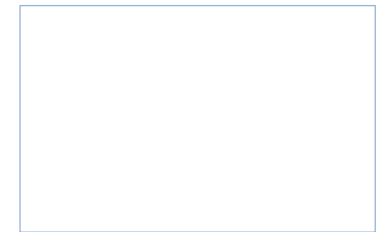
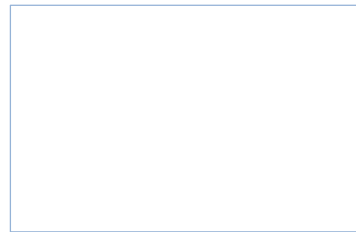
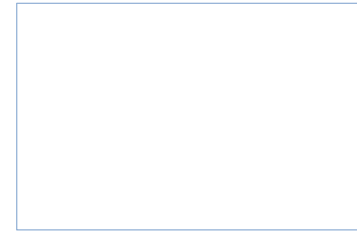
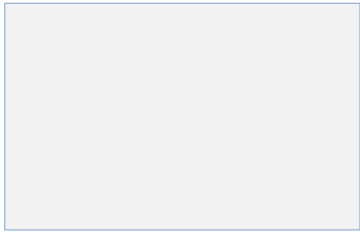
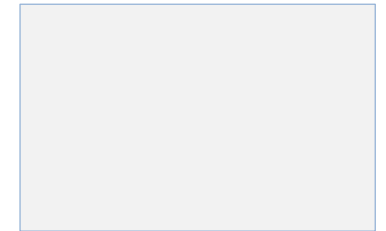
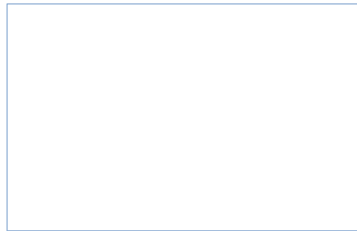


Retail Economics: Impact of the Coronavirus on the consumer sector update 1 April 2020



Executive Summary

A rise in the number of Covid-19 cases in the UK have been matched with a sharp fall in consumer confidence. **88% of consumers now believe that Covid-19 is a 'high' or 'very high' threat to the UK (29 March)**, rising from just 23% on 15 February 2020 .

Consumers have responded by focusing their spending on 'needs' over 'wants'. Almost three quarters (72%) suggested that they are prioritising essentials over discretionary spending, with clothing, home and electricals all expected to be hit first.

They have also shifted their spending online with 38% saying they have done this to avoid physical locations. **A third of consumers also said that they are shopping for products online that they had always previously purchased in-store.**

However, retailers are struggling to cope with the volume of online orders with almost half (44%) saying they had been frustrated with order online and **a third saying that they could not purchase what they needed online.**



Key statistics

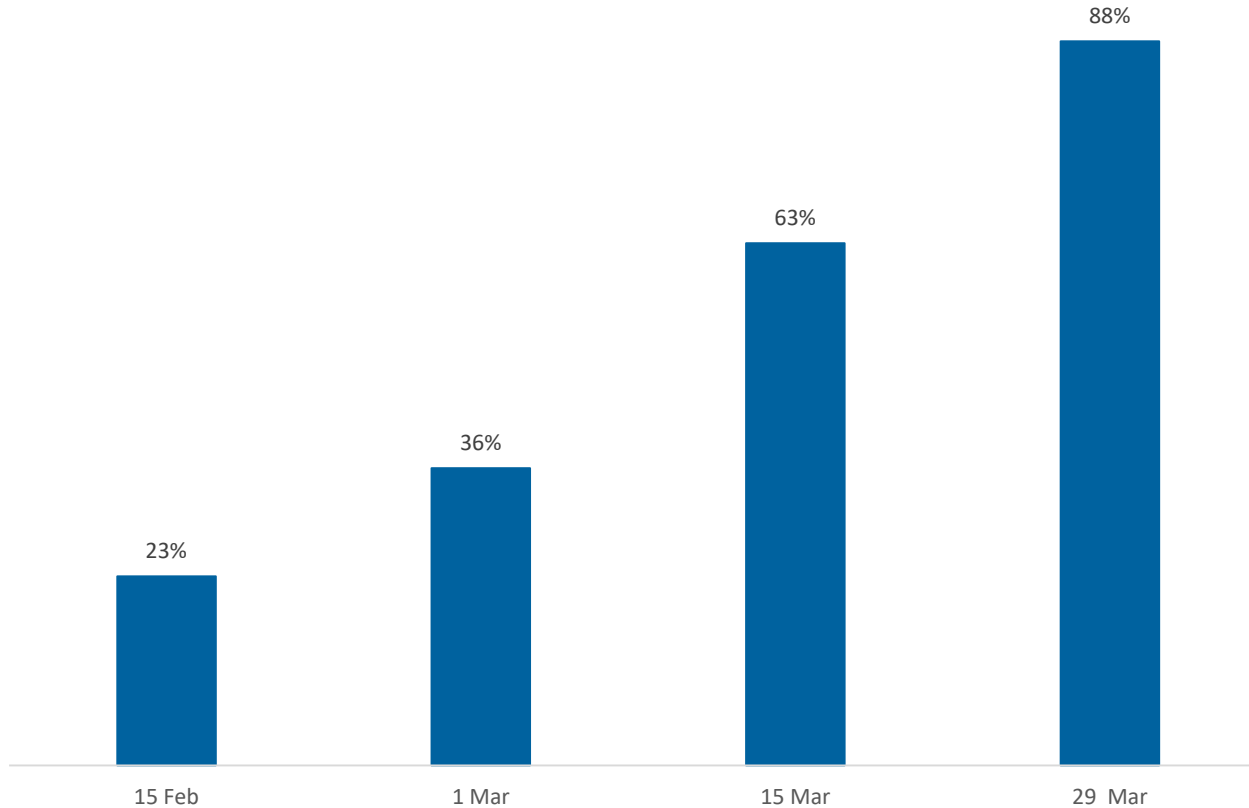
- 88% of consumers say they think Covid-19 is a 'high' or 'very high' risk to the UK.
- More than half (56%) of consumers say they are worried and have little to no savings.
- 72% of consumer say that they are prioritising spending on essentials over discretionary purchases.
- Leading to 29% of people who say they have stockpiled – although just 1% say that have bought "lots" more than needed.
- Consumers says that they are likely to cut back on clothing, home and electrical products the most.
- But they are shifting their spending online with 38% suggesting this is the case (up from 16% on 15 March).
- A third of consumers also say that they are shopping online for products that they have previously only shopped for in-store.
- But retailers have been unable to cope with the volume of demand with 33% of consumers claiming that they have been unable to buy the products they need online because of technical issues on websites.



