

# Video

## Cities in Action: Live from Tokyo: Emerging Consumer Sentiment Trends in the Pandemic World

Date: September 02, 2020

00:00:04 --> 00:00:07: Good morning everyone. This is Nikita Soccer from Boston Consulting Group in Japan.

00:00:07 --> 00:00:08: Thank you so much you will I friends for the invitation today to talk about emerging consumer sentiment trends in the pandemic world.

00:00:08 --> 00:00:11: It's a big question, alot of data and only 30 minutes.

00:00:11 --> 00:00:15: So let me get right into it.

00:00:15 --> 00:00:16: I'll try to talk for the first 1520 minutes and leave time for Q&A.

00:00:16 --> 00:00:18: So I'd like to talk about three things and leave room for Q&A.

00:00:18 --> 00:00:19: First and foremost, what is indeed the COVID-19 impact on consumer sentiment around the world?

00:00:19 --> 00:00:20: Afew country, deep dives in Asia, Japan from where I am and also emerging trends in our view about what will be continuing after covid.

00:00:20 --> 00:00:24: Second, we look at additional data on category by category. Consumption will talk a little bit about the winners and losers.

00:00:24 --> 00:00:26: All of you see that everyday, but what might be more important is our perspective on what are these trends that will stick.

00:00:26 --> 00:00:28: Or fade once we live in a post covid world.

00:00:28 --> 00:00:29: And Lastly you've asked me to talk a little bit about the impact on urban retail.

00:00:29 --> 00:00:32: Just a fair warning, I am not a real estate

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00:01:07 --> 00:01:07: expert,  
00:01:07 --> 00:01:10: and perhaps that's why you have me here today,  
00:01:10 --> 00:01:13: but I'll try to talk about it from a consumer  
00:01:13 --> 00:01:15: lens with my good friend John Tanaka.  
00:01:15 --> 00:01:18: Facilitating will do a Q&A thereafter.  
00:01:18 --> 00:01:21: So where does this all this data come from?  
00:01:21 --> 00:01:24: We have been tracking this religiously rigorously over many,  
00:01:24 --> 00:01:26: many markets over many, many months.  
00:01:26 --> 00:01:30: The minute this happened, we've launched this regular  
reporting across  
00:01:30 --> 00:01:31: 25 markets,  
00:01:31 --> 00:01:35: including 18 emerging markets to look at consumer spending  
data  
00:01:35 --> 00:01:38: insights on short term and long-term anticipated behavior,  
00:01:38 --> 00:01:41: and also their view or consumer views on covid.  
00:01:41 --> 00:01:44: And again, fair warning. We've asked consumers a lot of  
00:01:44 --> 00:01:47: questions or across 50 product categories.  
00:01:47 --> 00:01:49: This is what consumers say they will do.  
00:01:49 --> 00:01:51: That is different than, for example,  
00:01:51 --> 00:01:55: credit card data, other macro and microeconomic data that  
we  
00:01:55 --> 00:01:57: have to mesh and put together a view about the  
00:01:57 --> 00:01:59: world economy and the local economy.  
00:01:59 --> 00:02:02: But today I will be talking about what consumers said.  
00:02:02 --> 00:02:05: I just got a fresh batch of consumer data from  
00:02:05 --> 00:02:05: Japan,  
00:02:05 --> 00:02:09: for example from last month about 8000 consumers in Japan.  
00:02:09 --> 00:02:13: And that will see multiplies across the various countries.  
00:02:13 --> 00:02:15: So again, I've tried to pick a few to stir  
00:02:15 --> 00:02:16: the conversation.  
00:02:16 --> 00:02:19: So where are we in this covid fight?  
00:02:19 --> 00:02:21: There are many, many frameworks out there.  
00:02:21 --> 00:02:23: We talk about flattening the curve,  
00:02:23 --> 00:02:25: fighting and then waiting for that future.  
00:02:25 --> 00:02:28: This chart really just talks to the US on where  
00:02:28 --> 00:02:29: they are today.  
00:02:29 --> 00:02:31: We see them in the very early fight phase and  
00:02:31 --> 00:02:34: we've drawn these curves for each of the economies around  
00:02:34 --> 00:02:35: the world.  
00:02:35 --> 00:02:37: I do think one point to note and I'm sure  
00:02:37 --> 00:02:40: you will have conversations about this over the few days.  
00:02:40 --> 00:02:43: Here is indeed when will that vaccine come and you

00:02:43 --> 00:02:46: will see that consumers too or desperately waiting for that  
00:02:46 --> 00:02:49: solution when they finally feel safe enough to return to  
00:02:49 --> 00:02:53: their. New normal behaviors and that will come up in  
00:02:53 --> 00:02:54: a bit as well.  
00:02:54 --> 00:02:57: So let me start with a overview in terms of  
00:02:57 --> 00:03:00: how consumers are feeling around,  
00:03:00 --> 00:03:03: whether the worst is here or yet to come.  
00:03:03 --> 00:03:06: So perhaps the good news is that the fears themselves  
00:03:06 --> 00:03:10: or leveling off globally likely linked to this optimism around  
00:03:10 --> 00:03:12: that vaccine solution.  
00:03:12 --> 00:03:15: We've asked questions about, you know,  
00:03:15 --> 00:03:18: do you believe that you know the end is near?  
00:03:18 --> 00:03:21: Edie End of the disease is near when the government  
00:03:21 --> 00:03:24: declares it's safe for you to go out or what  
00:03:24 --> 00:03:25: not.  
00:03:25 --> 00:03:27: Or the Health Organization say so and consumers just don't  
00:03:28 --> 00:03:30: believe that they will finally feel it's safe enough when  
00:03:30 --> 00:03:31: the vaccine comes,  
00:03:31 --> 00:03:35: which is the majority of the responses across every market  
00:03:35 --> 00:03:36: we've seen in the world.  
00:03:36 --> 00:03:40: Interesting to note something that we've known since day  
00:03:40 --> 00:03:43: one.  
00:03:43 --> 00:03:44: China was the earliest, and indeed China has been the  
00:03:44 --> 00:03:46: fastest to recover.  
00:03:46 --> 00:03:48: And you see that data reflected here in terms of  
00:03:48 --> 00:03:52: the next six months.  
00:03:52 --> 00:03:55: They feel like there may be a solution out there.  
00:03:55 --> 00:03:57: Now if I link that to how consumers are actually  
00:03:57 --> 00:04:00: behaving in terms of their opening their wallets,  
00:04:00 --> 00:04:03: leaving their homes going out here too,  
00:04:03 --> 00:04:06: I think there's slightly positive news in the very,  
00:04:06 --> 00:04:10: very dark global economy that we're living in right now,  
00:04:10 --> 00:04:12: so overall, spending expectations remain below pre covid  
00:04:12 --> 00:04:15: days,  
00:04:15 --> 00:04:17: but are trending positively. So this question,  
00:04:17 --> 00:04:20: and I'm sorry the font is very small,  
00:04:20 --> 00:04:22: but if you can zoom into your screen so the  
00:04:22 --> 00:04:25: question we asked is in the next month,  
00:04:25 --> 00:04:28: do you expect your spending to be relative to?  
00:04:28 --> 00:04:29: A pre couple days is a higher or lower annual.  
00:04:29 --> 00:04:32: See that that ratio has come down to minus five  
or minus 10%  
and that is a five point increase versus even a

