The Impact of COVID-19 on female spending behavior

Taiwan October 2020

The recent spread of the coronavirus 2019 (COVID-19) has impacted many aspects of the Taiwanese' s lives, so in our October update, we investigated how Taiwanese female consumers are feeling towards the situation.

Executive Summary

- Even though COVID-19 is well contained in Taiwan, with the change of season/drop of temperature and no sign of effective vaccines available, women still have pessimistic sentiment towards the overall coronavirus situation and hence prolong their expectation again - they don't think life will be back to normal until June 2021. Masks are still part of people's daily outfits. In addition, most people still buy masks through the "Real-Name Mask Purchase System."

COVID-19’s impact on future spending (next 3 months):

- Because of the pessimistic sentiment, Taiwanese women's spending does not show distinctive growth for the upcoming anniversary sale, not keeping up as how it is expected. On the other hand, ever since COVID-19 changed people's spending habits,
- essential products/groceries still take priority. Among all product categories, people plan to spend the most on household goods, medicine/health supplements and packaged foods. Skincare and beauty products see significant growth in budget because anniversary sale is coming up. The youth show strong purchase intent on fashion/accessories.
- Concerning investment/personal finance, investor sentiments towards the stock market and real estate do not differ much with our previous surveys. However, gold/precious metals is seeing greater volatility as it had significant growth in August but now it's down to 7.5%. By comparing past stats, the drop of gold price should be the reason why female investors are losing their interests.
- With the upcoming anniversary sale, around 60% of female consumers say they will shop as usual while only 20% show intent in spending more, mainly on skincare products and clothing. As to the shopping channels they might use, digital or physical, they prefer all-purpose malls the best. Different marcom groups has different preference in shopping channel.
  - The youth prefer shopping at physical stores of the brands.
  - Amplifiers like physical department stores while more laggers/followers opt for online shopping malls.

Recommendations

1. Taiwanese female consumers are becoming less confident about the COVID-19 situation. Masks are still part of the daily outfits. In addition, 60% of the respondents still buy masks through the "Real-Name Mask Purchase System."
   - Masks have become people's daily necessities. With the change of season, brands in skincare/cosmetics will need to take into consideration people's skin problems for wearing masks.

2. There's no significant change in overall budget change. When we compare budget by product category, the findings are similar to previous surveys - in which people plan to spend more on household goods, medicine/health supplements and packaged foods. However, budget growth in skincare/beauty products can be attributed to the upcoming anniversary sale.
   - For people planning to spend more during anniversary sale, 70% say they will buy skincare/beauty products. Businesses in this area should take this opportunity and create effective/attractive sales campaigns. As the skincare demand changes along with the season, businesses should not miss the opportunity - the anniversary sale shopping spree of skincare products.

3. As we know, consumers will use both digital and physical channels for anniversary sale shopping. However, COVID-19 has forced many international brands to close their physical stores and create online shops on official websites. Since 40% of the consumers prefer shopping on official websites, providing official-website-only limited packages or exclusive offers will be a good idea to attract direct orders from the customers.
   - The pandemic situation has less impact on retails in Taiwan. Physical store allure still exists for the youth when it comes to anniversary sale. Brands with bricks-and-mortar stores should try to enhance their omnichannel retail services to meet young customers' shopping demand.

4. The anniversary sale is around the corner, and brands are scrambling to launch special offers. However, consumers' new post-COVID-19 lifestyles will challenge the old marketing approaches. Flexibility and adaptability will be key for brands to win customers at different touch-points.

Report Details

Outline

Data Collecting

902 samples were collected during 30 Sept – 5 Oct 2020 via our online panel from women aged 16-50 in Taiwan

Data Weighting

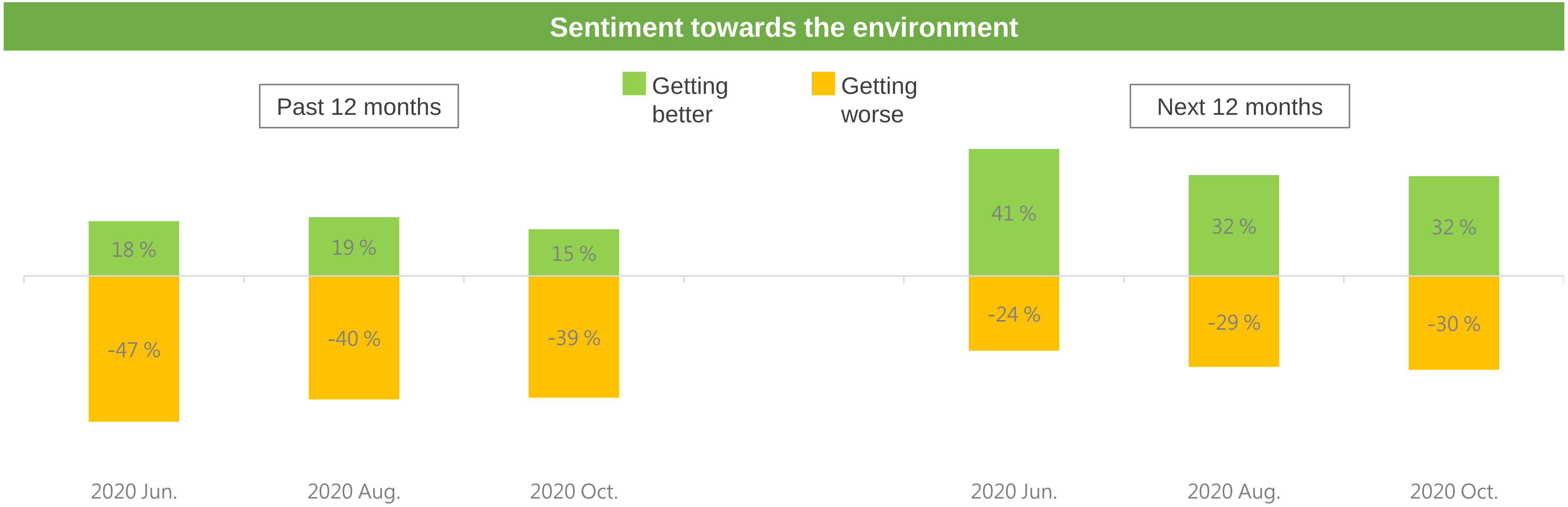
The collected data was processed and weighted to better represent the Taiwanese online population

Insight Sharing

The results are now shared to help inform decision makers about Taiwanese women's sentiment towards the current situation

Sentiment Tracking: Taiwanese Female towards the Environment

- Currently, Taiwanese women's feeling about the environment is similar to how they feel in August. They are becoming more optimistic about the environment in the past. But if we compare it with the June result, the percentage of people with positive outlook is still lower than before.



2020 Jun. Survey conducted from 2020/06/01 - 2020/06/04
2020 Aug. Survey conducted from2020/07/31 - 2020/08/04

Key Takeaways: Perception of COVID-19

Severity – Medium to low

On the whole, Taiwanese feel that the current situation with the coronavirus is in between moderate to low, and it has been improved.

