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U.S. ECONOMY

Driving Over Air Travel, Takeout Over Cafes: Pandemic Shapes Consumption

Economists say consumer habits reflect continued social distancing amid fears the coronavirus pandemic won't be ending soon

By [Gwynn Guilford](#)

July 4, 2020 5:30 am ET

U.S. consumers are buying again, but their shopping patterns show broad fears of persistent health risks amid the pandemic.

Coronavirus cases, after reaching a plateau in April and May, are rising across the South and West, sparking fears of a resurgence. The data show consumers have in many ways been mindful of the risks all along, consistently shunning hotels and air travel and spending on driving and Airbnb bookings.

Spending data reflect recent reopenings, with consumers cutting back on some online grocery purchases and flocking to hair salons and furniture stores. But they also spent on takeout and food delivery, and continued to splurge on home improvement and sporting goods.

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These patterns are important. Consumer spending is a critical engine of recovery, typically driving two-thirds of U.S. output. Economists say the data show that, despite calls to reopen and ease

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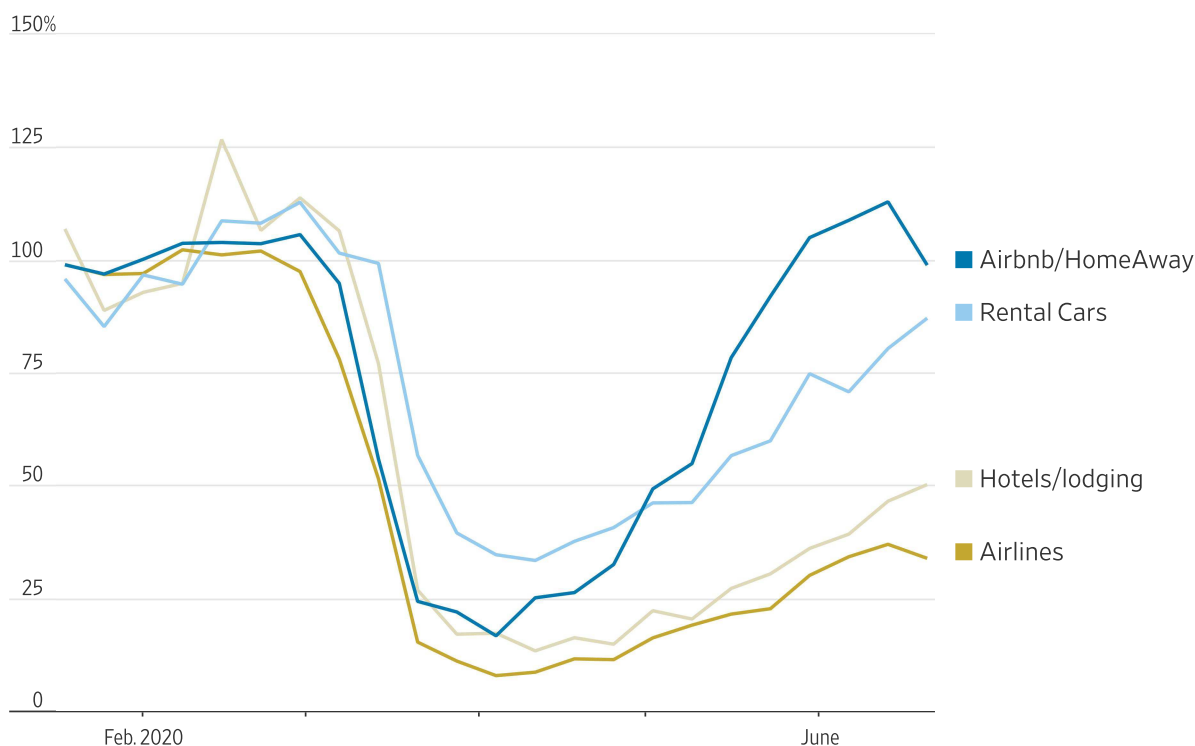
consumer habits reflect continued social distancing amid fears the pandemic won't be ending soon.

“Infection concerns drive the overall level of business activity far more than any specific policy,” said Chad Syverson, a University of Chicago economist whose recent study found that around 90% of the decline in economic activity stemmed from voluntary avoidance of commercial centers.

Getting Away From It All

Plane trips and hotels were out, and road trips to bungalow rentals were in. Consumers spent 6% more on Airbnb and HomeAway bookings in June than they did before the pandemic took hold. But they shied away from high-density areas like airports and hotels.

Percentage change in average weekly travel spending vs. weekly average for January and February



