

LIVE PANEL

Covid-19: A Game Changer For Media And Purchasing

November 2020

Research overview

Four groups of consumers were identified based on a combination of their anxiety level and their financial response to the crisis: Tense (26%), Distressed (26%), secure (31%) and Proactive (17%).

Globally, 77% are craving the day when they can feel less anxious and life returns to 'normal,' albeit with a renewed focus on family, relationships and self-sufficiency, rather than values associated with materialism and self-fulfilment.

The impact of Covid-19 is highly personal and emotional with personal/family health and safety concerns being top of mind (60% agree). Unprecedented drop in consumer confidence due to financial and economic worries.

In-home media, and particularly those that provide entertainment, have seen the largest increases in consumption. Playing video games has seen the largest increases YOY, growing 47% daily (from 21%-31%).

Digital entertainment platforms are seeing a boom in both reach and time spent, as people spend more time in-home. Podcasts have newly become embedded throughout the day.

E-commerce has become a lifeline for people worldwide with substantial growth in revenue YOY. Covid-19 has forced laggard audiences and markets to learn the benefits of online shopping, driving a more balanced global profile of this activity.

Consumers are now more mindful of how and where their money is being spent (70% agree), focusing on the essentials versus the frivolous and adopting a thrifty, self-sufficient mindset.

An accelerated focus on value, health and local as a result of the pandemic and changed consumer values and attitudes.

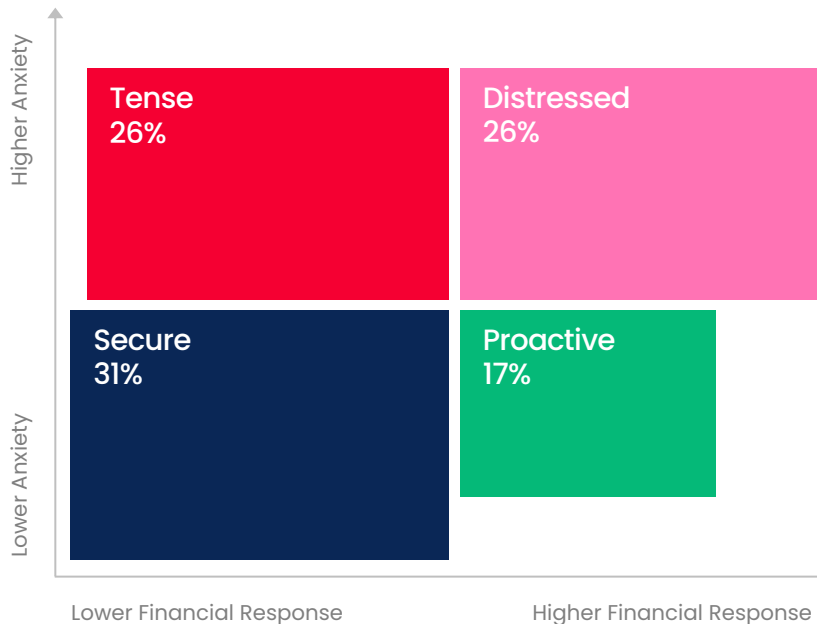
Introduction

The impact of Covid-19 across the globe is unprecedented.

The combination of the humanitarian, health & safety, financial and economic aspects have reached almost every corner of society across the globe, shaping business and consumer attitudes and behaviour. It's unquestionable whether social distancing, quarantining and staying at home have had a significant effect on consumer media and purchase behaviour. Many of these changes in attitudes and behaviour are game-changing and will be with us for a long time to come.

Through our research, four groups of consumers were identified based on a combination of their anxiety level and their financial response to the crisis. These are visualised on the Impact Map on the right.

Impact Map



** Anxiety level is based on a respondent's mean score across several attitudinal questions designed to understand individual response to Covid-19
** Financial response is based on the number of financial actions taken by Each respondent as a result of Covid-19

Introduction

Proactive (17%)

This group tends towards lower income, slightly younger consumers without children and with interests in education/learning and finance. Most work full-time, although they are also more likely to have been furloughed. Their financial concerns are on a par with their health concerns and they are particularly worried about their future job prospects. However, they are much less worried about being in public places.



Distressed (26%)

This group tends towards high-income individuals with children in the home. Most work full-time, although the group is more likely to include those who are self-employed, freelancers and those who have had a direct hit to their working status. They are highly anxious, are actively avoiding public places and won't feel safe until there is a vaccine.

Their distress is driven by the potentially devastating effect that any loss in income would have on their lives and the lives of their dependents.



Secure (31%)

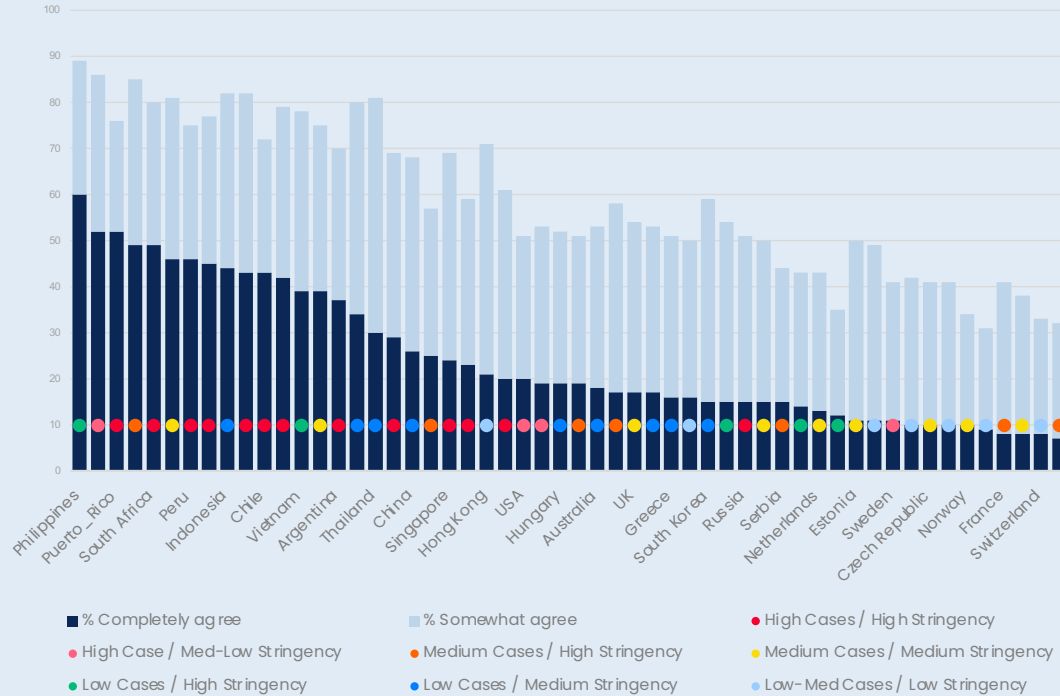
This is the lowest income group and more likely to be older, retired consumers, albeit most still work full-time. They are more likely to be interested in thrillers, sports and comedy. They have the lowest level of concerns around the health or financial impact of Covid-19.



