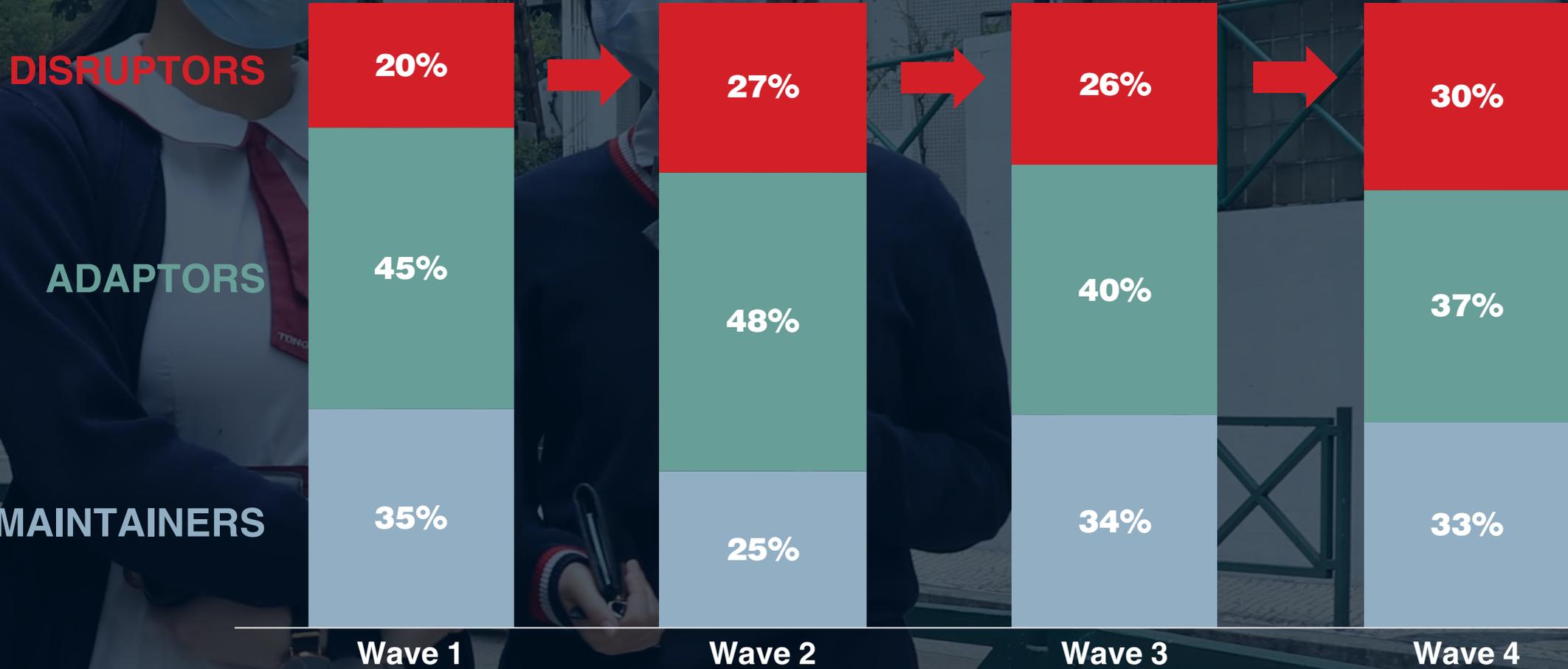
The dawning realization of long-term changes is also reflected in our **Behavior Adaptation Index** (which we started tracking for our first COVID-19 report). Based on 20 common behaviors, we continue to score consumers depending on their predictions as to how dramatically their behaviors will change.

We found three distinct groups of American consumers:

- **Maintainers** expect very little or only minor temporary changes
- **Adapters** expect some temporary change along with very few permanent changes
- **Disruptors** see a large number of radical disruptions on the horizon

According to our latest survey, the **Disruptors** continue to grow and evolve.