This research forms the fourth part of a series of consumer panels conducted by Retail Economics and Squire Patton Boggs. The survey is conducted across 2,000 nationally representative households (latest on 29 March 2020)

What level of threat do you think the coronavirus currently poses to health in the UK?

Proportion of respondents who said the threat of coronavirus to the UK was 'high' or 'very high':



88%

Almost 9 in 10 consumers said that the coronavirus poses a **high or very high level of threat** to health in the UK.

The perceived level of risk of covid-19 has increased rapidly in the UK, leading to a marked fall in consumer confidence as households worry about their personal finances and prospects for the economy

Coronavirus surveys were conducted between 13 February - 15 February 2020, 28th February - 1 March 2020 and 13 - 15 March 2020 and 27-29 March.

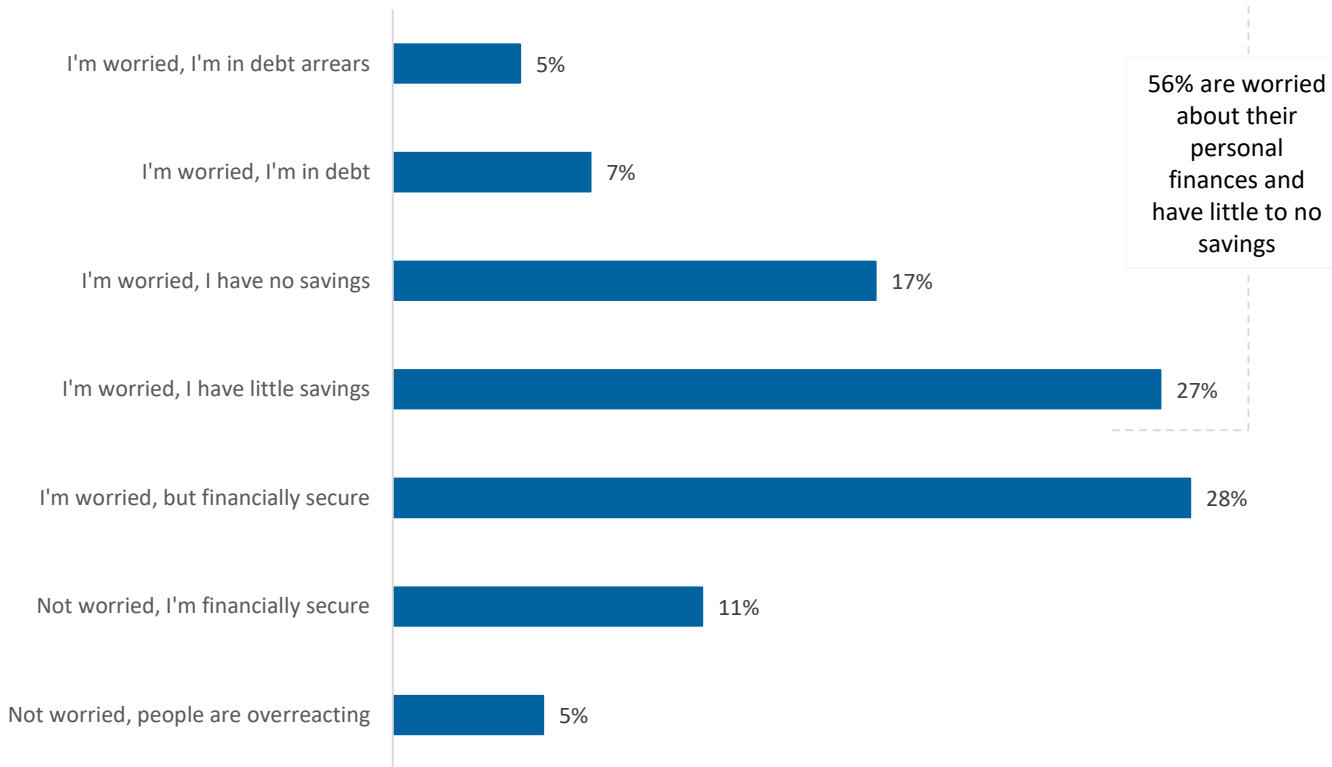
* Figures may not sum to 100 due to rounding

