



COVID-19 CONSUMER SENTIMENT SNAPSHOT: SPECIAL FEATURE—ASIA-PACIFIC

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ACCCELERATING CHANGE. WITH ANALOG interactions sharply limited by COVID-19, the world is going digital, accelerating an existing trend. Digital increasingly offers consumers a way to connect with other people, purchase essential items, and distract themselves from the monotony of stay-at-home life under lockdown. Yet despite the growing use of digital to improve life at home, consumer sentiment around the world remains persistently downbeat.

In this special feature, we explore sentiment in several key countries in Asia-Pacific—and the spending changes that this sentiment is influencing—as well as the shifts in digital and brand behavior that we are seeing as a result of COVID-19.

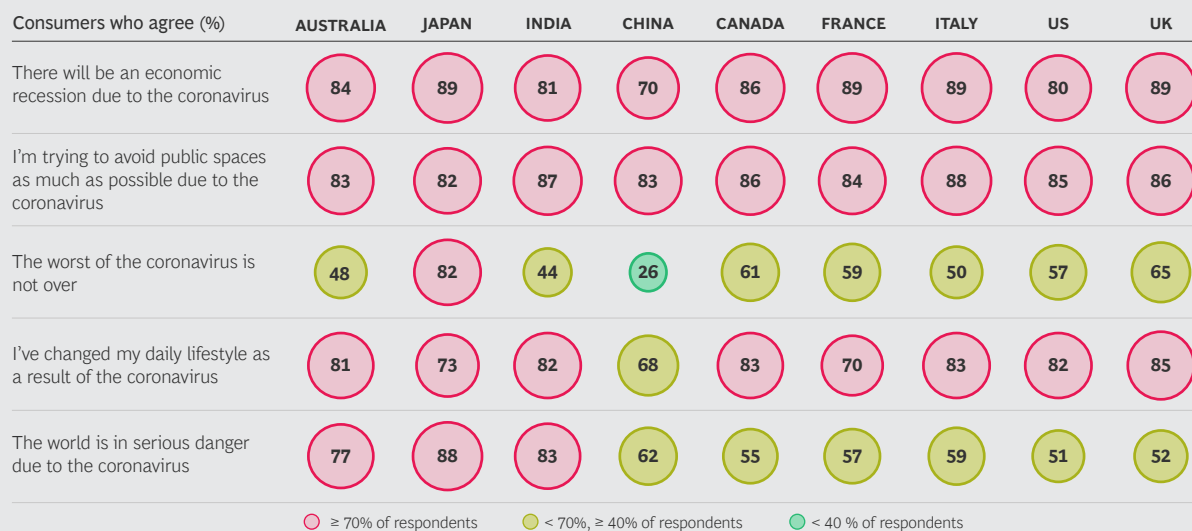
Some Darker Streets

Consumer sentiment in the countries BCG has surveyed in Asia-Pacific and around the world continues to be fairly somber, despite some encouraging signs in China. Most consumers in the countries we've

been tracking believe that a recession due to COVID-19 is likely. And in the countries we are focusing on in Asia-Pacific this week—Australia, Japan, and India—substantial majorities of consumers say that they have changed their daily life (73% to 85%) and are trying to avoid public spaces (82% to 87%) in response to the disease. (See Exhibit 1.) The exception across all of the markets featured this week involves consumers in China, where recovery from the pandemic has already begun.

Consumers in Australia, Japan, and India remain far more concerned about the virus than consumers in other countries. In our research, 77% of Australians, 88% of Japanese, and 83% of Indians agree that the world is in serious danger as a result of the coronavirus, versus 51% to 62% of consumers in other countries. There are several possible explanations for this disparity in attitude. One is that because the pandemic reached Australia, India, and Japan relatively late, people in those countries had time to witness its impact on other countries, leading to greater alarm about how

EXHIBIT 1 | Australia and Japan Show Similar Concern over COVID-19, but Far More Consumers in Japan Believe That the Worst of the Virus Is Not Over



Sources: BCG COVID-19 Consumer Sentiment Survey, April 20–24 2020 (N = 1,046 Australia; 1,946 Canada; 1,856 China; 1,970 France; 2,021 Italy; 2,079 UK; 1,856 US), BCG COVID-19 Consumer Sentiment Survey, April 18–20, 2020 (N = 7,485 Japan), and BCG COVID-19 Consumer Sentiment Survey, April 17–20 (N = 2,324 India), unweighted, representative within ±3% of census demographics.

