

2020

CONSUMER AND RETAIL TRENDS

Post-Covid-19 update

2025

Foreword

WELCOME

The first half of the year 2020 has presented unexpected challenges to life as we know it. As many sectors of the economy ground to a halt and millions experienced life in lockdown we have had to radically rethink how we do things. Now, as we start to take careful steps into the outside world again it becomes clear that a new normal is emerging and both consumers and retailers will have to adapt to it. Only 10% of the consumers we have polled want things to go back to the way things were so there is major change ahead. Just how big will these changes be? This report combines the results of our own survey with 2,000 UK consumers with a sweep of the Covid-19 studies to show what we can expect and where brands can find opportunities to thrive.

PAST

FUTURE

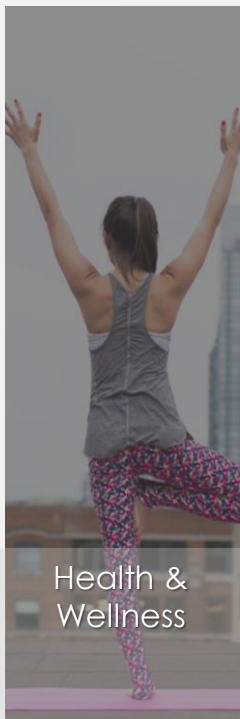
Introduction

A NEW NORMAL IS EMERGING

Post Covid-19 things may look a little different but there are still opportunities ahead for brands and retailers. We can see five themes emerging which will shape future consumer habits.



Home
Comforts



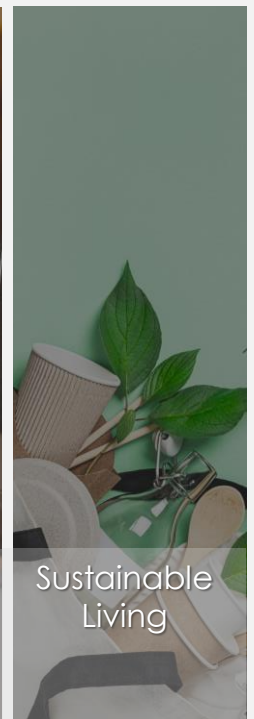
Health &
Wellness



Considered
Consumption



Trust in
Tech



Sustainable
Living



Introduction

1. Home Comforts

As consumers reconnected with their homes they discovered the pleasures of home cooking and family meals, the big weekly grocery shop has made a comeback as consumers stock up and many are wearing less formal and more casual styles (a trend that started before COVID-19). The future will hold an increasing number of us recreating restaurant and bar experiences at home, investing in in-home entertainment (be it video on demand or a hot tub) and setting up better working from home spaces.

2. Health & Wellness

The daily hour of exercise was taken up by many who now like spending time outdoors, whilst others joined in to virtual fitness classes. One thing is clear almost half of us want to live healthier lives – sportswear, health food providers, vegetable and healthy eating products are all likely to benefit going forward. A fast return to gyms is less likely as consumers are shying away from indoor spaces and the expense of membership in face of the recession. As more people are seeking the outdoors and practical as well as safety concerns reduce appeal of holidays abroad – domestic holidays and days out are likely to benefit.

3. Sustainable Living

Time for reflection has led the vast majority to say they want to live more in harmony with the planet, and they are expecting brands to help them – from the emerging slow fashion movement, natural beauty products, ethical retailers to sustainable packaging solutions, brands that connect with this underlying need are likely to win loyal customers. More of us are also planning to shop locally to support independent retailers.

Introduction

4. Considered Consumption

Many consumers have reevaluated their shopping habits and this along with the coming recession is likely to change consumption patterns. Blind brand loyalty will be a thing of the past in most categories. We will see an increasing focus on discounts and premium brands will have to provide clear advantages (health benefits, more lasting value, ethical credentials) in order to convince shoppers to pay more. Affordable treats will still be on the menu – from gourmet foods to cosmetics. Fashion brands that offer lasting style over fast fashion are more likely to win.

5. Trust in Tech

Technology has helped people through this crisis and they are unlikely to forget this. This will lead to an even faster adoption of online shopping for both groceries and non-food – meaning retailers must integrate channels. Technology is also a temporary bridge for brands such as leisure attractions and long haul destinations to keep in touch with audiences in the short term. Technology solutions to entertain, keep in touch, work from home will all continue to develop and electronic products whether personal or in the home are also likely to benefit from this increased goodwill.

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Home Comforts

EATING IN

Eating in

EATING IN IS THE NEW EATING OUT



63% of UK consumers approved the Government's decision to close restaurants and bars in March [GWI]. Being unable to get hold of their favourite dishes meant that they now had to bring them into their own homes – and this trend is likely to continue into the future as more consumers can foresee more home cooking than going out for meals [Emotional Logic], in line with the Importance of Home trend.

Now:

26%
Have been
cooking
unusual meals

[John Lewis/Waitrose & Partners]

Post-lockdown:

30%
Will do more
home
cooking

15%
Will go to
restaurants
more

[Emotional Logic]

Eating in

EATING IN IS THE NEW EATING OUT



A third of shoppers spent more time cooking or baking at home compared to before the crisis.

Lockdown cooking habits have also driven an increase in engagement with online food magazines. Food content featured received increasing numbers of visits and searches for recipes online doubled during this time [Magnetic]. As more consumers devote time to home cooking there will be a sustained appetite for this type of content.

Now:

BBC Good Food received
7.8m
Page views in one day

95%
Of readers say looking at magazines is time well spent

[Magnetic]

Eating in

RECREATING DRINKING EXPERIENCES AT HOME

Now:

78%

Increase in
sales of
liqueurs for
cocktails

175%

Increase in
tequila sales

[John Lewis/Waitrose & Partners]

The Importance of Home trend also applied to drinks – during lockdown consumers stocked up on more unusual spirits and liqueurs to be able to recreate the bar experience from the comfort of their living rooms. This trend is likely to continue as recession hits - as in the previous recession the same trend emerged.



Eating in

FOOD TO GO - A THING OF THE PAST?