Source: Retail Economics

Sample size: 2,000 households (for each survey)

Thinking about the impact of the coronavirus on the confidence you have in your personal finances, which statement best describes your position:

Proportion of respondents:



56%

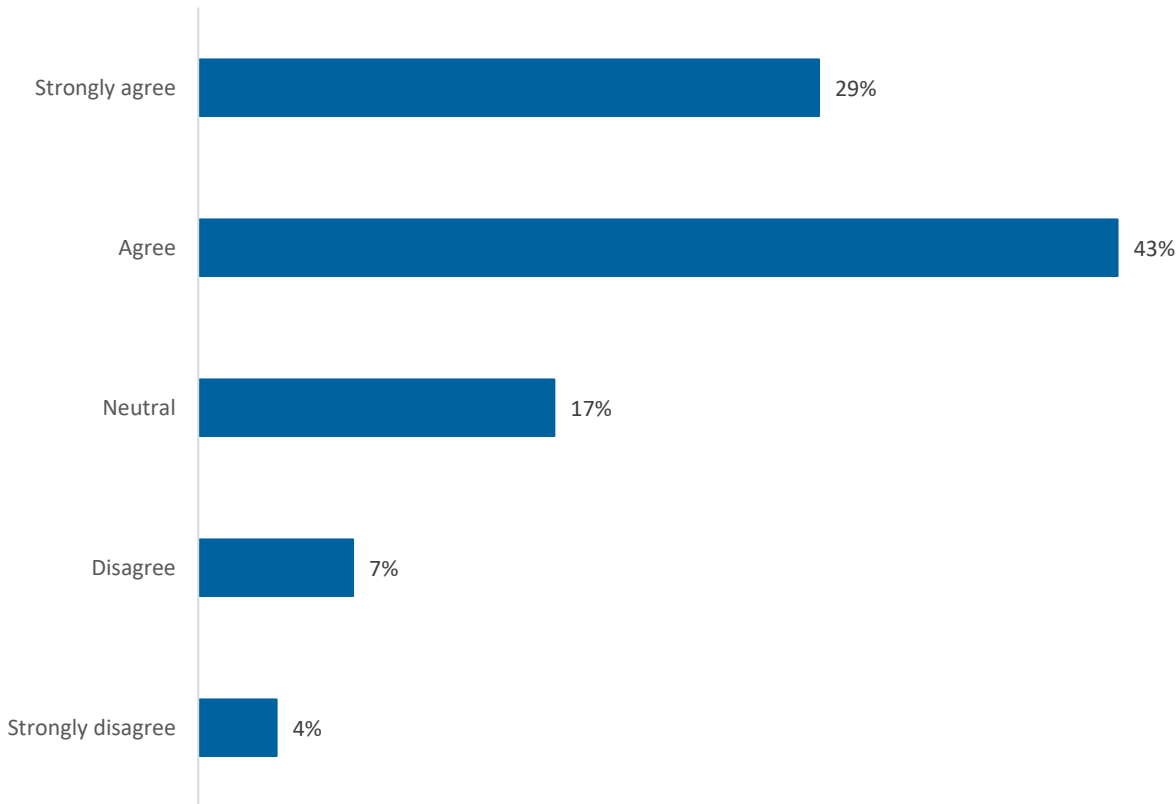
Of consumers say they are worried and have little to no savings.

Consumer confidence has taken a significant hit with over half of consumers saying they are worried about their personal finances and have little to no savings.

Coronavirus surveys were conducted between 27-29 March.
* Figures may not sum to 100 due to rounding
Source: Retail Economics
Sample size: 2,000 households (for each survey)

Since the outbreak of the coronavirus, I have prioritised my spending on essentials rather than discretionary purchases?

Proportion of respondents:



