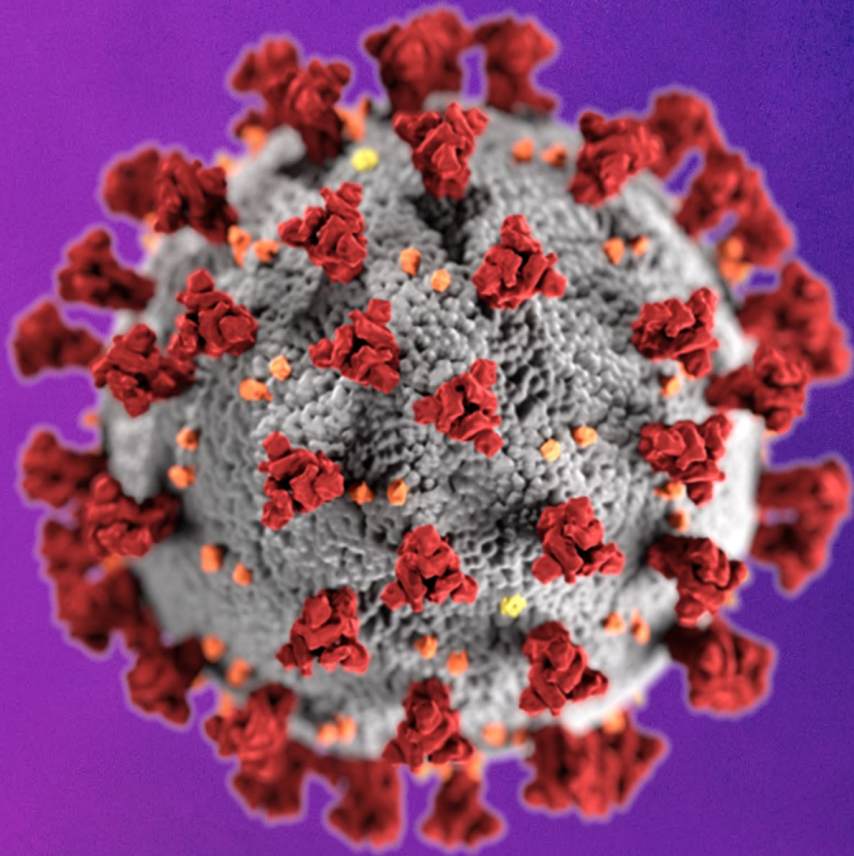




COVID-19

report 13: **MONEY MATTERS**

4.16.20



Most Americans are encouraged to confine themselves to their homes, and one of the few places they're permitted to visit, the grocery store, lately only adds to their stress about money. Food budgets are under incredible pressure, because the local supermarkets are backing away from discounting while racing to keep up with panic buying and stocking up as the COVID-19 crisis enters its second month. Consumers face trade-offs in their food buying everywhere, from near-empty shelves in newly one-way grocery aisles to the local restaurants they're trying to support. Their collective outlook is dim: Seven consumers out of 10 believe that the country is headed for a mild recession *at best*, and 7% expect an actual depression.

How can the food industry begin to address its customers' overwhelming financial anxieties? The first step is to understand how people view their own situation, where they've already cut back, and what they would want to start spending money on again when they're certain their own recovery has begun.

Here are highlights from Datassential's latest wave of Coronavirus research, fielded April 10 and April 13 with 1,000 US consumers.



KEY EVENTS SINCE THE LAST FIELDING ON APRIL 8

April 08

Prestigious scientific panel tells White House Coronavirus won't go away with warmer weather
CDC issues new guidelines for essential workers who have been exposed to Coronavirus
Health expert says drop in US death projection is due to change in American behavior

April 09

Cases are doubling in Europe every three to four days, WHO official says
New York City records 7,521 new cases and 518 new deaths
The US has "under-invested" in public health, CDC director says

April 10

Florida wants to allow families receiving SNAP benefits to buy food online
Navy hospital ship to take seniors from nursing homes on board
Coronavirus model projects some states have passed their peaks, others are weeks away
Walmart CEO says stores still having difficulty stocking hand sanitizer, toilet paper

April 11

There are more than 524,000 coronavirus cases in the US and at least 20,389 deaths
IRS deposits first wave of stimulus checks to Americans
For first time in US history, every state is under a disaster declaration simultaneously

April 12

585 sailors from USS Theodore Roosevelt have tested positive for Covid-19
Walt Disney World to furlough 43,000 employees amid Coronavirus pandemic
Arkansas governor defends no stay-at-home statewide order as 'successful'

April 13

Lines at food banks grow as farmers destroy food
Europe takes first steps toward opening up
Mayor de Blasio: New York City is having a 'very good day' as rate of new Coronavirus cases falls

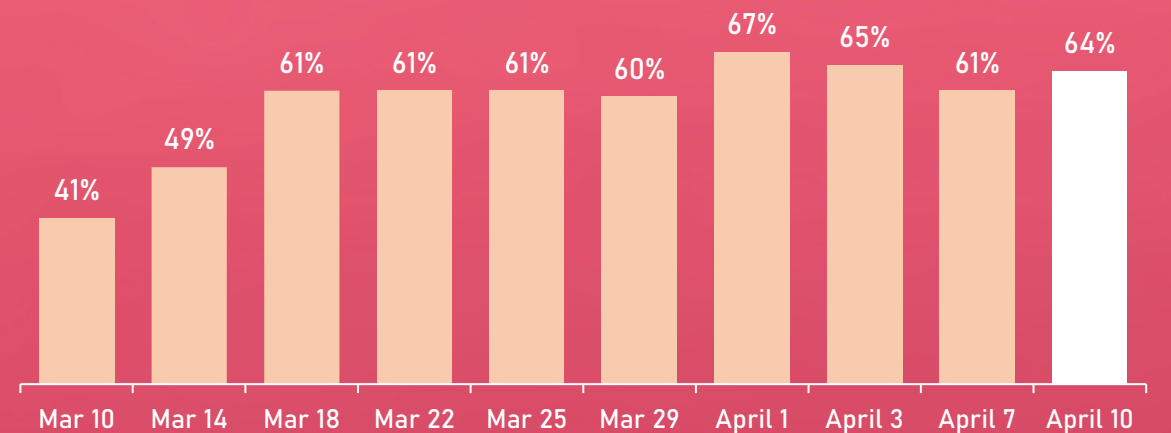


Concern is stable and remains high.

While a few states are starting to turn the corner, others are the new hotspots. Consistent with March and early April levels, two-thirds of Americans remain very concerned and hugely worried about their own personal health.

