



# No Going Back?

Consumer market outlook after COVID-19

An Amárach Briefing: June 2020



<https://app.hedgeye.com/insights/84564-cartoon-of-the-day-v-shape?type=macro%2Cmarket-insights>

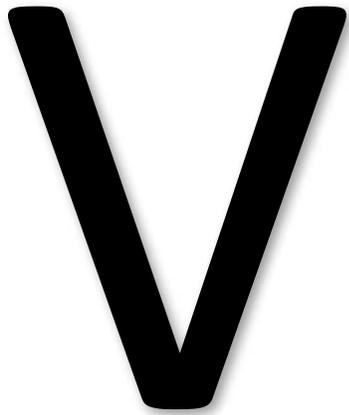
1. **Consumer Spending Outlook**  
looking 'L'ish
2. **Habit Norming**  
baked-in future behaviours
3. **Winners & Losers**  
the emotional difference
4. **Marketing Imperatives**  
own the top line (or go home)



- The COVID-19 public health emergency is coming to an end and we have been spared the worst-case scenario, for now.
- The pace of reopening has accelerated, giving businesses hope that they can start selling and generate revenue again.
- Income-support measures (payments/subsidies) have been maintained, and will continue for several more months.
- We may have a new government soon that will put in place additional measures to help SMEs and others navigate the economic uncertainties ahead.



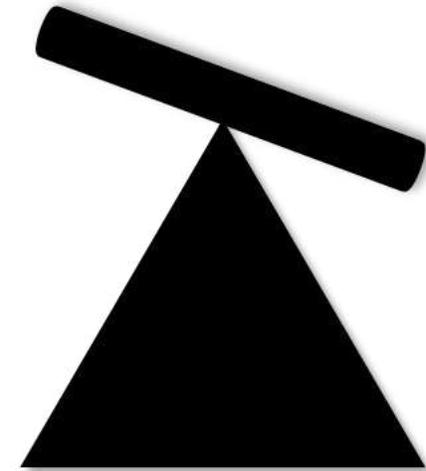
# 1. Consumer Spending Outlook



BOUNCE?



CRASH?



PIVOT?



# Consumer Spending

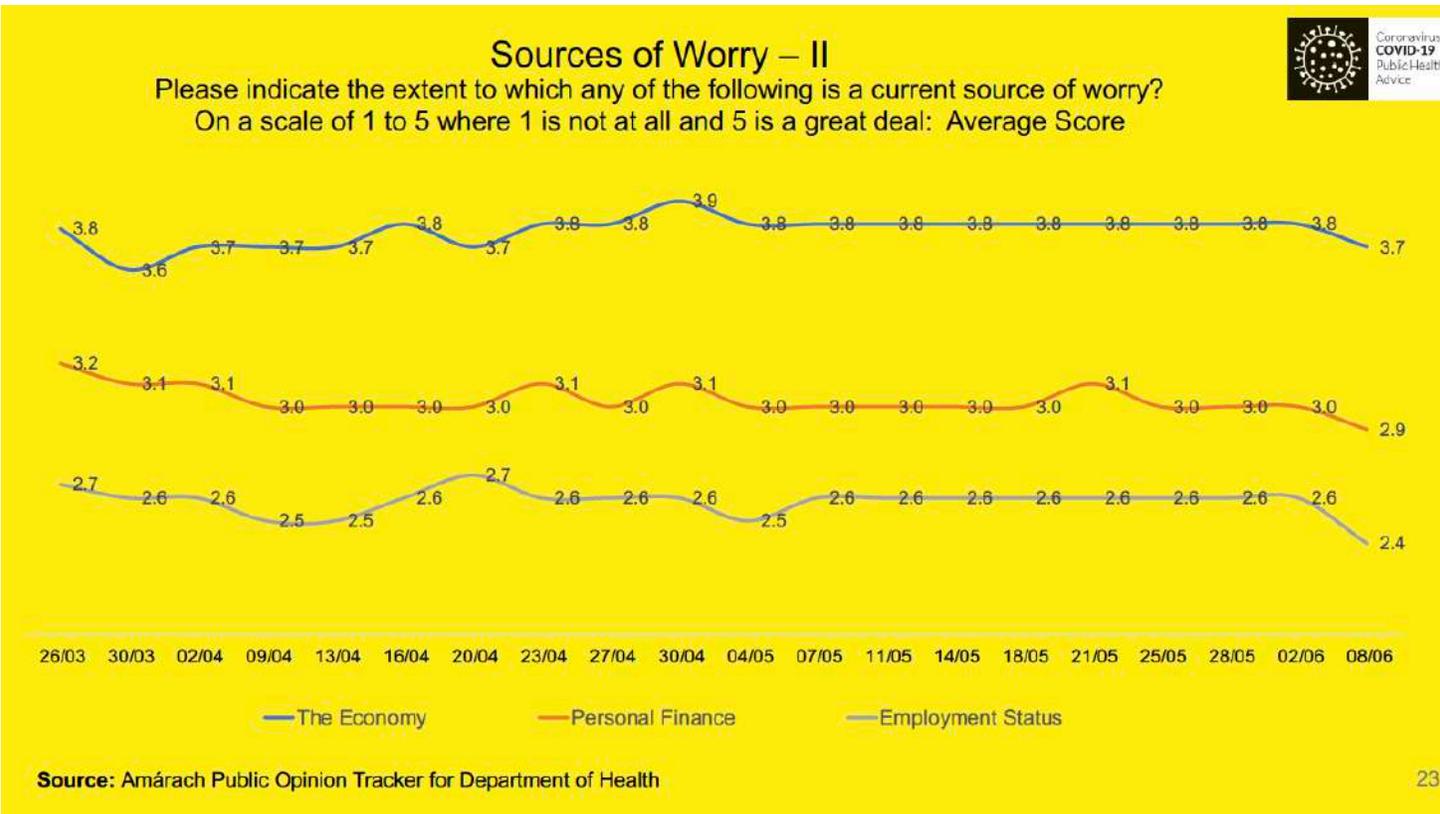
Key indicators				
Annual % change	2020	2021	2021	
			(relative to 2019)	
Consumer spending	-13.8	8.2	-6.7	
Investment	-39.1	36.2	-17.1	
Imports	-7.0	6.0	-1.5	
Exports	-15.2	12.9	-4.3	
GDP	-11.1	6.4	-5.4	
Domestic demand (domestic capex and consumption)	-19.7	12.2	-9.9	
Inflation	-0.5	1.2	0.7	
Employment	-14.2	12.2	-3.8	

