

COVID-19 CONSUMER RESEARCH WAVE 12 EXECUTIVE SUMMARY

May 20-22, 2020

MDC and **The Harris Poll** have partnered to conduct research regarding the impact of the **COVID-19** pandemic on the American consumer. The executive summaries on the pages that follow provide insight into current consumer attitudes and behavior and can be used to help navigate the next several weeks.

We hope this information proves useful to you and your team as you pivot in real time. We are sending our very best wishes to you during this time.

As always, we are here to help. Please don't hesitate to contact us with any questions you may have.

Positively,

Ryan Linder + The MDC Family
Global Chief Marketing Officer, EVP



WAVE 12

WAVE 12 INTRODUCTION

The following research was conducted between **May 20-22, 2020** by The Harris Poll on the coronavirus outbreak. Fielded among a nationally representative sample of **2,032** U.S adults, the newest research demonstrates how consumers' perceptions are rapidly shifting as new developments emerge.

Section:

01

Topic:

THE SUMMER OF OUR DISCONTENT

Introduction:

Memorial Day weekend signifies the beginning of summer. And with it, an unleashing of pent up demand—be it [lines outside luxury stores in China](#) or throngs of people drinking White Claw at non-CDC endorsed pool parties in the Ozarks. **Mask usage is declining** in certain states, despite Harvard Public Health Institute warning that up to 70,000 deaths could still occur this year. We are at a critical moment as fear gives way to desire. But will America manage its coming out party responsibly?

- **Summer comes in like a lamb...** [Our Harris Poll featured on the CBS EVENING NEWS](#) found that 95% of Americans chose to stay home because of the pandemic. Given this, [AAA did not issue a travel forecast](#) this past holiday weekend. Our data also shows that in the next three months only a small percentage of Americans will fly on a plane (31%), stay in hotels (40%), attend a sporting event (37%) or take a cruise (28%).



- **...But out like a lion?** Americans miss dining out at restaurants and bars (71%), shopping in stores (66%), attending concerts, theatre and sporting events (50%), hitting their local coffee shop (48%) and going out to the movies (46%). Meanwhile, data from OpenTable shows diners are beginning to return in several states. However, [new data also shows](#) that **one-fourth of all restaurants won't reopen**.
- **Pent up demand (extreme edition):** Is your stadium shuttered? No problem, [you can rent your field of dreams](#) on Airbnb.

Implication:

America's consumerism (which drives 70% of GDP) is about to go on a tear. With 64% saying their income is the same or will even rise this year, there is plenty of economic impetus to overcome our loneliness (46%), claustrophobia (31%), and stress trying to balance it all (32%). Like Shakespeare's play, will our collective attempt to regain our status and wealth be our own undoing? We predict fear will abate and desire will win over the long, hot Summer. How will corporate responsibility evolve to serve the public's health and its demand? Ask us in August.

Section:

02

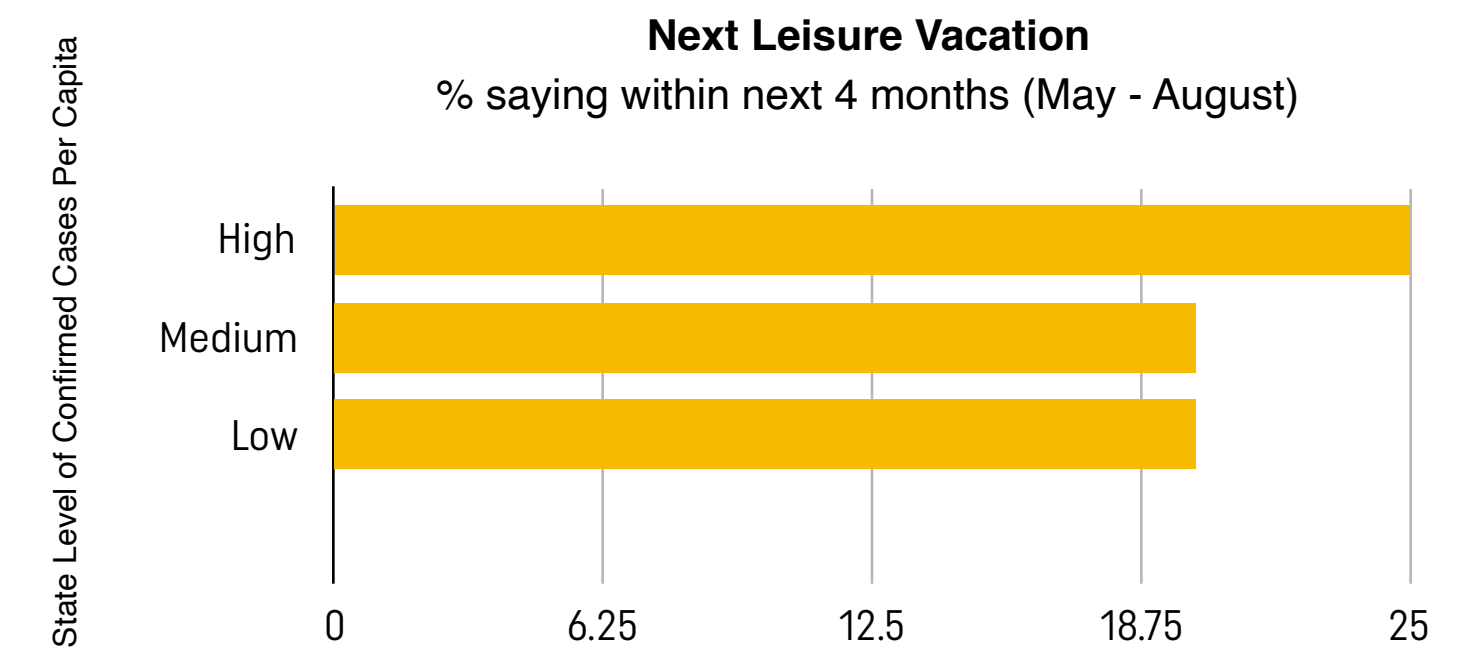
Topic:

