

Expectations for Businesses Reopening After COVID-19

With the Right Safety Precautions, Consumers Will Visit Physical Establishments Once Again

Key Takeaways

- More than other venues, consumers miss visiting restaurants/bars, nonessential retail stores, shopping centers and movie theaters.
- More than seven of 10 consumers would feel comfortable visiting brick-and-mortar retail stores within two months or sooner once the national emergency is over.
- Most adults (70%) say they will make the purchases they had planned but could not because of the pandemic.
- As of now, 62% of consumers say they have no plans to cut back on spending, or will for only five months or less.
- About four-fifths (79%) of consumers say this crisis made them more aware of the importance of small businesses in their communities and will likely support them more in the future.
- Almost two-thirds (65%) of consumers will now try to limit direct contact with other people as much as possible and 41% will limit the amount of time spent in physical establishments.
- Consumers are most interested in seeing frequent cleaning/sanitizing (66%), more hand sanitizer and disinfecting cloths (62%), staff wearing masks and/or gloves (49%) and measures facilitating social distancing (48%).
- Roughly half of consumers believe U.S. economic conditions will improve over the next 12 months.

The worldwide outbreak of COVID-19 has had an immediate and monumental impact on people's lives. As some of the earliest and strictest limitations placed on people are gradually lifted in the U.S., the reality about the "next-normal" for public places is emerging. As businesses begin to slowly reopen, ICSC is assessing what the retail real estate industry could anticipate regarding consumers' time frame for feeling comfortable enough to visit physical establishments again and their expectations for health and safety precautions.

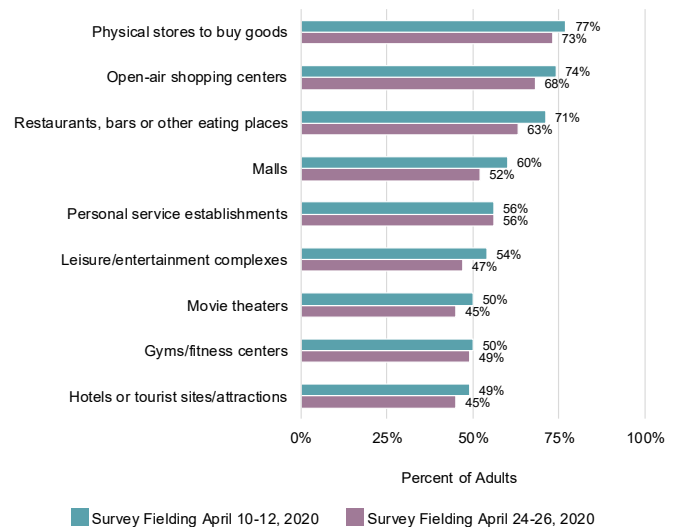
Consumers Have Missed Restaurants Most, But Would Likely Return to Brick-and-Mortar Retail Stores the Quickest

As the immediate crisis surrounding COVID-19 begins to subside, many states are reopening their economies or are starting to lay the framework for doing so. This should come as welcome news to consumers who have been forced to stay at home and not participate in activities they enjoyed. Those activities missed the most include going to restaurants and bars (72%), brick-and-mortar stores for non-essential goods (53%), shopping centers (48%) and movie theaters (41%).¹

Despite not being able to go to most places they'd like, however, only **22% of U.S. adults believe businesses in their state should reopen immediately** compared to 66% who believe they should wait longer and 12% who have no opinion. Millennials, males and consumers in the Midwest have a stronger desire to see businesses reopen immediately compared to their counterparts.

So, if not immediately, when would consumers feel comfortable returning to physical establishments? The answer depends on the type of venue. Based on survey results showing the percentage of consumers who would feel comfortable visiting two months or sooner after the COVID-19 national emergency lifts, **brick-and-mortar retail stores for non-essential goods come out on top.** (See Chart 1.) Open-air shopping centers, restaurants/bars, malls and personal service establishments follow, each with more than half of respondents in both surveys saying they would most likely return within two months of the national emergency ending.

Chart 1
Shares of Adults Who Would Feel Comfortable Returning to Physical Establishments Within Two Months or Sooner



Consumers Lay Out Post-COVID Spending Plans

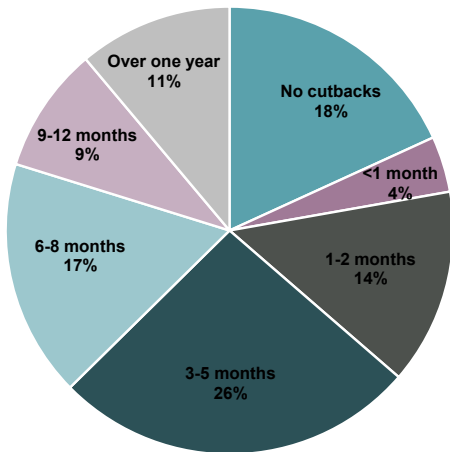
While consumers look forward to eventually leaving their homes and visiting the places they missed the most, the questions become: (1) Will they spend money? (2) Is there a pent-up demand? According to the most recent survey, almost **70% of adults say they will make whatever purchases they had planned** but could not because of the COVID-19 outbreak.