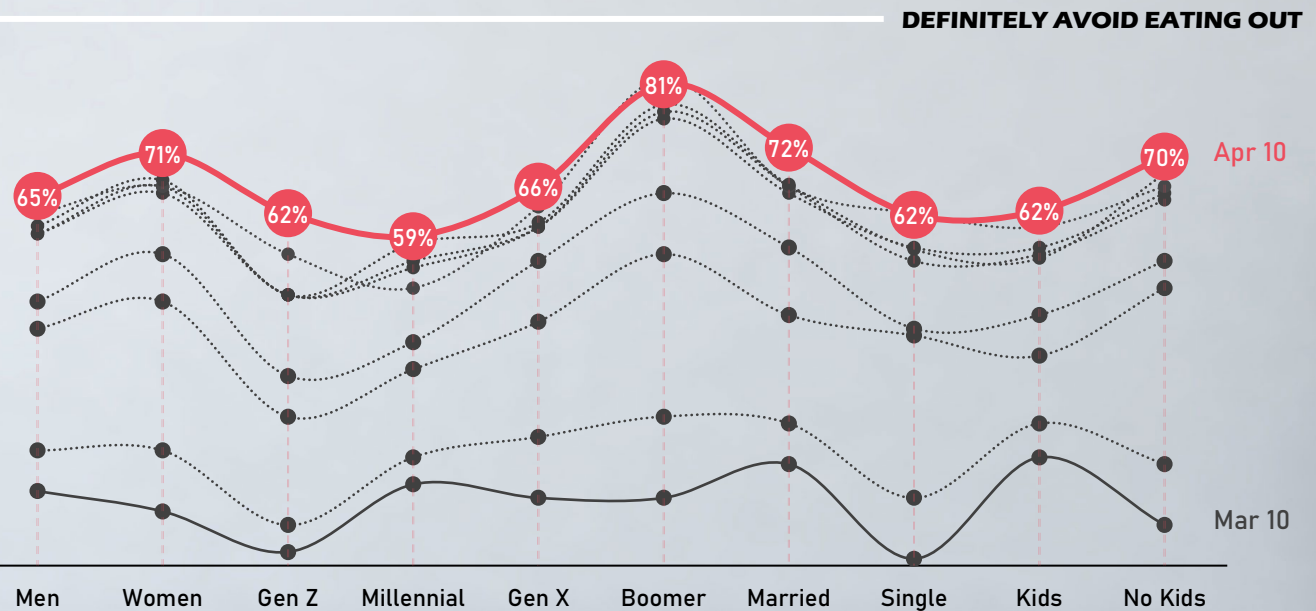
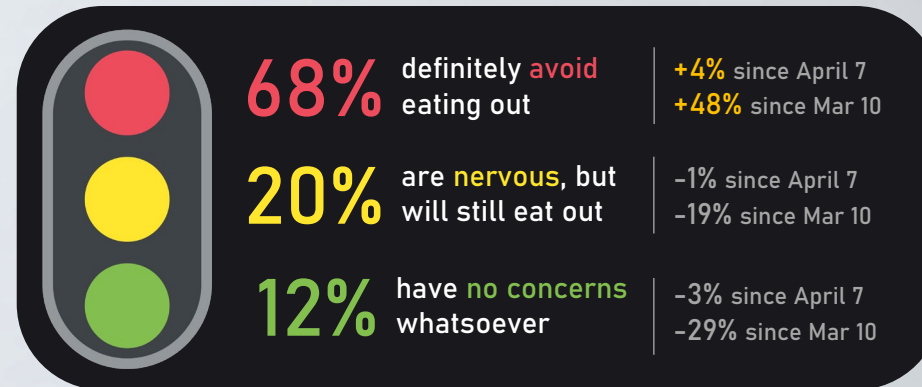
very concerned with Coronavirus

	Mar 10	Mar 14	Mar 18	Mar 22	Mar 25	Mar 29	Apr 1	Apr 3	Apr 7	Apr 10
Very concerned	41%	49%	61%	61%	61%	60%	67%	65%	61%	64%
Somewhat concerned	49%	42%	34%	35%	34%	33%	28%	28%	34%	31%
Not concerned	10%	8%	5%	4%	5%	7%	5%	7%	6%	5%



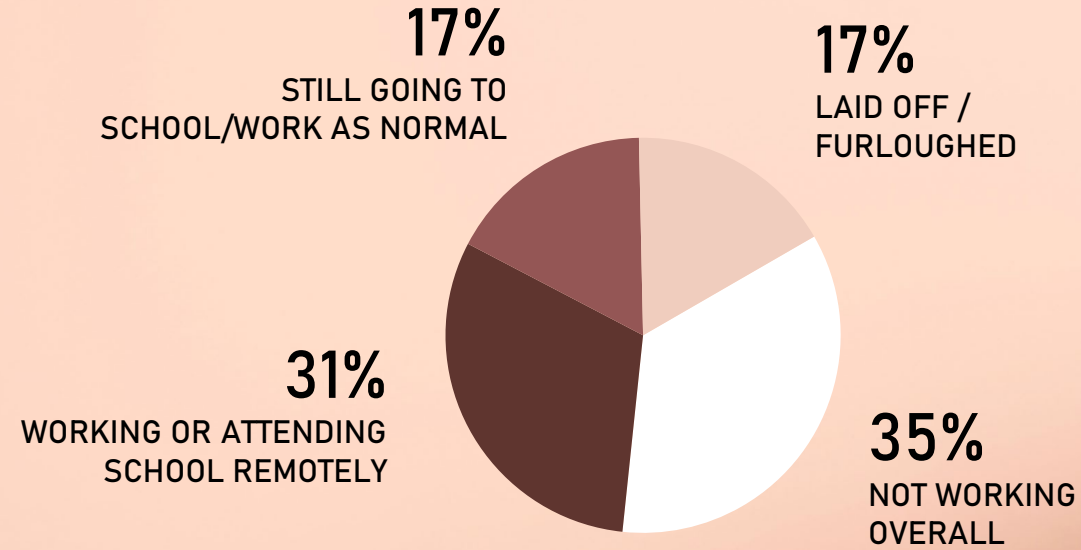
Avoidance of dining is steady, increases across some demographics.

As dining remains closed across virtually all of the US, consumer avoidance remains steady at two-thirds. Several demographic segments have shown an increase in concern, including males, Gen X, Gen Z and multi-person households.



Americans still living their “new normal,” at home.

With the country still in social-distancing mode, Americans remain home based, with only 17% leaving to go to school or their jobs.

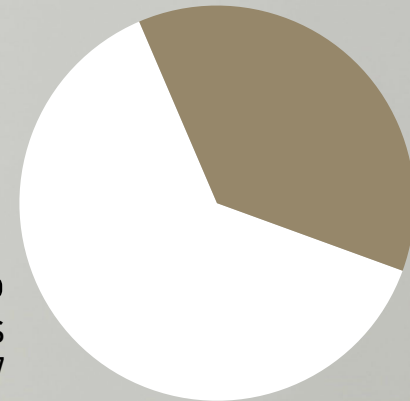


which of the following best describes your current situation?



Money worries aside, health remains top priority.

While Americans are worried about the economy and its impact on their financial well being, for the past week, the health crisis remains their top concern.



38%
ECONOMIC CRISIS
+1% since April 7

62%
PUBLIC-HEALTH CRISIS
-1% since April 7

**which are you more
concerned about?**

It's out of consumers' hands.

Even the best-prepared Americans could never have planned for social distancing, and this unfamiliar situation is stretching budgets for most households, especially when it comes to food. As nearly half of consumers adjust to being home full time (whether working remote or having lost their jobs), they're also in for sticker shock at the supermarket.

