

Understanding and Serving Consumer Needs During COVID-19 and Beyond



Understanding and Serving Consumer Needs During COVID-19 and Beyond

COVID-19 has created an unprecedented environment for US consumers and the institutions served by them. Beginning in February 2020, a global pandemic caused by the Coronavirus (AKA COVID-19) with no immediate vaccine has led to dramatic actions by public and private institutions. Almost immediately, consumers made significant lifestyle changes that impact how they shop, bank, seek healthcare and provide for their families.

Some specific examples include:

- Consumers more at risk of contracting the virus are having to adjust how they purchase essential items, such as food and healthcare in an environment where their income may be threatened.
- First responders, particularly those working at healthcare institutions, are on the front line facing the pandemic head-on, working long hours and dealing with more stressful working conditions.
- Small businesses and workers in specific industries are being furloughed or laid off, leading to high unemployment and a steep decline in consumer spending.
- Families and adults are social distancing, spending more time online taking classes, playing video games and ordering more food and merchandise through online delivery.

Businesses and institutions need insights, data and solutions to identify those impacted, and adapt services to improve consumer lives. Because of this, Experian has developed its 2020 Consumer Audiences to help clients better understand and serve consumer needs during this unique period of our history.

Consumer Segments Directly Influenced by COVID-19

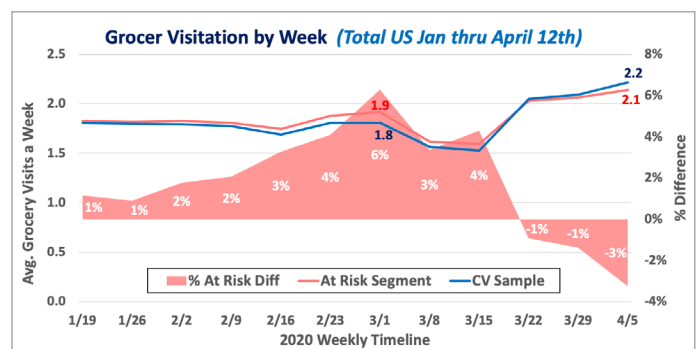
As the COVID-19 pandemic ensued in late February and early March 2020, certain segments of the population were directly influenced in that their consumer habits could directly influence their lives.

- Large metropolitan areas such as New York, Chicago, Detroit and New Orleans saw immediate spikes in cases, leading to social distancing requirements for surrounding constituents.
- Elderly consumers and those with pre-existing conditions were initially feared to be the most susceptible, which led to a change in how these consumers received necessities, such as food or medical services.

As an example, Experian leveraged Mobile Location Data to analyze grocery store visits per week of consumers most at risk by the pandemic as defined by ailment likelihood, versus average consumers.

- Prior to stay-at-home orders, consumer segments more at risk tended to make more visits to grocery stores than average consumers.
- However, after stay-at-home orders went into effect, grocery visits per week increased, but were less for at risk than average consumers.

Figure 1: Grocer Visitation by Week
(Source: Experian Marketing Services)



Understanding and Serving Consumer Needs During COVID-19 and Beyond

For these audiences, we see several areas where companies will need to adapt their products to serve the needs of consumers:

- **Grocery or Food Services** – These companies will need to promote online delivery of groceries or food to individuals that are frequent shoppers, particularly those with low technology adoption.
- **Financial Services** – Institutions such as banks, credit unions, and credit card companies will need to offer financial services to those seeking financial advice due to COVID-19 impacts.
- **Health Services** – These companies will need to promote pharmacy delivery, availability of telehealth services, and provide information to consumers about symptoms or prevention as well as the location of testing facilities.
- **Retail** – Retailers will have to make a greater focus to drive consumers towards making online purchases and providing curbside pickup as a means of delivery. Some retailers will also require new operating procedures, such as how restaurants prepare and deliver food, or how health and beauty salons will limit waiting rooms and personal contact between its patrons.

Consumer Occupations Impacted by COVID-19

As the number of cases began to increase in early March 2020, many state governments enacted social distancing rules and stay-at-home orders to limit direct contact between individuals. As a result, essential businesses were required to immediately make dramatic business practices to reinforce social distancing guidelines, while non-essential businesses across the nation were not allowed to remain open.

This caused significant disruptions to different types of occupations:

- **Healthcare/Social Services** – Some health workers in critical care began to work longer hours administering care to a larger number of patients and dealing with the stressful conditions of being around a deadly virus with no immediate vaccine. Because of social distancing

guidelines, many health care institutions also began furloughing health care workers in non-critical care services.

