
FACING FEAR

CONSUMER ANXIETY IN 2020



AUGUST 2020

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INTRODUCTION

The world was a different place when we last took the country's pulse in December. Our first round of research found that American consumers harbored deep-seated anxiety regarding their personal finances and the cost of healthcare, felt optimistic about their personal future but uncertain about the trajectory of their society, and faced significant disparities related to their gender, race, and socioeconomic class. Their specific anxieties were tied to how they consumed information about their world, and those anxieties were reflected in how they shopped. The fear and division we found made for a worrisome story.

By the time we published those findings, we were one month into the COVID-19 pandemic's march through the United States and the picture we drew from that

winter data was already changing in complicated ways. In six months, the virus' toll on Americans has risen to the highest level in any country with no sign of slowing. We see isolating reminders of the disease every day: masked people, shuttered storefronts, and a layer of plexiglass between us and every cashier or clerk. Furloughs and job losses have become a lasting reality for millions of families. And life's milestones for so many have been disrupted or lost: no chance to walk across the stage at graduation or down the aisle at a wedding, no chance to see the birth of a grandchild or celebrate a friend's birthday together, no chance to say goodbye, being left to grieve alone.

So, what does fear look like in America today?

As spring turned to summer, the country also began to more directly confront the veins of racial injustice that permeate much of our way of living. The murder of George Floyd in Minneapolis graphically illuminated the legacy of unjustified killings of people of color, igniting protests across the United States and bringing its history of racism and police violence to the fore of the national conversation. The country may be approaching an inflection point marked by sustained public dissent, a mounting racially-united opposition to injustice, and the kind of transformative shifts in public opinion that come from experiencing collective trauma.

These diverse and powerful forces – disease, economic crisis, and racial reckoning – have hit Americans all at once in a way that the country hasn't faced in our lifetime or longer.

KEY FINDINGS

Our research found that from December to June:

- > American consumers feel significantly less optimistic about their future and do not believe that the country is headed in the right direction.
- > They feel as though their financial situation has deteriorated.
- > They are experiencing the stressors of the pandemic, recession, and fight for social justice differently depending on their ethnicity and gender.
- > Their understanding of the serious problems facing the country continues to diverge based on their news consumption and political beliefs.
- > A strong majority believes that we are experiencing a fundamentally transformational period of change.

As trust in institutions of government has eroded, companies and brands are being called upon to fill a vacuum in social leadership. Consumers expect more from those taking a stand for social justice and are more approving of those that do. The key to success for brands seeking to be positive forces in society, beyond all else, is to listen.

METHODOLOGY



Alter Agents conducted two online surveys:

Wave 1:

1,302 respondents surveyed in November 2019 and January 2020

Wave 2:

1,303 respondents surveyed in June 2020

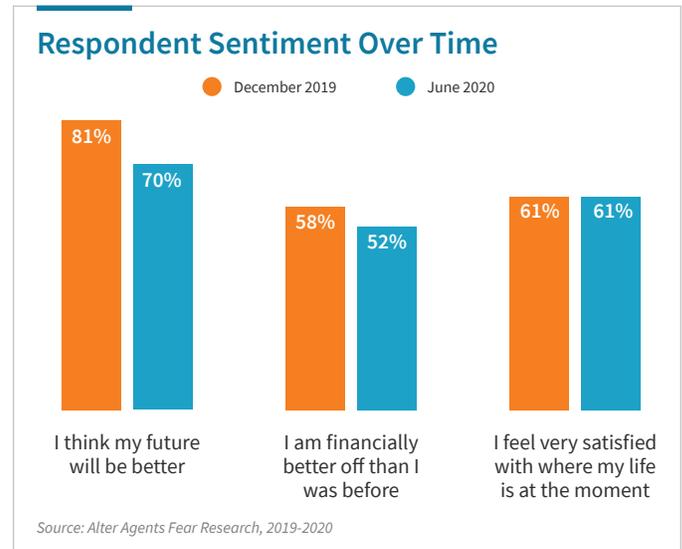
In order to better represent the views of people of color in our aggregated data, we oversampled among Asian Americans, Hispanic and Latinx people, and Black people.

FEARS COME HOME

With Americans reporting that they're the most [unhappy](#) they've been in 50 years, it's no surprise that respondents reported a significant decline in optimism over six months. The public health crisis, economic recession, and racial reckoning understandably weigh heavily on consumers as threats and challenges that were once abstract or distant become very real and immediate. While 61% of respondents continued to say that they were satisfied with where their lives stand, those reporting that their financial situation was "better off" than it was before declined from December to June by six percent to just over half. More strikingly, the share of respondents expressing any optimism in their personal future dropped by eleven points, from 81% at the end of 2019 to 70% in June. The sky-high personal optimism we observed just six months ago has begun to crumble.

Americans' trust in their institutions continues to languish at depressing levels. The share of respondents expressing any level of trust in government and the motivations of those in power sit at 35% and 21%, respectively. Those believing that companies care about their customers has increased, though an overwhelming majority still distrust corporate motives. That distrust translates into how respondents feel about the order their institutions have brought: fewer than three in ten believe that the world is safer than in the past.

What respondents see coming is further evidence that their wider pessimism is growing: just 30% think the U.S. is headed in the right direction, down from 38%. That figure is now closer in line with the 28% of respondents who think the world is headed in the right direction. Respondents were also more likely to believe that their communities were adequately addressing societal ills, and less likely to believe that the country as a whole was doing a competent job on this front.

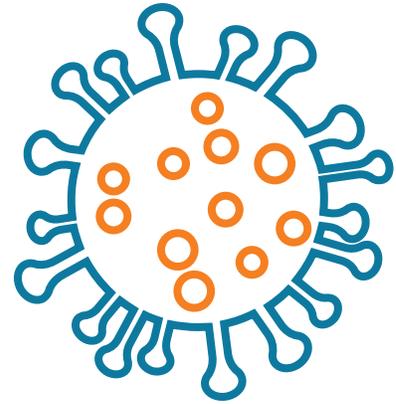


While overall optimism in the future has declined, the micro/macro dynamic laid out in our prior report persists: respondents generally felt better about their immediate situation than they did about the state of the world. However, that dynamic may be shifting as the challenges mentioned above persist with no sign of abatement. Most Americans agree that there's a transition afoot: 62% agreed that we are experiencing "a period of transformative political and economic change."