A BATTLEGROUND INDUSTRY: TRAVEL & LEISURE

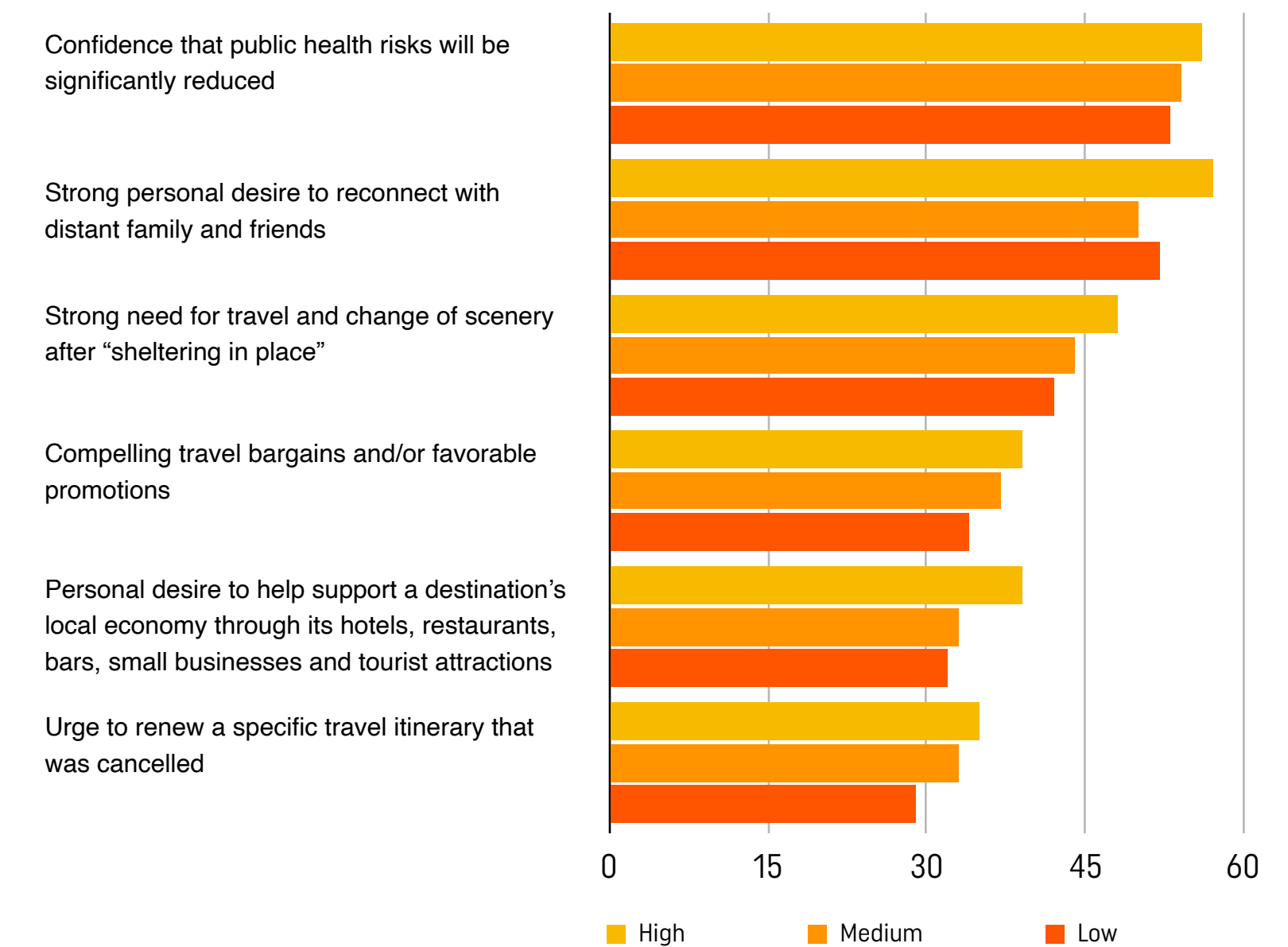
Introduction:

