

[Email Subscriptions](#)[Profile](#)[Logout](#)**McKinsey
& Company****Marketing & Sales**

Consumer sentiment evolves as the next “normal” approaches

May 12, 2020 | Article

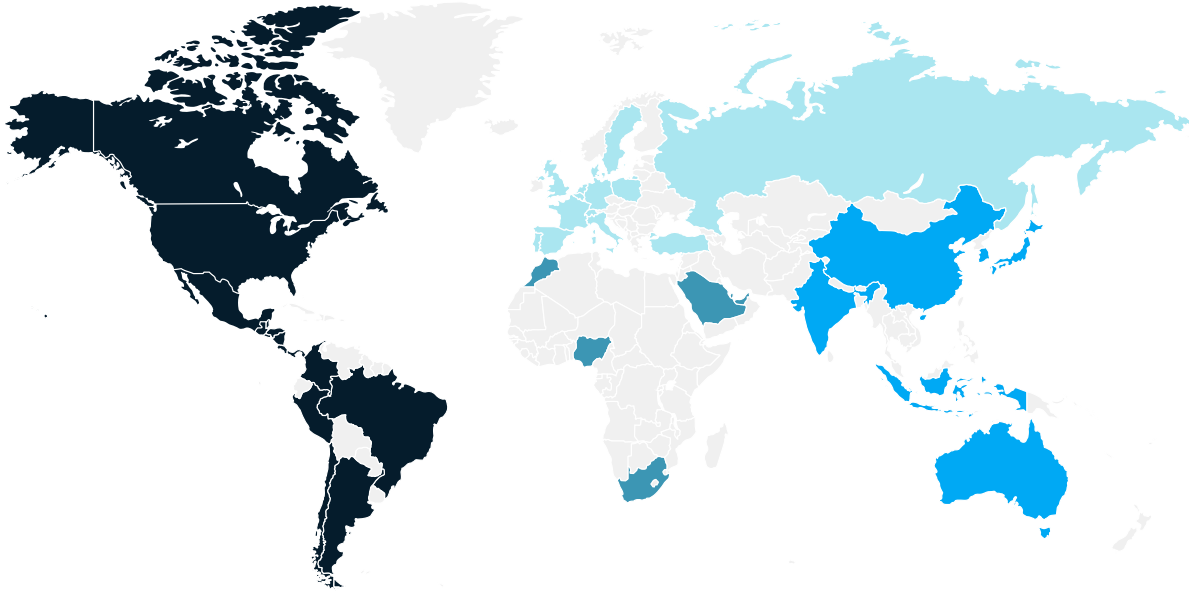
While countries around the world begin to reopen and pockets of spending return, consumers continue to feel the financial impact of the crisis.

As the COVID-19 crisis continues, optimism is largely holding steady globally, with some small fluctuations as the weeks progress. Consumers increasingly expect a lengthy impact to their routines and finances, and most report a reduction in income over the past two weeks.

Overall spending intent is down across two-thirds of countries surveyed, but more categories are showing positive trends. While spending on staples and stay-at-home entertainment has always been elevated, spending on other categories such as food takeout and delivery, snacks, personal care, skin care, non-food baby products, fitness and wellness, and gasoline is slowly picking up in regions that are emerging from the crisis.

Consumers continue to spend significant time on home-based activities. To work around restrictions, consumers have adopted digital and low-touch solutions like videoconferencing, curbside pickup for groceries, and telemedicine. Looking ahead to the next “normal,” around 40 to 60 percent of surveyed consumers who adopted these new products and services intend to continue.

We are tracking consumer sentiment across 41 countries.



AMERICAS

■ Argentina
 ■ Brazil
 ■ Guatemala
 ■ Belize
 ■ Honduras
 ■ El Salvador
 ■ Nicaragua
 ■ Costa Rica
 ■ Panama

APAC

■ Australia
 ■ China
 ■ India
 ■ Indonesia
 ■ Japan
 ■ South Korea

EUROPE

■ Belgium
 ■ Denmark
 ■ France
 ■ Germany
 ■ Italy
 ■ Netherlands
 ■ Poland
 ■ Portugal
 ■ Russia
 ■ Spain
 ■ Sweden
 ■ Switzerland
 ■ Turkey
 ■ UK

AFRICA AND MIDDLE EAST

■ Morocco
 ■ Nigeria
 ■ Saudi Arabia
 ■ South Africa
 ■ Qatar
 ■ United Arab Emirates