To better understand how that change is being brought about, we'll explore three factors, spurred in part by the pandemic, that are driving our public experience: healthcare, recession and inequality. We will seek to illuminate how these issues are affecting consumers of different genders, ethnicities, and socioeconomic backgrounds.

THE PANDEMIC

The COVID-19 pandemic has changed the rhythm of American life in more profound ways than any other event in the past century. Nothing else has had such an impact on the daily routines that American consumers follow, in a nature that has been both sudden and prolonged. The public health crisis that stoked fear across the country and the efforts to contain it necessitated the abrupt closure of entire economic sectors, triggering a recession and waves of joblessness. We've yet to see which effects are to become permanent and which are temporary, but it's clear already that the country's preexisting conditions of anxiety over healthcare and finances take on more immediacy.



HEALTHCARE

The pandemic has proved to be one of the largest challenges to the U.S. healthcare system. Initial scrambles to build out capacity and avoid [overwhelming hospitals](#) led to pleas from officials for the public's help in "flattening the curve" as they struggled to acquire enough personal protective equipment amidst a lack of [federal coordination](#). As of this writing, the death toll in the United States surpassed that in every other country on earth, with more than 175,000 people lost. The actual count may be [higher](#).

It stands to reason that healthcare remains the most-often mentioned topic of fear for respondents, with 40% placing it in their top three areas of concern. While the number is essentially unchanged since December, the reasons respondents provide for choosing it as a top concern has. In December, the cost of treatment in the U.S. was cited by almost every person who said that healthcare was their top fear. Now, only around a third explicitly cited cost, while about a quarter of respondents cited the ongoing public health threat posed by the pandemic as the driving reason. The country's healthcare concerns are shifting from being able to pay for what they receive to being able to receive care, period. It's a trend that we can only expect to continue as the virus touches more families and brings the concern closest to home: 41% of respondents said that the pandemic has left them worrying for their family's health.

“*It's my top concern because healthcare is something we need to worry about when we're in the middle of a pandemic.*”

THE RECESSION

The economic damage wrought by the pandemic will be long-lasting. What was initially anticipated to be a relatively quick economic disruption has stretched on as mitigation measures in the United States have failed to stop the virus' spread. 2020's second quarter GDP report was the [worst on record](#), with the value of the country's economic activity contracting by a third in annualized terms. Since the beginning of March, the official national unemployment rate has risen to [10.2%](#) in July, having peaked in April at 14.7%, the highest point since WWII. The number of Americans joining the ranks of those applying for unemployment assistance grew by more than one million people every week from mid-March to August as businesses continued to furlough or lay off workers. Economists also fear that the number whose furloughs have become [permanent](#) job losses will continue to grow, dampening the hopes of a quick recovery. Perhaps the most worrisome metric: [six million](#) Americans applied for supplemental nutrition assistance in the first three months of the pandemic, notching the most sudden surge in demand on the program in its history as families lost income and depleted savings. There were recommendations to reduce funding levels for that program before COVID-19's arrival, which would put even more families in dire straits now if made.

Personal finances and the national economy were cited as one of the top three areas of concern by 23% and 26% of respondents, respectively. These figures aren't that far off from what respondents reported in December, though respondents are now slightly more worried about the national picture rather than their personal one - a reversal from December.

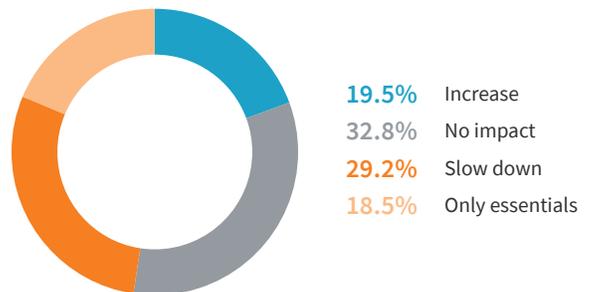


Considering that historically bleak picture, why hasn't concern over personal finances and the economy grown by much more? We theorize that because the COVID recession's impacts are being [felt most acutely](#) by those lower on the socioeconomic scale, white collar workers have either benefited or have yet to appreciate the potential that the economic contagion will impact them personally. Our research found that those with an annual household income below \$75,000 were less likely to say that they were better off financially than before, more likely to expect cutting back on their spending, and more likely to report losing their job due to the pandemic.

The perceived severity of the recession, and therefore its prioritization in the concerns of Americans, is tied to how they are experiencing it.

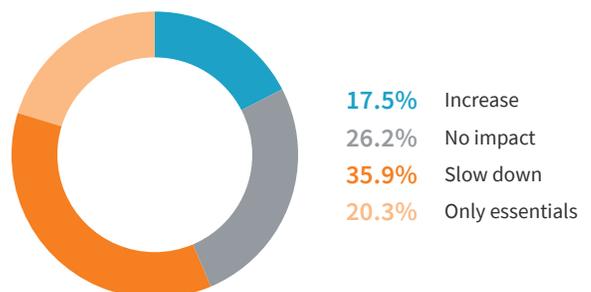
In total, respondents did confirm that the pandemic has forced changes in their spending. Nearly half said that they had reduced spending or cut back to buying only essentials, and over half said that they would be doing so for the remainder of 2020. Research from the St. Louis Fed [theorizes](#) that experiencing the pandemic's extreme shock to the system will impact spending and investment patterns from individuals and institutions for decades to come, much like the Great Depression did.

How has the COVID-19 pandemic and related stay-at-home orders affected your overall spending on products for your household?



Source: Alter Agents Fear Research, 2019-2020

How will COVID-19 impact your spending for the rest of 2020?

