

NAB SPECIAL CORONAVIRUS REPORT

HOW AUSTRALIANS ARE CHANGING THEIR BEHAVIOURS & THEIR BIGGEST FEARS



NAB Behavioural & Industry Economics

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In this Survey, NAB explores the key concerns of Australians over the Coronavirus, the extent to which we have changed our behaviours, and our fears for ourselves, family and friends. It is based on responses from over 2,000 Australians and weighted to be representative of the Australian adult population by state, gender, age and other key demographics. The Survey was conducted in 2 waves over the period March 12 to March 20. Overall results are presented for the entire period, but are also split by responses in the first wave (March 12 to March 16) and the second wave (March 17 to March 20).

The anxiety brought on by the rapid spread of Coronavirus has created significant behaviour changes in the way people live, shop, and consume goods and services, as people are forced to re-assess often highly ingrained habits. The impact has been swift as uncertainty around contracting the disease and its consequences has driven fear, putting Australians into a hyper-vigilant state. And as we have seen, getting people to cooperate towards a common goal of containment is often much harder than it might first appear. When confronted with fear people will have a natural tendency to focus on personal rather than societal needs. People beings can also feel threatened when their individual freedoms are challenged and simply push-back.

The Coronavirus comes at a time when many of us were already anxious and fearful of the future - NAB research has shown that for more than 1 in 3 Australians just thinking about the future makes them feel uneasy. While it is impossible to predict how long it will be until life returns to normal, concerns around unemployment and recession suggest the virus will have an ongoing effect on our behaviours.

Much attention has focussed on consumer's "irrational" responses to the Coronavirus which has for example driven bulk buying of household staples, cleaning supplies, personal goods and pharmaceuticals, creating shortages in supermarkets as consumers digest and process new and frequent outbreak information.

While perhaps irrational, these behaviours are nonetheless understandable. Hoarding household supplies is one clear way people regain some sense of control - which is particularly important when faced with issues impacting ourselves and our family. It also highlights the role of "herd behaviour" in shaping our decisions.

The problem with the term "irrational", is that most of us imagine behaviour that is abnormal. We simply don't have the time, mental capacity or access to enough accurate information to make rational decisions. And with the rise of social media, this has allowed people to locate and follow their own source of truth and preferred advice. Rational behaviour also requires a very clear understanding of risk, which under normal circumstances is difficult for humans, but even more so now with so much being outside our control. And, people tend to act even more irrationally in times of chaos.

The Coronavirus also plays to our negativity bias where potential dangers and threats are often top of mind and easier to recall and pass on. People are balancing the perceived risks of being in contact with others against their innate human desire for contact and interaction. As social disapproval towards putting others at risk grows, behaviours are starting to change. How quickly this occurs will often depend on the frequency and clarity of information available to the public, people's sense of being part of something greater than themselves, and their level of trust in those providing information - a challenge given the growth of scepticism of so called "experts" in recent years.

While at the core of economics is the notion that people are hyperrational, the outbreak of this virus has shown just how unpredictable we all really are. Economics also assumes that humans are purely self-interested. Despite some highly publicised exceptions, this is also simply not true, which gives hope that the containment measures universally endorsed by health experts will limit the impact of the virus.

Although the survey pre-dates the most recent escalation of measures aimed at containing the spread of the virus, Australians were already changing their behaviours rapidly and foreshadowing multiple threats. By state the NT, WA and QLD were noticeably less concerned than other states and territories as were those living in regional cities and rural areas. There was little difference in levels of concern by gender and income, but understandably, older Australians were much more concerned than other age groups. Interestingly, there was little difference in the concerns of young people (18-29) compared with those aged between 30-65 years.

Australians have responded to the crisis most proactively by increasing their personal hygiene efforts (e.g. washing hands). But, behavioural changes are occurring rapidly in many other aspects of our lives. Australians particularly increased their efforts to socially isolate, with the biggest behavioural change from wave 1 to wave 2 noted in socialising less in general.