Tense (26%)

This group tends towards older consumers and empty nesters. Most work full-time but the group is more likely to include retirees, full-time homemakers and those slightly more interested in drama. They are highly anxious, are actively avoiding public places and won't feel safe until there is a vaccine. However, their anxiety is relatively more health-driven rather than financial.

“What I think is most important in life has changed since the pandemic crisis”



Source: LIVE Panel 2020

Globally, 77% are craving the day when they can feel less anxious and life returns to ‘normal’, albeit with a renewed focus on family, relationships and self-sufficiency, rather than values associated with materialism and self-fulfilment.

Consumers yearn for the time when they can go back to doing the things they love (76% agree), rising to 84% for the Distressed group.

However, consumer priorities and values have changed, and life is now being viewed from a vastly different perspective. Some 59% say that what they thought was important has changed since the pandemic crisis, rising to 66% of those with young children. This attitude is particularly discriminating across the consumer groups ranging from 80% in the Distressed group to 37% of the Secure group. The higher impacted markets are also more likely to agree with this (71%).

Therefore, despite the desire for a return to normality, what was ‘normal’ pre Covid-19 is unlikely to reflect what will be ‘normal post-Covid-19.

The seismic shock of the pandemic has driven consumers to completely re-evaluate all aspects of their life, consciously or otherwise, resulting in a changed, unfamiliar world for both brands and consumers.

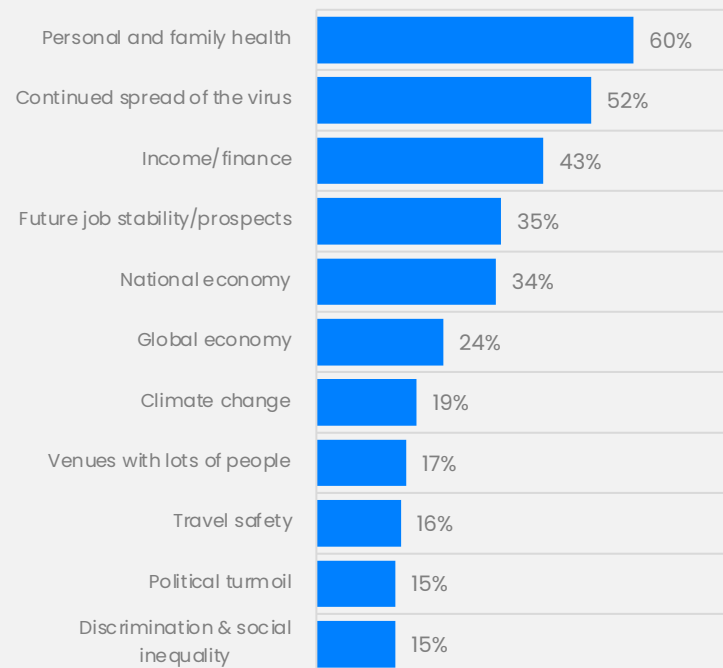
The impact of Covid-19 is highly personal and emotional with personal/family health and safety concerns being top of mind (60% agree). Unprecedented drop in consumer confidence due to financial and economic worries.

Consumer responses to Covid-19 have been highly personal with the primary focus on matters that are close to home and which directly impact them and their immediate family. Globally, the number one concern is around personal and family health (61%), rising to 67% of the Distressed group and 64% in the highest affected markets. This is followed by a concern around the continued spread of the virus (52%), which is unsurprisingly higher for older (and therefore more vulnerable) consumers and the Tense consumer group (indexing 115 and 116 respectively).

Some 60% said they wouldn't feel safe until a vaccine is available, rising to 81% for the Distressed group, 76% for the Tense group and 70% in the most affected markets.

The next group of concerns is driven by rising anxiety around personal finance and the economic impact of Covid-19. Some 44% stated they were concerned about income/finances (rising to 52% for our Proactive group), followed by future job security/prospects (35%).

Covid-19 Concerns: % Stating Within Top 3 Concerns



In-home media, and particularly those that provide entertainment, have seen the largest increases in consumption.

The circumstances surrounding Covid-19 and the resulting shifts in consumer values, attitudes and behaviour have driven a significant change in the patterns of media consumption across the globe.

Unsurprisingly, due to widespread closures and cancellations, cinema and events have declined hugely YOY in terms of reach with all channels dropping by around 50% or more. In addition, printed newspapers have declined by 8% on a three-monthly period most likely due to the reduction in people commuting to and from work.

The only big winner YOY is video gaming which has increased from 51% to 60% on a three-monthly basis, particularly so in the markets with high cases and high stringency (growth index 127).

However, we have observed much larger changes in the frequency of using different media channels.

