

**THE IMPACT OF
CORONAVIRUS
ON CONSUMER
BEHAVIOUR**



WATERMELON

23rd June 2020

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- Who did we speak to?
- What is the impact on everyday routines?
- When will life return to normal?
- What will change as we come out of lockdown?
- What do consumers want from brands in the COVID-19 world?
- What can brands learn?



WHO WE SPOKE TO

We have undertaken 20 dips between the 13th of March to the 19th of June where we spoke with a nationally representative group of 10,000 people

GENDER

Male = 46%

Female = 53%

Other = 1%

SEG

AB = 32%

C1C2 = 45%

DE = 22%

AGE

18-24 = 11%

25-34 = 18%

35-44 = 16%

45-54 = 17%

55-64 = 16%

64+ = 22%

LIVING SITUATION

Private rented accommodation = 21%

Rented social housing = 18%

Home owner = 38%

Have a mortgage = 19%

Other = 4%

FAMILY MAKEUP

Children living at home = 32%

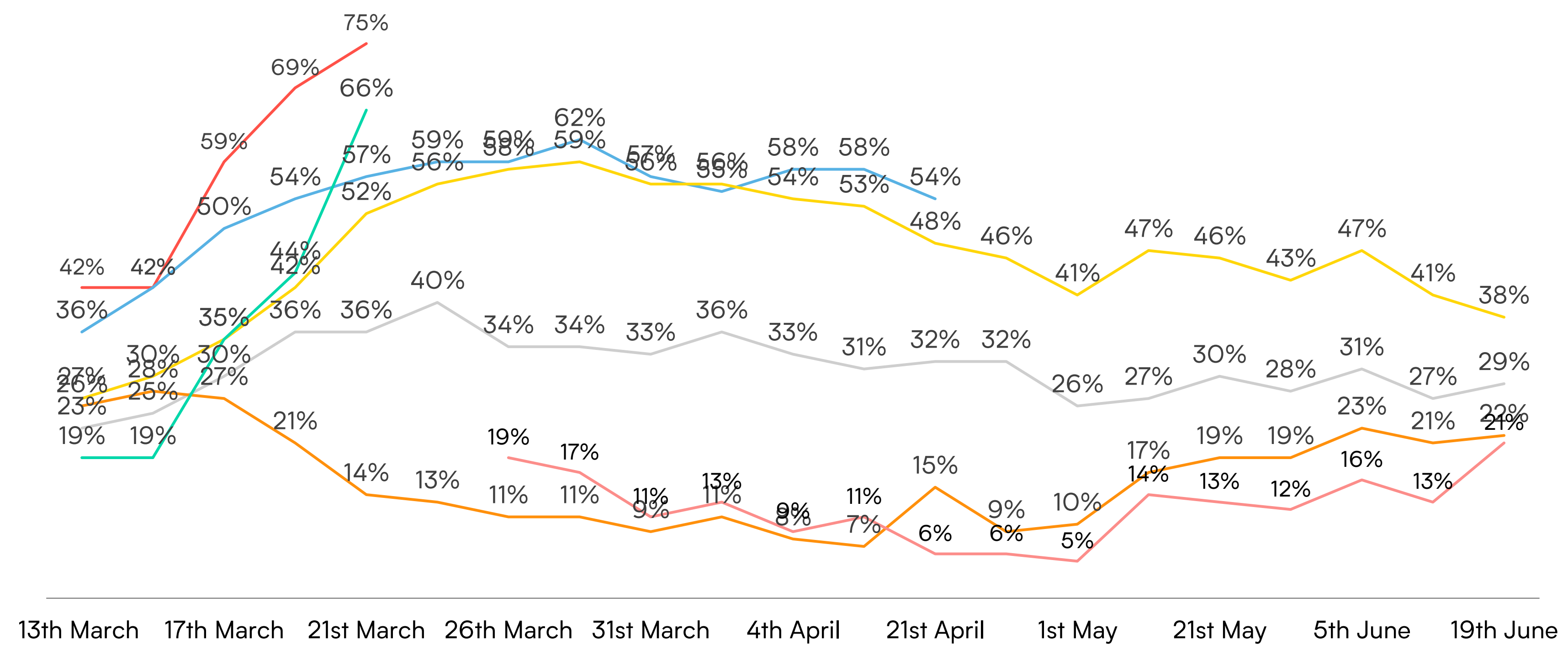
Children have left home = 24%

No children = 44%

NB. Totals may not add to 100% due to rounding

THE PUBLIC'S CONFIDENCE IN THE GOVERNMENT'S HANDLING OF THE SITUATION HAS CONTINUED TO DECLINE RECENTLY AFTER A PERIOD OF CONFIDENCE

% OF PEOPLE WHO ARE NOT AT ALL CONFIDENT:



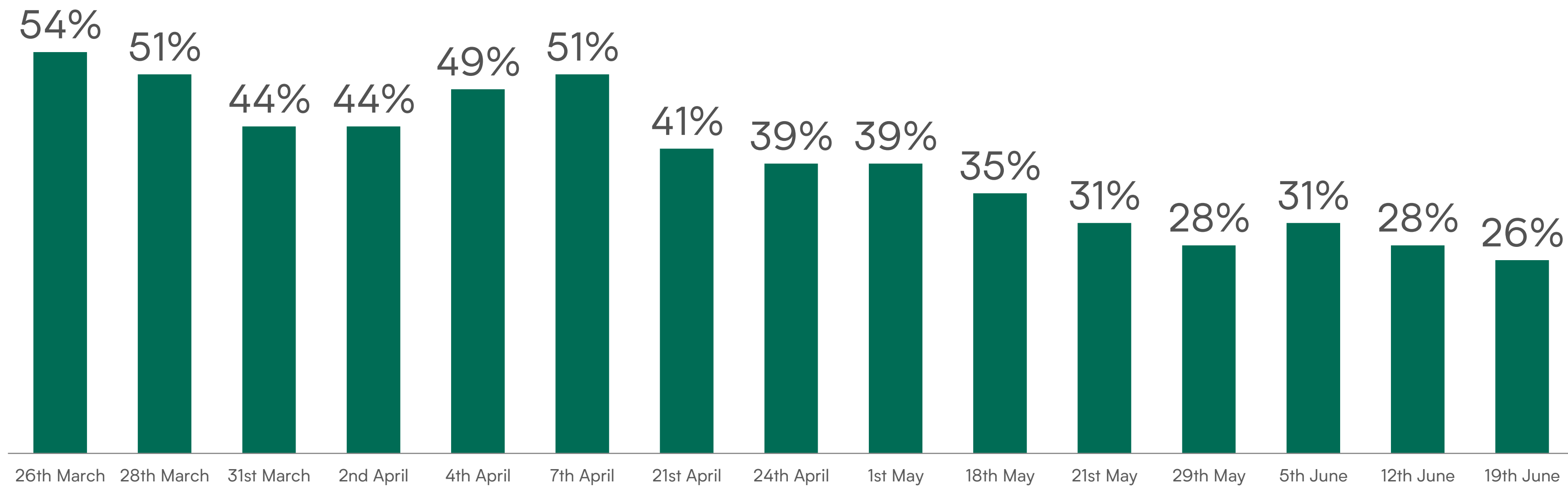
- attending public gatherings of 1,000 plus*
- using public transport
- in the Government's handling of the situation
- in the public adhering to social distancing
- making travel plans and going on holiday*
- that you will be earning and in a job next month
- to go out to bars and restaurants*