<https://www.ibec.ie/influencing-for-business/economy-and-tax/quarterly-economic-outlook-q2-2020>

- A 14% fall in consumer spending takes us back to 2014/15 levels, by end 2021 still at 2016/17 levels in the IBEC scenario.
- We have experienced a ‘supply shock’ that is now giving way to a ‘demand shock’, but the former recovers sooner than the latter.
- Inflation: all forecasts assume low/no inflation for foreseeable future, but that could change quickly (energy, food, shortages, ‘claw back’).
- Ultimately the spending outlook is a function of forecasts for incomes/jobs and for savings/taxes.

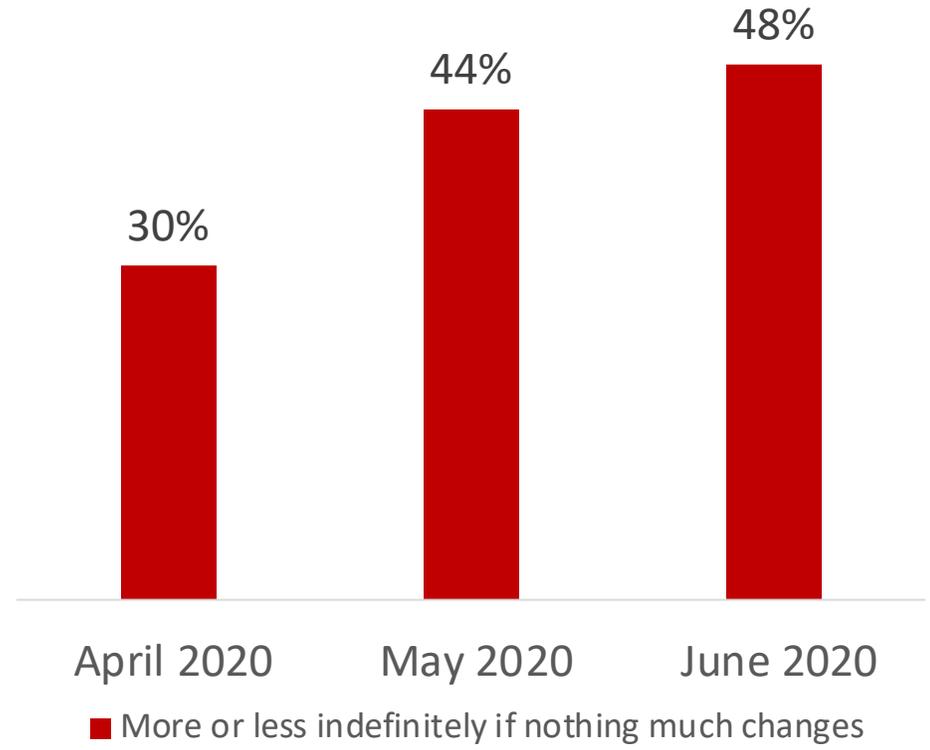


# No Worries

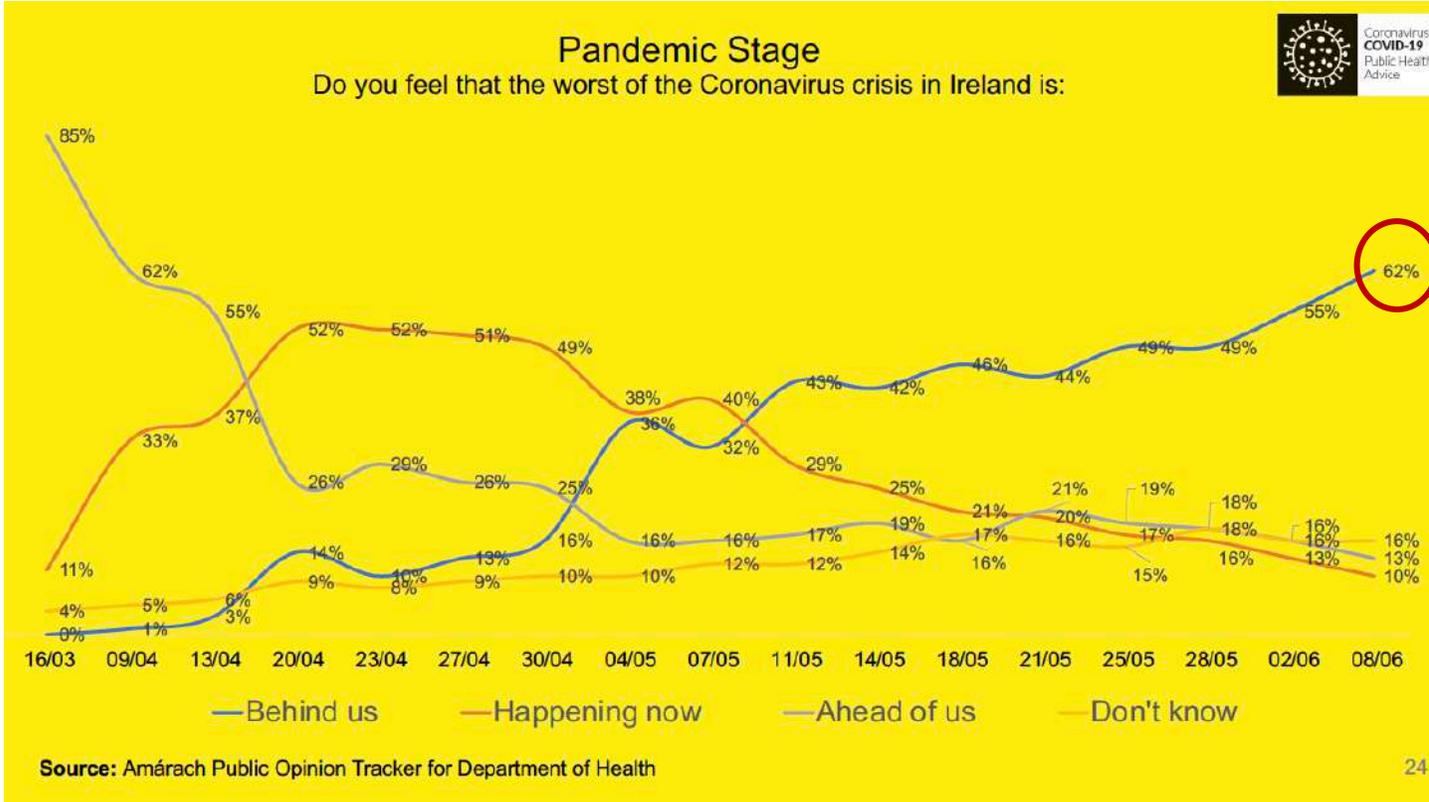


<https://www.gov.ie/en/collection/6b4401-view-the-amarach-public-opinion-survey/>

How long do you think you can sustain your current lifestyle given your income and spending circumstances?

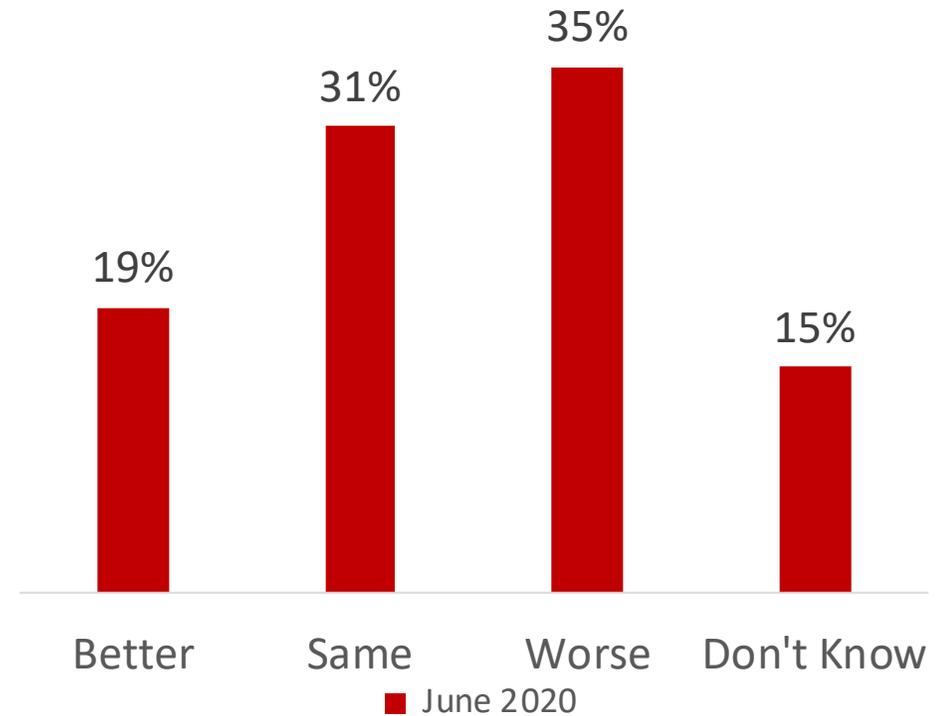


# What Next?



<https://www.gov.ie/en/collection/6b4401-view-the-amarach-public-opinion-survey/>

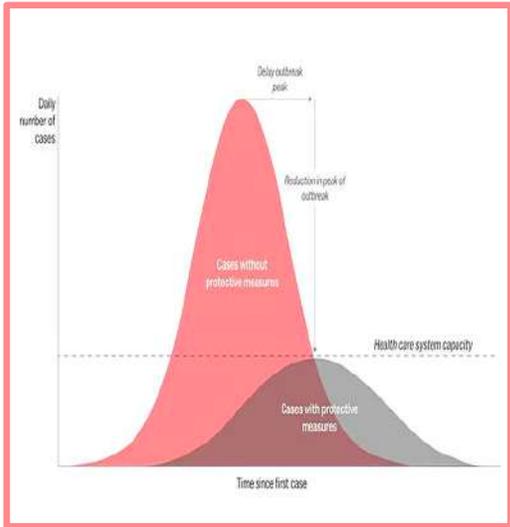
On balance do you think your life after the pandemic is over will be:



**Worse:** >Male/55+/Dublin  
**Better:** >Female/U35/RoL



# Sources of Uncertainty



Majority expect a 2<sup>nd</sup> wave



Confidence is still on the floor



Global outlook looking tense



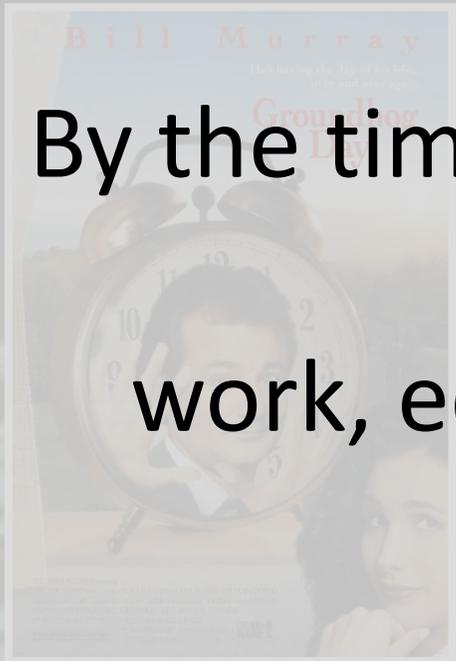
'New' behaviour becoming normal



## 2. Habit Norming

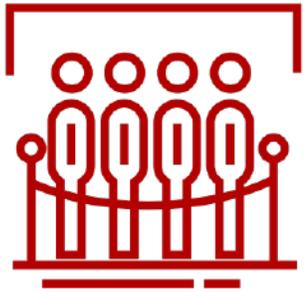
It takes about **60** days for a habit to become automatic\*,  
i.e.: something you do without thinking about it.

By the time Ireland's lockdown ends, we will have spent  
**150** days acquiring new habits:  
work, education, travel, media, leisure & shopping.





# New Habits – I



**69%**

have gone to a shop and turned back because of the queue  
(>F/45-54)



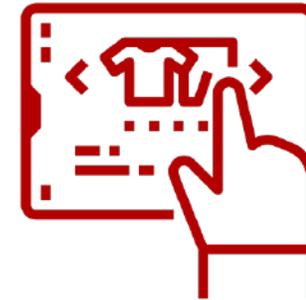
**57%**

have intentionally shopped at local stores (when they had a choice)  
(>F/45-54/ABC1)



**43%**

have bought a different brand to the one you usually buy because usual one wasn't available  
(>F/U35/ABC1)



**42%**

have shopped online because they didn't want to queue  
(>F/U35/ABC1/  
Dublin)



**41%**

have intentionally bought Irish products (when they had a choice)  
(>F/U35/ABC1/  
Munster)



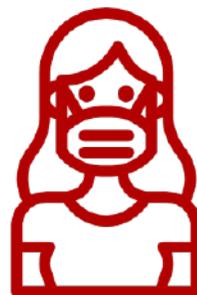
**32%**

have shopped online because they were worried about coronavirus  
(>F/U35/Leinster)



**28%**

have bought items in bulk to avoid going back to the shop because of coronavirus  
(>F/U35/ABC1/Dublin)



**28%**

wear a face mask in public places  
(>F/55+/C2DE/Dublin/Leinster)



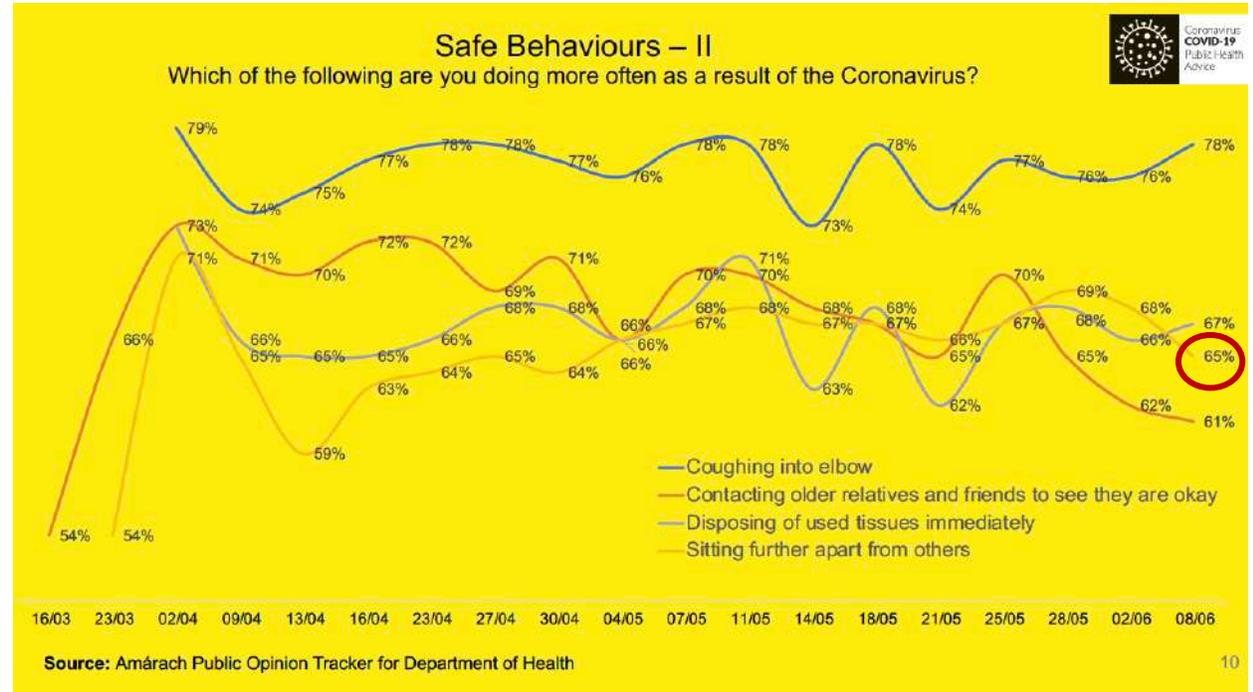
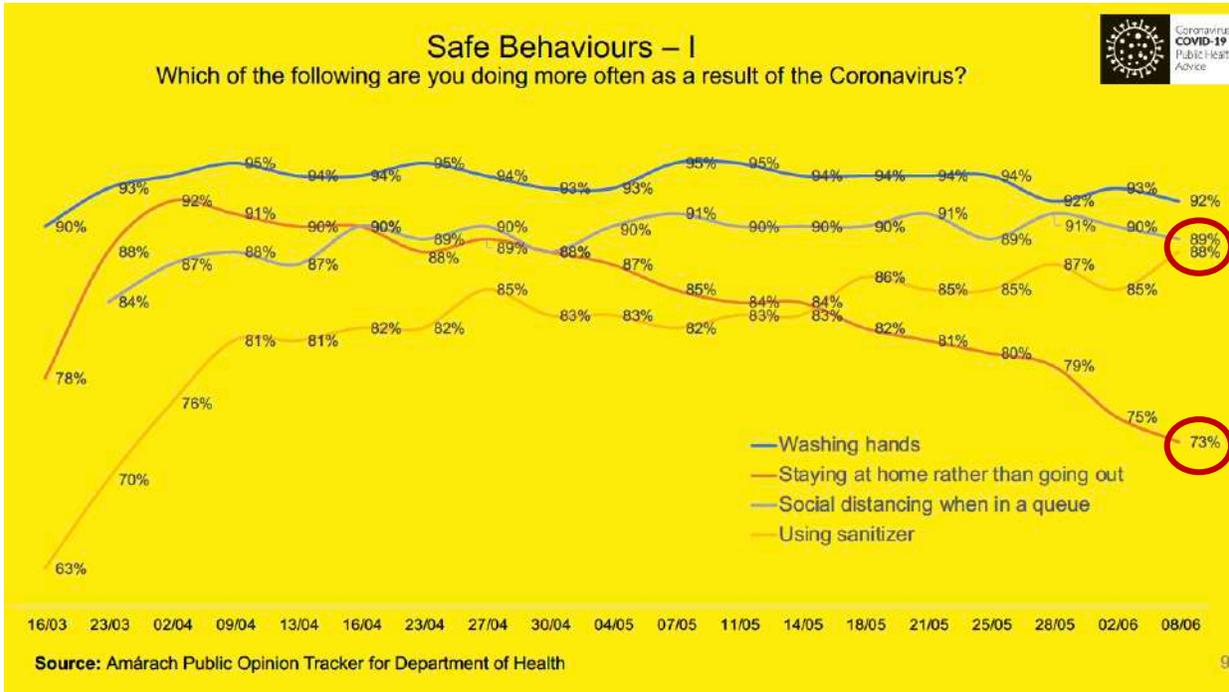
**15%**

