ZION & ZION

Covid-19, Brand Switching and Changing Customer Habits

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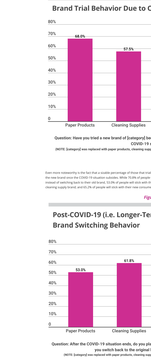
EXECUTIVE SUMMARY

In an effort to understand the potential long-term effects of COVID-19 on consumer behavior, including brand switching and brand/service usage, the Stan & Dion research team conducted a nationwide survey of 500 consumers. Our research indicates that consumers' level of new brands, trial & shortages due to COVID-19 was high—ranging from 36-53% of purchase of stock-outs or new personal hygiene products to 60-80% for paper products. Our research further highlights that 53% of consumers who switched brands during COVID-19 will continue to use the new brand post-COVID-19. Additionally, consumers plan to continue to use the new brand post-COVID-19. The data for this study was collected between Friday, May 1, 2020 and Monday, May 4, 2020, when most states' stay-at-home orders were still in effect.

BRAND SWITCHING

When COVID-19 hit, many people flocked stores in stock up on essential items, leaving numerous items out of stock or in limited quantities for weeks to come. Consumers were forced to switch to new brands when their preferred brand was unavailable. Paper products (e.g., paper towels, toilet paper), cleaning supplies (e.g., disinfecting wipes, spray cleaners) and consumer packaged food items (e.g., organic bread, peanut butter) because their regular brand was out of stock due to COVID-19.

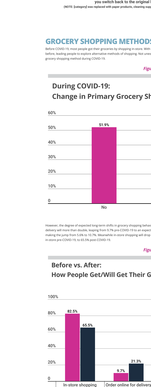
Figure 1



Question: Have you tried a new brand of [category] because your regular brand was out of stock due to the COVID-19 situation?
(NOTE: [category] was replaced with paper products, cleaning supplies, consumer packaged foods, and personal hygiene products.)

Even more noteworthy is the fact that a sizable percentage of those that created new brands during the COVID-19 situation, plan to continue purchasing the new brand once the COVID-19 situation subsides. While 78.8% of people will stick with a new personal hygiene product (e.g., shampoo, deodorant) and 76.8% of people will stick with a new paper product (e.g., paper towels, toilet paper), 53.9% of paper and 65.2% of people will stick with their new cleaning supply brand, and 61.8% of people will stick with their new consumer packaged food brand.

Figure 2



Question: After the COVID-19 situation ends, do you plan to continue to use the new brand of [category] or will you switch back to the original brand you've used in the past?
(NOTE: [category] was replaced with paper products, cleaning supplies, consumer packaged foods, and personal hygiene products.)

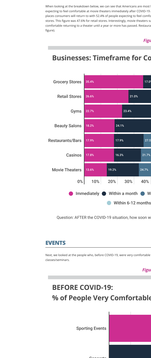
GROCERY SHOPPING METHODS

Before COVID-19, most people got their groceries by shopping in-store. With the onset of COVID-19, grocery shopping came to be seen as riskier than before, leading people to explore alternative methods of shopping. Not unexpectedly, our study showed that 48.1% of people changed their primary grocery shopping method during COVID-19.

Figure 3

Figure 4

However, the degree of expected long-term shifts in grocery shopping behavior is dramatic. According to our research, online grocery ordering for delivery will more than double, leaping from 9.9% pre-COVID-19 to an expected 21.3% post-COVID-19, and online ordering for pick-up will nearly double, making the jump from 5.6% to 10.7%. Meanwhile in-store shopping will drop dramatically, falling from 82.3% of people primarily getting their groceries in-store pre-COVID-19 to 43.5% post-COVID-19.



Question: Which is the primary grocery shopping method you used BEFORE COVID-19?
Question: Which is the primary grocery shopping method you plan to use AFTER COVID-19?

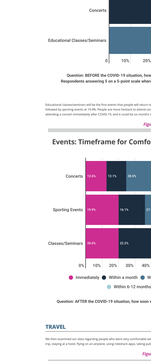
RETURNING TO BUSINESSES, EVENTS, TRAVEL AND GATHERINGS

Stay-at-home orders have been in place all over the country. But as these orders are lifted and people are no longer required to shelter in place, how comfortable will they be returning to businesses they frequented? Will they rebel against the restrictions? Will the reopened businesses be welcomed with open arms? Or will they be met with hesitancy?