72%

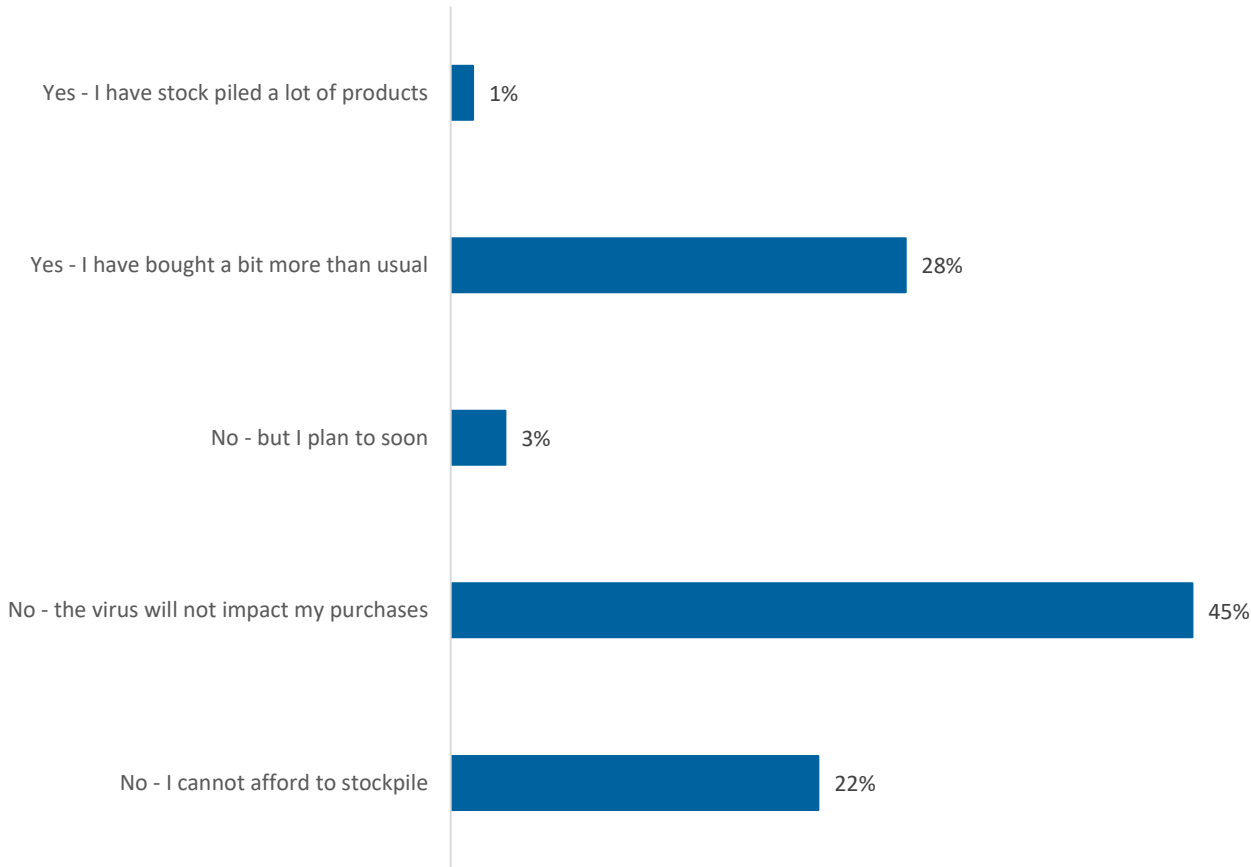
Of consumers say that they are prioritising spending on essentials

Almost three quarters (72%) of consumers are prioritising their spending on essentials over discretionary items.

Coronavirus surveys were conducted between 27-29 March.
* Figures may not sum to 100 due to rounding
Source: Retail Economics
Sample size: 2,000 households (for each survey)

Have you stockpiled any retail products over fears of shortages because of the impact of the coronavirus?

Proportion of respondents:



28%

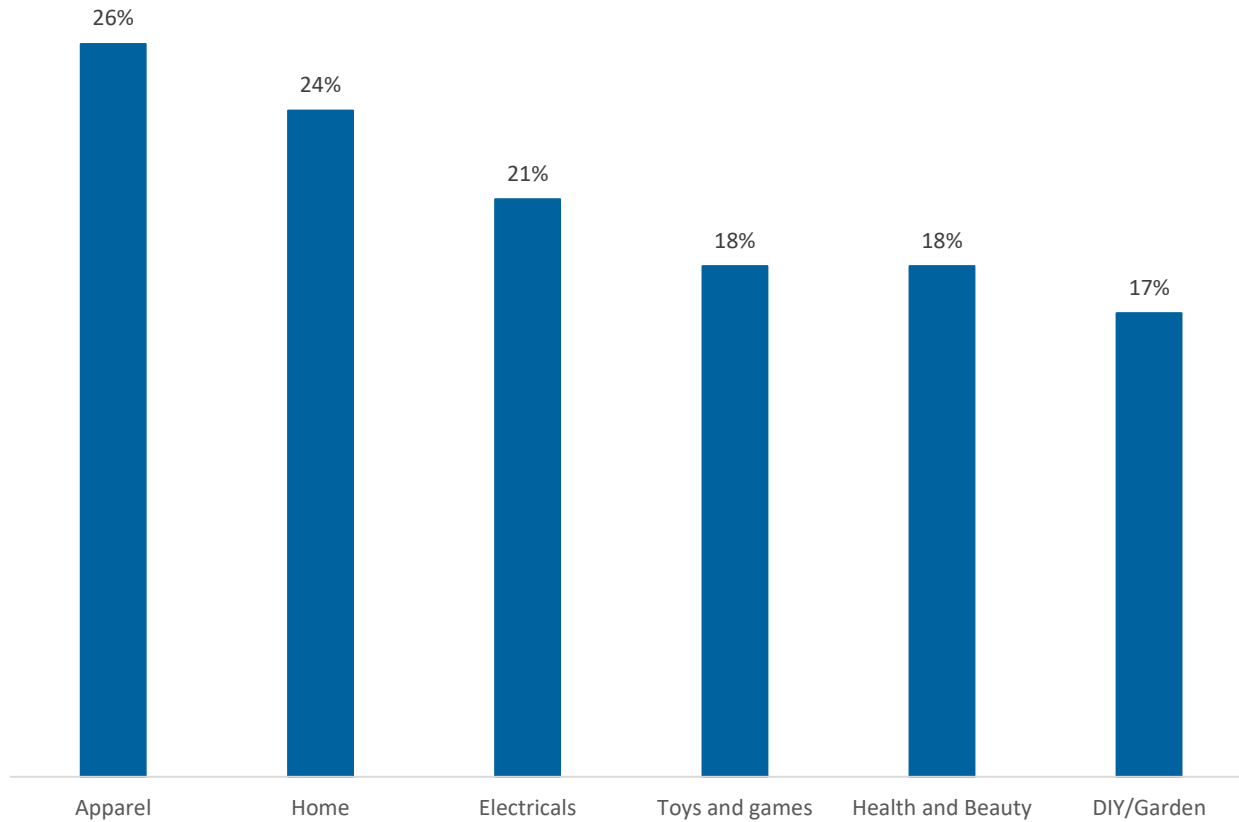
Of consumers claim to have bought a little more than usual

Shortages in supermarkets are more likely to have been caused by a large proportion of shoppers buying a little more than usual rather than shoppers stockpiling significant amounts.