By state, Australians living in NSW appeared to be most likely to have altered their behaviours across most areas, possibly reflecting the highest number of Coronavirus cases in the state. Behavioural change has also been more significant in capital cities across all areas than in regional towns and rural areas.

Men were much more likely to work from home and save more in case of an emergency, while women were more likely to take fewer overseas holidays and increase their personal hygiene. By age, people aged 18-49 were typically more likely have changed their behaviours than over 50s in most areas. Interestingly, behaviour patterns were broadly the same across income bands.

Other than the direct health impacts of the Coronavirus for themselves, their family and friends, around 1 in 2 Australians said their top concerns regarding the virus was the health system being unable to cope with demand and the impact on the economy.

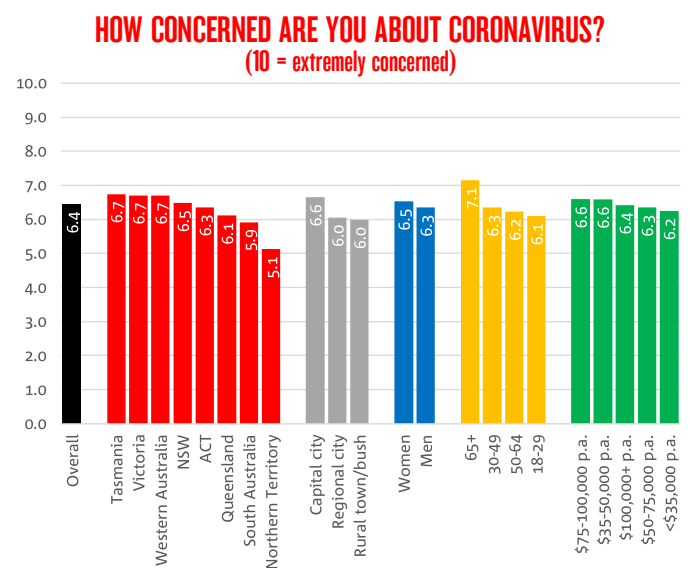
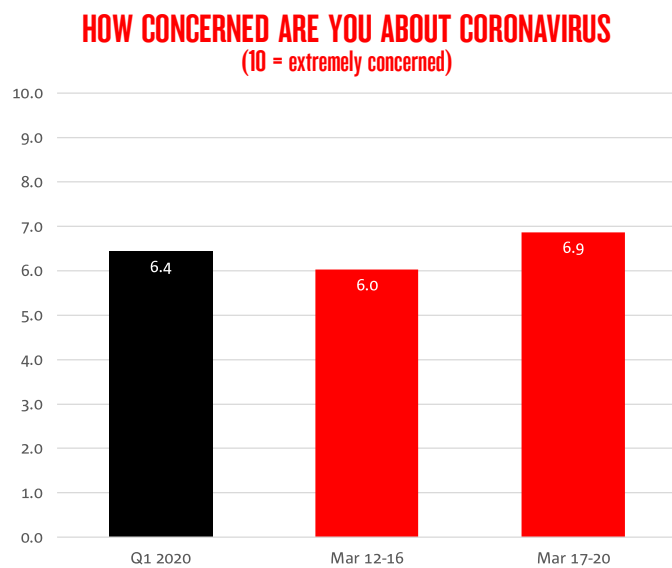
Noticeably more Australians over the age of 65 (67%) were concerned about the ability of the health system to cope - significantly more than younger Australians aged 18-29 (34%). Those living in rural areas (57%) were also much more concerned than those in capital cities (44%). By state, those living in SA were significantly less concerned about the ability of the health system to cope (37%), compared with Australians living in other states and territories (ranging from 45% in VIC to 54% in the ACT).

A much larger proportion of Australians living in the ACT (64%) were concerned about the impact on the economy than in any other state or territory. Australians aged over 65 (54%) were also so much more concerned than younger Australian aged between 18-29 (35%). Interestingly, Australians earning above \$100,000 p.a. (53%) were more concerned about the impact on the economy than those earning less than \$35,000 p.a. (41%).