More than 8 months

Taiwanese women are optimistic about the outbreak situation, but they also think it would take around 8 months for everything to be back in normal.

The Hopeful Youths

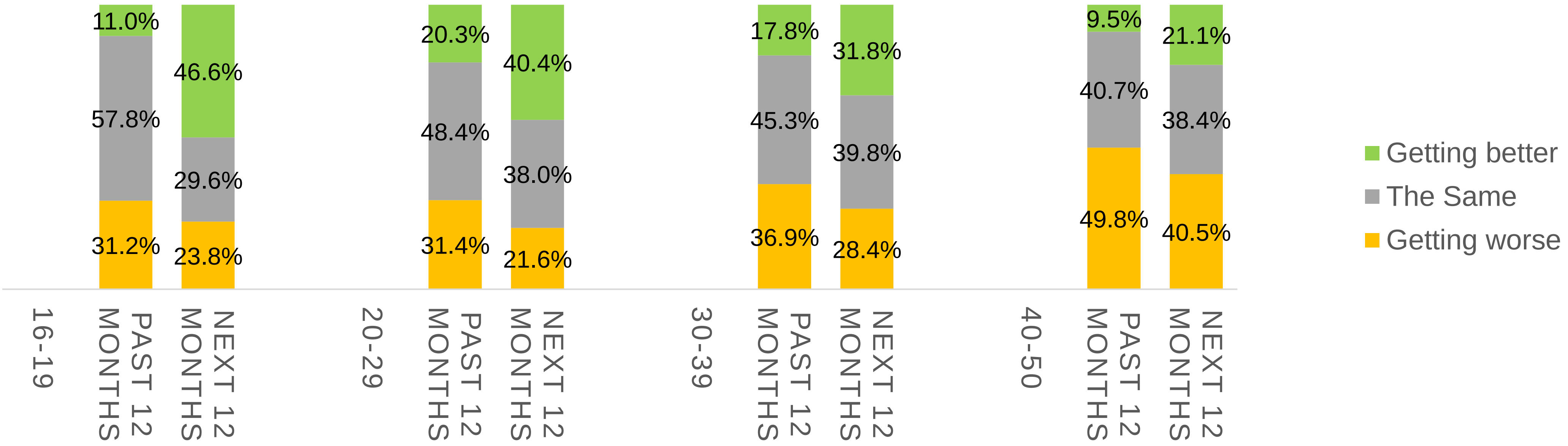
Respondents aged 16-19 have the most positive outlook towards future environment, but their spending budget is not as big as before. As for those aged 30-39, they demonstrate the largest growth in budget among all age groups.

Spending Power of Opinion Elites and Amplifiers

Amplifiers are the most optimistic about the overall environment, but opinion elites increase their budget the most.

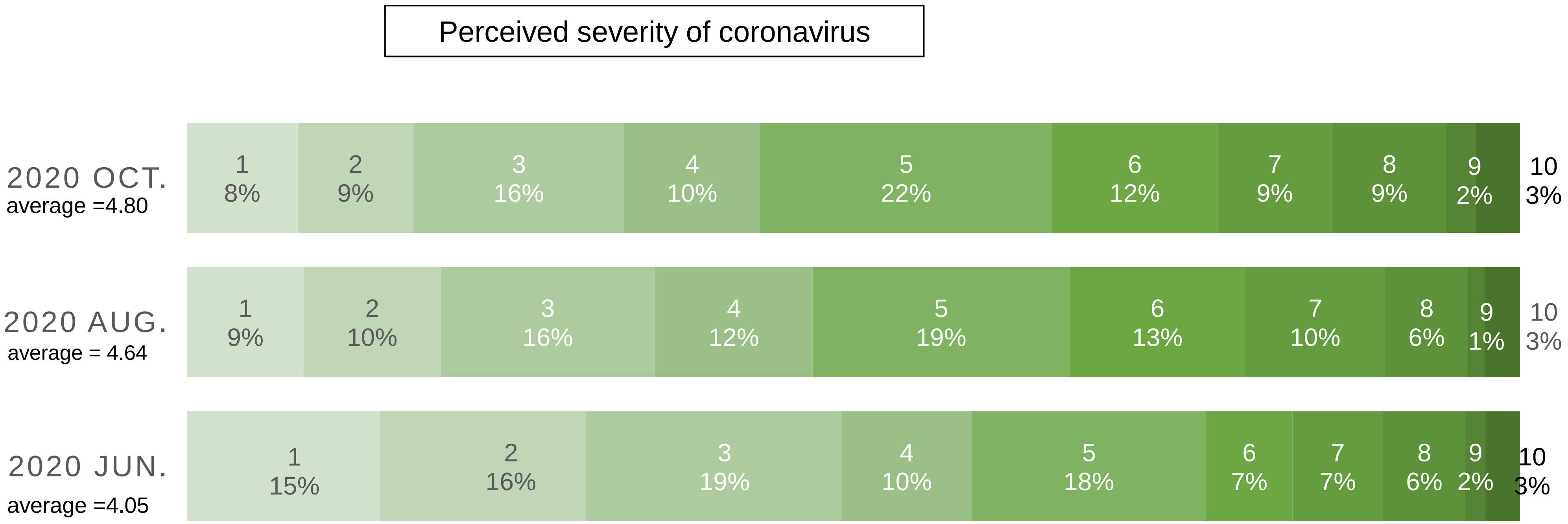
General Sentiment about the Situation in Taiwan

- The younger groups have more positive feelings towards the past as well as the future. It appears that the elder the respondents, the more pessimistic. Comparing with the August result; however, the most optimistic youth show increasing percentage in people believe things will get worse - they still don't think the pandemic situation is getting any better soon.



Perceived Severity of the Coronavirus Situation in Taiwan

- Even though COVID-19 situation is stable in Taiwan, as it is getting colder and there's no sign that effective vaccines will be available soon, women still have pessimistic sentiment.

