Dentsu Navigator: COVID-19 Recovery

Wave 28

March 2022
Heading into the third year of the pandemic, our lives continue to be impacted by the COVID-19 pandemic – and likely will continue to be for the foreseeable future.

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-seventh iteration. You can read previous waves on dentsu.com.

**Survey Methodology**

- Administered through online research panel, Toluna
- Fielded on March 10, 2022
- Random sample of 1,000 US respondents
- Age 18-70 years old
- Representative weighting across gender, age and race/ethnicity (using latest publicly available US Census numbers)
WHERE WE’VE BEEN: THE PAST FOUR WAVES

NOVEMBER 2021

‘Delta’ Renews Consumers’ Caution

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

The ‘Omicron’ Surge

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.

FEBRUARY

Consumers Remain Cautious, but Optimistic

The heightened concern consumers felt last month, in the thick of increasing omicron cases, has started to subside. We see a 13-percentage point gain among those who feel the pandemic is heading in the right direction and comfort in public has increased 8-percentage points. Americans also continue to feel financially pressure but an increasing share expect their situation to improve.

MARCH

Consumer Optimism Grows

This month’s survey reveals growing optimism, but also wariness. There was a big jump in consumers’ optimism about the trajectory of the pandemic and activities that were avoided during the height of the pandemic, such as going to bars, gyms and traveling, are starting to rebound. However, consumers remain wary of continued health risks & future variants and also express growing concern over inflation.
Stages of Consumer Crisis Response: Moving Into Recovery

Following the surge of omicron cases in December, January and into February, consumers are ready to get back to living. The share of those “Moving Into Recovery” increased from 16% to 22% and those in “Post-COVID Life” increased 16% to 20%.

<table>
<thead>
<tr>
<th>Stages of Consumer Crisis Response</th>
<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 thread of the outbreak hanging over me</td>
<td></td>
</tr>
<tr>
<td>WAVE 25 NOVEMBER</td>
<td>16%</td>
<td>21%</td>
<td>28%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>WAVE 26 JANUARY</td>
<td>16%</td>
<td>25%</td>
<td>31%</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>WAVE 27 FEBRUARY</td>
<td>12%</td>
<td>23%</td>
<td>33%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>WAVE 28 MARCH</td>
<td>10%</td>
<td>20%</td>
<td>27%</td>
<td>22%</td>
<td>20%</td>
</tr>
</tbody>
</table>

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?
Big jump in consumers’ optimism about the TRAJECTORY of the pandemic

In a meaningful shift, those who feel optimistic about the trajectory of the pandemic increased 22 percentage points over the past month to become the commanding majority. However, it is prudent to note that last July similar numbers of consumers felt optimistic before the Delta surge.
No significant shift in concern for the HEALTH risks of the pandemic

While those who feel only somewhat or not at all concerned for their health did see an uptick of 5 percentage points since February, there was not as dramatic a shift as for the trajectory of the pandemic. This indicates that while consumers do believe the pandemic is turning around, they remain wary of future changes.

Q: How concerned are you about the risks of the pandemic to your health?

<table>
<thead>
<tr>
<th>Not Concerned</th>
<th>Somewhat Concerned</th>
<th>Very Concerned</th>
<th>Extremely Concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>31%</td>
<td>26%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Concern Abouts Risks the Pandemic Poses to Their HEALTH

- 49% Not/Somewhat concerned
- 51% Very/Extremely concerned
- +5 points since FEB.
Consumers’ concern for FUTURE VARIANTS lessens slightly

While consumers are slightly less concerned about future variants of the virus than they were in February, 56% are very or extremely concerned. This is another indication that consumers remain wary of celebrating the end of the pandemic too soon.

Concern About Future COVID Variants

Q: How concerned are you about future COVID variants
Concern for risk to the US ECONOMY remains high but shows signs of softening

While those who feel just somewhat or not at all concerned for the economy only increased by 4 percentage points this month, it builds on a slight increase in February as well, indicating that consumer concern may start to meaningfully lessen.
Consumers’ COMFORT IN PUBLIC continues to rebound as the weather warms

We see consumer comfort going out in public continue to increase. Consumer comfort does appear to have a seasonal trend: as with last year, we expect more and more consumers to feel comfortable as the weather warms and public activities can more easily be held outside.

Consumer Comfort or Discomfort Going Out In Public

Q. In the context of COVID-19, how comfortable are you currently going out in public?
A majority of consumers are resuming activities again

Activities consumers have previously felt comfortable about, such as shopping or attending medical appointments, are holding steady; however, we see activities consumers were previously feeling more hesitant about and avoiding, such as entertaining guests at home, going to a bar or exercising at a gym, are now experiencing rapid upticks month over month.