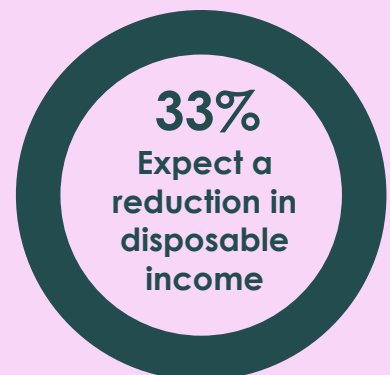


Now:



[Kantar Worldpanel]

Post-lockdown:



[PWC]

As the home becomes the office for millions of UK workers, the impact of this shift will be felt by those coffee shops and food-to-go operators that target the lunch hour rush [PWC]. Not having to leave the house means less exposure to purchase occasions and financial worries may see consumers cut back on take out food even after the end of lockdown.



Eating in



Future outlook

- There will be more home cooking and bar experiences at home as consumers have enjoyed them, invested in equipment and want to save money due to financial pressures in the coming recession
- Consumers will reconnect to online magazines as they look for recipes and inspiration to hone their cooking/cocktail making skills
- Food to go will decrease due to more people working from home after the end of lockdown and wanting to cut back



Eating in



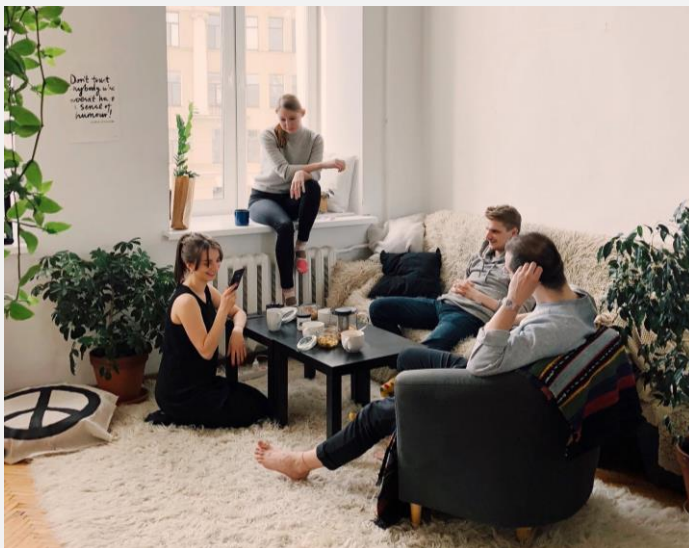
Who can benefit from this

- Specialist spirit retailers and subscription box brands should tap into the homemade trend
- Brands should consider selling kits that allow consumers to recreate restaurant and bar experiences at home
- Supermarket brands that entice shoppers with recipes and tutorials and pared back food-to-go sections will have best chances to succeed
- Restaurants and bars should intensify their partnership with delivery services to give consumers a reason to return
- Establishments that only rely on food to go will have to diversify - or risk failure
- Coffee brands should offer bundles of products to encourage in-home consumption that will focus on quality consumers are unable to replicate at home

IN-HOME ENTERTAINMENT

In-home Entertainment

THE RISE OF VIRTUAL ENTERTAINMENT



The lockdown has forced consumers to be creative and welcome leisure into the home. With all contact between households prohibited, 2020 was the year Zoom calls went mainstream (beyond the work domain) and pub quizzes went virtual. 33% of UK consumers had a virtual drink with friends and 23% took part in a virtual party [Hearst]. This trend is likely to continue as 20% have used Zoom for the first time during lockdown and are planning to keep using it [Appinio], in line with the Importance of Home trend.

Now:

28%

Have used
Zoom for the
first time in
lockdown

[Appinio]

84%

Are grateful
for tech that
allows people
to keep in
touch

[Emotional Logic]

37%

Have taken
part in a
virtual pub
quiz

[John Lewis/Waitrose & Partners]

In-home Entertainment

TV WATCHING GETS A BOOST

Now:

50%

Are watching
TV more often

[GfK]

564m

iPlayer
requests in
April 2020

[BBC]



TV became an aggregator again during the pandemic. Every week since the start of lockdown, total TV watching was consistently over 200 daily minutes on average [BARB], reversing a downward trend that reached its lowest point in 2018 with 192 minutes [Ofcom].

The BBC news updates saw weekly audiences of over 20m. The lockdown also led to a record performance for its iPlayer offering, with a 34% increase in requests in the first three months of 2020, compared to the same quarter in 2019 [BBC]. Commercial TV also had hits with lockdown shows such as Isolation Stories, which attracted almost 3m viewers [Broadcast Now].

In-home Entertainment ...AND SO DOES SVOD

With cinemas closed and films being released direct to screen video streaming players such as Netflix gained record subscriptions. Other new platforms launching successfully during the lockdown period included Disney+, which gained 1.6m subscribers in the UK in the first month [Guardian]. Not only broadcast TV but Netflix also gathered public consensus around it – Tiger King was hailed as a global lockdown success, with viewing figures of 64m worldwide [Netflix]. As 41% of people are planning to spend more time at home even after lockdown [Emotional Logic] there is indication there will be more at home entertainment - this also fits with the cocooning trend that already started pre Covid [White Hutchinson].



Now:

Netflix
gained
4.6m
subscribers
in UK

20%
Global increase
in use of
streaming
media

[Guardian]

Post-lockdown:

41%
of UK people
will stay at
home more

[Emotional Logic]

In-home Entertainment



Future outlook

- Market saturation and delay in new content being produced will affect viewership of SVOD in the long run
- As the weather improves and restrictions are gradually lifted TV viewing will suffer but viewers will come together again around TV news bulletins and cohesive drama
- The trend for in-home entertainment will continue because consumers are now more familiar with the technology and will save money by socialising this way

In-home Entertainment



Who can benefit from this

- Traditional channels can benefit by offering a talking point for the nation to converge around – as especially at these times of national emergency the public is looking for reputable news sources
- Brands should create socially distant events e.g. watchalongs that draw attention to their products
- TV companies should create socially distanced shows (e.g. drama series) because they will feel relevant and 'of the moment' and show creativity
- New entrants into the SVOD market can succeed with price promotions followed by programming that no other players currently offer to beat competition
- Tech platforms that enable people to stay in touch and share virtual moments together have the best chance of long term success

Home Comforts

FOOD SHOPPING

Food Shopping

FOOD HAS BECOME THE FOCUS OF OUR UNIVERSE



Since the announcement of lockdown and the initial shortages in supermarkets, food has been at the heart of the national discourse. With the Importance of Home trend emerging and more people working from home the time dedicated to meal preparation grew [John Lewis & Partners/Waitrose], as well as the collective anxiety around sold out product categories. 44% ate more and 22% drank more alcohol while in lockdown [Emotional Logic]. Food was a constant thought away from meal times as well, as snacking frequency increased for 58% of consumers [Emotional Logic].