Source: Earnest Research

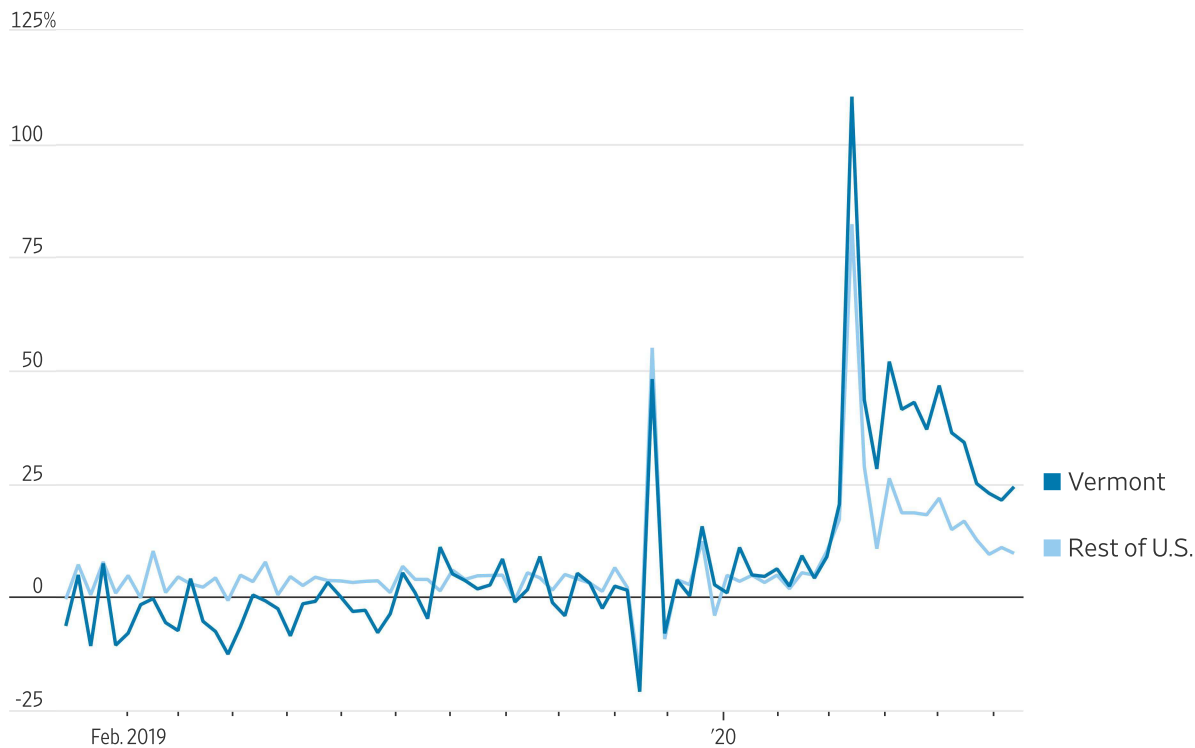
The getaway theme also turns up in state-level data. Vermont's grocer sales, for example, have grown at twice the rate of the rest of the country, because 25% of the sales are to out-of-town visitors—"way higher than last year," said Michael Maloof, associate director at Earnest Research, who says the growth is likely vacationers and remote workers stocking up for holiday rentals. "Folks staying in hotels don't usually go out for groceries," he said.

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Percentage change in grocery spending vs. same week one year earlier



Source: Earnest Research

Renovation Nation

Consumers are still nesting. Home-improvement spending eased somewhat but was up 40% in the week ended June 24 from the same period last year, according to Earnest Research. “Even as people venture out, we are still living a more stay-at-home lifestyle,” said Marshal Cohen, chief analyst at the NPD Group Inc., a market-information and advisory-services firm.

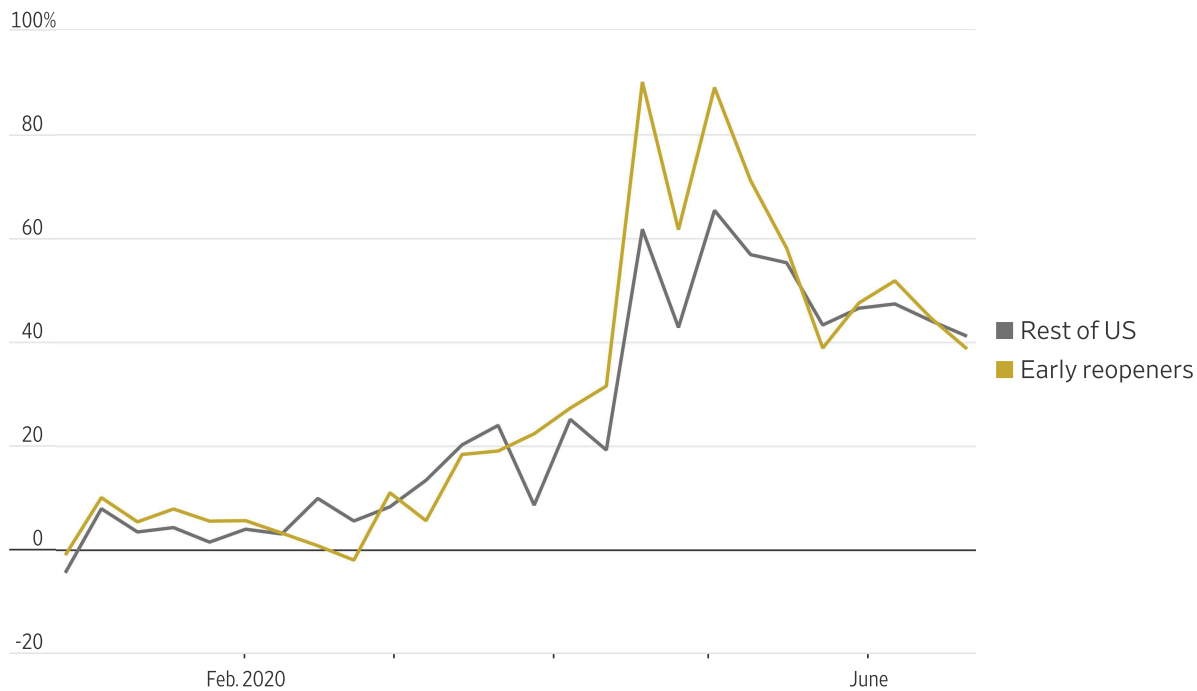
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Percentage change in home improvement spending vs. the same week a year earlier



Note: "Early reopeners" includes states that, as of May 11, had no shelter-in-place order and allowed indoor dining (AR, FL, GA, IA, IN, KS, OK, MO, MS, MT, ND, NE, NV, SC, SD, TN, TX, UT, WY).

