

## **PART I: CONSUMER BEHAVIOR**

## PANDEMIC CONSUMER BEHAVIOR

### 2.1 Purchase Decisionmaking

A July 2020 survey by Morning Consult ([www.morningconsult.com](http://www.morningconsult.com)) asked adults about purchase decisions they had made due to the pandemic. Responses by income were as follows (percentage of respondents):

#### Household Income Less Than \$50,000

- Will not make a previously planned major purchase: 19%
- Postponed a previously planned purchase: 20%
- Did not make planned purchases, instead purchased alternative: 6%
- No changes in purchase behavior; had no major purchases planned: 41%
- No changes in purchase behavior; proceeded with large purchase(s): 14%

#### Household Income \$50,000 to \$100,000

- Will not make a previously planned major purchase: 16%
- Postponed a previously planned purchase: 26%
- Did not make planned purchases, instead purchased alternative: 7%
- No changes in purchase behavior; had no major purchases planned: 38%
- No changes in purchase behavior; proceeded with large purchase(s): 13%

#### Household Income More Than \$100,000

- Will not make a previously planned major purchase: 15%
- Postponed a previously planned purchase: 24%
- Did not make planned purchases, instead purchased alternative: 7%
- No changes in purchase behavior; had no major purchases planned: 32%
- No changes in purchase behavior; proceeded with large purchase(s): 21%

#### All Households

- Will not make a previously planned major purchase: 17%
- Postponed a previously planned purchase: 22%
- Did not make planned purchases, instead purchased alternative: 7%
- No changes in purchase behavior; had no major purchases planned: 39%
- No changes in purchase behavior; proceeded with large purchase(s): 15%

A December 2020 survey by Valassis ([www.valassis.com](http://www.valassis.com)) found that 70% of adults increased their saving behaviors (e.g., price-conscious shopping, use of coupons, etc.) during the pandemic. By demographic, those that did so were as follows (percentage of respondents):

- Generation Z: 74%
- Millennials: 80%
- Generation X: 70%
- Baby Boomers: 63%
- Parents: 78%

Because of increased demands on their time brought about by the pandemic, 68% of parents and 42% of all consumers said that they sometimes spent more money shopping to save time.

Sixty-four percent (64%) of adults reported buying more store brand items than typical due to the pandemic. By demographic, those that did so were as follows (percentage of respondents):

- Generation Z: 83%
- Millennials: 79%
- Generation X: 67%
- Baby Boomers: 51%
- Parents: 82%

Thirty-three percent (33%) of consumers said they purchased store brands most often because items they intended to purchase were not available; 31% did so to save money.

## **2.2 Buying/Ordering Online**

The coronavirus pandemic put buying online at the forefront of the consumer marketplace as statewide lockdowns, store closures, and the fear of contracting the coronavirus kept consumers from shopping in stores and dining in restaurants.

According to the U.S. Department of Commerce ([www.doc.gov](http://www.doc.gov)), 2020 e-commerce retail sales were \$791.7 billion, a 32% increase over 2019. Online sales accounted for 14.0% of all U.S. retail sales in 2020, an increase from 11.1% in 2019. This was the largest year-over-year gain in e-commerce penetration ever recorded; no other year had ever reached a two percentage-point gain in digital penetration, according to Digital Commerce 360 ([www.digitalcommerce360.com](http://www.digitalcommerce360.com)).

E-commerce sales by quarter in 2020 were as follows (change from same quarter in 2019 in parenthesis):

- First quarter: \$146.5 billion (14.6%)
- Second quarter: \$200.6 billion (44.4%)
- Third quarter: \$199.2 billion (37.0%)
- Fourth quarter: \$245.3 billion (32.1%)

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**“Perhaps the most consequential digital story of 2020, the widespread embrace of e-commerce during the pandemic, unexpectedly accelerated the channel’s progress by almost two years.”**

eMarketer, 12/27/20

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An April 2020 survey by Ipsos ([www.ipsos.com](http://www.ipsos.com)) found that 41% of adults had shifted more of their shopping from physical stores to online; 13% had done so in March 2020. The survey also found online buyers focusing on necessities – apparel and appliance purchases were down, while food and household supplies were up.

A survey reported by eMarketer ([www.emarketer.com](http://www.emarketer.com)) in June 2020 assessed the change in digital spending, by generation, since the onset of the pandemic as follows (percentage of respondents):

	Increased	Decreased
• Baby Boomers:	47%	6%
• Generation X:	60%	6%
• Millennials:	63%	10%
• Generation Z:	65%	9%

eMarketer reported that 91.5 million adults ages 45 and older made an online purchase during the pandemic in 2020, a 5.8% increase from 2019.

