



# Passport

## THE IMPACT OF CORONAVIRUS ON MILLENNIALS AND GENERATION Z

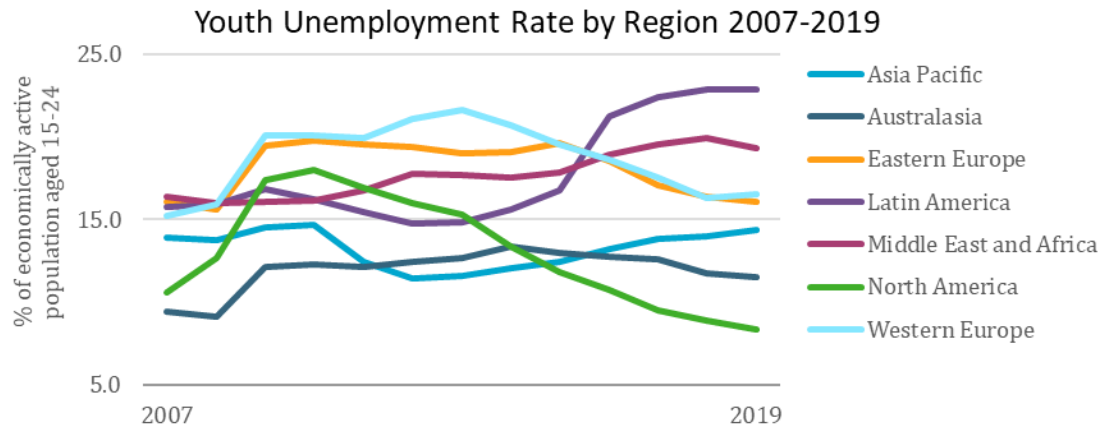
May 2020

## Millennials and Gen Z: generations shaped by crises

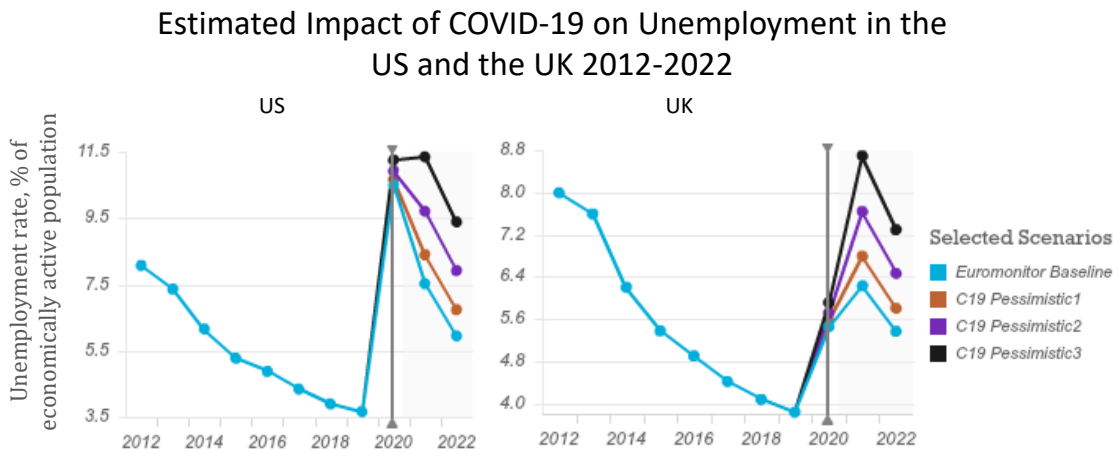
- Young generations have been shaped by various global challenges such as global warming, unaffordable housing, political instability and financial and debt crisis. The outbreak of COVID-19 and its global impact is expected to become another generation-defining crisis for them:
  - For millennials (born between 1980-1994) this will be the second recession they have experienced after the 2008 Global Financial Crisis. As COVID-19 happens, older millennials may already have an established career, but younger ones have just started to work. Many also may just have become parents, managed to buy a house or now want to climb the property ladder.
  - For Generation Z (Gen Z, born between 1995-2009), COVID-19 will be the crisis of their generation. It comes at a critical time as older Gen Zers are finishing education and entering the workforce.
- Given the importance of these consumer groups (millennials and Gen Z accounted for a combined 46% of the global population in 2019), businesses around the world have been adapting to the changing needs and expectations of millennials and Gen Z in light of COVID-19. Platforms and apps that are popular among the youth are putting mental health front and centre, while some fashion and beauty retailers are reallocating profit and repurposing production to help stop the spread of the virus.