Source: Earnest Research

Consumers are shelling out on furniture. In the week ended June 24, sales were 28% higher than the same week in 2019, according to Earnest Research. Online orders surged in mid-April, around the time that consumers began receiving stimulus checks, noted Mr. Maloof. However, by mid-June, sales at bricks-and-mortar furniture stores returned to pre-pandemic levels.

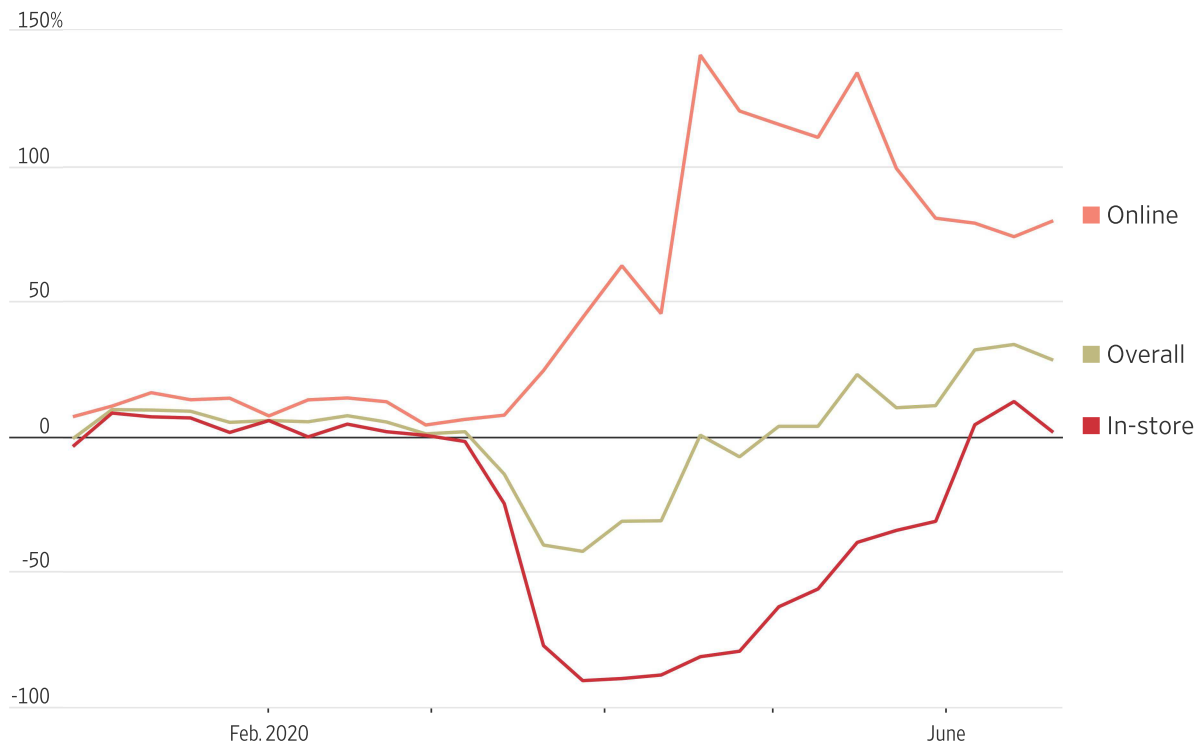
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Percentage change in furniture spending vs. same week a year earlier



Source: Earnest Research

Venturing Out

Pent-up demand for outdoor leisure drove sales in sporting goods as states reopened beaches and parks, with sales up 48% nationwide by the week ended June 24, after collapsing by half in early April. Shoppers in places that reopened first have powered the sporting-goods recovery.

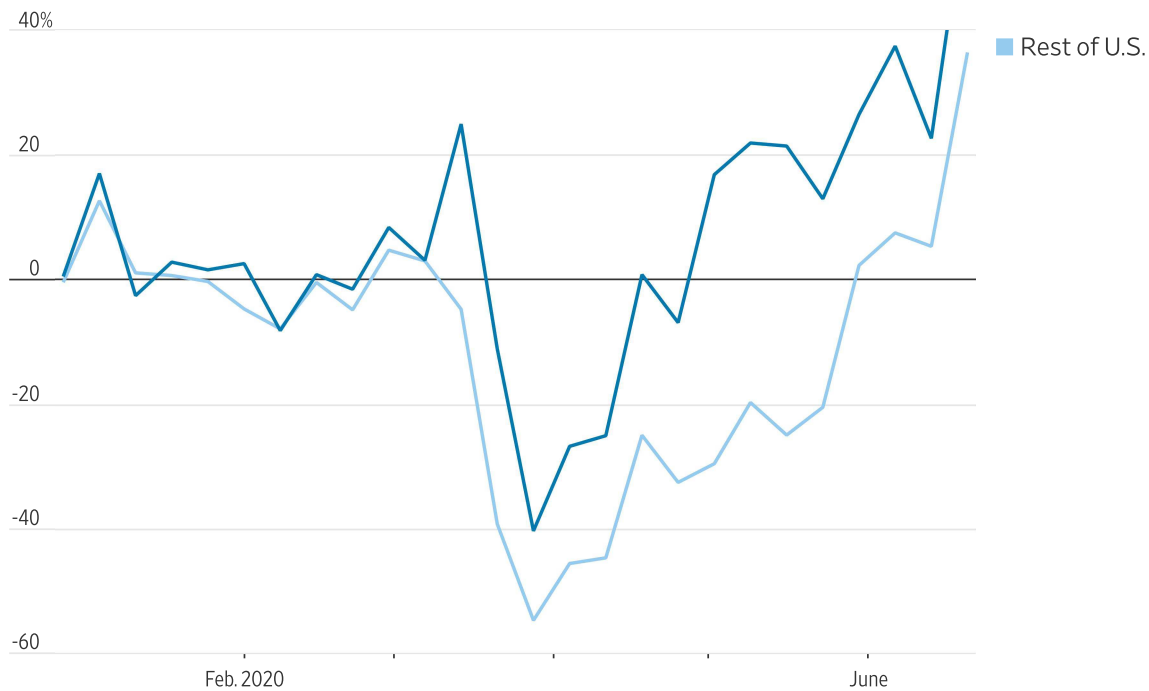
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Percentage change in sporting goods spending vs. the same week a year earlier