The largest increase in e-commerce spending was in the grocery segment. In 2020, 131.0 million U.S. adults – 52.9% of all adults – made digital grocery purchases, a 41.9% increase from 2019, according to eMarketer. Online food and beverage spending (excluding restaurants) was \$41.5 billion in 2020, a 58.6% increase from 2019.

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**“Grocery e-commerce is having a moment. Already at an inflection point prior to the pandemic, the migration of essential goods to online has accelerated this trend by three or four years in the span of three or four months.”**

eMarketer, 7/28/20

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Mastercard's *Recovery Insights* report projected that between 70% and 80% of the pandemic's online grocery spike will be permanent.

Restaurant ordering also migrated online during the pandemic. Paytronix ([www.paytronix.com](http://www.paytronix.com)), which specializes in digital ordering and payment solutions for restaurants, reported that among adults who purchased from restaurants during the pandemic, 89% placed takeout orders via a digital channel (i.e., an app, website, or third-party delivery service).

### **2.3 Delivery and Store Pickup**

The retail and restaurant sectors experienced dramatic increased in delivery and store pickup during the pandemic.

Among online shoppers who utilized delivery, eMarketer compared e-commerce delivery in February 2020, prior to the pandemic, and in December 2020, as follows (percentage of respondents):

	February 2020	December 2020
• Delivered to home/work:	91%	90%
• Picked up at store:	18%	28%
• Picked up curbside (without leaving car):	7%	23%
• Delivered to locker at store location:	4%	3%
• Other:	2%	2%

The greatest gains were for click-and-collect, also called 'buy online and pick up in-store' (BOPUS or BOPIS). eMarketer assessed U.S. click-and-collect sales in 2020 at \$72.46 billion, a 106.9% increase from 2019.

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**“The coronavirus pandemic led to outsized increases in click-and-collect sales and user adoption in 2020. Click-and-collect sales more than doubled in 2020 and will sustain double-digit growth rates through 2024.”**

eMarketer, 3/29/21

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Paytronix assessed that takeout orders accounted for \$486 billion, or 63% of the \$769 spent at restaurants in 2020.

## **2.4 Outdoor Activities**

Open-air and outdoor activities became especially popular during the pandemic. The following are some venues that attracted consumers during the pandemic:

### **Malls & Shopping Centers**

- Enclosed indoor malls experienced significantly greater loss in traffic than open-air shopping venues during the pandemic. Outdoor shopping centers not only provided a safer space to shop, they also provided a place for people to resume social activities.

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**“People want to return to social activities with friends and family, and neighborhood shopping centers with outdoor spaces for dining and other group activities provide the gathering place to meet that demand. We know, too, that open-air, neighborhood and community shopping centers will thrive in the ‘new normal’ as operators and retailers work together to connect with our communities while being adaptable, safe, and creative.”**

*Chain Store Age, 11/20*

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### **Parks and Outdoor Recreation**

- People looked to local, state, and national parks as a place to exercise and take meditative walks during the pandemic.

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**“During the Covid crisis, when green spaces were deemed the safest alternative to staying home, visits to parks spiked. People who don’t usually use [parks] are falling in love with them.”**

*The Wall Street Journal, 4/2/21*

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- Fifteen (15) of the 383 National Park Service units set a new recreation visitation record in 2020. The following parks had the highest increase in visits:
  - Eugene O'Neill National Historic Site (California): 389.9%
  - Sagamore Hill National Historic Site (New York): 186.5%
  - Fort Caroline National Memoria (Florida): 115.5%
  - Saugus Iron Works National Historic Site (Massachusetts): 107.7%
  - Catoctin Mountain Park (Maryland): 81.9%
  - Niobrara National Recreation Area (Nevada): 68.9%
  - Cedar Breaks National Monument (Utah): 45.9%
  - San Juan Island National Historic Park (Washington): 45.8%
  - Pictured Rocks National Lakeshore (Michigan): 41.1%
  - Nez Perce National Historic Park (Idaho): 39.5%
  - Washita Battlefield National Historic Site (Oklahoma): 37.3%
  - Gateway National Recreation Area (New Jersey): 26.2%
  - Little River Canyon National Preserve (Alabama): 23.4%
  - Lake Meredith National Recreation Area (Texas): 21.4%
  - Big Thicket National Preserve (Texas): 20.7%
  - Delaware Water Gap National Recreation Area (Pennsylvania): 20.5%

## **Restaurants**

- Local governments across the U.S. allowed restaurants to set up tables in parking lots, on sidewalks, or in enclosed areas directly on streets. Cincinnati and a few other cities closed some streets to allow restaurants to expand their outdoor dining spaces.
- *The New York Times* reported on August 24, 2020 that nearly 10,000 restaurants had set up outdoor seating in New York City since July, even as the ban on indoor service continued. The city's Open Streets plan closed 67 miles of streets to vehicular traffic, including 2.6 miles dedicated to Open Restaurants, an initiative that give restaurant owners permission to expand their footprint onto the sidewalks and streets on weekends provided they met certain criteria.
- OpenTable ([www.opentable.com](http://www.opentable.com)) reported a tenfold increase in outdoor restaurant seating across the U.S. in May 2020 compared with one year prior.

