Dentsu Navigator: COVID-19 Recovery

Wave 27
February 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 February 2, 2022
- Random sample of 1,000 US respondents
- Age 18-70 years old
- Nationally representative weighting across gender, age and race/ethnicity (using latest publicly available US Census numbers)
‘Living with COVID’
Consumer concern levels appear to be stabilizing. A slight majority now feel the pandemic is headed in the right direction. Even so, most consumers realize the pandemic will be with them for another year or longer. They continue to take precautions like wearing masks while also feeling more comfortable out in public.

‘Delta’ Renews 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.

‘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.

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.
Stages of Consumer Crisis Response: Ready to Move On?

The omicron variant continues to drive a large number of daily in cases in the US (7-day average of 300k+ on February 2nd); however, consumers are indicating they’re ready to move on. Slightly fewer respondents identify in “Initial Shock” and “Coming to Grips” than in January. Instead, we see slight gains across the later stages of our framework.

<table>
<thead>
<tr>
<th>Asking Consumers To Self-identify With The Stages Of Crisis Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INITIAL SHOCK</strong></td>
</tr>
<tr>
<td>Outbreak is spreading. Feeling Confusion, fear or anger about how will impact my life</td>
</tr>
<tr>
<td>WAVE 24 OCTOBER</td>
</tr>
<tr>
<td>WAVE 25 NOVEMBER</td>
</tr>
<tr>
<td>WAVE 26 JANUARY</td>
</tr>
<tr>
<td>WAVE 27 FEBRUARY</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?
Consumers feel the TRAJECTORY of the pandemic is turning around

In mid-January, at the peak of omicron cases in the US, consumers felt increasingly pessimistic. Just a month later, we see signs of reversal, with a 13-percentage point gain among those who feel the pandemic is heading in the right direction.

Q: Which of the following statements best describes how you feel about the trajectory of the pandemic in the US?
Concern for the HEALTH risks of the pandemic remains split and steady

We have seen that despite fluctuating sentiment about the trajectory of the pandemic at large, consumer concern about health risks has remained steady. This may be due to perceived immunity either from being vaccinated or infected with COVID, fatigue over constantly assessing COVID-19 risks or that consumers are taking precautions and feel less vulnerable.

Concern Abouts Risks the Pandemic Poses to Their HEALTH

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

44% Not/Somewhat concerned

56% Very/Extremely concerned

No meaningful change since OCT. '21
Concern for risk to the US ECONOMY remains high and largely unchanged

This month there is a slight dip over 4-percentage points in consumer’s who are ‘extremely concerned’. While this may be the beginning of a trend, it is not a meaningful indication right now.
Consumers remain concerned about the prospect of FUTURE VARIANTS

We have seen that despite fluctuating sentiment about the trajectory of the pandemic at large, omicron appears to not have greatly affected the overall share of consumers who are concerned about future COVID variants.

Q: How concerned are you about future COVID variants

**Concern About Future COVID Variants**

- **Not Concerned**: 11%
- **Somewhat Concerned**: 24%
- **Very Concerned**: 28%
- **Extremely Concerned**: 37%

- **Not/Somewhat concerned**: 65%
- **Very/Extremely concerned**: 35%

No meaningful change since OCT. ‘21
Consumers’ COMFORT IN PUBLIC rebounds after 10-month low

We see consumer comfort going out in public rebound 8-percentage points from a low in mid-January, at the peak of omicron cases. Consumer comfort does appear to have a seasonal trend: while there is less consensus in winter, 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](chart.png)

Q. In the context of COVID-19, how comfortable are you currently going out in public?
Consumers are re-engaging with activities at different rates & comfort levels

Consumers are least likely to re-engage with large-scale, public activities such as international travel, attending live events, going to the gym, going to a bar and attending an indoor party. Day-to-day necessities such as grocery & retail shopping, going to medical appts and in-person work continue to be those consumers feel most comfortable doing.

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

<table>
<thead>
<tr>
<th>Consumer Comfort Doing Specific Activities</th>
<th>% of Participants, either fine or uncomfortable</th>
<th>% Change WoW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery shopping</td>
<td>93%</td>
<td>+3</td>
</tr>
<tr>
<td>Health/Medical-related appointments</td>
<td>87%</td>
<td>+1</td>
</tr>
<tr>
<td>Non-grocery shopping</td>
<td>84%</td>
<td></td>
</tr>
<tr>
<td>Working at my office/place of work</td>
<td>83%</td>
<td>+2</td>
</tr>
<tr>
<td>Staying overnight at a hotel</td>
<td>73%</td>
<td>+2</td>
</tr>
<tr>
<td>Entertaining guests at home</td>
<td>72%</td>
<td>+2</td>
</tr>
<tr>
<td>Dining indoors at a restaurant</td>
<td>72%</td>
<td></td>
</tr>
<tr>
<td>Domestic travel</td>
<td>71%</td>
<td>+3</td>
</tr>
<tr>
<td>Attending an indoor party</td>
<td>63%</td>
<td>+3</td>
</tr>
<tr>
<td>Going to a bar</td>
<td>59%</td>
<td>+6</td>
</tr>
<tr>
<td>Exercising at a gym</td>
<td>59%</td>
<td>+5</td>
</tr>
<tr>
<td>Attending live events</td>
<td>55%</td>
<td>+1</td>
</tr>
<tr>
<td>International travel</td>
<td>48%</td>
<td>+7</td>
</tr>
</tbody>
</table>

Among those that participate in said activities

- I do this and feel fine
- I do this but feel uncomfortable
- I do not do this because I feel uncomfortable

% that are participating, either fine or uncomfortable + % change WoW:
Many Americans report feeling financially pressure – but there’s cautious optimism
A majority of American consumers, 63%, say they are being more budget conscious than normal. This is likely given that inflation is on the rise at the same time that government support programs are winding down. The good news is those who expect their financial situation to improve over the next month rose from January to February.

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, over 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. Boomers are unlikely to reduce spending on essentials.

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

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

% Likely to Reduce Spending on the Following Types of Purchases

- January
  - Household Essentials: 53%
  - Discretionary Purchases: 60%

- February
  - Household Essentials: 49%
  - Discretionary Purchases: 60%

FEBRUARY ONLY - % Who Are Likely

- Household Essentials
  - Gen Z: 59%
  - Millennials: 53%
  - Gen X: 50%
  - Boomers: 34%

- Discretionary Purchases
  - Gen Z: 66%
  - Millennials: 61%
  - Gen X: 59%
  - Boomers: 54%
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

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.

Contact us

Interested in regular insight into ever-changing consumers and an agency team that can turn insight into actionable strategy?
Get in touch