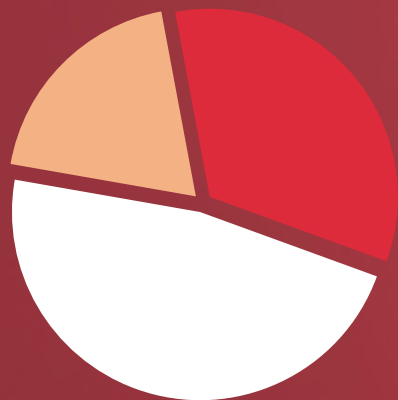
Forces outside their control have hurt people's bottom line, yet they still want to help restaurants get through this catastrophe however they can — but it depends on whether they can stabilize their own financial circumstances, let alone return to normal.



Finances are a growing concern, particularly for the young.

Although two-thirds of consumers view COVID-19 primarily as a public-health crisis, the economic impact of this pandemic is undeniable. In the past three weeks, upwards of 17 million Americans have sought unemployment benefits, and with no sure sign of a speedy recovery period, it's understandable that nearly half of our surveyed consumers claim that money has been tighter due to COVID-19. This is especially pertinent for Gen Z (60%) and Millennials (59%), who are less likely than older generations to have well-paying, stable careers or secure assets, and less so for Boomers (24%). There is, however, an undeniable sense of caution shared among most consumers.

19%
SITUATION HASN'T CHANGED;
SPENDING AS MUCH AS BEFORE



47%
MONEY IS TIGHTER
DUE TO COVID-19

34%
SITUATION HASN'T CHANGED,
BUT I'M TRYING TO SPEND LESS

how have consumers' financial situations
changed since the onset of COVID-19?





Most consumers expect an incoming recession.

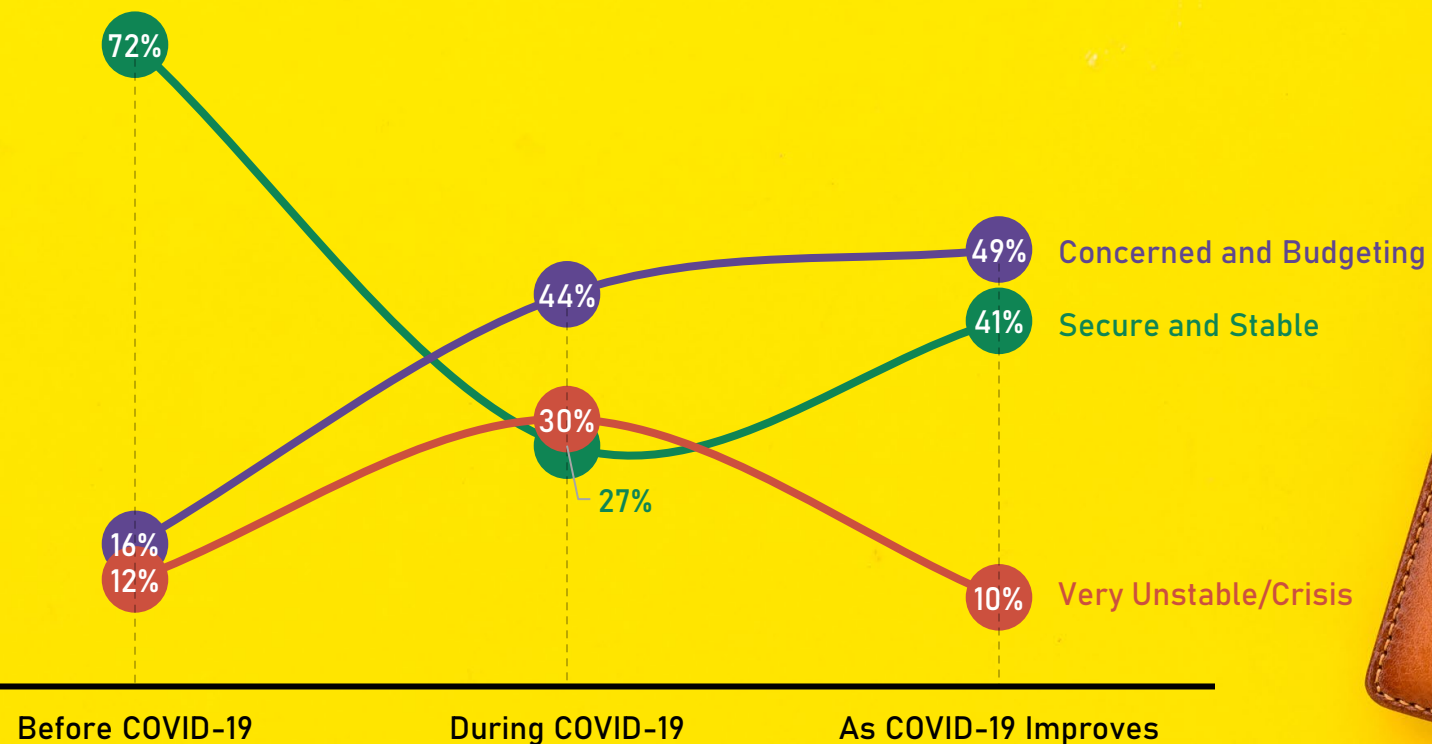
The state of the American economy in the months to come is still murky territory, but one thing is clear for three-quarters of consumers: a financial crisis is afoot. For these pessimists, the verdict is split on whether such a recession would rival the 2008 financial crisis, although Gen Xers are more likely to expect an even worse recession (25%). Nearly a quarter of consumers, however, still carry the hope that the American economy will emerge from this pandemic just the same, if not stronger, than before. Even if a recession does strike, only a quarter of consumers expect it to be worse than 2008.



**how do consumers expect the U.S
economy to emerge from this pandemic?**

COVID has people in crisis today, but many expect to recover.

The Coronavirus crisis has left most Americans in worse financial shape. Consumers are realistic that recovery won't happen overnight but remain hopeful that they will migrate back to pre-COVID status. Many will remain cautious and continue to watch their finances as the situation improves. Even those currently on "red alert," expect to move out of crisis mode as the pandemic passes. Boomers are most likely to see themselves as stable throughout the crisis, while households with kids will need to budget their spending.



