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Survey: Asian consumer sentiment during the COVID-19 crisis

Consumers remain resilient even as they expect an impending hit to their personal finances.

By Johnny Ho, Aimee Kim, and Naomi Yamakawa

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Asian countries are absorbing the COVID-19 pandemic at markedly different rates, with the impact just beginning to bite in India and Indonesia even as China sees new cases stabilize and local transmission is contained. [Exhibit 1]

Over the last month, McKinsey has twice taken pulse surveys of consumer sentiment in China, first on February 21-24 and again on March 23-30, when we also conducted initial surveys in India, Indonesia, Japan, and South Korea. Sample sizes varied from 582 people in India to more than 1,000 in China.

Consumers across these markets demonstrate varying degrees of confidence in the prospects for economic recovery, with those in earlier or later stages of the outbreak significantly more optimistic. These sentiments are likely influenced both by their awareness of the disease, recently announced government contingency measures such as movement restrictions and business rescue plans, and other news events. [Exhibit 2]. In China, consumer confidence has stabilized, with optimism that the economy will rebound in two-three months rising to 47 percent of respondents in late March from 43 percent the previous month. For the remaining four countries, we will refresh responses on a regular basis to track how consumer sentiment evolves.

Exhibit 1

Snapshot of COVID-19 infections across five Asian countries

The depth and rate of COVID-19 infection varies greatly across Asia

As of March 30 2020

	China	India	Indonesia	Japan	South Korea
Total cases	82,544	1,071	1,414	1,866	9,661
Cases per million people	59	1	5	15	186
Average new cases per day[1]	106	34	40	50	230

[1] Past 30 days, Mar 1-30
Source: WHO, World Bank (2019 population figures), COVID-19 cases as at March 30 2020

Key government announcements / actions that might impact consumer sentiment during this pulse survey period (March 23-30)

China: Partially lifted travel restrictions in Hubei province, where the COVID-19 outbreak originated. Barred almost all foreigners from entering, even those with residence visas.

South Korea: Imposed mandatory quarantine for all overseas arrivals.

Japan: Banned entry to foreign nationals who had visited the United States, China, South Korea, and most European countries within the past 14 days.

Indonesia: Announced a potential lockdown of the capital, Jakarta, and surrounding areas.

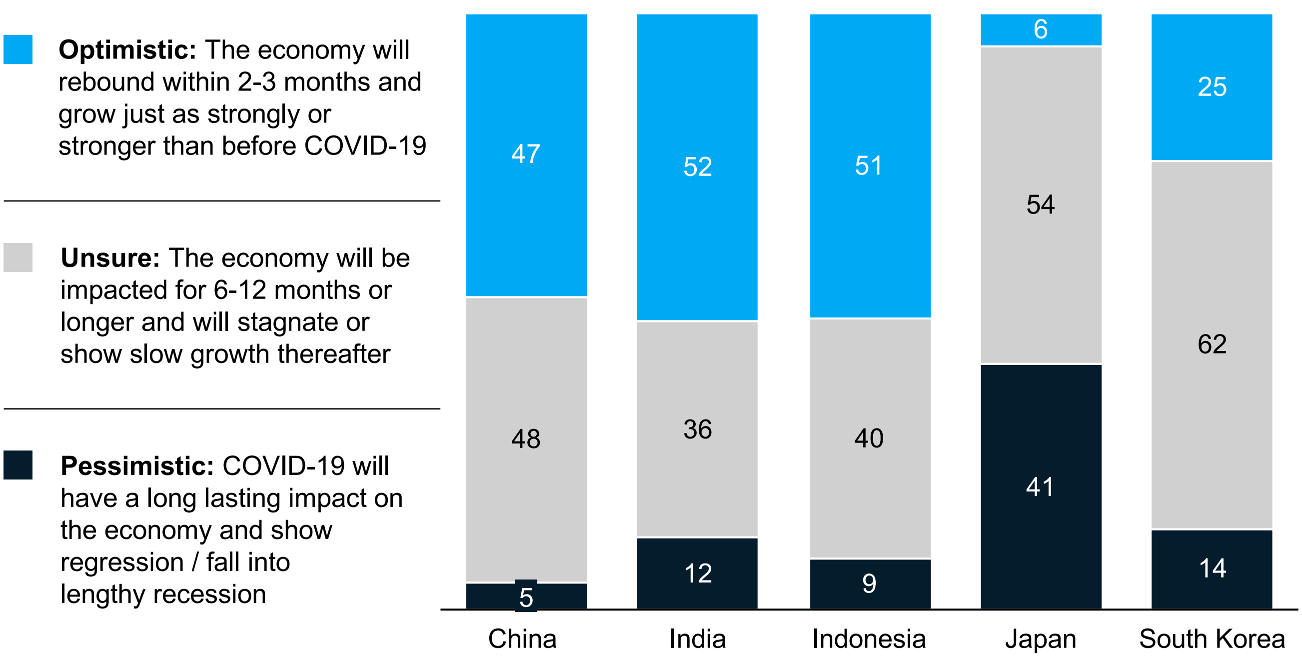
India: Unveiled a stimulus package worth 1.7 trillion rupees ($22.5 billion), earmarked for dispersal through food security measures and direct cash transfers.

