Dentsu Navigator: COVID-19 Recovery

Wave 30

May 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 May 9, 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

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.

APRIL
Ready to Move on, Yet Remaining Wary
Consumers continue to express optimism heading into summer – they feel the pandemic is getting better or under control and increasingly comfortable with public activities. However, cases in the US have grown in recent weeks and wariness remains. We see financial pressure hit a threshold – with budget-consciousness becoming a ‘new normal’. Many Americans plan to swap typical purchases for lower-cost alternatives.

MAY
Little to No Shift in Consumer Sentiment
Consumer optimism is holding steady. There has been minimal shifts in consumer sentiment over the past month. However, that also means wariness remains – a sizeable share of consumers continue to be concerned about health risks. At the same time, there is an eagerness to resume public activities such as travel and going to the gym. What may prove a bigger damper on consumer spirits and activity than COVID is increasing financial stress due to inflation.
### Stages of Consumer Crisis Response: Slowly & Cautiously Moving Forwards

While consumer progress through the Stages of Crisis Response has once again become more linear, further data in this report indicates that they continue to be wary. Despite 25% of respondents identifying as in ‘Post-COVID Life’ - the highest share since the start of the pandemic - 3 in 10 continue to identify as in either ‘Initial Shock’ or ‘Coming to Grips’.

<table>
<thead>
<tr>
<th>WAVE 27 FEBRUARY</th>
<th>INITIAL SHOCK 12%</th>
<th>COMING TO GRIPS 23%</th>
<th>LIVING THE NEW NORMAL 33%</th>
<th>MOVING INTO RECOVERY 16%</th>
<th>POST-COVID LIFE 16%</th>
</tr>
</thead>
<tbody>
<tr>
<td>WAVE 28 MARCH</td>
<td>10%</td>
<td>20%</td>
<td>27%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>WAVE 29 APRIL</td>
<td>15%</td>
<td>19%</td>
<td>24%</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>WAVE 20 MAY</td>
<td>11%</td>
<td>19%</td>
<td>25%</td>
<td>20%</td>
<td>25%</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?
Little change to consumers’ optimism about the TRAJECTORY of the pandemic

A majority of consumers – 68% - continue to feel the pandemic is heading in the right direction. Optimism has been at a 12-month high since March; however, COVID-19 cases are rising once again, so we will keep an eye on how sentiment fluctuates.

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

- 68% feel optimistic
- -2 points since APR.
- 32% feel pessimistic

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Concern for the HEALTH risks of the pandemic remains split 50/50

There haven’t been any meaningful shifts to consumer concern for the health risks of the pandemic. It’s clear that many consumers remain wary – just below half are concerned about the affects of the virus to personal health.

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

54% Not/Somewhat concerned
+2 points since APR.

46% Very/Extremely concerned

Concern Abouts Risks the Pandemic Poses to Their HEALTH
No change to concern for FUTURE VARIANTS

While consumers are less concerned than they were in the beginning of the year, there has been minimal change since April. Those “extremely” concerned did decline by 6 percentage points, but overall sentiment has not shifted significantly.
Consumers’ COMFORT IN PUBLIC continues to grow heading into summer

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.

Q. In the context of COVID-19, how comfortable are you currently going out in public?
Special gatherings – live events, parties, hosting guests – see uptick in participation

Activities consumers have previously felt comfortable about, such as grocery shopping, are holding steady; however, highly public activities, including entertaining at home, attending live events, and going to the gym, are experiencing an uptick.