* Stopping tracking in light of government policy on the subject



CONCERN OVER THE SITUATION HAS SEEN A DOWNWARD TREND RECENTLY AS PEOPLE HAVE SETTLED INTO A NEW ROUTINE

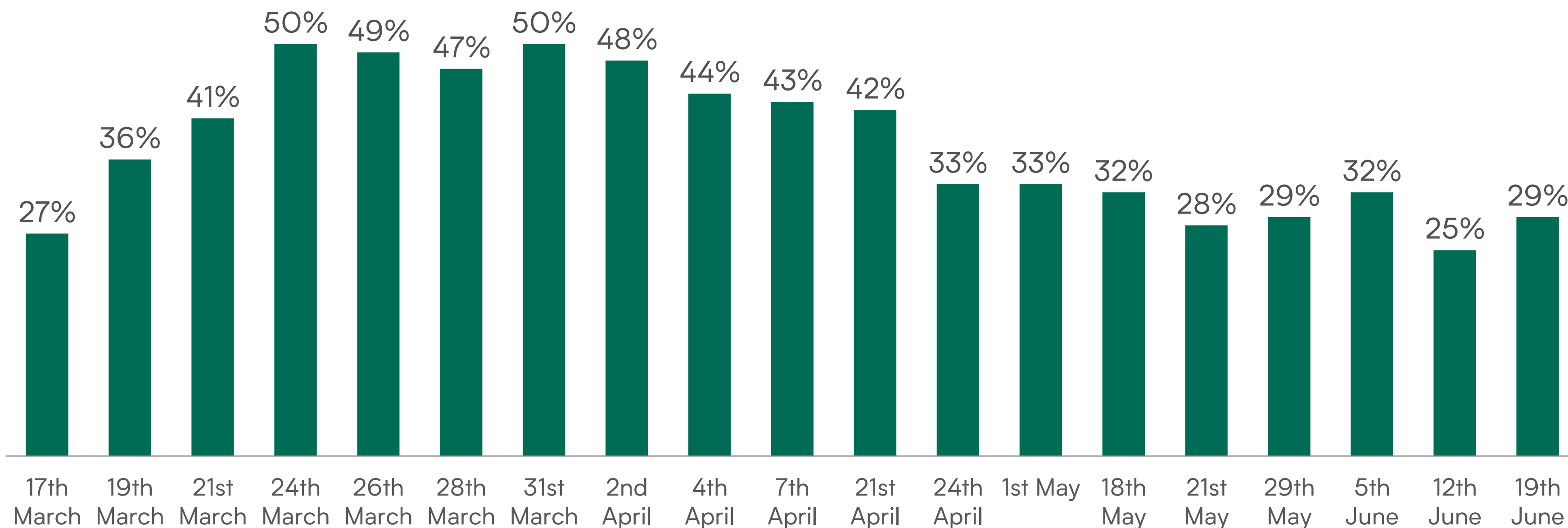
% OF PEOPLE WHO ARE EXTREMELY CONCERNED ABOUT THE CORONAVIRUS SITUATION





THE IMPACT OF THE CORONAVIRUS ON PEOPLE'S ROUTINE ROSE DURING MARCH. THE PERCEIVED IMPACT DROPPED AT THE START OF APRIL AND HAS PLATEAUED WITH A THIRD NOW SAYING IT HAS IMPACTED THEM A GREAT DEAL

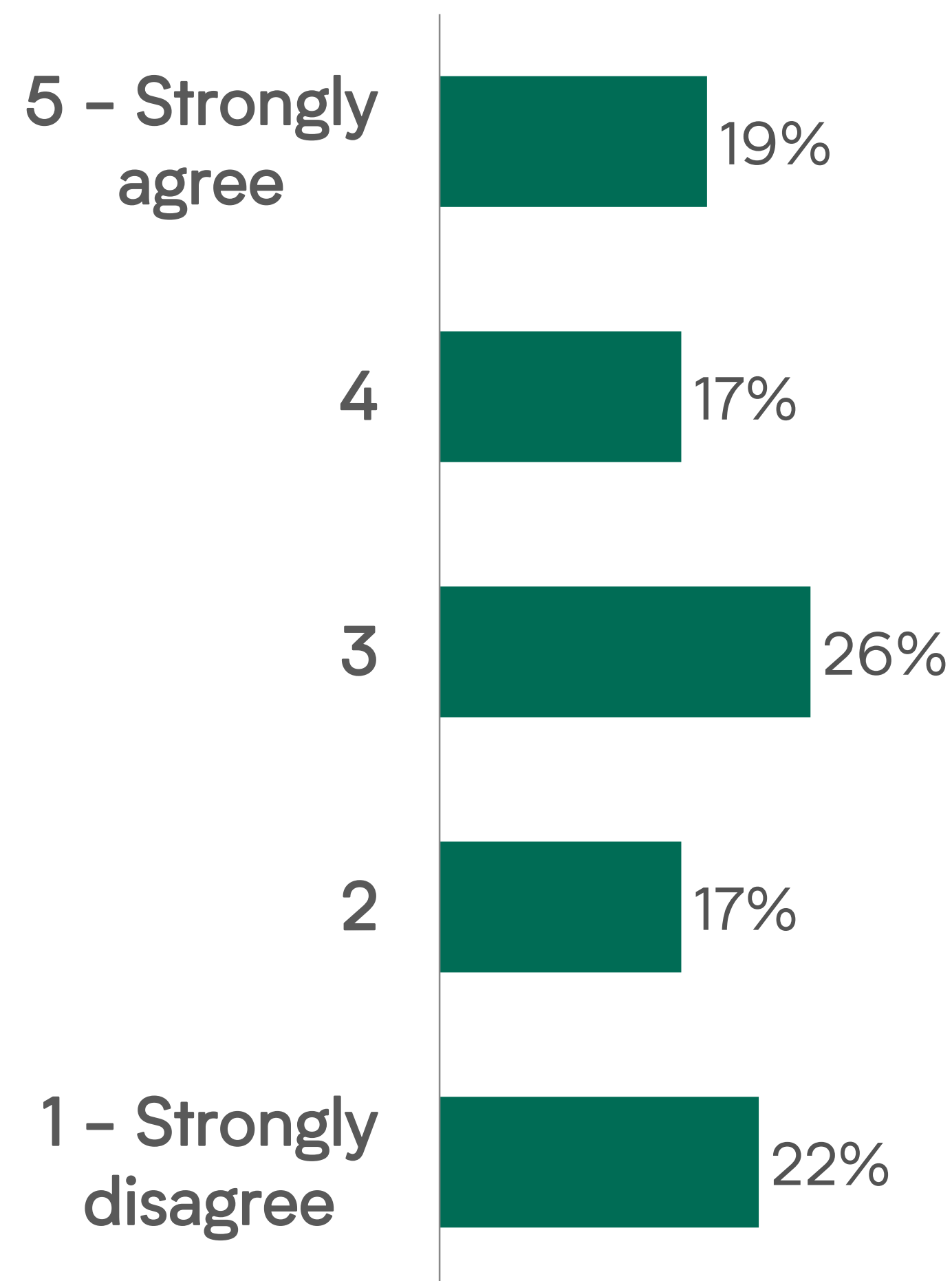
THE EXTENT TO WHICH CORONAVIRUS IS IMPACTING DAILY ROUTINES 'A GREAT DEAL'





SUPPORT FOR THE GOVERNMENT'S PLAN TO REDUCE SOCIAL DISTANCING FROM 2 METRES TO 1 METRE IS EXTREMELY MIXED

To what extent do you agree with the government's plan to reduce social distancing from 2 metres to 1 metre?



"It will help save a lot of jobs in hospitality." Male, 55-64

"It's more practical especially with other measures like wearing of face coverings it will work and the economy can then have a chance to recover." Female, 35-44

"I don't think it makes any difference if are 1, 2 or more meters apart if you are going to catch covid 19 you will catch it." Female, 55-64

"Because we have to restart the economy at any cost." Male, 35-44

"The danger of second wave." Male, 35-44

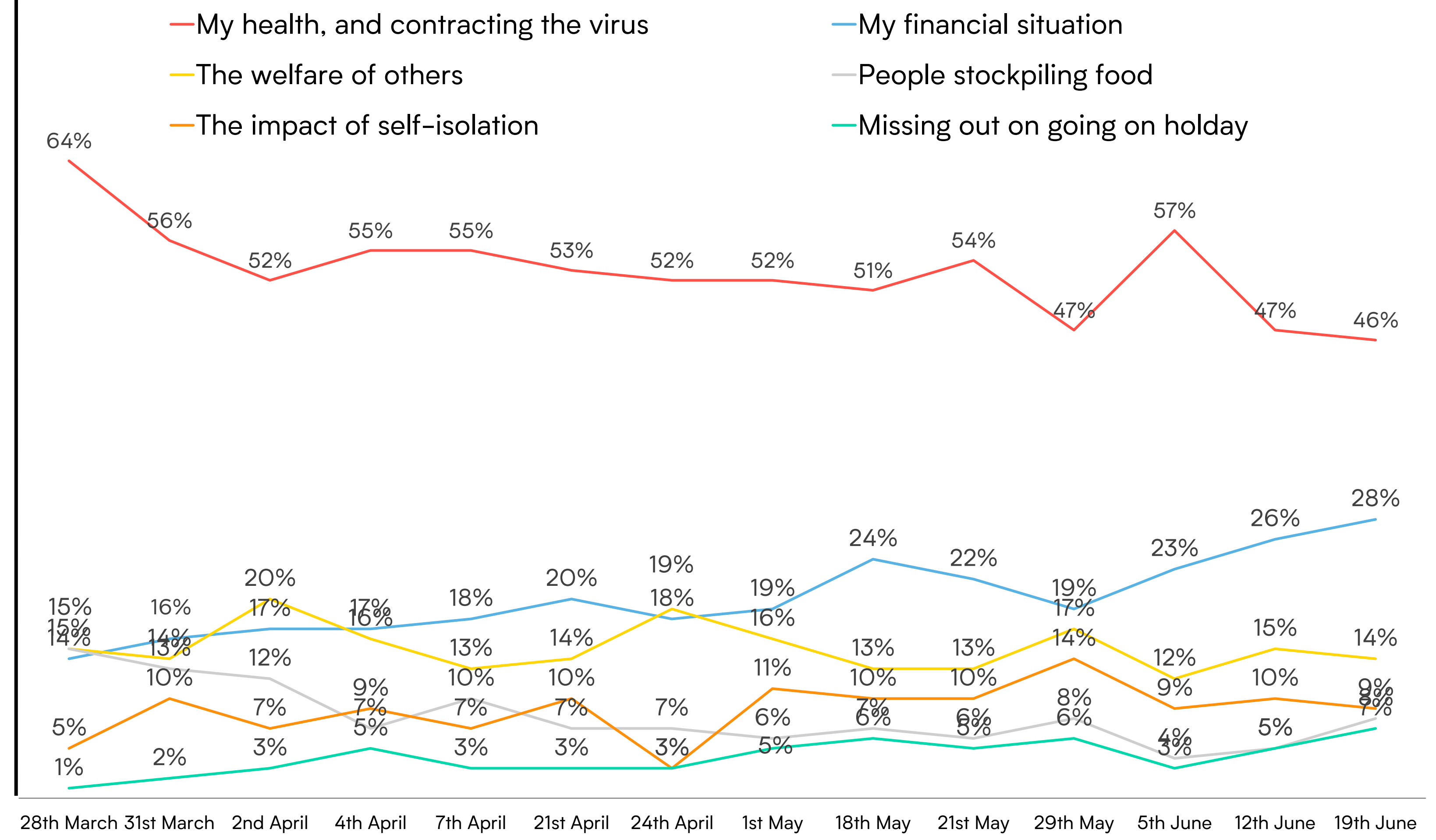
"There are still too many unknowns with regards to the virus. As this is the case the 2 metre rule should be maintained." Male, 55-64