# COVID-19 impact: (1) rise in youth unemployment



Source: Euromonitor International from International Labour Organization (ILO)/Eurostat/national statistics

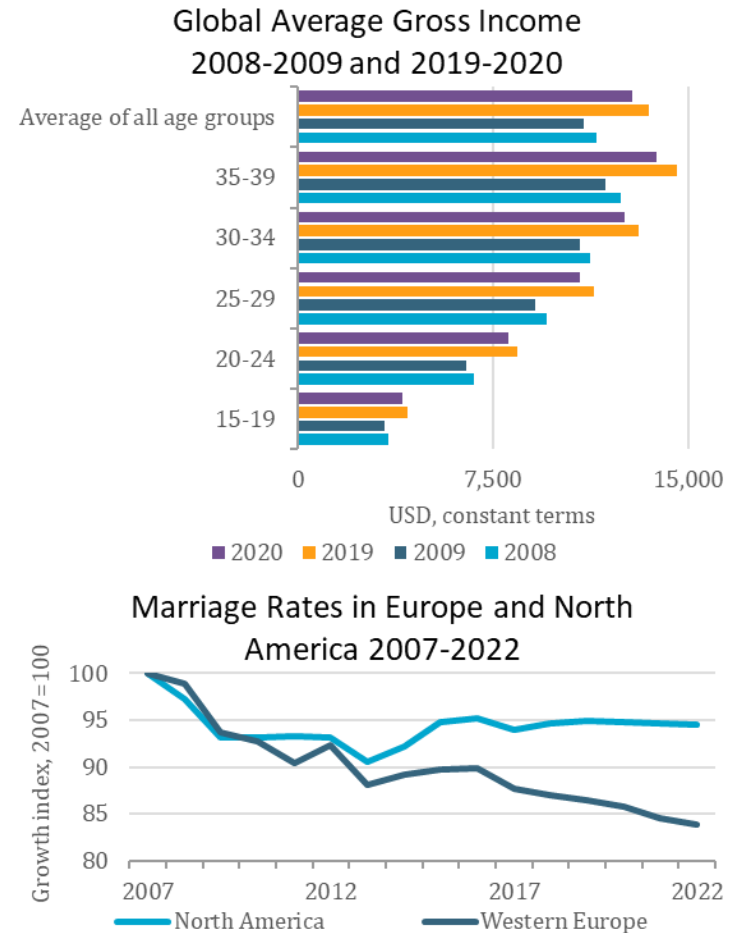


Source: Euromonitor International's Macro Model as of 7 May 2020

- The current disruption in economic activities caused by COVID-19 across the retailing, manufacturing and service sectors has already affected employment across the world. As many economies are forecast to fall into recession in 2020, unemployment rates are estimated to rise significantly.
- Historic data showed that young people were often hit harder by economic recession, with youth unemployment rates rising faster than the overall rates. This is because young people are often less established in their careers and thus face higher layoffs and reduced hours, while it is also difficult for graduates to find jobs during economic slowdowns. Millennials, particularly those in Southern Europe and North America, had already experienced this during and after the 2008 Global Financial Crisis.

## COVID-19 impact: (2) expected lags on key milestones in life

- As unemployment risk rises and career prospects become more challenging amidst economic recession, young people's income will be hit hard. This was the experience older millennials faced in the aftermath of the 2008 Global Financial Crisis, as their gross income stagnated and even declined. Many millennials were thus slower to enter the job market during or just after the 2008 crisis and often took jobs that may not have paid well, making them lag on key life milestones, such as marriage, wealth accumulation and home ownership, compared with older generations. The pandemic will create another difficult challenge for millennials and the resulting recession will affect their wealth prospects further.
- Now that older Gen Zers reach the first milestones of their adulthood, like the experience of older millennials in the past, their participation in the job market could be hindered. Financial setbacks and career uncertainties will have long-lasting impacts, as this may affect their decision to move out of the family home, buy their own house or have children.
- Euromonitor forecasts show that young people aged under 40 in the US, the UK, Italy and Spain will see significant declines in their average income in 2020. Recession-led financial difficulties will make them more prudent and selective in their spending.

