

COVID-19 HOUSEHOLD SURVEY

SURVEY RESULTS: No post-lockdown demand bonanza as consumers likely to remain frugal

As the crisis unfolds, one of the difficulties facing policy makers, banks and businesses is a lack of data on what's happening on the ground. To help overcome this, Intellidex has conducted a short online survey focused on stockbroking and private banking clients. The sample therefore represents larger savers and consumers.

We asked respondents six simple questions pertaining to their financial behaviour during and after the lockdown period.

The online survey was sent to the clients of private banks, wealth managers and stockbrokers and 556 respondents completed the survey. The survey was conducted between 8 May and 15 May 2020.

Results Summary

This study focuses on middle- and upper-income segments. It shows the Covid -19 crisis has negatively affected these segments' income, revenue streams, discretionary spending, and savings.

The survey results show that 47% of respondents' income has remained unchanged since the start of the lockdown, while a small percentage (2%) indicate that their income has increased. Disconcertingly, more than half say their income has decreased since the start of the lockdown and 11% of these state that their income has decreased by 76% to 100%.

Also, almost 70% of respondents say that that their business or the company they work for has not benefited from any relief measures offered by the government or other organisations. Nine percent have received some form of relief, while 23% don't know if this has happened.

More than half of respondents say revenue for their business or the company they work for has declined since the start of lockdown and 26% of these indicate that revenue has declined by 50% or more. Nine percent report that revenue has remain unchanged, while 2% say revenue has increased.

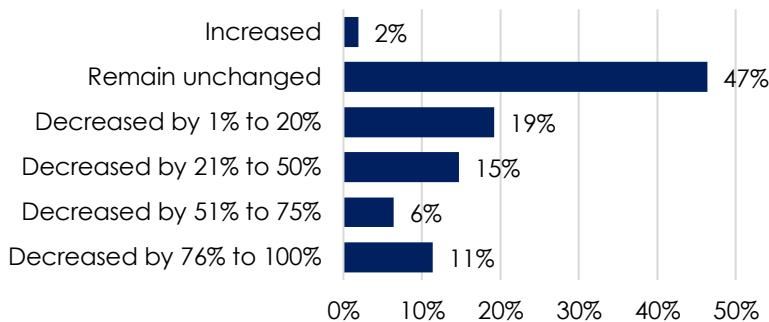
Almost 70% of respondents' discretionary spending (entertainment and luxuries, not necessities such as food and clothing) has decreased since the start of the lockdown and 19% say discretionary spending has stopped completely. Ten percent state that discretionary spending is on par with spending before lockdown, while 3% say it has increased.

It appears that respondents are in no haste to resume discretionary spending once the lockdown has ended. More than half say they expect their discretionary spending to be lower than it was before lockdown, while 31% say it will be the same as it was before lockdown. Ten percent reckon their discretionary spending will supersede that of before lockdown.

The Covid-19 crisis has a big effect on respondents' savings and three quarters had to draw down on savings during this period. Almost a quarter had to do this to recoup lost earnings, while 32% had to draw down on savings to support family and others. Twenty-seven percent indicate that they've made no changes to their savings during lockdown and 28% say they've added to their savings during this period.

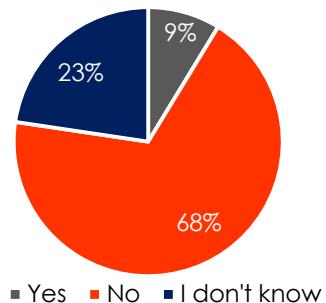
Results

Since the start of the lockdown on 27 March my income has:



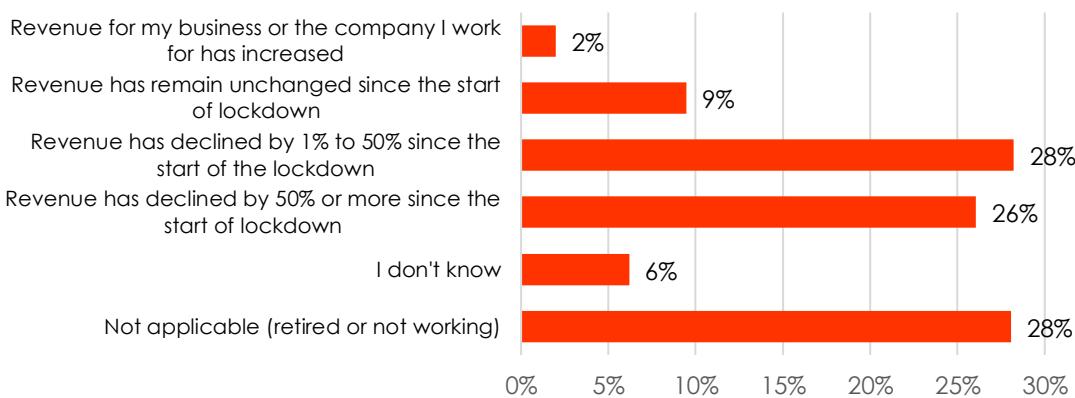
Almost half of respondents say their income has remained unchanged since the start of the lockdown on 27 March, while only 2% say it has increased. Eleven percent state that their income has decreased by 76% to 100%.