Currently, **62% of consumers have no plans to cut back on spending, or will for only five months or less.** Broken down further, 36% have either no plans to limit their spending or will cut back, but for *two months or less*. Fewer (26%) plan to decrease expenditures between three and five months. (See Chart 2.)

Once they are able to spend freely again, roughly three-quarters of consumers will be **more likely to purchase from retailers/brands that acted responsibly** and took initiative to help communities/first responders as well as from companies that helped their own employees during the COVID-19 outbreak. It is

¹ These results and others in this report are based on two separate representative polls of 1,004 adults in the U.S., conducted by Engine Insights on behalf of ICSC. The first survey was conducted from April 10 to 12, 2020 and the second, April 24 to 26, 2020.

Chart 2
Amount of Time Consumers Plan to Cutback on Spending



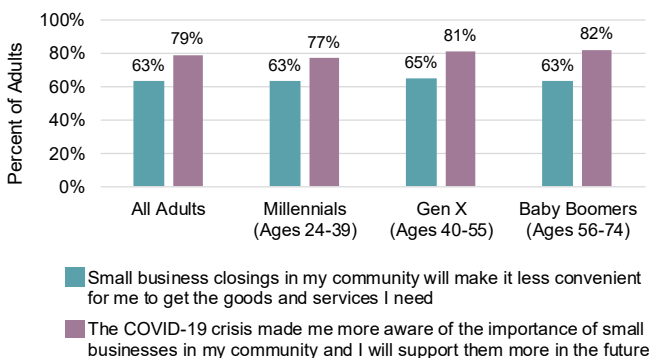
also likely they will look to local shops for many of their purchases as highlighted in the next section.

Small Businesses Increasingly Grab Consumers' Attention

One topic central to many conversations related to COVID-19 and its impact on the economy revolves around small businesses and their ability to survive for an extended period of time without any revenue. While the actual impact on these establishments has yet to be seen, there is a bright spot for those that emerge as consumers realize what those businesses mean to them.

As shown in Chart 3, about four-fifths (79%) of consumers say this crisis has made them *more aware of the importance of small businesses in their community and therefore are likely to support them more in the future*. Additionally, over three-fifths (63%) of consumers say if too many small businesses in their community close due to the COVID-19 outbreak, it will be less convenient for them to get the goods and services they need.

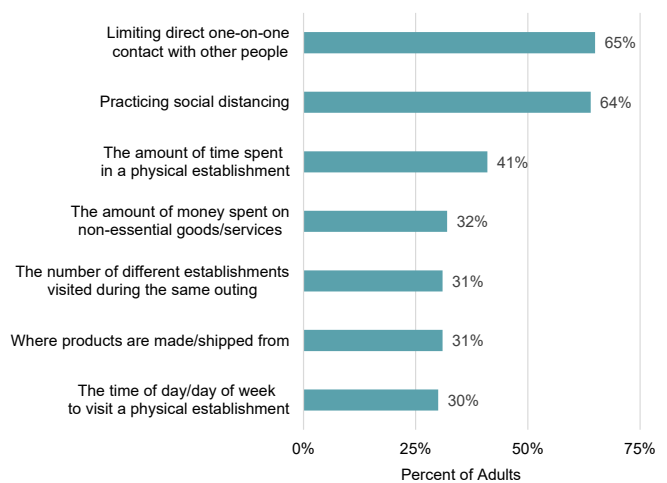
Chart 3
Consumer Sentiments Toward Small Businesses



New Considerations for Consumers Post COVID-19

Following this pandemic, consumers are going to be much more mindful of their surroundings. As shown in Chart 4, the largest shares of them will *limit direct contact with other people* (65%) and pay attention to the number of people around as they try to *abide by social distancing guidelines* (64%). Additionally, at least in the short term, consumers say they are going to *limit the*

Chart 4
Factors Consumers Will Consider Following COVID-19

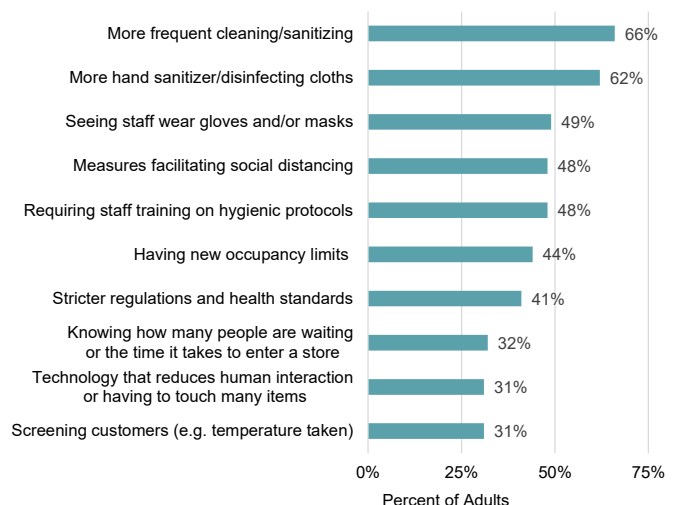


amount of time spent in a physical establishment (41%), while just under one-third (31%) will *cut back on the number of different establishments* they visit during a single outing, likely making one-stop shopping destinations much more popular.