Coronavirus surveys were conducted between 27-29 March.
* Figures may not sum to 100 due to rounding
Source: Retail Economics
Sample size: 2,000 households (for each survey)

What parts of retail are you cutting back on the most due to the impact of the coronavirus (if any)? tick all that apply

Proportion of respondents



26%

Of consumers said they are cutting back on the purchase of clothing

As consumers prioritise their spending on essentials, apparel, home and electricals are expected to be sacrificed first

Coronavirus surveys were conducted between 13 February - 15 February 2020, 28th February - 1 March 2020 and 13 - 15 March 2020 and 27-29 March.

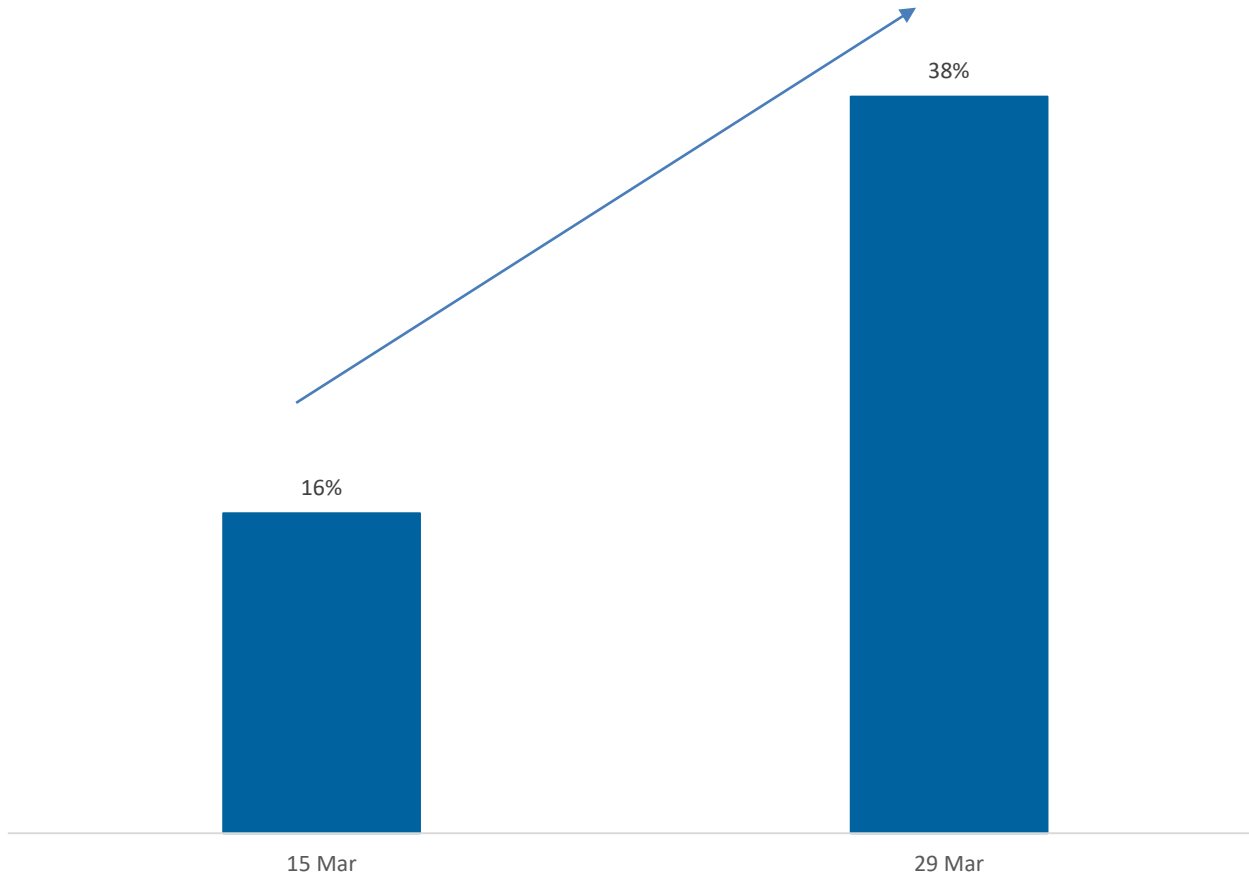
* Figures may not sum to 100 due to rounding

Source: Retail Economics

Sample size: 2,000 households (for each survey)

Are you currently buying more products online to avoid physical destinations because of the coronavirus?

Proportion of respondents who said they buying more products online to avoid physical destinations:



38%

Almost two-fifths of consumer said that they are doing more online shopping in order to avoid shopping destinations.

Over the past two weeks there has been a sharp rise in the proportion of consumers who are shifting their spending to the online channel in order to avoid physical locations.