Note: Question text: “How much do you agree with each of the following statements about the coronavirus?” Circle size reflects the percentage of respondents who agree with the given statement. India sample is representative of the top 35% of the metro to tier 2 (towns above 5 lakh population; top ~100 cities) population in India.

the disease would affect them. It may also be relevant that these countries’ governments have emphasized the significance and potential length of the disruption to normal daily life that COVID-19 is likely to bring. In India, for example, the government has enforced a very strict lock down, with many activities prohibited, including the use of buses and air travel.

Japan, the last country to enter (soft) lock-down among the countries we researched, is also the only one where a large majority of consumers believe that the worst of the coronavirus is not yet over: 82% of Japanese hold this opinion versus 65% or less in other countries. At the other end of the spectrum, consumers in China account for the lowest percentage of respondents who hold this pessimistic view (26%), seemingly a consequence of the recovery that has already begun there. Even though the Japanese government did not establish penalties for failure to observe coronavirus mitigation guidelines, we see significant

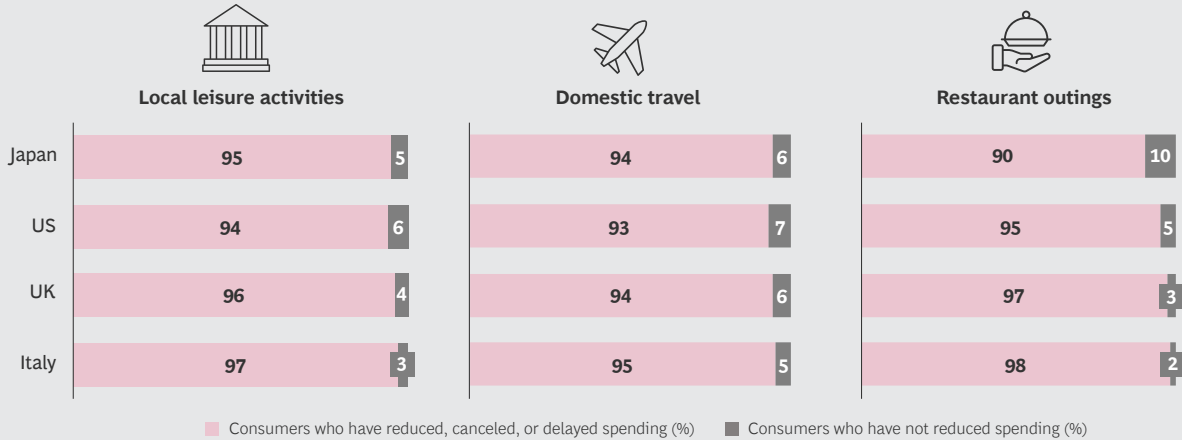
changes in consumer behavior in Japan—changes similar to those that have occurred in countries whose governments did impose restrictions and penalties. (See Exhibit 2.) This voluntary modification of social behavior probably reflects Japanese consumers’ heightened concern about the future impact of the virus.

Similar Directions

In looking at how COVID-19 has been affecting spending patterns, we see a fairly high level of consistency across developed-market countries as to the categories in which consumers are spending more or spending less. (See Exhibit 3.) Consumers are spending more on in-home entertainment, fresh foods, packaged foods, preventive health care, household care products, utilities, and restaurant pickup and delivery—and they are saving more, too. Consumers are spending less in discretionary categories such as travel, luxury/fashion, home décor, and automotive, as well as

EXHIBIT 2 | Japanese Consumers Seem to Be Cutting Their Spending in Response to COVID-19, Even Though Reduced Activity Is Voluntary and Not Backed by Penalties

