About the survey

Heading into the third year of the pandemic, it’s clear our lives haven’t changed – they are changing, and will continue to do so.

Since March 2020, dentsu has fielded a monthly US consumer survey, the results of which are packaged into our dentsu Navigator: COVID-19 Recovery reports.

This report is the twenty-six iteration. You can read previous waves on dentsu.com.
Where we’ve been: The past three waves

**October**
Consumer concern appears to be stabilizing. A slight majority now feel the pandemic is becoming more controllable. Even so, most consumers realize the pandemic will continue to be a reality for at least another year. Americans continue to take precautions like wearing masks and social distancing while also feeling more comfortable out in public as Delta wanes.

**November 2021**
During the summer, the novel spread of Delta raised consumer concern and reversed some of the momentum they felt amid the spring vaccine release. After seeing some positive signs in October, consumer sentiment has plateaued across their outlook on the trajectory of the pandemic and concern for health and economic risks.

**January 2022**
Consumers feel that Omicron has submerged them once again into the thick of the pandemic. Our survey finds comfort in public hitting a 10-month low; however, we also see that consumers are fatigued by the constant health risks. Financial concerns and inflation are driving many consumers to be more budget conscious than normal and cuts to essential and discretionary spend are expected.
Stages of Consumer Crisis Response: Retreating Under Omicron

Consumers have for some time felt the normalcy they gained over the summer slipping away. First with Delta, and now Omicron breaking records around the country, we see a sharp shift of consumers ‘Coming to Grips’ with the latest wave and returning to ‘Living the New Normal’ under COVID precautions.

<table>
<thead>
<tr>
<th>INITIAL SHOCK</th>
<th>COMING TO GRIPS</th>
<th>LIVING THE NEW NORMAL</th>
<th>MOVING INTO RECOVERY</th>
<th>POST-COVID LIFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outbreak is spreading. Feeling confusion, fear or anger about how will impact my life</td>
<td>Modifying daily routine. Many moments of frustration and anxiety, focusing on what I can control</td>
<td>Starting to settle into a new routine, adapting to the evolving crisis</td>
<td>There has been progress to mitigate the outbreak in my community and the nation</td>
<td>Fully reconnected to work and life without the threat of the outbreak hanging over me</td>
</tr>
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| WAVE 23 | SEPTEMBER | 17% | 27% | 32% | 11% | 12% |
| WAVE 24 | OCTOBER | 14% | 21% | 31% | 19% | 16% |
| WAVE 25 | NOVEMBER | 16% | 21% | 28% | 17% | 18% |
| WAVE 26 | JANUARY | 16% | 25% | 31% | 14% | 15% |

Q: When it comes to a public health crisis such as the COVID-19 outbreak, there are often “phases” of how the response unfolds. Thinking about how the outbreak has impacted you and your daily life, which of the following phases do you feel like best applies to your current situation?
Consumers feel the TRAJECTORY of the pandemic looks increasingly pessimistic

As the Omicron surge continues to grow, consumers are feeling increasingly pessimistic about the trajectory of the pandemic. Two-thirds of consumers currently feel the pandemic is either getting worse or out of control, a 19-point increase since November of last year.

Q: Which of the following statements best describes how you feel about the trajectory of the pandemic in the US?

- It is over
- It is under-control
- It is getting better
- It is getting worse
- It is out of control

Outlook On the TRAJECTORY of the Pandemic

- 33% feel optimistic
- 66% feel pessimistic
- -19 points since NOV. '21
Concern for the HEALTH risks of the pandemic has plateaued

While consumers feel like the pandemic is getting worse, this hasn’t translated into increased concern for health risks, which remains largely unchanged since fall of last year. In fact, while overall 56% of consumers continue to express high concern, the share of those who are ‘extremely concerned’ decreased by 7 percentage points since November. This may be due to fatigue, perceived immunity from being vaccinated and/or infected, or that consumers are taking precautions.

Concern About Risks the Pandemic Poses to Their HEALTH

Overall, no change but those Extremely Concerned decreased 7 pts since NOV. '21

Q: How concerned are you about the risks of the pandemic to your health?
Concern for risk to the US ECONOMY remains flat, but high

Like consumer concern over health risks, concern for the US economy remains flat since the end of last year - albeit, with a far greater share of consumers concerned (76% vs. 56%). However, the share of those who are ‘extremely concerned’ has risen by 4 percentage points since October.

Concern About Risks the Pandemic Poses to the US ECONOMY

Q: How concerned are you about the risks of the pandemic to the US economy?
Consumers remain concerned about the prospect of FUTURE VARIANTS

Omicron appears to not have greatly affected the overall share of consumers who are concerned about future COVID variants, which has remained at 64% since October of last year. However, the share of those who are ‘extremely concerned’ has increased by 6 percentage points over the same time frame.
Consumers’ COMFORT IN PUBLIC hits a 10-month low

The share of consumers who feel more comfortable than uncomfortable in public has declined 8 percentage points since November of last year, and 24 points since the peak in fall. This is likely due to Omicron as well as the fact that in winter, many public places are inside, where the virus spreads more easily.

Q. In the context of COVID-19, how comfortable are you currently going out in public?
Half or more of consumers feel uncomfortable or are abstaining from activities

Among those that participate in said activities, around half or more feel uncomfortable or are abstaining entirely. Consumers feel least comfortable gathering with strangers such as when traveling, going to a bar, live events or the gym. They feel most comfortable taking care of necessities such as grocery shopping or going to medical appointments and hosting gatherings where they know guests.