Exhibit 2

Consumer sentiment by country

Consumer optimism likely tracks the stage of COVID progression, recently publicized government measures, and news events

Confidence in own country's economic recovery after COVID-19[1], % of respondents



1. Q: What is your overall confidence level regarding economic conditions after the COVID-19 outbreak? Rated from 1 very optimistic to 6 very pessimistic

Source: McKinsey & Company COVID-19 Consumer Pulse Surveys (China 3/23-3/30/2020 N = 1,048; South Korea 3/28-3/29/2020 N = 600; Japan 3/28-3/29/2020 N = 600; Indonesia 3/28-3/29/2020 N = 691; India 3/27-3/30/2020 N = 582)

According to our research, most consumers expect their routines and personal/household finances to be impacted over the next two-to-six months. The exception is Japan, where a significant proportion expect the impact to last for more than seven months. [Exhibit 3]

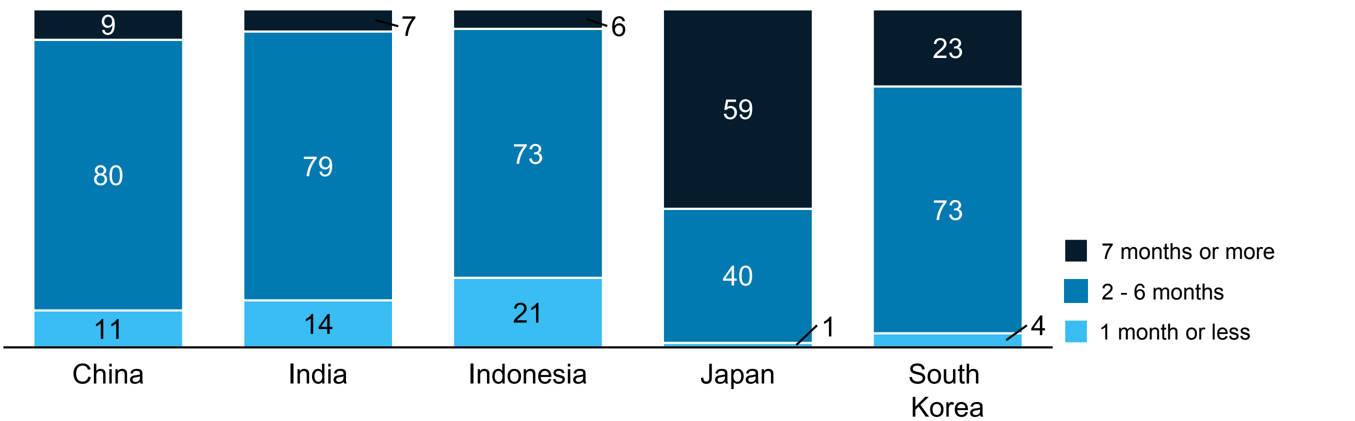
Exhibit 3

Financial impacts of COVID-19

Most countries believe COVID-19 will impact their routines and finances for 2-6 months