# AN INCREASINGLY RATIONAL LENS CREATES MORE DISRUPTORS...



# ...AND BROADENS THEIR PROFILE

	What's the same?	What's new?
Demographics	Live in a large cities/urban areas	Stretch over all age groups, ethnicities, marital status, and parent status
Behaviors	On strict financial budget	More likely to have reduced spending over past 14 days
Reaction to COVID-19	Doing extreme social distancing	Deal well with stay-at-home orders; think that it's too early to reopen the economy, more likely to say they're nervous to go back to their normal routines once the stay-at-home order is lifted, think there will be a second major wave of the outbreak in the Fall

# WHAT DOES THE “NEW DAWNING” MEAN FOR BRANDS?

Questions to consider:

- What **opportunities** are there for you to **accelerate business plans** and try new things, given that more and more consumers are open to changes?
- What’s the right balance between **ensuring stability and pushing innovation** for your brand?
- Do you know **who the Disruptors** are among you core customers?



# EMERGING STAY-AT-HOME DYNAMICS



# THE PRICE OF SOCIAL DISTANCING

Despite Americans' optimism, they're connecting with fewer people, feeling more removed from their closest friends, and experiencing anxiety and loneliness.

- **65%** of people say they have connected with fewer people than usual during the outbreak
- **63%** of people feel removed from their closest friends
- **40%** of people feel anxious as a result of the coronavirus outbreak
- **27%** of people feel lonely

# THE GLASS HALF-FULL: SAVORING DOWNTIME

Despite feeling lonely and more isolated, however, Americans aren't seeking out greater connection.

**64%**

of people are enjoying the comforts of home as much as possible right now, rather than trying to have new experiences

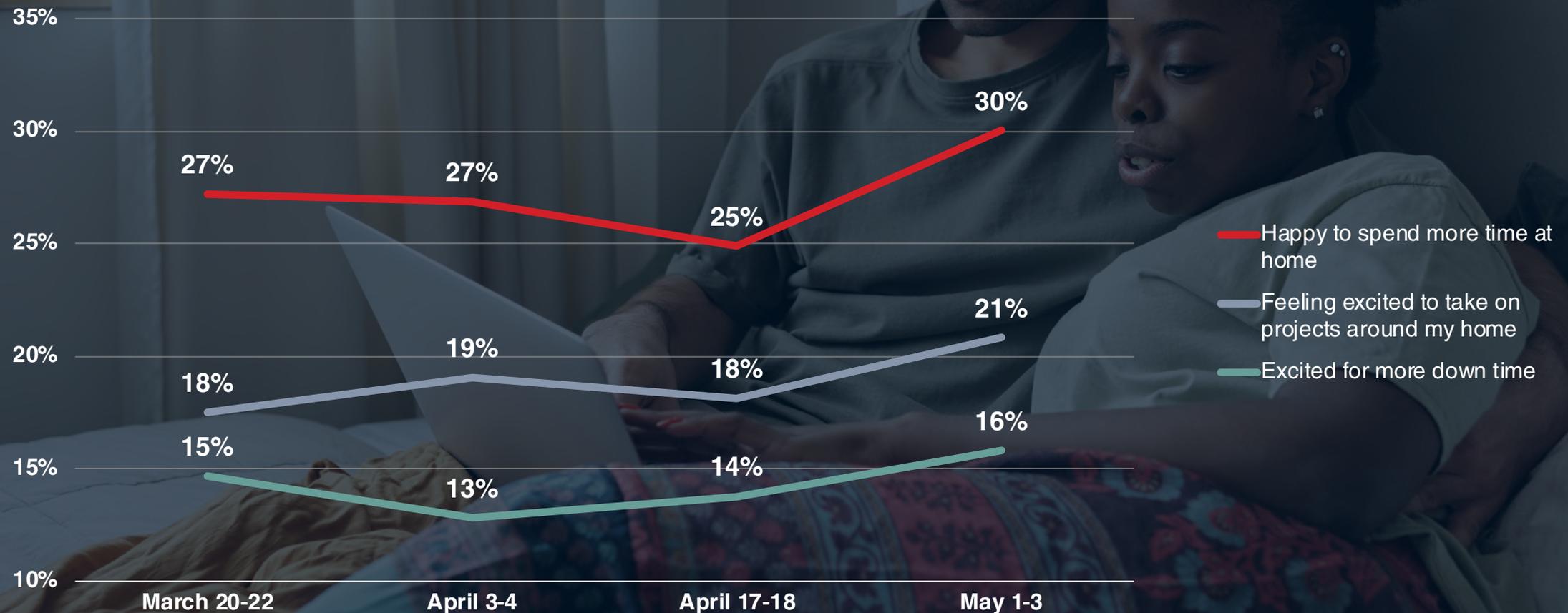
And it's the downtime that's making us most happy

- **Catching up on books/movies/TV — 54%**
- **Wearing comfortable clothes all day — 49%**
- **Having more time to do things around my home — 43%**
- **Getting exercise / taking walks — 37%**
- **Spending time with my pets — 32%**
- **Spending time w/ people I live with — 32%**

Note: Data is from Wave 3

# STARTING TO MAKE THE BEST OF OUR NEW LIFESTYLE

In fact, this downtime is beginning to bring more positive emotional impacts as people realize it may be long-term.