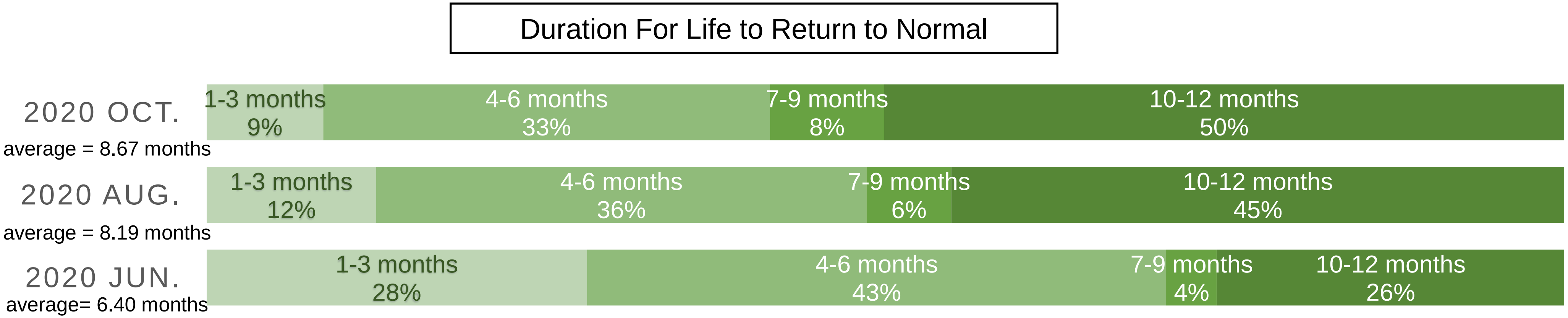


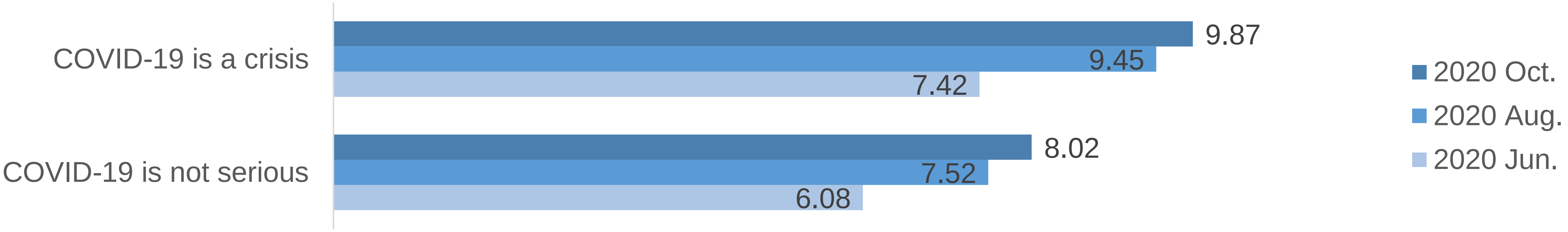
2020 Jun. Survey conducted from 2020/06/01 - 2020/06/04

2020 Aug. Survey conducted from2020/07/31 - 2020/08/04

Duration for the Situation to Improve

- As the perceived severity is getting worse, Taiwanese women changed again about their expectation on when life can be normal to later dates, from the beginning of 2021 (June report), April 2021 (August report) to June 2021 (Oct report). Whether people believe COVID-19 is a severe crisis or not, they all have extended their expectation.