00:04:32 --> 00:04:32: month ago.

00:04:32 --> 00:04:34: So across these three markets,

00:04:34 --> 00:04:37: for example that I've pulled together,

00:04:37 --> 00:04:41: we see that overall spending sentiment is starting to normalize

00:04:41 --> 00:04:41: overall.

00:04:41 --> 00:04:44: But what I found more interesting and this is something

00:04:44 --> 00:04:48: you will see particularly in the real estate industry,

00:04:48 --> 00:04:51: is that online has been killing it and so when

00:04:51 --> 00:04:54: asked the question for Chinese consumers.

00:04:54 --> 00:04:56: Chinese consumers will say, in fact,

00:04:56 --> 00:05:00: they've increased their spend versus even pre covid from 48%

00:05:00 --> 00:05:03: and they are the digital leaders across many markets around

00:05:03 --> 00:05:04: the world.

00:05:04 --> 00:05:05: And yet even in China,

00:05:05 --> 00:05:09: the in-store spend has been pulled back.

00:05:09 --> 00:05:12: Minus 49% versus rest of the world and all the

00:05:12 --> 00:05:15: markets around the world fit along this dimension.

00:05:18 --> 00:05:22: Then talking about physical retail as physical retailers open,

00:05:22 --> 00:05:26: they still face a lot of consumers who are still

00:05:26 --> 00:05:29: anxious and less inclined to go out and then go

00:05:29 --> 00:05:30: out and spend.

00:05:30 --> 00:05:33: So the left hand side of this chart socks about

00:05:33 --> 00:05:34: how consumers feel.

00:05:34 --> 00:05:38: Are they comfortable or not even being in a store

00:05:38 --> 00:05:42: at that number is actually pretty consistently around the 50%

00:05:42 --> 00:05:44: mark around the world, so the bold ones,

00:05:44 --> 00:05:48: the ones that are more aggressive about the notion around

00:05:48 --> 00:05:49: safety.

00:05:49 --> 00:05:52: Are going out, but there's still a residual amount across

00:05:52 --> 00:05:55: the world of people that just don't feel safe to

00:05:55 --> 00:05:56: leave their homes.

00:05:56 --> 00:05:59: Now we'll go into a little more category data in

00:05:59 --> 00:06:00: a minute,

00:06:00 --> 00:06:03: but there's also a sizable share that they say they

00:06:03 --> 00:06:05: will spend less an it's no surprise to you that

00:06:05 --> 00:06:09: categories like luxury have taken a real beating and

00:06:09 --> 00:06:13: restaurants

00:06:09 --> 00:06:13: where there is a lot of in physical interaction have

00:06:13 --> 00:06:14: also taken a beating.

00:06:14 --> 00:06:16: But you'll see some less you know,

00:06:16 --> 00:06:19: less of a hit, let's less targeted or impacted by

00:06:19 --> 00:06:22: covid categories in the middle as well.

00:06:22 --> 00:06:26: And there's some interesting stories within each of the categories

00:06:26 --> 00:06:29: my business is working with consumer companies.

00:06:29 --> 00:06:31: So for example, if you look at cosmetics,

00:06:31 --> 00:06:35: you've seen the data. There's been wonderful growth in terms

00:06:35 --> 00:06:35: of,

00:06:35 --> 00:06:38: you know, make up above the about the mouth and

00:06:38 --> 00:06:40: skin care and return to you.

00:06:40 --> 00:06:44: Know self care versus other kinds of cosmetics and you'll

00:06:44 --> 00:06:44: see that.

00:06:44 --> 00:06:47: Online picking up and you see that pickup rate really

00:06:47 --> 00:06:50: progressing depending on the state of the country and also

00:06:50 --> 00:06:54: the segment the consumers are in terms of their relative

00:06:54 --> 00:06:56: aggressiveness around returning to the new normal.

00:06:58 --> 00:07:01: I apologize for this very detailed slide,

00:07:01 --> 00:07:03: but and as a consultant I love data and this

00:07:03 --> 00:07:06: is something we rigorously have been tracking again across all

00:07:06 --> 00:07:08: the markets we study month by month.

00:07:08 --> 00:07:11: The way to read this data is to say,

00:07:11 --> 00:07:14: OK, well, how much do what percentage of consumers plan

00:07:14 --> 00:07:15: to spend more?

00:07:15 --> 00:07:19: Which is the green or less given where they are?

00:07:19 --> 00:07:22: So on the left hand side you'll see obviously household

00:07:22 --> 00:07:24: cleaning products,

00:07:24 --> 00:07:27: takeout and delivery saving more fresh and organic foods.

00:07:27 --> 00:07:31: These are the categories that again this is a US

00:07:31 --> 00:07:31: sample.

00:07:31 --> 00:07:35: Consumers say that they will spend more on an we've

00:07:35 --> 00:07:39: been tracking it every month and we were noticing the

00:07:39 --> 00:07:41: positive trend in the US economy.

00:07:41 --> 00:07:45: On the other hand, the loser list is way longer

00:07:45 --> 00:07:46: and their obvious.