McKinsey
 & Company

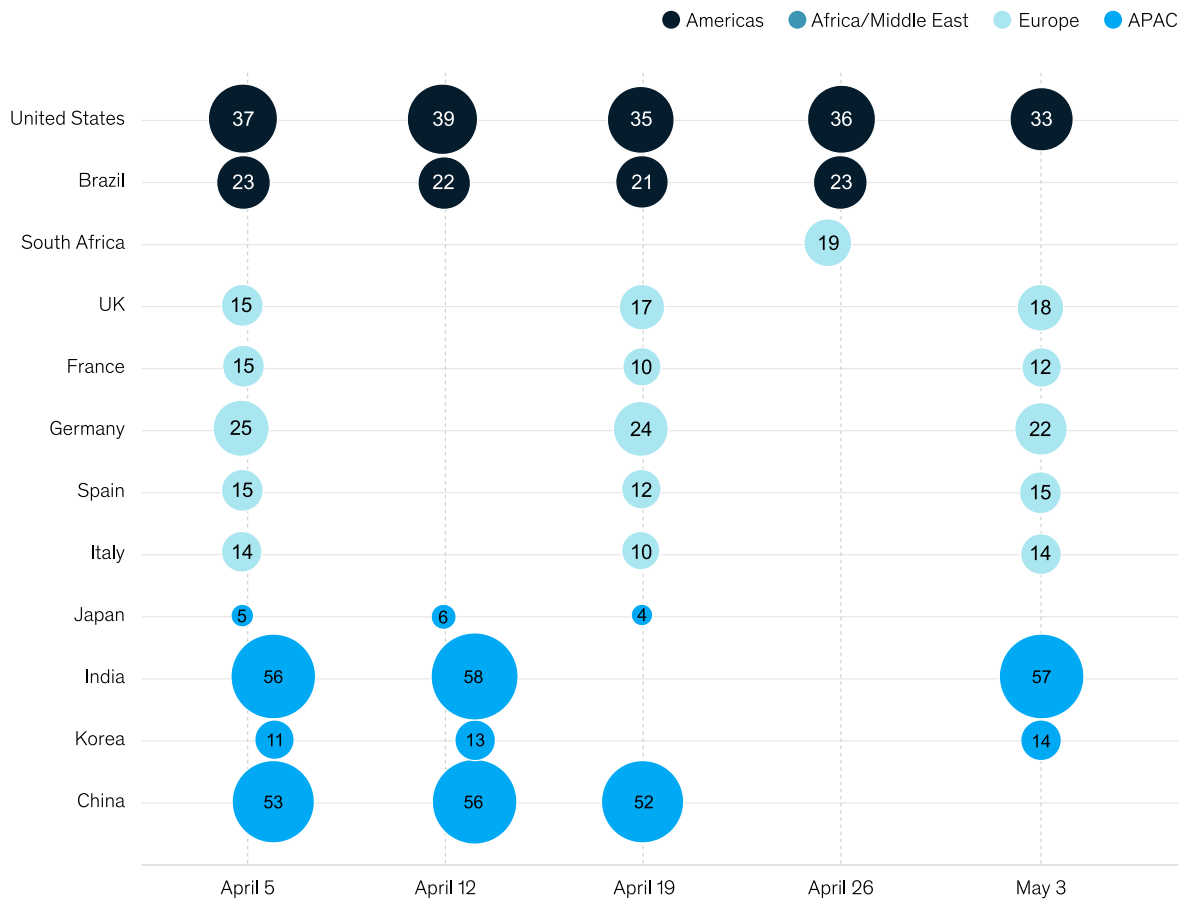
Our global survey series across 41 countries continues to track consumer sentiment through the crisis (see sidebar). The following exhibits focus on a subset of 12 core countries, selected because of their economic significance and the impact that COVID-19 has had on their populations.

1. Consumer sentiment

Optimism

Optimism is more or less steady across the world as regions begin to reopen.

Exhibit 1A

Consumer sentiment varies greatly across countries impacted by COVID-19.Optimism about country's economic recovery after COVID-19,¹ % of respondents²¹Q: "How is your overall confidence level on economic conditions after the COVID-19 situation?" – Rated from 1 "very optimistic" to 6 "very pessimistic."²Percent of people who answered 1 "very optimistic" or 2 "optimistic." Bubble size correlates to level of optimism.

Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and May 3, 2020

McKinsey
& Company

European consumers were the least optimistic about the prospects of their country's economic recovery at the beginning of the crisis, consistent with these countries' lower consumer sentiment measures before COVID-19. Optimism has remained low in recent weeks. Even Germany's optimism—while higher than that of its European neighbors—has fallen slightly since late March. Optimism in other European countries, including Spain and Italy, ticked up slightly in the last survey.

Optimism in Asian countries has held steady, with China and India remaining consistently more optimistic than the rest of the world and Korean and Japanese optimism remaining at low levels.

Although US consumers were more optimistic in the middle of March, optimism has continued to drop and is now 6 percentage points below its level in mid-April, despite the reopening of some parts of the country.