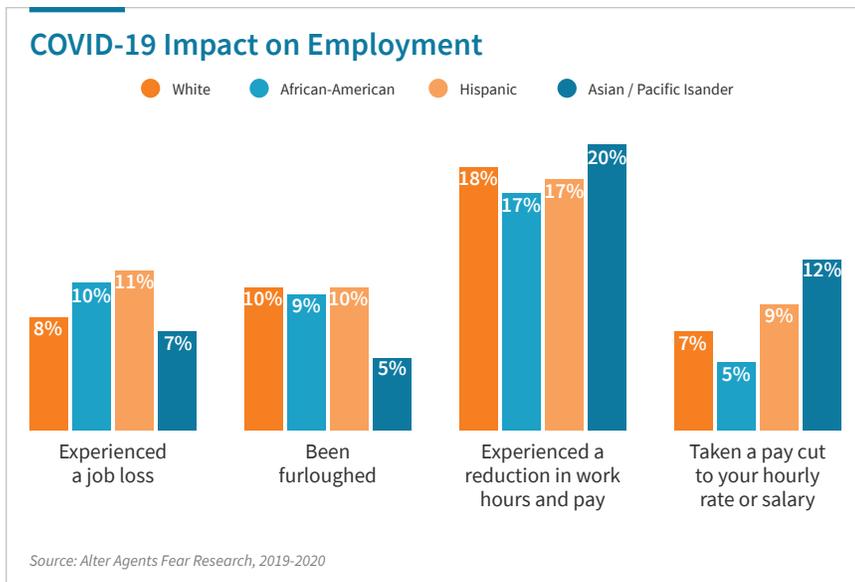
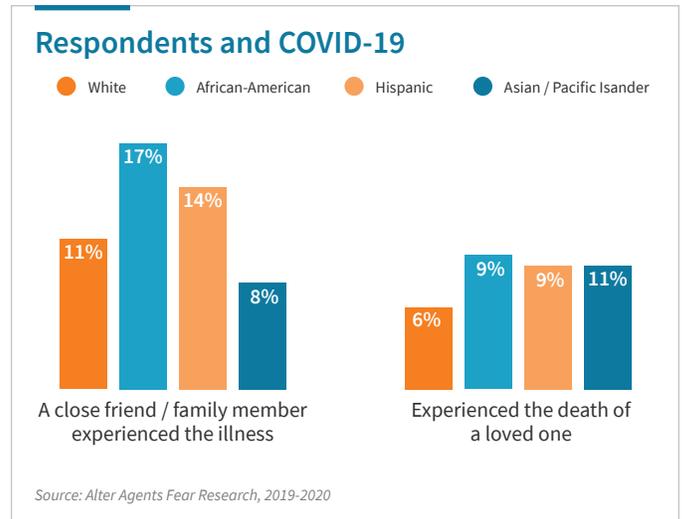


Source: Alter Agents Fear Research, 2019-2020

UNEQUAL IMPACTS

COVID-19’s impacts on healthcare and economics have not been felt evenly across ethnicities either. This pandemic is not, as some suggested, some great equalizer wherein “we’re all in this together.” Unfortunately, that is not playing out in reality.

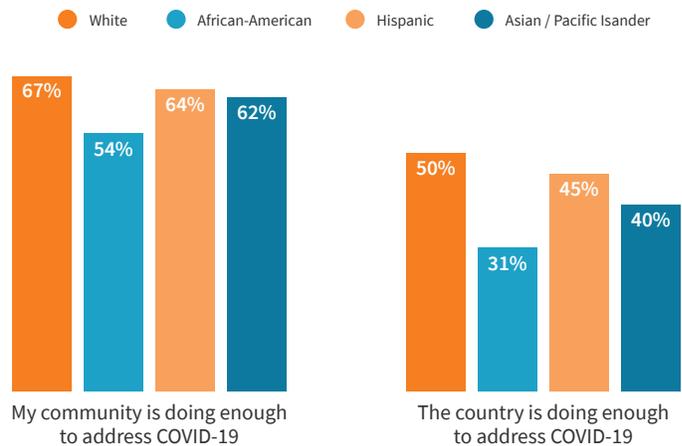
People of color are more likely to have experienced the brunt of the first wave, being more likely than their white counterparts to report having a friend or family member who experienced the illness or having lost a loved one to the virus. A [study](#) found that as many as one-third of African-American adults knew someone who had been lost to COVID-19. This issue is not unique to this pandemic - disparities in healthcare outcomes across racial groups in the United States is a [persistent](#) and [documented](#) problem.



Respondents identifying as people of color were also more likely than their white counterparts to report having experienced a job loss or taken a pay cut as a result of the pandemic’s economic impact. These findings are part of a wide and long-running trend wherein people of color, [particularly Hispanic and African-Americans](#), have historically struggled to close gaps in [educational attainment](#) or [wages and salary](#), and hold jobs that are vulnerable and [less likely](#) to be able to be done remotely, like roles in grocery stores, transportation, and manufacturing.

These experiences are reflected in how Americans of different ethnicities view the responses mounted by their communities and country. People of color were generally more likely to hold lower approvals of how the effects of the pandemic were being handled than their white counterparts, and especially so for African-American respondents. If the pandemic's economic and health impacts are more likely to affect these communities, it follows that they also believe that the problem is not being handled as effectively.

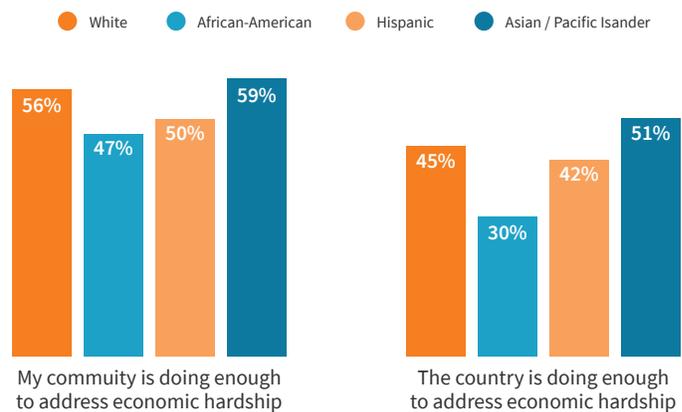
Addressing COVID-19



Source: Alter Agents Fear Research, 2019-2020

The racial inequalities baked into the American system have been highlighted by the pandemic. When the video of a Black man's murder by a white police officer went viral, the emotional toll of a long legacy of state violence transformed outrage into protest.