<table>
<thead>
<tr>
<th>Activity</th>
<th>% that feel uncomfortable or are abstaining:</th>
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<tbody>
<tr>
<td>Grocery shopping</td>
<td>46%</td>
</tr>
<tr>
<td>Health/Medical-related appointments</td>
<td>49%</td>
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<tr>
<td>Entertaining guests at home</td>
<td>49%</td>
</tr>
<tr>
<td>Non-grocery shopping</td>
<td>50%</td>
</tr>
<tr>
<td>Staying overnight at a hotel</td>
<td>50%</td>
</tr>
<tr>
<td>Working at my office/place of work</td>
<td>50%</td>
</tr>
<tr>
<td>Dining indoors at a restaurant</td>
<td>51%</td>
</tr>
<tr>
<td>Domestic travel</td>
<td>51%</td>
</tr>
<tr>
<td>Attending an indoor party</td>
<td>54%</td>
</tr>
<tr>
<td>Exercising at a gym</td>
<td>59%</td>
</tr>
<tr>
<td>Attending live events</td>
<td>63%</td>
</tr>
<tr>
<td>Going to a bar</td>
<td>66%</td>
</tr>
<tr>
<td>International travel</td>
<td>75%</td>
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Q: In the context of COVID-19, how comfortable are you currently doing the following activities?
Many Americans are being more budget conscious than normal

A majority of consumers, 63%, say they were more budget-conscious over the past month than previous months. While 39% of consumers expect their financial situation to get better over the next month, over one-quarter say it will get worse.

Q1. In the past month, do you find yourself being more or less budget conscious when shopping than in previous months? Q2. Which of the following best describes how you expect your personal financial situation to change over the next month?

**Change in Attitude Towards Budget Over the Past Month**
- I was more budget conscious: 63%
- I was less budget conscious: 9%
- There has been no change: 28%

**Expected Change to Financial Situation Over the Next Month**
- Get better: 39%
- Get worse: 27%
- Not to change: 34%

Those who expect their finances to get worse are 1.5x more likely to say they’re being budget-conscious.
Consumers are likely to scale back discretionary and non-discretionary purchases

Inflation is more likely to impact how consumers spend their discretionary budget, however, over half of consumers are also looking to reduce their purchases of typical household necessities due to inflation. Consumers who say they are being more budget conscious than normal are significantly more likely to scale back purchases.

Q: How likely are you to do the following over the next few weeks?

- **53%**
  - Of consumers are likely to reduce purchases of household necessities over the next month due to inflation
  - Rises to 66% (124i) among those who say they are more-budget conscious than normal

- **60%**
  - Of consumers are likely to reduce purchases of discretionary & impulse items over the next month due to inflation
  - Rises to 75% (125i) among those who say they are more-budget conscious than normal
Over half of Americans feel negatively about the direction of the country

56% of consumers feel negatively about the direction of the country compared to 44% who feel positively. Notably, just 14% of respondents feel the direction is completely positive, while 30% say somewhat positive. Younger generations are more likely to feel positively about the direction of the country than older generations.
Trust is the #1 most important brand attribute influencing purchase

When it comes to brand attributes or values, trust is king (65% rank it as important). Over 40% of consumers are also influenced by whether a brand treats employees well and protects consumer privacy and data. One-third or more are influenced by loyalty programs, community involvement and seamless shopping experience.

Q: Thinking about the brands that you purchase, which of the following attributes are important to you. Please select all that apply.

- A brand I trust
- Treats employees well
- Takes action to protect consumer privacy and data
- Surprises me with rewards for being a loyal customer
- Gives back to the community
- Has a seamless shopping experience
- Leads with innovation
- Has a personalized customer experience
- Is committed to diversity and inclusion
- Acts and communicates with transparency about business practices
- Is committed to sustainability (reducing carbon footprint, sources products sustainably)
- Speaks up or participates in social causes
Implications for Marketers

- **Consumers are contending with fluctuating need states as circumstances shift.** Each month of the Navigator, it feels as if consumers are in a different relationship to the pandemic. In September and October consumer concern subsided as concern from Delta waned, now with Omicron picking up before the holidays, consumers feel the pandemic is getting out of control once more. Comfort in public has hit a 10-month low after rising significantly over the summer. With so much in flux, consumers are left struggling to find consistency and fatigued by the constant risk-analysis. Brands can meet this moment by staying agile as consumer-brand relationships evolve, focusing on brand salience to lock in loyalty, and tapping into unique consumer mindsets.

- **Prepare for price sensitivity and a new focus on value.** Consumers, especially those who are feeling more financially strapped than normal, say they plan to cut back on purchases – both essential and discretionary. While cuts to essential purchases are likely temporary measures, cuts to discretionary spending may last longer, at least while omicron still makes consumers wary to travel, eat out and seek entertainment. Value brands will rule in this landscape. A new wave of inflation provides marketers with an opportunity to offer more palatable money-saving solutions.

- **Brand trust increasingly influences – and decides – purchases.** For years we’ve seen declining trust in institutions. Indeed, our survey finds over half of Americans believe the country is headed in the wrong direction. In this environment, we also see trust in brands rise. Consumers say it is the most important factor (price & quality were not options) influencing their purchase decisions. Building trust requires that brands operate at the intersection of culture, purpose and society. Consumers tell us they expect brands to treat employees well, protect consumer privacy and give back to their communities. Brands must lean into the power of trust to play a more meaning role in consumers’ lives.
Thank you

About dentsu

Part of dentsu, dentsu international helps clients to win, keep and grow their best customers and achieve meaningful progress for their businesses. With best-in-class services and solutions in media, CXM, and creative, dentsu international operates in over 145 markets worldwide with more than 45,000 dedicated specialists.

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