



Executive
Perspectives

How COVID-19 Changed the Consumer

October 2021

A background image showing a hand holding a credit card over a laptop screen, with a dark overlay on the left side.

BCG Executive Perspectives

IN THIS DOCUMENT

CONSUMER SENTIMENT DRIVES LASTING DEMAND SHIFTS

The Delta variant of COVID-19 disrupted plans for a smooth recovery. In places such as the US, it caused dips in consumer confidence. Consumers in emerging markets have a relatively positive outlook and were less taken by surprise by the Delta wave.

Globally, the pandemic has accelerated behaviors that became habits—driving a long-lasting shift toward e-commerce, digital, and in-home activities. This unlocked a shift in supply-side economics, which in turn has further supported adoption. The behaviors and activities are likely to be long-lasting even as restrictions are lifted, creating a new environment that businesses need to learn to play in.

COMPANIES MUST EMBRACE CHANGE IN THEIR SPACE

While different product categories have been impacted by the pandemic in different ways, some are emerging as long-term winners, while others see a risk of lasting negative impact.

Instead of trying to salvage prepandemic ways of doing business, companies must accelerate growth by embracing new assumptions, uncovering consumer needs and opportunities to differentiate, and innovating on product, service, and channel offerings aligned to the new behaviors.

COVID-19 has impacted consumer sentiment and behaviors worldwide

Vaccine demand

87%

Of respondents in Brazil say they would **get the vaccine** when they are able to **access** it

Uncertain future

57%

Of US respondents believe **variants** such as Delta are the cause of a **prolonged pandemic**

Online spending

45%

Of respondents in Japan saw an **increase in online spending** during the pandemic

Lasting changes

39%

Of respondents in Sweden believe they will **permanently increase** their use of parcel delivery

Reduced purchasing

-15%

Change in stated **household spending** in India

Summary

How COVID-19 Changed the Consumer

1	CONSUMER TRENDS	<ol style="list-style-type: none"> 1 Delta variant has caused dips in consumer confidence in US, whereas emerging markets are relatively positive despite the prolonged pandemic 2 Consumers are increasingly engaging in activities, with vaccines critical for return to normalcy 3 As first-time users increase adoption of digital, sticky behaviors emerge 4 Newly formed habits during the pandemic support a lasting move toward digital and in-home activities 5 Increased demand for select digital services has driven a shift in supply-side economics, which in turn can further support customer proposition, adoption, and habituation 6 COVID-19 has seen a rise in consumer consciousness on matters like sustainability
2	IMPLICATIONS FOR LEADERS	<p>Reset assumptions for categories with sustained impact and capitalize on shifting demand to outcompete laggards and reestablish new baselines. To do that, deeply understand customers' needs and new behaviors, employ demand sensing, and drive innovation in products, channels, and business models based on new trends</p>
3	CATEGORY OUTLOOK	<p>As COVID-19 persists, some categories emerge as long-term winners, while others see a risk of lasting negative impact</p> <ol style="list-style-type: none"> 1 Home improvement: surge in 2020 (forward buying) followed by decline in 2021; set to recover to pre-COVID levels 2 Pet supplies and services: sustained postpandemic growth expected, driven by structural shift in pet ownership 3 Luxury: adaptation to customer preferences and spending of accumulated wealth likely to lead to quick recovery 4 Restaurants: pent-up demand and lifting of restrictions as lockdowns ease will likely lead to rapid rebound 5 Travel: expect high near-term demand in leisure travel with potential structural changes in business travel 6 Entertainment: lasting shift to streaming and gaming likely to cause a drawn-out recovery path for movie theaters



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AGENDA

HOW COVID-19 CHANGED THE CONSUMER

- ✓ Consumer sentiment and other key trends
- ✓ Implications for leaders
- ✓ Outlook for select categories

UPDATED ANALYSES AND IMPACT

Epidemic progression and virus monitoring

Economic and business impact

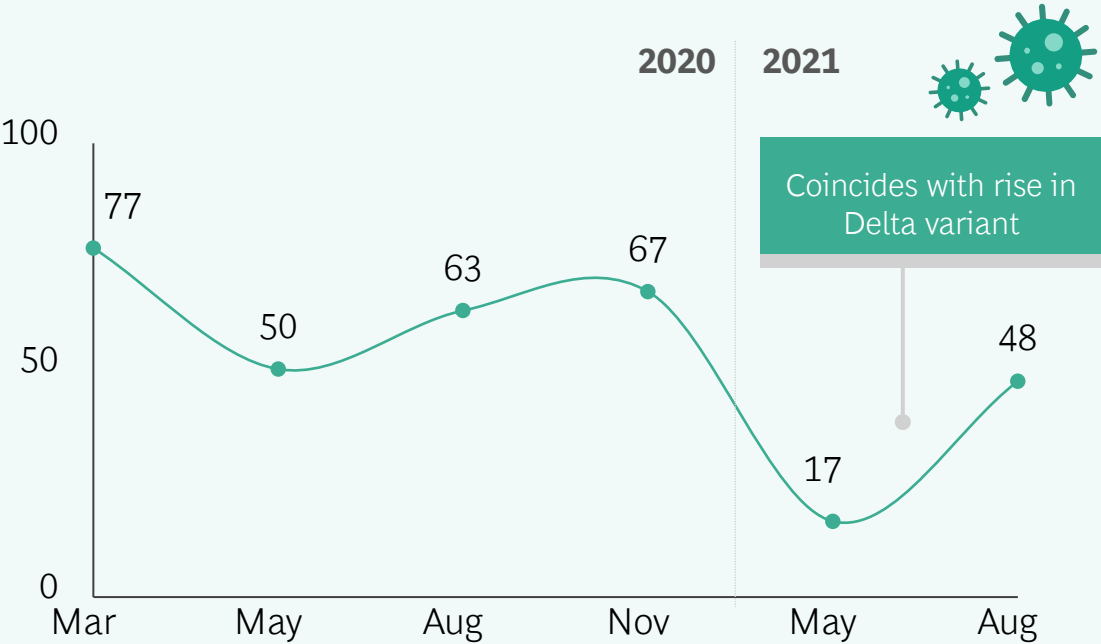


1.1

Delta variant has caused a dip in consumer confidence in the US, while emerging markets remain resilient despite prolonged pandemic

US consumers feared the worst was ahead with the rise of Delta variant in August...

% of US respondents agreeing that the worst of COVID-19 is still ahead



...whereas emerging markets have improving outlook despite prolonged pandemic

56%

Of consumers in China believe things are "already back to where they should be"¹

81%

Of Vietnamese consumers expect life to go back to normal by end of 2021²

63%

Of Saudi Arabian consumers think recovery will occur by end of 2022¹

1. Countries most optimistic about economic recovery from the pandemic, World Economic Forum Aug 2021. 2. Survey conducted by Singapore United Overseas Bank (press release: VNE Express International, Sep 2021)
Sources: BCG US COVID-19 Consumer Sentiment Survey (August 2021), BCG CCI Consumer Sentiment Research on Emerging-Market Consumers (July 2021). (Samples ranged from 1,000 to 1,500 respondents per country, depending on population.)



1.2

Consumers are increasingly engaging in activities, with vaccines critical for return to normalcy

Consumers continue to increase activities even though they state concerns



Increase in concern¹
May vs. August 2021

Taking a domestic flight



Dining indoors at a restaurant



Going to the gym



% of US consumers concerned with doing the activity

71% to 76%
↑ +5 pp

60% to 67%
↑ +7 pp

69% to 74%
↑ +5 pp



Change in activity²
May vs. August 2021

Net stated change in US consumer habits (compared with before COVID-19) from May to August

-67% to -58%
↑ +9 pp

-61% to -52%
↑ +9 pp

-53% to -43%
↑ +10 pp

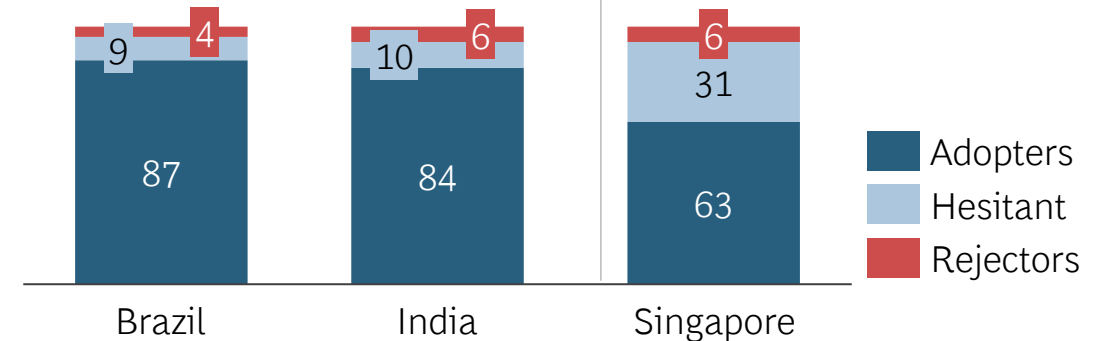
Vaccines are important for gathering safely; emerging markets show high acceptance

~50%

Of US respondents who stated that **increased vaccination** is the top requirement for them to safely gather indoors without masks³

Emerging markets, especially those with **serious outbreaks**, show **high levels of vaccine acceptance**

Vaccine acceptance by respondents (%)⁴



1. "How concerned would you be about doing any of the following today?" Includes % of people who were either concerned but would do or concerned and would not do. 2. "Which of the following best describes how much you are doing each of the following activities today compared with before the COVID-19 pandemic?" Net change in consumer's activity levels in May/August 2021 vs. before COVID-19, where "Net change" is the difference between the percentage of respondents who are doing more of the activity and the percentage of respondents who are doing less of the activity. Excludes "Not applicable" data. 3. "Which of these are required for you to participate in any large (>15 people) indoor gathering without masks?" 4. "Adopters" responded "Yes, I would be willing to take the vaccine," "Hesitant" responded "I am not sure, I may/may not take the vaccine," "Rejectors" responded "I would not be willing to take the vaccine." Sources: BCG US COVID-19 Consumer Sentiment Survey (August 2021) (n = 4,820, unweighted, representative within ±3 percentage points of the US census), BCG CCI Consumer Sentiment Research on Emerging-Market Consumers (July 2021) (data from late May through early June 2021; sample ranged from 1,000-1,500 respondents per country, depending on population).