- **Small Business Owners** – Many small businesses in essential industries such as restaurants had to change the way they receive orders, prepare and deliver food to individuals, many of which were not prepared. Others in non-essential services, particularly retail and health & beauty having direct contact with customers were required to close until COVID-19 cases were deemed under control. This loss of expected revenue caused many small business owners to close and lay off or furlough employees.
- **Education** – Schools across the country began instituting e-learning or home-schooling programs, requiring educators to create new ways of teaching and evaluating student performance, particularly with online methods.
- **Essential Workers** – Front-line workers in addition to healthcare employees also faced health risks from the virus. Consumers providing services such as trash collection, mail and package delivery, and public services began wearing special equipment in order to perform job functions while facing an increased risk of contracting the virus. In addition, employees working in blue collar non-essential functions that could not work remotely were likely furloughed or released from their employment.
- **Travel & Hospitality** – The travel industry, particularly airline, hospitality and cruise lines, were negative affected because of social distancing. Companies began laying off or furloughing employees because of the lower travel demand.

For these audiences, we see several areas where companies will need to adapt their products to serve the needs of consumers:

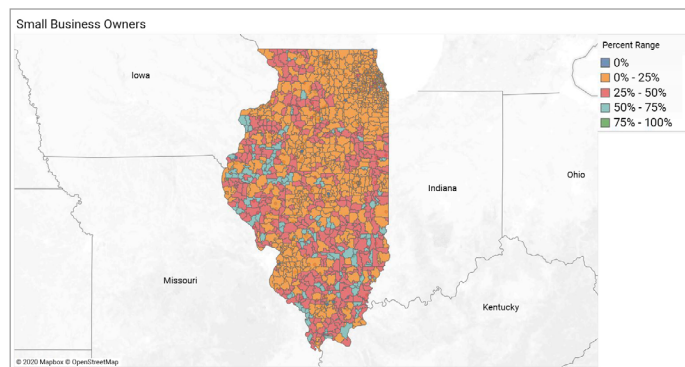
- **Health Services** – These companies will likely offer counseling services for those affected and helping patients with low technology adoption in gaining critical care, such as online pharmacy delivery and telehealth/ video screening of patients in order to meet social distancing requirements.

Understanding and Serving Consumer Needs During COVID-19 and Beyond

- **Job Placement** – These companies will want to provide companies in unaffected industries looking for employees with a list of consumers that work in affected occupations.
- **Financial Services** – Banks will need to promote online banking services to consumers in support of social distancing. Consumer loans for small businesses will also be needed as they look to convert existing processes to accommodate social distancing requirements or acquire additional funding to meet fixed expenses while suspending operations.
- **Online Training** – Educators will need assistance transitioning to e-learning, and technology companies that offer video conferencing or e-classroom capabilities will be increasingly leveraged by educators.

As an example, we used Experian's 2020 Consumer Audiences to identify where the greatest density of small business owners. This enables companies such as banks or lending institutions to communicate services or advice to consumers having immediate needs.

Figure 2: Pct. Small Business Owners by Zip
(Source: Experian Marketing Services)

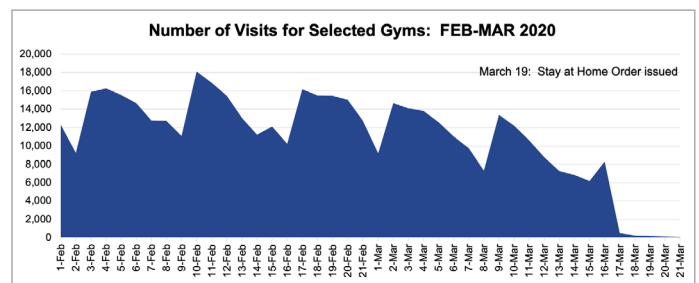


Providing services that help adapt to a new sense of normal is the best way to reach, serve or entertain these audiences. Examples include:

- **Media** – Video streaming has become a go-to source of entertainment for these groups, as streaming services such as Netflix have seen increases in membership. Video connections have become popular, as more entertainers have conducted meetings through Zoom or other videoconferencing tools. Other online entertainment such as gaming and podcasts are more popular as well, and the increased viewing of these channels will enable advertisers to promote and reach these consumers through advanced TV and digital media channels.
- **Health and Fitness** – With the drop of attendance at fitness centers due to social distancing, consumers now look for ordering home equipment to stay in shape, and more receptive to at-home exercise equipment promotions.

As an example, Experian was able to analyze the number of individuals visiting a selected number of gyms before and after stay at home orders were executed. The drop-off was significant and represents an opportunity for a fitness equipment supplier to target consumers for exercise equipment.

Figure 3: Gym Visits by Day
(Source: Experian Marketing Services)



- **Grocery and Restaurants** – Consumers are now more likely to order groceries and food from restaurants through grocery and delivery. Those establishments will have to adapt their processes to accommodate social distancing requirements, and identify regular customers less technologically adapted to continue serving the needs of their loyal customers.

Understanding and Serving Consumer Needs During COVID-19 and Beyond

Consumer Behaviors Moving Forward

The United States is starting to see positive signs that we have reached the peak impact of COVID-19. As a result, some state governments have begun releasing some of the social distancing restrictions and opening some non-essential businesses. However, it is likely that many of these changes in consumer behaviors attributed to social distancing will continue, until a vaccine is developed and made available to all US Consumers.