Coronavirus surveys were conducted between 13 February - 15 February 2020, 28th February - 1 March 2020 and 13 - 15 March 2020 and 27-29 March.

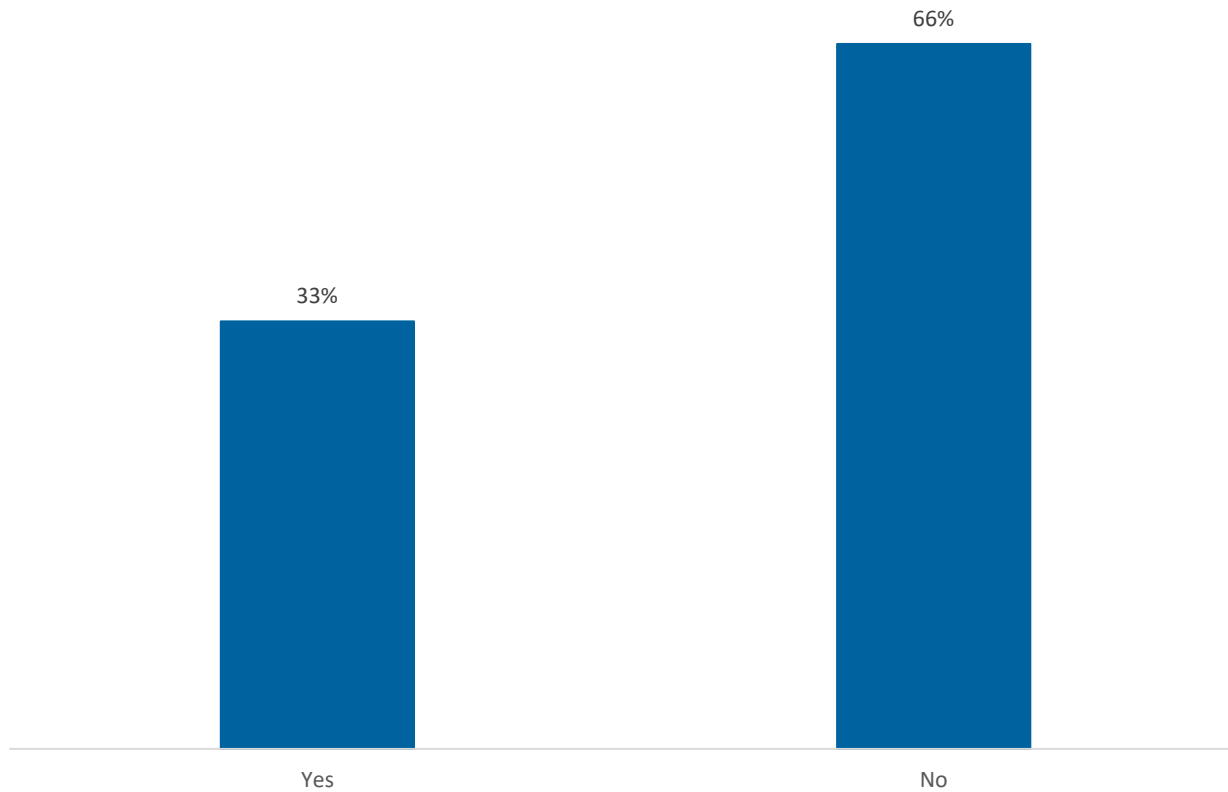
* Figures may not sum to 100 due to rounding

Source: Retail Economics

Sample size: 2,000 households (for each survey)

Since the outbreak of the coronavirus, have you switched to purchasing products online that you have always previously purchased in-store?

Proportion of respondents:



33%

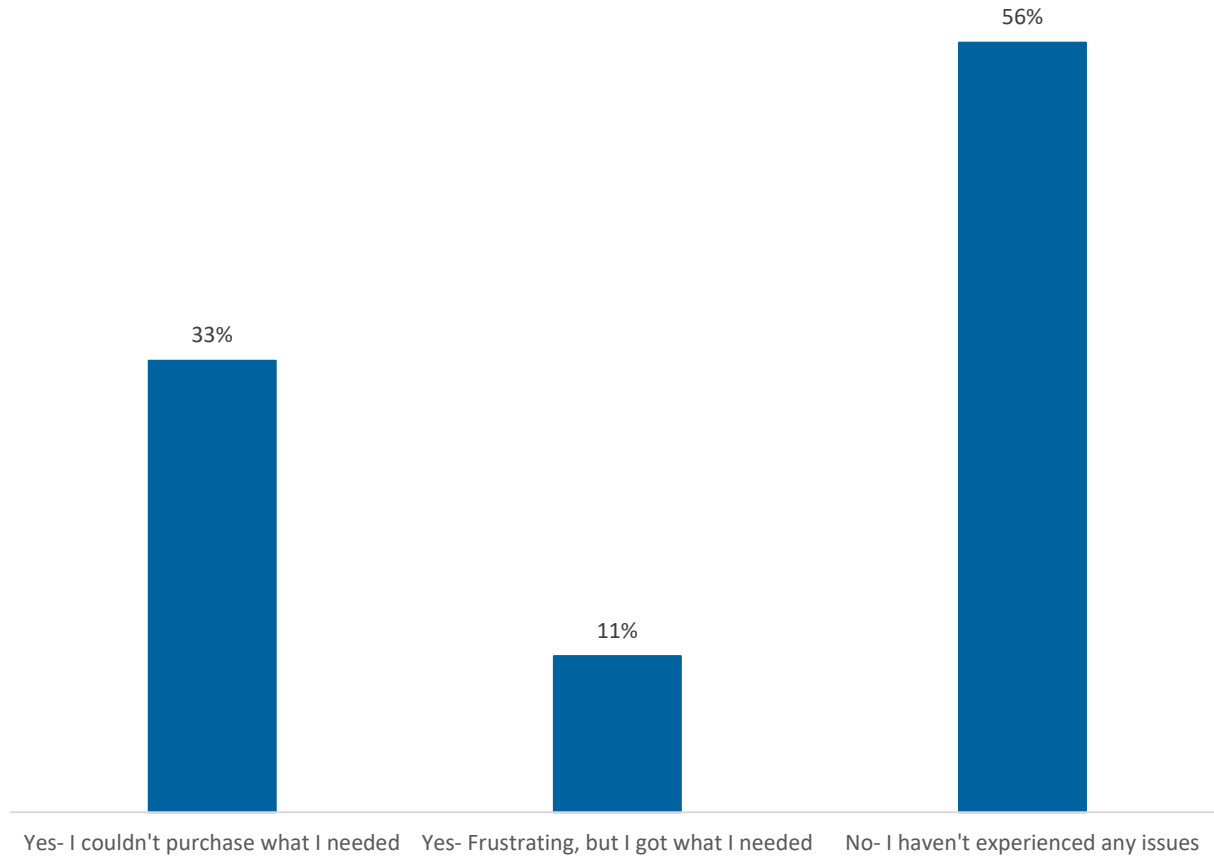
A third of consumers said that they are shopping for retail products online for the first time.