1.3 As first-time users increase adoption of digital, sticky behaviors emerge

Many first-time users rapidly increasing adoption of digital tools/services...



50%

In emerging markets indicated expanded usage of **online retailers** compared with before pandemic¹



51%

Reported growing usage of **digital wallets** compared with before pandemic



52%

Indicated a rise in subscription to **streaming apps** compared with before pandemic

...similar to lasting e-commerce adoption after SARS in China

“ SARS outbreak “came to **represent the turning point** when the internet emerged as a truly mass medium in China”²

“ Many turned to Alibaba's **online business to source Chinese goods** as countries issued travel warnings for businessmen traveling to China during SARS”³

“ Alibaba's B2B e-commerce business added 4,000 new members and 9,000 listings each day, **a 3-5x increase over pre-SARS rate**”³

1. Respondents were asked to indicate how much they are doing each of the activities today compared with before the COVID-19 pandemic. 2. “Alibaba: The House That Jack Ma Built” by Duncan Clark – quoted by CNBC.
3. How SARS Led to the Birth of China E-Commerce, *Jing Daily*. Sources: BCG CCI Consumer Sentiment Research on Emerging-Market Consumers (July 2021), Statista, Euromonitor Sept 2021



1.4

Newly formed habitual behaviors during the pandemic support a lasting move toward digital and in-home activities

Consumers have developed new preferences and habits through the pandemic...



67%

Of US employees want a **remote/hybrid work model** post-COVID-19



18%

Of US consumers **moved locations** since the start of COVID-19, often seeking better quality of life and more space



↑ +21%

Net increase in US consumers who **exercise at home with equipment** vs. prepandemic

...which have resulted in a lasting shift for certain activities and services



+40%

Net change in US consumers planning to increase¹ their **ordering of food delivery today** vs pre-COVID-19



+28%

Net change in US consumers who reported an increase¹ in **spending on household products** vs pre-COVID-19



+27%

Net change in US respondents planning to **increase shopping online for non-essentials**^{1,2}

1. Net change in US consumers expressing that they are planning to increase spending vs decrease it. 2. Non-essentials include all items such as electronics, sports equipment, other classes of impulse purchases
Source: BCG COVID-19 Consumer Sentiment Survey, Aug, 2021 (n = 4,558-4,820, unweighted, representative within ~3 percentage points of the US census)
Note: Question text: "Which of the following best describes how much you are doing each of the following activities today compared with before the COVID-19 pandemic?" and "Think ahead to 2022, after the COVID-19 pandemic is fully over. Using your best estimate, how much do you think you will do each of the following activities compared with before the COVID-19 pandemic (i.e., 2019)?" Net = Percentage of respondents doing a little or a lot more minus percentage doing a little or a lot less or have not resumed. (n varies by activity for May and August)

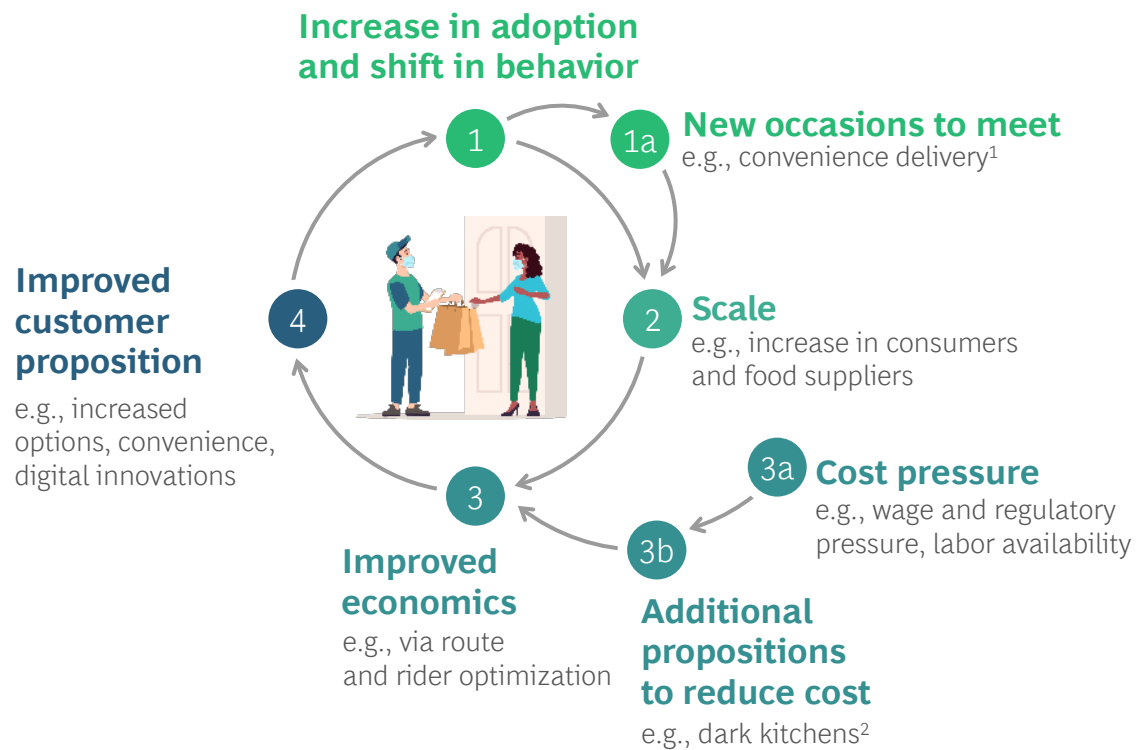


1.5

Increased demand for select digital services unlocked a shift in supply-side economics, which in turn can further support adoption

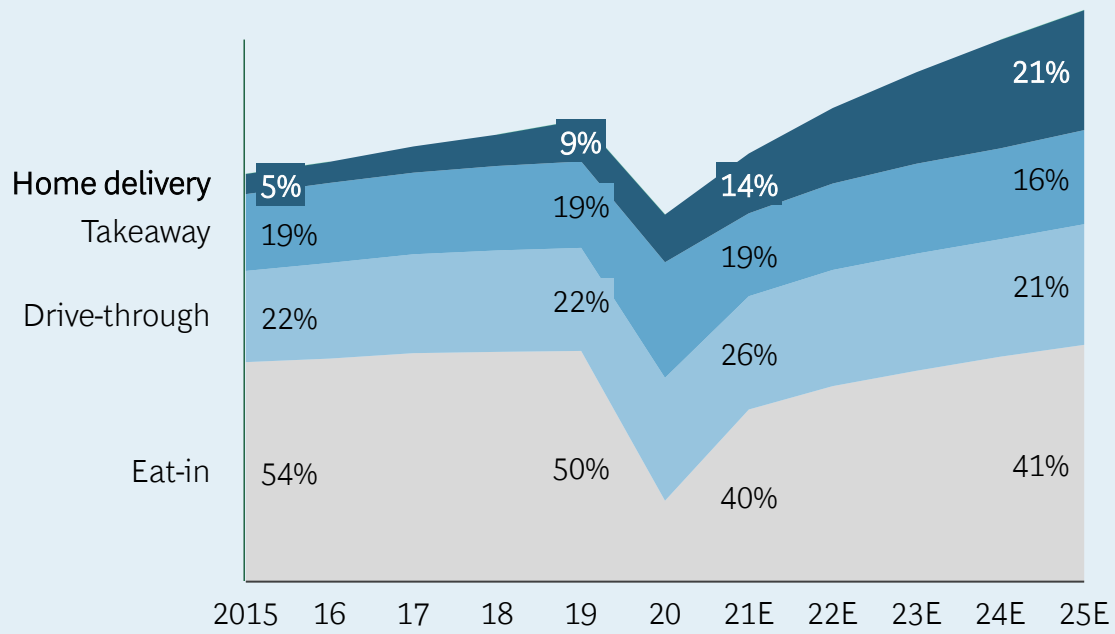
Adoption and stickiness improved scale and supply economics, enhancing customer proposition

E.g., Food service, home deliveries



...for example: resulting in expected sustained increase in off-premises sales channels for food

Total US food service spending (\$B)



1. Fast delivery of selection of convenience products (e.g., focusing on certain occasions, cooking-ingredients baskets, party baskets, etc.; sometimes leveraging micro-fulfilment centers, etc.);
2. Efficient production units without a storefront/opportunity to dine-in, which sell meals exclusively through delivery
Source: BCG analysis, Euromonitor, Morgan Stanley Research 2020

1.6 COVID-19 has seen a rise in consumer consciousness on matters like sustainability

23%



Of consumers say they are buying **more environmentally sustainable products today** compared with pre-COVID-19 pandemic¹

60%



Of consumers believe that **climate change should be highly prioritized**³



28% of consumers stated they **spend more on groceries** that are environmentally friendly, sustainable, and/or ethical²



23% say they are **buying more organic food today** than before the pandemic¹



23% indicate that they **spend more on home supplies** that are environmentally friendly or sustainable²



56% of consumers stated that the pandemic enabled them to reflect on their **impact on the planet**³



21% are **drinking more from reusable water bottles** than before the pandemic⁴



23% say they are using **more reusable grocery bags**⁴

1. Question text: "Which of the following best describes how much you are doing each of the following activities today compared with before the COVID-19 pandemic (i.e., 2019)?" 2. Question text: "How has your spending changed for environmentally friendly, sustainable, and/or ethical products today compared with pre-COVID-19?" 3. Question text: "You indicated that you changed your behavior/attitudes/beliefs about sustainability at some point during the COVID-19 pandemic. Please indicate why." 4. Question text: "Which of the following best describes how much you are doing each of the following activities today compared with before the COVID-19 pandemic (i.e., 2019)?"
Source: BCG COVID-19 Consumer Sentiment Survey, May 2021. (N = 4,558, unweighted, representative within ~3% of the US census)

Implication for leaders | Capitalize on shifting demand and win consumer needs to outcompete laggards and reestablish new baselines



Deeply understand customer needs

- 1 Build **data-driven understanding** of drivers of consumer choice
- 2 **Size** how customer needs, perceptions, and behaviors have evolved; **monitor closely for additional shifts**
- 3 Embed understanding in **defining "where to play"** and **differentiate**



Employ demand sensing

- 4 Develop **fully automated and self-learning tools** to forecast demand based on many demand signals
- 5 Use more **precise demand forecasts** to improve planning for labor, inventory, sourcing, etc.