BUSINESSES

To establish a benchmark for our analysis, we first asked people how comfortable they were with visiting several types of businesses before COVID-19 (grocery stores, restaurants/bars, retail stores, movie theaters, beauty salons, gyms and casinos). For those who indicated they were very comfortable, we then looked at how soon they would feel comfortable returning to those types of businesses after COVID-19.

Figure 5



Question: BEFORE the COVID-19 situation, how comfortable were you visiting the following?
Respondents answering 5 on a 5-point scale where 1 = Very Uncomfortable and 5 = Very Comfortable

When looking at the breakdown below, we can see that Americans are most hesitant to return to movie theaters and casinos, with only 13.6% of people expecting to feel comfortable at movie theaters immediately after COVID-19 and only 17.9% at casinos. Grocery stores and retail stores are the first places consumers will return to with 52.4% of people expecting to feel comfortable either immediately or within a month after COVID-19 a grocery store. This figure was 47.8% for retail stores. Interestingly, movie theaters suffer the most with 15.0% of people indicating that they will be comfortable returning to a theater until a year or more has passed. Restaurants and bars fall in the middle of the pack on most of our categories (see figure).

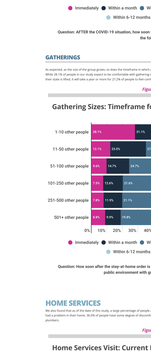
Figure 6

Question: AFTER the COVID-19 situation, how soon will you feel comfortable visiting the following?

EVENTS

Next, we looked at the people who, before COVID-19, were very comfortable with attending events: sporting events, concerts and educational classes/seminars.

Figure 7



Question: BEFORE the COVID-19 situation, how comfortable were you attending the following?
Respondents answering 5 on a 5-point scale where 1 = Very Uncomfortable and 5 = Very Comfortable

Educational classes/seminars will be the first events that people will return to with 20.0% of respondents saying they will return immediately, closely followed by sporting events at 15.9%. People are most hesitant to attend concerts with only 12.5% of people saying they would feel comfortable attending a concert immediately after COVID-19, and it could be six months to a year before concerts approach 70% attendance.

Figure 8

Question: AFTER the COVID-19 situation, how soon will you feel comfortable visiting the following?

TRAVEL

We then examined our data regarding people who were very comfortable with the following travel-related activities before COVID-19 hit: taking a road trip, staying at a hotel, flying on an airplane, using rideshare apps, taking public transportation, taking a cruise and staying at an Airbnb.

Figure 9

Question: BEFORE the COVID-19 situation, how comfortable were you with travel plans that included the following?
Respondents answering 5 on a 5-point scale where 1 = Very Uncomfortable and 5 = Very Comfortable

While 46.4% of respondents indicated that they would be comfortable taking a road trip immediately or within a month after COVID-19, only 37.8% are comfortable boarding an airplane in the same time frame. Our data also showed that people are slightly more comfortable with staying in a hotel (12.2% will do so immediately as opposed to an Airbnb (8.0%), and they are more comfortable immediately with taking an Uber or Lyft (15.3%) than taking public transportation (11.0%). Cruises are the least comfortable mode of travel with 27.9% of people saying they will be feel comfortable with the idea of vacation for a year or more.

Figure 10

Question: AFTER the COVID-19 situation, how soon will you feel comfortable with travel plans that include the following?

GATHERINGS

As expected, as the size of the group grows, so does the timeframe in which people will feel comfortable being in that group after COVID-19 has passed. While 28.1% of people in our study indicated that they would be comfortable with being in a gathering of 1-10 other people immediately after the stay-at-home order in their state is lifted, it will take a year or more for 22.2% of people to feel comfortable with gatherings larger than 500.