With people being confined to their homes, the big winners are the media channels that are consumed in the home, particularly those that provide entertainment:

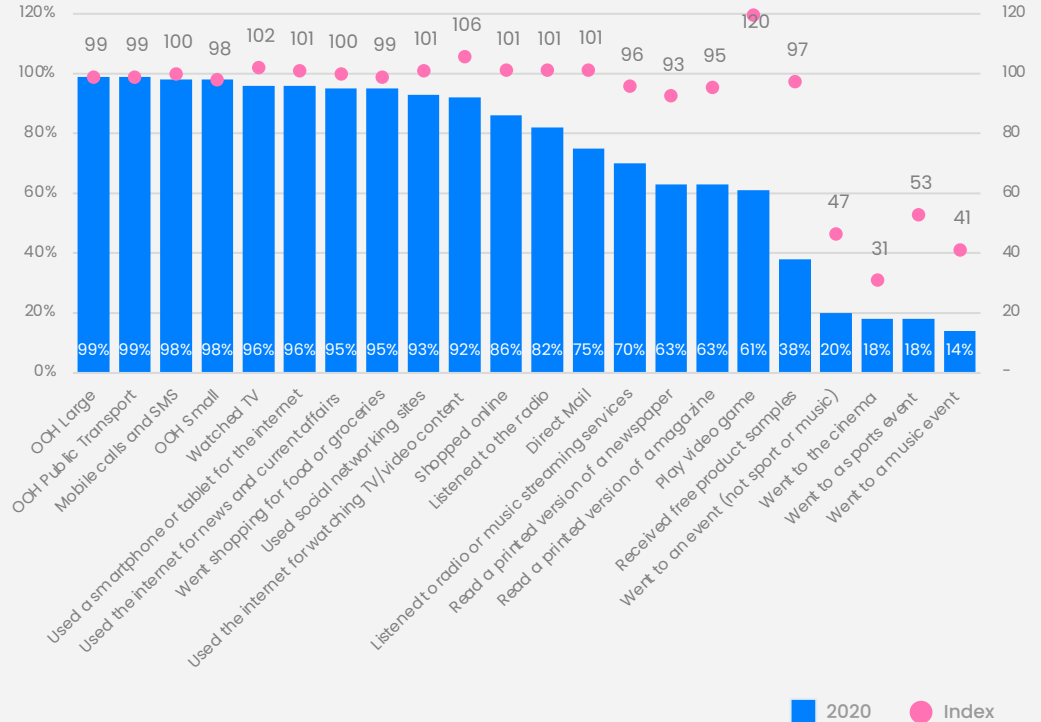
- ⊕ **Playing video games** has seen the largest increases YOY, growing 47% daily (from 21%-31%) and 36% weekly (from 35%-47%).
- ⊕ **Using the internet for TV and video content** has increased 19% YOY in terms of daily usage (from 58%-69%) and 11% weekly (from 77%-85%)
- ⊕ **Listening to the radio offline** has increased 7% weekly (from 68% to 73%).
- ⊕ **Using online shopping** has increased 6% weekly (from 48%-52%).

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3-monthly Media Reach 2020 And YOY Change



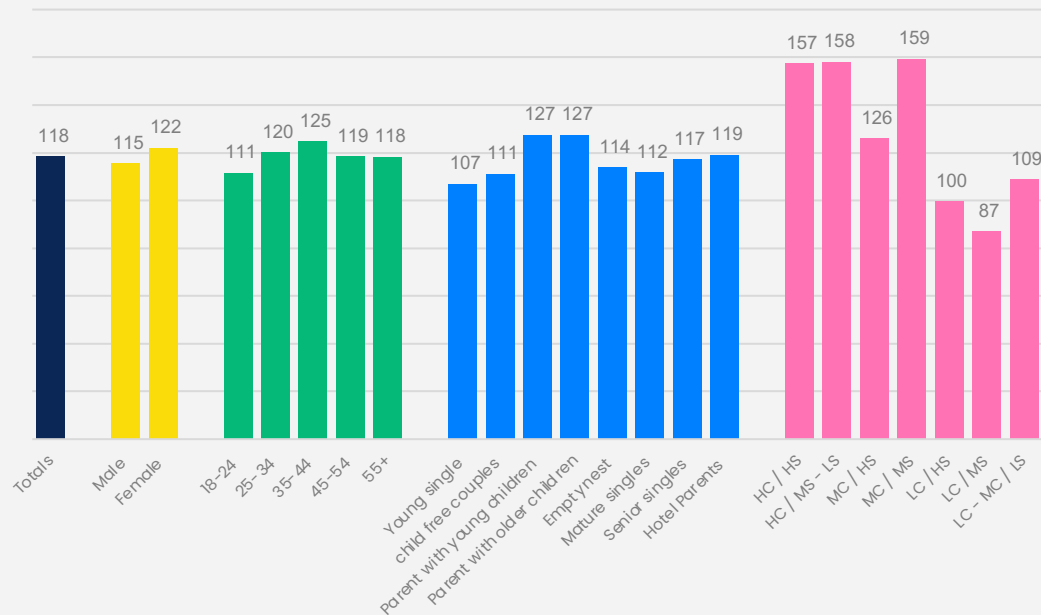
Source: LIVE Panel 2020

Digital has become the lifeblood for everyone, everywhere, and the key to survival. Covid-19 has accelerated digital adoption among previously laggard audiences, thus helping to balance the global digital audience.

Overall, all types of digital activity have witnessed significant increases versus 2019, and especially in terms of daily usage. On average, across all activities, we have seen a 39% increase in daily usage and an 18% increase in weekly usage, most notably among parents and those markets with a high caseload (135).

Furthermore, Covid-19 has had the largest impact on adoption among the digital laggards (generally the older age groups and less digitally developed markets), resulting in a levelling of the landscape. Across many key activities, the digital generational and market gaps have been reduced as new audiences have been narrowed, as new audiences have been pushed to adopt the online world to manage their lives, work, communicate, learn and more.

Weekly YOY Index



LC = low cases

MC = medium cases

HC = high cases

LS = low stringency

MS = medium stringency

HS = high stringency

Source: LIVE Panel 2020



+19%
increase in
Daily Reach

Digital entertainment platforms are seeing a boom in both reach and time spent, as people spend more time in-home. Podcasts have newly become embedded throughout the day.