Top Safety Precautions Consumers Want to See

In addition to the factors consumers will be more likely to consider, there are health and safety precautions they would like to see in physical stores and other venues to make their visits more comfortable. At the top of their preference list are more *frequent cleaning/sanitizing* (66%) and *having more hand sanitizer and disinfecting cloths available to consumers* (62%). (See Chart 5.) Close to half of consumers would also like to see staff wearing masks and/or gloves (49%), measures aiding in the practice of social distancing (48%) and requirements for staff training on hygienic protocols (48%). Consumers are less keen on customer screening measures such as taking temperatures (31%).

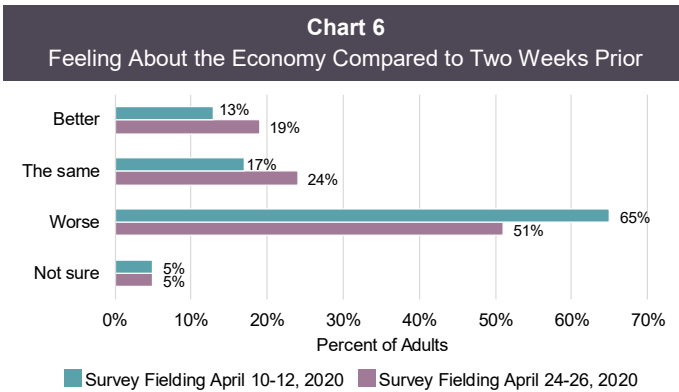
Chart 5
Safety Measures That Would Make Consumers Feel More Comfortable Visiting a Physical Establishment



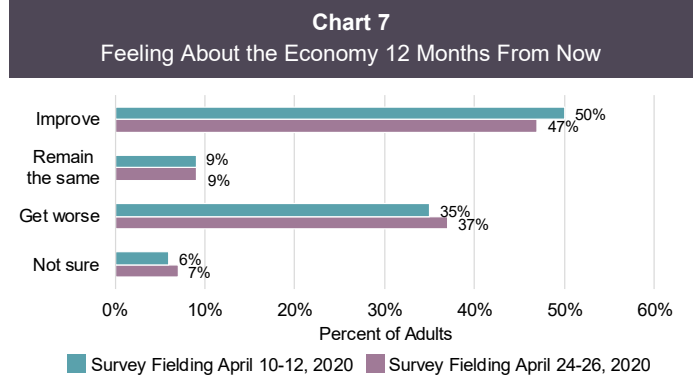
Consumers Foresee a Brighter Economy, Despite Current Mood

As schools closed, stores and other venues shut their doors and business slowed in response to lockdown orders, over 33 million employees were forced to apply for unemployment. Therefore, it is no surprise that consumers are pessimistic about the current economic situation. **Nearly half (48%) of U.S. adults view the economic situation right now as poor**, while 30% rate it as fair and just under one-in-five (19%) have a positive opinion. Baby Boomers, females and consumers residing in the Midwest have the most negative views.

However, **consumer sentiments about the economy have shifted slightly as some positive news about the outbreak emerges and states begin the slow process of reopening**. At the time of the first survey, 65% of adults said their opinion about the economy was worse than it was two weeks prior, while 13% said their opinion improved. Two weeks later, fewer adults (51%) said their current economic sentiments were worse than 14 days prior, while a higher share (19%) said they felt a bit better. (See Chart 6.)



Although improving slightly, feelings toward the current economy remain bleak. However, consumer outlook for future economic conditions is better. According to each of the recent surveys, **approximately half of U.S. adults say they see the economy improving over the next 12 months**, compared to slightly more than one-third saying it will get worse. (See Chart 7.) Slightly under half (45%) of adults who feel negatively about the economy believe that it will improve within a year.



Consumers Overwhelmingly Favor the CARES Act

Due to the extreme economic hardships facing the country, **nearly three-quarters (72%) of adults favor the Coronavirus Aid Relief and Economic Security (CARES) Act** passed by the federal government. One of the main provisions of that act provides relief for businesses. When asked which industries should be a priority for receiving assistance, consumers cited hospitals and other health-care facilities (71%) as number one. Following those were restaurants (67%), retailers (63%) and small businesses (62%).

Another step taken by the government, this one to help consumers directly, was sending stimulus checks to individuals or families with certain levels of income. Whether or not people received a check and the actual amount depended on exact income level and number of children in the household. **Overall, 88% of adults received or expected to receive these relief checks**. Among that group, the largest share (49%) said they would use the money to purchase groceries and other household essentials. The money would also go toward paying housing costs (35%), savings (35%), paying off debt (28%), paying for health care or medicine (17%) and buying non-essential goods (14%).

Conclusion

The COVID-19 pandemic has rapidly transformed how people obtain the goods and services they need. The shift in consumer behaviors due to COVID-19 combined with lingering fears about the virus will have a lasting impact on retail real estate. Despite this, consumers still indicate a strong interest in returning to stores and other locations as long as new safety measures put in place.