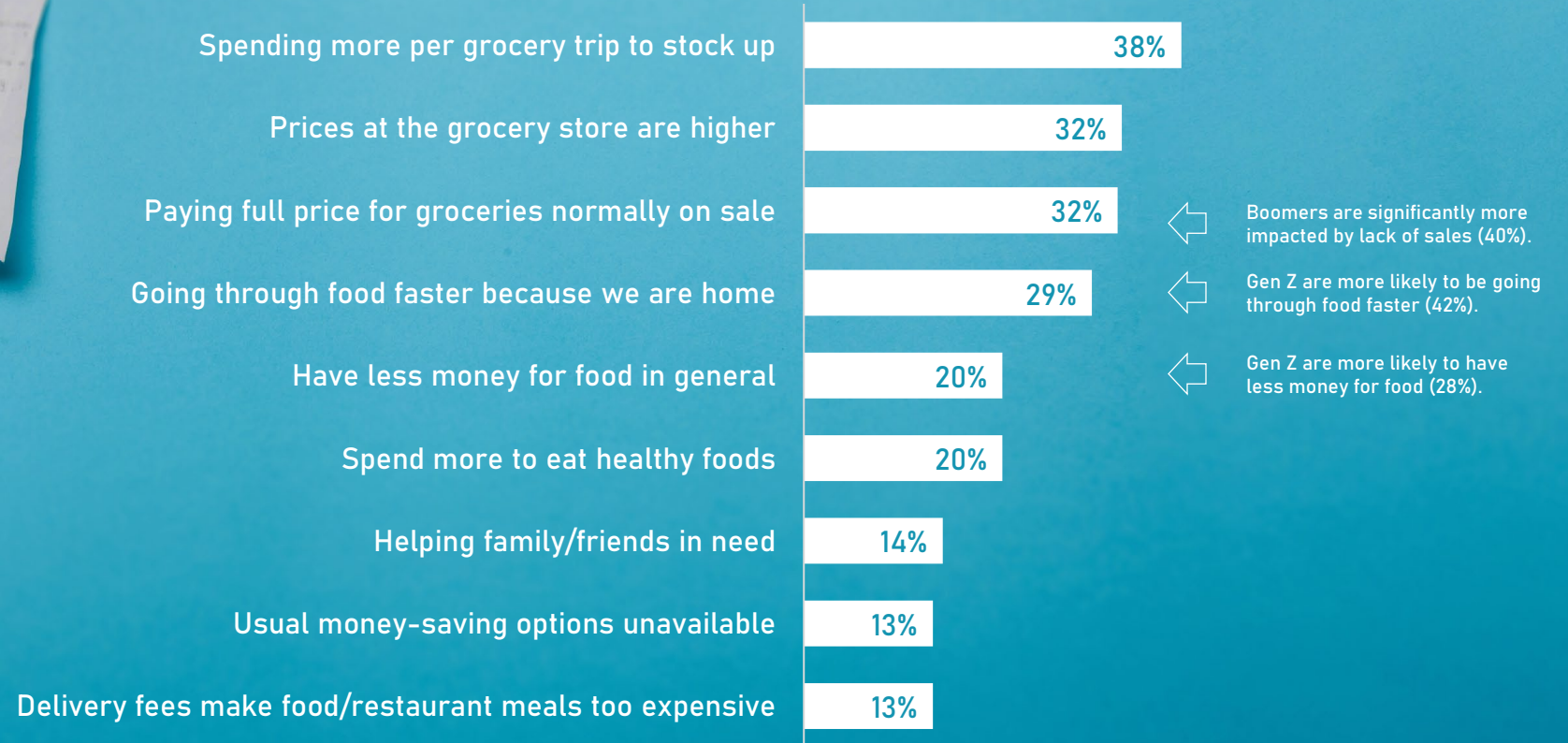
which best describes your financial situation before/during/after the COVID crisis?





Higher grocery bills squeeze budgets.

Food budgets aren't stretching as far as they normally would, with consumers needing to stock up each trip and grocery store prices on the rise. Not only are items more expensive, but with high demand and less inventory, retailers aren't running sales as frequently either. Larger households with kids are most impacted across almost all factors. Boomers are feeling it most with the lack of items on sale. Generation Z has less money for food but are going through it the fastest being at home 24/7.



how have consumers' food budgets been put under pressure due to COVID-19?

Consumers will not sacrifice the basics.

Grocery shelves remain sparse compared to normal, and when items are available, brands and varieties are often limited to more expensive, premium versions. Americans are price inelastic to the essentials, like dairy, meats, but are willing to walk away from non-necessities like prepared foods, desserts, and alcohol if too expensive. Boomers won't go without dairy, produce, and their daily coffee or tea, but will give up prepared foods. Unlike their older counterparts, Generation Z will sacrifice dairy and coffee or tea. Much of this may have to do with the shopping experience in the era of COVID, where people want to get what they can and get out as quickly as possible.

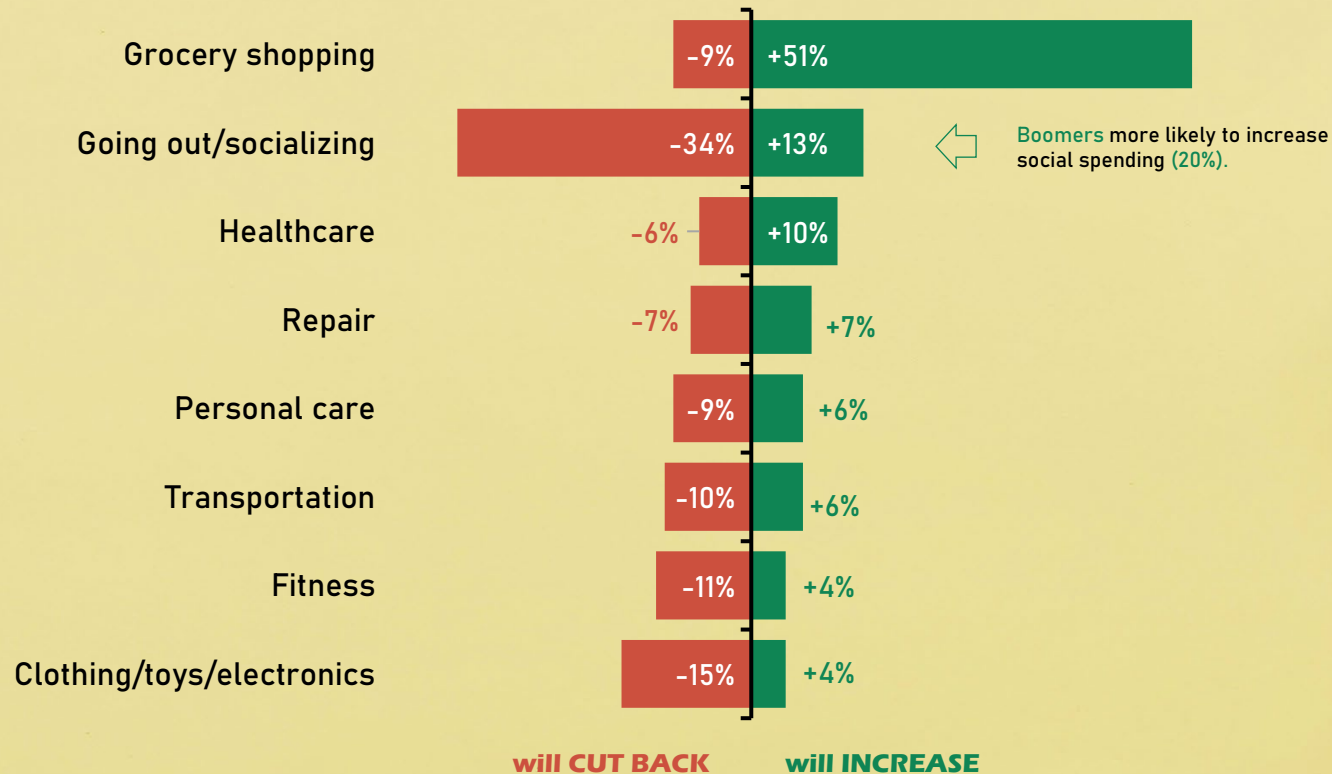
	Pay Higher Price	Go Without	
Dairy (milk, cheese, eggs, butter)	81%	19%	← Boomers will pay more money (88%).
Meats/protein	80%	20%	
Fresh produce	77%	23%	← Boomers will pay more money (86%).
Coffee/tea	57%	43%	← Boomers will pay more money (69%).
Non-alcoholic beverages (soda, juice, sparkling water)	46%	54%	
Packaged snacks (cookies, chips, popcorn, nuts)	44%	56%	
Ready to eat/heat and eat foods	40%	60%	
Prepared foods from deli or bakery section	30%	70%	
Desserts/sweets	26%	74%	
Alcoholic beverages	24%	76%	