## **2.5 Personal Health & Hygiene**

Along with the health consequences that posed a threat to the more than 32 million Americans that had Covid-19, millions more suffered health impacts brought on by altered lifestyles and stress. The July 2020 Health Tracking Poll by Kaiser Family Foundation ([www.kff.org](http://www.kff.org)) reported that 53% of adults felt their health was negatively impacted by the pandemic. Conditions reported were as follows:

- Trouble falling asleep, staying asleep, or sleeping too much: 36%
- Poor appetite or overeating: 32%
- Difficulty controlling temper: 18%

- Frequent headaches or stomachaches: 18%
- Increased alcohol or drug consumption: 12%
- Worsening of chronic conditions: 12%

A survey by The Harris Poll ([www.theharrispoll.com](http://www.theharrispoll.com)), conducted for the American Psychological Association ([www.apa.org](http://www.apa.org)), found stress levels related to the pandemic among adults 20% higher than pre-pandemic levels. Among parents, 71% reported that managing distance/online learning for their children was a significant source of stress.

A study published in March 2021 in the peer-reviewed JAMA Network Open assessed that adults under shelter-in-place orders gained more than half a pound every 10 days, or about two pounds a month.

Another assessment published in JAMA Network Open reported that adults over age 30 were drinking 14% more often during the pandemic. The study found the increase most pronounced among women, for whom days with heavy drinking spiked by 41%.

These health consequences will likely find millions of adults trying to improve their health post-pandemic through dieting, exercise, and medical intervention.

Another lifestyle change brought on by the pandemic is an increase in use of immunity-boosting products such as functional foods, dietary supplements, and vitamins. A survey by IRI ([www.iriworldwide.com](http://www.iriworldwide.com)) found that 86% of adults regularly bought vitamins in 2021; 17% increased their intake because of coronavirus-related concerns.

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**“With the onset of Covid-19, consumers sought – and continue to seek – natural solutions and products to support immunity and reduce stress and anxiety.”**

*Mass Market Retailers, 3/22/21*

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## **2.6 Preparedness**

Preparedness for disasters – whether it’s a pandemic, hurricane, or terrorist attack – includes having on hand an adequate supply of food, beverages, and basic necessities; a comfortable space to occupy during a lockdown; transportation for evacuation; cash; personal protection; and medical supplies.



The onset of the pandemic spurred a stockpiling of shelf-stable foods and an assortment of health/safety products. A 2020 survey by Finder ([www.finder.com](http://www.finder.com)), conducted prior to the Covid-19 pandemic, found that 35% of households did not need to make such purchases during the pandemic because they already had supplies on hand. Finder estimates that nearly half of American adults have up to \$5,000 set aside to help prepare for an emergency. Twenty-percent (20%) of U.S. households had purchased survival supplies in the 12-month period prior to the pandemic.

An April 2020 survey by The Harris Poll asked adults what measures they planned to take to prepare for something like the pandemic in the future. Responses were as follows:

- More money in an emergency savings: 54%
- Stockpile nonperishable foods: 35%
- Improvements to living situation: 19%
- Purchase a gun: 12%
- Remodel kitchen: 8%

Responses by demographic were as follows:

	Increase Savings	Stockpile Food	Home Improvements	Purchase Gun	Remodel Kitchen
<b>Gender</b>					
• Female:	56%	38%	16%	8%	5%
• Male:	52%	31%	22%	15%	12%
<b>Age</b>					
• 18-to-34:	60%	36%	29%	19%	11%
• 35-to-49:	64%	39%	26%	15%	13%
• 50-to-64:	48%	31%	9%	7%	5%
• 65 and older:	41%	33%	6%	3%	3%
<b>Annual Income</b>					
• Less than \$50,000:	51%	35%	17%	11%	4%
• \$50,000 to \$75,000:	60%	39%	16%	11%	3%
• More than \$75,000:	55%	34%	21%	13%	13%
<b>Family</b>					
• Parent:	55%	35%	21%	13%	10%
• No children:	52%	34%	16%	10%	6%
<b>Region</b>					
• Northeast:	55%	31%	23%	9%	11%
• South:	52%	36%	16%	12%	7%
• Midwest:	53%	34%	18%	11%	10%
• West:	56%	37%	20%	14%	8%
<b>All Adults:</b>	<b>54%</b>	<b>35%</b>	<b>19%</b>	<b>12%</b>	<b>8%</b>

## HOUSEHOLD FINANCES

### 3.1 Overview

A March 2021 survey by Pew Research Center ([www.pewresearch.org](http://www.pewresearch.org)) found that the economic impact of the coronavirus outbreak will make it harder for 51% of non-retired households to achieve their long-term financial goals; 7% say that it will make it easier to achieve those goals. Among households that experienced job or wage loss, 62% said that achieving their financial goals will be more difficult.