Now:

61%
State their
eating &
drinking
habits have
changed

[Emotional Logic]

48%
Are taking
more time
during meals

58%
Are snacking
more

[Hearst]

Food Shopping

LOYALTY SUFFERS DURING LOCKDOWN

Shortages have caused a shift in brand loyalty as perceptions of retailers and brands changed depending on individual experiences during lockdown. The big supermarkets outperformed Aldi in terms of growth for the first time in years [Nielsen], due to better social distancing and the return of the big weekly shop.

30% of shoppers who were unable to find their favourite brands in store visited a different supermarket [Appinio]. Switch in supermarket choice is likely to be temporary - as 86% state they will revert to their usual one [Magnetic] - but food brand changes may be permanent.



Now:

69%

Of shoppers failed to find the brand they wanted

[Appinio]

41%

Are buying different food brands vs pre lockdown

[Emotional Logic]

Post-lockdown:

38%

Discovered new brands they will continue buying

[Emotional Logic]

Food Shopping

THE RETURN OF THE BIG WEEKLY SHOP

Now:

28%

Increase in
sales of frozen
food

£524m

Additional
grocery spend
recorded in
April 2020

[Kantar]

Post-lockdown:

48%

Are planning
to stock up
more in the
future

[Emotional Logic]



Aided by Government's regulations, the big weekly food shop has made a comeback. After a sustained trend of smaller, frequent shops, now consumers tend to favour fewer trips – and they spend more. In April 2020 the average number of supermarket trips was 14 compared to 17 pre-lockdown [Kantar]. Shoppers bought more frozen food, in particular frozen vegetables (up 42.5%), meat (up 34.8%) and savoury food (36.7%) [Kantar]. Sales of freezers have increased by 200% for some retailers [Magnetic] so this trend could be with us for a while, as shoppers are planning ahead and keeping pantries and freezers well-stocked [Emotional Logic].

Food Shopping

WHAT PEOPLE ARE BUYING NOW

Now:

50%

Increase in
alcohol sales
year on year

[Kantar]

111%

Increase in
veg boxes
sales

[The Food Foundation]

Post-lockdown:

73%

Plan to eat
and drink
healthier

[FMCG Gurus]



Alcohol was one of the best selling categories during lockdown with a 50% increase compared to last year [Kantar]. 22% of shoppers drank more alcoholic drinks than before [Emotional Logic] and with bars/pubs closed these were bought for in-home consumption.

Baking goods were an early lockdown winner with a 49% boost [Guardian] as people started experimenting more in the kitchen. In May 2020 sales of crisps rose by 28% and soft drinks by 25% [Kantar] as shoppers prepared for bank holidays in lockdown. Within the already strong frozen category which had an overall increase of 28%, frozen confectionery saw a 40% growth in May as the weather warmed up [Kantar]. During lockdown sales of veg boxes also went up by 111% [The Food Foundation].

Food Shopping



Future outlook

- Shoppers who have switched supermarkets will return to their usual one
- Shoppers will continue buying more cupboard items and frozen goods to keep in case of any future lockdown periods and shortages
- Financial worries and good experiences with newly discovered brands will lead consumers to switch to those brands permanently
- Consumers who have indulged more in lockdown will be more health conscious, further driving the trend for frozen veg and veg boxes

Food Shopping



Who can benefit from this

- Food brands should consider catering for different price elasticities so consumers can switch up or down as needed without having to switch
- To tap into the Importance of Home trend, retailers need to become a one-stop shop for all cooking and food preparation requirements and give consumers inspiration
- Retailers need to be proactive about products that were in high demand during the lockdown periods (e.g. frozen foods) and reassure shoppers that stocks are always replenished
- Retailers and brands should also give health advice to shoppers, nudging them towards healthy options that will benefit them in the long run

Home Comforts

WORKING FROM HOME

Working from Home

A SUCCESSFUL EXPERIMENT



Work changed radically in 2020: the pandemic caused extensive job losses worldwide and by the end of May the UK Government furlough scheme had enrolled 8.4m people [BBC]. Those who could were encouraged to work from home and almost half of those in employment did (vs 27% in 2019) [ONS]. The removal of work-related worries led people to feel less stressed and the majority can imagine working from home even after lockdown [Emotional Logic]. As a result of the Importance of Home trend and the increasing trust in technology working from home will continue into the future.

Now:

49%
Of UK
employed
worked from
home in
lockdown

[ONS]

36%
Are less
stressed
about work

[Emotional Logic]

Post-lockdown:

69%
Can imagine
working entirely
or partly from
home post
lockdown

[Appinio]

Working from Home



Future outlook

- Following its successful trial run, working from home will continue for those in office roles even post-lockdown, as new routines set in and people seek to avoid unnecessary travel and shared workspaces
- Employees will get increasingly familiar with virtual team and client meetings thanks to a heightened trust in technology
- Events such as large-scale conferences and symposiums will move online for the foreseeable future, causing further losses for the hospitality/travel industry, already hit hard by the outbreak
- 5G technology will help to meet the increased demand for faster and more reliable connections caused by the heavier data traffic

Working from Home



Who can benefit from this

- Furniture/interior design/homeware brands are best placed to help to make the home a more work-friendly environment, yet still comfortable and homely, to help people separate the two domains
- Teleconferencing apps and platforms will grow even stronger by investing further in platform security, ease of access and user-friendliness
- Internet providers should invest in 5G technology to meet the increasing data traffic demand
- Hospitality brands should offer services such as virtual hosting/reception to help online business events run smoothly, to fill the gap left by the move towards working from home

WELLNESS

Wellness

HEALTHY LIVING ON THE RISE



As gyms and fitness centres closed down, lockdown brought physical exercise into the home, with 31% exercising more generally [Emotional Logic] and 44% exercising more in their living rooms [John Lewis/Waitrose & Partners]. Consumers invested in gym equipment such as yoga mats and followed online classes. As 44% state they ate more and 33% ate more frequently while in lockdown [Emotional Logic] there is also a renewed interest in eating healthily and exercising more even post-Covid, as weight gain concerns take hold, in line with the Increased focus on wellness & health trend.