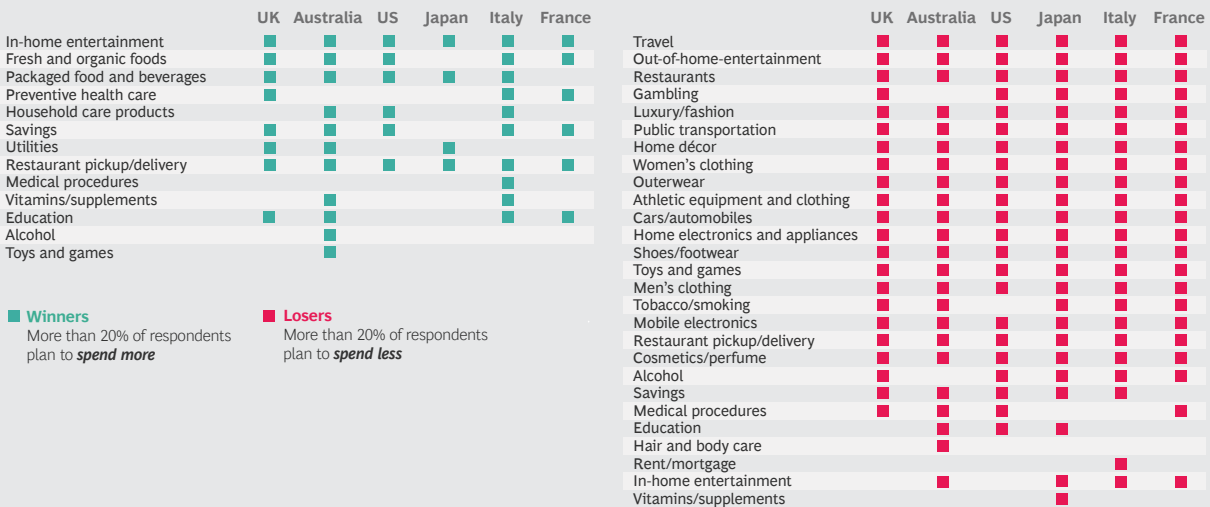
Consumers who have canceled or delayed plans or reduced spending in specified categories (%)



Sources: BCG COVID-19 Consumer Sentiment Survey, April 10–13, 2020 (N = 2,922 Italy; 3,112 UK; 2,960 US), and BCG COVID-19 Consumer Sentiment Survey, April 18–20 2020 (N = 7,485 Japan), unweighted; representative within ±3% of census demographics.

Note: Question text: “Have you already canceled plans or reduced your spend in any of the following areas due to the coronavirus?” Reported results exclude respondents who had no plans.

EXHIBIT 3 | Winning and Losing Categories Remain Largely Consistent Across Markets Worldwide



Sources: BCG COVID-19 Consumer Sentiment Survey, April 20–24 2020 (N = 1,046 Australia; 1,856 China; 1,969 France; 2,017 Italy; 2,079 UK; 1,856 US), and BCG COVID-19 Consumer Sentiment Survey, April 18–20 2020 (N = 7,485 Japan), unweighted, representative within ±3% of census demographics.

Note: Question text: “How do you expect your spend to change in the next 6 months across the following areas?” Categories listed here exclude baby/child food, childcare, and children’s clothing.

in categories constrained by government restrictions, such as out-of-home entertainment and dine-in restaurants. As for the situation in emerging markets, in India we see the majority of consumers changing their spending in similar categories—but many more people making spending changes overall.

The Digital Gas Pedal

Across the Asia-Pacific countries in our survey group, we see an acceleration in digital adoption. In Japan, where the reach of e-commerce is particularly low, consumers are increasing their online purchasing in a number of categories, including clothing, luxury, supplements, cosmetics, and personal care. (See Exhibit 4.) We also see significant growth in Japan across age groups in online purchases of food delivery. (See Exhibit 5.) Increases in other areas of online shopping are prevalent as well, but those increases tend to be concentrated among members of the younger Gen Z and millennial generations.

In Australia, COVID-19 is accelerating adoption of e-commerce overall and, in

particular, among people 52 years old or older—the cohort we identify as “baby boomers+.” (See Exhibit 6.) We also see consumers buying online in an expanding number of categories, with one in five Australians having bought a product or service online in at least one new (to them) category in the four weeks ending on April 24, 2020. Considerable diversity is evident in the categories that Australians are buying digitally for the first time, with both essential and nonessential categories appearing in the top 12 “first-ever digitally purchased” category list. (See Exhibit 7.)

In India, consumers are significantly increasing their digital adoption across media, product purchases, and digital payments. (See Exhibit 8.) We anticipate that this digital behavior and the emergence of a preference for digital and noncash payments will continue in India as the country moves out of its COVID-19 lockdown period. (See Exhibit 9.)