Has your business or the company you work for benefitted from relief measures offered by the government or other organisations?



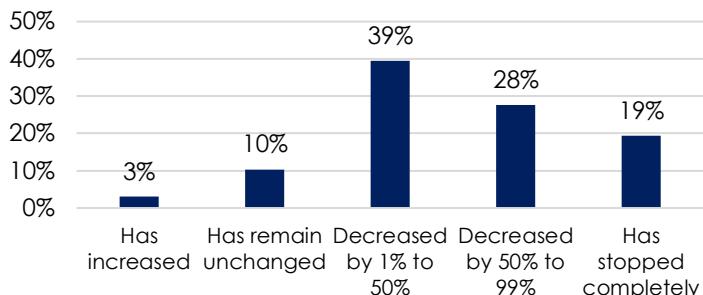
Almost 70% of respondents say their business or the company they work for have not benefited from any relief measures offered by the government or other organisations. Only 9% have benefitted from relief measures, while almost a quarter don't know if this has happened.

Which of the following statements pertaining to the lockdown apply to you?



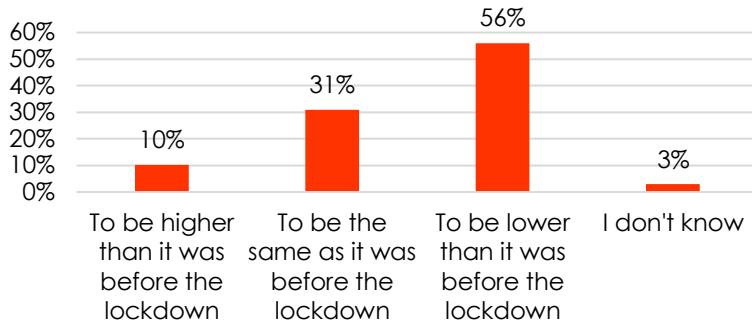
Only 2% of respondents say revenue for their business or the company they work for has increased since the start of lockdown, while 9% state that revenue has remained unchanged. More than a quarter indicate that revenue has declined by 50% or more.

Since the lockdown began, my discretionary spending (entertainment and luxuries, not necessities such as food and clothing):



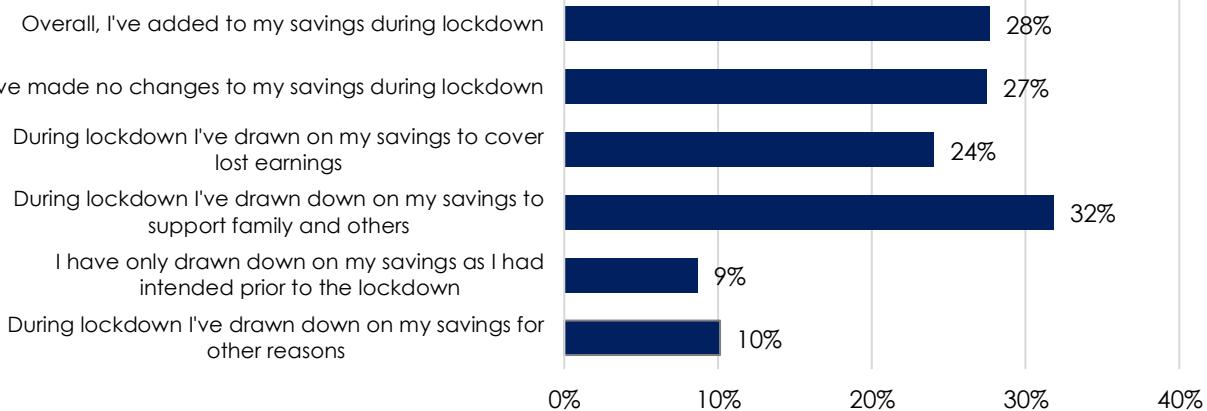
Only 3% of respondents say their discretionary spending has increased since the start of the lockdown, while 10% say it has remained unchanged. Almost 30% say it has decreased by 50% to 99%, while 19% mention that discretionary spending has stopped completely.

Once the lockdown has ended, do you expect your discretionary spending in the short term:



It appears that respondents will remain frugal once the lockdown has ended. Almost 60% say they expect their discretionary spending to be lower than it was before lockdown. More than 30% report that it will be the same as it was before lockdown, while 10% expect discretionary spending to be higher.

Which of the following statements apply to you? (You can choose more than one option)



Almost 30% of respondents say they've added to their savings during lockdown, while 27% state that they've made no changes to their savings during this period. More than 30% say that they had to draw down on savings to support family and others, while almost a quarter indicate that they had to draw down on savings to recoup lost income.