# REACHING THE BREAKING POINT LEADS TO TAKING BETTER CARE OF SELF, NOT PROTESTING

We noted in a previous report that people would hit their breaking points around this time... What would happen then, we wondered? Today we see that people aren't taking drastic measures — they're reassessing their needs and adjusting, with a focus on self-care. It's not the rebellion many predicted. In fact, it's the opposite.

Responses to extended stay-at-home orders



# WHAT DO EMERGING STAY AT HOME DYNAMICS MEAN FOR YOUR BRAND?

Questions to consider:

- How can you be part of **consumers'** **adaptation** as they reach their breaking point?
- How can your brand play a role in **nesting**? How can your experience be reframed through a lens of **self-care**?
- How can you strike the right balance between “**me**” (e.g. solitary experience) vs. “**we**” (e.g. families) in your communications?



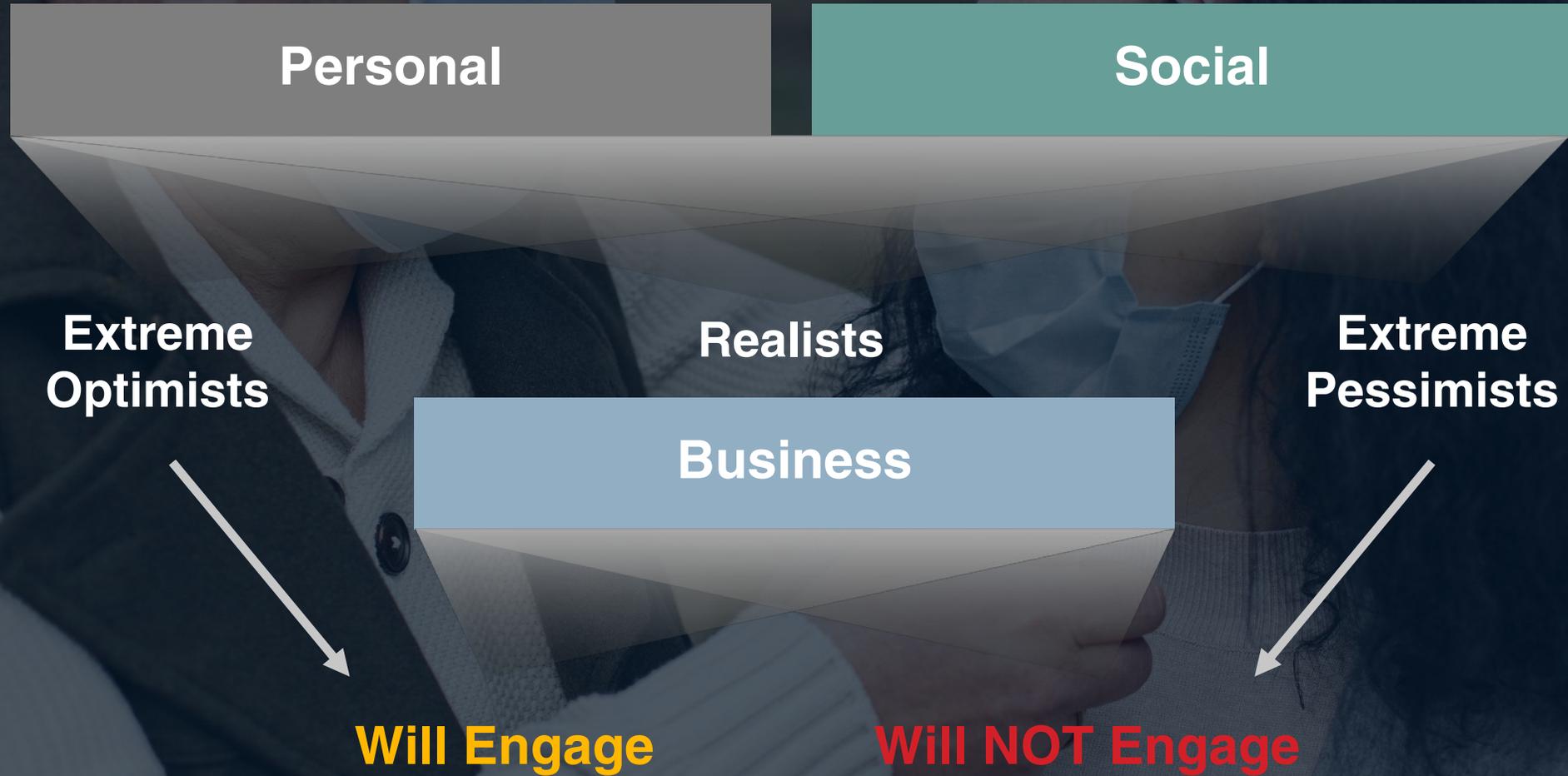
# THE KELTON REBOUND FRAMEWORK



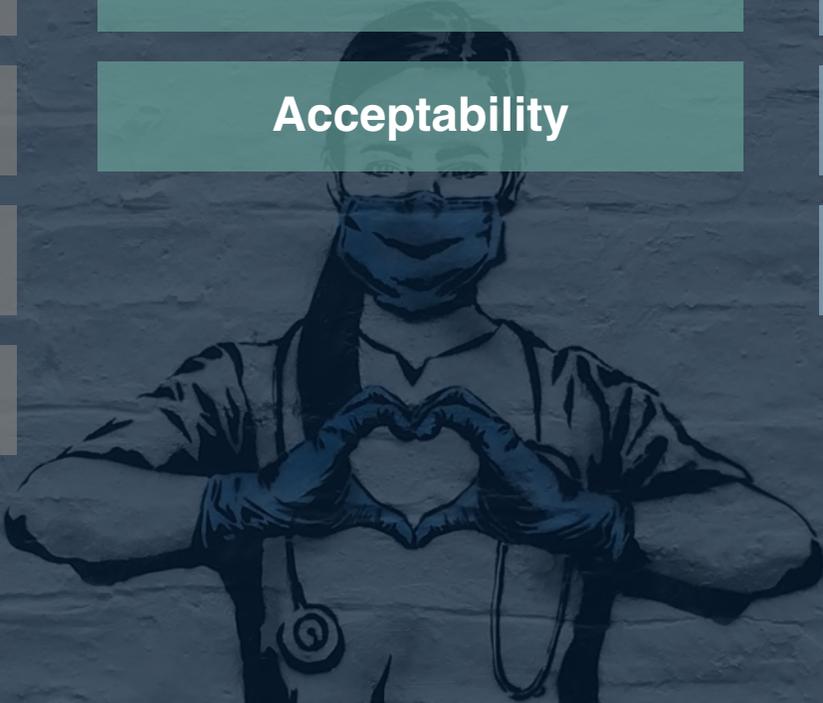
Since launching our COVID-19 tracking study, we've used an iterative process to identify which metrics are most crucial in assessing consumer actions during the pandemic. We've now **combined these metrics into a comprehensive framework** to help brands determine the crucial drivers and barriers of consumer engagement and identify the **addressable rebound audience** that really matters.

In the following pages, we'll explain how the framework works in the context of a specific industry example.