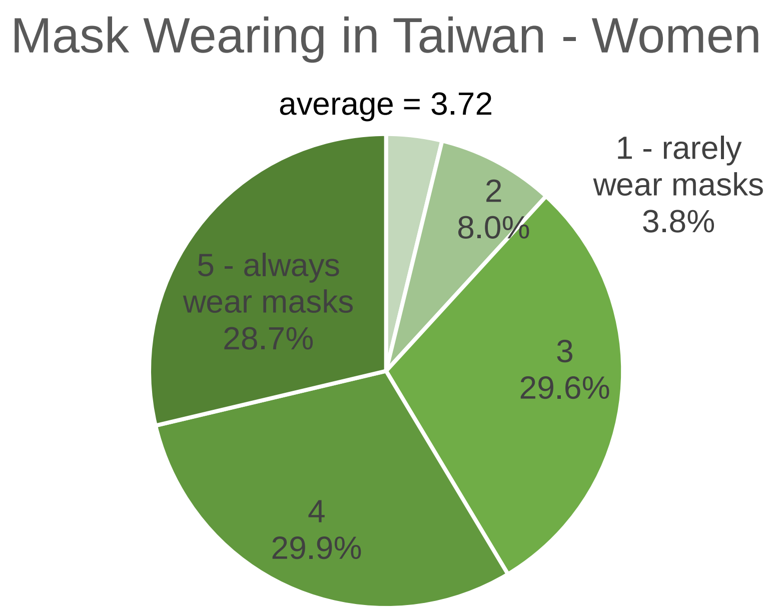


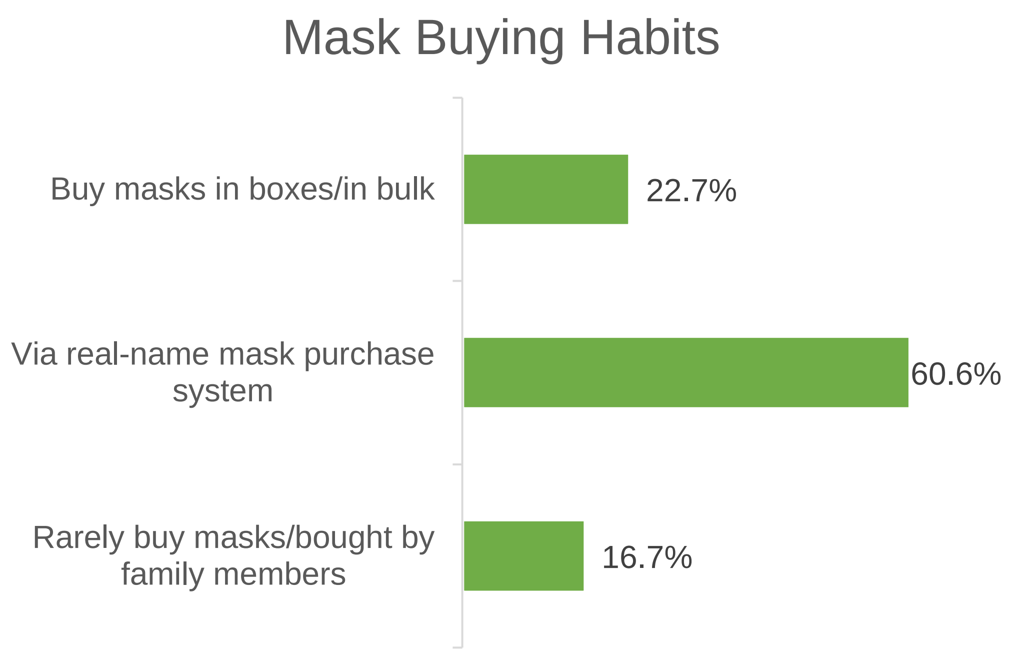


2020 Jun. Survey conducted from 2020/06/01 - 2020/06/04
2020 Aug. Survey conducted from2020/07/31 - 2020/08/04

Mask Wearing in Taiwan

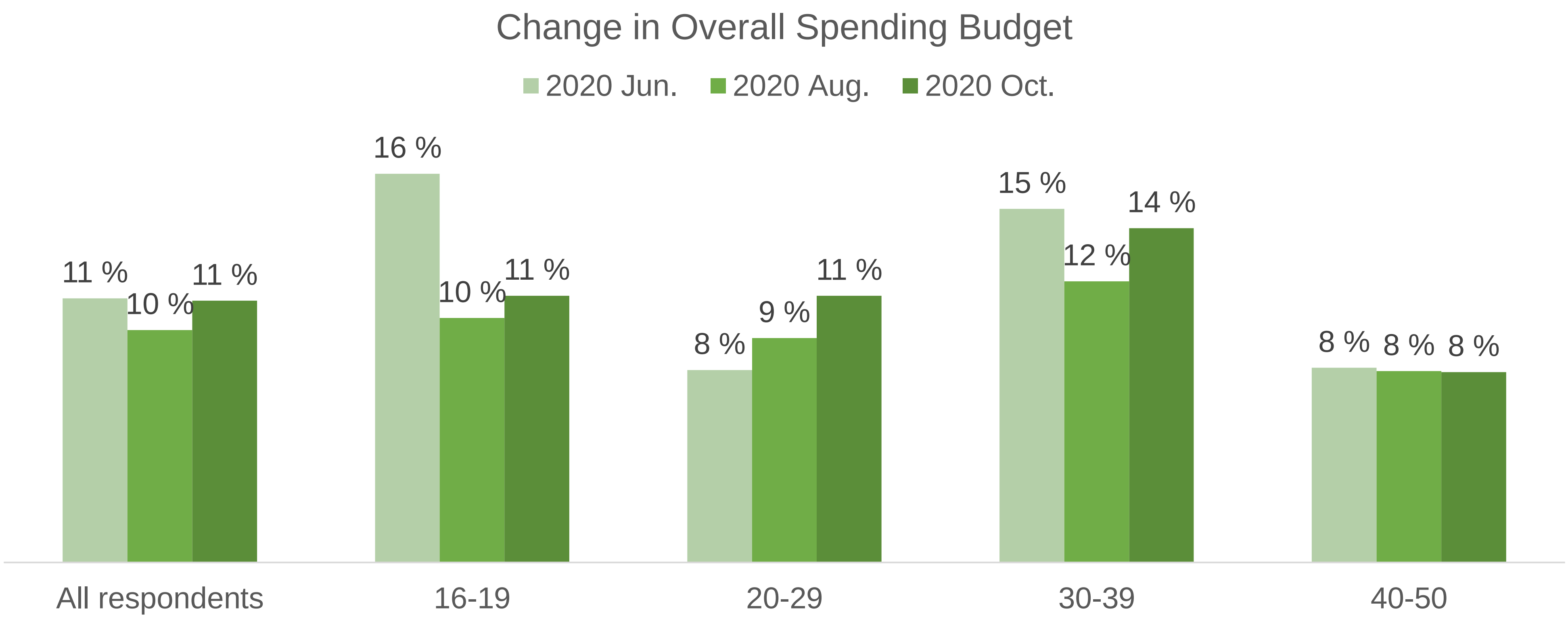
- The overall pandemic situation still lacks clarity, more than half of the respondents say they usually have the masks on and they buy masks through the "Real-Name Mask Purchase System."





Overall Budget Change – TW Female Consumers

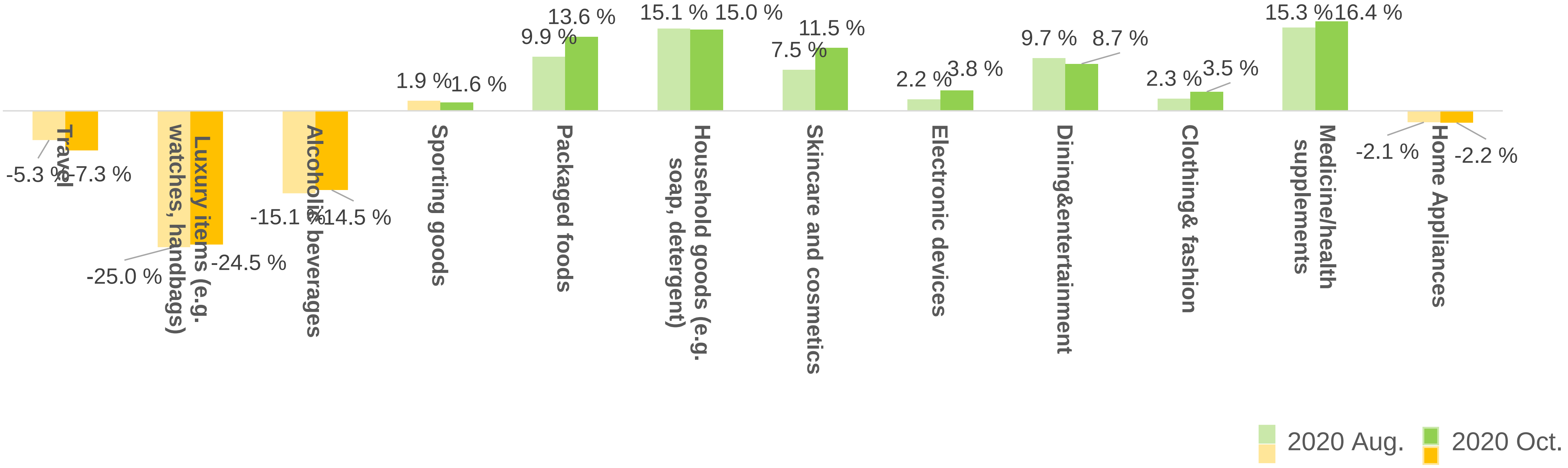
- Compared with previous surveys, the overall budget change is only slightly higher than August, with no much up and downs.
- For the budget change of all age groups, the 30-39-year-olds are still the ones with the most budget growth.