"They are going against medical advice in favour of the economy." Male, 35-44

"People will ignore it and get really close." Female, 55-64

WHILE THE HIGHEST CONCERN FOR MOST PEOPLE REMAINS THEIR HEALTH AND CONTRACTING THE VIRUS, CONCERN FOR ONE'S FINANCIAL SITUATION HAS INCREASED RECENTLY

% OF PEOPLE FOR WHOM THIS ISSUE IS THEIR 1ST CONCERN WHEN ASKED WHAT THEY ARE CONCERNED ABOUT





THE IMPACT ON DAY-TO-DAY FREEDOMS CONTINUES TO BE FELT. THIS IS NOW COUPLED WITH CONSIDERATION OF THE IMPACT ON LONG TERM PLANS AND SOCIETAL INEQUALITY

The absence of everyday social interactions and time with family and friends continues to be felt

“Unable to go to work in the office, haven't been able to see my girlfriend.” Male, 25-34

“I really struggle to get an online shop slot. I am in the vulnerable having to isolate completely. I miss my family so very much.” Female, aged 64+

“We are not able to visit family and friends. Supermarket shopping is not an enjoyable experience and I am working from home. My parents live in Tenerife and I had planned to visit them and we have also had two package holidays cancelled.” Female, aged 35-44

“Tired of staying inside and not seeing family, not able to go to work.” Female, aged 25-34

“Not being able to do things. Loss of liberty and seeing government officials breaking lockdown rules when people are missing their families too.” Male, aged 55-64

Loss of everyday freedoms and routine is mentioned as well as adjusting to required changes to future plans such as university study

“Work is done from home, the gyms are shut, the children are home all day and there is always a larger mess in the house.” Male, aged 35-44

“It's severely impacted my daily freedom to do what I want.” Male, aged 64+

“Not able to work, not able to take kids out, not able to see grandparents and have childcare of any kind, my eldest son who is 8 has no idea when he can return to school, I can't go shopping and have to queue everywhere I go. Can't see my mum.” Female, aged 25-34

“I just want things to return to normal.” Female, aged 25-34

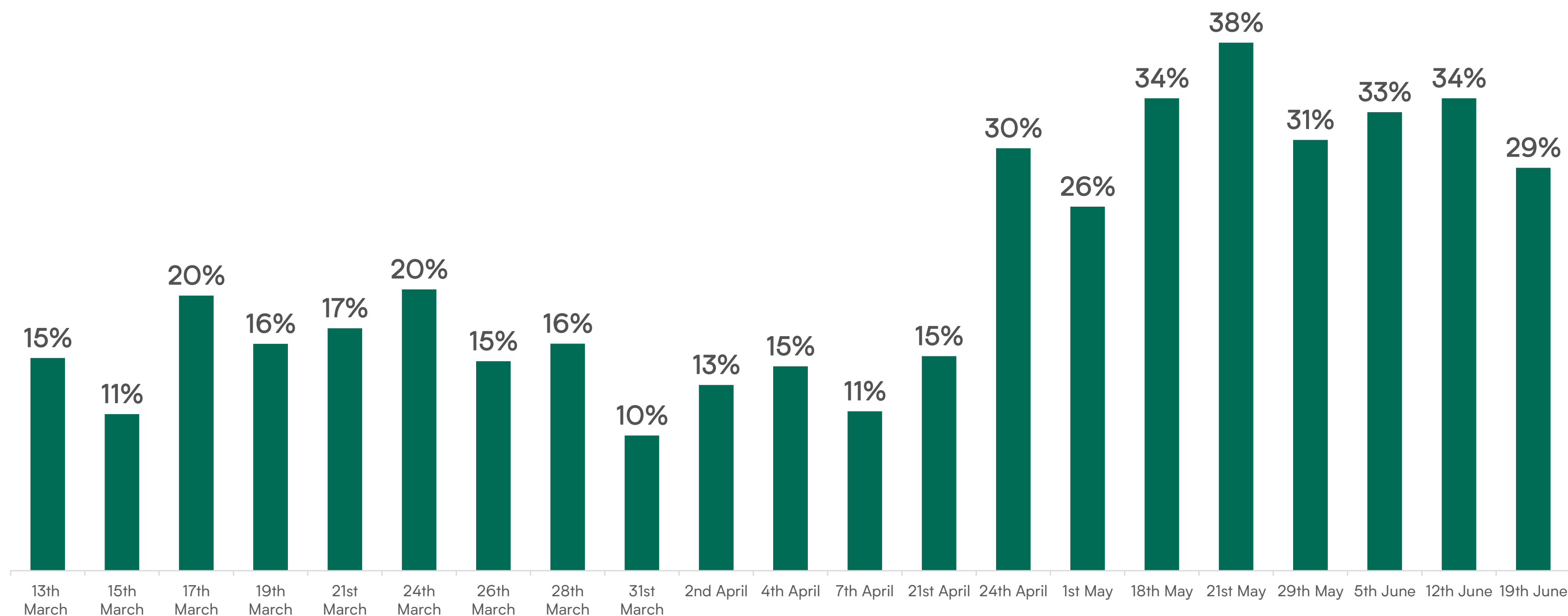
“Been furloughed, can't see friends or go to the pub/clubbing, no routine to the day.” Female, aged 18-24

“I can no longer go to university and continue my studies and see my friends everyday and continue to socialise like normal. I've increased my hours at work too.” Female, aged 18-24