Now:



[John Lewis/Waitrose & Partners]

Post-lockdown:



[Emotional Logic]

Wellness

IMPORTANCE OF MENTAL HEALTH

Now:

66%

Felt distant from family and friends

59%

Fear things will never get back to how they were

[Emotional Logic]

Post-lockdown:

59%

Find maintaining a positive mindset a top priority

[GWI]



The Covid outbreak and the lockdown measures threatened the mental health of millions who were suddenly forced to break contact with people outside their household. As the initial practical concerns subsided, feelings of anxiety (41%), isolation (45%) and fear (59%) started to emerge [Emotional Logic]. This led to a re-evaluation of priorities and a greater focus on wellness of the mind, not just of the body, as people prepare for a new socially distant future by staying positive [GWI]. The importance of family relationships also grew, with 50% enjoying spending time with family and 39% planning to spend longer with family and friends in the future [Emotional Logic] – this is likely to continue due of the trends towards wellness & health and the Importance of Home.

Wellness

BOOST TO COMMUNITY SPIRIT

The pandemic saw a new community spirit prevail, as countries found themselves united again in solidarity. In the UK a million people signed up to volunteer for the NHS and all over the country charities received unprecedented levels of volunteers [Guardian]. Neighbours rallied together to help keep the most vulnerable amongst their local communities safe as 63% checked on neighbours who may need help [ONS] and 21% joined local initiatives to provide support during the crisis [Deloitte]. As new bonds have been formed we expect community spirit to become embedded in future society permanently.



Now:

78%

Think people
are doing
more to help
others

38%

Carried out
shopping or
other tasks for
neighbours in
April 2020

[ONS]

49%

Appreciate the
local
community
more

[Emotional Logic]



Future outlook

- Consumers who have had to abandon the gym will stay away even after lockdown as financial worries hit home
- Those who have gained weight in lockdown will want to get active but safety concerns about exercising with strangers in an indoor environment will persist so the in-home exercise trend will continue
- Some will also choose to exercise outdoors now as it's safer compared to the gym
- Interest in mental health will continue into the future as consumers understand the importance and the benefits of self care and prioritise these over material possessions



Who can benefit from this

- Gyms and fitness brands should offer online tutorials and classes at reduced prices to stem the cancellations of traditional memberships
- Open air fitness/sports centres and parks should offer organised activities and classes and promote themselves as the safest choice outside in-home exercise
- Healthy food and supplement brands are most likely to benefit from the increased focus on health and wellness
- Sportswear brands were experience growth before lockdown and they will continue to profit from the wellness trend
- Brands should demonstrate they understand the importance of mental wellbeing and positivity and communicate this openly to consumers
- Brands that emphasise the reviving community spirit and give back to the community will be most successful in the post-lockdown future

Considered Consumption

Sorry
we are
CLOSED

**FASHION
& BEAUTY**

SLOW FASHION EMERGES

As consumers spend more time at home fashion becomes less of a priority for them with a sharp decline in clothing/footwear spend (-26% vs 2019) [Retail Gazette]. Post lockdown the already beleaguered high street could suffer even more as half of shoppers are planning to buy less clothes and shoes [Emotional Logic]. Additionally, 54% of UK shoppers are concerned about sustainability in fashion but only 25% think enough is being done about it [KPMG]. All this could make the traditional model obsolete and some high fashion brands are already leading the way – Gucci announced in May that it would abandon the traditional fashion calendar and release fewer collections [Harper's Bazaar] in what is likely to become the new normal for the industry, with the British Fashion Council and Council of Fashion Designers of America advocating slower fashion [Drapers].



Now:



[Lovethesales]

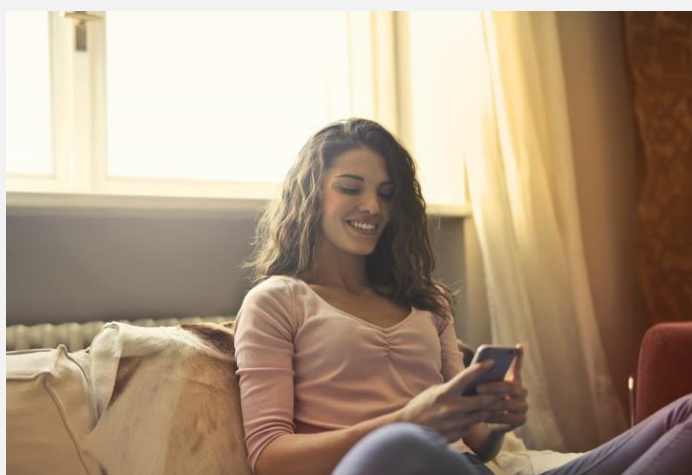
Post-lockdown:



[Emotional Logic]

Fashion & Beauty

COMFORT OVER FORMAL

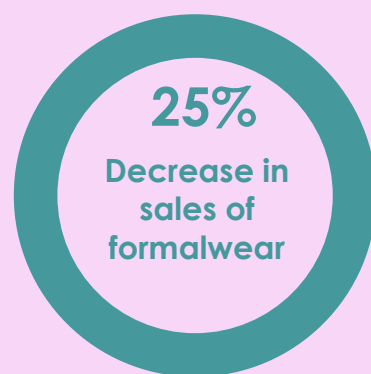


During lockdown the type of fashion consumers bought reflected the type of life they were living and their everyday needs. As more people spent time at home the demand for formalwear or partywear dropped by 25% [Fashion United], to be replaced by comfortable leisurewear and sportswear [BBC]. As athleisure was already a trend before lockdown, with an increase of 9% globally in 2019 and a total share of 19.9% of the total clothing market [GlobalData], this growth is likely to continue going forward.