Expectations of duration of personal impact

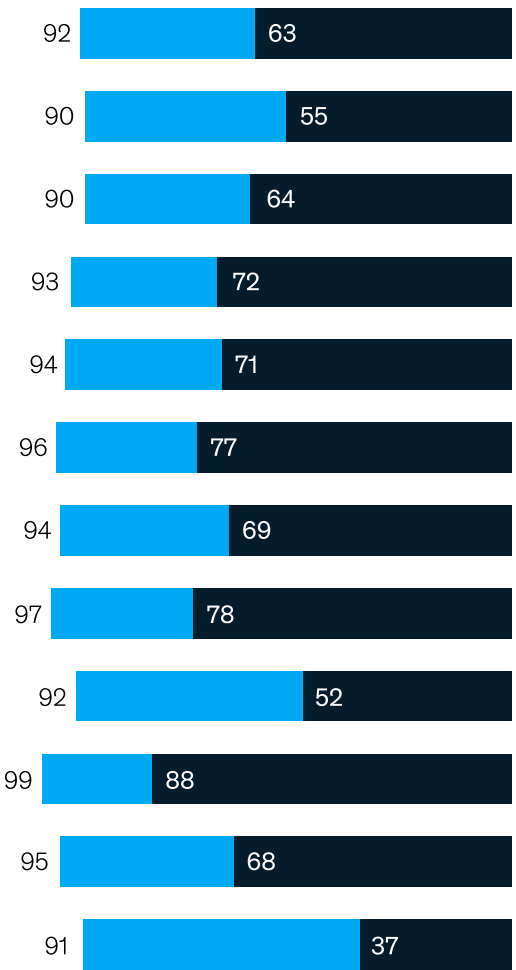
Consumers expect a longer-lasting impact to their routines and finances as the COVID-19 crisis continues.

Exhibit 1B

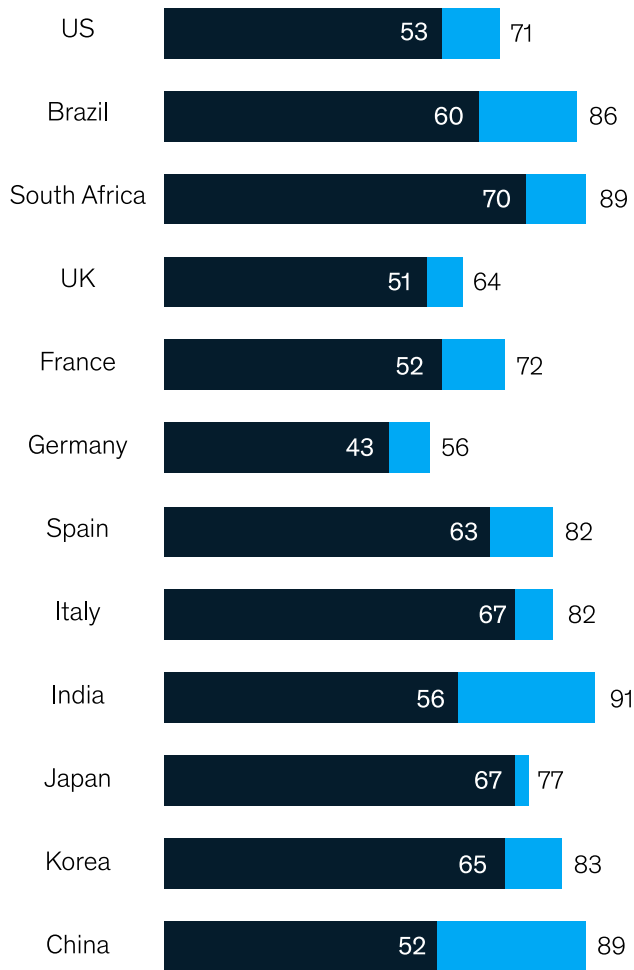
Consumers expect the effects of COVID-19 to be long-lasting.

■ 4+ months ■ 2–3 months

How long do you believe you need to adjust your routines due to COVID-19?¹



How long do you believe your personal/household finances will be impacted by COVID-19?²



¹Q: “How long do you believe you need to adjust your routines, given the current coronavirus (COVID-19) situation, before things return back to normal in your country (e.g., government lifts restrictions on events / travel)?”

²Q: “How long do you believe your personal/household finances will be impacted by the coronavirus (COVID-19) situation?”

Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and May 3, 2020



More than 90 percent of consumers across countries surveyed expect COVID-19 to impact their personal routines for more than two months. In many hard-hit European countries as well as Japan, more than 70 percent of consumers believe that the impact will last four months or

longer. By contrast, in Brazil, India and China, there is a slightly lower expectation for extended impact on personal routines, though these expectations have grown since mid-April.

Some consumers expect their finances to recover more quickly, most notably in Germany, where around 45 percent expect financial recovery will take less than two months.

