



State of the consumer in the COVID world

Highlights from Asia Pacific

About Deloitte's Global State of the Consumer Tracker

Deloitte's monthly Consumer Tracker survey monitors the attitudes and behaviors of consumers in 18 countries including five APAC countries—Australia, China, India, Japan, and South Korea—based on replies from 1,000 consumers in each country. The aim of our Tracker is to make regular comparisons between consumer markets in each of these countries and highlight any similarities and differences between them.

Each month we focus on particular issues, but we also identify trends in consumer behavior in response to changes in market conditions. This month's survey looks at consumer concerns about the COVID-19 pandemic and how this may be affecting choices about spending. The findings are based on responses to our survey conducted during 22-28 April 2021.

Key findings from our latest survey

- Among the APAC countries, net anxiety levels increased the most in India, up to 40% from 21% in the previous month, due to the second wave of infections across the country.
- COVID-19 remains the biggest driver of anxiety except in Australia and China. Seventy percent of consumers who are anxious in India, Japan, and South Korea, cited COVID-19 as the biggest cause of anxiety.
- Concern for the physical well-being of others remains consistently higher than concern for personal well-being, and health concerns remain greater than about jobs and money (worries about making upcoming payments and intentions to delay large purchases).
- Surprisingly, health concerns are still greater in China than anywhere else in the world despite emerging early from the pandemic.
- Consumers' perceptions about the safety of 'normal' activities such as going to a store and returning to the workplace remain stronger in China, but are lower in Australia, India, and Japan when compared with the previous month.
- Net spending intentions for less discretionary items are higher than for more discretionary items.
- Net spending intentions for less discretionary items are very high in China and India. Despite this, 43% of respondents in India and 32% in China also expect to save more in the next four weeks. Net spending intentions in Australia, Japan, and South Korea are negative for all types of more discretionary items.

Anxiety levels and COVID-19

Anxiety index levels

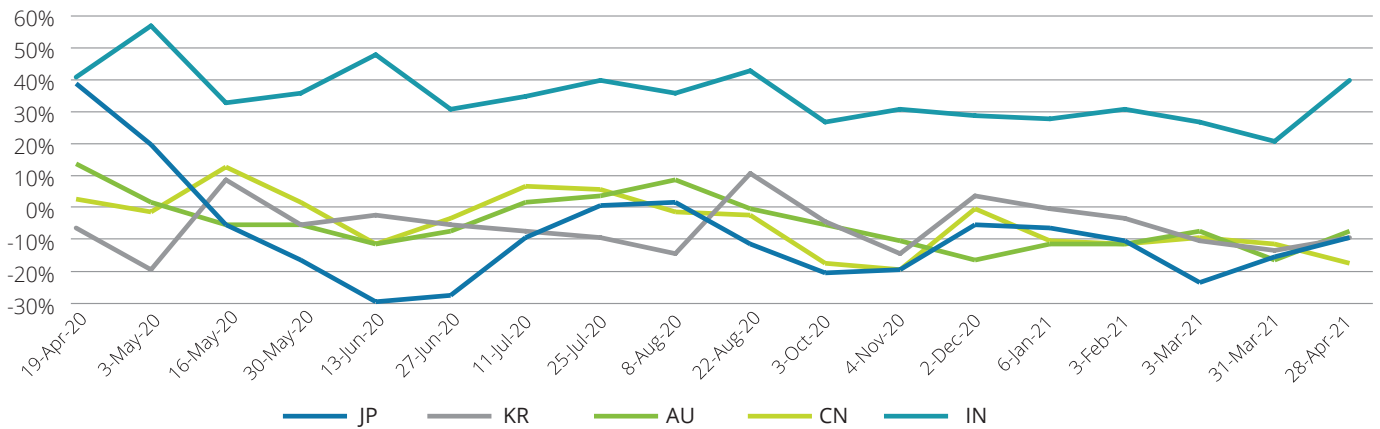
Anxiety among consumers about the future can be expected to influence attitudes toward spending. We have found from previous Global Consumer Tracker surveys that in all countries the levels of anxiety among consumers have a positive correlation with the numbers of reported daily COVID-19 infections. In general, anxiety is lower in countries where the virus is seen to be under greater control. Vaccination roll-outs against the virus may also be having some effect on consumer concerns about the future.