Digital entertainment is thriving amid the Covid-19 outbreak and is the biggest growth area within the digital landscape, increasing 59% daily and 33% weekly. With people unable to socialise outside of their home, go to events, or engage in other out-of-home activities, digital can provide an almost unlimited variety of content to entertain, engage, fill time and alleviate boredom.

At a top-line level, we have observed a 19% YOY increase in the daily usage of the internet for TV and video content (from 58%-69%) and a 11% increase weekly (from 77%-85%).

Furthermore, we now see heavier consumption overall, with the amount of time spent increasing 20% from 110-132 minutes per day. The biggest gains come from the parent lifestages (+27%) and the markets that had the highest cases / stringency (+31%).

Delving deeper, we can see there has been a massive uptick in the number of people who are watching TV programmes or films via a paid-for on-demand service: +76% daily (from 20%-35%) and +46% weekly (from 43%-62%). This is true across all markets and demographics irrespective of their situation.

Covid-19 has radically affected both the consumption and the production of film and TV content since it all requires people to be together in small spaces which is against health regulations in many places.

Entertainment venues, such as cinemas and theatres, have closed and production stopped. This has led to an increased focus on online entertainment streaming services, such as Netflix and Amazon Prime.

Some 49% of our sample subscribe to and watch Netflix, while the figure for Amazon Prime is 16% - the former having a slightly younger profile, while the latter is stronger among households with kids. This is followed by Disney+ (9%), and HBO (1.3%).

These platforms are seeing a boom. Netflix added 26 million accounts between January and June 2020 (more than double the 12 million added in the year-ago period), while Amazon Prime likely saw similar gains, aided by the product's ties to discounts on Amazon shipping fees.

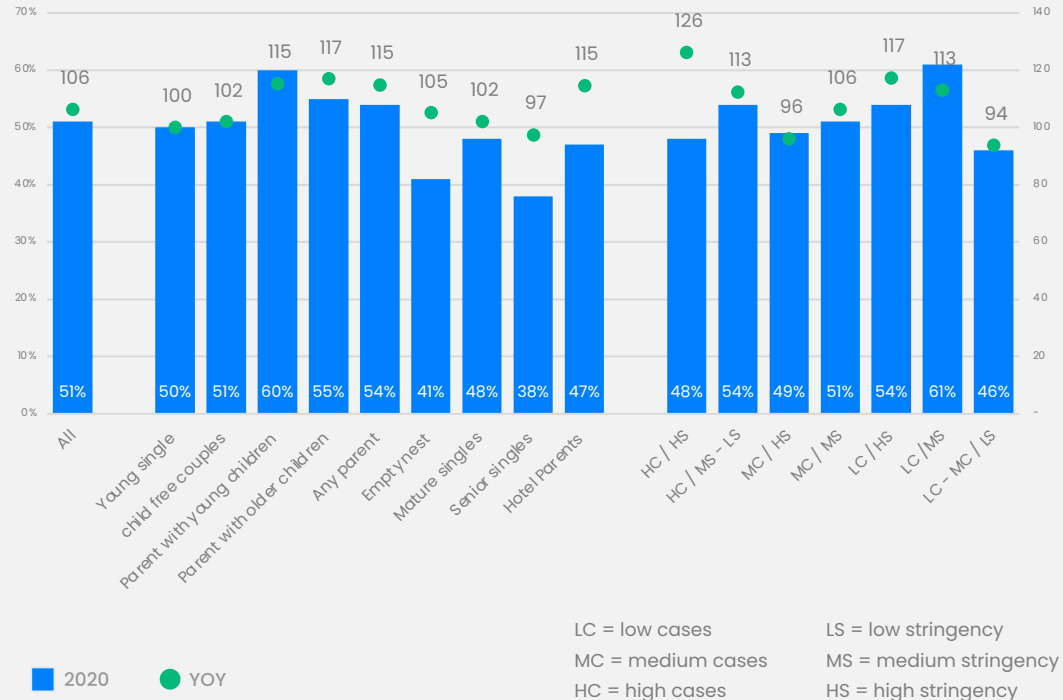
E-commerce has become a lifeline for people across the globe and has seen a substantial growth in revenue YOY. Covid-19 has forced laggard audiences and markets to learn the benefits of online shopping driving a more balanced global profile of this activity.

The world of e-commerce has been transformed as a result of Covid-19. At a global level, the proportion of people doing online shopping is up 8% weekly.

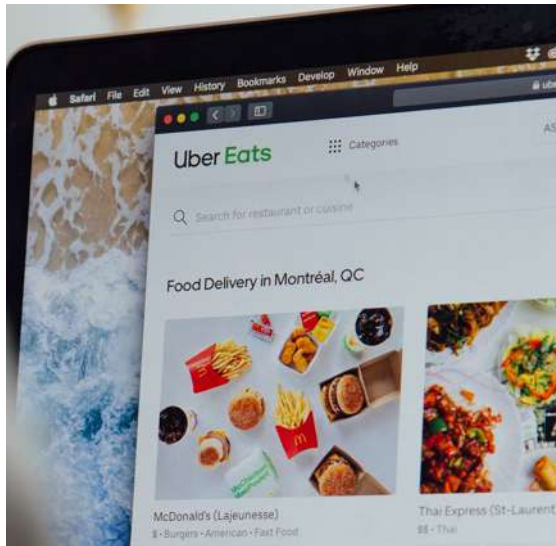
However, with lockdowns forcing people to stay at home except for essential journeys, we have seen an uptick in the frequency of online shopping among particular consumer groups – the highest impacted markets have seen 27% growth weekly and 16% monthly, while parent groups have increased 13% weekly.

Online Shopping

2020 Weekly Usage And YOY Change



Source: LIVE Panel 2020



Covid-19 has also democratized (and forced) the availability of online shopping across markets. We see significantly more growth in those markets that were previously lagging behind in this area.