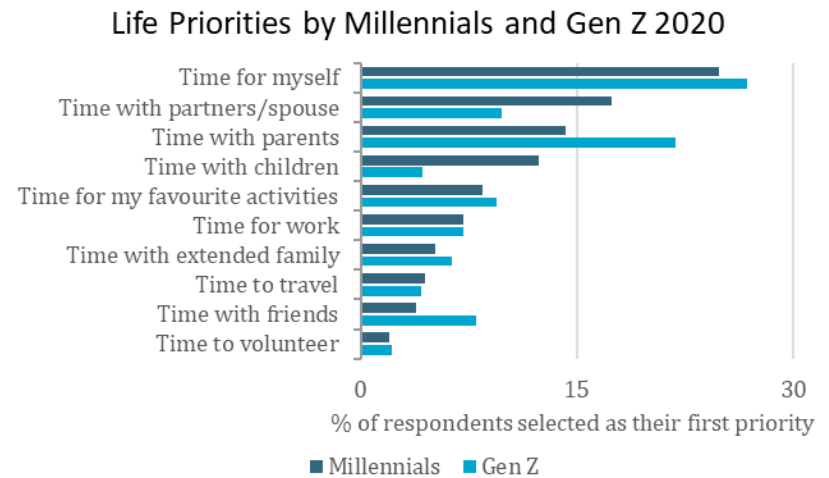
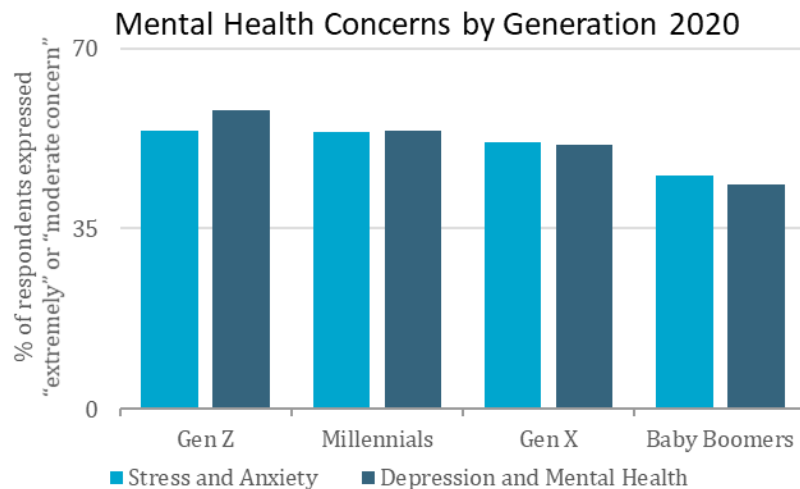


Source: Euromonitor International from national statistics

Note: Data from 2020 are forecasts.

## COVID-19 impact: (3) higher stress and anxiety

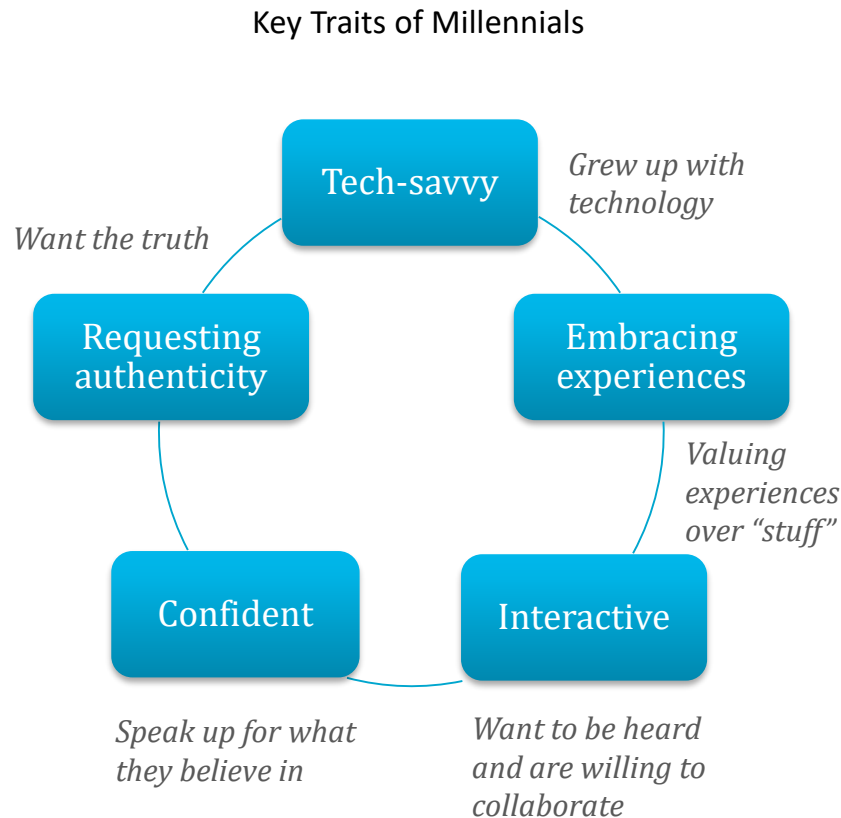
- Living through the pandemic brings many changes in daily life for the youth and middle-youth. School closures mean interrupted education and altered daily routines for many Gen Zers. For millennial parents, daily life burdens rise as they are working from home, and doing childcare and home schooling at the same time. Furthermore, the uncertainties and fears of job and financial insecurity can affect Gen Z and millennials' mental health, as they may experience more stress and anxiety. According to Euromonitor's Lifestyles Survey, Gen Z is already the most anxious generation.
- However, lockdowns and home-centric living also mean people have more time for self-reflection and for what they prioritise in life. Both Gen Z and millennials already tend to enjoy time for themselves, as well as time with their families. These priorities will be elevated even more by the lockdowns. COVID-19's impact on millennials and Gen Zers' mental wellbeing and value will thus drive their consumption behaviour.