Now:



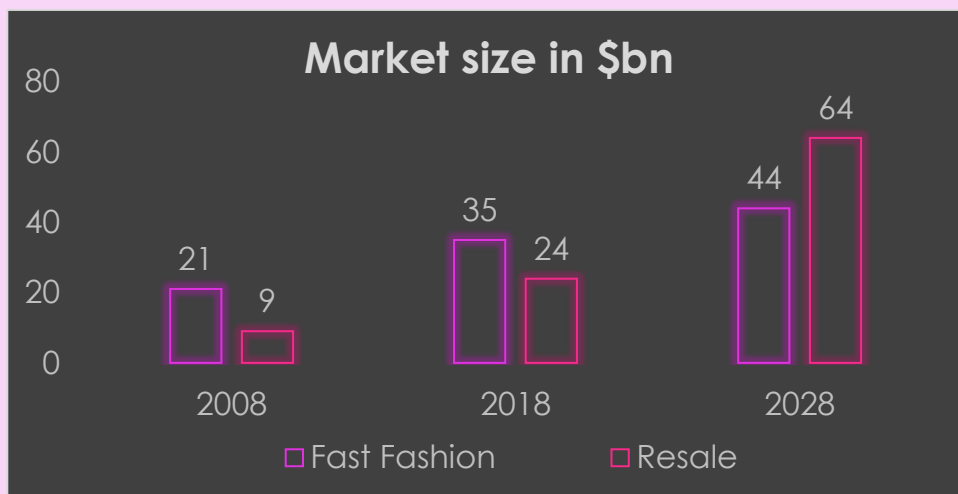
[Lovethesales]



[Fashion United]

Fashion & Beauty

RESALE WILL CONTINUE TO GROW



[ThredUp]

The fashion resale sector was growing before the pandemic struck – it was reducing the gap with fast fashion and was projected to overtake it by 2028 [Marketwatch].

The online clothing rental market was also booming and was forecast to grow annually by 10% over the next 4 years [ThredUp]. Many of the players in this market are online-only so lockdown did not affect consumer access greatly but fears over health and hygiene caused by Covid-19 may pose a threat to the sector in the short term [Forbes]. This will however bounce back in the longer term thanks to sustainability concerns and the emergence of considered consumption.

Fashion & Beauty

ONLINE BEAUTY SALES BOOM IN LOCKDOWN



Although overall sales of cosmetics were down due to shop closures, the 'lipstick effect' theory was in full effect online during lockdown, as nail products saw a 24% sales boost compared to 2019 and online searches for make up increased by over 73% [British Beauty Council]. Online sales of mascara grew by 177% and lipstick by 142% globally [Fashion Network]. L'Oreal reported a 50% increase in sales of hair colour [Beauty Business Journal]. During the 2008 recession the beauty industry proved to be resilient so despite the initial dip we can expect it to bounce back in the Covid aftermath [McKinsey & Company]. The existing trend towards natural beauty products – which has seen its 9th consecutive growth year [The Soil Association] is also likely to continue as part of the increasing focus on wellness and health.

Now:



[Essential Retail]



[The Soil Association]

Post-lockdown:



[The Soil Association]

Fashion & Beauty



Future outlook

- We had seen the relaxation of dress codes in work or other formal settings even before lockdown so the trend for comfortable clothing will continue
- High fashion will see its traditional calendar revolutionised, with fewer annual collections and fewer – if any - high profile, large scale shows and events
- Shoppers will buy less clothes and footwear as they reduce their discretionary spend
- After reassuring shoppers about hygiene and safety of second hand items Resale and rental market will continue its growth due to shoppers' appetite for sustainability and cost savings



Who can benefit from this

- Loungewear brands should be even more bold and target different home 'occasions' e.g. work, relaxing, exercise to create diversification for their collections
- Fashion brands should read the mood of a nation and adapt their offer to include athleisure
- Fashion brands have the best chance of success if they move away from seasonality in order to avoid unsold stock piling up
- Retailers should keep their stocks agile and avoid committing to huge advance orders as shoppers will cut back on their spending
- Cosmetics and beauty products that are affordable and sustainable will be rewarded by shoppers who are increasingly interested in sustainability but still want to treat themselves



BIG TICKET ITEMS

Big Ticket Items

CONSIDERED CONSUMPTION

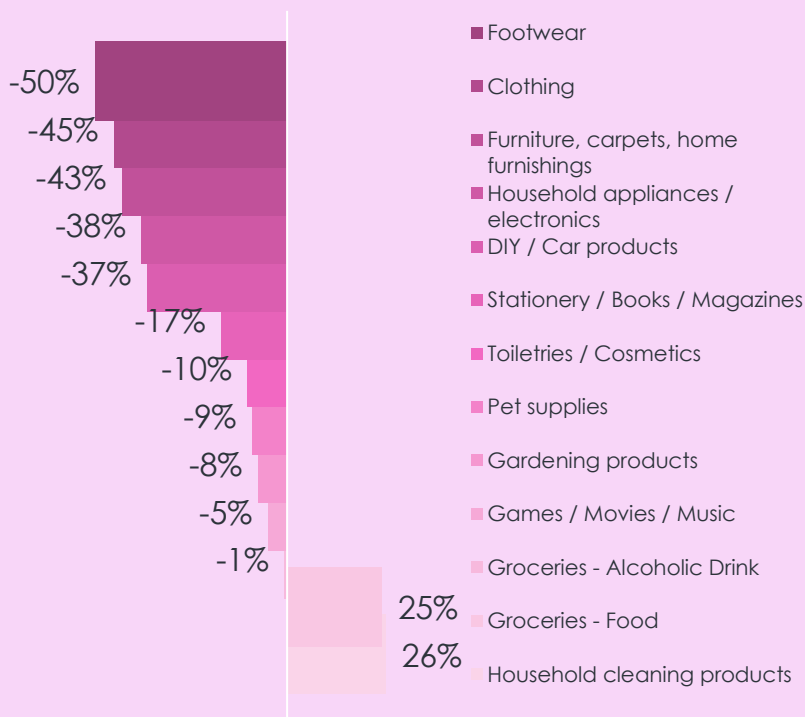
During lockdown people reassessed their priorities and many found that shopping didn't score highly among them. Retail sales in the UK dropped 20% in April 2020 [Bloomberg], leading to the collapse of established brands such as Oasis and Warehouse. After lockdown 28% of consumers are planning to buy less [Emotional Logic], which means they will consider more when they do buy. This trend could continue into the future as shoppers react to consumerism and change their shopping habits, with footwear (-50%) and clothing (-45%) among the hardest hit [Emotional Logic].