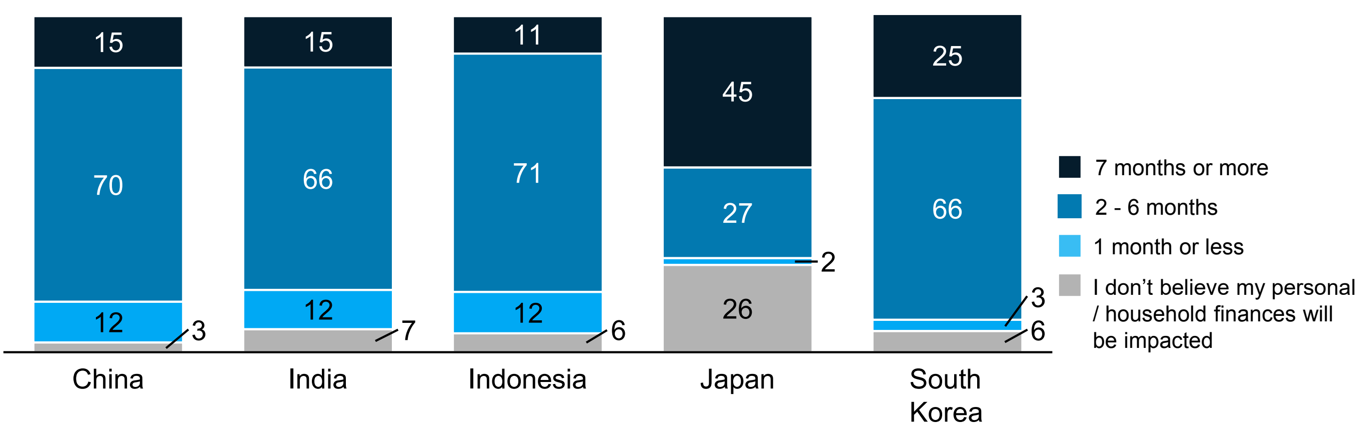
Adjustments to routines[1]

% of respondents



Impact to personal/household finances[2]

% of respondents



1 Q: How long do you believe you need to adjust your routines, given the current coronavirus (COVID-19) situation, before things return back to normal in your country (e.g., government lifts restrictions on events / travel)?

2 Q: How long do you believe your personal / household finances will be impacted by the coronavirus (COVID-19) situation?

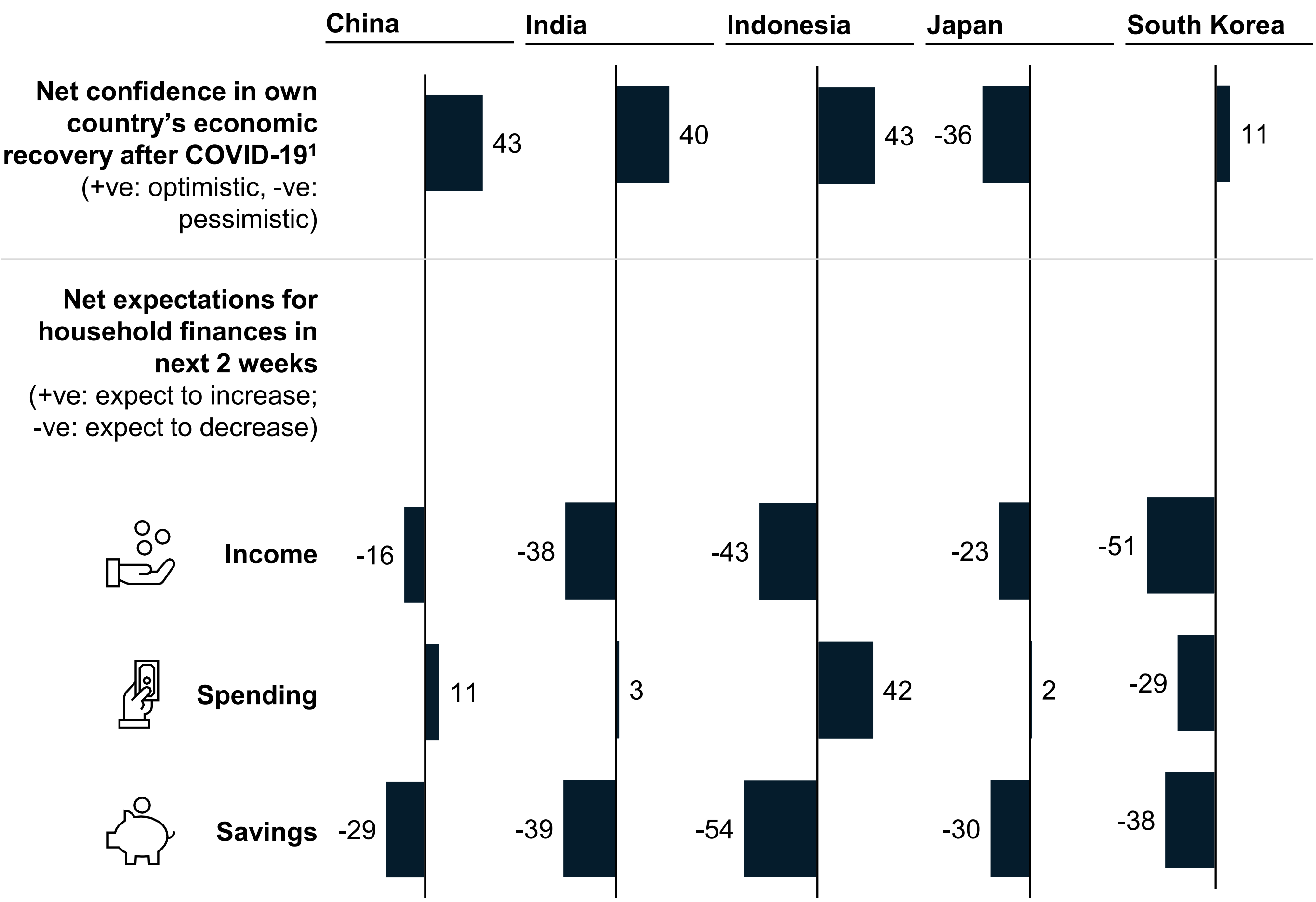
Source: McKinsey & Company COVID-19 Consumer Pulse Surveys (China 3/23-3/30/2020 N = 1,048; South Korea 3/28-3/29/2020 N = 600; Japan 3/28-3/29/2020 N = 600; Indonesia 3/28-3/29/2020 N = 691; India 3/27-3/30/2020 N = 582)