Source: Euromonitor International Health & Nutrition Survey 2020/Lifestyles Survey 2020

Note: The surveys were conducted in January and February 2020.

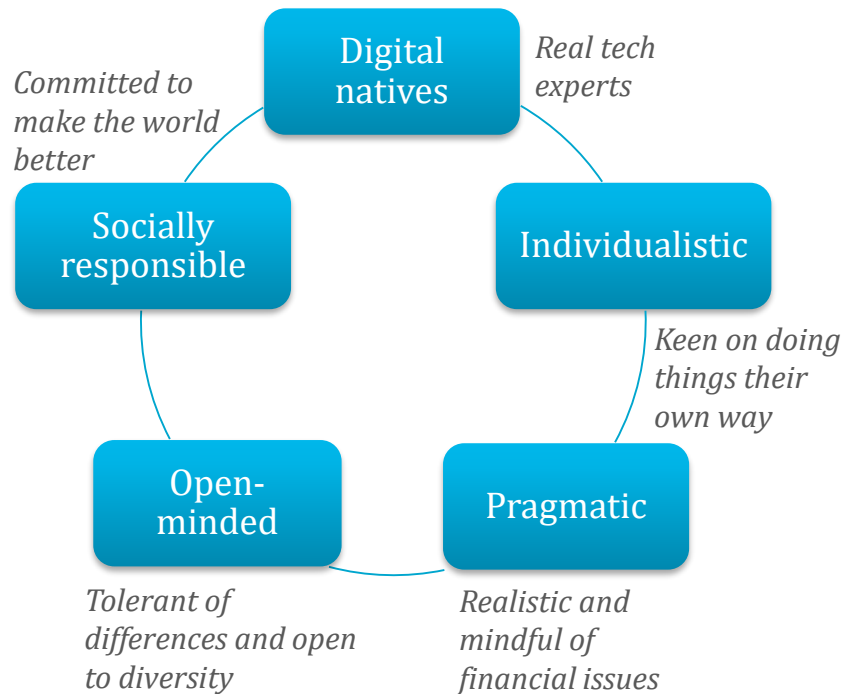
## Key traits of millennials in light of COVID-19



- **Tech-savvy:** Millennials increasingly embrace digital technologies in shopping and entertainment during lockdowns. And this trend is expected to remain longer, particularly in countries where e-commerce and online entertainment were not highly popular before the pandemic.
- **Experiences:** With travel and dining out no longer possible during quarantines, millennials will need to find alternatives, as they embrace virtual events and experiences.
- **Interactivity:** Though staying at home, millennials will still have demand for interaction, prompting brands to actively engage them through online channels and social media.
- **Confidence:** Despite their worries about career and financial prospects, millennials continue to stand and speak out for what they believe in, such as equality and collective action.
- **Authenticity:** In the pandemic era, millennials are expecting companies and brands to show their care and social responsibility as companies shift their strategies from profit to purpose.