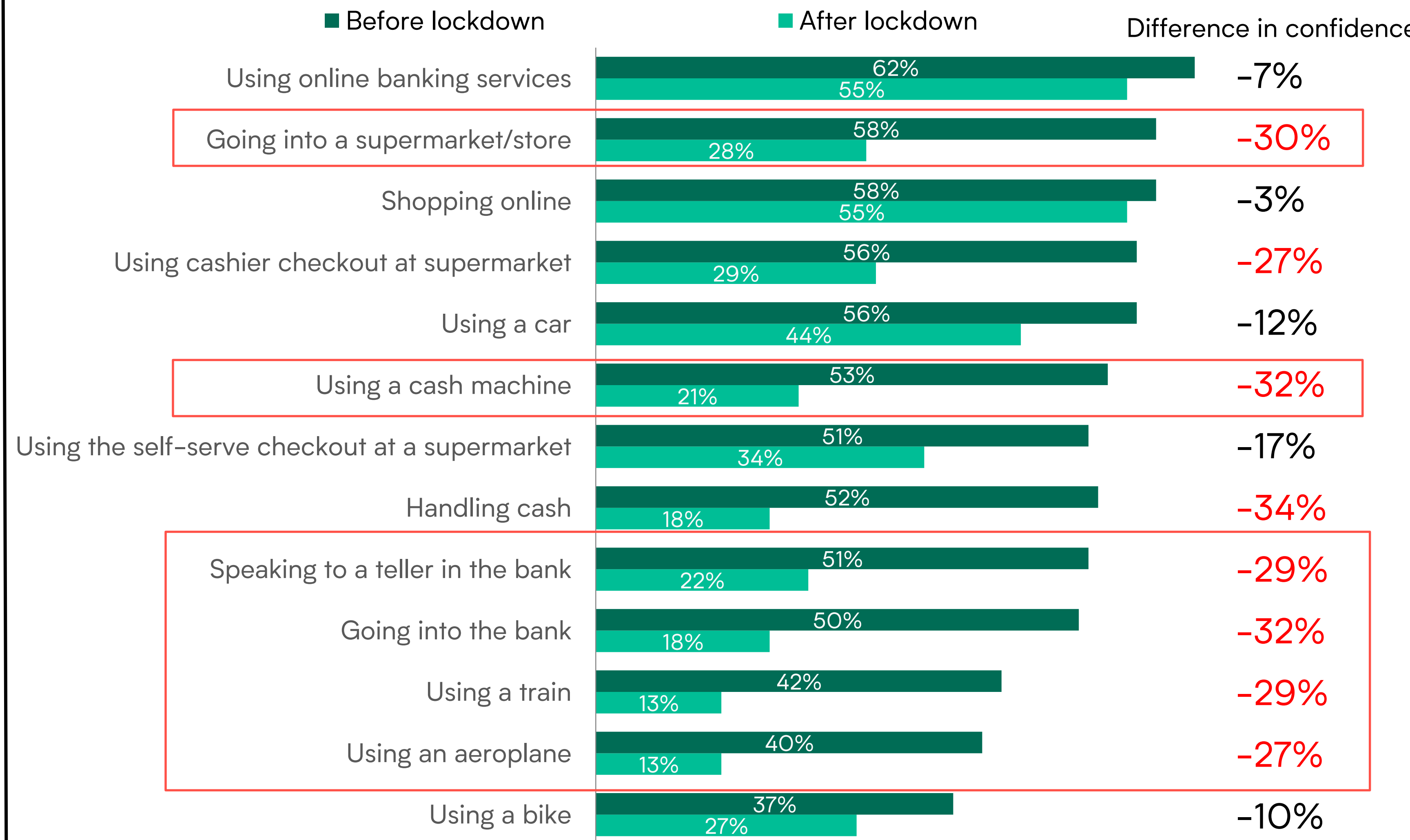
ALMOST A THIRD THINK IT WILL TAKE OVER A YEAR FOR THINGS TO GET BACK TO NORMAL

% OF THOSE WHO BELIEVE IT WILL TAKE OVER A YEAR FOR THINGS TO RETURN TO NORMAL



PEOPLE ANTICIPATE DECREASED CONFIDENCE IN PERFORMING CERTAIN TASKS AFTER LOCKDOWN, PARTICULARLY AROUND HANDLING CASH

% OF PEOPLE WHO FEEL VERY CONFIDENT DOING THE FOLLOWING ACTIVITIES, BEFORE AND AFTER LOCKDOWN

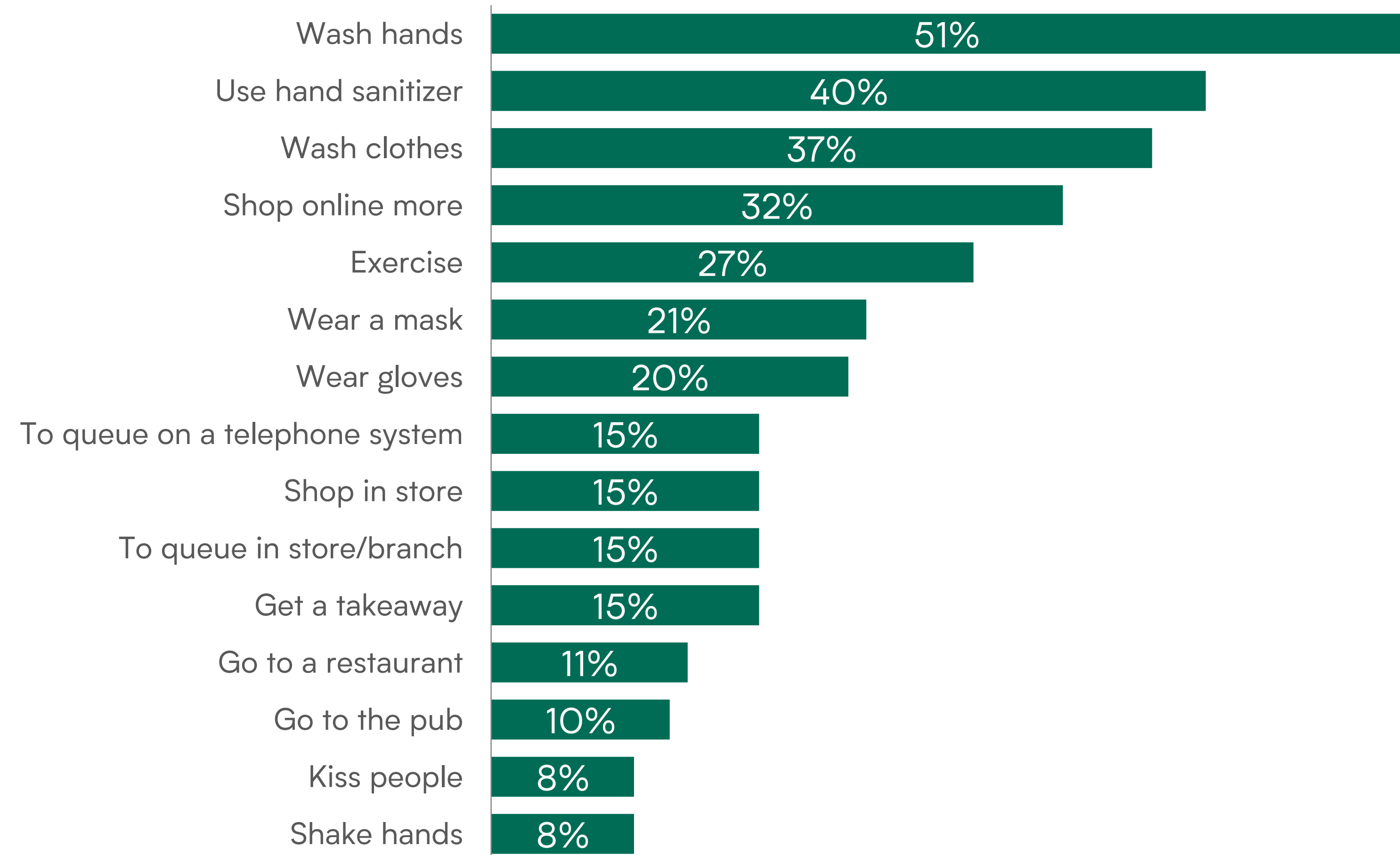




**POST-LOCKDOWN,
PEOPLE EXPECT TO
CONTINUE WASHING
THEIR HANDS, USING
HAND SANITIZER AND
SHOP ONLINE MORE**

WHEN LOCKDOWN IS LIFTED, HOW LIKELY WILL YOU BE TO DO THE FOLLOWING?

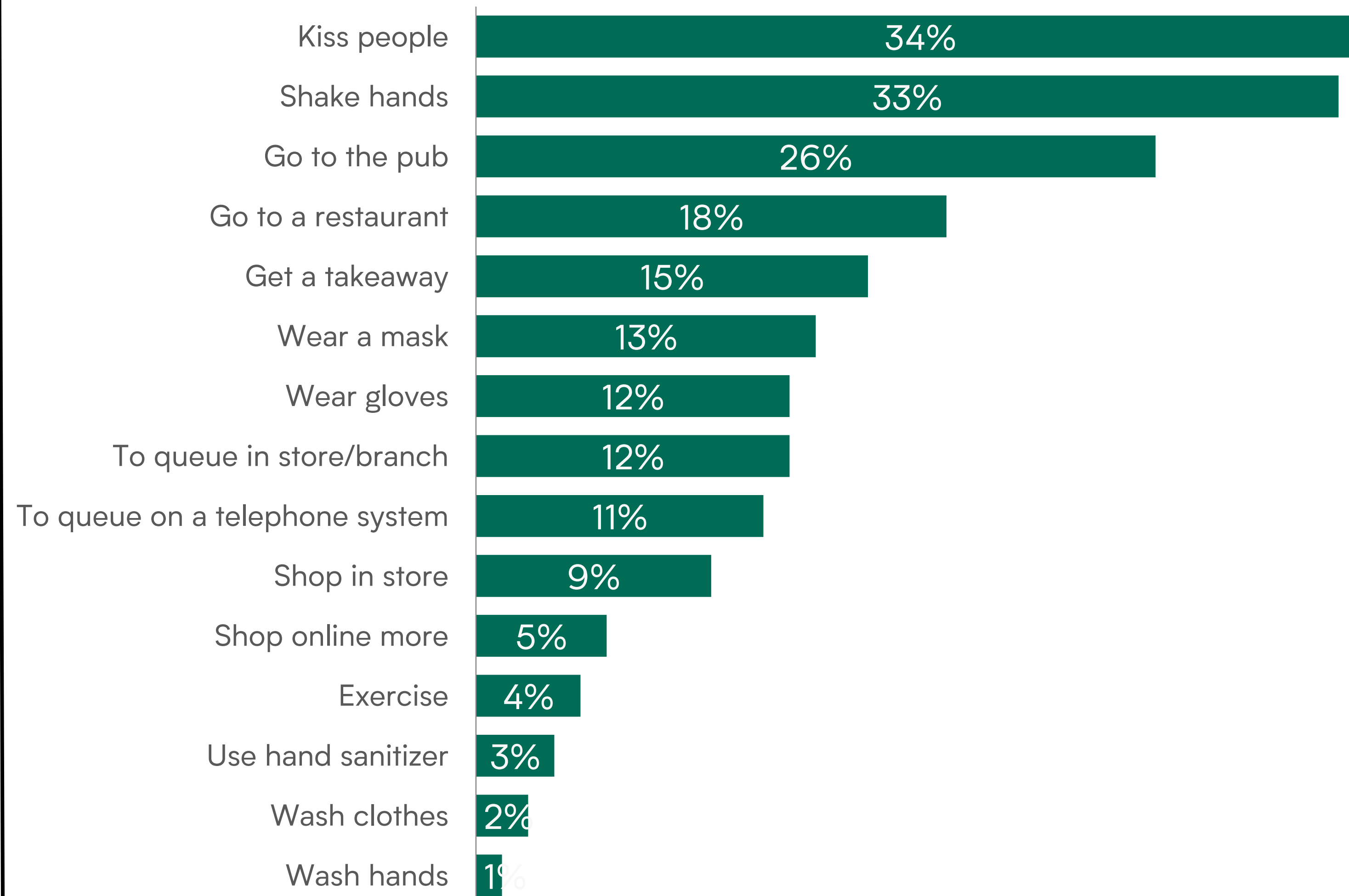
% of people who are more likely





ON THE FLIPSIDE, OVER A THIRD OF PEOPLE FEEL THEY ARE LESS LIKELY TO KISS OR SHAKE HANDS AFTER LOCKDOWN IS LIFTED, AND OVER A QUARTER THINK THEY ARE LESS LIKELY TO GO TO THE PUB