Addressing Economic Hardship



Source: Alter Agents Fear Research, 2019-2020

A RACIAL RECKONING

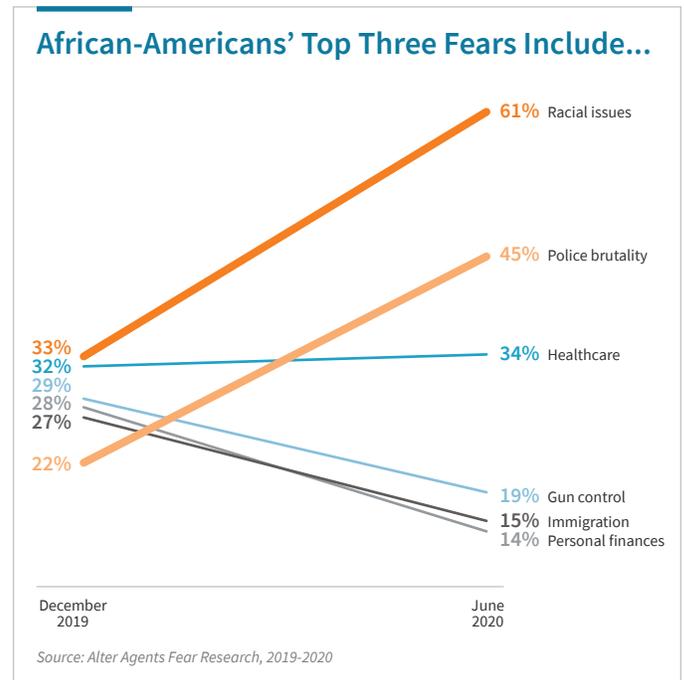
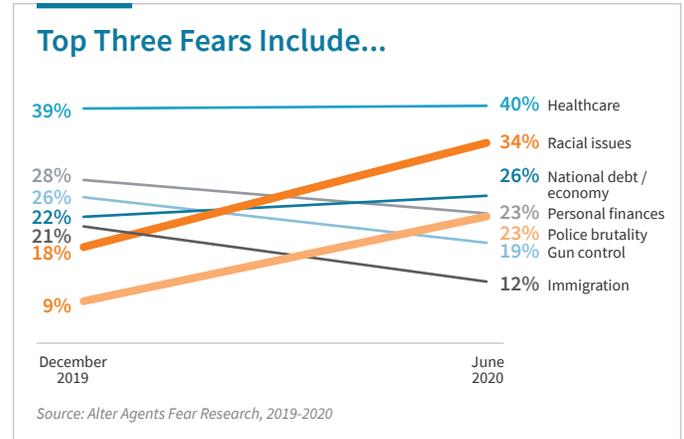
George Floyd’s murder on May 25th galvanized a beleaguered country into action, laying open societal wounds that have been etched into the nation’s fabric for four centuries. In our last report, we wrote that “race is a fundamental lens through which people experience life in America.” Six months later, the public’s opinion has shifted rapidly at a magnitude rarely seen, now reflecting a growing consensus that this is a fundamental problem that must be fixed.

African-American respondents expressed the most severe declines in optimism since December. They reported having a harder time trusting people, feeling less-financially well-off, and feeling more like the system is stacked against them. Most strikingly, their faith that the future will be better took the biggest hit, down 17%.

The pandemic’s effects and the raw emotion of the current moment take a toll.

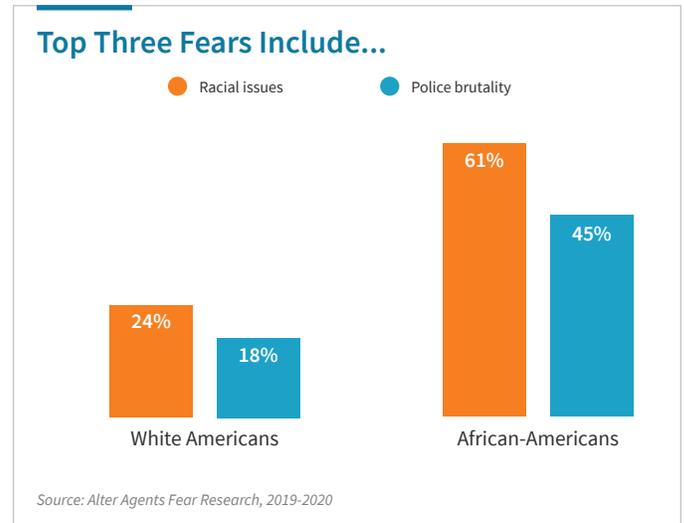
The widespread protests that Floyd’s murder ignited, at times careening into civil unrest, and the militarized police response to them left the country with scenes reminiscent of the Civil Rights era. They’ve also refocused the nation’s attention to the issues of race and policing at a remarkable pace. In December, 18% and 9% of respondents said that racial issues and police brutality, respectively, were among their top three concerns. In June, those numbers jumped as 34% of respondents cited racial issues as in their top three, with police brutality cited by 24%. The two related issues now round out the top 5 most-cited concerns, along with healthcare, the economy, and personal finance.

The movement is even more pronounced among African-American respondents, with larger jumps in concern over racial issues and police brutality to displace their December focus on personal finances, gun control, and education.

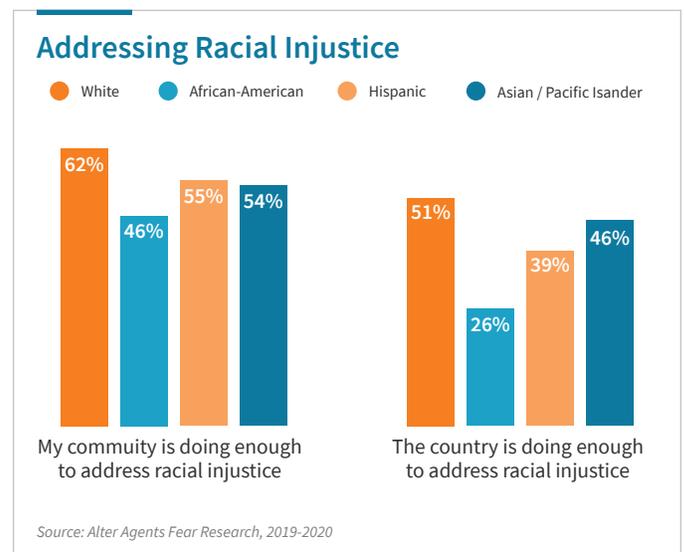
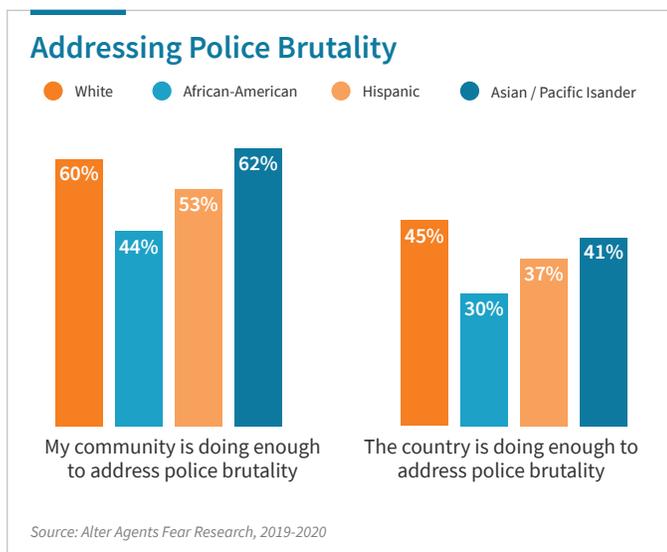


A wide gulf still remains between how African-Americans view the country's progress on racial issues and how their white counterparts do. While it has become a more pressing priority for both, African-Americans are much more likely to consider these to be major issues.