As we've tracked for nearly twelve weeks, America is locked in a **battle between fear and desire**. Let's take one industry and debate an optimist's (and a cynic's) viewpoint:

- **The argument for revenge travel is real:** As sheltering in place orders have extended, pent up demand for major purchases, such as vacations and traveling, have only been increasing over time, 24% were planning a vacation once things return to normal on March 30; which bumped up to 29% on May 17. The FT reports there is a [race to book vacations](#) in reopened states.
- And while the number of travelers passing through TSA checkpoints fell to 87,534 on April 14, 96% below the same day one year earlier. But by May 24, **the figure had more than tripled** to 267,451, although that is still down (87%) from the same day a year earlier.
- This trend is even further compounded by the severity of the C-19 outbreak: **Residents of states with the highest level of confirmed cases** per capita are the most likely to travel within the next 4 months (25% vs. 20% in the medium and low states). They have a strong need to connect with family and friends (57%), get a change of scenery (48%) as well as the desire to support a destination's local economy (39%). These individuals are most comfortable with the prospect of traveling domestically (60%), renting a car (53%), and staying in a hotel (50%) more so than flying (36%) or taking Uber/Lyft/cab (37%).



Factors Impacting Leisure Travel in 2020
By State Level of Confirmed Cases Per Capita



Section:

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- **Pressure to avoid non-essential travel** from family and friends could derail their plans (26% say it might alter or block their 2020 leisure travel) even more so than those in less impacted states (20% among low or medium states).
- Consider these tensions: The [NY Auto show has been cancelled](#) as our data shows that over 50% of respondents say they **don't feel safe using any transportation that isn't their own car**. But that doesn't mean we won't spend on cars: 17% of Americans say buying a new car is a major purchase they are planning for once things return to normal. And over half (54%) plan to purchase a vehicle in the next six months or at least sooner than they expected. See our [special automotive report here](#).

Implication:

The longer and more severe the impact of C-19, the greater the demand to get back to normal activities, such as travel. We see travel as the battleground between fear and desire in America. Watch for travel to be a key indicator that Americans think normal life resumes in earnest.

Want to read the cynic's viewpoint? [Read More](#)

Section:

03

Topic:

WILL SOCIAL ISSUES TAKE A BACK SEAT TO C-19?

Introduction:

It was January and we were talking about Harvey Weinstein, carbon credits and income inequality. The Business Roundtable had just redefined the purpose of a corporation to promote '[An Economy That Serves All Americans](#)'. Now we wonder in the age of C-19, would these issues still matter to Americans?

- **C-19 has exacerbated society's most devastating inequalities:** Many have described the pandemic as the "great equalizer," including well respected leaders like [Governor Cuomo](#) (and even [Madonna from her luxury bathtub](#)) but as every day goes by, it becomes clearer the virus isn't an equalizer at all, [as Vox recently reported](#). In fact in our latest poll found majorities of Americans say C-19 has exacerbated Poverty (65%), Job Creation (64%), Hunger (62%), Education (60%) and Domestic Violence (55%).
- **Reinforced urgency on issues core to thriving livelihoods:** We asked Americans what issues will be more important to them, personally, moving forward after C-19 and overwhelming majorities said access to healthcare (91%), good health and well-being (91%), education (85%), job creation (85%), hunger (84%), poverty (82%), gun violence (77%), and domestic violence (76%). As a result, [philanthropy is being called upon to redefine efforts around urgency](#) and even the [head of the United Nations Economic and Social Council \(ECOSOC\) proposed plans to further postpone or cancel all UN ECOSOC meetings](#) in the coming eight weeks.