A significant proportion of consumers are trying online shopping for products that they have previously only ever bought in-store. For some of these consumers, it is likely to lead to a longer-term change in shopping habits.

Coronavirus surveys were conducted between 27-29 March.
* Figures may not sum to 100 due to rounding
Source: Retail Economics
Sample size: 2,000 households (for each survey)

Have you experienced technical issues on retailers' websites when trying to purchase products online?

Proportion of respondents:



33%

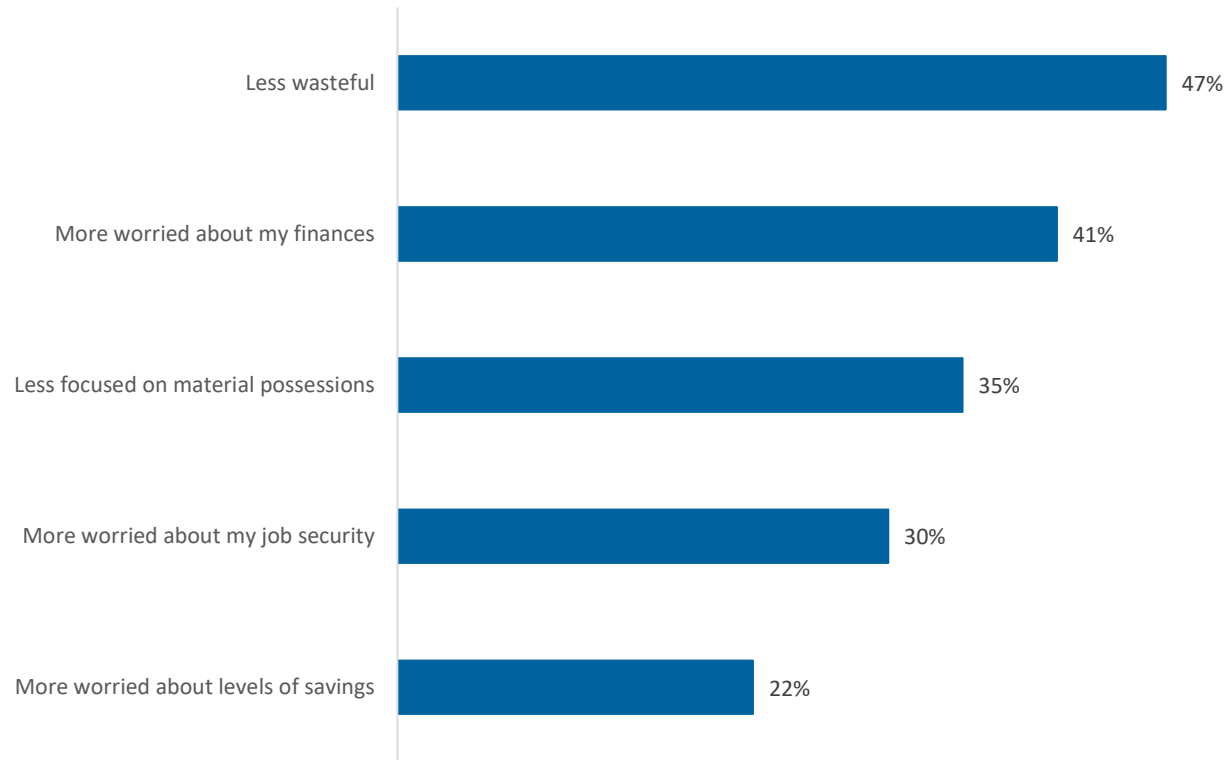
A third of consumers have experienced technical website issues and have not been able to purchase what they would like.