2. Consumer impact during COVID-19

Consumer income

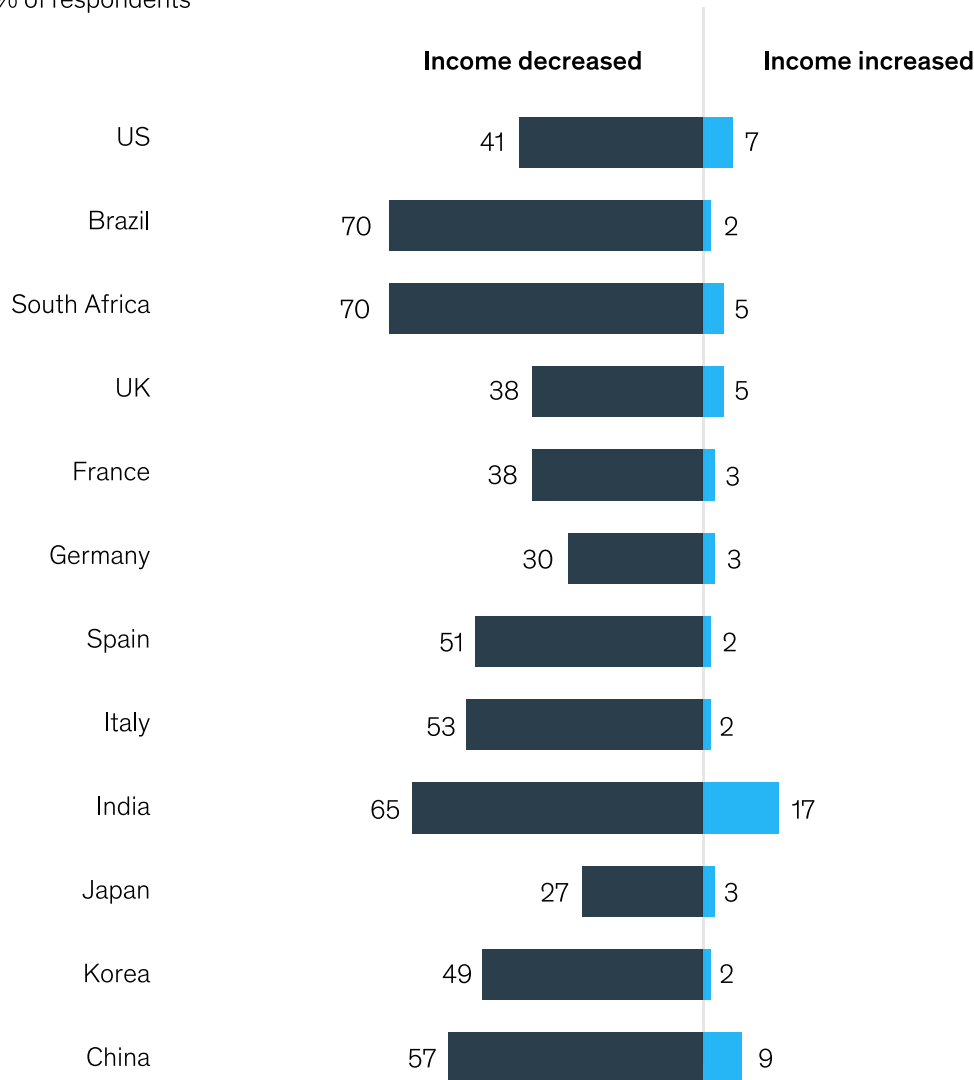
Consumers globally continue to experience a decrease in income.

Exhibit 2A

Consumers globally have experienced a decrease in income in the past 2 weeks.

Respondents who experienced a decrease vs. increase in income over the past 2 weeks¹

% of respondents



¹Q: "How has the coronavirus (COVID-19) situation affected your (household) income over the past two weeks?"

Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and May 3, 2020

McKinsey
& Company

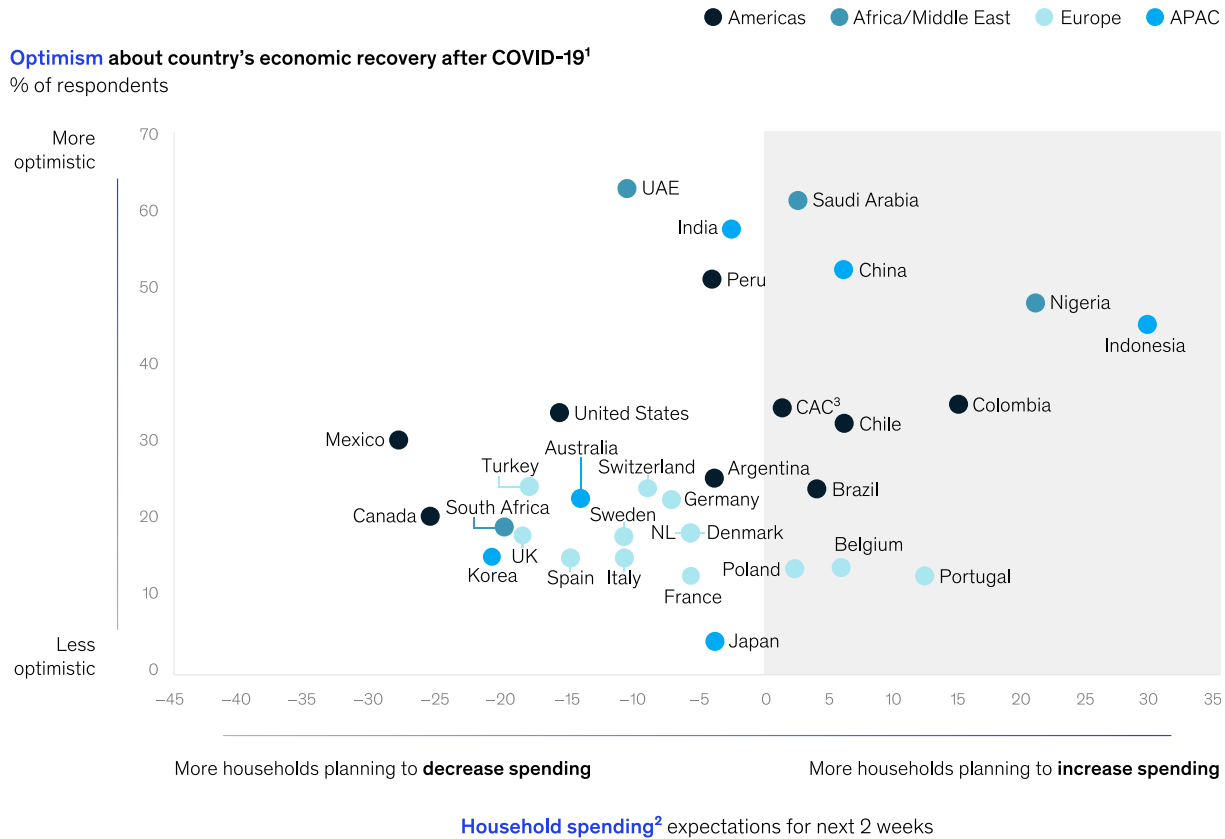
The depth of income loss among countries varies notably. Consumers' income has been steadier in Japan and Germany, with around 30 percent experiencing a decrease in income, and more depressed in Brazil, South Africa, and India, where around 70 percent have experienced a decrease. Even in China, where consumers are beginning to go back to work, 57 percent of consumers have experienced decreased income in the last two weeks.