- **Will corporate America keep its promise?** In the new [FORTUNE 500 Survey](#), CEO's were asked if they agree with the BRT's new statement and 63% said 'I agree and believe **most good companies have always operated that way**. Nothing changed.' However 25% said 'I agree, and I believe it represents a **significant change in corporate thinking** from a decade or two ago. And 50% of CEO's said it will '**accelerate the move toward stakeholder capitalism** in order to **address the human suffering caused by the crisis**,' whereas 18% said it will 'slow the move... as companies focus on shoring up their bottom lines.' The public will be watching, nearly 8 in 10 (78%) say taking action for the greater social good is very important for corporate America today.
- **There's also a 'full-blown she-cession':** 69% of women feel the economic impacts of the coronavirus pandemic will have a bigger effect on their lives than the virus itself (vs. 63% of men), a third (33%) have lost income partially and 29% have stopped or cut back on savings. NBC reports how [C-19 is economically hurting women, minorities the most](#): Women accounted for 55% of the 20.5 million jobs lost in April, with especially high unemployment rates for those ages 20–24 and over 50, as well as for women of color. And women are heavily represented in industries hardest hit by the virus, including travel, restaurants, and childcare, and they make up more than 60% of low-wage workers. We see the **aftershocks** of this in our data as a third of women (33%) are **seeking new or additional sources of income** and nearly 9 in 10 women (86%) say job creation and poverty (85%) will be important to them personally moving forward (vs. 84% and 78% of men, respectively).
- **The environment was spared by default as the nation halted movement:** Nearly 4 in 10 (37%) say C-19 has improved climate change and over a third (35%) say it has improved environmental efforts. We've all seen the photos of blue skies in LA and Delhi. But the biggest percentage drop in co2 emissions has come from the aviation industry, with a 60% decline, or 1.7 million metric tons and from surface transportation (vehicles, trucks and domestic and international shipping) which fell by 36%, or 7.5 million metric tons. And let's be honest, **the restrictions on mobility that shrunk our personal carbon footprint can't be sustained long-term**. McGill University associate professor and epidemiologist Jill Baumgartner warned in an interview with [The New York Times](#), "**This really shouldn't be seen as a silver lining**."

Section:

03

- And given social **distancing until 2022 may be necessary**, [according to Harvard coronavirus researchers](#), may explain why Americans are throwing data privacy caution to the wind to ensure safe distance: 71% support **remote AI patient monitoring** to allow healthcare professionals to **maintain social distance**.
- Ultimately, will we live out the message in this photo? This [hotel uses empty rooms](#) to illuminate messages of hope for commuters.



Implication:

Many leaders we've spoken with privately in the c-level marketing and communications ranks worry that companies in pursuit of recovery will give back ground that was won on diversity, inclusion and climate awareness. Great leaders will connect the pandemic to our shared national vulnerability and need to rely on one another again if C-19 returns en masse.

[Read More](#)

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Topic:

RACE, INCOME AND REOPENING

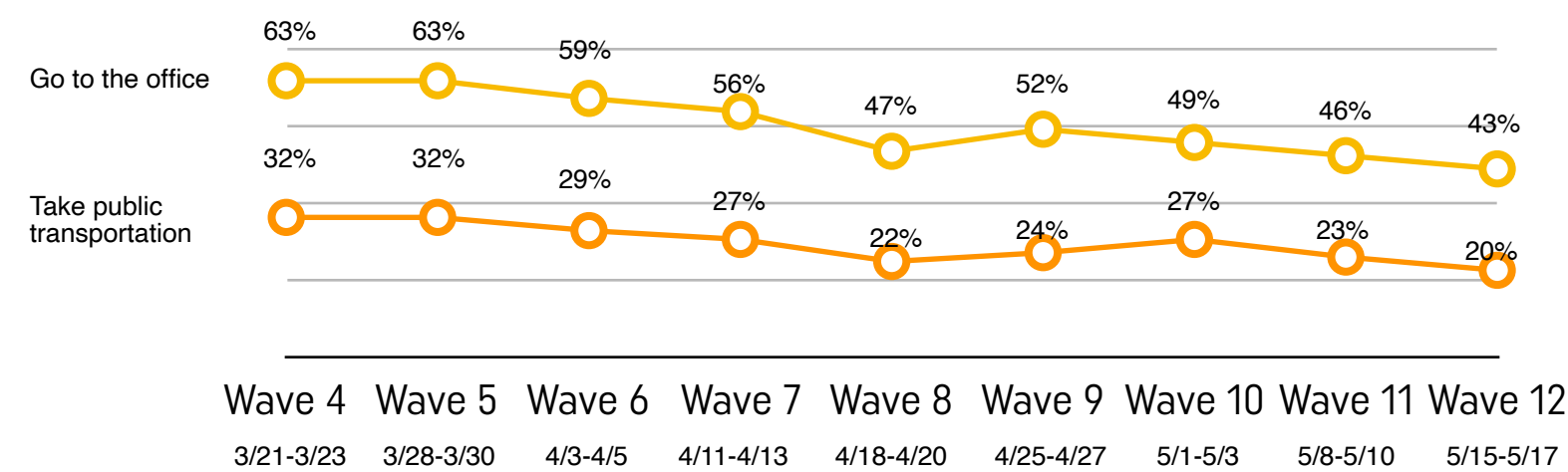
Introduction:

If you were worried about social issues in the previous story, here's one playing out in real time: While everyone wants the economy to reopen and people to get back to work, there's a **large gap between what Americans believe is safe and what they can afford.**

- In [data we reported with the NY Post](#), more than half of Americans don't feel safe getting around in anything other than their own vehicle during the coronavirus pandemic. We found 79% don't consider subways safe; 72% said that of airplanes, 70% of taxis and 65% of ridesharing services. Even 58% feel ride sharing bikes aren't safe. By comparison, 91% felt it was safe or somewhat safe to take a car.
- But there are economic disparities in affording a car, because while 43% said they would go back to work within thirty days, only 20% said they would take public transportation.