62% of Americans agree that we are experiencing “a period of transformative political and economic change.”



How people of color view the responses mounted by their communities and country make clear that those who experience these problems in their lives understand how pressing the issue is, while a majority of white Americans believe that enough is being done.

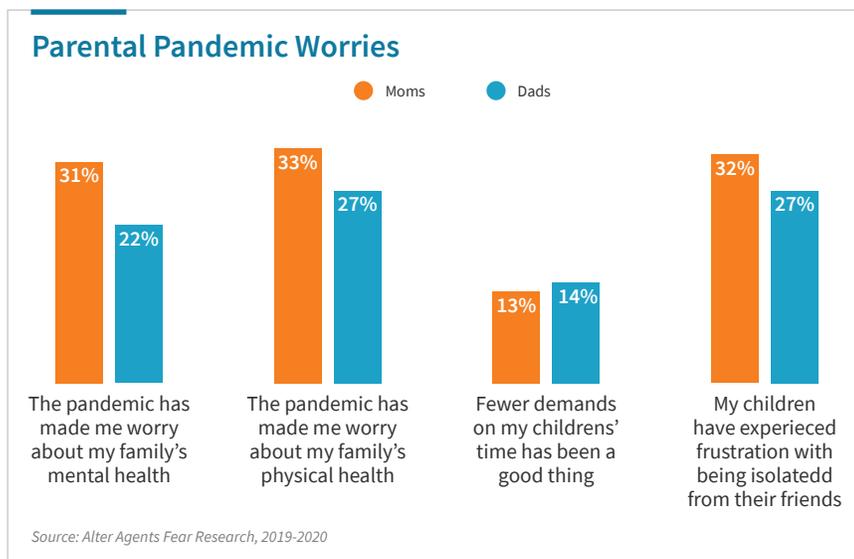


THE PARENTHOOD GAP

Gender inequality is another societal ill exacerbated by the pandemic. Our December data found that men were more optimistic than women across every category we tracked and reported higher self-confidence in their understanding of the issues affecting their worlds. Six months later, men and women both have experienced declines in their levels of personal optimism, but the trend holds: men still reported being more confident and optimistic in the future than women did.

December's data also found that parenthood widens the gap in optimism and confidence between mothers and fathers, as the responsibility for raising a family and managing a household falls [disproportionately](#) on women.

Among respondents with children, 30% reported that COVID-19 had made them worry for their family's physical health, with over a quarter also saying that they worried for their family's mental health. Only 13% agreed that their children having less to do as a result of cancelled classes, camps, and extracurriculars was a "good thing," and 29% said that their children were expressing frustration with being isolated from their friends.

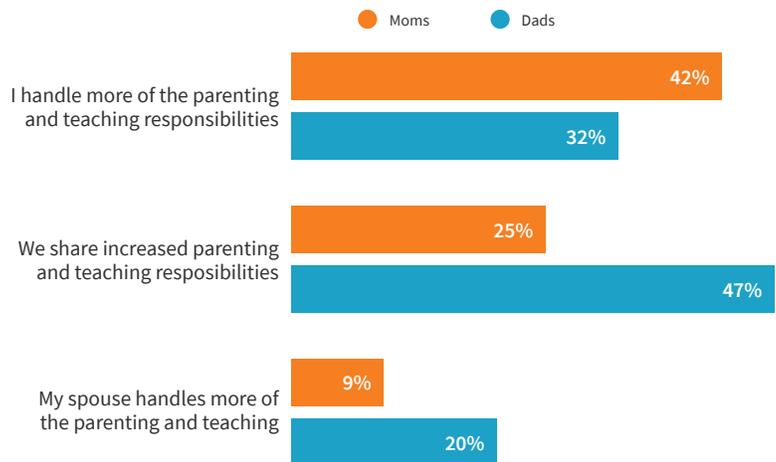


The stresses faced by American families have grown as a result of the pandemic.

In each of these metrics, mothers expressed higher rates of worry than fathers did. They also reported being more attuned to their family's mental health, being 9% more likely to worry over the issue and slightly more likely to say that isolating together left the family unable to decompress.

The heightened concern mothers feel for their families corresponds with the amount of work they have to put into caring for it relative to their husbands. Fathers were less likely to say that they were handling the bulk of parenting and teaching responsibilities relative to their spouses, coordinating with women being more likely to report taking on the extra tasks. At the same time, about half of fathers said that they shared responsibilities equally. Only a quarter of mothers agreed.

Impression of Parental Workload



Source: Alter Agents Fear Research, 2019-2020



Because schools and childcare facilities have closed to mitigate COVID-19's spread, taking care of children is another demand placed on their mothers that has [left them less able to participate](#) in the workforce than their spouses. An [op-ed](#) in the New York Times declared what many women were thinking: "In the COVID-19 economy, you can have a kid or a job. You can't have both." As school systems across the country announce that they will continue to attempt remote education through the fall, mothers face renewed setbacks to fully realizing their potential in the workforce, perpetuating the pandemic's initial "shock" [observed](#) by the Minneapolis Fed.