Running low on key essentials was their next biggest worry, according to 1 in 3 Australians. It also reported the biggest increase from the first to second survey wave (32% to 39%). A much larger proportion of Australians living in the ACT (47%) were concerned about running low on key household essentials than in any other state or territory. Interesting, women (40%) were much more concerned about running low on essentials than were men (31%).

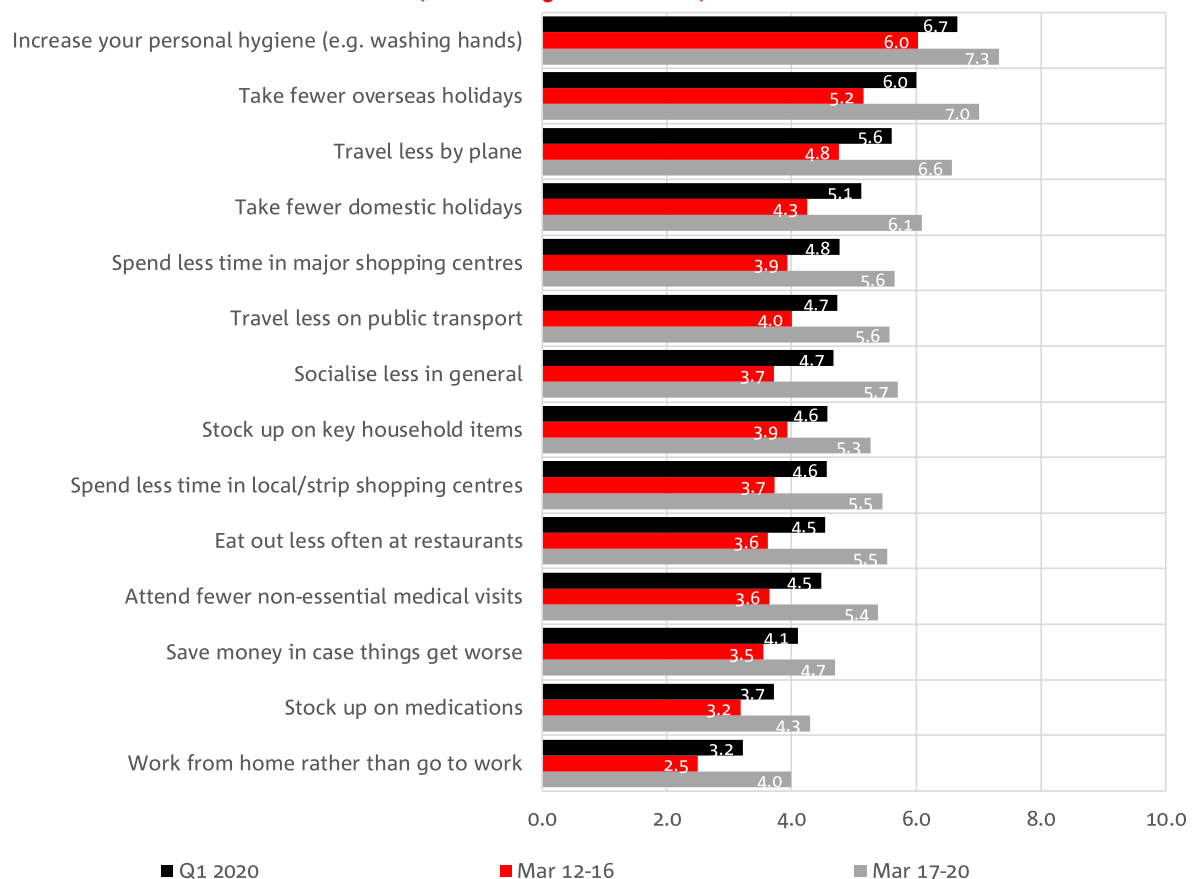
While the survey pre-dates the most recent government restrictions forcing the closure of many non-essential businesses, the impact on employment was among the top concerns for 1 in 4 Australians. Interestingly, those living in the NT (5%) and ACT (8%), were considerably less concerned about job losses than those in other states - perhaps reflecting the higher incidence of public sector employment in the territories. Not surprisingly, young Australians (33%) aged between 18-29 were noticeably more concerned than older Australians aged over 65 (4%). Once again, higher income earners (above \$100,000 p.a. - 30%) were more concerned about job loss than lower income earners (<\$35,000 - 16%).