Post-lockdown:

43%
Are less
interested in
buying things
than they were

53%
Have re-
evaluated their
shopping habits
due to
lockdown

Change in purchases vs before lockdown



[Emotional Logic]

Big Ticket Items

LOCKDOWN WINNERS AND LOSERS

Now:

-13%
Decline in
discretionary
spend Q1 2020
vs the previous
quarter

[Deloitte]

-89%
Year on year
decline in UK car
registrations in
May 2020

[Autocar]



Discretionary spend fell sharply in the first quarter of 2020 [Deloitte]. Certain categories - such as gardening and electricals - boomed during lockdown with increases of 94.4% and 40.2% respectively [Essential Retail]. Ebay reported a 490% increase in sales of hot tubs [Telegraph]. On the other hand other categories suffered, such as jewellery, with a drop of 39% for rings and 22% for necklaces [Fashion Network]. However, automotive was one of the worst hit sectors with an 89% decline [Autocar]. With lower predicted purchase intention we could see car buying moving online and the phasing out of car dealerships as they are classed among the non-essential retailers [Internet Retailing].

Big Ticket Items

VALUE CONSCIOUSNESS



During lockdown people learned to make do and mend, discovering a new passion for homemade and DIY, both in food and crafts, with sales of elastic on the rise [John Lewis/Waitrose & Partners]. In addition, value for money will become more important after lockdown as shoppers worry about their finances. In April 68% of UK shoppers paid more attention to prices vs 59% in March [Kantar] and 49% expect to shop more cost-consciously [Accenture]. This along with vast amounts of unsold stock will lead to heavy discounting on retailers' part, similarly to what happened in the aftermath of the 2008's financial crisis [Business of Fashion].

Now:

155%

Increase in searches for sewing machines

[HobbyCraft]

£15bn

Worth of unsold stock is estimated to be held by retailers

[Guardian]

Post-lockdown:

27%

Are planning to spend less money

[Emotional Logic]

Big Ticket Items

CLICK & COLLECT RETHINK

Now:

53%

Of UK shoppers
have used Click
& Collect in
2019

[Essential Retail]

50%

Of UK shoppers
have tried to
limit the time
spent in store

9%

Have used
Click & Collect
more during
lockdown

[Mintel]



Click & Collect was on the rise before the pandemic, recording an 8.2% increase compared to the previous year [Essential Retail]. Although the C&C market in the UK was maturing it was forecast to grow to £9.8bn in 2023 [GlobalData]. Even in lockdown 42% of consumers would have preferred this service for categories such as groceries and pharmacy if available [Business Insider]. In order for the expected growth to happen, after lockdown stores will have to rethink the model, offering contact-free, speedy options such as car delivery/drive through or kerbside delivery [Forbes]. However, some shoppers who have fully converted to online-only might now avoid physical stores altogether and retailers could lose out on those 39.2% of shoppers who also bought an additional item when collecting in store [Retail Gazette].

Big Ticket Items



Future outlook

- The retail industry will go through some restructuring as some players collapsed during lockdown and invariably more will follow
- We will see a move away from seasonality when it comes to sales and permanent discounts will continue for some time, as unsold stock needs to get shifted to an increasingly value-conscious audience
- Click & Collect will continue to be used – provided it's made safe and kept efficient - especially if cheaper than delivery. However, forms of purchase collection outside the store will mean retailers will not be able to rely on additional spend and will have to take steps to increase basket value at the time of purchase instead of deferring it to collection
- Discretionary spend will recover in the long term but the immediate effect will be negative as recession hits

Big Ticket Items



Who can benefit from this

- In this future scenario big ticket items that fit with the Importance of Home and Increased focus on wellness & health trends, such as electrical appliances, are most likely to be successful
- Retailers should become highly flexible, with agile stock and workforce to be able to respond to changes in the retail environment quickly
- Smaller retail spaces and a bigger online presence are a long-term solution that will see brands through the post-lockdown recession
- Brands should invest more in virtual, high-tech experiences for premium products as the increased trust in technology and Importance of Home trends will mean high value items will be purchased online more

Considered Consumption

TRAVEL

LONG HAUL GOES VIRTUAL



Long-haul travel seemed a thing of the past, as virtual/remote tourism helped people to experience destinations far afield. This period of uncertainty has caused job losses in the airline industry, with companies like Easyjet planning to cut up to 30% of its workforce [BBC], and high proportion of furloughed workers in the hospitality sector (87.3%). Consumers would like to go back to travelling but initially tourism is likely to be local as 90% are planning a UK holiday [CabinBookers], 43% say they want to explore their local area more and 47% will take fewer holidays abroad in the future [Emotional Logic]. Concerns over enforceable quarantine periods will also deter overseas travel in the short term as on average consumers cannot envision going on holiday abroad until at least early 2021 [BVA BDRC].

Now:

67%

Look forward to being able to travel the world again

[Emotional Logic]

Post-lockdown:

37%

Are thinking of booking a holiday in UK in the next 6 months

[BVA BDRC]

47%

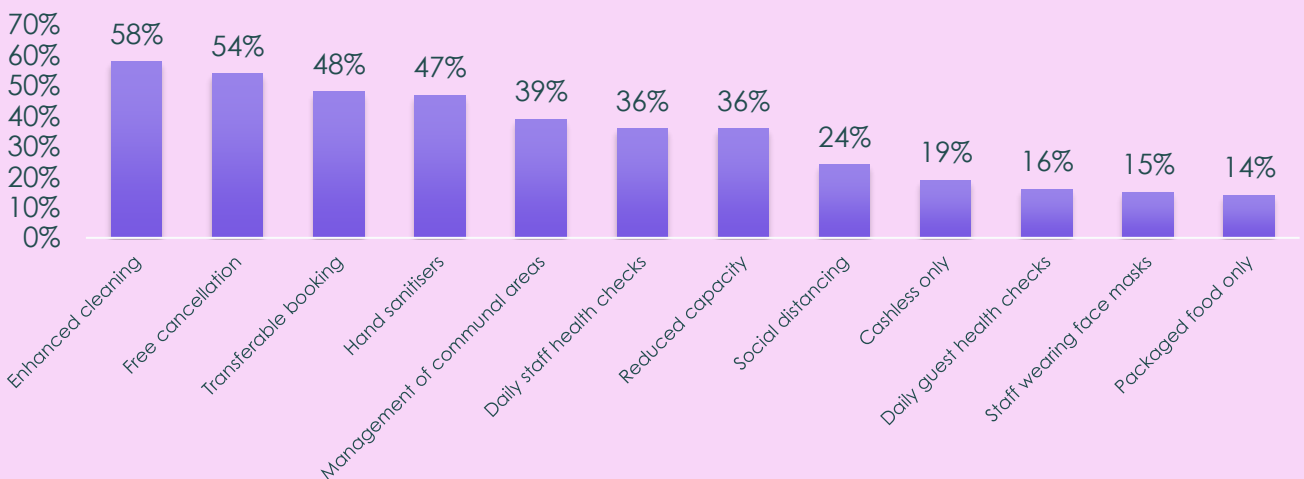
Will take less holidays abroad in the future