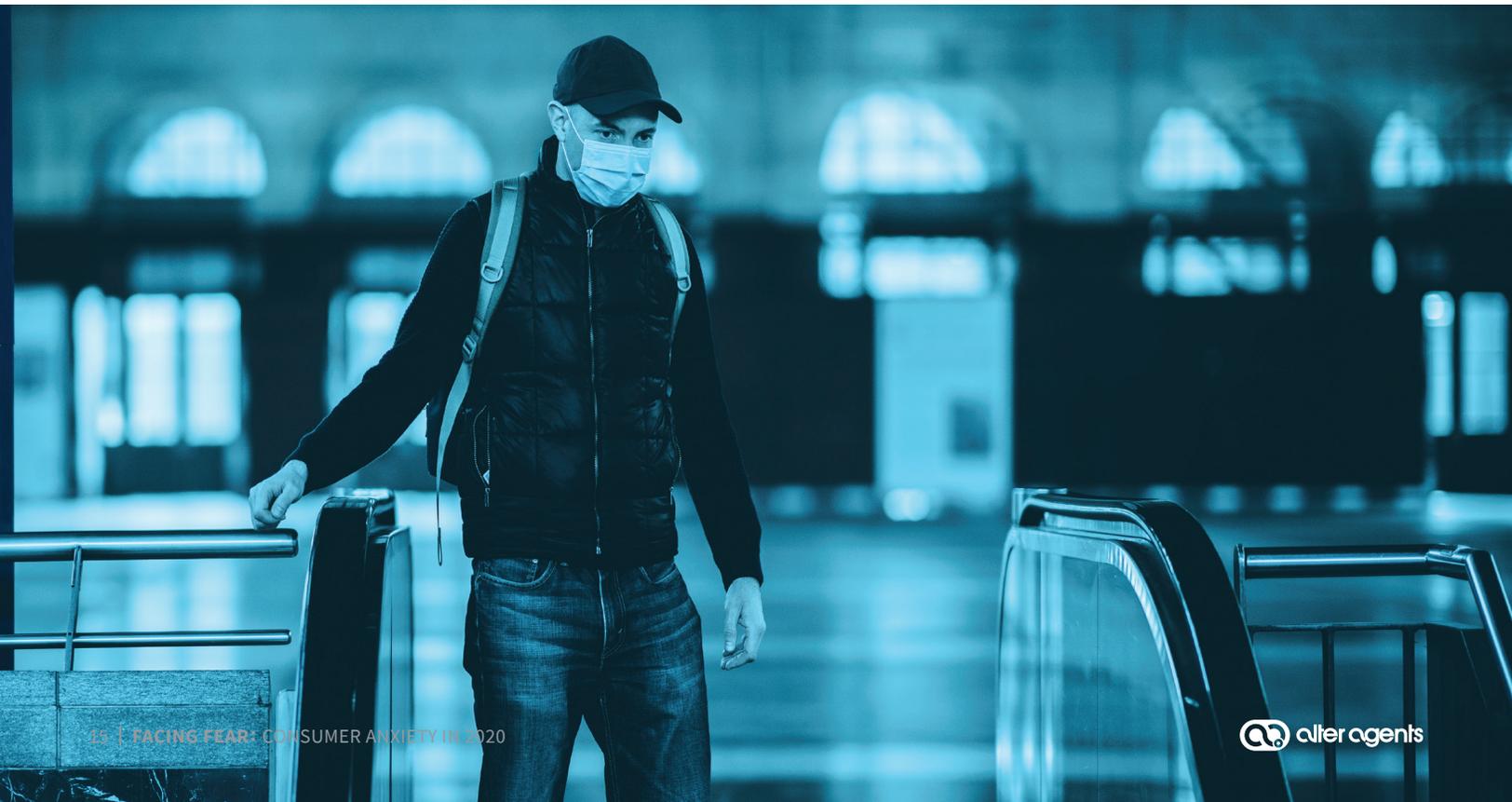
The debate over reopening schools and the way in which it has become divorced from public health and focused on political optics is a clear signal to families: be prepared for more uncertainty and hardship as the pandemic's burdens continue unabated.

POLARIZATION & NEWS CONSUMPTION DURING COVID-19

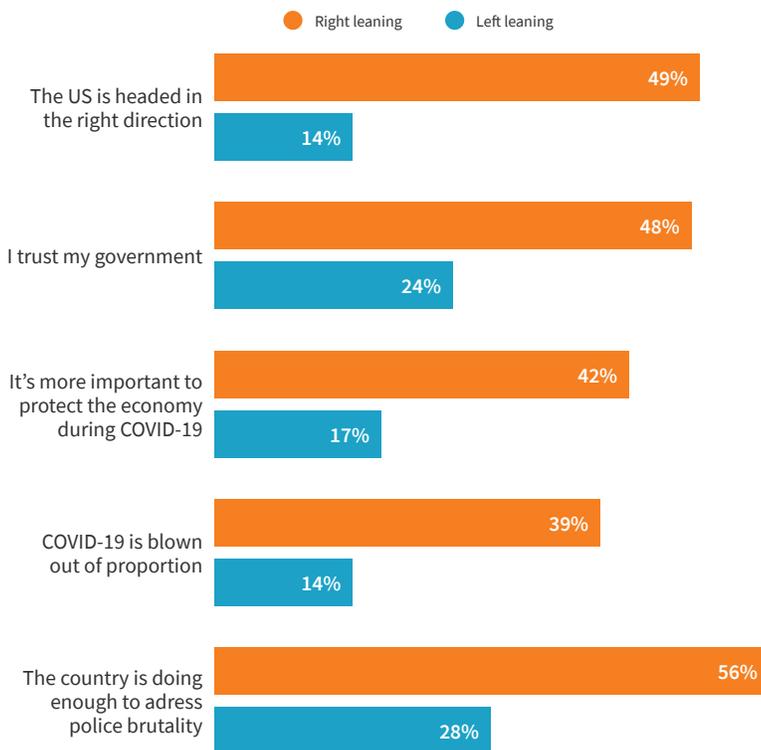
The pre-pandemic data verified the correlation between where consumers get their news and the issues they most fear. We observed this correlation by splitting between conservatives who watch Fox News and centrists or liberals who consume news from CNN, newspapers, and NPR. Furthermore, Americans who turn to their social media feeds for news can find themselves in [feedback bubbles](#) where differing views don't penetrate. This divide has persisted and likewise begun to affect how Americans view the severity of the pandemic and, most importantly, what their part is in halting its spread like observing social distancing or wearing a face covering in public.

A study from the National Bureau of Economic Research [found](#) a correlation between Fox News consumption and failure to adhere to social distancing guidelines. Another from researchers at the University of Illinois, Urbana Champaign [found](#) that conservative media consumption was correlated with greater belief in conspiracy theories concerning the virus, namely that it is not a serious threat but a plot to influence the 2020 election.

The country's siloed news habits created two versions of reality: one in which COVID-19 posed a significant risk to the United States and required personal action to combat, and another in which the hype was far overblown.