Our Net Anxiety Index measures the difference (in percentage points) between consumers who feel less anxious than in the previous week, and those who feel more anxious. Our recent survey suggests that overall, across APAC, anxiety levels have increased in most countries.

There has been a huge increase in anxiety levels in India where concerns about the virus are very high. The anxiety index stands at 40% (up from 21% a month ago), indicating that 57% of respondents are more anxious than in the previous month compared to 17% who are not. The biggest reduction in the anxiety level is seen in China, where the index has changed from -11% to -17%, with 26% of survey respondents more anxious than in the previous week compared to 43% who are not.

The increase in anxiety levels in APAC contrasts with some other regions in the world, such as Europe (France, Germany, Italy, Ireland, Netherlands, Poland, Spain, and the United Kingdom) where the numbers of new COVID-19 infections are falling, and anxiety levels have improved.

Figure 1. APAC anxiety levels



Drivers of consumer anxiety

The primary driver of anxiety is COVID-19, except in Australia where it is financial stress and China, where it is personal family problems. In addition to COVID-19, concerns about financial stress, personal family matters and employment are also quite prominent throughout the APAC region.

In previous Global Consumer Tracker surveys, concerns about money and jobs were also prominent, but the picture is now more varied between countries. Consumers in India, Japan, and South Korea identified financial concerns as their second biggest worry. Personal family matters and employment concerns were the other main anxiety drivers in Australia and India. For consumers in Japan and South Korea, the other main anxiety drivers were employment concerns and social unrest.

Survey respondents were asked why they were more anxious than in the previous week. In every country except Australia and China, most respondents identified COVID-19 as the biggest anxiety driver (74% in India, 72% in Japan, and 67% in South Korea). COVID-19 was the fourth biggest anxiety driver in Australia and the second biggest in China. For 49% of respondents in Australia their biggest anxiety driver was financial stress, and for 39% of respondents in China it was personal family matters.