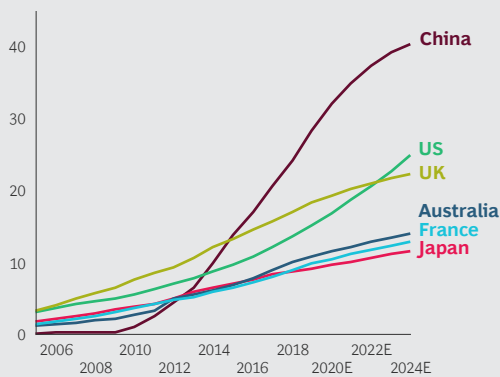
Where to Turn

In Australia, we have seen the trustworthiness scores of health service providers,

EXHIBIT 4 | In Japan, 20% of Consumers Intend to Increase Their Online Purchases of Clothing, and 4% Their Online Purchases of Fresh Food

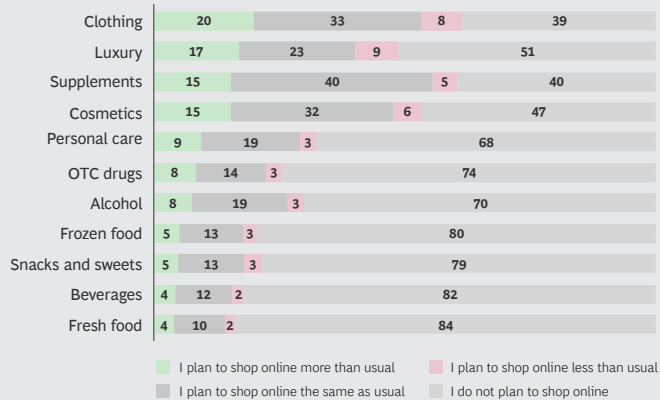
Historically, Japan has lagged behind China, the US, and the EU markets in online penetration...

E-commerce retail penetration (%)



...but Japanese consumers are finally showing a tendency to increase their online purchases

Intentions about online purchases in the next month (%)

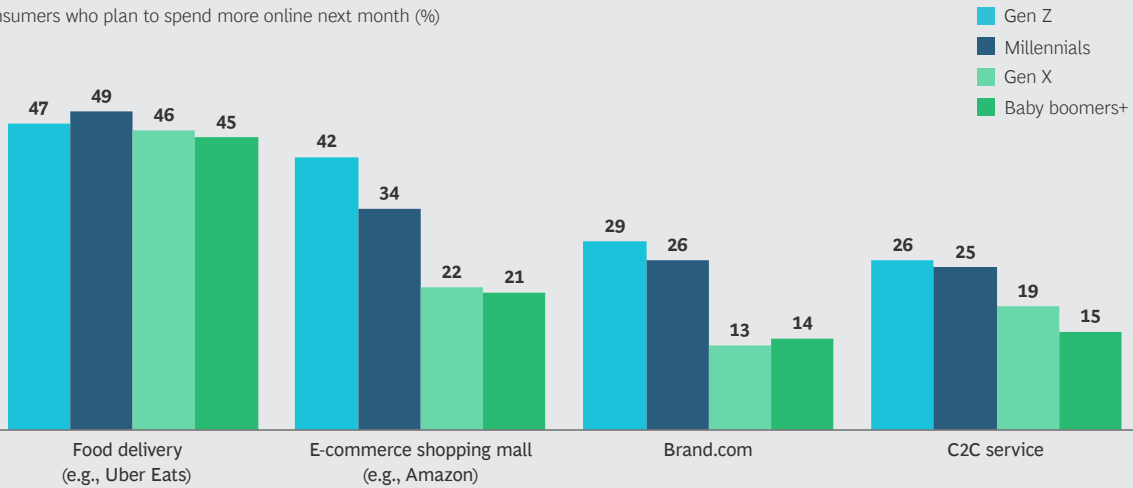


Sources: Euromonitor; BCG COVID-19 Consumer Sentiment Survey, April 18–20 2020 (N = 7,485 Japan), unweighted, representative within ±3% of census demographics.

Note: Because of rounding, not all percentages shown add up to 100%. OTC = over the counter.