have paid more than usual off their credit card bill (to reduce amount owed faster)  
(>35-44s/ABC1/Dublin)



**11%**

have gone to a cafe and turned back because of the queue  
(>ABC1/Dublin)

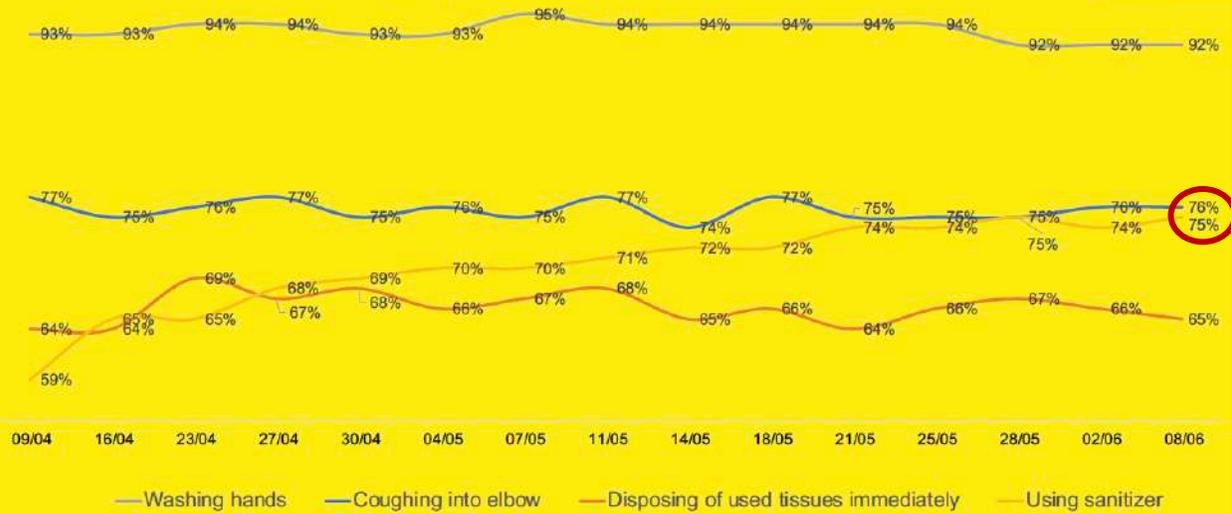




Coronavirus  
COVID-19  
Public Health  
Advice

## Future Behaviours – I

Which of the following will you continue after Coronavirus?