Why Cars? Those Willing to Return to the Office and Transit Within One Month Has Steadily Declined, But Public Transportation is Still a 'Safety Breakdown' to 80% of Commuters

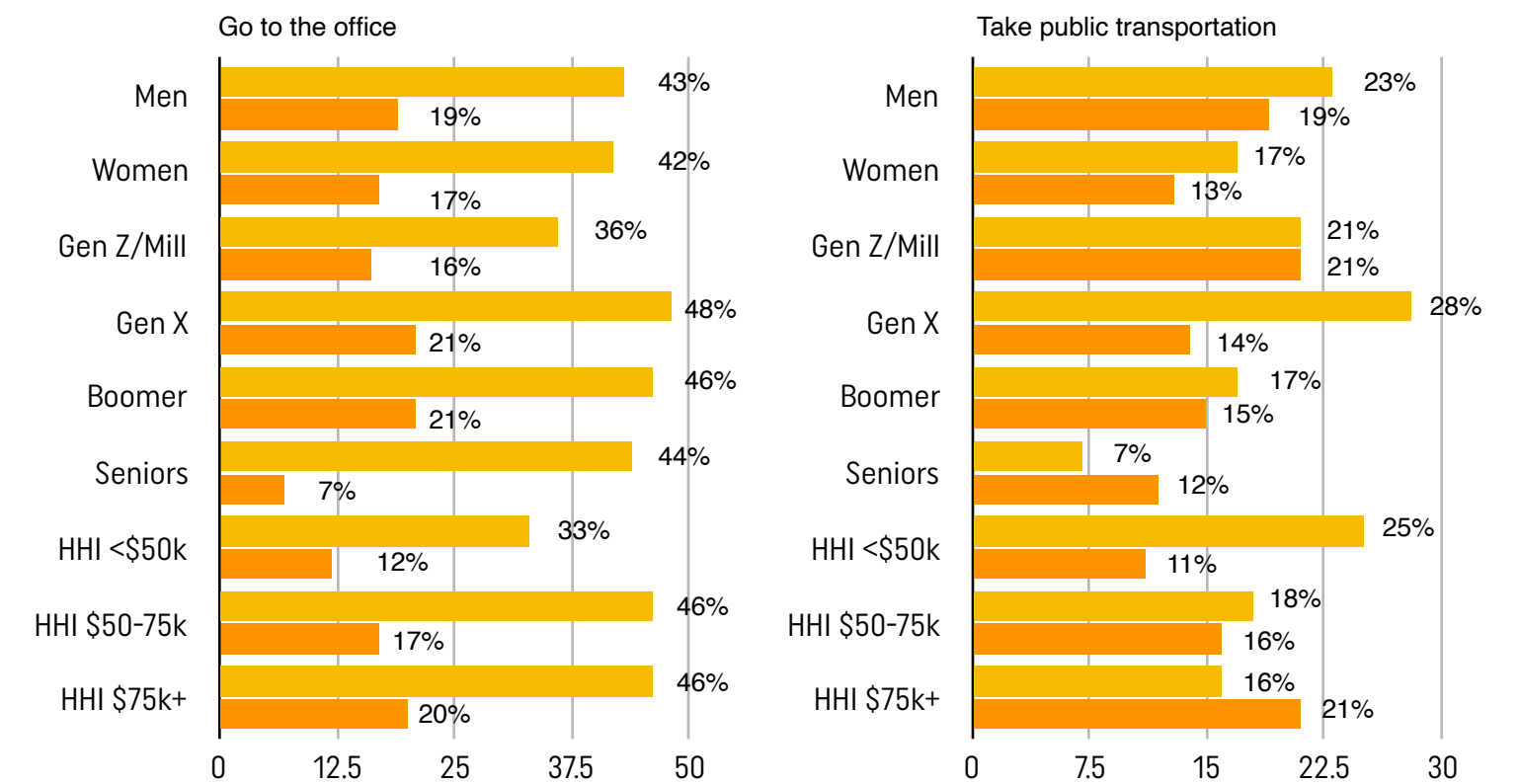
Once the government provides information that the spread of the virus is flattening, how long will it take you to... % Within 30 Days



- Then consider that among those who are most likely to take public transportation (against their fear of doing so) are Americans with HHI of \$50K, people of color, and younger people who have been hit disproportionately in terms of losing jobs and income.