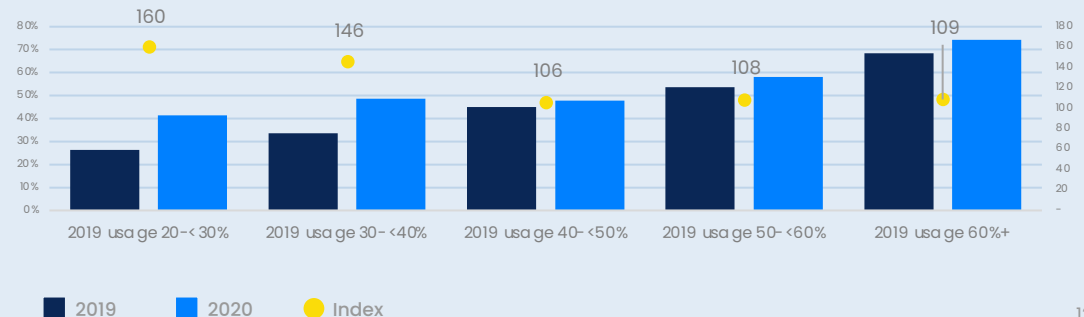
Given the ongoing social distancing measures and wariness of enclosed spaces, online shopping will continue to be a lifeline for many consumers moving forward, resulting in these new habits being constantly reinforced and changing behaviours for a long time into the future.

With a shift of this scale, many businesses have reported that they have had to adapt swiftly to the 'new normal' and have significantly accelerated their digital development in line with demand. Understanding and responding to the user needs and behaviour of online audiences will be key to survival for brands and retailers.

What started as simply making a purchase eventually progressed to buying into new categories, purchasing high-ticket items, and shopping and buying via mobile. Every time these behaviours crystallised for a new set of consumers, it permanently shifted their online buying habits.

Previously sceptical or technically challenged consumers have had their hands forced and subsequently learned the benefits of buying online, both for maintaining social distancing as well as for sheer convenience.

Online Shopping Growth Across Markets Based On Their 2019 Situation



The pandemic has significantly impacted digital communication (+31% weekly), particularly video conferencing, forcing a realising of what is possible with this medium and providing an important and highly valued way of allowing people to be 'together' within the context of social distancing and self-isolation.

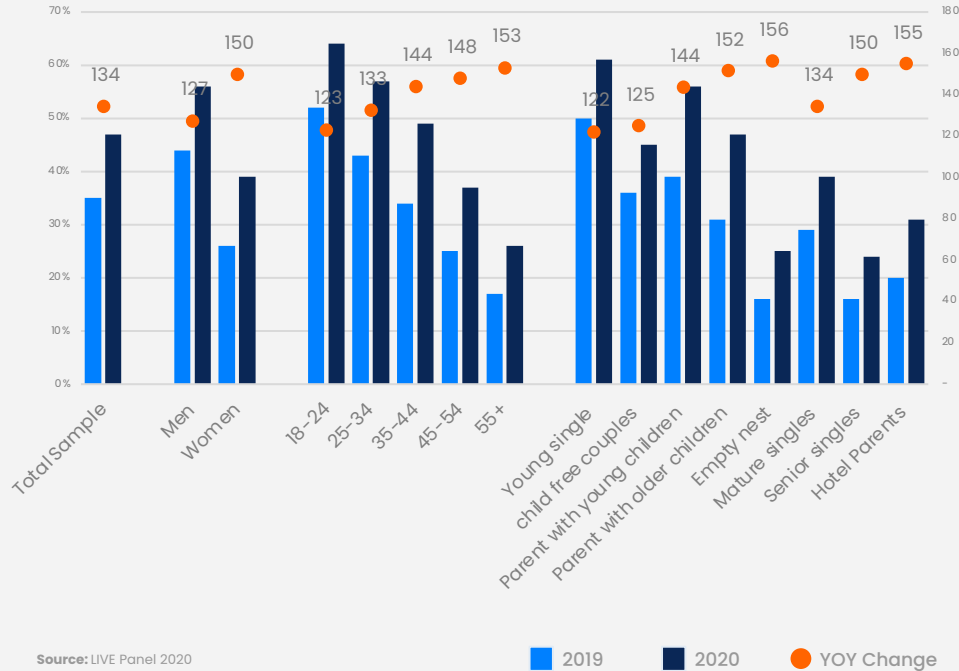
Human beings have a natural desire to connect with other people, especially in times of crisis. As the pandemic has forced many people to work, study and socialise remotely, we have seen people flocking to digital communication platforms that provide quality, personal face-to-face interactions and collaborations, as well as a redefinition of what it means to be connected through technology.

Globally, digital communication activities have grown by 31% weekly and 27% monthly, especially so among parents (+40% weekly). One of the key growth areas is video conferencing, which saw a huge surge in demand as a result of Covid-19 with millions of app downloads (62 million in March alone).

Covid-19 has also expedited the changing face and role of influencers. The incidence of live streaming has seen exponential growth since last year (+107% weekly from 17%-34%, and +131% monthly from 24%-56%), particularly so for older consumers and those in the most impacted markets. A recent study by Fullscreen stated that influencer authenticity is now vital, and that a new type of content creator is emerging, broadening the diversity of influencers. These are people who share their own real experiences and perspectives – curating 'real' content to connect to real people and working together to navigate the current environment. This aligns entirely with the changed consumer values – returning to the fundamentals of life and moving away from frivolity and materialism.



% Using Video Gaming
Weekly And YOY Growth



Source: LIVE Panel 2020

Covid-19 has accelerated engagement with gaming (+36% weekly growth), as well as broadening its appeal due to the new and different roles now fulfilled by this platform.

Across our 54 markets, playing video games saw the largest growth rates of all media channels: 47% daily (from 21%-31%), 36% weekly (from 35%-47%) and +23% monthly (from 46%-56%). This growth is apparent across all markets and demographic profiles but is particularly notable for audiences who were previously less likely to engage in gaming - women, older consumers and those with higher incomes, thus demonstrating the broadening appeal of this media channel.

