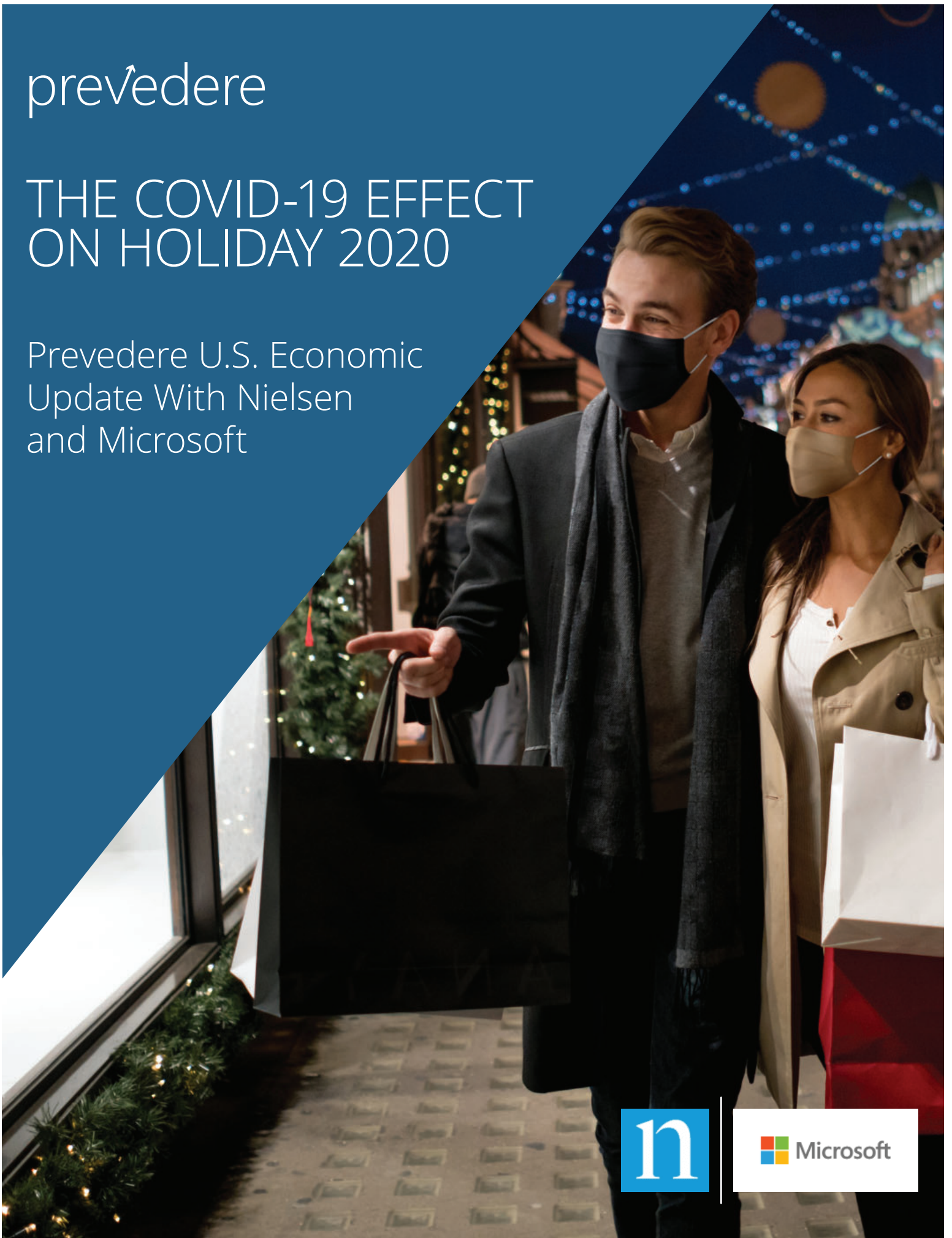


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# THE COVID-19 EFFECT ON HOLIDAY 2020

Prevedere U.S. Economic  
Update With Nielsen  
and Microsoft



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## U.S. Economic Update With Nielsen and Microsoft

**Data updated: September 30, 2020**

This report, "The Covid-19 Effect On Holiday 2020" is part of a series presented by Prevedere, Nielsen, and Microsoft on the changing consumer as a result of COVID-19. Nicole Collida Davis, from Nielsen, details the ever-evolving U.S. consumer in this discussion. Chris Dieringer, from Microsoft, provides his perspective on the upcoming holiday season. And Thomas Kilbane, from Prevedere, gives his outlook for consumer spending, which categories are poised to do well, and sets the stage for what we can expect in 2021 than during the April/May peak.