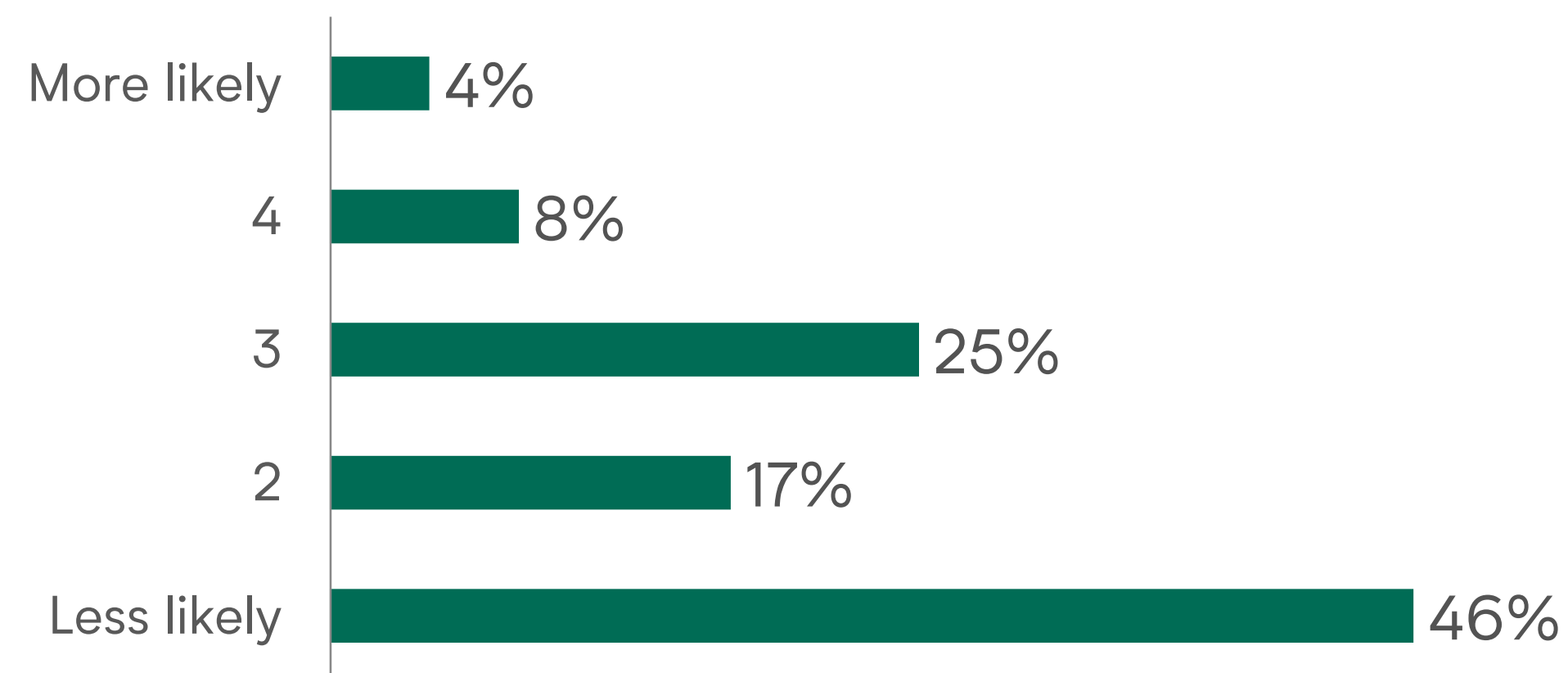
% OF PEOPLE WHO ARE LESS LIKELY TO DO THE FOLLOWING WHEN LOCKDOWN IS LIFTED



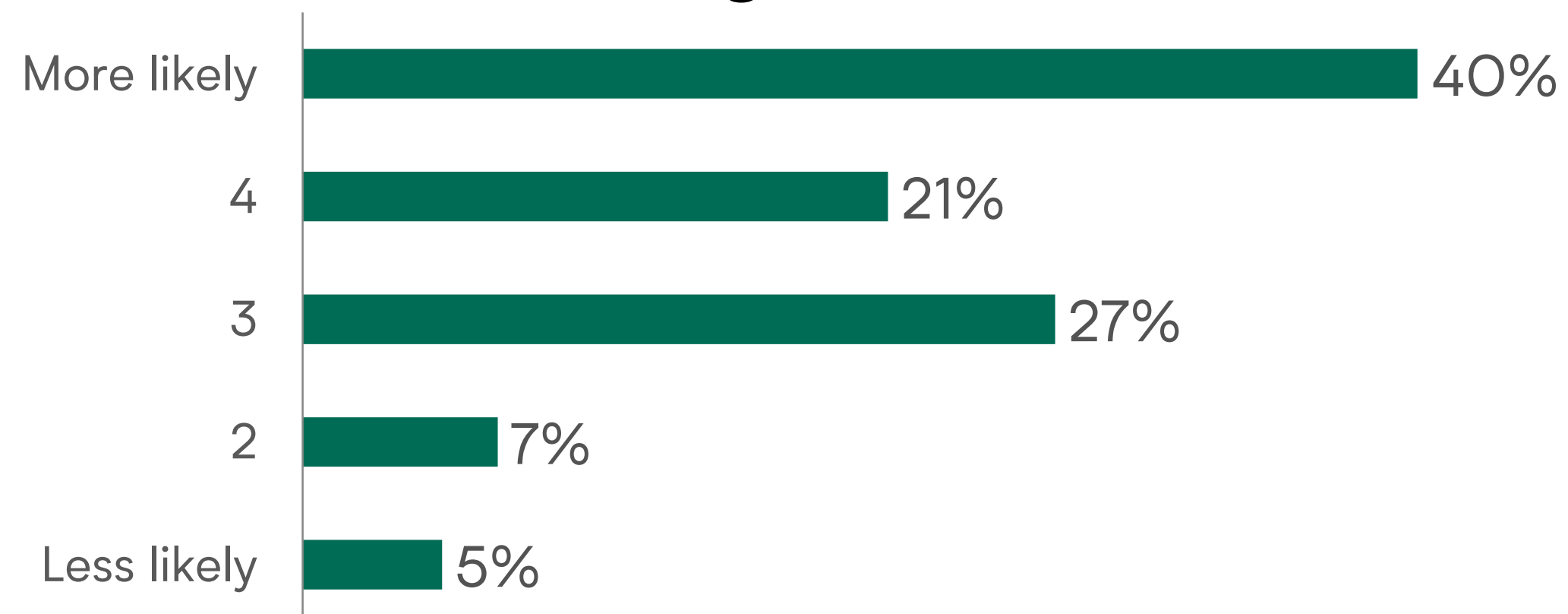


ALMOST HALF (46%) FEEL THEY ARE LESS LIKELY TO BUY A HIGH TICKET ITEM FROM A RETAIL PARK AND 40% ARE MORE LIKELY TO SHOP ONLINE RATHER THAN INSTORE

How likely are you to visit a retail park and buy a high ticket item over the next few months?



To what extent are you now more likely to buy online rather than go to a store?





VIEWS ON THE LONG TERM CHANGES AS A RESULT OF THE CORONAVIRUS SWING BETWEEN A POSITIVE AND NEGATIVE OUTLOOK ON THE FUTURE, WITH CONCERNS FOR CONTINUED INEQUALITY AS THE COUNTRY GOES THROUGH RECESSION

In the long term people expect continued uptake of remote working, less international travel and continued attention to hygiene and an appreciation of ‘the little things’

“I think less people will be wanting to travel abroad and even go to concerts festivals etc here in the UK as well.” Female, aged 18-24

“I think people will continue to distance them self from strangers even with the corona virus has been dealt with and gone. I know for a fact I will continue to keep my distance when I am shopping.” Female, aged 25-34

There is widespread concern for a recession and political response to highlighted inequalities. A number remain hopeful that the empathy shown during this time will continue and that community will be valued

“Bring people together for the better.” Male, aged 25-34

“I believe a lot of trust in the government will be lost and this will lead to changes in the political climate and possibly new, more radical, parties emerging. Unfortunately there could be a rise in discrimination particularly racism which would be a huge problem for society. I would hope that government funding for the NHS would increase but ideally not at the expense for other valuable sectors such as education. I believe that schools will struggle to recover and the national average grades may decrease for the poorer students whilst possibly staying the same/increasing for more well off students who may have access to private tuition.” Female, aged 18-24

“Economy is already going greatly downhill which is making people uneasy. I feel people are going to start acting out especially as countries around us are going back to normal like people will start getting really fed up.” Female, aged 18-24

“I hope people will continue with the way communities have drawn together. This is an opportunity for all of us.” Female, aged 64+