Interestingly, when asked how they expect to manage their household finances over the next two weeks, consumers in all surveyed markets said they expect both their income and savings to decrease, regardless of their expectations for economic recovery. Korean consumers were most pessimistic about the prospects for their income, while Indonesian consumers led in terms of expectations for decreased savings. [Exhibit 4]

Exhibit 4

COVID-19 impact on household finances

In the short term, most consumers expect income and savings to decrease, regardless of their outlook on the economy



1 Q: What is your overall confidence level as regards economic conditions after the COVID-19 outbreak? Rated from 1 very optimistic to 6 very pessimistic;

Source: McKinsey & Company COVID-19 Consumer Pulse Surveys (China 3/23-3/30/2020 N = 1,048; South Korea 3/28-3/29/2020 N = 600; Japan 3/28-3/29/2020 N = 600; Indonesia 3/28-3/29/2020 N = 691; India 3/27-3/30/2020 N = 582)

The safety of family and overall public health are primary concerns, especially in India and Indonesia, while fears over economic stability and not knowing how long the crisis will last feature more prominently in Japan, South Korea, and China. [Exhibit 5]

Exhibit 5

Leading COVID-19 concerns

Consumers concerned about public and personal/family health, the economy, and how long the crisis will last

Top 5 concerns related to coronavirus (COVID-19)[1]

Safety of me or my family | Overall public health | The economy | Not knowing how long it will last

	China	India	Indonesia	Japan	South Korea
1	Not knowing how long it will last	Safety of me or my family	Overall public health	The Japanese economy	Not knowing how long it will last
2	Overall public health	Taking care of my family	Safety of me or my family	Not knowing how long it will last	The South Korean economy
3	Safety of me or my family	Overall public health	Taking care of my family	Overall public health	Safety of me or my family
4	Health of my relatives in vulnerable populations	The Indian economy	Not knowing how long it will last	Safety of me or my family	Impact on upcoming travel plans
5	Not being able to make ends meet	Not knowing how long it will last	Health of my relatives in vulnerable populations	Not being able to get the supplies I need	Contributing to spread of virus

1 Q: What concerns you most about the coronavirus (COVID-19) situation? (not a concern; minimally concerned; somewhat concerned; very concerned; extremely concerned)