# THE KELTON REBOUND FRAMEWORK



# THE DYNAMICS OF YOUR BRAND'S REBOUND DEPEND ON HOW CONSUMERS ASSESS 3 INTERACTING FACTORS



# RESTAURANT REBOUND — Assessment of Personal Factors

Personal	High <b>Fear</b> Level	55% of American consumers are “extremely worried” about going to a restaurant, part of a cluster of activities with the highest fear levels	
	Strong <b>Craving</b>	38% miss going to a restaurant <i>a lot</i> , the 2 <sup>nd</sup> highest craving out of 17 activities	
	Moderate Impact of Perceived <b>Medical Risk</b> on Motivation to Engage	20% would feel more confident going to a restaurant if they knew that they had antibodies	
	Moderate Impact of <b>Government Cues</b> on Motivation to Engage	35% would feel more confident after receiving broad CDC clearance vs. 19% after receiving clearance from the federal government	

 Driver  Barrier  Middle Ground

# RESTAURANT REBOUND — Assessment of Social Factors

Social	Low Need for <b>Support</b>	Only <b>11%</b> of consumers are motivated by friends and family's belief that it's safe to return to restaurants	
	Considerable <b>Acceptability Barrier</b>	<b>37%</b> think it would be socially unacceptable for people in their community to dine-in at a restaurant	

 Driver    Barrier    Middle Ground

# RESTAURANT REBOUND — Addressable Audience

All these personal and social factors lead to a baseline consumer self-assessment that determines whom a business can actually reach and affect with their rebound tactics.