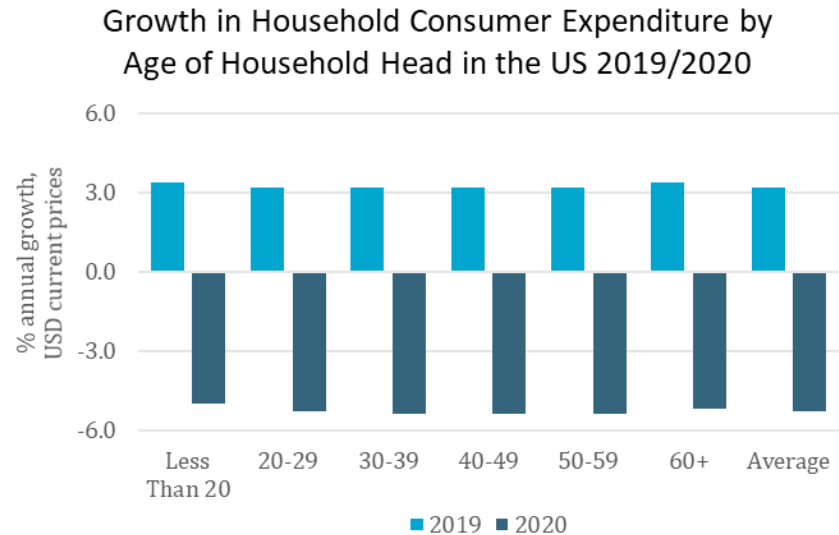
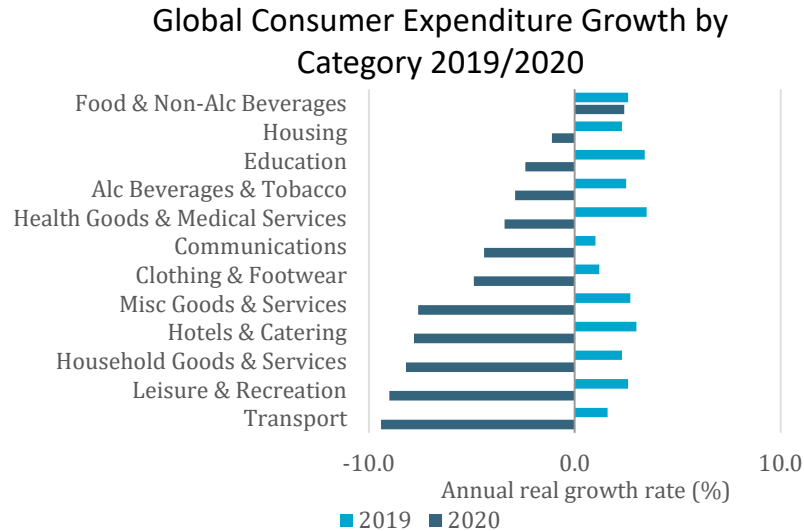
## Key traits of Generation Z in light of COVID-19

Key Traits of Generation Z



- **Digital natives**: Gen Zers rely even more on all online resources to learn, play and shop during lockdowns.
- **Individualism**: Social distancing and quarantine do not prevent creative Gen Zers from finding ways to express themselves, and keep them occupied and entertained at home.
- **Pragmatism**: Gen Zers will become even more practical in consumption amidst recession fears. Entrepreneurship, but also gig work and job-hopping, are expected to rise among them as they seek ways to secure their future and move forward.
- **Open-minded**: Gen Zers' awareness of a diverse world becomes more pronounced because of COVID-19, as they see some groups are more vulnerable during the crisis.
- **Social responsibility**: Like millennials, Gen Zers will become even more “woke” during the pandemic. Brands and companies will need to prove they value purpose over profits in this difficult time. The pandemic will also further instil Gen Zers' ethical lifestyles.

## Shifts in behaviour: (1) spending cautiously



Source: Euromonitor International from national statistics/Eurostat/UN/OECD; Note: Data for 2020 are forecasts.

- Given their experiences dealing with past crises, the decision by millennials and Gen Zers to tighten their wallets amidst recession fears will be a natural response. During the last Global Financial Crisis in 2008, millennial households (ie those aged under 30 by then) in the US, the UK, Italy and Japan experienced a drop of 3-6% in their total spending in USD terms. As COVID-19 is expected to hit major economies harder in 2020, significant declines in expenditure are forecast for global Gen Z and millennial households (ie those aged under 40 in 2020) in the short and medium term.
- Amidst a COVID-19-led recession, similar to other age groups, millennials and Gen Zers will gear their spending towards necessities such as food and housing, as well as healthcare and education. Meanwhile, spending on transport, leisure and recreation and other big-ticket household items has already been cut down, partly due to lockdowns and shop closures.



## Apple: launch of a new budget iPhone



Consumer expenditure on telecommunications equipment in North America is forecast to drop by 3.2% in real terms in 2020.