assuming only premium options are available, for which categories will you pay the higher price or go without?



Spending will remain focused on the basics, for a while.

As the COVID crisis improves, consumers will still be focused on the basics, with more than half predicting they will increase their grocery budgets and one in three cutting back on social spending. Boomers, who likely have more disposable income, are most likely to increase their social budgets.



when the COVID-19 situation improves, where will you cut back on and increase your spending the most?



Restaurants can redefine how consumers think about value in the COVID era.

The financial impact of COVID has left consumers hyper-focused on one thing, getting food on the table. But it's not as simple as that. COVID has literally changed how we play the game. Grocery store prices are rising, sales are a thing of the past and scarcity means very few choices. What used to be a multi-factor decision process, with variables like brands, flavors and convenience, is now rather one-dimensional—do they have it or not. And when it is in stock, it often means a premium price. Already tight budgets are getting squeezed, often at the expense of non-essentials, like restaurants.

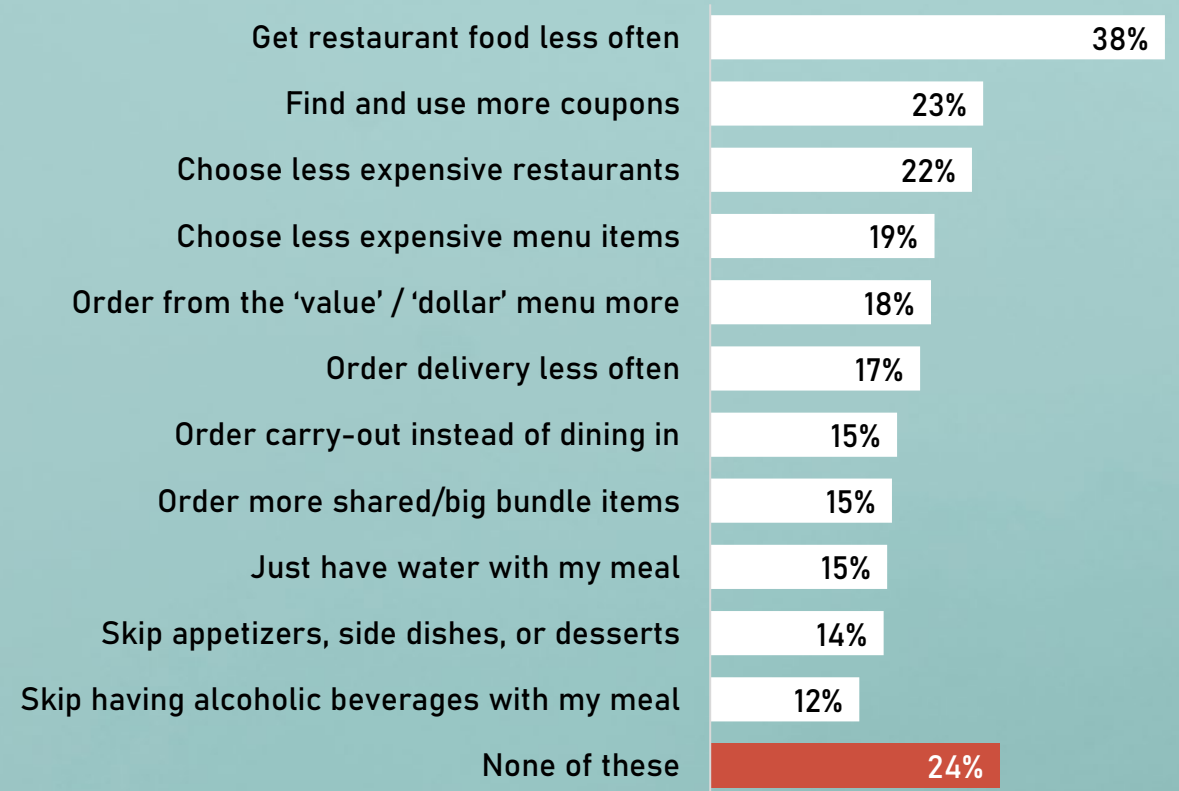
Restaurants have an opportunity to re-enter the equation by expanding how consumers think about value in the COVID era beyond just price. Instead of being squeezed out by groceries, what if restaurants could use them to show their superior value? They have already taken the first step with limited time offers around pricing, family-sized meals and free delivery. But restaurants can take this one step further by using groceries as a comparative frame-of-reference. How does a delicious, no delivery fee, no preparation time, discounted meal for the entire family compare to the now higher cost for a grocery basket to prepare the same at home? And once you factor in the stressful shopping experience, time and transportation, value has taken on a whole new meaning.





To save money, consumers will restrict their dining habits.

For more than a third of people, limiting restaurant purchases and cooking at home more seems to be the most popular strategy to save money after COVID-19. Beyond this, all other strategies are viewed somewhat similarly in consumers' eyes, though they are slightly more amenable to choosing cheaper options than to forgo anything outright. Meanwhile, 35% of Boomers, many of whom are less worried about their financial health after COVID-19, are unlikely to adopt any of these money-saving strategies.