## Extreme Optimists

(will engage no matter what)

8%

## Realists

(engagement depends on business conditions)

73%

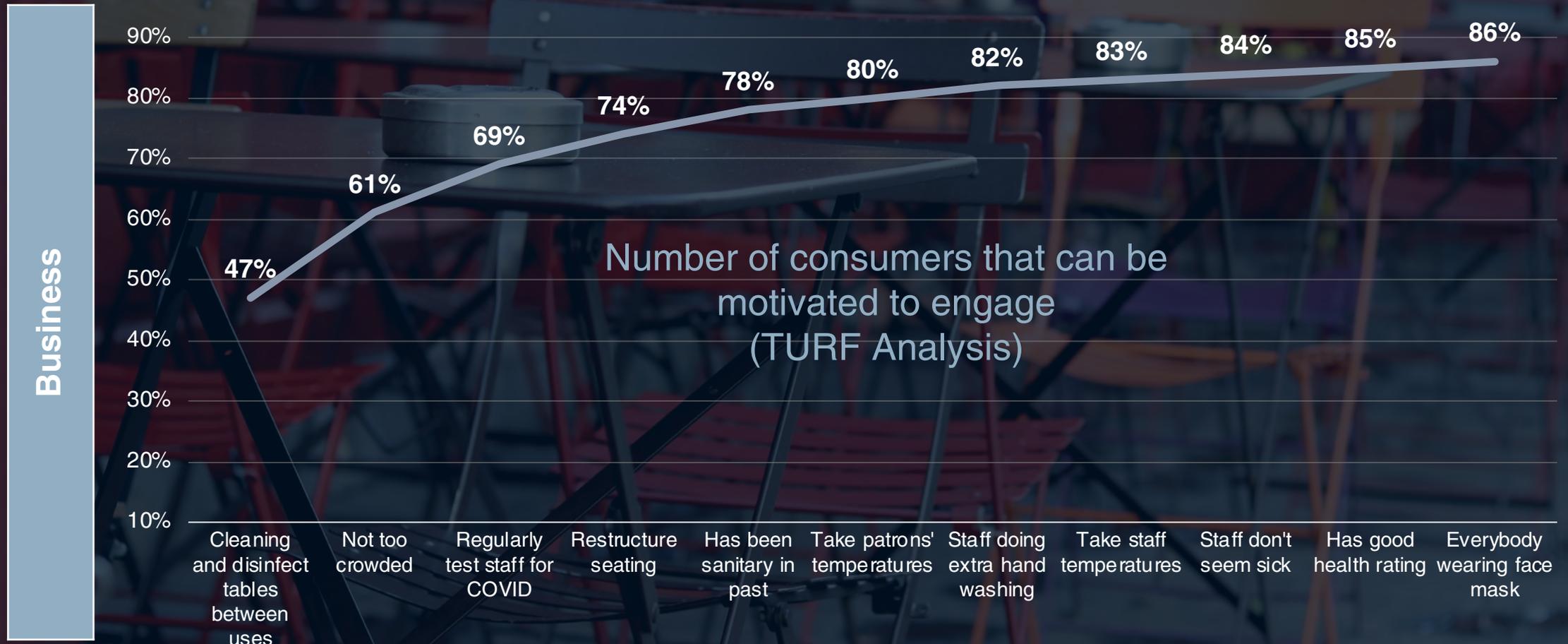
## Extreme Pessimists

(won't engage until a COVID-19 vaccine/cure exists)