2020 Jun. Survey conducted from 2020/06/01 - 2020/06/04
2020 Aug. Survey conducted from 2020/07/31 - 2020/08/04

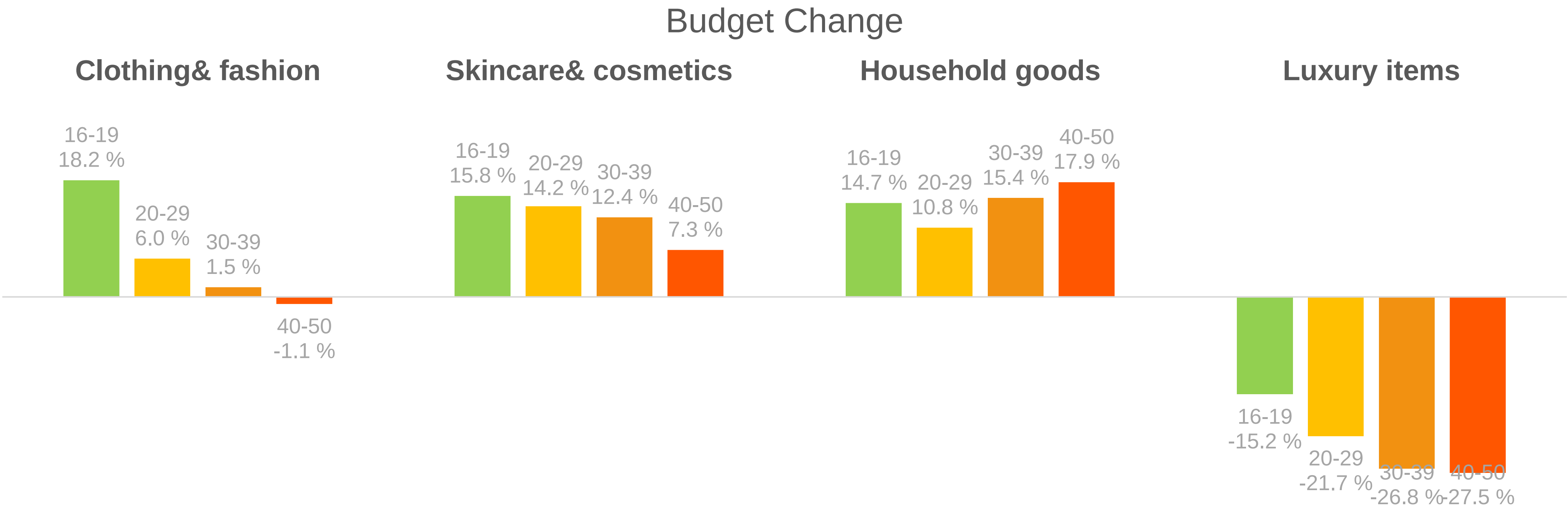
Change in Spending Budget by Category

- For changes in female consumers' spending budget, the result is similar to the findings in August. When COVID-19 was at its peak, household goods, medicine/health supplements and packaged foods won the most budget and they still do. Budget in dining/entertainment has risen greatly as the situation stabilizes and it continues to rebound.
- With the upcoming anniversary sale/special offers, skincare/beauty products are seeing a boost in businesses.



How Budget Change Differs by Product and Age

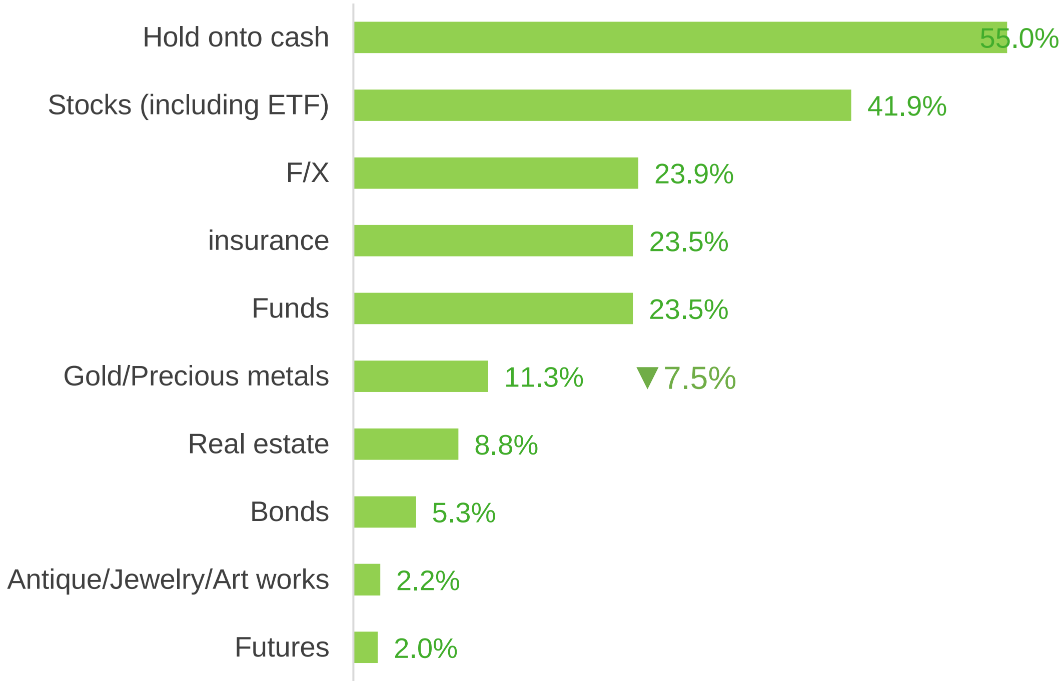
- When we compare the budget change of female consumers by age group and product category, significant difference is found in fashion services, skincare/cosmetics, household goods and luxury goods, in which the 16-19-year-olds have more budget. As the anniversary sale is approaching, those between 16-39 have more budget for skincare/cosmetics, and the younger groups show more interests on paying for fashion/clothing.



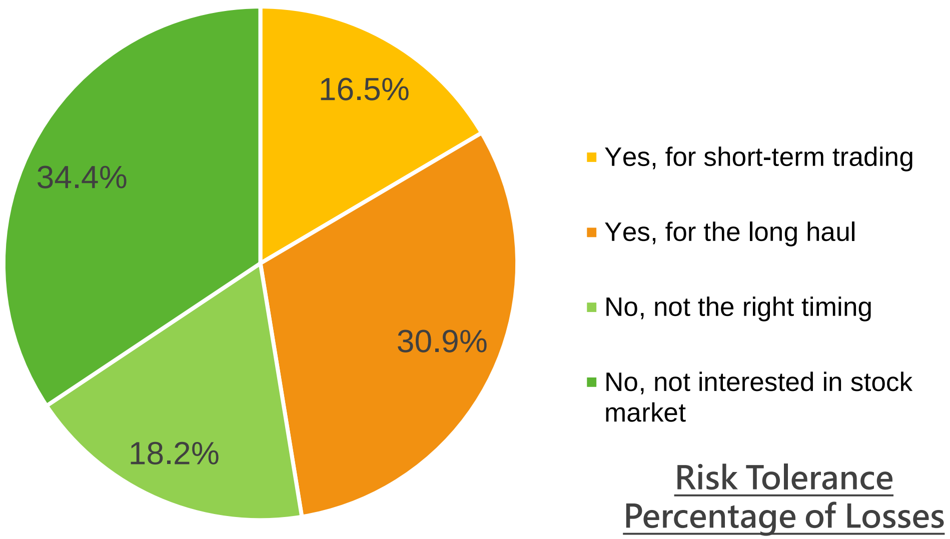
Preferred Investment: Equities

- Around 40% of the respondents are willing to invest in the stock market. For all traders, whether short-term or long-term, 27.5% is the percentage of loss they are willing to bear.
- As to gold/precious metals , despite its significant growth in August, its investor sentiment is now down to 7.5%. By comparing past stats, the drop of gold price should be the reason why investors are losing their interests.