00:07:46 --> 00:07:49: Targets of covid around out of home,

00:07:49 --> 00:07:54: entertainment, travel and restaurants, even public transportation that have been

00:07:54 --> 00:07:57: consistently in the red and the big question out there

00:07:57 --> 00:08:00: is really how quickly will things turn back to?

00:08:00 --> 00:08:04: Not, not not red, but at least neutral to get

00:08:04 --> 00:08:06: to spend levels pre covid.

00:08:06 --> 00:08:08: This is the same data,

00:08:08 --> 00:08:12: but now you have Japan USANA couple of other countries  
00:08:12 --> 00:08:13: just for contrast,  
00:08:13 --> 00:08:16: so this is not a sequential view,  
00:08:16 --> 00:08:20: but this view is talking about the same question where  
00:08:20 --> 00:08:21: will you spend more?  
00:08:21 --> 00:08:25: The winners the Greens or where we spend less and  
00:08:25 --> 00:08:29: we compared the height of the first wave of the  
00:08:29 --> 00:08:30: pandemic.  
00:08:30 --> 00:08:33: An eye for one again being based in Japan was  
00:08:33 --> 00:08:33: very surprised,  
00:08:33 --> 00:08:35: but perhaps not super popular.  
00:08:35 --> 00:08:39: Surprise that we were almost the most conservative nation in  
00:08:39 --> 00:08:39: the world,  
00:08:39 --> 00:08:42: and that may indeed be directly related to reflected in  
00:08:43 --> 00:08:43: the 20%  
00:08:43 --> 00:08:46: plus GDP declines that we've faced in this economy.  
00:08:46 --> 00:08:49: But there is a real conservatism in a country like  
00:08:49 --> 00:08:52: Japan versus other markets that have been faster to move  
00:08:52 --> 00:08:55: things into the green circle versus keep them in the  
00:08:55 --> 00:08:55: red.  
00:08:57 --> 00:09:01: Let me continue. So in thinking about the different modes  
00:09:01 --> 00:09:04: of consumption and shopping and going out.  
00:09:04 --> 00:09:06: This again comes back to Usdata.  
00:09:06 --> 00:09:09: The way to read this is first to read the  
00:09:09 --> 00:09:12: column numbers in the column in the middle of May.  
00:09:12 --> 00:09:16: This is the percentage of people that said they've resumed  
00:09:16 --> 00:09:17: activity.  
00:09:17 --> 00:09:20: So you see, 71% of Americans are shopping for grocery,  
00:09:20 --> 00:09:24: 45% or back shopping for the non essentials and there's  
00:09:24 --> 00:09:27: a long list below there a third or eating out  
00:09:27 --> 00:09:27: 8%  
00:09:27 --> 00:09:30: are doing local leisure activities outdoors.  
00:09:30 --> 00:09:33: And even a little bit of travel and again month  
00:09:33 --> 00:09:34: to month.  
00:09:34 --> 00:09:35: We do see some pickups.  
00:09:35 --> 00:09:38: I think the thing to watch out for probably is  
00:09:38 --> 00:09:40: not just that column with the number,  
00:09:40 --> 00:09:43: but the red bars on the right that talk about  
00:09:43 --> 00:09:46: consumers who say they'll never go there again.  
00:09:46 --> 00:09:49: So there are categories and there are activities that kind  
00:09:49 --> 00:09:52: of activities that will never come back.  
00:09:52 --> 00:09:53: This will be a unfortunate,

00:09:53 --> 00:09:56: you know, shake out of the winners and losers in  
00:09:56 --> 00:09:59: terms of the corporations and service providers that are in  
00:09:59 --> 00:10:02: the category to figure out who can survive the new  
00:10:02 --> 00:10:06: normal 'cause there will be less activity is our bet.  
00:10:06 --> 00:10:10: Certainly, in the next 12 to 18 months.  
00:10:10 --> 00:10:12: Coming back to comparing ourselves with the US,  
00:10:12 --> 00:10:15: this is the same data that you saw in the  
00:10:15 --> 00:10:16: column chart,  
00:10:16 --> 00:10:19: so 71% of Americans going back grocery shopping,  
00:10:19 --> 00:10:22: 64% of Japanese are going back to grocery shopping in  
00:10:22 --> 00:10:23: person.  
00:10:23 --> 00:10:26: What I found interesting is that the non essential retail  
00:10:26 --> 00:10:29: part in our urban economy has actually not picked up  
00:10:29 --> 00:10:30: at the rate.  
00:10:30 --> 00:10:33: So again, back to our conservatism in every nation I  
00:10:33 --> 00:10:36: think has a different nationalistic profile.  
00:10:36 --> 00:10:39: You'll see that that is a part that we have  
00:10:39 --> 00:10:41: not picked up versus the other.  
00:10:41 --> 00:10:46: Pieces of data on this chart being pretty consistent across  
00:10:46 --> 00:10:49: Japan and the United States.  
00:10:49 --> 00:10:51: So what does this mean?  
00:10:51 --> 00:10:54: And again, if you go to pcg.com and Google consumer  
00:10:54 --> 00:10:56: sentiment as you listen to me,  
00:10:56 --> 00:10:59: you'll see a ton of these reports we've been publishing  
00:10:59 --> 00:11:00: them every week,  
00:11:00 --> 00:11:03: every month. In fact, we were doing weekly reports and  
00:11:03 --> 00:11:05: snapshots on different topics,  
00:11:05 --> 00:11:08: but if I summarize where we are months into,  
00:11:08 --> 00:11:11: then pandemic and the ULI friends asked me,  
00:11:11 --> 00:11:14: you know, what are the emerging trends?  
00:11:14 --> 00:11:15: There are many that I can pick,  
00:11:15 --> 00:11:17: but these things I think are notable.  
00:11:17 --> 00:11:21: First is indeed that we've moved from fear to acceptance.  
00:11:21 --> 00:11:23: This is going to be here for awhile in terms  
00:11:23 --> 00:11:24: of the pandemic.  
00:11:24 --> 00:11:28: This community of national and national bonds this back to  
00:11:28 --> 00:11:30: kind of serving your country,  
00:11:30 --> 00:11:35: serving your community, helping folks out particularly strong  
emerging markets.  
00:11:35 --> 00:11:37: Cocooning is here to say we saw the same pattern  
00:11:38 --> 00:11:40: actually after the big earthquake in Japan,  
00:11:40 --> 00:11:43: where people did spend more time at home.