Among those who said their financial situation worsen during the pandemic, 44% think it will take them three years or more to get back to where they were prior to the pandemic; 10% do not think their finances will ever recover.

This chapter provides a summary of the findings of the Pew Research Center survey.

### 3.2 Change in Financial Situation

When asked how their financial situation (and that of their family) had changed during the pandemic, responses were as follows:

	Better	Worse	About The Same
<b>All Adults:</b>	30%	21%	49%
<b>Gender</b>			
• Female:	25%	22%	53%
• Male:	35%	19%	46%
<b>Age</b>			
• 18-to-29:	37%	24%	39%
• 30-to-49:	33%	23%	43%
• 50-to-64:	27%	22%	51%
• 65 and older:	21%	18%	65%
<b>Income*</b>			
• Lower income:	22%	31%	46%
• Middle income:	32%	18%	49%
• Upper income:	39%	11%	50%

### **Ethnicity**

• African-American:	28%	25%	46%
• Asian:	35%	24%	40%
• Caucasian:	30%	17%	52%
• Hispanic:	27%	27%	45%

### **Education**

• High school or less:	25%	23%	52%
• Some college:	29%	25%	46%
• Bachelor's or more:	36%	15%	49%

\* Middle income is defined as two-thirds to double the median annual family income for survey participants; Lower income falls below that range; upper income" falls above it.

### **3.3 Spending**

Nineteen percent (19%) of households reported spending more during the pandemic, 42% said they spent less, and 39% spent about the same. Change in spending by income was as follows (percentage of respondents):

	<b>More</b>	<b>Less</b>	<b>About The Same</b>
• Lower income:	16%	47%	34%
• Middle income:	22%	31%	46%
• Upper income:	32%	17%	50%

Among those spending less during the pandemic, reasons were as follows (percentage of respondents):

• Worried about personal finances:	32%
• Daily activities changed due to pandemic-related restrictions:	67%

By income, reasons were as follows (percentage of respondents):

#### **Lower Income**

• Worried about personal finances:	55%
• Daily activities changed due to pandemic-related restrictions:	44%

#### **Middle Income**

• Worried about personal finances:	30%
• Daily activities changed due to pandemic-related restrictions:	70%

#### **Upper Income**

• Worried about personal finances:	14%
• Daily activities changed due to pandemic-related restrictions:	86%

### **3.4 Saving Money**

Among those who are usually able to put money into savings, 23% reported that they were able to save more during the pandemic; 31% said that they saved less. By demographic, responses were as follows (percentage of respondents):

	More	Less	About The Same
<b>Income</b>			
• Lower income:	16%	47%	34%
• Middle income:	22%	31%	46%
• Upper income:	32%	17%	50%
<b>Ethnicity</b>			
• African-American:	22%	31%	46%
• Asian:	28%	30%	43%
• Caucasian:	23%	26%	49%
• Hispanic:	20%	42%	35%
<b>All Adults:</b>	23%	31%	45%

### **3.5 Job Losses And Pay Cuts**

U.S. adults reported losing a job or being laid off and taking a pay cut as follows (percentage of respondents):

	Job Loss/Pay Cut	Pay Cut	Either/Both
<b>Gender</b>			
• Female:	32%	32%	43%
• Male:	33%	30%	44%
<b>Age</b>			
• 18-to-29:	45%	47%	61%
• 30-to-49:	37%	37%	51%
• 50-to-64:	32%	26%	41%
• 65 and older:	17%	14%	21%
<b>Income</b>			
• Lower income:	40%	37%	49%
• Middle income:	34%	32%	45%
• Upper income:	21%	24%	33%
<b>Ethnicity</b>			
• African-American:	33%	28%	41%
• Asian:	36%	43%	54%
• Caucasian:	29%	28%	40%
• Hispanic:	45%	44%	58%
<b>Education</b>			
• High school or less:	36%	32%	45%
• Some college:	33%	33%	44%
• Bachelor's or more:	28%	29%	41%
<b>All Adults:</b>	33%	31%	44%

Consequential measures taken among those who experienced a job loss, were laid off, or took a pay cut were as follows (percentage of respondents):

- Cut back on spending: 71%
- Used savings set aside for something else: 52%
- Used savings set aside for emergencies: 52%
- Took on debt: 38%
- Did outside jobs or temporary work: 37%
- Received unemployment benefits: 32%
- Borrowed money from family/friends: 30%
- Put off paying bills: 30%