Preferred Investment



Investor Sentiment towards the Stock Market



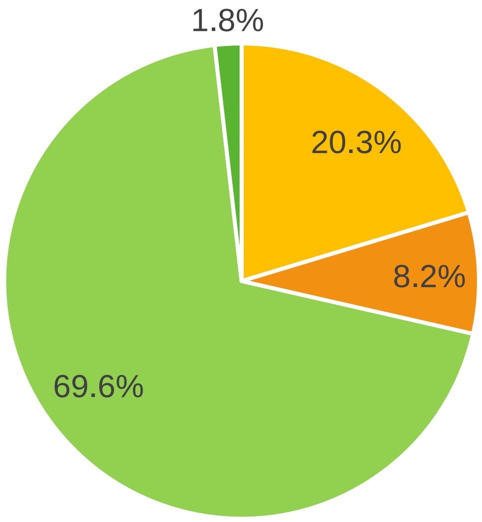
Risk Tolerance
Percentage of Losses

-27.5%

Wait-and-see Attitude about the Real Estates Market

- 70% of the respondents think uncertainty is rising in the real estate market. Those who think it's time to move in are more conservative about the potential price increase, whereas those who already expect housing price to drop give even more pessimistic estimates.

Investor Sentiment towards Real Estate



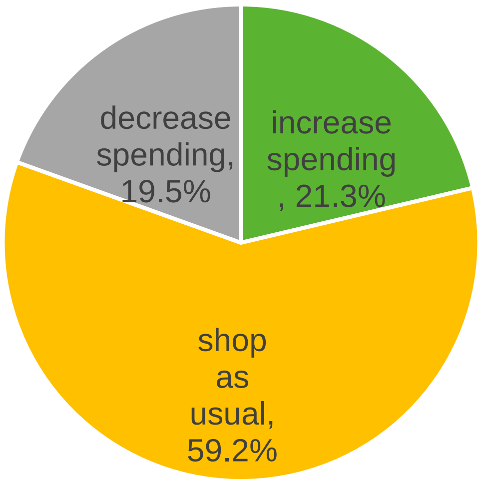
Volatility Forecast

	2020 Jun.	2020 Aug.	2020 Oct.
Price will go up. Good timing to invest.	+29.0%	+26.7%	+24.8%
Price will drop. Wait a little longer.	-23.6%	-26.4%	-29.3%
Lacking clarity. Better wait and see			
Other			

2020 Jun. Survey conducted from 2020/06/01 - 2020/06/04
2020 Aug. Survey conducted from2020/07/31 - 2020/08/04

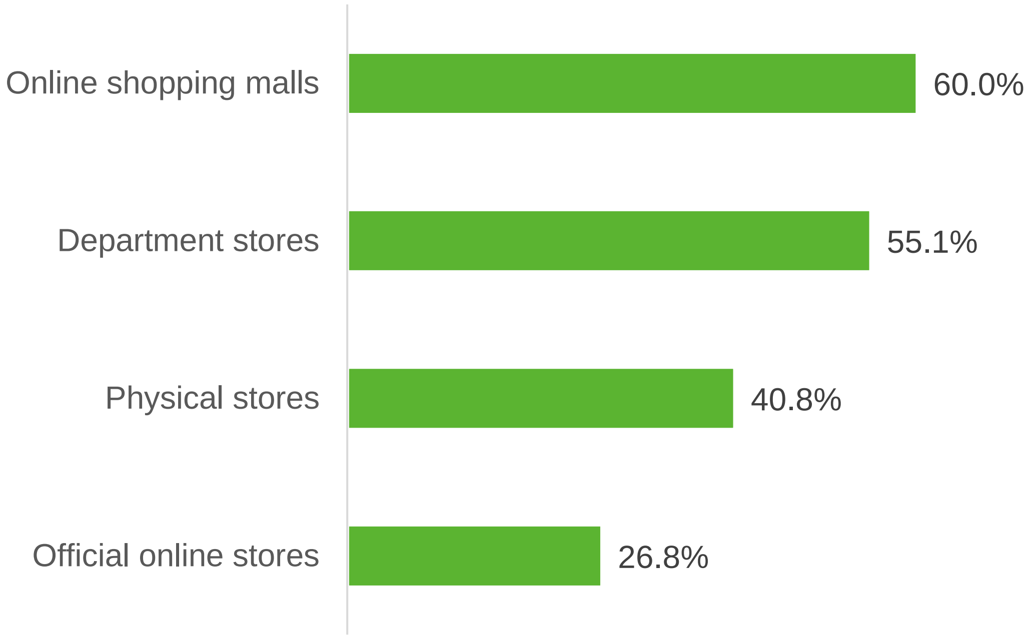
Anniversary Sale - Spending Behavior

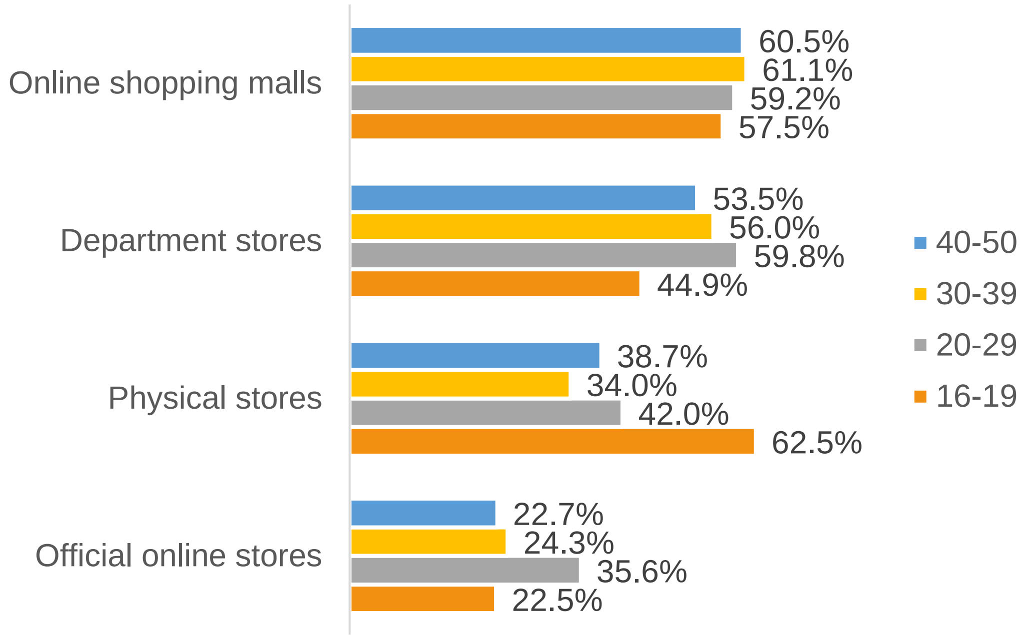
- The anniversary sale can only boost a limited amount of spending. When being asked about the anniversary sale, around 60% of female consumers say they don't have plans to spend more on special offers but rather shop as usual, while only 20% show intent in spending more.
- As for more enthusiastic shoppers, more than 70% plan to spend on skincare products. Businesses in this area should be able to encourage spending easily. As the season is changing, nearly 50% are getting new clothes, cosmetics, shoes as well as electronic gadgets/devices.



Anniversary Sale - Preferred Sales Channel

- For people with shopping plans for anniversary sales, they will mainly shop at all-purpose malls. Online shopping malls have become the main stream, but traditional department stores are also very popular.
- If we think from the perspective of brand management, around 40% are the supporters of brick-and-mortar stores. The 16-19-year-olds, in particular, prefer shopping at physical stores to other channel. Brands can create special campaigns to target the young consumers.