Drive innovation based on new trends

- 6 Innovate offerings to **capture new customer demand**
- 7 Reimagine **end-to-end customer journeys**, centered around **digital interactions**
- 8 Develop **new revenue streams**, leveraging cross-industry business models

In the news | Consumer recovery continues to be localized, with the pandemic accelerating behaviors and adoption of certain activities



The Delta variant is keeping the US economy from getting back to normal



Delta variant set to slow but not derail global economic recovery



Restaurateurs embrace ghost kitchens in a COVID world



Retail sales increased slightly in August, highlighting inconsistency of consumer spending as behavior swings



Delta variant clouds developing Asia's growth outlook



Southeast Asia has added 70 million online shoppers since the beginning of the pandemic



China slowdown worsens as COVID outbreak exposes consumer weakness and economy loses momentum



Rise in e-comm platforms resulting in growth of digital audience

As the pandemic persists, some product categories emerge as long-term winners, while others see a risk of lasting negative impact

Winners

Positive impact during COVID-19

Shorter-term shift (1-3 years)¹

Pandemic spike

Examples: Home improvement, grocery (e.g., cereals), health insurance*

Longer-term shift (3+ years)¹

Sustained growth

Examples: Pet supplies and services, in-home entertainment*, delivery/takeout, household cleaning*

Losers

Negative impact during COVID-19

Temporary decline

Examples: Leisure travel, restaurants*, fashion and luxury**

Drawn-out recovery

Examples: Public transport, business travel, movie theaters**

Categories facing temporary shifts can take advantage of change and those seeing sustained impacts should reset assumptions and scale

** Category deep-dives on next few pages- categories exemplifying pronounced shifts due to sticky adoption, habituation, and shifts in supply economics*

Examples are illustrative and recovery paths may differ by region

1. Approximate timelines to return to prepandemic consumption level.

Sources: BCG CCI Consumer Sentiment research; sample ranged from 1,000 to 1,500 respondents per country, depending on population; BCG COVID-19 Consumer Sentiment Survey, March 2020–August 2021 (n = 2,000–4,820, unweighted, representative within ~3 percentage points of the US census)



3.1

Home improvement: demand surged in 2020 as consumers "forward bought," followed by 2021 decline – market likely to recover by next year

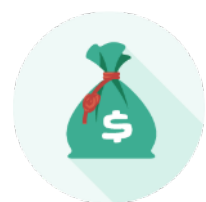
Home improvement sales temporarily grew in 2020 amid lockdowns and uncertainty



As consumers spent more time indoors, they invested resources in improving their homes

13% growth in US sales of home improvement products from **2019 to 2020**

Select US retailers reported sales growth of **24% in 2020** vs. prepandemic levels



Early in the pandemic, consumers "forward bought" home improvement products

2021 expected sales are lower than 2020 as majority of consumers completed large upcoming home projects during the pandemic

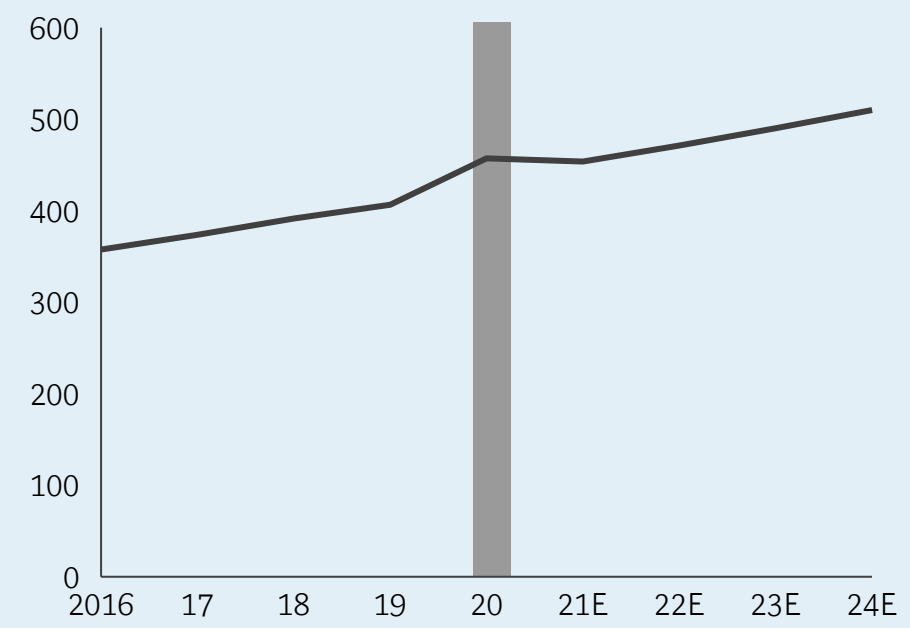


Growth rate to return to pre-COVID-19 trend in the long run

93% of consumers expect to increase or maintain current levels of involvement in home improvement projects

Category set to decline in the short term, followed by pre-COVID-19 growth trajectory

Home improvement market, US (\$B¹)



1. Annual data and projections; Source: Statista, State of Retail Survey 2021: How Consumers Are Shopping in the "New Normal"



3.2 Pet supplies and services: category emerged as a winner through the pandemic, with sustained postpandemic growth expected

Increased adoption of pets and growth of e-commerce sales provide strong outlook for category



Consumers sought companionship as they spent more time at home

Adoption rates at animal shelters **jumped as much as 40%** in 2020 over the previous year¹

>10% of consumers adopted pets during COVID-19, and the majority of adoptions **were unplanned**²



Large pet-owner community drove up demand for pet supplies and services

19% of consumers spend more now on pet supplies and services vs. prepandemic and **20% expect to spend more post-COVID-19**

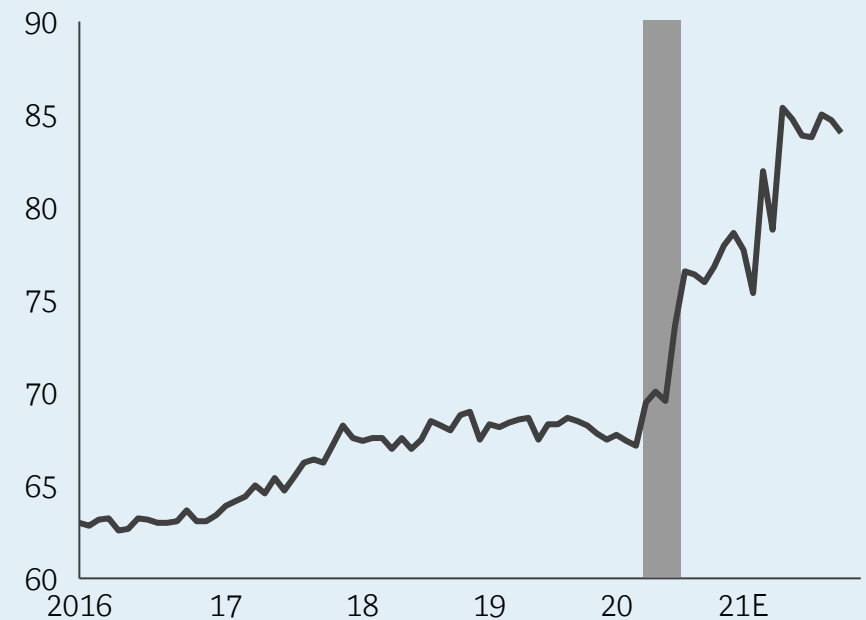


Postpandemic, continued growth of e-commerce sales and offerings of pet supplies and services expected

46% rise in sales of a US pet retailer's online platform³

Pet supplies and services expected to continue growth postpandemic

US pet and pet products (\$B)⁴



1. Reuters: US pet adoption still strong as cats, dogs melt stress. 2. Question text: "Did you purchase/adopt any animals as pets (dog, cat, etc.) between March 2020 and today?" and "Thinking about the last pet you purchased/adopted, was this decision planned before the start of the COVID-19 pandemic (March 2020)?" 3. Cision PR Newswire: Insights on Pet Care E-Commerce Global Market; 4. Monthly data Source: BCG COVID-19 Consumer Sentiment Survey, May 20-23 and Aug 6-8, 2021 (n = 4,558-4,820, unweighted, representative within ~3 percentage points of the US census). Note: Question text: "Think ahead to 2022, after the COVID-19 pandemic is fully over. How do you expect your spending to change compared with your spending before the COVID-19 pandemic (i.e., 2019)?" Net = Percentage of respondents spending a little or a lot more minus percentage spending a little or a lot less. (n varies by activity for May and August; Recovery path: BEA, NBER, BCG Center for Macroeconomics)



3.3

Luxury: industry's adaptation to consumer preferences and customer spending of accumulated wealth likely to lead to a quick recovery

Luxury adapted to the shift globally, with innovative sales channels and models



COVID-19 accelerated the channel-mix shift to online

~85% of journeys to start online by 2023e (vs ~60% pre-COVID-19)

35-50% growth seen by **digital-native** multibrand platforms¹



New purchase channels leveraging COVID-19 digital uptake

18% of luxury consumers bought a luxury item that they saw in **virtual online games**

32% made a purchase during or **immediately after an online livestream shopping session**