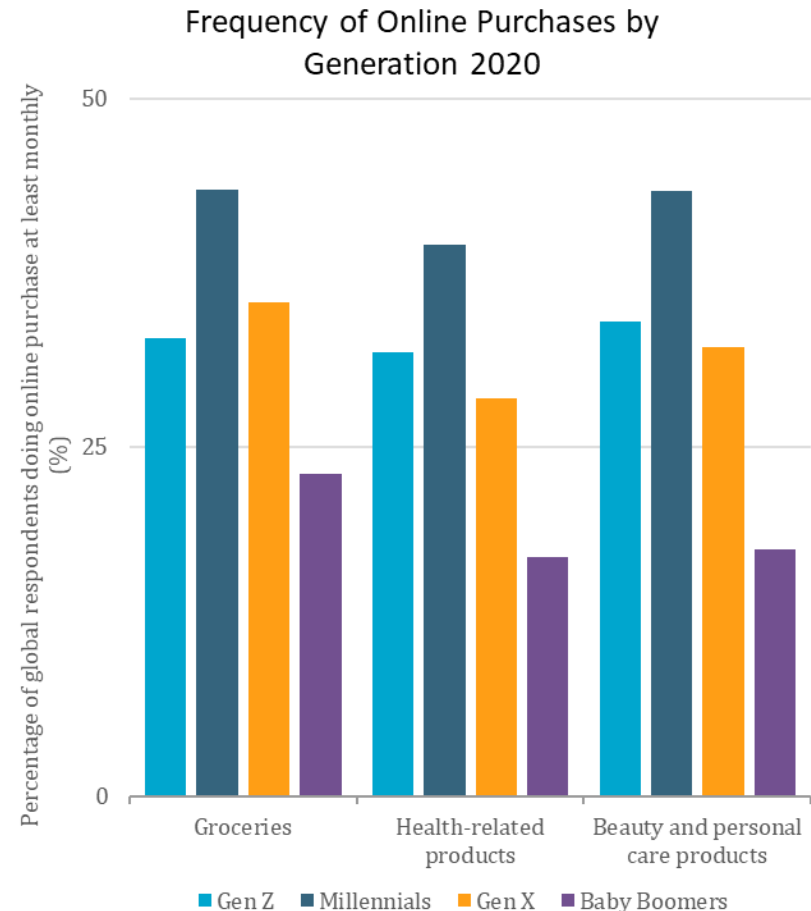
- In April 2020, Apple launched the second generation of its low-cost iPhone model SE, which is vastly cheaper than other models.
- The lower price point could allow Apple to expand its consumer base in both the US and internationally and better compete with Android-based manufacturers such as Google and Samsung, which already offer cheaper iPhone alternatives.

### Key takeaways:

- Though this is not Apple's direct response to the current economic recession, the launch could be well timed, despite some challenges. As the COVID-19 pandemic has resulted in sweeping layoffs and a global recession, consumers, particularly the youth, are becoming more price-conscious and planning to cut back their spending.

## Shifts in behaviour: (2) embracing virtual living

- Already tech experts, millennials and Gen Zers now move in greater numbers towards virtual living during the pandemic. Even before COVID-19, teenagers, young adults and young parents were already pioneering the take-up of online solutions, not only for doing shopping but also for education, healthcare, sports and entertainment. Segments that are likely to be heavily consumed by Gen Z and millennials during the pandemic are online videos and games, music streaming, grocery and food delivery, children's educational programmes and virtual events.
- As Gen Z and millennials' tech-savviness and fondness for digital solutions are accelerated by social distancing measures, they are also expected to last beyond the crisis. Advanced technology and virtual living will transform to be essential in young people's daily lives. Home will become even more important for Gen Zers and millennials, as it will evolve further as a hub for working, playing, exercising, shopping and more.



Source: Euromonitor International Lifestyles Survey 2020

Note: The survey was conducted in January and February 2020.