Note: "Early reopeners" includes states that, as of May 11, had no shelter-in-place order and allowed indoor dining (AR, FL, GA, IA, IN, KS, OK, MO, MS, MT, ND, NE, NV, SC, SD, TN, TX, UT, WY).

Source: Earnest Research

Drinking at Home

States reopened bars and restaurants throughout May and June, but a lot of people didn't respond. Wine and liquor-store purchases show consumers continuing to drink at home, with sales still rising at rates in the high double-digits as of June 24.

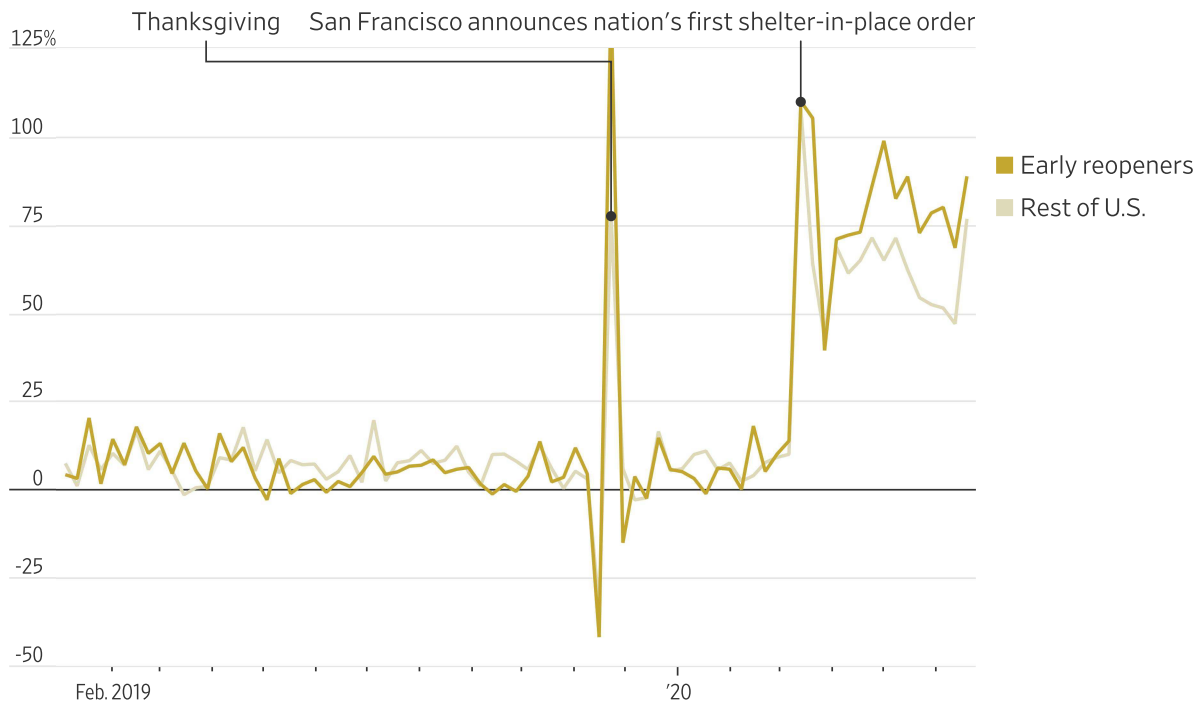
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Percentage change in wine/liquor store spending vs. the same week a year earlier



Note: "Early reopeners" includes states that, as of May 11, had no shelter-in-place orders and allowed dine-in service (AR, FL, GA, IA, IN, KS, OK, MO, MS, MT, ND, NE, NV, SC, SD, TN, TX, UT, WY).

Source: Earnest Research

These patterns may not shift soon, according to a survey by Drizly, an online alcohol marketplace that connects buyers with local merchants. Roughly 44% of respondents said they had no plans to return to bars soon, or would do so when a coronavirus vaccine became available, compared with around 16% who said they had already returned or would do so once venues reopened.

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"When do you expect you will return to bars or restaurants again?"

No time soon

31.3%

If I can be outside and precautions are taken

23.2

If precautions are taken

17.6

When a vaccine is available

12.9

Already been in June

8.1

When they reopen

7.4

Note: Results from online survey conducted by Drizly during June 2020 among a representative sample of 15,000 legal drinking age recruited from Drizly's database.

Source: Drizly

"Not all consumers are ready to go out like they did before," said Liz Paquette, Drizly's head of consumer insights, noting that 70% of respondents said they planned to drink at bars and restaurants less frequently than before the pandemic. However, that impulse varied by location, with Houstonians embracing at-home tipping at a higher rate than Angelenos.