Level of concern over Coronavirus is rising ...



Behaviours are changing rapidly in how Australians are responding to the Coronavirus ...

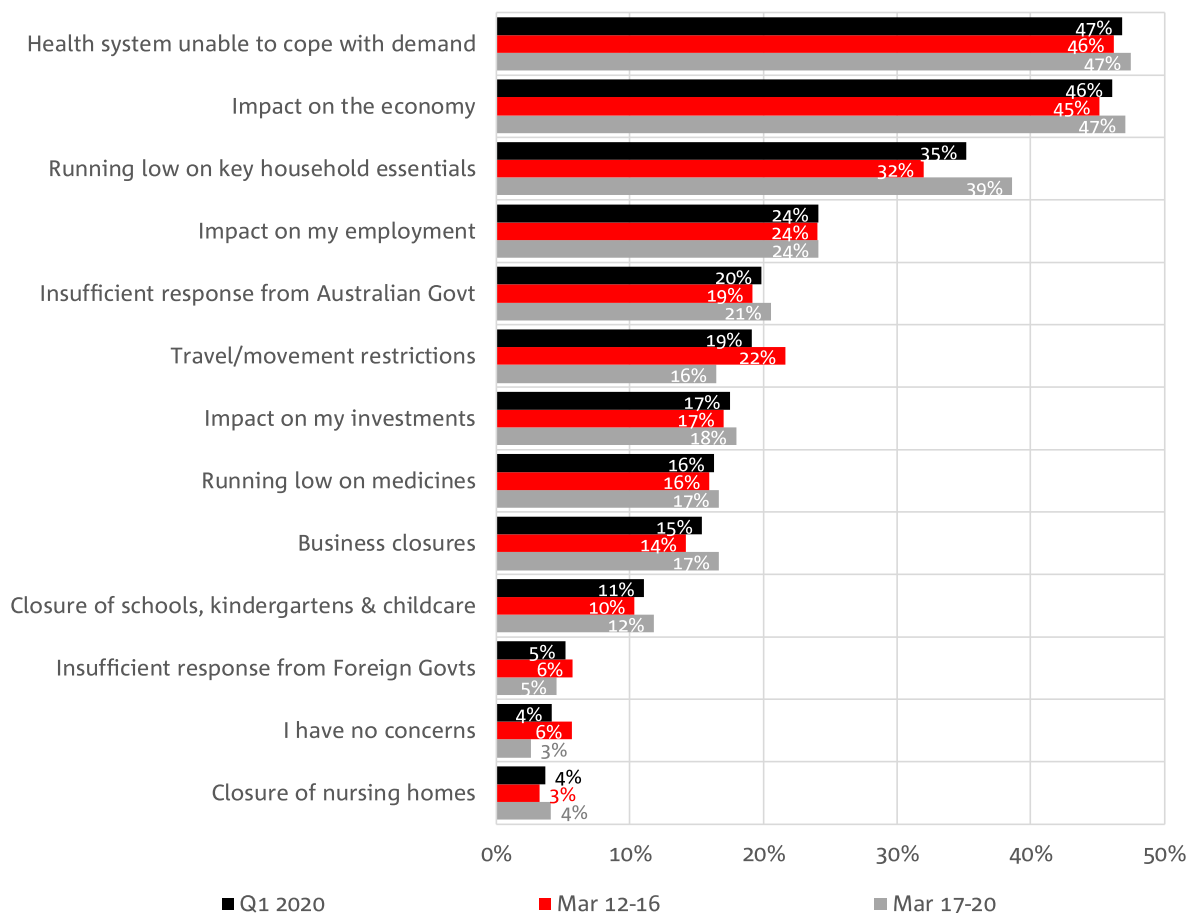
EXTENT CORONAVIRUS HAS MADE YOU...
(10 = to a significant extent)



See Table in Appendix1 for more detail.