Source: Amárach Public Opinion Tracker for Department of Health

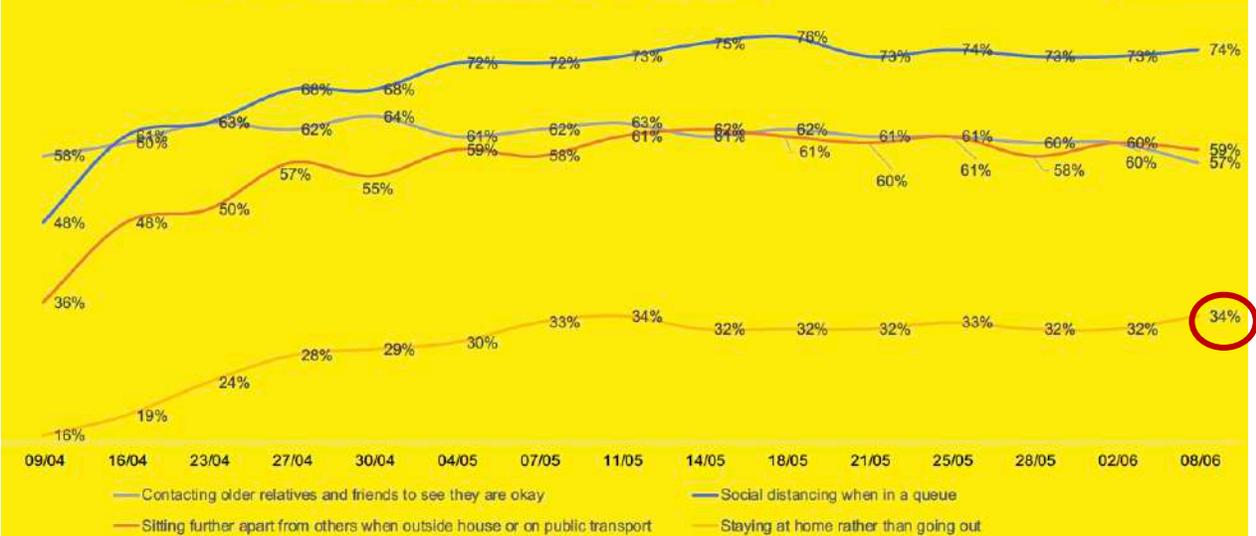
11



Coronavirus  
COVID-19  
Public Health  
Advice

## Future Behaviours – II

Which of the following will you continue after Coronavirus?



Source: Amárach Public Opinion Tracker for Department of Health

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Home Stayers: >Female/35-44/RoL/Wear Mask



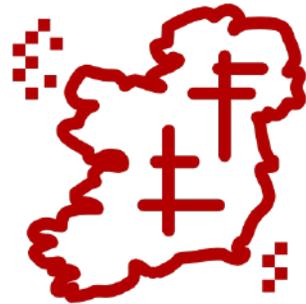
# Future Intentions – I

Life after the COVID-19 pandemic is over:



**87%**

agree they will buy more from local shops if they can  
(>life better)



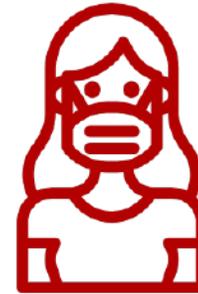
**82%**

will buy more Irish products if they can  
(>55+/life better)



**82%**

will continue to pay more by card than by cash  
(>F/U35/ABC1/life better)



**79%**

will continue to be cautious about going to shops  
(>F/55+)



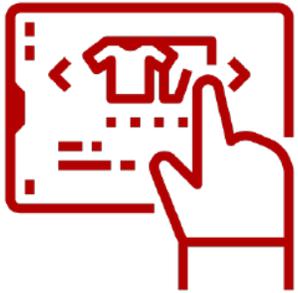
**66%**

will have more holidays in Ireland rather than travel abroad  
(>55+/life better)



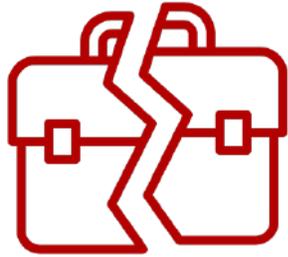
# Future Intentions – II

Life after the COVID-19 pandemic is over:



**59%**

will continue to shop online just like they've done during the pandemic  
(>F/U35/ABC1/  
life better)



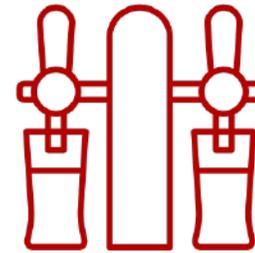
**48%**

will save more because of uncertainty about their jobs  
(>U35/ABC1/  
Dublin)



**47%**

will buy more items in bulk to reduce the number of shopping trips  
(>F/life worse)



**34%**

will be one of the first back to their favourite restaurants or pubs when they open  
(>M/Munster/  
life worse)



**30%**

will stop worrying about the virus when they are shopping  
(>M/55+/  
life the same)