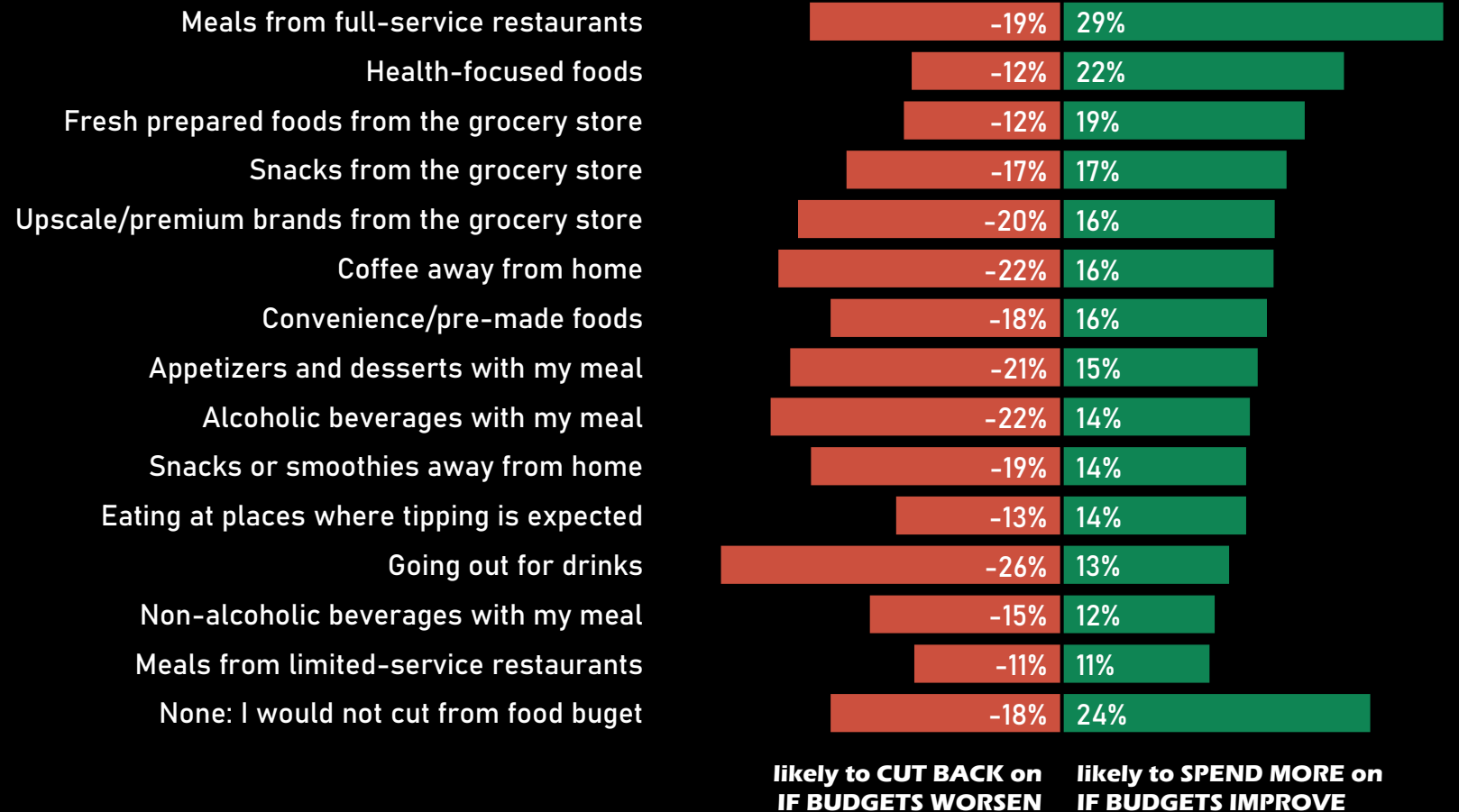


**how will consumers save money once
COVID-19 and social distancing are eased?**



Full-service restaurants will benefit most when finances improve.

When consumer budgets loosen up, they are most eager to resume eating at FSRs, but it may take a while to get back to pre-COVID spending levels. They'll be cautious about ordering too many high-margin ancillaries that FSR operators like to use for building up the average check, like alcohol, appetizers, and desserts. They're a little more likely to cut back on alcohol (either with a meal or going out to bars) and on coffee away from home than they are to add those drinks back into their routines.



WHAT TRADEOFFS ARE YOU WILLING TO MAKE DURING THE CORONA CRISIS, WHEN IT COMES TO MONEY SPENT ON FOOD?

"I shop primarily at Costco, so bulk buying means buying quality for less. So I don't mind buying the "gourmet" brand, because it's at a wholesale price."

- a 57-year-old woman in Palm Desert, CA

"We are cooking and eating every meal at home. This has increased our grocery budget somewhat but has significantly decreased our budget for eating out several times a week. Overall, we are probably spending less on food each week because we can cook more cheaply than choosing to eat out/order."

- a 66-year-old woman in Carlisle, PA

"I usually wait & buy items on sale, but now I go ahead & buy an item at regular price because that item may not be there next time I shop! The store runs out of sale items fast. I definitely am spending and buying more groceries."

- a 57-year-old woman in Lexington, SC

"We are cooking in more and looking for items that can make more than one meal, like hamburger or packages that have enough for two meals."

- a 68-year-old woman in Nashville, TN

"Not buying made meals, meats from the deli counter. Don't go near the bakery items. Not buying organic, look for the expired meats and fish the store marks down. Shop the clearance sections for toothpaste, dog food, or anything I can use, and I use a coupon as well for the purchase."

- a 56-year-old female in St. Paul, MN

"Just do snacks instead of full meals."

- a 74-year-old man in Rockford, IL

"Reducing the amount of fresh food like produce and meats"

- a 49-year-old man in Westland, MI

"Instead of going to a restaurant and enjoying a meal, I am overpaying for groceries. There are some large corporations that are making huge profits from this."

- a 61-year-old woman in Roswell, NM



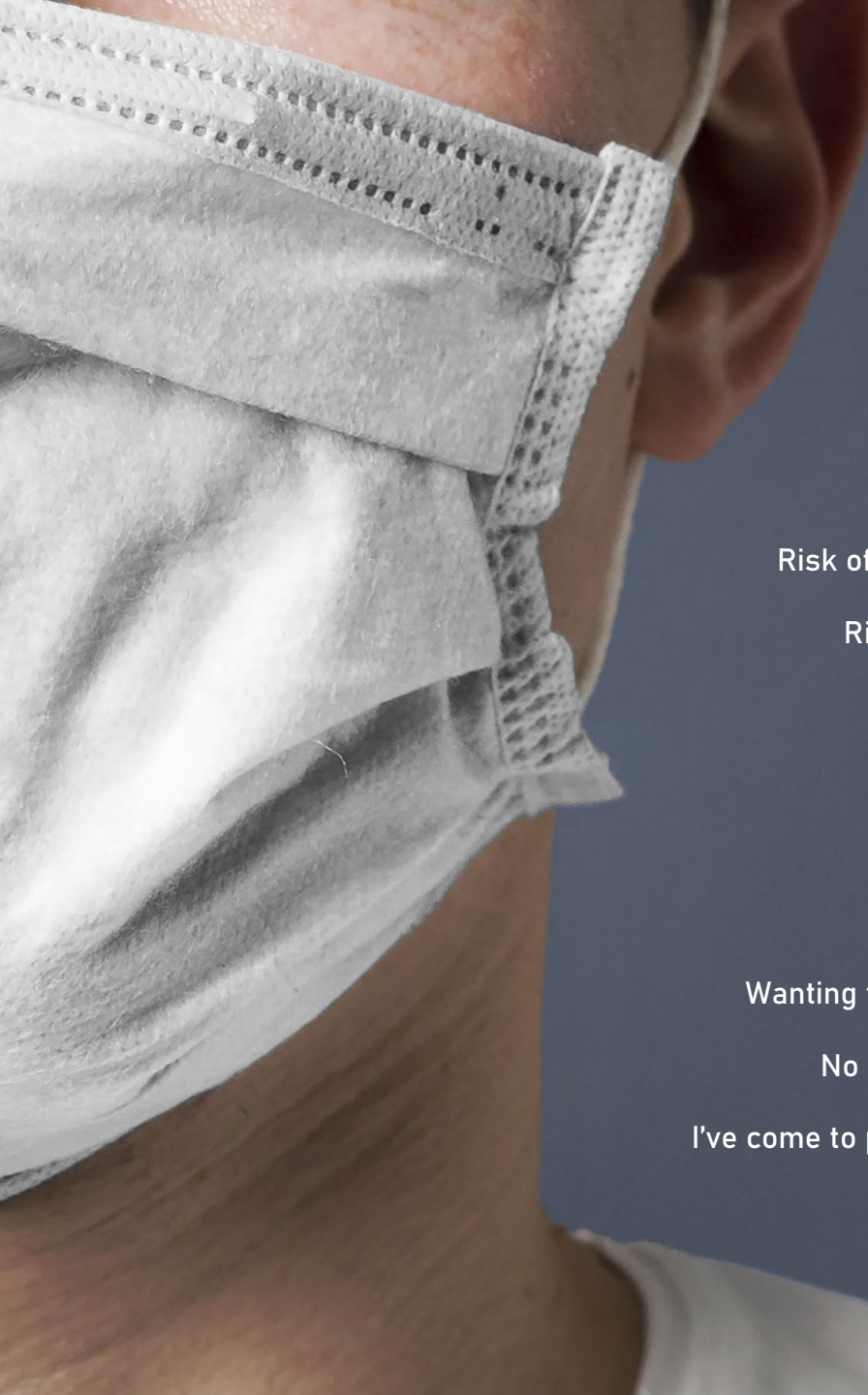
Even after quarantine, consumers will retain their precautionary measures.