Australians see multiple threats, but are most worried about the health system being unable to cope and the direct impact on the economy ...

TOP CONCERNS REGARDING CORONAVIRUS OTHER THAN DIRECT HEALTH IMPACT FOR YOU, FAMILY OR FRIENDS



See Appendix 2 for more detail.

APPENDIX 1 - TO WHAT EXTENT HAS THE CORONAVIRUS MADE YOU... (10 = to a significant extent)

	Work from home rather than go to work	Eat out less often at restaurants	Spend less time in major shopping centres	Spend less time in local/strip shopping centres	Travel less on public transport	Travel less by plane	Attend fewer non-essential medical visits	Take fewer overseas holidays	Take fewer domestic holidays	Socialise less in general	Stock up on medications	Increase your personal hygiene (e.g. washing hands)	Stock up on key household items	Save money in case things get worse
Overall	3.2	4.5	4.8	4.6	4.7	5.6	4.5	6.0	5.1	4.7	3.7	6.7	4.6	4.1
NSW	3.9	5.0	5.1	4.9	5.2	6.3	5.0	6.5	5.4	5.1	3.9	7.0	4.8	4.2
ACT	3.4	4.1	4.4	4.4	5.2	5.3	3.7	6.3	4.8	4.5	2.9	6.7	4.5	4.2
VIC	3.3	4.8	5.0	4.6	4.6	5.8	4.7	6.0	5.4	4.9	3.7	6.6	4.7	4.2
QLD	2.7	4.2	4.6	4.6	4.4	4.8	4.2	5.6	4.8	4.4	3.6	6.5	4.3	4.3
SA	2.8	3.8	4.0	3.8	4.3	5.0	3.6	5.4	4.6	4.1	3.0	6.5	3.9	3.6
NT	0.3	1.8	1.8	2.0	1.1	1.9	1.2	1.7	0.9	2.1	1.5	4.5	2.1	1.1
WA	2.9	4.2	4.5	4.3	4.7	5.6	4.4	6.1	5.1	4.3	4.1	6.7	5.0	3.8
TAS	2.2	3.6	3.8	3.7	3.9	4.8	3.6	4.8	4.7	4.3	4.0	5.7	4.1	3.3
Capital city	3.7	4.9	5.0	4.8	4.9	5.9	4.7	6.2	5.3	4.9	4.0	6.9	5.0	4.4
Regional city	2.2	4.0	4.4	4.2	4.4	5.1	4.0	5.7	4.8	4.3	3.5	6.3	4.0	3.6
Rural area	1.8	3.7	4.2	3.9	4.3	4.9	3.9	5.5	4.6	3.9	2.9	6.0	3.5	3.1
Men	3.6	4.6	4.2	4.5	4.7	5.4	4.3	5.7	4.9	4.6	3.8	6.4	4.6	4.3
Women	2.8	4.4	4.8	4.6	4.7	5.8	4.6	6.3	5.4	4.7	3.6	6.9	4.5	3.9
18-29	3.6	4.5	4.8	4.7	4.6	5.2	4.6	5.6	5.1	4.5	3.8	6.6	4.8	4.8
30-49	3.6	4.8	5.0	4.8	5.1	6.0	5.0	6.3	5.5	5.0	4.1	6.6	4.8	4.4
50-64	2.4	4.0	4.2	4.1	4.3	5.1	4.0	5.8	4.9	4.2	3.3	6.6	4.0	3.5
65+	2.3	4.7	4.8	4.6	4.7	6.0	4.0	6.3	4.8	4.7	3.5	6.9	4.6	3.5
<35K p.a.	2.6	4.3	4.7	4.5	4.9	5.2	4.4	5.8	5.0	4.7	3.5	6.3	4.1	3.7
\$35-50K p.a.	2.6	4.6	4.9	4.6	4.4	5.1	4.3	5.4	4.7	4.6	3.6	6.5	4.4	3.9
\$50-75K p.a.	2.7	4.5	4.6	4.4	4.4	5.3	4.3	5.5	4.7	4.5	3.7	6.8	4.7	4.3
\$75-100K p.a.	3.7	4.8	4.9	4.8	5.0	5.8	4.6	6.1	5.3	4.9	4.4	6.9	5.1	4.7
\$100K+	3.6	4.5	4.8	4.5	4.8	5.8	4.6	6.5	5.4	4.6	3.8	6.7	4.7	4.1