[Emotional Logic]

TRAVELLERS WANT MORE PROTECTION

Security when travelling has become even more important now – both from a safety point of view and also financially. As flights and holidays were cancelled following the outbreak and many lost out on refunds the demand is strong for consumer protection, with 54% demanding free cancellations and 48% looking for transferable bookings [BVA BDRC].

Essential requirements for a holiday post lockdown



[BVA BDRC]

Travel

OUTDOORS WILL BE FIRST TO RECOVER



Over a third of people are planning to take part in more outdoor activities after lockdown [Emotional Logic] - this shows that the 'daily exercise' that was imposed at the beginning of lockdown was enjoyed and formed a new habit. As the Government relaxes lockdown rules and allows limited interaction in outdoor spaces these will be the first types of destinations that will attract visitors in a post-Covid world, as nature is seen to have a calming effect in a time of anxiety [BBC], meeting consumers' desire to focus on wellness & health.

Post-lockdown:

38%

Want to do more outdoor activities post lockdown

[Emotional Logic]

52%

Would consider visiting a country park/scenic area in the next 3 months

VS

8%

Would consider visiting a museum/ gallery in the next 3 months

[BVA BDRC]



Future outlook

- The travel industry will recover in the long term, but in the short term travelling will become even more of a luxury and long haul destinations will be explored virtually thanks to the increased trust in technology
- There will be some consolidation in the industry as some companies fail and reduced choice ensues so repercussions will be felt within the next 5 years as the market stabilises itself
- Outdoors attractions and destinations will be the first to recover as they can enforce social distancing and can count on people's goodwill



Who can benefit from this

- Insurance companies that put customers first and make their policies about Covid cancellations clear are the best placed for success
- Travel companies (incl. airlines) should strive to offer a safe experience to those who choose to forgo the Importance of Home focus
- Flexible airlines and travel companies should openly show they are helping consumers with flexible terms and refunds
- UK outdoor destinations should step in to fill the void left by lack of overseas travel by leveraging the Increased focus on wellness trend, especially organisations such as National Trust/English Heritage/Woodland Trust which have outdoor properties
- Offering virtual exhibitions at reduced rates and moving catalogues online using state-of-the-art technology will be a winning long term solution for indoor attractions

Technology

TECHNOLOGY

Technology

ONLINE SHOPPING IS GROWING



The pandemic has accelerated processes that were already under way, leading to a higher integration of technology within retail. Proportion of online sales out of the total retail sales set a new record in April 2020, with a 15.8% increase in spend on the previous month [ONS]. 34% of consumers now feel more comfortable shopping online, thanks to an increased trust in technology when it comes to purchases and 39% have discovered new online retailers they will continue to buy from [Emotional Logic] so the increased proportion of online shopping is likely to continue, especially for categories such as groceries, predicted to grow by 33% in 2020 [Mintel].

Now:

30.7%

Of all sales
were online in
April 2020

[ONS]

45%

Are buying
online more
than pre-
lockdown

34%

Now trust
technology
more than
pre-lockdown

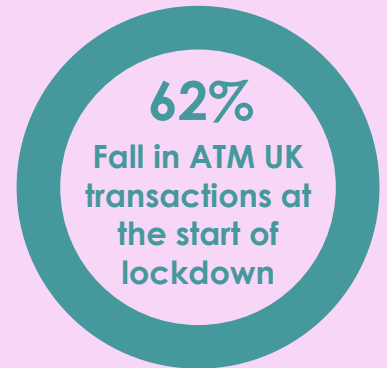
[Emotional Logic]

Technology

TOWARDS A CASHLESS SOCIETY

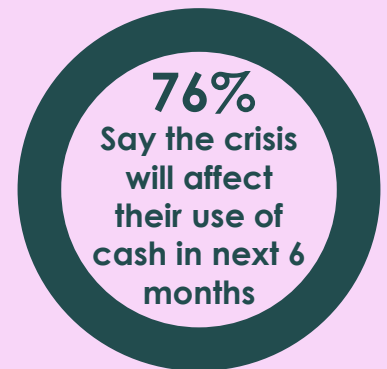


Now:



[Financial Times]

Post-lockdown:



[YouGov]

In a bid to minimise all contact with potential virus-transmitting surfaces, cash has also fallen out of favour with shoppers at a faster rate than ever before. The limit for contactless transactions was raised during lockdown and supermarkets everywhere favoured card payments over cash, leading shoppers to consider phasing out cash sooner.