### Consumer Comfort Doing Specific Activities

**Among those that participate in said activities**

<table>
<thead>
<tr>
<th>Activity</th>
<th>I do this and feel fine</th>
<th>I do this but feel uncomfortable</th>
<th>I do not do this because I feel uncomfortable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery shopping</td>
<td>67%</td>
<td>23%</td>
<td>10%</td>
</tr>
<tr>
<td>Health/Medical-related appointments</td>
<td>61%</td>
<td>27%</td>
<td>11%</td>
</tr>
<tr>
<td>Non-grocery shopping</td>
<td>61%</td>
<td>25%</td>
<td>13%</td>
</tr>
<tr>
<td>Working at my office/place of work</td>
<td>63%</td>
<td>21%</td>
<td>16%</td>
</tr>
<tr>
<td>Entertaining guests at home</td>
<td>61%</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>Dining indoors at a restaurant</td>
<td>56%</td>
<td>24%</td>
<td>20%</td>
</tr>
<tr>
<td>Staying overnight at a hotel</td>
<td>57%</td>
<td>21%</td>
<td>22%</td>
</tr>
<tr>
<td>Domestic travel</td>
<td>52%</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>Exercising at a gym</td>
<td>49%</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>Attending an indoor party</td>
<td>50%</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>Going to a bar</td>
<td>46%</td>
<td>22%</td>
<td>32%</td>
</tr>
<tr>
<td>Attending live events</td>
<td>44%</td>
<td>23%</td>
<td>33%</td>
</tr>
<tr>
<td>International travel</td>
<td>35%</td>
<td>22%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Q: In the context of COVID-19, how comfortable are you currently doing the following activities?
Concern for risk to the US ECONOMY continues a slow softening trend

So far in 2022 concern for the US economy has lessened a little bit each month. This has occurred despite rising inflation and a global supply chain crisis; However, concern does remain high at 63% - further survey findings will show that a large share of consumers are feeling personal financial strain.

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?

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When it comes to personal finances, more consumers feel strained in May

Both American’s consciousness towards their budgets and negative outlook on their financial situation have increased this month. Sentiment clearly reflects stress from rising inflation, hiked interest rates and the threat of a recession. Notably, the share of those who feel more budget conscious is similar to those who are concerned for the US economy.

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 increasingly likely to reduce discretionary spending and “trade-down”

Swapping to lower-priced versions of regular products and services will be more likely to impact essential purchases. While more consumers are scrutinizing their discretionary spending, they will likely find conflict in their eagerness to resume fun, costly activities such as travel and live events.

% Likely to Reduce Spend on the Following Types of Purchases:

<table>
<thead>
<tr>
<th>Type of Purchase</th>
<th>April</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Essentials</td>
<td>42%</td>
<td>44%</td>
</tr>
<tr>
<td>Discretionary Purchases</td>
<td>58%</td>
<td>63%</td>
</tr>
</tbody>
</table>

% of Those Likely To Change Their Shopping Habits:

<table>
<thead>
<tr>
<th>Change in Shopping Habits</th>
<th>April</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase brands that offer more value</td>
<td>67%</td>
<td>68%</td>
</tr>
<tr>
<td>Switch to lower-priced versions of regularly purchased products</td>
<td>49%</td>
<td>54%</td>
</tr>
</tbody>
</table>
Implications for Marketers

Re-evaluate media and marketing activations to align with consumer activity levels.

Now into the third year of the pandemic, it’s clear consumer comfort and activity levels tend to increase in warmer months. This summer, consumer appear particularly eager to resume special gatherings such as attending parties and live events, engaging in domestic travel and hosting guests at their homes. Consumers have also picked up regular routines such as going to the gym, work or out to eat. Marketers should evaluate their media spend to more heavily invest in out of home and “on-the-go” formats. And, if appropriate, welcome consumers back into public life with in-person activations.

Prepare for consumers to make trade-offs in their financial decisions.

We are seeing consumers’ sense of financial strain accelerate as a larger swath of the population reckon with inflation and its ramifications. This will influence consumers’ purchasing decisions across essential and discretionary items. While they are less likely to reduce purchases of household essentials, our survey finds consumers are increasingly likely to swap in lower priced versions of products as budgets tighten. Consumers are also likely to make cuts to discretionary purchases, but face conflict in their eagerness to resume activities such as travel and live events. Brands can help make these decisions easier by positioning their products in the context of value – either something “more bang for buck” or something priceless and worth spending money on.

Remain agile as consumers remain wary.

For consumers, the risks of the pandemic continue to be more variable and personal than ever before. While there is greater consensus and optimism that the pandemic is headed in the right directions, around half or more of consumers remain concerned about health risks and future variants. Brands should support consumers in whatever stage they’re at and be ready to pivot communications and activations as needed.
Thank you

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