Source: McKinsey & Company COVID-19 Consumer Pulse Surveys (China 3/23-3/30/2020 N = 1,048; South Korea 3/28-3/29/2020 N = 600; Japan 3/28-3/29/2020 N = 600; Indonesia 3/28-3/29/2020 N = 691; India 3/27-3/30/2020 N = 582)

Consequently, most consumers are doubling down on essentials such as groceries, household supplies, and in-home entertainment (for those countries with movement controls / shelter-at-home policies in place), while discretionary categories like eatingout, apparel, consumer electronics, and hospitality are likely to see significantly decreased spend in the next two weeks. [Exhibit 6]

In Korea, the net intent to avoid quick-service restaurants is as high as 74 percent, compared with 22 percent in China. For consumer electronics, the net intent to reduce spend is about 40-60 percent in all markets apart from China.

Exhibit 6

Expected spend per category

Consumers are ramping up spend on groceries, household supplies and in-home entertainment

Expected spend per category over the next 2 weeks compared to usual[1]
Net intent[2]

<-30 | -6~-30 | -5~+5 | 6-30 | >30

	China	India	Indonesia	Japan	South Korea
Groceries	+13	+32	+47	+14	+19
In-home entertainment	-3	+34	+24	-1	+53
Household supplies	+25	+19	+46	-1	+6
Skincare & make-up	**+9**	**-24**	**-24**	**-15**	**-22**
Apparel	-1	-51	-49	-34	-52
Consumer electronics	-8	-48	-64	-38	-44
Quick-service restaurant	-22	-69	-68	-45	-74
Hotel/resort stays	-49	-71	-81	-71	-90

1 Q: Over the next 2 weeks, do you expect that you will spend more, about the same, or less money on these categories than usual?
2 Net intent is calculated by subtracting the % of respondents stating they expect to decrease spend from the % of respondents stating to increase spend

Source: McKinsey & Company COVID-19 Consumer Pulse Surveys (China 3/23-3/30/2020 N = 1,048; South Korea 3/28-3/29/2020 N = 600; Japan 3/28-3/29/2020 N = 600; Indonesia 3/28-3/29/2020 N = 691; India 3/27-3/30/2020 N = 582)

Meanwhile, most consumers expect to spend more time engaging with live TV and news broadcasts, online news, and entertainment, whereas print news consumption is set to fall across the board. [Exhibit 7]

Exhibit 7

Expected change in time allocation over the next two weeks

Consumers are spending more time on TV, news, online & social media

Expected change to time allocation over the next two weeks[1]
Net intent[2]

-6~-30 -5~+5 6-30 >30

	China	India	Indonesia	Japan	South Korea
Live news	+3%	+60%	+50%	+26%	+48%
Video content (e.g., YouTube)	-3%	+59%	+53%	+7%	+48%
Movies or shows	-8%	+57%	+41%	+1%	+41%
Reading news online	-1%	+55%	+56%	+26%	+46%
Social media	2%	+48%	+56%	-4%	+22%
Texting, chatting, messaging	-6%	+48%	+53%	-4%	+25%
Live TV	-12%	+48%	+40%	+9%	+30%
Video games	-24%	+11%	+35%	-10%	+6%
Working	+26%	+5%	+7%	-14%	-3%
Reading for personal interest	-14%	+3%	+10%	-1%	+17%
Reading print news	-13%	-10%	-11%	-5%	-11%

1 Q: Over the next 2 weeks, how much time do you expect to spend on these activities compared to how much time you normally spend on them?
2 Net intent is calculated by subtracting the % of respondents stating they expect to decrease time spent from the % of respondents stating to increase time spent

Source: McKinsey & Company COVID-19 Consumer Pulse Surveys (China 3/23-3/30/2020 N = 1,048; South Korea 3/28-3/29/2020

The COVID-19 pandemic is evolving rapidly, deepening the uncertainty for consumers and the economies they sustain. Consumer mindsets will continue to shift as governments and central banks introduce unprecedented countermeasures and stimulus packages to mitigate potential impacts. Keep pace with the latest McKinsey perspectives on the impacts of COVID-19 here.

About the authors:

Johnny Ho is an associate partner in McKinsey's Shanghai office; **Aimee Kim** is a senior partner in McKinsey's Seoul office; **Naomi Yamakawa** is a partner in McKinsey's Tokyo office.

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