## Servier China: digital health services in COVID-19 affected areas



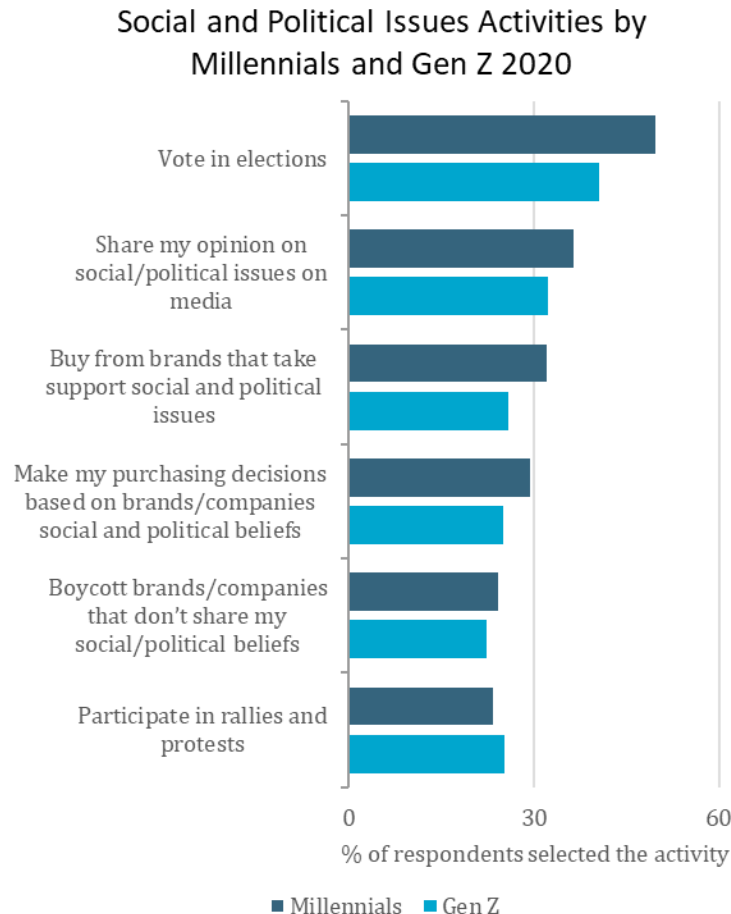
67% of China's millennial respondents said they are very comfortable consulting with a therapist online or via app, according to Euromonitor International Health & Nutrition Survey 2020.

- Servier - a France-based independent pharmaceutical group - has quickly developed novel online healthcare practices to serve people in COVID-19-affected areas in China.
- Patients suffering from chronic diseases can consult a doctor without leaving their home via Servier's online free clinics set up with the Haodaifu platform. They can also be informed about the supply of drugs to pharmacies: by scanning the code on their product packages, they can geolocate the closest pharmacy that is stocked with medication to make their purchases.

### Key takeaways:

- The pandemic could be a catalyst driving the demand for virtual healthcare, particularly among tech-savvy young consumers.
- Companies that quickly respond to the immediate needs of consumers during the crisis will gain attention and popularity.

## Shifts in behaviour: (3) focusing more on health, family and society

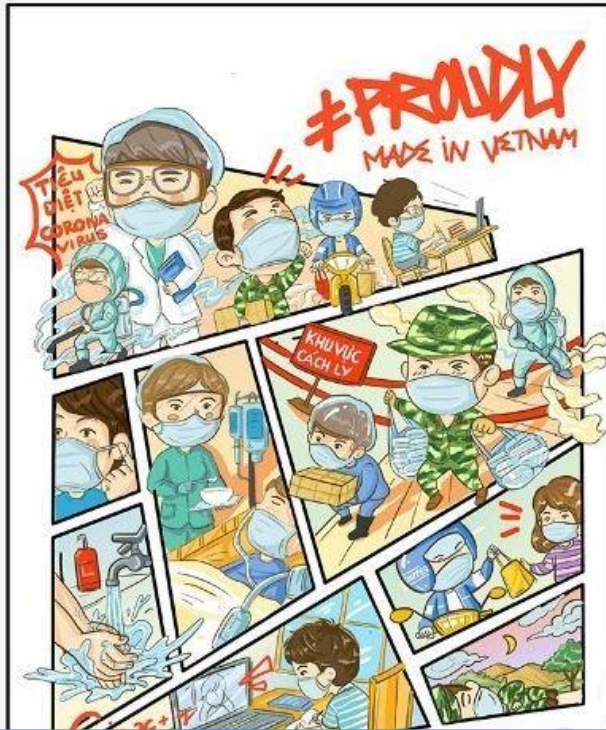


Source: Euromonitor International Lifestyles Survey 2020

Note: The survey was conducted in January and February 2020.

- The global pandemic will bring young people's health awareness to a new level. Gen Z and millennials are already actively pursuing healthy and ethical lifestyles, now they will do even more for themselves and their loved ones to stay fit. Cooking healthy and fresh food at home has become the new normal for young people as restaurants are closed. Meanwhile, a rise in stress and anxiety means millennials and Gen Z are looking for products and services helping them rebalance their mental health, such as herbal products and relaxation and meditation apps.
- Family becomes increasingly important and this is expected to last beyond the pandemic. Millennial parents will favour products and services that help them with parenting and home schooling. Worrying about their older parents' health, millennials and Gen Zers will seek ways to support them, such as undertaking online shopping or helping them to use digital gadgets.
- Furthermore, the COVID-19 public health crisis will shape millennials and Gen Zers' views on social and political issues. That could fuel their already strong support for progressive, social safety net policies. Meanwhile, companies and brands are under their strict scrutiny for being purpose-driven and socially responsible.