Communications Implications

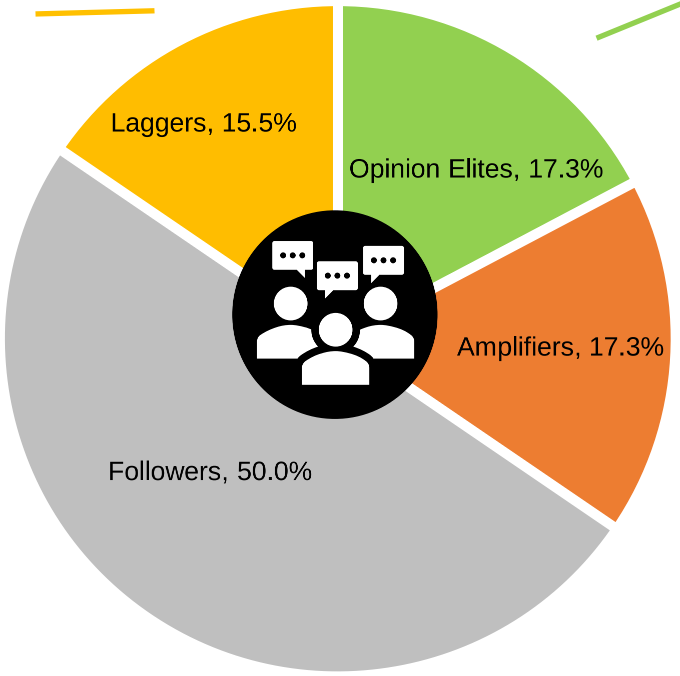
Our Communications Segmentation

- In order to better pinpoint where communications can be most effective, we segmented the Taiwan online population into 4 segments.

MarCom Segment

· Last to adopt new trends
· Rarely follow the news

First to hear about insights and trends
· High education
· High Income
· Frequently follow and discuss news
· Give advice and opinions to those around them

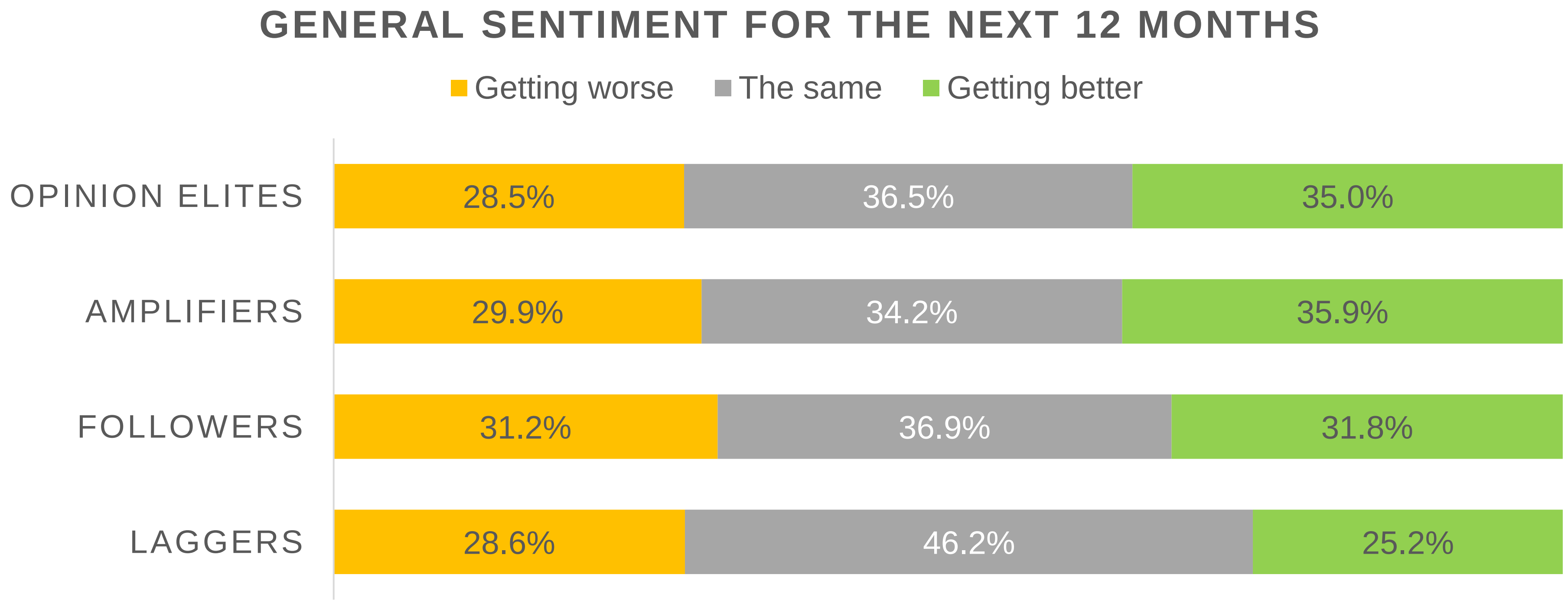


· General public
· Occasionally follow news

Key promoter of trends
· Frequently follow and discuss news
· Active on social media

Sentiment towards the Environment (by Marcom Group)

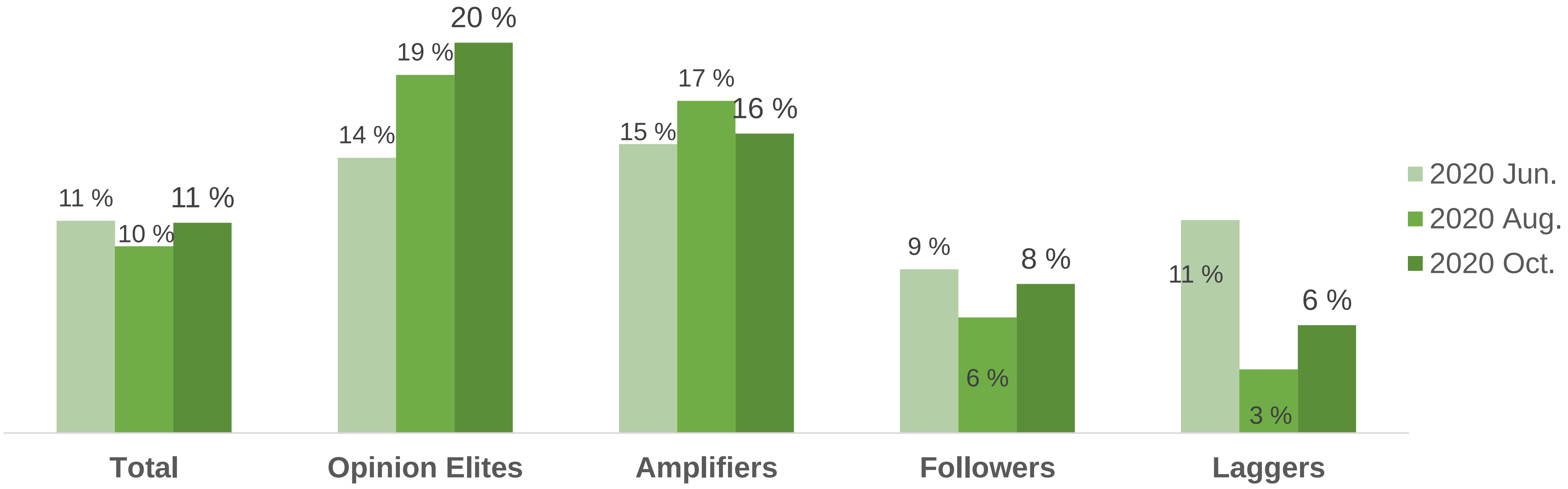
- Opinion elites and amplifiers have brighter outlook towards the future. Compared with August survey, pessimistic opinion elites is down by 4.7% while pessimistic amplifiers have increased by 6.1%. The change is also reflected in the spending budget. Take opinion elites for example, they have the greatest budget change (20.4%) among all.