APPENDIX 2 - TOP CONCERNS REGARDING CORONAVIRUS OTHER THAN DIRECT HEALTH IMPACTS (%)

	Health system unable to cope with demand	Impact on the economy	Running low on key household essentials	Impact on my employment	Insufficient response from Australian Govt	Travel/movement restrictions	Impact on my investments	Running low on medicines	Business closures	Closure of schools, kindergartens & childcare	Insufficient response from Foreign Govts	Closure of nursing homes	I have no concerns
Overall	47%	46%	35%	24%	20%	19%	17%	16%	15%	11%	5%	4%	4%
NSW	50%	45%	36%	23%	19%	20%	17%	16%	15%	11%	5%	4%	3%
ACT	54%	64%	47%	8%	16%	18%	25%	13%	13%	11%	8%	5%	0%
VIC	45%	43%	39%	27%	20%	18%	18%	17%	16%	11%	6%	4%	4%
QLD	46%	48%	31%	25%	23%	21%	14%	17%	15%	10%	3%	3%	5%
SA	37%	48%	28%	26%	20%	18%	23%	17%	17%	12%	7%	5%	6%
NT	49%	50%	26%	5%	10%	24%	26%	29%	16%	5%	11%	0%	5%
WA	50%	46%	36%	24%	16%	18%	17%	14%	15%	13%	4%	4%	6%
TAS	50%	55%	29%	13%	27%	10%	26%	15%	24%	16%	11%	4%	2%
Capital city	44%	46%	36%	27%	19%	19%	19%	15%	16%	11%	5%	3%	4%
Regional City	50%	45%	34%	21%	24%	18%	15%	18%	13%	12%	4%	5%	6%
Rural town/bush	57%	46%	33%	17%	19%	18%	16%	20%	17%	8%	5%	4%	4%
Men	41%	46%	31%	24%	21%	20%	22%	14%	17%	10%	7%	3%	4%
Women	52%	47%	40%	24%	19%	18%	13%	18%	14%	12%	3%	4%	4%
18-29	34%	35%	34%	33%	24%	22%	9%	13%	16%	13%	7%	3%	5%
30-49	40%	45%	38%	31%	18%	17%	12%	16%	16%	17%	4%	3%	4%
50-64	51%	51%	34%	24%	19%	17%	24%	14%	19%	5%	4%	4%	4%
65+	67%	54%	33%	4%	20%	22%	28%	21%	10%	5%	6%	4%	3%
<35K p.a.	50%	41%	42%	16%	20%	17%	12%	25%	12%	10%	5%	4%	5%
\$35-50K p.a.	54%	39%	40%	19%	21%	13%	19%	18%	13%	7%	5%	4%	6%
\$50-75K p.a.	44%	50%	33%	26%	20%	23%	18%	14%	15%	11%	6%	4%	2%
\$75-100K p.a.	43%	42%	35%	27%	22%	22%	18%	12%	15%	12%	5%	3%	5%
\$100K+	41%	53%	27%	30%	18%	21%	21%	11%	20%	13%	5%	4%	3%

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