Figure 11

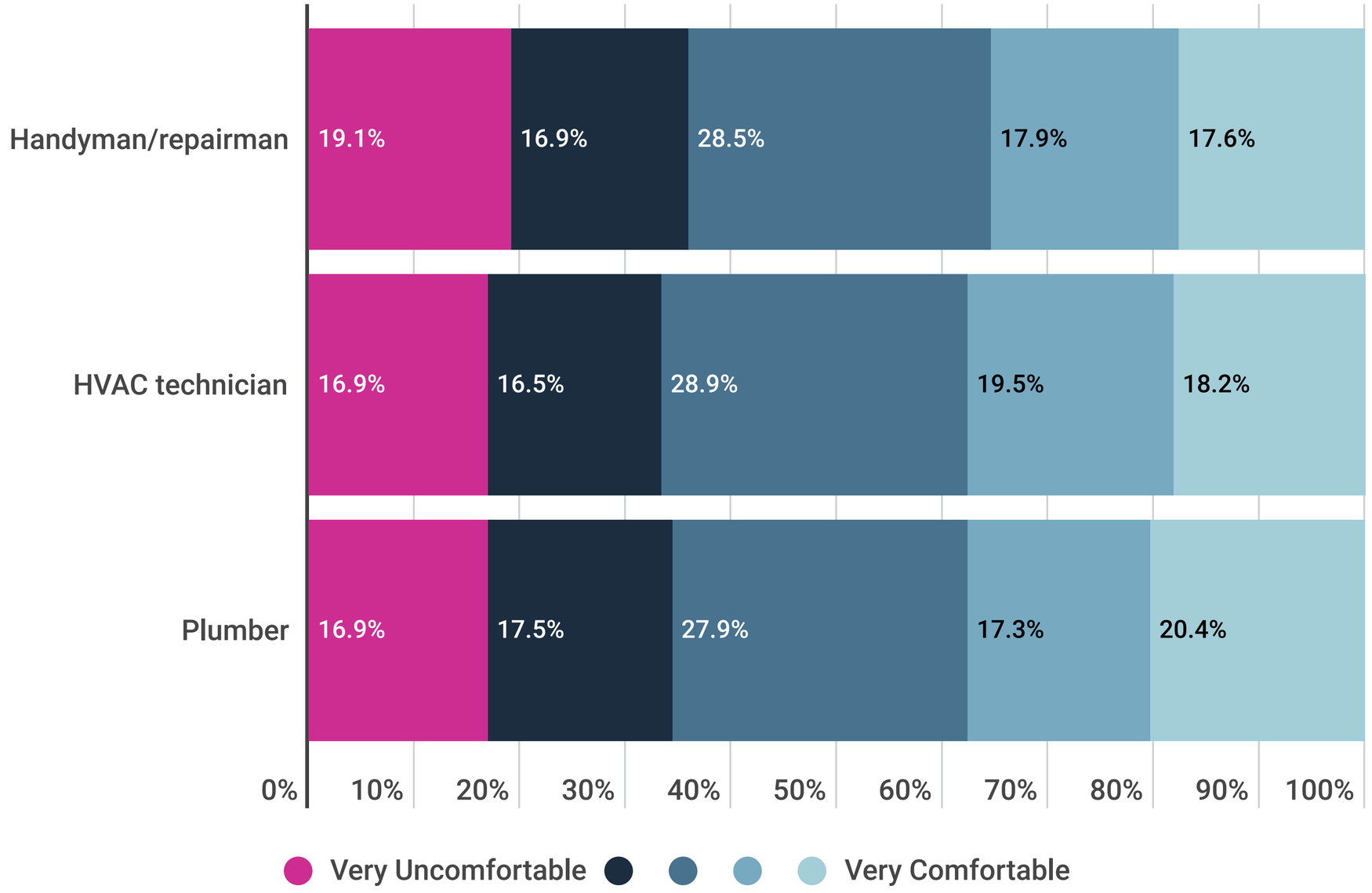
Question: How soon after the stay-at-home order is lifted in your state will you feel comfortable being in a public environment with groups of the following sizes?

HOME SERVICES

We also found that as of the start of this study, a large percentage of people are not comfortable with hiring home service professionals, even if they had a problem in their home. 30.0% of people have some degree of discomfort with a handyman/repairman, 29.4% for HVAC technicians, and 34.4% for plumbers.

Figure 12

Question: Are you comfortable or uncomfortable with having the following home service professionals visit your home?



Question: If you have a problem in your home right now during the current COVID-19 situation, how reluctant would you be to use each of the following services?

PUTTING THE DATA TO WORK

While many of the statistics presented in this study are not what businesses would wish for, they do represent consumers' current thinking about how they will feel over the coming weeks as we return to normalcy. However, there are bright spots, with our already-service-driven economy accelerating its transition to online services such as grocery shopping via web/app for home delivery. We have also witnessed the adoption of services such as video conferencing and video streaming; and we expect that the new normal will continue to bring with it additional opportunities for new business models and innovation.