Next 3 months Change in Overall Spending Budget
+20.4%
+15.6%
+7.8%
+5.6%

Female Opinion Elites have More Spending Power

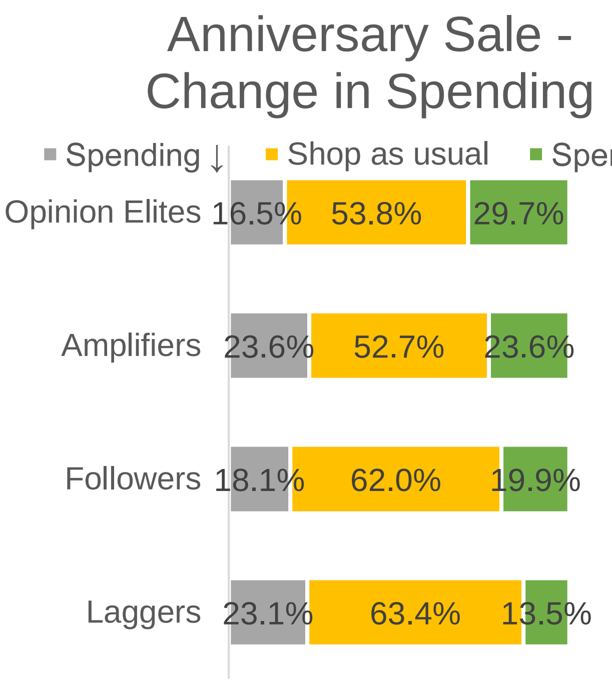
- Among all four marcom groups, the budget change of opinion elites is slowing going upwards. Laggers and followers, as conservative as before, show a little growth in budget in October.
- When looking into how budget change differs by marcom groups and by product category, not much change is found in dining/entertainment, but it's distinctively different in other product categories, where opinion elites and amplifiers show more capabilities/interests in spending.

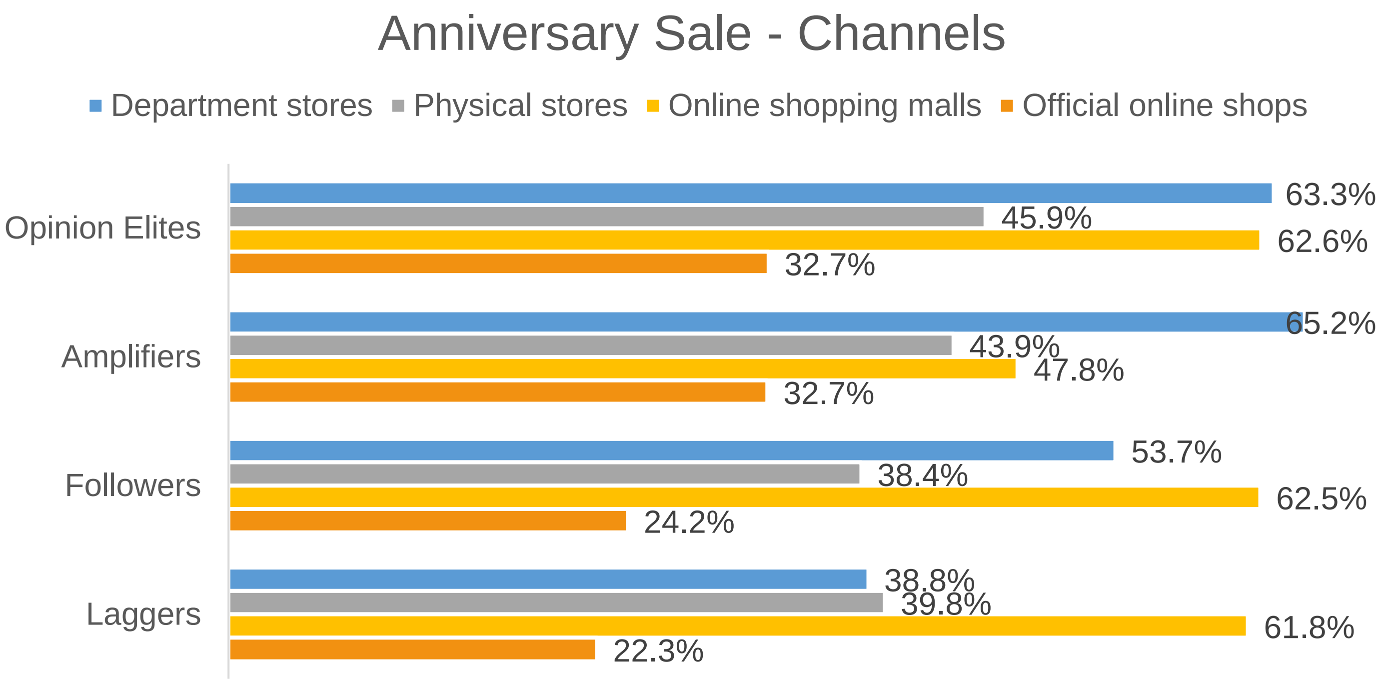


2020 Jun. Survey conducted from 2020/06/01 - 2020/06/04
2020 Aug. Survey conducted from 2020/07/31 - 2020/08/04

Anniversary Sale Spending Behavior (by Marcom Group)

- Around 30% of opinion elites have plans to spend more during anniversary sale. They do not show preferences in physical stores v.s. online shops, but they do prefer department stores and online shopping malls, where a wide selection of brands are available.
- More amplifiers prefer department stores, while online shopping malls are the top choice of followers and laggers.





WANT TO KNOW MORE? CONTACT US.

Want to know more about your industry?
Want to know more about your audience/consumers?
Want to ask your own questions?
Want to know similar information for other Asian markets?
Want to contribute your thoughts?
Want to partner with us?

We want to hear from you. Please provide your contact details so we can contact you.

tatt@ek2a.com