Even when we're no longer sheltering in place, nearly three-quarters of consumers across all generations will retain many habits developed during quarantine, from stocking up on essential groceries to being mindful of health and sanitation practices. Gen Z/Millennials and Boomers differ, however, about money: More than two-thirds of younger consumers are more likely to maintain specific budgets, adopt frugal tactics, or switch to cheaper brands, compared to fewer than one-third of Boomers who would do the same. Boomers are also significantly less likely (73%) to order more takeout and delivery post-COVID, perhaps a lingering attachment to socialized dining.

A restaurant's cleanliness and food safety will matter more to me after COVID-19	76%
I'll keep a stash of essential groceries on hand, just in case this happens again	72%
I'll avoid crowded places: Even if the government says it's safe, I won't believe it	69%
I'll still avoid self-serve food like buffets, salad bars, etc.	66%
I'll have a specific budget in mind before going to the grocery store	56%
I'll try to save money by buying groceries in bulk more than I used to	56%
I'll have a specific budget in mind before going to eat at a restaurant	55%
I'll stick with what I know and NOT try new restaurants or menu items	52%
I'll maintain my current usage of takeout and delivery	40%
I'll switch to cheaper brands of food from the grocery store	38%

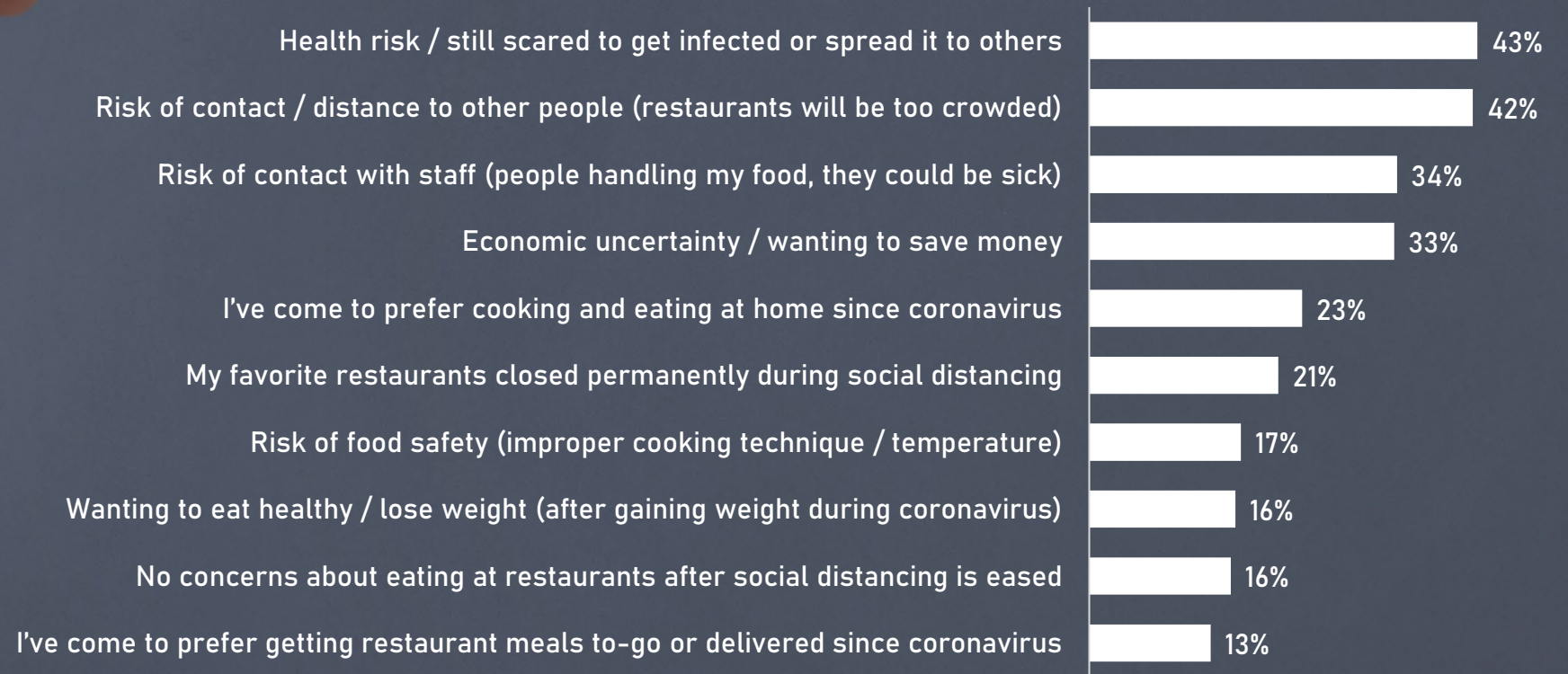
**which of these statements will be true when
social distancing eases after COVID-19?**





Fears about public health will outlive this initial wave.

Even when social distancing eases and dine-in restaurant service resumes, consumers will still cite public health and infection risks as the most salient barriers against eating in a sit-down restaurant. Across all generations, health and safety concerns take priority over economic and lifestyle ones. Although a higher proportion of Millennials (33%) say that they've come to prefer home cooking, it's clear that most of us miss socialized dining — only 13% have come to prefer getting takeout or delivery. Anything operators can do to alleviate these health risks will bring consumers peace of mind.



what will keep consumers from eating at a sit-down restaurant when social distancing has been eased?