CONSUMER MINDSETS ARE CHANGING IN THE COVID-19 WORLD

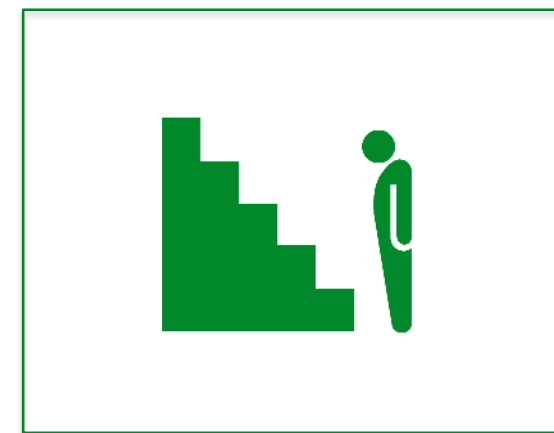
- A greater sense of appreciation
- A period of self-reflection, to assess what really matters and make lasting changes
- Sustainability has become more of a priority
- The shift from physical to digital is likely to be permanent
- There has been a change to a *'maintain mentality'* from a *'gain mentality'*
- DIY becomes more popular — people move towards self-reliance
- Flexible working arrangements
- Safety over privacy

THROUGH
EXTENSIVE
RESEARCH ACROSS
500,000+
CONSUMERS AND
SMES WE
UNDERSTAND THE
FIVE PRINCIPLES TO
OUTSTANDING CX

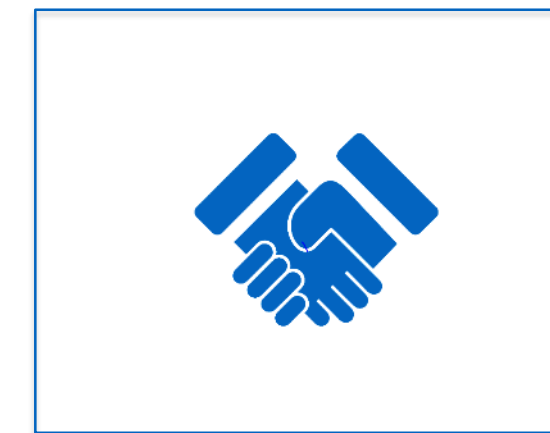
THE FIVE PRINCIPLES BEHIND
OUTSTANDING CX



Personalisation



Effort



Integrity



Empathy



Resolution

Whilst there are nuances by sector and audience at an overall level the relative importance of each principle in driving CX pre COVID-19 was as follows...

Personalisation

35%

Effort

25%

Integrity

15%

Empathy

15%

Resolution

10%

WHAT IS MOST IMPORTANT TO CUSTOMERS HAS SHIFTED IN THE COVID-19 WORLD

HOW IMPORTANT IS IT BRANDS DELIVER ON THE FOLLOWING ASPECTS?

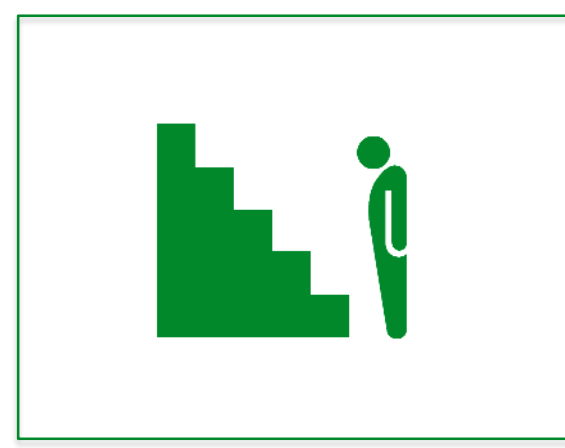


IN A COVID-19
WORLD CONSUMERS
WANT TO SEE
BRANDS ACT WITH
INTEGRITY

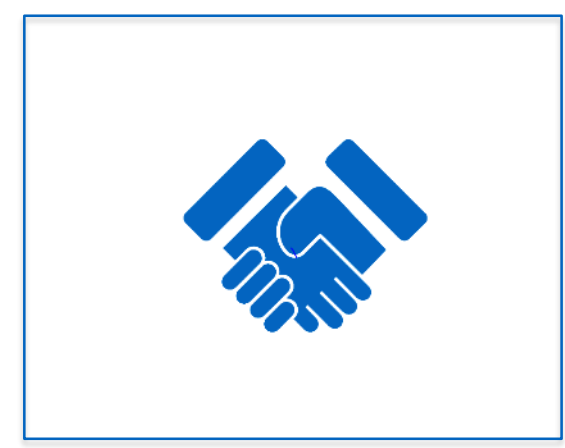
THE FIVE PRINCIPLES BEHIND
OUTSTANDING CX



Personalisation



Effort



Integrity



Empathy



Resolution

Whilst there are nuances by sector and audience at an overall level the relative importance of each principle in driving CX post COVID-19 is as follows...

	Personalisation	Effort	Integrity	Empathy	Resolution
Pre COVID-19	35%	25%	15%	15%	10%
Post COVID-19	10%	25%	30%	15%	20%



**INTEGRITY:
A DEFINITION**

“The quality of being honest and having strong moral principles.”



WHEN ASKED HOW BRANDS CAN SHOW INTEGRITY, HONESTY AND COMMUNICATION CAME THROUGH STRONGLY. INTEGRITY IS SEEN TO BE MOST IMPORTANT WHEN THINGS GO WRONG

- Transparency and honesty so consumers feel informed and valued at all steps of the process
- Showing empathy and genuine interest in customers
- Consistently following through on promises and communicating expectations
- Back up values with demonstrable action, that is consistent throughout the business
- Helpful and proactive customer service
- Ethical and sustainable practices and policies
- Supporting local causes
- Treating employees well
- Using their platform as a voice for social causes
- Not hiding things in small print
- Practically in the current situation — ensuring social distancing can be observed and following government guidelines
- Reflecting on the current cultural context and acting upon it in a way that is authentic and appropriate for the brand's audience



IN THEIR OWN WORDS: HOW BRANDS CAN SHOW INTEGRITY

*“Showing respect and care towards customers needs and wants, being not just about profit but actually caring about providing honest and quality products.”
Female, aged 45-54 years old*

“It must be seen to act honestly and maintain an ethical approach to its business practices. This applies to all aspects of the business from suppliers to employees and customers.” Male, aged 65+

“Sensible pricing. Getting it right first time. Acting within consumer guidelines and the law. Treating people with respect. Not flouting terms and conditions.” Male, aged 55-64 years old

“Goes hand in hand with transparency and honesty. If the brand is supporting environmental causes, it should then follow through by making packaging recyclable/biodegradable for example. And if social, then make donations and use your platform as a voice.” Female, aged 18-24 years old



**BRAND INTEGRITY
BEGINS WITH
KNOWING WHAT
YOUR BRAND
STANDS FOR**

Be genuine through transparency and taking responsibility

Don't try to be something to everyone — focus on a believable identity that is positioned for a chosen audience

Be part of something bigger; consider how you solve real customer problems at a macro and micro level

Practically, connect with consumers in an authentic way that is honest about timelines, expectations and capabilities

Be humble and human

BRANDS SHOWING INTEGRITY



Sainsbury's

Since the beginning of the pandemic, these businesses have consistently been noted for their care of vulnerable customers and efforts to meet customer needs. Adaptability was easier for some than others, but consistent communication and transparency was/is imperative across all situations



At the beginning of lockdown, committed to paying staff



Controversial, but Ben & Jerry's showed integrity by doubling down on the cause of BLM and producing a comprehensive, direct and specific statement



HOW CAN BRANDS SHOW INTEGRITY IN COMMUNICATIONS?

- Provide reliable, accurate information
- Support local communities
- Where possible, support frontline health staff
- Support vulnerable people within their communities
- Be useful and not just entertaining
- Show how they are supporting their employees
- Boost moral by sharing positive stories
- Be proactive and transparent, whether negative or positive