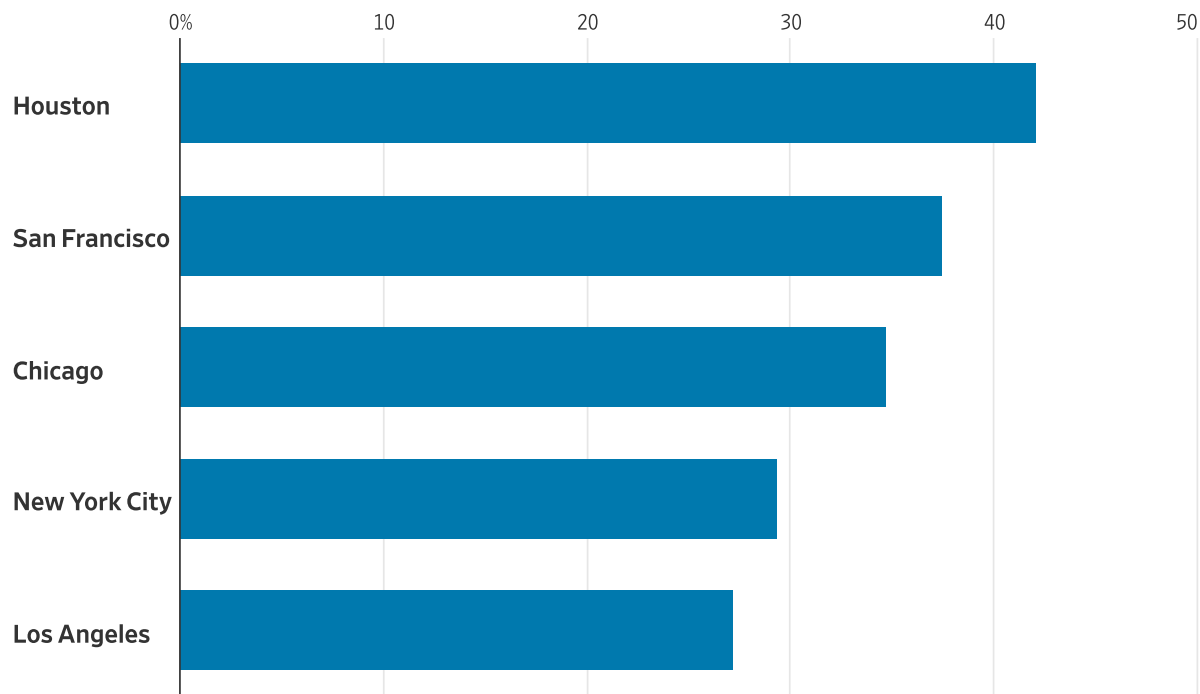
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Likely to drink more frequently at home through the end of 2020



Note: Results from online survey conducted by Drizly during June 2020 among a representative sample of 15,000 legal drinking age recruited from Drizly's database.

Source: Drizly

Eating Out (but Still Dining In)

The online grocery boom that began in late March eased over the past month—but not necessarily because consumers were flocking to restaurants.

“People are still spending a lot on grocery delivery but they are starting to get sick of cooking at home,” said Robert Frick, corporate economist at Navy Federal Credit Union, pointing to the continuing strength of delivery services like [Grubhub](#), [DoorDash](#), [UberEats](#), and [Goldbelly](#).

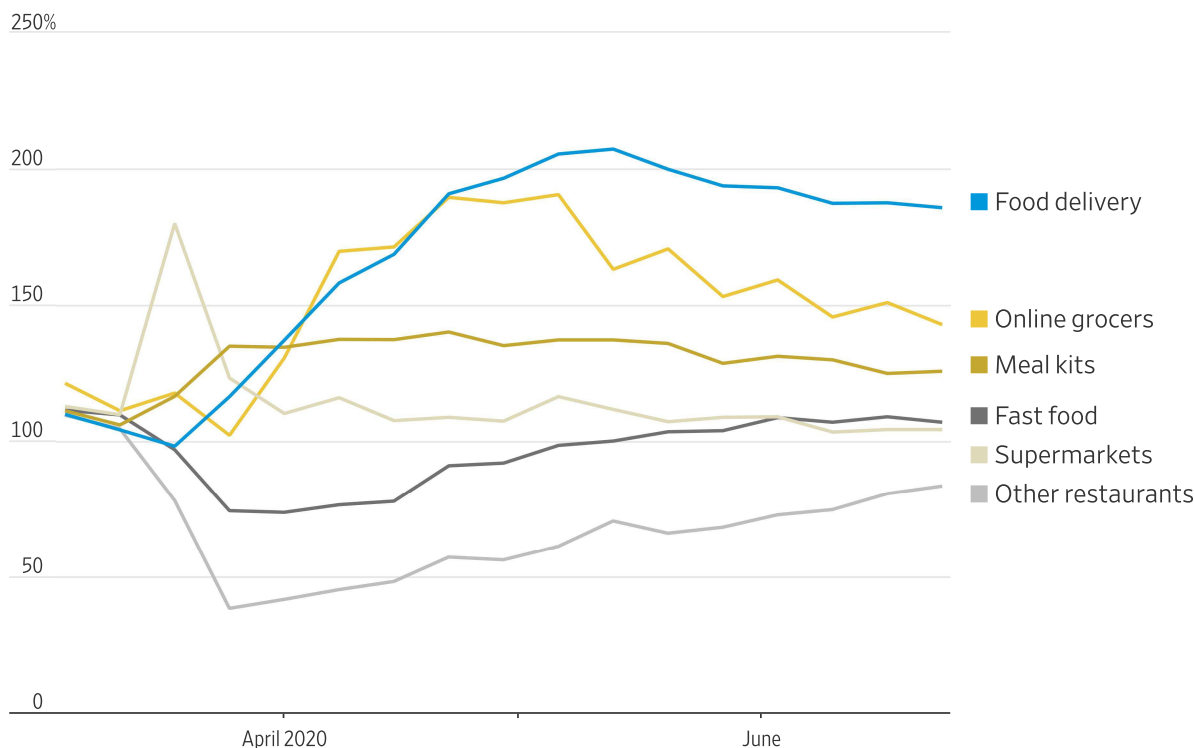
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Change in food spending vs. weekly average for January and February 2020



Source: Earnest Research

Haircuts Rebound, Then Ease Again

Hair-salon sales leapt sharply after local authorities allowed those businesses to reopen, according to data from Factiveus, a firm that tracks credit-card transactions. Florida hair-salon sales picked up after most counties reopened on May 11—and even more when Miami-Dade and Broward counties eased restrictions on May 18.