Spending intent

Countries with greater optimism tend to have higher spending expectations.

Exhibit 2B

Optimism and anticipated spending are largely correlated globally.



¹Q: "How is your overall confidence level on economic conditions after the COVID-19 situation?" – Rated from 1 "very optimistic" to 6 "very pessimistic."

²Q: "How do you think your overall spending may change in the next two weeks?" Number represents percent who indicate they will increase spending minus percent who indicate they will decrease spending

³Central America and Caribbean

Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and May 3, 2020



Several countries with higher levels of optimism, including Indonesia, Nigeria, China, and Saudi Arabia, show a net increase in expected future spending. Many other countries, including several in South and Central America and Europe, have slightly lower optimism but still have more consumers who expect to increase spending. Most remaining countries have low optimism and expect to decrease spending, with Canada and Mexico exhibiting relatively low

optimism and substantially negative net spending intent. In contrast, United Arab Emirates, India, and Peru are relatively more optimistic but still have slightly more consumers who intend to decrease spending than increase spending.

Category spending

Intent to spend more on essentials continues across countries, while spending is starting to pick up across select categories as countries loosen restrictions.

Exhibit 2C

Global consumers anticipate pulling back on spending across categories.

Expected spending per category over the next 2 weeks compared to usual¹
net intent %²



¹0: "Over the next two weeks, do you expect that you will spend more, about the same, or less money on these categories than usual?"
²Net intent is calculated by subtracting the percent of respondents stating they expect to decrease spending from the percent of respondents stating they expect to increase spending.
 For Skin care & makeup, the China data only includes Skin care. Makeup net intent was -4.
 Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and May 3, 2020



Across countries, intent to spend more on groceries and home entertainment remains high, with consumers across several countries intending to spend more on stay-at-home necessities as well as personal-care items.

Consumers across a few countries also intend to spend more on categories such as snacks, food takeout and delivery, and non-food children's products. In China, as consumers return to work, more categories are trending up, including spending on gasoline.

