Consumer Concern about Global Outbreak of COVID-19

Consumers around the world are very concerned about COVID-19 and its impact. According to the GlobalData survey results, the percentage of consumers extremely concerned about the COVID-19 outbreak increased from 37 per cent in the second quarter of 2020 to 39 per cent in the third quarter of 2020. Furthermore, at least 85 per cent of survey participants indicated they are concerned about how COVID-19 will impact their country’s economic situation, which could affect their employment status and personal finances.

Impact on Consumer Products

The latest forecast from Global Data showed a decline of 3.9 per cent in consumer products for 2020 compared to baseline predictions, equal to 357.4 billion in lost revenue. Food will see a 2.5 per cent value growth in 2020 compared with baseline forecasts. This is driven by shelf-stable products, including canned and frozen foods. In contrast, “non-essentials” such as ice cream, as well as savoury deli foods and fish seafood have seen a decline in 2020 compared with baseline predictions.

All categories in the alcoholic drinks sector including beer, cider, wine, and spirits will experience double-digit declines compared with baseline forecasts. Non-alcoholic drinks will see a 7.8 per cent decline in 2020 compared with baseline forecasts. However, fruit powders and liquid fruit drink mixes will see marginal growth in 2020 compared to baseline forecasts. Household goods are forecasted to perform above their 2020 baseline predictions. Furthermore, personal care products such as cosmetics will decline by 13.8 per cent in 2020, likely because of the lockdowns around the world, where a shift to working at home and a reduced social life are driving down sales of make-up and perfumes. In contrast, personal and oral hygiene can expect to be relatively stable compared to the 2020 baseline.

Impacts of COVID-19 on Consumer’s Shopping Behaviour

According to Euromonitor, online shopping is the top consumer choice for purchasing products this year. Consumers’ confidence in e-commerce has grown dramatically thanks to a new shopping learning experience where checkout-free, curbside delivery, virtual brand engagements, supermarket membership, contactless payments and new shopping apps are helping consumers adapt their lifestyles and consumption habits. Latest trends in consumer shopping habits in North America suggest stockpiling is coming back due to new lockdowns; however, consumers have been more cautious this time and they are closely watching their expenses. Fear of the new economic forecast is part of the reason.

The Business Development Bank (BDC) has indicated in its October study “Consumer trends to shape the future” that Canadian consumer trends have shifted. Canadians are buying local to support the economy and purchasing healthy products and customized goods they have researched online. The five consumer trends identified by the BDC are:

- **The buy-local movement**: consumers are supporting local economies, prioritizing their own provincial or made in Canada products.

- **Rising health awareness**: with a large ageing population, Canadians are more conscious about wellness and ergonomically designed products. According to BDC, “Half of Canadians consider the health impact of a product when making purchasing decisions and one-third are willing to pay a premium for healthy products.” KPMG has identified Canada’s baby boomers population as a new market segment in online shopping.

- **Frugality**: Canadians are more cautious about spending. This is likely because as the baby boomers retire, more Canadians will be living on a fixed income.
• **The desire for customized goods:** consumers are very clear about what they need and want; the technology that helps them achieve their goals.

• **The impact of the internet:** consumers are conducting research and buying online as e-commerce continues to grow, and online reviews are influencing purchasing decisions. KPMG indicated that 66 per cent of Canadians have increased their online shopping habits during COVID-19. Euromonitor projects that the volume of goods sold via e-commerce will expand by a 12 per cent CAGR* over the 2019–2024 period, while the growth of store-based retailing will remain relatively flat.

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* Compound Annual Growth Rate – CAGR

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