Experian sees several ways businesses will have to adapt as the US economy begins to reopen:

- **Retailers** – It is likely that retailers will have to limit the number of individuals permitted to visit a location at any one time, maintain social distancing rules for people waiting in line, and acquire personal protective equipment (PPE) to maintain the health of its employees and customers. Online ordering has surged, and most recently, curbside pickup of online ordering has increased over 200% during April 2020. Retailers will have to adapt to new practices, and new ways of consumers purchasing goods and services.
- **Financial Services** – As unemployment grows to levels not seen since the Great Depression, companies that provide lending to consumers and small businesses will need to prepare for an increase in delinquent payments. They will need to understand the occupation types of consumers, so that they can prepare for how much their portfolio is based on occupational segments most likely impacted. They will also have to adapt to social distancing practices, such as encouraging more online banking, and drive-through banking.
- **Healthcare** – Providers have seen a drop in non-emergency services due to social distancing and will have to encourage more telehealth services as well as increase the personal protective equipment worn when providing standard services such as dental cleanings and health exams. Payers will likely see an increase of consumers changing insurers due to job loss and will need a universal identification for tracking patients for billing purposes.

- **Non-Profit Institutions** – Not-for-profit entities such as charities that are used to having large social events to raise money will likely have to adapt to social distancing guidelines or find creative ways to generate funding for their cause. Churches will be challenged to maintain proper distances and limit contact between its attendees, and some have already begun to have regular video worship services. In addition, many that have not already done so will need to develop a web portal for its members to contribute to support its operating expenses.

Overall Consumer Sentiment also appears to be increasing. Experian's daily tracking of consumer sentiment between March 26 and April 28 shows that consumers have a much more positive outlook now compared to a month ago. However, we find those differences do vary by different factors, particularly generation and region. Generation Z tends to have a more negative outlook across all regions, while Millennials responded more positively.

Figure 4A: U.S. Consumer Sentiment
(Source: Experian Marketing Services)

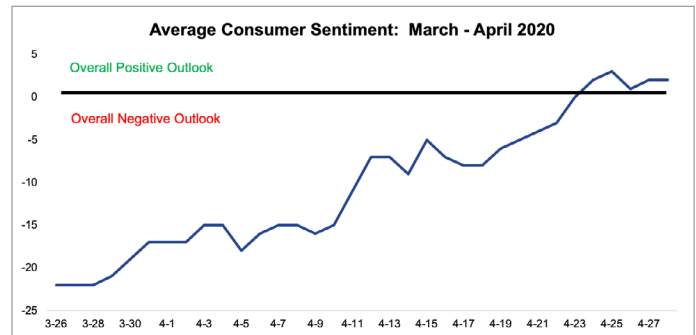
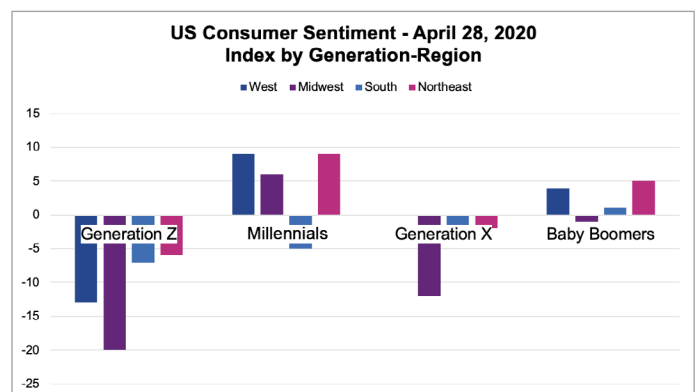


Figure 4B: Consumer Sentiment by Generation
(Source: Experian Marketing Services)



Understanding and Serving Consumer Needs During COVID-19

How Experian Can Help Your Business Now and Post COVID-19

With Experian's 2020 Consumer Audiences, we can identify and provide additional insight about all affected consumer segments we have discussed. Additionally, Experian offers these capabilities and more that can help as more businesses begin to reopen:

- **Generating Analytics & Insights** – Our data professionals can analyze consumer foot traffic related to your customers, generate dashboards and insights, and recommend action for improved marketing
- **Developing Targeted Audiences** – We can build targeted models to identify like consumers that shopped your brand during this environment either in store or online, or competitive brands
- **Activating and Measuring Performance** – We can utilize these insights and predictive models to select targeted consumers for marketing promotions across multiple channels, measure campaign performance specific to foot traffic patterns, and gain insights to help marketers understand the offline impact of advertising campaigns

Ready to learn more about how to promote your products and services during this challenging time? Experian can help support your organization's efforts in understanding and reaching these audiences. Contact your Experian representative today, or reach out to us at experianmarketingsolutions@experian.com or **1-877-902-4849**.