00:11:43 --> 00:11:45: But that faded. We think this one will stick a  
00:11:46 --> 00:11:47: little bit longer.  
00:11:47 --> 00:11:50: And then there are winning and losing categories.  
00:11:50 --> 00:11:53: I've talked a little bit about that earlier.  
00:11:53 --> 00:11:56: But this health and Wellness trend is interesting.  
00:11:56 --> 00:11:59: You'll see some charts that say people say they want  
00:11:59 --> 00:12:00: to be healthier and stay well,  
00:12:00 --> 00:12:02: and they do. But are they really?  
00:12:02 --> 00:12:05: Every January people claim they want to be healthy and  
00:12:05 --> 00:12:06: well and they don't.  
00:12:06 --> 00:12:09: They go back to their old behaviors,  
00:12:09 --> 00:12:11: but this time again things may stick and for sure  
00:12:11 --> 00:12:15: what's going to stick is the digital consumption behavior.  
00:12:15 --> 00:12:18: I think the growth in E Commerce omnichannel has been  
00:12:18 --> 00:12:18: tremendous.  
00:12:18 --> 00:12:21: Ann's one retail feel that I spoke to said,  
00:12:21 --> 00:12:24: you know what has happened in the last five months  
00:12:24 --> 00:12:27: is what they were planning for for the next five  
00:12:27 --> 00:12:27: years.  
00:12:27 --> 00:12:30: So again, depending on where you are in the value  
00:12:30 --> 00:12:30: chain,  
00:12:30 --> 00:12:35: this has been a positive impetus to accelerate the  
digitalization  
00:12:35 --> 00:12:37: of a lot of businesses that we see.  
00:12:37 --> 00:12:40: So on those six teams I have one slide each,  
00:12:40 --> 00:12:43: so first this notion around you know the disease is  
00:12:43 --> 00:12:46: with us for a long period of time still.  
00:12:46 --> 00:12:48: So let's let's figure it out.  
00:12:48 --> 00:12:51: The negative consumer don't sentiment has been declining,  
00:12:51 --> 00:12:55: even though the pandemic itself is worsening across the  
country.  
00:12:55 --> 00:12:59: So the dotted blue light line is the cumulative number  
00:12:59 --> 00:13:02: of covid cases in each of these six countries that  
00:13:02 --> 00:13:03: I've selected.  
00:13:03 --> 00:13:07: But you'll see that various spending patterns around personal  
health.  
00:13:07 --> 00:13:12: Or concern over sorry about concern about personal health  
concerns  
00:13:12 --> 00:13:18: about recession or making lifestyle changes doesn't  
necessarily correlate with  
00:13:18 --> 00:13:22: the cumulative cases and thousands of the the effective  
population.  
00:13:22 --> 00:13:26: When I found interesting just to take a quick pit



00:13:26 --> 00:13:29: stop is that it correlates more to fatality rates,  
00:13:29 --> 00:13:33: so it's not the news headline of how many people  
00:13:33 --> 00:13:34: are getting sick.  
00:13:34 --> 00:13:38: People are getting infected, the infection rate.  
00:13:38 --> 00:13:40: You know we'll get to a certain point and then  
00:13:40 --> 00:13:41: we'll flatten.  
00:13:41 --> 00:13:43: But this chart shows on the very bottom.  
00:13:43 --> 00:13:45: The fatality rate is the dark pink,  
00:13:45 --> 00:13:49: and you'll see that there's a strong correlation in terms  
00:13:49 --> 00:13:53: of the current certain question and declining concern relative  
to  
00:13:53 --> 00:13:54: fatalities.  
00:13:54 --> 00:13:57: Let me move on another point that we saw indeed  
00:13:57 --> 00:14:00: was this sort of sort of a commute.  
00:14:00 --> 00:14:04: Communal camaraderie. So what does that mean by local  
has  
00:14:04 --> 00:14:07: been a big boom for those local brands in some  
00:14:07 --> 00:14:07: markets.  
00:14:07 --> 00:14:10: I've fixed some data from India,  
00:14:10 --> 00:14:12: 36% of Indians will say based on this,  
00:14:12 --> 00:14:15: now they're consciously trying to buy India.  
00:14:15 --> 00:14:19: There is this bonding cocooning piece we see even see  
00:14:19 --> 00:14:23: in China with the digital world that they live in  
00:14:23 --> 00:14:25: that it is important.  
00:14:25 --> 00:14:28: That they stay close to family and community and very  
00:14:28 --> 00:14:29: interesting Lee.  
00:14:29 --> 00:14:32: There are many sort of corporate trust barometers and such.  
00:14:32 --> 00:14:36: We've taken the same data we've actually analyzed by  
brand,  
00:14:36 --> 00:14:39: by government, by country, but there has been a net  
00:14:39 --> 00:14:39: rise.  
00:14:39 --> 00:14:43: If the government or if the institution does a good  
00:14:43 --> 00:14:43: job.  
00:14:43 --> 00:14:46: So we've noted in certain economies that the net rise  
00:14:46 --> 00:14:48: and trust on government,  
00:14:48 --> 00:14:51: particularly in some of these Southeast Asian nations.  
00:14:51 --> 00:14:53: It's very interesting to contrast.  
00:14:53 --> 00:14:56: You know, the data between a Vietnam and a Malaysian  
00:14:56 --> 00:14:57: response.  
00:14:57 --> 00:15:00: Or health service providers. This is a Southeast Asia average  
00:15:00 --> 00:15:02: and you know if I may,  
00:15:02 --> 00:15:05: governments don't usually get positive feedback every year,  
00:15:05 --> 00:15:09: but this is an opportunity for action across the value