EXHIBIT 5 | Food Delivery Service Has Grown Rapidly in All Age Groups in Japan, but Other E-Commerce Services Appeal More to Younger Japanese Consumers

Consumers who plan to spend more online next month (%)

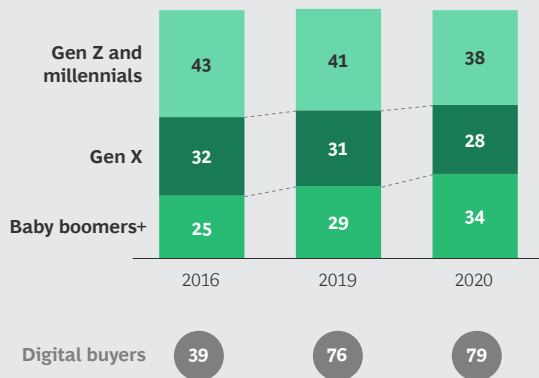


Source: BCG COVID-19 Consumer Sentiment Survey April 18–20, 2020 (N = 7,485 Japan), unweighted, representative within ±3% of census demographics.

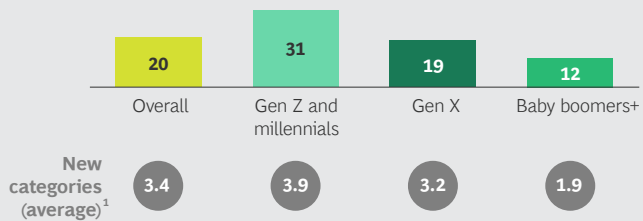
Note: Question text: “How do you expect your spend to change in the next 1 month in the following channel (store/website/service)?” C2C = customer to customer.

EXHIBIT 6 | In Australia, COVID-19 Has Encouraged Increased Use of E-Commerce by Older Consumers (Baby Boomers+) and by Consumers Overall

Distribution of digital buyers by age group (%)



Consumers who bought items online in at least one new category in the previous month (%)



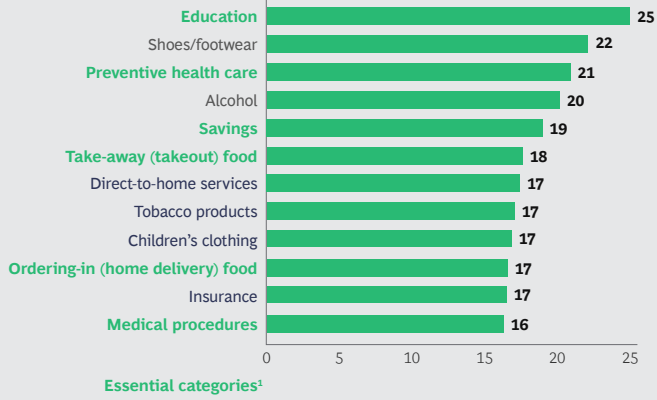
Source: BCG COVID-19 Consumer Sentiment Survey, April 20–24 2020 (N = 1,046 Australia), unweighted; representative within ±3% of census demographics.

Note: Question text: “In last 4 weeks, how frequently did you use digital or online channel (website/app) to do the following?” tracking the percentage of respondents who actually purchased online, and “In last 4 weeks, for these categories, what explains your shift towards using digital (website/app) for purchasing [digitally in] the category compared to last year?” tracking the percentage of respondents who answered “I used digital/online channels for the very first time to purchase this category in the last 4 weeks.” The generational categories used are defined as follows: Gen Z and millennials, 18–36; Gen X, 37–51; baby boomers+, 52 and older.

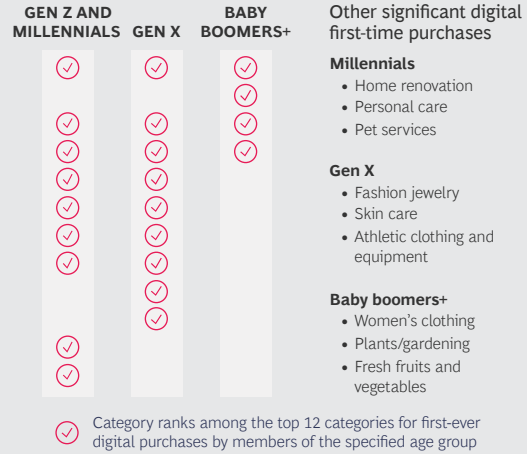
¹“New categories (average)” indicates the average number of new categories that respondents of the specified generation bought online for the first time.