However, the overall time spent on gaming has decreased 9% YOY, from an average of 103 minutes per day in 2019 to 94 minutes per day in 2020. This shows that the new users of gaming are slightly lighter users, particularly driven by older consumers (index 86 and 85 for consumers aged 45-54 and 55+, respectively).

During lockdown, gaming, as a platform, has been able to fulfil several new and differing roles, which would account for the broadening appeal. They have provided a means of escapism from the constant realities of the virus as well as time-filling entertainment.

Consumers are now more mindful of how and where their money is being spent (70% agree), focusing on the essentials versus the frivolous and adopting a thrifty, self-sufficient mindset.

The dramatic change that consumers have already seen to their lives and the virus' potential future impact – physically, financially, economically, health concerns, and more – has also led to a significant shift in purchasing habits and attitudes.

Covid-19 has driven consumers to be more mindful of how and where their money is being spent – reflecting on what is essential and what is frivolous. Globally, 70% have said they are now more careful about how they spend their money, rising to 90% of the Distressed group, 83% within the markets with high cases and high stringency, and slightly more likely for parents. Also, we see a similar response across all income bands which would suggest this is a fundamental shift in mindset across the population.

Consumers are taking control of their own personal financial situations to navigate their way through the pandemic and beyond – adopting a thrifty and self-sufficient mindset. Globally, 85% have actively made some form of change to their financial behaviour.

In terms of specific activities, the most common are those that have an immediate financial benefit and are of no detriment to future finances. Some 49% are now actively waiting for products to be on promotion, discount or sale – 39% are actively cutting back on the day to day things they buy and 36% are delaying big purchases.

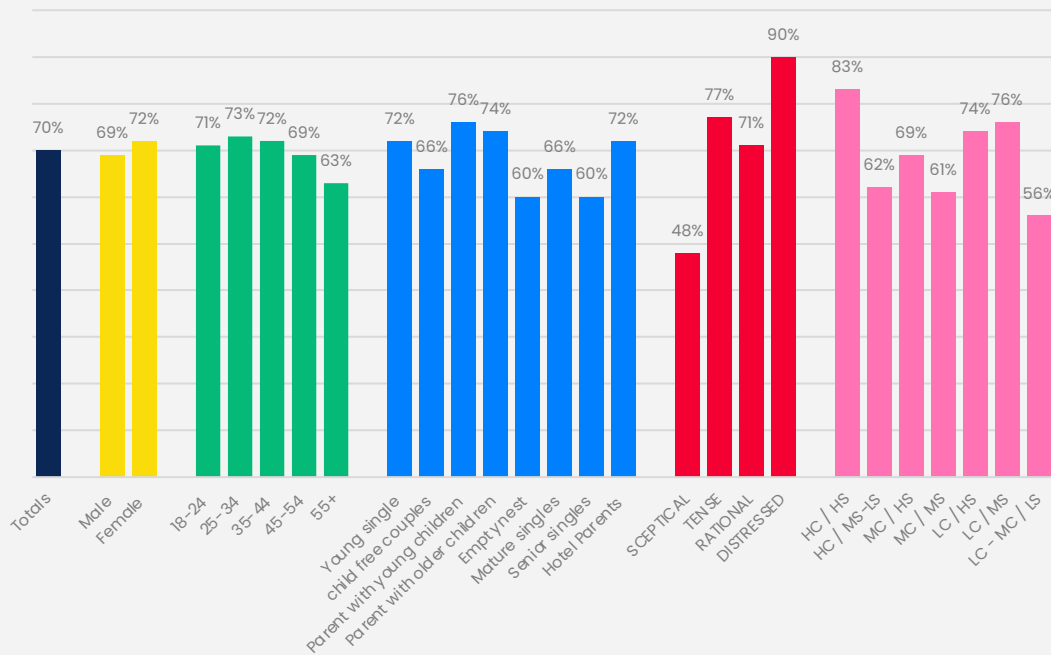
Following this we saw that people are using savings (27%), reducing regular financial commitments (24%), looking for flexible payment options (20%), putting more purchases on credit cards (18%) and taking out a loan (11%).

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“I’m more careful how I’m spending my money”
% Agree



LC = low cases

MC = medium cases

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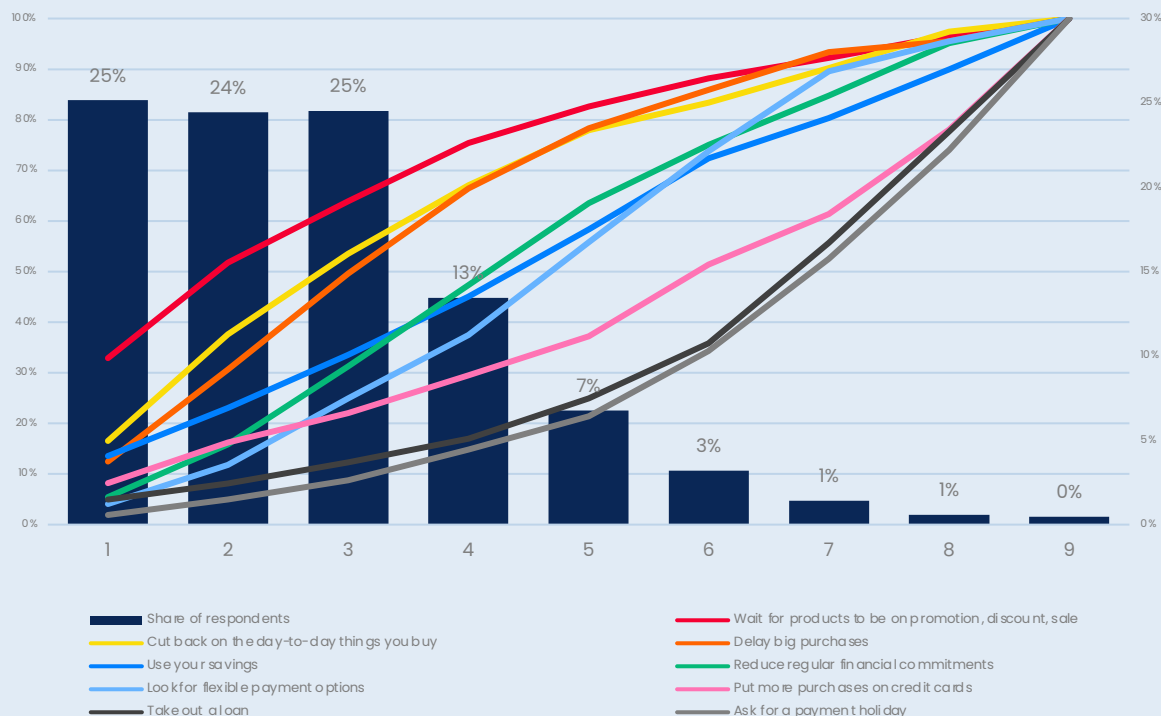
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Source: LIVE Panel 2020