## Biti's Vietnam: tailoring products for the times



Vietnam's real GDP growth is forecast to slow down significantly from 7.1% in 2019 to 2.5% in 2020, dampening consumer spending power.

- The Vietnamese footwear brand Biti's has introduced a line of sneakers decorated with comic strips showing heroes of the pandemic - doctors, food delivery riders, pilots, students at home - with the tagline "Vietnamese Canvas of Pride".
- The initiative caught national attention and has received unprecedented engagement from young customers. Biti's received 20,000 pre-orders within a week.

### Key takeaways:

- Youth-orientated brands should tailor their products and content in the COVID-19 era to stay relevant.
- Brands that promote social solidarity will likely to go a long way with Gen Z and millennial consumers.



## Key takeaways: reaching millennials and Gen Z in COVID-19 era

### Adjust to a rise in frugality mindset

- Pricing policy will need to be reviewed as cash-strapped young consumers will increasingly look for value in products and services, trade down or turn to off-price channels. Brands should find innovative ways to regain value among young consumers.

### Offer relevant products/services or add value

- This is straightforward for brands producing essential or health products. However other companies may focus on how they can help young consumers to stay connected with friends/families, make their lockdown lives easier or maximise their future financial planning.

### Go digital and stay engaged

- Turning to the online channel is a priority for brands during lockdowns, but they should also strengthen their digital capabilities in the aftermath, as young consumers will keep demanding more in this space.
- Stay connected with millennials and Gen Z, considering new ways of engaging such as livestreaming services.

### Purpose over profit

- Millennials and Gen Zers expect to see kindness and support as a company focus during the crisis. Some brands have relocated their profits, repurposed their production to needed goods or offered services for free. Supporting mental health or vulnerable groups is also highly appreciated.

## Scope and analytic tools

### Scope:

- Forecast and scenario closing date: 7 May 2020 - as the last update of data in the analytics tools.
- Report closing date: 15 May 2020 - the date the report writing stopped.
- Discussions and feedback from our clients are a vital part of all of our research at Euromonitor International. We welcome the chance to continue the conversation - full contact information for the author(s) can be found at the end of this report.

### Euromonitor International's Macro Model and macro scenarios:

- Euromonitor International's Macro Model regularly updates key macro indicators such as real GDP growth, as well as creates hypothetical scenarios that simulate potential macro shocks. In turn, this ability to change macro forecasts such as GDP growth allows the creation of multiple retail category or income/wealth band forecasts.
- Euromonitor International's Macro Model also houses our three macro scenarios to analyse the impact of the COVID-19 pandemic on major economies around the world. The range of our COVID-19 macro scenarios allows clients to factor in pandemic-related risks and foresee their economic impact.



# Passport

**FOR FURTHER INSIGHT PLEASE CONTACT**



**Lan Ha**

Population Manager

[Lan.ha@euromonitor.com](mailto:Lan.ha@euromonitor.com)



## Experience more...

**This research from Euromonitor International is part of a global strategic intelligence system that offers a complete picture of the commercial environment. Also available from Euromonitor International:**

### Global Briefings

Timely, relevant insight published every month on the state of the market, emerging trends and pressing industry issues.

### Interactive Statistical Database

Complete market analysis at a level of detail beyond any other source. Market sizes, market shares, distribution channels and forecasts.

### Strategy Briefings

Executive debate on the global trends changing the consumer markets of the future.

### Global Company Profiles

The competitive positioning and strategic direction of leading companies including uniquely sector-specific sales and share data.

### Country Market Insight Reports

The key drivers influencing the industry in each country; comprehensive coverage of supply-side and demand trends and how they shape future outlook.

### Learn More

To find out more about Euromonitor International's complete range of business intelligence on industries, countries and consumers please visit [www.euromonitor.com](http://www.euromonitor.com) or contact your local Euromonitor

International office:

Bangalore +91 80 67740500

Cape Town +27 21 524 3000

Chicago +1 (312) 922 1115

Dubai +971 4 372 4363

Dusseldorf +49 211 8909 44 0

Hong Kong +852 3461 3137

London +44 (0) 207 251 8024

Santiago +56 2 2 9157200

São Paulo +55 11 2970 2150

Seoul +82 2 6123 0200 0215

Shanghai +86 21 603 21088

Singapore +65 6429 0590

Sydney +61 2 9581 9200

Tokyo +81 3 3436 2100

Vilnius +370 5 243 1577