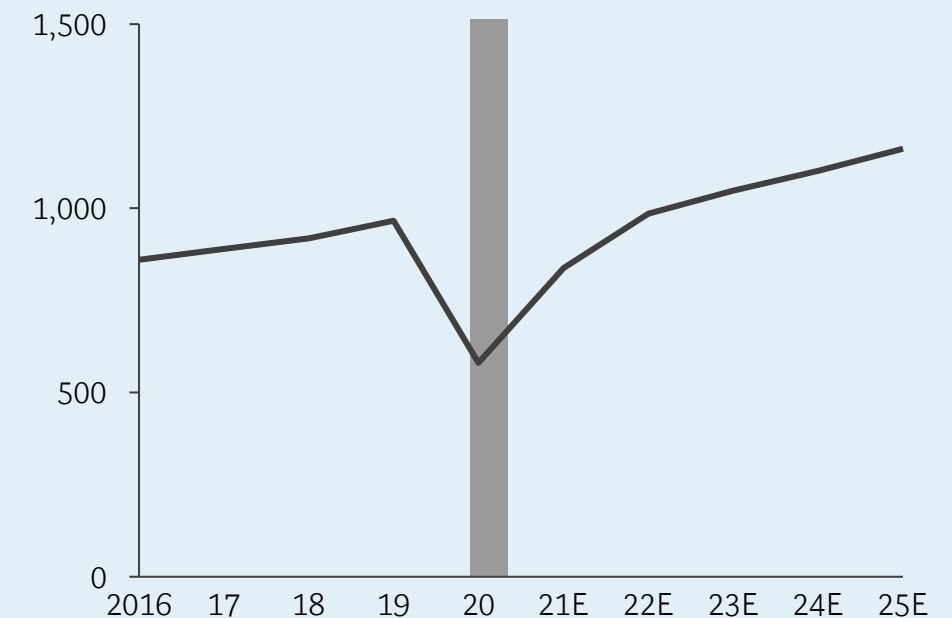
Although in early stages, new revenue models are emerging

18% of consumers interested in **renting luxury items**

25% of consumers willing to **buy secondhand luxury goods**

Wealth accumulation in the US and China likely to help luxury rebound in 2022

Global luxury market (personal and experiential), €B²



1. One year to Jan 2021; 2. Annual data

Source: BCG Altagamma 2021 - True-Luxury Global Consumer Insights; Second Measure [Bloomberg] syndicated transaction data; Ascential Edge Saks retail data; BCG analysis



3.4

Restaurants: pent-up demand and lifting of restrictions as lockdowns ease will allow for a rebound to pre-COVID-19 levels in a few years

Pent-up consumer demand and lifting of restrictions provide a positive outlook for the restaurant industry



Demand likely to increase in the near term as the pandemic recedes and restrictions ease

25% of consumers would go out to eat much more frequently post-COVID-19 vaccine

A state with **low restriction index¹ (RCI) of ~0.4** recorded **25% increase in restaurant sales** compared with 2019 vs state with **RCI of 1.0** recorded **dip of 25%** in sales

Dining in (especially casual dining) **has shown recent momentum** since restrictions eased



Restaurants are adapting during the pandemic

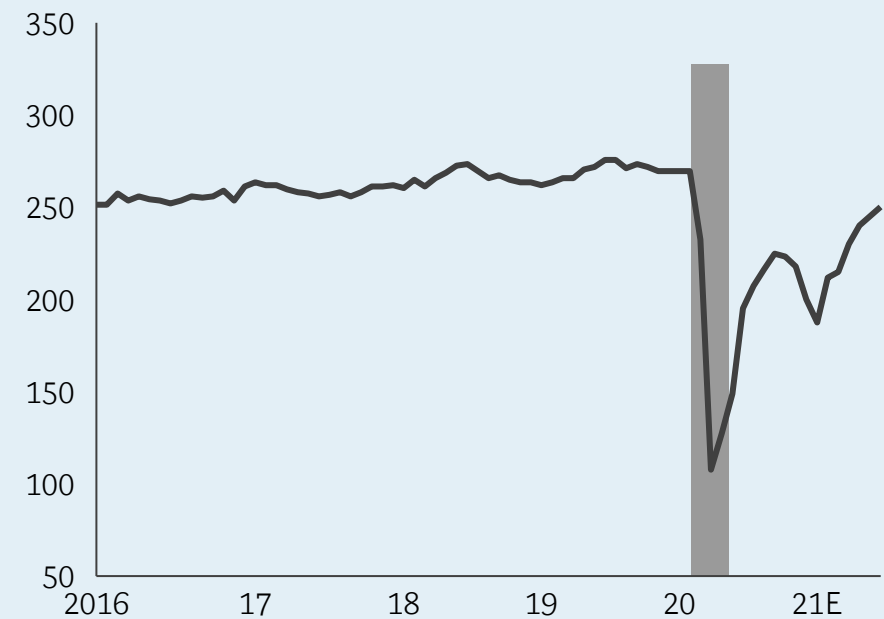
Tracking foot-traffic to optimize their open hours to best serve demand

Increasing **consolidation** including among franchisees

Driving demand with **innovative promotions**

Quick recovery (by end of 2022 or 2023) to pre-COVID-19 levels expected for the industry

US restaurant industry (\$B)²



1. Restriction Index (RCI) records the strictness of "lockdown style" policies that primarily restrict people's behavior; 2. Monthly data dining in
Source: RCI data as of April 2021, SecondMeasure, CDC, US Census; MillerPulse, UBS Evidence LAB, Recovery path: BEA, NBER, BCG Center for Macroeconomics



3.5 Travel: expect high near-term demand in leisure travel with potential structural changes in business travel



Likely ~10-20% structural decline of business travel driven by focus on flexibility, cost, and sustainability

- 66% of employees in favor of flexibility to work from anywhere
- 84% of organizations plan to **spend less on travel** postpandemic¹
- 50% of companies placed higher priority on **travel sustainability and reducing emission** in the past 12 months

Positive trends (e.g., collocation for training, affiliation, retention, selling) and new airline practices (e.g., travel risk management for corporates, carbon offset vs SAF) unlikely to make up for decline



Pent-up demand, desire to treat oneself, and accumulated wealth are fueling quick recovery of leisure travel

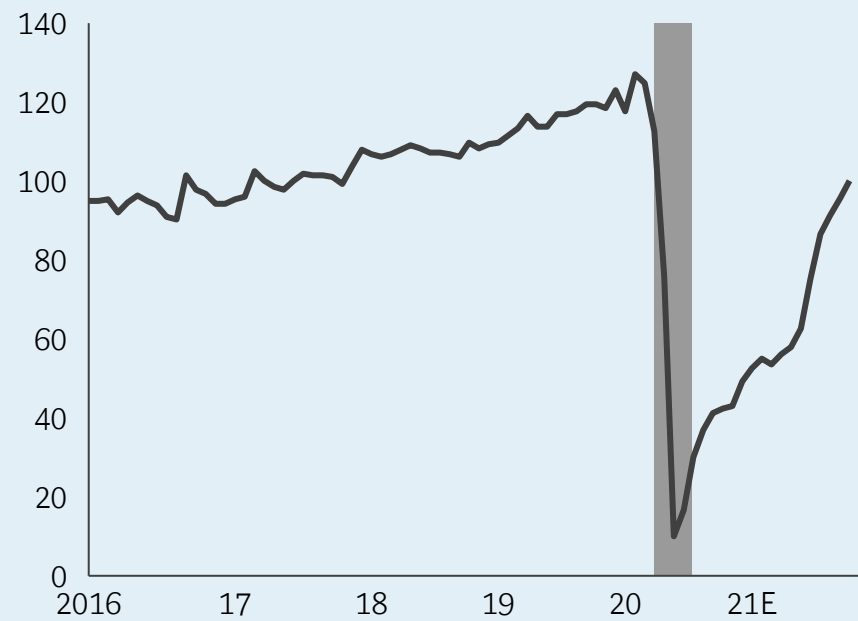
- 35% consumers expect to **spend more on leisure travel** after COVID-19
- 60% to 69%² "can't wait to start traveling again"³

US domestic leisure volumes² were **>100% of 2019** - with party sizes increasing, fare values rising, and booking curves recovering

Leisure travel could play an important role in helping reset attitudes and habits, which could partly support business travel's drawn-out recovery – but company policies and decision making remain critical

Quick recovery of leisure travel to compensate for structural decline of business travel

US airline transport market (\$B)⁴



1. Bloomberg survey of 45 large companies in the U.S., Europe, and Asia, Sept 2021; 2. Forward ticketing; 3. This range reflects the variation in percentages among France, Italy, the UK, and the US. 4. Monthly data Source: BCG COVID-19 Consumer Sentiment Survey, May 20–23 and August 6–8, 2021 (n = 4,558–4,820, unweighted, representative within ~3 percentage points of the US census), Bloomberg 2021, Skift, BCG analyses



3.6

Entertainment: lasting shift to online streaming and gaming likely to cause a drawn-out recovery path for movie theaters

Movie theaters suffered as lockdowns were imposed and alternative entertainment sources grew



Consumers increasingly spent more time at home

+29% of US consumers spend more on **in-home entertainment** vs. before pandemic



Consumer preference for streaming and video games grew

+52% of US consumers indicated increase in **subscription to streaming** apps compared with before pandemic

4 out of 5 US consumers played a video game in the past six months¹; in China gaming **rose by 37%** in the past year

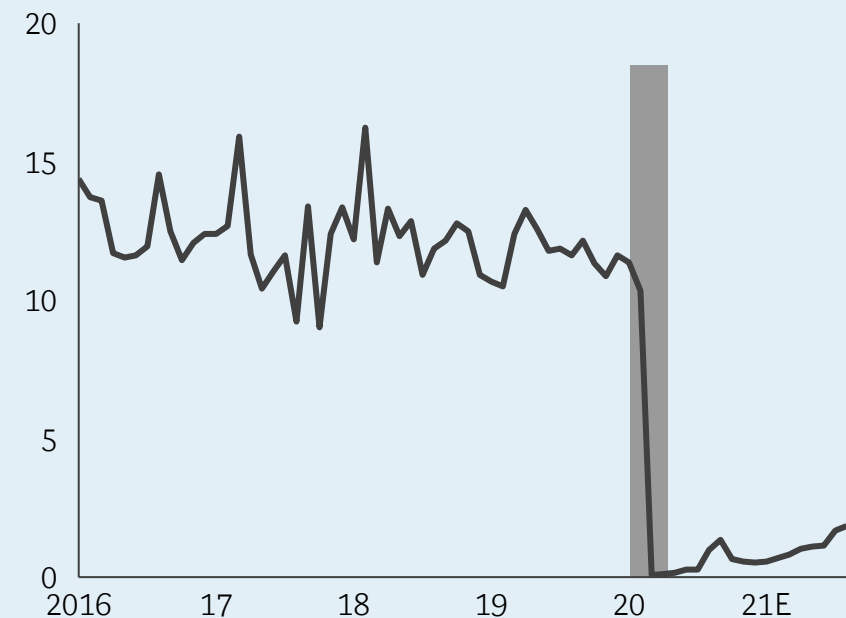


Movie theaters faced additional supply pressures

Popular streaming service debuted several hit movies **exclusively on its online platform**