Political Divide on Crucial Issues



Source: Alter Agents Fear Research, 2019-2020

Our June data found that the steepest political divides exist between the right and the left's trust in government, approval of the country's direction, and feelings over the pandemic. Those who sit on the right of the political spectrum were much more trusting of the current government and believed that the country was headed in the right direction. They were also much more likely to believe that COVID-19 has been overblown and that protecting the economy is the most important aspect of the response.

With the country divided over the basic measures that need to be taken in order to address a pressing problem that affects everyone in some way, it's no wonder that blame is turning inward. A July poll found that nearly three quarters of U.S. adults believed that other Americans were making the pandemic worse, with those on the left being more likely to believe this than those on the right. Given that the pandemic response is likely to be the top issue in the 2020 general election, this divide is unlikely to be resolved before 2021, if at all.

SHIFTING ATTENTION

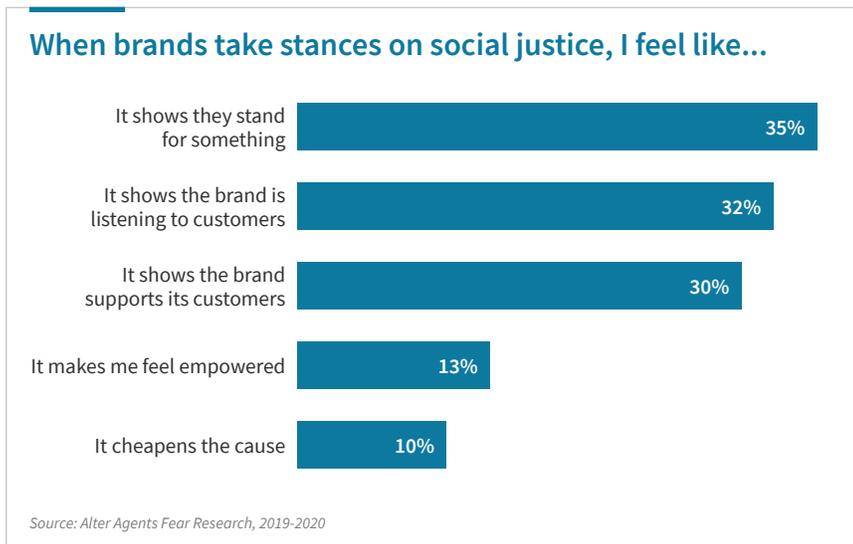
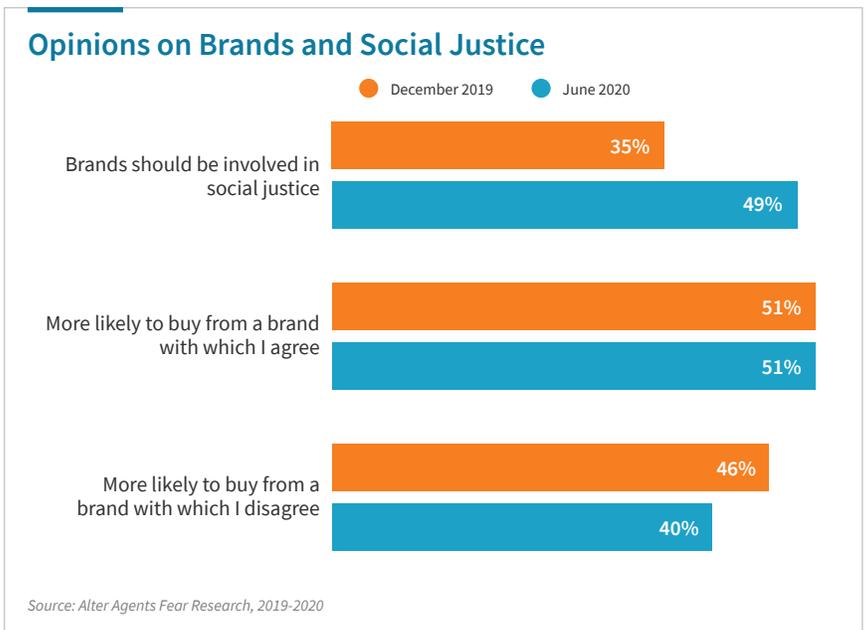
Local news viewership has skyrocketed during the pandemic, up by 28% among conservatives and 14% among liberals. While liberals were twice as likely in December to consume local news, they're now much closer together at 42% of conservatives and 47% of liberals.

CONSUMERISM & SOCIAL JUSTICE

Our December research found that shopping attitudes are influenced when brands take stances on social issues. Some audiences expressed a strong positive reaction to brands that embrace their personal positions, while others were more likely to punish brands that take positions with which they disagreed.

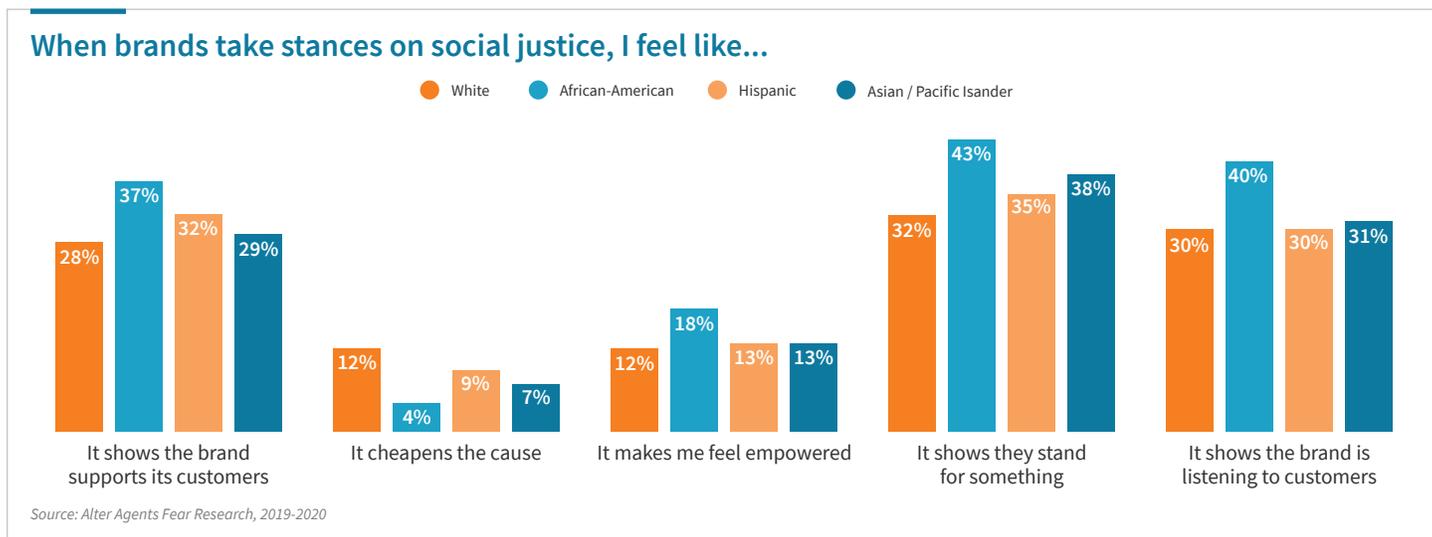
Since then, the historic racial reckoning the country has experienced has brought issues of racial justice to the fore of the discussion around corporate social responsibility. Brands and companies are rushing to address the issue at an unprecedented pace, industry watchers say, and the public's attention to these actions is evident.