But consumers will be motivated to help restaurants recover.

Despite all their concerns, consumers still express willingness to spend more at restaurants, when it is safe to do so. Across the board, the most compelling motivation is the desire to help restaurants recover from months of eliminated dine-in traffic and economic instability. This is especially compelling for Boomers (41%) and less so for Gen Z (23%), who are looking forward slightly more to trying new and exciting dishes they can't create at home. Although the differences are small, Millennials more than any generation are willing to shell out for expensive, upscale, healthful, and/or locally-sourced ingredients. No longer just a commonplace activity, dining at restaurants seems more like a luxury with each passing day.

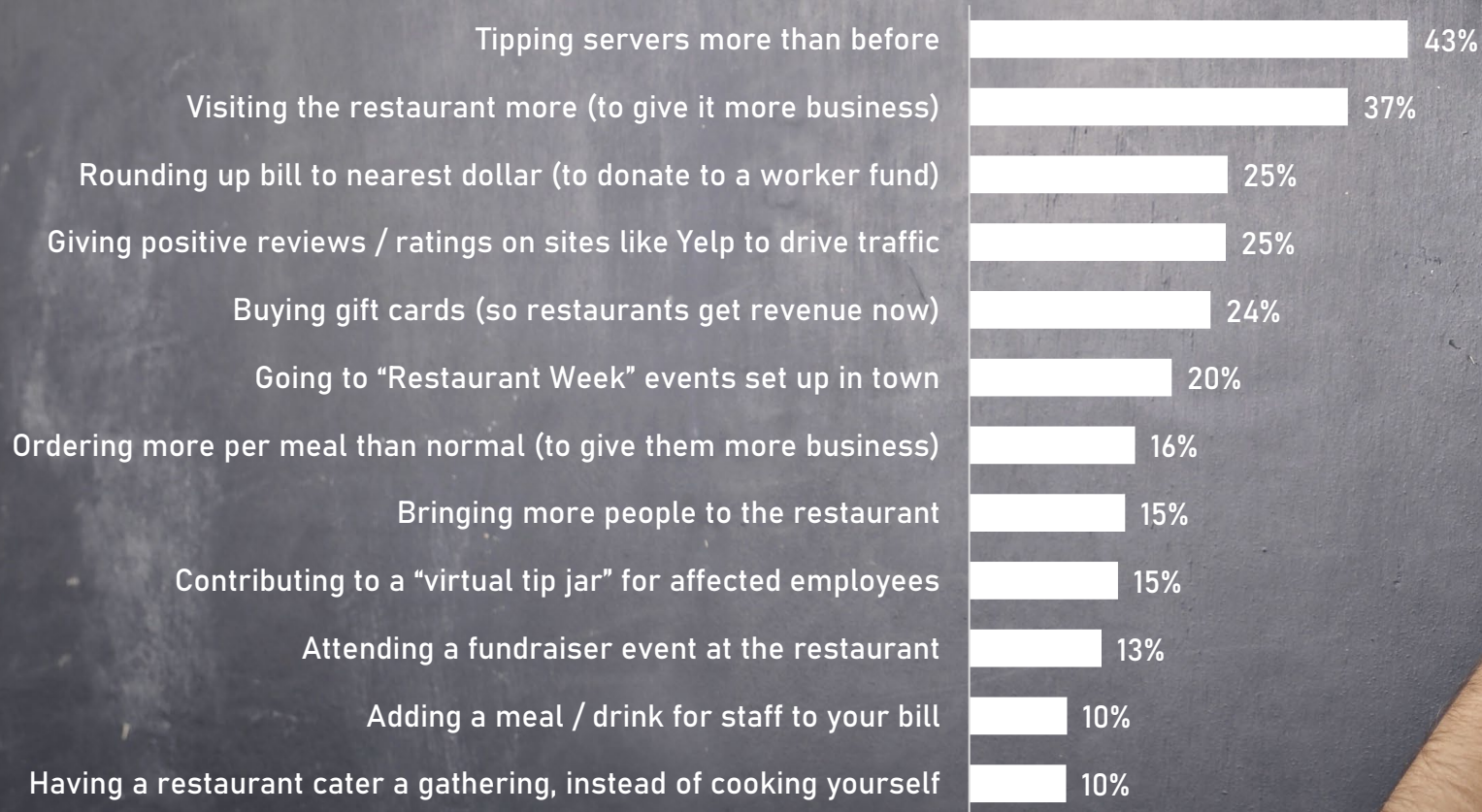


once social distancing eases, what will cause consumers to spend more at restaurants?



Getting by with a little help from their friends.

The restaurant industry can expect most consumers to try pitching in however they're able to, mostly via things that require little incremental effort (tipping a little more, making one extra trip to dine out). Half of Boomers plan to tip more, and nearly half of them would try to visit restaurants more. Gen Z and Millennials, generally feeling less financially secure, are more likely to use their social circles on restaurants' behalf, such as praising a place on review sites or getting bigger groups together to dine out.



**how would you be most willing to support restaurants
and their staff as they recover from COVID-19?**

Help wanted.

Regarding strategies restaurants could adopt to support affected workers, consumers – especially Boomers – are most preoccupied with getting laid-off people back to work. Younger consumers are open to a wider array of tactics. Millennials are more likely to indicate that front-line staff should be paid like the “essential” workers they’re labeled to be, while Gen Z was even more progressive, ranking health care as their top issue and supporting subsidized child care and unionization for restaurant workers at much higher rates.

	Total %	Gen Z	Millennial	Gen X	Boomer
Rehiring laid-off and furloughed workers	46%	20%	39%	46%	62%
Paid sick leave for workers feeling unwell	33%	28%	25%	36%	39%
Providing health insurance to front-line staff	29%	30%	23%	29%	34%
Bonuses for front-line staff	24%	21%	27%	22%	24%
Raises for front-line staff	23%	20%	26%	22%	21%
Scheduling enough hours for front-line staff	20%	18%	19%	24%	19%
Letting front-line staff earn paid time off	20%	17%	23%	21%	17%
Consistent scheduling for front-line staff	19%	16%	19%	19%	20%
Subsidizing child care / leave for parents	14%	26%	16%	13%	9%
Automatic tips or service fees to benefit staff	13%	18%	18%	14%	6%
Pooling tips for all front-line staff to share	12%	12%	11%	12%	14%
Supporting workers' right to unionize	11%	19%	14%	11%	6%
Recruit staff from marginalized groups	10%	11%	17%	8%	2%

how do you want to see restaurants supporting their staff members affected by COVID-19?





HOTSHOT REPORT

Visit Datassential's Coronavirus Resource Library at datassential.com/Coronavirus, your one-stop shop for all COVID-19 research reports, video interviews, restaurant closure maps, and Traffic Briefings, all updated daily as new data come out of the field.



Help us help you.

As the Coronavirus situation continues to evolve rapidly, just tell us what you want to know. If it's something that benefits the food industry, we'll do our best to incorporate it into an upcoming report and provide the results to everyone for free.

And if you have a need that's specific to your company or brand, we would love to design a custom research solution for you.

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