00:15:09 --> 00:15:10: chain of people that you know,  
00:15:10 --> 00:15:13: help. Our citizens thrive and live,  
00:15:13 --> 00:15:18: and this has been an interesting opportunity for some to  
00:15:18 --> 00:15:24: improve their relative brand positions before versus after the  
crisis.  
00:15:24 --> 00:15:27: Cocooning is another trend that we think will endure beyond  
00:15:27 --> 00:15:30: the lockdown periods and what may be interesting here is  
00:15:30 --> 00:15:33: not the fact that everybody is concluding.  
00:15:33 --> 00:15:35: That is the upper right or up side of this  
00:15:35 --> 00:15:39: graph that talks about all the cocooning behaviors and what  
00:15:39 --> 00:15:42: percent of consumers saying they're doing more of it.  
00:15:42 --> 00:15:45: So cooking at home, shopping on line of course,  
00:15:45 --> 00:15:46: and not going out as much.  
00:15:46 --> 00:15:48: But it's interesting to us too,  
00:15:48 --> 00:15:52: that China is still showing prolong cocooning despite  
recovery and  
00:15:52 --> 00:15:53: open up of the economies,  
00:15:53 --> 00:15:56: so again. They'll be lagging indicators of some of this,  
00:15:56 --> 00:15:59: but the green parts I think are here today.  
00:15:59 --> 00:16:02: If we look ahead six months in or we look  
00:16:02 --> 00:16:05: now where we are versus where we foresee the future.  
00:16:05 --> 00:16:07: Again, this is Consumer reported data,  
00:16:07 --> 00:16:10: so we're comparing February on the X axis,  
00:16:10 --> 00:16:13: then August versus April. In terms of the change on  
00:16:13 --> 00:16:15: the Y and you see some winning categories,  
00:16:15 --> 00:16:18: which again makes sense. Health supplements helpful.  
00:16:18 --> 00:16:21: Care products on the upper green on the upper left  
00:16:21 --> 00:16:25: hand the signs of life categories that are starting to  
00:16:25 --> 00:16:26: recover at different speeds.  
00:16:26 --> 00:16:28: You know scooters and bikes.  
00:16:28 --> 00:16:31: I know bicycles are hard to get in some economies.  
00:16:31 --> 00:16:35: These people are taking bicycles and not public  
transportation.  
00:16:35 --> 00:16:38: So again, if you operate in any of these segments,  
00:16:38 --> 00:16:43: tracking this data across markets across income groups  
across demographics,  
00:16:43 --> 00:16:46: we find our key ways to anticipate when the demand  
00:16:46 --> 00:16:49: will come back or when the demand is not coming  
00:16:49 --> 00:16:49: back in.  
00:16:49 --> 00:16:52: In the pink, how to spur at least a portion  
00:16:53 --> 00:16:56: of the loyal consumers to come back to your category.  
00:16:56 --> 00:17:00: I have a few more slides before I get to  
00:17:00 --> 00:17:04: the close health and Wellness I talked about earlier.

00:17:04 --> 00:17:08: I do think it's wasn't a surprise to us honestly,  
00:17:08 --> 00:17:14: that you see so many countries consistently saying that.  
00:17:14 --> 00:17:17: Healthy food and healthy activities are both important.  
00:17:17 --> 00:17:20: It was interesting to us though that the food part  
00:17:20 --> 00:17:23: is actually more green and the activity part is yet  
00:17:23 --> 00:17:24: to quite catch up,  
00:17:24 --> 00:17:27: but I suspect that these are growth numbers that some  
00:17:27 --> 00:17:31: of these providers that support these kind of outdoor  
activities  
00:17:31 --> 00:17:34: in the health and Wellness haven't seen before.  
00:17:34 --> 00:17:35: So we do see, for example,  
00:17:35 --> 00:17:37: in terms of financial performance.  
00:17:37 --> 00:17:40: A lot of the athletic footwear companies or what not doing  
00:17:40 --> 00:17:44: extraordinarily well because people have been exercising  
and the food  
00:17:44 --> 00:17:45: part.  
00:17:45 --> 00:17:48: I've mentioned before as well.  
00:17:48 --> 00:17:51: So digital, I'm sure there are many other presentations during  
00:17:51 --> 00:17:52: this conference,  
00:17:52 --> 00:17:54: so I won't be able to point,  
00:17:54 --> 00:17:56: but there is a lot happening in every market.  
00:17:56 --> 00:17:59: There's been a huge increase in digital activity,  
00:17:59 --> 00:18:03: no surprise. If I look at macroeconomic view,  
00:18:03 --> 00:18:06: if I may, I again wanted to compare Japan versus  
00:18:06 --> 00:18:08: some of other countries.  
00:18:08 --> 00:18:13: The left hand graph is the percentage of ecommerce activity  
00:18:13 --> 00:18:14: in every market.  
00:18:14 --> 00:18:17: Anne again, Japan has been a laggard on this.  
00:18:17 --> 00:18:20: We also are. Number one is all of your real  
00:18:20 --> 00:18:23: estate experts know much more than I do that we  
00:18:23 --> 00:18:27: have more physical stores per capita than any other OECD  
00:18:27 --> 00:18:31: country last I checked. So this has been an interesting  
00:18:31 --> 00:18:34: crisis for those retailers who have been flying to go  
00:18:34 --> 00:18:36: omnichannel or ecommerce.  
00:18:36 --> 00:18:39: And indeed on the right side.  
00:18:39 --> 00:18:42: Even in Japan we have seen tremendous growth across age  
00:18:42 --> 00:18:44: groups across income groups around online,  
00:18:44 --> 00:18:48: partly because physically we haven't been able to get out  
00:18:48 --> 00:18:50: and do the kind of activities we did,  
00:18:50 --> 00:18:53: but partly because this new necessity has changed.  
00:18:53 --> 00:18:57: I believe some permanent behaviors in terms of the  
convenience  
00:18:57 --> 00:18:58: of what online brings.