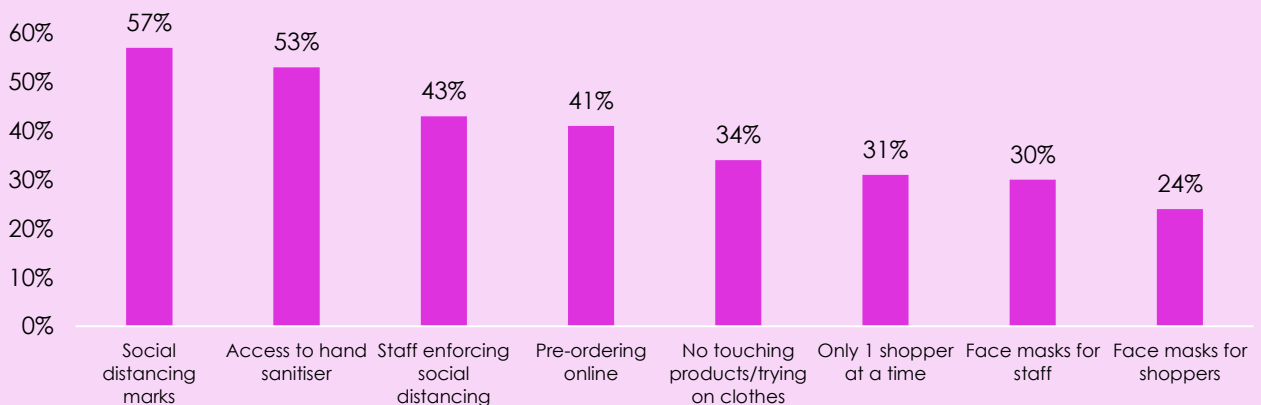
Technology

SAFER AND TECH DRIVEN STORES



In the immediate post-Covid world physical interaction with products is reduced or outlawed, posing challenges for bricks and mortar stores. Countries that left lockdown prior to the UK showed shoppers' willingness to return to bricks and mortar stores they have a connection with - so we expect the same to happen in the UK. As UK retailers are preparing to welcome back shoppers they are considering alternative methods or technologies to offer the same experience and safely – such as virtual fitting rooms, virtual queues and automatic doors at the entrance [Guardian].

Measures that would encourage shop visits post lockdown



[Appinio]

Technology



Future outlook

- Technology in retail is here to stay – an increasing number of consumers will adopt online shopping
- Contactless technology will continue to spread and be encouraged while cash will become less popular
- Experience from other countries which exited lockdown earlier indicate that shoppers will return to physical stores they have a personal connection with
- As interaction with products in-store will not be permitted for a long time retailers will increasingly use virtual reality and AI technology to improve shopper experience



Who can benefit from this

- Retailers with an integrated online and offline presence to absorb the impact of closures are most likely to succeed
- Physical retailers should focus on making shoppers feel welcome, safe and relaxed while in store by respecting social distancing and providing sanitising stations
- Payment apps/digital wallets should target smaller, local players that were operating cash-only before the crisis and which received goodwill during lockdown
- Providers of AI and virtual reality platforms should collaborate with physical stores as consumers become more trusting and accepting of technology

SUSTAINABILITY

Sustainability

ENVIRONMENT IS STILL MAIN CONCERN



The imposed lockdown saw the price of petrol fall to its lowest levels yet and pollution decreased, as nature claimed back for itself public spaces in cities worldwide. As a result of this 55% have become more environmentally conscious [FMCG Gurus]. Single use (i.e. cups, gloves, bags, food containers) made a momentary comeback due to hygiene/health concerns [Ethical Consumer] but this is only going to be a short term recurrence as and when lockdown hits. Households have also learned to waste less food during this time and will extend this behaviour to the post lockdown period [Emotional Logic], in line with the Underlying concerns about sustainability trend.

Now:

50%

Have been making a conscious effort not to waste food

[John Lewis/Waitrose & Partners]

Post-lockdown:

76%

see it as starting point for us to live more in harmony with the planet

30%

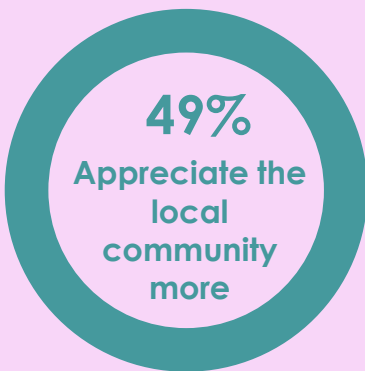
Will waste less food even after lockdown

[Emotional Logic]

Sustainability

LOCAL IS NO LONGER NICHE

Now:



[Emotional Logic]



[John Lewis/Waitrose & Partners]

Post-lockdown:



[Accenture]



The lockdown has brought a newfound appreciation of local communities, including independent retailers and restaurants. Many offered 'Pay it forward' schemes aiming to delay expenditure thus helping them stay in business [Intu]. The full impact of lockdown on closures will only be seen as high streets and shopping centres nationwide start to reopen but support to local retailers is likely to continue, as even post lockdown 21% want to cut out unnecessary travel and 37% are vowing to walk more [Emotional Logic].

Sustainability

RESPONSIBLE BRANDS WIN

News • UK

Sports Direct hikes prices by up to 50 per cent after U-turn on store closures, memo shows

[Evening Standard]

'Cradle of disease': Asos warehouse staff reveal coronavirus fears

[Guardian]

Good PR went a long way during the Covid outbreak - several high-profile companies such as Jaguar Land Rover shifted production to manufacturing of Personal Protective Equipment and others such as Brewdog started producing hand sanitisers to help with the antiviral effort. Some brands made the news because they made a positive difference to society and avoided unnecessary risk, whereas others such as Asos made headlines with the unethical treatment of their employees. Others such as Sports Direct tried to extract more profit from customers facing financial difficulties, leading to calls for boycott [Ethical Consumer]. As online conversations around ethical/sustainable/local shopping on social media increased 362% in March 2020 vs Dec 2019 [Brandwatch], brands that show a blatant disregard for this could be penalised by shoppers [PWC].

Now:

47%
Expect
companies to
communicate
with employees
openly during
crisis

79%
Expect brands
to show social
commitment
during crisis

[Appinio]



Future outlook

- In the days before lockdown many cafes stopped accepting customers' reusable cups for hygienic reasons. Post lockdown this is likely to still be the case but will recover in the long run as food retailers take measures to prevent the spread
- Having seen first hand that things can be improved from an environmental point of view will give new momentum to shoppers to act more sustainably
- Consumers will support those local businesses that have survived as they are perceived to be enriching the community and need more help than global brands



Who can benefit from this

- Convenient and hygienic packaging solutions that are also sustainable are likely to be the long term winners
- Brands that put an emphasis on sustainability and ethical behaviour, as well as employee welfare, are most likely to be rewarded by responsible shoppers
- Large brands should show an interest in/giving back to the local community they are in to demonstrate it's not all about profit
- Independent retailers within mixed residential/commercial estates will benefit as they are the first port of call for consumers who are aiming to shop more locally and sustainably
- Large shopping schemes that have lost tenants should consider leasing vacant units out to independent businesses, benefiting from the goodwill towards them



**To find out more contact us:
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