Retailers are struggling with the shift towards online sales. This has been apparent across online food sales where Ocado, Sainsbury's, Tesco and others have at times ceased online order slots as they are unable to cope with the peak in demand.

Coronavirus surveys were conducted between 27-29 March.
* Figures may not sum to 100 due to rounding
Source: Retail Economics
Sample size: 2,000 households (for each survey)

Since the outbreak of the coronavirus, I have become (tick all that apply):

Proportion of respondents:



47%

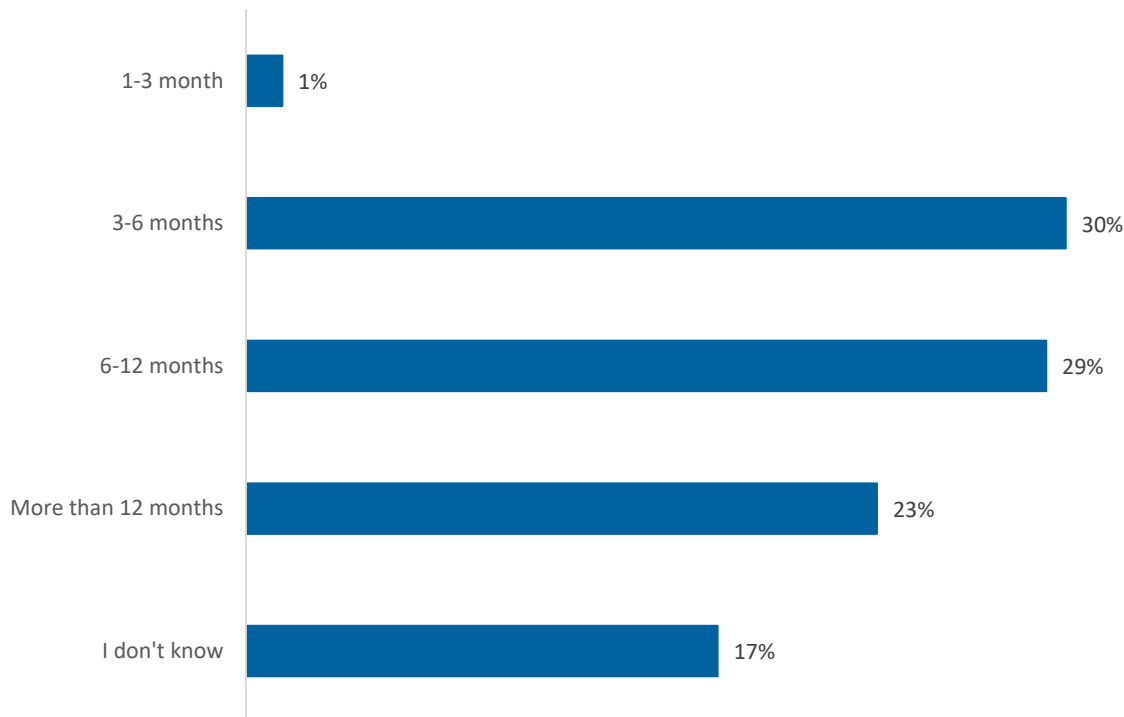
Almost half of consumers say they have become less wasteful since the outbreak of the coronavirus

Since the outbreak of the coronavirus there has been a shift in consumers' values and a rebalancing of priorities.

Coronavirus surveys were conducted between 27-29 March.
* Figures may not sum to 100 due to rounding
Source: Retail Economics
Sample size: 2,000 households (for each survey)

When do you expect the coronavirus to subside and life to return to normality?

Proportion of respondents:



23%

Almost a quarter of consumers think that normality in their lives will not return for at least another 12 months.

The average consumer expects life to return to normality within 6-12 months. However, a significant proportion of consumers expect the impact to be longer lasting, which is likely to impact their spending habits today.

Coronavirus surveys were conducted between 27-29 March.
* Figures may not sum to 100 due to rounding
Source: Retail Economics
Sample size: 2,000 households (for each survey)

About Retail Economics

Retail Economics is an independent economics research consultancy focusing exclusively on the UK retail and consumer industry. Our subscription service empowers you with a deeper understanding of the key economic drivers supporting the UK retail industry, providing a competitive edge needed to make critical business and investment decisions.

Contact us

Retail Economics
4th Floor
86-90 Paul Street
London
EC2A 4NE

T: +44(0) 20 3633 3698
W: www.retaileconomics.co.uk
E: amy.yates@retaileconomics.co.uk
Twitter: [@retaileconomics](https://twitter.com/retaileconomics)

Research Methodology

Coronavirus surveys were conducted between 13 February - 15 February 2020, 28th February - 1 March 2020, 13 March – 15 March 2020 and 27 March to 29 March 2020.

Answers from a sample of over 2,000 nationally representative households (for each survey).

Disclaimer

Disclaimer: The articles and opinions contained in this publication do not necessarily reflect the views of Retail Economics. Whilst Retail Economics endeavours to ensure that the information in this publication is accurate and that the articles contain nothing prejudicial to the position or reputation of any party, Retail Economics shall not be liable for any damages (including without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from this publication or any information contained in it, or from any action or decision as a result of reading this report.

(C) Retail Economics (2020). The contents of this report and those of all ancillary documents and preparatory materials are the sole property of Retail Economics and are not to be copied, modified, published, distributed or commercially exploited other than with the express permission of Retail Economics. All rights reserved.