19%

# RESTAURANT REBOUND — Assessment of Business Factors

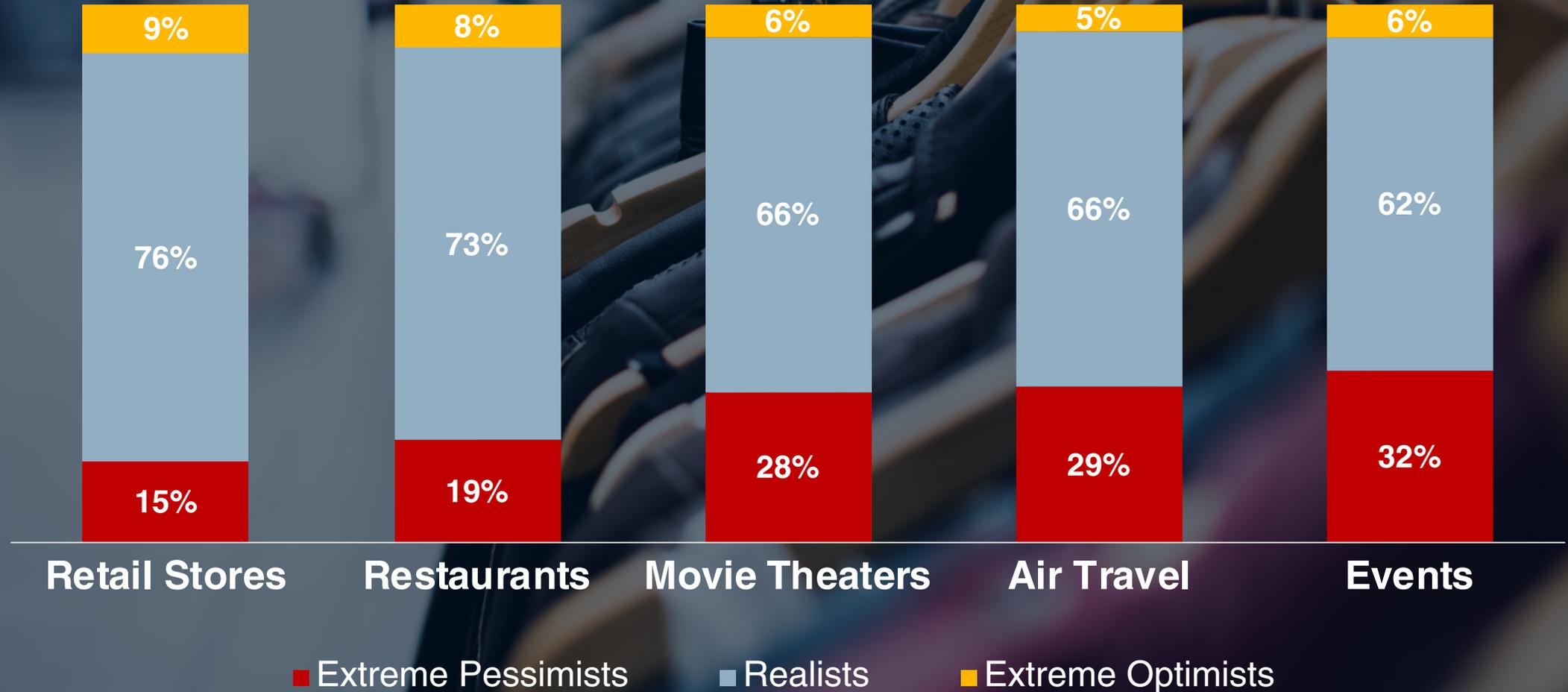
Once we've identified the addressable rebound audience for restaurants, we can look at what the most effective tactics are to drive engagement.