00:18:58 --> 00:19:00: Then I'll talk a little bit later,  
00:19:00 --> 00:19:02: but on the omnichannel part,  
00:19:02 --> 00:19:05: you know how you reconfigure stores to use that for  
00:19:05 --> 00:19:06: servicing ecommerce.  
00:19:06 --> 00:19:09: I think has been a big topic that I'm sure  
00:19:09 --> 00:19:11: all of you have discussed.  
00:19:11 --> 00:19:14: An activating right now. This one last slide on friends  
00:19:14 --> 00:19:17: is talking about the financial security.  
00:19:17 --> 00:19:20: People are very worried, older generations,  
00:19:20 --> 00:19:24: surprisingly or not surprisingly, are feeling rather secure  
because they  
00:19:24 --> 00:19:26: have pretty stable incomes.  
00:19:26 --> 00:19:29: But the youth spending middle of the pyramid,  
00:19:29 --> 00:19:33: an idea economy are feeling the pain and confidence in  
00:19:33 --> 00:19:37: savings is a little bit varied around the world.  
00:19:37 --> 00:19:40: Let me skip them so.  
00:19:40 --> 00:19:43: Forgive me. Um?  
00:19:45 --> 00:19:48: It's like now think about what is the new normal  
00:19:48 --> 00:19:49: versus the temporary normal.  
00:19:49 --> 00:19:52: We've done these slides for every sector that we talk  
00:19:52 --> 00:19:53: about,  
00:19:53 --> 00:19:54: so this is a slide.  
00:19:54 --> 00:19:56: I used actually with a a consumer client saying,  
00:19:56 --> 00:19:59: you know, given there this was a restaurant business,  
00:19:59 --> 00:20:01: what is it that will stay in?  
00:20:01 --> 00:20:03: What will be the new normal and so it may  
00:20:03 --> 00:20:06: not be surprised to you that the so sanitization piece  
00:20:06 --> 00:20:08: that will become a temporary new normal.  
00:20:08 --> 00:20:11: I think in terms of people wearing masks forever,  
00:20:11 --> 00:20:13: I don't think we all of us don't want to  
00:20:13 --> 00:20:14: imagine that.  
00:20:14 --> 00:20:17: But that will be here for a little while longer.  
00:20:17 --> 00:20:20: And yet the real new normal is what this pandemic  
00:20:20 --> 00:20:21: is done.  
00:20:21 --> 00:20:23: It's not a single country crisis,  
00:20:23 --> 00:20:26: it's a multi country crisis and we do think these  
00:20:26 --> 00:20:29: behaviors of around cocooning around the flight to home.  
00:20:29 --> 00:20:33: The shift of routines the first time ever unlock in  
00:20:33 --> 00:20:36: terms of working from home where again the there's a  
00:20:36 --> 00:20:40: privilege percentage in the population that can work from  
home  
00:20:40 --> 00:20:43: and interesting looking at male female data.

00:20:43 --> 00:20:45: Women are fine working home but they've been.  
00:20:45 --> 00:20:48: Overburdened by 1920 hours a week,  
00:20:48 --> 00:20:50: with more homework IE working the House,  
00:20:50 --> 00:20:54: working the children's, schooling and all that so some of  
00:20:54 --> 00:20:55: it will go back,  
00:20:55 --> 00:20:58: but this was at least our array in terms of  
00:20:58 --> 00:21:02: how we see these different trends affecting each element of  
00:21:02 --> 00:21:02: your business.  
00:21:02 --> 00:21:05: So this is my last slide so quick thoughts in  
00:21:05 --> 00:21:09: terms of what this might mean from a real estate,  
00:21:09 --> 00:21:13: urban real estate perspective and how you might incorporate the  
  
00:21:13 --> 00:21:16: changing consumer needs in terms of businesses.  
00:21:16 --> 00:21:19: Um, so there's an immediacy part which is the return  
00:21:19 --> 00:21:20: to the basics.  
00:21:20 --> 00:21:24: Things like safety things like safety and those are table  
00:21:24 --> 00:21:25: stakes.  
00:21:25 --> 00:21:27: There is this pent up demand for joy,  
00:21:27 --> 00:21:30: that many of you have experienced a once in economies  
00:21:30 --> 00:21:30: open up.  
00:21:30 --> 00:21:32: There's been a surge of activity to,  
00:21:32 --> 00:21:36: you know, enjoy the guilty pleasures that we've been denying  
00:21:36 --> 00:21:36: ourselves.  
00:21:36 --> 00:21:38: But there are three things,  
00:21:38 --> 00:21:41: three different shifts that we all think about.  
00:21:41 --> 00:21:45: To ensure that we are following the consumer in terms  
00:21:45 --> 00:21:46: of where they take us.  
00:21:46 --> 00:21:49: Um, the occasions assisted. You know,  
00:21:49 --> 00:21:51: people's time allocation is different,  
00:21:51 --> 00:21:54: especially with the working from home peace,  
00:21:54 --> 00:21:58: and that I think will be here to stay for  
00:21:58 --> 00:22:00: a certain part of the population.  
00:22:00 --> 00:22:03: The consumption shift Israel the middle part of the income  
00:22:03 --> 00:22:08: demographic is feeling very stretched so that Stretchiness  
will stick,  
  
00:22:08 --> 00:22:09: which means value will be good,  
00:22:09 --> 00:22:12: but there will still be trading up.  
00:22:12 --> 00:22:15: And the channel shifts are here to stay,  
00:22:15 --> 00:22:18: so there's no way of getting around that.  
00:22:18 --> 00:22:20: But that is where we are.  
00:22:20 --> 00:22:23: So with that, I think I have 10 more minutes  
00:22:23 --> 00:22:26: to go and hand it over to John Tanaka,