WHAT DOES THIS MEAN FOR MARKETING STRATEGIES

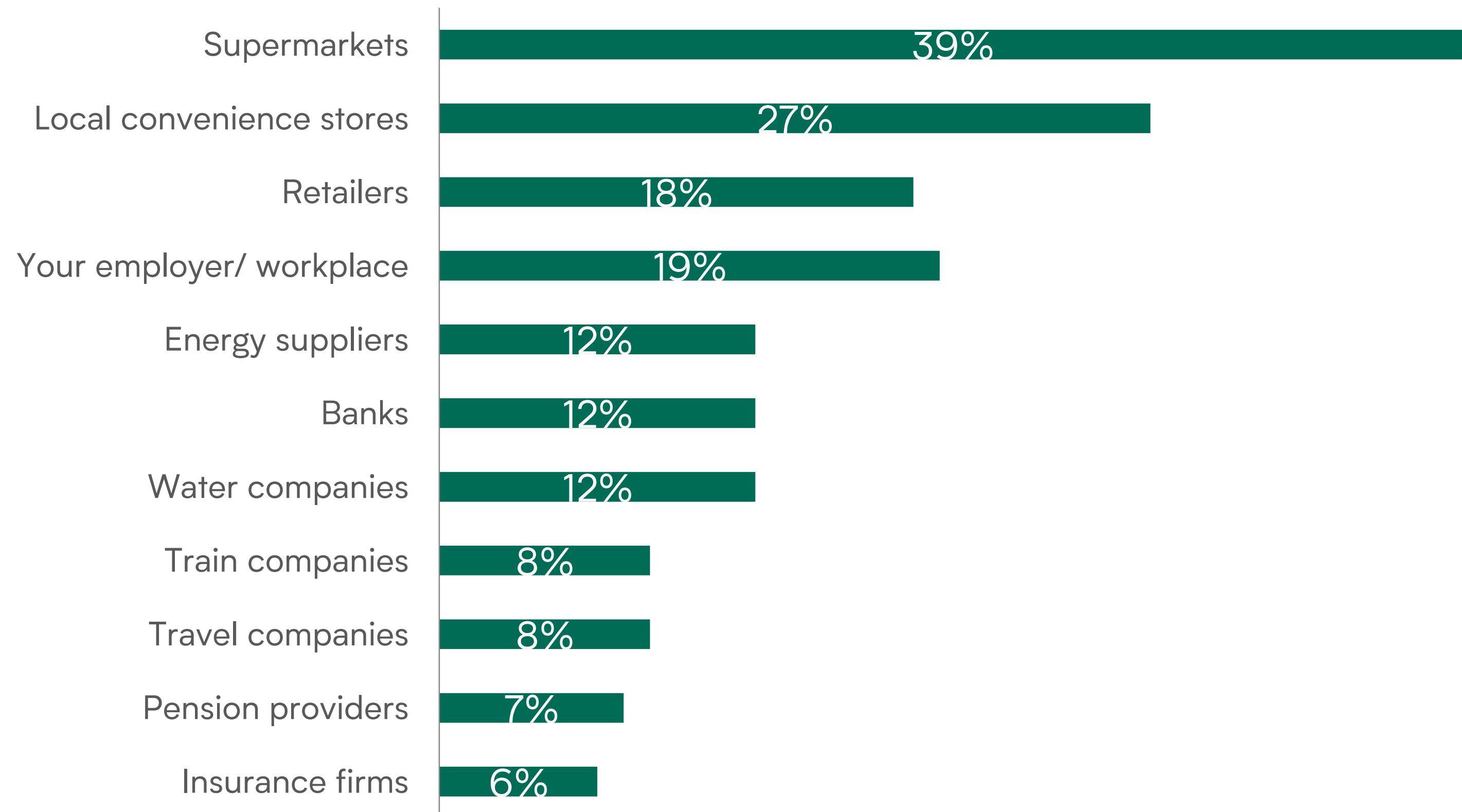
- Run a marketing mix modelling exercise
- Understand your customers
- Create post pandemic messaging, content and creative testing (in a recent EY survey only 7% of consumers said brands should use their normal tone of voice)
- Improve your industry and competitor understanding



ACROSS CATEGORIES,
PEOPLE THINK
SUPERMARKETS ARE
BEING THE MOST
SUPPORTIVE

TO WHAT EXTENT DO YOU AGREE THAT THE FOLLOWING
CATEGORIES ARE DOING ENOUGH TO SUPPORT PEOPLE IN
LIGHT OF CORONAVIRUS?

% of people who agree strongly





SPECIFIC ADVICE TO INSURANCE COMPANIES FROM THOSE WHO DON'T THINK THEY ARE DOING ENOUGH TO SUPPORT CUSTOMERS AT THIS TIME

Flexibility in payment and policy

- Customers expect their insurance provider to consider the extraordinary situation they are in and actively support them. Whether that is adjusting to a loss of earning or not needing travel or car insurance in the foreseeable future

“Extending annual insurance for travel, as there will be months you can’t use it.”

Two-way communication

- Proactively communicate in an open and clear manner, and ensure customers feel listened to and adaptations are made in light of concerns

“Giving people better support and clearer information”

“Be reaching out to customers”

Ensure claims are paid promptly or delays are communicated during a time when money is tight for many

“Helping people to receive any monies quickly re their policies”

Maintain integrity and clear reason in claim acceptance and rejection

- Many customers are upset or nervous that claims are being rejected due to the situation they were born under, and that insurance companies aren't taking responsibility in their greatest time of need

“Not looking for loopholes on life insurance due to the current pandemic”

“Making sure things are paid out and taking a share of their hit in all this. I’ve heard rumours that some firms are not covered because the covid virus is not stated specifically in their policy. That is just ridiculous as its a new virus.”



SPECIFIC ADVICE TO BANKS FROM THOSE WHO DON'T THINK THEY ARE DOING ENOUGH TO SUPPORT CUSTOMERS AT THIS TIME

Banks are in a position to support customers at the moment through the following:

- Instore safety is of concern, so communicate efforts to keep branches sanitised and social distancing procedures
- Increasing remote banking capabilities to remove the need to go in-store, for example shorter wait time for telephone banking
- Being empathetic to the unprecedented financial burden many face; this may be in the form of providing practical assistance or personalised advice for their situation
- Ensuring communication is transparent, relevant and useful to customers
- Key issues to communicate – efforts in fraud protection and reassurance of measures to retain the value of people's savings in light of a recession

“Help and support with cashflow issues and overdrafts. Easier access to fixed term savings accounts i.e. waive early withdrawal penalties etc..”

“Help with managing finances by showing how they can help prevent overdrafts or make arrangements for temporary overdraft so bills can be paid.”

“Cutting interest or giving holiday periods on people with loans etc.”

“Ensure safety of customers in the bank and make sure everywhere is cleaned.”

“Communicating about it's new policies and procedures in branch.”

“Extended mobile banking hours.”

“Giving more clear information, more quickly.”



SPECIFIC ADVICE TO PENSION PROVIDERS FROM THOSE WHO DON'T THINK THEY ARE DOING ENOUGH TO SUPPORT CUSTOMERS AT THIS TIME

There are four areas highlighted as those for extra support, namely:

- Reassure customers of decisive measures to retain pension values
- Releasing equity for those struggling with money flow
- Provide greater tax relief
- Most importantly communicate openly to their clients, explaining the measures being taken to support them, how they can prepare for potential future implications and reassurance

“If possible put a freeze on pensions before every penny is lost.”

“Ensuring that pensions will continue to be paid and being more communicative.”

“Feels like they are doing nothing to help .. I’ve had no comms from them.”

“Offering options to help with cash flow and guidance on how to prevent long term financial struggles.”

“Making sure people have access to information they need in order to be able to access their pensions. More online information would be useful.”

“Give me more reassurance that my pension pot is safe and that the bonuses it has earned are safe.”



SPECIFIC ADVICE TO TRAIN COMPANIES FROM THOSE WHO DON'T THINK THEY ARE DOING ENOUGH TO SUPPORT CUSTOMERS AT THIS TIME

There are several areas highlighted that customers require more support from train companies:

- Insufficient space to practise social distancing within carriages
- Lack of physical restrictions or enforcement of social distancing
- Poor communication of timetable changes
- Inadequate cleaning and use of disinfectant
- Inconvenience caused by a reduced timetable was also cause for concern, though others felt the service should be reduced
- Some people wished for trains to be restricted for use by key workers only

“Should be providing hand sanitizer etc, and making sure that people stay away from each other with no overcrowding .”

“Publicising changed timetables, level of users at certain times, hygiene and cleanliness practices.”

“More trains should be running on the London lines it is so silly cramming all these people in trains on a reduced service. Have a normal service and more trains this makes me so angry.”

“Cut the number of trains running and social distancing more enforced.”

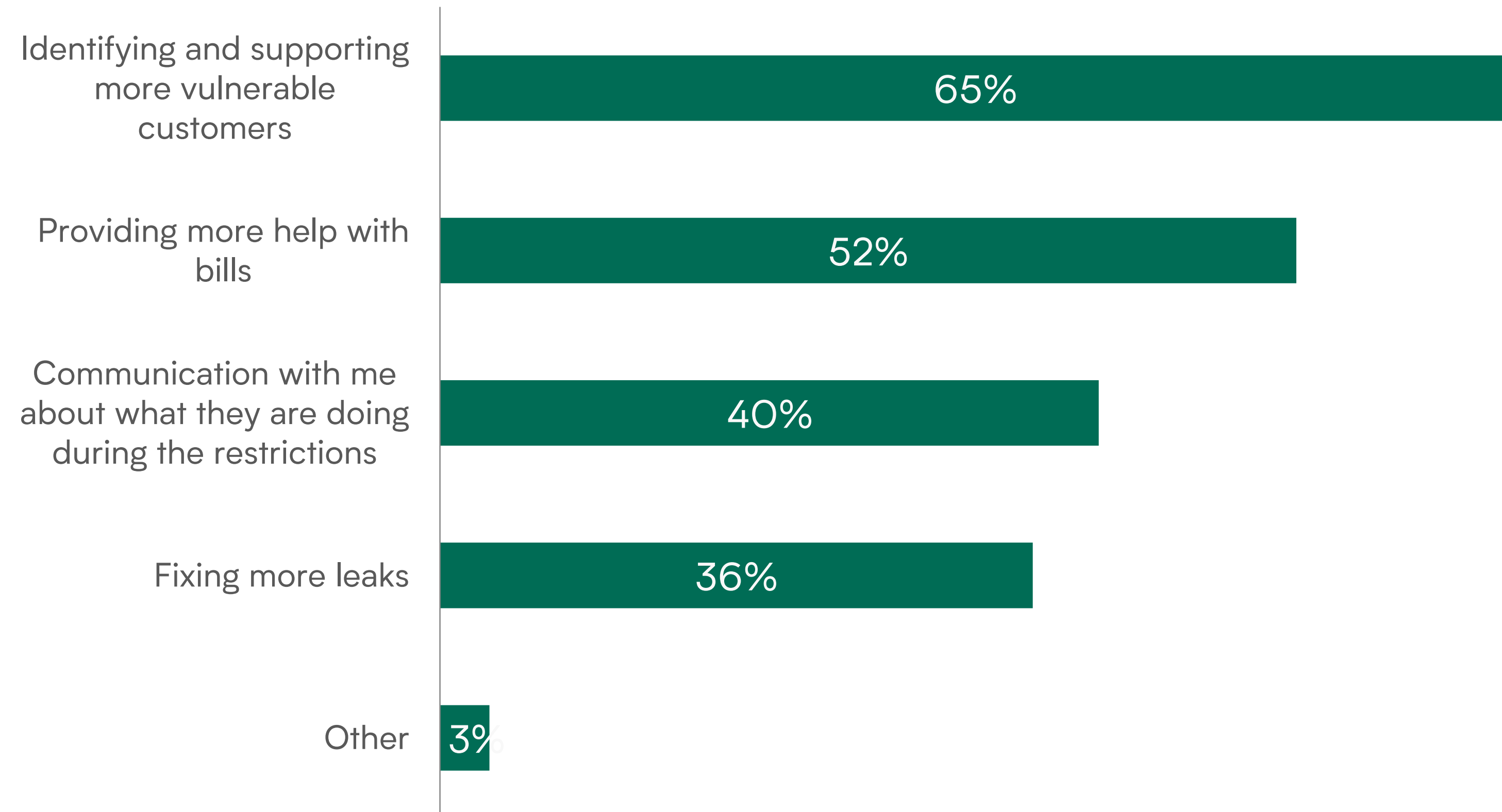
“Running when key workers need to get to work but only for them.”