EXHIBIT 7 | Australian Consumers' First-Ever Digital Purchases Cut Across Essential and Nonessential Categories and Tend to Vary by Age Group

Top 12 categories for first-ever digital purchases (%)



Shared categories among top 12, by age group



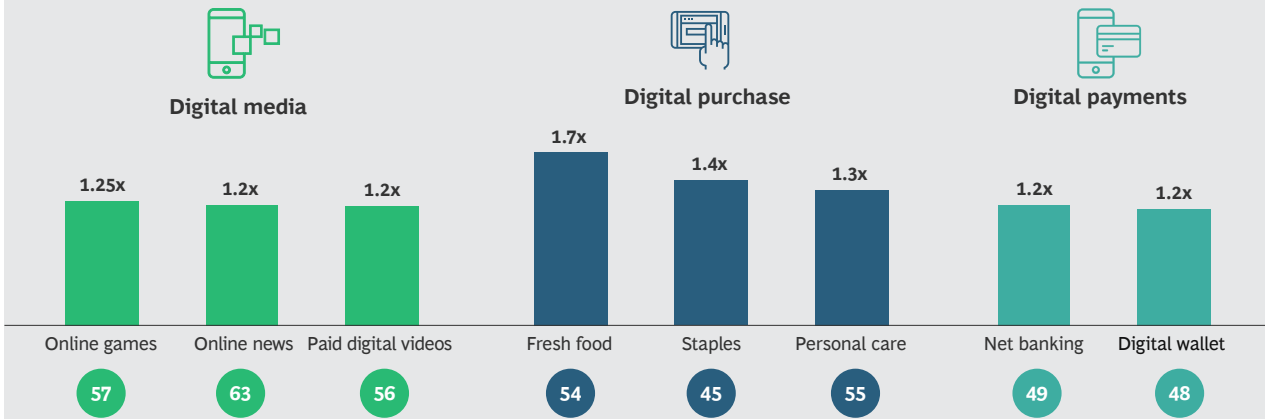
Source: BCG COVID-19 Consumer Sentiment Survey, April 20–24, 2020 (N = 1,046 Australia), unweighted, representative within ±3% of census demographics.

Note: Question asked was whether, in the previous 4 weeks, the respondent had used a digital channel (website/app) for purchase. The generational categories used are defined as follows: Gen Z and millennials, 18–36; Gen X, 37–51; baby boomers+, 52+.

¹Product and service categories that the Australian government deemed essential and left open during lockdown.

EXHIBIT 8 | In India, Consumers Are Moving to Significant Adoption Across Digital Activities with High Willingness to Continue in the Future

Increase in number of users (users over the previous month indexed to pre-COVID users)



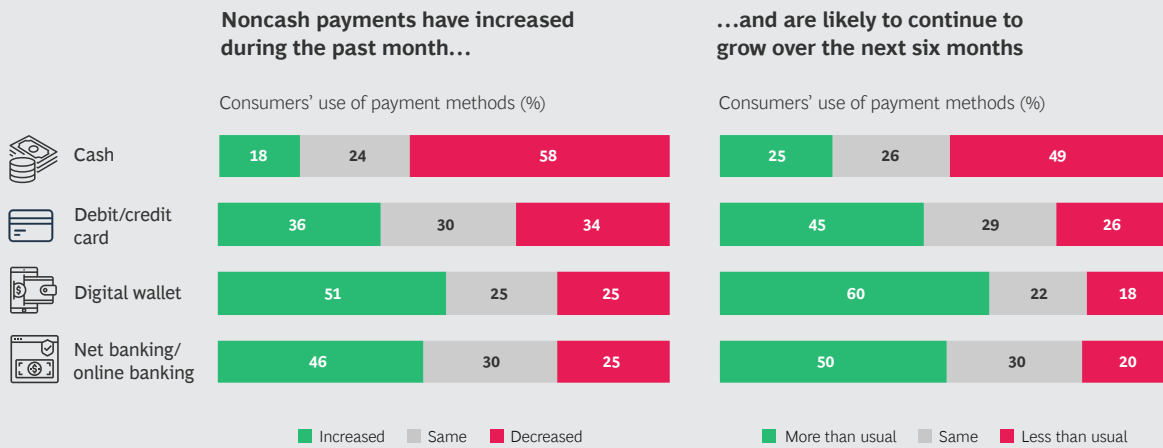
New users who are likely to continue in future¹ (%)

Source: BCG COVID-19 Consumer Sentiment Survey, April 17–20, 2020 (N = 2,324 India), unweighted. India sample is representative of the top 35% of the metro to tier 2 (towns above 5 lakh population; top ~100 cities) population in India.

Note: Question text: “How would describe your usage behavior in past 1 month (just before or post lockdown)?” tracked for “Willingness to continue in next 6 months.”

¹Scores listed are for “Very high willingness.”