Q. In the context of COVID-19, how comfortable are you currently doing the following activities?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Comfort Feeling</th>
<th>Uncomfortable Feeling</th>
<th>Not Doing Because of Uncomfortable Feeling</th>
<th>% Participating</th>
<th>% Change MoM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery shopping</td>
<td>62%</td>
<td>28%</td>
<td>10%</td>
<td>90%</td>
<td>+4</td>
</tr>
<tr>
<td>Non-grocery shopping</td>
<td>57%</td>
<td>29%</td>
<td>14%</td>
<td>86%</td>
<td>+3</td>
</tr>
<tr>
<td>Health/Medical-related appointments</td>
<td>54%</td>
<td>31%</td>
<td>15%</td>
<td>85%</td>
<td>+2</td>
</tr>
<tr>
<td>Working at my office/place of work</td>
<td>56%</td>
<td>25%</td>
<td>19%</td>
<td>81%</td>
<td>-1%</td>
</tr>
<tr>
<td>Entertaining guests at home</td>
<td>59%</td>
<td>17%</td>
<td>24%</td>
<td>76%</td>
<td>-3%</td>
</tr>
<tr>
<td>Dining indoors at a restaurant</td>
<td>51%</td>
<td>24%</td>
<td>25%</td>
<td>75%</td>
<td>+3%</td>
</tr>
<tr>
<td>Staying overnight at a hotel</td>
<td>54%</td>
<td>18%</td>
<td>27%</td>
<td>72%</td>
<td>-5%</td>
</tr>
<tr>
<td>Domestic travel</td>
<td>49%</td>
<td>24%</td>
<td>27%</td>
<td>73%</td>
<td>+2%</td>
</tr>
<tr>
<td>Attending an indoor party</td>
<td>45%</td>
<td>24%</td>
<td>32%</td>
<td>69%</td>
<td>+6%</td>
</tr>
<tr>
<td>Going to a bar</td>
<td>41%</td>
<td>24%</td>
<td>34%</td>
<td>65%</td>
<td>+6%</td>
</tr>
<tr>
<td>Exercising at a gym</td>
<td>42%</td>
<td>23%</td>
<td>35%</td>
<td>65%</td>
<td>+6%</td>
</tr>
<tr>
<td>Attending live events</td>
<td>38%</td>
<td>21%</td>
<td>41%</td>
<td>59%</td>
<td>+4%</td>
</tr>
<tr>
<td>International travel</td>
<td>31%</td>
<td>20%</td>
<td>49%</td>
<td>51%</td>
<td>+3%</td>
</tr>
</tbody>
</table>
Americans report feeling increased financial pressure

The share of Americans who say they are being more budget-conscious than normal increased 4 percentage points over the past month, combined with an increase of 11 percentage points among those who say they expect their financial situation to get worse. Americans are clearly feeling the strain of rising inflation.

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?
Consumers are likely to scale back discretionary and non-discretionary purchases

Inflation is more likely to impact how consumers spend their discretionary budget, however, half of consumers are also looking to reduce their purchases of typical household necessities due to inflation. The youngest generation are more likely to reduce both their essential and discretionary purchases.

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

- 53% Likely to Reduce Spending on the Following Types of Purchases
  - 60% Household Essentials
  - 60% Discretionary Purchases

- 49% Likely to Reduce Spending on the Following Types of Purchases
  - 60% Household Essentials
  - 60% Discretionary Purchases

- 51% Likely to Reduce Spending on the Following Types of Purchases
  - 62% Household Essentials
  - 62% Discretionary Purchases

- 58% Likely to Reduce Spending on the Following Types of Purchases
  - 66% Household Essentials
  - 65% Discretionary Purchases

- 54% Likely to Reduce Spending on the Following Types of Purchases
  - 65% Household Essentials
  - 62% Discretionary Purchases

- 50% Likely to Reduce Spending on the Following Types of Purchases
  - 62% Household Essentials
  - 57% Discretionary Purchases

Gen Z: 58% Household Essentials, 66% Discretionary Purchases
Millennials: 54% Household Essentials, 65% Discretionary Purchases
Gen X: 50% Household Essentials, 62% Discretionary Purchases
Boomers: 40% Household Essentials, 57% Discretionary Purchases
Patterns in consumer sentiment have shown themselves to be seasonal.

As we creep into the third year of the pandemic, certain consumer trends are proving to be seasonal. Consumer comfort levels in public appear tied to the seasons – namely people are more comfortable when public activities can be held in outdoor spaces and as consumers gravitate outdoors it will be harder for the virus to be transmitted. As we head into spring, marketers should start prepping for warmer weather and welcoming consumer back into public life.

Consumers are resuming life at different times and levels.

Consumers are playing a pandemic risk equation every time they engage in a public activity. The messy part is this equation doesn’t look the same for everyone. Health risks have never been more variable and personal. Many consumers are taking on additional risk rather than forgo socialization, while others are remaining cautious. Brands should support consumers in whatever stage they’re at, while engaging those more ready to resume activities.

Prepare for price sensitivity and a new focus on value.

Consumers’ sense of financial strain will likely accelerate into 2022, as a larger swath of the population reckon with inflation. 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.
Thank you

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