Figure 2. Family health concerns

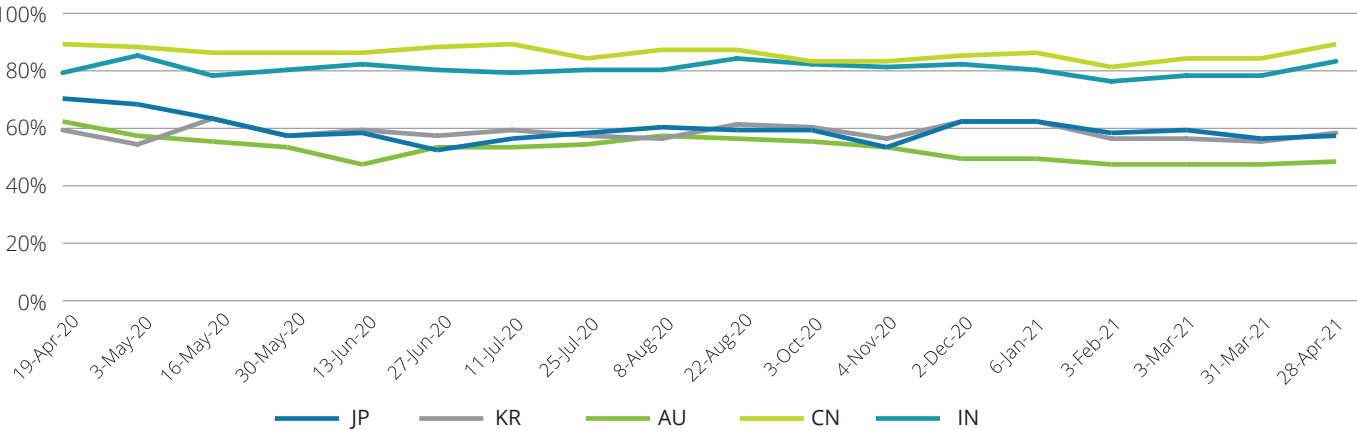


Figure 3. Concern about making upcoming payments

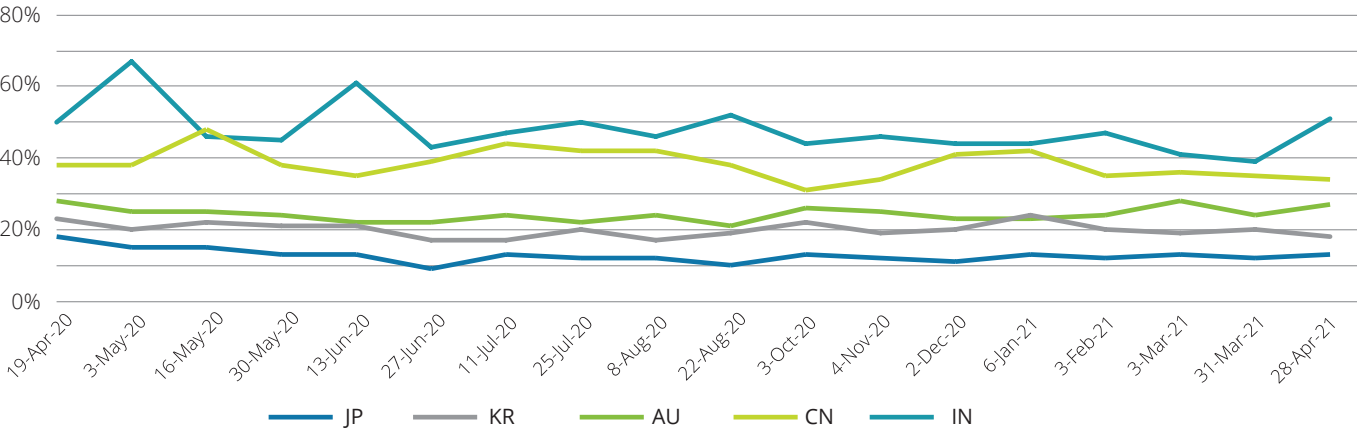
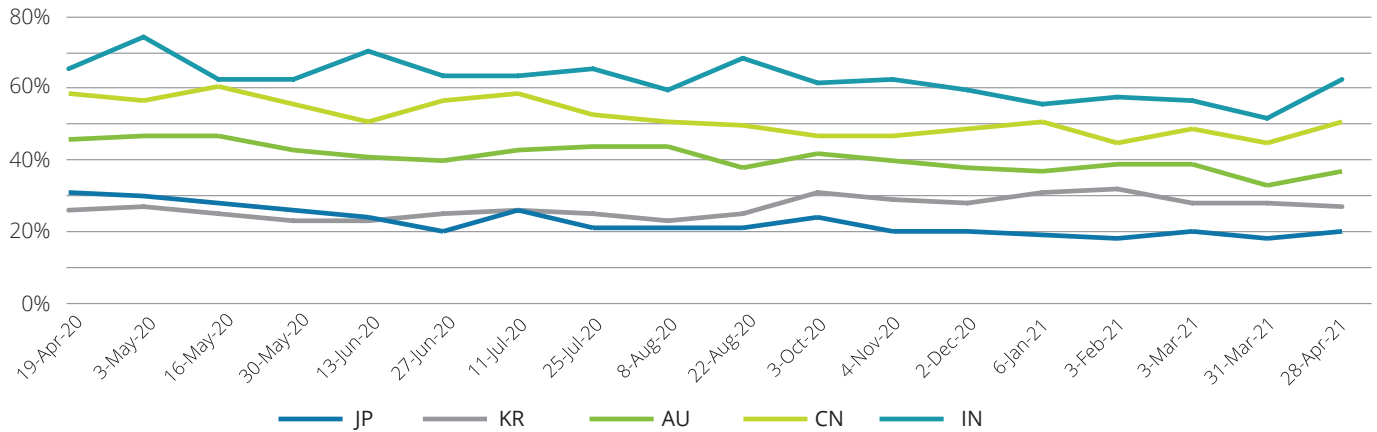


Figure 4. I'm delaying large purchases



Concerns about health, jobs, and finance

COVID-19 has clearly had a major impact on consumer attitudes. In all five countries, concerns about personal well-being and family health are greater than those about unemployment risk and personal finances (worries about making upcoming payments and intentions to delay large purchases).

Concerns about personal well-being and the health of family members are greatest in China and India. In the recent survey, 88% of respondents in China and 78% in India had worries about their personal well-being; and 89% in China and 83% in India were also concerned about the health of their family members. The corresponding percentages for personal well-being were much lower in Australia (45%), Japan (47%), and South Korea (44%), possibly reflecting optimism about the coronavirus coming under control.