In June, respondents were 13% more likely to approve of brands becoming involved in social justice causes than they were six months prior. Respondents' likelihood of purchasing from a brand expressing positions in agreement with their own remained the same, while their likelihood of turning away from brands expressing a position with which they do not agree fell by six points. African-American respondents displayed the largest shifts: a full two-thirds said that they appreciated brands taking stances on social justice, up 19% in six months.

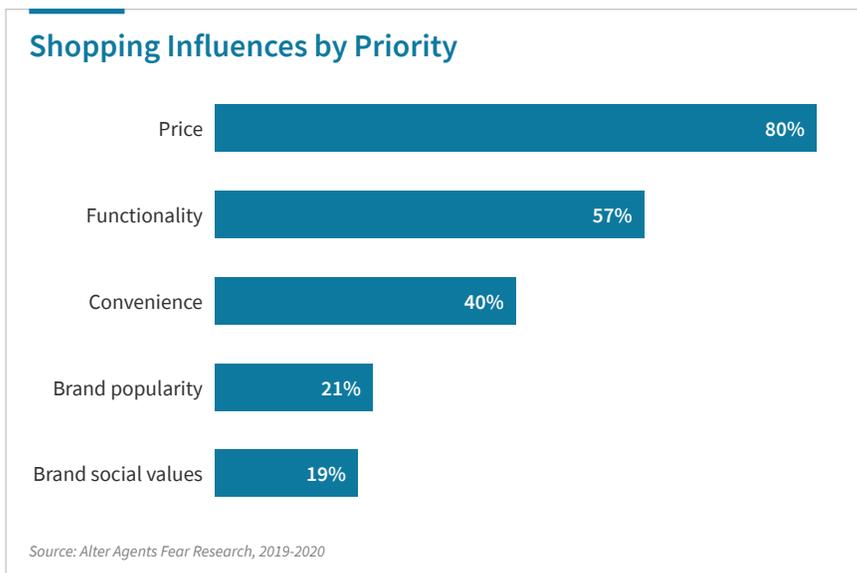


When asked they felt about how brands making values statements with which they agreed made them feel, respondents were mostly likely to say that they felt that the brand stood for something, and supported and listened to its customers. They overwhelmingly said that the brands' statement wouldn't cheapen the cause, but did not find it empowering.

Though not particularly empowering, consumers of color appreciate brands working for social justice at higher rates than white consumers. They were more likely to view the brand's actions more positively across each metric. This isn't about pandering - they want to feel heard and see real action.



While support for brands taking a greater role in leading on social justice issues, doing so isn't necessarily impactful on shopping behavior. Exhibiting that leadership is important, but traditional concerns like price, quality, functionality, and convenience all rank significantly higher among people of all ethnicities. Brand popularity and social values were the least important factors when choosing a product, according to respondents.



HOW SHOULD BRANDS RESPOND?

In this transformational environment, brands have the opportunity to step up and exhibit the kind of social leadership that builds strong and lasting reputations. Now, the goal is less about quelling consumer anxiety and more about shining a light on the path forward. We offer the following suggestions for brands seeking to best position themselves and support their customers:

- 1** | Start by acknowledging that the economic and social challenges the country is facing are a reality. Consider assembling creative, marketing, and product leaders to evaluate how a brand and its products can address them.
- 2** | Across the board, consumers expect companies to take stands on social justice issues as they lead the national conversation. Depending on your business vertical, explore what social justice issues are of importance to the community you serve. Start by talking to employees about what matters to them. Then expand with conversations with customers to identify how you can take care of your whole community.
- 3** | Understand that the public expects concrete action, not just words on paper. They recognize and appreciate institutions that own up to past mistakes and accept a cost as they work to fix them.
- 4** | Talk about our collective challenges with your customers and don't leave it out of your research. If you don't understand how your customers and country are feeling in a broader sense, you could make a decision that is out of step with what they need and causes more harm than good.
- 5** | Stay up to date on how people's perceptions and circumstances are changing. Gone are the days where a segmentation could last ten years before needing to be refreshed: our world is turning too quickly for that, as the last six months have made clear.
- 6** | Be a voice of comfort and confidence. Whether giving people more information or taking action on issues your customers care about, demonstrate that you are in this with them and here to support them.
- 7** | Ground yourself in purpose and consider what actions your company can take to be a part of larger solutions that meet the needs of your community and society. Display the courage and commitment to put those into action today.

CONCLUSION

Halfway through 2020, the year has turned out to be far different than anyone expected or planned for. American consumers, already anxious at the start of the year, now face headwinds and a period of transformational change that are taking a toll on their families, livelihoods, and faith in the American system. We face a long road ahead.

Within the next six months, we'll see whether the states can mount an effective pandemic response that tames the virus and provides the environment that the economy needs to recover, with schools open to educate their children, workplaces open for business, and public life resumed. In November, we'll hold an election between candidates promising two very different methods of governing that will determine our collective response to the crisis. And we'll see whether the economic damage already wrought is easily reversible, or whether we'll be in recovery mode for the long haul.

**Whatever comes,
we'll be with you.**





ABOUT US

Alter Agents is a full-service strategic market research consultancy reimagining research in the age of shifting decision making. We curate leading edge technologies and current methodologies to deliver insightfully designed research projects geared towards challenging issues. Our team strives to be a candid partner to our clients and works hard to deliver and support insights your organization can leverage far into the future.

If you'd like to talk about our research or see what we can do to support your team, please reach out!

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