EXHIBIT 9 | A Preference for Noncash Payments Is Emerging in India and Is Likely to Continue in the Future



Source: BCG COVID-19 Consumer Sentiment Survey, April 17–20, 2020 (N = 2,324 India). India sample is representative of the top 35% of the metro to tier 2 (towns above 5 lakh population; top ~100 cities) population in India.

Note: Question text: “How would you describe your usage behavior in past 1 month?” and “How do you expect your usage behavior to change in the next six months.”

supermarkets, and the government improve, probably as a result of their welcome actions in support of consumers during this difficult time—introducing such measures as drive-through testing facilities, telehealth services, and pickup and delivery services for older customers at supermarkets—and their proactive messaging about those actions. (See Exhibit 10.) We have also seen indications that patriotism is increasing significantly in Australia, as consumers express more interest in purchasing Australian brands despite those products’ often higher prices, perhaps motivated by a stronger inclination to support businesses that may be negatively impacted close to home. (See Exhibit 11.) As we continue to explore the impact of COVID-19 on consumer sentiment, it will be interesting to see whether this form of patriotism prevails in other countries as well.

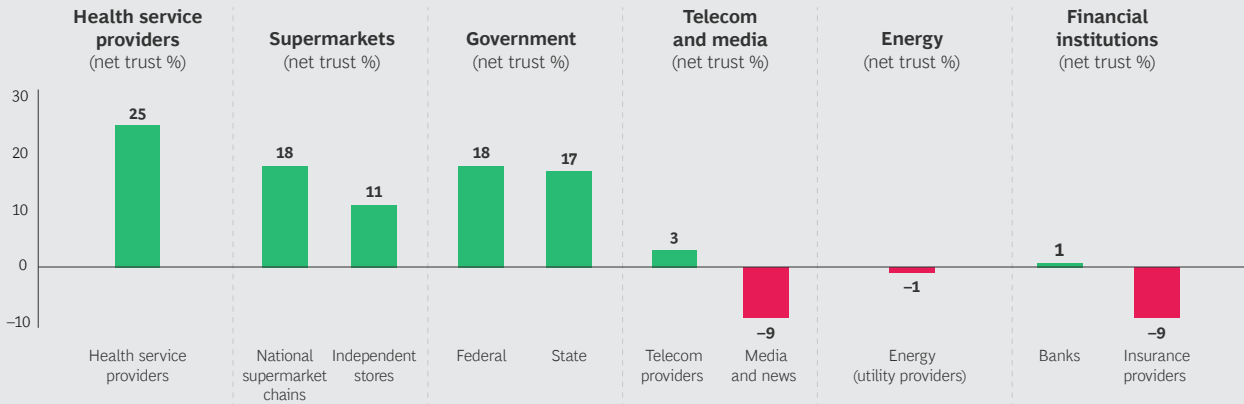
Looking Ahead

Like the SARS epidemic, the COVID-19 pandemic has accelerated the use of digital and e-commerce options across the Asia-Pacific set of countries we are tracking, opening up new opportunities for companies to engage with consumers and grow.

The situation may also create branding opportunities to build brand trust during the difficult days of COVID-19 through actions perceived as supporting or activating growth in local brands, in light of a potential surge in patriotism. Although COVID-19 continues to exert a significant drag on many businesses’ bottom lines, the prospect of opportunity out of adversity is very real. The challenge is to activate it.

Our next regular weekly Snapshot will look at the many leading data indicators (including but not limited to consumer sentiment) that companies need to track in order to assess the shape, size, and velocity of the recovery—a go-forward Demand Lighthouse.

EXHIBIT 10 | In Australia, Health Service Providers, Supermarkets, and Governments Have Enjoyed the Greatest Uplift in Trust in the Post-COVID-19 Period



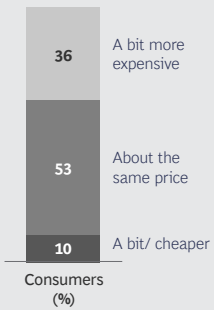
Net trust % = Percentage of consumers who said that they trusted the institution more in the past month than they did before COVID-19 *minus* the percentage of consumers who said that they trusted the institution less in the past month than they did before COVID-19

Source: BCG COVID-19 Consumer Sentiment Survey, April 20–24, 2020 (N = 1,046 Australia), unweighted, representative within ±3% of census demographics.