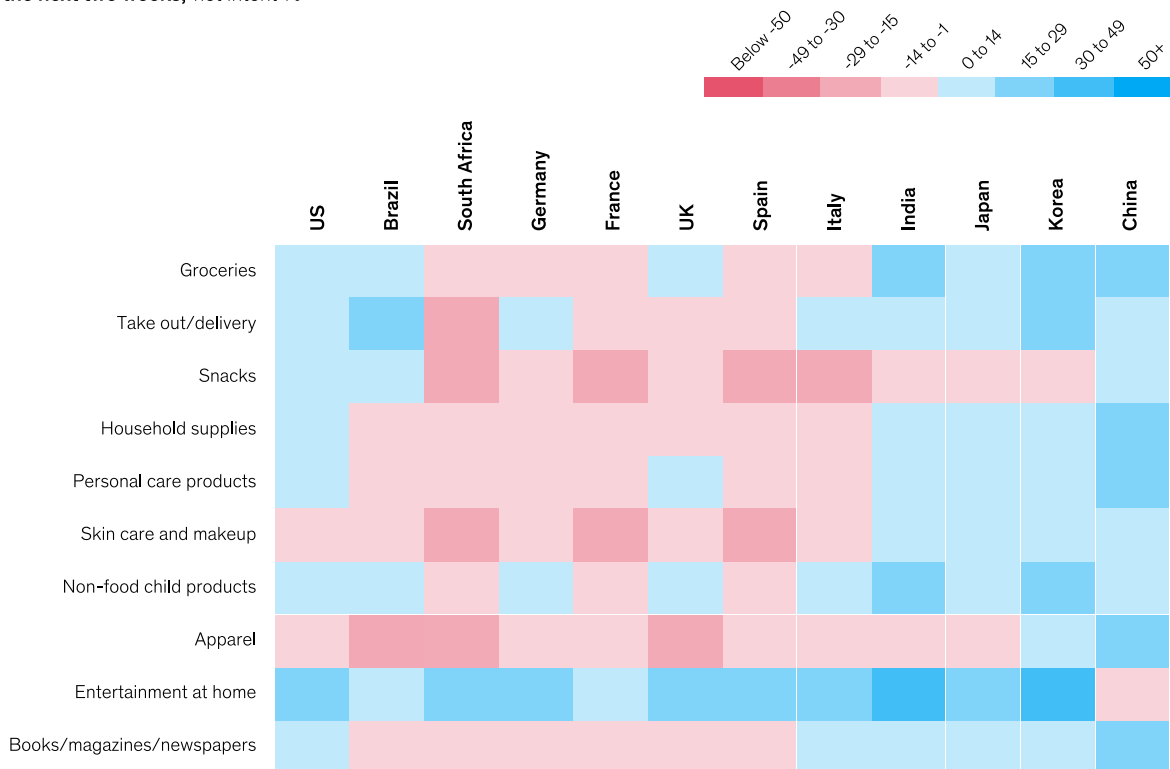
Online shopping

Asian and American consumers intend to increase their online shopping across most categories in the near future.

Exhibit 2D

Consumers in the US and APAC are shopping more online across key categories.

Expected change in online shopping frequency per category over the next two weeks,¹ net intent %²



¹Q: "Over the next two weeks, where do you expect you'll buy these categories? Will you shop in the following places more, about the same, or less?"
²Net intent is calculated by subtracting the % of respondents stating they expect to decrease shopping frequency from the % of respondents stating they expect to increase shopping frequency.
 Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and May 3, 2020

The United States, Brazil, India, Japan, Korea, and China all show positive intent to increase online shopping frequency across several categories in the next two weeks, including on groceries, food takeout and delivery, household supplies, personal care, non-food child products, and books/magazines/newspapers. With most countries still under stay-at-home orders, consumers expect to shop more online for entertainment; in contrast, as China reopens, Chinese citizens expect to spend less on that category. Intent to shop online for groceries is notably high in India, Korea, and China, especially given more favorable opening conditions in Korea and China.

How time is spent

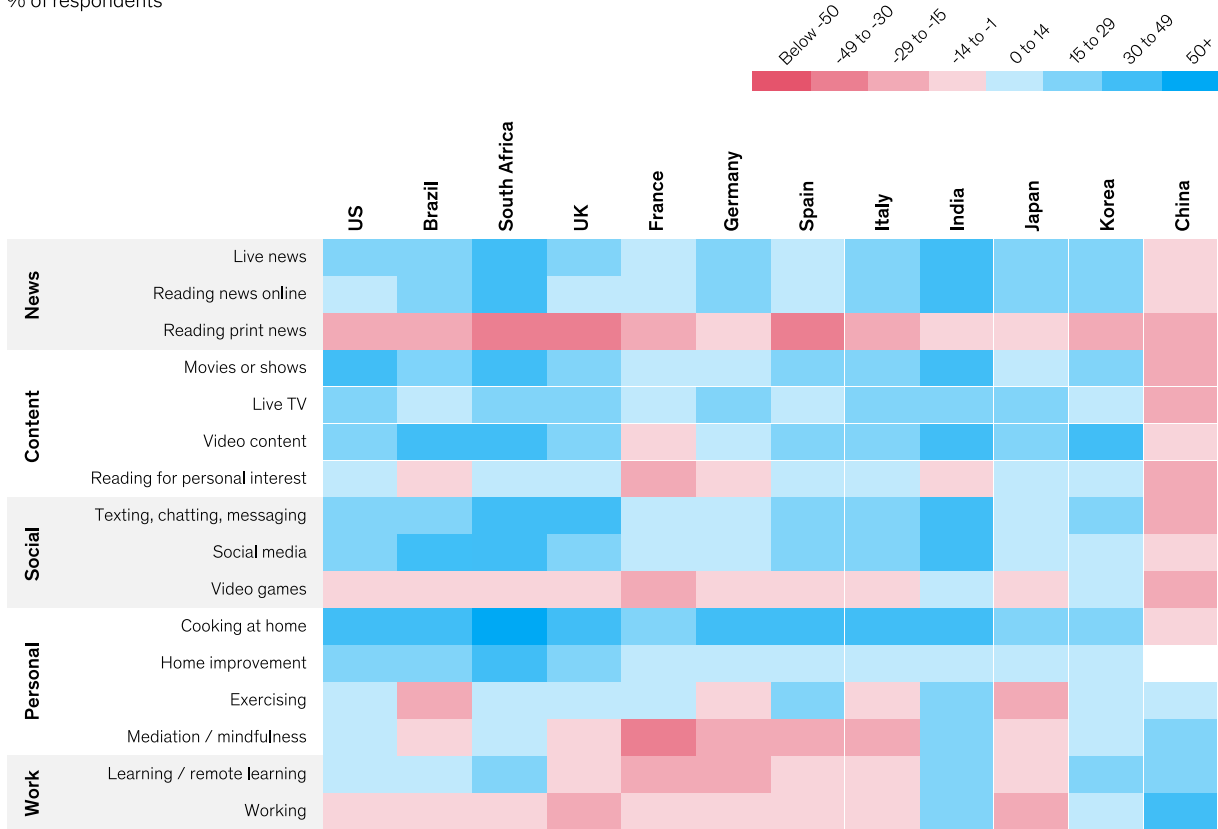
Consumers in countries still under stay-at-home restrictions plan to spend more time on domestic activities, while Chinese consumers are shifting their time away from leisure activities and toward working.