Demand stagnating and switch of content supply to streaming likely to cause a structural decline

US movie theater market (\$B)²



1. BCG-Altgamma true-luxury global consumer insight survey Mar/Apr 21 (12K respondents in 12 countries), expert interviews; 2. Monthly data
Note: Question text: "Which of the following best describes how much you are doing each of the following activities today compared with before the COVID-19 pandemic?"
Source: BCG COVID-19 Consumer Sentiment Survey, May 20-23 and Aug 6-8, 2021 (n = 4,558-4,820, unweighted, representative within ~3 percentage points of the US census),
Recovery path: BEA, NBER, BCG Center for Macroeconomics



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Epidemic progression and virus monitoring

Economic and business impact

Summary dashboard

As of 1 October 2021

To be updated in forthcoming editions

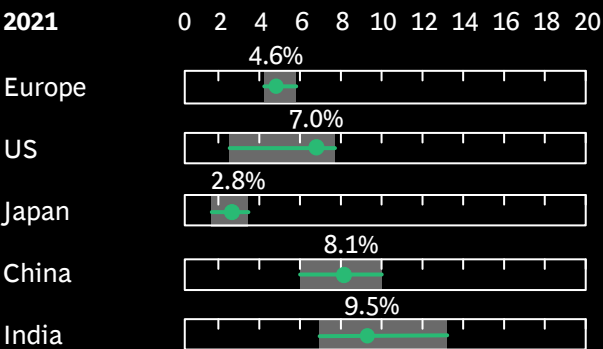
Epidemic Progression

Global epidemic snapshot

		234M	18.4M	4.8M	6.2B	
		# of cases	# of active cases ¹	# of fatalities	Vaccine doses administered	
			Jun	Jul	Aug	Sep
Month-on-month growth of new cases ²	Americas		1.0x	0.9x	1.4x	0.9x
	Europe		0.6x	2.5x	1.1x	1.0x
	Asia ³		0.4x	1.3x	1.3x	0.7x

Economic Impact

GDP forecasts (YoY%)



Consumer Activity

Mobility

		Jun	Jul	Aug
Mobility ⁶ (month vs. Jan '20)	US	-11%	-11%	-11%
	Europe	-7%	-6%	-7%
	Japan	-11%	-11%	-15%
Domestic air travel tickets booking ^{7,8} (YoY)	US	103%	131%	103%
	UK	217%	91%	101%
	China	40%	35%	-31%

Sales

Retail goods sales ⁹ (excl. auto & fuel, YoY)	US	17%	13%	
	Europe ¹⁰	5%	4%	
	China ¹¹	12%	9%	3%
Passenger vehicle sales ¹² (YoY)	US	17%	5%	-17%
	Germany	24%	-25%	-23%
	China	-14%	-10%	-15%

Business Impact

Stock market performance

02 Jan '20 vs Month end	Jun	Jul	Aug
S&P500	32%	35%	39%
FTSE100	-7%	-8%	-6%
CHN SSE	16%	10%	15%
Volatility Index (S&P500) ¹³	1.3x	1.5x	1.3x

International trade

Trade value ¹⁴ (YoY)	US	37%	22%	
	France	33%	12%	
	China	34%	23%	

Industrial production

Purchasing manager's index ¹⁵ (base = 50)	US	62	63	61
	Germany	65	66	63
	China	51	50	50

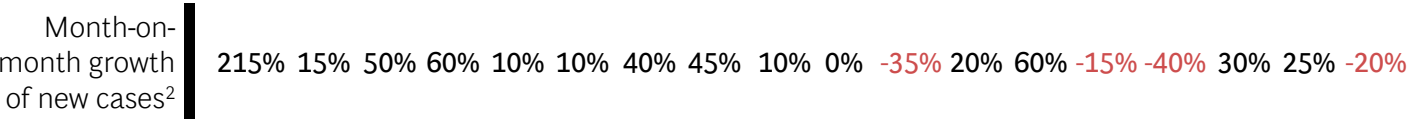
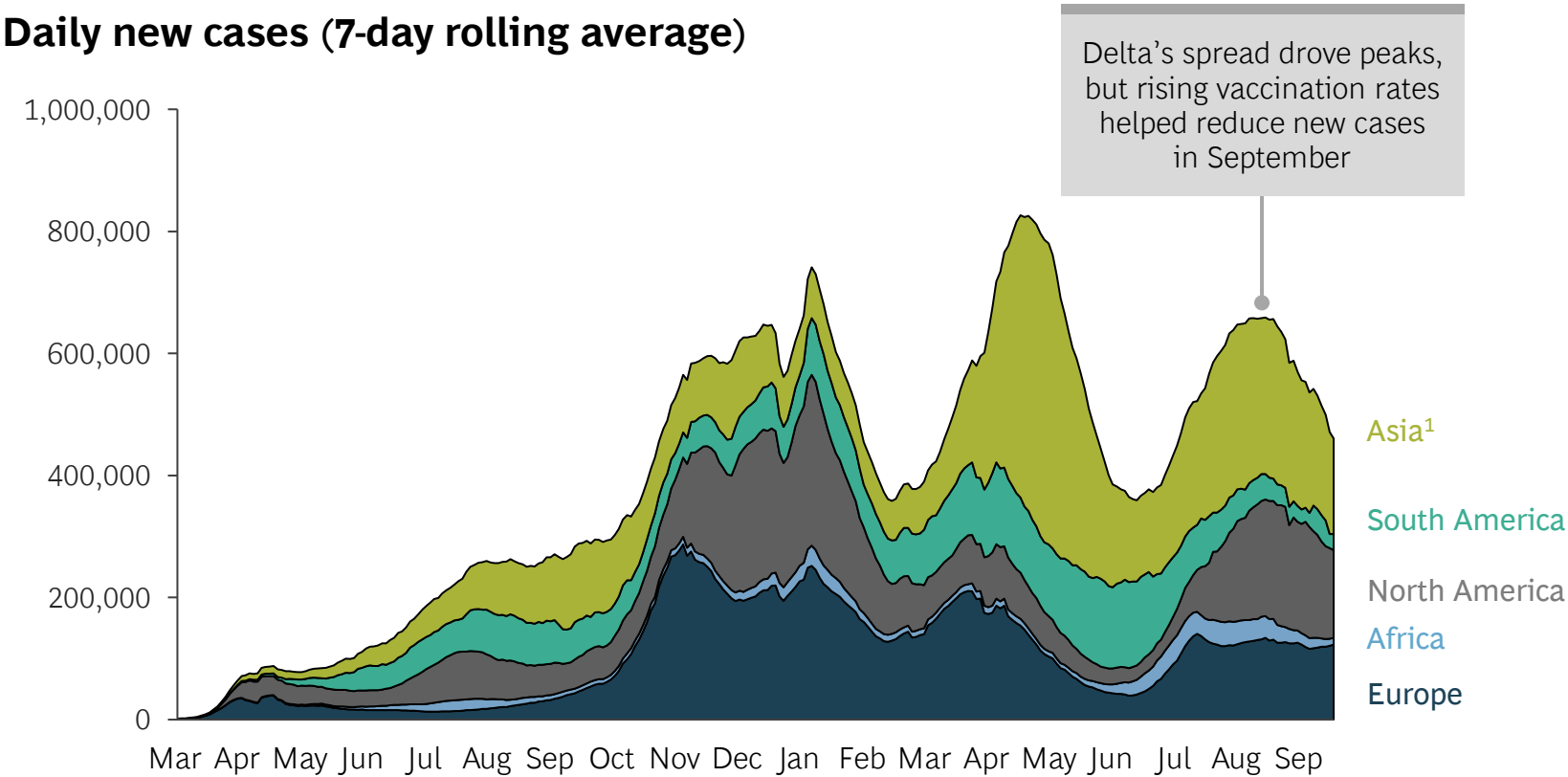
Steel production (YoY) ¹⁶	25%	17%	12%
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1. Total cases less deaths and recovery; 2. Calculated as monthly average of daily cases vs. previous month; 3. Includes Middle East and Oceania; 4. IMF Jul 2021 forecast; 5. For India, forecast is for financial year; for others, it is for calendar year; YoY forecasts; range from forecasts (where available) of World Bank, International Monetary Fund, JP Morgan Chase, Morgan Stanley, Bank of America, Fitch Solutions, Credit Suisse, Danske Bank, ING Group, HSBC; As of reports dated 08 June 2020 to 20 Sep 2021; For India's GDP forecast, World Bank's 2020 forecast from 08 June provides the upper bound of the forecast range; 6. Mobility values are calculated as the average of mean monthly mobilities in workplace, public transit, retail and recreation, and grocery and pharmacy and compared with a baseline from 03 Jan - 06 Feb 2020; Europe mobility values are calculated as the average of Germany, France, UK, Spain, and Italy; 7. Calculated as change in last 14 days rolling average value as compared with same period last year; 8. Domestic tickets by ticketing; 9. Retail goods sales include online and offline sales and comprise food and beverages, apparel, cosmetics and personal care, home appliances, general merchandise, building material; do not include auto, fuel and food services; 10. Europe includes 27 countries currently in EU-11. For China, total retail sales displayed (including automobiles and petroleum and related products); 11. Figures represent passenger vehicle (including sedan, hatchback, SUV, MPV, van and pickup) sales data for over same month in previous year; Europe value calculated as cumulative sales in Germany, France, UK, Spain, and Italy; 12. Underlying data is from Chicago Board Options Exchange Volatility Index (VIX); Volatility Index is a real-time market index that represents the market's expectation of 30-day forward-looking volatility and provides a measure of market risk and investors' sentiments; 13. Calculated as sum of imports and exports, measured in USD and compared with previous year period; EU trade values between EU and all outside countries; 14. EU trade values between EU and all outside countries; 15. PMI (Purchasing Manager's Index) is a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding (>50), staying the same (50), or contracting (<50); 16. Data corresponds to G-20 countries (minus Indonesia). Sources: JHU CSSE, Our World in Data, WHO, World Bank, IMF, Bloomberg, Google Mobility, US Census Bureau, Eurostat, PRC National Bureau of Statistics, ACEA actuals, Marklines, ARC ticketing data, STR, Statista, CBOE, OECD, BEA, GACC (customs) China, ONS, BCG.