# 3. Winners & Losers



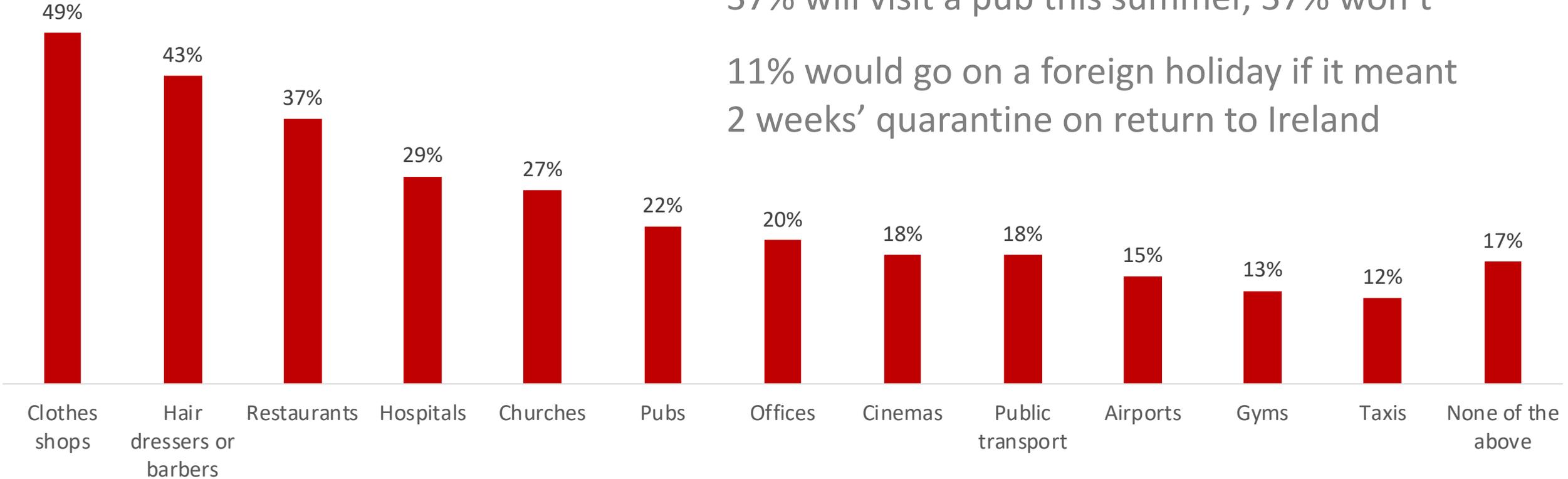


# Heading Out

Whether or not you actually use them, which of these types of places or services would you be willing to go to within the NEXT WEEK?

37% will visit a pub this summer, 37% won't

11% would go on a foreign holiday if it meant 2 weeks' quarantine on return to Ireland



# Feeling Uncomfortable



Which of the following do you usually feel when you are inside a shop nowadays?



**Worried: 39%**



**Hassled: 25%**



**Annoyed: 21%**



**Welcome: 20%**



**Relaxed: 16%**



**Safe: 12%**



**Happy: 8%**



**Sad: 8%**

**None of these: 13%**



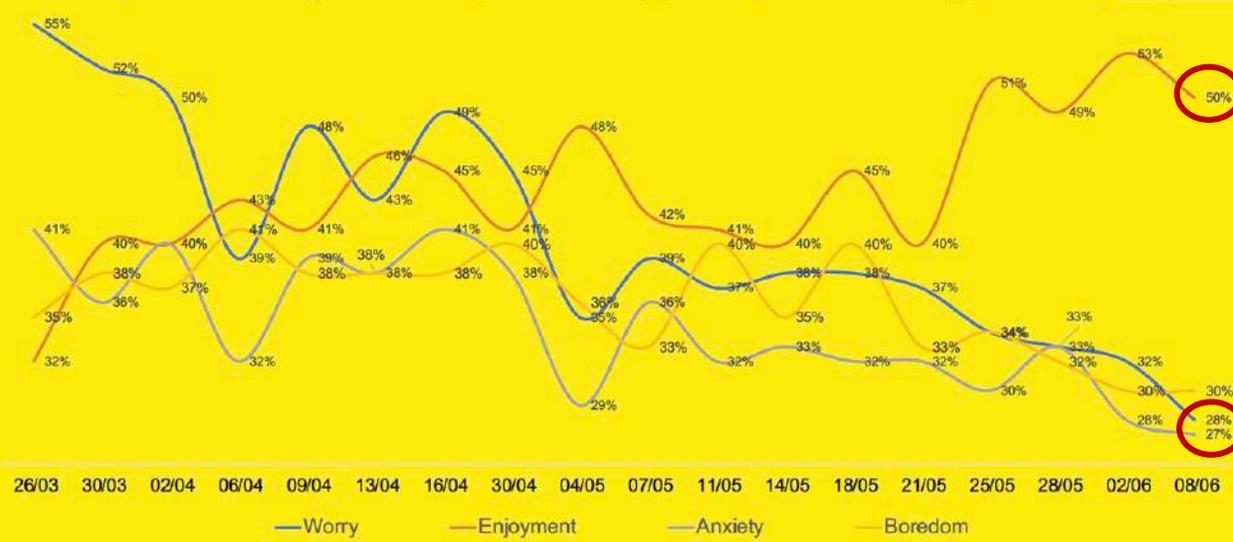
The emotional experience of shopping is the opposite of the emotional state of the nation

## Emotional Wellbeing – I

Did you experience any of these feelings a lot of the day yesterday? Select all that apply:



Coronavirus COVID-19 Public Health Advice



Source: Amárach Public Opinion Tracker for Department of Health

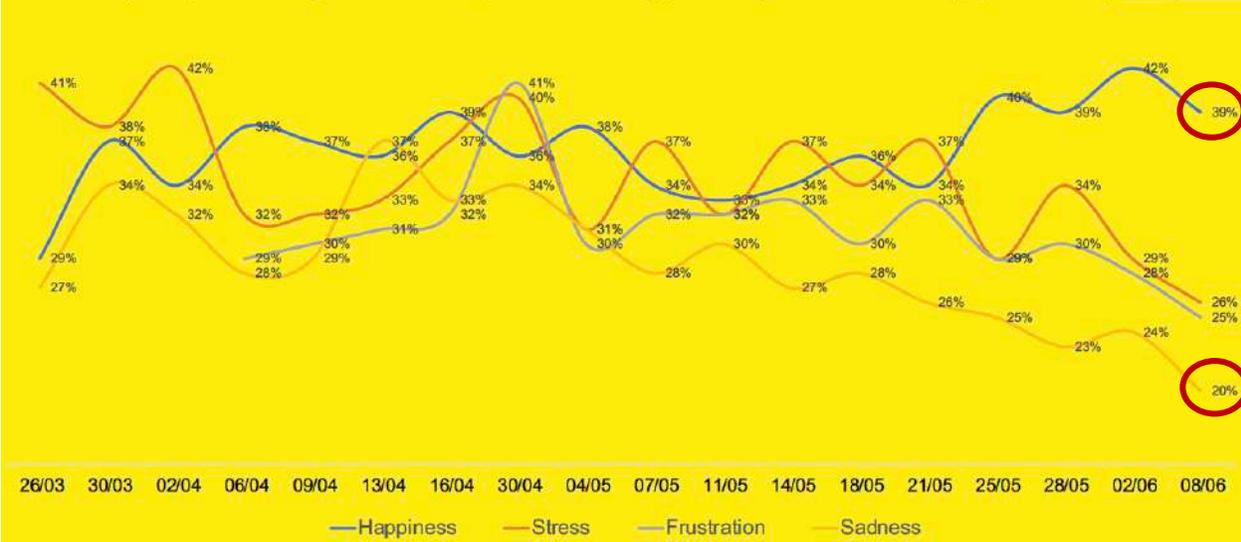
17

## Emotional Wellbeing – II

Did you experience any of these feelings a lot of the day yesterday? Select all that apply:



Coronavirus COVID-19 Public Health Advice



Source: Amárach Public Opinion Tracker for Department of Health

18



- Is your store or outlet as relaxed and welcoming as a Level 4 Bio-Hazard Facility?
- The **winners** will be those businesses, brands and teams who leave the customer with positive feelings – not ‘relief they survived the trip’.
- The **losers** will be those who let the ‘safety theatre’ get in the way of a pleasant shopping experience: by failing to say ‘hello’ & ‘goodbye’ in a positive/memorable manner.
- **BUT IT IS A MATTER OF BALANCE:** you must keep your customers safe, but you must also make them want to come back!



**BIG BRAND  
SALE**

**NOW ON**

## 4. Marketing Imperatives



# The New Normal is still normal



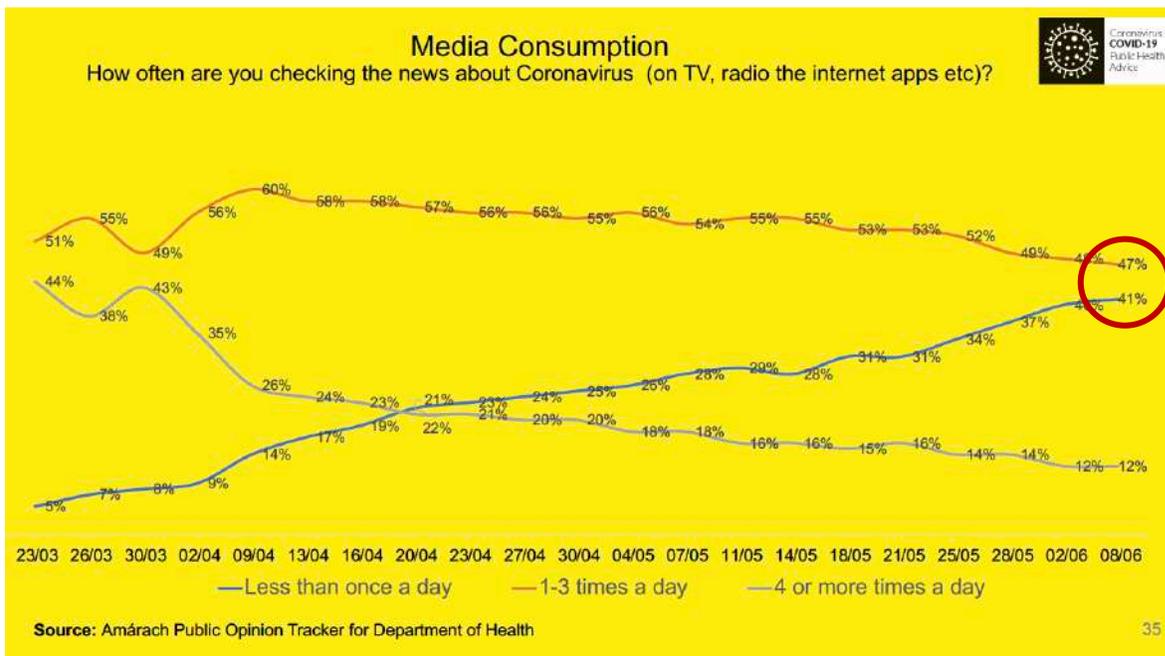
©marketoonist.com

<https://marketoonist.com/2020/05/newnormal.html>

- From my last presentation:
- There will be over 5 million people living in Ireland after Covid-19 just as there were over 5 million before it.
- Consumers are resilient: we have coped with ‘flattening the curve’; we’ll cope with adjusting to ‘2014-16’ spending levels.
- We are starting from a less vulnerable place than before, and we won’t ‘do austerity’ again.
- However, there is no ‘easy’ way out: the next 18-24 months will be very difficult for all of us.



# Keep Communicating



- People are really tired of (talking about) the coronavirus – they want to change the subject.
- Fire up your ‘right brain’: use your marketing to emphasise connection, community, history, memory, humour – it’s about people, not products\*.
- Remain relevant: we have deep psychological needs to belong, connect, find meaning and more – now more than ever your brand must help your customers meet their needs as people not just ‘consumers’.

ht: Orlando Woods, System 1: <https://system1group.com>



- Q. What are you doing to make your products/services/brands **relevant** to consumers, regardless of what shape the recovery takes?
- Q. How (and when) will you know your customers have ‘moved on’ from Covid-19 and are **ready, willing and able** to buy?
- Q. Can you sustain your **prices** over the next 18 months, and even see a way to increase them?
- Q. Is your product/brand **‘age-neutral’** or will it suffer (or prosper) as we head towards the 50/50 future?
- Q. What brand **story** will you tell that connects to the ‘right brain’ part of your customers’ world?
- Q. How will you **‘go local’** if the international/global outlook turns hostile (politically/economically)?



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