00:22:26 --> 00:22:31: who is, I believe, now appearing on screen to facilitate  
00:22:31 --> 00:22:32: a conversation.  
00:22:32 --> 00:22:36: Hey Mickey, thank you for your presentation covered of wide  
00:22:36 --> 00:22:40: variety of topics there and so I'm anticipating some questions  
00:22:40 --> 00:22:41: from the audience.  
00:22:41 --> 00:22:44: Let me start it off with the first question.  
00:22:46 --> 00:22:48: What did you find like?  
00:22:48 --> 00:22:52: Kind of surprising about the data that you've gathered so  
00:22:52 --> 00:22:52: far.  
00:22:52 --> 00:22:55: Yeah, you know, I think a lot of people have  
00:22:55 --> 00:22:57: talked about digital.  
00:22:57 --> 00:23:01: A lot of people have talked about this cocooning  
phenomenon,  
00:23:01 --> 00:23:06: but were there some unexpected transit you see emerging?  
00:23:06 --> 00:23:10: Well, there's so much data I've been a bit firehose  
00:23:10 --> 00:23:13: by my own teams with all of this,  
00:23:13 --> 00:23:15: but I I would say John,  
00:23:15 --> 00:23:17: I don't know a few things.  
00:23:17 --> 00:23:21: One is. I was perhaps pleasantly surprised that the world  
00:23:21 --> 00:23:24: is 1 world and consumers are frankly not that different,  
00:23:24 --> 00:23:28: right? I've tried a contrast in this presentations where things  
00:23:28 --> 00:23:29: are different.  
00:23:29 --> 00:23:30: We knew China was digital,  
00:23:30 --> 00:23:33: right? We know Japan is more conservative.  
00:23:33 --> 00:23:34: You guys all knew that.  
00:23:34 --> 00:23:35: So the data proved out.  
00:23:35 --> 00:23:37: Some of what we thought were this.  
00:23:37 --> 00:23:39: You know what we thought we might find,  
00:23:39 --> 00:23:43: but I was maybe pleasantly surprised and hopeful that we  
00:23:43 --> 00:23:45: can get all through this because our needs are the  
00:23:46 --> 00:23:46: same.  
00:23:46 --> 00:23:49: Everyone is saying we need the vaccine till feel normal.  
00:23:49 --> 00:23:52: I hope there are those in the healthcare industry listening  
00:23:52 --> 00:23:54: and we partner with a ton of governments in the  
00:23:55 --> 00:23:56: industry to do that.  
00:23:56 --> 00:23:59: But it's very clear that that's where the answer lies,  
00:23:59 --> 00:24:02: and Meanwhile the second thing I made the reference to  
00:24:02 --> 00:24:05: a CEO talking about how five months has changed.  
00:24:05 --> 00:24:08: What he felt was going to take five years.  
00:24:08 --> 00:24:10: That is less from the consumer side,  
00:24:10 --> 00:24:13: but I think consumers are pretty pleased and surprised by  
00:24:13 --> 00:24:16: themselves about their ability to to survive this.

00:24:16 --> 00:24:19: And by the way, I don't want to use the  
00:24:19 --> 00:24:19: past tense.  
00:24:19 --> 00:24:22: There are many markets that are still right in the  
00:24:22 --> 00:24:23: middle of it,  
00:24:23 --> 00:24:26: and so the resilience of consumers.  
00:24:26 --> 00:24:28: And the resilience of the successful companies.  
00:24:28 --> 00:24:31: I've been surprised with in terms of adaptability,  
00:24:31 --> 00:24:35: so I would say those would be the two surprising  
00:24:35 --> 00:24:36: things.  
00:24:36 --> 00:24:40: Thanks, I wanted to ask about the channeling you know,  
00:24:40 --> 00:24:45: especially here in APAC where we have more kind of  
00:24:45 --> 00:24:48: very dense urban environments.  
00:24:48 --> 00:24:51: Other than you know the ecommerce route.  
00:24:51 --> 00:24:54: What are some of the innovative ways retailers you see  
00:24:54 --> 00:24:58: kind of channeling with customers in these urban  
environments?  
00:24:58 --> 00:25:00: So I think a customer is a customer whether they  
00:25:01 --> 00:25:04: happen to walk into your physical door or your digital  
00:25:04 --> 00:25:04: door.  
00:25:04 --> 00:25:07: I think is the mindset we have to open up  
00:25:07 --> 00:25:08: and you know,  
00:25:08 --> 00:25:10: retailers have been talking about omnichannel.  
00:25:10 --> 00:25:14: There's clear and abundant data that omnichannel  
consumers are more  
00:25:14 --> 00:25:16: profitable for retailers as well.  
00:25:16 --> 00:25:19: So I start with that holistic perspective.  
00:25:19 --> 00:25:22: Just talking to an airline client the other day,  
00:25:22 --> 00:25:25: the airline journey is not just the time that you're  
00:25:25 --> 00:25:26: in the plane.  
00:25:26 --> 00:25:27: It starts by planning the trip,  
00:25:27 --> 00:25:30: figuring it out, getting to the airport,  
00:25:30 --> 00:25:31: being in the plane, you know,  
00:25:31 --> 00:25:35: then shopping at duty free shopping at that destination,  
00:25:35 --> 00:25:37: coming home, and the cycle repeats.  
00:25:37 --> 00:25:41: So part of us doing this consumer sentiment work is  
00:25:41 --> 00:25:42: to encourage.  
00:25:42 --> 00:25:44: Everyone that's operating in this retail space,  
00:25:44 --> 00:25:46: including the real estate industry,  
00:25:46 --> 00:25:49: to take an end to end view of the total  
00:25:49 --> 00:25:49: customer.  
00:25:49 --> 00:25:51: Now your share, of course,  
00:25:51 --> 00:25:54: is the physical piece. So how do you optimize for

00:25:54 --> 00:25:54: that?

00:25:54 --> 00:25:57: I found again, so we've looked at inspiration.

00:25:57 --> 00:25:58: We have a ton of again,

00:25:58 --> 00:26:00: interesting case studies and whatnot.

00:26:00 --> 00:26:01: If you go to our website,

00:26:01 --> 00:26:04: but the few that stuck to my mind are the

00:26:04 --> 00:26:05: repurposing of the workforce.

00:26:05 --> 00:26:08: So at the height of the pandemic there are,

00:26:08 --> 00:26:12: you know, Chinese hotels and restaurants that changed employees to

00:26:12 --> 00:26:13: work in the call center.

00:26:13 --> 00:26:15: That is part of retail right?

00:26:15 --> 00:26:19: To make sure consumers feel safe upon arrival and repurposing

00:26:19 --> 00:26:22: the talent because after rent that all of us pay

00:26:22 --> 00:26:25: you of talent people is the 2nd offer.

00:26:25 --> 00:26:28: The second biggest cost and how you deploy those people

00:26:28 --> 00:26:29: very affectively,

00:26:29 --> 00:26:32: I think is a huge part of the unlock and

00:26:32 --> 00:26:34: the other part is there is a.

00:26:34 --> 00:26:37: Maybe this is the opportunity to shrink to grow all

00:26:37 --> 00:26:38: of you.

00:26:38 --> 00:26:40: Have you know various properties?

00:26:40 --> 00:26:43: Some are doing well in summer not this has been

00:26:43 --> 00:26:44: a good excuse.

00:26:44 --> 00:26:46: To clean some of that out.

00:26:46 --> 00:26:50: But I'm looking forward to the whole digital in-store experience,

00:26:50 --> 00:26:52: and seeing if that really sticks.