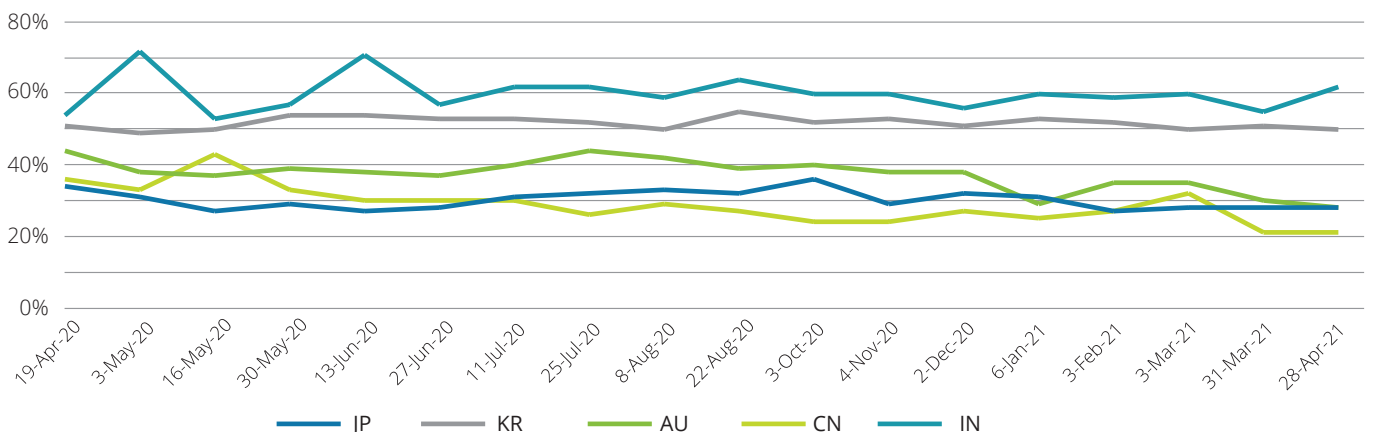
In all countries, respondents indicated greater concern about the health of family members than about their personal well-being. This could be due to the number of family members to be worried about.

Concerns about loss of jobs were fairly high in India (62%) and South Korea (50%), much lower and falling in Australia (28%), and unchanged in China (21%) and Japan (28%).

Financial stress was relatively high in China and India compared to the other three countries, and lowest in Japan. In all five countries, more respondents indicated an intention to defer large purchases than expressed anxiety about making upcoming payments. However, except China and South Korea, concerns about upcoming payments were greater than in the previous month. India saw the biggest increase compared to the previous month (12 percentage points) regarding concerns about making upcoming payments.

Surprisingly perhaps, the biggest concerns about health among consumers anywhere in the world are in China. In India for example, where COVID-19 is widespread and not yet under control, 78% of respondents expressed concerns about physical well-being compared to 88% in China, and 83% about the health of family members compared to 89% in China.

Figure 5. Job concerns



Do consumers feel safe?

COVID-19 has made consumers feel much less safe about doing ordinary things, such as going to a store or restaurant, returning to the workplace, engaging with one-on-one service providers, attending an in-person event, staying in a hotel or taking a flight. Attitudes are likely to change according to the current state of the pandemic in each country. Currently there are notable differences between countries and there does not appear to be a consistent pattern among Asian consumers.

Feelings of safety are comparatively high in China, particularly about going to a store and returning to work. Sentiment has improved as vaccine roll-outs gathered speed. For example, in the most recent survey 75% of Chinese consumers say they feel safe going to a store, an increase of seven percentage points compared to the previous month. In India, safety perceptions about going to a store, returning to work, engaging with one-on-one service providers, staying in a hotel and going to a restaurant worsened amid the rising numbers of COVID-19

cases, but surprisingly, there was a slight improvement in the perceived safety in taking a flight and attending in-person activities.

Although there has also been some improvement in confidence in South Korea, this is from a comparatively low level. There is also a low sense of security in Japan, where there is a worry about undertaking 'normal' activities due to the uptick in COVID-19 infections. Not surprisingly, because it involves higher risk by bringing large numbers of people together, consumers in India, Japan, and South Korea feel least safe about attending in-person activities. It is also noticeable that in Japan and South Korea only a minority of respondents feel safe staying in a hotel or taking a flight.