“Need to stop letting so many people on the train.”



**FOR WATER COMPANIES,
THE MAJORITY THINK
THEIR PRIORITY SHOULD
BE IDENTIFYING AND
SUPPORTING
VULNERABLE
CUSTOMERS**

**WHAT DO YOU THINK YOUR WATER COMPANY SHOULD BE DOING TO
PROVIDE HELP AND SUPPORT TO EVERYONE DURING THE COVID-19
RESTRICTIONS?**





SPECIFIC CONCERNS PEOPLE HAVE ABOUT THEIR HOUSING SITUATION AS A RESULT OF THE IMPACT OF CORONAVIRUS

For those living in rented housing — private and social, concerns are similar

- The risk and potential consequences of not being able to pay rent and bills due to no or low income, housemates not being able to contribute or the rent being increased
- Being put at risk by the behaviour of housemates, and not feeling in control of their health and safety within their personal space

“Housemates not following rules and contracting virus. Being unable to move out into a new property due to viewing restrictions.” (Private, rented housing)

“I am worried my landlord might sell my rented home because some tenants do not want to pay rent during COVID-19 and furloughed period. If my housemate tenants vacate the property the landlord might decide that my rent is not enough to run the house costs.” (Private, rented housing)

“I cannot afford my rent this month due to loss of wage.” (Social, rented housing)

“They are only doing emergency repairs. I’m worried other repairs will build up a big back log.” (Social)

For home owners — mortgage payments dominate, while free-hold owners are relatively unconcerned

- Those who have paid their mortgage report no concerns about their living situation, beyond the home’s potential future value should the market slow
- Those with a mortgage are concerned about mortgage and bill payments, especially if job security is of concern now or in the future

“We were planning to downsize but have put it on hold until the housing market is properly back on its feet.” (Home-owner, no mortgage)

“Value of house may go down.” (Home-owner, no mortgage)

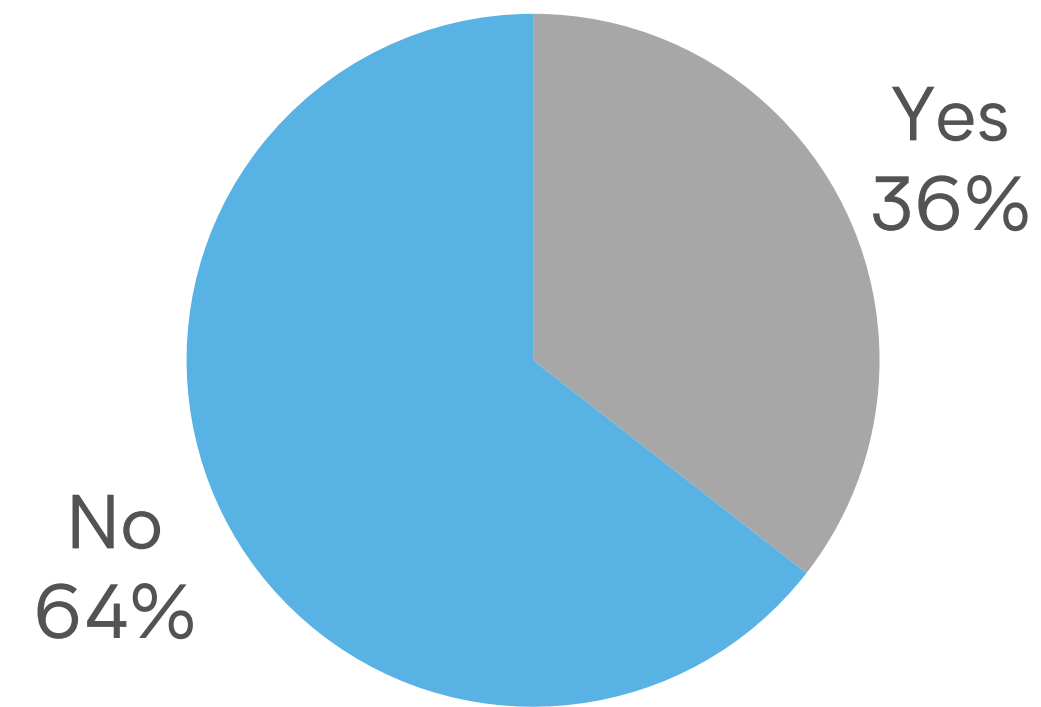
“I have taken a mortgage holiday so have some concerns over how much my repayments will increase.” (Home-owner, with a mortgage)

“No immediate concerns. In the long term if I lose my job in the imminent recession and can’t find another job, I may be unable to pay my mortgage and lose my home.” (Home-owner, with a mortgage)

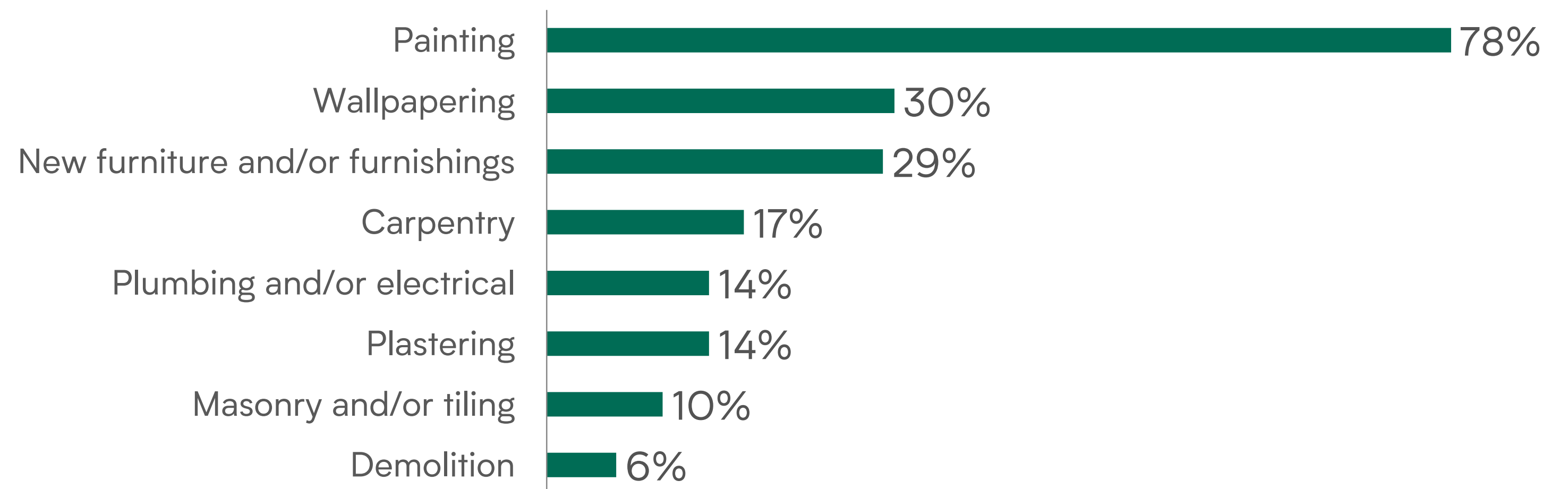


**OVER A THIRD (36%)
HAVE DECORATED OR
RENOVATED THEIR HOME
DURING LOCKDOWN. OF
THIS GROUP, OVER
THREE QUARTERS (78%)
DID PAINTING AND
ALMOST A THIRD (30%)
DID WALLPAPERING**

During lockdown, have you decorated or renovated your house?



Of those who answered yes - What has this involved?



WE INTEND TO PROVIDE TREND FIGURES FOR THESE QUESTIONS WEEKLY

GET IN TOUCH IF YOU WOULD LIKE TO ADD QUESTIONS

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Thank
you!



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