Delta variant peaks are easing as vaccination rates increase globally

As of 29 Sep 2021

Daily new cases (7-day rolling average)



1. Includes Oceania (Australia, New Zealand, Papua New Guinea, and surrounding island nations of the Pacific ocean). 2. Calculated monthly as average of daily cases compared with previous month's daily cases and rounded to nearest 5%. Sources: Johns Hopkins CSSE; Our World in Data; Worldometer; press search; BCG.

Epidemic Progression

Key observations

234M
of confirmed cases

18.4M
of active cases

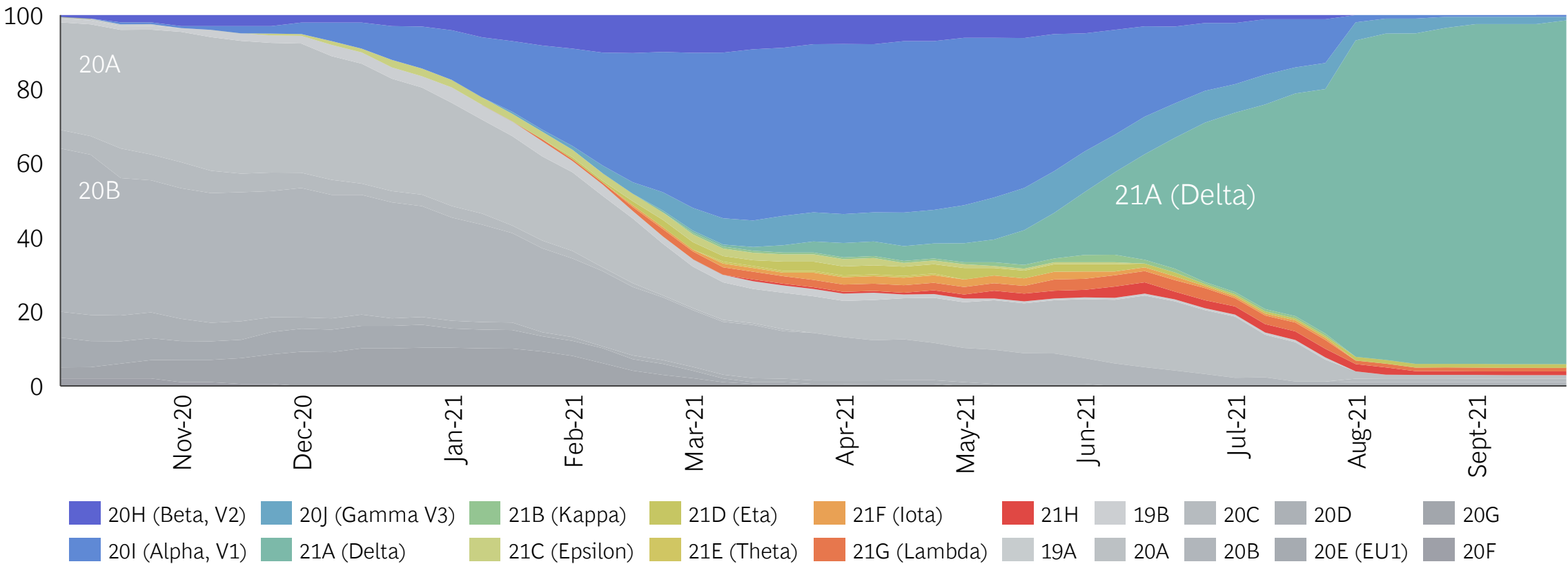
4.8M
of fatalities

Despite progress on vaccination across the world, caution required as transmissible Delta variant becomes dominant

As of 20 Sep 2021

Time series view of variant frequency

Delta is 90%+ of sequenced samples

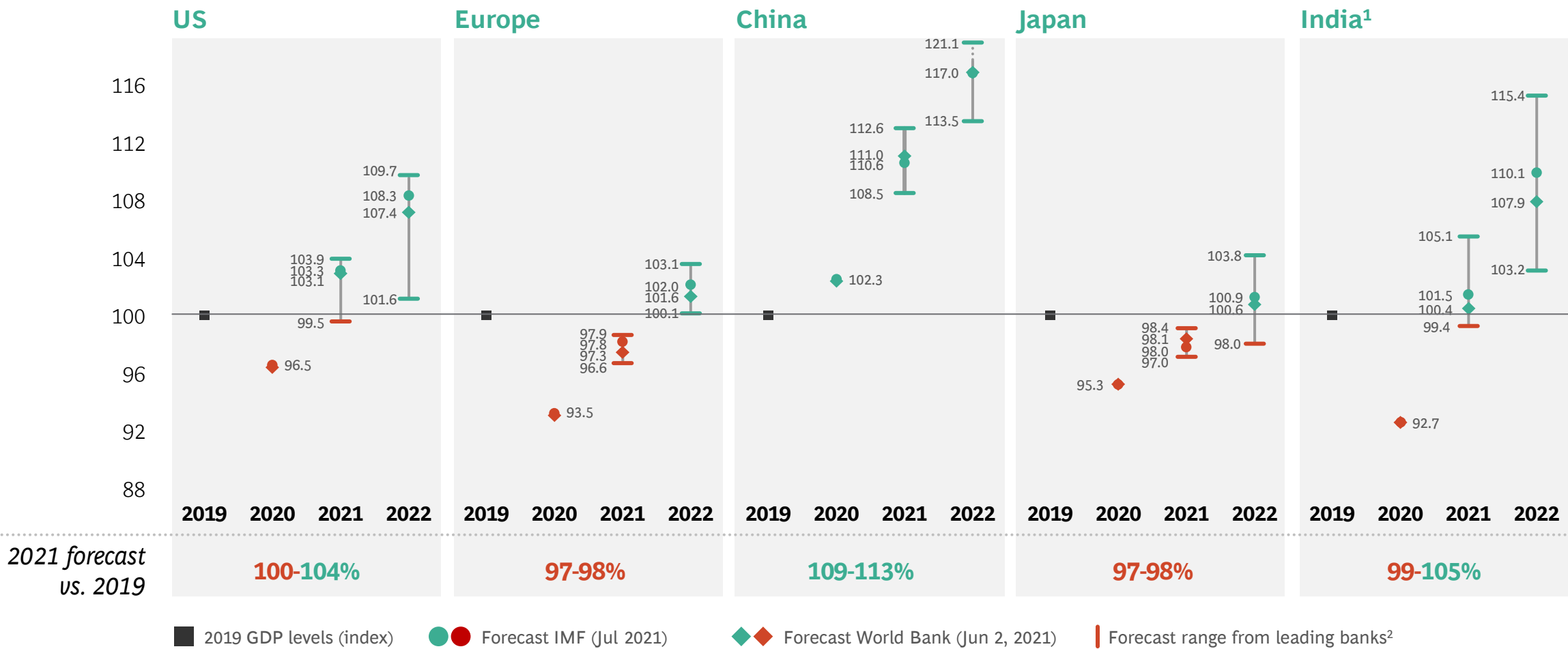


Many large economies expected to continue recovery and reach 2019 GDP levels between 2021 and 2022

As of 29 Sep 2021

Economic Impact

GDP forecast levels indexed to 2019 value (base: 100)



1. For India, forecast is for financial year; for other countries, the forecast is for calendar year. 2. Range from forecasts (where available) of JPMorgan Chase; Morgan Stanley; Bank of America; Fitch Solutions; Credit Suisse; Danske Bank; ING Group; HSBC. Note: As of reports dated 08 June 2020 to 20 Sep 2021; YoY forecasted 2020 values are estimated actual GDP. Sources: Bloomberg; World Bank; IMF; BCG.

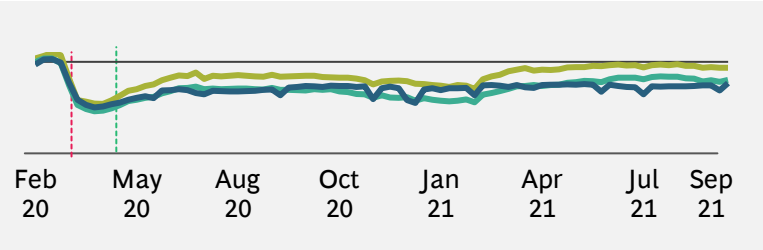
Retail and recreation mobility recovered fastest; public transit and workplace mobility remains lower in most countries

As of 29 Sep 2021

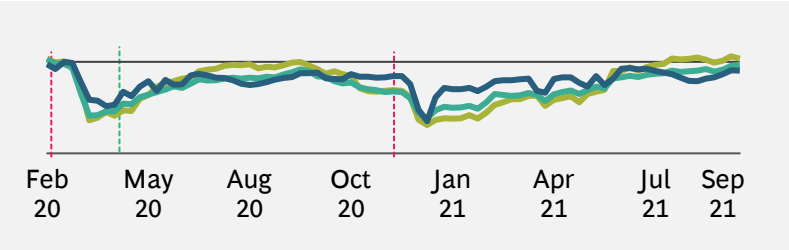
Economic Impact

Workplace¹, public transit², and retail and recreation³ mobility compared with baseline of January 2020 to February 2020