And yet, in many states that reopened hair salons in May—for example, Georgia, Texas and Ohio—consumer numbers have yet to recover to March 1 levels. Growth in the number of salon customers in Massachusetts, which suffered one of the nation's severest outbreaks, plateaued at around half of those levels.

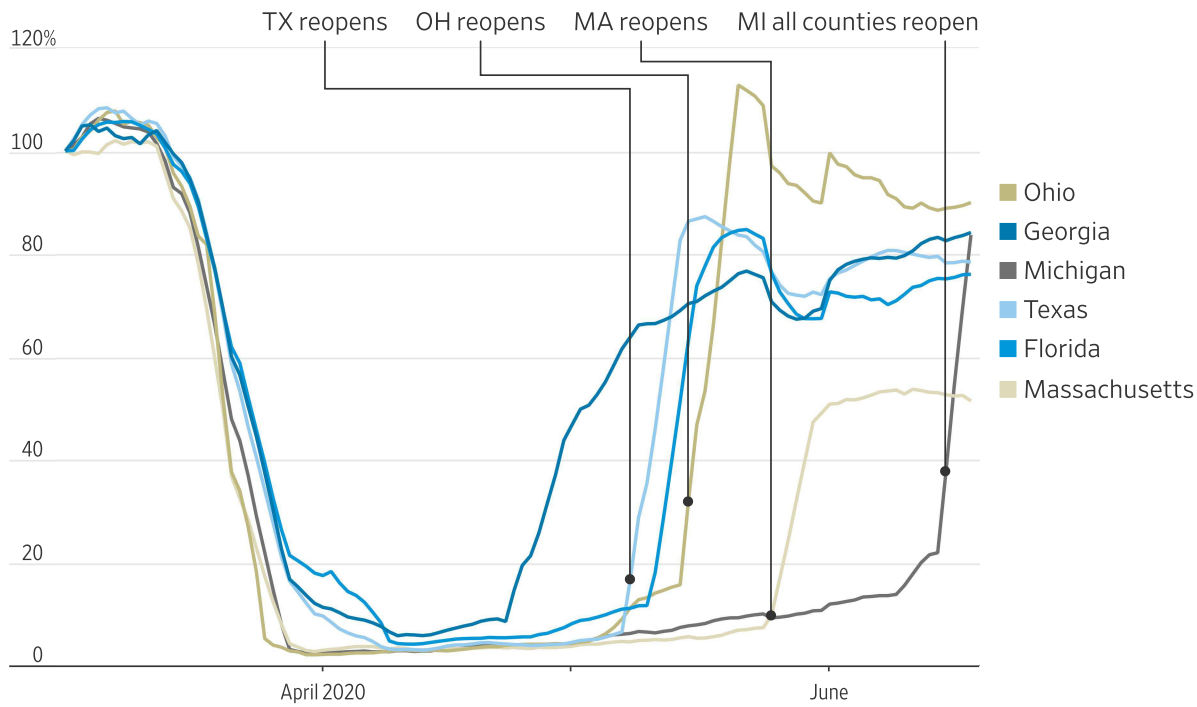
The length of the lockdown helps drive the bounceback. In Georgia, where customer numbers recovered more gradually, hair salons were shut down for just three weeks, compared with 12 weeks for Michigan hair salons.

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Change in barber shop & hair salon customer count vs. March 1



Note: Florida's Palm Beach county reopened May 11; Miami-Dade and Broward counties May 18. Michigan's upper reopened June 10.

Source: Facteus

The limited recovery may result from restrictions on customer numbers to preserve social distancing. Data from Homebase, which provides scheduling and time management software for 60,000 small businesses, shows a slowing of growth in salon reopenings since May, possibly because operations are crimped by capacity limits and requirements for protective gear for employees.