Exhibit 2E

Globally, consumers in restricted geographies continue to shift their time toward entertainment.

Expected change to time allocation over the next 2 weeks¹

% of respondents



¹Q: “Over the next two weeks, how much time do you expect to spend on these activities compared to how much time you normally spend on them?”
 Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and May 3, 2020



Most consumers in restricted geographies around the world expect to spend less time working and more time consuming entertainment, including digital and video content, news, and social media. Consumers expect to spend more time on domestic tasks, including cooking and home improvement. A notable exception is China: consumers there are increasingly spending more time on work, meditation, learning, and exercise and less time consuming media and entertainment.

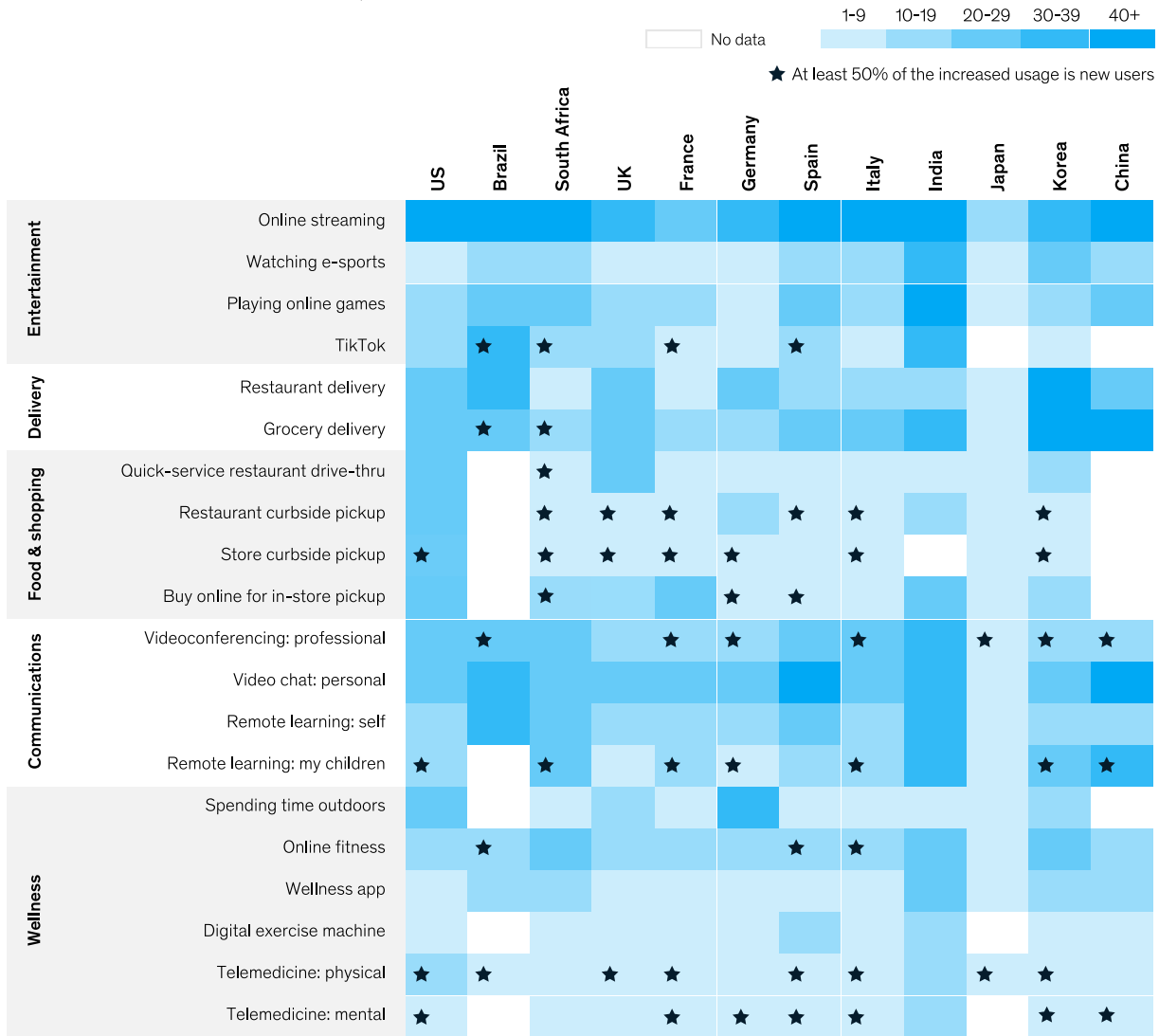
Activity adoption and growth

Adoption of digital and low-touch activities continues as consumers utilize workarounds while under lockdown.