Older Americans Most Likely to Return to Office First; Lower Income Will Be First Back on the Subway

Once the government provides information that the spread of the virus is flattening, how long will it take you to... **Within 30 Days 2 to 3 Months**



- Taken together, 43% of Americans want to return to work within 30 days but 80% say it's too dangerous to take public transportation. Yet one-in-ten Americans take public transportation daily or weekly (and people of color are three times as likely to do so).

- Soon you might see this on your commute: [A Chicago artist fills pesky potholes with pandemic art.](#)

Implication:

We often bifurcate social issues from economic ones. However, here you can clearly see a blockage in reopening the economy that is based on color, income and equal access to a safe workplace. Testing, contact tracing and on-site thermal testing are all means to alleviate fear for employees. But if most workers are afraid to work, the recovery will be slower.

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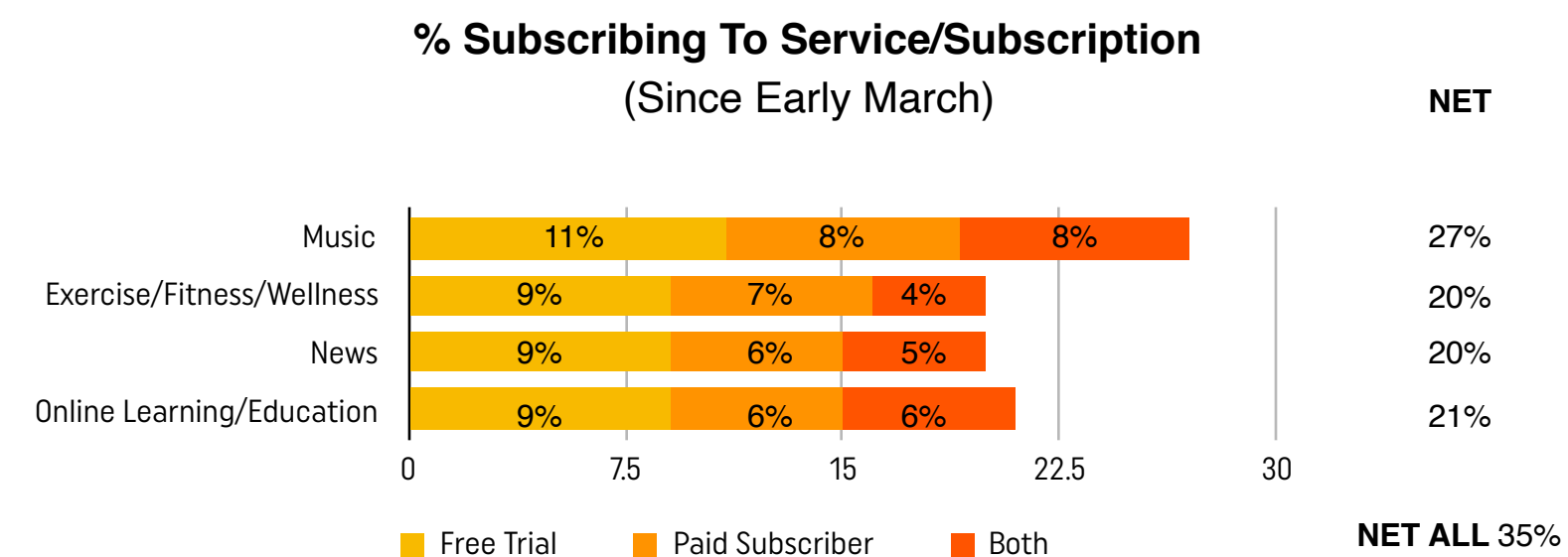
Topic:

SIGN ME UP

Introduction:

The news is filled with data points about the pandemic-related rise of streaming services in America. But what about other services? Are Americans also streaming more music? More self-improvement services? What about online learning or news options? And, importantly for these companies, do these new users plan to keep the services long term?

- During March/April 2020, 35% of Americans accessed a free trial or activated a new subscription for music, news, fitness, or online learning service.
- Do these new subscribers plan to stick around as the crisis abates? **Music seems sticky:** Music subscribers are the most likely to say that they plan to keep the subscription post-pandemic (72%). Nearly two-thirds (64%) plan to keep their new fitness service subscription. Over half plan to keep news or online learning services.
- However, **some accessed the services solely as a stopgap.** One-third of new online learning or news subscribers and one in five new fitness service subscribers say they do not plan to keep the service/access to content after the pandemic.



Implication:

Yes, we've gone app happy in part because there's little in the physical world to buy. The challenge for subscription services is two-fold – providing an experience that new subscribers expect and value, while demonstrating benefits to those who are either on the fence or don't plan to need/want the service in the future. Both of these jobs may be made more difficult by the increasing financial pressure many Americans are facing. As such, optimizing the user experience during the critical 'trial' period amounts to 'shock and awe'.