### Shifting Consumer Behavior

Financially constrained consumers are at a tipping point. It is critical to understand this segment heading into the 2020 holiday season. To date in 2020, 24% of American households have seen some level of financial impact due to COVID-19. Many of these households are making up Nielsen's financially constrained consumer segment. These consumers will affect the economy, potentially for years to come. In considering the pending holiday season, understanding these spending pattern shifts is crucial to any successful strategy.

This financially strained consumer segment is worth almost \$200 billion in CPG buying power. It's a tremendous amount of money that will impact any strategy for the rest of the year and into 2021.

Most interesting is that these financially constrained consumers do not necessarily mean low income or lower-income households. These consumers span all income levels, all ethnicities, and all age groups. The common denominator among these consumers is just the fact that they've experienced some level of financial loss as a result of COVID-19.

























## Consumer Spending Winners and Losers

It's challenging to maintain a healthy U.S. consumer if the consumer isn't working. The unemployment rate, which spiked very high at the beginning of this crisis, has recovered since then fairly strongly, probably more strongly than many anticipated. But there are issues with using the unemployment rate and the labor market to track U.S. consumers' health.

Consumers are switching costs due to lifestyle changes. Since they are at home more, they are spending more on things to do at home. This is evident in the data with categories, such as home and garden, games, toys, and hobbies, doing well. We expect that to continue.

We expect restaurants, bars, and travel to continue to recover, but not anywhere close to fully recovering during this holiday season when so many people are typically traveling.

Employed consumers will be saving money by deferring travel expenses or live entertainment they would typically attend around the holidays. So that leaves cash in consumers' wallets to create opportunities in the market. As colder weather hits, outdoor projects may have exhausted themselves, but new indoor ones can apply themselves. Household goods and electronics are categories that might do very well as we head into the holiday season. And there's likely still plenty of money left over for games and toys.

Overall, it's essential to realize that consumer health is likely to be weaker than previous holiday seasons, and will be the case into 2021. The stimulus has had an immense impact and increased consumer financial health, which has been a big help for many categories. Some categories have also benefitted from shifting consumer behavior and trends. While the three effects may not unravel simultaneously, we at Prevedere expect consumers to begin to adapt to a new normal throughout 2021 as the health crisis hopefully dissipates.

## ABOUT THE AUTHORS



**Nicole Collida Davis, Nielsen SVP, North American Consumer Intelligence**

Nicole leads the North American Consumer Intelligence Sales team at Nielsen, where she is responsible for creating differentiated value in the marketplace through decomposing evolving consumer patterns. She currently stands on the front lines for Nielsen as the company showcases solutions that shape smarter markets and enable growth.



**Chris Dieringer, Senior Director of Industry Solutions at Microsoft - Retail and CPG**

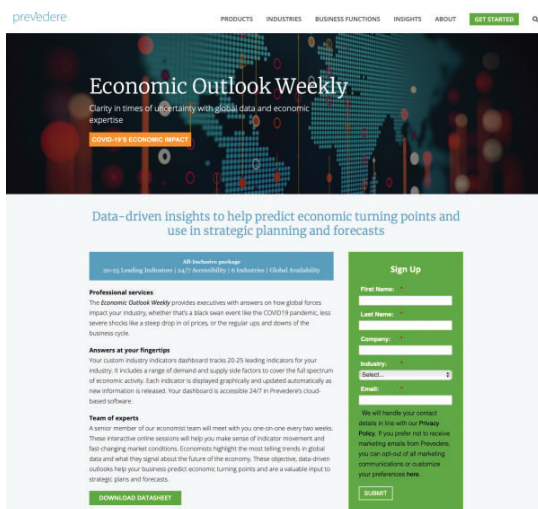
Chris is currently leading the US Retail and CPG practice focused on following current and future trends in the industry and helping customers realize those within their digital transformation. He has experienced time with sub-segments including Consumer Electronics, Grocery, Home Improvement, Fashion/Apparel, Department Store and CPG companies. Functions include Marketing, HR, Tax, Supply Chain, Finance, Merchandising, Operations, Strategic Planning with technologies in business intelligence, data warehouse, application development, ERP deployments, CRM installations, and cognitive services delivery.



**Thomas Kilbane, Prevedere Senior Economist**

Thomas works with businesses across a wide variety of industries to improve understanding of their external environment and how it impacts their performance. Previously, Thomas was an analyst for the Ohio General Assembly, as well as at multiple firms in the financial services industry. Thomas holds a Masters' of Applied Statistics and Applied Economics from The Ohio State University and a Bachelor's degree from the Argyros School of Business and Economics at Chapman University.

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***There is no charge for access to leading indicators as they matter updated weekly.***

## Complimentary COVID-19 Economic Outlook Weekly includes:

- Macro view of COVID-19 global economic impact
- Key leading indicators to watch
- Regular economist presentations offered as information becomes available
- Weekly updates sent to your inbox

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