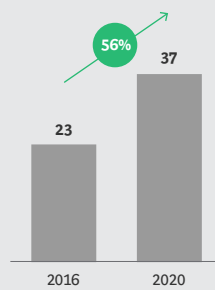
Note: Question text: “Thinking about last 1 month, what describes the shift in your opinion about trust on different institutions in Australia?”

EXHIBIT 11 | Australian Consumers Have Shown a Preference for Australian Brands During the COVID-19 Crisis, Despite Perceiving Them as More Expensive

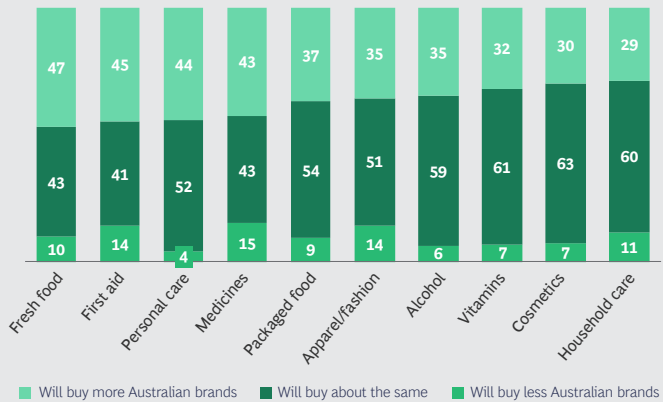
36% of consumers perceive Australian brands as expensive



Preference for Australian brands has increased by 56%



Consumers prefer Australian brands most often when buying fresh food, first aid, and personal care products



Source: BCG COVID-19 Consumer Sentiment Survey, April 20–24, 2020 (N = 1,046 Australia), unweighted, representative within ±3% of census demographics.

Note: Question text “Please select one option that best describes your opinion about Australian brands.” and “In the next one month how do you expect the choice of Australian brands to change?”

About the Research

BCG's COVID-19 Consumer Sentiment Snapshot series is based on data drawn from an online survey of consumers that is conducted every one to two weeks across multiple countries worldwide. Each Snapshot highlights a selection of insights from a comprehensive ongoing study that BCG provides to clients. The survey is produced by the authors, who are members of BCG's Center for Customer Insight (CCI), in partnership with coding and sampling provider Dynata, the world's largest first-party data and insights platform. The goal of the research is to provide our clients and businesses around the world with periodic barometer readings of COVID-19-related consumer sentiment and actual and anticipated consumer behavior and spending to inform critical crisis triage activities, as well as rebound planning and decision making. The research does not prompt consumers about the virus when asking many of the key questions, including questions about spending changes in the next six months, in order to avoid biasing the results. A team composed of BCG consultants and experts from CCI completes the survey analytics.

Acknowledgments

We would like to thank our key contributors for this article:

- **Japan:** Keiko Kihira, Hidemasa Maruzawa, Haruna Ikeda, and Akira Morita
- **Australia:** Indira Zaveri
- **India:** Ankur Jain, Sidharth Kapil, Isha Chawla, and Prashant Srivash

We appreciate the generous support that the following people have provided in producing COVID-19 research and the associated article series:

- **Practice leadership:** Rohan Sajdeh, Jean-Manuel Izaret, Niki Lang, Jason Guggenheim, Pranay Jhunjhunwala, and Stephane Cairole
- **In-market leadership:** In Europe, Julien Dangles; in Canada, Kathleen Polsinello; in China, Vincent Lui and Cinthia Chen; in emerging markets, Daniel Azevedo
 - **Global and US teams:** Dan Metzler, Andrea Mendoza, Madeleine Macks, Ariel Hudes, Christian Ueland, Lolly Buenaventura, Thomas Uhler, and Ian Irungu
 - **China team:** Roger Hu, Sherry Hong, and Florence Li
 - **Europe team (UK, France, Italy, Germany):** Gaby Barrios, Lea Turquier, and Raphael Estripeau
 - **Canada team:** Dan Bodley, Sebastiaan Peeters, Shawn Betel, and Maneka Chitiprolu
 - **Emerging markets team:** Flavia Gemignani, Patrick Witschi, Ademir Balena, Daniel Ferreira, and Maria Belderrain
 - **Knowledge team:** Kelsey Almaguer, Elena Loidas, Kosmo Karantonis, and Deepti Tyagi

We also thank BCG's Center for Customer Insight (CCI) team globally, Scott Wallace, and Dynata.

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