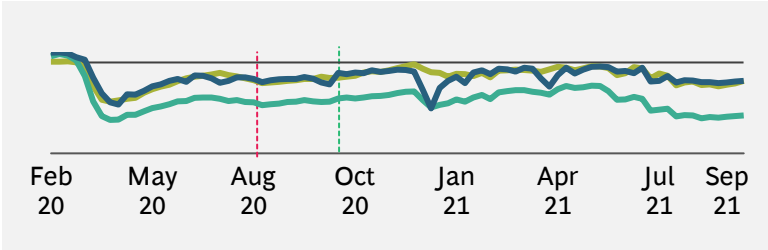
US



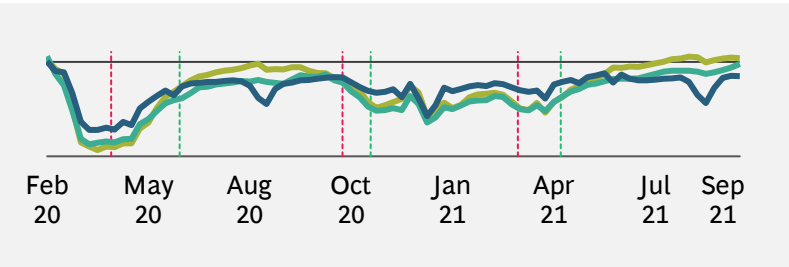
Germany



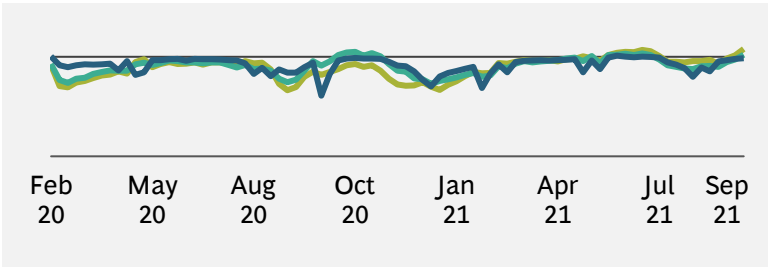
Australia



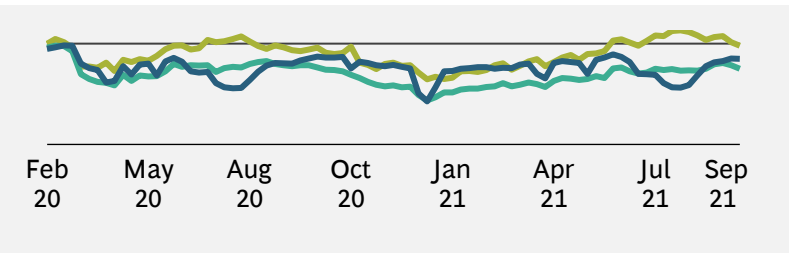
Italy



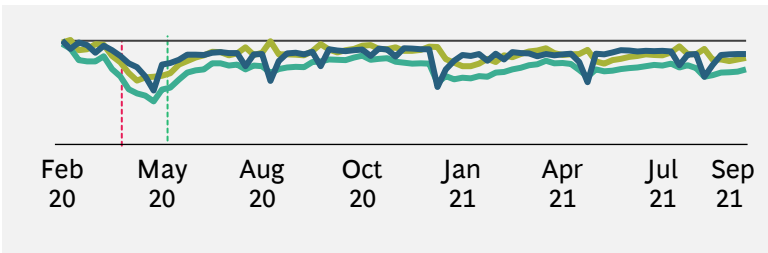
South Korea



Sweden



Japan



- Public transit mobility
- Workplace mobility
- Retail and recreation mobility
- Lockdown easing⁴
- Lockdown started⁴

1. Tracked as changes in visits to workplaces 2. Tracked as changes in visits to public transport hubs, such as underground, bus and train stations. 3. Tracked as changes for restaurants, cafés, shopping centers, theme parks, museums, libraries, and cinemas. 4. Refers to average lockdown start and easing dates for larger lockdowns. Note: Data taken as weekly average compared with baseline (average of all daily values of respective weeks during Feb 15 2020–Feb 28 2021). Sources: Google LLC “Google COVID-19 Community Mobility Reports.” <https://www.google.com/covid19/mobility/>. Accessed: 01 Mar 2020; press search; BCG.

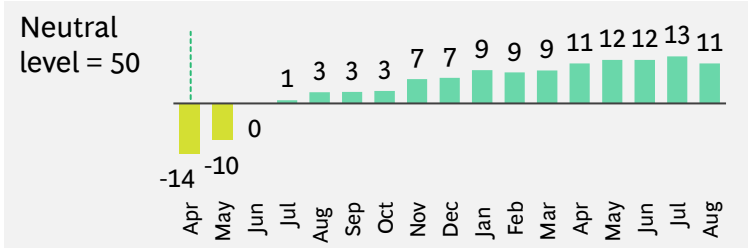
Manufacturing PMI global recovery indicates positive momentum with some signs of a slowdown in recent months

As of 29 Sep 2021

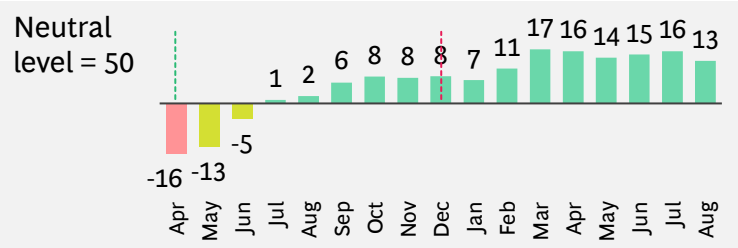
Economic Impact

Manufacturing PMI before, during, and after the crisis

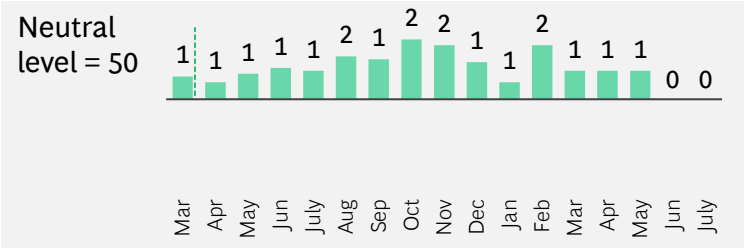
US



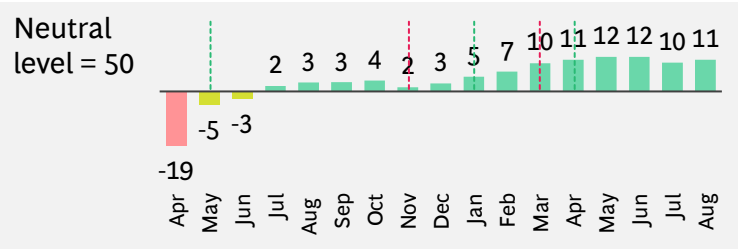
Germany



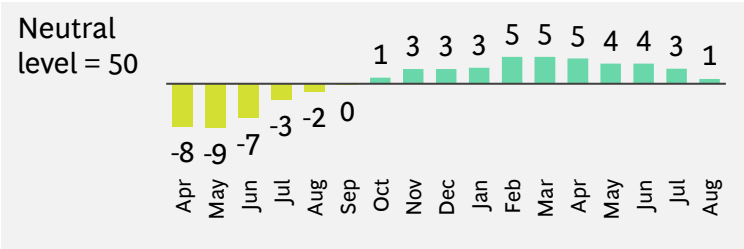
China¹



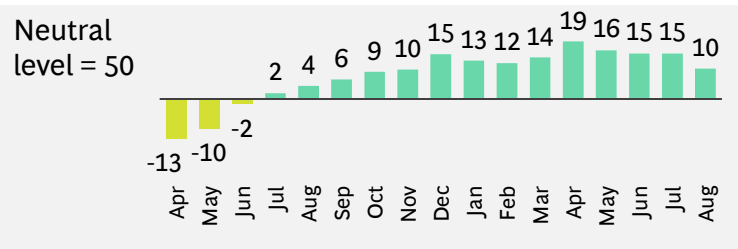
Italy



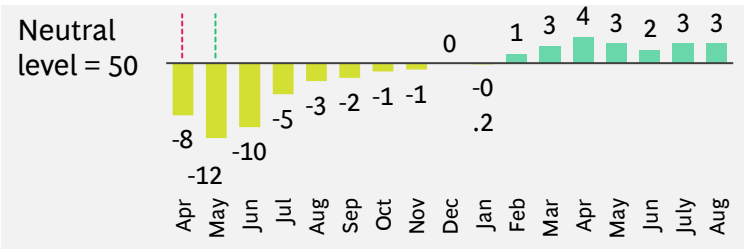
South Korea



Sweden



Japan



Lockdown started

Lockdown easing

1. Lockdown dates are pertaining only to Hubei province. Note: PMI (Purchasing Manager's Index) is a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. 50 is neutral, >50 is considered to be positive sentiment, and <50 is considered to be negative sentiment. Sources: Markit South Korea Manufacturing PMI SA; Jibun Bank Japan Manufacturing PMI SA; China Manufacturing PMI SA; Swedbank Sweden PMI SA; Markit/BME Germany Manufacturing PMI SA; Markit Italy Manufacturing PMI SA; Markit US Manufacturing PMI SA; Eikon.

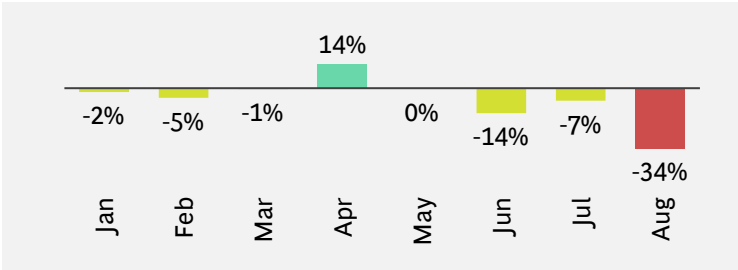
Passenger vehicle sales had started to return to prepandemic levels in some markets but dropped again as supply constraints continue