00:26:52 --> 00:26:55: There's alot of money being spent on virtual changing rooms

00:26:55 --> 00:26:56: and all that.

00:26:56 --> 00:26:58: I for one, I'm a little skeptical,

00:26:58 --> 00:27:01: but I do think you have to have something special

00:27:01 --> 00:27:03: and it comes back ultimately to the Brown.

00:27:03 --> 00:27:07: Does the consumer trust that brand as the consumer think

00:27:07 --> 00:27:08: they have a unique experience?

00:27:08 --> 00:27:11: We've looked at? If I gave you a 10%

00:27:11 --> 00:27:14: coupon off, which you come to this restaurant or this

00:27:14 --> 00:27:17: Department store and people are saying now that's not enough.

00:27:17 --> 00:27:20: But if I can only get that experience because I'm

00:27:20 --> 00:27:21: meeting an artist,

00:27:21 --> 00:27:24: I'm eating a designer. I'm having an experience that I



00:27:24 --> 00:27:25: can only have,  
00:27:25 --> 00:27:27: and it's personalized to me.  
00:27:27 --> 00:27:28: I will make that trip,  
00:27:28 --> 00:27:31: so I think it is that combination of looking at  
00:27:31 --> 00:27:33: them or her holistic Lee Ann.  
00:27:33 --> 00:27:36: Using this as an opportunity to take care of some  
00:27:36 --> 00:27:38: business that you might have not,  
00:27:38 --> 00:27:41: and then indeed trying to create that special experience that  
00:27:41 --> 00:27:43: can only experience physically,  
00:27:43 --> 00:27:46: I think, is the sum of the unlocks that I  
00:27:46 --> 00:27:47: think about.  
00:27:47 --> 00:27:51: OK, thank you. You have a question from the audience  
00:27:51 --> 00:27:52: relating to.  
00:27:52 --> 00:27:57: You know some of the differences that we have observing  
00:27:57 --> 00:27:58: in in in.  
00:27:58 --> 00:28:00: Behavior, there's a question about Indonesia,  
00:28:00 --> 00:28:03: Philippines. Seeing less physical activity,  
00:28:03 --> 00:28:05: is that because of the state of the,  
00:28:05 --> 00:28:08: you know, the covid spread and in those countries when  
00:28:09 --> 00:28:12: it's sort of related to this bigger question that I  
00:28:12 --> 00:28:13: have which is?  
00:28:13 --> 00:28:16: You know, China is clearly way ahead of the curve  
00:28:16 --> 00:28:16: here,  
00:28:16 --> 00:28:19: and there are also ahead of the curve in in  
00:28:19 --> 00:28:20: Digital E Commerce,  
00:28:20 --> 00:28:22: and so is, you know,  
00:28:22 --> 00:28:24: do we look to China is sort of a a  
00:28:24 --> 00:28:27: light post to the future of what will happen in  
00:28:27 --> 00:28:28: other countries as well.  
00:28:28 --> 00:28:31: Sort of yeah yeah, so wow that's a lot of  
00:28:31 --> 00:28:32: questions.  
00:28:32 --> 00:28:34: Fact in what?  
00:28:34 --> 00:28:36: So instead of for example Philippines,  
00:28:36 --> 00:28:39: you know the state of lockdown in the severity of  
00:28:39 --> 00:28:42: government policy definitely impacts economic activity.  
00:28:42 --> 00:28:45: If I may, one of the exceptions we saw with  
00:28:45 --> 00:28:45: Japan,  
00:28:45 --> 00:28:49: we have no federal governmental authority to close stuff.  
00:28:49 --> 00:28:52: You know, our governor in Tokyo is suggesting we closed  
00:28:52 --> 00:28:53: restaurants at 10:00 PM.  
00:28:53 --> 00:28:55: She has no authority, right?  
00:28:55 --> 00:28:58: So indeed, they know. I have my colleagues in the

00:28:58 --> 00:28:59: Philippines.

00:28:59 --> 00:29:01: I have family in the Philippines.

00:29:01 --> 00:29:03: I mean, they're not allowed to go out so that

00:29:04 --> 00:29:04: you know,

00:29:04 --> 00:29:08: will suppress economic activity. At trading off for the safety

00:29:08 --> 00:29:12: of the population now your second point for giving your

00:29:12 --> 00:29:13: second point was China.

00:29:13 --> 00:29:15: Yes, you know it's so.

00:29:15 --> 00:29:17: This is a real estate forum,

00:29:17 --> 00:29:20: not a political forum. I think I got being in

00:29:20 --> 00:29:20: Japan,

00:29:20 --> 00:29:24: right? I often talk about how we're stuck between the

00:29:24 --> 00:29:27: West Coast and East Coast of technology.

00:29:27 --> 00:29:29: You know, it's the West coast of the US and

00:29:30 --> 00:29:33: their ecosystems and the East Coast of China and their

00:29:33 --> 00:29:35: incredible ecosystems.

00:29:35 --> 00:29:38: I don't think we can all follow the leader.

00:29:38 --> 00:29:41: In digital, to go to China because China has a

00:29:41 --> 00:29:45: unique ecosystem in the country where they have centralized control.

00:29:45 --> 00:29:48: We will not have that in most markets around the

00:29:48 --> 00:29:50: world that I discussed today.

00:29:50 --> 00:29:53: So given that I don't think a copy paste will

00:29:53 --> 00:29:54: work,

00:29:54 --> 00:29:57: but there's certainly a lot to be learned around creating

00:29:57 --> 00:29:58: loyalty,

00:29:58 --> 00:30:01: creating cross channel communities, partnerships,

00:30:01 --> 00:30:03: and, you know critical scale,

00:30:03 --> 00:30:06: right? I mean, all the markets that we have,

00:30:06 --> 00:30:09: have you know, an element of the West coast of

00:30:09 --> 00:30:11: the US technology?

00:30:11 --> 00:30:14: They think ecosystems. But India has its own Japan.

00:30:14 --> 00:30:18: I know Japan has Amazon induct in one American company

00:30:18 --> 00:30:20: in another Japanese company leading ecommerce.

00:30:20 --> 00:30:23: So again, I think we'll see different solutions.

00:30:23 --> 00:30:24: But the world is digital.

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