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**HOW WILL CONSUMER BEHAVIOUR CHANGE FOLLOWING COVID-19?**

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Life is beginning to grind back into gear, but it’s a different gear to the one in which we entered the start of the COVID-19 pandemic. Wearing face coverings on public transport and in shops, for example, will be part of life for quite some time and working from home will be a new reality for many.

According to research by YouGov, 60% of business leaders say there will be an increase in working from home compared to before the lockdown, with 93% of business leaders in media, marketing, advertising and sales anticipating this to be the case. This is likely to have numerous different knock-on effects, not just on the amount of office space that will be required but also the way that people spend their money on a daily basis. Could we see the cash that might ordinarily be spent on a daily commute coffee and sandwiches being used in other ways – perhaps more locally, on other lifestyle pursuits, or even saved?

YouGov says that the coronavirus pandemic has led to a majority of Britons (54%) spending less money than they ordinarily would. According to the research, it’s those in the 25-34 age group who have most consistently reduced their spending.

Unsurprisingly, the category that has seen the largest decrease is transport, with seven in ten people saying their expenses have decreased. A large majority also say they’ve decreased their outlay on holidays and travel (61%) and non-digital services such a dry cleaning and haircuts (56%).

In fact, whereas COVID-19 has made 44% of Brits feel less financially secure –a small minority have seen their savings increase and debts go down. Another poll by YouGov reports that this small minority report say the pandemic has improved their financial situation, with one in six (17%) putting more money in savings than they otherwise would. And it’s those people who have been able to work from home who are most likely to say their finances have been positively affected, with a third saying the pandemic has improved their disposable income (35%), a quarter have saved more (27%) and one in seven paid down debts (14%). This could be a development that continues into the future, with the trend towards more permanent home working.

However, while a minority are financially better off, those with existing financial difficulties are now in an even worse position. YouGov research has found that it is workers who are already financially distressed who are more likely to have experienced a change in their employment during the COVID-19 pandemic. Half of all workers have lost some of their income as a result of the crisis and this number rises to 77% for those who were already financially distressed. And while a fifth of all workers (20%) are furloughed, this figure rises to 29% amongst the already financially distressed, meaning they may be at [greater risk of redundancy](https://yougov.co.uk/topics/economy/articles-reports/2020/06/17/half-businesses-would-have-lay-staff-within-three-) in coming months. The research also found that Brits who were already struggling to keep up with bills have taken a big blow from pandemic, with one in six (16%) defaulting on all regular payments.

So, while COVID-19 has impacted all of our lives, it has done so in different ways, particularly when it comes to how people earn their money and manage their finances. The pandemic has been a great leveller in some ways, but it has also put greater financial strain on some sections of society than others. The common denominator is that everyone will be in a position they were not expecting and will benefit hugely from professional financial advice to guide them in their future decisions. This presents an opportunity for advisers to help more clients and may also lead to a shift in your behaviour as you may need to work with a wider selection of lenders to provide solutions for the diverse needs of your post COVID-19 client-base.

**SOURCES**

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