In comparison with other countries globally, the sense of security in doing 'normal' activities are much stronger in China, but lower in Japan. It would seem that perceptions of the coronavirus and its risks differ substantially between countries.

Figure 6. Feel safe going to the store

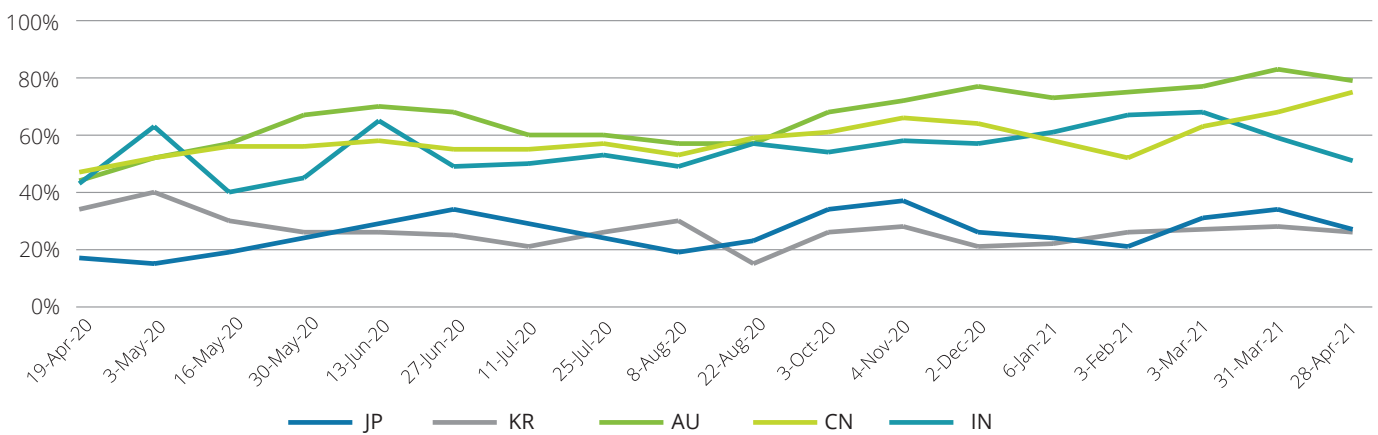
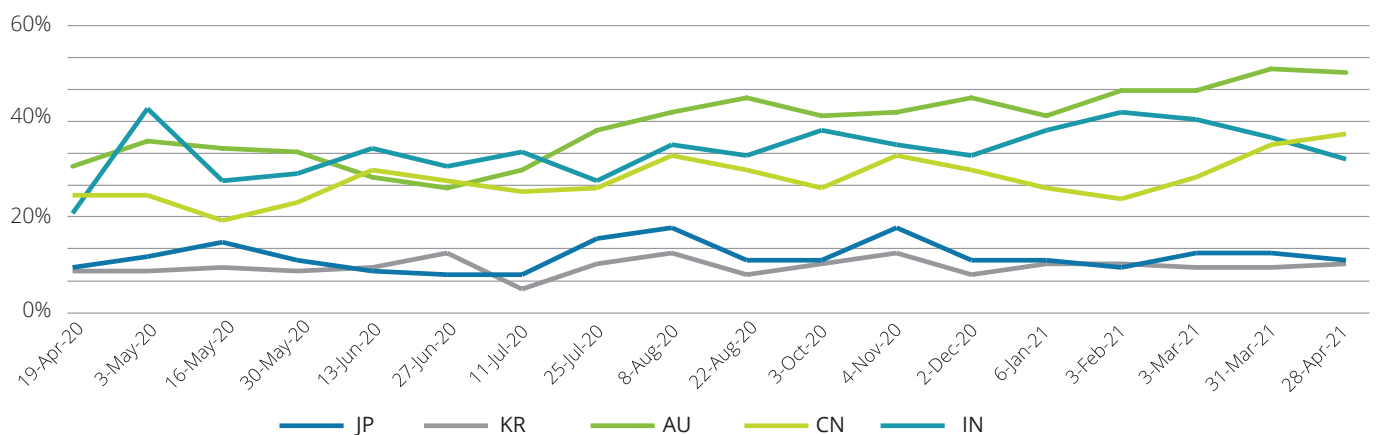


Figure 7. Feel safe going to a restaurant



Where are consumers spending their money?