# RESTAURANT REBOUND — 3 Takeaways

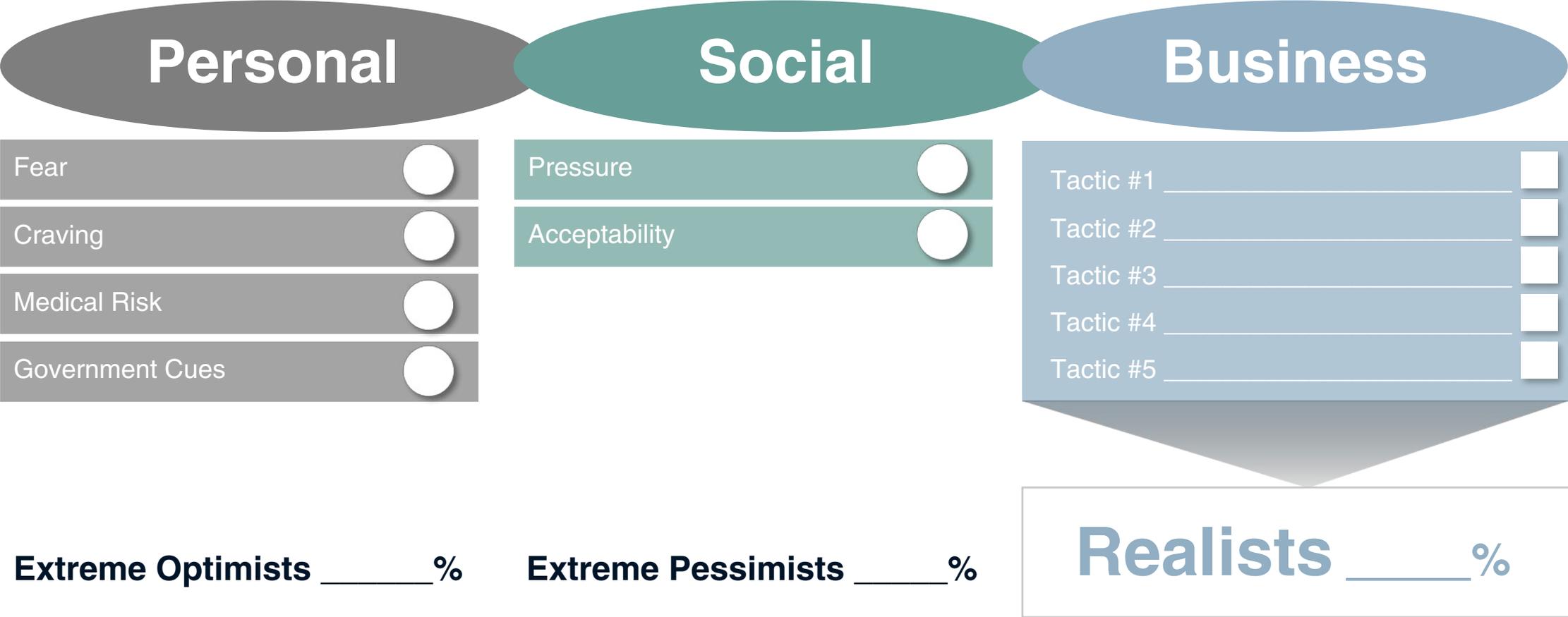
- 1. Reduce residual fears and capitalize on the craving:** The bipolar nature of fear vs. craving is important to address and requires restaurants to walk a tight line between somber and enthusiastic communications.
- 2. Identify and focus on your addressable audience:** Restaurants need to focus resources on those consumers they can actually reach. Do your research to size and profile these groups so that it can guide your targeted messaging.
- 3. Understand how your customers feel:** Every restaurant or chain will have their own, unique levers and rebound equation. Determine the feelings of your own customers to help you make the right decisions at the right time.

# A SNEAK PEEK AT ADDRESSABLE AUDIENCES ACROSS CATEGORIES



# KELTON REBOUND FRAMEWORK — SCORECARD

Conduct primary research among your customers to understand how they assess the relevant aspects of their personal and social situation related to your business, as well as their overall self-assessment of future engagement. Then zoom in on the addressable *Realist* audience to identify and prioritize crucial rebound tactics.



## SUMMARY — 4 THINGS TO DO

1. Break away from the somber tonality that's currently all around us and find ways to **inject American optimism into your communications**
2. Take advantage of opportunities for innovation & experimentation since data shows more consumers are starting to come to terms or even embrace the fact that their behaviors will have to change permanently
3. Consider how your brand can play a role in nesting, find your place in the new home, and message accordingly
4. Apply **Kelton's Rebound Framework** to your business and use it as a checklist to help prioritize tactics and optimize your rebound strategy

Have ideas for our next wave of research? We'd love to hear them.

Interested in applying our rebound framework to your brand? We're here to help.

Drop us a note or visit us at [covid-19.keltonglobal.com](https://covid-19.keltonglobal.com).



**Alison  
Servi**

[alison.servi@keltonglobal.com](mailto:alison.servi@keltonglobal.com)



**Martin  
Eichholz**

[martin.eichholz@keltonglobal.com](mailto:martin.eichholz@keltonglobal.com)