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Musings

#6: The New Order for Consumers

March 28, 2020

Consumers have been shell-shocked and are shutting down. According to the Univ of Michigan which tracks consumer sentiment as reported by CNBC *“U.S. consumer sentiment fell to a three-year low as the coronavirus outbreak takes a toll on the economy. The index of consumer sentiment dropped to 89.1 in March — its lowest level since October 2016 — from 101 in February. Economists polled by Dow Jones expected a fall to 90. March’s decline in sentiment was the fourth-largest in nearly 50 years, according to Richard Curtin, chief economist for the Surveys of Consumers. “*

Companies need to de-risk the purchasing commitment. I worry about deflation but rather than just focusing on price, consider other variables like length of commitment. As a landlord, I would offer month to month lease. Make it an “opt-out” so the consumer is not locked into a big \$, multi-year commitment but rather can make an incremental purchase and then see where things are in 30/60/90 days. Push back deadlines for making a decision if you can (like enrollment for school next fall). Forcing a big decision on a consumer in the midst of uncertainty is difficult and likely to yield lower rates IMO.

The technology adoption curve just got crushed. In two weeks, everyone has become “leading edge”. My 83 year old mother is having a virtual cocktail with family on Zoom (not the easiest accomplishment ☺). The biggest opportunities might be around technology use by folks further in their life. By necessity, they are now digital. I am part of a business called IN2L (www.in2l.com) that sells technology solutions to senior living for engagement and communication. The team is working 24x7 helping our clients ramp up capacity. Think about new markets that might be opened up with everyone living a digital first lifestyle.

Let’s all lament the “death of the snow day” (compliments of friend Kersten). Why would a school every need a snow day --- just put out the automated call recording that flipping to online instruction because we have 3 inches of snow for the day.

Be safe.