

Projections | Economic Impact

- Europe and advanced economies are particularly at risk of falling into recession; with predictions of real GDP falling by 7.5% and 6.1% respectively. Although the US economy is currently robust, economic turmoil in other parts of the world could make the country more vulnerable to a downturn: it is predicted to decline 5.9%.
- Global economy is expected to fall by 3% in 2020 with a view to stabilise in 2021 (growing at 5.8%) following the devastating effect of Covid-19 according to IMF projections (published April 2020)
- China economy is on the verge of recovery (although there is still concern about a second wave) and is predicted to grow as strong as 9.2% for 2021
- ... Whilst Advanced Economies such as US (4.7%) and Euro Area (4.0%) will aim to recover losses by implementing new monetary policies and providing necessary fiscal stimulus

	2019	2020	2021
World output	2.9	-3.0	5.8
Advanced Economies	1.7	-6.1	4.5
Developing Economies	3.7	-1.0	6.6
US	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Germany	0.6	-7.0	5.2
France	1.3	-7.2	4.5
Italy	0.3	-9.1	4.8
Spain	2.0	-8.0	4.3
Japan	0.7	-5.2	3.0
UK	1.4	-6.5	4.0
Canada	1.6	-6.2	4.2
China	6.1	1.2	9.2

*Real GDP, Annual percent change
Source: IMF, World Economic Outlook, April 2020*

How should the CHC industry react to a 2020 Recession?

Marketers must look to retain consumers as well as converting new buyers to loyal consumers:

- Open distribution channels: particularly across e-Commerce and grocery stores
- Tailor messages to consumers new lifestyle e.g. home cooking, home entertainment, family
- Innovation refocus on cheaper products to create affordable luxury

Though products to keep consumers working through illness were popular during the Great Recession, they may not be so appropriate to promote amid Covid-19, as masking symptoms to continue to work may spread infection