Number Of Actions Taken Versus Type Of Action Taken



Unsurprisingly, the mean number of actions people take across our markets is highly correlated ($r = 0.77$) with the mean level of anxiety felt (as measured by the strength of agreement to an array of attitudinal questions). Furthermore, a hierarchy of actions exists in that the more actions people take, the more severe ones come into the mix.

For those who only took one action, the most common was to wait for items to be on promotion (33%). For those who took two–four actions, cutting back on day-to-day purchases and delaying big ones becomes more prominent, while the more severe actions only really come into play as the number of actions taken goes over five.



An accelerated focus on value, health and local as a result of the pandemic and changed consumer values and attitudes.

We have also observed two key trends that have been accelerated as a result of the pandemic – a focus on health and a love for local.

Focus On Health And Wellness

Here we see two components at play – a focus on immediate prevention as well as future health. As previously mentioned, given Covid-19's contagiousness as well as government advice across the globe, 85% are more careful about hygiene than ever before. Furthermore, 44% say that they are exercising more.

In addition, we have observed growth in the health supplement market to improve overall fitness – +56% purchasing fortnightly (18%-28%) and +31% purchasing monthly (35%-46%). This trend is particularly notable in younger consumers, parents and those in the highest impacted markets.

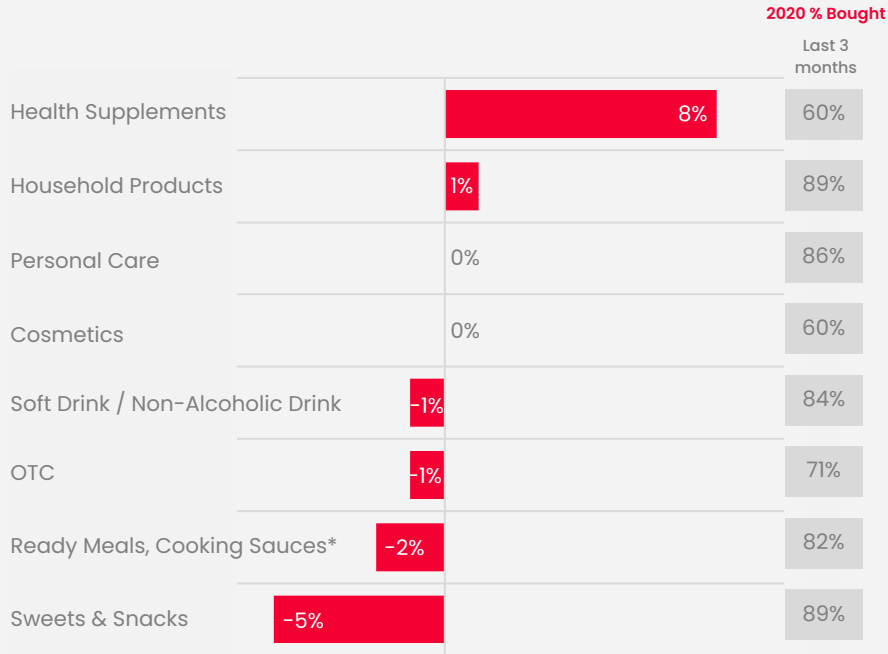
A Love For Local

The pandemic has had an affect across every part of the economy, but the impact on small local businesses with tight margins and limited cashflow is particularly strong.

With the restrictions on movement during market lockdowns, consumers have rediscovered a love for local and perhaps a renewed pride and appreciation for the role that local businesses have in shaping the personality of communities. Some 60% state they are using more local shops and services, with 63% saying that supporting their community is more important now than before the crisis began.



Actual Percentage Change
In Purchasing YOY



Actual % Change

Covid-19 has driven an active re-evaluation of needs and behaviours, a change to existing habits and routines, and a renewed focus on in-home and health essentials, leading to some big shifts in purchasing behaviour.

The circumstances surrounding Covid-19 have also led to some big shifts in category and brand purchasing behaviour primarily driven by two key needs: essential products for in the home and personal health products.

The biggest winner is the health supplement category which has 60% purchasing in the last three months in 2020 (versus 53% in 2019). Supplements allow people to take some control of their health and wellness by building their immunity to keep themselves healthy, further evidencing the personal health trend previously discussed.

The category showing the largest YOY decline, albeit by only a small amount, is the sweets and snacks market. With populations spending more time in the home, there is less opportunity for on-the-go impulse snacking, driving the decline.

Most other high/medium purchase cycle categories are staple household products and have thus been resilient to any potential impact from Covid-19.

An exception to this rule is cosmetics, which is static YOY, despite people spending more time in the home nowadays. With many frivolous purchases put on hold, perhaps this category is deemed as an affordable luxury in these turbulent times, while also allowing people to retain some element of their 'normal' self.