As of 29 Sep 2021

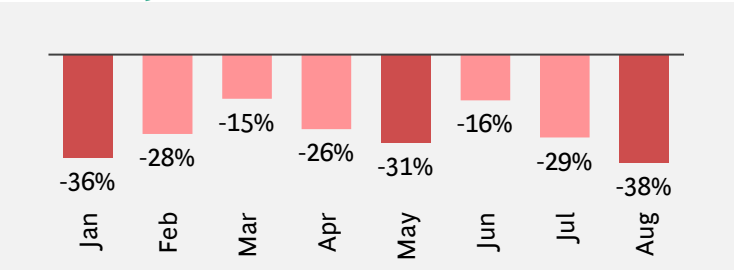
Economic Impact

2021 monthly passenger vehicle¹ sales, % change vs. same month in 2019

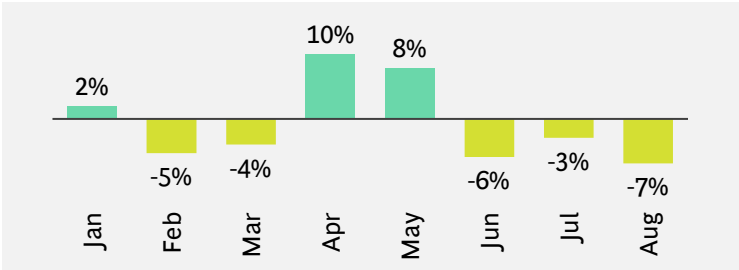
US



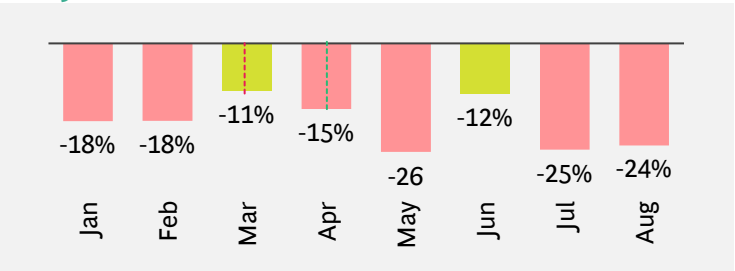
Germany



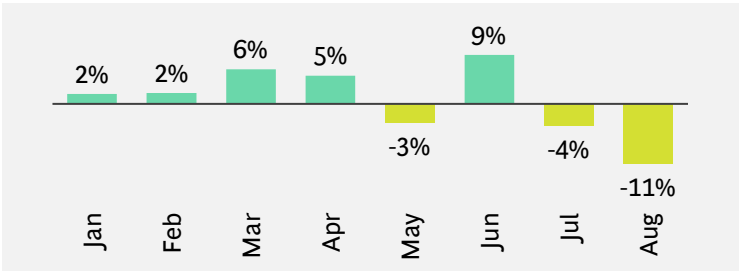
China²



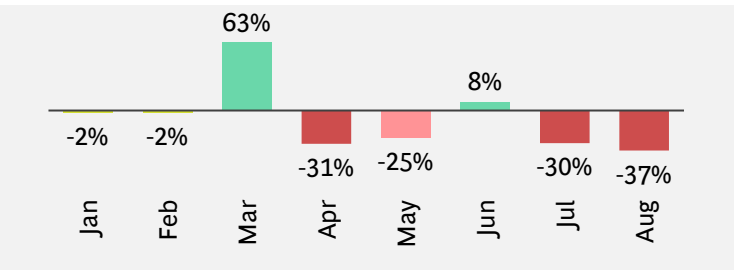
Italy



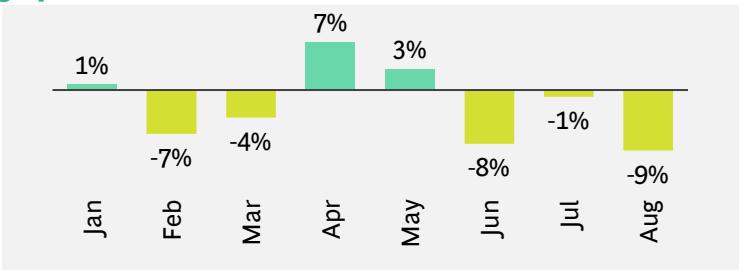
South Korea³



Sweden



Japan



Lockdown started Lockdown easing

1. Passenger vehicle sales include data on, where available, hatchback, MPV, pickup, sedan, SUV, mini trucks, light trucks, and vans. 2. Stimulus policies: Launched subsidies for car purchases in 10 cities, lessened purchase restriction in high-tier cities, and extended NEV subsidies. 3. South Korea's growth in auto sales from Mar through June 2020 is supported by recent tax cuts for individual consumption goods (e.g., cars), several carmakers (e.g. Audi, VW) launching new models, and the increased appreciation by the Koreans of cars as a safe mode of transport and as a travel alternative for camping during COVID-19, supported by recently passed legislation to allow a variety of different cars to be modified into "camping cars." Sources: Marklines; BCG.

Retail store sales in China and US have rebounded across categories; apparel sales continue to be impacted in other countries

As of 29 Sep 2021

Retail store sales breakdown by category, % change vs. same month in 2019

Food and beverage stores

	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
US	14%	16%	14%	15%	16%	16%	14%
UK	7%	9%	10%	10%	4%	8%	6%
Spain	3%	1%	0%	0%	-3%	-1%	0%
Sweden	3%	4%	4%	0%	5%	6%	4%
France	7%	6%	10%	8%	8%	5%	7%
China ¹	14%		23%	20%	18%	23%	15%
Japan	-2%	-1%	-3%	-2%	0%	1%	2%

Apparel stores³

	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
US	-3%	-8%	12%	10%	13%	18%	14%
UK	-46%	-52%	-44%	-7%	-6%	-8%	-10%
Spain	-36%	-35%	-21%	-23%	-21%	-14%	-19%
Sweden	-24%	-22%	-19%	-22%	-10%	-11%	-10%
France	-25%	-21%	-24%	-63%	-15%	-4%	-9%
China ¹	-3%		4%	3%	8%	8%	1%
Japan	-24%	-26%	-19%	-30%	-29%	-23%	-22%

Personal care and cosmetics stores

	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
US	5%	3%	12%	14%	15%	14%	14%
UK ²	-47%	-30%	-26%	-6%	-7%	-7%	-11%
Spain	-4%	-1%	0%	1%	-1%	2%	1%
Sweden	0%	7%	12%	4%	10%	13%	10%
France	9%	6%	11%	7%	10%	13%	20%
China ¹	24%		31%	30%	36%	43%	18%
Japan	44%	45%	45%	42%	38%	46%	42%

Home appliance stores⁴

	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
US	-1%	-6%	10%	13%	8%	14%	11%
UK	-12%	13%	-9%	30%	30%	19%	12%
Spain	-4%	-1%	9%	7%	17%	9%	8%
Sweden	21%	23%	26%	18%	27%	23%	19%
France	15%	17%	20%	4%	11%	22%	11%
China ¹	-5%		-5%	-7%	3%	15%	4%
Japan	19%	17%	1%	5%	11%	1%	11%

≤ -30%	-29% to -15%	-14% to 0%	> 0%
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1. For China, Jan and Feb 2021 are reported together due to national holidays; food and beverages category includes only food and grains; 2. UK data set switched over from Eurostat to Office for National Statistics following Brexit. 3. Includes clothing accessories, shoes, etc. 4. Includes audio video and home appliances stores. Note: For US, share in retail store sales in Q4 2019: F&B ~25%, personal care and cosmetics ~12%, apparel ~6%, home appliances ~3%, general merchandising ~25%, and building material and gardening equipment ~13%. Sector classification and mix may be different across countries. Sources: US Census Bureau; PRC National Bureau of Statistics; Eurostat; Office for National Statistics United Kingdom; Ministry of Economy Japan.

Economic Impact

China and US have seen **strong rebounds in almost all categories**, even above 2019 levels

Retail store sales recovery driven by **food and beverage** across almost all countries. **Home appliance** also seeing strong growth across countries

Apparel category continues to see decline compared with 2019, except for US and China

Personal care sales had mixed development across countries but mostly returned to prepandemic levels

Stock markets continue to have an optimistic outlook: 20 out of 24 sectors currently above precrisis TSR levels

As of 30 Sept 2021

Based on top S&P
Global 1200 companies

Economic Impact

TSR¹

21 Feb 2020–
30 Sep 2021

Semiconductor	70%
Tech hardware	38%
Materials	36%
Retailing	34%
Media	33%
Auto	29%
Capital Goods	26%
Financials	25%
Durable Goods	23%
Food/Staples Retail	23%
Health Equipment	22%
Software	20%
Professional Services	16%
Banks	12%
Insurance	8%
Pharma	5%
Food and Beverage	4%
Telecom	2%
Household Products	1%
Energy	0%
Hospitality	-1%
Real Estate	-1%
Utilities	-7%
Transport	-9%

Companies with default probability >15%²

21 Feb 2020

30 Sep 2021

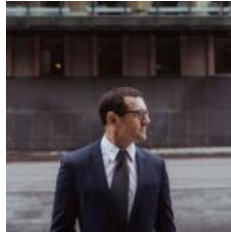
0%	0%
0%	0%
5%	0%
0%	6%
0%	0%
0%	0%
2%	2%
0%	0%
0%	0%
0%	0%
0%	0%
0%	0%
0%	0%
0%	0%
0%	0%
0%	5%
0%	0%
0%	4%
0%	0%
3%	6%
8%	15%
0%	0%
0%	0%
0%	24%

1. Performance is tracked for two periods, first from 21 February 2020 (before international acceleration of outbreak) to 20 March 2020 (trough of the market) and from 21 February 2020 through 30 Sept 2021;
2. Implied by 5-year credit default swap based on median; Note: Based on top S&P Global 1200 companies; sectors are based on GICS definitions; Sources: S&P Capital IQ; BCG ValueScience Center; BCG

Additional perspectives on consumer sentiment, experience and insights



[The Consumer Sentiment Series \(US, latest from August 2021\)](#)



[CEOs Need a Customer Experience Revolution—Not an Evolution](#)



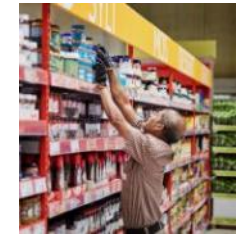
[The Surprising Resilience of Emerging-Market Consumers](#)



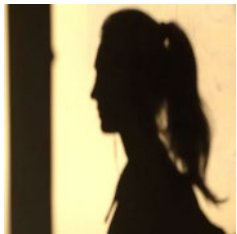
[Understanding the Global Price-Sensitive Consumer](#)



[How the Pandemic Did—and Didn't—Change Indian Consumers](#)



[A Pricing Playbook for CPG Companies Amid Inflationary Pressure](#)



[Sustainability Matters Now More Than Ever for Consumer Companies](#)



[Don't Let Channel Conflicts Limit E-Commerce Sales](#)



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