Exhibit 2F

Adoption of digital and low-touch activities since COVID-19

New users and increased users,¹ % of respondents²



¹Q: "Have you used or done any of the following since the COVID-19 situation started? If yes, Q: Which best describes when you have done or used each of these items? Possible answers: "just started using since COVID-19 started"; "using more since COVID-19 started"; "using about the same since COVID-19 started"; "using less since COVID-19 started."

²Percent of all respondents who are new to the activity plus percent of respondents who report they have increased their usage of the activity since COVID-19 started

Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and May 3, 2020



Consumers have taken up new ways to learn, work, entertain themselves, procure essentials and non-essentials, connect with others, and increase wellness while at home.

Usage of online streaming and personal video chats has increased rapidly across most countries. Online fitness, including the use of wellness apps, has grown in almost all countries, with online fitness attracting new users across Brazil, Spain, and Italy.

Consumers have also expanded their usage of low-touch options for procuring food and goods. Curbside pickup for both restaurants and stores has continued to attract new users across the US, South Africa, Europe, and Korea. Buying online for pickup in-store has grown in South Africa and Europe.

Consumers globally have replaced some of the in-person aspects of their work and healthcare with digital solutions. Videoconferencing for work has attracted new users in Brazil, Europe, and Asia. Similarly, telemedicine for both physical and mental health has grown across countries, driven by new users adopting the technology.

3. Future outlook

Intent to continue in-person and digital and low-touch activities

Looking ahead to the next “normal,” consumers are hesitant to resume in-person activities, but they expect to continue some of the digital and low-touch solutions they have adopted during COVID-19.

Exhibit 3

Consumers anticipate changing behaviors post-COVID-19.Expected behavior post-COVID-19 compared to pre-COVID-19,¹ net intent %²

¹Q: "Once the coronavirus (COVID-19) situation has subsided, which of the following do you think you will do more or less compared to before the coronavirus (COVID-19) situation started?"

²Net intent measures percent who indicate they will do more of this activity minus percent who indicate they will do less.

SOURCE: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between April 10 and May 3, 2020

McKinsey
& Company

Consumers remain hesitant to return to some of the in-person activities that were part of their daily lives before the start of the pandemic. Across countries, net intent to visit the mall is negative, and only in Germany and Japan do more consumers expect to increase in-store shopping compared to before the pandemic. Consumers in the US, Germany, Spain, Italy, and Japan intend to do more grocery shopping in person, while those in France, the UK, and India intend to do less. Consumers in all countries except Germany and France plan to reduce their domestic travel once COVID-19 has passed.

However, consumers intend to continue some of the digital and low-touch activities they have adopted during the pandemic. Outdoor and fitness activities, remote learning for oneself, and digital entertainment exhibit relatively strong intent to continue across countries. In contrast, consumers show a lower intent to continue replacements for critical in-person activities like shopping in stores, eating at restaurants, or schooling children. While telemedicine has seen strong growth across countries, intent to continue is lower as well.

We will be tracking consumer sentiment to gauge how people’s expectations, perceptions, and behaviors change throughout the crisis. In addition to the exhibits embedded here, please see our country-level survey data, which will be regularly updated.

Or click directly to see one of these countries in our survey: [Argentina](#), [Australia](#), [Belgium](#), [Brazil](#), [Canada](#), [Central America & the Caribbean](#), [Chile](#), [China](#), [Colombia](#), [Denmark](#), [France](#), [Germany](#), [India](#), [Indonesia](#), [Italy](#), [Japan](#), [Korea](#), [Mexico](#), the [Netherlands](#), [Nigeria](#), [Peru](#), [Poland](#), [Portugal](#), [Saudi Arabia](#), [South Africa](#), [Spain](#), [Sweden](#), [Switzerland](#), [Turkey](#), [United Arab Emirates](#), the [United Kingdom](#), or the [United States](#).

1. In India, the survey was conducted in English and primarily fielded in Tier 1 cities.

About the author(s)

Shruti Bhargava is a senior expert in McKinsey’s Philadelphia office; **Courtney Buzzell** and **Christina Sexauer** are specialists in the Waltham office; **Tamara Charm** is a senior expert in the Boston office; **Resil Das** is a specialist in the Gurugram office; **Cayley Heller** and **Michelle Fradin** are consultants in the New York office; **Anne Grimmelt** is a senior expert in the Stamford office; **Janine Mandel** is a consultant in the Denver office; **Kelsey Robinson** is a partner in McKinsey’s San Francisco office, where **Abhay Jain**, **Sebastian Pflumm**, and **Anvay Tewari** are consultants; and **Christa Seid** is a consultant in the Seattle office.

The authors wish to thank John-Michael Maas for his contributions to this article.