Since the outbreak of the COVID-19 pandemic, the shopping behavior of consumers has changed, although there are differences between countries. In our survey, we make a distinction between consumer spending on items that are 'less discretionary' and those for which there is a greater level of discretion and choice. In view of the uncertainty about the future due to COVID-19, it is perhaps not surprising that in general consumer spending intentions are more positive for less discretionary goods than for more discretionary ones.

For a range of consumer products, we asked respondents about their spending intentions over the next four weeks, measuring 'net spending intent' as the difference (in percentage points) between those indicating that they expect to increase spending and those expecting to reduce it.

Our survey shows substantial differences between less discretionary and more discretionary products.

Net spending intent on less discretionary products is very high in both China and India. In India for example, the net spending intent for groceries is +58: indicating that nearly 68% of respondents expect to increase their spending in the next four weeks and only 10% to reduce it. There is a positive net spending intent for less discretionary goods in most countries across the world, but not as high as in China and India.

Net spending intentions are very different for more discretionary items. They are very positive in China and India (especially for cable TV, clothing and footwear, electronics and entertainment) although not as much as for less discretionary items. In this respect these two countries stand out as different from the rest of the world, where the net spending intent is negative in most countries for either most or all discretionary items.

In Australia, Japan, and South Korea the net spending intent is negative for all types of discretionary spending. The items with the highest negative net spending intent are travel, restaurants/ takeaway meals, furnishings, clothing/footwear and alcohol.

Since the start of the COVID-19 pandemic there has been a dramatic increase in online retail sales. This trend is expected to continue even after vaccination programs are in place as retailers have developed their online service offerings and consumers have become accustomed to shopping this way. According to a survey by UNCTAD, consumers in emerging economies are making the greatest shift to online shopping.³

Most consumers in India and China also expect to save money in the next four weeks (net intent +43 and +32 respectively), suggesting that they will save more than they spend, despite their intentions to spend more too. A small majority of consumers in Australia (+6) also expect to save money.

It will become more apparent in the next few months whether the current roll-out of coronavirus vaccination programs will alter consumer confidence and spending intentions.

Figure 8. Spending intentions over the next four weeks

		AU	CN	IN	JP	KR
Less discretionary item	Groceries	14%	28%	58%	0%	20%
	Everyday household goods	8%	43%	52%	-5%	7%
	Utilities	13%	29%	42%	-13%	-2%
	Health care	8%	37%	61%	-3%	1%
	Medicines	10%	12%	55%	2%	2%
	Housing	7%	18%	28%	-10%	-2%
	Home internet/mobile phone	7%	28%	52%	-5%	8%
	Travel	-15%	15%	-4%	-37%	-39%
More discretionary item	Restaurants/takeout food	-6%	22%	-1%	-25%	-14%
	Furnishings	-18%	4%	7%	-24%	-30%
	Clothing/apparel/footwear	-11%	31%	17%	-23%	-18%
	Entertainment	-1%	23%	34%	-17%	-5%
	Electronics	-9%	17%	22%	-15%	-21%
	Alcohol	-4%	2%	3%	-14%	-27%
	Cable TV	-1%	11%	38%	-14%	0%
	Savings	6%	32%	43%	-1%	0%

Conclusion

Consumer behavior is driven by concerns and expectations about the future, and trends are likely to emerge with each subsequent monthly survey; however, some conclusions may be drawn from this analysis of APAC countries.

Except in Australia and China, COVID-19 remains the biggest driver of consumer anxiety. Circumstances differ between the APAC countries, particularly in India (and other countries across the globe) where infection levels are comparatively high.

Concerns about the virus make themselves apparent in various ways. Consumers are more worried about health than about job security and personal finance, and many do not feel safe doing activities that were 'normal' before the onset of the pandemic, such as going to stores and restaurants, engaging with one-on-one service providers, attending in-person events, staying in hotels, taking flights, and even going back to the workplace.

It may also be the case that concerns about COVID-19 are affecting consumer spending intentions over the next month or so, especially for discretionary items (where spending is not necessary or may be deferred), although in this respect China and India are notable exceptions.

In summary, consumer attitudes will adjust as the health landscape changes over time and the virus eventually comes under control (whenever that may be). However, we should expect consumer behavior to vary according to the different circumstances in each country.

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