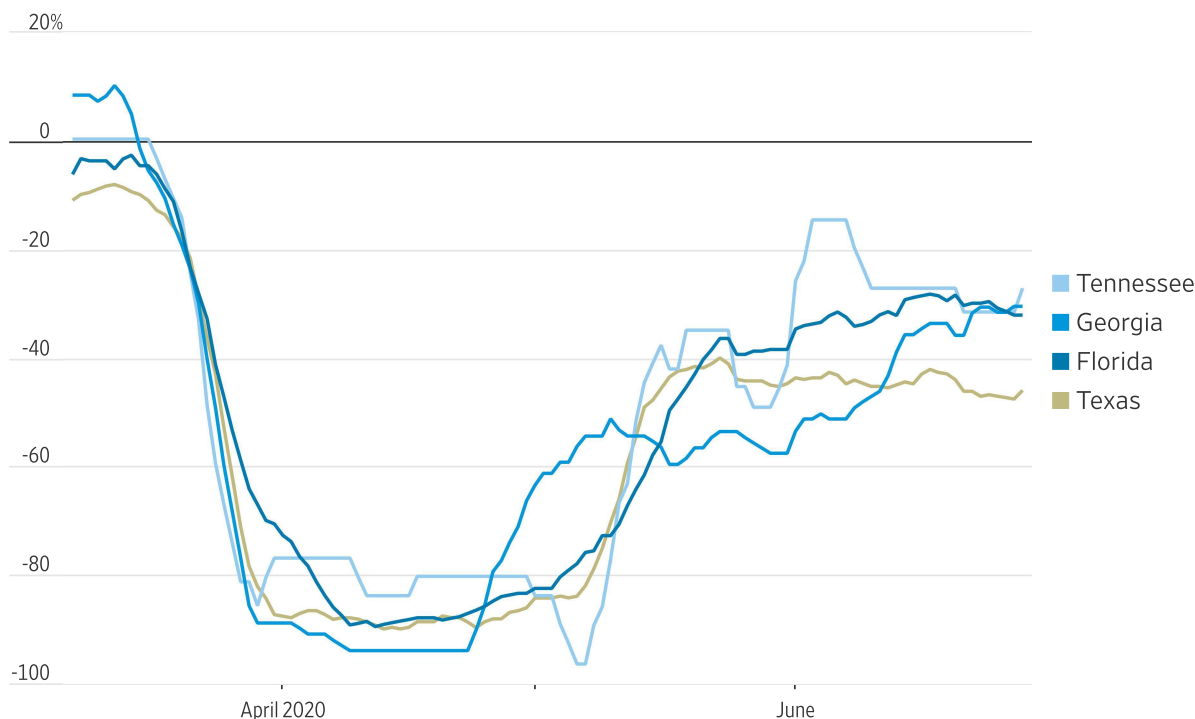
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Beauty and personal care locations that are open vs. January 2020 baseline



Note: Seven-day average

Source: Homebase

Shopping... or Joy Riding?

As lockdowns began lifting in late April, consumers seized the chance to spend at newly reopened enterprises. Consumers in Louisiana and Washington state thronged casinos in May, while Missourians upped their visits to optometrists and Kansans headed to hobby and toy stores, according to SafeGraph, a data company with foot-traffic data for five million locations in the U.S.

Yet, as of late June, foot traffic to businesses across the U.S. was still down 19% from March 1 levels, though the recovery in consumer activity varied by state.

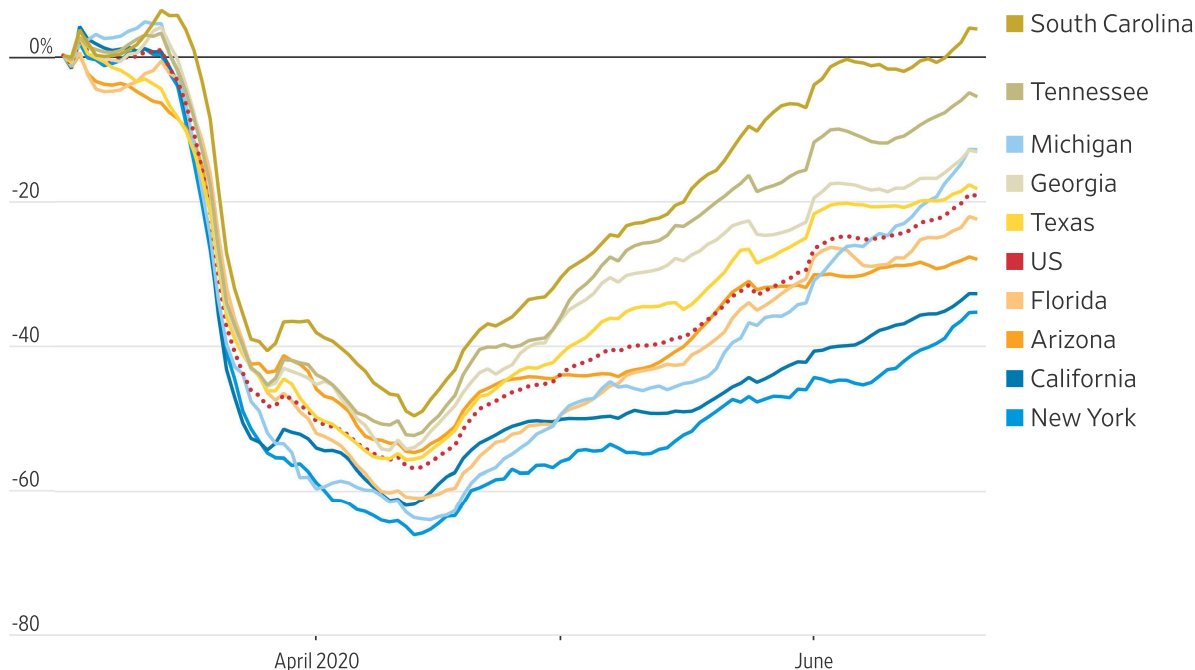
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Seven-day average change in foot traffic, percentage change vs. March 1



Note: Daily data reflect seven-day moving average.

Source: SafeGraph

Foot-traffic data reveal that people are getting out—but not necessarily to shop. Gas stations were among the first places people returned to: As of June 21, visits to gas stations nationwide were nearly one-fifth higher than March 1 levels.

But trips to malls remained 8% lower, while car-dealership activity was down more than 10%, hinting that some consumers may be wary of retail that requires more human interaction than pumping gas.