[Read More](#)

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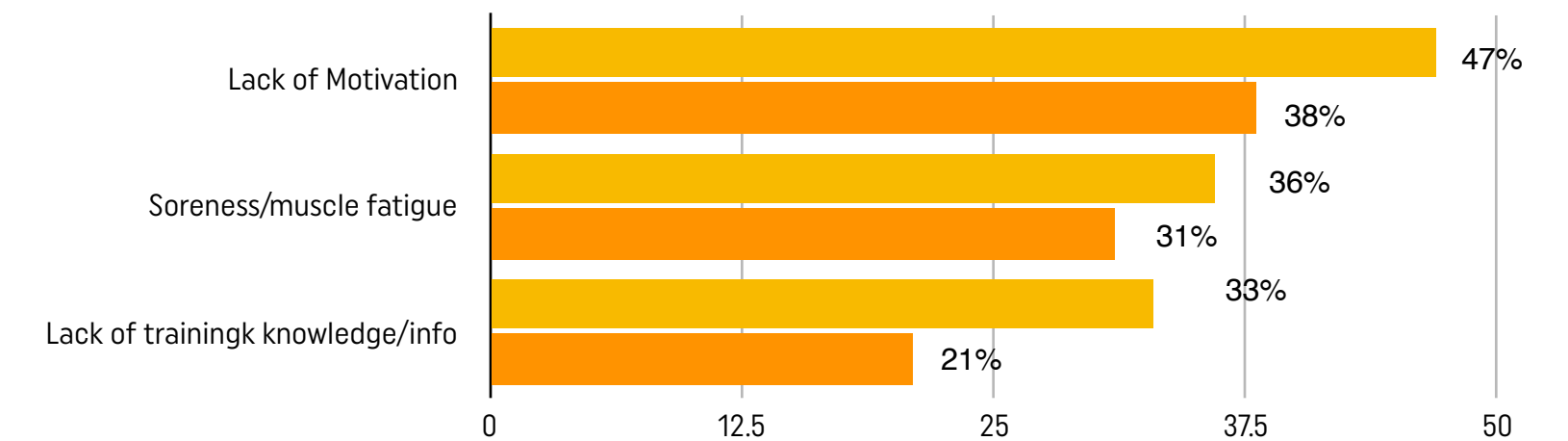
AMERICA ON THE RUN

Introduction:

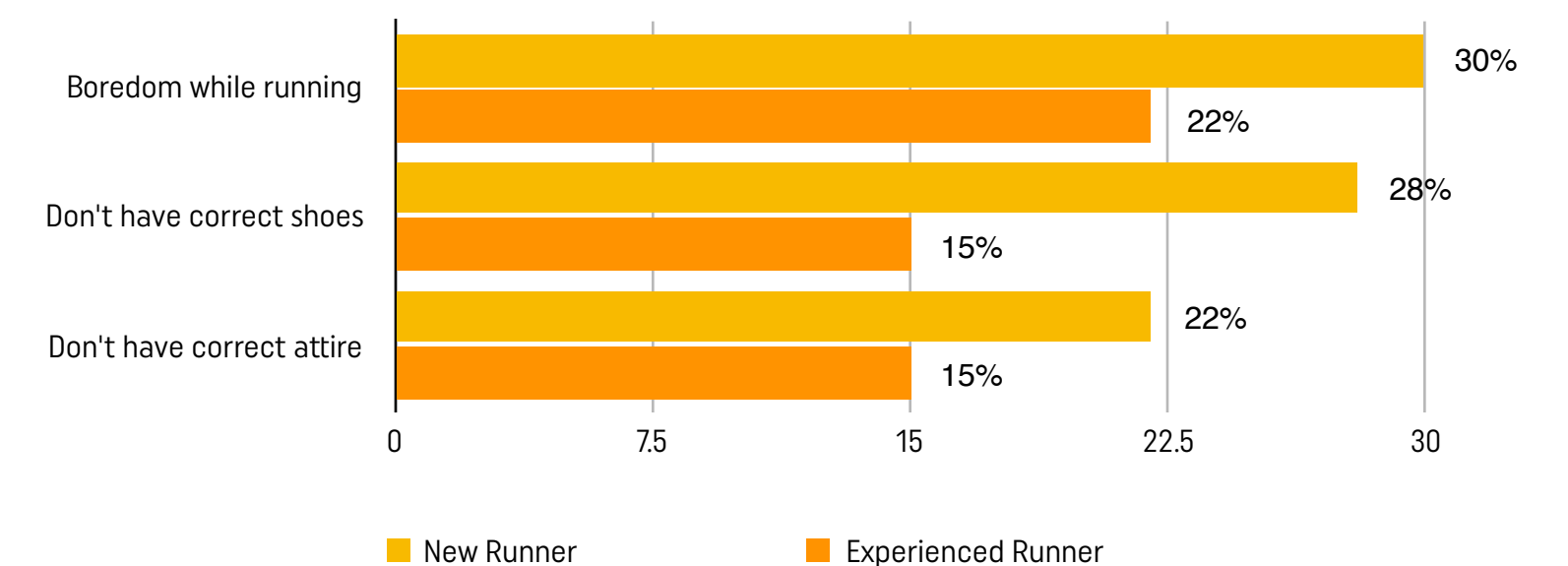
Nearly one-in-five (17%) Americans count themselves as one of the ‘new’ runners in the 2020 C-19-driven running boom. Most of them are looking for both physical and mental benefits from their new running habit. They want to improve physical health, sure, but they are also looking for ways to relieve anxiety/ stress and to take their mind off the pandemic. And like body-weight exercises, running is something you can do without fancy equipment found at your (closed) gym:

- These **new runners are a mix of Gen Z, Millennials and Gen Xers**, a large percentage are parents, and many are affluent (20% of those with HHI over \$100K are part of this new runner cohort). In fact, **nearly half (47%) of all ‘runners’ classify themselves as ‘new’ vs. ‘experienced’**.
- New runners are **struggling with staying motivated (47%)**, battling muscle fatigue and soreness (36%), and lack training knowledge and information (33%).
- Despite these challenges, most **new runners are committed to running in the long term**. 42% of new runners are feeling excited to keep running, while 49% are feeling challenged.

Top 3 Challenges Among New Runners:



New Runners Are Also More Challenged by the Following Than Experienced Runners:



Implication:

These are gaps that fitness brands are well-poised to address, offering an opportunity to capture this new audience of potential customers. Americans are willing to spend more on the things they want during the pandemic – and a large portion of these runners have disposable income. In fact, 1-in-5 new runners who make \$100K+ say they don't have appropriate shoes.

[Read More](#)

Section:

07

Topic:

TIP LIKE THERE'S NO TOMORROW

Introduction:

We anxiously await our favorite dining spots to open back up. [In our Harris survey](#) we found Americans' fear of losing their local mainstays and support price increases to keep them in business:

- Americans are **overwhelmingly (78%) concerned about local restaurants going out of business** and it shows: 66% support restaurants increasing prices to help recover losses as a result of the pandemic.
- Most encouragingly, nearly a third are willing to pay (8%) surcharge to their tab and say it should apply to food and alcohol: Nearly three-quarters (72%) are willing to pay a surcharge of at least 1% of their total bill, and 27% would be willing to pay as high as 8%. And a majority (54%) say the surcharge should apply to both food and alcohol.
- What is the appropriate way for restaurants to raise prices? 41% say notification before ordering that all menu items have increased in price, with 25% suggesting an optional surcharge on the bill and 24% encouraging higher than normal tips.

Implication:

A bottle of red, a bottle of white.... 71% of Americans say they miss dining out and it shows in their desire to see their favorite spots reopen. This data reminds us of Panera's experiment to pay what you can. Here, perhaps, credit card issuers could assign a line on the restaurant tab asking for a restaurant reopening tip on a sliding percentage of 1 to 10%. This would be not unlike a resort fee or state tax. Restaurants should capitalize on our collective goodwill and our cabin fever.

[Read More](#)

Section:

08

Topic:

VIRTUAL OR IRL?

Introduction:

A lot has been made of trying to understand whether pandemic behaviors and routines will become lasting. To understand this more clearly, this weekend we asked Americans to consider some of their favorite activities and **whether they'd do the online or in-person.**

- **Retail IRL:** Americans are **twice more likely to shop in-store for household products** (69%) vs. shop online for household products (31%) post C-19. Also, more than three-quarters of Americans (76%) say they are more likely to shop for groceries in-store while 24% are more likely to order groceries online for delivery. Hard to see green from yellow bananas through the www.
- **No more doomsday bulk shopping:** Americans are **twice as likely to buy only what they need** (64%) vs. buying in bulk (36%) post C-19. Here we posit that cupboards are overflowing and there's no more freezer room left for the ice cream.
- **Some are holding out for traditional date night and happy hours:** More than 2 in 5 (43%) are more likely to dine in a restaurant post C-19, especially men (47% vs 39% women) and more than 2 in 5 Americans (41%) are more likely to do happy hour at bars/restaurants.

Implication:

Rapid distress purchased tech like Instacart, Peloton and Zoom promise to capture long term share, as will bricks and mortar for online ordering and pick-up. But as you can see here when things are more intimate and involved, be it a closing date, a business deal, or sniffing the basil, IRL is A-OK. Your physical presence is relevant in so far as you are an emotional brand or providing an essential, tactile experience.

Questions?

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KNOWLEDGE IS POWER