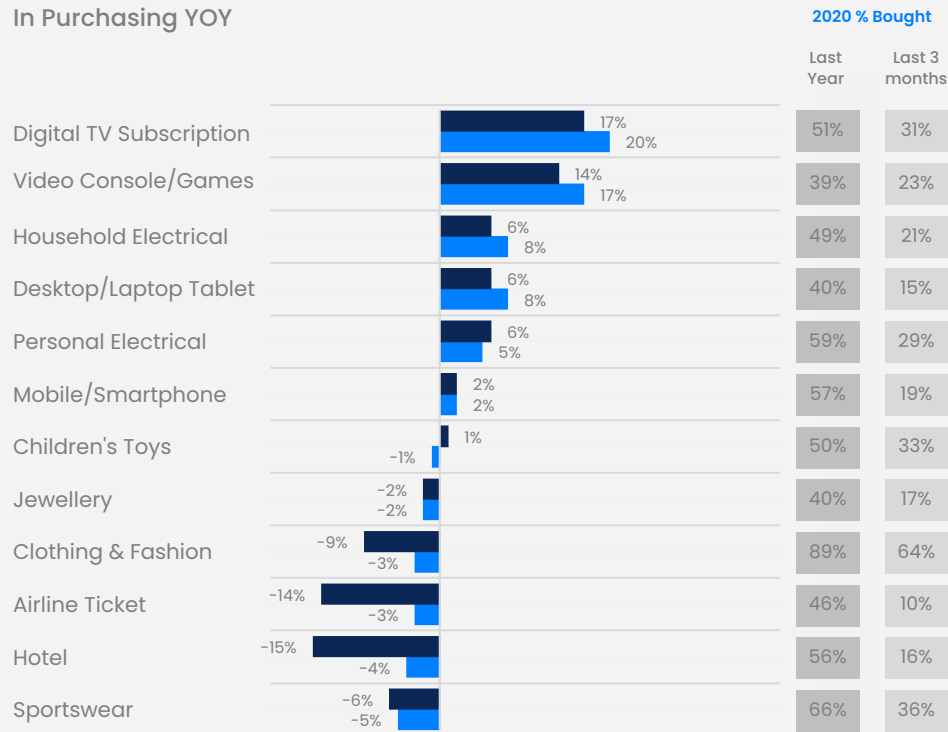
However, categories with long purchase cycles have seen some of the largest impacts from Covid-19. Here, we have taken a cross section of categories and looked at the YOY changes for both purchases within a three-month period and within a year.

The biggest winner is digital TV subscriptions, such as Netflix and Amazon Prime. This is entirely aligned with the previous data we have discussed about the growth of this category due to the need for increased in-home entertainment content.

The second largest winner is video games and consoles. Again, this is aligned to the growth in gaming we have previously discussed.

Furthermore, Covid-19 also has the potential to disrupt purchases within categories and drive the uptake of new brands long term. It is well evidenced that consumers are much more likely to change their purchase habits and try new products when they undergo disruption to their normal lives – firstly because it causes an active re-evaluation of needs and behaviours (which previously were mostly instinctive) and secondly, because it forces a change to existing habits and routines. These two elements combine to drive new behaviours, which may become habits over time and therefore last long-term.

Actual Percentage Change In Purchasing YOY



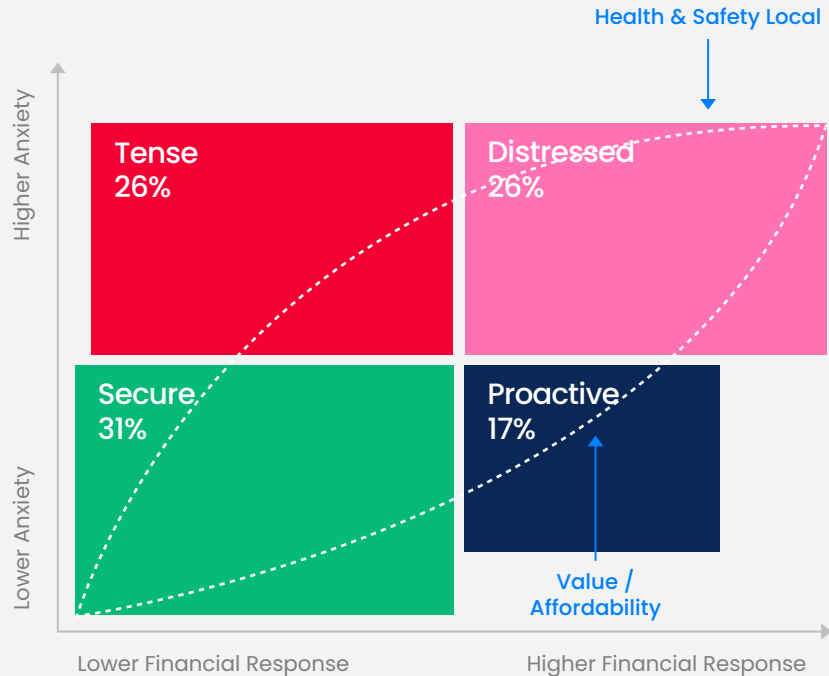
■ Annual YOY Actual % Change ■ 3-monthly YOY Actual % Change

Covid-19 has been a true game changer in terms of media consumption habits and purchasing behaviour, both accelerating existing trends and forcing new behaviours for many people.

Values have been rewritten, technology and digital have become ever more pivotal to existence and been adopted by new (previously sceptical or technically challenged) audiences. Normal life as we knew it has changed forever.

In this new world, consumers will hold businesses and brands to higher standards across a combination of factors: empathy, honesty and transparency, being socially conscious, being personal and personable, and ensuring communication is centred on local, health and safety, and value/affordability. However, the relative focus of messaging will vary depending on the consumer group and whether the main driver of behaviour is anxiety-led or finance-led.

Those that succeed in meeting these tougher criteria will command consumer loyalty now and into the future. It is therefore imperative for businesses and brands to really understand the evolution of consumer needs across different attitudinal groups and markets. It is essential to be fully cognisant of the role brands and products can play in delivering the most appropriate and timely communication and messaging, ultimately ensuring brand survival and growth into the future.



Thank you.

Contact

Ramona Daniel
Research Director
ramona.daniel@groupm.tech