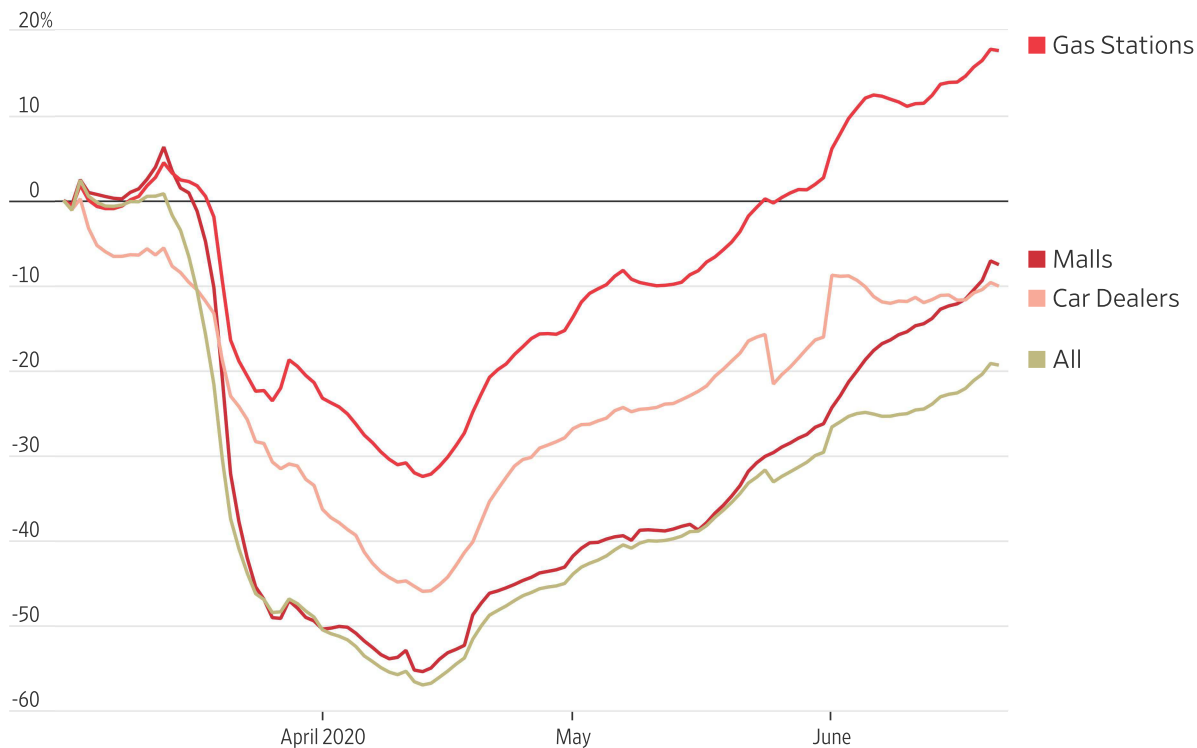
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U.S. foot traffic: 7-day average, percent change vs. March 1



Source: SafeGraph

Dressing Down

Clothes spending rebounded faster in states that reopened in late April and early May, down only around 5% in those places, versus the previous year—compared with a 23% decline in sales in the rest of the U.S., according to Earnest Research.

However, in-person spending powered little of that recovery. In fact, online clothing sales are rising faster in states that had limited or brief shutdowns than in places with the severest lockdowns.

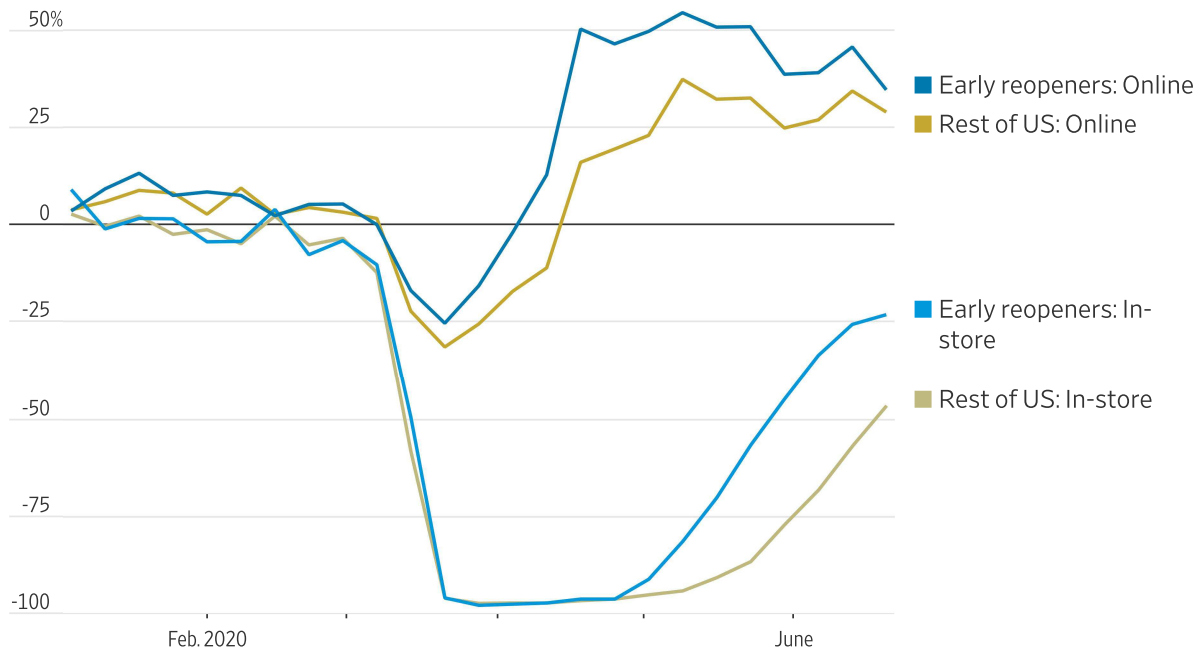
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Percentage change in apparel and accessories spending vs. same week a year earlier



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Source: Earnest Research

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